midsona

ANNUAL REPORT 2014

Innovation strengthens our leading brands

Contents

Announcement of Annual General Meeting 2015

The Annual General Meeting of Midsona AB (publ) will be held on 28 April, 2015 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 22 April 2015, 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 22 April 2015, 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 03, +46 (0)40 601 82 07 or +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 1.10 per share be paid for the 2014 financial year.

Denna rapport finns även på svenska. The English version is a translation from Swedish. In case of discrepancy, the Swedish version shall prevail.

This annual report was published on the Company's website (www.midsona.com) on 31 March 2015. Printed copies are sent to shareholders and other stakeholders on request. The Directors' Report is given on pages 28-37. The financial accounts are given on pages 38-75 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.

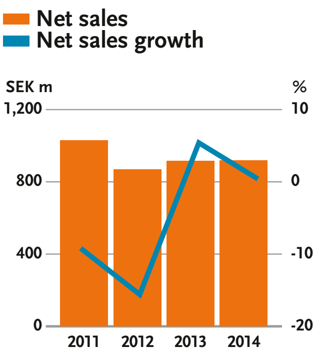
Midsona AB in cooperation with RHR Corporate Communication AB, Malmö, Sweden, www.rhr.se

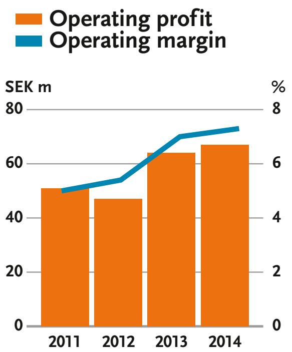
Midsona AB is a Swedish public company. The Company is incorporated and registered under Swedish law with the company name Midsona AB (publ), corporate identity number 556241-5322. The company is based in Malmö, Sweden. In all instances, the terms "Midsona", "Group" and "the company" refer to the Parent Company, Midsona AB (publ) and its subsidiaries.

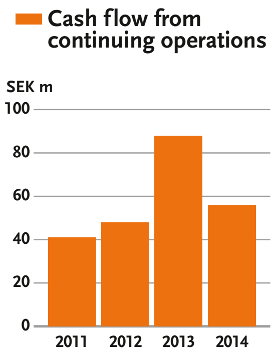
Continued improvements over the year

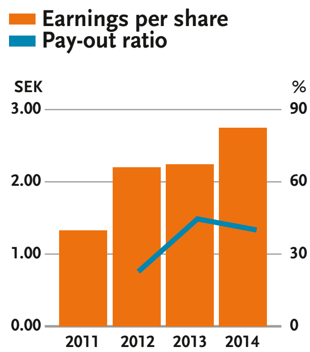
Midsona improved its profits in 2014 despite challenging market conditions. Sales continued to increase for several of our prioritised brands. We were also able to launch more new products than ever. This enables improvement in profit despite an unfavourable currency trend, a declining market for weight control products and generally weakened private consumption in the Nordic region.

- Net sales amounted to SEK 920 million (916), an increase of 0.4 percent, with favourable sales growth for several brands.
- The gross margin was 45.8 percent (46.0). Higher commodity costs due to unfavourable exchange rates were offset by price increases to retailers and favourable product sales mix.
- Operating profit increased to SEK 67 million (64), with an operating margin of 7.3 percent (7.0). Operating profit and operating margin improved as a result of the continued streamlining of both the organisation and processes.
- Profit before tax rose to SEK 59 million (53). Net financial items were improved through lower debt.
- Profit for the year rose to SEK 63 million (51), corresponding to earnings per share of SEK 2.75 (2.24).
- Cash flow from continuing operations amounted to SEK 56 million (88). The decrease was primarily related to increased operating receivables and decreased operating liabilities.
- Net debt amounted to SEK 151 million (130). The increase was related to a business combination that was paid in cash on the date on which Midsona took possession.
- The ratio between net debt and EBITDA on a rolling 12-month basis was 1.9x (1.7).
- The Board of Directors proposes an increased dividend of SEK 1.10 per share (1.00), corresponding to a pay-out ratio of 40.0 percent (44.6).
- A new financing agreement was signed with Swedbank totalling SEK 320 million, without any amortisation obligation. The financing agreement extends from 31 December 2016 and may be extended by one year at a time until 31 December 2018. The agreement provides favourable conditions for the continued consolidation of the Nordic market for health and well-being.
- The largest launch period in the Group's history was carried out in September and October and was well received by businesses and consumers alike. Friggs' rice cakes with chia seeds and sea salt was named best health food of 2014 by magazine MåBra.
- In December, Soma Nordic AS was acquired, a well-known player in ecological healthfood that develops, markets and sells high-quality products under the Soma brand. Through the acquisition, the Group gains access to a strong brand in the organic healthfood segment. The acquisition strengthens Midsona's presence among Norwegian and Swedish healthfood retailers.
- Following the end of the year, a decision has been made to close the production unit in Stenkullen outside Gothenburg, where some of the products in the Dalblads brand are made. The decision is in line with the strategy of focusing on developing strong brands in health and well-being. Midsona already successfully outsources production of all of the Group's other brands.









An innovative company with strong brands

Midsona has a clear mission to make it easier for people to make their own contribution to a healthier everyday life. We develop and market products for improved health and increased well-being. With several proprietary brands, we hold a leading position in major product areas. This makes us one of the leading companies in the market. This is a position that we continually reinforce through acquisitions and active product development.

STRONG PRIORITISED BRANDS

Midsona's most important asset is a number of proprietary brands that we are continuously developing. They account for 55 percent of consolidated sales of goods. Of these, we have chosen to prioritise seven that we believe have the potential to develop particularly well: Friggs, Dalblads, Miwana, Mygga, Naturdiet, Supernature and Tri Tolonen. Each is a leader in selected segments within the product areas where they operate.

› Learn more about our brands on pages 14-17.

FRIGGS naturdiet DALBLADS NUTRITION AB MYGGA Miwana TRI TOLONEN Supernature

ACQUISITIONS – AN ALTERNATIVE TO PROPRIETARY PRODUCT DEVELOPMENT

For us, acquisitions are often a complement to proprietary development, to generate growth and establish ourselves in new segments and product areas. Our acquisition of Nordsveen strengthened our presence in the Norwegian FMCG retail segment in particular. Dalblads and Supernature established us in the areas of sports nutrition and superfoods. The acquisition of Bio Vita strengthened our position in Finland and the acquisition of the brand Elivo strengthened our presence in Finnish pharmacies. The year's acquisition of Soma strengthened us in ecological healthfood. Through these transactions, we have also developed clear processes for integrating acquired companies.

› Learn more about our acquisitions of page 19.

FOUR STRATEGIES TOWARDS A CLEAR VISION

We have a clear vision: To become the leader in the Nordic region in health and well-being. With strong positions in a number of segments, we are well on the way to achieving this. Four well-defined strategies and our capacity to pursue them afford us good opportunities to realise our vision and achieve our financial targets:

- We prioritise our strong proprietary brands alongside a number of select licensed products that we are developing in our principal markets: Sweden, Norway and Finland.
- We invest actively in acquisitions, for example, to establish ourselves in new, adjacent product areas.
- 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 develop or phase out those deemed unable to achieve satisfactory gross margins.
- We work actively to maintain an optimal organisation at all times and to reduce the Group's cost level.

› Read more about our vision and strategies on pages 10-11.

MARKETING THROUGH FIVE CHANNELS IN THREE NORDIC COUNTRIES

To reach different target groups with different purchasing behaviours, Midsona offers its products to consumers through five principal sales channels in three Nordic countries.

FMCG retailers, which are mainly the major supermarket chains, represent our largest channel.

Specialist health shops remain an important sales channel for us, particularly in reaching lifestyle consumers who are early to adopt new health trends.

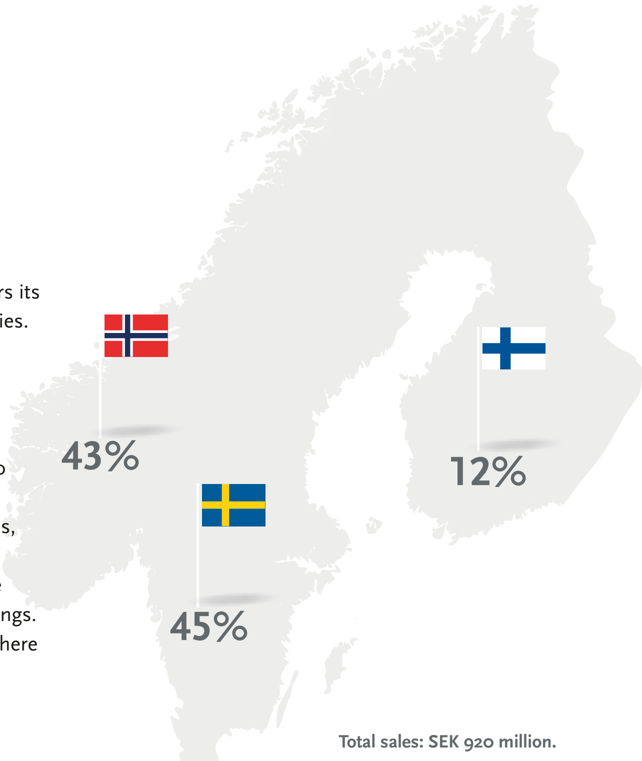
With their pharmaceutical expertise and advice, pharmacy chains will continue to be important to us.

Our products are also available through other specialist retailers, including shops, gyms and other venues where we can meet our clients.

A channel with high growth, albeit from low levels, is e-commerce/mail order.We have a presence there with our Vitalas brand and through our customers' digital offerings.

Our efficient marketing organisation covers all channels in the three countries where we operate.

› Read more about our business on pages 12-13.



Total sales: SEK 920 million.

BIGGEST LAUNCH PERIOD EVER

Midsona is a consumer products company that is driven by a sensitivity to new market trends and changing consumer behaviours. Active product development improves our competitiveness, secures our volumes and increases our growth. We are therefore pursuing an active product development process together with our suppliers. In 2014, we launched more products than ever. This trend will be followed up with additional launches in the spring of 2015.

› Learn more about our innovations on the page 18.

LEADING POSITIONS IN DEFINED PRODUCT AREAS

Midsona operates primarily within in two principal product areas: Healthfoods and Personal Care. Both contribute to improved health and increased well-being. Within these areas, we hold leading or strong positions that we nurture by continuously refining our product range. We phase-out products that fail to meet our expectations and we develop new ones through acquisitions and innovation. To further strengthen our customer offering, we complement our own brands with licensed brands from leading international players.

› Learn more about our positions and product areas on page 20.

FIVE REASONS TO INVEST IN MIDSONA

We see five primary reasons for an investment in Midsona shares:

1. A growing underlying market driven by consumers' increasing interest in their own health and well-being.
2. A leading position in several sales channels that make us a priority supplier, generating economies of scale for us.
3. An attractive product portfolio with strong brands that are continuously being developed organically and through acquisitions.
4. A clear vision, aggressive targets, clear strategies and the financial and organisational capacity to carry out our plans.
5. Active participation in the consolidation of the market for products in the area of health and well-being.

› Read more about Midsona's shares on pages 84-85.

Improved profits despite challenging external conditions

Midsona improved its profits in 2014 despite challenging external conditions. This was made possible by strong development by most priority brands, efficiency enhancements and price increases. Turbulence in the foreign exchange markets had a negative impact on the Swedish operations in particular. The market for weight control products weakened, which negatively affected our brands in that segment. Private consumption was weak in the Nordic region – particularly in Finland. Despite these conditions, we managed to improve our results. Operating profit improved to SEK 67 million (64), corresponding to an operating margin of 7.3 percent (7.0). Reported profit after tax was SEK 63 million (51).

FOCUS ON BRANDS

Midsona's most important assets are a number of leading brands in health and well-being. Examples include Friggs, Dalblads, Naturdiet, Miwana Renässans, Supernature, MyggA and Tri Tolonen. Most brands showed growth. Growth was particularly strong for Friggs and Dalblads. Friggs is our largest brand with products in the principal areas of rice cakes, health teas and nutritional supplements. Over the year, a new brand platform was developed, including a new uniform design that will gradually be rolled out in shops during 2015. A large number of new products were launched in 2014. These included a new series of thin rice cakes with healthy seeds that was well received by consumers and that also received an award as the MåBra selection in its category. Dalblads achieved great success during the year. We broadened the distribution of the brand, while increasing our marketing efforts. The result was significantly increased sales.

Midsona is consumer focused and it is therefore important that we constantly provide the market with relevant product innovations. In 2014, particular focus was placed on further improving our innovation process. We launched more new products than ever before and are also planning a continued high launch rate during 2015.

CONTINUED HEALTH BOOM

In recent years, we have experienced a health boom in society and that interest has not waned – rather the opposite. A number of driving forces suggest that the market will continue to grow. Interest in exercise and activity continues to increase. It is no coincidence that the "Fitness Band" was named as the Christmas Gift of the Year by HUI Research. Although Midsona does not sell fitness bands itself, this increased interest in exercise benefits our products too. In general, people are also more aware of the importance of good diet and are willing to spend time and money on ensuring good nutrition. Finally, we have an ageing population that chooses to be active in older age. In turn, these driving forces give rise to distinct market trends. We have seen particularly strong growth in the sports nutrition segment, driven by continued growing interest in physical activity in society. This is a trend that benefits Dalblads. Another strong trend is "free-from foods", such as gluten-free and lactose-free. Both Friggs and Naturdiet have a number of such products in their ranges. A third trend is ecological products, which exhibited strong growth in 2014. Friggs and Supernature both market products in this area and the acquired company Soma Nordic (Soma), described below, focuses primarily on ecological options. Specialised nutritional supplements are attracting greater interest, particularly from older people who see the need to supplement their diet to achieve optimal health, which benefits the Tri Tolonen brand, among others.

ACQUISITIONS STRENGTHEN OUR OFFERING

Acquired at the end of 2014 was Soma with a turnover of approximately SEK 50 million. Most of the products in the range are ecological, thus reinforcing Midsona's presence in this growing segment. The largest brand in the range is Cocosa, which offers ecological coconut oils. Most of Soma's operations are in Norway, although the products are also available in the Swedish market. We perceive good opportunities to increase sales by utilising Midsona's major distribution muscle to reach out on a broad front in our home markets. In addition, we will be able to realise certain cost synergies.

Acquisitions are an important part of our growth model and between 2010 and 2014, we made half a dozen corporate acquisitions. These have contributed positively to the Group's development. We have been able to realise cost synergies and, in many cases, growth synergies. In 2014, work continued to integrate the acquired companies. Our ambition is to continue growing through acquisitions in the future. The level of consolidation in the market for health and well-being remains low and we intend to participate actively in the continued process of consolidation.

Acquisitions are an important part of our growth model and between 2010 and 2014, we made half a dozen corporate acquisitions. These have contributed positively to the Group's development.

STRONG FINANCIAL POSITION

Adjusted for the completed acquisition of Soma, consolidated net debt will continue to decrease. Combined with a new financing agreement that came into effect in early 2014 and lower market interest rates, our net financial items have improved significantly. With operating cash flow expected to remain positive and with relatively low debt, we have stability in our operations and, at the same time, scope for new acquisitions.

CLEAR STEPS TOWARDS OUR LONG-TERM VISION

I am impressed by the efforts Midsona's employees have made to cope with and balance the challenging business environment. At the same time, we have managed to build for the future.

Midsona's vision is to become the Nordic region's leading company in health and well-being. In 2014, several measures were implemented that will carry us towards this vision. We have integrated previous acquisitions, improved our innovation process, established new brand platforms for select priority brands and we have simplified our organisational structure. With the implementation of these measures, we also generated capacity to cope with acquisitions and, at the end of the year, the acquisition of Soma was announced.

Consumer demand for products in the health and well-being is expected to continue increasing in 2015. Midsona is well-positioned in the market with its strong brands and will focus on growth and continued increased profitability. This enables us to take new steps towards our vision.

Malmö, March 2015

Peter Åsberg, President and CEO

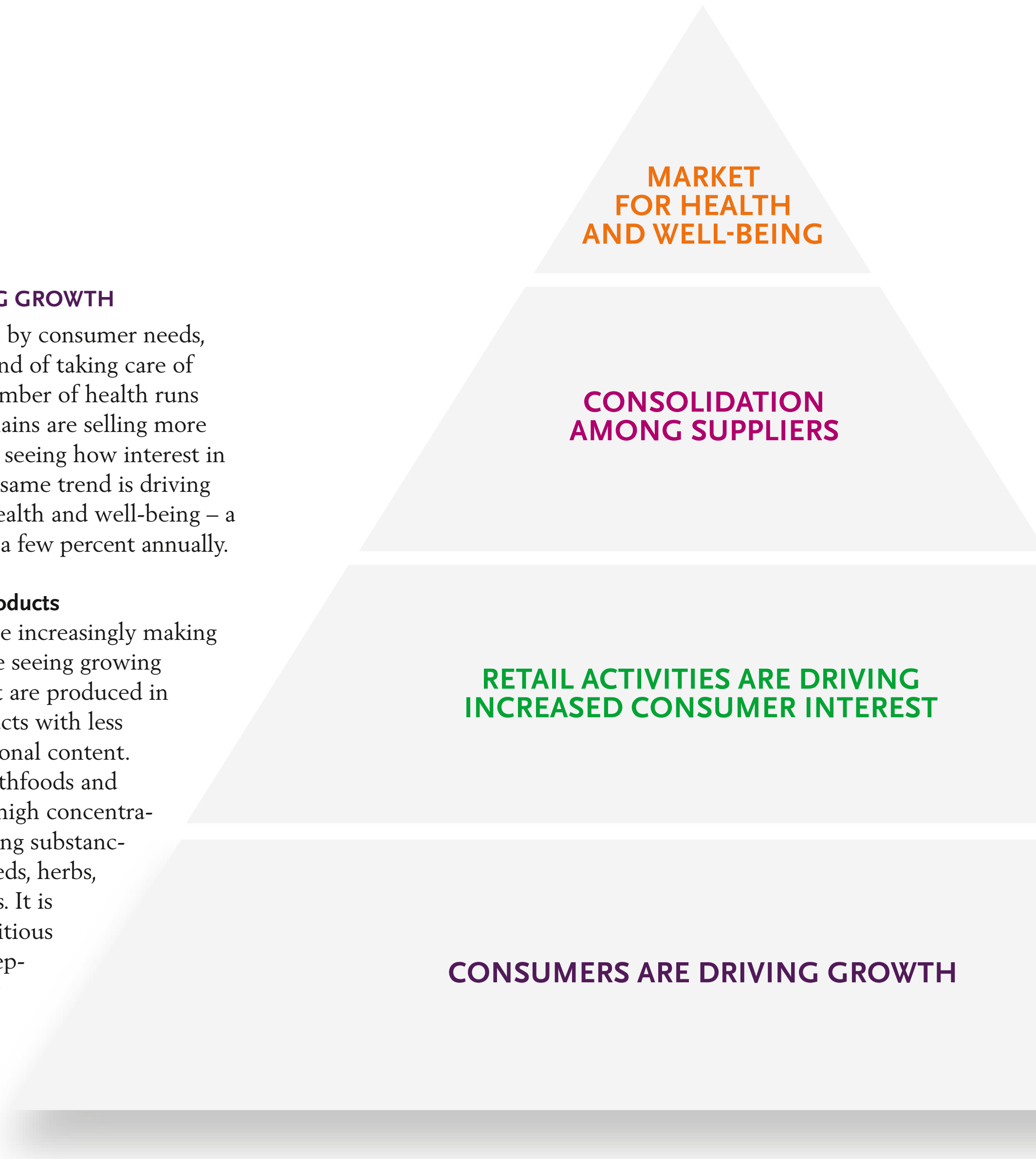
Our market and our business

Midsona's business deals with health and well-being. We offer a number of reliable products with strong brands that all address distinct consumer needs in health and well-being. We continuously adjust and develop the product portfolio to meet changing market needs and consumer preferences and behaviours. Our home market is the Nordic region. There is growing interest in the region in products that improve health and well-being.


GRÖNT TE
HAVTORN
& MANGO

Health and well-being – a large and dynamic market

The market for health and well-being is growing throughout the Nordic region. The trend is driven by an increasing awareness of exercise, various nutrients and, not least, the importance of diet for how we feel.



CONSUMERS ARE DRIVING GROWTH

Ultimately market trends are driven by consumer needs, preferences and behaviours. The trend of taking care of oneself is growing. An increasing number of health runs are quickly filled and health club chains are selling more memberships than ever. We are also seeing how interest in everyday exercise is increasing. The same trend is driving interest in products in the area of health and well-being – a market that we believe will grow by a few percent annually.

► Increasing interest in ecological products

According to surveys,* consumers are increasingly making healthy choices. In particular, we are seeing growing demand for ecological products that are produced in a responsible manner, and for products with less additives and with improved nutritional content. There is increasing demand for healthfoods and superfoods, which are foods with a high concentration of essential and health-promoting substances, such as selected algae, grasses, seeds, herbs, roots, vegetables or fruit, and berries. It is often the case that particularly nutritious parts of a plant are found to be exceptionally beneficial. Another growing product area is sports nutrition products. These are products that can be used before, during and after exercise.

* Swedish Trade Federation, 2014.

RETAIL ACTIVITIES ARE DRIVING INCREASED CONSUMER INTEREST

Increased consumer interest is also stimulating interest among retailers for products and activities in health and well-being.This generates a positive spiral, further driving consumer interest. Consumers' foremost sources for purchasing products in health and well-being are supermarkets, speciality healthfood retailers and pharmacies. The various channels, which differ in character, are also characterised by significant changes:

► FMCG retail continues to grow
FMCG retail, with its consumer flows, continues to increase its sales of non-prescription drugs. It is also expected to gain added importance as healthfoods increase their relative share of sales of products for health and well-being.

► Pharmacies offer expertise on medicines
In a Nordic perspective, pharmacies are increasing their interest in, and sales of, non-prescription products promoting health and well-being. The pharmacies' strengths mainly include a mix of a pharmaceutical expertise and broad healthcare knowledge that facilitates their sales of non-prescription products.

► Speciality healthfood retailers broaden product range
Speciality healthfood retailers, which have undergone consolidation in recent years, view the active provision of advice as an important part of their offering – particularly with regard to nutritional supplements. This attracts groups that are early to adopt lifestyle trends and that make informed choices. Speciality healthfood retailers are broadening their range of specific products for increased well-being.

► E-commerce increases availability
With its accessibility and convenience, e-commerce is also growing strongly. E-commerce is primarily driven by the traditional channels, although there are now a number of specialised e-commerce companies. Certain producers and wholesalers, primarily in sports nutrition and nutritional supplements, have also chosen to work directly with consumers through e-commerce.

CONSOLIDATION AMONG SUPPLIERS

Increased consumer interest and changes in distribution are also driving the long-term consolidation of the supply chain, with larger players who have the resources to communicate the benefits of products and to stimulate interest.

► Substantial demands on smaller operators
The health and personal care market remains highly fragmented, with both large and small companies. Many of these are family-owned and highly specialised in a limited product area or geographical market. Most therefore lack the capacity to serve an increasingly consolidated, centralised and demanding market.

► Certain major actors operate in the Nordic market
Alongside Midsona, the major companies in the Nordic market are: Axellus, which is part of the Norwegian Orkla Group, Ferrosan, which is owned by US pharmaceutical company Pfizer, Recip, which is part of the Meda Group, and Bringwell, which is listed. In February 2015, Cederroth was acquired by Orkla. The acquisition has yet to be approved by the Competition Authority.

