midsona

ANNUAL REPORT 2013

Well-being that makes its mark

Well-being that makes its mark

Over the past few years, Midsona has undergone a considerable transformation. Today, the company is a consumer products business focused entirely on making it easier for all people to make a contribution to a healthier everyday life. We do this by developing and marketing a number of health products with strong brands. In this way, Midsona's own well-being is also enhanced. This is evident in a number of areas:

WE HAVE A CLEAR VISION AND WE KNOW HOW TO ACHIEVE IT

Our vision remains unchanged: to become the leading company in the Nordic region in health and well-being. To achieve this, we apply four strategies. The first is an efficient organisation. We also evaluate our range continuously to optimise our gross margin. We are growing by developing our own brand portfolio with new products and by establishing our brands in several Nordic markets. We are identifying and developing products in new growth areas. The latest is superfoods, that is, foods containing essential and health-benefiting substances. Superfoods are a strong trend in the US. We believe there will be a similar development in the Nordic countries, where Norway has led the way.

Read more on pages 12-13.

WE OPERATE IN A GROWING MARKET

Interest in feeling well and staying in shape is increasing among the general public. This trend is leading to increased demand for products in the area of health and well-being. In addition, the population is growing both older and more active, which is driving sales of preventive personal-care and health products. At the same time, an increasing proportion of the population is tackling weight issues, which is generating growth in weight-control products.

Read more on pages 4-6.

WE ARE AN INNOVATIVE COMPANY WITH SEVERAL NEW PRODUCTS AND CONCEPTS

Midsona is an innovative company characterised by active marketing and product development. In 2013 Midsona launched a number of innovations. For instance, Friggs launched three new health teas – Te+ Immune, Sugar Balance and Energy, as well as Friggs Recovery – an effervescent tablet that restores fluid balance after exercise.

Read more on pages 8-9.

OUR SHARE PERFORMED WELL IN 2013

Our transformation over recent years has also had an impact on the share price trend. On 31 December 2013, the price quoted for Midsona's class B shares had risen by 116 percent compared with 1 January 2013, which can be compared with the stock exchange's overall index, which rose by 23 percent.

WE HAVE GOOD PRODUCTS AND STRONG BRANDS

Through a variety of distribution channels, including FMCG and specialist retailers, and the Internet, we offer a strong portfolio including seven priority proprietary brands that all occupy strong positions in the largest product areas within health and well-being.
In addition, we sell a number of internationally well-known brands on licence. By complementing our proprietary offering with these strong external brands, we are able to offer a wider range, making us more attractive to customers.
Read more on pages 10-11.

WE ARE A FOCUSED BRAND COMPANY WITH A BROAD OFFERING

Today, Midsona is a streamlined and focused brand company. Secure, high-quality production continues to be ensured through agreements with external suppliers. This improves flexibility and the possibilities to optimise our choice of suppliers. We have also acquired a number of companies: Nordsveen, Dalblads Nutrition and Supernature. These broaden our offering and strengthen our positions in the Nordic region.
Read more on pages 8-9.

WE ARE GROWING PROFITABLY

Over the year, Midsona grew by 5 percent despite a weak Norwegian krona (NOK) and active rationalisation of our product range. Our operating margin has continued to increase. Over the year, it rose to 7 percent. This is primarily a consequence of having a more efficient organisation, as well as synergies realised through the integration of the three most-recent acquisitions. Combined with the increased volumes, this resulted in considerable economies of scale.

Contents

Audited section.

This annual report was published, in Swedish, on the Company's website (www.midsona.com) on 2 April 2014. Printed copies in Swedish are sent to shareholders and other stakeholders on request. The Directors' Report is given on pages 15-28. The financial accounts are given on pages 30-65 and have been prepared in accordance with IFRS. All figures are expressed in millions of Swedish kronor (SEK) unless otherwise stated. Figures in parentheses refer to the preceding financial year, unless otherwise stated. Market information is based on Midsona's own assessment if no other source is given. Assessments are based on the best available evidence. This report contains forward-looking statements. Although Midsona's management believes this information is reasonable, no assurance can be given that these expectations will prove correct. Actual future outcomes may vary from those indicated in the forward-looking information due, among other things, to changes in economic, market and competitive conditions, changes in the regulatory environment and other political measures, fluctuations in exchange rates and other factors. This is a translation of the company's definitive Annual Report for 2013 in Swedish. In the event of any discrepancies between the English and Swedish versions, the Swedish version shall prevail.Midsona AB in cooperation with Grayling, Malmö, www.grayling.com © Midsona 2014. photo: Åsa Siller and others. Printed by: Holmbergs.

The year in brief

THE YEAR IN FIGURES

- Net sales rose to SEK 916 million (869), equivalent to an increase of 5 percent, as a consequence of the focus on prioritised brands.
- As in 2012, the gross margin was 46 percent. The margin is a combination of an increased proportion of sales through FMCG retailers combined with the continued optimisation of the product portfolio.
- Operating profit rose to SEK 64 million (47), as a consequence of the continued efficiency enhancement of the organisation and synergies realised from the three most-recent acquisitions. Combined with the increased volumes, this resulted in considerable economies of scale.
- The operating margin improved to 7 percent (5).
- Profit for the year rose to SEK 51 million (50). The comparison figure was affected positively by deferred tax assets.
- Earnings per share rose to SEK 2.24 (2.20).
- Cash flow from continuing operations improved to SEK 88 million (49), as a consequence of both stronger underlying operations before changes in operating capital and decreased operating receivables.
- Net debt decreased to SEK 130 million (178), as a consequence of the improved cash flow from continuing operations.
- The Board of Directors proposes an increased dividend to SEK 1.00 per share (0.50).

The Elivo brand was acquired in December 2013. The product portfolio consists of nutritional supplements and hygiene products.

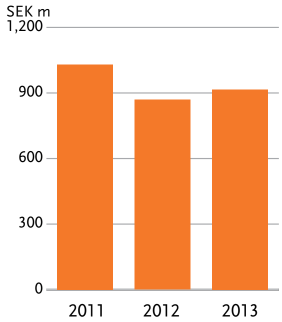
SIGNIFICANT EVENTS IN 2013

- Supernature AS, the leading player in Norway in the superfooods segment, was acquired. The acquisition establishes Midsona in a new, growing product area.
- The Board of Directors of Midsona adopted new long-term financial targets for growth, profit and debt, and a dividend policy.
- The Supernature AS chain of shops was divested to Life Scandinavia AS. The divestment represents a stage in the Group's strategy of focusing on the core operations.
- A distribution agreement was signed whereby the Group assumed responsibility for sales and marketing for weight control products under the Alli brand in the Swedish and Finnish pharmacy markets.
- Sports nutrition products under the brand Dalblads were launched in the Swedish FMCG market.
- The ownership of Midsona AB changed with one of the principal owners, Midelfart Holding AS, divesting large parts of its holding, mainly to institutional investors in Sweden. Stena Adactum AB is the largest owner with 23.5 percent of the capital and 25.1 percent of the votes.
- The Elivo brand was acquired. The acquisition encompasses 35 products in the nutritional supplements and hygiene segments with sales of about EUR 1.3 million annually. Through the acquisition, Midsona strengthened its position in the Finnish pharmacy market.

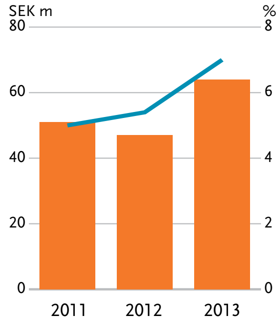
SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- In February 2014, Midsona signed a new financing agreement for SEK 320 million with a maturity of three years. Consequently, the financing agreement extends until 31 December 2016. There is an option to extend the financing agreement by one year at a time until 31 December 2018.

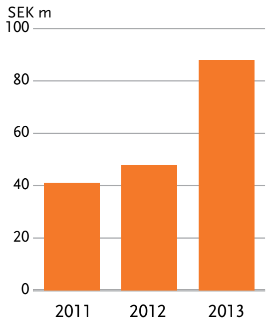
Sales



Operating profit (EBIT) and operating margin



Cash flow from continuing operations



Well-being that makes its mark

For Midsona, 2013 was a successful year. The trend was generally positive for our prioritised brands. The Group's sales rose and both operating profit and operating margin strengthened considerably. Strong cash flow enabled us to continue reducing our net debt and this is now at historically low levels.

Decisive for our success has been the fact that we are now a streamlined company focused on strong brands in health and well-being. The journey to that point has sometimes been difficult, but it has been well worth the effort. Our focus on brand development, while divesting our production units and wholesale business, has generated value, which has been manifested, not least, in the strong development of our share price.

> We are experiencing a broad-based health trend in the Nordic region, with people growing increasingly interested in their own health.

Our strategy is working

The foundation for our process of change has been a clear strategy, which builds on four pillars.

Growth in prioritised brands: Midsona has a broad portfolio of strong proprietary brands in health and well-being, including Friggs, Naturdiet, MyggA, Miwana and Tri Tolonen. Over the year, we developed additional products and these were well received in the market. In addition to our own brands, we represent international brands throughout, or in parts of, the Nordic region, such as Blutsaft, Esberitox, Philips Avent and Alli, and most of these have experienced a favourable trend. The combination of strong proprietary brands and international licensed brands makes us an attractive partner for our customers.

New growth areas: Through our acquisitions of Dalblads and Supernature, we established ourselves in two new, highly attractive product areas during the year. Dalblads, which was acquired at the end of 2012, offers sport nutrition products. This is a growth segment driven by increased interest in exercise and training. At the time of the acquisition, the products were mainly available through specialist stores, the Internet and gyms. During the autumn, the brand was launched on a broad front in FMCG shops where, by early 2014, we were already the market leader in the sport nutrition segment. Supernature, which was acquired in the spring of 2013, leads the superfood segment in Norway. Put simply, superfooods are crops of exceptional nutritional value and characteristics that benefit health. Typical examples of products include the alga spirulina, goji berries and raw cocoa. In 2013, Supernature was launched among Swedish healthfood retailers.

Profitability optimisation of the product portfolio: Over the year, we phased out a number of products and brands deemed unable to reach our financial targets or that are not in line with our long-term strategic focus. In the short term, this means that we lose sales, but in the long term, we are convinced that we will reach further with a more focused portfolio.

Efficient organisation: Having an efficient organisation is a critical success factor in our business operations. Over the year, we invested in competence development, both with regard to increasing technical expertise, as well as in areas such as leadership.

The new health paradigm

We are experiencing a broad-based health trend in the Nordic region, with people growing increasingly interested in their own health. At the same time, the trend is contradictory as we see an ever clearer divide in society. Part of the population is leading a healthier life than ever. Exercise is an obvious part of everyday life. The competitive element is increasingly commonplace with record numbers participating in many organised running events. There is considerable awareness of the importance of diet. Interest in holistic health is growing. Another part of the population is moving in the opposite direction, with worsening health, particularly in the form of weight issues. In most cases, the people in that category are aware of their unhealthy lifestyle but can find it difficult to break bad habits.

It is Midsona's ambition to help all people achieve a healthier everyday life, although it realises that the path towards that objective can vary depending on what starting point people have. Consequently, we have developed products under strong brands that meet different consumer needs in the area health and well-being. We offer classic nutritional supplements, weight control products, sports nutrition for optimum

training effect and superfoods, to name a few of our larger product areas.

Interest from the media is considerable. We are inundated with tips on training formats, health products, diets and approaches for achieving optimum health. Naturally, this is positive for us, but in our view it is also good for the individual and society since it is in everyone's interests that public health is improved.

Our sector is occasionally exposed to criticism. The most common objection is that the products are unnecessary if we only live right. The problem is that the target is set very high. For example, few people eat fatty fish twice or three times a week, 500 grams of fruit and vegetables a day, never eat "empty calories", and exercise at least 30 minutes every day while minimising their stress levels. From that perspective, I feel that many of our products meet important consumer needs and can therefore help improve public health.

Capacity for continued profitable growth

We will grow organically through product launches and market activities. We will also grow through acquisitions. This is often a cost-efficient way of driving profitable growth. In our fragmented market, there are many well-positioned small and medium-sized companies with reputable brands and thus strong market positions. However, they often lack the resources to take the next step in their development, which is where we can contribute with our industrial processes. We have created a well-functioning acquisition model, in which we acquire companies with strong market positions at reasonable multiples and where we see clear cost and/or revenue synergies.

The fact that we have reduced our net debt and recently negotiated a new and larger credit facility means that we have good opportunities to take an active role in the structural transformation of the Nordic market for health and well-being.

Sights set on the future

As the new Midsona has emerged, we have performed increasingly well and it was therefore natural to raise the level of ambition and present new financial targets in 2013. These are ambitious and it will, with reason, take us a few years to achieve some of them. We did, however, make clear progress towards our targets in 2013:

	Long-term targets	2012	2013
Annual growth, %	10	-15.6	5.4
Operating margin (EBIT), %	10	5.4	7.0
Net debt/EBITDA, multiple	<2	3.0	1.7
Dividend policy, % or profit after tax	>30	23	45*

* Board of Directors' dividend proposal

I feel that the advances we made in 2013, together with our new, aggressive targets, investments in growth and the Board's proposal for an increased dividend, show that Midsona is in good health. The market for health and well-being is expected to continue to grow in 2014. Midsona is well-positioned in the market to strengthen its brands and will focus on growth and profitability enhancement. I am proud of the efforts that Midsona's employees have made and am confident that we will continue to be able progress towards our vision of being the Nordic leader in health and well-being.

Malmö, March 2014

Peter Åsberg, President and CEO

Our market

Midsona's home market consists of the three Nordic countries Sweden, Norway and Finland. The market for products in health and well-being is growing over time, while also being in a state of continuous change. The driving forces are a number of strong trends.

A large and growing market

DRIVING FORCES AFFECTING MIDSONA

SUB-SUPPLIERS

- Surplus capacity in global and local production units creates opportunities for more efficient sourcing and leads to lowered production costs.

CONSUMERS

- Increased interest in health and well-being is driving growth.
- Strong trend in healthfoods, preventive health products and sports nutrition.

COMPETITORS

- Few large-scale players, but those that do exist have a considerable spread in terms of geography and products.
- Fragmented market with numerous small players with weak profitability, which creates opportunities for growth.

TRADE

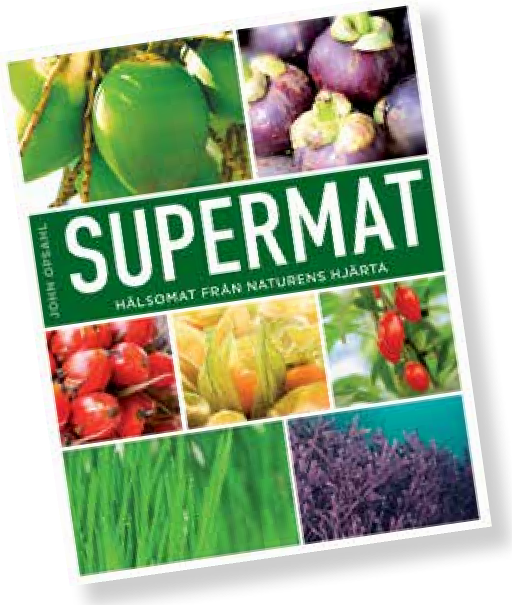
- The deregulation of pharmacies in Sweden opens the way for new channels and increases competition.
- The channel glide towards FMCG retailers provides exposure towards broader groups of consumers.
- Growing Internet trade creates a changed competition scenario that can give rise to new needs for legislation.

The market for health and well-being is expected to grow throughout the Nordic region. Much suggests that interest in products for health and well-being is sustained and that the trend of taking care of oneself is growing. Participation in the Vasaloppet cross-country skiing race and the Vätternrundan cycling race becomes fully booked in record time, the number of fitness runs is increasing and gym chains are selling an increasing number of memberships for each year that passes. Hand in hand with exercise and training, demand for sports nutrition products is also increasing, as is demand for services and products that help us control our weight and compensate for nutritional deficiencies when we lack the time to eat right.

Trend towards increased transparency
An increasing proportion of the population is showing an increasing interest in what the food and nutrition we consume actually contains. One example of this is the increased interest in superfoods. Superfoods are defined as foods containing a high concentration of essential and health-benefiting unprocessed substances. These are often to be found in wild or ecologically cultivated plants, including several types of algae, chia seeds and raw cocoa. Another example is sports nutrition, which is one of the fastest growing product areas.

More paths to health and well-being
The foremost sales channels for products in health and well-being are FMCG and healthfood retailers, and pharmacies. There is a sustained trend whereby FMCG retailers are increasing

Superfoods are foods containing essential and health-benefiting substances.



their sales of health products and non-prescription medicines. This is particularly apparent in Sweden since the deregulation of the pharmacy market there in 2009. The different channels are characterised by considerable change, although there are differences between countries. The Swedish market has been particularly affected by the deregulation of the pharmacies, which has resulted in their health and personal care product ranges being extended. In the latter half of 2013, following a period of inactivity, there has been a process of consolidation in the pharmacy market, with two of the larger players acquiring two of the smaller ones.

The traditional market channels are also affected by increasing sales via the Internet and post order. This trend is particularly clear in sports nutrition and nutritional supplements.

Extensive capacity among producers

There is considerable availability of production capacity for personal care and health products. This leads to substantial flexibility for brand owners and distributors lacking proprietary production units to work with the most cost-efficient suppliers and to focus on marketing, product development and innovation.

A fragmented market

The health and personal care market remains highly fragmented, with both large and small companies. In the Swedish and Finnish markets, there are a large number of small and medium-sized players. However, the trend is towards a smaller number of larger-scale players. Alongside Midsona, the larger companies in the Nordic market include Axellus, part of the Norwegian Orkla Group; Ferrosan, which is owned by US pharmaceuticals company Pfizer; Cederroth, which is owned by Finnish venture capital company CapMan; Recip, which is part of the Meda Group; and Bringwell, which is listed on the stock exchange. Midsona also competes with other companies in different product areas.

Sources: among others, John Opsahl, Supernature; The natural products industry forecast 2014 and Svensk Egenvård (Swedish personal care).

Our business

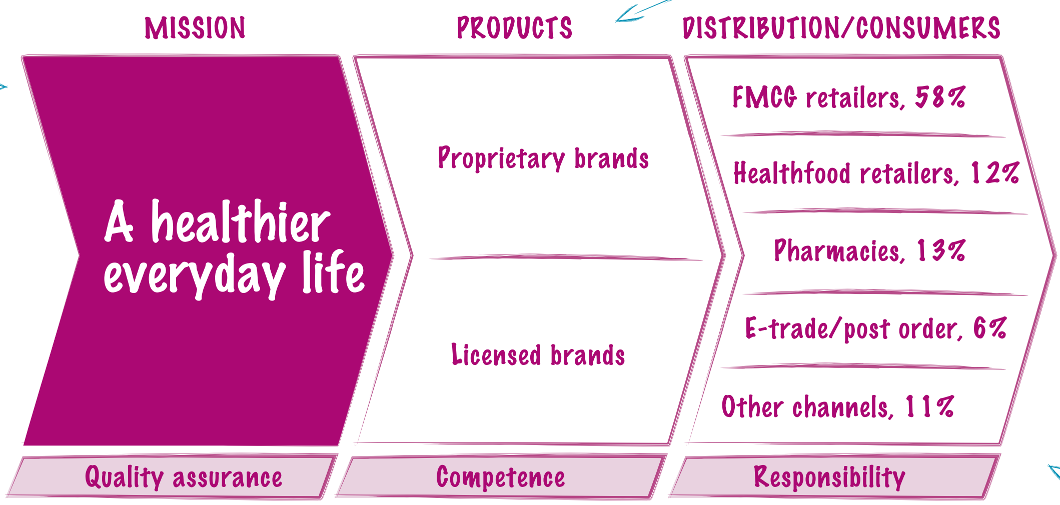
Our business deals with well-being. Based on increased interest and driven by a number of significant trends, Midsona offers a strong brand portfolio. Represented within the portfolio are several product areas that are of central importance in nurturing well-being. The portfolio is also undergoing continuous development and adaptation to meet changes in consumer behaviour and the needs of the market.

We contribute to increased everyday well-being

Midsona wants to make it easier for people to make their own contribution to a healthier everyday life. Our products are readily available through well-developed sales channels.

AN INNOVATIVE PLAYER

Midsona is a consumer goods company that develops and markets strong brands. Products shall meet consumers' need for a healthier every-day life. Operations are conducted with sensitivity to new trends in the market and changed consumption patterns, which generate the conditions for achieving our mission. A high degree of innovation pervades both the development of new products, as well as the selection and prioritisation of sales channels.



RIGOROUS QUALITY ASSURANCE DEMANDS

Midsona develops high-quality products that help people feel better. To enhance the efficiency of the operations and to focus on our core business, we have chosen to outsource production to external suppliers. To safeguard quality, these are quality-certified with considerable demands being imposed with regard to documentation and traceability. Suppliers are also scrutinised through regular inspections. All raw ingredients included in Midsona's products undergo laboratory testing to ensure that they are the right raw ingredients of the right quality.

QUALIFIED COMPETENCE RESPONSIBLE FOR SAFETY

Midsona's products are largely classified as foods, medicines or medical technology products. They are all subject to rigorous safety requirements and adhere to comprehensive legislation with several authorities involved. In Sweden, these are mainly the Medical Products Agency and the National Food Agency. To be able to best manage and implement this legislation, Midsona also has a regulatory and product development department that is responsible for ensuring that different laws are applied for all of Midsona's product range, as well as for continuous development.

RESPONSIBILITY FOR OUR PRODUCTS

The regulations for the labelling of foods are harmonised within the EU and new labelling rules are about to be implemented through the EU directive on the provision of food data to consumers – the labelling directive. Different parts of the directive are to start being applied at different times. The general labelling rules will come into force effective from 13 December 2014. The directive includes requirements for clear, comprehensible and legible labelling, with specific requirements regarding text size. The directive also states what shall be included in the nutritional declaration and that allergens are always to given particular emphasis in the list of ingredients.

AN ATTRACTIVE PRODUCT PORTFOLIO THAT IS CONSTANTLY BEING DEVELOPED

Midsona mainly operates within well-defined product areas that all address improved well-being among consumers:

Weight control

Healthfood
- Superfoods
- Tea
- Rice cakes

Nutritional supplements
- Vitamins
- Omega-3
- Hair/nails

Sports nutrition

Medical technology products
- Cold remedies
- Ear/nose/throat

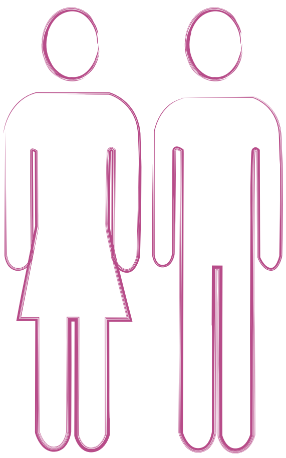
Hygiene

In most of these markets, Midsona holds an advanced position with leading proprietary brands and, in many cases, leading market positions. Our prioritised proprietary brands are presented in more detail on the next spread. Midsona's proprietary brands are complemented by carefully selected licensed brands from leading international players. We are consequently able to provide a range that makes us an attractive supplier and partner to various retailers.

We are continuously developing our product portfolio. An overarching objective is to strengthen our prioritised brands. We are also continuously developing the product portfolio based on demand and the profitability requirement. In addition, we adjust our range to expected changes in consumer behaviour and trends in the various sales channels.

The product mix differs to some extent between the countries in which we operate. This is because of historical reasons or local preferences. In connection with acquisitions, brands that are not in the long term within the Group's strategy, can also have been included in the portfolio. These are assessed on an on-going basis.

CONSUMERS



CONSCIOUS CONSUMERS

The core of Midsona's operations consists of offering consumers in Sweden, Norway and Finland products that meet a need for improved health and well-being. In addition, we are also well prepared to deal with change and to match new demands from customers and consumers. Increased health awareness creates an innovative market, with new products being continuously developed around the world. The contents of these products are often based on traditional ingredients, while the ways in which they are combined, packaged and marketed are new. There is strong interest in developing new weight control products. Another clear trend involves specially adapted nutritional additives and supplements for women and sports people, among others.

SEVERAL CHANNELS TO CONSUMERS

To reach different target groups with different purchasing behaviours and shopping habits, Midsona offers its products through several sales channels. We strive to be the best partner for each channel. With our relative size, we have an advantage in this regard.

FMCG retailers, which mainly consist of the major food chains, represent a significant player that is increasing its sales of health products and non-prescription medicines.

Healthfood retailers continue to be an important sales channel for Midsona. As competition from pharmacies and traditional FMCG retailers increases, healthfood retailers are seeking new, attractive product areas. Pharmacies are seeking new product areas and extending their product ranges with health, personal care and cosmetics products particular. Following deregulation, the number of pharmacies in Sweden has also increased. Consequently, it is our assessment that pharmacies will increase in importance as a sales channel.

A channel experiencing a high level of growth is the Internet. Through the Vitalas brand, Midsona offers direct and subscription sales via the Internet to consumers in the Nordic market. Several of our other products are also sold through Internet trade sites.

Strong brands in well-being

Today, Midsona is one of the leading companies in the Nordic region in health and well-being, with operations based on seven strong proprietary brands. They all have considerable potential to grow through both increased Nordic presence and new products in each market.

In addition to our prioritised proprietary brands, there are a number of internationally well-known brands that we sell on licence: Blutsaft, Liposinol, Philips Avent, Alli, Nature's Sunshine, Simple, Bio-Pharma and Esberitox. By complementing our own product range with a number of strong external brands, the company is able to offer a broader product range, generating advantages for both customers and end-consumers.

Central to our strategy is the continued development of strong brands. Among other things, a large number of new product variants have been launched within the framework of some of our well-established brands. We have also been able to broaden our sales by establishing and strengthening certain brands of ours in several Nordic markets.

Our brands and products are undergoing continuous development, both internally and externally. They must suit each business channel and, in a modern manner, provide well-being while conveying a clear and correct message to consumers at the point of sale.

BRAND	FRIGGS The Friggs brand represents tasty, healthy and carefully prepared high-quality products.	DALBLADS® NUTRITION AB From those who exercise to keep fit to elite sportsmen and women, or from the strength trainer to competitors in stamina sports – all will find products in the Dalblads range that give the body an extra boost, enabling well-being and boosting performance.	Miwana® Miwana is the natural and beneficial alternative with no side effects. Alleviates stuffy noses, rinses and remoisturises.
PRODUCTS	 The range includes health preparations, juices, rice cakes and teas.	 The range includes nutritional supplements, protein powders, sports drinks and bars.	 The range includes nasal drops, nasal sprays and throat spray.
PRODUCT AREAS	■ Weight control ■ Healthfood ■ Nutritional supplements ■ Other	■ Sports nutrition ■ Weight control ■ Nutritional supplements	■ Medical technology products
IMPLEMENTED IN 2013	■ Launch of Friggs Recovery – an effervescent tablet that restores fluid balance after training. ■ A new series of teas – Te+ Energy, Immune and Sugar balance – was launched.	■ Sports nutrition products under the Dalblads brand were launched in FMCG shops. ■ A new series of meal replacements under the Swemeal brand.	■ Launch of a new nasal spray and a new throat spray.

MYGGA For many years, Mygga has been Sweden's leading mosquito repellent and several variants are available to suit different needs and requirements.	naturdiet Naturdiet offers products for those seeking to lose weight in a safe and secure manner or who want to consume nutrition quickly when short of time to sit down and eat.	Supernature Supernature stands for a straightforward, ethical and sound path towards improved health and quality of life.	Tri TOLONEN Tri Tolonen stands for reliable, high-quality nutritional supplements.
 The range includes Mygga Original and Mygga Natural against mosquitos, gnats and other biting insects. Mygga på Bettet is a gel that alleviates insect bites and stings or reactions to contact with nettles and jellyfish.	 The range includes drink mixes, meal bars, smoothies and shakes. There are also lactose-free, low-calorie, high-protein products.	 The range consists of products such as algae, goji berries, cocoa and other raw ingredients defined as containing nutrients that are beneficial to our health.	 The range includes vitamins and minerals, antioxidants and cosmetic creams.
■ Other	■ Weight control ■ Healthfood	■ Healthfood	■ Weight control ■ Nutritional supplements ■ Other
■ Launch of anti-tick product Fästing.	■ New communication platform. ■ Two new weight control products in the LCHP series. ■ Drink mix Chocobanana VLCD.	■ Acquired in 2013. ■ Launch among the Swedish healthfood retailers. ■ publication of the book "Superfood – Healthfood from the heart of nature" by John Opsahl.	■ New communication platform. ■ Melatonin, a product against sleeping difficulties, was launched in Finnish FMCG shops, pharmacies and healthfood shops.

Continued steps towards a leading position

Following recent years' restructuring of operations, Midsona is now a streamlined company focused on developing its strong brands in health and well-being. During the past year, we were also able to add another proprietary brand to our portfolio – Supernature. This establishes us in the expanding superfooods segment. We have a Nordic platform and organisation, and strong finances. Together with four well-defined strategies that we pursue actively and consistently, this affords us good opportunities to realise our vision and achieve our financial targets.

OUR VISION

To lead the Nordic region in health and well-being.

OUR STRATEGIES

Following the streamlining of the operations, Midsona's strategic cornerstones have been revised and complemented. We are now working on the basis of four strategies to achieve our vision and financial targets.

CAPACITY TO DELIVER

Our plan is ambitious, but we have made considerable progress. In particular, we have good opportunities to achieve our ambitions with our:

Nordic platform

Many of Midsona's strong and well-known brands have a Nordic market that can be further developed in various ways. Since we have operated in the Nordic region for many years, we also have extensive market knowledge and a well-developed network.

Organisational capacity

Midsona's Board of Directors consists of qualified executives with extensive experience of international marketing in areas including FMCGs. The company also has the capacity to acquire operations and then integrate and develop them.

Financial capacity

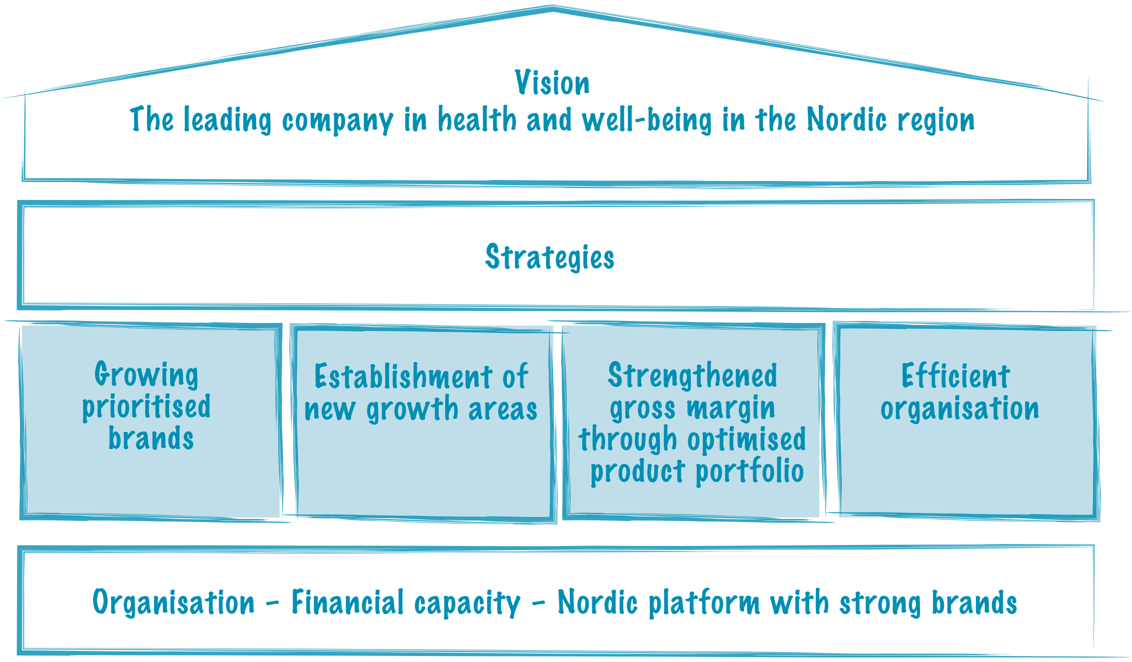
The Group has a strong financial position that is being improved by strong cash flow from the continuing operations. The balance sheet permits both dividends to shareholders, as well as new investments in continued organic or acquisition-driven growth.

