Annual Report 2013

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 image: Equipment at the Dagnelid Clinic in Gothenburg installed by DAB Dental AB, a subsidiary of the Lifco Group.

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 2013.

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 and Elanders AB, and holds 100% of the shares in the privately-owned industrial group, Lifco AB. In addition, operations are conducted through the subsidiaries Symbrio AB and Dragesholm AB.

In total, the Carl Bennet AB Group had sales of MSEK 33,448 (8,141) and had 19,979 (4,814) employees at year-end, of whom 2,725 (1,400) were based in Sweden.

THE CONSOLIDATED ACCOUNTS AND OTHER DISCLOSURES REGARDING THE GROUP INCLUDE THE FOLLOWING COMPANIES AND THEIR SUBSIDIARIES:

	Share of equity, %	Share of votes, %
Getinge AB	18.08	48.86
Lifco AB	100.00	100.00
Elanders AB *)	62.34	74.24
Symbrio AB	66.84	66.84
Dragesholm AB	100.00	100.00

*) The share of equity and share of votes in accordance with IFRS, including outstanding options, are 64.89% and 75.98%, respectively.

ASSOCIATED COMPANIES INCLUDED IN THE ACCOUNTS ARE THE FOLLOWING (PARTICIPATIONS AS PER 31 DECEMBER 2013):

	Share of equity, %	Share of votes, %
HealthInvest Partners AB	27.01	27.01
Entercircle Konfektion AB	35.00	35.00
Biotech Invest i Albano AB	40.69	40.69

CHANGES TO ACCOUNTING PRINCIPLES 2013

During the year, the Carl Bennet AB Group changed accounting principles from reporting in accordance with the general advice of the Swedish Accounting Standards Board (Bokföringsnämnden, BFN) to reporting in accordance with IFRS (International Financial Reporting Standards). This is, therefore, the first annual report prepared in accordance with IFRS. Equity as per 1 January 2012 and 31 December 2012, as well as net profit for the year 2012, has been translated in conjunction with the Group changing accounting principles. The most significant effect of the transition to IFRS is that negative goodwill is dissolved, and that goodwill is no longer amortised, with the amortisation of goodwill undertaken during 2012 being reversed. Detailed information regarding the transition to IFRS and its effect on equity and net profit for 2012 can be found in Notes 37 and 38.

The Group has elected to early adopt IFRS 10 *Consolidated Financial Statements* from 1 January 2013. As IFRS 10 introduced new rules concerning the definition of controlling influence, the Group has assessed that Getinge AB is under the de facto control of Carl Bennet AB, implying that Getinge AB has been consolidated as of that date. As consolidation took place from 1 January 2013, no comparative figures have been translated.

THE GROUP

During 2013, the Group's reported net sales amounted to MSEK 33,448 (8,141). Operating profit increased to MSEK 4,451 (1,233). Profit after financial items increased to MSEK 3,764 (1,142). The number of employees at year-end increased to 19,979 (4,814). The average number of employees increased to 19,559 (4,697).

As per 31 December 2013, the Group's equity increased to MSEK 56,856 (5,586), of which non-controlling interests amounted to MSEK 44,983 (353). The Carl Bennet AB Group's share of equity increased to MSEK 11,873 (5,233). As of 31 March 2014, the Carl Bennet AB Group's share of equity had increased to MSEK 11,950.

COMPARATIVE FIGURES COVERING SEVERAL YEARS

Group	IFRS 2013	IFRS 2012	BFN 2012	BFN 2011	BFN 2010	BFN 2009
Sales, MSEK	33,448	8,141	8,141	7,575	5,111	4,174
EBITDA, MSEK	6,538	1,389	1,505	1,417	1,117	724
EBITA, MSEK	5,616	1,253	1,363	1,277	979	660
EBITA margin, %	16.8	15.4	16.7	16.9	19.2	15.8
Operating profit (EBIT), MSEK	4,451	1,233	1,164	1,117	859	566
Profit before tax, MSEK	3,764	1,142	1,082	1,002	836	529
Equity, MSEK	56,856	5,586	4,787	4,441	3,877	3,677
Carl Bennet AB's share of equity, MSEK	11,873	5,233	4,787	4,441	3,877	3,677
Average number of employees	19,559	4,697	4,697	4,311	3,724	2,192

NET SALES PER BUSINESS SEGMENT, MSEK

Group	2013	2012
Getinge (medical technology)	25,287	–
Lifco (industry and trade)	6,030	6,184
Elanders (print, packaging, supply chain)	2,096	1,924
Symbrio (IT)	32	28
Dragesholm (forestry)	3	4
Parent Company	4	4
Eliminations	–4	–3
	33,448	8,141

OPERATING PROFIT (EBIT) PER BUSINESS SEGMENT, MSEK

Group	2013	2012
Getinge (medical technology)	3,748	458
Lifco (industry and trade)	627	705
Elanders (print, packaging, supply chain)	131	124
Symbrio (IT)	3	3
HealthInvest (finance)	9	1
Biotech Invest i Albano (biotechnology)	–4	–7
Dragesholm (forestry)	–	–1
Parent Company	–63	–50
	4,451	1,233

PARENT COMPANY

The Parent Company's net debt decreased at year-end and amounted to MSEK 1,514 (1,607).

Net debt decreased further during the first quarter 2014 and amounted to MSEK 1,174 (1,321) as per 31 March 2014.

SUBSIDIARIES' OPERATIONS

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 (elderly care and wound care) and Infection Control (systems equipment for disinfection and sterilisation).

The Group's sales amounted to MSEK 25,287 (24,248) and profit after financial items to MSEK 3,153 (3,436). The average number of employees was 14,723 (13,617).

In December 2013, Getinge made a public offer for the German listed company, Pulsion Medical Systems.

Lifco AB

The Lifco Group operates in six business areas and has an international market leading position. The business areas are Dental Products, Machinery & Tools, Sawmill Equipment, Contract Manufacturing, Racking Systems for Service Vehicles and Environmental Technology.

Lifco has also applied IFRS from 1 January 2013, for which reason the comparative figure for operating profit is not fully comparable.

The Lifco Group's sales amounted to MSEK 6,030 (6,184). Operating profit amounted to MSEK 627 (705). Profit after financial items amounted to MSEK 575 (671). The average number of employees was 2,940 (3,083).

Elanders AB

Elanders is a global Group which, with production units in thirteen countries on four continents, is one of few suppliers that can deliver global solutions for any kind of printed information. 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 Print & Packaging Solutions, Supply Chain Solutions and e-Commerce Solutions. This acquisition implies that the company moved up a level in the "value chain" and can now offer further services and products to new and existing customers.

Net sales increased to MSEK 2,096 (1,924) and profit after financial items increased to MSEK 102 (93). The average number of employees increased to 1,864 (1,587). Following the acquisition of Mentor Media, Elanders will have sales of almost SEK 3.5 billion and the number of employees will be approximately 3,500.

During February 2013, the Scottish company, McNaughtan's Printers Ltd (label printers), was acquired.

In August 2013, myphotobook GmbH in Germany (e-commerce company within photo albums) was acquired.

Symbrio AB

Symbrio develops and sells an internet-based purchasing and invoice management system. Sales increased to MSEK 32 (29) and profit after financial items amounted to MSEK 3 (4). The average number of employees was 26 (23).

Dragesholm AB

Dragesholm manages and develops its real estate holding comprised of forests. Sales totalled MSEK 3 (4).

ASSOCIATED COMPANIES' OPERATIONS

HealthInvest Partners AB

HealthInvest Partners is a fund management company which manages four funds focusing on the healthcare sector in North America and Asia. The Company has 5 employees.

Entercircle Konfektion AB

At the end of the year, the Parent Company acquired 35% of the shares in Entercircle Konfektion AB. The Company conducts operations within the design, import and sale of clothing through its subsidiaries. The Group's most well-known brand is Rut&Circle. The Group had sales of MSEK 82 and has 27 employees.

Biotech Invest i Albano AB (previously Attana AB)

In July 2013, the assets and liabilities in this company were sold. The purchaser took over the continued operations of the company. Over the next five years, the purchaser will pay royalties on the premise that certain conditions are met. The company has no employees.

RESEARCH

Carl Bennet AB finances research programmes at an amount of approximately MSEK 16 per year at the following universities, colleges and institutions:

- International Visiting Professor Programme, Gothenburg University, School of Business, Economics and Law
- Industry-employed doctoral student within teaching and learning, Gothenburg University
- Climate Research, Chalmers University of Technology, Gothenburg
- Hip problems amongst young sports participants, Leif Swärd AB, Gothenburg
- Nanotechnology and Biomedicine, Karolinska Institutet, Stockholm
- Product Innovation Technology, Royal Institute of Technology, Stockholm
- 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
- Energy Resources, Uppsala University

In addition to the research funding listed above, Carl Bennet AB is also one of the sponsors of 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 the 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 portion 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 5.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

During the first quarter of the year, the Group has made three large acquisitions, two in Germany and one in Singapore, at a total amount of SEK 2.5 billion.

In January, Getinge acquired over 75% of the shares in the German company, Pulsion Medical Systems. This company has been consolidated from the first quarter of 2014 and the acquisition is expected to be finalised during 2014. Pulsion is a leading supplier of specialised solutions for the hæmodynamic monitoring of critically-ill patients.

Lifco acquired MDH AG at the end March. The company is Germany's largest importer of high quality dental technology. Following the acquisition of MDH Lifco's Dental Products business area will have sales of SEK 3.4 billion.

In the beginning of January, Elanders acquired the Singapore-based company, Mentor Media, specialised in value-adding services to companies within the electronics and computer industry. This implies an increase in Elanders' sales from SEK 2.2 billion to SEK 3.5 billion and an increase in the number of employees from 1,900 to 3,500. Carl Bennet AB is participating in Elanders' new share issue executed during the period May–June 2014. Carl Bennet AB is also guaranteeing this share issue in its entirety.

During the period January to May, the Parent Company received dividends of MSEK 302, as well as Group contributions of MSEK 99, from subsidiaries and associated companies.

PROPOSED APPROPRIATION OF PROFITS

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

Retained earnings	2,882,786,144
Net profit for the year	235,656,445
	SEK 3,118,442,589

The Board of Directors proposes that profits brought forward be appropriated as follows:

to be distributed as dividends to shareholders	60,000,000
to be carried forward	3,058,442,589
	SEK 3,118,442,589

The Parent Company has received a Group contribution of KSEK 100,000 from Lifco AB, 556465-3185, and has provided a Group contribution of KSEK 1,210 to Dragesholm AB, 556672-9538.