► Competition is broadening
Competition has broadened and now also includes dairies and other food companies offering products with a distinct health profile, such as yogurts, soups and cereals, etc.

The increased interest in health and well-being has resulted in FMCG chains also marketing their own brands, known as private label brands, for selected products. This involves a limited basic range in certain product areas, thereby impacting the smaller players in each product area.

Growth initiatives and efficiency lead us towards our vision

Midsona is focused on developing its strong brands and further strengthening its position. Four well-defined strategies that we pursue actively and consistently, afford us good opportunities to realise our vision of becoming the Nordic leader in health and well-being, and to achieve our financial targets.

GROWTH IN PRIORITISED BRANDS

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

We have in recent years and often in the context of our well-established brands, launched numerous new product variations and innovations. In addition, we have renewed our packaging so that our products are more visible and meet both consumers' and retailers' requirements. We are also increasing our visibility and image in a number of ways through well-planned marketing.

In 2014, among other things, we:

- Launched more new products than ever. Most under the Friggs and Naturdiet brands.
- Developed new and clearer brand platforms for Naturdiet and Friggs, making it possible to broaden the product ranges.
- Initiated a broader range under the Friggs and Naturdiet brand names, which will appear in shops in early 2015.
- Launched new packaging design for Friggs and Naturdiet that better communicates the brands' values and highlights product families.
- Integrated Dalblads into Midsona, which led to Swedish supermarkets now marketing Dalblads products.

OPTIMISING THE PROFITABILITY OF THE 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 develop or phase out those deemed unable to achieve satisfactory gross margins.

We continually evaluate our product range in terms of profitability. In recent years, we have removed a large number of products from our range – products that, in our assessment, no longer suit our strategy or that do not meet the Group's profitability requirements.

We also work proactively with product adaptations to increase revenue or reduce the cost of input materials without, for that matter, lowering our requirements on quality. To streamline operations, we have been working for several years to outsource production to national or international suppliers. We also continuously evaluate and develop our supplier base to ensure the best terms and quality. This provides us with cost-efficient, flexible production that can be adjusted to trends and demand, without compromising on quality.

In addition to the continuous evaluation process, in 2014, among other things, we:

- Launched more new products and product upgrades than ever
- Proactively phased out a number of articles and a number of smaller sales assignments.

VISION

Leading the Nordic region in health and well-being

Ultimately this means that we shall be the market leader. With our strong positions in our product areas, we are well on our way towards our vision. With our acquisitions, we are participating actively in the consolidation of the sector. We are also working to document the efficacy of our products in different ways and to increase consumers' awareness of the benefits of our products. In this way, we strengthen not only our own business but also the industry as a whole.

CAPACITY TO ACHIEVE TARGETS

Although our plan to achieve our financial targets via our vision is ambitious, we have made considerable progress and have good prospects of making it all the way through:

Strong brands

Our strong brands serve as a solid platform on which to develop our business, grow and improve margins.

NEW GROWTH AREAS

We invest actively in acquisitions, for example, to establish ourselves in new, adjacent product areas.
To continue to be able to maintain an attractive product range, we are actively developing our offering through, for example, structured business intelligence where consumers and customers are central sources. Other sources are the trade fairs that we frequently visit and contacts with sector colleagues and the trade press. Often acquiring a company with a developable brand within an existing or new and attractive product area is a more effective way to grow than starting from scratch. In recent years, we have therefore acquired a number of operations to complement our portfolio.

In 2014, among other things, we:

- Consolidated and integrated our previous acquisitions in the areas of sports nutrition and healthfoods. Among other things, this has resulted in an increased retail presence, particularly for Dalblads.
- Acquired Soma Nordic AS of Norway, which is a well-known player in ecological healthfood. The company has both proprietary brands, of which Cocosa is the largest, and licensed brands.
- Continued to seek out suitable acquisition opportunities in priority areas.

EFFICIENT ORGANISATION

We work actively to maintain an optimal organisation at all times and to reduce the Group's cost level.
In order to focus on our core operations, we have for several years had basically no production of our own. Instead, we work closely with our suppliers, with a multifaceted quality assurance process and various types of support. In addition, we are continuously improving our processes.

In 2014, among other things, we:

- Continued the integration of the acquired companies to realise cost and revenue synergies.
- Initiated the outsourcing of Dalblads' production, meaning that we can phase out the unit where these products were produced.
- Further strengthened our innovation organisation.
- Continued to coordinate our administrative functions to improve communication and thereby accelerate our internal processes.
- Intensified central processing by merging our marketing organisations and reinforced our key account organisation.
- Completed a one-year programme to strengthen the leadership and improve the efficiency of operations. Ten of our managers have participated in the programme.

VISION

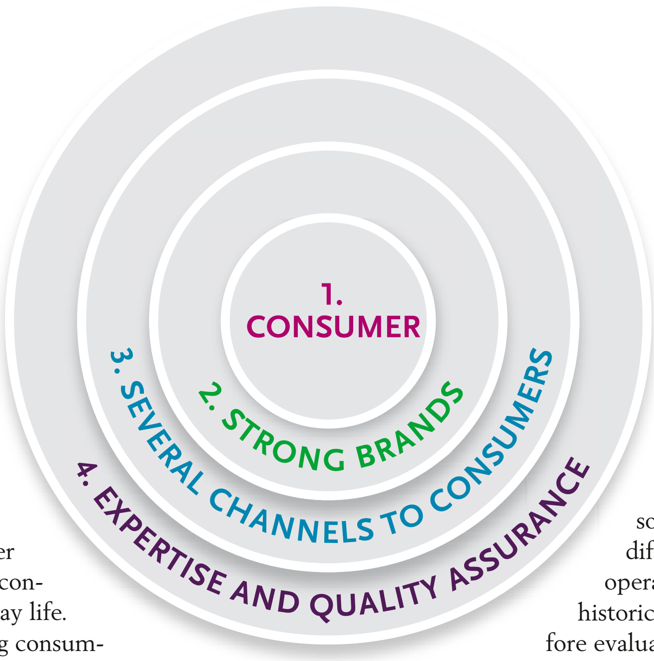
Nordic platform
Many of Midsona's strong and well-known brands have a Nordic market that can be further developed in various ways. Since we have operated in the Nordic region for many years, we also have extensive market knowledge and a well-developed network.

Organisational capacity
Midsona's qualified employees and Board members have extensive experience in international marketing, particularly in FMCG retail. The company also has a proven capacity to acquire, integrate and develop other businesses.

Financial capacity
The Group has a strong financial position that continues to be 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 and acquisition-driven growth.

A consumer-driven business model

Midsona is a consumer-driven company that develops and markets products with strong brands that meet consumers' needs for a healthier everyday life. We are sensitive to new research and development and adapt to this, as well as to new market trends and changing consumer behaviour. Our operations are characterised by innovation, acquisitions and active marketing.



1. CONSUMER-DRIVEN OPERATIONS

Midsona is consumer-driven. Our mission is to make it easier for people to make their own contribution to a healthier everyday life. We accomplish this by offering consumers in Sweden, Norway and Finland products that meet the need for increased well-being. Increased health awareness creates an innovative market. Internationally, new products are continuously being developed and we are well prepared to meet these trends.

An attractive product portfolio that is constantly being developed

Midsona operates primarily within two major product areas: Healthfoods and Personal Care. Within these, we have several products with proprietary brands holding strong positions that we continuously develop. We complement our proprietary brands with a selection of licensed products with reputable brands from leading international players. We can thus provide a range that makes us an attractive partner to the retail sector. The licensed brands also generate immediate cash flow for us, which can be used, among other purposes, to develop our own portfolio. To some extent, the product mix differs in the countries where we operate, due to local preferences or historical reasons. The range is therefore evaluated on an on-going basis in terms of consumer preferences and product revenues.

2. STRONG BRANDS

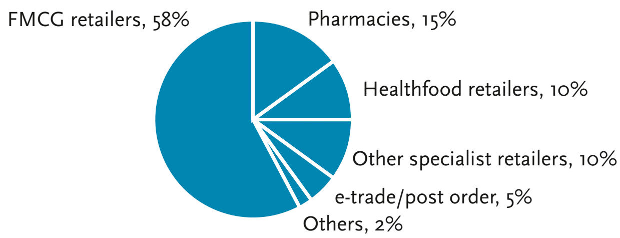
Midsona has a large number of strong proprietary brands, seven of which are prioritised: Friggs, Dalblads, Miwana, Mygga, Naturdiet, Supernature and Tri Tolonen.

We develop these through structured product development but also through acquisitions, which complement our own development to generate growth, strengthen our positions and establish us in new segments. To better position our products, we work with brand platforms and packaging design. We are also increasing our visibility with well-planned marketing.

› Learn more about how we develop our brands on page 14.

3. SEVERAL CHANNELS TO CONSUMERS

To reach different target groups, Midsona offers its products through multiple sales channels.



Our foremost channel, FMCG retailers – primarily the major supermarket chains – account for 58 percent of our sales of goods.

Pharmacies, which account for 15 percent of Midsona's sales of goods, are seeking new products and extending their ranges with health and personal care products. Furthermore, as a result of deregulation, the number of pharmacies in Sweden has increased. It is therefore our assessment that pharmacies will continue to increase in importance for Midsona.

Specialist healthfood retailers, which account for 10 percent of our sales of goods, continue to be an important sales channel for Midsona, particularly in reaching lifestyle consumers who are early to adopt new health trends.

Other specialist retailers, which accounts for about 10 percent of our sales of goods, consist of specialist boutiques, such as sports and outdoor recreation shops. Our sports nutrition products are available at several health club chains and in many sports shops. Further examples are MyggA and FästinG, which can be bought at outdoor recreational facilities and hunting shops.

A channel with high growth, albeit from low levels, is e-commerce. In accordance with a strategic decision, Midsona has no significant e-commerce operations of its own. However, many of Midsona's products are included in customers' digital offerings.

4. RESPONSIBILITY BASED ON EXPERTISE AND QUALITY ASSURANCE

To ensure good quality in both products and partnerships, we work according to a number of well-established processes and policies.

The basis for Midsona's business is that all of our products contain ingredients with proven efficacy. Our products are largely classified as foods, medicines or medical technology products. They are all subject to rigorous safety requirements and adhere to comprehensive EU legislation with several authorities involved. To best address and implement this legislation, Midsona maintains its own regulatory and product development department.

Another important part of our responsibility is the labelling of our products. The rules for the labelling of foodstuffs are harmonised by EU Regulation 1169/2011, which came into effect in December 2014. It includes requirements for clear, comprehensible and legible labelling, with specific requirements on text size and on what should be included in the nutrition declaration and on what should be specifically highlighted in the ingredient list.

To enhance the efficiency of the operations and to be better able focus on our core operations, we have chosen to outsource production to external suppliers. To ensure quality, these are quality certified with extensive requirements for documentation and traceability.

We work closely with retailers on quality assurance and different kinds of support to ensure that our products reach the end consumer.

To maintain and develop an attractive range of proprietary and licensed products, we conduct active product development based on well-defined processes and thorough knowledge of current research and of the market and its players. We continually reinforce this knowledge by means of structured market analyses and other methods of information retrieval.

Strong brands – a key asset

Our most important asset is a large number of brands that we protect in various ways and that we maintain and develop.

Midsona owns a large number of proprietary brands. They account for 55 percent of consolidated sales of goods. Of these, we have chosen to prioritise seven: Friggs, Dalblads, Miwana, Mygga, Naturdiet, Supernature and Tri Tolonen. They are all leaders in selected segments within their respective product areas and are considered to have the potential to develop, nationally or at the Nordic level.

STRONG BRANDS PRIORITISED

In its contacts with the capital markets, employees, trading partners and the public, the Group is able to benefit from its strong product brands. At the same time, in their customer contacts, the product companies are able to benefit from the Midsona name and all that it represents.

Retailers are prioritising strong brands. This means that our products have good opportunities to occupy attractive shelf space, which is particularly important in times when the retail sector is increasing its investment in its own brands, known as private label products. Strong brands, with the security they offer, are less vulnerable to the price pressure often felt by lesser known products.

We protect our brands actively through structured registration at the national or European levels. Our rights are also monitored on an on-going basis by specialists in intellectual property law.

DEVELOPMENT OF OUR BRANDS

Strong brands do not automatically bring growth. We monitor prevailing opinions, trends and consumer-behaviours. Based on this, we nurture and develop our product portfolio and our brands. This is a central task for our entire organisation. By vitalising our brands and developing our range within the nature of those brands, we justify our existence, strengthen our position, increase customer loyalty and attract new consumers. We work with:

Foto: Ulf Palm.

Renässans proud supplier to Ski Team Sweden X-Country 2014
Cross-country skiers in the Swedish national team protect themselves from colds with Renässans, one of Midsona's prioritised brands.

Friggs' new mini rice cakes.

Innovations that improve our offering
We have in recent years and often in the context of certain of our well-established brands, launched numerous new product variations and innovations. We have also broadened our sales by establishing and strengthening certain brands of ours in several Nordic markets.

› Learn more about our innovations on the page 18.

Acquisitions that broaden the offering
In recent years, we have acquired a number of operations to complement our portfolio. One example is the acquisition of Dalblads in Sweden, whose products we have now launched in Swedish supermarkets.

At the end of 2014, we acquired Soma Nordic AS of Norway, which is a well-known player in healthfood. Bringing a number of brands, the company strengthens both our offering to healthfood shops and our brand portfolio.

› Learn more about our acquisitions on page 19.

Communication platforms and packages that position us
To be better able to position our products, we work with brand platforms that bring the product range together and enhance strategic elements and messages. We also renew our packaging continuously to convey well-being in a modern way and to give existing and new consumers a clear and accurate message at the time of purchase. They also suit our various distribution channels better.

Over the year, we updated our communications platform for Elivo. We have also worked with both Friggs' and Naturdiet's communication platforms and packaging design. Large parts of the Tri Tolonen range also have a new packaging design.

Marketing communications for increased visibility
We apply a clear definition of our target groups to identify relevant marketing for each group. This includes a range of activities in traditional media channels, such as lifestyle magazines and television, as well as activities in the digital channels. These include both target-optimised banner advertising and social media activities. PR and event marketing is becoming an increasingly important channel in which we have the opportunity to get close to the consumer at the time of purchase. All of the Group's websites are continuously updated to better meet consumer demands for information.

› Learn more about our positions on page 20.

For a healthier everyday life

Friggs' products always contain raw ingredients with proven health effects and that are therefore a healthy choice. We also place great emphasis on products tasting good and therefore being an attractive choice. Availability, product design and custom packaging convey simplicity.

Under this brand, we mainly develop and market products with a clear food profile. The range, which is mainly available in supermarkets, includes rice cakes, nutritional supplements, juices and teas.

SIGNIFICANT ACTIVITIES IN 2014

- A total of 17 new articles were launched in the priority areas rice cakes, teas and supplements. This makes 2014 one of the most innovative-rich years in Friggs' history.
- A new brand platform was developed for future strategic work with the brand.
- A new uniform design was developed, reinforcing Friggs' strong characteristics. The roll-out of the new design commenced in shops in early 2015 and will reinforce Friggs on shop shelves, tying together product segments located in different parts of shops.

A smart recipe

Naturdiet offers alternative meals for a healthy lifestyle whether you are hungry for breakfast, lunch or a snack. They always have a low energy content but are full of the vitamins and minerals that your body needs. Several of our products also contain high levels of protein, which suits customers with an active lifestyle.

Under the Naturdiet brand, we develop and market, mainly through supermarkets, a range of nutritious but low-calorie drink mixes, bars, smoothies and shakes, adapted to different weight control programmes. We also offer lactose-free, low-calorie, high-protein products.

SIGNIFICANT ACTIVITIES IN 2014

- A new brand platform and packaging design were launched in 2014.
- Reduced sugar content in our shakes and smoothies to meet consumer preferences.
- Sponsorship of the Vårruset run, one of the year's largest activities. We handed out 140,000 Naturdiet bars to active women.

Leading nutritional supplements in Finland

Under the brand name Tri Tolonen, we provide high-quality dietary supplements, including vitamins, minerals and antioxidants. Some of these are unique, such as E-EPA, Carnosine, Berberine and Q10. The range also includes, for example, D vitamins, Melatonin and Magnesium. The products, which are primarily sold through Finnish healthfood retailers, pharmacies and supermarkets, have been developed as an alternative to pharmaceuticals for strengthening both physical and mental well-being and health.

SIGNIFICANT ACTIVITIES IN 2014

- Continued brand building in accordance with the communication platform launched in 2013.
- New product launches and new packaging design that strengthen the brand and make it easier for consumers to recognise and locate Tri Tolonen products.
- Sponsorship of the new children's hospital being built in Helsinki, which is scheduled for completion 2017.

Swedish, Quality, Good

Dalblads sports nutrition products target both normal people who like to keep fit and elite athletes and can be used before, during and after exercise.

Products are marketed through gyms, sports shops, e-commerce and now even through supermarkets. The range includes the popular Swebar protein bar in numerous flavours, as well as protein powders, sports drinks and energy gel.

SIGNIFICANT ACTIVITIES IN 2014

- Continued expansion of distribution through supermarkets and new channels such as convenience shops and pharmacies.
- In accordance with the recently developed communication platform, the brand was marketed through digital media channels and training magazines.
- Launches of new products. These included Sweshake, a premixed recovery drink with a high protein content, and several new flavours in the popular Swebar family.

A straightforward, ethical and sound path towards improved health and quality of life

Superfoods are simple, natural foods with a high concentration of nutrients.

Supernature offers products containing algae, goji berries, cocoa and other raw ingredients containing nutrients that are beneficial to our health. They can be used as individual dietary supplements or to form a more complete diet. The products are primarily available in health-food shops.

SIGNIFICANT ACTIVITIES IN 2014

- Over the year, a large number of courses on superfoods were held for both shops and consumers.
- Increased social media presence with further development of the website, blog, Facebook and Instagram.
- During the year, the Superfood Day and the Supersmoothie project were launched in partnership with the Elexia training institute.
- A major market survey was conducted about superfoods and eating habits. This will form the basis for activities in 2015.

Keeps mosquitoes away

For many years, MyggA has been the leading mosquito repellent in Sweden. The range consists of sticks, gels and sprays that keep mosquitoes away and alleviate itching. Since 2013, the same family of products has also included FästinG which reduces the risk of tick bites.

The products are available from pharmacies, healthfood shops and supermarkets, as well as from e-commerce shops.

SIGNIFICANT ACTIVITIES IN 2014

- FästinG was launched in pharmacies and supermarkets.
- A number of sales-driven activities were carried out in retail shops.

The natural choice

Miwana/Renässans is the natural alternative for cold-related nose and throat problems. These products contain a natural salt solution and are safe and mild for the whole family. The Swedish cross-country ski team uses Miwana products. The range includes nasal drops and sprays that are sold under the name Renässans in Sweden. They alleviate nasal congestion, rinse and moisturise, treat, and prevent symptoms and the cause of the common cold. The range is marketed primarily through pharmacies.

SIGNIFICANT ACTIVITIES IN 2014

- Continued releases of new products and distribution through pharmacies.
- Increased awareness and loyalty through activities in television and digital media.
- Updated packaging design.

Several new products from a systematic process

Midsona is a consumer products company. We are sensitive to new market trends and changing consumer behaviours. Both the development of new products and sales channels are characterised by frequent innovation.

Active product development improves our competitiveness, secures our volumes and increases our growth. We have therefore developed a systematic product development process that allows a product to progress from concept to shop in six months. Our process has proven to work well. Of the product ideas that have been given the green light in our innovation process, most have progressed to being listed in one or more sales channels. We have also been able to ascertain the success of our products.

Overall, we launched more new products than ever in 2014, either throughout the Nordic region or in individual countries. We have also upgraded a large number of products. This is a trend that will continue in the future.

Newly launched products in 2014 include:

FRIGGS' NEW RICE CAKES WITH HEALTHY SEEDS
Under the Friggs brand, we launched a series of thin rice cakes with healthy seeds during the year. Rice cakes with chia seeds and sea salt were named as magazine MåBra's preferred selection in their category for 2014. This is an award presented to new food products that are a particularly good choice from the perspective of health – healthy and delicious food that is good both for health and the environment.

NATURDIET WITH LOWER SUGAR CONTENT
In the Naturdiet range, we launched a shake where we have reduced the sugar content by 40 percent without compromising on taste. This appeals to many consumers who consider low sugar content equally important as low calorie content.

NEW ENRICHED TEAS FROM FRIGGS

During the year, Friggs added to its series of functional health teas, called Te+, with added sunshine. It is the only range of teas in the Swedish market with added vitamins and minerals.

NEW BARS FROM DALBLADS
Dalblads launched three new bars: Apple Pie, Raspberry Liquorice and Blueberry Cheesecake.

Acquisitions strengthen our offering

For us, acquisitions complement our own development. We therefore acquire companies with brands that can be developed and that can strengthen our positions through better coverage geographically or in different channels, complementing our existing range or establishing us in new product areas.

THE ACQUISITION OF SOMA NORDIC AS IN 2014 STRENGTHENS OUR POSITIONS

At the end of 2014, we acquired the Norwegian-based Soma Nordic AS with 16 employees. The company supplies specialist healthfood retailers, therapists and health clubs in Norway and Sweden with high-quality healthfood products accompanied by straightforward information materials. The company sells its products under the brand name Soma and a number of licensed brands. Many of the products are categorised as best sellers in the sector. They are based on the best raw ingredients and are produced in the gentlest possible way so that quality is not jeopardised. Soma mainly sells ecological products.

The acquisition is entirely in line with Midsona's vision of becoming a leader in health and well-being in the Nordic region. It strengthens Midsona among healthfood retailers and in the area of ecological products. We also envisage cost synergies. But, above all, we see good opportunities to increase sales of Soma products by mobilising Midsona's marketing power.

The acquisition took place on a debt-free basis and is expected to have a positive impact on Midsona's operating margin and return.

Cocosa coconut oil
Soma's products include healthy, ecological coconut oils that can be used for frying and baking, as well as in smoothies and coffee. The oil is optimal due to its content of long-chain fatty acids that can withstand both light and heat.

In recent years, we have acquired Nordsveen, which primarily strengthened our presence in the Norwegian FMCG retail sector; Dalblads and Supernature, which established us in sports nutrition and superfoods; Bio-Vita, which strengthened us in Finland, and the brand Elivo, which strengthened our presence in Finnish pharmacies. All have now been successfully integrated into Midsona and contribute to a lower total cost for the Group but also to increased income through a wider product range in a developed distribution network. We will continue to acquire operations that can complement Midsona.

Leading positions in defined product areas

Midsona is primarily engaged in two defined product areas that contributes to better health and increased well-being.In these areas, Midsona's brands hold well-established positions.

HEALTHFOODS

In this area we include foods offering added health value, such as rice cakes and particularly nutritious foods, such as superfoods and herbal teas, where the raw ingredients have a documented effect on our well-being. The area also includes weight control products, particularly meal replacements in the form of smoothies or bars that are easy to take along and that can be consumed "on the fly". There are products that meet daily nutritional requirements but that are low in calories. Healthfoods also include nutritional and dietary supplements in the form of bars or powders with high carbohydrate and protein content that cater to athletes and can be used before, during and after exercise. In these areas, Friggs, Naturdiet, Supernature and Dalblads are leaders or among the leading brands.