John Opsahl has worked with folk medicine for more than 25 years and is the founder of the company Supernature and its superfoods concept in the Nordic region. "Superfoods are not a trend, they are a food revolution."

Superfoods

"Since being introduced in Norway about 15 years ago, Superfoods has been a success in the Norwegian market. Distinctive for superfoods is that the raw ingredients derive from the plant kingdom, have an enriched nutritional content and exceptional characteristics that make us more energetic and healthier and maintain our bodies' balance. Much of what we eat today makes us ill, since our food sources lack the amount of nutrition that we need. By adding superfoods to our normal diet, we create conditions for a healthier and more active life. Superfoods are considered to be the way of the future and the market is expected to grow. Many of us are aware that we are a burden on the world's resources and also that we ought to eat less animal-based foods. Superfoods derive entirely from the plant kingdom and are beneficial both to the health of people and the planet," says John Opsahl, the initiator of Supernature and author of the book "Superfoods – Healthfood from the heart of nature".

A few examples of raw ingredients classified as superfoods and some of John's favourites are raw cocoa, goji berries and spirulina – an alga that contains almost all of the nutrients the body needs. Supernature's products are available at healthfood retailers in Norway and Sweden. To read more about Supernature, visit www.supernature.se.



GROWING PRIORITISED BRANDS

Core operations prioritise our strong proprietary brands alongside a number of select licensed products that we are developing in our principal markets: Sweden, Finland and Norway.

Activities in 2013

Continued product development within the framework of our brands:

- A large number of development projects were initiated. Some of these will be launched under one of the Group's many brands.
- MyggA was complemented with FästinG which reduces the risk of tick bites.
- Well-known DROP-it eye drops were given newly designed packaging to make them more visible on pharmacy shelves.
- Launch of several new products under prioritised brands.

ESTABLISHMENT OF NEW GROWTH AREAS

We invest actively in organic development and/or acquisitions to establish ourselves in new, adjacent product areas.

Activities in 2013

- Acquisition of Supernature AS, the Norwegian leader in so-called superfoods, a segment with potential for growth.
- Launch of Supernature's products in Sweden and publication of the book "Superfoods – Healthfood from the heart of nature."
- New agreements were signed that give Midsona the unique right to market Alli, in the Nordic region, a globally leading brand in weight reduction.
- The acquisition of the Elivo brand, which strengthens our position in the Finnish pharmacy market. The acquisition encompasses 35 products in the nutritional supplements and hygiene segments.
- Continued search processes to identify new growth areas.
- Continued development of superfoods.

STRENGTHENED GROSS MARGIN THROUGH OPTIMISED PRODUCT PORTFOLIO

We analyse our brand portfolio continuously to enable us to focus on the brands that can deliver the best margins and to enable us to phase out those deemed unable to achieve satisfactory gross margins. We also work actively to reduce our costs to procure products without compromising on quality.

Activities in 2013

- On-going analysis and assessment of the product portfolio.
- A considerable number of products that do not meet or are not expected to meet our operational targets or that, for other reasons, are not considered to be of strategic importance were phased out over the year.
- On-going assessment of outsourcing partners to reduce procurement prices for products.

EFFICIENT ORGANISATION

We work actively to maintain an optimal organisation at all times. At the same time, we are working to lower the cost level in the company.

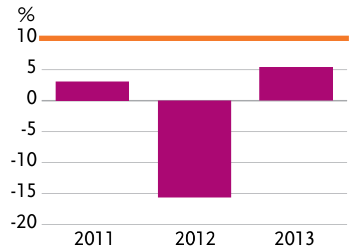
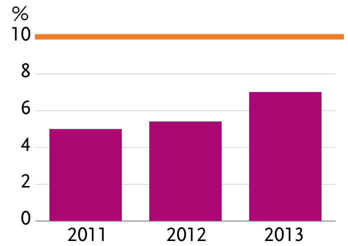
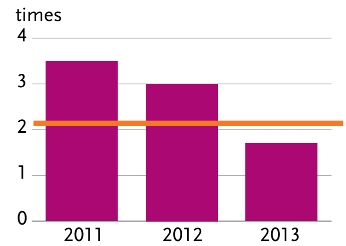
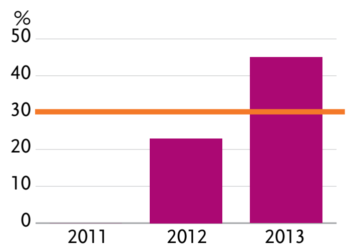
Activities in 2013

- Supernature's shop in Oslo was divested to healthfood chain Life.
- The Stockholm office was moved to better suited premises close to important customers.
- An employee survey was conducted, showing that overall satisfaction among employees has risen since the previous survey was carried out in 2012.
- A one-year leadership programme for managers was initiated in 2013.

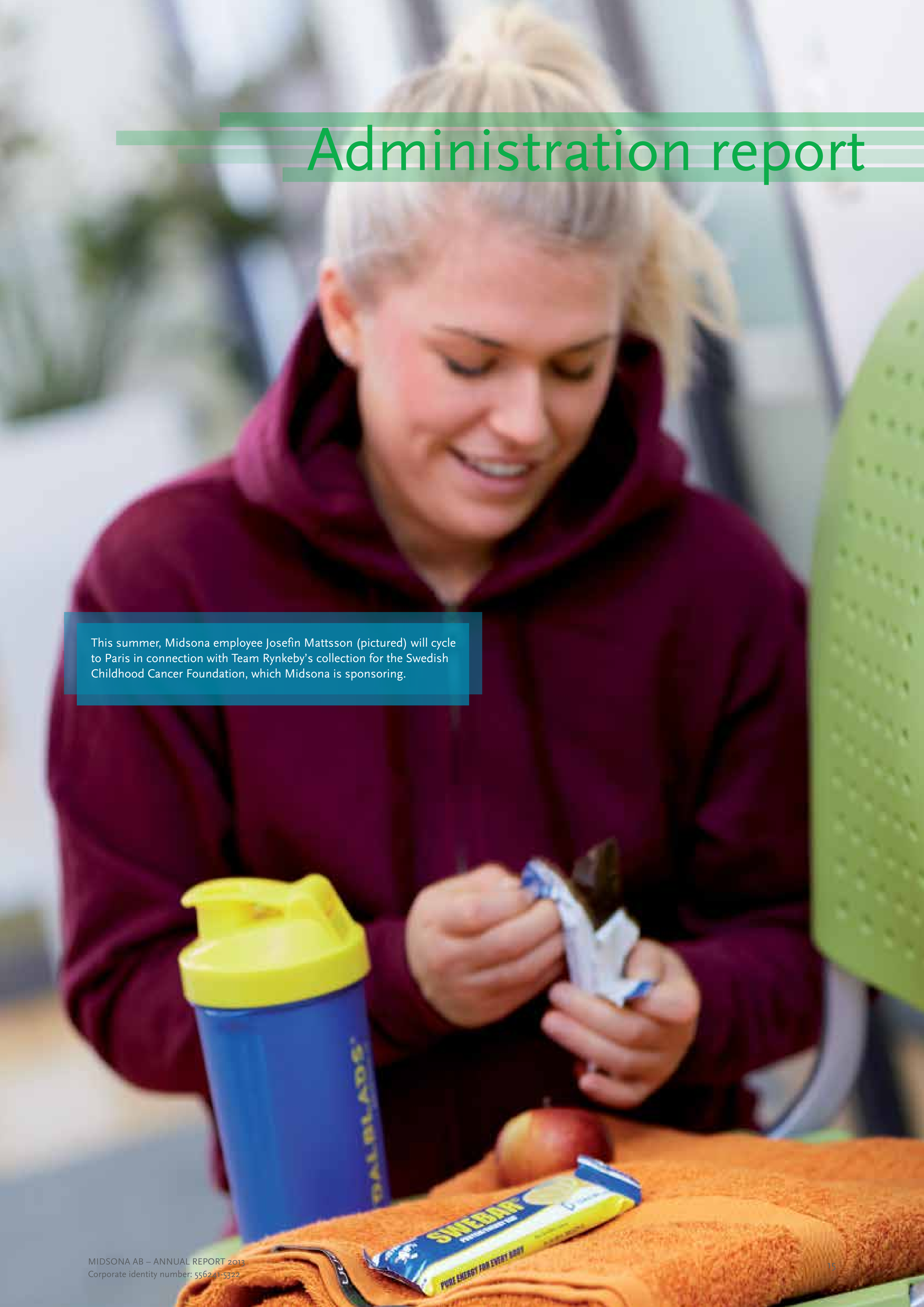
New, aggressive financial targets

Midsona will generate value for shareholders and other stakeholders through profitable growth. Consequently, the Group is run on the basis of financial targets that are set by the Board of Directors of the Parent Company.

The Board of Directors assesses the financial targets on an on-going basis. The Group has undergone considerable changes, particularly in recent years. The targets related to growth and operating margin are updated in the spring and are set with the ambition that they can be reached within the strategy period of three to five years. The targets that regulate our financial position were specified through new frameworks for net debt and dividends. For definitions, see the cover fold-out.

TARGET	COMMENT	OUTCOME
Growth > 10 percent *Previous target: Above the industry average.* Growth is a key parameter in generating shareholder value. We will achieve this by focusing on our vision and the strategies that we have defined. The design of the target affords us the freedom to generate growth in the manner most suited to the occasion: organically, through acquisitions or new collaborations and alliances. We calculate that, on average, we should be able to achieve an annual increase in sales of about 10 percent. This means that we expect to be able to grow under our own steam by an average exceeding the underlying market's 2-4 percent annual growth.	In 2013 we did not fully achieve this target. The increase in sales stopped at 5.4 percent. Adjusted for currency effects, however, growth rose to 7.7 percent. The discrepancy is primarily due to the fact that, entirely in line with our strategy, we phased out a number of products during the year – products that have not achieved, or that we do not believe will achieve our operational or strategic targets. Growth was also affected by the conclusion of the partnership with Reckitt Benckiser.	
EBIT-margin >10 percent *Previous target: EBITDA >8 percent.* This is an important long-term target and set at a reasonable level if we are to be able to create resources enabling the development of the operations and a stable return for shareholders. With Midsona having become a streamlined brand company, we expect to be able to strengthen the EBIT margin, providing economies of scale in all functions, from purchasing to sales. In addition, we expect our increasingly improved product mix to affect our margin favourably. We also expect synergies derived from implemented and future acquisitions to raise the EBIT margin.	During the year, we took steps in the right direction. However, a number of items affected the margin negatively, such as the additional sugar tax in Finland and integration costs for the acquisitions that have been made.	
Net debt/EBITDA <2x *Previous target: Equity/assets ratio >30 percent.* The target, which has been set to define a reasonable risk level in the company, links borrowing to our earnings capacity. The target stipulates that we may not have net debt greater than twice our EBITDA profit. We will achieve this through active but responsible investments and a clear focus on on-going cash flow.	Net debt, which amounted to 1.7x EBITDA at the end of the year, is within the limit set for our net debt. This is a result of a strong EBITDA profit, which, alongside reduced operating capital, is one reason for the operations' strong cash flow, which has, in turn, allowed us to reduce our net debt.	
Dividend >30 percent of profit after tax. This is a well-considered proportion that provides shareholders with a reasonable return while ensuring that the company has the funds necessary to develop its operations aggressively.	The restructuring of the Group in recent years, focusing on the core operations, has strengthened Midsona's financial position. This has created scope for dividends and the company was able to distribute a dividend corresponding to SEK 0.50 per share for the 2012 financial year. For the 2013 financial year, the Board of Directors proposes to the Annual General Meeting that a dividend of SEK 1 per share be paid. That is equivalent to 45 percent of profit after tax for 2013.	

Administration report



This summer, Midsona employee Josefin Mattsson (pictured) will cycle to Paris in connection with Team Rynkeby's collection for the Swedish Childhood Cancer Foundation, which Midsona is sponsoring.

Administration report

The Board of Directors and President of Midsona AB (publ)*, corporate identity number 556241-5322, headquartered in Malmö, Sweden, hereby presents its annual and consolidated accounts for the 2013 financial year. Unless otherwise stated, all amounts are in millions of Swedish kronor (SEK million). Data in parentheses are for the preceding financial year. Midsona's class A and B shares are listed on the Nasdaq OMX Stockholm, Small Cap list.

Operations in general

Midsona is one of the leading consumer goods companies in the Nordic region in the health and well-being segment and focuses on developing and marketing strong brands that meet Nordic consumers' needs of well-tested products in the areas of hygiene, healthfood, nutritional supplement, medical technology, sport nutrition and weight control. Products are focused on making it easier for all people to make their own contribution to a healthier everyday life.

Operations build on a portfolio of i) proprietary brands and ii) international clients' brands that are sold on licence. The Group has seven prioritised proprietary brands: Dalblads, Friggs, Miwana, Mygga, Naturdiet, Supernature and Tri Tolonen, which form the backbone of the operations. Together with client brands, these form a strong and broad brand portfolio that is marketed to both customers and end-consumers. Customers are primarily FMCG, convenience, pharmacy and healthfood retailers, as well as gyms and training centres. In addition to these larger customers, the Group also sells to a large number of private individuals, therapists and smaller, independent shops via on-line sales and post-order.

Midsona is represented in three countries through wholly-owned subsidiaries, with sales in the Nordic market for health and well-being. Operations are divided into three operating segments: the geographical areas Sweden, Norway and Finland, which bear the operational responsibility for marketing, sales and distribution to customers. Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB. For further information regarding the three operating segments, please see Note 3 Operating segments.

Market

The market for products in the area of health and well-being is characterised by growth driven by a number of strong trends. General interest in feeling well and staying in shape is increasing among the public. At the same time, an increasing proportion of the population is tackling weight issues. This has brought strong interest among players in the market in developing new products in the area of weight control. Another area that is growing is sports nutrition, that is, different types of nutritional supplements aimed at those who exercise and participate in sports at different levels.

A large proportion of sales of health products are made through FMCG and healthfood retailers, as well as pharmacies. A clear trend in Sweden, following the deregulation of the pharmacy and pharmaceuticals markets is that FMCG retailers are increasing their sales of health products and non-prescription medicines. It is also becoming more commonplace for consumers to buy products via the Internet or on post order. This trend is particularly clear in sports nutrition and nutritional supplements.

Midsona is one of the leading players in products for health and well-being in Sweden, Norway and Finland. The sector includes a number of additional significant players and a large number of smaller companies that are, in many instances, focused entirely on one particular product segment or a small number of segments.

Acquisitions and divestments

Acquisitions

On 17 April 2013, all shares were acquired in the unlisted Norwegian company Supernature AS, the leading player in the superfoods market segment in Norway, with offices in Oslo. The total purchase consideration amounted to SEK 8 million, with SEK 0 million being paid in cash and SEK 8 million consisting of a conditional purchase consideration. Through the acquisition, the Group gained, among other things, access to the Supernature brand, further strengthening the position in the Norwegian market for health and well-being products. In addition, a small-scale retail business, with a shop located in central Oslo, was included. Supernature will form one of the Group's seven prioritised proprietary brands, while the shop will be divested as it is not a core operation. The acquisition is expected to generate synergies in the form of both increased revenues and reduced costs. The company, which develops, markets and

* In all instances, the terms "Midsona", "Group" and "the company" refer to the Parent Company, Midsona AB (publ) and its subsidiaries.

sells high-quality superfoods, primarily through Norwegian retailers, had 35 employees at the time of acquisition.

Divestments
The retail business in Supernature AS was divested to Life Scandinavia AS on 1 July 2013. The purchase consideration amounted to SEK 3 million, entailing a minor capital gain, which was recognised under operating revenues in profit for the year from remaining operations. At the time of the divestment, the business had ten employees.

Significant events

Q1 Midsona agreed to acquire Supernature AS, the leading Norwegian player in the superfoods segment, with control being transferred on 17 April 2013.

Two new sprays, a nasal spray that has an alleviating and healing effect on the mucous membranes in the nose in connection with cold symptoms, and a throat spray against dry coughing, were launched in the Swedish pharmacy market under the Miwana brand.

Two new weight control products in the new LCHP series (Low-Carb, High-Protein) under the Naturdiet brand were launched among Swedish FMCG and convenience retailers – a Rich Chocolate drink and a Strawberry Intense drink.

Q2 The Board of Midsona adopted new long-term financial targets for growth, profit and debt, and a dividend policy. Midsona targets:

- Achieving annual net sales growth of >10 percent, through organic growth and acquisitions.
- Achieving an operating margin of >10 percent.
- Achieving a ratio between net debt/operating profit before amortisation/depreciation and impairment of tangible and intangible fixed assets (EBITDA) of <2x.
- Over time providing a dividend of >30 percent of profit after tax.

Fästing, a product that meets the growing need of protecting oneself against ticks, was launched among Swedish pharmacies.

Q3 The acquisition of Supernature AS was completed. The retail shop business within Supernature AS was divested to Life Scandinavia AS. The divestment was a stage in the Group's strategy of focusing on the core operations.

A distribution agreement was signed whereby the Group assumed responsibility for sales and marketing of weight control products under the Alli brand in the Swedish and Finnish pharmacy markets effective from September 2013.

A new series of teas, Te+, energy, immune and sugar balance, were launched under the Friggs brand among Swedish FMCG retailers. The teas are enriched with substances that have positive effects on the body and well-being.

Sports nutrition products under the brand Dalblads were launched in the Swedish FMCG market. The products target both those who exercise to keep fit, as well as elite athletes.

Q4 A new series of eye drops, Brightness and Moisturize, were launched under the Drop-it brand among Swedish pharmacies. The products help alleviate bloodshot and dry eyes.

The ownership of Midsona AB (publ) changed with one of the principal owners, Midelfart Holding AS divesting its entire holding of series B shares, mainly to institutional investors in Sweden. Stena Adactum AB is the largest owner with 23.5 percent of the capital and 25.1 percent of the votes.

The Elivo brand was acquired from Tamro Oy, with control being transferred effective from 9 December 2013. The acquisition encompassed 35 products in the categories nutritional supplements and hygiene, with annual sales of about EUR 1.3 million (approximately SEK 11 million). Through the acquisition, Midsona strengthened its position in the Finnish pharmacy market.

Net sales and profit

Financial overview, remaining operations

	2013	2012
Net sales, SEK million	916	869
Net sales growth, %	5.4	-15.6
Operating profit before amortisation, depreciation and impairment (EBITDA), SEK million	78	59
Operating profit, SEK million	64	47
Operating margin, %	7.0	5.4
Profit for the year, SEK million	51	50
Profit for the year per share, SEK	2.24	2.20

Net sales from remaining operations amounted to SEK 916 million (869), an increase of 5 percent. Adjusted for currency translation effects and structural changes, net sales from remaining operations decreased by 4 percent, which was an effect of a discontinued distribution agreement in Finland and product range rationalisations that have been implemented.

Net operating expenses from remaining operations amounted to SEK 852 million (822), an increase of 4 percent. Adjusted for currency translation effects and structural changes, net operating expenses from remaining operations decreased by 6 percent. Continued efficiency enhancements in the organisation and the integration of acquired operations with realised synergies contributed lower adjusted operating expenses.

Personnel expenses from continuing operations amounted to SEK 129 million (116), corresponding to an increase of 11 percent, which is primarily due to there being more employees in the Group as a consequence of operations having been acquired.

Operating profit from remaining operations was SEK 64 million (47) and was affected by non-recurring items in the amount of SEK 0 million (7) attributable to reversed net additional purchase considerations regarding acquired operations. Operating profit from remaining operations before non-recurring items thus amounted to SEK 64 million (40).

Profit before tax from remaining operations amounted to SEK 53 million (31). Net financial items decreased by SEK 11 million (16) as a consequence of lower debt to credit institutions. Profit for the year from remaining operations was SEK 51 million (50), corresponding to earnings per share of SEK 2.24 (2.20) before and after dilution. Profit for the year was SEK 51 million (35), corresponding to earnings per share of SEK 2.24 (1.54) before and after dilution.

Cash flow, liquidity and financial position

Cash flow from continuing operations in remaining operations improved to SEK 88 million (49), which was primarily explained by both stronger underlying operations before changes in operating capital and decreased operating receivables.

Cash flow from investment activities in remaining operations amounted to a disbursement of SEK 29 million (65), of which SEK 24 million (62) consisted of net acquisitions and divestments, while SEK 5 million (3) consisted of net investments in tangible and intangible fixed assets.

Cash flow from financing activities in remaining operations amounted to a negative SEK 35 million (43), consisting of amortisation of SEK 58 million (50) on loans from a credit institution, amortisation of SEK 1 million (1) on leasing liabilities, increased use of an existing overdraft facility in the amount of SEK 35 million (8) and dividends paid totalling SEK 11 million (-).

Net sales from continuing operations

SEK million	Outcome 2013	Translation effect	Structural change	Adjusted 2013	Outcome 2012	Organic change	Reported change
Net sales	916	20	-105	831	869	-4%	5%

Operating expenses for remaining operations

SEK million	Outcome 2013	Translation effect	Structural change	Adjusted 2013	Outcome 2012	Organic change	Reported change
Net operating expenses	852	18	-101	769	822	-6%	4%
Capital gains/losses	1	0	0	1	0	-	-
Exchange rate gains/losses	-1	0	-	-1	0	-	-
Acquisition-related expenses/revenues	0	-	-	0	4	-	-
Other items affecting comparability	0	0	0	0	-3	-	-
Amortisation/depreciation	-14	0	0	-14	-12	-	-
Adjusted operating expenses	**838**	**18**	**-101**	**755**	**811**	**-7%**	**3%**

Capital structure, summary

	31 Dec 2013	31 Dec 2012
Average capital employed, SEK million	905	913
Net debt, SEK million	130	178
Shareholders' equity, SEK million	710	686
Net debt/equity ratio, multiple	0.2	0.3

Cash and equivalents amounted to SEK 62 million (43). There were unutilised credit facilities of SEK 129 million (100) at the end of the year.

The financial position was strengthened over the year. Net debt decreased to SEK 130 million (178) and the net debt/equity ratio was 0.2x (0.3) at the end of the year. The ratio between net debt/equity and EBITDA on a rolling 12-month basis was 1.7x (3.0).

Shareholders' equity amounted to SEK 710 million (686). The change in shareholders' equity over the year consisted of translation differences from the translation of foreign operations totalling a negative SEK 16 million, profit for the year of SEK 51 million and dividends of SEK 11 million. The equity/assets ratio was 61 percent (58).

Investments

Investments in intangible and tangible fixed assets in remaining operations amounted to SEK 7 million (3). Amortization and depreciation amounted to SEK 14 million (12), divided between SEK 11 million (9) in amortization of intangible fixed assets and depreciation of SEK 3 million (3) on tangible fixed assets.

Business areas

Business operations are conducted in three business areas that are close to customers in each market, providing optimum conditions for being able to combine the Group's economies of scale with flexible and efficient business decisions.

	Net sales, SEK million		Operating profit, SEK million		Number of employees at the end of the year	
Business area	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Sweden	435	411	45	33	57	52
Norway	392	340	36	32	72	60
Finland	115	144	10	15	20	22
Eliminations/ Parent Company	-26	-26	-27	-33	8	9
Total	**916**	**869**	**64**	**47**	**157**	**143**

SIGNIFICANT EVENTS IN 2013

KEY FIGURES

BUSINESS AREA SWEDEN

- Successful integration of Dalblads Nutrition and launch of its sports nutrition products in FMCG shops.
- A new marketing and communications platform for the Naturdiet brand was launched and new weight control products were launched in an LCHP series.
- The book "Superfoods – Healthfood from the heart of nature" was published and PR campaigns were carried out as part of the process of launching the Supernature brand among healthfood retailers.
- Sales and marketing responsibility for weight control products under the licensed brand Alli in pharmacies.
- Strengthened sales corps resources among FMCG retailers.
- Several important new launches of medical technology products under the Miwana and Mygga brands among pharmacies.

Sweden	2013[1]	2012
Net sales, SEK million	435	411
Net sales growth, %	5.8	-37.0
Net sales per employee, SEK million	7.9	9.1
Operating profit, SEK million	45	33
Operating margin, %	10.3	8.0
Operating profit per employee, SEK million	0.8	0.7
Average number of employees	55	45
Number of employees as per the balance sheet date	57	52

1) For 2013, net sales of SEK 52 million and operating profit of SEK 1 million were included from the acquired business Dalblads Nutrition AB.

BUSINESS AREA NORWAY

- The partnership with Unilever was extended and strengthened the presence in among pharmacies and specialist retailers.
- Sales and distribution responsibility for Alma AS' products in the ecological foods segment in FMCG shops.
- Acquisition of Supernature with new, highly attractive products strengthened the position among healthfood retailers.
- Continued investment in social media, blogs, seminars and digital advertising.
- Positive sales trend among FMCG, pharmacy, specialist and healthfood retailers.
- Several important new launches under the licensed brand BioPharma, including Norsk Tran.

Norway	2013[1]	2012
Net sales, SEK million	392	340
Net sales growth, %	15,3	20,1
Net sales per employee, SEK million	5.4	5.8
Operating profit, SEK million	36	32
Operating profit before non-recurring items, SEK million[2]	36	31
Operating margin, %	9.2	9.4
Operating profit per employee, SEK million	0.5	0.5
Average number of employees	73	59
Number of employees as per the balance sheet date	72	60

1) For 2013, net sales of SEK 24 million and an operating loss of SEK 3 million from the acquired business Supernature AS was included.
2) Non-recurring items pertain to net reversed conditional purchase consideration regarding acquisitions in previous years.

BUSINESS AREA FINLAND

- At the start of the year, a distribution agreement for licensed brands such as Strepsils and Scholl was discontinued, which affected sales negatively.
- Sales and marketing responsibility for weight control products under the licensed brand Alli in pharmacies.
- Entirely as planned, the acquisition of the Elivo brand strengthened the position among pharmacies.
- Continued sales increases for prioritised brands among healthfood and FMCG retailers.
- A new marketing and communications platform for the Tri Tolonen brand was launched and several new products were launched.

Sweden	2013[1]	2012
Net sales, SEK million	115	144
Net sales growth, %	-20,1	9.1
Net sales per employee, SEK million	5.8	6.9
Operating profit, SEK million	10	15
Operating profit before non-recurring items, SEK million[1]	10	9
Operating margin, %	8.7	10.4
Operating profit per employee, SEK million	0.5	0.7
Average number of employees	20	21
Number of employees as per the balance sheet date	20	22

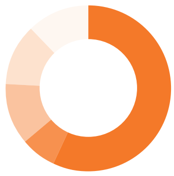
1) Non-recurring items pertain to net reversed conditional purchase consideration regarding acquisitions in previous years.

THE YEAR IN FIGURES | SALES CHANNELS | PRIORITISED ACTIVITIES IN 2014

THE YEAR IN FIGURES

- Net sales amounted to SEK 435 million (411), an increase of 6 percent. Acquired operations were included in net sales in the amount of SEK 52 million. Prioritised brands strengthened their positions among retailers with increased market shares.
- Operating profit amounted to SEK 45 million (33). Acquired operations were included in the operating profit in the amount of SEK 1 million. The improved operating profit was related, in part, to increased marketing ventures and successful product launches and, in part, realised synergies from the integration of acquired operations.
- Margins were strengthened through good cost control.

SALES CHANNELS



- FMCG retailers, 57% (60)
- Healthfood stores, 7% (6)
- Pharmacies, 12% (16)
- Post order/e-trade, 12% (14)
- Other sales channels, 12% (4)

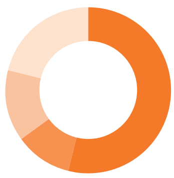
PRIORITISED ACTIVITIES IN 2014

- Continued focus on consumer trends.
- Continued broadening of the product range within the framework of proprietary and licensed brands.
- Continued identification of new growth areas.
- Continued development of the distribution network.
- Active market processing.

THE YEAR IN FIGURES

- Net sales amounted to SEK 392 million (340) an increase of 15 percent. Acquired operations were included in net sales in the amount of SEK 24 million. Prioritised brands strengthened their positions among retailers with increased market shares.
- Operating profit improved to SEK 36 million (32). Acquired operations were included in the operating profit in the amount of a negative SEK 3 million. Profit developed strongly as a consequence of sales successes for prioritised brands and good cost control.

SALES CHANNELS



- FMCG retailers, 54% (58)
- Healthfood retailers, 11% (8)
- Pharmacies, 14% (15)
- Other sales channels, 21% (19)

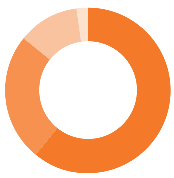
PRIORITISED ACTIVITIES IN 2014

- Strengthen positions for prioritised brands among FMCG retailers, as well as pharmacies and healthfood retailers.
- More and improved sales activities to increase exposure in shops.
- Continue to develop a broad and attractive product range.
- Provide retailers with the best possible conditions.
- Increase presence in social media.

THE YEAR IN FIGURES

- Net sales amounted to SEK 115 million (144), a decrease of 20 percent. The decrease was primarily related to a discontinued distribution agreement and a certain weakening in volumes related to lower private consumption.
- Operating profit amounted to SEK 10 million (15). The comparison year 2012 was affected positively by SEK 6 million from the reversal of a conditional purchase consideration regarding acquisitions in previous years.
- Operating profit was burdened by expenses of SEK 2 million (2) that may be payable to the Finnish customs authority regarding a retroactive excise duty on effervescent tablets and mixtures for the years 2010-2012. Operating profit was also affected negatively by lower margins due to increased discounts.
- The lower sales volume was counteracted by good cost control in the operations.

SALES CHANNELS



- FMCG retailers, 61% (51)
- Healthfood retailers, 25% (21)
- Pharmacies, 12% (28)
- Other sales channels, 2% (0)

PRIORITISED ACTIVITIES IN 2014

- Continued profitability focus in a tough external climate.
- Strengthen the position among pharmacies.
- Continued active efforts to strengthen the most important brands, including Alli and Elivo.
- Develop sales capacity out in shops.
- Continued social media ventures.

Seasonal variations

Midsona's operations are not extensively seasonal and sales are relatively evenly distributed between quarters, since there are seasonal product categories for more or less each quarter.

Transactions with closely related parties

There have been no loans, purchases or sales involving members of the Board or senior executives that have had a material impact on the profit and position of the company. For further information, please see Note 33 Related parties.

Guidelines for remunerations to senior executives

Board fees and guidelines for remunerations to senior executives are set by the Annual General Meeting. Senior executives are considered to be the President and other members of the management team.

The 2013 Annual General Meeting approved the following guidelines for remunerations to senior executives. Senior executives are to be offered competitive remunerations in line with the market. Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. Remunerations consist of fixed salary and pension, and shall additionally be able to include variable pay, severance pay and non-monetary benefits. Variable pay shall be based on quantitative and qualitative targets being achieved. It shall be possible for the President to earn variable pay of at most 50 percent of basic salary and for other members of Group management to earn variable pay of at most 30 percent of basic salary. Severance pay shall amount to at most six months' salary if notice is given by the company. Salary during the period of notice and severance pay shall be limited to at most 24 months' salary. Pension benefits shall be defined-contribution benefits and normally entitle the individual to pension from the age of 65. On termination of employment by the company, 6 to 12 months' salary normally applies. Remuneration and other terms of employment for the President are prepared by the Remunerations Committee and approved by the Board of Directors. Remunerations and other terms of employment for other members of the management team are determined by the Remunerations Committee in consultation with the President. The Board of Directors is kept continuously up-to-date regarding remuneration levels for other senior executives.

