# BRAVIDA HOLDING AB

## ANNUAL REPORT 2013

bravida
BRINGING BUILDINGS TO LIFE

# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer of Bravida Holding AB, reg. no. 556891-5390, hereby present their annual report and consolidated financial statements for the financial year 2013.

*The Bravida Holding Group was formed on 1 August 2012 when the company purchased the Bravida AB Group and its parent company, Scandinavian Installation Refi AB. The underlying business is the same today but the funding structure for the Group has changed. Comparative figures for the previous year refers to the period from August to December 2012.*

## The business

Bravida is Scandinavia's leading provider of installation and service solutions, with over 8,000 employees at 150 locations in Sweden, Norway and Denmark. Bravida provides specialist services and integrated solutions in three main fields of technology: electrical, heating & plumbing and HVAC.

In its electrical installation business, the Group offers integrated solutions for lighting, heating and energy supply. Alarm, surveillance and security systems are rapidly changing segments and constitute an important additional area of business on top of traditional heavy-current installations. The company's heating & plumbing segment provides integrated solutions for water, waste water, energy, heating and cooling. The segment also has specialist expertise in sprinkler systems, an area in which Bravida has special certification.

The HVAC segment (heating, ventilating and air conditioning) offers customised ventilation solutions and all the technology required for air handling, air conditioning and climate control. In response to the growing demand for energy-efficient buildings, Bravida is prioritising installation solutions which ensure improved functionality and make more efficient use of energy, resulting in lower running costs and reduced environmental impact. Bravida also has qualified staff in certain specialist areas. Bravida Fire & Security specialises in fire and security technology. Bravida Technical Service Management (TSM) offers technical property services comprising supervision, maintenance and on-call services. Erfator Projektledning offers project management services in the construction and real estate sectors.

Operations are organised in five divisions: Divisions North, Stockholm and South in Sweden, Division Norway and Division Denmark. Operational management and administration are performed at local level.

The Group's head office is located in Stockholm and provides support functions including purchasing, business development, IT, communications, HR, legal affairs, and accounting and finance.

## Activities in 2013

The Group reports a good, stable result. Demand is good in all countries, resulting in a good order backlog at year-end of SEK 6,075 million. Work began during the year to implement a Group-wide streamlining programme designed to introduce more efficient, common working methods and tools in order to improve profitability.

## Net sales

Consolidated net sales were SEK 11,080 (4,496) million, where the figure for last year refers to the period from August to December. The installation business accounted for 52 per cent of net sales and the service business for the remaining 48 per cent. Net sales were SEK 7,347 million in Sweden, SEK 1,353 million in Denmark and SEK 2,375 million in Norway.

## Operating profit/loss

EBITA was SEK 601 million, resulting in an EBITA margin of 5.4 per cent. The EBITA margin was 6.3 per cent in the Swedish business. In Denmark the margin was 5.3 per cent and in Norway it was 2.9 per cent. The operating profit was SEK 600 million, which represents an operating margin of 5.4 per cent.

## Earnings before tax

The net financial expense was SEK -379 million and the profit before tax was SEK 221 million.

## Earnings after tax

The tax expense for the year was SEK -47 million. Of the total tax expense, SEK -36 million referred to deferred tax expenses while the remaining portion was payable. Earnings after tax for the period were SEK 174 million.

## Comprehensive income for the period

Translation differences for the period from the translation of foreign operations were SEK -18 million due to the strengthening of the Swedish krona. Comprehensive income for the period was SEK 323 million. Of the comprehensive income for the period, SEK 3 million is attributable to non-controlling interests.

## Order intake and order backlog

The order intake has been good, especially in the Divisions Denmark, Norway and North. Order intake exceeded net sales for the year, There is considerable regional variation, however, with some areas experiencing a weak market, resulting in continued pressure on prices, while other locations saw good demand. Generally, demand is weakest in the industry-dominated parts of Sweden, as well as in eastern and southern Denmark and south-west Norway. Public-sector investments increased and are set to do so further in the health and infrastructure sectors, including road and rail, as well as in the construction of swimming baths and university buildings. Housing production has softened, especially in Denmark and Sweden, although there was a slight increase during the latter part of 2013. Investments in commercial property and in the industrial sector are expected to improve going forward. Bravida's order intake was SEK 12,343 million. The order backlog was SEK 6,075 million. The order backlog figures do not include Bravida's service business.

## Acquisitions and disposals

Rörspecialisten was acquired by Division Stockholm on 31 December 2012 and the assets and liabilities of Bereco AS were acquired on 1 January 2013 by Division Norway. All acquisitions are in line with Bravida's strategy to expand in its priority markets.

Acquisitions and disposals increased net sales for the year by SEK 90 million. For more information about the acquisitions, see Note 4.

## Regional markets

**Operations in Sweden**

In Sweden Bravida operates through three divisions: North, Stockholm and South. The divisions corresponds, in essence, to the geographical areas in Sweden that each division operates in. Division North operates in Norrland, Dalarna, Västmanland, Södermanland, Östergötland, Gotland and Närke. Division Stockholm operates in Stockholm and Uppland. Division South operates in southern Sweden and Värmland.

Net sales were SEK 7,347 million. Of total net sales, SEK 7,296 million refers to external sales, with sales to other segments accounting for the remaining portion. Demand varies significantly from one locality to another, and we have seen a general stabilisation in industrial locations, while the metropolitan regions of Gothenburg and Malmo have remained relatively weak. Generally, demand is strongest in the Stockholm region and in northern Sweden and weaker in industrial areas. The operating profit was SEK 462 million, which represents an operating margin of 6.3 per cent. Order intake for the year was SEK 7,556 million. At year-end the order backlog was SEK 3,564 million. The average number of employees was 4,823.

**Operations in Norway**

Division Norway had net sales of SEK 2,375 million, which were wholly attributable to external sales. EBITA was SEK 68 million, resulting in an EBITA margin of 2.9 per cent. The operating profit was SEK 68 million. Operating profit was negatively impacted by pressure on prices and increased production costs, as well as project impairment losses.

The order intake was SEK 2,640 million and the order backlog at the end of the period was SEK 1,204 million. The order backlog includes among other projects the expansion of the airport Gardermoen, Nordea's new office in Oslo and the new hospital in Østfold. The average number of employees was 1,894.

**Operations in Denmark**

Division Denmark's operations were stable during the year. Net sales were SEK 1,353 million and were wholly attributable to external sales. The order intake was SEK 2,146 million. EBITA was 71, resulting in an EBITA margin of 5.2 per cent. The operating profit was SEK 70 million. The Danish economy has been very weak over the past few years, which has a direct impact on the construction market and also on the building services market. Organisational adaptations were implemented during the year to address the weak demand in certain sub-markets.

The order backlog was SEK 1,307 million and includes several large infrastructure and hospital projects.

The average number of employees during the year was 1,167.

## Cash flow and investments

Cash flow from operating activities was SEK 457 million. Cash flow includes SEK -32 million in taxes paid. Cash flow from investing activities was SEK -54 million, partly due to the acquisition and sale of operations. Cash flow before financing activities was SEK 403 million. Cash flow from financing activities was SEK 344 million and the cash flow for the year was therefore SEK 747 million.

## Financial position

Consolidated cash and cash equivalents at 31 December were SEK 838 million (97). Bravida also had access to SEK 450 million (348) in undrawn credit facilities. At 31 December the company had interest-bearing liabilities of SEK 3,312 million (3,205). Equity at year-end was SEK 3,701 million (3,401) representing an equity/assets ratio of 34.6 per cent (33.8).

## Employees

The average number of employees was 7,967. Bravida is fully prepared to adapt its resources to changing conditions on its local markets. A shortage of resources is evident in some areas, an issue that is partly being addressed through the use of subcontractors.

**Skills development**

Bravida's success is based on the expertise, knowledge and reliability of its employees and their ability to deliver the solutions demanded by the customers. Continuous training is the key to improving the efficiency and quality of all processes and deliveries.

Bravida's managers go through Bravida's leadership training programme, which runs over 18 months and concludes with the award of an internal diploma.

The Bravida School offers a wide range of training programmes for the Group's employees. In 2013 we worked on improving our existing range of courses and added new course options, especially in business skills, service and Health and Safety.

**Recruitment**

The building services industry is set to grow, and technological advances will require more skilled employees. The age structure of Bravida's staff also points to a general need to attract younger people with a high level of education. For a few years now the Group has therefore stepped up its recruitment efforts, with a particular emphasis on recruiting engineers. For each vacant position Bravida seeks to identify the individual who has the best skills profile and development potential among the applicants. To be able to offer good career prospects in the company, Bravida promotes internal recruitment and personal development. A number of graduate engineers have been recruited over the years, resulting in a common development programme for engineers at Bravida.

**Health and Safety**

A safe workplace where everything is in good order leads to strong results, not just in the form of healthier employees but also for our owners, customers and other stakeholders.

Bravida has a zero vision for workplace accidents, and the work to achieve this takes the form of systematic health and safety activities that are integrated in our regular operations. During 2013, these health and safety activities focused on encouraging the reporting of incidents, among other things. Work continues in Denmark to have more departments certified under OHSAS 18001, while health and safety issues also form part of a major improvement programme for the whole of Bravida. Information, follow-up and feedback create a more predictable work environment where accidents and health problems can be prevented.

**Equal opportunities**

Bravida works actively on issues such as harassment and equal opportunities. The Group has an equal opportunities plan which promotes equal opportunities and rights for all employees and prospective employees. Bravida also works actively to prevent all forms of discrimination.

As in the rest of the building services industry, the proportion of female employees at Bravida is currently small. As part of a long-term plan to change this, the Group is working with other employer groups and apprenticeship councils to increase the proportion of skilled women in the industry.

**Employee targets and follow-up**

Bravida's goal is to be the first-choice employer for employees. The general goal is to achieve an ESI score (employee satisfaction index) of at least 4.0 among the Group's employees, with the survey usually held every two years. The most recent employee survey was in 2012 and resulted in an ESI score of 3.7. The participation rate has increased significantly and we have added a new sub-area to the survey, a safe work environment, in line with Bravida's zero vision for workplace accidents.

## Quality and environment

The company's quality and environmental management systems support our processes at various stages of production. As part of its commitment to constant improvement, Bravida works actively to achieve general and detailed quality and environmental goals, operational plans and reviews in order to measure improvements. Bravida's quality and environmental activities are ultimately governed by the policies adopted by the company's management.

Bravida has introduced procedures for identifying, examining and evaluating the environmental impact of our operations. The most significant environmental impact is in areas such as travel, transport, energy consumption in building services and waste.