PERSONAL CARE

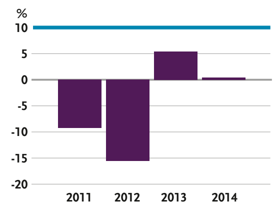
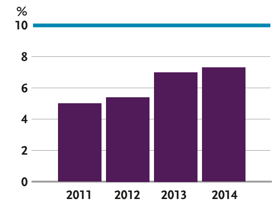
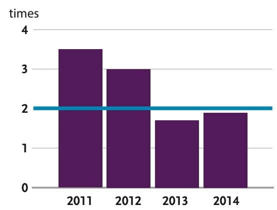
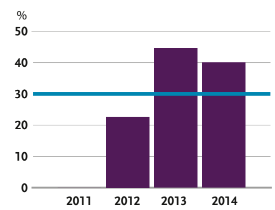
This product group includes nutritional supplements that complement the daily diet. They may contain vitamins, minerals and other nutrients such as omega-3. Midsona's range includes Friggs and Tri Tolonen, both of which offer a wide range of nutritional supplements.

The area also includes assignment sales, including those for Salus Blutsaft and Esberitox.

Operational and financial objectives

Midsona will generate value for shareholders and other stakeholders through profitable growth. The Group is therefore guided by a number of operational objectives tailored to our various operations. These are based on the financial targets set by the Board of Directors.

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 were updated in the spring of 2013 and have been 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. In addition to the financial goals, to guide operations, we apply a number of operational targets adapted to the various parts of the Group. These are in part qualitative, to capture parameters such as innovations and range rationalisation and, in part, quantitative. The latter mainly address growth, operating profit and capital tied-up.

TARGET	COMMENT	OUTCOME
Growth > 10 percent 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 2014, we experienced good growth in a number of our priority and licensed brands. However, the trend for weight control products, including Naturdiet, weakened. The licensed brand Biopharma launched several products in 2013, which affected the comparison figures. Overall, the Finnish market showed a decline in private consumption. In addition, we continued the streamlining of the product portfolio, terminating some license assignments and phasing out products that do not meet our profitability requirements. The situation improved in the second half of the year with the launch of a large number of new products.	
EBIT-margin >10 percent The target is important in being able to develop the operations in the long term and to provide a stable return to shareholders. As a streamlined brand company, we expect to be able to strengthen the EBIT margin, resulting economies of scale in all functions from purchasing to sales. In addition, we expect our improved product mix to affect our margin favourably. We also expect synergies derived from implemented and future acquisitions to raise the EBIT margin.	Over the year, we continued to improve our internal cost situation by, among other efforts, streamlining the Swedish and Finnish marketing and sales organisations. However, the Group was negatively affected by a number of external factors, such as the declining market for weight control products and an unfavourable exchange rate trend for the Swedish krona against both the Euro and the US dollar. Despite these negative external factors, the EBIT margin improved to 7.3 percent, compared with 7.0 percent in the previous year.	
Net debt/EBITDA <2x The target, which has been set to define a reasonable risk level in the company, links borrowing to our earnings capacity. This 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 amounted to 1.9x at year-end and was thus within the defined target. Strong cash flow from the underlying operations, combined with a continued focus on working capital, contributed to reduced net debt excluding acquisitions. In the fourth quarter, the Norwegian group Soma Nordic AS was also acquired for NOK 40 million on a debt-free basis. Excluding the acquisition, the net debt/EBITDA ratio was 1.4.	
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.	Midsona's financial position continues to strengthen. This creates scope for continued development of the operations and to meet the target of a dividend exceeding 30 percent of profit after tax. The proposal to the 2015 Annual General Meeting is a dividend of SEK 1.10/share, corresponding to 40 percent.	

Our business generates sustainable values

In the longer term, only those companies will survive that can generate value for their stakeholders. Midsona is one such company. We provide products that have a documented effect on people's health and well-being. This benefits not only individuals but also society in general, because people who feel well function better in their everyday lives. Financial responsibility is central to our day-to-day sustainability work. It is only in this way that we can generate the value that makes it possible to develop our operations and generate benefits to share among our stakeholders. This is how we contribute to the society on which we all depend. Just as important is responsibility for the various processes in our operations. Consequently, sustainability considerations are a central concern for us and we attach great importance to compliance with the ethical and social codes that we have established for our organisation and that are based on the accepted principles set out by the UN.

Responsible operations

Midsona stands for well-being. Our customers and consumers, but also our owners and other stakeholders, should be able to trust us and our products. Consequently, we place great emphasis on being a serious and responsible company with express policies for quality, employees and the environment.

Midsona's sustainability work focuses primarily on our responsibility for our products, for our employees and for our impact on the environment. Midsona is also a company that seeks to work for the betterment of society.

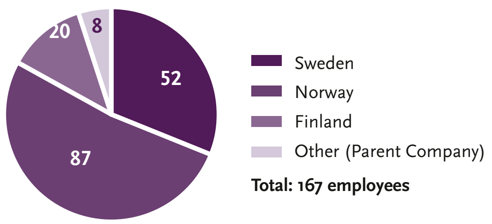
OUR PRODUCT RESPONSIBILITY

Midsona sells well-documented health products. We also have an express quality policy that permeates our work. Our portfolio consists largely of products classified as foods, medicines, medical technology or chemical technology products. All are subject to rigorous safety requirements. Midsona is the guarantor for the brands and products included in the company's operations being safe to use. We comply with European legislation for the different product groups and at least equally comprehensive legislation for the marketing and manufacture of our products, with several authorities being involved. In Sweden, these are mainly the National Food Agency and the Medical Products Agency. The purpose of food control is to ensure that consumers receive food that is safe, accompanied by easily understood information, and to ensure that consumers are not misled. Practical supervision is exercised by the National Food Agency alongside local environmental administrations. We are licensed by the Medical products Agency to sell pharmaceuticals wholesale. Supervision is conducted on-site at Midsona by the Medical Products Agency, which, among other things, inspects premises, documentation, procedures and personnel skills levels. We also observe the EU's regulation regarding health claims for dietary supplements. The regulation aims to enable consumers to rely on the health effects described in labelling and advertising. This means that products may only be labelled and marketed with health claims listed in the EU regulation. Nor do we use any exaggerated, misleading or false claims about our products.

OUR EMPLOYEE RESPONSIBILITY

The average number of employees was 154 (156) and, at the end of the year, the number of employees was 167 (157). The increase in the number of employees is due to acquisitions of operations. Employees' well-being always starts from within. The better our employees feel and thrive in their workplace, the better the prerequisite conditions are created for attracting and retaining employees able to deliver strong performance Consequently, we place considerable emphasis on offering our employees a good working environment, further training, and inspiring corporate culture, health-enhancement measures and good leadership based on open communications and information. We also conduct regular employee surveys to map employees' views and job satisfaction. These form the basis of our improvement efforts.

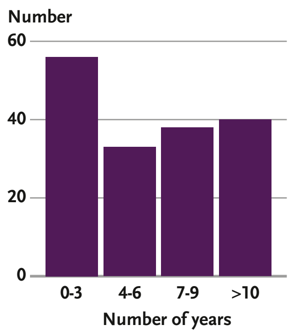
Employees per business area



Focus on new recruits

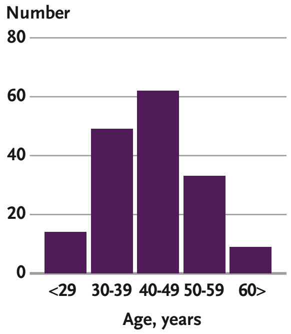
A well-planned introduction is important in making new recruits feel welcome and appreciated and to quickly get them started and performing well. E-learning is applied to inform all new recruits about the Group and our policies, vision, mission and strategy, as well as the core areas of our operations. In addition, each manager is responsible, in accordance with established procedures, for introducing new recruits within their departments and areas of responsibility.

Length of employment

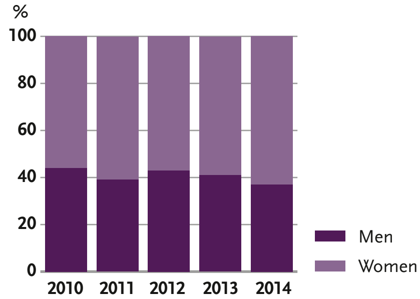


Focus on competence development
Midsona is to be an attractive company to work in, where employees feel appreciated and have opportunities for development. We encourage our employees to develop their competence in relevant areas, based on Midsona's needs and consider this central in generating motivation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

Focus on equal treatment
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.

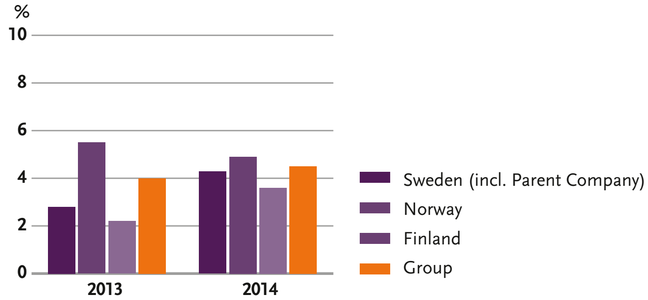
Age structure


Focus on equality
In the Group, the proportion of women employees was 61 percent (58) during the year. The proportion of women on the Boards of companies was 25 percent (22), while the proportion of women senior executives was 35 percent (39) at the end of the year. The ambition is to increase the number of women in senior positions and in the leadership programme concluded in 2014, the majority of the participants were women.

Gender distribution over time


Focus on 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 fitness activities to all employees, we encourage them to take part in exercise activities, such as the Vårruset springtime run, in which Midsona was also a sponsor in 2014.

Focus on 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 during the year was 4.5 percent (4.0). 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 in the same way for low levels of absence due to illness.

Absence due to illness


Focus on leadership

Ultimately, the responsibility for employees rests with the Group Management, which, aided by a number of policies and plans, delegates the task of attracting, developing and retaining employees to the relevant managers. This imposes considerable demands on leadership in the Group. 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 and was concluded in 2014. 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. All employees within the Group are also offered annual 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.

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, it also is of considerable importance that we, as a company, work for a sound and sustainable environment. Consequently, by gradually adapting our operations, we have the ambition of preventing or minimising the environmental impact of our products. Our ambitions are detailed in Midsona's environmental policy.

Focus on production

Midsona accepts its social and environmental responsibility by only using suppliers who accept and live by the terms of Midsona's environmental policy and code of conduct. The specifications we set out to our suppliers with regard to the production of all of our products generally include requirements regarding packaging, recycling and the necessary certification regarding the origins of raw materials.

The vast majority of Midsona's products are categorised as foodstuffs. Midsona ascertains that existing or prospective suppliers are certified in accordance with one of the approved standards of the GFSI (Global Food Safety Initiative) for the production of food. ISO22000 is also commonly accepted for food production. For ecological products in the range, the ecological nature of the raw materials and their handling shall be verified through appropriate documentation/certification. Other standards apply for pharmaceuticals, including production according to GMP (Good Manufacturing Practice). Most of Midsona's goods are produced in Europe, where there is generally considered to be relatively good control of injustices and unsafe working conditions. Midsona's efforts are based on certified social responsibility (SA8000). This is a factory certification that focuses on employees and working conditions at the company and its suppliers. The standard is based on the ILO's core conventions, the UN's Universal Declaration of Human Rights and the UN's Convention on the Rights of the Child. The body behind the standard is Social Accountability International (SAI), a non-governmental initiative

Midsona's environmental policy

Our objectives are 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 video conferencing 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.

by multiple parties. SA8000 certification is achieved by companies meeting a series of specific demands on management, procedures and performance in nine areas, including child labour, forced labour, wages, discrimination and freedom of association. The control of the companies' commitment to these areas is carried out by a number of accreditation and certification bodies headed by SAI. Environmental work is an important element in the specification of requirements when Midsona procures transport services. The hauliers with whom Midsona Sweden has agreements are ISO14001 certified and have appended their environmental policies to the agreements.

Midsona monitors suppliers' development through regular visits and inspections. On the rare occasions that shortcomings do occur, we attempt to achieve improvement through a detailed action plan, which benefits all parties. In cases where this is not feasible, the business relationship is terminated. To make this possible and to ensure responsible, continuous and undisrupted operation, we continuously visit and assess alternative suppliers.

Current activities

Over the past year, we initiated a process to prioritise suppliers certified according to ISO 14001.To reduce internal travel, we have, among other things, updated our video conferencing system.

Focus on management systems

Midsona works continuously with quality assurance according to a management system that includes quality and environmental management. These continuous efforts safeguard the development of the business while maintaining compliance with relevant laws and guidelines. In the day-to-day operations, the management system, which has been approved by the CEO, is handled by the company's regulatory department.

OUR SOCIAL RESPONSIBILITY

Midsona operates in a society that we depend on and contribute to in various ways. We therefore have the ambition of being an involved, active and responsible corporate citizen.Naturally, we adhere to all laws, regulations and generally accepted practices applicable in our area. However, we would also like to set a good example. With our experience, expertise and innovations, we seek to contribute to society and the development of our own sector.

Focus on ethics

We also impose stringent demands on good business ethics and operate according to the Code of Conduct we have formulated in accordance with the UN's framework. Among other things, this entails that we apply fair business, marketing and advertising methods in all contexts. We have also joined the UN Global Compact and report annually on our progress with regard to ten principles of human rights, labour, the environment and anti-corruption. Together with our Code of Conduct, these principles form a framework for all of our operations, including both our own employees, as well as suppliers and partners.

Focus on sponsorship

Our sponsorship commitments, which serve to strengthen our relations with our stakeholders, are balanced, have a natural connection to our operations and benefit both society and ourselves. Consequently, we do not sponsor political or religious organisations.

Since 2011, Midsona has been a corporate sponsor of the company Bouar, which is mentored by SOS Children's Villages in the Central African Republic, one of the poorest countries in the world. We perceive a natural connection between Bouar's local efforts to improve health and our own operations. Our annual contributions help support children's right to education, a home and a secure upbringing.

In Finland, we support Helsinki's new children's hospital for seriously ill children from across the country, which is scheduled for completion 2017.

During 2014, through the Naturdiet brand, we aided Team Rynkeby's collection for the Swedish Childhood Cancer Foundation by financially supporting the Foundation's brain tumour research and sibling support. Under the Naturdiet brand, we also sponsored the Vårruset runs in 2013 and 2014.

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.

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 2014 financial year.

OPERATIONS

Midsona is one of the leading consumer goods companies in the Nordic region in health and well-being, with tried- and tested products in the areas of healthfood, hygiene and beauty care. Products are focused on making it easier for all people to make their own contribution to a healthier everyday life. The Group focuses on developing and marketing strong brands.

Operations build on a portfolio of proprietary brands and international clients' brands that are sold on licence. The proprietary brands form the backbone of the operations and, 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, pharmacy and healthfood retail chains. In addition, the Group also sells to a large number of private individuals, therapists and smaller, independent shops via on-line sales and post-order.

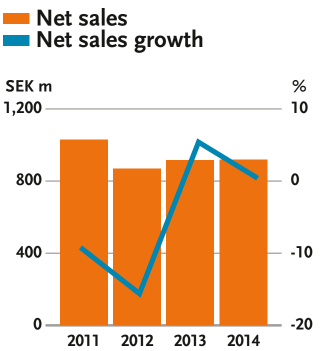
Midsona is represented in three countries through wholly-owned subsidiaries, with sales in the Nordic market for health and well-being. Operations are divided into three operating segments: the geographical areas Sweden, Norway and Finland, which bear the operational responsibility for marketing, sales and distribution to customers. Group-wide management, administration and IT are operated as Group functions in the Parent Company Midsona AB. For more information on the three operating segments, see Note 3 Operating Segments, page 51.

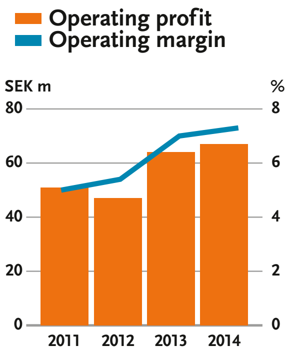
SIGNIFICANT EVENTS

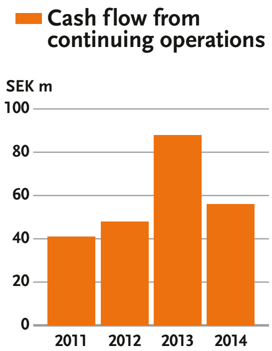
Q1 A new financing agreement was signed with a maturity of three years. The financing agreement extends until 31 December 2016. The agreement can be extended by one year at a time until 31 December 2018.

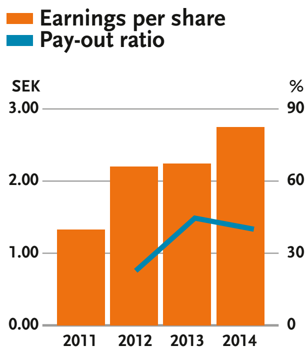
Q3 The largest launch period in the Group's history commenced in September and October and was well received by retailers with favourable shop listings.

Q4 Soma Nordic AS was acquired, a well-known player in the area of ecological health foods that develops, markets and sells high-quality products under the Soma brand. Through the acquisition, the Group gains access to the strong Soma brand in the ecological healthfood segment. The acquisition strengthens Midsona's presence among Norwegian and Swedish healthfood retailers. For further information on the acquisition, please see Note 4 Acquisitions and divestments of operations on page 53.









NET SALES AND PROFIT

FINANCIAL OVERVIEW

	2014	2013
Net sales, SEK million	920	916
Net sales growth, %	0.4	5.4
Operating profit before amortisation, depreciation and impairment (EBITDA), SEK million	81	78
Operating profit, SEK million	67	64
Operating margin, %	7.3	7.0
Profit for the year, SEK million	63	51
Profit for the year per share, SEK	2.75	2.24

Net sales amounted to SEK 920 million (916). Adjusted for currency translation effects, net sales rose by 1 percent. The sales trend was stable with good sales growth for several of the Group's brands. Several important products were launched over the year and were well received among retailers.

Net operating expenses amounted to SEK 853 million (852). Adjusted for currency translation effects, net operating expenses rose by 0 percent. Expenses for the procurement of goods increased as a result of the weakening of the Swedish krona against the euro. This was fully offset by reduced operating expenses from efficiency enhancements in both the organisation and processes, as well as a favourable product sales mix. Over the year, several important market investments were made to build the Group's brands.

Operating profit amounted to SEK 67 million (64). Profit before tax amounted to SEK 59 million (53). Net financial items decreased to SEK 8 million (11) as a consequence of lower debt to credit institutions. Tax on profit for the year amounted to an asset of SEK 4 million (expense 2), of which SEK 2 million (2) consisted of current taxes. Deferred tax assets relating to loss carryforwards were revalued with respect to the Group's future earnings prospects, resulting in deferred tax income. Profit for the year was SEK 63 million (51), corresponding to earnings per share of SEK 2.75 (2.24) before and after dilution.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from continuing operations amounted to SEK 56 million (88), mainly due to lower cash flow from changes in working capital due to increased operating receivables and decreased operating liabilities.

Cash flow from investment activities amounted to a disbursement of SEK 54 million (29), of which SEK 52 million (24) consisted of net acquisitions and divestments, while SEK 2 million (5) consisted of net investments in tangible and intangible fixed assets.

Cash flow from financing activities in remaining operations amounted to a negative SEK 14 million (35), consisting of increased use of an existing overdraft facility in the amount of SEK 9 million (35), amortisation of leasing liabilities by SEK 0 million (1) and dividends paid of SEK 23 million (11). In the preceding year, loans from credit institutions were amortised by SEK 58 million. Cash and equivalents amounted to SEK 50 million (62). There were unutilised credit facilities of SEK 120 million (129) at the end of the year.

CAPITAL STRUCTURE, SUMMARY

	31 December 2014	31 December 2013
Average capital employed, SEK million	927	905
Net debt, SEK million	151	130
Shareholders' equity, SEK million	751	710
Net debt/equity ratio, multiple	0.2	0.2

Net debt increased to SEK 151 million (130), as a result of a business combination that was paid in cash of SEK 45 million on the completion date in December 2014. The net debt/equity ratio was 0.2x (0.2) at the end of the year. The ratio between net debt/equity and EBITDA on a rolling 12-month basis was 1.9x (1.7).

Shareholders' equity amounted to SEK 751 million (710). The change in shareholders' equity over the year consisted of translation differences from the translation of foreign operations totalling a negative SEK 1 million, profit for the year of SEK 63 million and dividends of SEK 23 million. The equity/assets ratio was 63 percent (61).

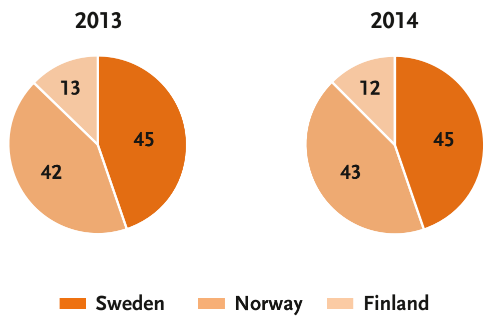
INVESTMENTS

Investments in intangible and tangible fixed assets amounted to SEK 3 million (7). Amortisation and depreciation for the year amounted to SEK 14 million (14), divided between SEK 11 million (11) in amortisation 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.

Share of consolidated external net sales, %



SIGNIFICANT EVENTS IN 2014

BUSINESS AREA SWEDEN

Peter Åsberg,
Business Area Manager Sweden

- Wholesale prices were increased to offset higher prices for raw materials.
- An unfavourable exchange rate trend for the euro against the Swedish krona resulted in higher commodity costs.
- Strong sales growth for the Dalblads, Friggs and Miwana brands. Market leadership for the Dalblads brand in supermarkets.
- Decreased sales volumes for the Naturdiet brand in a declining market for weight control products. A new uniform packaging design was launched to strengthen the brand's competitiveness in the market.
- The sales and marketing organisation was reorganised to facilitate efficient marketing. The cost base was lowered.
- The largest launch period in the Group's history commenced in September and October and was well received by retailers with favourable shop listings. Promotional activities were conducted for new products, both in print and digital, formats.
- Friggs' rice cakes with chia seeds and sea salt were named best health food of 2014 by magazine MåBra.
- A number of new customers chose to introduce Dalblads brand products to their ranges in the second half of the year.
- The acquired company Soma Nordic strengthens its presence in Swedish healthfood shops.

BUSINESS AREA NORWAY

Vidar Eskelund,
Business Area Manager Norway

- Strong sales growth for several licensed brands, with increased market share.
- The sales assignment, from November 2013, to increase sales of Alma Norge AS's products in the ecological food segment to Norwegian supermarkets developed well.
- The Miwana and MyggA brands strengthened their positions among Norwegian retailers through strong sales growth.
- A sales assignment with net sales of approximately SEK 12 million on an annualised basis, was cancelled when the client chose to pursue the operations under its own auspices.
- Several important sales assignments for licensed brands were extended in the fourth quarter.
- Declining sales volumes in healthfood shops remain a challenge.
- Soma Nordic AS, a player in the area of organic healthfoods, was acquired, strengthening the presence among healthfood retailers in Norway.

BUSINESS AREA FINLAND

Jukka Allos,
Business Area Manager Finland

- The Elivo brand that was acquired in the fourth quarter of 2013, was integrated into the operations with good performance and stable sales. The presence among pharmacies was strengthened.
- A new marketing and communication platform was launched the Elivo brand.
- Several important product launches were made under the Tri Tolonen brand. A new packaging design was rolled out for part of the brand's range.
- In the rice cakes segment, the Friggs brand experienced very strong sales growth over the year.
- The market for nutritional supplements showed a sharp decline in the second half of the year, which resulted in lower sales volumes.
- Decreased sales volumes for the Naturdiet brand in a declining market for weight control products. A new uniform packaging design began to be rolled out in the fourth quarter to strengthen the brand's competitiveness in the market.
- A partnership agreement was signed with the new children's hospital being built in Helsinki, to provide financial support based on each package of Tri Tolonen brand products sold during the promotional period. The hospital will receive seriously ill children from across the country and is scheduled for completion in 2017.
- The sales and marketing organisation was reorganised to facilitate efficient marketing with customer focus and clearer areas of responsibility.