The Board of Directors is entitled to diverge from these guidelines if there are specific reasons in individual cases.

The Board of Directors' proposed guidelines for remunerations to senior executives to be presented for approval by the Annual General Meeting of 29 April 2014 agree to all intents and purposes with the previous year's guidelines.

Share-related benefits

At the end of the period, there were no agreements regarding share-related benefits in accordance with IFRS 2.

Incentive programmes

A share warrant programme for senior executives was concluded during the year. No incentive programmes were in progress at the end of the period.

Stock market data

The company's publication of information is guided by the information policy adopted by the Board of Directors. Annual and interim reports, as well as press releases are published in Swedish. Information meetings, conferences with analysts, fund managers and the media are held on an on-going basis over the year.

Annual reports, interim reports and the Corporate Governance Report are available from the company's website, www.midsona.com, where it is also possible to subscribe for reports and order specific information. The printed annual report for 2013 will be available from Midsona's headquarters in Malmö by 17 April 2014 and can be ordered via the company website.

The Board of Directors, management team and other executives registered as insiders may trade in Midsona shares in accordance with applicable legislation and regulations. There are no internal regulations beyond these regulations.

Accounting principles

The Group applies the International Financial Reporting Standards (IFRS) as approved by the European Commission.

In preparing the financial accounts for 2013, the new standards, recommendations and interpretations deemed to affect the Group have been applied. See Note 1 Accounting principles.

The Midsona share

At the end of the year, the share capital in Midsona AB (publ) consisted of 22,744,790 shares, divided between 379,932 series A shares and 22,364,858 series B shares. At the Annual General Meeting, each series A share conveys ten votes and each series B share conveys one vote. Neither the company nor its subsidiaries hold any treasury shares. The Articles of Association contain no restrictions on the transferability of shares.

The largest shareholder in the company is Stena Adactum AB, which, at 31 December 2013, held 136,625 series A shares and 5,206,603 series B shares, corresponding to 23.5 percent of the capital and 25.1 percent of votes. No other shareholder held 10 percent or more of the total number of shares as per 31 December 2013. To the company's knowledge, there are no agreements between shareholders that could entail limitations to the right to transfer shares.

The Annual General Meeting appoints and dismisses members of the Board of Directors and amends the Articles of Association.

The company has no commercial agreements that could be affected if control of the company were to change as a consequence of a public takeover bid. However, there are agreements between the company and senior executives that prescribe compensation if these individuals are dismissed without due cause or if their employment is terminated as a consequence of a public takeover bid for shares in the company. Agreements between the company and other employees regulating resignations or dismissal by the company follow normal practices in the labour market.

Significant events following the end of the financial year

Midsona AB signed a new financing agreement in February 2014 with a maturity of three years. The financing agreement thus extends until 31 December 2016. There is an option to extend the financing agreement by one year at a time until 31 December 2018.

Future prospects

The market for health and well-being is expected to continue to grow in 2014. Midsona is well-positioned in the market with its strong brands and will focus on growth and continued profitability enhancement.

Supplementary information

Midsona is involved in a small number of disputes and claims, which may be considered normal given the nature of the operations. It is the company's view that adequate provisions have been made.

Corporate Governance Report

For the Corporate Governance Report, see pages 66-72.

Risks and risk management

All business operations must manage uncertainty regarding future events that could affect the operations positively, bringing opportunities to generate increased value, or negatively, incurring a risk that targets will not be reached, with reduced value being generated for shareholders and other stakeholders as a consequence. Consequently, risk management is an important element in the governance and control of the operations.

Midsona is affected by the general economic situation, currency exchange fluctuations and other company-specific external factors. This section details the most significant risks affecting the capacity to achieve set operational and financial targets for the Group, as well as the management of each risk. Midsona actively seeks to minimise risks through preventive efforts and, where this is not possible, to hedge or insure against the risk in as cost-efficient and balanced a manner as possible, with well-considered risk taking within set limits. Risk management is governed at an overarching level by the Board of Directors and the Audit Committee, as well as at an operational level by the President, management team and other employees.

The account of risk factors presented below does not claim to be exhaustive, nor is it ranked by order of importance. Not all factors are described in detail, and a complete assessment must include other information and a general assessment of external conditions.

RISK | **RISK MANAGEMENT** | **EXPOSURE/COMMENT**

Operational risks

Distribution agreement

A considerable proportion of the Group's sales of goods derives from distribution agreements, according to which Midsona holds an exclusive right to market, sell and distribute other companies' products in a defined market. Normally, such distribution agreements extend over a period of one to five years and can, under certain circumstances, be cancelled prematurely if, for example agreed minimum sales volumes cannot be achieved. There is always a risk that Midsona will not manage to extend distribution agreements or enter new distribution agreements with acceptable terms.

Midsona has extensive experience of marketing, selling and distributing products on customers' behalf in the Nordic health and personal care market. In such partnerships, relations with the customer are built up in the long term through continuous follow-up meetings and other joint activities at different levels in the organisation, generating mutual trust. With access to the Group's market expertise, licensed products are afforded favourable opportunities for growth and favourable profitability, which normally provides a good foundation for long-term cooperation.

Proportion of goods sold from proprietary and licensed brands for continuing operations

Product responsibility

Under certain circumstances, Midsona could be forced to recall or buy back defective products. Such recalls can be costly and damage the Group's reputation while preventing inventories from being sold. Midsona could also be subject to product responsibility demands if its products are claimed to have caused personal injury.

Midsona applies rigorous quality requirements in all processes to limit the risk of recalls, product responsibility demands or other damage claims. Agreements with suppliers impose requirements for documentation and traceability to safeguard the quality of products. Suppliers are scrutinised through inspections in accordance with a rolling schedule and all raw ingredients and semi-manufactured goods undergo laboratory testing to ensure that they are the right raw ingredients of the right quality before being used in the products. In Midsona's quality assurance system, possible complaint flows can be captured at an early stage for proactive purposes. In addition, Midsona adheres to relevant legislation, regulations and industry guidelines that are applicable to each of its product categories. Midsona also holds insurance against possible product responsibility demands.

Number of unplanned product recalls

	2013	2012
Sweden	0	0
Norway	4	0
Finland	0	0

Customer dependency and customer credit risk

Midsona has some 150 active customers, of whom the ten largest accounted for 51 percent (50) of the Group's net sales from continuing operations. If Midsona is unable to live up to the demands imposed by its largest customers, and if customers fail to meet their payment obligations, Midsona could be negatively affected.

Customers are primarily FMCG, healthfood retailers and pharmacy chains with whom customer relations are generally rather long term. To an increased extent, Midsona offers its products directly to end-consumers through post order, and on-line sales, as well as to other sales channels. By extending its customer base, Midsona can reduce its dependency on a small number of customers. Customer credit risk is managed on an on-going basis by each subsidiary through credit checks and internal credit limits for each customer. Bank guarantees or other sureties are required for customers with low creditworthiness or insufficient credit history.

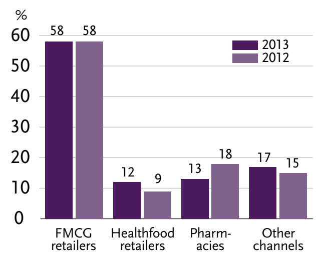
At the end of the year, accounts receivable, trade amounted to SEK 102 million (119), corresponding to an average customer credit period of 44 days (45). Customer losses amounted to SEK 5 million (7). Historically, the Group's customer losses have maintained a relatively low level.

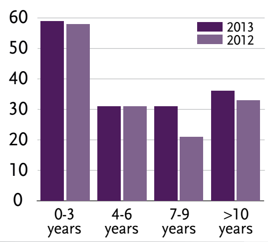
Competitors – and, at the same time, customers

Midsona's customers are primarily FMCG and healthfood retailers, and pharmacies. To a varying extent, these players offer competing products that they sell under their own brands, which are growing stronger each year and that occupy an increasingly large share of the product range on shop shelves. If these players continue to broaden their product ranges under their own brands, this could lead to further competition and increased price pressure, which would affect Midsona's sales and results negatively.

Midsona works actively with continuous development and innovation in its brands and products to earn its shelf place in shops and, at the same time, to convey a clear and accurate message to consumers at the point of sale. Customers' and end-consumers' confidence in Midsona's products have very considerable importance for to the company's long-term development. Without strong confidence in the company's brands, it would be difficult to capture markets shares and to grow. Thorough development, innovations and sustainability processes enhance conditions for winning and retaining the confidence of customers and end-consumers.

Proportion of goods sold by sales channel for continuing operations



RISK	RISK MANAGEMENT	EXPOSURE/COMMENT
Operational risks, continued		
Renewal of permits Midsona conducts operations requiring permits and holds permits that must be renewed at regular intervals. In Sweden, units within Midsona are inspected by the Swedish Medical Products Agency, the Swedish National Food Agency and local environmental agencies. If Midsona were to contravene or fail to meet the requirements imposed by regulations or permits, or if it were to fail to secure the necessary permits, this would have a negative impact on the Group.	Midsona works continuously with quality assurance according to a management system that includes quality and environmental management. The management system is authorised by the President and CEO. The purpose of the management system includes continuously addressing quality and the development of operations while adhering to relevant legislation and guidelines to maintain official permits and certifications.	In Sweden, Finland and Norway, the Group holds permits and certifications from the Medical Products Agency or equivalent authority, including the following: • Pharmaceutical wholesaler licence in Sweden, valid until November 2016. The scope of the permit covers naturopathic medicines, traditional plant-based medicines, plant-based medicines and medicines. • Pharmaceutical wholesaler licence in Finland with no set period of validity. • Pharmaceutical wholesaler licence in Norway, valid until March 2016.
Suppliers Midsona has no proprietary production of goods and instead used external suppliers, primarily within Europe. Supplier disruptions are a risk for the company, taking its commitment to customers into account.	The Group works actively with sourcing issues, with close cooperation with suppliers being necessary for reliable deliveries. Where possible, the Group also works with alternative suppliers for critical products.	Through its relations with suppliers and measures it has implemented with regard to alternative suppliers, the Group has not suffered delivery disruptions affecting its relations with customers.
Competence – a critical resource Midsona's operations require both business and product-specific expertise. The company's development is affected by the availability of competent and motivated employees, as well as the knowledge, experience and commitment of management and other key individuals. Development could be negatively affected if one or more of these key individuals were to leave the Group or if the Group is unable to recruit and retain qualified employees.	By placing considerable emphasis on a good working environment, health-promoting measures and good leadership, Midsona nurtures its brand as an employer and maintains effective procedures to mitigate such negative consequences. It is the company's view that it can attract and retain qualified employees.	**Number of employees by number of years of employment** 
Financial risks		
Financing risk Financing risk refers to the risk that future capital procurement and refinancing of maturing loans could be difficult or costly.	The ensure that the Group always has access to necessary external financing at a reasonable cost, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.	At the end of the year, the average remaining maturity on the Group's confirmed loan commitments was 12 months (24). In February 2014, a new financing agreement was signed, which extends until 31 December 2016.
Liquidity risk Liquidity risk is defined as the risk that the Group cannot meet its payment obligations as a consequence of inadequate access to cash and equivalents.	According to the finance policy, the Group's liquidity reserve, consisting of unutilised credit facilities, cash and equivalents, shall, at any given time, exceed the Group's loan maturities for the ensuing six months.	At the end of the year, the liquidity reserve amounted to SEK 191 million (143), divided between SEK 62 million (43) in cash and equivalents, an unutilised portion of a credit facility amounting to SEK 72 million (8) and an unutilised overdraft facility of SEK 57 million (92), while the Group's loan maturities for financial liabilities for the ensuing six months amounted to SEK 0 million (0).
Currency risk – transaction exposure The Group's revenues are mainly generated in the currencies SEK, NOK and EUR, while procurement of goods is conducted primarily in SEK, NOK, EUR, GBP and USD. The Group's net exposure in EUR is considerable because purchases exceed sales.	To mitigate the consequences of changed exchange rates, Midsona conducts hedging using currency forward agreements covering up to 50 percent of forecast net flows in EUR for the following six months. The finance policy adopted by the Board of Directors, states that 50 percent of the Group's forecast net exposure in EUR and GDP for the following six months can be currency hedged. The hedged portion can be increased to 75 percent of the net exposure for the following 12 months is this is deemed appropriate.	At the end of 2013, 38 percent (40), or nominally EUR 3 million (5), of estimated net flows for the first half of 2014 were hedged. The market value of the outstanding currency forward agreements was SEK 0 million (0) as per 31 December 2013. An isolated shift in exchange rates against the SEK by +/- 5 percentage points for the four currencies with the largest estimated net flows is calculated to have an effect on profit before tax of +/- SEK 5 million (6).
Interest rate risk Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the periods of fixed interest on loans and investments. Since the Group is a net borrower and does not invest funds in listed instruments, it is primarily the Group's loans that are affected by changes in interest rates.	The guideline is that the average period of fixed interest for the Group's interest-bearing liabilities to credit institutions should be three months.	At the end of the year, the average period of fixed interest on the Group's interest-bearing liabilities to credit institutions was three months (3).
Financial credit risk Financial credit risk refers to the risk of losses if the counterparties with whom the Group has placed cash and equivalents, financial investments or derivative instruments are unable to meet their payment obligations.	Midsona's finance policy defines how possible liquid surpluses can be invested. As long as the Group is a net borrower, any surplus liquidity shall be used to reduce loan debt. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the finance function.	The financial credit risk regarding cash and equivalents in bank accounts amounted to SEK 62 million (43) at the end of the year.

We work with well-being

Midsona is a responsible and sound company, meaning that our business partners, customers and shareholders can trust us and our products. What we do – developing and selling products that help people feel better – agrees with how we operate. Since April 2011, we have also been signatories to the UN Global Compact.

Our employee responsibility

Well-being always starts from within. The better our employees feel and thrive in their workplace, the more the prerequisite conditions are created for strong performance Consequently, we place considerable emphasis on offering our employees a good working environment, health-enhancement measures and good leadership. We consider openness in communications and information between employees and the company as important components in engendering good relations and trust in the workplace.

Good working environment

Systematic environmental work forms a self-evident and integrated part of Midsona's operations. We work both proactively and actively for our employees to have a working environment that is as healthy, creative and developing as possible. Besides offering health and fitness subsidies to all employees, we encourage them to take part in exercise activities, such as the Vårruset springtime run, in which Midsona is also a sponsor. To further ensure that we offer the benefits our employees seek, we are members of Flexpay Easy.

Low absence due to illness

Absence due to illness is generally at a low level in the Midsona Group and has been so for a long time. Absence due to illness in 2013 was 3.3 percent (3.5). Although the low level of absence due to illness can be due to several factors, we believe the process of creating a positive working environment and health-promoting measures has a clear effect. Consequently, we continue to work for low levels of absence due to illness.

Competence development is encouraged

Midsona is to be an attractive company to work in, where employees feel appreciated and have opportunities for development. We encourage our employees to develop their competence in relevant areas, based on Midsona's needs. We consider this to be central to generating motivation and commitment.

Leadership within Midsona shall be pervaded by security and clarity with regard to targets and assignments. Management shall support employees' inherent problem-solving skills, acceptance of responsibility and development. As part of this, a one-year leadership programme for managers was initiated in 2013. In part this initiative was taken to strengthen leadership and, in part, it was taken to support employee development, which is a high priority for the company.

Equal treatment is self-evident

Midsona shall be a company that promotes equal opportunities and inclusiveness. To safeguard this, we have formulated a diversity policy stating that there may be no discriminatory treatment of employees on the basis of gender, ethnicity, age, handicap, religion or sexual orientation. We have also developed a plan of action to immediately address any cases of harassment or discrimination.

Systematic procedures for new recruits

E-learning is applied to inform all new recruits about the Group and our policies, vision, mission and strategy, as well as the core areas of our operations. In addition, each manager is responsible for introducing new recruits within their departments and areas of responsibility. The purpose of a well-planned introduction is to make new recruits feel welcome and appreciated and to get them started and performing well in the best possible way.

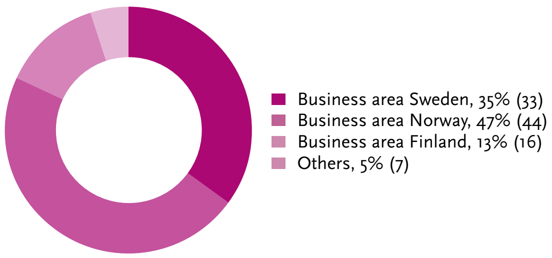
All employees within the Midsona Group are offered employee development interviews. It is our policy for these interviews to follow a structured procedure, both for the interview itself, as well as the follow-up.

Equality

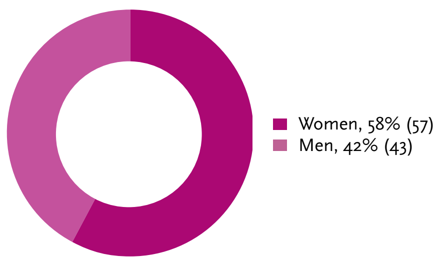
The average number of employees in remaining operations was 156 (135) and, at the end of the year, the number of employees in remaining operations was 157 (143). The increase in the number of employees is due to acquisitions of operations.

In the Group, the proportion of women employees was 58 percent (57) during the year. The proportion of women on the Boards of companies was 22 percent (17), while the proportion of women senior executives was 39 percent (31)

Distribution, average number of employees per business area, 2013



Gender distribution, 2013



at the end of the year. The ambition is to increase the number of women in senior positions and in the recently concluded leadership programme, the majority of the participants were women.

Our environmental responsibility
Caring for the environment and the world around us is an obvious and natural part of Midsona's work. To be able to make it easier for people to make their own contribution to healthier everyday life in harmony with our business concept, it is of considerable importance that we, as a company, work for a sound and sustainable environment.

Midsona's acquisition of the company Supernature and its superfoods concept agrees well with our view of how to care for the environment. All raw ingredients classified as superfoods are entirely plant-based and have a low environmental impact.

Since Midsona conducts proprietary production, we select our suppliers with care and precision. This represents part of the environmental policy that we have formulated and that establishes that it is always Midsona's ambition to protect the environment by preventing or minimising effects on the environment of the operations and products. Our environmental work shall build on a gradual adjustment of operations and we continuously strive to minimise our company's detrimental effects on the environment. According to the established policy, Midsona's objective is to:

- Integrate environmental work into day-to-day operations and to take the environment into account to the greatest extent possible in every decision.
- To use adapted products to the greatest extent possible.
- Our employees shall always consider whether travel is necessary and make use of the possibilities offered by videoconferencing equipment and conference telephones.
- Reduce the use of consumable and office materials and to reduce our energy consumption.
- Sort our waste.
- Meet the requirements of customers, authorities and the general public with regard to environmental issues.
- Continuously be prepared to reassess previous approaches and to update our environmental targets.

Our social responsibility
Midsona imposes stringent demands on good business ethics and operates according to the Code of Conduct it has formulated in accordance with the UN's framework. Among other things, Midsona's Code of Conduct entails that we shall always apply fair business, marketing and advertising methods. We adhere to applicable legislation and never permit bribes to be offered or accepted.

Since April 2011, Midsona has been a signatory to the UN Global Compact, resulting in three reports being submitted to the UN, in which we have presented our progress.

We actively apply the ten principles regarding human rights, aspects of labour law, the environment and corruption. Together with our policies, Midsona's Code of Conduct forms a framework for our operations.

Active sponsorship
For Midsona, it is important that the sponsorship commitments we work with benefit both society and the surroundings in which we work. Sponsorship shall support our values and strengthen our relations with customers and partners, while also feeling natural for our operations. Consequently, we do not sponsor political or religious organisations.

Since 2011, Midsona has been a corporate sponsor of SOS Children's Villages in the Central African Republic, which is one of the poorest countries in the world. We see this as a natural part of our effort to assume an increased global responsibility by supporting local work to improve people's health. Our annual contributions help support children's right to education, a home and a secure upbringing.

During 2014, Midsona will, through the Naturdiet brand, sponsor Team Rynkeby's collection for the Swedish Childhood Cancer Foundation through a financial contribution for brain tumour research and sibling support.

MIDSONA'S CODE OF CONDUCT

- We respect the rights of all individuals.
- In all contexts, we strive to apply fair business, marketing and advertising methods.
- We respect current legislation and lead our company with integrity and honesty. We do not, in any way, involve ourselves in illegal operations.
- We undertake to conduct operations in a manner that contributes to a sound and sustainable environment.
- We do not permit bribes to be offered or accepted.
- We encourage our personnel to report illegal or unethical behaviour.

Parent Company

The operations in Midsona AB (publ) comprise Group-wide management, IT and finance functions, as well as the task of owning and managing shareholdings in subsidiaries.

Net sales amounted to SEK 23 million (24), and were primarily attributable to invoicing of services provided internally within the Group. Profit before tax amounted to SEK 1 million (57). Profit before tax included impairment of shares in subsidiaries of SEK 19 million (130) and dividends from subsidiaries of SEK 28 million (199), of which SEK 14 million (104) comprised anticipated dividends. Profit before tax for the preceding year also included a capital loss of SEK 8 million on the divestment of shares in subsidiaries.

Investments in tangible and intangible fixed assets amounted to SEK 2 million (1). Depreciation and amortisation on tangible and intangible fixed assets amounted to SEK 1 million (2). Net investments in shares in subsidiaries amounted to income of SEK 60 million (disbursement 9).

Cash and equivalents, including unutilised credit facilities, amounted to SEK 129 million (100). At the end of the year, borrowing from credit institutions amounted to SEK 138 million (103).

Over the year, shareholders' equity in the Parent Company decreased by SEK 11 million to SEK 566 million, of which unrestricted shareholders' equity was SEK 54 million (65). The decrease consisted of profit for the year of SEK 1 million, translation differences of a negative SEK 1 million and the dividend of SEK 11 million.

At the end of the year, the Parent Company had eight employees (9).

Proposed appropriation of profit or loss

The following amount in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 163,046,125
Fair value fund	SEK 22,500,585
Accrued loss	SEK 132,690,865
Loss for the year	SEK 1,052,679
Total	**SEK 53,908,524**

The Board of Directors proposes that the accumulated loss and unrestricted funds in the Parent Company, amounting to SEK 53,908,524 be appropriated as follows:

Dividend, SEK 1.00 per share	SEK 22,744,790
Carried forward in new account	SEK 31,163,734
Total	**SEK 53,908,524**

Statement by the Board of Directors regarding the proposed dividend

At the 2014 Annual General Meeting, shareholders shall take a position regarding matters including the dividend proposed by the Board of Directors.

The proposed dividend decreases the equity/assets ratio in the Parent Company to 70 percent and the consolidated equity/assets ratio to 59 percent. The proposed measure does not affect the company's capacity to meet current and foreseen payment obligations in a timely manner. The company's liquidity forecast includes contingencies for managing variations in on-going payment obligations. The company's financial position does not give rise to any assessment other than that the company can continue its operations and that it can be expected to meet its obligations in both the short and long term.

It is the assessment of the Board of Directors that the scope of the shareholders' equity as reported in the latest annual report is in reasonable proportion to the scope of the company's operations and the risks associated with the conduct of the operations taking the proposed dividend into account.

With reference to the above and to information that has otherwise come to the attention of the Board of Directors, it is the Board's view that a comprehensive assessment of the financial position of the company and the Group indicates that the dividend is defensible in accordance with Chapter 17, Section 3, paragraphs 2 and 3 of the Companies Act, that is, with reference to requirements imposed by the nature, scope and risks of the operations on consolidated shareholders' equity, as well as the Group's consolidation needs, liquidity and position in other regards.

The financial accounts were approved for publication by the Board of Directors of the Parent Company on 2 April 2014.

With regard to the company's profits and position in other regards, please see the ensuing financial accounts and associated notes to the financial statements.

Financial information

Contents

Consolidated income statement

SEK million	Note	2013	2012
Continuing operations			
Net sales	2,3,5	916	869
Expenses for goods sold		-495	-474
Gross profit		**421**	**395**
Selling expenses		-278	-272
Administrative expenses		-79	-78
Other operating income	6	4	10
Other operating expenses	7	-4	-8
Indirect expenses, net		**-357**	**-348**
Operating profit	**3,5,8,9,10,14,15,16,27**	**64**	**47**
Financial income		1	0
Financial expenses		-12	-16
Net financial items	**11**	**-11**	**-16**
Profit before tax		**53**	**31**
Tax	13	-2	19
Net profit for the year from continuing operations		**51**	**50**
Discontinued operations			
Profit from discontinued operations, net after tax	4	-	-15
PROFIT FOR THE YEAR		**51**	**35**
Attributable to			
Parent Company shareholders (SEK million)		51	35
Earnings per share to Parent Company shareholders, before and after dilution (SEK)	14	2.24	1.54
Parent Company shareholders, continuing operations (SEK million)		51	50
Earnings per share to Parent Company shareholders from continuing operations, before and after dilution (SEK)	14	2.24	2.20
Number of shares (thousands)	14		
On the balance sheet date, before and after dilution		22,745	22,745
Average for the period, before and after dilution		22,745	22,745

Consolidated statement of comprehensive income

SEK million	2013	2012
Loss for the year	**51**	**35**
Items that cannot be reallocated to profit for the year		
Revaluation of defined benefit pension plans	0	0
Tax attributable to items that cannot be reallocated to profit for the year	0	0
Items that cannot be reallocated to profit for the year	0	0
Items that have or can be reallocated to profit for the year		
Translation differences for the year on translation of foreign operations	-16	-1
Items that have or can be reallocated to profit for the year	-16	-1
Other comprehensive income for the year	**-16**	**-1**
COMPREHENSIVE INCOME FOR THE YEAR	**35**	**34**
Attributable to		
Parent Company shareholders (SEK million)	35	34

Consolidated balance sheet

SEK million	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Intangible fixed assets	15	846	855
Tangible fixed assets	16,17	10	11
Non-current receivables	20	0	0
Deferred tax assets	13	42	46
Fixed assets		**898**	**912**
Inventories	21	95	97
Tax receivables		1	0
Accounts receivable	22	102	119
Other receivables	20	1	2
Prepaid expenses and accrued income	23	13	11
Cash and equivalents	31,34	62	43
Current assets		**274**	**272**
ASSETS	**3,5,30**	**1,172**	**1,184**
SHAREHOLDERS' EQUITY			
Share capital		455	455
Additional paid-up capital		209	220
Reserves		23	23
Profit brought forward/accumulated loss, including profit for the year		23	-12
SHAREHOLDERS' EQUITY	**24**	**710**	**686**
LIABILITIES			
Non-current interest-bearing liabilities	25,31	149	212
Other non-current liabilities	26	20	14
Provisions for pensions	27	-	0
Other provisions	28	-	3
Deferred tax liabilities	13	74	73
Non-current liabilities		**243**	**302**
Current interest-bearing liabilities	25,31	43	9
Accounts payable		90	90
Tax liabilities		0	0
Other current liabilities	26	37	51
Accrued expenses and deferred income	29	48	46
Provisions for pensions	27	0	0
Other provisions	28	1	-
Current liabilities		**219**	**196**
LIABILITIES		**462**	**498**
SHAREHOLDERS' EQUITY AND LIABILITIES	**3,5,30**	**1,172**	**1,184**
MEMORANDUM ITEMS	**32**		
Pledged assets		739	789
Contingent liabilities		-	-

Changes in consolidated shareholders' equity

Note 24 SEK million	Share capital	Other paid-up capital	Reserves	Profit brought forward, incl. profit for the year	Total sharehol-ders' equity
Opening shareholders' equity 1 January 2012	**455**	**220**	**24**	**-47**	**652**
Comprehensive income for the year					
Loss for the year	-	-	-	35	35
Other comprehensive income for the year	-	-	-1	-	-1
Comprehensive income for the year	**-**	**-**	**-1**	**35**	**34**
Closing shareholders' equity 31 December 2012	**455**	**220**	**23**	**-12**	**686**
Opening shareholders' equity 1 January 2013	**455**	**220**	**23**	**-12**	**686**
Comprehensive income for the year					
Loss for the year	-	-	-	51	51
Other comprehensive income for the year	-	-	-16	-	-16
Comprehensive income for the year	**-**	**-**	**-16**	**51**	**35**
Transactions with the Group's owners					
Dividend	-	-11	-	-	-11
Transactions with the Group's owners	**-**	**-11**	**-**	**-**	**-11**
Closing shareholders' equity 31 December 2013	**455**	**209**	**7**	**39**	**710**

Consolidated cash flow statement

SEK million	Note	2013	2012[5]
CONTINUING OPERATIONS			
Profit before tax[1]		53	15
Adjustments for items not included in cash flow	34	16	36
Income tax paid		-2	-1
Cash flow from continuing operations before changes in working capital		**67**	**50**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in inventories		0	8
Increase (-)/decrease (+) in operating receivables		18	-4
Increase (+)/decrease (-) in operating liabilities		3	-6
Changes in working capital		**21**	**-2**
Cash flow from continuing operations[2]		**88**	**48**
INVESTING ACTIVITIES			
Acquisitions of companies or operations	34	-27	-62
Divestments of companies or operations	34	3	62
Acquisitions of intangible fixed assets		-4	-2
Divestments of intangible fixed assets		2	-
Acquisitions of tangible fixed assets		-3	-2
Cash flow from investing activities[3]		**-29**	**-4**
Cash flow after investing activities		**59**	**44**
FINANCING ACTIVITIES			
Amortisation of loans	34	-24	-43
Dividend paid		-11	-
Cash flow from financing activities[4]		**-35**	**-43**
Cash flow for the year		**24**	**1**
CASH AND EQUIVALENTS			
Cash and equivalents at beginning of year		43	42
Translation difference in cash and equivalents		-5	0
Cash and equivalents at end of year	34	**62**	**43**

1) Profit before tax from continuing operations was SEK 53 million (31) and from discontinued operations SEK – million (loss 16).

2) Cash flow from operating activities from continuing operations was SEK 88 million (49) and from discontinued operations SEK – million (negative 1).

3) Cash flow from investing activities from continuing operations was a negative SEK 29 million (65) and from discontinued operations SEK – million (61).

4) Cash flow from financing activities from continuing operations was a negative SEK 35 million (43) and from discontinued operations SEK – million (-).

5) Cash flow from discontinued operations includes the effect of the divestment of the Supply business segment of SEK 62 million for 2012.