With reference to the above and other circumstances of which the Board is aware, 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 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	2013	2012
Net sales	5	33,448	8,141
Cost of goods sold		–17,672	–5,614
GROSS PROFIT		**15,776**	**2,527**
Selling expenses		–6,259	–600
Administrative expenses		–3,877	–1,128
Research and development costs		–698	–81
Acquisition costs		–13	–
Restructuring and integration costs		–401	–
Profit from participations in associated companies	6	5	454
Other operating income	7, 8	194	96
Other operating expenses	7, 8	–276	–35
OPERATING PROFIT	9, 10, 11, 12, 13	**4,451**	**1,233**
Financial income	14	85	68
Finance expenses	14	–772	–159
FINANCIAL ITEMS – NET		**–687**	**–91**
PROFIT BEFORE TAX		**3,764**	**1,142**
Tax on profit for the year	15	–1,050	–193
NET PROFIT FOR THE YEAR		**2,714**	**949**
Attributable to:			
Shareholders in the Parent Company		799	921
Non-controlling interests		1,915	28
NET PROFIT FOR THE YEAR		**2,714**	**949**

STATEMENT OF COMPREHENSIVE INCOME, MSEK

	2013	2012
NET PROFIT FOR THE YEAR	**2,714**	**949**
OTHER COMPREHENSIVE INCOME		
Items which will not be reversed in the income statement:		
Actuarial gains/losses attributable to pensions	–148	–
Share of other comprehensive income in associated companies (attributable to actuarial gains/losses)	–	–51
Items which can be reversed in the income statement in the future:		
Translation differences	653	–63
Share of other comprehensive income in associated companies	–	–142
Change in value of cash flow hedges	293	–1
Change in value attributable to available-for-sale financial assets	33	13
Change in value of hedging of net foreign investments	–3	3
Effect of change on deferred tax in the Swedish tax rate	–	2
Income tax related to other income statement items	–32	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET AFTER TAX	**796**	**–239**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,510**	**710**
Total comprehensive income for the year attributable to:		
Shareholders in the Parent Company	998	691
Non-controlling interests	2,512	19
	3,510	**710**

CONSOLIDATED BALANCE SHEET, MSEK

	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
ASSETS				
FIXED ASSETS				
Intangible fixed assets	16	67,307	4,138	3,896
Tangible fixed assets	17	5,079	727	714
Derivative instruments, long-term	18, 19	138	–	–
Participations in associated companies	20	24	3,797	3,698
Investments held as fixed assets	19	413	196	244
Other non-current financial receivables	19	11	16	12
Deferred tax assets	21	614	150	176
TOTAL FIXED ASSETS		**73,586**	**9,024**	**8,740**
CURRENT ASSETS				
Inventories	22	5,118	869	898
Accounts receivable	19, 23	7,693	1,061	1,065
Current tax assets		240	89	97
Derivative instruments, short-term	19, 23	480	–	–
Other current receivables	19	919	66	61
Prepaid expenses and accrued income	24	749	109	114
Cash and cash equivalents	19, 25, 26	1,816	674	430
TOTAL CURRENT ASSETS		**17,015**	**2,868**	**2,665**
TOTAL ASSETS		**90,601**	**11,892**	**11,405**

CONSOLIDATED BALANCE SHEET, MSEK (CONT.)

	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
EQUITY AND LIABILITIES				
Share capital	27	1	1	1
Reserves		49	–150	31
Profit brought forward		11,823	5,382	4,544
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY		**11,873**	**5,233**	**4,576**
Non-controlling interests		44,983	353	376
TOTAL EQUITY		**56,856**	**5,586**	**4,952**
LIABILITIES	25			
LONG-TERM LIABILITIES				
Interest-bearing long-term borrowings	28, 29	14,062	77	47
Other non-current liabilities	28, 29	38	21	6
Provision for pensions, interest-bearing	29, 30	2,350	50	50
Provision for pensions, non-interest-bearing	30	51	–	–
Derivative instruments, long-term	18, 28, 29	17	28	16
Deferred tax liabilities	21	1,534	87	65
Other long-term provisions	31	277	49	54
TOTAL NON-CURRENT LIABILITIES		**18,329**	**312**	**238**
CURRENT LIABILITIES				
Interest-bearing short-term borrowings	28, 29	7,463	4,526	4,857
Restructuring reserves	31	249	–	–
Other short-term provisions	31	240	15	18
Advance payments from clients	28	589	114	113
Accounts payable – trade		2,416	525	524
Current tax liabilities		294	105	105
Derivative financial instruments, short-term	18, 28, 29	660	–	–
Other current liabilities		708	241	170
Accrued expenses and deferred income	32	2,797	468	428
TOTAL CURRENT LIABILITIES		**15,416**	**5,994**	**6,215**
TOTAL EQUITY AND LIABILITIES		**90,601**	**11,892**	**11,405**

CHANGES IN EQUITY FOR THE GROUP, MSEK

	Share capital	Reserves	Retained earnings	Total equity	Non-con-trolling interests	Total equity
OPENING BALANCE, 1 JANUARY 2012	**1**	**–**	**4,440**	**4,441**	**–**	**4,441**
Effect of transition to IFRS	–	31	104	135	376	511
OPENING BALANCE IFRS, 1 JANUARY 2012	**1**	**31**	**4,544**	**4,576**	**376**	**4,952**
Other comprehensive income for the year	–	–181	–49	–230	–9	–239
Net profit for the year	–	–	926	926	23	949
Dilution effect, new share issue	–	–	26	26	–26	–
Dividend to shareholders	–	–	–65	–65	–11	–76
CLOSING BALANCE, 31 DECEMBER 2012	**1**	**–150**	**5,382**	**5,233**	**353**	**5,586**
Other comprehensive income for the year	–	199	–	199	597	796
Net profit for the year	–	–	799	799	1,915	2,714
Revaluation of Getinge AB *)	–	–	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**

*) Holding translated at market value as per 1 January 2013.

CASH FLOW STATEMENT FOR THE GROUP, MSEK

	Note	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after financial items		3,764	1,142
Adjustment for non-cash items, etc.	36	2,260	–271
Income tax paid		–1,184	–170
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**4,840**	**701**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase/decrease in inventories		–192	40
Increase/decrease in current receivables		–697	69
Increase/decrease in current liabilities		206	35
CASH FLOW FROM OPERATING ACTIVITIES		**4,157**	**845**
INVESTING ACTIVITIES			
Investments in intangible fixed assets		–789	–38
Investments in tangible fixed assets		–1,400	–149
Sales of tangible fixed assets		36	21
Acquired companies and operations		–439	–226
Investments in other financial fixed assets		–78	–139
Divestment of other financial fixed assets		53	245
CASH FLOW FROM INVESTING ACTIVITIES		**–2,617**	**–286**
FINANCING ACTIVITIES			
Increase/decrease in non-current receivables		275	–3
Borrowings		5,021	119
Repayment of debt		–5,614	–436
Other changes in borrowing		–	40
Dividends paid		–883	–76
CASH FLOW FROM FINANCING ACTIVITIES		**–1,201**	**–356**
CASH FLOW FOR THE YEAR		**339**	**203**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		674	430
Acquired cash, Getinge		1,254	–
Translation differences		–451	41
CASH AND CASH EQUIVALENTS AT YEAR-END		**1,816**	**674**

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.

These consolidated accounts and annual report were approved for publication by the Board of Directors on 16 May 2014.

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 FOR 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. This annual report is Carl Bennet AB's first financial report to be prepared in accordance with IFRS (International Financial Reporting Standards). Historical financial information has been translated from 1 January 2012, the date of the transition to reporting in accordance with IFRS. Explanations regarding the transition from the previously applied accounting principles to IFRS and regarding the effects of the translation on the income statement and equity are presented in Notes 37 and 38.

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, otherwise 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, changes and interpretations of existing standards which have not yet entered into force and which have not been early adopted by the Carl Bennet AB Group

In conjunction with the preparation of the consolidated accounts per 31 December 2013, several standards and interpretations have been published which have yet to enter into force and which are applicable for the Carl Bennet AB Group. A preliminary assessment of the effects of the standards deemed relevant to the Group is outlined below:

IFRS 9 *Financial Instruments* addresses the classification, valuation and accounting of financial liabilities and assets. IFRS 9 was issued in November 2009 for financial assets and in October 2010 for financial liabilities and replaces those aspects of IAS 39 which refer to the classification and measurement of financial instruments. IFRS 9 stipulates that financial assets be classified into two different categories: valued at fair value or valued at amortised cost. Classification is determined at initial recognition according to the company's business model and the characteristics of the contractual cash flows. For financial liabilities, there are no major changes compared with IAS 39. The most significant change relates to liabilities that are valued at fair value. For these, the portion of the change in value that is attributable to the liability's own credit risk is recognised in Other comprehensive income, instead of in Net profit, so long as this does not result in an accounting mismatch. The Group intends to apply the new standard no later than the financial year beginning 1 January 2015 and has not yet evaluated the effects. The standard is yet to be adopted by the EU.

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 participa-

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

tion 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 de-consolidated 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 only 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 as and 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 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 and cash equivalents 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 the 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 the 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 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 the 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.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

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 over 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 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 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
Computer 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 sale 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.

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 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. 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 greater than twelve months after the balance sheet date, which are classified as fixed assets.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

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 the 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, the 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 the 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.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

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 are reported as current assets. Otherwise, these 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 are 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, for where the associated deferred tax is reported together with the underlying transaction in Other comprehensive income (see Note 22).

Deferred tax assets and 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 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 the 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 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.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES (CONT.)

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 are estimates regarding guarantee commitments provided, and are made on the basis of collective experience in the form of statistics regarding 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 raised a valid expectation in 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 different designations than those utilised in the consolidated accounts, primarily those regarding 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, impairment is undertaken. 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.

Leasing

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 MANAGEMENT

The Carl Bennet AB Group is a conglomerate which engages in operations within various industries and with a large geographic spread, factors which, in themselves, limit the risks facing the Group. Despite this, the Group is exposed through its operations to various types of financial risks related to accounts receivable, accounts payable, loans and derivative instruments: Market risk (consisting primarily of interest rate risk and foreign exchange risk, but also, to a lesser extent, price risk), credit risk and liquidity risk. The management of these risks and the responsibility for the Group's financial operations is handled both centrally and within the separate organisations. The Group does not have a central finance function, although a finance policy is produced each year by the respective parent company in the sub-Groups Board of Directors (Getinge, Lifco and Elanders). As aspects of the policies implemented by the subsidiaries differ, only the Parent Company's policy is reported in the risk descriptions below. The Group's stated targets regarding its capital structure have been put into place with the aim of ensuring that operations can continue on an on-going basis. The Parent Company uses derivative financial instruments (interest rate swaps) to mitigate certain exposure to risk.

a) Market risk

(i) Foreign exchange risk

The subsidiaries are exposed to foreign exchange risk as a large portion of their operations are conducted outside Sweden. Foreign exchange risk is the risk that exchange rate fluctuations impact net profit for the year and equity. Exposure to foreign exchange risk arises in connection with payment flows in foreign currencies (transaction exposure) and in conjunction with the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). Foreign exchange risk is managed in the respective sub-Groups by means of derivative instruments used to protect currency flows against sudden changes in exchange rates. The Parent Company does not use derivative instruments to hedge flows in foreign currencies, for the primary reason that foreign exchange exposure in the Parent Company is low.

(ii) Interest rate risk

Interest rate risk is the risk that unexpected changes in market interest rates impact the Group's net interest income. The Parent Company's borrowings incur variable interest, which exposes the Company to interest rate risk in its cash flows. This risk is partly neutralised by the fact that cash funds also incur variable interest. During 2012 and 2013, the Parent Company's borrowings have all been denominated in SEK. During 2012 and 2013, the Parent Company has managed interest rate risk attributable to cash flows by using interest rate swaps designed to convert the interest charged on borrowings from variable to fixed rates.

The average interest, after adjustments for interest rate swap agreements, amounted to 2.75% (3.10%) for the Parent Company.

All bank loans in the Parent Company fall due for payment within one year and all borrowings incur variable interest (which is, however, swapped to fixed interest in certain cases).