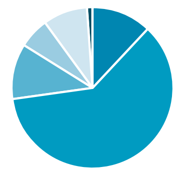
KEY FIGURES

THE YEAR IN FIGURES

SALES CHANNELS

Sweden	2014	2013
Net sales, SEK million	439	435
Net sales growth, %	0.9	5.8
Net sales per employee, SEK million	8.4	7.9
Operating profit, SEK million	39	45
Operating margin, %	8.9	10.3
Operating profit per employee, SEK million	0.8	0.8
Average number of employees	52	55
Number of employees as per the balance sheet date	52	57

- Net sales amounted to SEK 439 million (435), an increase of 1 percent. Several brands strengthened their positions among retailers with increased market shares.
- Operating profit amounted to SEK 39 million (45), with an operating margin of 8.9 percent (10.3). Operating income and operating margin were impacted negatively by higher commodity costs as a consequence of the Swedish krona gradually weakening against the euro.
- Efficiency enhancements in both the organisation and processes and a favourable product and channel mix improved operating profit in the second half of the year.

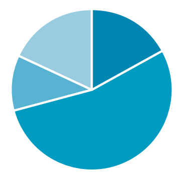


- Pharmacies, 12% (12)
- FMCG retailers, 61% (58)
- e-trade/post order, 11% (12)
- Healthfood shops, 6% (8)
- Other specialist retailers, 9% (9)
- Other sales channels, 1% (1)

Norway	2014	2013
Net sales, SEK million	395	392
Net sales growth, %	0.8	15.3
Net sales per employee, SEK million	5.4	5.4
Operating profit, SEK million	48	36
Operating profit before non-recurring items, SEK million[1)]	45	36
Operating margin, %	12.2	9.2
Operating profit per employee, SEK million	0.7	0.5
Average number of employees	73	73
Number of employees as per the balance sheet date	87	72

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

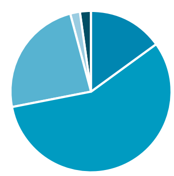
- Net sales amounted to SEK 395 million (392), an increase of 1 percent. Despite general concerns in the Norwegian economy, with declining oil prices and currency challenges, sales growth was stable.
- Operating profit improved to SEK 48 million (36), with an operating margin of 12.2 percent (9.2). Non-recurring items were included in the amount of SEK 3 million (0) and derived from the revaluation of an additional purchase consideration.
- Margins improved as a consequence of a favourable product sales mix and good cost control in the operations.



- Pharmacies, 17% (15)
- FMCG retailers, 54% (57)
- Healthfood shops, 11% (12)
- Other specialist retailers, 18% (16)

Finland	2014	2013
Net sales, SEK million	114	115
Net sales growth, %	-0.9	-20.1
Net sales per employee, SEK million	5.4	5.8
Operating profit, SEK million	12	10
Operating margin, %	10.5	8.7
Operating profit per employee, SEK million	0.6	0.5
Average number of employees	21	20
Number of employees as per the balance sheet date	20	20

- Net sales amounted to SEK 114 million (115), a decrease of 1 percent. Despite cautious private consumption as a consequence of the harsh private financial situation in society, the sales trend was relatively stable. Competition from low-cost brands was fierce, particularly in the category protein/energy bars.
- Operating profit improved to SEK 12 million (10), with an operating margin of 10.5 percent (8.7). Margins improved through a favourable product sales mix.
- The lower sales volume was counteracted both by efficiency enhancements and good cost control in the operations.



- Pharmacies, 15% (11)
- FMCG retailers, 57% (61)
- Healthfood shops, 24% (25)
- Other specialist retailers, 2% (1)
- Other sales channels, 2% (2)

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 CEO, 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.

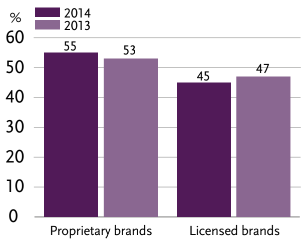
Risk | **Risk management** | **Exposure/comment**

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 sales of goods from proprietary and licensed brands



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

	2014	2013
Sweden	1	0
Norway	1	4
Finland	0	0

Customer dependency and customer credit risk
Midsona has some 150 active customers, of whom the ten largest account for 52 percent (51) of net sales. 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.

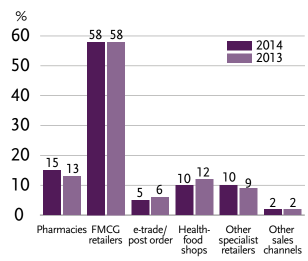
Customers are primarily pharmacies, FMCG chains and healthfood retailers with whom customer relations are generally rather long term. Increasingly, Midsona offers its products directly to the end consumer through e-commerce/post order, as well as other specialist retailers. By extending its customer base, Midsona can reduce its dependency on a small number of customers. Customer credit risk is managed on an ongoing 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.

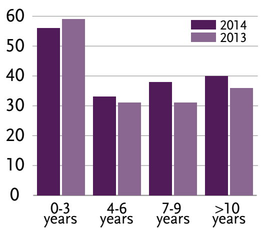
At the end of the year, accounts receivable, trade amounted to SEK 100 million (102), corresponding to an average customer credit period of 49 days (44). Customer losses amounted to MSEK 2 (5) and have, over the years, remained at a relatively low level.

Competitors – and, at the same time, customers
Customers are primarily pharmacy, FMCG and healthfood retail chains. 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 sales of goods for each sales channel



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 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 operations.	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.	In Sweden, Finland and Norway, Group companies hold permits including the following: • Pharmaceutical wholesaler licence in Sweden, issued by the Swedish Medical Products Agency and 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, issued by Fimea (the Finnish Medicines Agency) with no set period of validity. • Pharmaceutical wholesaler licence in Norway, issued by the Norwegian Medicines Agency and valid until March 2016.
Suppliers Midsona has no significant proprietary production of goods and instead used external suppliers, primarily within Europe. Supplier disruptions are a risk for the Group, 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 The operations require both business and product-specific expertise. The Group'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 expense, the guideline is that confirmed credit commitments should have an average remaining maturity of at least 12 months.	In February 2014, a new financing agreement was signed, which extends until 31 December 2016. At the end of the year, the average remaining maturity on the Group's confirmed loan commitments was 24 months (12).
Liquidity risk Liquidity risk means 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 next six months.	At the end of the year, the liquidity reserve amounted to SEK 170 million (191), divided between SEK 50 million (62) in cash and cash equivalents, an unutilised portion of a credit facility amounting to SEK 72 million (72) and an unutilised portion of an overdraft facility of SEK 48 million (57) 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 sales of goods are conducted primarily in the currencies SEK, NOK and EUR, while procurement of goods is made primarily in SEK, NOK, EUR, GBP and USD. The net exposure in EUR is considerable because purchases exceed sales.	The forecast net exposure in the currencies involved can, according to the financial policy, be hedged for up to 24 months. The currency hedged portion normally comprises 50 percent but can be increased to 75 percent of the net exposure for the defined period if this is deemed appropriate. To mitigate the consequences of changed exchange rates, up to 50-75 percent of forecast net flows in EUR, and where appropriate USD, are hedged using currency forward agreements covering periods of up to nine months.	At the end of 2014, 53 percent (38), or nominally EUR 3 million (3), of estimated net flows for the first half of 2015 were hedged. The market value of the outstanding currency forward agreements was SEK 1 million (0) as per 31 December 2015. 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 7 million (5).
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 50 million (62) at the end of the year.

GUIDELINES FOR REMUNERATIONS TO SENIOR EXECUTIVES

The Board of Directors' proposed guidelines for remunerations to senior executives to be presented for approval by the Annual General Meeting of 28 April 2015 agree to all intents and purposes with the previous year's guidelines. For information on the guidelines for remunerations to senior executives adopted by the 2014 Annual General Meeting, see Note 9 Employees, personnel expenses and senior executives' remunerations on page 55.

SHARE AND SHAREHOLDERS

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 2014, 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 2014. 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. For more information on the share and shareholders, please see page 84.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE FINANCIAL YEAR

It was decided to close down the Group's production unit in Stenkullen, outside Gothenburg, where certain products under the Dalblads brand are produced. In the future, the production of these products will be outsourced in the same way as Dalblads other products. The cost of closure is estimated at around SEK 10 million, which will be charged against profit for the period in the first quarter of 2015. On an annual basis, the savings are calculated at approximately SEK 7 million and will be achieved gradually over the next 12 months. Trade union negotiations have been completed and the restructuring process has commenced.

CORPORATE GOVERNANCE REPORT

For the Corporate Governance Report, please see page 79.

FUTURE PROSPECTS

Midsona is well-positioned in the market with its strong brands and will focus on growth and continued increased profitability.

PARENT COMPANY

Net sales amounted to SEK 23 million (23), and related primarily to invoicing of services provided internally within the Group.

Profit before tax amounted to SEK 41 million (1). Profit before tax included Group contributions received of SEK 2 million (6), dividends from subsidiaries of SEK 46 million (28), of which SEK 39 million (14) consisted of anticipated dividends. Profit before tax for the preceding year also included impairment of SEK 19 million on shares in subsidiaries.

Investments in tangible and intangible fixed assets amounted to SEK 1 million (2). Depreciation and amortisation for the year on tangible and intangible fixed assets amounted to SEK 1 million (1).

Cash and equivalents, including unutilised credit facilities, amounted to SEK 121 million (129). At the end of the year, borrowing from credit institutions amounted to SEK 147 million (138).

Shareholders' equity in the Parent Company rose by SEK 21 million over the year to SEK 587 million, of which unrestricted shareholders' equity was SEK 75 million (54). The increase consisted of profit for the year of SEK 44 million and the dividend of SEK 23 million.

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

PROPOSED APPROPRIATION OF PROFIT OR LOSS

THE FOLLOWING AMOUNT IN SEK IS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING	
Share premium reserve	140,301,335
Fair value fund	22,500,585
Accrued loss	-131,638,186
Profit for the year	43,605,986
Total	**74,769,720**

The Board of Directors proposes that the unrestricted shareholders' equity in the Parent Company, amounting to SEK 74,769,720 be appropriated as follows:

Dividend, SEK 1.10 per share	25,019,269
Carried forward in new account, SEK	49,750,451
Total	**74,769,720**

STATEMENT BY THE BOARD OF DIRECTORS REGARDING THE PROPOSED DIVIDEND

At the 2015 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 71 percent and the consolidated equity/assets ratio to 61 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 30 March 2015.

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 statements

CONSOLIDATED INCOME STATEMENT

SEK million	Note	2014	2013
Net sales	2,3,4	920	916
Expenses for goods sold		-499	-495
Gross profit		**421**	**421**
Selling expenses		-271	-278
Administrative expenses		-87	-79
Other operating income	5	6	4
Other operating expenses	6	-2	-4
Indirect expenses, net		**-354**	**-357**
Operating profit,	3,4,7,8,9,13,14,15,26	**67**	**64**
Financial income		1	1
Financial expenses		-9	-12
Net financial items	10	**-8**	**-11**
Profit before tax		**59**	**53**
Tax	12	4	-2
PROFIT FOR THE YEAR		**63**	**51**
Attributable to			
Parent Company shareholders (SEK million)		63	51
Earnings per share to Parent Company shareholders, before and after dilution (SEK)	13	2.75	2.24
Number of shares (thousands)	13		
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	2014	2013
PROFIT FOR THE YEAR	**63**	**51**
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	1	-16
Items that have or can be reallocated to profit for the year	**1**	**-16**
Other comprehensive income for the year	**1**	**-16**
COMPREHENSIVE INCOME FOR THE YEAR	**64**	**35**
Attributable to		
Parent Company shareholders (SEK million)	64	35

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 December 2014	31 December 2013
ASSETS			
Intangible fixed assets	14	875	846
Tangible fixed assets	15,16	9	10
Non-current receivables	19	0	0
Deferred tax assets	12	48	42
Fixed assets		**932**	**898**
Inventories	20	100	95
Tax receivables		2	1
Accounts receivable	21	100	102
Other receivables	19	3	1
Prepaid expenses and accrued income	22	12	13
Cash and equivalents	30,33	50	62
Current assets		**267**	**274**
ASSETS	3,4,29	**1,199**	**1,172**
SHAREHOLDERS' EQUITY			
Share capital		455	455
Additional paid-up capital		186	209
Reserves		8	7
Profit brought forward, including profit for the year		102	39
SHAREHOLDERS' EQUITY	23	**751**	**710**
LIABILITIES			
Non-current interest-bearing liabilities	24,30	148	149
Other non-current liabilities	25	4	20
Deferred tax liabilities	12	80	74
Non-current liabilities		**232**	**243**
Current interest-bearing liabilities	24,30	53	43
Accounts payable		88	90
Tax liabilities		-	0
Other current liabilities	25	35	37
Accrued expenses and deferred income	28	40	48
Provisions for pensions	26	-	0
Other provisions	27	0	1
Current liabilities		**216**	**219**
LIABILITIES		**448**	**462**
SHAREHOLDERS' EQUITY AND LIABILITIES	3,4,29	**1,199**	**1,172**
MEMORANDUM ITEMS	31		
Pledged assets		751	739
Contingent liabilities		-	-

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Note 23 SEK million	Share capital	Additional paid-up capital	Reserves	Profit brought forward, incl. profit for the year	Total share-holders' equity
Opening shareholders' equity 1 January 2013	**455**	**220**	**23**	**-12**	**686**
Comprehensive income for the year					
Profit 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**
Opening shareholders' equity 1 January 2014	**455**	**209**	**7**	**39**	**710**
Comprehensive income for the year					
Profit for the year	-	-	-	63	63
Other comprehensive income for the year	-	-	1	-	1
Comprehensive income for the year	**-**	**-**	**1**	**63**	**64**
Transactions with the Group's owners					
Dividend	-	-23	-	-	-23
Transactions with the Group's owners	**-**	**-23**	**-**	**-**	**-23**
Closing shareholders' equity 31 December 2014	**455**	**186**	**8**	**102**	**751**

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2014	2013
CONTINUING OPERATIONS			
Profit before tax		59	53
Adjustments for items not included in cash flow	33	16	16
Income tax paid		-2	-2
Cash flow from continuing operations before changes in working capital		**73**	**67**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in inventories		1	0
Increase (-)/decrease (+) in operating receivables		1	18
Increase (+)/decrease (-) in operating liabilities		-19	3
Changes in working capital		**-17**	**21**
Cash flow from continuing operations		**56**	**88**
INVESTING ACTIVITIES			
Acquisitions of companies or operations	33	-52	-27
Divestments of companies or operations	33	-	3
Acquisitions of intangible fixed assets		-1	-4
Divestments of intangible fixed assets		-	2
Acquisitions of tangible fixed assets		-2	-3
Divestments of tangible fixed assets		1	-
Cash flow from investing activities		**-54**	**-29**
Cash flow after investing activities		**2**	**59**
FINANCING ACTIVITIES			
Amortisation of loans	33	9	-24
Dividend paid		-23	-11
Cash flow from financing activities		**-14**	**-35**
Cash flow for the year		**-12**	**24**
CASH AND EQUIVALENTS			
Cash and equivalents at beginning of year		62	43
Translation difference in cash and equivalents		0	-5
Cash and equivalents at end of year	33	**50**	**62**

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2014	2013
Net sales	2	23	23
Selling expenses		0	0
Administrative expenses		-34	-32
Other operating income	5	6	4
Other operating expenses	6	-4	-5
Operating profit,	8,9,14,15,16,26	**-9**	**-10**
Profit from participations in subsidiaries	10	46	9
Financial income	10	8	13
Financial expenses	10	-6	-17
Profit after financial items		**39**	**-5**
Allocations	11	2	6
Profit before tax		**41**	**1**
Tax	12	3	-
PROFIT FOR THE YEAR		**44**	**1**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	2014	2013
PROFIT FOR THE YEAR	**44**	**1**
Items that have or can be reallocated to profit for the year		
Exchange rate differences on monetary items classified as expanded investment	-	-1
Other comprehensive income for the year	**-**	**-1**
COMPREHENSIVE INCOME FOR THE YEAR	**44**	**0**

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 December 2014	31 December 2013
FIXED ASSETS			
Intangible fixed assets	14	2	2
Tangible fixed assets	15,16	1	1
Participations in subsidiaries	17	482	482
Receivables from subsidiaries	18,32	242	256
Deferred tax assets	12	15	12
Financial fixed assets		**739**	**750**
Fixed assets		**742**	**753**
CURRENT ASSETS			
Accounts receivable		0	0
Receivables from subsidiaries	18,32	48	25
Other receivables	19	1	1
Prepaid expenses and accrued income	22	3	3
Current receivables		**52**	**29**
Cash and bank balances	30,33	1	-
Current assets		**53**	**29**
ASSETS	29	**795**	**782**
SHAREHOLDERS' EQUITY			
Restricted shareholders' equity			
Share capital		455	455
Statutory reserve		57	57
Restricted shareholders' equity		**512**	**512**
Unrestricted shareholders' equity			
Share premium reserve		140	163
Fair value fund		22	22
Accrued loss		-131	-132
Profit for the year		44	1
Unrestricted shareholders' equity		**75**	**54**
SHAREHOLDERS' EQUITY	23	**587**	**566**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	24,30	95	95
Liabilities to subsidiaries	18,32	2	2
Non-current liabilities		**97**	**97**
CURRENT LIABILITIES			
Liabilities to credit institutions	24,30	52	43
Accounts payable		1	4
Liabilities to subsidiaries	18,32	53	66
Other current liabilities	25	1	1
Accrued expenses and deferred income	28	4	4
Other provisions	27	-	1
Current liabilities		**111**	**119**
SHAREHOLDERS' EQUITY AND LIABILITIES	29	**795**	**782**
MEMORANDUM ITEMS	31		
Pledged assets		418	418
Contingent liabilities		56	55

CHANGES IN EQUITY FOR THE PARENT COMPANY

	RESTRICTED SHAREHOLDERS' EQUITY		UNRESTRICTED SHAREHOLDERS' EQUITY			
Note 23 **SEK million**	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Fair value fund**	**Accumulated losses, incl. profit for the year**	**Total shareholders' equity**
Opening shareholders' equity 1 January 2013	**455**	**57**	**174**	**23**	**-132**	**577**
Profit for the year	-	-	-	-	1	1
Other comprehensive income for the year	-	-	-	-1	-	-1
Comprehensive income for the year	**-**	**-**	**-**	**-1**	**1**	**0**
Dividend	-	-	-11	-	-	-11
Closing shareholders' equity 31 December 2013	**455**	**57**	**163**	**22**	**-131**	**566**
Opening shareholders' equity 1 January 2014	**455**	**57**	**163**	**22**	**-131**	**566**
Profit for the year	-	-	-	-	44	44
Other comprehensive income for the year	-	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**-**	**44**	**44**
Dividend	-	-	-23	-	-	-23
Closing shareholders' equity 31 December 2014	**455**	**57**	**140**	**22**	**-87**	**587**

PARENT COMPANY CASH FLOW STATEMENT

SEK million	**Note**	**2014**	**2013**
CONTINUING OPERATIONS			
Profit after financial items		39	-5
Adjustments for items not included in cash flow	33	-47	-6
Cash flow from continuing operations before changes in working capital		**-8**	**-11**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/decrease (+) in operating receivables		25	87
Increase (+)/decrease (-) in operating liabilities		-4	-20
Changes in working capital		**21**	**67**
Cash flow from continuing operations		**13**	**56**
INVESTING ACTIVITIES			
Shareholder contributions paid		-	-53
Acquisitions of companies or operations	33	-	0
Acquisitions of intangible fixed assets		-1	0
Divestments of intangible fixed assets		2	-
Acquisitions of tangible fixed assets		-	-2
Divestment of tangible fixed assets		-	0
Investments in financial assets		14	30
Cash flow from investing activities		**15**	**-25**
Cash flow after investing activities		**28**	**31**
FINANCING ACTIVITIES			
Amortisation of loans	33	-4	-20
Dividend paid		-23	-11
Cash flow from financing activities		**-27**	**-31**
Cash flow for the year		**1**	**-**
CASH AND EQUIVALENTS			
Cash and equivalents at beginning of year		-	-
Cash and equivalents at end of year	33	**1**	**-**

1

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 35 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 consolidation of the Parent Company and subsidiaries in the consolidated financial statements.

Changes in accounting principles due to new or amended IFRS

The new standards and the amendments and revisions to standards and new interpretations that came into effect on 1 January 2014 have had no impact on the Group's accounting for the 2014 financial year.

New IFRS that have yet to begin being applied

The new and amended standards and interpretations that have been issued but that come into effect for financial years commencing after 1 January 2014 have not yet been applied by the Group and it is not planned to apply them prematurely. The following describes the new and amended standards and interpretations that are deemed to affect the consolidated financial statements in the initial period of application.

- Annual improvements to IFRS 2010-2012 that come into effect for the 2015 financial year. Minor changes and clarifications of seven standards, which may have a non-material impact on the financial statements.
- Annual improvements to IFRS 2011-2013 that come into effect for the 2015 financial year. Minor changes and clarifications of four standards, which may have a non-material impact on the financial statements.
- IFRS 15 Revenue from Contracts with Customers, which comes into effect for the financial year 2017 or later. A new standard that is to replace IAS 18 Revenue and IAS 11 Construction Contracts. The purpose of a new revenue standard is to have a single principle-based standard for all sectors. Management has yet to conduct a detailed analysis of the effects of implementing the standard. The standard has yet to be adopted by the EU.
- IFRS 9 Financial instruments, which comes into effect for the financial year 2018 or later. A new standard that is to replace IAS 39 Financial Instruments: Classification and Measurement. The standard contains new requirements for the classification and measurement of financial instruments, for derecognition, impairment and general rules for hedge accounting. It is management's assessment that the application of the new standard may affect the reported amounts in the financial statements with regard to the Group's financial assets and liabilities. Management has yet to conduct a detailed analysis of the effects of implementing the new standard and cannot therefore quantify the effects. The standard has yet to be adopted by the EU.

Other new and amended standards and interpretations are not deemed to have any effect on the consolidated financial statements in the initial period of application.

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 over which Midsona AB (publ) has a controlling influence. A controlling influence exists if Midsona AB (publ) has influence over the object of investment, is exposed or entitled to variable returns from its commitment and can exert its influence over the investment to affect yield.

In assessing whether a controlling influence exists, shares conveying potential voting rights are taken into account, as is the existence of de facto control. All subsidiaries within the Group are wholly owned subsidiaries.

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. See Note 3 Operating Segments for further details of the division and a presentation of the operating segments.

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 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
Expenses for goods sold
Expenses for goods sold encompass direct and indirect expenses for functions attributable to generated income (manufacturing, warehousing, inventory coordination).

Selling expenses
Selling expenses encompass both expenses for activities and functions connected directly to the consumer (marketing, product manager, marketing coordinator), and expenses for activities and functions connected with customers (sales, key account manager, order reception).

Administrative expenses
Administrative expenses encompass expenses for functions such as purchasing, IT, finance and administration, product and packaging development, quality systems and quality assurance, as well as Group Management.

Other operating income and expenses
Other operating income and expenses include income and expenses not normally considered to belong to the actual business, for example, exchange gains/losses on operating assets/liabilities and capital gains/losses on disposal of assets. Exchange rate gains/losses are reported net.

Non-recurring items
Non-recurring items comprise significant items that, because of their size or incidence, are reported separately to enable a better understanding of the Group's financial development. Non-recurring items reported in the function to which they are attributable, depending on the nature of the item.