Parent Company income statement

SEK million	Note	2013	2012
Net sales	2	23	24
Selling expenses		0	-1
Administrative expenses		-32	-33
Other operating income	6	4	3
Other operating expenses	7	-5	-12
Operating profit,	**9,10,15,16,17,27**	**-10**	**-19**
Profit from participations in subsidiaries	11	9	69
Financial income	11	13	18
Financial expenses	11	-17	-10
Profit after financial items		**-5**	**58**
Allocations	12	6	-1
Profit before tax		**1**	**57**
Tax	13	-	-2
LOSS FOR THE YEAR		**1**	**55**

Parent Company statement of comprehensive income

SEK million	2013	2012
Loss for the year	**1**	**55**
Items that have or can be reallocated to profit for the year		
Exchange rate differences on monetary items classified as expanded investment	-1	0
Other comprehensive income for the year	**-1**	**0**
COMPREHENSIVE INCOME FOR THE YEAR	**0**	**55**

Parent Company balance sheet

SEK million	Note	31 Dec 2013	31 Dec 2012
FIXED ASSETS			
Intangible fixed assets	15	2	2
Tangible fixed assets	16,17	1	0
Participations in subsidiaries	18	482	422
Receivables from subsidiaries	19,33	256	286
Deferred tax assets	13	12	12
Financial fixed assets		**750**	**720**
Fixed assets		**753**	**722**
CURRENT ASSETS			
Accounts receivable		0	0
Receivables from subsidiaries	19,33	25	105
Other receivables	20	1	1
Prepaid expenses and accrued income	23	3	3
Current receivables		**29**	**109**
Cash and bank balances	31,34	-	-
Current assets		**29**	**109**
ASSETS		**782**	**831**

SEK million	Note	31 Dec 2013	31 Dec 2012
SHAREHOLDERS' EQUITY			
Restricted shareholders' equity			
Share capital		455	455
Statutory reserve		57	57
Restricted shareholders' equity		**512**	**512**
Unrestricted shareholders' equity			
Share premium reserve		164	175
Accrued loss		-111	-165
Loss for the year		1	55
Unrestricted shareholders' equity		**54**	**65**
SHAREHOLDERS' EQUITY	**24**	**566**	**577**
PROVISIONS			
Other provisions	28	-	3
Provisions		**-**	**3**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	25,31	95	95
Liabilities to subsidiaries	19,33	2	93
Non-current liabilities		**97**	**188**
CURRENT LIABILITIES			
Liabilities to credit institutions	25,31	43	8
Accounts payable		4	3
Liabilities to subsidiaries	19,33	66	47
Other current liabilities	26	1	1
Accrued expenses and deferred income	29	4	4
Other provisions	28	1	-
Current liabilities		**119**	**63**
SHAREHOLDERS' EQUITY AND LIABILITIES		**782**	**831**
MEMORANDUM ITEMS	32		
Pledged assets		418	353
Contingent liabilities		55	121

Changes in equity for the Parent Company

	RESTRICTED SHAREHOLDERS' EQUITY		UNRESTRICTED SHAREHOLDERS' EQUITY			
Note 24 SEK million	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Translation reserve**	**Accumulated losses, incl. profit for the year**	**Total shareholders' equity**
Opening shareholders' equity 1 January 2012	**455**	**57**	**174**	**23**	**-187**	**522**
Profit for the year	-	-	-	-	55	55
Other comprehensive income for the year	-	-	-	0	-	0
Comprehensive income for the year	**-**	**-**	**-**	**0**	**55**	**55**
Closing shareholders' equity 31 December 2012	**455**	**57**	**174**	**23**	**-132**	**577**
Opening shareholders' equity 1 January 2013	**455**	**57**	**174**	**23**	**-132**	**577**
Loss for the year	-	-	-	-	1	1
Other comprehensive income for the year	-	-	-	-1	-	-1
Comprehensive income for the year	**-**	**-**	**-**	**-1**	**1**	**0**
Dividend paid	-	-	-11	-	-	-11
Closing shareholders' equity 31 December 2013	**455**	**57**	**163**	**22**	**-131**	**566**

Parent Company cash flow statement

SEK million	Note	31 Dec 2013	31 Dec 2012
CONTINUING OPERATIONS			
Profit after financial items		-5	58
Adjustments for items not included in cash flow	34	-6	-58
Cash flow from continuing operations before changes in working capital		**-11**	**0**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in operating receivables		87	40
Increase (+)/decrease (-) in operating liabilities		-20	-1
Changes in working capital		**67**	**39**
Cash flow from continuing operations		**56**	**39**
INVESTING ACTIVITIES			
Shareholder contributions paid		-53	-
Acquisitions of companies or operations	34	0	-38
Divestments of companies or operations	34	-	7
Acquisitions of intangible fixed assets		0	-1
Acquisitions of tangible fixed assets		-2	-
Divestment of tangible fixed assets		0	-
Investments in financial assets		30	18
Cash flow from investing activities		**-25**	**-14**
Cash flow after investing activities		**31**	**25**
FINANCING ACTIVITIES			
Amortisation of loans	34	-20	-32
Dividend paid		-11	-
Cash flow from financing activities		**-31**	**-32**
Cash flow for the year		**-**	**-7**
CASH AND EQUIVALENTS			
Cash and equivalents at beginning of year		-	7
Cash and equivalents at end of year	**34**	**-**	**-**

1

Accounting principles

GROUP ACCOUNTING PRINCIPLES

Compliance with standards and regulations

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases listed below under "Parent Company accounting principles".

Basis of valuation applied in the preparation of the financial statements

Assets and liabilities are reported at historical cost except for certain financial assets and liabilities measured at fair value or amortised cost. Financial assets and liabilities measured at fair value consist of derivatives and financial assets classified as financial assets at fair value through profit for the year.

Functional and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded off to the nearest million.

Estimates and assumptions in the financial statements

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the revision only affects that period or within the period in which the revision is made and future periods if the revision affects both current and future periods.

Assumptions made by management in the application of IFRS that have a significant impact on the financial statements and estimates that can result in significant adjustments in future financial statements are described in more detail in Note 36 Significant estimates and assumptions.

Accounting principles applied

With the exceptions described in closer detail, the following accounting principles have been consistently applied in the reporting and consolidation of the Parent Company and subsidiaries in the consolidated financial statements.

Changes in accounting principles due to new or amended IFRS

The following changes in accounting principles are applied by the Group effective from 1 January 2013 and have had an impact on the consolidated financial statements.

- IAS 1 Presentation of Financial Statements (amended). The change means that items within "Other comprehensive income" have been divided into two categories, i) items that have or can be reallocated to profit for the year, and ii) items that cannot be reallocated to profit for the year. Items that have or may be reallocated include, for example, translation differences and gains/losses on cash flow hedges. Items that cannot be reallocated include revaluations of defined benefit pension schemes and revaluations in accordance with the revaluation model for intangible and tangible assets. Comparative figures are presented according to the new arrangement.
- IFRS 7 Financial Instruments – Disclosures (amended). New disclosure requirements for offsetting of financial assets and liabilities.
- IFRS 13 Fair Value Measurement (new). A uniform standard for measuring fair value and enhanced disclosure requirements. The new disclosure requirements are shown in Note 30 Valuation of financial assets and liabilities at fair value and categorisation. This has entailed certain adjustments to the disclosure on financial instruments, which, however, has not had any significant effect on the financial information.
- IAS 19 Employee Benefits (amended). The change means that the Group no longer applies the "corridor approach" and instead recognises all actuarial gains and losses in "Other comprehensive income" as they occur. The amendment has been applied retroactively in accordance with IAS 8 and has affected the financial statements for the current period, the previous period and accumulated at the beginning of the comparative period by immaterial amounts since the Group has only one immaterial defined benefit pension plan which is currently being discontinued.

Other amendments to IFRS with effect from 2013 have had no impact on the consolidated accounts.

New IFRS that have yet to begin being applied

A number of new or amended IFRS do not take effect until the next financial year and have not been applied prematurely in preparing these financial statements. It has not been planned to implement new or amended standards for future application in advance and these are considered to have limited impact on the consolidated financial statements.

Classification

Fixed assets and non-current liabilities essentially consist of amounts expected to be recovered or settled after more than 12 months from the balance sheet date.

Current assets and liabilities essentially consist of amounts expected to be recovered or settled within 12 months from the balance sheet date.

Consolidated accounts

Subsidiaries are all companies in which the Group is entitled to determine financial and operating policies in a way that usually accompanies a shareholding amounting to more than half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Group exerts a controlling influence over another company. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from the consolidated financial statements from the date on which that controlling influence ceases.

The acquisition method is applied for the accounting of business combinations. The cost of an acquisition is measured as the fair value of the transferred assets, liabilities and shares issued by the Group. The purchase consideration includes the fair value of all assets or liabilities that are the result of an agreement on conditional purchase consideration. Transaction expenses that are directly attributable to an acquisition are expensed in consolidated profit for the year. Identifiable acquired assets and liabilities assumed in a business combination are initially measured at their fair value on the acquisition date.

In the case of acquisitions where the transferred consideration exceeds the fair value of the identifiable acquired net assets, the difference is recognised as goodwill. When the difference is negative – a bargain purchase – this is recognised directly in profit for the year.

Group-internal receivables and liabilities, income and expenses, as well as unrealised gains and losses arising from Group-internal transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

Where valuations of assets and liabilities differ at the Group and company levels, the tax effect is taken into account and recognised as a deferred tax asset or deferred tax liability. However, deferred tax is not taken into account with regard to goodwill at the Group level.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing performance of the operating segment's results. In the Group, this function has been identified as Group management. The principal basis for the division is geographical areas.

Foreign currency

Transactions in foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on translation are recognised in profit for the year. Exchange gains/losses on operating receivables/liabilities recognised in other operating income/expenses and gains/losses on financial assets and liabilities are recognised in financial income/expenses.

Foreign operations' financial statements

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from their functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses in foreign operations are translated to SEK at an average rate that approximates the exchange rates prevailing on the respective transaction dates. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income as a translation reserve. On divestment of a foreign operation, the accumulated translation differences attributable to the operations are realised in profit for the year.

Income

Goods

Income is recognised in profit for the year after the significant risks and

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

rewards of ownership have been transferred to the buyer and no disposition or possibility of effective control over the goods remains. If there is considerable uncertainty surrounding the payment, associated expenses or the risk of returns, no income is recognised. In most cases, this means that income is recognised upon delivery of goods to the customer in accordance with the agreed terms of delivery. Income is recognised at fair value after deducting VAT, chain discounts or other discounts, returns and shipping.

Services
Income from sales assignments and other similar services are recognised in profit for the year as the work is performed.

Operating expenses
Operating leases
Leases in which a significant portion of the risks and ownership are retained by the lessor are classified as operating leases. Fees for operating leases are recognised in profit for the year over the lease term. Benefits received in connection with the signing of a contract are recognised in net income as a reduction of the lease payments over the lease agreement. Variable expenses are expensed in the period they are incurred.

Financial leases
Leases in which a significant portion of the risks and ownership are transferred to the lessee are classified as financial leases. Minimum lease fees are allocated between interest expense and amortisation of the outstanding liability. The interest expense is distributed across the leasing period so that each accounting period is burdened by an amount equal to a fixed interest rate for the liability reported in each period. Variable expenses are expensed in the period they are incurred.

Financial income and expenses
Financial income comprises interest income on funds invested, dividend income, gain on changes in the value of financial assets at fair value through profit and gains on hedging instruments that are recognised in profit for the year.

Interest income on financial instruments is recognised using the effective interest method (see below). Dividend income is recognised when the right to receive payment is established. Profit from sale of financial instruments is recognised when the risks and rewards associated with ownership are transferred to the buyer and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, commitment charges on borrowing limits, revaluation losses on financial assets at fair value through profit, impairment of financial assets, and losses on hedging instruments that are recognised in net income. Borrowing expenses are not recognised in profit to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete for their intended use or sale. In these cases, they are included in the cost of the assets. The Group currently has no assets duly qualified.

Exchange rate gains and losses are reported net.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts during a financial instrument's expected life at the reported net value of the financial asset or liability. The calculation includes all fees paid or received between parties that are a part of the effective interest rate, transaction expenses and all other premiums or discounts.

Taxes
Income tax comprises current and deferred tax. Income tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or in shareholders' equity.

Current tax
Current tax is the tax payable or refundable for the current year using the tax rates that have been enacted or substantively enacted as per the balance sheet date. Current tax also includes adjustments of current tax attributable to previous periods.

Deferred tax
Deferred tax is calculated using the balance sheet method, providing for temporary differences between the reported values and tax bases of assets and liabilities. Temporary differences are not recognised in consolidated goodwill, or for differences arising on the initial recognition of assets and liabilities that are not business combinations that, at the time of the transaction, affect neither accounting nor taxable profit. Nor are temporary differences taken into account that relate to participations in subsidiaries that are not expected to be reversed within the foreseeable future. The assessment of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and regulations in force or substantively approved on the balance sheet date.

Deferred tax is reported together with current tax in profit for the year. Deferred tax assets are recognised among fixed assets and deferred tax liabilities are recognised among non-current liabilities in the consolidated balance sheet. Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are recognised only to the extent that it is probable that they will be utilised. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.

Any additional income tax incurred on payment of dividends is recognised at the same time as the dividend is recognised as a liability.

Financial instruments
Financial instruments recognised in the balance sheet include cash and equivalents, loans receivable, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, borrowings and derivatives.

Recognition in and derecognition from the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the Company becomes party to the contractual terms. A receivable is recognised when the company has performed and a contractual obligation exists for the other party to pay, even if the invoice has not been sent. Accounts receivable are recognised when invoiced. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognised when invoices are received.

A financial asset is derecognised when the rights according to the agreement are realised, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise extinguished. The same applies to part of a financial liability. Financial assets and financial liabilities are offset and the net amount is recognised in the balance sheet only when there is a legally enforceable right to offset the amounts and there is an intention to settle the items by a net amount or to simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the transaction date, that is, the date on which the Company commits to acquiring or divesting the asset.

Classification and measurement
Financial instruments that are not derivatives are initially recognised at cost, representing fair value plus transaction expenses for all financial instruments except those classified as financial assets at fair value through profit for the year, which are recognised excluding transaction expenses.

On initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Derivatives are initially recognised at fair value, meaning that transaction expenses are charged to profit for the period. After initial recognition, the derivative is recognised as income or expense in operating profit or in net financial items based on the intended use of the derivative instrument and whether the use is related to an operating item or a financial item.

The Group does not apply hedge accounting under IAS 39.

Financial assets at fair value through profit for the year
This category includes the Group's derivatives with a positive fair value.

Financial assets in this category are measured at fair value with changes in value recognised in profit for the year.

Derivatives included in the sub-category are held for trade. No assets are administered in accordance with the Fair Value Option.

Loans and accounts receivable
Loans and accounts receivable are financial assets that are not derivatives, that have fixed or determinable payments and that are not listed in an active market.

These assets are measured at amortised cost. Amortised cost is determined using the effective interest rate calculated at the time of acquisition, although accounts receivable normally have a short expected duration and are therefore recognised at their nominal amounts without discounting.

Accounts receivable are recognised at the amount expected to be received, that is, exclusive of impairment based on individual testing of each customer. Such impairment losses are recognised in operating expenses in profit for the year.

Cash and equivalents
Cash and equivalents consist of cash and immediately available balances with banks and similar institutions, as well as current, highly-liquid investments with maturities of less than three months, which are subject to only an insignificant risk of fluctuations in value.

Financial liabilities at fair value through profit
This category includes the Group's derivatives with negative fair value. Financial liabilities in this category are measured at fair value with changes in value recognised in profit for the year.

Derivatives included in the sub-category are held for trade. No assets are administered in accordance with the Fair Value Option.

Other financial liabilities

Borrowings, accounts payable and other liabilities are included in this category. Borrowings are measured at amortised cost, net after transaction expenses. Amortised cost is determined using the effective interest rate calculated when the liability was incurred. This means that surplus and deficit values, as well as direct issue expenses are periodised over the maturity of the liability. Non-current borrowings have an expected duration of more than one year and current borrowings have a maturity of less than one year.

Accounts payable are measured at amortised cost. However, accounts have a short expected maturity and are therefore normally measured at nominal value without discounting.

Derivatives

The Group's derivative instruments have been acquired to financially hedge the risks of exchange rate exposures to which the Group is exposed. The Group does not apply hedge accounting under IAS 39.

Receivables and liabilities in foreign currencies

To hedge receivables or liabilities against exchange rate risk, currency futures are used. Hedge accounting is not applied to provide protection against exchange rate risk, since a financial hedge is reflected in the accounts in that both the underlying asset or liability and the hedging instrument are recognised at the exchange rate on the balance sheet date and exchange rate fluctuations are recognised in profit for the year.

Exchange rate differences arising pertaining to operating receivables and liabilities are recognised in operating profit, while exchange rate differences pertaining to financial assets and liabilities are recognised in net financial items.

Management of exchange rate risk in forecasted sales in foreign currencies

Currency futures are used to hedge probable forecast sales in foreign currencies. Hedge accounting is not used to provide protection against exchange rate risk in forecast sales. These forward exchange contracts are instead measured at fair value on each reporting date with changes in value being recognised in profit for the year. This means that profit for the year will be charged with changes in the value of the forward exchange contracts, despite the hedged transaction not yet having taken place.

Changes in the value of forward exchange contracts are recognised in operating profit.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised as assets in the consolidated balance sheet if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably.

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenses directly attributable to the acquisition of the asset to put it in place and bring it to such a condition that it can be used in accordance with the purpose of the acquisition. Such expenses include purchase price, shipping and handling, installation, registration of title, consulting and legal services.

Tangible fixed assets consisting of components with different useful lives are treated as separate components of tangible assets.

Leased assets

Leases are classified as either financial or operating leases. Financial leasing is when the risks and rewards associated with ownership are substantially transferred to the lessee. Where this is not the case, the lease is considered to be an operational lease.

Assets leased under finance leases are recognised as fixed assets in the balance sheet and are initially measured at the leased asset's fair value or the present value of the minimum lease payments at the start of the contract, whichever is lower. The obligation to pay future lease payments is recognised in the balance sheet under non-current interest-bearing liabilities and current interest-bearing liabilities.

Assets leased under operating leases are generally not recognised as assets in the balance sheet. Nor do operating leases give rise to a liability.

Additional expenses

Additional expenses for acquiring replacement components are added to the fixed asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised. All other types of repairs and maintenance are expensed in profit for the year in the period in which they arise.

Depreciation principles

Depreciation is applied on a linear basis over the asset's estimated useful life. Land is not depreciated because its useful life is considered indefinite. Leased assets are also depreciated over their estimated useful life or, if shorter, over the agreed lease period.

In calculating depreciation, tangible fixed assets are classified on the basis of their expected useful life according to the following groups:

Land improvements	10-20 years
Plant and equipment	8-12 years
Equipment, fixtures and fittings	3-10 years
Computers and servers	3-5 years

The depreciation methods, residual values and useful lives of the assets are reviewed annually and adjusted if necessary. The assets are typically depreciated without any remaining residual value.

Capital gains and losses on divestments of tangible fixed assets are determined by comparing the sales income and the carrying amount of the asset less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Intangible fixed assets

Intangible assets are classified into two groups, with assets with a determinable useful life being amortised over a predetermined useful life and assets with an indeterminate useful life not being depreciated.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting principle Impairment).

Expenses incurred for internally generated goodwill are recognised in profit for the year or when incurred.

Brands

Brands with a determinable useful life are recognised at cost less accumulated depreciation and any accumulated impairment losses. Brands with an indeterminate useful life are tested for impairment annually and carried at cost less accumulated impairment losses.

Expenses incurred for internally generated brands are not recognised in the balance sheet but in profit for the year when incurred. The reason for this is that such expenditures cannot be distinguished from expenditures for the development of the entire business.

Customer relations

Acquired customer relations (for example, customer stocks and customer lists) are recognised at cost. Customer relations have a determinable useful life and are carried at cost less accumulated depreciation and any accumulated impairment losses.

Expenses incurred for internally developed customer relations are not recognised in the balance sheet but in profit for the year when incurred.

Research and development

The basic principle is that expenditure on research and development (R&D) is expensed as incurred.

Development expenses may, under certain strict conditions, be capitalised as assets in the balance sheet, although this requires, among other things, that future economic benefits can already be demonstrated at the time at which the expenses are incurred. There are currently no such development projects within the group, meaning that development expenditures are expensed.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated depreciation and any accumulated impairment losses. Other intangible assets consist primarily of software licenses that are capitalised on the basis of the expenses incurred when the relevant software is acquired and put into operation.

Additional expenses

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are expensed as they are incurred.

Amortisation principles

Amortisation is applied on a linear basis over the asset's estimated useful life, unless the useful life is indeterminate.

Goodwill and trademarks with an indeterminate useful life are tested for impairment annually or whenever circumstances indicate that the asset concerned may be impaired. Intangible assets with determinable useful lives are amortised from the date on which they become available for use.

For the calculation of amortisation, intangible fixed assets are classified on the basis of their expected useful life in accordance with the following groups:

Trademarks	5-20 years
Customer lists	2-3 years
Patents and sales rights	5-10 years
Development expenses	3 years
Software	5 years

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

The residual values and useful lives of the assets are reviewed annually and adjusted if necessary. The assets are typically amortised without any remaining residual value.

Capital gains and losses on divestments of intangible fixed assets are determined by comparing the proceeds with the carrying amount of the asset, less direct selling expenses. Capital gains and losses are recognised in profit for the year as other operating income and other operating expenses.

Inventories

Inventories are valued at cost or net realisable value, whichever is lower, with cost being calculated using the first-in, first-out method (FIFO). In calculating cost, a weighted average value is normally applied to approximate FIFO.

The net realisable value is the estimated normal selling price less estimated expenses for completion and the achievement of a sale. For raw materials, replacement expense is applied as the best measure of net realisable value. Raw materials are depreciated below cost if the finished products in which they are included are expected to be sold at a price that exceeds the expense of production. Products in progress and inventories of finished goods are valued at production cost or net realisable value, whichever is lower. Necessary provisions for the risk of obsolescence are made on a continuous basis.

The cost of inventories includes all expenses for purchases, manufacturing and other expenses to bring the inventories to their present location and condition.

Impairment

The Group's recognised assets are assessed on each balance sheet date to determine whether there is any indication of impairment. IAS 36 is applied for the impairment of assets other than financial assets, which are recognised in accordance with IAS 39, assets held for sale, inventories and deferred tax assets. For the exempt assets in accordance with the above, the carrying amount is assessed according to the relevant standard.

Impairment of tangible and intangible assets

If an indication of impairment exists, the asset's recoverable amount is calculated (see below). For goodwill and other intangible assets with indeterminate useful lives and intangible assets not yet ready for use, the recoverable amount is calculated annually as soon as indications arise. If it is not possible to determine significant independent cash flows for an individual asset and its fair value less sales expenses cannot be used, assets are grouped, when testing for impairment, at the lowest level where it is possible to identify significant independent cash flows – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. Impairment is recognised as an expense in profit for the year. When impairment has been identified for a cash-generating unit (group of units) the impairment need is primarily allocated to goodwill. Other assets included in the unit (group of units) are then impaired proportionally.

The recoverable amount is the higher of fair value less sales expenses and value in use. In calculating the value in use, future cash flows are discounted applying a discount rate that reflects a risk-free interest rate and the risk associated with the specific asset.

The Group's cash-generating units consist of the operating segments, since their incoming payment flows are considered independent of other assets in all material regards.

Impairment of financial assets

On each reporting date, the Group assesses whether there is any objective evidence that a financial asset or group of assets is impaired. Objective evidence consists of observable events that have occurred and that have a negative impact on the ability to recover the cost, and a significant or prolonged decline in the fair value of an investment in a financial instrument classified as a financial asset available for sale.

The decrease in value recognised in profit for the year is the difference between cost and current value, less any previously recognised impairments.

The recoverable amount of assets in the category loan receivables and accounts receivable, which are recognised at amortised cost is calculated as the present value of future cash flows discounted at the effective rate applicable when the asset was initially recognised. Assets with short maturities are not discounted. Impairment is recognised as an expense in profit for the year.

Accounts receivable are generally classified as doubtful when they are past due by 90 days.

Reversal of impairment

Impairment of assets within the scope of application of IAS 36 are reversed if there is an indication that the need for impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is applied only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised (less depreciation where applicable) if no impairment loss been recognised.

Impairment losses on loan receivables and accounts receivable carried at amortised cost are reversed if the previous reasons for the impairment no longer exist, and full payment is expected from the customer.

Payment of capital to shareholders

Repurchases of treasury shares

Acquisitions of treasury shares are recognised as a deduction from shareholders' equity. Proceeds from the divestment of such equity instruments are recognised as an increase in shareholders' equity. Any transaction expenses are recognised directly in shareholders' equity.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share is based on consolidated profit attributable to Parent Company shareholders and the weighted average number of shares outstanding during the year. In the calculation of earnings per share after dilution, profit and the average number of shares are adjusted to take into account the effects of dilutive potential shares deriving from options issued to employees during the periods reported. The dilutive effect of options affects the number of shares and arises only if the exercise price is lower than the market price. The greater the difference between the exercise price and market price, the greater the dilution.

Employee benefits

Pensions

Within the Group, employees in Sweden and Norway are covered by both defined benefit pension plans and defined contribution pension plans, while employees in Finland are only covered by defined benefit pension plans.

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. Such insurance comprises a defined benefit plan covering several employers. For the 2013 financial year, the Group does not have access to information making it possible to report this as a defined benefit plan. Consequently, this pension obligation is reported as a defined contribution plan.

In Norway there is immaterial defined benefit pension plan, the AFP scheme, which is in the process of being discontinued.

A defined contribution pension plan is one whereby the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if this legal entity lacks sufficient assets to pay all employee benefits relating to employee's service in current and prior periods. A defined benefit pension plan is one that is not a defined contribution plan. Typically, defined benefit pension plans state an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

Termination benefits

An expense for benefits in connection with termination of employment is only recognised if the company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. When benefits are offered to encourage voluntary redundancy, the expense is recognised when it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term benefits

Short-term employee benefits are calculated without discounting and are recognised as an expense when the relevant benefits are paid.

A provision is recognised for the expected expense of bonus payments when the Group has a present legal or informal obligation to make such payments as a result of services rendered by employees and the obligation can be estimated reliably.

Provisions

A provision differs from other liabilities because the timing of the provision or the amount required to settle it is uncertain. A provision is recognised when there is a legal or informal obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

Provisions are made at an amount representing the best estimate of the expenditure required to settle the present obligation on the balance sheet date. Provisions are measured at the present value of the amount expected to be required to settle the obligation.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been publicly announced. No provisions are made for future operating expenses.

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all conceivable outcomes in relation to the probabilities with which the outcomes are associated.

Discontinued operations
A discontinued operation is a component of a company's business representing an independent line of business or activity within a geographical area or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon divestment or at a time when the operation meets the criteria for classification as held for sale.

Profit after tax from discontinued operations is reported on a separate line in the income statement. When an operation is classified as discontinued, the design of the income statement for the comparison year is changed such that it is presented as if the discontinued operation had been phased out at the beginning of the comparison year. The presentation of the balance sheets for the current and preceding years are not changed correspondingly.

Contingent liability
A contingent liability is recognised when a possible obligation is incurred on the basis of events that have occurred and whose existence can only be confirmed by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Cash flow statement
The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions entailing receipts and disbursements.

PARENT COMPANY ACCOUNTING PRINCIPLES

Compliance with standards and regulations
The Parent Company has prepared its financial statements in accordance with the Annual Accounts Act (1995:1554) and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Financial Reporting Board's statements relating to listed companies are also applied. RFR 2 entails the Parent Company applying, in the annual accounts of the legal entity, all EU-approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Pension Protection Act and taking into account the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS apply.

Differences between the accounting principles of the Group and Parent Company
The differences between the accounting principles of the Group and Parent Company are described below. The accounting principles of the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Changed accounting principles
Effective from 1 January 2013, Group contributions are reported as appropriations in accordance with the alternative rule in RFR 2 IAS 27 p2. Comparative figures for 2012 have been restated and presented according to the new format.

Classification and presentation
The Parent Company's income statement and balance sheet are presented in accordance with the Annual Accounts Act, while the statement of comprehensive income, changes in shareholders' equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated accounts that are evident in the Parent Company's income statement and balance sheet consist primarily of the accounting of financial income and expenses, fixed assets, shareholders' equity and the inclusion of provisions as a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised according to the cost method. This means that transaction expenses are included in the carrying value of holdings in subsidiaries. In the consolidated accounts, transaction expenses are recognised directly in profit or loss as they are incurred.

Conditional purchase considerations are measured based on the probability that the purchase consideration will be paid. Any changes to the provision/receivable are added to/deducted from the cost. In the consolidated financial statements, conditional purchase considerations are measured at fair value with changes in value in profit for the year.

Bargain acquisitions equivalent to expected future losses and expenses are dissolved over the anticipated periods in which the losses and expenses incurred. Bargain acquisitions for other reasons are recognised as provisions to the extent they do not exceed the fair value of acquired identifiable non-monetary assets. The part exceeding this value is immediately recognised as income. The part that does not exceed the fair value of acquired identifiable non-monetary assets is systematically recognised as income over a period calculated as the remaining weighted average useful life of those acquired identifiable assets that are depreciable. In the consolidated accounts bargain acquisitions are recognised immediately in net income.

Financial instruments
Because of the connection between accounting and taxation, the rules for financial instruments in IAS 39 are not applied in the Parent Company as a legal entity.

In the Parent Company, financial fixed assets are measured at cost less and impairment and financial current assets are measured at the lower of cost or market.

Financial guarantees
The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries. Financial guarantees entail the company having an obligation to compensate the holder of a debt instrument for losses that holder incurs because a specified debtor fails to make payment when due in accordance with contractual terms. In the reporting of financial guarantee contracts, the Parent Company applies a relief rule permitted by the Financial Reporting Board compared with the rules in IAS 39. This rule applies to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognises financial guarantees as provisions in the balance sheet when the Company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company alone is entitled to determine the size of the dividend and the Parent Company has determined the size of the dividend before publishing its financial statements.

Segment reporting
The Parent Company does not report segments according to the same division as the Group or to the same extent, and instead discloses the distribution of net sales according to the Parent Company's business lines.

Tangible fixed assets
Tangible fixed assets are recognised at cost less accumulated depreciation and any impairment in the same manner as the Group, albeit with the addition of any revaluations.

Leased assets
In the Parent Company, all leases are recognised in accordance with the regulations for operating leases.

Borrowing expenses
In the Parent Company, borrowing expenses are charged against profit in the period to which they relate. No borrowing expenses are capitalised on assets.

Intangible fixed assets
Goodwill and other intangible assets with indeterminate useful lives that, within the Group are not subject to amortisation, are amortised in the Parent Company in accordance with the Annual Accounts Act. This normally entails amortisation over a period of five years. In specific cases, the amortisation period may be longer than five years.

Employee benefits
The Parent Company applies a different basis for the calculation of defined benefit plans than that specified in IAS 19. The Parent Company complies with the provisions of the Pension Protection Act and the Finansinspektionen's regulations (Swedish Financial Supervisory Authority) since these is a condition for tax deductibility. The most significant differences compared to IAS 19 is the how the discount rate is determined, the fact that the calculation of the defined benefit obligation is based on current salary level without taking future salary increases into account, and the fact that all actuarial gains and losses are recognised in the income statement as they occur.

Taxes
In the Parent Company balance sheet, untaxed reserves are recognised without being divided between shareholders' equity and deferred tax liabilities, in contrast to the Group. Similarly, the Parent Company income statement does not specify any part of appropriations as deferred tax expenses.

Shareholder contributions
Shareholder contributions are recognised directly in the shareholders' equity of the recipient and are capitalised in the shares and participations of the contributor, to the extent that no impairment is required.

Group contributions
Group contributions are recognised as appropriations.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

2

Net sales by major income category

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Sale of goods	891	848	-	-
Service assignments	23	20	1	1
Other income	2	1	22	23
Total	**916**	**869**	**23**	**24**

No income is included, neither in the Group nor the Parent Company, that is attributable to the exchange of goods or services.

3

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing performance of the operating segment's results. In the Group, this function has been identified as Group management.

The division is based on geographical areas, with three geographic segments currently being identified.

Sweden: Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of hygiene, healthfoods, nutritional supplements, medical technology products, sports nutrition and weight control to FMCG, service, pharmacy and healthfood retailers, as well as gyms and fitness centres in the Swedish market and direct to consumers in the Nordic market. Direct sales to consumers are conducted through direct advertising, telemarketing and online promotions.

Norway: Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of hygiene, healthfoods, nutritional supplements, medical technology products, sports nutrition and weight control to FMCG, service, pharmacy, specialist and healthfood retailers, as well as gyms and fitness centres in the Norwegian market.

Finland: Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of hygiene, healthfoods, nutritional supplements, medical technology products, sports nutrition and weight control to FMCG, service, pharmacy, specialist and healthfood retailers, as well as gyms and fitness centres in the Finnish market.