Bravida's operations are currently not of such scale or nature as to be subject to the permit requirements for environmentally hazardous activities under Chapter 9, Section 6 of the Swedish Environmental Code. The operations are conducted in such a way that there is no risk of significant contamination or of other significant damage to human health or the environment. A notification requirement for environmentally hazardous activities exists for the interim storage of hazardous waste in certain locations at our Bravida Sverige AB subsidiary. The operation concerned accounted for less than one per cent of consolidated net sales in 2013.

**Quality targets and follow-up in 2013**

The overall goal is to achieve an average CSI score (customer satisfaction index) of at least 4.0 at local office level.

In order to continually assess and measure the quality of our services and products, Bravida conducts customer satisfaction surveys on a regular basis. Bravida's definition of a satisfied customer is a customer who generates a CSI score over 4.0 on a scale of 1 to 5. In the latest survey, Bravida received a CSI score of 3.9 for installation contracts and 4.0 for service assignments.

**Environmental targets and follow-up in 2013**

The overall goal is to work actively to reduce energy use and other environmental impacts from the company's projects. Bravida continually evaluates the environmental impact of its transports with a view to reducing that impact. The company is seeking to reduce the use of fossil fuels in the company's roughly 3,000 vehicles, and recent figures point to a continued downward trend, with a lower total consumption per kilometre travelled.

## Significant risks and uncertainties for the Group and parent company

In its operations Bravida is exposed to various types of risk, both operational and financial. Operational risks are associated with day-to-day operations relating to economic activity, tendering, capacity utilisation, price risks and revenue recognition. Financial risks arise from the amount of capital tied up, the company's capital requirements, and currencies.

Bravida is exposed to greater operational risks than financial risks.

## Risk management

In Bravida's installation business the risk is asymmetric. In any given project the chances of exceeding the expected outcome during the term of the project are limited while there is a risk of incurring significant losses in relation to the size of the project. Good management of operational risks in each individual project is therefore key. The management of operational risks is a continuous process covering a large number of ongoing projects and service assignments. It is therefore particularly important that Bravida's employees consistently comply with standardised methods and work methods to ensure that operational risks remain under control. Risk management is clearly defined in Bravida's management system, which is designed to prevent risks and reduce the company's risk exposure. The company's systematic work on quality and environmental issues as well as occupational health and safety issues are key building blocks which make up the backbone of the management system. The Group's financial risks are managed centrally for the purpose of minimising and controlling the risk exposure while credit risks in the business operations are managed locally.

## Operational risk

**Economic activity**

Fluctuations in the economy affect the building services sector, which is sensitive to market fluctuations and political decisions that can have an impact on demand for residential and commercial new builds and investments in industry and the public sector. Demand for service and maintenance work is not as sensitive to fluctuations in the economic cycle. The service business accounts for nearly half of Bravida's net sales.

**Tendering**

A building services company is exposed to commercial and production-related risks, which need to be identified and managed during the tendering process. To ensure that this is done, Bravida has drawn up process descriptions and checklists that are aimed at identifying and pricing the risks in the company's cost estimates and tenders.

**Capacity utilisation**

Capacity utilisation is heavily dependent on demand in Bravida's local markets. An unforeseen decline in capacity utilisation generally results in a loss of revenue which in the short term cannot be offset by a corresponding cost reduction. Bravida seeks to mitigate these risks through continuous resource planning and by employing subcontractors during periods of peak production.

**Price risks**

Unforeseen variations in input prices and prices charged by subcontractors constitute a risk. Bravida seeks to offset the risk of rising prices through the use of contract forms that are appropriate for the project, indexation for fixed-price agreements and efficient purchasing procedures.

**Revenue recognition**

Bravida recognises revenue from its projects in accordance with the percentage of completion method. The recognition of revenue is based on the degree of completion of the project and the latest forecast. Bravida continually monitors the economic status of its projects to limit the risk of incorrect forecasts and consequently of incorrect revenue recognition. Bravida's quality assurance system specifies the processes to be used from the beginning to the end of the project, in order to ensure efficient production. In large projects the company also performs project assurance activities to ensure a high quality in the implementation of its projects.

**Insurances**

Bravida has adequate insurance cover for its operations, including liability, contract and property insurance.

## Financial risks

Bravida is exposed to financial risks, which arise partly as a result of changes in debt levels and interest rates. For information about financial risks, including interest, currency, financing and credit risks, see Note 28. The Group's interest risk and currency exposure has increased following borrowing in the form of a corporate bond in June 2013. These risks have been managed through currency and interest rate hedges.

## Material disputes

In 2012 a significant dispute arose for the Bravida AB Group concerning a management agreement concluded by Bravida TSM. The dispute refers to the interpretation of certain conditions in the agreement, which has been terminated. Bravida has filed for arbitration and is claiming compensation of over SEK 40 million. A ruling is expected in June 2014 at the earliest.

In Norway, there is a claim against a purchaser of services on an oil rig. The requirement is 28 MNOK. Our client is in turn in dispute with their clients for payment. Payment to Bravida is dependent on payment to Bravidas client. Between our clients and their clients, there is a court proceeding , a ruling in the case is not expected until 2015.

On top of this, there is a small number of minor disputes in progress in the Group. The scope and nature of the disputes are not out of proportion to the scope and nature of the company's operations. The disputes are thus related to the company's operational activities, and mostly relate to claims for work carried out.

## Outlook
Bravida is established in about 150 locations across Scandinavia, each with its own particular local market conditions. The Scandinavian building services market as a whole has improved in the last two years. The economy as a whole was relatively weak in 2013, however. In 2014, we expect to see an improvement in the economic situation in Sweden and Denmark, but a slight worsening in Norway. Looking at the global economy as a whole, there are several sources of concern which could affect Bravida in the future, including falling prices for oil and iron ore, which impact on operations in northern Norrland and Norway, the ongoing financial crises in a number of European countries, and a weakened economy in Norway with falling property prices. The assessment is that the Norwegian market will gradually start to recover towards the end of 2014, while operations in Sweden and Denmark will generally benefit from an improved market situation.

New commercial construction is expected to improve slightly. An improvement on the market for residential construction is expected, primarily in the metropolitan regions, as a result of a supply and demand imbalance, while at the same time consumers are being more positive and interest rate levels are low. The existing housing stock in Sweden requires renovation and refurbishment, not least those in the “million programme”. Public-sector investments, especially in hospitals and infrastructure, are expected to remain at good levels over the next few years. The need for energy efficiencies and reduced running costs is expected to lead to an increase in the share of installation investments in existing buildings. With supplementary specialist services in security, cooling and sprinkler systems, Bravida offers a full range of services, providing a foundation for solid growth. With a strong order backlog, Bravida expects net sales to grow during the year.

In recent years Bravida has restructured and streamlined its activities in sales, purchasing, production and administration. Bravida is implementing a far-reaching streamlining programme across all departments, which is designed to improve profitability through more efficient production, better pricing and more efficient procurement. A review of administrative costs was carried out in 2013, which resulted in cost reductions. The streamlining programme will continue in 2014, along with an ongoing effort to expand the service business.

Thanks to the measures described above, Bravida is in a stable position for 2014.

## Ownership
Bravida Holding AB is a wholly owned subsidiary of Bravissima Holding AB, reg. no. 556930-5625

## The work of the Board of Directors
During the course of the year, the Group Board moved from Bravida AB to Bravida Holding AB. The new Board of Directors of Bravida Holding AB was elected at an extraordinary general meeting on 18 December 2013. The majority of the Board work during the year therefore took place at Bravida AB. Bravida AB is a wholly owned subsidiary to Bravida Holding AB.

**Bravida AB**

In 2013 the Board met on six occasions, holding four regular and two extraordinary meetings. The extraordinary meetings addressed issues relating to refinancing, as well as changes to the composition of the Board of Directors. The regular meetings were normally held at Bravida’s head office in Stockholm, according to a specified annual schedule. Members of the senior management and the central Group functions presented reports at the Board meetings. Bravida’s chief auditor was present at one of the Board meetings.

The Board’s work followed the rules of procedure for the Board, which were adopted at the Board meeting in May 2012, and new rules of procedure that were adopted in May 2013.

The Board addressed strategic issues, business plans, financial statements, acquisitions and disposals, and other significant events. Reporting on the development of the activities and financials of the company and Group has been a standing agenda item.

**Bravida Holding AB**

The work of this Board has primarily been related to the bond which the company decided to issue and which was then listed on the Nasdaq OMX Stockholm and the Irish Stock exchange. The company held one regular and two extraordinary meetings in relation to this and on the appointment of the company’s new Board of Directors in December 2013. At the same time, the company adopted new rules of procedure.

**Parent company**

Bravida Holding AB’s net sales for the year were SEK 1 million (0). All sales were internal.

The operating profit was SEK -4 million (0) while earnings before tax were SEK -237 million (-45). Cash and cash equivalents were SEK 1 million (0). Equity was SEK 3,303 million (3,487) before the proposed dividend of SEK 500 million, and the equity/assets ratio was 49.4 per cent (55.1). The average number of employees at the parent company was 1 (0). The number of shares at the beginning and end of the year was 403,133,196.

AMOUNTS IN SEK MILLIONS UNLESS OTHERWISE STATED

## Events during the reporting period

During the year, Bravida Holding issued bonds worth SEK 3,225,000,000 divided into euro bonds of EUR 225,000 and Swedish kronor bonds of SEK 1,300,000,000. The loan matures on 15 June 2019, and the bonds are subject to the following interest terms: 3-month EURIBOR plus 5 per cent per annum and 3-month STIBOR plus 5 per cent per annum respectively. The corporate bonds are listed on the Irish Stock Exchange and on the NASDAQ OMX Stockholm. Staffan Påhlsson was appointed CEO and Group President with effect from 7 March 2013. Staffan Påhlsson has been acting Group President since 21 September 2012.

## Events after the balance sheet date

No significant events to report

## Proposed allocation of profit

The Board proposes that the parent company's non-restricted equity of SEK 3,298,564,790 be allocated as follows:

| | |
|---|---|
| Dividend | SEK 500,000,007 |
| Carried forward | SEK 2,798,564,783 |
| Total | SEK 3,298,564,790 |

For more information about the company's results and financial position, see the following income statements and balance sheets and the notes to the accounts.

# CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

| SEK millions | NOTE | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 |
|---|---|---|---|
| Net sales | 2 | 11,080 | 4,966 |
| Costs of production | | -8,856 | -3,962 |
| **Gross profit/loss** | | **2,224** | **1,004** |
| Administrative and selling expenses | | -1,624 | -760 |
| Other operating expenses | | – | -33 |
| **Operating profit/loss** | 3, 5, 6, 7, 30 | **600** | **211** |
| PROFIT/LOSS FROM FINANCIAL ITEMS | | | |
| Financial income | | 145 | 137 |
| Financial expenses | | -523 | -506 |
| **Net financial income/expense** | 8 | **-378** | **-369** |
| **Earnings before tax** | | **221** | **-158** |
| Tax on profit/loss for the year | 9 | -47 | 20 |
| **Profit/loss for the year** | | **174** | **-138** |
| OTHER COMPREHENSIVE INCOME | | | |
| *Items that have been transferred or can be transferred to profit/loss for the year* | | | |
| Translation differences for the year from the translation of foreign operations | 20 | -18 | 18 |
| Changes in the fair value of financial derivatives for the year | | -70 | – |
| *Items that cannot be transferred to profit/loss for the year* | | | |
| Revaluation of defined benefit pensions | | 284 | -23 |
| Tax attributable to items in other comprehensive income | | -47 | – |
| **Other comprehensive income for the year** | | **149** | **-5** |
| **Comprehensive income for the year** | | **323** | **-143** |
| COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Equity holders of the parent | | 320 | -144 |
| Non-controlling interests | | 3 | 1 |
| **Comprehensive income for the year** | | **323** | **-143** |

# CONSOLIDATED BALANCE SHEET

| SEK millions | NOTE | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|---|
| ASSETS | | | |
| Intangible assets | 10 | 6,737 | 6,749 |
| Property, plant and equipment | 11 | 38 | 36 |
| Interests in associates | 12 | 6 | 4 |
| Pension assets | 13 | 85 | – |
| Other securities held as non-current assets | 14 | 46 | 48 |
| Long-term receivables | 15 | 71 | 14 |
| Deferred tax asset | 9 | 105 | 184 |
| **Total non-current assets** | | **7,087** | **7,035** |
| Inventories | | 61 | 66 |
| Tax assets | | 25 | 23 |
| Trade receivables | 16 | 1,764 | 1,901 |
| Accrued but not invoiced income | 17 | 761 | 763 |
| Prepayments and accrued income | 18 | 149 | 153 |
| Other receivables | 15 | 24 | 31 |
| Short-term investments and restricted funds | 19 | – | 3 |
| Cash and cash equivalents | | 838 | 97 |
| **Total current assets** | | **3,623** | **3,036** |
| **TOTAL ASSETS** | 26 | **10,710** | **10,072** |
| EQUITY | 20 | | |
| Share capital | | 4 | 4 |
| Other contributed capital | | 3,518 | 3,518 |
| Reserves | | -70 | 18 |
| Retained earnings including profit/loss for the year | | 245 | -162 |
| **Equity attributable to equity holders of the parent** | | **3,697** | **3,377** |
| NON-CONTROLLING INTERESTS | | 4 | 2 |
| LIABILITIES | | | |
| Non-current interest-bearing liabilities | 21 | – | 2,814 |
| Bond loan | 21 | 3,312 | – |
| Other non-current liabilities | | 51 | – |
| Pension provisions | 13 | 62 | 222 |
| Other provisions | 22 | 35 | 38 |
| Deferred tax liabilities | 9 | 35 | 26 |
| **Total non-current liabilities** | | **3,495** | **3,100** |
| Current interest-bearing liabilities | 21 | – | 50 |
| Trade payables | | 964 | 1,004 |
| Tax liabilities | | 19 | 41 |
| Invoiced but not accrued income | 23 | 1,154 | 1,085 |
| Other liabilities | 24 | 313 | 319 |
| Accrued expenses and deferred income | 25 | 946 | 972 |
| Provisions | 22 | 118 | 123 |
| **Total current liabilities** | | **3,514** | **3,594** |
| **Total liabilities** | | **7,009** | **6,693** |
| **TOTAL EQUITY AND LIABILITIES** | 26 | **10,710** | **10,072** |

## PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR THE GROUP

| | | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|---|
| Pledged assets | 21, 29 | 16,923 | 9,808 |
| Contingent liabilities | 21, 29 | 21 | 20 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK millions | Share capital | Other contributed capital | Translation reserve | Hedging reserve | Retained earnings, incl. profit/loss for the year | Total equity |
|---|---|---|---|---|---|---|
| Opening balance acc to balance sheet equity at 01 August 2012 | 0 | – | – | – | – | 0 |
| Profit/loss for the year | | | | | -138 | -138 |
| Other comprehensive income for the year | | | 18 | – | -23 | -5 |
| New share issue | 4 | 3,458 | | | | 3,461 |
| Non-cash issue | 0 | 60 | | | | 60 |
| Shareholder contributions received | | 1 | | | | 1 |
| **Equity 31 Dec 2012** | **4** | **3,518** | **18** | **–** | **-161** | **3,378** |
| Profit/loss for the year | | | | | 174 | 174 |
| Other comprehensive income for the year | | | -18 | -70 | 237 | 149 |
| **Equity 31 Dec 2013** | **4** | **3,518** | **0** | **-70** | **250** | **3,701** |
| Of which, shareholders without controlling influence, 31 Dec 2012 | | | | | 4 | 4 |
| **Equity attributable to equity of the parent company, 31 Dec 2012** | **4** | **3,518** | **0** | **-70** | **254** | **3,697** |

More information on equity is provided in Note 20 on page 32.

# CONSOLIDATED CASH FLOW STATEMENT

| SEK millions | NOTE | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Earnings before tax | | 221 | -158 |
| Adjustments for non-cash items | 32 | 73 | 89 |
| Income taxes paid | | -32 | -18 |
| **Cash flow from operating activities before changes in working capital** | | **262** | **-87** |
| CASH FLOW FROM CHANGES IN WORKING CAPITAL | | | |
| Increase (-) / Decrease (+) in inventories | | 5 | 10 |
| Increase (-) / Decrease (+) in operating assets | | 99 | -560 |
| Increase (+) / Decrease (-) in operating liabilities | | 91 | 357 |
| **Cash flow from operating activities** | | **457** | **-279** |
| INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries | 4, 31 | -40 | -4,222 |
| Acquisition of assets and liabilities | 4 | -1 | -2 |
| Acquisition of property, plant and equipment | 11 | -13 | -5 |
| **Cash flow from investing activities** | | **-54** | **-4,229** |
| FINANCING ACTIVITIES | | | |
| Share issues | | – | 3,518 |
| Shareholder contributions received | | – | 4 |
| Loans raised | 21 | 3,269 | 1,028 |
| Repayment of loans | 21 | -2,925 | 50 |
| **Cash flow from financing activities** | | **344** | **4,600** |
| Cash flow for the year | | 746 | 92 |
| Cash and cash equivalents at beginning of year | | 97 | – |
| Foreign exchange difference in cash and cash equivalents | | -6 | 5 |
| **Cash and cash equivalents at end of year** | | **838** | **97** |

# PARENT COMPANY INCOME STATEMENT

| SEK millions | NOTE | 1 Jan 2013 -31 Dec 2013 | 25 Apr 2012 -31 Dec 2012 |
|---|---|---|---|
| Net sales | | 1 | – |
| Administrative and selling expenses | 5, 6, 7 | -5 | – |
| **Operating profit/loss** | | **-4** | **–** |
| PROFIT/LOSS FROM FINANCIAL ITEMS | | | |
| Interest and similar income | | 169 | 243 |
| Interest and similar expenses | | -402 | -288 |
| **Net financial income/expense** | **8** | **-233** | **-45** |
| **Earnings after financial items** | | **-237** | **-45** |
| APPROPRIATIONS | | | |
| Group contribution | | 1 | – |
| **Earnings before tax** | | **-236** | **-45** |
| Deferred tax liabilities | 9 | 52 | 10 |
| **Profit/loss for the year[1)]** | | **-184** | **-35** |

1) Profit/loss for the year corresponds to comprehensive income for the year.

# PARENT COMPANY BALANCE SHEET

| SEK millions | NOTE | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Financial assets | | | |
| Interests in Group companies | 31 | 3,673 | 3,673 |
| Receivables from Group companies | 30 | – | 342 |
| Deferred tax asset | 9 | 62 | 10 |
| **Total non-current assets** | | **3,734** | **4,024** |
| | | | |
| **Current assets** | | | |
| Current receivables | | | |
| Receivables from Group companies | 30 | 2,953 | 2,307 |
| Other receivables | 15 | 1 | – |
| Prepayments and accrued income | 18 | 1 | – |
| | | **2,954** | **2,307** |
| **Cash and bank balances** | | 1 | 2 |
| **Total current assets** | | **2,956** | **2,309** |
| **TOTAL ASSETS** | 26 | **6,690** | **6,334** |
| EQUITY AND LIABILITIES | | | |
| **Equity** | 20 | | |
| **Restricted equity** | | | |
| Share capital (403,133,196 shares) | | 4 | 4 |
| | | **4** | **4** |
| **Non-restricted equity** | | | |
| Share premium reserve | | 3,518 | 3,518 |
| Retained earnings | | -35 | 0 |
| Profit/loss for the year | | -184 | -35 |
| | | **3,299** | **3,483** |
| | | **3,303** | **3,487** |
| **Non-current liabilities** | | | |
| Non-current interest-bearing liabilities | | – | 2,804 |
| Bond loan | | 3,312 | – |
| | | **3,312** | **2,804** |
| **Current liabilities** | | | |
| Trade payables | | 3 | – |
| Liabilities to Group companies | 30 | 63 | – |
| Other liabilities | 24 | 0 | – |
| Accrued expenses and deferred income | 25 | 9 | 43 |
| | | **75** | **43** |
| **TOTAL EQUITY AND LIABILITIES** | 26 | **6,690** | **6,334** |

## PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR THE PARENT COMPANY

| | | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|---|
| Pledged assets | 29 | 3,673 | 3,673 |
| Contingent liabilities | 29 | 1,050 | None |

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| | | Non-restricted equity | | | |
|---|---|---|---|---|---|
| SEK millions | Share capital | Share premium reserve | Retained earnings | Profit/loss for the year | Total |
| OPENING BALANCE ACC TO BALANCE SHEET | | 0 | | | |
| Equity, 25 April 2012 | 0 | | – | – | 0 |
| Profit/loss for the year | | | | -35 | -35 |
| New share issue | 4 | 3,458 | | | 3,461 |
| Non-cash issue | 0 | 60 | | | 60 |
| Shareholder contributions received | | 1 | | | 1 |
| **Equity 31 Dec 2012** | **4** | **3,518** | **–** | **-35** | **3,487** |
| Profit/loss for the year | | | | -184 | -184 |
| Appropriation of retained earnings | | | -35 | 35 | – |
| **Equity 31 Dec 2013** | **4** | **3,518** | **-35** | **-184** | **3,303** |

More information on equity is provided in Note 20 on page 32.
Profit/loss for the year corresponds to comprehensive income for the year.