Leasing
Operating leases
Expenses associated with 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.

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.

Foreign exchange gains/losses on financial assets/liabilities are recognised 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.

Amortisation 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

Expenditure on research is expensed as incurred. Expenditure on product and packaging development is recognised as an intangible asset when all criteria for such capitalisation have been met. Other development expenditure is recognised in the income statement as an expense as incurred. As of 31 December 2014 and 31 December 2013 respectively, no development expenditure has been recognised as an asset.

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
Software	5 years

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, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use, the recoverable amount is calculated annually or as soon as there is an indication that impairment is necessary. 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.

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

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. There are no outstanding stock option programmes or similar that could entail effects from dilutive potential shares.

Employee benefits

Pensions

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 2014 financial year, there has been no 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, a special pension agreement is in place, the AFP scheme, which has been agreed between the social partners as a supplement to retirement pension. Such insurance comprises a defined benefit plan covering several employers. For the 2014 financial year, there has been no 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. Additionally, in Norway there was an immaterial defined benefit pension plan, the AFP scheme, which was discontinued in 2014.

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

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary retirement from employment in exchange for these benefits. The Group reports severance pay when it is demonstrably committed either to terminate employees in accordance with a detailed formal plan without the possibility of revocation, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due after more than 12 months from the balance sheet date are discounted to their present value.

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

Provisions are recognised when the Group has an obligation as a result of a past event, and it is probable that payments will be required to settle that obligation. A further requirement is that it should be possible to reliably estimate the amount to be paid.

Restructuring

Provisions for restructuring measures are made when a detailed formal plan of the measures exists and well-founded expectations have been engendered among those who will be affected by the measure, and this has occurred before the balance sheet date.

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.

Amended accounting principles

The amendments to RFR 2 Accounting for legal entities that have come into effect for the financial year 2014 and the amendments that will take effect from 1 January 2015 have not had/will not have any material impact on the Parent Company's financial reports.

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.

2 NET SALES BY MAJOR INCOME CATEGORY

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Sale of goods	888	891	-	-
Service assignments	31	23	1	1
Other income	1	2	22	22
Total	**920**	**916**	**23**	**23**

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 healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce/post order, specialist healthfood retailers and other specialist retailers in the Swedish market. E-commerce/mail order operations are conducted in the form of direct sales to consumers through direct mail, telemarketing and Internet campaigns in the Nordic market.

Norway: Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce, specialist healthfood retailers and other specialist retailers in the Norwegian market.

Finland: Operations are conducted directly through proprietary companies through marketing and sales of products in the categories of healthfoods, personal care and beauty care to and through pharmacies, supermarkets, e-commerce, specialist healthfood retailers and other specialist retailers in the Finnish market.

The acquired business Soma Nordic AS, including subsidiaries, is included in the operating segment Norway effective from 30 December 2014. The acquired business Supernature AS is included in the operating segment Norway effective from 17 April 2013. For further information regarding acquisitions and divestments of operations, please see Note 4 Acquisitions and divestments of operations.

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

3

SEK million	Sweden 2014	Sweden 2013	Norway 2014	Norway 2013	Finland 2014	Finland 2013	Group-wide functions, Group adjustments and eliminations 2014	Group-wide functions, Group adjustments and eliminations 2013	GROUP 2014	GROUP 2013
Net sales, external	412	411	393	389	114	115	1	1	**920**	**916**
Net sales, intra-Group	27	24	2	3	-	0	-29	-27	**-**	**-**
Net sales	**439**	**435**	**395**	**392**	**114**	**115**	**-28**	**-26**	**920**	**916**
Operating expenses, external	-391	-382	-330	-341	-88	-91	-44	-38	**-853**	**-852**
Operating expenses, intra-Group	-9	-8	-17	-15	-14	-14	40	37	**-**	**-**
Operating expenses	**-400**	**-390**	**-347**	**-356**	**-102**	**-105**	**-4**	**-1**	**-853**	**-852**
Operating profit, undistributed	**39**	**45**	**48**	**36**	**12**	**10**	**-32**	**-27**	**67**	**64**
Financial items									**-8**	**-11**
Profit before tax									**59**	**53**
SIGNIFICANT INCOME AND EXPENSE ITEMS REPORTED IN THE INCOME STATEMENT:										
Reversal of conditional purchase consideration, business combination, net	-	-	3	0	-	-	-	-	**3**	**0**
Capital gains on divestments of operations	-	-	-	0	-	-	-	-	**-**	**0**
SIGNIFICANT ITEMS NOT AFFECTING CASH FLOW:										
Amortisation/depreciation	-2	-2	-2	-2	-1	-1	-9	-9	**-14**	**-14**
Impairment losses on inventories	-1	-2	-	-	-	-	-	-	**-1**	**-2**
Impairment of accounts receivable	-2	-5	0	0	-	-	0	0	**-2**	**-5**
Segment assets	706	735	731	652	98	98	-384	-355	**1,151**	**1,130**
Unallocated assets									**48**	**42**
Total assets									**1,199**	**1,172**
Segment liabilities	202	226	188	187	43	45	-266	-262	**167**	**196**
Unallocated liabilities									**281**	**266**
Shareholders' equity									**751**	**710**
Total shareholders' equity and liabilities									**1,199**	**1,172**
Investments	1	3	1	-	4	2	-3	2	**3**	**7**
Average number of employees	52	55	73	73	21	20	8	8	**154**	**156**
Number of employees as per the balance sheet date	52	57	87	72	20	20	8	8	**167**	**157**

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 2014, the Group's largest customer generated income totalling SEK 125 million (111). This income 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.

External net sales by sales channel

SEK million	GROUP 2014	GROUP 2013
Pharmacies	129	119
FMCG retailers	514	515
e-trade/post order	45	50
Healthfood retailers	91	103
Other specialist retailers	93	81
Others	16	23
Total	**888**	**891**
Service assignments	31	23
Other sales	1	2
Total	**920**	**916**

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External net sales for geographic areas[1)]

SEK million	GROUP 2014	GROUP 2013
Sweden	401	396
Norway	397	392
Finland	120	122
Other countries	2	6
Total	**920**	**916**

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)]

SEK million	GROUP 2014	GROUP 2013
Sweden	563	565
Norway	310	279
Finland	59	54
Total	**932**	**898**

1) Fixed assets by individually significant countries.

4 ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

ACQUISITIONS IN 2014

On 30 December, all of the shares in the company Soma Nordic AS were acquired; a well-known player in ecological healthfood, with offices in Moss and Malmö. The total purchase consideration amounted to SEK 45 million and was paid in cash on the transfer of control.

Through the acquisition, the Group gained access to, among other things, the Supernature brand, further strengthening the position in the Norwegian and Swedish healthfood markets. The acquisition is expected to provide both revenue and cost synergies. The company, which develops, markets and sells ecological healthfoods, primarily to Norwegian and Swedish retailers, had 16 employees at the time of acquisition.

The consolidated income statement for 2014 does not include the net sales or operating profit of the acquired business. If the acquisition had occurred on 1 January 2014, consolidated net sales would have been SEK 974 million and consolidated operating income would have been SEK 73 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	16
Tangible fixed assets	1
Non-current receivables	0
Deferred tax assets	0
Inventories	6
Trade and other receivables	5
Cash and equivalents	8
Deferred tax liabilities	-4
Accounts payable and other current liabilities	-7
Total	**25**
Consolidated goodwill	20
Total	**45**

Transferred consideration

SEK million	Fair value
Cash	45
Total	**45**

The fair value of accounts receivable amounted to SEK 5 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. Consolidated goodwill corresponds to the acquired operations' market position.

Integration

The acquired operations will be gradually integrated into the existing Norwegian and Swedish operations in 2015. The integration is not expected to result in any significant restructuring expenses.

ACQUISITIONS IN 2013

On 17 April, all shares were acquired in the company Supernature AS, the leading player in superfoods 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 access to, among other things, the Supernature brand, further strengthening the position in the Norwegian healthfood market. In addition, a small-scale retail business located in central Oslo was included. Supernature is one of the Group's priority brands. 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 current liabilities	-11
Total	**7**
Consolidated goodwill	1
Total	**8**

Transferred consideration

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

4
5
6
7
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. 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. 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.

5 OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Capital gains on divestments of intangible fixed assets	-	1	2	-
Capital gains on divestments of tangible fixed assets	0	1	-	-
Capital gains on divestments of operations	-	0	-	-
Exchange rate gains relating to operations	1	0	4	4
Reversal of conditional purchase consideration	3	0	-	-
Other	2	2	-	-
Total	**6**	**4**	**6**	**4**

6 OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Capital loss on divestments of tangible fixed assets	0	-1	0	0
Exchange rate losses relating to operations	-	-1	-3	-5
Expenses incurred in acquisitions of operations	0	0	-	-
Retroactive duty	-	-2	-	-
Other	-2	0	-1	0
Total	**-2**	**-4**	**-4**	**-5**

7 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.

	GROUP	
SEK million	**2014**	**2013**
Expenses for goods and materials	-485	-480
Personnel expenses	-132	-129
Selling expenses	-103	-97
Marketing expenses	-50	-49
Rental and other property expenses	-17	-17
Purchase of services	-18	-23
Amortisation/depreciation	-14	-14
Impairment	-3	-7
Other direct and indirect expenses	-35	-36
Other operating expenses	-2	-4
Total	**-859**	**-856**

8 FEES AND REMUNERATIONS TO AUDITORS

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
DELOITTE				
Audit assignment	-1	-	0	-1
Auditing tasks beyond the audit assignment	0	-	-	0
Tax advice	0	-	0	0
Other assignments	0	-	0	0
Total	**-1**	**-**	**0**	**-1**
KPMG				
Audit assignment	0	-1	0	-
Auditing tasks beyond the audit assignment	0	0	-	-
Tax advice	0	0	0	-
Other assignments	-1	-1	-1	-
Total	**-1**	**-2**	**-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.

9 EMPLOYEES, PERSONNEL EXPENSES AND SENIOR EXECUTIVES' REMUNERATION

EMPLOYEES

Number of employees at end of year

	GROUP		PARENT COMPANY	
	2014	**2013**	**2014**	**2013**
Number at beginning of year	157	143	8	9
Recruitments	18	27	-	-
Intragroup transfers			-	-1
Redundancies[1]	-24	-38	-	-
Acquisitions of operations	16	35	-	-
Divestments of operations	-	-10	-	-
Number at end of year	**167**	**157**	**8**	**8**

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

PERSONNEL EXPENSES

Personnel expenses

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
SALARIES AND OTHER REMUNERATION				
Board of Directors, President and management team[1]	-28	-30	-7	-6
of which variable salary	*-2*	*-3*	*0*	*0*
Other employees	-71	-65	-3	-3
of which variable salary	*-1*	*-1*	*0*	*0*
of which severance pay	-	*-1*	-	-
Total salaries and other remuneration	**-99**	**-95**	**-10**	**-9**
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]	-3	-4	-2	-2
Other employees	-6	-5	-1	-1
Total pension expenses	**-9**	**-9**	**-3**	**-3**
SOCIAL SECURITY EXPENSES				
Board of Directors, President and management team[1]	-6	-7	-2	-2
Other employees	-14	-14	-1	-1
Total social security expenses	**-20**	**-21**	**-3**	**-3**
OTHER PERSONNEL EXPENSES				
Board of Directors, President and management team[1]	-1	-1	0	0
Other employees	-3	-3	-1	-1
Total other personnel expenses	**-4**	**-4**	**-1**	**-1**
Total personnel expenses	**-132**	**-129**	**-17**	**-16**

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 34 (36) individuals in the Group and 10 (11) individuals in the Parent Company.

2) See Note 26 Provisions for pensions.

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to members of the Board of the Parent Company

Definitions

Since the Annual General Meeting on 29 April 2014, the Board consists of Åke Modig (Chairman), Tina Andersson, Lennart Bohlin, Ola Erici, Ralph Mühlrad and Johan Wester.

Principles for remuneration of Board

The 2014 Annual General Meeting resolved that fees for 2014/2015 should be paid to the Chairman in the amount of SEK 400 thousand (including committee work) and to the other members of the Board who are not employees of the company in the amount of SEK 200 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 1,480 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.

9

Remuneration to members of the Board, Parent Company 2014

SEK thousand	Board fees	Fees Remuneration Committee	Fees Audit Committee	Total fees 2014/2015
Board of Directors				
Åke Modig (Chairman of the Board)	400	-	-	400
Tina Andersson	200	-	-	200
Lennart Bohlin	200	-	20	220
Ola Erici	200	20	-	220
Ralph Mühlrad	200	-	20	220
Johan Wester	200	-	20	220
Total	**1,400**	**20**	**60**	**1,480**

Remuneration to members of the Board, Parent Company 2013

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

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 2014 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 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.

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 Group Management, 2014

SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expenses	Total
CEO and Group Management					
Peter Åsberg, CEO	3,056	187	106	1,183	4,532
Group Management (3 individuals)	5,777	553	272	528	7,130
Total	**8,833**	**740**	**378**	**1,711**	**11,662**

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

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

Comments on the table

- For the 2014 financial year, variable remuneration of SEK 587 thousand was paid to the CEO, of which SEK 400 thousand was allocated to pension benefits. The variable remuneration accounted for 19 percent of base salary.
- For the 2014 financial year, variable remuneration of SEK 553 thousand was paid to the other members of Group Management, which corresponded to 10 percent of base salary.
- 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. The variable remuneration accounted for 33 percent of base salary.
- For the 2013 financial year, variable remuneration of SEK 1,003 thousand was paid to the other members of Group Management, which corresponded to 20 percent of base salary.
- 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 2014, there were no agreements regarding share-related benefits in accordance with IFRS 2.

10 NET FINANCIAL ITEMS

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
PROFIT FROM PARTICIPATIONS IN SUBSIDIARIES				
Dividends from subsidiaries[1]			46	28
Impairment of shares in subsidiaries			-	-19
Total			**46**	**9**
FINANCIAL INCOME				
Interest income[2]	0	1	-	0
Interest income, subsidiaries			7	13
Exchange rate gains	1	0	1	-
Other financial income	0	0	-	-
Total	**1**	**1**	**8**	**13**
FINANCIAL EXPENSES				
Interest expenses[2]	-6	-9	-3	-5
Interest expenses, subsidiaries			-1	-1
Exchange rate losses	0	-	-	-10
Other financial expenses	-3	-3	-2	-1
Total	**-9**	**-12**	**-6**	**-17**
Total financial items	**-8**	**-11**	**48**	**5**

1) The dividends from subsidiaries of SEK 46 million (28), include SEK 39 million (14) in anticipated dividends.
2) All interest income and interest expense is attributable to financial instruments measured at amortised cost.

11 ALLOCATIONS

	PARENT COMPANY	
SEK million	**2014**	**2013**
Group contributions received	2	6
Total	**2**	**6**

12 TAX

Recognised in profit for the year

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
CURRENT TAX				
Current tax	-2	-2	-	-
Adjustment of tax relating to previous years	-	0	-	-
	-2	**-2**	**-**	**-**
DEFERRED TAX				
Deferred tax relating to temporary differences	2	-9	-	-
Deferred tax resulting from changes in tax rates	-	1	-	-
Deferred tax income in tax loss carryforwards capitalised during the year	15	15	3	-
Deferred tax on revaluation of carrying values of deferred tax assets	-	-2	-	-
Deferred tax expense resulting from utilisation of previously capitalised tax loss carryforwards	-11	-1	-	-
Adjustment of deferred tax relating to previous years	-	-4	-	-
	6	**0**	**3**	**-**
Total	**4**	**-2**	**3**	**-**

CURRENT TAX

Reconciliation of tax

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Profit before tax	**59**	**53**	**41**	**1**
Tax at the applicable tax rate for the Parent Company of 22.0% (22.0)	-13	-12	-9	0
Non-taxable dividends from subsidiaries	-	-	10	6
Non-deductible impairment of shares in subsidiaries	-	-	-	-4
Other non-deductible expenses / Other non-taxable income	0	0	0	0
Effect of other tax rates on foreign subsidiaries	-2	-2	-	-
Effect of changed tax rates	-	1	-	-
Capitalisation of previously uncapitalised loss carryforwards	14	15	3	-
Utilisation of previously uncapitalised tax loss carryforwards	8	6	-	-
Increase in tax loss carryforwards without corresponding capitalisation of deferred tax	-2	-8	-1	-2
Decrease/increase in deductible temporary differences without corresponding capitalisation of deferred tax	-1	3	-	-
Tax attributable to previous years	-	-4	-	-
Standard interest on tax allocation reserve	-	0	-	-
Other	-	-1	-	-
Total	**4**	**-2**	**3**	**-**

The applicable corporate tax rate in Sweden is 22 percent, while subsidiaries in Norway and Finland apply local corporate tax rates.

Changed tax rates
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 January 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	-	-	-	-	-
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**

	GROUP				PARENT COMPANY		
SEK million	**Opening balance 1 January 2014**	**Recognised in the income statement**	**Change through acquisitions and divestments of operations**	**Closing balance 31 Dec 2014**	**Opening balance 1 January 2014**	**Recognised in the income statement**	**Closing balance 31 Dec 2014**
DEFERRED TAX LIABILITY							
Intangible fixed assets	74	23	4	101	-	-	-
Inventories	-	-1	-	-1	-	-	-
Provisions	0	-1	-	-1	-	-	-
Tax loss carryforwards	-	-19	-	-19	-	-	-
Total deferred tax liability	**74**	**2**	**4**	**80**	**-**	**-**	**-**
DEFERRED TAX ASSETS							
Intangible fixed assets	-21	24	-	3	-	-	-
Tangible fixed assets	0	0	-	0	-	-	-
Inventories	1	0	-	1	-	-	-
Provisions	1	0	-	1	-	-	-
Tax loss carryforwards	61	-16	-2	43	12	3	15
Total	**42**	**8**	**-2**	**48**	**12**	**3**	**15**
Total net deferred tax liability	**32**	**-6**	**6**	**32**	**-12**	**-3**	**-15**

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 2014 to SEK 143 million (223), of which SEK 143 million (223) had an unlimited life. The tax value of tax losses for which no deferred tax asset has been taken into account amounted to SEK 31 million (50).

13 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 2014	GROUP 2013
Profit for the year, SEK million	63	51
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	2.75	2.24

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 share dividend of SEK 1.10 per share (1.00) be paid for the 2014 financial year, equivalent to SEK 25,019,269 (22,744,790) in total.

14 INTANGIBLE FIXED ASSETS

	GROUP				PARENT COMPANY
SEK million	**Goodwill**	**Brands**	**Other intangible assets**	**Total**	**Other intangible assets**
ACCUMULATED COST					
Opening balance 1 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 DEPRECIATION, AMORTISATIONS AND IMPAIRMENT					
Opening balance 1 January 2013	-204	-29	-14	-247	-2
Amortisation/depreciation 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**

	GROUP				PARENT COMPANY
SEK million	**Goodwill**	**Brands**	**Other intangible assets**	**Total**	**Other intangible assets**
ACCUMULATED COST					
Opening balance 1 January 2014	689	371	26	1,086	4
Acquired through acquisition of operations	20	16	1	37	-
Other acquisitions/investments	-	-	1	1	1
Sales/scrappings	-	-	-	0	-
Translation difference for the year	0	2	0	2	-
Closing balance 31 Dec 2014	**709**	**389**	**28**	**1,126**	**5**
ACCUMULATED DEPRECIATION, AMORTISATIONS AND IMPAIRMENT					
Opening balance 1 January 2014	-186	-37	-17	-240	-2
Acquired through acquisition of operations	-	-	-1	-1	-
Amortisation/depreciation for the year	-	-8	-3	-11	-1
Sales/scrappings	-	-	-	0	-
Translation difference for the year	1	0	0	1	-
Closing balance 31 Dec 2014	**-185**	**-45**	**-21**	**-251**	**-3**
Book value 31 Dec 2014	**524**	**344**	**7**	**875**	**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, either for 2014 or for 2013.

Amortisation/depreciation

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

Amortisation/depreciation for the year included in the income statement

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Selling expenses	-8	-8	-	-
Administrative expenses	-3	-3	-1	0
Total	**-11**	**-11**	**-1**	**0**

For information on depreciation, see Note 1 Accounting principles.

Impairment testing

Goodwill and brands with indeterminate useful lives have been allocated to cash-generating units for which there are identifiable cash flows in accordance with the 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 and brands of indeterminate useful lives allocated to operating segments in accordance with the following.

Goodwill and brands with indeterminate useful lives by operating segment

SEK million	**Average discount rate before tax 2014 (2013),%**		**2014**	**2013**
Sweden	10.1	(10.1)	458	458
Norway	10.6	(10.5)	252	233
Finland	10.5	(10.4)	29	27
Total			**739**	**718**

The cash-generating unit Sweden includes goodwill of SEK 243 million (243) and brands with indeterminate useful lives of 215 million (215). Brands with indeterminate useful lives refers to Friggs, which is well-established in its market and which the Group intends to maintain and further develop. In the cash-generating units Norway and Finland, there are no brands of indeterminate useful lives.

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 plan 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 when testing for impairment. The basis for the calculation consists of projected future cash flows in accordance with the business plan, with a sustained growth rate of 2 percent. 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 normally conducted in the third quarter or whenever the need arises. Impairment testing conducted for the 2014 financial year showed, with the assumptions made, there was no need to recognise impairment in brands with indeterminate useful lives.

Impairment

No impairment was applied to intangible fixed assets in 2014 or 2013, 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.

15 TANGIBLE FIXED ASSETS

	GROUP					PARENT COMPANY
SEK million	Plant and equipment	Equipment, fixtures and fittings	Leasing[1]	Other tangible fixed assets	Total	Equipment, fixtures and fittings
ACCUMULATED COST						
Opening balance 1 January 2013	4	18	3	3	28	1
Acquired through acquisition of operations	-	3	-	0	3	-
Other acquisitions/investments	1	2	-	0	3	2
Sales/scrappings	-	-4	-	-	-4	0
Translation difference for the year	0	-1	-	0	-1	-
Closing balance 31 Dec 2013	**5**	**18**	**3**	**3**	**29**	**3**
ACCUMULATED AMORTISATION/ DEPRECIATION						
Opening balance 1 January 2013	-2	-13	-2	0	-17	-1
Acquired through acquisition of operations	-	-1	-	-	-1	-
Amortisation/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**

	GROUP					PARENT COMPANY
SEK million	Plant and equipment	Equipment, fixtures and fittings	Leasing[1]	Other tangible fixed assets	Total	Equipment, fixtures and fittings
ACCUMULATED COST						
Opening balance 1 January 2014	5	18	3	3	29	3
Acquired through acquisition of operations	-	1	-	-	1	-
Other acquisitions/investments	0	1	1	-	2	-
Sales/scrappings	-	-1	-2	0	-3	-
Translation difference for the year	0	0	-	0	0	-
Closing balance 31 Dec 2014	**5**	**19**	**2**	**3**	**29**	**3**
ACCUMULATED AMORTISATION/ DEPRECIATION						
Opening balance 1 January 2014	-2	-14	-2	-1	-19	-2
Acquired through acquisition of operations	-	-1	-	-	-1	-
Amortisation/depreciation for the year	-1	-1	-1	0	-3	0
Sales/scrappings	-	1	2	0	3	-
Translation difference for the year	0	0	-	0	0	-
Closing balance 31 Dec 2014	**-3**	**-15**	**-1**	**-1**	**-20**	**-2**
Book value 31 Dec 2014	**2**	**4**	**1**	**2**	**9**	**1**

1) For further information see Note 16 Leases.