The acquired business Supernature AS is included in the operating segment Norway effective from 17 April 2013. The acquired business Nordsveen AS is included in the operating segment Norway effective from 2 April 2012. The acquired business Dalblads Nutrition AB is included in the operating segment Sweden effective from 28 December 2012. For further information regarding acquisitions and divestments of operations, please see note 5 Acquisitions and divestments of operations.

A fourth segment, the Supply operating segment, was divested on 29 June 2012, see note 4 Discontinued operations.

Segment consolidation is based on the same principles as for the Group as a whole.

SEK million	Sweden 2013	Sweden 2012	Norway 2013	Norway 2012	Finland 2013	Finland 2012	Supply (discontinued) 2013	Supply (discontinued) 2012	Group-wide functions, group adjustments and elimina-tions 2013	Group-wide functions, group adjustments and elimina-tions 2012	GROUP 2013	GROUP 2012	Supply (discontinued) 2013	Supply (discontinued) 2012	CONTINUING OPERATIONS 2013	CONTINUING OPERATIONS 2012
Net sales, external	411	384	389	340	115	144	-	42	1	1	**916**	**911**	-	-42	**916**	**869**
Net sales, intragroup	24	27	3	0	0	0	-	24	-27	-51	**-**	**-**	-	-	**-**	**-**
Net sales	**435**	**411**	**392**	**340**	**115**	**144**	**-**	**66**	**-26**	**-50**	916	911	-	**-42**	916	869
Operating expenses, external[1)]	-382	-349	-341	-298	-91	-109	-	-66	-38	-43	**-852**	**-865**	-	43	**-852**	**-822**
Operating expenses, intragroup	-8	-29	-15	-10	-14	-20	-	-1	37	60	**-**	**-**	-	-	**-**	**-**
Operating expenses	**-390**	**-378**	**-356**	**-308**	**-105**	**-129**	**-**	**-67**	**-1**	**17**	**-852**	**-865**	**-**	**43**	**-852**	**-822**
Operating profit, undistributed	**45**	**33**	**36**	**32**	**10**	**15**	**-**	**-1**	**-27**	**-33**	**64**	**46**	**-**	**1**	**64**	**47**
Financial items											**-11**	**-16**	-	0	**-11**	**-16**
Profit before tax											**53**	**30**	**-**	**1**	**53**	**31**
SIGNIFICANT INCOME AND EXPENSE ITEMS REPORTED IN THE INCOME STATEMENT:																
Reversal of conditional purchase consideration, business combination, net	-	-	0	1	-	6	-	-	-	-	**0**	**7**	-	-	**0**	**7**
Capital gains divestments of operations	-	-	0	-	-	-	-	-	-	-	**0**	**-**	-	-	**0**	**-**
SIGNIFICANT ITEMS NOT AFFECTING CASH FLOW:																
Amortisation/depreciation	-2	-4	-2	-3	-1	-2	-	-2	-9	-3	**-14**	**-14**	-	2	**-14**	**-12**
Impairment losses on inventories	-2	-2	-	1	-	-	-	-1	-	-	**-2**	**-2**	-	1	**-2**	**-1**
Impairment accounts receivable	-5	-7	0	0	-	-	-	-	0	0	**-5**	**-7**	-	-	**-5**	**-7**
Segment assets	735	736	652	577	98	105	-	-	-355	-280	**1,130**	**1,138**				
Unallocated assets											**42**	**46**				
Total assets											**1,172**	**1,184**				
Segment liabilities	226	209	187	221	45	59	-	-	-262	-285	**196**	**204**				
Unallocated liabilities											**266**	**294**				
Shareholders' equity											**710**	**686**				
Total shareholders' equity and liabilities											**1,172**	**1,184**				
Investments	3	0	-	2	2	1	-	6	2	0	**7**	**9**	-	-6	**7**	**3**
Average number of employees	55	45	73	59	20	21	-	41	8	10	**156**	**176**	-	-41	**156**	**135**
Number of employees on the balance sheet date	57	52	72	60	20	22	-	-	8	9	**157**	**143**	-	-	**157**	**143**

1) Expenses for goods sold from continuing operations include expenses for intragroup purchases of goods from discontinued operations, which, following the sale of the Supply business line on 29 June 2012 are external expenses for goods. This adjustment has been made to obtain an accurate picture of the continuing operations' expenses for goods sold.

The operating segments' profit, assets and liabilities include directly attributable items and items that can be allocated in a reasonable and reliable way. The items recognised in the operating segments' operating profit, assets and liabilities are measured in accordance with the operating profit, assets and liabilities followed up by Group management. Assets and liabilities are not allocated to the two segments are deferred tax assets, deferred tax liabilities, financial investments and financial liabilities.

Internal pricing policy

For the pricing of goods between the Group's sales companies, an internal pricing model is applied based on the purchasing sales company receiving a predetermined gross margin within a range that is normal for comparable companies in the market. The method, called RPM (Resale Price Method), is a generally accepted model for pricing.

For the pricing of services between Group companies an internal pricing model is applied based on actual expenses plus a general supplement. The method, called CPLM (Cost Plus Method), is a generally accepted model for pricing.

In addition to the internal prices described above, internal interest is also charged. Each subsidiary receives interest based on a reference rate in the country concerned. The interest expense is based on a reference rate in the country concerned plus a risk supplement.

Information about major customers

In 2013, the Group's largest customer generated income totalling SEK 111 million (106). This income is recognised in the operating segment Sweden.

Other information

The Group does not monitor its activities in such a way that sales information by product or by group of related products is immediately available. The Group has concluded that the expense of producing such information cannot be considered commensurate with its usefulness. Instead, the Group reports sales by channel.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

External net sales by sales channel

	GROUP	
SEK million	**2013**	**2012**
Pharmacies	119	153
FMCG retailers	515	490
Gyms and fitness centres	8	-
e-trade/post order	50	52
Healthfood retailers	103	80
Convenience stores	9	10
Others	87	63
Total	**891**	**848**
Service assignments	23	20
Other sales	2	1
Total	**916**	**869**

External net sales for geographic areas[1)]

	GROUP	
SEK million	**2013**	**2012**
Sweden	396	365
Norway	392	343
Finland	122	157
Other countries	6	4
Total	**916**	**869**

1) Income from external customers are allocated to individual countries according to the country in which the customer is domiciled.

Fixed assets for geographic areas[1)]

	GROUP	
SEK million	**2013**	**2012**
Sweden	565	572
Norway	279	287
Finland	54	53
Total	**898**	**912**

1) Fixed assets by individually significant countries.

4

Discontinued operations

On 29 June 2012, the Supply business area – an independent business with production facilities in Norrköping and Gällivare – was divested to Thompson and Capper Limited, part of the Irish group DCC.

The purchase consideration amounted to SEK 64 million on a debt free basis. A loss of SEK 15 before and after tax million was recognised. At the time of the divestment, the business line had 87 employees.

Profit from discontinued operations

	GROUP	
SEK million	**2013**	**2012**
Net sales	-	42
Operating expenses	-	-43
Operating profit	**-**	**-1**
Net financial items	-	0
Profit before tax	**-**	**-1**
Tax on profit for the period	-	1
Profit for the period	**-**	**0**
Capital gain from discontinued operations	-	-15
Tax attributable to capital gain from discontinued operations	-	-
Profit from discontinued operations, net after tax, attributable to Parent Company shareholders	**-**	**-15**
Earnings per share before and after dilution from discontinued operations (SEK)	-	-0.66
Net cash flow from discontinued operations		
Cash flow from continuing operations	-	-1
Cash flow from investing activities[1)]	-	61
Cash flow from financing activities	-	0
Total	**-**	**60**

1) Cash flows from discontinued operations includes the effect of the divestment of the Supply business line of SEK 62 million.

The effect on individual assets and liabilities in the Group of the divestment

SEK million	**Fair value**
Intangible fixed assets	23
Tangible fixed assets	29
Financial fixed assets	0
Inventories	26
Trade and other receivables	28
Cash and equivalents	-
Interest-bearing liabilities	-7
Accounts payable and other liabilities	-22
Divested assets and liabilities, net	**77**
Purchase consideration received, total	64
Less: Selling expenses	-2
Purchase consideration received, cash	62
Less: Cash and equivalents in the divested operations	-
Net cash inflow	**62**

5

Acquisitions and divestments of operations

ACQUISITIONS IN 2013

On 17 April, all shares were acquired in the unlisted company Supernature AS, the leading player in the superfoods product category in Norway. The total purchase consideration amounted to SEK 8 million, with SEK 0 million being paid in cash and SEK 8 million consisting of a conditional purchase consideration.

Through the acquisition, the Group gained, among other things, access to the Supernature brand, further strengthening the position in the Norwegian market for health and well-being products. In addition, a small-scale retail business located in central Oslo was included. Supernature is one of the Group's priority brands. The acquisition is expected to generate synergies in the form of both increased income and reduced expenses. The company, which develops, markets and sells high-quality superfoods, primarily through Norwegian retailers, had 35 employees at the time of acquisition.

From the acquisition date to 31 December 2013, the operations contributed SEK 24 million to consolidated income and impacted consolidated operating profit negatively in the amount of SEK 3 million. If the acquisition had occurred on 1 January 2013, consolidated net sales would have been SEK 931 million and consolidated operating income would have been SEK 52 million.

The acquisition analysis that has been prepared has been approved.

Effects of acquisitions

The acquiring company's net assets on the acquisition date

SEK million	Fair value
Intangible fixed assets	21
Tangible fixed assets	2
Deferred tax assets	3
Inventories	4
Trade and other receivables	5
Cash and equivalents	2
Deferred tax liabilities	-6
Current interest-bearing liabilities	-13
Accounts payable and other liabilities	-11
Total	**7**
Consolidated goodwill	1
Total	**8**

Transferred consideration

SEK million	Fair value
Cash	0
Conditional purchase consideration	8
Total	**8**

The fair value of accounts receivable amounted to SEK 3 million and was fully settled. Acquisition-related expenses amounted to SEK 0 million and were recognised under other operating expenses in profit for the year from remaining operations. Consolidated goodwill represents the acquired company's market position.

Conditional purchase consideration

The conditional purchase consideration is based on net sales targets for the period up until August 2017.

Integration

The acquired operations were gradually integrated with the existing Norwegian operations during the year and the process was completed in the third quarter of 2013. The integration did not result in any significant restructuring expenses.

DIVESTMENTS IN 2013

The retail business in Supernature AS was divested to Life Scandinavia AS on 1 July 2013. The purchase consideration amounted to SEK 3 million, entailing a minor capital gain, which was recognised under operating income in profit for the year from remaining operations. At the time of the divestment, the business had ten employees. The divestment was a stage in the Group's strategy of focusing on the core operations.

ACQUISITIONS IN 2012

On 2 April, the Group acquired all of the shares in the unlisted company Nordsveen AS, one of the leading companies in health and well-being in Norway. The total purchase consideration amounted to SEK 79 million, with SEK 32 million being paid in cash on the transfer of control and SEK 47 million consisting of a conditional purchase consideration.

The company represented well-known brands such as Biopharma, Otrivin, Nicotinell, Listerine, Paracet and Ibux in the Norwegian FMCG segment. The Group strengthened its position in the Norwegian market and, through the acquisition secured access to a sales organisation. At the time of acquisition, the company had 21 employees.

During the nine months up until 31 December 2012, the operations contributed SEK 56 million to consolidated income and SEK 11 million to consolidated operating profit. If the acquisition had occurred on 1 January 2012, consolidated net sales would have been SEK 895 million and consolidated operating income would have been SEK 51 million.

The acquisition analysis that has been prepared has been approved.

Effects of acquisitions

The acquiring company's net assets on the acquisition date

SEK million	Fair value
Tangible fixed assets	0
Financial fixed assets	0
Inventories	0
Trade and other receivables	8
Cash and equivalents	7
Accounts payable and other liabilities	-12
Total	**3**
Consolidated goodwill	76
Total	**79**

Transferred consideration

SEK million	Fair value
Cash	32
Conditional purchase consideration	47
Total	**79**

The fair value of accounts receivable amounted to SEK 7 million and was fully settled. Acquisition-related expenses amounted to SEK 3 million and were recognised under other operating expenses in profit for the year from remaining operations. Consolidated goodwill represents the acquired company's market position.

Conditional purchase consideration

The conditional purchase consideration is based on performance targets up until December 2014.

Integration

The acquired operations were integrated with the existing Norwegian operations in 2012. The integration did not result in any significant restructuring expenses.

ACQUISITIONS IN 2012

On 28 December, all shares in the unlisted Swedish company Dalblads Nutrition AB were acquired. The total purchase consideration amounted to SEK 38 million and was paid in cash on the transfer of control.

Through the acquisition, the Group gained access to the brands Dalblads and Pepti Power in the sports nutrition segment. At the time of acquisition, the company had 17 employees.

The consolidated income statement for 2012 does not include the net sales or operating profit of the acquired business. If the acquisition had occurred on 1 January 2012, consolidated net sales would have been SEK 920 million and consolidated operating income would have been SEK 50 million.

The acquisition analysis that has been prepared has been approved.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Effects of acquisitions

The acquiring company's net assets on the acquisition date

SEK million	Fair value
Intangible fixed assets	19
Tangible fixed assets	3
Financial fixed assets	0
Inventories	9
Trade and other receivables	6
Cash and equivalents	3
Deferred tax liabilities	-5
Accounts payable and other liabilities	-4
Total	**31**
Consolidated goodwill	7
Total	**38**

Transferred consideration

SEK million	Fair value
Cash	38
Total	**38**

The fair value of accounts receivable amounted to SEK 5 million and was settled. Acquisition-related expenses amounted to SEK 0 million and were recognised under other operating expenses in profit for the year from remaining operations. Consolidated goodwill represents the acquired company's market position and its skilled and experienced staff.

Integration

The acquired operations were integrated with the existing Swedish operations in 2013. The integration did not result in any significant restructuring expenses.

6

Other operating income

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Capital gains on divestments of intangible fixed assets	1	-	-	-
Capital gains on divestments of tangible fixed assets	1	1	-	-
Capital gains on divestments of operations	0	-	-	-
Exchange rate gains relating to operations	0	1	4	3
Reversal of conditional purchase consideration	0	7	-	-
Other	2	1	-	-
Total	**4**	**10**	**4**	**3**

7

Other operating expenses

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Capital loss on divestments of tangible fixed assets	-1	0	0	-
Capital loss on divestments of operations	-	-	-	-8
Exchange rate losses relating to operations	-1	-1	-5	-4
Expenses incurred in acquisitions of operations	0	-3	-	-
Retroactive duty	-2	-2	-	-
Other	0	-2	0	0
Total	**-4**	**-8**	**-5**	**-12**

8

Operating expenses by expense category

Operating expenses are presented in the consolidated income statement using a classification based on the functions "Expenses for goods sold", "Selling expenses", "Administrative expenses" and "Other operating expenses". The sum of the expenses divided by function is distributed among the following expense categories.

	PARENT COMPANY	
SEK million	**2013**	**2012**
Expenses for goods and materials	-480	-465
Personnel expenses	-129	-116
Selling expenses	-97	-96
Marketing expenses	-49	-50
Rental and other property expenses	-17	-15
Purchase of services	-23	-26
Amortisation/depreciation	-14	-12
Impairment	-7	-9
Other direct and indirect expenses	-36	-35
Other operating expenses	-4	-8
Total	**-856**	**-832**

9

Fees and remunerations to auditors

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
KPMG				
Audit assignment	-1	-1	-1	-1
Auditing tasks beyond the audit assignment	0	0	0	0
Tax advice	0	-1	0	0
Other assignments	-1	0	0	-
Total	**-2**	**-2**	**-1**	**-1**
OTHER AUDITORS				
Audit assignment	0	-	-	-
Auditing tasks beyond the audit assignment	0	-	-	-
Tax advice	0	-	-	-
Other assignments	0	-	-	-
Total	**0**	**-**	**-**	**-**
Total	**-2**	**-2**	**-1**	**-1**

Audit assignments involve the examination of the annual accounts and the accounting procedures, as well as the administration by the Board of Directors and the CEO, other tasks incumbent on the company's auditors and advice or other assistance resulting from observations made during the audit or the performance of such other tasks.

10

Employees, personnel expenses and senior executives' remuneration

EMPLOYEES

Number of employees at end of year

	GROUP[2)]		PARENT COMPANY	
	2013	**2012**	**2013**	**2012**
Number at beginning of year	143	130	9	11
Recruitments	27	19	-	-
Intragroup transfers			-1	-1
Redundancies[1)]	-38	-43	-	-1
Attrition	-	-1	-	-
Acquisitions of operations	35	38	-	-
Divestments of operations	-10	-	-	-
Number at end of year	**157**	**143**	**8**	**9**

1) The redundancies item includes both voluntary departures, as well as effects of rationalisation measures.

2) Relates to remaining operations.

Average number of employees by country

	GROUP[1)]		PARENT COMPANY	
	2013	**2012**	**2013**	**2012**
Sweden	63	55	8	10
of whom women	38	35	3	5
Norway	73	59	-	-
Finland	20	21	-	-
Total abroad	**93**	**80**	**-**	**-**
of whom women	53	42	-	-
Total	**156**	**135**	**8**	**10**
of whom women	91	77	3	5

1) Relates to remaining operations.

Number of women in company management teams

	GROUP		PARENT COMPANY	
%	**2013**	**2012**	**2013**	**2012**
Boards of Directors	22	17	29	29
President and management team	39	31	0	0

PERSONNEL EXPENSES

Personnel expenses

	GROUP[3)]		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
SALARIES AND OTHER REMUNERATION				
Board of Directors, President and management team[1)]	-30	-27	-6	-7
of which variable salary	-3	-1	0	-1
of which severance pay	-	-1	-	-
Other employees	-65	-59	-3	-4
of which variable salary	-1	-1	0	0
of which severance pay	-1	-	-	-
Total salaries and other remuneration	**-95**	**-86**	**-9**	**-11**
PENSION EXPENSES DEFINED BENEFIT PLANS[2)]				
Board of Directors, President and management team[1)]	0	0	-	-
Other employees	0	0	-	-
PENSION EXPENSES DEFINED CONTRIBUTION PLANS[2)]				
Board of Directors, President and management team[1)]	-4	-4	-2	-2
Other employees	-5	-4	-1	-1
Total pension expenses	**-9**	**-8**	**-3**	**-3**
SOCIAL SECURITY EXPENSES				
Board of Directors, President and management team[1)]	-7	-6	-2	-2
Other employees	-14	-13	-1	-1
Total social security expenses	**-21**	**-19**	**-3**	**-3**
OTHER PERSONNEL EXPENSES				
Board of Directors, President and management team[1)]	-1	-1	0	0
Other employees	-3	-2	-1	-1
Total other personnel expenses	**-4**	**-3**	**-1**	**-1**
Total personnel expenses	**-129**	**-116**	**-16**	**-18**

1) With regard to the Group, "Board of Directors" refers to all boards of Group companies. Members of the Boards of subsidiaries consist of employees who do not receive Board fees for their services. With regard to the Group, "President" refers to all persons holding the position of President in any Group company. "Management team" includes all management teams in Group companies. An individual can have more than one Board assignment while being included in more than one management team within the Group. Collectively, the Boards of Directors, Presidents and management teams consist of 36 (36) individuals in the Group and 11 (11) individuals in the Parent Company.

2) See Note 27 Provisions for pensions.

3) Relates to remaining operations

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to members of the Board of the Parent Company

Definitions

Since the Annual General Meeting on 26 April 2013, the Board consists of Åke Modig (Chairman), Tina Andersson, Lennart Bohlin, Ola Erici, Celina Midelfart, Ralph Mühlrad and Johan Wester.

Principles for remuneration of Board

The Annual General Meeting of 26 April 2013 resolved that fees for 2013/2014 should be paid to the Chairman in the amount of SEK 350 thousand (including committee work) and to the other members of the Board who are not employees of the company in the amount of SEK 150 thousand each. In addition, SEK 20 thousand shall be paid to each member of the Board, other than the Chairman, who is a member of a committee. Authorised fees totalled SEK 1,350 thousand. Beyond these remunerations, members of the Board are not entitled to any other compensation other than for travel and lodging. Remuneration of members of the Board is prepared by the Nominating Committee and approved by the Annual General Meeting.

Board fees

The following fees were paid to the Board of Directors over the year.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Remuneration to members of the Board, Parent Company 2013

SEK thousand	Board fees	Fees Remuneration Committee	Fees Audit Committee	Total approved fees 2013/2014	Total fees expensed in 2013
Board of Directors					
Åke Modig (Chairman of the Board)	350	-	-	350	350
Tina Andersson[1)]	150	-	-	150	75
Lennart Bohlin	150	-	20	170	170
Ola Erici[1)]	150	20	-	170	150
Celina Midelfart	150	20	-	170	170
Ralph Mühlrad	150	-	20	170	170
Johan Wester	150	-	20	170	170
Total	**1,250**	**40**	**60**	**1,350**	**1,255**

1) Fees of SEK 95 thousand expensed and disbursed in January and February 2014.

Remuneration of members of the Board, Parent Company 2012

SEK thousand	Board fees	Fees Remuneration Committee	Fees Audit Committee	Total approved fees 2012/2013	Total expensed fees 2012
Board of Directors					
Åke Modig (Chairman of the Board)	350	-	-	350	350
Tina Andersson	150	-	-	150	150
Lennart Bohlin	150	-	20	170	170
Ola Erici	150	-	-	150	150
Celina Midelfart[1)]	150	20	-	170	95
Ralph Mühlrad	150	-	20	170	170
Johan Wester	150	-	20	170	170
Total	**1,250**	**20**	**60**	**1,330**	**1,255**

1) Board fees reduced at own request due to absence from Board meetings.

Remuneration to senior executives

Definitions

Senior executives are those who, together with the CEO Peter Åsberg, were included in Group management during all or part of the year. These senior executives were Lennart Svensson, Jukka Allos and Vidar Eskelund.

Principles for remunerations to senior executives

Principles for remunerations to senior executives are determined by the Annual General Meeting. Senior executives are considered to be the CEO and other members of the management team.

The 2013 Annual General Meeting approved the following guidelines for remunerations to senior executives. Senior executives are to be offered competitive remunerations in line with the market. Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. Remunerations consist of fixed salary and pension, and shall additionally be able to include variable pay, severance pay and non-monetary benefits. Variable pay shall be based on quantitative and qualitative targets being achieved. It shall be possible for the President to earn variable remuneration of at most 50 percent of basic salary and for other members of Group management to earn variable remuneration of at most 30 percent of basic salary. Severance pay shall amount to at most six months' salary if notice is given by the company. Salary during the period of notice and severance pay shall be limited to at most 24 months' salary. Pension benefits shall be defined-contribution benefits and normally entitle the individual to pension from the age of 65. On termination of employment by the company, 6 to 12 months' salary normally applies. Remuneration and other terms of employment for the President are prepared by the Remunerations Committee and approved by the Board of Directors. Remunerations and other terms of employment for other members of the management team are determined by the Remunerations Committee in consultation with the CEO. The Board of Directors is kept continuously up-to-date regarding remuneration levels for other senior executives.

The Board of Directors is entitled to diverge from these guidelines if there are specific reasons in individual cases.

For 2013, the outcome with regard to variable remuneration was 33 percent for the CEO and an average 20 percent for the other members of the management team.

Remuneration and other benefits

The following remunerations and other benefits were paid to senior executives over the year.

Remuneration and other benefits to the CEO and Executive Management, 2013

SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
CEO and Group Management						
Peter Åsberg, CEO	2,710	264	122	1,312	-	4,408
Group management (3 individuals)[1)]	5,114	1,003	243	667	-	7,027
Total	**7,824**	**1,267**	**365**	**1,979**	**-**	**11,435**

Remuneration and other benefits to the CEO and Group Management, 2012

SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expenses	Other remuneration	Total
CEO and Group Management						
Peter Åsberg, CEO	2,655	252	101	980	-	3,988
Group management (5 individuals)[1)]	6,203	1,165	257	826	204	8,655
Total	**8,858**	**1,417**	**358**	**1,806**	**204**	**12,643**

1) Relates to remaining operations.

Comments on the table

- For the 2013 financial year, variable remuneration of SEK 894 thousand was paid to the CEO, of which SEK 630 thousand was allocated to pension benefits.
- For the 2012 financial year, variable remuneration of SEK 451 thousand was paid to the CEO, of which SEK 199 thousand was allocated to pension benefits.
- Other remuneration refers to severance payments.
- Pension expenses refer to the expenses that affected profit for the year, excluding income tax.
- Other benefits primarily refer to company cars and telephones.

Share-related benefits
At the end of 2013, there were no agreements regarding share-related benefits in accordance with IFRS 2.

11
Net financial items

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
PROFIT FROM PARTICIPATIONS IN SUBSIDIARIES				
Dividends from subsidiaries[1]			28	199
Impairment of shares in subsidiaries			-19	-130
Total			**9**	**69**
FINANCIAL INCOME				
Interest income[2]	1	0	0	0
Interest income, subsidiaries			13	18
Exchange rate gains	0	0	-	-
Other financial income	0	0	-	-
Total	**1**	**0**	**13**	**18**
FINANCIAL EXPENSES				
Interest expenses[2]	-9	-13	-5	-7
Interest expenses, subsidiaries			-1	-1
Exchange rate losses	-	-1	-10	-1
Other financial expenses	-3	-2	-1	-1
Total	**-12**	**-16**	**-17**	**-10**
Total financial items	**-11**	**-16**	**5**	**77**

1) The dividends from subsidiaries of SEK 28 million (199), include SEK 14 million (104) in anticipated dividends.
2) All interest income and interest expense is attributable to financial instruments measured at amortised cost.

12
Allocations

	PARENT COMPANY	
SEK million	**2013**	**2012**
Group contributions received	6	-
Group contributions paid	-	-1
Total	**6**	**-1**

13
Tax

Recognised in profit for the year

	GROUP[1]		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Profit before tax	**53**	**31**	**1**	**57**
CURRENT TAX				
Current tax	-2	-1	-	-
Adjustment of tax relating to previous years	0	-	-	-
	-2	**-1**	**-**	**-**
DEFERRED TAX				
Deferred tax relating to temporary differences	-9	2	-	-
Deferred tax resulting from changes in tax rates	1	7	-	-2
Deferred tax income in tax loss carryforwards capitalised during the year	15	17	-	-
Deferred tax on revaluation of carrying values of deferred tax assets	-2	0	-	-
Deferred tax expense resulting from utilisation of previously capitalised tax loss carryforwards	-1	-6	-	-
Adjustment of deferred tax relating to previous years	-4	-	-	-
	0	**20**	**-**	**-2**
Total reported tax income/expense	**-2**	**19**	**-**	**-2**

1) Refers to tax recognised in profit for the year from continuing operations.

CURRENT TAX
Difference between tax expense and tax expense based on current tax rate

	GROUP[1]		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Profit before tax	**53**	**31**	**1**	**57**
Tax at the applicable tax rate 22.0% (26.3%)	-12	-8	0	-15
Non-taxable dividends from subsidiaries	-	-	6	53
Non-deductible impairment of shares in subsidiaries	-	-	-4	-34
Other non-deductible expenses / Other non-taxable income	0	2	0	-2
Effect of other tax rates on foreign subsidiaries	-2	-1	-	-
Effect of changed tax rates	1	7	-	-2
Capitalisation of previously uncapitalised loss carryforwards	15	17	-	-
Utilisation of previously uncapitalised tax loss carryforwards	6	7	-	-
Tax loss carryforwards for which no deferred tax asset has been taken into account	-8	-4	-2	-2
Decrease / Increase in deductible temporary differences without corresponding capitalisation of deferred tax	3	-1	-	-
Tax attributable to previous years	-4	-	-	-
Standard interest on tax allocation reserve	0	-	-	-
Other	-1	-	-	-
Total	**-2**	**19**	**-**	**-2**

1) Refers to the difference between tax expense and tax expense based on current tax rate from remaining operations.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Changed tax rates
Effective from 1 January 2013, the tax rate in Sweden is 22 percent. In foreign subsidiaries, local tax rates are applied. In December 2013, the Norwegian Storting (parliament) approved a cut in the Norwegian corporate tax rate from 28 percent to 27 percent from 1 January 2014. In December 2013, the Finnish Parliament approved a cut in the Finnish corporate tax rate from 24.5 percent to 20 percent from 1 January 2014. In line with these cuts in corporate tax rates, deferred tax assets/liabilities were revalued.

DEFERRED TAX

Changes in deferred tax in temporary differences and tax loss carryforwards

	GROUP				PARENT COMPANY		
SEK million	**Opening balance 1 Jan 2012**	**Recognised in the income statement**	**Change through acquisitions and divestments of operations**	**Closing balance 31 Dec 2012**	**Opening balance 1 January 2012**	**Recognised in the income statement**	**Closing balance 31 Dec 2012**
DEFERRED TAX LIABILITY							
Intangible fixed assets	80	-12	4	72	-	-	-
Tangible fixed assets	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-
Tax allocation reserves	-	-	1	1	-	-	-
Total	**80**	**-12**	**5**	**73**	**-**	**-**	**-**
DEFERRED TAX ASSETS							
Intangible fixed assets	4	0	-	4	-	-	-
Tangible fixed assets	1	-1	-	0	-	-	-
Inventories	1	-1	-	0	-	-	-
Provisions	0	1	-	1	-	-	-
Tax loss carryforwards	34	7	-	41	14	-2	12
Total	**40**	**6**	**-**	**46**	**14**	**-2**	**12**
Total net deferred tax liability	**40**	**-18**	**5**	**27**	**-14**	**2**	**-12**

	GROUP				PARENT COMPANY		
SEK million	**Opening balance 1 Jan 2013**	**Recognised in the income statement**	**Change through acquisitions and divestments of operations**	**Closing balance 31 Dec 2013**	**Opening balance 1 January 2013**	**Recognised in the income statement**	**Closing balance 31 Dec 2013**
DEFERRED TAX LIABILITY							
Intangible fixed assets	72	-3	5	74	-	-	-
Tangible fixed assets	-	0	-	0	-	-	-
Provisions	-	0	-	0			
Tax allocation reserves	1	-1	-	-	-	-	-
Total	**73**	**-4**	**5**	**74**	**-**	**-**	**-**
DEFERRED TAX ASSETS							
Intangible fixed assets	4	-25	-	-21	-	-	-
Tangible fixed assets	0	0	-	0	-	-	-
Inventories	0	1	-	1	-	-	-
Provisions	1	0	-	1	-	-	-
Tax loss carryforwards	41	20	-	61	12	-	12
Total	**46**	**-4**	**-**	**42**	**12**	**-**	**12**
Total net deferred tax liability	**27**	**0**	**5**	**32**	**-12**	**-**	**-12**

Deferred tax assets and deferred tax liabilities have been measured based on the nominal tax rate. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. The amounts in the above table are reported gross.

Temporary differences
Temporary differences arise in cases where the carrying amounts and taxable values of assets and liabilities differ. Temporary differences are attributable to the balance sheet and have resulted in deferred tax assets and liabilities according to the table above.

No deferred tax is recognised regarding temporary differences attributable to investments in subsidiaries. Any future effects (withholding taxes and other deferred tax on profit taking within the Group) are recognised when Midsona is no longer able to control the reversal of such differences or it is for other reasons no longer probable that the reversal will occur in the foreseeable future.

Tax loss carryforwards
The tax value of tax loss carryforwards has been capitalised when, considering the Group's future earnings prospects and opportunities under tax legislation to exploit deficits, it appear reasonable that tax loss carryforwards can be utilised. Management believes that, given the Group's current and future structure, the opportunities to utilise the tax loss carryforwards are well founded.

Tax loss carryforwards for which no deferred tax asset has been recognised amounted at 31 December 2013 to SEK 223 million (344), of which SEK 223 million (344) had an unlimited life. The tax value of tax losses for which no deferred tax asset has been taken into account amounted to SEK 50 million (83).

14

Profit and earnings per share

Earnings per share are calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of shares outstanding during the period.