# PARENT COMPANY CASH FLOW STATEMENT

| SEK millions | NOTE | 1 Jan 2013 -31 Dec 2013 | 25 Apr 2012 -31 Dec 2012 |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Earnings before tax[1] | | -237 | -45 |
| Adjustments for non-cash items | 32 | 87 | – |
| Income taxes paid | | – | – |
| **Cash flow from operating activities before changes in working capital** | | **-150** | **-45** |
| CASH FLOW FROM CHANGES IN WORKING CAPITAL | | | |
| Increase (-) / Decrease (+) in operating assets | | -1 | – |
| Increase (+) / Decrease (-) in operating liabilities | | 33 | 43 |
| **Cash flow from operating activities** | | **-118** | **-2** |
| INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries | | – | -3,673 |
| **Cash flow from investing activities** | | **–** | **-3,673** |
| FINANCING ACTIVITIES | | | |
| New share issue | | – | 3,461 |
| Shareholder contributions received | | – | 60 |
| Loans raised | 21 | 3,269 | 2,804 |
| Repayment of loans | 21 | -2,804 | – |
| Loans granted to Group companies | | -235 | -2,649 |
| **Cash flow from financing activities** | | **230** | **3,677** |
| Cash flow for the year | | 112 | 2 |
| Cash and cash equivalents at beginning of year | | 2 | – |
| **Cash and cash equivalents at end of year** | | **114** | **2** |

1) Excluding dividends and Group contributions accounted for under financing activities if a dividend has been paid.

| **Cash and cash equivalents** | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| THE FOLLOWING COMPONENTS ARE INCLUDED IN CASH AND CASH EQUIVALENTS: | | |
| Cash and bank balances | 1 | 2 |
| Cash pool balances at subsidiaries | 112 | – |
| **Total cash and cash equivalents** | **114** | **2** |

# NOTES

## AND ACCOUNTING POLICIES

NOTES CONTENT



### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

#### General accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council. In cases where the parent company applies other accounting policies than the Group this is stated at the end of this Note.

#### Registered office

The company is a limited liability company with its registered office in Stockholm, Sweden. The address of the head office is Mikrofonvägen 28, SE-126 81 STOCKHOLM.

#### Bases of valuation applied in preparing the financial statements

Assets and liabilities have been recognised at historical cost, with the exception of certain financial assets and liabilities, which are carried at fair value. Financial assets and liabilities carried at fair value comprise financial assets carried at fair value through the income statement or financial assets available for sale.

#### Assessments and estimates in the financial statements

Preparing financial statements in accordance with IFRS requires that management make assessments and estimates as well as assumptions which affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates and assessments.

Estimates and assessments are reviewed on a regular basis. Changes to estimates are reported in the period when the change is made if the change only affects this period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

Assessments made by management in applying IFRS which have a significant impact on the financial statements and estimates that can lead to significant adjustments to the financial statements for the following year are described in greater detail in Note 35.

#### New or amended relevant IFRS and interpretations that have not yet been applied

The Group has chosen not to apply any new standards or interpretations in advance in preparing these financial statements and is currently not planning to apply standards or interpretations in advance in coming years.

#### Future changes in accounting policies

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement with application no earlier than 1 January 2017. IFRS 9 addresses classification and measurement of financial assets and financial liabilities and hedge accounting. IFRS 9 will be supplemented by new rules on impairment of financial assets. IFRS 9 is judged in its current form does not affect the Group's accounting to any relevant extent. IFRS 9 has not been approved by the EU for application and such approval may at the earliest to occur when the parts of IFRS 9 have been completed. Therefore, IFRS 9 in present form not applied in advance.

#### Operating segment reporting

An operating segment is a component of the Group which engages in business from which it may earn revenues and incur expenses, for which separate financial information is available and whose results are regularly reviewed by the company's chief operating decision-maker for the purpose of evaluating the results and allocating resources to the operating segment. See Note 3 for additional information on the breakdown into and presentation of operating segments.

#### Consolidation

**Subsidiaries**

The consolidated financial statements include subsidiaries in which the parent company directly or indirectly holds more than 50 per cent of the votes.

Subsidiaries are those companies in which the parent company directly or indirectly holds more than 50 per cent of the votes or otherwise exercises a controlling influence over the company's operational and financial control. Subsidiaries are included in the consolidated financial statements as of the date at which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date at which the controlling influence ceases.

The purchase method is used in accounting for the Group's acquisition of subsidiaries. The cost of an acquisition is the fair value of all assets provided as compensation, issued equity instruments and liabilities incurred or assumed at the transfer date. Transaction costs are charged to expense immediately. Identifiable acquired assets and assumed liabilities and contingent liabilities in the acquisition of an operation are initially stated at fair value at the acquisition date regardless of the size of any non-controlling interests. In an acquisition where the transferred compensation, any non-controlling interests and the fair value of the previously owned interest (in incremental acquisitions) exceed the fair value of the acquired assets and assumed liabilities which are accounted for separately, the difference is recognised as goodwill. When the difference is negative, in a so-called bargain purchase, the difference is recognised in profit/loss for the year.

Intercompany transactions and balance sheet items and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but any losses are viewed as an indication of possible impairment. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

## Associates

Associated companies are those companies in which the Group exercises a significant, but not a controlling, influence, which normally applies for shareholdings representing between 20 and 50 per cent of the votes. Interests in associates are accounted for by applying the equity method and are initially stated at cost.

## Translation of foreign currencies

**Functional currency and reporting currency**

Items included in the financial statements for the various units of the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). Swedish kronor (SEK), the functional and reporting currency of the parent company, is used in the consolidated financial statements.

**Transactions and balance sheet items**

Transactions in foreign currencies are translated to the functional currency at the exchange rates applying at the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currencies at closing rates are recognised in the income statement. Foreign exchange differences on borrowing are recognised under financial items while other foreign exchange differences are included in operating profit/loss.

**Financial statements of foreign operations**

Results and financial position for all foreign operations included in the consolidated financial statements that have a different functional currency than the reporting currency are translated to the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets are translated at the closing rate
- income and expenses for each of the income statements are translated at the average rate
- all resulting foreign exchange differences are recognised through other comprehensive income as a separate part of equity (translation reserve)

Upon consolidation, foreign exchange differences arising from the translation of net investments in foreign operations are transferred to equity through other comprehensive income. Upon divestment, wholly or partially, of a foreign operation the foreign exchange differences recognised in equity through other comprehensive income are transferred to profit/loss for the year. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the closing rate.

## Cash flow statement

The cash flow statement is prepared in accordance with the indirect method, which means that adjustments are made for transactions that do not result in incoming or outgoing payments.

## Revenue

Revenue is recognised in the income statement when it is possible to reliably measure the revenue and it is probable that the economic benefits will accrue to the Group. The company's revenue primarily consists of revenues from installation contracts. Revenue is recognised in accordance with the percentage of completion method. This method is described below in the section "Installation contracts". Interest income is recognised over the term of the loan by applying the effective interest method. Dividend income is recognised when the right to receive payment has been established.

**Installation contracts**

Bravida applies the percentage of completion method. Under this method, earnings are recognised in accordance with the degree of completion of the project. Determining the earnings accrued at any given time requires information about the following components:

- Project revenue – the value of all revenues attributable to the contract.
- Project cost – all costs corresponding to the project revenues that are attributable to the project.
- Degree of completion – recognised costs in relation to estimated total project costs.

Expenditure that has been incurred during the year but that relates to future work is not included in project costs paid at the time of determining the degree of completion. These are reported as materials and inventories, advances or other assets depending on their character. Changes to the scope of the project, claims and incentive pay are included in project revenue to the extent that they have been agreed with the customer and can be reliably measured. A fundamental condition for application of the percentage of completion method is that project revenues and project costs can be reliably measured and that the degree of completion is determined in a way that is relevant with respect to the reliability requirement.

For projects where revenues and costs cannot be reliably measured at the closing date, the zero profit method is applied. This means that revenue equal to the incurred costs is recognised for the project, i.e. the profit is zero until such time as it is possible to determine the earnings. As soon as this is possible the percentage of completion method is applied. Provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project revenues, and these amounts are charged to earnings for the year.

The Bravida Group recognises as assets receivables (balance sheet item "Accrued but not invoiced income") from buyers of installation projects for which the project costs and recognised profits (after deducting recognised losses) exceed the invoiced amount. Partially invoiced amounts that have not yet been paid by the customer and amounts withheld by the buyer are included in the item Trade receivables. Bravida recognises as liabilities (balance sheet item "Invoiced but not accrued income") any liabilities to buyers of installation contracts for projects in progress for which the invoiced amount exceeds the project costs and recognised profits (after deducting recognised losses).

## Intangible assets

**Goodwill**

Goodwill represents the difference between the cost and fair value of an acquired operation and the fair value of the Group's share of the acquired operation's identifiable net assets at the time of acquisition. Goodwill from the acquisition of operations is recognised as an intangible asset. Goodwill is tested annually for impairment and stated at cost less accumulated impairment losses. Goodwill impairment losses are never reversed. Any gain or loss from the sale of a unit includes the divested portion of the recognised value of goodwill. In testing for impairment, goodwill is allocated to cash-generating units.

Goodwill is thereby allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition giving rise to the goodwill item.

**Subsequent expenditure**

Subsequent expenditure on an intangible asset is added to the asset's carrying amount only if it is probable that the future economic benefits and the expenditure can be reliably measured. All other expenditure is recognised as incurred.

**Depreciation and amortisation**

Amortisation is based on the asset's original cost less any residual value. Amortisation is recognised in the income statement on a straight-line basis over the useful life of the intangible asset, unless the asset has an indefinite useful life.
Assets are amortised from the date at which they became available for use. Other intangible assets are amortised over 5 years. Useful lives are reassessed annually or more frequently.

## Property, plant and equipment

Land and buildings mainly comprise warehouses and offices. All property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost can be reliably measured. The carrying amount of the replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the periods in which they are incurred.

Land is not depreciated. Other assets are depreciated to allocate the cost down to the estimated residual value over the assets' estimated useful lives.