Borrowing expenses
No borrowing expenses are included in the cost of assets, either for 2014 or for 2013.

Amortisation/depreciation
All tangible fixed assets are depreciated. Amortisation is included in the following items in the income statement.

Amortisation for the year included in the income statement

	GROUP		PARENT COMPANY	
SEK million	2014	2013	2014	2013
Expenses for goods sold	-1	-1	-	-
Selling expenses	-1	-1	-	-
Administrative expenses	-1	-1	0	-1
Total	**-3**	**-3**	**0**	**-1**

For information on depreciation, see Note 1 Accounting principles.

Impairment
No impairment was applied to tangible fixed assets in 2014 or 2013, neither in the Group nor the Parent Company. For information on impairment, see Note 1 Accounting principles.

16 LEASES

Financial leasing
The Group leases office and IT equipment under several financial leases. When the leases expire, there are options to purchase the equipment at an attractive 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 1 million (0). Lease payments amounted to SEK 0 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	1	1
Later than one year but within five years	0	0
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	2014	2013	2014	2013
Expenses for operating leases	-15	-16	-3	-3
Total	**-15**	**-16**	**-3**	**-3**
Lease income for sub-let items amount to	2	1	-	-

1) Pertains to expensed operating lease fees.

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

	GROUP[1]		PARENT COMPANY	
SEK million	2014	2013	2014	2013
Mature for payment within a year	13	11	2	3
Mature for payment after more than one year but within five years	39	37	5	5
Mature for payment after more than five years	9	16	0	-
Total	**61**	**64**	**7**	**8**

1) Pertains to the nominal value of future minimum lease payments under non-cancellable leases.

16
17

17 PARTICIPATIONS IN SUBSIDIARIES

	Corporate identity number	Domicile	Number of shares	Proportion of capital/voting rights	Book value, SEK million
AB Arctic Medica (in liquidation)	556416-4233	Gällivare, Sweden	10,000	100%	1
Bioglan AS	970 968 660	Oslo, Norway	1,400	100%	167
Midsona Norge AS	979 473 559	Oslo, Norway	-	100%	-
Soma Nordic AS	979 457 189	Rygge, Norway	-	100%	-
Nordisk Helseforlag AS	912 536 130	Moss, Norway	-	100%	-
Soma Nordic AB	556585-7942	Laholm, Sweden	-	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**

A liquidation was in progress at the end of the year as part of efforts to simplify the corporate structure.

	PARENT COMPANY	
SEK million	**2014**	**2013**
ACCUMULATED COST		
Opening balance	1,583	1,504
Shareholder contributions in subsidiaries	-	79
Closing balance	**1,583**	**1,583**
ACCUMULATED IMPAIRMENT		
Opening balance	-1,101	-1,082
Impairment for the year on shares in subsidiaries	-	-19
Closing balance	**-1,101**	**-1,101**
Book value	**482**	**482**

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

18 RECEIVABLES FROM, AND LIABILITIES TO, SUBSIDIARIES

	PARENT COMPANY	
SEK million	**2014**	**2013**
FIXED ASSETS		
Interest-bearing receivables	242	256
Total	**242**	**256**
CURRENT ASSETS		
Interest-bearing receivables[1]	1	-
Other receivables	47	25
Total	**48**	**25**
TOTAL	**290**	**281**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	2	2
Total	**2**	**2**
CURRENT LIABILITIES		
Interest-bearing liabilities[1]	52	65
Other liabilities	1	1
Total	**53**	**66**
TOTAL	**55**	**68**

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

19 OTHER NON-CURRENT RECEIVABLES AND OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
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				
Currency futures	1	0	-	-
Other receivables	2	1	1	1
Total	**3**	**1**	**1**	**1**

20 INVENTORIES

	GROUP	
SEK million	**2014**	**2013**
Raw materials and consumables	5	6
Products in process	0	0
Completed products and goods for resale	95	89
Total	**100**	**95**

The consolidated income statement included impairment of inventories in the following items: expenses for goods sold SEK 0 million (0), selling expenses SEK 1 million (2).

17
18
19
20

21 ACCOUNTS RECEIVABLE

Midsona has some 150 active customers, of whom the ten largest accounted for 52 percent (51) of net sales. Customers are primarily pharmacy, supermarket, specialist healthfood and other specialist retail chains. 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 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

	GROUP	
SEK million	**2014**	**2013**
Accounts receivable, gross	100	104
Allocation for doubtful accounts receivable	0	-2
Total	**100**	**102**

Provision for doubtful accounts receivable

	GROUP	
SEK million	**2014**	**2013**
Provision at beginning of year	-2	-1
Allocation for feared bad debt losses	-2	-5
Confirmed bad debt losses	4	4
Total	**0**	**-2**

Age analysis, accounts receivable

	GROUP	
SEK million	**2014**	**2013**
Accounts receivable not past due	95	88
Past due 1-30 days	4	13
Past due 31-90 days	1	1
Past due > 90 days	0	0
Total	**100**	**102**

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

22 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
Prepaid rent	2	1	1	0
Prepaid insurance	1	1	0	0
Deferred leasing expenses	0	0	0	0
Prepaid marketing expenses	2	3	-	-
Prepaid commission	1	1	-	-
Prepaid purchases of goods and services	2	3	1	1
Other prepaid expenses	4	4	1	2
Total	**12**	**13**	**3**	**3**

23 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. Provision 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.

Fair value fund
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 the fair value fund forms the total unrestricted shareholders' equity, that is, the amount available for distribution to shareholders.

Change in number of shares

Number	**Series A shares**	**Series B shares**	**Total**
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**
Number of shares 1 January 2014	379,932	22,364,858	22,744,790
Number of shares 31 December 2014	**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
There were no incentive programmes outstanding at the end of the year.

21
22
23

24 LIABILITIES TO CREDIT INSTITUTIONS

Interest-bearing liabilities

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
NON-CURRENT INTEREST-BEARING LIABILITIES				
Bank loans	148	148	95	95
Financial lease liabilities	0	1	-	-
Total	**148**	**149**	**95**	**95**
CURRENT INTEREST-BEARING LIABILITIES				
Overdrafts	52	43	52	43
Financial lease liabilities	1	0	-	-
Total	**53**	**43**	**52**	**43**
Total	**201**	**192**	**147**	**138**

In February 2014, Midsona signed a new financing agreement 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 facilities 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.

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[2)]**	**Maturity**
BANK LOANS					
Facility	167	95	72	STIBOR + 1.60 percent	Dec 2013 – Dec 2016
Facility[1)]	53	53	0	NIBOR + 1.57 percent	Dec 2013 – Dec 2016
Total	**220**	**148**	**72**		
OVERDRAFTS					
Overdrafts	100	52	48	STIBOR + 1.54 percent	Dec 2013 – Dec 2016
Total	**100**	**52**	**48**		
Total	**320**	**200**	**120**		

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

2) The margin represents an average percentage over the 2014 financial year for credit facilities and overdraft facility.

25 OTHER NON-CURRENT AND CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
OTHER NON-CURRENT LIABILITIES				
Finalised purchase consideration, acquisition of operations	4	20	-	-
Total	**4**	**20**	**-**	**-**
OTHER CURRENT LIABILITIES				
VAT liabilities	11	12	0	0
Settlement personnel taxes and fees	7	7	1	1
Finalised purchase consideration, acquisition of operations	14	15	-	-
Other liabilities	3	3	-	-
Total	**35**	**37**	**1**	**1**

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

26 PROVISIONS FOR PENSIONS

DEFINED BENEFIT PENSION PLANS

Obligations in the balance sheet

SEK million	GROUP 2014	GROUP 2013
Present value of unfunded obligations	-	0
Net obligation employee benefits	**-**	**0**
THE NET AMOUNT IS RECOGNISED ON THE FOLLOWING LINES IN THE BALANCE SHEET		
Provisions for pensions, current	-	0
Net amount in balance sheet	**-**	**0**

Overview defined-benefit plan

In Norway there was an immaterial defined benefit pension plan, the AFP scheme, which was discontinued in 2014.

In Norway, a special pension agreement is in place, the AFP scheme, which has been agreed between the social partners as a supplement to retirement pension. Such insurance comprises a defined benefit plan covering several employers. For the 2014 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 Sweden, commitments for retirement pensions and family pensions for salaried employees are secured through an insurance plan with Alecta. According to statement UFR 10, from the Financial Reporting Board, this is a defined benefit plan that covers several employers. For the 2014 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 2 thousand (2) in the Group, and SEK 0 thousand (0) in the Parent Company. Alecta's surplus may be distributed to policyholders and/or the beneficiaries. At the end of 2014, Alecta's surplus in the form of the collective funding ratio was 143 percent (148). 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 on-going, in accordance with the regulations for each of the plans.

Expenses for defined contribution plans

SEK million	GROUP 2014	GROUP 2013	PARENT COMPANY 2014	PARENT COMPANY 2013
Expenses for defined-contribution plans[1]	-9	-9	-3	-3

1) The ITP plan funded in Alecta is included as an expense of SEK 2 million (2) for the Group and SEK 0 million (0) for the Parent Company.

Next year's expected payment for the Group in respect of the defined contribution plans is estimated at SEK 9 million.

27 OTHER PROVISIONS

SEK million	GROUP 2014	GROUP 2013	PARENT COMPANY 2014	PARENT COMPANY 2013
PROVISIONS THAT ARE CURRENT				
Warranty expenses	0	1	-	1
Total	0	1	-	1
Total	**0**	**1**	**-**	**1**
WARRANTY EXPENSES				
Carrying amount at beginning of period	1	3	1	3
Provisions made during the year	1	-	1	-
Amounts utilised during the year	-2	-2	-2	-2
Total	**0**	**1**	**-**	**1**
TOTAL PROVISIONS				
Carrying amount at beginning of period	1	3	1	3
Provisions made during the year	1	-	1	-
Amounts utilised during the year	-2	-2	-2	-2
Total	**0**	**1**	**-**	**1**
Amount by which the provision is expected to be paid after more than twelve months	-	-	-	-

Warranties

The provision relates to expenses for volume commitments agreed in connection with the divestment of the Supply business line in 2012. The agreement is valid until 2016. In 2014, SEK 2 million of the provision was utilised.

28 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	GROUP 2014	GROUP 2013	PARENT COMPANY 2014	PARENT COMPANY 2013
Accrued expenses for goods	7	9	-	-
Accrued personnel expenses	16	17	2	2
Accrued marketing expenses	2	4	-	-
Accrued customer bonus expenses	10	14	-	-
Other accrued expenses	5	4	2	2
Total	**40**	**48**	**4**	**4**

26
27
28

29 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 2014					GROUP 2013				
SEK million	Loans and accounts receivable	Financial liabilities at amortised cost	Financial liabilities at fair value through profit1)	Total carrying value	Fair value	Loans and accounts receivable	Financial liabilities at amortised cost	Financial liabilities at fair value through profit1)	Total carrying value	Fair value
Non-current receivables	0		-	0	0	0		-	0	0
Accounts receivable	100		-	100	100	102		-	102	102
Other receivables2)	3		0	3	3	1		0	1	1
Cash and equivalents	50		-	50	50	62		-	62	62
Total	**153**		**0**	**153**	**153**	**165**		**0**	**165**	**165**
Non-current interest-bearing liabilities		148	-	148	148		149	-	149	149
Other non-current liabilities		4	-	4	4		20	-	20	20
Current interest-bearing liabilities		53	-	53	53		43	-	43	43
Accounts payable		88	-	88	88		90	-	90	90
Other current liabilities2)		35	0	35	35		37	0	37	37
Total		**328**	**0**	**328**	**328**		**339**	**0**	**339**	**339**

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	1	-	1	0	-	0
Other receivables	-	2	2	-	1	1
Total	**1**	**2**	**3**	**0**	**1**	**1**
Currency futures	0	-	0	0	-	0
Other current liabilities	-	35	35	-	37	37
Total	**0**	**35**	**35**	**0**	**37**	**37**

	PARENT COMPANY 2014					PARENT COMPANY 2013				
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		147	-	147	147		138	-	138	138
Accounts payable		1	-	1	1		4	-	4	4
Other current liabilities		1	-	1	1		1	-	1	1
Total		**149**	**-**	**149**	**149**		**143**	**-**	**143**	**143**

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 13.

Netting agreements and similar agreements
The Group has no net reported balance sheet items. For derivative counterparties, there are ISDA agreements, which mean that derivative items can be reported net under certain conditions. The disclosures in the table below refer to financial instruments that are covered by legally enforceable master netting agreements or similar agreements.

Information on offsetting

	GROUP 2014		
SEK million	**Amounts recognised in the balance sheet**	**Financial instruments, netting agreements**	**Net amount**
ASSETS			
Derivatives	1	-	1
Total	**1**	**-**	**1**
LIABILITIES			
Derivatives	0	-	0
Total	**0**	**-**	**0**
TOTAL	**1**	**-**	**1**

Calculation of fair value
The following summarises the methods and assumptions mainly used to determine the fair value of the financial instruments held.

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 30 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.

30 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. Operations are conducted based on a financial policy adopted by the Board of Directors of Midsona AB.

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 confirmed loan commitments was 24 months (12). 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 table.

29
30

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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Overdrafts1)	-	-	-	-	-	-	52	43	-	-
Bank loans2)	-	-	-	-	-	-	148	148	-	-
Financial lease liabilities	0	0	0	0	1	0	0	1	-	-
Total	**0**	**0**	**0**	**0**	**1**	**0**	**200**	**192**	**-**	**-**

1) Does not include unused portion of the overdraft.

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

Liquidity risk

Liquidity risk means 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 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 170 million (191), divided between SEK 50 million (62) in cash and cash equivalents, an unutilised portion of a credit facility amounting to SEK 72 million (72) and an unutilised portion of an overdraft facility of SEK 48 million (57) 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 affect the Group's income statement, balance sheet and/or cash flows negatively.

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 sales of goods are conducted primarily in the currencies SEK, NOK and EUR, while procurement of goods is made primarily in SEK, NOK, EUR, GBP and USD. The net exposure in EUR is considerable because purchases exceed sales.

The finance function in the Parent Company makes monthly assessments of future currency exposure based on cash flow forecasts reported in. Estimated net flows for 2015 in the four currencies with the greatest net exposure are shown in the table.

	GROUP	
Amounts are in millions in each currency3)	**2014 1)**	**2013 2)**
EUR	-13	-16
GBP	-1	-2
NOK	10	2
USD	-2	-4

1) Transaction exposure is based on estimated net flows for the ensuing 12 months, i.e. for 2015.

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

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.

The forecast net exposure in the currencies involved can, according to the financial policy, be hedged for up to 24 months. The currency hedged portion normally comprises 50 percent but can be increased to 75 percent of the net exposure for the defined period if this is deemed appropriate.

To mitigate the effect on profit of changed exchange rates, Midsona hedges up to 50-75 percent of forecast net flows in EUR, and where appropriate USD using currency forward agreements covering periods of up to nine months. Hedge accounting under IAS 39 is not applied – instead changes in the value of derivative instruments are recognised in profit for the year. At the end of 2014, 53 percent (38), or nominally EUR 3 million (3), of estimated net flows for the first half of 2015 were hedged. The change in the market value of the outstanding currency forward agreements was SEK 1 million (0) as per 31 December 2014 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 7 million (5).

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 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. If 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 to credit institutions of SEK 200 million (191) 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 2.6 percent (3.4) for 2014.

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 50 million (62) at the end of the year.

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
PLEDGED ASSETS				
Blocked bank balances	3	3	-	-
Shares in subsidiaries	-	-	418	418
Net assets in subsidiaries	746	735	-	-
Others	2	1	-	-
Total	**751**	**739**	**418**	**418**
CONTINGENT LIABILITIES				
General guarantee for subsidiaries	-	-	55	55
Guarantees, external	-	-	1	0
Total	**-**	**-**	**56**	**55**

Shares in subsidiaries have been pledged as collateral for overdrafts and bank loans. Liabilities to credit institutions are shown in Note 24 Liabilities to credit institutions. Net assets in subsidiaries pertain to shares in subsidiaries that are stated at amounts equivalent to the consolidated net assets.

32 CLOSELY-RELATED PARTIES

Related party relations
The Parent Company has a close relationship with its subsidiaries; see Note 17 Participations in subsidiaries.

Related party transactions
For the Parent Company, SEK 22 million (22), equivalent to 96 percent (95) of sales for the year and SEK 0 million (0), corresponding to 1 percent (0) 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 18 Receivables from, and liabilities, to subsidiaries.

Related persons or companies
Salaries and remuneration to the Board and other senior executives are detailed in Note 9 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.

31
32

33 SUPPLEMENTARY DISCLOSURES TO CASH FLOW ANALYSES

	GROUP		PARENT COMPANY	
SEK million	**2014**	**2013**	**2014**	**2013**
INTEREST PAID				
Interest received	0	1	7	13
Interest paid	-6	-9	-4	-6
ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW				
Dividend	-	-	-46	-28
Amortisation/depreciation	14	14	1	1
Impairment	3	7	-	19
Unrealised exchange rate differences	0	0	0	0
Capital gain on sale of fixed assets	0	-1	-2	0
Capital gain on sale of subsidiary	-	0	-	-
Provisions for pensions	0	0	-	-
Other provisions and items not included in cash flow	-1	-4	-	2
Total	**16**	**16**	**-47**	**-6**
TRANSACTIONS NOT INVOLVING PAYMENTS				
Acquisition of assets through financial lease	1	-	-	-
Vendor mortgage issued in connection with an acquisition of operations	-	8	-	-
ACQUISITIONS OF COMPANIES OR OPERATIONS				
Intangible fixed assets	16	21	-	-
Tangible fixed assets	1	2	-	-
Financial fixed assets	0	-	-	0
Deferred tax assets	0	3	-	-
Inventories	6	4	-	-
Trade and other receivables	5	5	-	-
Cash and equivalents	8	2	-	-
Provisions	-4	-6	-	-
Interest-bearing liabilities	-	-13	-	-
Accounts payable and other liabilities	-7	-11	-	-
Net assets and liabilities	25	7	-	0
Consolidated goodwill	20	1	-	-
Purchase consideration	-45	-8	-	0
Less: Conditional purchase consideration	-	8	-	-
Purchase consideration paid	-45	0	-	0
Less: Cash and equivalents in acquired operations	8	-11	-	-
Effect on cash and equivalents from acquisitions during the year	**-37**	**-11**	**-**	**0**
Payment of additional purchase consideration related to prior years' acquisitions	-15	-16	-	-
Effect on cash and equivalents of acquisitions	**-52**	**-27**	**-**	**0**

	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
DIVESTMENTS OF COMPANIES OR OPERATIONS				
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-2	-	-
Financial fixed assets	-	-	-	-
Inventories	-	-1	-	-
Trade and other receivables	-	-	-	-
Cash and equivalents	-	-	-	-
Provisions	-	-	-	-
Interest-bearing liabilities	-	-	-	-
Accounts payable and other liabilities	-	-	-	-
Net assets and liabilities	-	-3	-	-
Capital gains (excluding selling expenses)	-	0	-	-
Purchase consideration	-	3	-	-
Less: Selling expenses	-	-	-	-
Purchase consideration received	-	3	-	-
Less: Cash and equivalents	-	-	-	-
Effect on cash and equivalents from divestments	**-**	**3**	**-**	**-**
AMORTISATION OF LOANS				
Bank loans	-	-58	-	-
Overdrafts	9	35	9	35
Internal loans	-	-	-13	-55
Lease liabilities	0	-1	-	-
Total	**9**	**-24**	**-4**	**-20**

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.

34 EVENTS AFTER THE BALANCE SHEET DATE

It was decided to close down the Group's production unit in Stenkullen, outside Gothenburg, where certain products under the Dalblads brand are produced. In the future, the production of these products will be outsourced in the same way as Dalblads other products. The cost of closure is estimated at around SEK 10 million, which will be charged against profit for the period in the first quarter of 2015. On an annual basis, the savings are calculated at approximately SEK 7 million and will be achieved gradually over the next 12 months. Trade union negotiations have been completed and the restructuring process has commenced.

35 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 and brands with indeterminate useful lives.

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 14 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 12 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 20 Inventories.

36 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 Stockholm, Small Cap list.

The consolidated financial accounts for 2014 comprise the Parent Company and its subsidiaries; jointly referred to as "the Group".

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, 30 March 2015

Åke Modig
Chairman of the Board

Tina Andersson
Member of the Board

Lennart Bohlin
Member of the Board

Ola Erici
Member of the Board

Ralph Mühlrad
Board member

Johan Wester
Board member

Peter Åsberg
CEO

The annual and consolidated accounts were, as stated above, approved for issue by the Board of Directors on 30 March 2015. 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 28 April 2015.

Our audit report was submitted on 30 March 2015

Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Audit report

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

Report on the annual accounts and consolidated accounts
We have conducted an audit of the financial statements for Midsona AB (publ) for the financial year 1 January 2014 - 31 December 2014. The annual accounts and consolidation accounts of the company are included in the printed version of this document on pages 28-75.

Responsibilities of the Board of Directors and the Chief Executive Director for the annual accounts and 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The 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 accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended 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 meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters
The audit of the annual accounts for the financial year 1 January 2013 – 31 December 2013 was carried out by an auditor other than the one who submitted an audit report dated 2 April 2014 with unmodified statements in the report on the annual accounts.

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 audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Midsona AB (publ) for the financial year 1 January 2014 – 31 December 2014.

Responsibilities of the Board of Directors and the CEO
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for ensuring that the corporate governance report has been prepared in accordance with the Annual Accounts Act.

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

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

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

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

Malmö, 30 March 2015
Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Corporate governance

The confidence of the external community is the foundation of our success. Our decisions and activities are justifiable from an ethical as well as an economic perspective. Through transparency and accessibility, without for that matter revealing competitively sensitive information, we provide our shareholders and all other stakeholders insight into our decision paths, authority and control.

Foreword by the Chairman:

Active corporate governance generates value

Over the year, the Board of Directors continued to develop its work. Many matters are prepared in committee before being submitted to the Board for resolution. This approach ensures effective handling of matters and affords the full Board more time for forward-looking tasks. For a consumer products company like Midsona, the active monitoring of a market undergoing continuous change is central. Through active business intelligence and good analyses, we can continue to make well-informed strategic choices. Accordingly, we are able to take advantage of the opportunities offered by the market with minimal risk. In these efforts, the Board maintains a positive and constructive discussion with management.

A SOLID FOUNDATION FOR FURTHER DEVELOPMENT

Today, Midsona stands strong. We have streamlined operations with good functional and geographical spread of risk and strategies that are well-defined for achieving clear objectives. Not least, we have the resources to carry out our plans. The company is financially strong and can responsibly develop both its own operations and its sector. Another important factor is our organisation, which is highly aware of the needs of consumers. All of this makes us well-positioned to continue developing the Group.

The Board's most important task, perhaps, is to recruit and retain competent management. Management bears the primary responsibility for staffing. Within the framework of an active corporate governance, the Board is also tasked with supporting and inspiring management in different ways on organisational matters. Board members have extensive experience in business administration, as well as a thorough awareness of the company's market and distribution channels. These are skills by which we also benefit greatly in our business intelligence work.