Earnings per share before and after dilution

	GROUP	
	2013	**2012**
Profit for the year, SEK million	51	35
Profit for the year from remaining operations, SEK million	51	50
Profit for the year from discontinued operations, SEK million	-	-15
Number of shares on balance sheet date, thousands	22,745	22,745
Average number of shares during the period, thousands	22,745	22,745
Earnings per share, SEK	2.24	1.54
Earnings per share from remaining operations, SEK	2.24	2.20
Earnings per share from discontinued operations, SEK	-	-0.66

Instruments that may result in future dilution and changes after the balance sheet date
At the end of the reporting period there were no outstanding option programmes.

Dividend
The Board of Directors proposes that a dividend of SEK 1.00 per share be paid, equivalent to SEK 22,744,790 for 2013. For 2012, a dividend of SEK 0.50 per share was paid, equivalent to SEK 11,372,395.

15

Intangible fixed assets

	GROUP				PARENT COMPANY
SEK million	**Goodwill**	**Brands**	**Other intangible assets**	**Total**	**Other intangible assets**
ACCUMULATED COST					
Opening balance 1 January 2012	663	331	24	1,018	3
Acquired through acquisition of operations	83	19	-	102	-
Other acquisitions/investments	-	-	2	2	1
Sales/scrappings	-22	-	-2	-24	-
Translation difference for the year	5	-1	0	4	-
Closing balance 31 Dec 2012	**729**	**349**	**24**	**1,102**	**4**
ACCUMULATED AMORTISATIONS AND IMPAIRMENT					
Opening balance 1 January 2012	-201	-24	-12	-237	-1
Amortisation for the year	-	-5	-4	-9	-1
Sales/scrappings	-	-	2	2	-
Translation difference for the year	-3	0	0	-3	-
Closing balance 31 Dec 2012	**-204**	**-29**	**-14**	**-247**	**-2**
Book value 31 Dec 2012	**525**	**320**	**10**	**855**	**2**

	GROUP				PARENT COMPANY
SEK million	**Goodwill**	**Brands**	**Other intangible assets**	**Total**	**Other intangible assets**
ACCUMULATED COST					
Opening balance 01 January 2013	729	349	24	1,102	4
Acquired through acquisition of operations	1	21	-	22	-
Other acquisitions/investments	-	1	3	4	0
Sales/scrappings	0	0	0	0	-
Translation difference for the year	-41	0	-1	-42	-
Closing balance 31 Dec 2013	**689**	**371**	**26**	**1,086**	**4**
ACCUMULATED AMORTISATIONS AND IMPAIRMENT					
Opening balance 1 January 2013	-204	-29	-14	-247	-2
Amortisation for the year	-	-8	-3	-11	0
Sales/scrappings	-	0	0	0	-
Translation difference for the year	18	0	0	18	-
Closing balance 31 Dec 2013	**-186**	**-37**	**-17**	**-240**	**-2**
Book value 31 Dec 2013	**503**	**334**	**9**	**846**	**2**

Other intangible fixed assets mainly include licenses.

At the end of the year, no internal intangible fixed assets had been built up – only acquired intangible fixed assets.

Borrowing expenses

No borrowing expenses are included in the cost of assets, neither for 2013 nor for 2012.

Amortisation for the year included in the income statement

All intangible fixed assets (other than goodwill and acquired brands that are considered to have an indeterminate useful life) are amortised. Amortisation is included in the following items in the income statement.

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Selling expenses	-8	-7	-	-
Administrative expenses	-3	-2	0	-1
Profit from discontinued operations, net after tax	-	0		
Total	**-11**	**-9**	**0**	**-1**

For information on depreciation, see Note 1 Accounting principles.

Impairment testing

Goodwill has been allocated to cash-generating units for which there are identifiable cash flows in accordance with Midsona's commercial organisation. Identified cash-generating units agree with the Group's operating segments, see Note 3 Operating segments. Annual impairment testing is conducted for goodwill allocated to operating segments in accordance with the following.

Goodwill by operating segment

SEK million	**Average discount rate before tax 2013 (2012), %**		**2013**	**2012**
Sweden	10.1	(9.6)	243	243
Norway	10.5	(10.1)	233	256
Finland	10.4	(10.3)	27	26
Total			**503**	**525**

The recoverable amount of each cash-generating unit has been determined based on calculations of value in use. These calculations are based on the actual performance of the operations and the business plan established by Group management and subsequently approved by the Board for the next five years. Assumptions in the business plans based on market share, market growth, current market prices, current cost levels plus additions for real price increases and cost inflation, efficiency enhancements and the trend in the operating margin of each operating segment. Assumptions regarding volumes normally follow average growth of 3-5 percent, depending on the operating segment. The growth rate applied is consistent in all material respects with the forecasts included in sector reports on future market growth. The effects of expansion investments are excluded testing goodwill for impairment. Future cash flows anticipated according to the business plans form the basis of calculation. A sustained growth rate of 2 percent has been applied in the calculation. Cash flows for the period beyond five years have been calculated by applying a multiple to estimated sustainable cash flow. When calculating the present value of anticipated future cash flows, the weighted average cost of capital (WACC) is applied that has been determined for each operating segment. The discount rate applied is stated pre-tax and reflects specific risks applicable to the various operating segments. Discounted cash flows are then compared to the book value of the assets, provisions and liabilities associated with each operating segment. Impairment testing is performed in the fourth quarter, or whenever the need arises, and has shown, with the assumptions made, there was no need to recognise impairment in goodwill.

In addition to goodwill, there is also an acquired trademark that is deemed to have an indeterminate useful life. The useful life is deemed to be indeterminate where a brand is involved that is well-established in its market, and that the Group intends to maintain and further develop. The brand that has been identified and measured is the Friggs brand, which was acquired in 2005 and that is included in the operating segment Sweden. The cost of brands is determined at the time of acquisition in accordance with the relief from royalty method. Impairment testing is performed annually. Testing includes assessment of the royalty rate established at the time of the acquisition, as well as the anticipated future sales trend over a period of five years. A sustained growth rate of 2 percent has been applied in the calculation. Cash flows for the period beyond five years have been calculated by applying a multiple to estimated sustainable cash flow. When calculating the present value of anticipated future cash flows, the weighted average cost of capital (WACC) for the asset is applied. Impairment testing is performed in the fourth quarter, or whenever the need arises, and has shown, with the assumptions made, there was no need to recognise impairment in brands with indeterminate useful lives. The book value of brands with indeterminate useful lives amounted to SEK 215 million (215).

Impairment

No impairment was applied to intangible fixed assets in 2013 or 2012, neither in the Group nor the Parent Company. For information on impairment, see Note 1 Accounting principles.

Sensitivity analysis

Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total carrying amount.

16

Tangible fixed assets

SEK million	Group: Plant and equipment	Group: Equipment, fixtures and fittings	Group: Leasing[1]	Group: Other tangible fixed assets	Group: Total	Parent Company: Equipment, fixtures and fittings
ACCUMULATED COST						
Opening balance 1 January 2012	48	28	7	4	87	1
Acquired through acquisition of operations	2	2	-	0	4	-
Other acquisitions/investments	0	1	4	1	6	-
Sales/scrappings	-46	-13	-8	-2	-69	-
Reclassification	-	-	-	-	0	-
Translation difference for the year	0	0	-	0	0	-
Closing balance 31 Dec 2012	**4**	**18**	**3**	**3**	**28**	**1**
ACCUMULATED DEPRECIATION						
Opening balance 1 January 2012	-27	-22	-2	0	-51	0
Depreciation for the year	-2	-2	-1	0	-5	-1
Sales/scrappings	27	11	1	-	39	-
Translation difference for the year	0	0	-	0	0	-
Closing balance 31 Dec 2012	**-2**	**-13**	**-2**	**0**	**-17**	**-1**
Book value 31 Dec 2012	**2**	**5**	**1**	**3**	**11**	**0**

SEK million	Group: Plant and equipment	Group: Equipment, fixtures and fittings	Group: Leasing[1]	Group: Other tangible fixed assets	Group: Total	Parent Company: Equipment, fixtures and fittings
ACCUMULATED COST						
Opening balance 1 January 2013	4	18	3	3	28	1
Acquired through acquisition of operations	-	3	-	-	3	-
Other acquisitions/investments	1	2	-	0	3	2
Sales/scrappings	-	-4	-	-	-4	0
Reclassification	-	-	-	-	0	-
Translation difference for the year	0	-1	-	0	-1	-
Closing balance 31 Dec 2013	**5**	**18**	**3**	**3**	**29**	**3**
ACCUMULATED DEPRECIATION						
Opening balance 1 January 2013	-2	-13	-2	0	-17	-1
Acquired through acquisition of operations	-	-1	-	-	-1	-
Depreciation for the year	0	-2	0	-1	-3	-1
Sales/scrappings	-	1	-	-	1	0
Translation difference for the year	0	1	-	0	1	-
Closing balance 31 Dec 2013	**-2**	**-14**	**-2**	**-1**	**-19**	**-2**
Book value 31 Dec 2013	**3**	**4**	**1**	**2**	**10**	**1**

1) For further information see Note 17 Leases.

Borrowing expenses
No borrowing expenses are included in the cost of assets, either for 2013 or for 2012.

Depreciation for the year included in the income statement
All tangible fixed assets are depreciated. Depreciation is included in the following items in the income statement.

SEK million	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Expenses for goods sold	-1	-1	-	-
Selling expenses	-1	-1	-	-
Administrative expenses	-1	-1	-1	-1
Profit from discontinued operations, net after tax	-	-2		
Total	**-3**	**-5**	**-1**	**-1**

For information on depreciation, see Note 1 Accounting principles.

Impairment
No impairment was applied to tangible fixed assets in 2013 or 2012, neither in the Group nor the Parent Company. For information on impairment, see Note 1 Accounting principles.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

17

Leases

Financial leasing
The Group leases office and IT equipment under several financial leases. When the leases expire, the Group has options to purchase the equipment at a beneficial price. The lease agreements include escalation clauses. The value of the leased assets totalled SEK 1 million (1). The leased assets serve as collateral for the lease liabilities. The leases contain no restrictions on opportunities to pay dividends, raise new loans and enter into new leases. There is no subleasing of assets used under financial leases.

Depreciation of the assets leased under financial leases amounted to SEK 0 million (1). Lease payments amounted to SEK 1 million (1).

Future minimum lease fees and their present values under non-cancellable financial leases amounted to the following.

Due dates for future minimum lease payments

SEK million	Nominal values	Present values
Within one year	0	0
Later than one year but within five years	1	1
Later than five years	-	-
Total	**1**	**1**

The present value of future minimum lease payments is recognised as liabilities to credit institutions, partly as a current liability and partly as a non-current liability.

Operating leases
The Group leases warehouse and office space, computers and other equipment. Certain contracts include renewal options for varying periods of time. Part of a leased office and warehouse has been sub-let.

Expensed operating lease fees

	GROUP[1]		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Expenses for operating leases	-16	-15	-3	-4
Total	**-16**	**-15**	**-3**	**-4**
Lease income for sub-let items amount to	1	0	-	-

1) Refers to expensed operating lease fees from remaining operations.

The nominal value of future minimum lease payments under non-cancellable leases

	GROUP[1]		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Mature for payment within a year	11	11	3	3
Mature for payment after more than one year but within five years	37	27	5	3
Mature for payment after more than five years	16	17	-	-
Total	**64**	**55**	**8**	**6**

1) Refers to the nominal value of future minimum lease payments under non-cancellable leases from remaining operations.

18

Participations in subsidiaries

	Corporate identity number	Domicile	Number of shares	Proportion of capital/ voting rights	Book value, SEK million
AB Arctic Medica	556416-4233	Gällivare, Sweden	10,000	100%	1
Bioglan AS	970968660	Oslo, Norway	1,400	100%	167
Midsona Norge AS	979473559	Oslo, Norway	-	100%	-
Supernature AS	985071012	Oslo, Norway	-	100%	-
Dalblads Nutrition AB	556542-8264	Lerum, Sweden	1,000	100%	33
Midelfart Sonesson AB	556576-5798	Lund, Sweden	1,000	100%	-
Midsona Finland Oy	1732881-1	Salo, Finland	16,000	100%	31
Midsona Sverige AB	556420-6646	Malmö, Sweden	2,000	100%	250
Bioglan Pharma AB	556594-2025	Lund, Sweden	-	100%	-
Vitalas AB	556572-5040	Malmö, Sweden	-	100%	-
Trettiosjucorp AB	556480-0224	Malmö, Sweden	165,797	100%	-
Total book value in the Parent Company					**482**

SEK million	PARENT COMPANY 2013	2012
ACCUMULATED COST		
Opening balance	1,504	1,383
Acquisitions of subsidiaries	-	38
Divestments of subsidiaries	-	-17
Shareholder contributions in subsidiaries	79	100
Closing balance	**1,583**	**1,504**
ACCUMULATED IMPAIRMENT		
Opening balance	-1,082	-952
Impairment for the year on shares in subsidiaries	-19	-130
Closing balance	**-1,101**	**-1,082**
Book value	**482**	**422**

Impairment for the year on shares in subsidiaries is recognised in the income statement under "Profit from participations in subsidiaries".

19

Receivables from, and liabilities to, subsidiaries

SEK million	PARENT COMPANY 2013	2012
FIXED ASSETS		
Interest-bearing receivables	256	286
Total	**256**	**286**
CURRENT ASSETS		
Other receivables	25	105
Total	**25**	**105**
TOTAL	**281**	**391**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	2	93
Total	**2**	**93**
CURRENT LIABILITIES		
Interest-bearing liabilities[1)]	65	28
Other liabilities	1	19
Total	**66**	**47**
TOTAL	**68**	**140**

1) Interest-bearing liabilities refer to the consolidated accounts with internal interest.

20

Other non-current receivables and other receivables

SEK million	GROUP 2013	GROUP 2012	PARENT COMPANY 2013	PARENT COMPANY 2012
OTHER NON-CURRENT RECEIVABLES THAT ARE FIXED ASSETS				
Deposits	0	0		
Other financial assets	0	0		
Total	**0**	**0**		
OTHER RECEIVABLES THAT ARE CURRENT ASSETS				
VAT receivables	0	0	-	-
Receivables from suppliers	0	1	-	-
Other receivables	1	1	1	1
Total	**1**	**2**	**1**	**1**

21

Inventories

SEK million	GROUP 2013	2012
Raw materials and consumables	6	5
Products in process	0	-
Completed products and goods for resale	89	92
Total	**95**	**97**

The consolidated income statement includes impairment of inventories in the following items: expenses for goods sold SEK 0 million (1), selling expenses SEK 2 million (2) and profit from discontinued operations, net after tax SEK – million (1).

22

Accounts receivable

Midsona has some 150 active customers, of whom the ten largest accounted for 51 percent (50) of the Group's net sales from continuing operations. Customers are primarily FMCG and healthfood retailers, and pharmacies. In addition to these customers, the Group also makes direct sales to, among others, a large number of private individuals, therapists and smaller, independent shops via on-line sales and post-order. Virtually all net sales from continuing operations derive from the Nordic market.

A large part of sales is based on a framework agreement that specifies general terms and discounts for a year at a time. Normally, assortment evaluations are performed a couple of times a year, in connection with which price levels can also be adjusted if there is evidence of this through, for example, higher commodity prices.

Accounts receivable

SEK million	GROUP 2013	GROUP 2012
Accounts receivable, gross	104	120
Allocation for doubtful accounts receivable	-2	-1
Total	**102**	**119**

Provision for doubtful accounts receivable

SEK million	GROUP 2013	GROUP 2012
Provision at beginning of year	-1	-1
Allocation for feared bad debt losses	-5	-7
Confirmed bad debt losses	4	7
Total	**-2**	**-1**

Age analysis, accounts receivable

SEK million	GROUP 2013	GROUP 2012
Accounts receivable not past due	88	101
Past due 1-30 days	13	14
Past due 31-90 days	1	4
Past due > 90 days	0	-
Total	**102**	**119**

The fair value of accounts receivable is consistent with the reported value.

23

Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Prepaid rent	1	3	0	0
Prepaid insurance	1	1	0	1
Deferred leasing expenses	0	1	0	1
Prepaid marketing expenses	3	0	-	-
Prepaid commission	1	2	-	-
Prepaid purchases of goods	3	0	1	0
Other prepaid expenses	4	4	2	1
Total	**13**	**11**	**3**	**3**

24

Shareholders' equity

GROUP

Share capital
The item consists of the Parent Company's share capital.

Additional paid-up capital
The item consists of the shareholders' equity contributed by shareholders. This includes share premium reserves transferred to the statutory reserve at 31 December 2005. Provisions to the share premium reserve from 1 January 2006 and forward, are also recognised as paid-up capital.

Reserves
The item consists of a translation reserve, which comprises all exchange rate differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than that in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor (SEK).

Profit brought forward/accumulated losses, including profit for the year
The item consists of earned profits/accumulated losses in the Parent Company and its subsidiaries. Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

PARENT COMPANY

RESTRICTED SHAREHOLDERS' EQUITY

Share capital
The item consists of the Parent Company's share capital.

Statutory reserve
The item consists of amounts that, prior to 1 January 2006, had been transferred to the share premium reserve when shares were issued at a premium, that is, at an amount exceeding the quota value of the shares.

UNRESTRICTED SHAREHOLDERS' EQUITY

Share premium reserve
The item consists of amounts transferred to the share premium reserve as of 1 January 2006 when shares were issued at a premium, that is, at an amount beyond the quota value of the shares.

Translation reserve
The item consists of a change in value caused by a price fluctuation arising on a monetary item forming part of the net investment in a foreign unit and recognised in shareholders' equity in accordance with Chapter 4, Section 14f of the Annual Accounts Act.

Profit brought forward/accumulated losses
The item consists of earned profits/accumulated losses in the Parent Company and, together with net income, the share premium reserve and translation reserves forms the total unrestricted shareholders' equity, that is, the amount available for distribution to shareholders.

Change in number of shares

Number	Class A shares	Class B shares	Total
Number of shares 1 January 2012	379,932	22,364,858	22,744,790
Number of shares 31 December 2012	**379,932**	**22,364,858**	**22,744,790**
Number of shares 1 January 2013	379,932	22,364,858	22,744,790
Number of shares 31 December 2013	**379,932**	**22,364,858**	**22,744,790**
Quota value per share, SEK			20.00
Share capital on the balance sheet date, SEK			454,895,815

Holders of shares are entitled to dividends as determined by the Annual General Meeting. At the Annual General Meeting, each class A share conveys ten votes and each series B share conveys one vote. All shares convey the same rights to Midsona's net assets.

Neither the company nor its subsidiaries hold any treasury shares.

Share options
A share warrant programme for senior executives was concluded during the year. There were no incentive programmes outstanding at the end of the period.

25

Liabilities to credit institutions

Interest-bearing liabilities

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
NON-CURRENT INTEREST-BEARING LIABILITIES				
Bank loans	148	211	95	95
Financial lease liabilities	1	1	-	-
Total	**149**	**212**	**95**	**95**
CURRENT INTEREST-BEARING LIABILITIES				
Overdrafts	43	8	43	8
Financial lease liabilities	0	1	-	-
Total	**43**	**9**	**43**	**8**
Total	**192**	**221**	**138**	**103**

Midsona AB signed a new financing agreement in February 2014 with a maturity of three years. The financing agreement thus extends until 31 December 2016. There is an option to extend the financing agreement by one year at a time until 31 December 2018.

The financing agreement consists of a revolving credit facility totalling SEK 320 million, without any obligation for amortisation until the financing agreement matures on 31 December 2016. Of the facility, a maximum of SEK 100 million may be used as an overdraft facility.

Two financial covenants are linked to the financing agreement, which must be met during the maturity of the contract. These terms require that the key figures “net debt/EBITDA” and “interest coverage” shall not, on a rolling 12-month basis, deviate from agreed levels. The agreed financial covenants have been met ever since the original financing agreement came into effect in January 2010.

Interest on the facility is calculated at the applicable base interest rate plus a margin based on the key figure “net debt/EBITDA” on a rolling 12-month basis.

The credit terms per 31 December 2013 are shown below.

Financial lease liabilities are subject to the contracted rate during the maturity of the lease.

Credit terms for interest-bearing liabilities

SEK million	**Nominal amount**	**Utilised amount**	**Unutilised amount**	**Interest terms**	**Maturity**
BANK LOANS					
Facility	167	95	72	STIBOR + 2.59 percentage points	Dec 2013 – Dec 2016
Facility[1]	53	53	0	NIBOR + 1.97 percentage points	Dec 2013 – Dec 2016
Total	**220**	**148**	**72**		
OVERDRAFTS					
Overdrafts	100	43	57	STIBOR + 1.63 percentage points	Dec 2013 – Dec 2016
Total	**100**	**43**	**57**		
Total	**320**	**191**	**129**		

1) Following amortisation, the bank loan has a nominal value NOK 50 million, in the table is converted into SEK at the closing rate.

26

Other non-current and current liabilities

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
OTHER NON-CURRENT LIABILITIES				
Finalised purchase consideration, acquisition of operations	20	14	-	-
Total	**20**	**14**	**-**	**-**
OTHER CURRENT LIABILITIES				
VAT liabilities	12	8	0	0
Settlement personnel taxes and fees	7	6	1	1
Finalised purchase consideration, acquisition of operations	15	34	-	-
Other liabilities	3	3	-	-
Total	**37**	**51**	**1**	**1**

No other non-current liabilities mature for payment more than five years after the balance sheet date.

27

Provisions for pensions

DEFINED BENEFIT PENSION PLANS

Obligations in the balance sheet

	GROUP	
SEK thousand	**2013**	**2012**
Present value of unfunded obligations	101	582
Net obligation employee benefits	**101**	**582**
THE NET AMOUNT IS RECOGNISED ON THE FOLLOWING LINES IN THE BALANCE SHEET		
Provisions for pensions, non-current	-	101
Provisions for pensions, current	101	481
Net amount in balance sheet	**101**	**582**

Overview defined-benefit plan

The Group has one defined benefit plan that covers employees in Norway and provides an opportunity for early retirement from age 62 through a special pension agreement, the AFP scheme, which has been agreed between the social partners. This plan is closed to new subscription and the remaining obligation is insignificant and declining on an on-going basis through compensation payments to beneficiaries. The plan is expected to expire in 2014 through the disbursement of the outstanding compensation of SEK 101 thousand. After that, the Group will have no further obligations.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Changes in the present value of the obligation for defined benefit plans

	GROUP	
SEK thousand	**2013**	**2012**
Obligations for defined benefit plans as at 1 January	582	1,106
Benefit payments	-287	-439
Expense for service in current period	-	3
Interest expense	9	22
Revaluations recognised in other comprehensive income	-170	-127
Exchange rate differences	-33	17
Obligations for defined benefit plans as at 31 December	**101**	**582**

Expense recognised in profit for the year

	GROUP	
SEK thousand	**2013**	**2012**
Expenses for service in the current period	-	3
Interest expense on the obligation	9	22
Total	**9**	**25**

The expense is recognised in the following lines in the income statement

	GROUP	
SEK thousand	**2013**	**2012**
Administrative expenses	-	3
Financial expenses	9	22
Total	**9**	**25**

Expense recognised in other comprehensive income

	GROUP	
SEK thousand	**2013**	**2012**
Revaluations	-170	-127
Total	**-170**	**-127**

In Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. According to statement UFR 3, from the Financial Reporting Board, this is a defined benefit plan that covers several employers. For the 2013 financial year, the Group does not have access to information making it possible to report this as a defined benefit plan. Pension in accordance with the ITP plan and secured through insurance with Alecta is consequently recognised as a defined contribution plan.

The year's fees for pension insurance secured through Alecta amounted to SEK 1,988 thousand (2,273) in the Group, and SEK 343 thousand (476) in the Parent Company. Alecta's surplus may be distributed to policyholders and/or the beneficiaries. At the end of 2013, Alecta's surplus in the form of the collective funding ratio was 148 percent (129). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

DEFINED CONTRIBUTION PENSION PLANS

For employees in Sweden, the Group has defined contribution pension plans paid entirely by the Group companies. In other countries, there are defined contribution plans that are paid partly by the subsidiaries and that are partly covered by fees paid by the employees. Payments to these plans are ongoing, in accordance with the regulations for each of the plans.

Expenses for defined contribution plans

	GROUP		PARENT COMPANY	
SEK thousand	**2013**	**2012**	**2013**	**2012**
Expenses for defined-contribution plans[1]	9,191	8,447	2,513	2,261

1) Includes SEK 1,988 thousand (2,273) for the Group and SEK 343 thousand (476) for the Parent Company regarding ITP plan financed in Alecta, see above.

Next year's expected payment for the Group in respect of the defined contribution plans amounts to SEK 9,500 thousand.

28

Other provisions

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
PROVISIONS THAT ARE NON-CURRENT				
Warranty expenses	-	3	-	3
Total	**-**	**3**	**-**	**3**
PROVISIONS THAT ARE CURRENT				
Warranty expenses	1	-	1	-
Total	1	-	1	-
Total	**1**	**3**	**1**	**3**
WARRANTY EXPENSES				
Carrying amount at beginning of period	3	-	3	-
Provisions made during the year	-	3	-	3
Amounts utilised during the year	-2	-	-2	-
Total	**1**	**3**	**1**	**3**
TOTAL PROVISIONS				
Carrying amount at beginning of period	3	-	3	-
Provisions made during the year	-	3	-	3
Amounts utilised during the year	-2	-	-2	-
Total	**1**	**3**	**1**	**3**
Amount by which the provision is expected to be paid after more than 12 months	-	3	-	3

Warranties

A provision amounting to SEK 3 million was made in 2012 in connection with the divestment of the Supply business line. The provision relates to expenses for agreed volume commitments that may be issued to the buyer. In 2013, SEK 2 million of the provision was utilised.

29

Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
Accrued expenses for goods	9	5	-	-
Accrued personnel expenses	17	16	2	3
Accrued marketing expenses	4	2	-	-
Accrued customer bonus expenses	14	13	-	-
Other accrued expenses	4	10	2	1
Total	**48**	**46**	**4**	**4**

30

Assessment of financial assets and liabilities at fair value and categorisation

Fair value

Fair value is consistent in all material respects with the carrying amount in the balance sheet in respect of financial assets and liabilities. The aggregate carrying amounts and fair values for each category are shown below.

Fair value and carrying amount in the balance sheet

	GROUP 2013					GROUP 2012				
SEK million	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit[1]	Total carrying value	Fair value
Non-current receivables	0		-	0	0	0		-	0	0
Accounts receivable	102		-	102	102	119		-	119	119
Other receivables[2]	1		0	1	1	2		0	2	2
Cash and equivalents	62		-	62	62	43		-	43	43
Total	**165**		**0**	**165**	**165**	**164**		**0**	**164**	**164**
Non-current interest-bearing liabilities		149	-	149	149		212	-	212	212
Other non-current liabilities		20	-	20	20		14	-	14	14
Current interest-bearing liabilities		43	-	43	43		9	-	9	9
Accounts payable		90	-	90	90		90	-	90	90
Other current liabilities[2]		37	0	37	37		51	0	51	51
Total		**339**	**0**	**339**	**339**		**376**	**0**	**376**	**376**

1) Held for trade.

2) Financial instruments.

	Recognised at fair value	Not recognised at fair value	Total carrying value	Recognised at fair value	Not recognised at fair value	Total carrying value
Currency futures	0	-	0	0	-	0
Other receivables	-	1	1	-	2	2
Total	**0**	**1**	**1**	**0**	**2**	**2**
Currency futures	0	-	0	0	-	0
Other current liabilities	-	37	37	-	51	51
Total	**0**	**37**	**37**	**0**	**51**	**51**

	PARENT COMPANY 2013					PARENT COMPANY 2012				
SEK million	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit	Total carrying value	Fair value	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value through profit	Total carrying value	Fair value
Accounts receivable	0		-	0	0	0		-	0	0
Other receivables	1		-	1	1	1		-	1	1
Total	**1**		**-**	**1**	**1**	**1**		**-**	**1**	**1**
Liabilities to credit institutions		138	-	138	138		103	-	103	103
Accounts payable		4	-	4	4		3	-	3	3
Other current liabilities		1	-	1	1		1	-	1	1
Total		**143**	**-**	**143**	**143**		**107**	**-**	**107**	**107**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

Certain disclosures regarding financial instruments assessed at fair value through profit for the year
The Group holds financial instruments such as forward currency contracts that are recorded at fair value in the balance sheet. For all contracts, fair value has been determined based directly or indirectly on observable market data, that is, level 2 in accordance with IFRS 7.

Netting agreements and similar agreements
The Group enters derivative contracts via the International Swaps and Derivatives Association's (ISDA) master netting agreements. According to these agreements, when a counterparty fails to settle its obligations under any transaction, the contract is cancelled and all outstanding balances are to be settled by a net amount. The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because, according to the ISDA agreements, offsetting is only permitted if the counterparty or the Group are unable to settle their obligations. Moreover, it is not the intention of the counterparty or the Group to settle the balances on a net basis, or at the same time.

The disclosures in the above table refer to financial instruments that are covered by legally enforceable master netting agreements or similar agreements.

Calculation of fair value
The following summarises the methods and assumptions mainly used to determine the fair value of the financial instruments detailed in the table above.

Interest-bearing liabilities
Fair value of financial liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date. There are no significant differences between fair value and the carrying amounts. For a maturity analysis, see Note 31 Financial risk management.

Financial lease liabilities
Fair value is based on the present value of future cash flows, discounted at the market rate for similar leases.

Trade and other receivables
For trade and other receivables with a remaining life of less than 12 months, the carrying amount is considered to reflect fair value. Trade and other receivables with a term of more than 12 months are discounted when fair value is determined. There are no significant differences between fair value and the carrying amounts.

Accounts payable and other liabilities
For accounts payable and other liabilities with a remaining maturity of less than 12 months, the carrying amount is considered to reflect fair value. Accounts payable and other liabilities with a maturity of more than 12 months are discounted when fair value is determined. There are no significant differences between fair value and the carrying amounts.

31
Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk refers to fluctuations in the income statement, balance sheet and cash flow due to changes in exchange rates, interest rates, credit and refinancing risks.

The management of the Group's financial risks is centralised in the Parent Company finance function. The operations are conducted based on a financial policy adopted by the Group's Board of Directors.

Financing risk
Financing risk refers to the risk that future capital procurement and refinancing of maturing loans could be difficult or costly.

The ensure that the Group always has access to necessary external financing at a reasonable expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.

At the end of the year, the average remaining maturity on the Group's confirmed loan commitments was 12 months (24). In February 2014, a new financing agreement was signed, which extends until 31 December 2016.

The maturity structure of the Group's financial liabilities is shown in the following table.

Maturity profile of financial liabilities – undiscounted cash flows

	0-3 months		4-6 months		7-12 months		1-5 years		>5 years	
Nominal amounts, SEK million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Overdrafts[1]	-	-	-	-	-	-	43	8	-	-
Bank loans[2]	-	-	-	-	-	-	148	211	-	-
Financial lease liabilities	0	0	0	0	0	1	1	1	-	-
Total	**0**	**0**	**0**	**0**	**0**	**1**	**192**	**220**	**-**	**-**

1) Does not include unused portion of the overdraft.

2) Does not include unused portion of the credit facility.

Liquidity risk
Liquidity risk is defined as the risk that the Group cannot meet its payment obligations as a consequence of inadequate access to cash and equivalents.

In order to control and plan the Group's cash requirements, the finance function uses liquidity forecasts that the Group's subsidiaries report in on a weekly basis (for the ensuing four weeks) and on a monthly basis (for the ensuing six months).

According to the finance policy, the Group's liquidity reserve, that is, the sum of unutilised credit facilities, cash and equivalents, shall, at any given time, exceed the Group's total loan maturities for the ensuing six months.