**The assets are depreciated on a straight-line basis as follows:**

| | Useful life |
|---|---|
| Buildings | 20 years |
| Expenditure on property not owned by the company | Over remaining lease term |
| Machinery and other technical plant | 3–5 years |
| Equipment, tools and installations | 3–10 years |

Residual values and useful lives of assets are tested at each closing date and adjusted where required. Any gain or loss from the sale of an asset is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

## Impairment of non-financial assets

Goodwill and other intangible assets with indefinite useful lives are tested annually to determine whether the recoverable amount, i.e. the higher of fair value less selling expenses and value in use, exceeds the carrying amount. For other non-financial assets a similar test is made as soon as there is an indication that the carrying amount is too high. The value of an asset is written down to the recoverable amount as soon as this is shown to be lower than the carrying amount.

## Leasing

Non-current assets held under a lease agreement are classified based on the economic substance of the lease. Leases of non-current assets where the economic risks and benefits associated with ownership have essentially been transferred to the Group are classified as finance leases. Finance leases are accounted for as non-current assets at the beginning of the lease term and recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding payment obligations are recognised as a liability in the balance sheet. Each lease payment is divided into repayment of the loan and financial expenses to obtain a fixed rate of interest for the recognised liability.

The recognised liability is included in the balance sheet item "Liabilities relating to finance leases". The interest portion of the financial expense is recognised in the income statement distributed over the term of the lease so that an amount corresponding to a fixed interest rate for the liability recognised in each accounting period is charged to the income statement in each period. Non-current assets that are held under finance leases are depreciated over their estimated useful lives. The Bravida Group has not classified any leases as finance leases. Other leases are classified as operating leases. Payments made during the lease term are charged to the income statement on a straight-line basis over the term of the lease.

## Financial assets

Bravida classifies its financial assets into the following categories: financial assets carried at fair value through the income statement, available-for-sale financial assets, and loans and trade receivables. The classification depends on the purpose for which the financial asset was acquired. The classification of financial assets is determined by management upon initial recognition.

**General principles**

A receivable is recognised when the company has performed a service and the counterparty is contractually obliged to pay, even if an invoice has not yet been issued. Trade receivables are recognised in the balance sheet when the invoice has been sent. Purchases and sales of financial assets are recognised at the transaction date, which is the date when the Group undertakes to buy or sell the asset. Financial instruments are initially recognised at cost plus transaction costs, which applies to all financial assets that are not carried at fair value through the income statement. Financial assets carried at fair value through the income statement are initially recognised at fair value while the related transaction costs are recognised in the income statement. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership to another party. After the acquisition date available-for-sale assets and financial assets carried at fair value through the income statement are stated at fair value. Loans and trade receivables are stated at amortised cost by applying the effective interest method.

At each balance sheet date the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets, for instance that it is not probable that the debtor will be able to fulfil its obligations. Impairment tests of trade receivables are described below. Examples of objective evidence include significant financial difficulties for a debtor, a breach of contract such as non-payment or delayed payment of interest or principal, or that it is probable that the borrower will become bankrupt or enter into another form of financial reorganisation.

**Financial assets/liabilities carried at fair value through the income statement**

Financial assets carried at fair value through the income statement are financial assets that are held for trading. A financial asset is classified in this category if it was acquired primarily for the purpose of being sold in the short term. Any derivatives are classified as held for trading if they have not been identified as hedges. An interest rate swap is stated at fair value based on future discounted cash flows, which means that the value will vary with changes in interest rates. Bravida does not meet the criteria for application of hedge accounting in accordance with IAS 39, and changes in value are therefore recognised through the income statement.

**Financial assets available for sale**

This class of financial assets in the Group comprises assets which are not derivatives but can be sold. Assets in this category are classified as non-current assets if management does not intend to sell the asset within 12 month of the balance sheet date.

**Loans and trade receivables**

Loans and trade receivables are financial assets that are not derivatives. They have specified or specifiable payments and are not listed on an active market. They are included in current assets, with the exception of items maturing later than 12 months from the balance sheet date, which are classified as non-current assets. Loans and trade receivables are initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment. A provision for impairment of trade receivables is posted when there is objective evidence that the Group will not be able to recover all overdue amounts in accordance with the original terms and conditions for the receivables. The size of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows. An impairment loss on trade receivables is recognised in the income statement in the function "other operating expenses" while an impairment loss on loans is recognised in financial items.

**Reversal of impairment losses**
Impairment losses on loan receivables and trade receivables stated at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event occurring after the time at which the impairment loss was recognised.

## Inventories
Inventories are measured at the lower of cost and net realisable value. This also takes into account the risk of obsolescence. Cost is determined using the first-in/first-out method (FIFO). Net realisable value is the estimated selling price in the company's operating activities less any applicable variable selling expenses. The cost of company-produced semi-finished and finished goods consists of direct costs of production plus a reasonable portion of indirect costs of production. Normal capacity utilisation is also taken into account in the valuation.

## Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances, and other short-term investments maturing within three months of the acquisition date.

## Financial liabilities
The Bravida Group's financial liabilities are divided into the following categories: Financial liabilities carried at fair value through the income statement, borrowing and other financial liabilities, e.g. trade payables.

**General principles**
A liability is recognised when the company has a contractual obligation to pay, even if a supplier invoice has not yet been received. Supplier invoices are recognised in the statement of financial position when the invoice has been received. The liability is removed when payment has been made or when a contractual obligation to pay no longer exists.

**Financial liabilities carried at fair value through the income statement**
Derivatives with negative fair value that do not meet the criteria for hedge accounting are carried at fair value through the income statement. For information about which derivatives are reported by the Bravida Group, see the section "Financial assets carried at fair value through the income statement".

**Financial liabilities carried at amortised cost**
Loans and other financial liabilities, e.g. trade payables, are included in this category. Financial liabilities are initially stated at fair value, net of transaction costs. Subsequently financial liabilities are carried at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method. Compensation for any difference in interest upon early redemption of a loan is recognised in the income statement at the date of redemption. Loan costs are charged to earnings in the period to which they refer. Dividends paid are recognised as a liability upon approval of the dividend by the Annual General Meeting.

Borrowing and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

**Financial income and expenses**
Financial income and expenses comprise interest income on bank deposits, receivables and interest-bearing securities, interest expenses on loans, dividend income, unrealised and realised gains and losses on financial assets and liabilities. Interest expenses are charged to earnings in the period to which they refer insofar as they have not been included in the cost of an asset.

## Income tax
Reported income taxes include tax that is payable or due in respect of the current year, adjustments relating to current tax for previous years and changes in deferred tax. All tax liabilities and assets are valued at their nominal amounts and based on the tax rules and tax rates that have been adopted or that have been announced and are highly likely to be confirmed. Income taxes are recognised in the earnings for the year except where the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effects are recognised in other comprehensive income or in equity. Deferred tax is calculated in accordance with the balance sheet method for all temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets relating to unused tax loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that such deductions can be used to offset future taxable profits.

**Post-employment benefits**
In Denmark all employees are covered by defined contribution plans. In Sweden most employees are covered by a defined contribution plan, but a significant number are covered by a defined benefit plan. In Norway virtually all employees are covered by a defined contribution pension plan.

In a defined contribution plan the company makes fixed contributions to a separate legal entity and has no obligation to make any further contributions. Costs are charged to the consolidated income statement when the benefits are earned.

Defined benefit plans are other plans for post-employment benefits other than defined contribution plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned through their service in the current and prior periods that benefit is discounted to a present value. The discount rate is the yield at balance sheet date on high quality mortgage bonds , with a maturity corresponding to the Group's pension obligations. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. Moreover, the fair value of any plan assets at the reporting date. The Group's net obligation is the present value of the obligation , less the fair value of plan assets , adjusted for any access restrictions.

The interest expense / income , net of the defined benefit obligation / asset recognized in net income under financial items. Net interest income is based on the interest arising on discounting of net obligation, ie interest on the obligation , plan assets and interest on the effect of any access restrictions. Other components are recognized in operating income.

Revaluation effects consist of actuarial gains and losses, the difference between actual returns on plan assets and the amount included in net interest income and any amendments impact access restrictions (excluding interest which is included in net interest income) . Revaluation effects reported in other comprehensive income.

When the calculation leads to an asset for the Group, the recognized asset is limited to the lower of the surplus in the plan and the asset ceiling calculated using the discount rate . Access restriction is the present value of the future economic benefits in the form of reduced future contributions or a cash refund. In calculating the present value of future repayments or payments taken into account any minimum funding requirement.

Changes or curtailment of a defined benefit plan are recognized on the earliest of the following dates : a , when the change in the plan or reduction occurs or b , when the company reports related restructuring costs and termination benefits. The changes / reductions are recognized immediately in net income.

This special payroll tax is part of the actuarial assumptions and are therefore reported as part of net liability / asset.

The accounting principles described above apply to the consolidated financial statements. The parent company and subsidiaries report defined benefit pension plans in accordance with local rules and regulations in country concerned.

**Termination benefits**
A provision is recognised in connection with the termination of staff only if the company is demonstrably obliged to terminate the employment before the normal date or when compensation is paid as the result of an offer made to encourage voluntary redundancy. In the event of involuntary redundancy, the company will draw up a detailed plan specifying, as a minimum, the workplace, positions and approximate number of individuals affected as well as the benefits for each category of employee or position and the date on which the plan will be implemented.

## Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

**Warranty provision**

A provision is recognised when the underlying product or service has been sold. Upon completion of the installation work a warranty period of 24 months normally applies. The warranty provision is calculated on the basis of previous years' warranty expenditure and an assessment of future warranty risks.

**Restructuring reserve**

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

**Contingent liabilities**

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

## Parent company accounting principles

The parent company prepares its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR 2 states that the parent company's annual accounts for the legal entity should be prepared by applying all EU-adopted IFRS statements insofar as this is possible under the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The parent company prepares a statement of comprehensive income.

**Differences between the Group and parent company accounting policies**

Differences between the Group and parent company accounting policies are described in the following. The stated accounting policies have been applied consistently for all periods presented in the parent company's financial statements.

## Changes to accounting policies

The company has chosen to apply alternative rules for the reporting of Group contributions. As a result, Group contributions received/paid are recognised as appropriations

**Subsidiaries**

Interests in subsidiaries are accounted for in the parent company using the cost method. This means that transaction costs are included in the reported value of interests in subsidiaries. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in the consolidated income statement when they are incurred.