BUSINESS INTELLIGENCE IDENTIFIES OPPORTUNITIES

Our market continued its transformation in 2014. Retail competition continued to increase, generating creates conditions for structural change. Certain players are still suffering from poor profitability. Channel drift from traditional health food retailers to pharmacies, supermarkets and e-commerce continues. As a result of the increased interest in healthfoods, supermarkets are among the winners of this struggle. However, pharmacies are also increasing their nutritional supplement and health product ranges. Much suggests that the process of consolidation among retailers in health and well-being will continue. This is a natural consequence of the new conditions and, in particular, of the increasingly fierce competition. Combined with the glide within the sector, we believe the consolidation among retailers will hasten consolidation among suppliers. This generates opportunities for us. Smaller companies with local coverage or an interesting developable product or product category often lack the capacity to document their products, penetrate central purchasing organisations and market their products. With our organisational and financial strength, we feel well positioned to be a driving force in the consolidation process. Accordingly, this is an important issue for the Board and management.

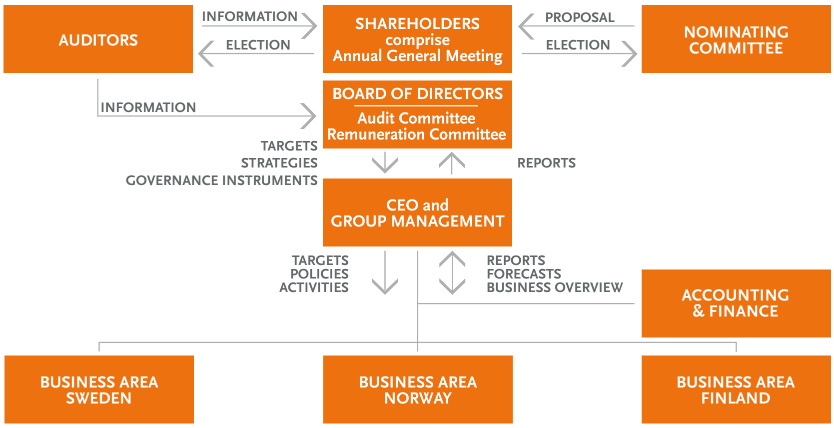
Midsona's own product development is an important way of maintaining the pace of our product launches and adapting our product range to rapid shifts in consumer demand. The responsibility lies with management, although the Board instigates development ventures. I can also confirm that, to date, we have been successful in allocating resources to new products and areas. This applies to both acquisitions and product development.

CORPORATE GOVERNANCE THAT BALANCES OPPORTUNITIES AND RISKS

It is worth remembering that business development, whether organic or acquisition-driven, is never entirely risk free. With Midsona's strong starting point and our well-planned processes for governance and control, I feel that we can develop the company responsibly and actively while minimising the risks.

Åke Modig, Chairman of the Board

Corporate Governance Report



Midsona AB (publ) (below "Midsona") is a Swedish public company listed on the Nasdaq Stockholm, Small Cap list. Midsona applies the Swedish Code of Corporate Governance and hereby presents its Corporate Governance Report for 2014. The report has been prepared by the company's Board of Directors and the company's has issued an opinion.

FRAMEWORK FOR CORPORATE GOVERNANCE

Corporate governance is based on law, the Articles of Association, the NASDAQ OMX Rules for Issuers, the Swedish Code of Corporate Governance and internal policies and guidelines. Midsona has no deviations to report from the Swedish Code of Corporate Governance.

SHARE AND SHAREHOLDERS

For further information on the share and shareholders, please see pages 84-85 and www.midsona.com.

ANNUAL GENERAL MEETING

The Annual General Meeting and the Extraordinary General Meeting are, under the Companies Act, the company's highest decision-making body in which shareholders exercise their voting rights. Shareholders who are registered in the share register on the record date and notified the company of their participation in time are entitled to attend the meeting and vote for their shareholding. At the meeting, shareholders are also able to ask questions about the Group's operations. Information on shareholders' right to request that matters be considered by the Annual General Meeting is published at www.midsona.com.

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) and on www.midsona.com. At the same time as the announcement is issued, information concerning the announcement shall be published in Dagens Industri. The Annual General Meeting shall be held in Malmö within six months of the end of the financial year. Normally, the Annual General Meeting takes place in April or May.

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

At the Annual General Meeting, shareholders make decisions on matters including the approval of the income statement and balance sheet, the consolidated income statement and balance sheet, the disposition of earnings, the discharge of the Board and CEO from liability, the election of Board members, the Chairman of the Board and audit firm, the approval of fees to the Board and audit firm, principles for the appointment and work of the Nominating Committee, and guidelines for remuneration to the CEO and other senior executives.

Following the meeting, decisions made at the Annual General Meeting are publishedin a press release. The minutes of the Meeting are published at www.midsona.com.

Annual General Meeting 2014

The 2014 Annual General Meeting was held on 29 April 2014 in Malmö. At the Meeting, 42 shareholders were present in person or by proxy, representing 51.9 percent of the total number of votes. The minutes of the 2014 Annual General Meeting are available at www.midsona.com.

Annual General Meeting 2015

The 2015 Annual General Meeting will take place on 28 April 2015 in Malmö, as was announced in a press release on 10 October 2014. The complete announcement of the 2015 Annual General Meeting, including information about registration for participation at the Meeting was published in a press release on 26 March 2015 and is available at www.midsona.com.

NOMINATING COMMITTEE

The Nominating Committee represents the company's shareholders and its assignment includes proposing a Chairman for the Annual General Meeting, Board members, Chairman of the Board, audit firm, Board fees, fees to the audit firm and how the Nominating Committee should be appointed. The representative for the largest proportion of ownership shall be appointed Chairman of the Committee.

Nominating Committee for the 2015 Annual General Meeting

The 2014 Annual General Meeting resolved to task the Chairman of the Board with contacting representatives of the company's three largest shareholders at the end of August 2014 to ask them to appoint one member each to the committee. Handelsbanken Fonder and Midelfart Holding AS declined participation in the Election Committee.

NOMINATING COMMITTEE FOR THE 2015 ANNUAL GENERAL MEETING

Name	Share of votes, % 31 August 2014	Share of votes, % 31 December 2014
Martin Svalstedt, Stena Adactum AB	25.1	25.1
Maria Rengefors, Nordea Investment Funds	7.5	7.5
Ulrika Danielson, Second AP fund	5.2	5.2
Total	**37.8**	**37.8**

Among other things, the Nomination Committee evaluated the Board's work,skills and composition, as well as the independence of the members in accordance with the Swedish Code of Corporate Governance. The Nominating Committee has also considered other criteria, such as members' different backgrounds, experiences and requirements for diversity. The Chairman of the Board presented the results of the Board's own evaluation to the Nominating Committee.

Ahead of the 2015 Annual General Meeting, the Nominating Committee has held meetings in person, by telephone and by e-mail. Up until the announcement of the 2015 Annual General Meeting, five meetings were held in person. The convener of the Nominating Committee has been the Chairman of the Board, Åke Modig, who has also attended all of the meetings. The composition of the Committee was published in a press release 10 October 2014 and at www.midsona.com. Shareholders have had the opportunity to submit proposals to the committee, and these must have been received by 6 March 2015 at the latest. Information on how shareholders can submit proposals to the Committee is provided at www.midsona.com.

The Nominating Committee's proposal, and reasoned opinion, is published in connection with the announcement of the 2015 Annual General Meeting at the latest.

Members do not receive any fees or remuneration for their work on the Committee.

PROPOSAL TO THE 2015 ANNUAL GENERAL MEETING

The Nominating Committee has resolved to propose the following to the 2015 Annual General Meeting:

- Re-election of members Tina Andersson, Ola Erici, Åke Modig, and Johan Wester and new election of Birgitta Stymne Göransson, Cecilia Marlow and Peter Wahlberg.
- Re-election of Åke Modig as Chairman of the Board.
- Re-election of Deloitte AB as audit firm.
- Unchanged fees to the Board members.

The Nominating Committee's complete proposals are included in the announcement of the Annual General Meeting.

The Nominating Committee considers that the proposed composition of the Board to be adequate to meet the company's long-term needs.

BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors 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 at 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.

Composition of the Board in 2014

The 2014 Annual General Meeting elected the following six Board members: Åke Modig (Chairman), Tina Andersson, Lennart Bohlin, Ola Erici, Ralph Mühlrad and Johan Wester.

Board composition complies with the Swedish Code of Corporate Governance with regard to its independence in relation to both the company and its management and major shareholders. For information on the independence of Board members, other assignments and holdings of shares in the company, please see page 86.

The CEO and the CFO, who is also the Board's secretary, both participate in Board meetings. When necessary, other officials participate in Board meetings to report on particular matters.

Chairman of the Board

The Chairman organises and directs the work of the Board, represents the company on ownership issues and is responsible for evaluating the Board's work. The Chairman is also responsible for the on-going dialogue with the CEO regarding operations and for the Board's fulfilment of its duties.

Work and responsibilities of the Board

The Board of Directors is the highest management body beneath the Annual General Meeting and is responsible for the organisation and management of the company's affairs. It shall primarily engage in more overarching and long-term issues that are of substantial significance for the Group's future focus.

The work of the Board follows 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 comprehensive information for its work. The Board has also decided on the introduction of general policies for the operations and other central governance documents for the regulation of responsibilities, guidelines, procedures, values and targets.

The work of the Board is normally cyclical in nature. At the beginning of the year, the year-end and annual reports are addressed, as are the matters to be presented at the Annual General Meeting. Before the summer, the Group's long-term strategic plan and focus are addressed. At the end of the year, the budget for the coming year is addressed. Each quarter, financial reporting is reviewed and the interim reports are approved for publication. In connection with the Annual General Meeting, an inaugural Board meeting is held, at which committee members and signatories are appointed, among other things.

Work of the Board in 2014

In 2014, the Board held nine meetings (nine). For information on members' attendance, please see page 86.

The Board regularly reviews the strategic issues affecting the Group's operations and general direction. The year's work focused largely on structural and growth issues, follow-up of prior years' acquisitions and strategic planning.

Board meetings follow a pre-approved agenda, to which specific issues will be added as necessary. The agenda, together with documentation for each of its items, is distributed to all Board members approximately one week before the meeting. Each Board meeting commences with the minutes of the previous meeting and a review of any open matters. The CEO then provides an account of the Group's sales, earnings and business situation, including important external factors. Normally, the CFO then accounts for the Group's financial position in greater detail, together with any necessary analyses. Members of Group Management then report on outstanding matters from previous meetings or present plans or proposals. All business areas present their operations at Board meetings according to a predetermined plan. In addition to the information provided in connection with Board meetings, the CEO distributes a monthly report to Board members. Minutes are kept for all Board meetings and sent to members for approval.

Evaluation of the Board's work

The Chairman of the Board is responsible for evaluating the Board's work, including the assessment of individual Board members' performance in accordance with an established process. The evaluation is reported to the Nominating Committee and forms the basis for the Committee's proposals regarding the composition of the Board and its fees.

Board committees

The Board has appointed an Audit Committee and a Remuneration Committee. The members of the committees and their chairpersons are appointed at the inaugural Board meeting for one year at a time. The work of the committees is mainly of a preparatory and advisory nature, although the Board may, in individual cases, delegate the right to determine specific issues to the committees. The matters addressed at committee meetings are minuted and reported to the Board at the next Board meeting.

Audit Committee

The Audit Committee's main task is to oversee the financial reporting and ensure that the adopted principles for financial reporting, internal controls, internal audit and risk assessment are adhered to and applied. Its mission is to support the Nominating Committee with proposals for the election of audit firm and audit fees.

In 2014, the Audit Committee consisted of Lennart Bohlin (Chairman), Johan Wester and Ralph Mühlrad. The Committee met twice (twice) in 2014. For information on members' attendance, please see page 86. The CEO and the CFO, who is also the Nominating Committee's secretary, and the principal auditor responsible participate in the Committee's meetings.

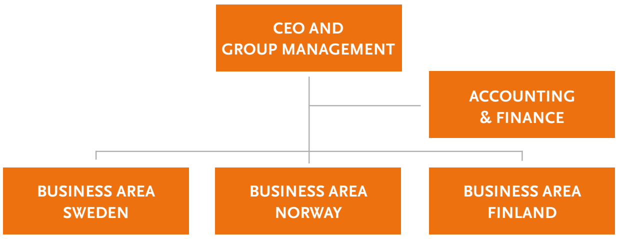
Remuneration Committee

The Remuneration Committee's main task is to prepare businessfor decision by the Board relating to terms of remuneration and employment for the CEO and other senior executives on the basis of principles established by the Annual General Meeting. It is also tasked with proposing guidelines for remuneration to the CEO and other senior executives, and with monitoring and evaluating the objectives and principles for variable compensation.

In 2014, the Remuneration Committee consisted of Åke Modig (Chairman) and Ola Erici. The Committee met once (twice) in 2014. For details of members' attendance, please see page 86.

CEO AND GROUP MANAGEMENT

The President of the company, who is also the CEO of the Group, is appointed by the Board of Directors. Peter Åsberg is the CEO and is responsible for on-going 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 Group Management. In addition to the CEO, Group Management includes the CEO, the CFO and the heads of the business areas.

In 2014, the Group Management met six times (eight). Meetings focus primarily on the Group's strategic and operational development and reviewing performance. Operations are organised into three business areas.

For further information about Group Management, please see page 87 and www.midsona.com.

Instructions for the CEO

The Board adopts written instructions for the work of the President that, among other things, clarify responsibilities 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.

Evaluation of the CEO

The Board continuously evaluates the CEO's work and expertise. The evaluation is made once a year without his presence.

Guidelines for remunerations to senior executives

For information on the guidelines for remuneration to senior executives adopted by the 2014 Annual General Meeting and the Board's proposed guidelines for remuneration to senior executives for the 2015 Annual General Meeting, please see page 87 and www.midsona.com.

REGULATIONS REGARDING SHARE TRADING

Board members, the CEO and other senior executives registered as insiders may trade in Midsona shares in accordance with applicable legislation and regulations. Beyond these, there are no specific internal regulations.

EXTERNAL AUDITOR

Deloitte AB, with authorised public accountant Per-Arne Pettersson as the principal auditor responsible, was elected by the 2014 Annual General Meeting for a period of one year. For information on fees and remunerations to audit firms, please see Note 8 Fees and remuneration to auditors on page 54.

Audit assignment

The audit assignment includes an audit of the annual and consolidated financial statements. An audit is also performed of the proposal for appropriation of the company's profit or loss and the administration by the Board of Directors and the CEO. The audit culminates in an audit report and an opinion on the corporate governance report being issued prior to the Annual General Meeting. In addition, a statutory review is conducted of the interim reports for the periods 1 January to 30 September and 1 January to 31 December within the framework of the audit assignment.

The principal auditor responsible participates in Audit Committee meetings and reports in an on-going manner to the Chairman of the Audit Committee as necessary. The Board meets with the principal auditor responsible in connection with its handling of the year-end report. The principal auditor responsible participates at the Annual General Meeting, outlining there the audit and presenting the Audit Report.

ADDITIONAL INFORMATION

At www.midsona.com, information including the following is available – an overview of the company's application of the Swedish Code of Corporate Governance, the Articles of Association, the company's Code of Conduct, information from previous Annual General Meetings and previous 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.bolagsstyrning.se), Nasdaq Stockholm (www.nasdaqnordic.com) and Finansinspektionen – the Swedish Financial Supervisory Authority (www.fi.se).

INTERNAL CONTROL OF FINANCIAL REPORTING

The report on internal control of financial reporting has been prepared by the Board of Directors in accordance with the Swedish Code of Corporate Governance and the guidelines issued by the Confederation of Swedish Enterprise and FAR. It describes how internal control is organised to manage and minimise the risk of errors in financial reporting.

INTERNAL CONTROL

Within the company, the following targets have been set with regard to internal control.

- It shall ensure compliance with the framework of applicable laws, regulations, rules and standards to which we are subject.
- It shall ensure that financial reporting is reliable and provides shareholders, the Board of Directors, management and other stakeholders adequate information on which to assess performance and development.
- It shall ensure that business operations are appropriately organised and conducted in such a manner that risks are continuously assessed, managed and minimised to meet financial and operational targets. On-going efforts to meet these targets involves a process building on a framework for internal control in which there is a particularly crucial interplay between control activities and the development of an effective control environment whereby responsibilities are assumed within the organisation.

The description of how internal controls are organised is delimited to the internal control of financial reporting and comprises the control environment, risk assessment, control activities, information and communication, and review.

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 the internal control, policies, regulations and procedures are in place that provide a clear picture of the economic situation. These are living documents that are updated regularly and adapted to changes in the operations. In addition to this there are instructions that provide guidance in the day-to-day work of the organisation.

Risk assessment

An on-going process is underway to map 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 reports 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. For details of items subject to significant estimates and assumptions, please see Note 35 Significant estimates and assumptions on page 73.

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, such as e-mail, internal meetings and the intranet.

Follow-up

The Board continuously evaluates the information provided by the Audit Committee, Group Management and the external auditor. The CEO and CFO hold frequent briefings with each of the business area managers regarding the business situation, performance, financial position and forecasts. In addition, the central controller function maintains close cooperation with finance managers and controllers at the business area and company level with regard to reporting and closing the accounts. Follow-up and feedback on any problems arising in the internal controls form a central component in the internal control processes.

Financial reporting

Financial data are reported monthly from all reporting units, in accordance with standardised reporting procedures as documented in the Group's accounting manual. This reporting forms the basis of the Group's consolidated financial reporting. The consolidation, which is performed centrally, culminates in complete income statements and balance sheets for each company and for the Group as a whole. Reported financial data are stored in a central database from which it is retrieved for analysis and review at the Group, business area and company levels.

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 view is taken that there is currently no need for a special review function to perform effective monitoring of internal control.

System improvements in 2014

The level at which review and evaluation should be performed is assessed continuously. This assessment also takes into account what systems should be implemented or updated and when.

In 2014, the functionality of the Group's reporting system was improved with regard to aspects including cash flow analysis.

Auditor's report on the corporate governance statement

To the Annual General Meeting of the shareholders of Midsona AB (publ), corporate identity number 556241-5322

The Board of Directors is responsible for the Corporate Governance Report for 2014, included on pages 79-83 of the printed version of this document, and for it being prepared in accordance with the Annual Accounts Act. We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Malmö, 30 March 2015

Deloitte AB

Per-Arne Pettersson, Authorised Public Accountant

Share and ownership structure

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

SHARE CAPITAL

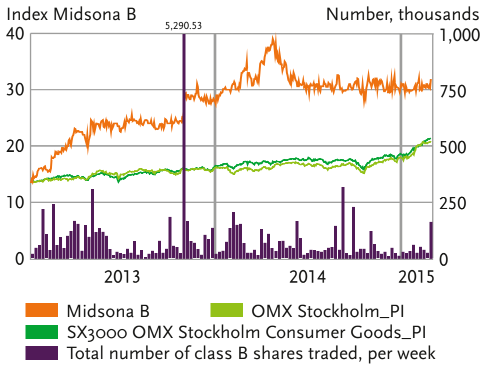
At the end of the year, the total number of shares was 22,744,790, divided between 379,932 series A shares and 22,364,858 series B shares. At the end of the year, the number of votes was 26,164,178, with a series A share conveying ten votes and one series B share conveying one vote at the Annual General Meeting. All shares convey equal rights to the company's net assets and profits. The quota value of the shares is SEK 20. Capital development is reported on www.midsona.com/Investerare/Aktien.

SHARE TURNOVER AND BID PRICE

In 2014, a total of 3,610,882 Midsona shares were traded (9,476,471), of which 3,472,833 were series B shares (9,388,453). The total value of trade in series B share was SEK 109 million (234). The average daily turnover was 15,211 shares (38,438), corresponding to SEK 492 thousand (955).

The highest price paid for series B shares was SEK 39.30 (on 22 April), and the lowest price paid was SEK 27.50 (on 7 February). On 30 December, the latest price paid for series B shares was SEK 31.00, representing a total market capitalisation of approximately SEK 705 million (660). Over 2014, series B shares rose from SEK 29.00 to 31.00, equivalent to 6.9 percent (116.4). The stock market as a whole, as indicated by the Nasdaq Stockholm Allshare Index (OMXSPI), rose by about 11.9 percent (23.0). The index for the FMCG segment rose by approximately 10.1 percent (21.0).

Share price trend, January 2013 – February 2015



ISIN Code: SE0000565210
Ticker on Nasdaq Stockholm: MSON
Sector: FMCG, Personal products – 30302010
Source: SIX Financial Information

OWNERSHIP

The largest shareholder in Midsona AB (publ) is Stena Adactum AB, which, at 30 December 2014, 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 30 December 2014. The ten largest shareholders in Midsona AB (publ) are detailed in the current shareholder list, as of 30 December 2014.

TEN LARGEST SHAREHOLDERS AS OF 30 DECEMBER 2014

	Series A shares	Series B shares	Capital, %	Votes, %
Stena Adactum AB	136,625	5,206,603	23.5	25.1
Handelsbanken Funds AB RE JPMEL		2,108,192	9.3	8.1
Nordea Investment Funds		1,958,000	8.6	7.5
Midelfart Holding AS	157,675		0.7	6.0
Second AP Fund		1,366,380	6.0	5.2
Peter Wahlberg and companies		1,220,298	5.4	4.7
LINC Invest AB		770,391	3.4	2.9
Försäkringsaktiebolaget Avanza Pension	12,521	439,654	2.0	2.2
BP2S PARIS/ NO CONVENTION		562,100	2.5	2.2
Tobias Ekman and companies		520,000	2.3	2.0
10 largest shareholders	**306,821**	**14,151,618**	**63.7**	**65.9**
Other shareholders	73,111	8,213,240	36.3	34.1
Total	**379,932**	**22,364,858**	**100.0**	**100.0**

Source: Euroclear Sweden AB.

The ten largest shareholders accounted for 63.7 percent (62.9) of the capital and 65.9 percent (65.5) of the votes.

At the end of the year, the four members of Group Management had a total holding in Midsona of about 181,216 series B shares (181,216). Board members held 0 series A shares (157,675) and 293,501 series B shares (237,655) at year-end. Neither Midsona AB (publ) nor its subsidiaries held any treasury shares at the end of 2014.

Of the total number of shares, foreign shareholders accounted for 28.3 percent of the capital and 30.1 percent of the votes, which was an increase of 3.0 percentage points and 2.5 percentage points respectively since last year. Of the Swedish shareholders, legal entities held 77.4 percent of the capital and 76.5 percent of votes, while physical persons held 22.6 percent of the capital and 23.5 percent of the vote.

The total number of shareholders (including nominee-registered) was 4,113, which was a decrease of 38 on the preceding year. The distribution of shareholdings within various intervals is shown in the current shareholder list as of 30 December 2014.

SHARE DISTRIBUTION AT 30 DECEMBER 2014

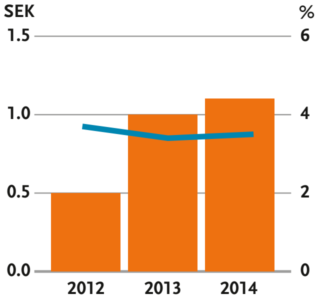
	Shareholder		Holding	
Number of shares	Number	%	Number	%
1-500	3,350	81.4	381,338	1.7
501-1,000	331	8.0	265,894	1.2
1,001-5,000	257	6.2	595,678	2.6
5,001-10,000	62	1.5	482,532	2.1
10,001-15,000	18	0.4	224,317	1.0
15,001- 20,000	14	0.3	268,658	1.2
20,001-	81	2.0	20,526,373	90.2
Total	**4,113**	**100.0**	**22,744,790**	**100.0**

Source: Euroclear Sweden AB.

DIVIDEND POLICY AND DIVIDEND

The dividend policy is for dividends to exceed 30 percent of profit after tax over the long term. Dividends are adjusted to take into account aspects including profit levels, financial position and future development opportunities.