The Group has analysed its sensitivity to changes in interest rates. If the average interest rate for the currencies represented in the Group's borrowing portfolio were to temporarily change by 1 percentage point at year-end, this would result in an impact of +/– MSEK 60 on profit on an annual basis. The market value of financial interest rate derivative instruments meeting the requirements for cash flow hedging are reported in equity and amounted to MSEK –416 (–775) as per 31 December 2013.

(iii) Price risk

The Parent Company is exposed to price risk attributable to shares, on the basis of investments undertaken by the Parent Company classified as either available-for-sale financial instruments or assets at fair value through profit or loss. In order to manage the price risk arising in connection with investments in shares, the Parent Company ensures a spread in its investments. Investments in shares in the Parent Company are not significant, from the perspective of the Group as a whole, for which reason the exposure to price risk is deemed to be low.

b) Financing risk

Financing risk is defined as the risk that payment commitments cannot be fulfilled as a result of insufficient liquidity or difficulties in obtaining financing. The indebtedness of the Parent Company is low. Under the terms agreed with its banks, the Parent Company's borrowings fall due for payment within one year. However, the due dates of these borrowings have, thus far, been extended each year, and there is an informal credit agreement with the banks regarding the extension of the loans. Furthermore, renegotiations of the agreed terms can be undertaken without any considerable expense.

c) Credit risk

Credit risk, or counterparty risk, is the risk that the counterparty in a financial transaction does not fulfil its obligations by the due date. Credit risk arises in transactions of both financial and commercial nature. In order to reduce the Parent Company's financial credit risk, liquid funds are deposited in banks with a high credit rating, for example, SEB and Handelsbanken, and only instruments with a high liquidity are used. Commercial exposure comprises primarily the credit risk in the Group's accounts receivable and consists of the risk that customers are unable to meet their payment obligations. 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 range of industries in which the Group operates, and the diversity of the client portfolio, imply that the Group has no significant concentration of individual customers. Accounts receivable in the subsidiaries are analysed on an on-going basis to ascertain whether there is evidence of any impairment requirements. Such assessments are made on the basis of both individual appraisals and historical data concerning payment default (see also Note 23 for an analysis of accounts receivable).

d) Liquidity risk

Liquidity risk is the risk that the Group has insufficient liquid funds for the payment of its obligations regarding financial liabilities. The Group has a balanced indebtedness and through liquidity planning it is deemed that both the Parent Company and its subsidiaries have sufficient liquid funds to guarantee that the level of cash and cash equivalents in the Group is satisfactory to meet the requirements of the continued operations.

As per 31 December 2013, the Group had cash and cash equiva-

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

lents of MSEK 1,816 (674). The Group has credit facilities and external borrowings. The future utilisation of liquid funds refers, in general, to the payment of accounts payable and other current liabilities.

3.2 CAPITAL RISK MANAGEMENT

The Group's targets as regards its capital structure are to ensure it's 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 19,709 (3,929), corresponding to a net debt/equity ratio of 0.35% (0.70%). Equity at year-end was MSEK 56,856 (5,586), implying an equity/assets ratio of 62.75% (46.97%).

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 the balance sheet date, whereby the resulting value is discounted to the present value. No transfers between Level 1 and Level 2 have taken place during the year.

Net reporting of financial assets and liabilities

Borrowing and financial instruments are reported gross in the Group.

BORROWING AND FINANCIAL INSTRUMENTS IN THE GROUP REPORTED AT GROSS VALUE

	Assets	Liabilities	Net
Borrowings	–	–19,709	–19,709
Interest rate derivatives	193	–483	–290
Foreign exchange derivatives	562	–199	363
TOTAL	**755**	**–20,391**	**–19,636**

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 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 +141 (+148) as per 31 December 2013.

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 prevailing circumstances.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group undertakes estimations and makes assumptions regarding the future. The resulting accounting estimates will, by definition, seldom 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 in Getinge AB.

IMPAIRMENT TESTING FOR GOODWILL

Each year, the Group assesses whether goodwill is subject to an impairment requirement, in accordance with the accounting principles described in Note 2. 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 the operating segment level. The reported value of goodwill amounts to MSEK 59,418 (4,008). Impairment testing for goodwill undertaken as per 31 December 2013 did not show evidence of an impairment requirement.

LOSS CARRY FORWARDS

The Group assesses each year 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 for which 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	
	2013	2012
Net sales are distributed between the following significant types of income:		
Sales of goods	27,083	8,131
Service assignments	2,622	7
Spare parts	1,909	–
Leasing	1,834	3
TOTAL	**33,448**	**8,141**
Net sales are distributed between the following geographic markets:		
Sweden	2,666	2,349
Rest of Europe	14,500	4,974
North America	8,961	300
South America	1,124	16
Asia	4,881	390
Australia	922	34
Africa	394	78
TOTAL	**33,448**	**8,141**

NOTE 6 PROFIT FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
	2013	2012
Share of earnings in associated companies	5	453
Dividends	–	2
Impairment losses	–	–1
TOTAL	**5**	**454**

SUMMARY OF FINANCIAL INFORMATION FOR SIGNIFICANT ASSOCIATED COMPANIES

The Group's share of earnings in the most significant associated company, Getinge AB, and its share of this company's assets (including goodwill) and liabilities are as follows:

	Group	
Getinge AB: Summary Balance Sheet	2013	2012
ASSETS		
Fixed assets	–	29,848
Current assets	–	13,073
TOTAL ASSETS	–	42,921
EQUITY AND LIABILITIES		
Equity	–	15,200
Non-current liabilities	–	17,718
Current liabilities	–	10,003
TOTAL EQUITY AND LIABILITIES	**–**	**42,921**
Getinge AB: Summary Income Statement		
Income	–	24,248
Profit before tax	–	3,436
Other comprehensive income	–	–1,065
TOTAL COMPREHENSIVE INCOME	**–**	**1,466**
DIVIDENDS RECEIVED BY THE PARENT COMPANY FROM GETINGE AB	**–**	**162**

Getinge AB has been consolidated from 1 January 2013, for which reason the Parent Company no longer has significant holdings in associated companies during 2013. Refer to Note 4, Important estimates and assumptions, for further information.

NOTE 7 EXCHANGE RATE GAINS AND LOSSES, NET

	Group	
	2013	2012
Exchange rate differences for the year reported in the income statement are:		
Other operating income and expenses	–86	–
Financial income	21	17
Financial expenses	–20	–17
TOTAL	**–85**	**0**

NOTE 8 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	Group	
	2013	2012
OTHER OPERATING INCOME		
Exchange rate gains	6	8
Other	188	88
TOTAL OTHER OPERATING INCOME	**194**	**96**
OTHER OPERATING EXPENSES		
Exchange rate losses	–92	–8
Other	–184	–27
TOTAL OTHER OPERATING EXPENSES	**–276**	**–35**

Other operating income includes capital gains of MSEK 92 from the divestment of a product line within Getinge's Medical Systems business area. Other operating expenses include an expense of MSEK 98 for the tax on medical technology products introduced in the USA. Further information on hedging measures is provided in Note 3.

NOTE 9 DEPRECIATION/AMORTISATION ACCORDING TO PLAN

	Group	
	2013	2012
DISTRIBUTION OF DEPRECIATION/AMORTISATION BETWEEN TANGIBLE AND INTANGIBLE ASSETS		
Buildings and land improvements	–117	–15
Plant and machinery	–190	–81
Equipment, tools, fixtures and fittings	–308	–40
Other tangible assets	–307	–
TOTAL DEPRECIATION OF TANGIBLE ASSETS	**–922**	**–136**
Capitalised expenditure for development work	–342	–13
Trademarks (definite useful life)	–86	–7
Client relationships	–204	–8
Other intangible assets	–483	–1
TOTAL AMORTISATION OF INTANGIBLE ASSETS	**–1,115**	**–29**
TOTAL DEPRECIATION/AMORTISATION OF FIXED ASSETS	**–2,037**	**–165**
DEPRECIATION/AMORTISATION BY FUNCTION		
Cost of goods sold	–961	–100
Selling expenses	–665	–13
Administrative expenses	–340	–45
Research and development costs	–71	–2
TOTAL DEPRECIATION/AMORTISATION BY FUNCTION	**–2,037**	**–160**
Other operating expenses	–	–5
TOTAL DEPRECIATION/AMORTISATION	**–2,037**	**–165**

NOTE 10 REMUNERATION TO AUDITORS

	Group	
	2013	2012
PwC		
Audit assignment	28	7
Tax consultancy services	3	2
Other services	9	3
TOTAL	**40**	**12**
Other		
Tax consultancy services	1	0
Other services	0	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 from observations made during such auditing procedures or 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 services provided in connection with acquisitions.

NOTE 11 EXPENSES BY TYPE OF COST

	Group	
	2013	2012
Personnel costs	9,926	1,975
Raw materials and consumables	8,488	3,534
Depreciation, amortisation and impairment	2,087	165
Costs for operational leases	461	165
Changes in finished goods inventory and work in progress	–	–3
Other costs	7,544	1,587
TOTAL COST OF GOODS SOLD, SALES, ADMINISTRATION AND RESEARCH AND DEVELOPMENT	**28,506**	**7,423**

NOTE 12 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

AVERAGE NUMBER OF EMPLOYEES

	2013			2012		
	Women	Men	Total	Women	Men	Total
Australia	112	239	351	1	3	4
Austria	21	145	166	4	37	41
Belgium	32	101	133	2	3	5
Brazil	50	107	157	14	17	31
Canada	185	350	535	1	9	10
China	454	852	1 306	152	153	305
Colombia	7	16	23	–	–	–
Czech Republic	56	136	192	48	125	173
Denmark	85	241	326	47	144	191
Estonia	118	110	228	151	112	263
Finland	62	189	251	55	196	251
France	418	906	1 324	9	50	59
Germany	930	1,944	2,874	280	483	763
Great Britain	395	1,106	1,501	49	189	238
Hong Kong	29	41	70	–	–	–
Hungary	94	121	215	97	115	212
Iceland	–	9	9	–	8	8
India	45	161	206	–	–	–
Ireland	24	72	96	–	–	–
Italy	96	186	282	15	6	21
Japan	39	183	222	–	–	–
Latvia	8	3	11	7	3	10
Lithuania	10	2	12	10	2	12
Mexico	8	15	23	–	–	–
Netherlands	96	217	313	3	28	31
New Zealand	6	19	25	–	–	–
Norway	45	85	130	41	72	113
Philippines	88	170	258	91	175	266
Poland	421	365	786	58	93	151
Portugal	7	15	22	–	–	–
Russia	21	39	60	1	2	3
Serbia	5	7	12	–	–	–
Singapore	25	41	66	–	4	4
Slovakia	3	2	5	–	–	–
Slovenia	2	14	16	5	13	18
South Africa	32	37	69	–	–	–
South Korea	6	8	14	–	–	–
Spain	24	55	79	–	3	3
Sweden	740	2,107	2,847	413	994	1,407
Switzerland	22	69	91	4	4	8
Thailand	33	33	66	–	–	–
Turkey	255	139	394	–	–	–
U.A.E.	22	34	56	–	–	–
Ukraine	2	–	2	–	–	–
USA	1,277	2,458	3,735	23	73	96
GROUP TOTAL	**6,410**	**13,149**	**19,559**	**1,581**	**3,116**	**4,697**

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

PERSONNEL COSTS

	Group	
	2013	2012
SALARIES AND REMUNERATION		
Board and CEO	553	142
Other employees	7,176	1,375
	7,729	**1,517**
Statutory and contractual social security contributions	1,682	311
Pension costs for Board and CEO	66	47
Pension costs for other employees	440	56
TOTAL	**9,917**	**1,931**

MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

	Group	
Gender distribution of Members of the Board per balance sheet date	**2013**	**2012**
Women	33%	33%
Men	67%	67%

	Group	
Gender distribution of CEOs and other senior executives per balance sheet date	**2013**	**2012**
Women	21%	10%
Men	79%	90%

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 Members of the Board per balance sheet date	**2013**	**2012**
Women	33%	33%
Men	67%	67%

	Parent Company	
Gender distribution of CEO and other senior executives per balance sheet date	**2013**	**2012**
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 FINANCIAL LEASE AGREEMENTS

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

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

	Group	
	2013	2012
Nominal value		
Due for payment within one year	401	147
Due for payment later than one year but within five years	652	280
Due for payment later than five years	93	81
TOTAL	**1,146**	**508**

Costs for operational leases in the Group amounted to MSEK 461 (165) during the financial year. Lease payments for assets held via operational lease agreements are reported among expenses per function.