At the end of the year, the liquidity reserve amounted to SEK 191 million (143), divided between SEK 62 million (43) in cash and equivalents, an unutilised portion of a credit facility amounting to SEK 72 million (8) and an unutilised portion of an overdraft facility of SEK 57 million (92), while the Group's loan maturities for the ensuing six months amounted to SEK 0 million (0).

Currency risk
Currency risk refers to the risk that changes in exchange rates negatively affect the Group's income statement, balance sheet and/or cash flows.

The Group's currency risks arise in part from the operational and financial transactions that are conducted in currencies other than the functional currency (transaction exposure) and in part by the currency exposure that occurs in the translation of foreign subsidiaries' net assets to the Parent Company's functional currency (translation exposure).

Transaction exposure
The Group's income is mainly generated in the currencies SEK, NOK and EUR, while procurement of goods is conducted primarily in SEK, NOK, EUR, GBP and USD. The net exposure in EUR is considerable because purchases exceed sales.

The Group makes monthly assessments of future currency exposure based on cash flow forecasts reported in. Estimated net flows for 2014 in the four currencies with the greatest net exposure are shown in the table.

	GROUP	
Amounts are in millions in each currency[3]	**2013[1]**	**2012[2]**
EUR	-16	-23
GBP	-2	-2
NOK	2	2
USD	-4	-1

1) Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2014.

2) Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2013.

3) A positive net flow means that the flow in each currency exceeds outflow and a negative net flow means that the outflow in each currency exceeds inflow.

According to the Group's financial policy, 50 percent of the Group's forecast net exposure in EUR and GDP for the ensuing six months may be currency hedged. The currency hedged portion can be increased to 75 percent of the net exposure for the immediately ensuing 12 months is this is deemed appropriate.

To mitigate the consequences for profit of changed exchange rates, Midsona conducts hedging using currency forward agreements covering 50 percent of forecast net flows in EUR for the ensuing six months. The Group does not apply hedge accounting under IAS 39 – instead changes in the value of derivative instruments are recognised in profit for the year. At the end of 2013, 38 percent (40), or nominally EUR 3 million (5), of estimated net flows for the first half of 2014 were hedged. The change in the market value of the outstanding currency forward agreements was SEK 0 million (0) as per 31 December 2013 and was recognised in profit for the year.

An isolated shift in exchange rates against the SEK by +/- 5 percentage points for the four currencies with the largest estimated net flows is calculated to have an effect on profit before tax of +/- SEK 5 million (6).

Translation exposure
The Parent Company has holdings in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure of net assets in the Group's subsidiaries can, for example, be managed by borrowing in the foreign currencies that are exposed.

The Group partly manages translation exposure in foreign operations through loans in foreign currencies.

Interest rate risk
Interest rate risk refers to the impact on profits of a change in interest rates. How quickly a change in interest rates affects profits depends on the periods of fixed interest on loans and investments. Since the Group is a net borrower and does not invest funds in listed instruments, it is primarily the Group's loans that are affected by changes in interest rates.

The guideline is that the average period of fixed interest for the Group's interest-bearing liabilities to credit institutions should be three months. The average period of fixed interest for the Group's interest-bearing liabilities to credit institutions was three months (3) at the end of the year. In the event that the Group's entire loan portfolio were to mature with a variable interest rate, a change in interest of +/- 1 percentage point would lead to an effect on profit of SEK +/- 2 million (2) calculated on the debt of SEK 191 (219) million at the end of the year. Financial lease liabilities mature with contracted interest over the lease term.

The average interest on the Group's bank loans and overdrafts amounted to 3.4 percent (4.0) at the end of the year.

Financial credit risk
Financial credit risk refers to the risk of losses if the counterparties with whom the Group has placed cash and equivalents, financial investments or derivative instruments are unable to meet their payment obligations.

The finance function has no mandate to enter into financial investments. Since the Group is a net borrower, any surplus liquidity shall be used to reduce loan debt. The subsidiaries shall place their surplus liquidity in bank accounts belonging to Group account systems or in bank accounts approved by the finance function.

The financial credit risk regarding cash and equivalents in bank accounts amounted to SEK 62 million (43) at the end of the year.

32

Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
PLEDGED ASSETS				
Blocked bank balances	3	4	-	-
Shares in subsidiaries	-	-	418	353
Net assets in subsidiaries	735	784	-	-
Others	1	1	-	-
Total	**739**	**789**	**418**	**353**
CONTINGENT LIABILITIES				
General guarantee for subsidiaries	-	-	55	121
Guarantees, external	-	-	0	0
Total	**-**	**-**	**55**	**121**

Shares in subsidiaries have been pledged as collateral for overdrafts and bank loans. Liabilities to credit institutions are shown in Note 25 Liabilities to credit institutions. Net assets in subsidiaries pertain to shares in subsidiaries that are stated at amounts equivalent to the consolidated net assets.

33

Closely-related parties

Related party relations
The Parent Company has a close relationship with its subsidiaries; see Note 18 Participations in subsidiaries.

Related party transactions
For the Parent Company, SEK 22 million (23), equivalent to 95 percent (96) of sales for the year and SEK 0 million (0), corresponding to 0 percent (1) of purchases for the year pertained to subsidiaries within the Group. Sales to subsidiaries pertained mainly to administrative services, while purchases from subsidiaries primarily pertained to consultancy services and other reimbursements for expenses. All pricing is conducted on market terms.

The Parent Company has receivables from, and liabilities to, subsidiaries, see Note 19 Receivables from, and liabilities, to subsidiaries.

Related persons or companies
Salaries and remuneration to the Board and other senior executives are detailed in Note 10 Employees, personnel expenses and senior executives' remunerations.

There have been no loans, purchases or sales involving members of the Board or senior executives that have had a material impact on the profit and position of the company.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37

34

Supplementary disclosures to cash flow analyses

	GROUP		PARENT COMPANY	
SEK million	**2013**	**2012**	**2013**	**2012**
INTEREST PAID				
Interest received	1	0	13	18
Interest paid	-9	-13	-6	-7
ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW				
Dividend	-	-	-28	-199
Amortisation/depreciation	14	14	1	1
Impairment	7	9	19	130
Unrealised exchange rate differences	0	0	0	0
Capital gain on sale of fixed assets	-1	0	0	8
Capital gain on sale of subsidiary	0	15	-	-
Provisions for pensions	0	-1	-	-
Other provisions and items not included in cash flow	-4	-1	2	2
Total	**16**	**36**	**-6**	**-58**
TRANSACTIONS NOT INVOLVING PAYMENTS				
Acquisition of assets through financial lease	-	4	-	-
Vendor mortgage issued in connection with an acquisition of operations	8	47	-	-
ACQUISITIONS OF COMPANIES OR OPERATIONS				
Intangible fixed assets	21	19	-	-
Tangible fixed assets	2	3	-	-
Financial fixed assets	-	0	0	38
Deferred tax assets	3	-	-	-
Inventories	4	9	-	-
Trade and other receivables	5	14	-	-
Cash and equivalents	2	10	-	-
Provisions	-6	-5	-	-
Interest-bearing liabilities	-13	-	-	-
Accounts payable and other liabilities	-11	-16	-	-
Net assets and liabilities	7	34	0	38
Consolidated goodwill	1	83	-	-
Purchase consideration	-8	-117	0	-38
Less: Conditional purchase consideration	8	47	-	-
Purchase consideration paid	0	-70	0	-38
Less: Cash and equivalents in acquired operations	-11	10	-	-
Effect on cash and equivalents from acquisitions during the year	**-11**	**-60**	**0**	**-38**
Payment of additional purchase consideration related to prior years' acquisitions	-16	-2	-	-
Effect on cash and equivalents of acquisitions	**-27**	**-62**	**0**	**-38**
DIVESTMENTS OF COMPANIES OR OPERATIONS				
Intangible fixed assets	-	-23	-	-
Tangible fixed assets	-2	-29	-	-
Financial fixed assets	-	0	-	-17
Inventories	-1	-26	-	-
Trade and other receivables	-	-28	-	-
Cash and equivalents	-	-	-	-
Provisions	-	-	-	-
Interest-bearing liabilities	-	7	-	-
Accounts payable and other liabilities	-	22	-	-
Net assets and liabilities	-3	-77	-	-17
Capital gains (excluding selling expenses)	0	13	-	8
Purchase consideration	3	64	-	9
Less: Selling expenses	-	-2	-	-2
Purchase consideration received	3	62	-	7
Less: Cash and equivalents	-	-	-	-
Effect on cash and equivalents from divestments	**3**	**62**	**-**	**7**
AMORTISATION OF LOANS				
Bank loans	-58	-50	-	-50
Overdrafts	35	8	35	8
Internal loans	-	-	-55	10
Lease liabilities	-1	-1	-	-
Total	**-24**	**-43**	**-20**	**-32**

Cash and equivalents
Cash and equivalents in both the Group and the Parent Company consist solely of cash and bank balances. Consequently, there are no current investments equivalent to cash and equivalents.

35

Events after the balance sheet date

Midsona AB signed a new financing agreement in February 2014 with a maturity of three years. The financing agreement thus extends until 31 December 2016. There is an option to extend the financing agreement by one year at a time until 31 December 2018.

36

Significant estimates and assumptions

Management has discussed the application of the Group's accounting policies and made assessments and estimates in connection with the application of these principles, which is why the following key estimates and assumptions deserve to be mentioned.

Valuation of goodwill and brands
Several assumptions about future conditions and parameter estimates are made in the calculation of cash-generating units' recoverable amounts for the assessment of possible needs for impairment of goodwill, brands and other intangible fixed assets.

Management believes that no reasonable changes in key assumptions will lead to the total estimated recoverable amount of each cash-generating unit will be lower than their total carrying amount. For further information, please see Note 15 Intangible fixed assets.

Taxes
To determine the current tax liabilities and current tax assets, as well as provisions for deferred tax liabilities and deferred tax assets, management is required to make assumptions, particularly in the valuation of deferred tax assets. This process includes the tax outcome being assessed in each country in which the Group operates. The process includes assessing the actual current tax exposure and assessing the temporary differences that arise as a consequence of certain assets and liabilities being valued differently in the accounts as compared to income tax returns. Management must also assess the likelihood that deferred tax assets will be recovered from future taxable income.

Management believes that, given the Group's current and future structure, the opportunities to utilise capitalised tax loss carryforwards is well founded. For further information, please see Note 13 Tax.

Valuation of inventories
The valuation of inventories is based partly on management's estimates of their commercial viability, which can be difficult to estimate. Inventories are subject to continuous valuation.

It is management's assessment that, given completed inventory processes and implemented provisions for obsolescence, the inventories are essentially correctly valued. For further information, please see Note 1 Accounting principles and Note 21 Inventories.

37

Information about the Parent Company

Midsona AB (publ), corporate identity number 556241-5322, is a Swedish limited company domiciled in Malmö. The visiting address for the head office is Dockplatsen 16 in Malmö and the postal address is PO Box 210 09, SE-200 21 Malmö, Sweden. The company's shares are listed on the Nasdaq OMX Stockholm, Small Cap list.

The consolidated financial accounts for 2013 comprise the Parent Company and its subsidiaries; jointly referred to as "the Group".

1
2
3
4
-5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37

Board of Directors' statement of assurance

The Board of Directors and the CEO certify that the consolidated and annual accounts have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles and give a true and fair view of the financial position and results of the Group and the Parent Company. The Directors' Report for the Group and Parent Company gives a true and fair view of the Group and Parent Company's financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, 2 April 2014

Åke Modig
Chairman of the Board

Tina Andersson
Member of the Board

Lennart Bohlin
Member of the Board

Ola Erici
Member of the Board

Celina Midelfart
Member of the Board

Ralph Mühlrad
Member of the Board

Johan Wester
Member of the Board

Peter Åsberg
CEO

The annual and consolidated accounts were, as stated above, approved for issue by the Board of Directors on 2 April 2014. The consolidated income statement, statement of comprehensive income and balance sheet, and the Parent Company's income statement, statement of comprehensive income and balance sheet will be submitted for approval at the Annual General Meeting on 29 April 2014.

Our audit report was submitted on 2 April 2014

KPMG AB

Alf Svensson
Authorised Public Accountant

Audit report

Report on the annual accounts and consolidated accounts
We have conducted an audit of the financial statements for Midsona AB (publ) for the year 2013. The Company's accounts are included in the printed version of this document on pages 15-65.

The Board of Directors and the CEO are responsible for the annual accounts and the consolidated accounts
The Board of Directors and the CEO are responsible for preparing an annual report that gives a true and fair view in accordance with the Annual Accounts Act and consolidated financial accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, and for such internal control as Board of Directors and the CEO deem necessary for the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the auditor
Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing various procedures to obtain audit evidence and other information regarding the amounts and disclosures in the annual accounts and consolidated accounts. The auditor decides which actions to take, including assessing the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error. In these risk assessments, the auditor takes into account those parts of the internal control that are relevant to how the company prepares the annual accounts and the consolidated accounts to give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the company's internal control. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and the CEO in the accounts, 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 statements.

Statements
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and, in all material respects, present a true and fair view of the Parent Company's financial position as at 31 December 2013 and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial accounts have been prepared in accordance with the Annual Accounts Act and provide, in all material respects, a true and fair view of the Group's financial position as at 31 December 2013 and of its financial performance and cash flows for the year in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act. The Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the income statement and balance sheet of the Parent Company, and the statement of comprehensive income and balance sheet of the Group.

Report on other requirements in accordance with laws and regulations
In addition to our audit of the annual accounts and consolidated accounts, we have also performed an audit of the proposal for appropriation of the company's profit or loss and the administration of Midsona AB (publ) by the Board of Directors and the CEO for the year 2013.

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

Responsibility of the auditor
Our responsibility is to express, based on our audit and with a reasonable degree of certainty, an opinion on the proposal for the appropriation of profit or loss and the administration. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for the appropriation of profit or loss, we reviewed the Board's reasoned statement and a selection of the evidence in order to determine whether the proposal complies with the Companies Act.

As a basis for our opinion concerning discharge from liability, we have, in addition to our audit of the financial statements, examined significant decisions, actions taken and circumstances of the company in order to determine whether any Board member or the Chief Executive Officer should be held liable to the company. We also examined whether any Board member or the CEO has, in any other regard, 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 statements.

Statements
We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal presented in the administration report and that the Board and CEO be discharged from liability for the financial year.

Malmö, 2 April 2014
KPMG AB

Alf Svensson
Authorised Public Accountant

Corporate governance

Corporate governance is important for Midsona's well-being

Aiding management in the focus on long-term objectives is among the Board's more important tasks. For Midsona, this means a focus on becoming the Nordic region's leading company in health and well-being.

The year 2013 was pervaded by continued uncertainty.
The recent political and financial crises have adversely affected the overall business environment. The year 2013 was another year that brought considerable uncertainties. In many areas, retail competition remains fierce and some players are suffering from poor profitability. Channel drift from traditional health-food retailers to pharmacies, supermarkets and e-commerce continues. This has been, and continues to be, a major challenge for all producers and importers. Much suggests that there will be further consolidation in the corporate structure in the Nordic market for health and well-being.

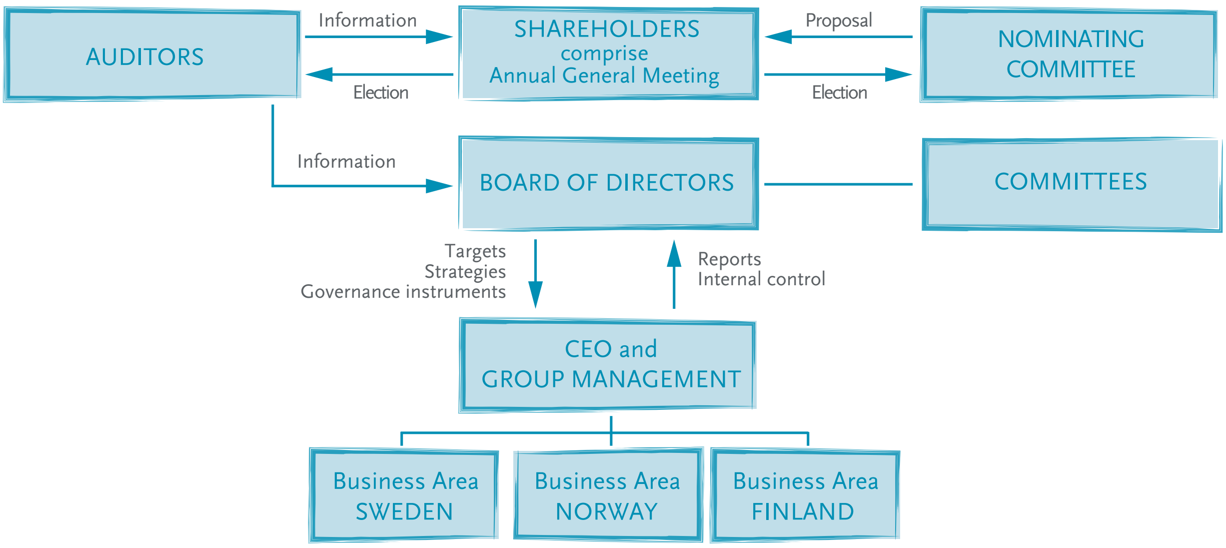
Turbulent times generate opportunities
However, turbulent times also often entail new business opportunities opening up. Midsona has in recent years in a controlled manner streamlined its structure and transferred resources to its core business by divesting production units and acquiring three companies with strong brands in selected product areas that we believe will grow with time. It is our ambition to continue prioritising our strongest brands, both our proprietary brands and those of our clients.

Effective corporate governance generates value
Periods including both preparedness for economic fluctuations as well as restructuring impose considerable demands on corporate governance. In addition to the long-term focus, the Board must also maintain a near-term preparedness to support the management in the short-term perspective, enabling Midsona to balance risks and opportunities in the best way. Midsona has a well-functioning and active Board of Directors with extensive experience, especially in the FMCG sector and, together with a highly skilled management team, we have been able to increase the company's well-being.

Midsona has in recent years been able to deliver increasingly strong results and has achieved a better financial position. This year, this enables us to propose to the Annual General Meeting a doubled dividend of SEK 1 per share. Reduced net debt affords us capacity for aggressive action to continue strengthening Midsona's position in the Nordic region. This year we have manifested this by strengthening our financial goals. Consequently, the entire board and I look forward with confidence to what Midsona's management and employees will be able to achieve in the future.

New shareholder structure
During the year, Midelfart Holding sold off most of its shareholding in Midsona AB. The company's positive development has increasingly attracted new investors, which will likely lead to an increased turnover of shares in future. Over the year, management has increased its dissemination of information, primarily to institutional investors, which has led to an increased interest in Midsona's shares.

Åke Modig,
Chairman of the Board



Midsona AB is a Swedish public company listed on the NASDAQ OMX Stockholm, Small Cap list. Midsona applies the Swedish Code of Corporate Governance and hereby presents its Corporate Governance Report for 2013. Midsona has no deviations to report.

General

Midsona AB is the Parent Company of the Midsona Group and is headquartered in Malmö, Sweden. The Group has operations in Sweden, Norway and Finland. According to the Articles of Association, the business shall develop and market the health products such as naturopathic medicines, nutritional supplements, personal care products and healthfoods. The full Articles of Association are available at www.midsona.com. Midsona's vision is to become the Nordic leader in health and well-being.

Share and shareholder conditions

Midsona's class A and B shares have been listed on the Nasdaq OMX Stockholm, Small Cap list since 1999. On 31 December 2013, the share capital amounted to SEK 454,895,815. The total number of shares in the company amounted to 22,744,790, each with a quota value of SEK 20.

As of 31 December 2013, there were 4,151 (4,332) shareholders. The largest shareholders were Stena Adactum AB, with 23.5 percent of the capital and 25.1 percent of the votes, and Nordea Investment Funds with 9.0 percent of the capital and 7.9 percent of the votes.

For further information see pages 76-77 and www.midsona.com.

Annual General Meeting

Shareholders' right of determination in Midsona's affairs is exercised through the Group's highest governing body – the Annual General Meeting or Extraordinary General Meeting. Among other items, the Annual General Meeting makes decisions regarding the Articles of Association, the appointment of Board members and auditors, the adoption of the income statement and balance sheet, the discharge from liability of the Board and CEO, the allocation of profit or loss, the appointment of the Nominating Committee and the adoption of guidelines for remunerations to senior executives. The Annual General Meeting appoints the Board following a proposal from the Nominating Committee. The procedure for the announcement of General Meetings is set out in the Articles of Association. The announcement shall be issued by means of an advertisement in Post- och Inrikes Tidningar (Swedish official gazette). The announcement of a General Meeting shall also be advertised in Swedish national daily Dagens Industri. Annual General Meetings shall be held in Malmö. Information on shareholders' right to request that matters be considered by the meeting is published at www.midsona.com. On 15 October 2013, it was announced that the 2014 Annual General Meeting will be held in Malmö on 29 April 2014.

Annual General Meeting 2013

The 2013 Annual General Meeting was held on 26 April at the Stock Exchange building in Malmö. At the Meeting, 38 shareholders were present in person or by proxy, representing 60.5 percent of votes. Åke Modig was elected Chairman of the Meeting. The minutes of the Meeting are available at www.midsona.com.

Decisions including the following were made by the Meeting:

- To pay a dividend of SEK 0.50 per share for the 2012 financial year.
- To discharge the members of the Board and the CEO from liability.
- To re-elect Board members Tina Andersson, Lennart Bohlin, Ola Erici, Celina Midelfart, Åke Modig, Ralph Mühlrad and Johan Wester.
- The annual fees should be paid to

Nominating Committee

Name	Representative of	Capital, 31 Aug 2013	Votes, 31 Aug 2013
Martin Svalstedt	Stena Adactum AB	23.5	25.1
Stefan Marchesan	Midelfart Holding AS	23.0	25.4
Peter Wahlberg	Peter Wahlberg and companies	5.3	4.8

the Board in the amounts of SEK 350 thousand to the Chairman, SEK 150 thousand each to the other members, SEK 20 thousand to each member of the Board who is a member of the Audit Committee, except the Chairman of the Board and SEK 20 thousand to each member of the Board who is a member of the Remuneration Committee, except the Chairman of the Remuneration Committee.

- Principles for the appointment of the Nominating Committee.
- Guidelines for remuneration to senior executives.

Nominating Committee

Midsona's Annual General Meeting makes decisions regarding procedures for the appointment and work of the Nominating Committee. The 2013 Annual General Meeting resolved that the three largest shareholders as of 31 August 2013, should each appoint one representative to the Committee. The representative for the largest proportion of ownership shall be appointed Chairman of the Committee. The purpose of the Nominating Committee is to prepare and present proposals to the Annual General Meeting regarding the Chairman for the Meeting, members of the board, fees to members of the Board, remuneration for committee work, auditors, accountants' fees and how the Nominating Committee shall be appointed. The composition of the Committee was published at www.midsona.com and by press release on 15 October 2013.

Nomination Committee for the 2014 Annual General Meeting

The Nominating Committee consists of Martin Svalstedt (representing Stena Adactum AB), Stefan Marchesan (representing Midelfart Holding AS) and Peter Wahlberg (representing Peter Wahlberg and companies). In addition, Chairman of the Board Åke Modig participated in the meetings. As per 31 August, the Nominating Committee represented 55.3 percent of shareholders' votes. Following the publication of the Nominating Committee for 2014, Midelfart Holding AS has divested its holdings of class B shares. Following discussions with Nordea and Handelsbanken Funds, a decision has been made not to make any changes in the composition of the Nominating Committee. Since its formation and up until the announcement of the 2014 Annual General Meeting, the Nominating Committee has held three meetings. The Nominating Committee proposes to the 2014 Annual General Meeting, that Åke Modig be re-elected Chairman, and that Tina Andersson, Lennart Bohlin, Ola Erici, Ralph Mühlrad and Johan Wester be re-elected. Celina Midelfart has declined re-election. The Nominating Committee proposes that Deloitte AB be elected as auditing firm for a period of one year. The Nominating Committee's complete proposals are included in the announcement of the Annual General Meeting. The guidelines for the selection have been that nominees shall possess knowledge and experience relevant to Midsona. The rules regarding members' independence according to the Swedish Code of Corporate Governance have been respected. The account of the annual evaluation of the efforts made by the members of the Board has also been taken into consideration.

Work of the Board in 2013

The Board also addressed issues related to the acquisition of Supernature AS, financial reporting, strategy, investments, organisation and internal policies. The business areas have presented their activities, targets and strategies.

Board of Directors

The Articles of Association of Midsona AB state that the Board shall consist of at least three members and not more than nine and that no deputies shall be appointed. Members of the Board are elected annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. There are no rules about how long a member may serve on the Board. The Board consists of seven members and all of them were re-elected at the 2013 Annual General Meeting. Åke Modig was elected as Chairman by the Annual General Meeting. The Group's CEO and CFO attend Board meetings. The CFO is also the Board secretary. Other officials participate in Board meetings as needed to report on particular matters. New members of the Board are given an introduction that includes a tour of the subsidiaries and meetings with business area managers and other senior managers.

Work and responsibilities of the Board

The Board shall manage the Company's affairs in the interests of the company and all of its shareholders by establishing targets, strategies and guidelines, ensuring compliance with laws, regulations and ethical guidelines, ensuring that the organisation and management are effective and monitoring the work of the President, establishing internal control instruments and safeguarding systems for satisfactory internal control. The Board is also responsible for decisions regarding major acquisitions or divestments of operations, as well as decisions on other major investments. The Board has delegated to management the responsibility of ensuring the quality of press releases and presentations at meetings with the media, shareholders and analysts. For information about the Board's work to safeguard quality in the financial reporting, see the Board's Report on Internal Control on page 73. The Board meets at least six times during the year and more often if necessary.

Formal work plan of the Board of Directors

Each year, the Board adopts written rules governing its practices and responsibilities, the division of work between the Board and its committees, as well as the role of the Chairman. Also regulated is the framework for the Board meetings, including their convening, agenda and minutes, as well as how the Board is to be supplied with information and the data it needs for its work.

Composition of the Board in 2013

Midsona meets the Listing Agreement and the Code of Corporate Governance's requirement that a majority of members of the Board must be independent of the company and its management and that at least two of the members must be independent of the company's largest shareholders. Nine (nine) Board meetings were held in 2013.

Chairman of the Board

The Chairman organises and manages the work of the Board so that it is conducted in accordance with the Companies Act, other laws and regulations, the Code of Corporate Governance and internal control instruments and monitors the Board's fulfilment of its duties and that the Board's decisions are implemented effectively. The Chairman oversees operations in dialogue with the CEO and is responsible for the members of the Board having sufficient information to be able to complete their work. The Chairman and CEO prepare proposals for the agenda for the Board meetings.

Evaluation of Board members

The Chairman is responsible for the evaluation of the work of the members of the Board in accordance with an established process and for the Nominating Committee being informed about the outcome of the evaluation.

Committees

The Board has appointed a Remuneration Committee and an Audit Committee, tasking them with streamlining the Board's work and preparing matters in their respective areas. Committee members are appointed annually at the inaugural Board meeting, at which the rules of procedure for the committees are also established.

Audit Committee

The purpose of the Audit Committee is to support the Board with regard to supervising accounting, internal control, financial reporting and the associated auditing of accounts. In 2013, the Audit Committee consisted of Lennart Bohlin (Chairman), Johan Wester and Ralph Mühlrad. The Committee met twice (twice) in 2013. The company's auditor participated in these meetings.

Remuneration Committee

The Remuneration Committee's principal task is to prepare proposals on remuneration and terms of employment for the CEO and senior executives based on the principles established by the Annual General Meeting. The Committee prepares proposals for compensation agreements that are presented to the Board for decision. In 2013, the Committee consisted of Åke Modig (Chairman), Ola Erici and Celina Midelfart. The members have met twice (once) and held ongoing consultations with one another over the year.

Guidelines for remunerations to the Board, CEO and senior executives

Board fees and guidelines for remuner-

Attendance by members of the Board

	Board of Directors		Audit Committee		Remuneration Committee	
Name	Position	Attendance	Position	Attendance	Position	Attendance
Åke Modig	Chairman	9 of 9			Chairman	2 of 2
Tina Andersson	Member	9 of 9				
Lennart Bohlin	Member	9 of 9	Chairman	2 of 2		
Ola Erici	Member	9 of 9			Member	2 of 2
Celina Midelfart	Member	6 of 9			Member	2 of 2
Ralph Mühlrad	Member	9 of 9	Member	2 of 2		
Johan Wester	Member	9 of 9	Member	2 of 2		

Remuneration to the Board, SEK thousands

Name	Board fees	Fees, Remuneration Committee	Fees Audit Committee	Fees determined by the 2013 Annual General Meeting for 2013/2014	*Of which, paid in 2013*	Travel and other expenses	Total fees paid in 2013
Åke Modig (Chairman of the Board)	350			350	*350*	14	364
Tina Andersson	150			150	*75*		75
Lennart Bohlin	150		20	170	*170*	17	187
Ola Erici	150	20		170	*150*	1	151
Celina Midelfart	150	20		170	*170*	2	172
Ralph Mühlrad	150		20	170	*170*	23	193
Johan Wester	150		20	170	*170*	2	172
Total	**1,250**	**40**	**60**	**1,350**	***1,255***	**59**	**1,314**

ations to senior executives are set by the Annual General Meeting. Senior executives are considered to be the President and other members of the management team. The Annual General Meeting of 26 April 2013 resolved that fees for 2013/2014 should be paid to the Chairman in the amount of SEK 350 thousand and to the other members of the Board who are not employees of the company in the amount of SEK 150 thousand each. In addition, SEK 20 thousand shall be paid to each member of the Board, other than the Chairman, who is a member of a committee as compensation for work in the Remuneration and Audit Committees. Beyond these remunerations, members of the Board are not entitled to any other compensation other than for travel and lodging. The CEO and other senior executives are to be offered competitive remunerations in line with the market.

Remuneration levels for individual executives are to be based on factors including position, competence, experience and performance. Remunerations consist of basic salary and pension, and shall additionally be able to include variable pay, severance pay and other benefits. Variable pay is based on quantitative and qualitative targets being achieved. Entitlement to variable remuneration may not exceed 50 percent of basic salary for the President and not more than 30 percent of basic salary for other senior executives. Severance pay shall amount to at most six months' salary if notice is given by the company. The Board of Directors shall be entitled to diverge from the guidelines if there are specific reasons in individual cases. Salary and other remuneration terms for the President are prepared by the Remuneration Committee and presented to the Board. Salaries and other remunerations for senior executives reporting to the CEO are determined by the Remuneration Committee in consultation with the CEO. In 2013, the CEO received a basic salary of SEK 2,710 thousand and a defined contribution pension plan equivalent to 25 percent of pensionable salary. For the 2013 financial year, variable remuneration amounting to SEK 894 thousand was paid to the CEO. For further information, please see Note 10 Employees, personnel expenses and senior executives' remunerations The Board of Directors' proposed guidelines for remunerations to senior executives to be presented for approval by the Annual General Meeting of 29 April 2014 agree to all intents and purposes with the previous year's guidelines.

CEO and Group Management

The President and CEO is responsible for ongoing management in accordance with the Board's guidelines and instructions. In consultation with the Chairman of the Board, the CEO prepares the information the Board needs to conduct its work, presents matters and proposals for decisions and keeps the Board informed of the company's development. The CEO leads the work of Group management and makes decisions in consultation with other members of the management team. The Group management team consists of the CEO, the CFO and the heads of the business areas. At the end of 2013, the management team consisted of four people. Group management met eight times in 2013.

CEO Peter Åsberg was appointed on 1 December 2007.

Incentive programmes
There are currently no outstanding incentive programs.

Evaluation of the CEO
The Board continuously evaluates the CEO's work and expertise.

Instructions for the CEO
The Board adopts written instructions for the work of the President that, among other things, clarify the CEO's responsibility for day-to-day management, the division of duties between the Board and the CEO, as well cooperation with, and the information to, the Board.