Contingent considerations are valued based on the probability that the consideration will be paid. Any changes to the provision or receivable are added to or reduce the cost. In the consolidated financial statements, contingent considerations are stated at fair value while changes in value are passed through the income statement.

Bargain purchases which relate to future expected losses and expenses are eliminated in the periods when the expected losses and expenses are incurred. Bargain purchases which arise for other reasons are accounted for as a provision to the extent that they do not exceed the fair value of the acquired identifiable non-monetary assets. Any portion exceeding this value is recognised as income immediately. The portion which does not exceed the fair value of the acquired identifiable non-monetary assets is recognised as income systematically over a period which is calculated based on the remaining weighted average useful life of those acquired identifiable assets that are depreciable. In the consolidated financial statements, bargain purchases are recognised directly in the income statement.

**Group contributions and shareholder contributions**

In the parent company, shareholder contributions are recognised in shares and interests, insofar as no write-down is required, and directly in equity in the receiving entity.

Group contributions received/paid are recognised as appropriations.

**Leased assets**

In the parent company, all leases are accounted for in accordance with the rules for operating leases.

**Presentation of the income statement and balance sheet**

The parent company applies the form of presentation for income statements and balance sheets prescribed in the Swedish Annual Accounts Act, which means that equity and provisions are reported under separate main headings in the balance sheet.

## Information about the Group

The company is a wholly owned subsidiary of Bravissima Holding AB (reg. no. 556930-5625) with its registered office in Stockholm. The highest company in the Group that prepares consolidated financial statements is Bravissima Sweden AB, (reg. no. 556896-0578) with its registered office in Stockholm. The consolidated financial statements are available from Bravida AB.

Of the parent company's total purchases and sales in Swedish kronor, - per cent (-) of purchases and 100 per cent (0) of sales refer to other companies in the corporate group to which the company belongs.

## NOTE 2 DISTRIBUTION OF REVENUES

| Group | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 |
|---|---|---|
| Invoicing | 11,148,951 | 5,226,056 |
| Change in work in progress on behalf of third parties | -68,540 | -260,119 |
| **Net sales** | **11,080,411** | **4,965,937** |

**Revenue by significant revenue type**

| Group | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 |
|---|---|---|
| Installation contracts | 5,709,226 | 2,572,228 |
| Service | 5,371,185 | 2,393,709 |
| **Net sales** | **11,080,411** | **4,965,937** |

## NOTE 3 SEGMENT REPORTING

The Group's operations are monitored and reviewed on a geographic market basis by thechief operating decision-maker. Operationally, Bravida is organised into divisions which correspond to these geographic markets. Internal prices charged between the various segments of the Group are set based on the arm's length principle, i.e. between parties that are independent of each other, are well informed and have an interest in ensuring that the transactions are completed. None of the companies' customers generate more than 5 per cent of total consolidated income. For information on non-current assets by segment, see Note 10 concerning goodwill.

## Geographic markets

Geographic markets constitute the company's operating segments. The Group's geographic markets comprise the divisions North, Stockholm and South in Sweden, and Norway and Denmark. In each geographic market, activities are conducted in the areas of electrical, heating & plumbing, HVAC and other.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

| 2013 | North | Stockholm | South | Norway | Denmark | Central | Elimination and other | Total |
|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | |
| External net sales | 2,089,332 | 2,071,981 | 3,184,001 | 2,375,053 | 1,348,798 | 11,247 | | 11,080,411 |
| Internal net sales | 41,471 | 137,333 | 63,580 | 14,816 | 4,806 | 221,489 | -483,495 | – |
| **Net sales[1)]** | **2,130,803** | **2,209,314** | **3,247,581** | **2,389,869** | **1,353,604** | **232,736** | **-483,495** | **11,080,411** |
| Operating expenses | -1,973,630 | -2,105,966 | -3,063,512 | -2,321,879 | -1,282,496 | -215,570 | 483,495 | -10,479,558 |
| Amortisation of intangible assets | – | – | – | – | -1,069 | – | – | -1,069 |
| **Operating profit/loss** | **157,173** | **103,348** | **184,069** | **67,990** | **70,039** | **17,166** | **–** | **599,785** |

1) External net sales in Sweden were SEK 7,310,445,000.

| 2012 | North | Stockholm | South | Norway | Denmark | Central | Elimination and other | Total |
|---|---|---|---|---|---|---|---|---|
| REVENUE | | | | | | | | |
| External net sales | 869,607 | 912,380 | 1,388,902 | 1,195,264 | 598,114 | 1,670 | | 4,965,937 |
| Internal net sales | 7,158 | 36,639 | 7,877 | 3,841 | 2,733 | 97,113 | -155,361 | – |
| **Net sales[1)]** | **876,765** | **949,019** | **1,396,779** | **1,199,105** | **600,847** | **98,783** | **-155,361** | **4,965,937** |
| Operating expenses | -822,873 | -886,608 | -1,299,978 | -1,136,831 | -591,236 | -139,505 | 155,361 | -4,721,670 |
| Loss on sale of shares in subsidiaries | | | | -32,856 | | | | -32,856 |
| Amortisation of intangible assets | – | – | – | – | -701 | – | – | -701 |
| **Operating profit/loss** | **53,892** | **62,411** | **96,801** | **29,418** | **8,910** | **-40,722** | **–** | **210,710** |

1) External net sales in Sweden were SEK 3,172,559,000.

## Fields of technology

The Group consists of the fields of technology electrical installations, heating & plumbing, HVAC and other.

| 2013 | Electrical | Heating & plumbing | HVAC | Other | Total |
|---|---|---|---|---|---|
| External sales | 5,803,178 | 2,970,324 | 1,862,361 | 444,549 | 11,080,411 |

| 2012 | Electrical | Heating & plumbing | HVAC | Other | Total |
|---|---|---|---|---|---|
| External sales | 2,647,059 | 1,319,909 | 796,519 | 202,449 | 4,965,936 |

## **NOTE 4** ACQUISITION OF OPERATIONS

### 2013

Bravida made the following acquisitions in 2013:

| Acquired unit | Division | Type | Acquisition date | No. of employees | Estimated annual sales |
|---|---|---|---|---|---|
| Heating & plumbing business, Bergen | Norway | Assets and liabilities | 1 Jan 2013 | 13 | 24 |

### Effects of acquisitions in 2013

The acquisition has the following effects on consolidated assets and liabilities.

| | Fair value recognised in Group |
|---|---|
| Other current assets | 543 |
| Current liabilities | -900 |
| **Net identifiable assets and liabilities** | **-357** |
| **Consolidated goodwill** | **3,481** |
| Cost | 3,124 |
| Consideration recognised as a liability | 1,044 |
| Cash and cash equivalents (acquired) | – |
| **Net effect on cash and cash equivalents** | **-2,080** |
| **Calculation of cost** | |
| Cash consideration paid | 2,080 |
| Consideration recognised as a liability | 1,044 |
| **Cost** | **3,124** |

## 2012

Bravida made the following acquisitions in 2012:

| Acquired unit | Division | Type | Acquisi-tion date | No. of em-ployees | Estimated annual sales |
|---|---|---|---|---|---|
| Electrical installation business, Bodö | Norway | Company 91% | September | 16 | 23 |
| Heating & plumbing business, Stockholm | Stockholm | Company | December | 45 | 67 |

If the acquisitions had taken place at 1 January, consolidated net sales and the consolidated operating profit would have increased by less than 1 per cent.

At the end of the year a sheet-metal workshop in Denmark was sold with no impact on earnings. The business generated net sales of about SEK 9 million in the past year and posted a strongly negative result. A company with no operations has also been sold in Norway with an impact on earnings of SEK -32.5 million. The reason for the sale was that the investment did not live up to The Group's expectations.

### Effects of acquisitions in 2012

The acquisition has the following effects on consolidated assets and liabilities.

| | Fair value recognised in Group |
|---|---|
| Other non-current assets | 447 |
| Other current assets | 10,581 |
| Cash and cash equivalents | 17,227 |
| Current liabilities | -27,031 |
| **Net identifiable assets and liabilities** | **1,224** |
| **Consolidated goodwill** | **49,593** |
| Cost | 50,817 |
| Consideration recognised as a liability | -46,624 |
| Cash and cash equivalents (acquired) | -17,227 |
| **Net effect on cash and cash equivalents** | **-13,034** |
| **Calculation of cost** | |
| Cash consideration paid | 4,193 |
| Consideration recognised as a liability | 46,624 |
| **Cost** | **50,817** |

### NOTE 5 EMPLOYEES, STAFF COSTS AND COMPENSATION TO SENIOR EXECUTIVES

| Average number of employees | 1 Jan 2013 -31 Dec 2013 | of which women | 1 Aug 2012 -31 Dec 2012 | of which women |
|---|---|---|---|---|
| PARENT COMPANY | | | | |
| Sweden | 0 | 0.0% | – | 0.0% |
| **Total in parent company** | **0** | **0.0%** | **–** | **0.0%** |
| SUBSIDIARIES | | | | |
| Sweden | 4,840 | 3.7% | 2,095 | 3.9% |
| Norway | 1,944 | 5.8% | 501 | 7.5% |
| Denmark | 1,176 | 7.4% | 793 | 5.8% |
| Slovakia | 7 | 0.0% | 3 | 0.0% |
| **Total in subsidiaries** | **7,967** | **4.7%** | **3,393** | **4.9%** |
| **Total, Group** | **7,967** | **4.7%** | **3,393** | **4.9%** |

| Breakdown between men and women in management | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| | Female representation | |
| PARENT COMPANY | | |
| The Board of Directors | 0.0% | 0.0% |
| Other senior executives | 0.0% | 0.0% |
| TOTAL, GROUP | | |
| The Board of Directors | 0.0% | 0.0% |
| Other senior executives | 0.0% | 0.0% |

| Salaries, other compensation and social security contributions | 1 Jan 2013 – 31 Dec 2013 | | 1 Aug 2012 – 31 Dec 2012 | |
|---|---|---|---|---|
| | Salaries and compensation | Social security contributions | Salaries and compensation | Social security contributions |
| PARENT COMPANY | 589 | 158 | – | – |
| (of which pension costs) | (81) | (–) | (–) | (–) |
| SUBSIDIARIES | 4,161,745 | 806,858 | 1,817,123 | 354,402 |
| (of which pension costs) | (272,792) | (35,451) | (92,320) | (15,438) |
| **Total, Group** | **4,162,334** | **807,016** | **1,817,123** | **354,402** |
| (of which pension costs) | (272,873) | (35,451) | (92,320) | (15,438) |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

| Salaries and other compensation by country and broken down between Directors etc. and other employees | 1 Jan 2013 – 31 Dec 2013 | | 1 Aug 2012 – 31 Dec 2012 | |
|---|---|---|---|---|
| | Board, CEO and other senior executives[1] | Other employees | Board, CEO and other senior executives[1] | Other employees |
| PARENT COMPANY | | | | |
| Sweden | – | 589 | – | – |
| (of which bonuses, etc.) | (–) | (–) | (–) | (–) |
| SUBSIDIARIES | | | | |
| Sweden | 26,156 | 2,396,274 | – | 1,070,666 |
| (of which bonuses, etc.) | (6,955) | (53,545) | (–) | (22,298) |
| Norway | 2,352 | 1,094,363 | 4,575 | 482,000 |
| (of which bonuses, etc.) | (–) | (16,233) | (2,373) | (6,183) |
| Denmark | 3,204 | 637,112 | 2,566 | 254,821 |
| (of which bonuses, etc.) | (619) | (6,204) | (1,317) | (2,236) |
| Slovakia | – | 2,284 | – | 2,497 |
| (of which bonuses, etc.) | (–) | (–) | (–) | (–) |
| **Subsidiaries, total** | **31,712** | **4,130,033** | **7,141** | **1,809,984** |
| (of which bonuses, etc.) | (7,574) | (75,982) | (3,690) | (30,717) |
| **Total, Group** | **31,712** | **4,130,622** | **7,141** | **1,809,984** |
| (of which bonuses, etc.) | (7,574) | (75,982) | (3,690) | (30,717) |

1) During these years, the Group's other senior executives consisted of 7 persons (8).