The Board of Directors proposes that a dividend of SEK 1.10 per share (1.00) be paid for the 2014 financial year, equivalent to SEK 25,019,269 (22,744,790) in total. The proposed dividend represents a pay-out ratio of 40.0 percent (44.6) and a yield of 3.5 percent (3.4) on the shares.



STOCK MARKET DATA

The 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. The Annual Report is also 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 website, www.midsona.com, where it is also possible to subscribe for reports and order specific information. The printed annual report for 2014 will be available from Midsona's headquarters in Malmö by 13 April 2015 and can be ordered via www.midsona.com.

ANALYSTS AND OTHER MONITORING

Remium AB compiles and distributes information on Midsona on the website www.introduce.se, where, for example, key performance indicators, press releases, shareholder data and technical analyses can be accessed.

Erik Penser Bankaktiebolag monitors Midsona through its EP Access service at www.penser.se.

FINANCIAL CALENDAR 2015

Interim report, January-March	28 April
Annual General Meeting in Malmö	28 April at 3:00 p.m.
Interim report, January-June	17 July
Interim report, January-September	23 October
Year-end report 2015	See www.midsona.com for information.

KEY FIGURES PER SHARE[1)]

	2014	2013	2012	2011	2010
Profit attributable to Parent Company shareholders, SEK	2.75	2.24	2.20	1.33	-2.93
Shareholders' equity, SEK	33.02	31.22	30.16	28.67	27.26
Cash flow from continuing operations, SEK	2.46	3.87	2.11	1.80	1.19
Share price on balance sheet date (class B shares), SEK	31.00	29.00	13.40	13.30	12.75
Dividend[2)], SEK	1.10	1.00	0.50	-	-
Yield, %	3.5	3.4	3.7	-	-
Pay-out ratio, %	40.0	44.6	22.7	-	-
P/E ratio, multiple	11.3	12.9	6.1	10.0	Neg.

1) The 2010 financial year has not been adjusted for continuing operations in the key figures per share.

2) Dividend for 2014 relates to the proposal by the Board of Directors.

Board of Directors

	Åke Modig	Tina Andersson	Lennart Bohlin	Ola Erici	Ralph Mühlrad	Johan Wester
BORN	1945	1969	1942	1960	1960	1966
POSITION ON THE BOARD ATTENDANCE	Chairman 9/9	Member 9/9	Member 9/9	Member 9/9	Member 9/9	Member 9/9
ELECTED, YEAR	2011	2011	2007	2012	2011	2009
POSITION	International business consultant.	Corporate Marketing & Communication Director, Duni AB.		Industrial advisor.	CEO Champion Northern Europe AB and Champion Northern Europe Branch. Founder of Supportex AB and Generator AB.	Investment Director, Stena Adactum AB.
PREVIOUS EXPERIENCE	CEO of the Arla Cooperative Association, CEO of Arla Foods Amba and CEO of Swedish Meats.	Hilding Anders, Findus, Campbell's Nordic, Mars, Inc. and Unilever.	President and CEO of Cloetta AB (publ) and Cloetta Fazer AB (publ).	CEO of Ferrosan and Skånemejerier and several executive positions in the Tetra Laval Group and Gambro.	President of Supportex and Sara Lee Branded Apparel AB. Member of the Boards of Paradox Entertainment AB (publ) and Champion Europe S.p.A.	CEO Mediatec Group, Partner at Arthur D. Little and member of the Boards of Ballingslöv International AB and Personec Oy.
EDUCATION	MBA, Stockholm School of Economics.	MBA, Lund University.	MBA, Stockholm School of Economics.	MBA, Stockholm School of Economics.	Studies in law and economics, Stockholm University.	Graduate engineer, Chalmers Institute of Technology.
OTHER ASSIGNMENTS	Chairman of the Board of B. Engelhardt & Co AB. Member of the Boards of Modig & Partners AB, Ecolean AB and Spendrups Bryggeri AB.	Member of the Board of Wihlborgs Fastigheter AB.	Chairman of the Board of Stjärnägg AB, Norins Ost AB, Östgöta Kök Holding AB, Prosilio AB. Member of the Boards of AB Malfors Promotor, Hamravik Group AB, Sales Support Sweden AB, KI Kuponginlösen AB.	Member of the Boards of Haarslev A/S, Denmark, Danske Bank Lund. Chairman of the Board of Ecobränsle AB.	Member of the Boards of Muhlrad-Invest AB, Champion Northern Europe AB, AB Kontaktpressning and Habima AB.	Chairman of the Board of Mediatec Broadcast AB. Member of the Boards of Stena Renewable AB and S-Invest Trading AB.
DEPENDENT	No	No	No	No	No	Yes[1]
OWN SHAREHOLDINGS AND THOSE OF CLOSELY-RELATED PARTIES, 2014[4]	20,000 series B shares	10,000 series B shares	8,000 series B shares	20,501 series B shares	250,000 series B shares	35,000 series B shares
OWN SHAREHOLDINGS AND THOSE OF CLOSELY-RELATED PARTIES, 2013			8,000 series B shares	24,690 series B shares	154,965 series B shares	50,000 series B shares
AUDIT COMMITTEE ATTENDANCE			Chairman 2/2		Member 2/2	Member 2/2
REMUNERATION COMMITTEE ATTENDANCE	Chairman 1/1			Member 1/1		
REMUNERATION, 2014[2]	Board of Directors 400,000[3] Committees – Total 400,000	Board of Directors 200,000 Committees – Total 200,000	Board of Directors 200,000 Committees 20,000 Total 220,000	Board of Directors 200,000 Committees 20,000 Total 220,000	Board of Directors 200,000 Committees 20,000 Total 220,000	Board of Directors 200,000 Committees 20,000 Total 220,000

1) Johan Wester conducts assignments on behalf of Stena Adactum AB.

2) Remuneration to the Board of Directors for the period May 2014 to April 2015. Remuneration to Board members elected by the 2014 Annual General Meeting following a proposal from the Nomination Committee. For more information, see Note 9 Employees, personnel expenses and senior executives' remunerations, page 55.

3) The Board fees include fees for work in the Remuneration Committee.

4) Shareholding as at 28 February 2015. For updated shareholding, please see www.midsona.com/Bolagsstyrning.

Auditor
Per-Arne Pettersson
Born 1959. Authorised Public Accountant with Deloitte AB and member of FAR.

Group Management

	Peter Åsberg	Lennart Svensson	Jukka Allos	Vidar Eskelund
BORN	1966	1961	1956	1966
EMPLOYED	2007	2009	2002	2008
IN CURRENT POSITION	2007	2009	2007	2008
POSITION	President and CEO. Business Area Manager Sweden.	CFO.	Business Area Manager Finland.	Business Area Manager Norway.
PREVIOUS POSITIONS	President of Cloetta Fazer, Sverige. Various positions at Procter & Gamble and Coca-Cola.	Senior management positions within Ericsson, both in Sweden and internationally.	President/owner of Biotics Oy. Various positions within Nokia and Procter & Gamble.	Executive Vice President of Kompett ASA and Boehringer Ingelheim KS.
EDUCATION	MBA, Lund University.	MBA, Stockholm University.	MBA, Helsinki School of Economics.	Bachelor of Science, London South Bank University.
OTHER ASSIGNMENTS	Member of the Board of Svensk Egenvård.			
OWN SHAREHOLDINGS AND THOSE OF CLOSELY-RELATED PARTIES, 2014[1)]	58,142 series B shares	10,000 series B shares	108,258 series B shares	
OWN SHAREHOLDINGS AND THOSE OF CLOSELY-RELATED PARTIES, 2013	58,142 series B shares	14,816 series B shares	108,258 series B shares	

1) Shareholding as at 28 February 2015. For updated shareholding, please see www.midsona.com/Bolagsstyrning.

REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT, 2014

	Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Group Management (4 individuals)[1)]	8,833	740	378	1,711	**11,662**

1) For more information on remunerations and other benefits to Group Management, see Note 9 Employees, personnel expenses and senior executives' remunerations, page 55.

Principles for remuneration
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 2014 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 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 the 2014 financial year, variable remuneration of SEK 587 thousand was paid to the CEO, of which SEK 400 thousand was allocated to pension benefits. Variable salary accounted for 19 percent of base salary for the CEO. For the other members of Group Management, variable salary accounted for 10 percent of base salary.

The Board of Directors' proposed guidelines for remunerations to senior executives ahead of the 2015 Annual General Meeting agree to all intents and purposes with the previous year's guidelines as adopted by the 2014 Annual General Meeting.

Five-year summary[1)]

EXCERPTS FROM INCOME STATEMENTS, SEK MILLION	2014	2013	2012	2011	2010
Net sales	920	916	869	1,030	1,134
Expenses for goods sold	-499	-495	-474	-656	-806
Gross profit	**421**	**421**	**395**	**374**	**328**
Selling expenses	-271	-278	-272	-247	-258
Administrative expenses	-87	-79	-78	-89	-156
Other operating income	6	4	10	17	39
Other operating expenses	-2	-4	-8	-4	-3
Operating profit	**67**	**64**	**47**	**51**	**-50**
Financial income	1	1	0	0	1
Financial expenses	-9	-12	-16	-19	-15
Profit before tax	**59**	**53**	**31**	**32**	**-64**
Tax	4	-2	19	-2	-3
Profit for the year[2)]	**63**	**51**	**50**	**30**	**-67**
Depreciation/amortisation and impairment					
Depreciation/amortisation and impairment included in operating income	14	14	12	13	125
Operating profit before amortisation/depreciation and impairment	**81**	**78**	**59**	**64**	**75**
Non-recurring items					
Non-recurring items included in operating income	-3	0	-7	-10	91
Operating profit before non-recurring items	**64**	**64**	**40**	**41**	**41**

EXCERPTS FROM BALANCE SHEETS, SEK MILLION	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Intangible fixed assets	875	846	855	781	767
Other fixed assets	57	52	57	76	72
Inventories	100	95	97	125	138
Other current assets	117	117	132	152	169
Cash and equivalents	50	62	43	42	30
Total assets	**1,199**	**1,172**	**1,184**	**1,176**	**1,176**
Shareholders' equity	751	710	686	652	620
Non-current interest-bearing liabilities	148	149	212	215	262
Other non-current liabilities	84	94	90	87	79
Current interest-bearing liabilities	53	43	9	51	26
Other current liabilities	163	176	187	171	189
Total shareholders' equity and liabilities	**1,199**	**1,172**	**1,184**	**1,176**	**1,176**

EXCERPTS FROM CASH FLOW STATEMENTS, SEK MILLION	2014	2013	2012	2011	2010
Cash flow from operating activities before changes in working capital	73	67	50	40	46
Changes in working capital	-17	21	-2	1	-19
Cash flow from continuing operations	**56**	**88**	**48**	**41**	**27**
Cash flow from investing activities	-54	-29	-4	-2	59
Cash flow after investing activities	**2**	**59**	**44**	**39**	**86**
Cash flow from financing activities	-14	-35	-43	-27	-75
Cash flow for the year	**-12**	**24**	**1**	**12**	**11**
Cash and equivalents at beginning of year	62	43	42	30	21
Exchange rate difference in cash and equivalents	0	-5	0	0	-2
Cash and equivalents at end of year	**50**	**62**	**43**	**42**	**30**

Key figures[2)]	2014	2013	2012	2011	2010
Income and expense					
Net sales growth, %	0.4	5.4	-15.6	-9.2	-16.2
Net sales per employee, SEK thousand	5,974	5,872	6,437	6,205	3,670
Selling expenses/net sales, %	29.5	30.3	31.3	24.0	22.8
Administrative expenses/net sales, %	9.5	8.6	9.0	8.6	13.8
Personnel expenses per employee, SEK thousand	857	827	859	765	608
Margin					
Gross margin, %	45.8	46.0	45.5	36.3	28.9
Operating margin, %	7.3	7.0	5.4	5.0	-4.4
Profit margin, %	6.4	5.8	3.6	3.1	-5.6
Capital					
Average capital employed, SEK million	927	905	913	913	994
Return on capital employed, %	7.3	7.2	5.2	5.6	Neg.
Return on equity, %	8.6	7.3	7.5	4.7	Neg.
Equity ratio, %	62.6	60.6	57.9	55.4	52.7
Liquidity					
Net debt, SEK million	151	130	178	224	258
Net debt/EBITDA, multiple	1.9	1.7	3.0	3.5	3.4
Net debt/equity ratio, multiple	0.2	0.2	0.3	0.3	0.4
Interest coverage ratio, multiple	7.6	5.4	2.9	2.7	Neg.
Employees					
Average number of employees	154	156	135	166	309
Number of employees at the end of the year	167	157	143	130	290
Shares and market capitalisation					
Average number of shares during the year, thousand	22,745	22,745	22,745	22,745	22,739
Number of shares at end of year, thousand	22,745	22,745	22,745	22,745	22,745
Market capitalisation, SEK million	705	660	305	303	290
Per share data					
Profit attributable to Parent Company shareholders, SEK	2.75	2.24	2.20	1.33	-2.93
Shareholders' equity, SEK	33.02	31.22	30.16	28.67	27.26
Cash flow from continuing operations, SEK	2.46	3.87	2.11	1.80	1.19
Share price on balance sheet date (series B shares), SEK	31.00	29.00	13.40	13.30	12.75
Dividend[3)], SEK	1.10	1.00	0.50	-	-
Yield, %	3.5	3.4	3.7	-	-
Pay-out ratio, %	40.0	44.6	22.7	-	-
P/E ratio, multiple	11.3	12.9	6.1	10.0	Neg.

1) The 2010 financial year has not adjusted for continuing operations in the financial overview.
2) For definitions of key ratios, see cover tab.
3) Dividend for 2014 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 series B share on the balance sheet date.

Yield – Dividend in relation to the price quoted for series 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.

Pay-out 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.

Bars – Foods where the most common variant consists of protein bars and weight control bars. The can, can be eaten as for example, a snack or meal replacement.

Ecological products – Products grown without pesticides or chemical fertilisers. Those seeking to sell products as ecological within the EU must comply with the EU regulations for ecological production.

Gluten-free – Products with a reduced gluten content, containing a maximum of 20 mg of gluten per kg of product.

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

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.

Lactose-free – Dairy products where the lactose has been removed.

Licensed brands – Other company's products that are marketed by Midsona.

Food – A substance or a product intended for use as a food or beverage. Food should preferably provide the body with essential energy and nutrients while also tasting good.

Pharmaceutical – According to the law, pharmaceuticals are all substances allegedly able to detect, prevent, treat or cure disease or disease symptoms.

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

Minerals – The body comprises some 20 different minerals. They make up about 4 percent of bodyweight. Minerals are needed in small amounts but are vital because our bodies cannot produce them.

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

Shakes – Ready-made drinks. These may be calorie-reduced and used for weight control or contain a higher protein content and designed to drink after exercise.

Smoothie – A smoothie is a cold and usually sweet beverage, ready to drink, which consists of frozen or fresh fruit or vegetables. It is also common to add superfoods. A smoothie might also have a reduced calorie content and be used for weight control for example.

Sports nutrition – Nutritional and dietary supplements that cater to athletes.

Superfoods – Foods containing a high concentration of essential and health-benefiting substances.

Vitamins – Vitamins are organic substances. Their effect and appearance varies. Common to all of them is that they must be supplied from outside the body. Vitamins are needed in very small amounts but are vital because our bodies cannot produce them. Deficiencies may lead cause disease.

CHANNELS

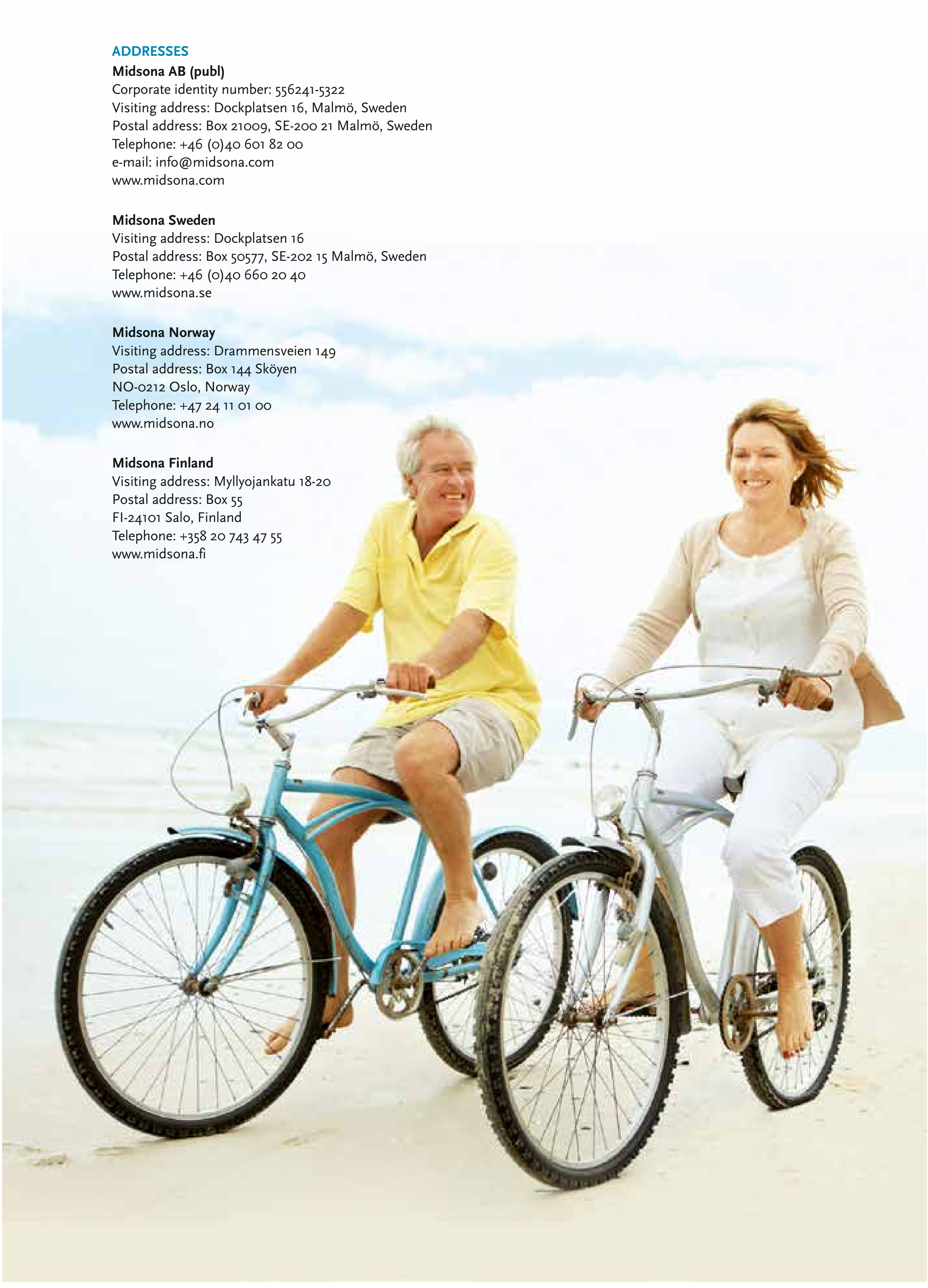
Pharmacies – Retailers licensed to sell pharmaceuticals to the public, primarily through shops.

FMCG retail – This is a term for shops with a wide range of household goods, typically supermarkets.

E-commerce – Retailers conducting business via the Internet, through online shops/web portals whereby the ordered product is delivered to address stated by the end-consumer. This channel also includes Midsona's own online shops/websites where sales are made directly to consumers, and post occurs and post-order sales, which are also made directly to consumers.

Specialist health retailers or healthfood shops – Retailers specialising in health and self-care mainly through shops.

Other specialist retailers – Retailers not included in Midsona's other retail channels – mainly shops. This channel includes sports and leisure shops, health clubs, perfume shops, baby shops, clothing shops, bakeries.



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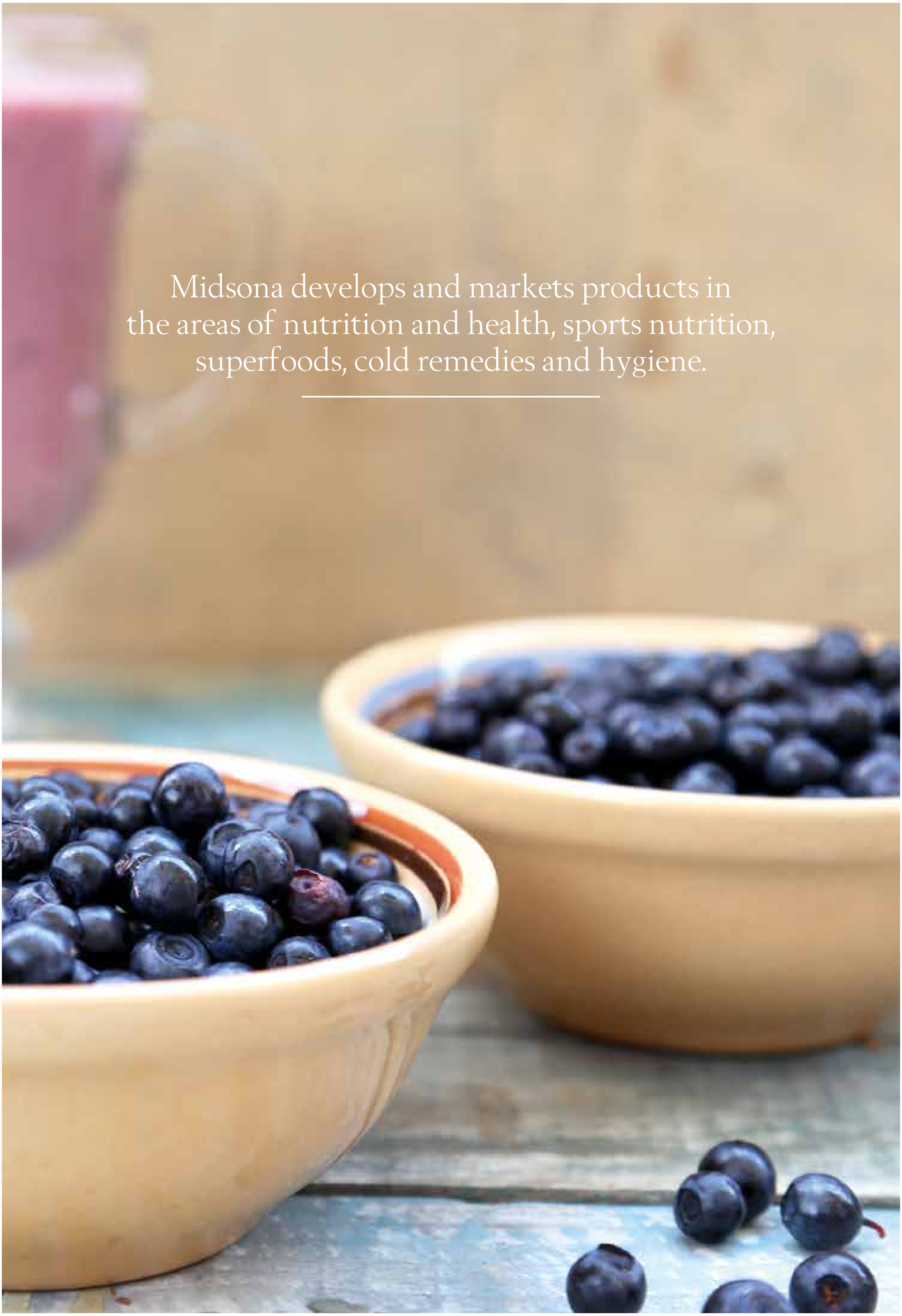
Midsona develops and markets products in the areas of nutrition and health, sports nutrition, superfoods, cold remedies and hygiene.