Regulations regarding employees' share trading
The Board of Directors, management team and other executives registered as insiders may trade in Midsona shares in accordance with applicable legislation and regulations. There are no internal regulations beyond these regulations.

External auditor
The 2013 Annual General Meeting elected the authorised firm of auditors, KPMG AB, with authorised public accountant Alf Svensson as the auditor responsible, for a period of one year until the end of the 2014 Annual General Meeting. The 2013 Annual General Meeting resolved that the remuneration of the external auditor should be paid in accordance with an approved invoice. Ahead of the 2014 Annual General Meeting, the Nominating Committee has proposed that Deloitte be newly elected for a period of one year.

Audit
The auditor examines the company's annual accounts, the interim report for the third quarter, the accounting and the administration by the Board of Directors and the CEO. The auditor participates in all Audit Committee meetings and reports periodically during the year to the Audit Committee.

The auditor participates at the Annual General Meeting, outlining there the audit process and presenting the Audit Report. The audit is conducted in accordance with the Companies Act and generally accepted auditing standards.

Risk management
Information regarding risks, uncertainties and risk management are included in the Directors' Report on pages 24-25 and in Note 31 Financial risk management.

Additional information
The company's website www.midsona.com includes:

- Overview of Midsona's application of the Code of Corporate Governance
- Articles of Association
- Code of Conduct
- Information from previous Annual General Meetings
- Previous years' Corporate Governance Reports

Information regarding legislation and generally accepted practices in Sweden regarding Corporate Governance can be found at, for example:

- The Swedish Corporate Governance Board (www.corporategovernanceboard.se)
- Nasdaq OMX Stockholm (www.nasdaqomxnordic.com)
- Finansinspektionen – the Swedish Financial Supervisory Authority (www.fi.se)

Auditor's statement regarding the Corporate Governance Report

To the shareholders of Midsona AB (publ)
Corporate identity number 556241-5322

The Board of Directors is responsible for the Corporate Governance Report for 2013 on pages 66-72 and for it being prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on this and our knowledge of the Company and the Group, we believe that we have sufficient basis for our opinions. This means that our statutory review of the corporate governance report has a different focus and is substantially less in scope than the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted accounting practices in Sweden.

We are of the opinion that a Corporate Governance Report has been prepared and that its statutory content is consistent with the annual and consolidated accounts.

Malmö, 2 April 2014
KPMG AB

Alf Svensson
Authorised Public Accountant

The Board of Directors' report on internal control

INTRODUCTION

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control. This report has been prepared in accordance with the Swedish Code of Corporate Governance and is limited to the internal control of financial reporting.

WORK IN PROGRESS AND PLANNED INITIATIVES

As part of the continuous efforts to improve the reporting and monitoring of Midsona's operations, the Group's reporting system was upgraded in 2013. In addition, the local financial systems are continuously updated to ensure optimal utilisation.

DESCRIPTION

Control environment

The control environment forms the basis for the internal control of financial reporting. An important part of the control environment is that decision-making paths, authorisations and responsibilities are clearly defined and communicated between different parts of the organisation and that control documents in the form of policies, manuals, guidelines and instructions are in place. Consequently, an important part of the Board's work is to develop and approve a number of basic policies, guidelines and frameworks. These include the Board's formal work plan, the instructions to the CEO, regulations regarding investments, a financial policy and an insider policy. The purpose of these documents is to establish a basis for good internal control. The Board also works to ensure that the organisational structure provides clear roles, responsibilities and processes, facilitating effective management of operational risks and enabling the achievement of targets. As part of the responsibility structure, each month, the Board evaluates business performance and results through an appropriate package of reports containing income statements and balance sheets, analyses of key performance indicators, comments regarding the business situation of each operation and, on a quarterly basis, also forecasts for future periods. As part of efforts to strengthen its internal control, Midsona has policies, regulations and procedures that provide a clear picture of the economic situation. These are living documents that are updated regularly and adapted to changes in Midsona's business. In addition to this there are instructions that provide guidance in the day-to-day work of the organisation.

Risk assessment

Midsona continuously charts the Group's risks. In this process, a number of income statement and balance sheet items are identified where the risk of errors in financial reporting is elevated. The company makes continuous efforts to strengthen controls around these risks. Furthermore, risks are addressed in specific forums, for example issues related to acquisitions.

Control activities

The Group's control structure is designed to manage risks that the Board deems relevant in the internal control of financial reporting. The purpose of control activities is to detect, prevent and correct errors and inconsistencies in reporting. Control activities include, for example, processes and procedures for the making of important decisions, earnings analyses and other analytical follow-ups, reconciliations, stock-taking procedures and controls in IT systems.

Information and communication

The Company's governing documents, including policies, guidelines and manuals are continuously updated and communicated through the appropriate channels: e-mail, internal meetings and the intranet.

Follow-up

The Board continuously evaluates the information provided by management, the Audit Committee and the auditors. The CEO and Group Finance perform monthly reviews with the respective operations managers covering the Group's financial position. Group Finance also maintains close cooperation with controllers in the subsidiaries with regard to the closing of accounts and reporting. Follow-up and feedback on any problems arising in the internal controls form a central component in the internal control processes.

Assessment of the need for a special review function

The Group currently has no separate review function (internal audit). In light of the existing process for self-assessment and objective testing by an independent party, the Board believes there is currently no need for a special review function to perform effective monitoring of internal control.

Board of Directors

Board of Directors

Åke Modig
Chairman of the Board since 2011, member of the Board since 2011. Chairman of the Remuneration Committee. Born in 1945. Education: MBA. Active as an international business consultant. Former CEO of the Arla Cooperative Association, CEO of Arla Foods Amba and CEO of Swedish Meats. Chairman of the Board: Engelhardt & Co. and Food and Health Concept Center AB; member of the Boards of Modig & Partners AB, Ecolean AB and Spendrups Bryggeri AB. Holdings: 100,000 warrants via companies[1]. Dependent on the company and its shareholders: No.

Tina Andersson
Member since 2011. Born in 1969. Education: MBA, Lund University. Corporate Marketing & Communication Director of Duni AB. Previous positions within, among others, Hilding Anders, Findus, Campbell's Nordic, Mars, Inc. and Unilever, as well as member of the Board of Duni AB. Holdings: 0. Dependent on the company and its shareholders: No.

Lennart Bohlin
Member since 2007. Chairman of the Audit Committee. Born in 1942. Education: MBA, Stockholm School of Economics. Former President and CEO of Cloetta AB (publ) and Cloetta Fazer AB (publ). Chairman of the Board of Stjärnägg AB, CMA Research AB, Norins Ost AB and Östgöta Kök Holding AB. Member of the Boards of AB Anders Löfberg (Lofbergs Lila AB), AB Malfors Promotor, Hamravik Group AB, Sales Support Sweden AB, KI Kuponginlösen AB and the Östergötland Museum Foundation. Holdings: 8,000 class B shares. Dependent on the company and its shareholders: No.

Celina Midelfart[3]
Member since 2006. Member of the Remuneration Committee. Born in 1973. Education: BSc, Finance Major, Stern School of Business, NYU. Chairman of the Board of Midelfart Holding AS and a number of Midelfart Holding AS's subsidiaries. Holdings: 157,675 class A shares through companies. Dependent on the company and its shareholders: Yes[2].

Ralph Mühlrad
Member since 2011. Member of the Audit Committee. Born in 1960. Education: Studies in law and economics, Stockholm University. CEO Champion Northern Europe AB and Champion Northern Europe Branch. Founder of Supportex AB and Generator AB. Former CEO Supportex and Sara Lee Branded Apparel AB and former member of the Boards of Paradox Entertainment AB (publ) and Champion Europe S.p.A. Member of the Boards of Mühlrad-Invest AB, Champion Northern Europe AB, AB Kontaktpressning and Habima AB. Holdings: 154,965 class B shares. Dependent on the company and its shareholders: No.

Johan Wester
Member since 2009. Member of the Audit Committee. Born in 1966. Education: Graduate engineer, Chalmers Institute of Technology. Investment Director at Stena Adactum AB. Former CEO Mediatec Group, Partner at Arthur D. Little and member of the Boards of Ballingslöv International AB and Personec Oy. Member of the Boards of Stena Renewable and S-invest. Holdings: 50,000 class B shares. Dependent on the company and its shareholders: Yes[2].

Ola Erici
Member since 2012. Member of the Remuneration Committee. Born in 1960. Education: MBA. Active as industrial advisor. Former CEO of Ferrosan and Skånemejerier and has held several executive positions in the Tetra Laval Group and Gambro. Member of the Boards of Haarslev A/S, Denmark, Danske Bank Lund and Chairman of the Board of Ecobränsle AB. Holdings: 24,690 class B shares (personal holding and through closely-related parties). Dependent on the company and its shareholders: No.

Auditor
Alf Svensson
Born in 1949. Authorised Public Accountant with KPMG AB and member of FAR SRS.

Shareholding as at 28 February 2014. For updated shareholding, please see www.midsona.com/Bolagsstyrning.
1) In March 2012, the principal owners Midelfart Holding AS and Stena Adactum AB issued 100,000 warrants with their own holdings of shares in Midsona as guarantee. The Midsona Group is not a party to the transaction and the future redemption of the warrants will not affect the Midsona Group's financial position and earnings.
2) Celina Midelfart is the Chairman of the Board of Midelfart Holding AS. Johan Wester conducts assignments on behalf of the Stena Adactum Group.
3) Celina Midelfart has declined re-election by the 2014 Annual General Meeting.

Group Management

Peter Åsberg
President and CEO since December 2007 and Business Area Manager Sweden since November 2012. Born: 1966. Education: MBA. Member of the Board of Svensk Egenvård. Peter has previously been President of Cloetta Fazer Sweden and held various positions at Procter & Gamble and Coca-Cola. Holdings: 58,142 class B shares.

Lennart Svensson
CFO since January 2009. Born: 1961. Education: MBA. Lennart has experience from several senior management positions within Ericsson, both in Sweden and internationally. Holdings: 14,816 class B shares.

Jukka Allos
Business Area Manager Finland since March 2007, employed since 2002. Born: 1956. Education: MBA. Jukka has previously been CEO/owner in Biotics Oy and has held various positions at Nokia and Procter & Gamble. Holdings: 108,258 class B shares.

Vidar Eskelund
Business Area Manager Norway since January 2008. Born: 1966. Education: BSc with double major (International Marketing and Business Administration). Vidar has previously been Executive Vice President of Kompett ASA and Boehringer Ingelheim KS. Holdings: 0 shares.

Shareholding as at 28 February 2014. For updated shareholding, please see www.midsona.com/Bolagsstyrning.

Share and shareholders

Midsona's shares were launched on the Stockholm Stock Exchange in 1999. The shares are listed on the Nasdaq OMX Stockholm/Small Cap list in the FMCG segment under the tickers MSON A and MSON B.

Price trend and turnover

During 2013, the Midsona B share rose by about 116 percent (1) in price from SEK 13.40 to SEK 29.00. The stock market as a whole, as indicated by the Nasdaq OMX Stockholm All-share index (OMXSPI), rose by about 23 percent (12). The index for the FMCG segment rose by approximately 21 percent (21).

Following the end of the fiscal year, and up to 28 February, the Midsona B share rose by about 21 percent, compared with FMCG index which fell by about 1 percent.

Over the year, 9,388,453 class B shares were traded on the Stockholm Stock Exchange, equivalent to a turnover rate of 42 percent. Turnover in Midsona A shares amounted to 88,018 shares.

The highest price for class B shares was SEK 31.00, and the lowest price was SEK 13.40. On 30 December 2013, the latest price paid for class B shares was SEK 29.00, representing a total market capitalisation of approximately SEK 660 million.

Ownership

On 31 December 2013, Midsona AB had 4,151 (4,332) shareholders. Stena Adactum AB is the largest owner with 23.5 percent (unchanged) of the capital and 25.1 percent (unchanged) of the votes. No other shareholder held 10 percent or more of the total number of shares as per 31 December 2013. At the end of 2013, the ten largest owners accounted for 62.9 percent (66.1) of the capital and 65.5 percent (68.1) of the votes.

Foreign shareholders accounted for 25.3 percent (36.4) of the capital and 27.8 percent (37.1) of the votes. Swedish ownership was 74.7 percent (63.6) of the capital and 72.4 percent (62.9) of the votes.

At the end of the year, the four members of the group management team had a total holding in Midsona of about 181,216 class B shares (unchanged). At the end of the year, members of the Board of Directors held 157,675 class A shares (157,675) and 237,655 class B shares (5,282,019). Midsona AB held no treasury shares at the end of 2013.

Share capital

The share capital amounts to SEK 454,895,815. The number of shares in the company amounts to 22,744,790, divided into 379,932 class A shares and 22,364,858 class B shares. At the end of the year, the number of votes amounted to 26,164,178. A class A share entitles the holder to ten votes and a class B share entitles the holder to one vote at the Annual General Meeting. All shares convey equal rights to the company's net assets and profits. The quota value of the shares is SEK 20.

Dividends and dividend policy

The Board of Directors proposes to the 2014 Annual General Meeting that a dividend of SEK 1.00 per share (0.50) be paid, representing approximately 45 percent (23) of profit after tax for 2013. In the long term, it is the Board's intention to propose an annual dividend that exceeds 30 percent of Midsona's profit after tax. Future dividends will be dependent on the Group's financial position, operating results and other factors deemed relevant by the Board of Directors.

Analysts and other monitoring

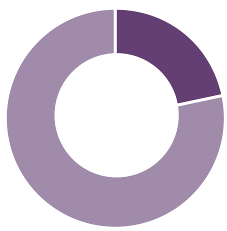
- Remium Relations AB compiles and disseminates information about Midsona through the web platform Introduce.se. Found here are, for example, key figures, press releases, shareholder data and technical analyses.
- Erik Penser Bankaktiebolag monitors Midsona through its EP Access service.

ISIN Code: SE0000565210
Ticker on NASDAQ OMX: MSON
Sector: FMCG, Personal products – 30302010
Source: SIX

Swedish and foreign ownership of holdings, 31 December 2013

Foreign ownership, 25.3% (36.4)
Swedish ownership, 74.7% (63.6)

Swedish holdings divided among legal entities and physical persons, 31 December 2013



Physical persons, 21.5% (26.3)
Legal entities, 78.5% (73.7)

Ten largest shareholders as of 30 December 2013

	Class A shares	Class B shares	Capital, %	Votes, %
Stena Adactum AB	136,625	5,206,603	23.5	25.1
Nordea Investment Funds		2,058,000	9.0	7.9
Handelsbanken Funds AB RE JPMEL		1,893,288	8.3	7.2
Midelfart Holding AS	157,675		0.7	6.0
Peter Wahlberg and companies	8,791	1,261,245	5.6	5.2
Second AP Fund		1,236,380	5.4	4.7
Länsförsäkringar fondförvaltning AB		841,007	3.7	3.2
LINC AB		623,323	2.7	2.4
Tobias Ekman and companies		502,000	2.2	1.9
Försäkringsaktiebolaget Avanza Pension	10,598	388,172	1.8	1.9
10 largest shareholders	**313,689**	**14,010,018**	**62.9**	**65.5**
Other shareholders	60,283	8,354,840	37.1	34.5
Total	**373,972**	**22,364,858**	**100.0**	**100.0**

Source: Euroclear Sweden AB.

Ownership categories, percent of holdings, 30 December 2013

Category	Number of class A shares	Number of class B shares	Holdings, %	Votes, %
Financial companies	10,988	3,115,817	13.75	12.33
Securities companies and securities brokers	0	872	0.00	0.00
Fund managers	0	1,771,581	7.79	6.77
Insurance companies and pensions institutions	10,988	975,614	4.34	4.15
Pension funds	0	367,750	1.62	1.41
Social security funds	0	1,236,380	5.44	4.73
Professional associations	0	10,470	0.05	0.04
Relief organisations and trade unions	0	10,470	0.05	0.04
Other Swedish legal entities	147,799	8,942,412	39.97	39.83
Uncategorised legal entities	0	26,609	0.12	0.10
Shareholders resident abroad	163,222	5,540,197	25.08	27.41
Swedish physical persons	57,923	3,492,973	15.61	15.56
Total	**379,932**	**22,364,858**	**100.00**	**100.00**

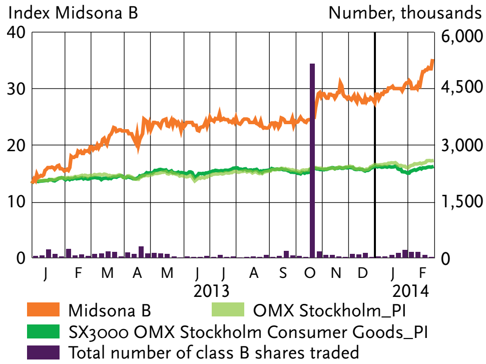
Source: Euroclear Sweden AB.

Share distribution at 30 December 2013

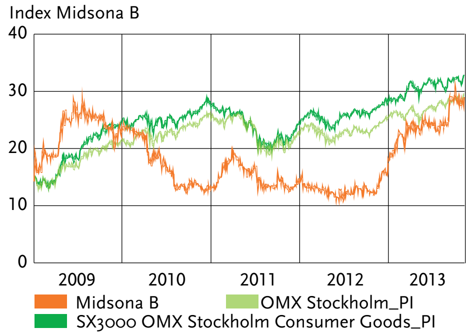
Number of shares	Shareholder Number	Shareholder %	Holding Number	Holding %
1-500	3,397	81.8	390,308	1.7
501-1,000	324	7.8	263,288	1.2
1,001-5,000	258	6.2	602,877	2.7
5,001-10,000	51	1.2	399,066	1.8
10,001-15,000	24	0.6	288,301	1.3
15,001-20,000	17	0.4	314,735	1.4
20,001-	80	1.9	20,486,975	90.1
Total	**4,151**	**100.0**	**22,745,490**	**100.0**

Source: Euroclear Sweden AB.

Share price trend, Jan 2013 – Feb 2014



Share price trend, Jan 2009 – Dec 2013



Share capital trend 1984-2013

	Change	Nominal amount, SEK/share	Total number of shares	Total share capital, SEK
1984	Inception of the company	100	500	50,000
1999	Bonus issue	100	1,000	100,000
1999	Bonus issue	5	11,246,292	56,231,460
2001	New share issue 1:1	5	22,492,584	112,462,920
2001	Directed share issue	5	26,492,584	132,462,920
2005	New share issue	5	34,698,332	173,491,660
2006	Non-cash issue	5	35,498,332	177,491,660
2007	New share issue	5	53,247,498	266,237,490
2007	Non-cash issue	5	54,587,498	272,937,490
2009/2010	New share issue	5	90,979,163	454,895,815
2010	Reverse share split 4:1	20	22,744,790	454,895,815

Shareholder information

Annual General Meeting 2014
The Annual General Meeting of Midsona AB (publ) will be held on 29 April, 2014 at Malmö Börshus, Skeppsbron 2 in Malmö, Sweden. The meeting starts at 3:00 pm. Registration will start at 2.00 pm and light refreshments will be served before the meeting. Matters to be considered at the Annual General will be detailed in press releases and published on Midsona's website, www.midsona.com, prior to the meeting.

Right to participate
Those entitled to attend the meeting and to vote are those who are listed in the shareholders' register maintained by Euroclear Sweden AB by 23 April 2014, and who have given notice of their intention to participate – together with any assistants – by the same date and by 4.00 pm at the latest. Shareholders with nominee-registered shares must, not later than 23 April 2014, temporarily register the shares with Euroclear Sweden in their own names to be entitled to participate in the meeting. Such registration should be requested a few days in advance via the nominee.

Notification of participation shall be sent to:
Midsona AB, Box 21009, SE-200 21 Malmö, Sweden; by e-mail to anmalan.stamma@midsona.com; by telephone to +46 (0)40 601 82 00 or via www.midsona.com. The notification must state name, personal identity number or corporate identity number and daytime telephone number. For shareholders represented by proxy, the power of attorney and – if the mandator is a legal entity – documents proving the signatory's authorisation shall be submitted to the company prior to the Annual General Meeting. The data provided will only be used in connection with the Annual General Meeting and to prepare voting lists.

Dividend
The Board has decided to propose to the Annual General Meeting that a dividend of SEK 1 per share be paid for the 2013 financial year.

Follow Midsona over the year

Ordering the Annual Report
The printed Annual Report is distributed to shareholders on request. Printed Annual Reports can be ordered via the company's website, www.midsona.com, by e-mail to info@midsona.com or by telephone to +46 (0)40 601 82 00.

Financial calendar 2014

29 April	Interim Report January-March
29 April	Annual General Meeting
18 July	Interim Report January-June
24 October	Interim Report January-September

Follow us on the Internet
All financial information, press releases and more are published at www.midsona.com. More information about our products is provided at www.midsona.no, www.midsona.fi and www.midsona.se.

A selection of press releases published in 2013

19 March 2013
Midsona acquires Supernature AS, a leader in superfoods in Norway.

22 March 2013
Comment on SVT Plus' item regarding Glucosanol.

17 April 2013
Midsona's acquisition of Supernature completed.

27 May 2013
Midsona launches the product FästinG, which reduces the risk of tick bites.

10 July 2013
Midsona sells Supernature's retail business.

11 September 2013
Midsona markets Alli in Sweden and Finland.

11 October 2013
Midsona-owned Supernature launches superfood in Sweden.

9 December 2013
Midsona's subsidiary in Finland acquires the brand Elivo from Tamro Oy.

Midsona AB is a Swedish public company. The Company is incorporated and registered under Swedish law with the company name Midsona AB (publ), corporate identity number 556241-5322. The company is based in Malmö, Sweden. The company's name was changed to Midsona AB from Midelfart Sonesson AB following a decision by the Extraordinary General Meeting held on 7 December 2010. In this document the name Midsona is used throughout to also denote the operations under the previous company name.


max
ecithin

Five-year summary[1)]

Excerpts from income statements, SEK million	2013	2012	2011	2010	2009
Net sales	916	869	1,030	1,134	1,354
Expenses for goods sold	-495	-474	-656	-806	-833
Gross profit	**421**	**395**	**374**	**328**	**521**
Selling expenses	-278	-272	-247	-258	-290
Administrative expenses	-79	-78	-89	-156	-198
Other operating income	4	10	17	39	64
Other operating expenses	-4	-8	-4	-3	-1
Operating profit	**64**	**47**	**51**	**-50**	**96**
Financial income	1	0	0	1	2
Financial expenses	-12	-16	-19	-15	-22
Profit before tax	**53**	**31**	**32**	**-64**	**76**
Tax	-2	19	-2	-3	-22
Profit for the year[2)]	**51**	**50**	**30**	**-67**	**54**
Depreciation/amortisation and impairment					
Depreciation/amortisation and impairment included in operating income	14	12	13	125	23
Operating profit before amortisation/depreciation and impairment	**78**	**59**	**64**	**75**	**119**
Non-recurring items					
Non-recurring items included in operating income	0	-7	-10	91	-48
Operating profit before non-recurring items	**64**	**40**	**41**	**41**	**48**

Excerpts from balance sheets, SEK million	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Intangible fixed assets	846	855	781	767	904
Other fixed assets	52	57	76	72	115
Inventories	95	97	125	138	150
Other current assets	117	132	152	169	148
Cash and equivalents	62	43	42	30	21
Total assets	**1,172**	**1,184**	**1,176**	**1,176**	**1,338**
Shareholders' equity	710	686	652	620	707
Non-current interest-bearing liabilities	149	212	215	262	119
Other non-current liabilities	94	90	87	79	82
Current interest-bearing liabilities	43	9	51	26	254
Other current liabilities	176	187	171	189	176
Total shareholders' equity and liabilities	**1,172**	**1,184**	**1,176**	**1,176**	**1,338**

Excerpts from cash flow statements, SEK million	2013	2012	2011	2010	2009
Cash flow from operating activities before changes in working capital	67	50	40	46	54
Changes in working capital	21	-2	1	-19	-39
Cash flow from continuing operations	**88**	**48**	**41**	**27**	**15**
Cash flow from investing activities	-29	-4	-2	59	66
Cash flow after investing activities	**59**	**44**	**39**	**86**	**81**
Cash flow from financing activities	-35	-43	-27	-75	-91
Cash flow for the year	**24**	**1**	**12**	**11**	**-10**
Cash and equivalents at beginning of year	43	42	30	21	31
Exchange rate difference in cash and equivalents	-5	0	0	-2	0
Cash and equivalents at end of year	**62**	**43**	**42**	**30**	**21**

Key figures[3]	2013	2012	2011	2010	2009
Income and expense					
Net sales growth, %	5.4	-15.6	-9.2	-16.2	-7.1
Net sales per employee, SEK thousand	5,872	6,437	6,205	3,670	3,740
Selling expenses/net sales,%	30.3	31.3	24.0	22.8	21.4
Administrative expenses/net sales,%	8.6	9.0	8.6	13.8	14.6
Personnel expenses per employee, SEK thousand	827	859	765	608	637
Margin					
Gross margin, %	46.0	45.5	36.3	28.9	38.5
Operating margin, %	7.0	5.4	5.0	-4.4	7.1
Profit margin, %	5.8	3.6	3.1	-5.6	5.6
Capital					
Average capital employed, SEK million	905	913	913	994	1,078
Return on capital employed, %	7.2	5.2	5.6	Neg.	9.1
Return on equity, %	7.3	7.5	4.7	Neg.	8.9
Equity ratio, %	60.6	57.9	55.4	52.7	52.8
Liquidity					
Net debt, SEK million	130	178	224	258	352
Net debt/EBITDA, multiple	1.7	3.0	3.5	3.4	3.0
Net debt/equity ratio, multiple	0.2	0.3	0.3	0.4	0.5
Interest coverage ratio, multiple	5.4	2.9	2.7	Neg.	4.5
Employees					
Average number of employees	156	135	166	309	362
Number of employees at the end of the year	157	143	130	290	316
Shares and market capitalisation					
Average number of shares during the year[4], thousand	22,745	22,745	22,745	22,739	14,341
Number of shares at end of year[4], thousand	22,745	22,745	22,745	22,745	22,666
Market capitalisation, SEK million	660	305	303	290	530
Per share data					
Profit attributable to Parent Company shareholders, SEK	2.24	2.20	1.33	-2.93	3.74
Shareholders' equity, SEK	31.22	30.16	28.67	27.26	31.19
Cash flow from continuing operations, SEK	3.87	2.11	1.80	1.19	1.05
Share price on balance sheet date (class B shares)[4], SEK	29.00	13.40	13.30	12.75	23.40
Dividend[5], SEK	1.00	0.50	-	-	-
Yield, %	3.4	3.7	-	-	-
Pay-out ratio, %	44.6	22.7	-	-	-
P/E ratio, multiple	12.9	6.1	10.0	Neg.	6.3

1) In the financial overview, 2009 and 2010 have not been restated for remaining operations.
2) Refers to profit for the year from remaining operations for 2011, 2012 and 2013.
3) For definitions of key ratios, see adjacent tab.
4) The number of shares and the share price for 2009 have been adjusted for the reverse split.
5) Dividend for 2013 relates to the proposal by the Board of Directors.

Definitions

Return on Equity – Profit for the year in relation to average shareholders' equity.

Return on capital employed – Profit before tax plus financial expenses in relation to average capital employed.

Gross margin – Gross profit in relation to net sales.

Market capitalisation – Number of shares at year-end multiplied by the price quoted for class B share on the balance sheet date.

Yield – Dividend in relation to the price quoted for class B share on the balance sheet date.

EBITDA – Operating income before depreciation and depreciation of tangible assets and amortisation of intangible assets.

Shareholders' equity per share – Shareholders' equity divided by the number of shares outstanding at the end of the year.

Average number of shares – Average number of shares outstanding during the year.

Customer credit period – Accounts receivable adjusted for VAT in relation to net sales.

Net sales per employee – Net sales divided by the average number of employees.

Net sales growth – Net sales for the year less the preceding year's net sales in relation to the preceding year's net sales.

Net debt – Interest-bearing provisions and liabilities at the end of the year less cash and equivalents.

Net debt/equity ratio – Net debt in relation to shareholders' equity.

P/E ratio – Share price on the balance sheet date in relation to earnings per share.

Personnel expenses per employee – Personnel expenses in relation to the average number of employees.

Earnings per share – Profit for the year in relation to the average number of shares.

Interest coverage ratio – Profit before tax plus interest expenses in relation to interest expenses.

Working capital – Non-interest-bearing current assets less non-current non-interest-bearing liabilities.

Operating margin – Operating profit in relation to net sales.

Equity/assets ratio – Shareholders' equity at the end of the year in relation to total assets.

Capital employed – Total assets less non-interest-bearing liabilities and deferred tax liabilities.

Payout ratio – Proposed/approved dividend per share divided by earnings per share.

Profit margin – Profit before tax in relation to net sales.

Glossary

Antioxidants – Molecules that prevent oxidation. Antioxidants are believed to neutralise the action of free radicals in cells. Adequate absorption of antioxidants through food is considered to counteract cardiovascular diseases, premature aging and possibly even cancer. Antioxidants are found in fruits, berries and vegetables.

Functional Foods – Is a concept that has been used to characterise foods that have a specific physiological effect on health, in addition to supplying traditional nutrients.

GMP – Good Manufacturing Practice. International standard for the production of pharmaceuticals.

Healthfood – Healthfoods offer health-related benefits and include various weight management products and herbal teas.

Hygiene – Dental care, hair and skin care products.

Nutritional supplements – These are classified as foods and serve as supplements to normal foodstuffs. They may contain vitamins and minerals or other nutrients such as omega-3.

Medical technology products – A medical technology product can be either a purely technical aid, such as a dosage device, or take the form of a capsule or tablet. They may not have a pharmacological, immunological or metabolic action in the body.

Omega-3 – A number of polyunsaturated and beneficial fatty acids are referred to as omega-3. They are essential fatty acids, meaning the body cannot produce them itself and must instead obtain them through diet. The longer polyunsaturated fatty acids EPA and DHA from fish and fish oil in particular have been found to have additional health-beneficial effects.

OTC – Over The Counter is a term used to describe non-prescription drugs. These are medicines that are sold without a prescription and are for self-care.

Sports nutrition – Nutritional and dietary supplements that cater to athletes.

Superfoods – Foods containing a high concentration of essential and health-benefiting substances.

Svensk Egenvård – A trade association that organises suppliers of plant-based medicines, nutritional supplements, healthfoods and natural skin care products in the Swedish market.

Traditional plant-based medicines – Such medicines require documented use in traditional medicine for at least 30 years, including at least 15 years within the EU. The Swedish Medical Products Agency assesses the quality and safety of these products in the same way as for conventional medicines. Traditional plant-based medicines are non-prescription and are intended for self-care for simple problems that do not require treatment by a physician.

Well-established plant-based medicines – To be classified as well-established plant-based medicines, products must demonstrate efficacy in clinical studies of good scientific quality. The same requirements are imposed as for conventional drugs. Well-established plant-based medicines are treated as equal to conventional drugs.

Addresses

Midsona AB (publ)
Corporate identity number: 556241-5322
Visiting address: Dockplatsen 16, Malmö, Sweden
Postal address: Box 21009, SE-200 21 Malmö, Sweden
Telephone: +46 (0)40 601 82 00
e-mail: info@midsona.com
www.midsona.com

Midsona Sweden
Visiting address: Dockplatsen 16
Postal address: Box 50577, SE-202 15 Malmö, Sweden
Telephone: +46 (0)40 660 20 40
www.midsona.se

Midsona Norway
Visiting address: Drammensveien 149
Postal address: Box 144 Sköyen
NO-0212 Oslo, Norway
Telephone: +47 24 11 01 00
www.midsona.no

Midsona Finland
Visiting address: Myllyojankatu 18-20
Postal address: Box 55
FI-24101 Salo, Finland
Telephone: +358 20 743 47 55
www.midsona.fi

Midsona develops and markets products in the areas of nutrition and health, sports nutrition, superfoods, cold remedies and hygiene.