### Senior executives' benefits

The compensation paid to senior executives refers mostly to fixed salaries and variable compensation. The CEO's contract is subject to six months' notice. In case of termination, the CEO has a right to severance pay in the amount of 12 months' salary in addition to the notice period. The contracts of other senior executives are subject to six months' notice. The CEO and other senior executives have a contractual right to an occupational pension.

| Compensation and other benefits during 2013 | Basic salary/Board fees | Variable compensation | Other benefits | Pension expenses | Total |
|---|---|---|---|---|---|
| Director Jay Corrigan | – | – | – | – | – |
| Director Jan Johansson | – | – | – | – | – |
| Director Michel Plantevin | – | – | – | – | – |
| Director Ivano Sessa | – | – | – | – | – |
| Director Michael Siefke | – | – | – | – | – |
| Director Marc Valentiny | – | – | – | – | – |
| CEO Staffan Påhlsson | 4,132 | 2,283 | 0 | 1,142 | 7,557 |
| Former CEO, Mats O Paulsson | 3,865 | – | – | 833 | 4,698 |
| Other senior executives[1)] | 15,406 | 5,291 | 735 | 3,301 | 24,732 |
| | **23,403** | **7,573** | **735** | **5,276** | **36,988** |

1) During the year, the Group's other senior executives consisted of 8 persons.

| Compensation and other benefits during 2012 | Basic salary/Board fees | Variable compensation | Other benefits | Pension expenses | Total |
|---|---|---|---|---|---|
| Director Marc Valentiny | – | – | – | – | – |
| Director Ivano Sessa | – | – | – | – | – |
| CEO Staffan Påhlsson[1)] | 1,077 | 945 | – | 413 | 2,435 |
| Former CEO, Mats O Paulsson[1)] | 1,439 | – | 38 | 566 | 2,043 |
| Former CEO, Torbjörn Torell | 1,442 | – | – | – | 1,442 |
| Other senior executives[2)] | 5,379 | 5,200 | 175 | 2,032 | 12,786 |
| | **9,337** | **6,145** | **213** | **3,011** | **18,706** |

1) Staffan Påhlsson took up the post on 21 September 2012.
2) During the year, the Group's other senior executives consisted of 7 persons.

**NOTE 6** AUDITORS' FEES AND EXPENSES

| | Group | | Parent company | |
|---|---|---|---|---|
| | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 | 1 Jan 2013 -31 Dec 2013 | 25 Apr 2012 -31 Dec 2012 |
| *KPMG* | | | | |
| Audit engagement | 3,313 | 1,530 | 625 | – |
| Audit assignments in addition to audit engagement | 1,249 | – | 1,160 | – |
| Tax advice | 64 | – | – | – |
| Other assignments | 2,892 | 480 | 820 | – |
| *Other* | | | | |
| Other assignments, Ernst & Young | 1,245 | – | 282 | – |
| Other assignments, other | 131 | 300 | – | – |
| | **8,894** | **2,310** | **2,887** | **–** |

**NOTE 7** OPERATING EXPENSES BY FUNCTION OF EXPENSE

| | Group | | Parent company | |
|---|---|---|---|---|
| | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 | 1 Jan 2013 -31 Dec 2013 | 25 Apr 2012 -31 Dec 2012 |
| Costs for materials | 3,172,736 | 1,495,896 | – | – |
| Subcontractors and purchased services in production | 1,206,190 | 439,734 | – | – |
| Staff costs | 4,969,346 | 2,216,391 | 747 | – |
| Depreciation and amortisation | 12,615 | 5,644 | – | – |
| Vehicle expenses | 319,068 | 139,667 | – | – |
| Premises expenses | 194,558 | 78,242 | 71 | – |
| Consulting fees | 77,013 | 44,026 | 2,707 | – |
| IT expenses and telephony | 90,740 | 47,627 | – | – |
| Travel expenses | 38,579 | 19,552 | 13 | – |
| Other operating expenses | 399,781 | 235,592 | 1,037 | – |
| Loss on sale of shares in subsidiaries | – | 32,856 | – | – |
| | **10,480,626** | **4,755,227** | **4,575** | **–** |

**NOTE 8** NET FINANCIAL INCOME/EXPENSE

| | Group | | Parent company | |
|---|---|---|---|---|
| | 1 Jan 2013 -31 Dec 2013 | 1 Aug 2012 -31 Dec 2012 | 1 Jan 2013 -31 Dec 2013 | 25 Apr 2012 -31 Dec 2012 |
| FINANCIAL INCOME | | | | |
| Interest income, Group companies | – | – | 114,379 | 116,358 |
| Interest income, other | 56,073 | 1,247 | 54,758 | – |
| Gains on currency futures transactions | – | 126,431 | – | 126,431 |
| Foreign exchange gains | 7,644 | 5,421 | – | – |
| Interest on arrears | 3,045 | 1,601 | – | – |
| Reassessment of derivatives | 77,269 | – | – | – |
| Other | 559 | 2,082 | – | – |
| | **144,590** | **136,782** | **169,137** | **242,788** |
| FINANCIAL EXPENSES | | | | |
| Interest expense, other | -307,586 | -110,877 | -225,177 | -102,515 |
| Foreign exchange losses | -108,376 | -8,573 | -82,276 | -5,635 |
| Interest on arrears | -1,643 | -542 | – | – |
| Acquisition costs | – | -199,647 | – | – |
| Other | -105,432 | -185,918 | -94,768 | -179,638 |
| | **-523,037** | **-505,557** | **-402,221** | **-287,788** |
| **Net financial income/expense** | **-378,447** | **-368,775** | **-233,084** | **-45,000** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**NOTE 9** TAX

| | Group | | Parent company | |
|---|---|---|---|---|
| | **1 Jan 2013 -31 Dec 2013** | **1 Aug 2012 -31 Dec 2012** | **1 Jan 2013 -31 Dec 2013** | **25 Apr 2012 -31 Dec 2012** |
| CURRENT TAX EXPENSE (-)/TAX INCOME (+) | | | | |
| Tax expense for the period | -11,871 | 23,685 | – | – |
| Adjustment of tax in respect of prior years | 4 | -44 | – | – |
| | **-11,867** | **23,641** | **–** | **–** |
| DEFERRED TAX EXPENSE (-)/TAX INCOME (+) | | | | |
| Deferred tax arising from temporary differences | -32,970 | -13,654 | – | – |
| Deferred tax relating to changes in tax rates | -2,277 | 6,546 | – | – |
| Deferred tax income in tax loss carry-forwards recognised during the year | 69,208 | 71,623 | 51,923 | 9,900 |
| Deferred tax liability resulting from utilisation of previously recognised taxable value in tax loss carry-forwards | -69,177 | -59,536 | – | – |
| Deferred tax relating to untaxed reserves | -405 | -8,677 | – | – |
| | **-35,621** | **-3,698** | **51,923** | **9,900** |
| **Total recognised tax expense/tax income** | **-47,488** | **19,943** | **51,923** | **9,900** |
| RECONCILIATION OF EFFECTIVE TAX | | | | |
| Earnings before tax | 221,338 | -158,065 | 51,923 | 11,835 |
| Tax at tax rate applying to parent company | -48,694 | 41,571 | – | – |
| Effect of different tax rates for foreign subsidiaries | -4,046 | -1,646 | – | – |
| Group adjustment of foreign exchange differences internal loans | 9,774 | -398 | – | – |
| Other non-deductible expenses | -8,876 | -19,726 | – | – |
| Deductible items not affecting earnings | 1,385 | 1,680 | – | – |
| Non-taxable income | 5,572 | 5,090 | – | – |
| Recognition of temporary differences without corresponding recognition of deferred tax in respect of prior years | – | -363 | – | – |
| Use of tax loss carry-forwards | 66 | – | – | – |
| Tax in respect of prior years | 4 | -41 | – | – |
| Standard interest on tax allocation reserve | -396 | -434 | – | -1,935 |
| Effect of changed tax rates | -2,277 | -5,012 | – | – |
| Deferred tax assets in respect of prior years | – | -778 | – | – |
| **Recognised effective tax** | **-47,488** | **19,943** | **-51,923** | **-9,900** |

### Reported deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

| | 31 Dec 2013 | | 31 Dec 2012 | |
|---|---|---|---|---|
| Group | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| Intangible assets | – | -297 | – | -360 |
| Property, plant and equipment | 5,144 | – | 5,106 | – |
| Inventories | 741 | – | 803 | – |
| Trade receivables | 6,124 | – | 8,704 | – |
| Pension provisions | – | -22,239 | 27,450 | – |
| Provisions for projects | – | -81,197 | – | -70,534 |
| Warranty provisions | 13,518 | – | 13,422 | – |
| Other provisions | 1,738 | – | 4,581 | – |
| Tax allocation reserves | – | -38,876 | – | -39,185 |
| Other | 39,951 | – | 51,544 | – |
| Tax loss carry-forwards | 145,089 | – | 155,907 | – |
| | **212,305** | **-142,609** | **267,517** | **-110,079** |
| **Net asset** | **69,696** | | **157,438** | |