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	
	2013	2012
FINANCIAL INCOME		
Interest income on bank balances	23	7
Exchange rate gains	21	17
Fair value of earnings from interest rate swaps	13	–
Unrealised changes in value	–	4
Capital gains/losses from other securities	23	37
Dividends from other securities	4	2
Other financial income	1	1
TOTAL FINANCIAL INCOME	**85**	**68**
FINANCIAL EXPENSES		
Interest expenses on borrowings	–679	–121
Exchange rate losses	–20	–17
Fair value of losses on interest rate swaps	–	–2
Unrealised changes in value, other securities	–	–11
Impairment losses	–7	–
Other financial expenses	–66	–8
TOTAL FINANCIAL EXPENSES	**–772**	**–159**
TOTAL FINANCIAL ITEMS – NET	**–687**	**–91**

NOTE 15 TAX ON PROFIT FOR THE YEAR

	Group	
	2013	2012
Current tax for the year	–1,049	–189
Deferred tax	–4	–4
Current tax attributable to previous years	3	–
TAX EXPENSE	**–1,050**	**–193**

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% (26.3%). Tax for other countries has been estimated with the application of the respective local tax rate.

	Group	
	2013	2012
Net profit before tax	3,764	963
Tax according to applicable tax rate in Sweden, 22%	–826	–251
Tax effect of:		
– Income not subject to tax	78	79
– Expenses not deductible for tax purposes	–56	–5
Adjustment for other tax rates in foreign subsidiaries	–355	16
Revaluation of deferred tax – change in the Swedish tax rate *)	102	–24
Fiscal deficit for which no deferred tax asset is reported	2	–10
Utilised, previously unreported loss carry forward	2	2
Adjustment attributable to previous year	3	–
TAX EXPENSE	**–1,050**	**–193**

*) As a result of the change to the Swedish corporate tax rate from 26.3% to 22% adopted in December 2012 and to be applicable from 1 January 2013, deferred tax amounts impacted by this change have been recalculated. Deferred tax per 31 December 2012 has, consequently, been calculated with the application of a tax rate of 22%.

NOTE 16 INTANGIBLE FIXED ASSETS

* Indefinite useful life	* Good-will	* Trade-marks	Capitalised expen-diture for develop-ment work	Client relation-ships	Trade-marks	Other intangible fixed assets	Total
ACQUISITION COST							
PER 1 JANUARY 2012	4,429	–	72	10	61	52	4,624
Investments	–	–	1	–	6	1	8
Acquisition of companies	270	12	4	57	12	–	355
Sales/disposals	–	–	–1	–	–2	–1	–4
Reclassifications	2	–	–	–	–	–	2
Translation differences	–98	–	–	–1	–3	–2	–104
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 31 DECEMBER 2013	60,725	51	4,419	2,700	1,171	4,810	73,876
ACCUMULATED AMORTISATION							
PER 1 JANUARY 2012	–606	–	–45	–1	–37	–38	–727
Amortisation for the year	–	–	–13	–8	–7	–1	–29
Acquisition of companies	–	–	–1	–	–	–	–1
Sales/disposals	–	–	–	1	–	–1	–
Reclassifications	2	–	–	–	–	–	2
Translation differences	9	–	–	1	1	1	12
PER 1 JANUARY 2013	–595	0	–59	–7	–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	–20	–	–13	–4	–6	–12	–55
PER 31 DECEMBER 2013	–1,256	0	–1,394	–1,252	–495	–2,121	–6,518
ACCUMULATED IMPAIRMENT							
PER 1 JANUARY 2012	–1	–	–	–	–	–	–1
Impairment for the year	–50	–	–	–	–	–	–50
PER 1 JANUARY 2013	–51	0	0	0	0	0	–51
Impairment for the year	–	–	–	–	–	–	–
PER 31 DECEMBER 2013	–51	0	0	0	0	0	–51
BOOK VALUE PER 1 JANUARY 2012	3,822	–	27	9	24	14	3,896
BOOK VALUE PER 31 DECEMBER 2012	4,008	12	17	59	31	11	4,138
BOOK VALUE PER 31 DECEMBER 2013	59,418	51	3,025	1,448	676	2,689	67,307

NOTE 17 TANGIBLE FIXED ASSETS

	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Equipment held for hire	Constructions in progress	Other tangible fixed assets	Total
ACQUISITION COST							
PER 1 JANUARY 2012	**540**	**1,058**	**434**	**–**	**8**	**–**	**2,040**
Investments	16	43	45	–	46	–	150
Acquisition of companies	42	57	22	–	2	–	123
Sales/disposals	–10	–43	–29	–	–2	–	–84
Reclassifications	9	14	–3	–	–22	–	–2
Translation differences	–9	–25	–9	–	–1	–	–44
PER 1 JANUARY 2013	**588**	**1,104**	**460**	**0**	**31**	**0**	**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 31 DECEMBER 2013	**3,318**	**2,976**	**3,442**	**3,825**	**365**	**161**	**14,087**
ACCUMULATED DEPRECIATION							
PER 1 JANUARY 2012	**–254**	**–738**	**–335**	**–**	**–**	**–**	**–1,327**
Depreciation for the year	–15	–81	–39	–	–	–	–135
Acquisition of companies	–15	–52	–17	–	–	–	–84
Sales/disposals	6	37	19	–	–	–	62
Reclassifications	–	10	3	–	–	–	13
Translation differences	5	4	7	–	–	–	16
PER 1 JANUARY 2013	**–273**	**–820**	**–362**	**0**	**0**	**0**	**–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 31 DECEMBER 2013	**–1,539**	**–2,211**	**–2,080**	**–3,177**	**0**	**0**	**–9,007**
ACCUMULATED IMPAIRMENT							
PER 1 JANUARY 2012	**–1**	**–**	**–**	**–**	**–**	**–**	**–1**
Impairment for the year	–	–	–	–	–	–	–
PER 1 JANUARY 2013	**–1**	**0**	**0**	**0**	**0**	**0**	**–1**
Impairment for the year	–	–	–	–	–	–	–
PER 31 DECEMBER 2013	**–1**	**0**	**0**	**0**	**0**	**0**	**–1**
BOOK VALUE PER 1 JANUARY 2012	**285**	**320**	**99**	**–**	**8**	**–**	**712**
BOOK VALUE PER 31 DECEMBER 2012	**314**	**284**	**98**	**–**	**31**	**–**	**727**
BOOK VALUE PER 31 DECEMBER 2013	**1,778**	**765**	**1,362**	**648**	**365**	**161**	**5,079**

NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate/foreign exchange derivatives – hedging of fair value *)	52	444	–	–
Interest rate swaps – cash flow hedges	142	2	–	–32
Forward currency agreements – cash flow hedges	562	199	–	–
TOTAL	**756**	**645**	**0**	**–32**
of which short-term	*475*	*150*	–	*–4*
of which long-term	*281*	*495*	–	*–28*
TOTAL	**756**	**645**	**0**	**–32**

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

	2013		2012	
	Capital amount **)	Fair value	Capital amount **)	Fair value
Interest rate/ foreign exchange derivatives *)	3,005	125	–	–
Interest rate derivatives	14,532	–416	1,800	–32
Currency derivatives	8,488	363	30	–
TOTAL	**26,025**	**72**	**1,830**	**–32**

*) Combined instruments

**) Capital 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 established 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 COST					
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**	**0**	**9,570**	**9,765**
PER 31 DECEMBER 2012					
Accounts receivable – trade	–	–	–	393	393
Investments held as fixed assets	–	196	–	–	196
Other non-current financial receivables	–	–	–	13	13
Other receivables	–	–	–	685	685
Cash and cash equivalents	–	–	–	674	674
TOTAL	**0**	**196**	**0**	**1,765**	**1,961**

NOTE 20 PARTICIPATIONS IN ASSOCIATED COMPANIES

Company name	Corporate Identity Number	Registered offices
Getinge AB **)	556408-5032	Halmstad
Entercircle Konfektion AB	556871-0650	Gothenburg
HealthInvest Partners AB	556680-4810	Stockholm
Biotech Invest i Albano AB	556630-4449	Stockholm
Synerplan OY	1032557-0	Kerava, Finland
Hansaprint Elanders Kft		Komarom, Hungary

**) Getinge AB has been consolidated from 1 January 2013 as a controlling influence was deemed to be exercised from this date. In the Parent Company, this implies that the holding is reclassified from the heading Participations in associated companies to Participations in Group companies.

	Share of equity, %	Share of votes, %	Number of shares	Book value 2013	Book value 2012
Getinge AB **)			15,940,050 A 27,153,848 B		
	18.08	48.86	43,093,898	–	3,781
Entercircle Konfektion AB	35.00	35.00	3,988	10	–
HealthInvest Partners AB	27.01	27.01	386	11	5
Biotech Invest i Albano AB	40.69	40.69	5,127	–	6
Synerplan OY	30.00	30.00	30	3	4
Hansaprint Elanders KFT	50.00	50.00	–	–	1
TOTAL				**24**	**3,797**

	Group	
	2013	2012
Opening acquisition cost	3,797	3,699
Reclassification to participations in Group companies **)	–3,782	56
Investments	14	5
Sale of shares	–1	–4
Share of earnings for the year	3	233
Changes in equity in associated companies	–	–192
CLOSING ACCUMULATED ACQUISITION COST	**31**	**3,797**
Opening revaluation/impairment	–	–1
Changes for the year		
– Sales	–	1
– Impairment losses	–7	–
CLOSING BOOK VALUE	**24**	**3,797**

NOTE 21 DEFERRED TAX

	Group	
	2013	2012
DEFERRED TAX ASSETS ARE ATTRIBUTABLE TO THE FOLLOWING TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS:		
Deferred tax assets attributable to:		
Temporary differences on fixed assets	367	2
Temporary differences on non-current financial receivables	243	1
Temporary differences on current assets	152	29
Deductible temporary differences	278	3
Loss carry forwards	203	119
Other deductible temporary differences	272	13
TOTAL DEFERRED TAX ASSETS	**1,515**	**167**
Deferred tax liabilities attributable to:		
Temporary differences on fixed assets	–487	–
Other taxable temporary differences	–414	–17
TOTAL DEFERRED INCOME TAX LIABILITIES	**–901**	**–17**
DEFERRED TAX ASSETS, NET	**614**	**150**
DEFERRED TAX LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS:		
Deferred tax assets attributable to:		
Temporary differences on fixed assets	–983	–
Temporary differences on current assets	–119	–
Deductible temporary differences	–148	–
Other deductible temporary differences	102	17
TOTAL DEFERRED TAX ASSETS	**–1,148**	**17**
Deferred tax liabilities attributable to:		
Temporary differences on fixed assets	–242	–70
Temporary differences on current assets	–70	–3
Other deductible temporary differences	–74	–31
TOTAL DEFERRED INCOME TAX LIABILITIES	**–386**	**–104**
DEFERRED TAX LIABILITIES, NET	**–1,534**	**–87**
MATURITY STRUCTURE FOR LOSS CARRY FORWARDS		
Maturity within 1 to 3 years	13	–
Maturity within 4 years	3	–
Maturity within 5 years	47	–
Maturity after 5 years	15	10
No maturity date	125	109
	203	**119**

NOTE 22 INVENTORIES

	Group	
	2013	2012
VALUED AT ACQUISITION COST		
Finished products and goods for resale	2,793	529
Raw materials and consumables	1,877	231
Products in progress	433	88
Work on contract	8	17
Advance payments to suppliers	7	4
INVENTORY VALUE – NET	**5,118**	**869**
Portion of inventory valued at fair value less net realisable value	64	47
Impairment of inventories reported as income in the income statement	–55	–20

NOTE 23 ACCOUNTS RECEIVABLE – TRADE

	Group	
	2013	2012
Accounts receivable – trade	7,949	1,097
Less: bad debts reserve	–256	–36
ACCOUNTS RECEIVABLE – TRADE – NET	**7,693**	**1,061**

As per 31 December 2013, collectible accounts receivable amounted to MSEK 4,856 (734).

As per 31 December 2013, accounts receivable amounting to MSEK 2,837 (327) were overdue without being assessed as having an impairment requirement. A maturity analysis of these receivables is presented below:

	Group	
	2013	2012
1–30 days	1,178	219
31–60 days	518	92
61–90 days	261	9
> 90 days	880	7
TOTAL OVERDUE ACCOUNTS RECEIVABLE – TRADE	**2,837**	**327**

As per 31 December 2013, the Group has reported accounts receivable amounting to MSEK 256 (36) 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:

0–30 days	15	–
31–60 days	3	–
61–90 days	7	2
> 90 days	231	34
TOTAL RESERVED ACCOUNTS RECEIVABLE – TRADE	**256**	**36**

NOTE 23 ACCOUNTS RECEIVABLE – TRADE (CONT.)

Changes in the bad debts reserve are as follows:

	Group	
	2013	2012
PER 1 JANUARY	36	34
In newly-acquired companies	202	1
Changes for the year reported in the income statement	52	2
Receivables written off during the year as non-collectible	–27	–
Reclassifications	–10	–1
Exchange rate gains/losses on receivables in foreign currencies	3	–
PER 31 DECEMBER	**256**	**36**

Transfers to and reversals from the bad debts reserve are included in the item Selling expenses in the income statement. There were no other significant overdue receivables per either 31 December 2013 or 31 December 2012.

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	Group	
	2013	2012
Accrued income	620	48
Prepaid rent	52	15
Prepaid insurance	30	4
Prepaid lease payments	6	7
Other items	41	35
TOTAL	**749**	**109**

NOTE 25 BANK OVERDRAFT FACILITIES

	Group	
	2013	2012
Utilised portion of bank overdraft facilities	160	8
Bank overdraft facilities, agreed limit, SEK	1,133	299

NOTE 26 CASH AND CASH EQUIVALENTS

	Group	
	2013	2012
Cash and cash equivalents in the balance sheet and the cash flow statement include the following items:		
Cash and bank balances	1,816	674

NOTE 27 SHARE CAPITAL

Parent Company	Number of shares (thousands)	Share capital
Per 1 January 2012	105	1
Per 31 December 2012	105	1
Per 31 December 2013	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 2013				
Interest-bearing borrowings (excluding liabilities attributable to financial leases)	–	–	21,170	21,170
Liabilities attributable to financial leases	–	–	18	18
Derivative instruments	–	–	–	–
Accounts payable – trade	–	–	2,411	2,411
Other liabilities	–	2	179	181
TOTAL	0	2	23,778	23,780
PER 31 DECEMBER 2012				
Interest-bearing borrowings (excluding liabilities attributable to financial leases)	17	–	4,514	4,531
Liabilities attributable to financial leases	–	–	13	13
Derivative instruments	28	–	–	28
Accounts payable – trade	–	–	526	526
Other liabilities	106	4	75	185
TOTAL	151	4	5,128	5,283

NOTE 29 BORROWING

	Group 2013	Group 2012
INTEREST-BEARING LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions	13,980	77
Provisions for pensions – interest-bearing	2,350	50
Liabilities attributable to financial leases	8	–
Other liabilities	112	–
TOTAL	**16,450**	**127**
Current liabilities		
Liabilities to credit institutions	7,301	4,505
Bank overdraft facility, utilised portion	160	8
Liabilities attributable to financial leases	2	13
TOTAL	**7,463**	**4,526**
TOTAL INTEREST-BEARING LIABILITIES	**23,913**	**4,653**
MATURITIES		
Portion of non-current liabilities falling due for payment later than five years after balance sheet date		
Liabilities to credit institutions	586	–
Liabilities attributable to financial leases	2	–
TOTAL	**588**	**0**

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 incur 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 to 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 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**
31 DEC 2012			
Present value of obligations	–2	–50	–52
Fair value of plan assets	2	0	2
NET LIABILITY IN THE BALANCE SHEET	**0**	**–50**	**–50**

	Group	
	2013	2012
Changes in defined benefit obligations during the year are as follows:		
Net liability in the balance sheet		
OPENING BALANCE	**–50**	**–49**
In newly-acquired companies	–2,158	–
Costs for vesting during the current year	–48	–
Interest expenses	–165	–
Contributions paid by employees covered by the plan	180	–
Actuarial gains/losses	–78	–1
Exchange rate differences	–82	–
CLOSING BALANCE	**–2,401**	**–50**

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	–393	3	–390
Germany	–1,066	0	–1,066
UK	–1,446	1,123	–323
USA	–470	0	–470
Other countries	–155	3	–152
TOTAL	**–3,530**	**1,129**	**–2,401**

	2013	2012
The most significant actuarial assumptions are as follows:		
Weighted average, %		
Discount rate	4.1	4.3
Expected salary increases	2.9	2.9
Expected rate of return on plan assets	4.1	4.5
Expected inflation	2.1	1.9

	2013
Sensitivity of the defined benefit obligation to changes in the significant weighted assumptions 2013:	
Discount rate +1%	414
Inflation +1%	–449
Salary increases +1%	–106
Expected mortality + 1 year	–119

	2013	2012
Plan assets consist of the following fair values per balance sheet date:		
Shares	877	398
Other	252	585
TOTAL	**1,129**	**983**

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 2013, the Group 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, 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 35. Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2013, Alecta's surplus in the form of the collective funding ratio amounted to 148 per cent (129 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 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
Reclassifications	–	–	–	–	–	–
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**
AMOUNT PER 1 JANUARY 2012	**30**	**6**	**5**	**9**	**22**	**72**
Additional provisions	–	–	9	3	4	16
Utilised during the year	–4	–3	–5	–3	–7	–22
Unutilised, reversed funds	–	–	–	–	–2	–2
PER 31 DECEMBER 2012	**26**	**3**	**9**	**9**	**17**	**64**
EXPECTED OUTFLOW OF PAYMENTS						
Within 1 year	–	–	9	3	6	18
Within 3 years	–	3	–	6	7	16
Within 5 years	20	–	–	–	–	20
Later than 5 years	6	–	–	–	4	10
PER 31 DECEMBER 2012	**26**	**3**	**9**	**9**	**17**	**64**

The warranty provision is based on assumptions which have not been finalised as per the balance sheet date, and the calculation is based on previous experience. The restructuring reserve refers primarily to projects within Getinge in the Medical Systems and Extended Care business areas. Restructuring measures have been implemented in Medical Systems during the year in accordance with the communicated programme. The project involves moving the production of implants for vascular interventions from Wayne, USA to La Ciotat, France, and is expected to be completed during the first quarter of 2015. Within Extended Care, the integration of TSS, acquired during the fourth quarter of 2012, has continued according to plan. Further information is available in the Getinge Group's annual report. 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 198 (36) and other contingent liabilities of MSEK 18 (9) have been undertaken. 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	
	2013	2012
Accrued salary-related expenses	1,481	275
Accrued interest expenses	57	8
Warranty provisions, commissions, client bonuses, etc.	43	61
Other accrued income	45	30
Other items	1,171	94
TOTAL	2,797	468

NOTE 33 PLEDGED ASSETS

	Group	
	2013	2012
FOR THE GROUP'S OWN PROVISIONS AND LIABILITIES		
Relating to liabilities to credit institutions		
– Property mortgages	51	44
– Floating charges	218	199
Other pledged assets	368	329
TOTAL REGARDING OWN LIABILITIES AND PROVISIONS	637	572
TOTAL PLEDGED ASSETS	637	572

NOTE 34 CONTINGENT LIABILITIES

	Group	
	2013	2012
CONTINGENT LIABILITIES		
Warranties	198	36
Other contingent liabilities	18	9
TOTAL CONTINGENT LIABILITIES	216	45

NOTE 35 TRANSACTIONS WITH RELATED PARTIES

Transactions between Carl Bennet AB, sub-Groups and their subsidiaries which are 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 15,951 (355) during 2013. 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 those 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' business area Print & Packaging Solutions 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 43.

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

	Group	
	2013	2012
Amortisation/depreciation and impairment of intangible and tangible fixed assets	2,165	175
Profit/loss on disposals of tangible fixed assets	122	–36
Restructuring charges	49	–
Share of earnings in associated companies	2	–402
Other	–78	–8
TOTAL	**2,260**	**–271**

NOTE 37 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This is the first annual report for the Carl Bennet AB Group prepared in accordance with IFRS. The accounting principles described in Note 2 have been applied in the preparation of the consolidated accounts as per 31 December 2013 and for the comparative information presented as per 31 December 2012, as well as in the preparation of the report for the period's financial position (opening IFRS balance sheet) per 1 January 2012 (the date on which the Group implemented IFRS).

Preparing the opening IFRS balance sheet required the adjustment of amounts which had been reported in previous annual reports in accordance with the Swedish Accounting Standards Board's general advice. An explanation of the manner in which the transition from the previous accounting principles to IFRS has impacted the Group's results and financial position is provided in the tables below and in the accompanying Notes. Total cash flow has not been affected by the transition to IFRS.

CHOICES MADE IN CONJUNCTION WITH THE TRANSITION TO IFRS

The transition to IFRS is reported in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The general rule is that all applicable IFRS and IAS standards, which have entered into force and have been approved by the EU, will be applied with retroactive effect. IFRS 1 does, however, include transitional regulations providing companies with a certain amount of freedom of choice.

The permitted exceptions from full retroactive application are presented below for all of the IFRS standards which the Group has chosen to apply in the transition from the previous accounting principles to IFRS.

Exception for business combinations

The standard IFRS 1, which regulates the manner in which a transition to IFRS is to take place, offers the possibility of applying the principles stipulated in the standard IFRS 3 *Business Combinations,* either prospectively from the transition date to IFRS or from a specific date before the date of the transition. This provides relief from a full retroactive application, which would necessitate the recalculation of all business combinations undertaken before the transition date. The Group has chosen to apply IFRS prospectively for business combinations taking place after the transition date. Consequently, business combinations taking place prior to the transition date have not been recalculated.

Exception for accumulated translation differences

IFRS 1 permits accumulated translation differences reported in equity to be reset to zero on the transition date. This provides relief compared with determining accumulated translation differences in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, from the date on which a subsidiary or associated company was founded or acquired. The Group has chosen to report all accumulated translation differences in the reserve in equity at zero, and, instead, these items will remain in profit brought forward on the date of the transition to IFRS.

RECONCILIATION BETWEEN PREVIOUS ACCOUNTING PRINCIPLES AND IFRS

In accordance with IFRS 1, the Group is to present a reconciliation of equity and Total comprehensive income reported in accordance with the previous accounting principles for earlier periods, in which items were reported corresponding to those in IFRS. The transition from the previous accounting principles to IFRS has not had any effect on the reporting of cash flows generated by the Group. The tables below show the reconciliation between the reporting of equity and Total comprehensive income, for the respective periods, according to previous accounting principles and according to IFRS.

NOTE 37 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT.)

RECONCILIATION OF EQUITY PER 1 JANUARY 2012 AND 31 DECEMBER 2012

*) (in accordance with previous accounting principles)	1 January 2012				31 December 2012			
	Note	Opening balance *)	Total effect of transition to IFRS	In accordance with IFRS	Note	Closing balance *)	Total effect of transition to IFRS	In accordance with IFRS
ASSETS								
FIXED ASSETS								
Intangible assets	a)	3,764	133	3,897	a)	3,768	371	4,139
Tangible fixed assets		714	0	714		727	0	727
Holdings in associated companies	c)	3,698	0	3,698	c)	3,741	56	3,797
Investments held as fixed assets	b)	202	42	244	b)	135	61	196
Other non-current financial receivables		12	0	12		16	0	16
Deferred tax assets	d), i)	166	9	175	d), i)	139	10	149
CURRENT ASSETS								
Accounts receivable and other receivables (inc. prepaid expenses and accrued income)	i)	2,239	–4	2,235	i)	2,198	–4	2,194
Cash and cash equivalents		430	0	430		674	0	674
TOTAL ASSETS		**11,225**	**180**	**11,405**		**11,398**	**494**	**11,892**
LIABILITIES AND EQUITY								
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY	g)				g)			
Share capital		1	0	1		1	0	1
Other contributed capital		0		0		0	0	0
Reserves	f)	0	31	31	f)	0	–150	–150
Profit brought forward, including net profit for the year		4,440	104	4,544		4,786	596	5,382
Non-controlling interests	h)		376	376	h)	0	353	353
TOTAL EQUITY		**4,441**	**511**	**4,952**		**4,787**	**799**	**5,586**
Minority shareholding	h)	377	–377	0	h)	496	–496	0
NON-CURRENT LIABILITIES								
Interest-bearing long-term borrowings	e)	3,674	–3,627	47	e)	3,295	–3,218	77
Other non-current liabilities	e)	37	–30	7	e)	34	–13	21
Derivative instruments	e)	0	16	16	e)	0	28	28
Deferred tax liabilities	d)	53	12	65	d)	64	23	87
Provisions for pensions and other long-term provisions		103	0	103		99	0	99
CURRENT LIABILITIES								
Interest-bearing short-term borrowings	i)	1,183	3,675	4,858	i)	1,232	3,294	4,526
Accounts payable and other current liabilities		760	0	760		744	0	744
Other liabilities		170	0	170	e)	179	77	256
Accrued expenses and deferred income		427	0	427		468	0	468
TOTAL EQUITY AND LIABILITIES		**11,225**	**180**	**11,405**		**11,398**	**494**	**11,892**

NOTE 38 RECONCILIATION OF TOTAL COMPREHENSIVE INCOME 2012

TOTAL COMPREHENSIVE INCOME

	Note	2012 Income Statement (in accordance with previous accounting principles)	Total effect of transition to IFRS	In accordance with IFRS
Net sales		8,141	0	8,141
Cost of goods sold		–5,614	0	–5,614
TOTAL		**2,527**	**0**	**2,527**
Selling expenses	a)	–776	177	–599
Administrative expenses	a)	–1,128	0	–1,128
Research and development costs		–81	0	–81
Profit/loss from participations in associated companies	c)	562	–108	454
Other income and expenses within operating profit		60	0	60
OPERATING PROFIT		**1,164**	**69**	**1,233**
Income from other securities	i)	39	–39	0
Financial income	i), b)	26	42	68
Financial expenses	e)	–148	–11	–159
Financial items – net		–83	–8	–91
PROFIT AFTER FINANCIAL ITEMS		**1,081**	**61**	**1,142**
Income tax	d)	–331	138	–193
Minority share of net profit/loss for the year	h)	–60	60	0
NET PROFIT FOR THE YEAR		**690**	**259**	**949**
ITEMS WHICH WILL NOT BE REVERSED IN THE INCOME STATEMENT:	j)			
Share of other comprehensive income in associated companies (attributable to actuarial gains/losses)		0	–51	–51
ITEMS WHICH CAN BE REVERSED IN THE INCOME STATEMENT IN THE FUTURE:	j)			
Share of other comprehensive income in associated companies		0	–142	–142
Translation differences		0	–63	–63
Change in value of cash flow hedges, net		0	–1	–1
Change in value of hedging of net foreign investments		0	3	3
Change in value attributable to available-for-sale financial assets		0	13	13
Effect of change in the Swedish tax rate on deferred tax		0	2	2
Income tax related to other items in comprehensive income		0	0	0
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET AFTER TAX		**0**	**–239**	**–239**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**690**	**19**	**709**

NOTE 38 RECONCILIATION OF TOTAL COMPREHENSIVE INCOME 2012 (CONT.)

a) INTANGIBLE ASSETS

Negative goodwill (badwill) attributable to acquisitions of subsidiaries is reported in accordance with the current accounting principles. IFRS stipulates that negative goodwill is to be reported as income when it arises, for which reason the negative goodwill reported in the Group was dissolved in conjunction with the transition to IFRS.

The adjustment made in conjunction with the transition to IFRS (1 January 2012) consists of: dissolution of badwill, MSEK 116, and additional goodwill arising due to a put option, MSEK 17, in effect at that time for the buyout of a minority holding (see details about the minority put option below). The adjustment amounted, in total, to MSEK 133. The amortisation of goodwill reported during 2012 has been reversed, as goodwill has an indefinite useful life according to IFRS, for which reason the item is to be tested for impairment on an annual basis, or more often if there is any indication of an impairment requirement, instead of being amortised. Additional adjustments per 31 December 2012 comprise primarily the reversal of the amortisation of goodwill attributable to 2012 amounting to MSEK 180. A business combination took place during 2012 which was not reported according to IFRS 3 *Business Combinations*. This acquisition has now been reported in accordance with IFRS 3 *Business Combinations*, and the "full goodwill method" has been applied, resulting in an increase in total goodwill. Intangible assets have been identified within goodwill, in the form of client relationships and trademarks. The recalculation of the acquisition has resulted in an increase of MSEK 37 to intangible assets. Furthermore, during 2012 Carl Bennet AB entered into an agreement regarding the buyout of minority shareholdings (a so-called minority put option, see below for a detailed description), as a part of a subsidiary's acquisition of a company. The technical accounting treatment implies that these shareholdings are reported as though Carl Bennet AB had owned them as at acquisition date. As the put option agreement is a part of the acquisition, the effect of reporting the acquisition as if Carl Bennet AB already owned the shares at acquisition date impacts goodwill, increasing intangible assets by MSEK 24. In addition, the recalculation of the acquisition has resulted in an adjustment in the income statement attributable to acquisition-related expenses amounting to MSEK 0.5. In total, adjustments arising due to the transition to IFRS as per 31 December 2012 amount to MSEK 370.

b) INVESTMENTS HELD AS FIXED ASSETS

The Group owns shares and mutual funds, which IFRS stipulates are to be reported at fair value instead of at acquisition cost. The recalculation of these investments to fair value results in an effect as per transition date of MSEK 42, and as per 31 December 2012 of MSEK 61. A total of MSEK 33 of the investments held as fixed assets is reported in the item Reserves in equity as these are deemed to comprise securities held for strategic purposes. Changes in this item during 2012 are reported in Other comprehensive income and the effect amounts to MSEK 15. Changes in the fair value of items held for trade are reported in Financial items - net in the income statement. The impact on net profit/loss for 2012 is comprised of financial income amounting to MSEK 3.

c) ASSOCIATED COMPANIES

No adjustments attributable to associated companies have been made in conjunction with the transition to IFRS on 1 January 2012.

As per 31 December 2012, the amortisation of goodwill implemented during 2012 attributable to acquisitions of associated companies, MSEK 56, has been reversed. Refer also to the comments under intangible assets above, explaining the reversal of goodwill.

In accordance with the previous accounting principles, profit from participations in associated companies has been reported, excluding tax, in the income statement. In accordance with IFRS, profit from participations in associated companies is to be reported including tax. This implies no difference in the total net profit, although the individual entires on the separate income statement lines could change, as participations in associated companies and, thereby, operating profit, as well as income tax, decrease by MSEK 164. The impact on net profit attributable to participations in associated companies arises entirely due to the effect of the reversal of goodwill, which amounts to MSEK 56.

d) DEFERRED TAX

Deferred tax is reported on all IFRS adjustments where the adjustments result in temporary differences in the balance sheet. This is the case for all adjustments except goodwill. Deferred tax is reported with the application of a tax rate of 26.3% as per transition date and with the application of a tax rate of 22% as per 31 December 2012 for all adjustments.

TOTAL EFFECT OF TRANSITION TO IFRS – DEFERRED TAX ASSETS

	1 Jan 2012	31 Dec 2012
Deferred tax attributable to deficits reclassified from current tax to deferred tax assets	4	4
Derivative instruments	4	6
Investments held as fixed assets	1	0
TOTAL EFFECT ON DEFERRED TAX ASSETS	**9**	**10**

TOTAL EFFECT OF TRANSITION TO IFRS – DEFERRED TAX LIABILITIES

	1 Jan 2012	31 Dec 2012
Investments held as fixed assets (AFS assets, tax effect in Other comprehensive income).	12	13
Intangible assets (additional assets via translation of acquisitions taking place in 2012)	0	10
TOTAL EFFECT ON DEFERRED TAX LIABILITIES	**12**	**23**

NOTE 38 RECONCILIATION OF TOTAL COMPREHENSIVE INCOME 2012 (CONT.)

Changes occur in deferred tax liabilities and tax assets in relation to the changes in the underlying item to which the tax is attributable. Income tax in the statement of comprehensive income is attributable to the following IFRS adjustments.

DEFERRED TAX INCOME AND EXPENSES

	2012
Amortisation of intangible assets, due to translation of acquisitions	1
Tax attributable to derivatives and investments held as fixed assets	1
TOTAL EFFECT ON DEFERRED TAX	**2**

INCOME TAX

	2012
Minority share of income tax	–27
Tax attributable to derivatives and investments held as fixed assets	–1
Tax attributable to associated companies	164
TOTAL EFFECT ON INCOME TAX	**138**

e) FINANCIAL INSTRUMENTS

Derivative instruments

Derivative instruments in the form of interest rate swaps are in effect within the portion of the Group which previously did not report in accordance with IFRS. Hedge accounting has not been applied to these in conjunction with the transition to IFRS. IFRS stipulates that derivative instruments are to be valued at fair value, and that changes are to be reported in the income statement where hedge accounting is not applied. Under the current accounting principles, derivative instruments are not reported in the balance sheet. As per transition date to IFRS, this implies an adjustment of the additional reported derivative instruments totalling MSEK 16. As per 31 December 2012, this adjustment amounts to MSEK 28.

Minority put option (included in interest-bearing long-term borrowings and other liabilities)

If an agreement exists in conjunction with an acquisition of company involving the mandatory buyout of minority shares, this is referred to as a "minority put option". The technical accounting treatment implies that the acquired company is reported as though the Parent Company already owns the minority shares. Consequently, no minority interest is reported, but rather a financial liability. As per transition date to IFRS, a financial liability of MSEK 17 is reported (included in the item interest-bearing long-term borrowings) referring to such a "minority put option". As per 31 December 2012, two further agreements involving "minority put options" have been entered into. Of these, an amount of MSEK 47 is long-term and MSEK 76 is short-term (i.e. expected to mature within one year). The total adjustment to non-current liabilities arising as a result of these agreements amounts to MSEK 63, while the total adjustment to current liabilities is MSEK 76.

f) RESERVES

In accordance with IFRS, all items reported in Other comprehensive income are to be reported in the item Reserves, with the exception of actuarial gains/losses, which are to be reported in profit brought forward. In conjunction with the transition to IFRS, the transition effects of the investments in fixed assets held for strategic purposes, so-called AFS assets, are reported in the item Reserves in equity, with subsequent changes being reported in Other comprehensive income and offset against the item Reserves in equity. The transition effects refer to the adjustment of investments held as fixed assets to fair value amounting to MSEK 33 and the reclassification of Carl Bennet AB's participation in a subsidiary's hedging reserve, MSEK –2, from profit brought forward to reserves. As per 31 December 2012, transition effects refer primarily to translation differences for 2012 of MSEK –142, attributable to associated companies and MSEK –52, attributable to subsidiaries being reclassified from profit brought forward to reserves

g) CHANGE IN EQUITY

g) CHANGE IN EQUITY	1 Jan 2012	31 Dec 2012	Note
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY ACCORDING TO CURRENT ACCOUNTING PRINCIPLES	4,441	4,787	
Dissolution of badwill	116	116	a)
Reversal of amortisation, goodwill (subsidiaries and associated companies)	–	236	a), c)
Derivative instruments (net after tax)	–12	–22	e), d)
Investments held as fixed assets (net after tax)	31	48	b), d)
Dilution effect of new share issue offered to the shareholders in the Parent Company reported under non-controlling interests	–	65	
Other	1	3	
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY ACCORDING TO IFRS	4,577	5,233	

NOTE 38 RECONCILIATION OF TOTAL COMPREHENSIVE INCOME 2012 (CONT.)

h) MINORITY INTEREST

Under the previous accounting principles, minority interest was reported as a separate item among liabilities in the balance sheet. According to IFRS, minority interests are to be reported as a component of equity designated "Non-controlling interest". As per 1 January 2012, liabilities referring to minority interests have been reclassified to an item in equity designated "Non-controlling interest". As per 31 December 2012, the adjustment refers partly to the reclassification described above and partly to the removal of non-controlling interests resulting from the agreements involving minority put options (see above details for a description of the accounting treatment). These agreements imply that these holdings are reported as though Carl Bennet AB had owned the shares covered by the agreement directly upon acquisition, for which reason no non-controlling interest is reported for these participations.

Under IFRS, net profit/loss for the year includes both profit/loss attributable to the shareholders in the Parent Company and profit/loss attributable to non-controlling interests. Consequently, the item designated Minority share of net profit/loss for the year has been removed, resulting in the elimination of adjustments to the income tax attributable to the eliminated item. The total adjustment in the income statement attributable to minority interests amounts to MSEK 33.

i) RECLASSIFICATIONS

Balance sheet

The following balance sheet items have been renamed; "Cash and bank balances" is renamed "Cash and cash equivalents" and "Provisions for deferred tax" is renamed "Deferred tax liabilities". According to IFRS, provisions are to be reported under non-current or current liabilities and not under a separate heading designated "Provisions".

Equity is now to be reported in accordance with the Swedish Financial Accounting Council's recommendation, UFR 8 *Accounting for group equity*. Equity is no longer categorised as either restricted or non-restricted. Equity is now classified as share capital, reserves or profit brought forward including net profit/loss for the year. There are currently no items which are listed under other contributed capital.

As per 1 January 2012, a deferred tax asset on loss carry forward amounting to MSEK 4 has been reclassified from Current tax assets to Deferred tax assets. Interest-bearing, long-term borrowings of MSEK 3,675 have been reclassified to Short-term borrowings, as the loan agreement has a tenure of only one year. An additional purchase price of MSEK 30 has been reclassified to Interest-bearing, long-term borrowings, as this is seen to comprise a portion of the financing. Consequently, the revaluation of this liability are reported in Financial items – net. As per 31 December 2012, an identical reclassification has been made of loans amounting to MSEK 3,294, with the adjustment made to the additional purchase price as at 1 January 2012 of MSEK 30 remaining, as the value of the liability was deemed to be unchanged as per 31 December 2012.

Income statement

Profit/loss from other securities and receivables accounted for as fixed assets has been reclassified to financial income.

j) OTHER COMPREHENSIVE INCOME

Under IFRS, only items referring to transactions with shareholders are to be reported in equity. Other items are to be reported in Other comprehensive income. Items in Other comprehensive income are classified either as "Items which will not be reversed in the income statement" or "Items which can be reversed in the income statement in the future". All items, with the exception of changes in value of investments held as fixed assets arising as a result of the transition to IFRS, were previously included in the equity item "Translation differences, etc."

NOTE 39 BUSINESS COMBINATIONS

STS EAST LLC

Getinge's Infection Control business area acquired the operations of the American service company, STS East LLC, during the first quarter of 2013. The acquired company has sales of approximately MSEK 25 and 17 employees. The total purchase price amounted to approximately MSEK 29. The results of the operations are included in Getinge's sales and operating profit from 1 January 2013.

Goodwill arising in conjunction with the transaction is attributable to anticipated 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	–	3	3
Inventories	2	–	2
	2	3	5
Goodwill	–	24	24
TOTAL ACQUISITION, WITH CASH AND CASH EQUIVALENTS	2	27	29
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE ACQUISITION	2	27	29

NOTE 39 BUSINESS COMBINATIONS (CONT.)

TRANS MEDIKAL DEVICES INC.

Getinge's Infection Control business area acquired the Turkish company, Trans Medikal Devices Inc., during the first quarter of 2013. The company, which engages in the manufacture of autoclaves and distribution of disinfectors, has sales of approximately MSEK 55 and 70 employees. The total purchase price amounted to approximately MSEK 93, of which MSEK 63 was transferred on acquisition date. The results of the operations are included in Getinge's sales and operating profit from 1 April 2013. Goodwill arising in conjunction with the transaction is attributable to anticipated 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	–	20	20
Tangible assets	4	–	4
Inventories	4	–	4
Other current assets	10	–	10
Provisions	–	–3	–3
Current liabilities	–10	–30	–40
	8	–13	–5
Goodwill	–	68	68
TOTAL ACQUISITION, WITH CASH AND CASH EQUIVALENTS	8	55	63
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE ACQUISITION	8	55	63

LAAX INC.

Getinge's Medical Systems business area acquired the American company, LAAX Inc., during the first quarter of 2013. The company, which operates in the field of cardiovascular surgery, has sales of approximately MSEK 8 and 5 employees. The total purchase price amounted to approximately MSEK 182, of which MSEK 156 was transferred on acquisition date. The results of the operations are included in Getinge's sales and operating profit from 1 April 2013. Goodwill arising in conjunction with the transaction is attributable to anticipated additional sales of Medical Systems' products. It is not practically possible to specify the gains arising from the acquisition since the 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	–	32	32
Financial assets	26	–	26
Tangible assets	1	–	1
Inventories	1	–	1
Provisions	–	–13	–13
Current liabilities	–1	–26	–27
	27	–7	20
Goodwill	–	136	136
TOTAL ACQUISITION, WITH CASH AND CASH EQUIVALENTS	27	129	156
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE ACQUISITION	27	129	156

NOTE 39 BUSINESS COMBINATIONS (CONT.)

MCNAUGHTAN'S PRINTERS LIMITED

In February, Elanders acquired all of the shares in the label printing company McNaughtan's Printers Limited in Glasgow, Scotland. McNaughtan's is a niche company providing its services primarily to the whisky industry, and its clients include a number of well-known whisky distilleries. The purchase price amounted to MGBP 28 and was financed with cash and cash equivalents. Acquisition costs amounted to approximately MSEK 0.5. The company has contributed a total of approximately MSEK 20 to the Group's sales.

MYPHOTOBOOK GMBH

In September, Elanders acquired myphotobook GmbH, one of Europe's leading e-commerce companies within sales of personalised photography products to consumers. myphotobook was founded in 2004 and reported sales of approximately MEUR 15 in 2012. The company's head office is located in Berlin and it has around 70 employees. The purchase price amounted to approximately MEUR 10.5 on a debt free basis and was financed with borrowed funds. Acquisition costs amounted to approximately MSEK 2. The company has contributed a total of approximately MSEK 55 to the Group's sales.

MCNAUGHTAN'S PRINTERS LIMITED & MYPHOTOBOOK GMBH

Net assets, MSEK	Assets and liabilities at acquisition date	Adjustment to fair value	Fair value
Intangible fixed assets	14	28	42
Tangible fixed assets	3	–	3
Inventories	–	–	–
Accounts receivable - trade	4	–	4
Other current assets	1	–	1
Cash and cash equivalents	18	–	18
Accounts payable - trade	–5	–	–5
Other current liabilities	–12	–	–12
Non-interest-bearing liabilities	–3	–8	–11
	20	**20**	**40**
Goodwill	–	81	81
TOTAL ACQUISITION, WITH CASH AND CASH EQUIVALENTS	**20**	**101**	**121**
Cash and cash equivalents in acquired operations	–18	–	–18
NET OUTFLOW OF CASH AND CASH EQUIVALENTS ATTRIBUTABLE TO THE ACQUISITION			**103**

Parent Company

PARENT COMPANY INCOME STATEMENT, MSEK

	Note	2013	2012
Net sales	40	4	4
GROSS PROFIT		**4**	**4**
Administrative expenses	41	–51	–39
Research and development costs		–16	–20
OPERATING LOSS	42, 43	**–63**	**–55**
PROFIT FROM FINANCIAL ITEMS			
Financial income	44	319	302
Financial expenses	44	–120	–55
TOTAL PROFIT FROM FINANCIAL ITEMS		**199**	**247**
PROFIT AFTER FINANCIAL ITEMS		**136**	**192**
Appropriations	45	106	–8
Tax on profit for the year	46	–6	20
NET PROFIT FOR THE YEAR		**236**	**204**

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 2013	31 Dec 2012
ASSETS			
FIXED ASSETS			
Tangible fixed assets			
Equipment	41	1	–
		1	**–**
Financial fixed assets			
Participations in Group companies	47	4,297	1,751
Participations in associated companies	48	17	2,545
Other investments held as fixed assets	49	194	133
Non-current receivables from Group companies	35	38	40
Other non-current receivables		–	–
		4,546	**4,469**
TOTAL FIXED ASSETS		**4,547**	**4,469**
CURRENT ASSETS			
Current receivables			
Accounts receivable		–	–
Receivables from Group companies	35	100	100
Receivables from associated companies		–	–
Other current receivables		2	1
Prepaid expenses and accrued income	50	3	3
		105	**104**
Cash and cash equivalents	52, 53	1	93
TOTAL CURRENT ASSETS		**106**	**197**
TOTAL ASSETS		**4,653**	**4,666**

PARENT COMPANY BALANCE SHEET, MSEK (CONT.)

	Note	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	27	1	1
Statutory reserve		0	0
		1	**1**
Non-restricted equity			
Profit brought forward		2,883	2,739
Net profit for the year		236	204
		3,119	**2,943**
TOTAL EQUITY		**3,120**	**2,944**
UNTAXED RESERVES	54	**–**	**7**
LONG-TERM LIABILITIES			
Liabilities to credit institutions		–	1,500
Other non-current liabilities		4	–
TOTAL NON-CURRENT LIABILITIES	51	**4**	**1,500**
CURRENT LIABILITIES	52		
Liabilities to credit institutions	51	1,515	200
Accounts payable – trade		4	6
Current tax liabilities		2	1
Other current liabilities		1	1
Accrued expenses and deferred income	55	7	7
TOTAL CURRENT LIABILITIES		**1,529**	**215**
TOTAL EQUITY AND LIABILITIES		**4,653**	**4,666**
PLEDGED ASSETS		**None**	**None**
CONTINGENT LIABILITIES		**None**	**None**

CHANGES IN EQUITY FOR THE PARENT COMPANY, MSEK

	Share capital	Non-restricted equity	Total equity
Equity, 31 Dec 2011	1	731	2,733
Dividend in accordance with resolution of annual general meeting	–	–65	–65
Group contributions received/paid	–	98	98
Tax effect of Group contributions	–	–26	–26
Net profit for the year	–	204	204
EQUITY, 31 DEC 2012	**1**	**2,943**	**2,944**
Dividend in accordance with resolution of annual general meeting	–	–60	–60
Net profit for the year	–	236	236
EQUITY, 31 DEC 2013	**1**	**3,119**	**3,120**

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

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	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after financial items		136	192
Adjustment for non-cash items, etc.	56	51	–38
Income tax paid		–6	–6
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**181**	**148**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase/decrease in current receivables		–	1
Increase/decrease in accounts payable		–1	2
Increase/decrease in other current operating liabilities		–1	–1
CASH FLOW FROM OPERATING ACTIVITIES		**179**	**150**
INVESTING ACTIVITIES			
Investments in tangible fixed assets		–1	–
Investments in subsidiaries		–76	–
Investments in associated companies		–12	–5
Non-current receivables		–	–2
Acquisition of financial fixed assets		–78	–139
Divestment of financial fixed assets		40	243
CASH FLOW FROM INVESTING ACTIVITIES		**–127**	**97**
FINANCING ACTIVITIES			
Borrowings		16	–
Repayment of borrowings		–200	–200
Group contribution received		100	110
Dividends paid		–60	–65
CASH FLOW FROM FINANCING ACTIVITIES		**–144**	**–155**
CASH FLOW FOR THE YEAR		**–92**	**92**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		93	1
CASH AND CASH EQUIVALENTS AT YEAR-END		**1**	**93**

Notes for the Parent Company

NOTE 40 CLASSIFICATION OF INCOME

	2013	2012
Net sales include income from:		
Services	4	4
TOTAL	**4**	**4**

NOTE 41 INVENTORIES

	2013	2012
Opening acquisition cost	1	1
Purchases	1	–
CLOSING ACCUMULATED ACQUISITION COST	**2**	**1**
Opening depreciation	–1	–1
Depreciation for the year	–	–
Closing accumulated depreciation	–1	–1
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**1**	**0**

NOTE 42 REMUNERATION TO AUDITORS

	2013	2012
PwC		
Audit assignment	0	0
Other services	1	0
TOTAL	**1**	**0**

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 43 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

	2013	2012
AVERAGE NUMBER OF EMPLOYEES		
Women	3	3
Men	2	1
TOTAL	**5**	**4**
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	3	3
	5	**5**
Statutory and contractual social security contributions	2	2
Pension costs for other employees	1	1
TOTAL	**8**	**8**

MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

Gender distribution of Members of the Board per balance sheet date	2013	2012
Women	33%	33%
Men	67%	67%

Gender distribution of CEO and other senior executives per balance sheet date	2013	2012
Women	50%	50%
Men	50%	50%

NOTE 44 FINANCIAL INCOME AND EXPENSES

	2013	2012
FINANCIAL INCOME		
Dividends from Group companies	289	98
Dividends from associated companies	2	164
Capital gains/losses on other securities	23	37
Dividends from other securities	4	2
Interest income on bank balances	1	1
Interest income from Group companies	–	–
Exchange rate gains	–	–
TOTAL FINANCIAL INCOME	**319**	**302**
FINANCIAL EXPENSES		
Interest expenses on borrowings	–43	–55
Exchange rate losses	–	–
Unrealised changes in value, other securities	–77	–
Other financial expenses	–	–
TOTAL FINANCIAL EXPENSES	**–120**	**–55**
TOTAL FINANCIAL ITEMS – NET	**199**	**247**

NOTE 45 APPROPRIATIONS

	2013	2012
Group contributions received	100	–
Group contributions paid	–1	–
Accelerated depreciation	–	–
Change in tax allocation reserve	7	–8
TOTAL	**106**	**–8**

NOTE 46 TAX ON PROFIT FOR THE YEAR

	2013	2012
Current tax for the year	–6	–6
Current tax attributable to previous years	–	–
Tax effect of Group contributions	–	26
TAX EXPENSE	**–6**	**20**

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% (26.3%).

	2013	2012
Net profit before tax	242	185
Tax according to applicable tax rate in Sweden, 22%	–53	–48
Tax effect of:		
– Income not subject to tax	64	69
– Expenses not deductible for tax purposes	–17	–1
TAX EXPENSE	**–6**	**20**

NOTE 47 PARTICIPATIONS IN GROUP COMPANIES

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

*) The holding in Getinge AB has been reclassified from a participation in an associated company to a participation in a Group company, as a controlling influence was deemed to be exercised from 1 January 2013.

	Share of equity, %	Share of votes, %	Number of shares	Book value 2013	Book value 2012
Getinge AB *)			15,940,050 A		
			27,153,848 B		
	18.08	48.86	43,093,898	2,465	–
Lifco AB	100.00	100.00	9,084,326	1,319	1,319
Elanders AB			1,166,666 A		
			13,004,098 B		
	62.34	74.24	14,170,764	484	403
Symbrio AB	66.84	66.84	7,317,638	29	29
Dragesholm AB	100.00	100.00	1,000	–	1
TOTAL				**4,297**	**1,751**

	2013	2012
Opening acquisition cost	1,751	1,751
Investments	81	–
Reclassification to participations in Group companies *)	2,465	–
CLOSING ACCUMULATED ACQUISITION COST	**4,297**	**1,751**
CLOSING BOOK VALUE	**4,297**	**1,751**

NOTE 48 PARTICIPATIONS IN ASSOCIATED COMPANIES

Company name	Corporate Identity Number	Registered offices
Getinge AB **)	556408-5032	Halmstad
Entercircle Konfektion AB	556871-0650	Gothenburg
HealthInvest Partners AB	556680-4810	Stockholm
Biotech Invest i Albano AB	556630-4449	Stockholm

**) The holding in Getinge AB has been reclassified from a participation in an associated company to a participation in a Group company, as a controlling influence was deemed to be exercised from 1 January 2013.

	Share of equity, %	Share of votes, %	Number of shares	Book value 2013	Book value 2012
Getinge AB **)			15,940,050 A		
			27,153,848 B		
	18.08	48.86	43,093,898	–	2,466
Entercircle Konfektion AB	35.00	35.00	3,988	10	–
HealthInvest Partners AB	27.01	27.01	386	7	7
Biotech Invest i Albano AB	40.69	40.69	5,127	–	72
TOTAL				**17**	**2,545**

	2013	2012
Opening acquisition cost	2,545	2,539
Investments	10	6
Reclassification to participations in Group companies **)	–2,466	–
CLOSING ACCUMULATED ACQUISITION COST	**89**	**2,545**
Opening impairment	–	–
Changes for the year		
– Impairment losses	–72	–
CLOSING ACCUMULATED IMPAIRMENT	**–72**	**–**
CLOSING BOOK VALUE	**17**	**2,545**

NOTE 49 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.

	2013	2012
Available-for-sale financial assets include the following:		
Other investments held as fixed assets		
Listed shares and participations	192	131
Unlisted shares and participations	2	2
	194	**133**
Opening acquisition cost	135	201
Additional securities	84	139
Sold securities	–23	–205
CLOSING ACCUMULATED ACQUISITION COST	**196**	**135**
Opening impairment	–2	–2
CLOSING ACCUMULATED IMPAIRMENT	**–2**	**–2**
CLOSING BOOK VALUE, TOTAL	**194**	**133**
of which listed shares		
Book value	192	131
Market value or equivalent	287	193

NOTE 50 PREPAID EXPENSES AND ACCRUED INCOME

	2013	2012
Other items	3	3
TOTAL	**3**	**3**

NOTE 51 BORROWINGS

	2013	2012
INTEREST-BEARING LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions	–	1,500
TOTAL	**–**	**1,500**
Current liabilities		
Bank overdraft facilities	15	–
Liabilities to credit institutions	1,500	200
TOTAL	**1,515**	**200**
TOTAL INTEREST-BEARING LIABILITIES	**1,515**	**1,700**

NOTE 52 BANK OVERDRAFT FACILITIES

	2013	2012
Utilised portion of bank overdraft facilities amounts to	15	–
Bank overdraft facilities, agreed limit, SEK	40	–

NOTE 53 CASH AND CASH EQUIVALENTS

	2013	2012
Cash and cash equivalents in the balance sheet and the cash flow statement include in the following items:		
Cash and bank balances	1	93

NOTE 54 UNTAXED RESERVES

	2013	2012
Accelerated depreciation	–	–
Tax allocation reserve	–	7
TOTAL	**–**	**7**

NOTE 55 ACCRUED EXPENSES AND DEFERRED INCOME

	2013	2012
Accrued interest expenses	5	6
Accrued salary-related expenses	1	1
Other items	1	–
TOTAL	**7**	**7**

NOTE 56 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

	2013	2012
Capital gains/losses	–23	–37
Impairment losses	77	–
Other	–3	–1
TOTAL	**51**	**–38**

This annual report will be presented for adoption at the annual general meeting held on 16 May 2014.

Gothenburg, 16 May 2014

Carl Bennet
CEO and
Chairman of the Board

Johan Stern

Nina Bennet

Our audit report was presented on 16 May 2014.

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 2013.

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 2013 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 2011 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 2013.

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, 16 May 2014

PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Carl Bennet AB

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