Sweden has a corporate tax rate of 22.0 per cent (26.3). Norway has a corporate tax rate of 28.0 per cent (28.0), which will be reduced to 27.0 per cent in 2014. Denmark has a corporate tax rate of 25.0 per cent (25.0), which will be reduced to 24.5 per cent in 2014.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| SPECIFICATION BY COUNTRY | | | | |
| Sweden | 13,740 | 67,072 | 61,823 | 9,900 |
| Norway | 90,789 | 116,544 | – | – |
| Denmark | -34,833 | -26,178 | – | – |
| | **69,696** | **157,438** | **61,823** | **9,900** |

### Change in deferred tax in temporary differences and tax loss carry-forwards

| Group 2013 | Amount at 1 Jan 2013 | Recognised in profit/loss for the year | Recognised in other comprehensive income | Translation difference | Acquisition/sale of company | Amount at 31 Dec 2013 |
|---|---|---|---|---|---|---|
| Tax loss carry-forwards | 155,908 | 31 | | -10,850 | | 145,089 |
| Untaxed reserves | -39,185 | 309 | | | | -38,876 |
| Property, plant and equipment | 5,106 | 352 | | -314 | | 5,144 |
| Trade receivables | 8,704 | -2,071 | | -509 | | 6,124 |
| Provisions for projects | -70,534 | -13,115 | | 2,452 | | -81,197 |
| Warranty provisions | 13,422 | 509 | | -413 | | 13,518 |
| Pensions | 27,449 | 8,902 | -62,482 | 3,892 | | -22,239 |
| Derivatives | – | -16,445 | 15,432 | | | -1,013 |
| Other | 56,568 | -14,093 | | 671 | | 43,146 |
| **Total** | **157,438** | **-35,621** | **-47,050** | **-5,071** | **0** | **69,696** |

| Group 2012 | Amount at 1 Jan 2012 | Recognised in profit/loss for the year | Recognised in other comprehensive income | Translation difference | Acquisition/sale of company | Amount at 31 Dec 2012 |
|---|---|---|---|---|---|---|
| Tax loss carry-forwards | | 15,076 | | | 140,832 | 155,908 |
| Untaxed reserves | | -1,260 | | | -37,925 | -39,185 |
| Property, plant and equipment | | -1,479 | | | 6,585 | 5,106 |
| Trade receivables | | 5,801 | | | 2,903 | 8,704 |
| Provisions for projects | | -14,558 | | | -55,976 | -70,534 |
| Warranty provisions | | -1,391 | | | 14,813 | 13,422 |
| Pensions | | -4,435 | | | 31,884 | 27,449 |
| Other | | -1,452 | | | 58,020 | 56,568 |
| **Total** | **0** | **-3,698** | **0** | **0** | **161,136** | **157,438** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

## NOTE 10 INTANGIBLE ASSETS

| Group 31 Dec 2013 | Goodwill | Other intangible | Total |
|---|---|---|---|
| ACCUMULATED COST | | | |
| At beginning of year | 6,752,125 | 7,204 | 6,759,329 |
| Purchases | 9,594 | 285 | 9,879 |
| Foreign exchange differences for the year | -21,272 | 205 | -21,067 |
| **At end of year** | **6,740,447** | **7,694** | **6,748,141** |
| ACCUMULATED SCHEDULED AMORTISATION | | | |
| At beginning of year | – | -2,694 | -2,694 |
| Scheduled amortisation for the year | – | -1,069 | -1,069 |
| Foreign exchange differences for the year | – | -62 | -62 |
| **At end of year** | **–** | **-3,825** | **-3,825** |
| ACCUMULATED IMPAIRMENT | | | |
| At beginning of year | -7,644 | – | -7,644 |
| **At end of year** | **-7,644** | **–** | **-7,644** |
| **Carrying amount at beginning of period** | **6,744,481** | **4,510** | **6,748,991** |
| **Carrying amount at end of period** | **6,732,803** | **3,869** | **6,736,672** |

| Group 31 Dec 2012 | Goodwill | Other intangible | Total |
|---|---|---|---|
| ACCUMULATED COST | | | |
| At beginning of year | – | – | – |
| Acquisition of subsidiaries | 6,724,322 | 2,000 | 6,726,322 |
| Purchases | 69,848 | 5,269 | 75,117 |
| Foreign exchange differences for the year | -42,045 | -65 | -42,110 |
| **At end of year** | **6,752,125** | **7,204** | **6,759,329** |
| ACCUMULATED SCHEDULED AMORTISATION | | | |
| At beginning of year | – | – | – |
| Acquisition of subsidiaries | – | -2,000 | -2,000 |
| Scheduled amortisation for the year | – | -702 | -702 |
| Foreign exchange differences for the year | – | 8 | 8 |
| **At end of year** | **–** | **-2,694** | **-2,694** |
| ACCUMULATED IMPAIRMENT | | | |
| At beginning of year | – | – | – |
| **Acquisition of subsidiaries** | **-7,644** | **–** | **-7,644** |
| **At end of year** | **-7,644** | **–** | **-7,644** |
| **Carrying amount at beginning of period** | **–** | **–** | **–** |
| **Carrying amount at end of period** | **6,744,481** | **4,510** | **6,748,991** |

### Impairment tests for cash-generating units containing goodwill

The following cash-generating units have significant recognised goodwill values in relation to total goodwill values recognised in the consolidated financial statements:

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Sweden | 4,504,844 | 4,503,129 |
| Norway | 1,424,083 | 1,448,791 |
| Denmark | 803,876 | 792,561 |
| | **6,732,803** | **6,744,481** |
| Units without significant goodwill values | 0 | 0 |
| | **6,732,803** | **6,744,481** |

### Impairment of goodwill

For those cash-generating units where the recoverable amount has been calculated and no impairment has been identified, management deems that no reasonably possible changes in key assumptions would cause the recoverable amount to fall below the carrying amount.

### Method for calculating the recoverable amount

For all goodwill values the recoverable amount has been determined by calculating value in use for the cash-generating unit. The model of calculation is based on the discounting of future expected cash flows in relation to carrying amounts for the unit. Future cash flows are based on five-year forecasts produced by the management for each cash-generating unit. Impairment tests of goodwill are based on the assumption of a perpetual horizon and the extrapolation of cash flows for the years after the forecasting period has been based on a growth rate of 2-3 per cent from year 6.

### Key variables for calculating value in use:

The following variables are material and common for all cash-generating units in calculating value in use.

**Sales:** The competitiveness of the business, expected trends in the construction sector, general socio-economic trends, central and local government investment plans, interest rates, and local market conditions.

**Operating margin:** Historical profitability levels and efficiency in the business, access to key individuals and qualified labour, skills in dealing with customers/customer relationships, access to internal resources, trends in expenses for salaries, materials and subcontractors.

**Working capital requirements:** An assessment in each individual case of whether the working capital reflects the operational requirements or needs to be adjusted for the forecasting periods. For the trend going forward, a reasonable or cautious assumption is that working capital will track sales growth.

**Investment needs:** Investment needs in the businesses are assessed based on the investments required to achieve the forecast cash flows from the baseline, i.e. without investments for expansion. Normally, the level of investment has corresponded to the rate of depreciation of property, plant and equipment.

**Tax burden:** The tax rate in the forecasts is based on Bravida's expected tax situation in each country in respect of tax rates, tax loss carry-forwards, etc.

**Discount rate:** Forecast cash flows and residual values are discounted to present value using the weighted average cost of capital (WACC). The interest rate paid on borrowed capital is defined as the average interest rate on consolidated net debt. The required rate of return on equity is defined using the capital asset pricing model (CAPM). Calculations of value in use are based on a weighed discount rate before tax of just over 8 per cent.

**NOTE 11** PROPERTY, PLANT AND EQUIPMENT

| Group 31 Dec 2013 | Buildings and land | Machinery and equipment | Total |
|---|---|---|---|
| ACCUMULATED COST | | | |
| At beginning of year | 2,946 | 148,319 | 151,265 |
| Purchases | 51 | 12,942 | 12,993 |
| Sales and disposals | – | -3,962 | -3,962 |
| Reclassifications | – | 169 | 169 |
| Foreign exchange differences for the year | – | -2,794 | -2,794 |
| | **2,997** | **154,674** | **157,671** |
| ACCUMULATED SCHEDULED DEPRECIATION | | | |
| At beginning of year | -820 | -114,150 | -114,970 |
| Sales and disposals | – | 3,739 | 3,739 |
| Reclassifications | – | -118 | -118 |
| Scheduled depreciation of cost for the year | -93 | -11,519 | -11,612 |
| Foreign exchange differences for the year | – | 2,827 | 2,827 |
| | **-913** | **-119,221** | **-120,134** |
| **Carrying amount at end of period** | **2,084** | **35,453** | **37,537** |

| Group 31 Dec 2012 | Buildings and land | Machinery and equipment | Total |
|---|---|---|---|
| ACCUMULATED COST | | | |
| At beginning of year | – | – | – |
| Purchases | – | 14,862 | 14,862 |
| Acquisition of subsidiaries | 2,946 | 153,403 | 156,349 |
| Sales and disposals | – | -18,271 | -18,271 |
| Reclassifications | – | -4 | -4 |
| Foreign exchange differences for the year | – | -1,671 | -1,671 |
| | **2,946** | **148,319** | **151,265** |
| ACCUMULATED SCHEDULED DEPRECIATION | | | |
| At beginning of year | – | – | – |
| Acquisition of subsidiaries | -726 | -126,362 | -127,088 |
| Sales and disposals | – | 16,008 | 16,008 |
| Scheduled depreciation of cost for the year | -94 | -4,849 | -4,943 |
| Foreign exchange differences for the year | – | 1,053 | 1,053 |
| | **-820** | **-114,150** | **-114,970** |
| **Carrying amount at end of period** | **2,126** | **34,169** | **36,295** |

**NOTE 12** INTERESTS IN ASSOCIATES

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| ACCUMULATED COST | | |
| At beginning of year | 3,773 | – |
| Acquisition of subsidiaries | – | 1,051 |
| Added during the year | 1,450 | 1,800 |
| Sales | 188 | – |
| Share in profit of associates | 4,310 | 922 |
| Dividends for the year | -3,125 | – |
| Adjustments for previous years | -211 | – |
| Foreign exchange differences for the year | -27 | – |
| **Carrying amount at end of period** | **6,358** | **3,773** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**Specification of interests in associates**

| | | | | 31 Dec 2013 |
|---|---|---|---|---|
| **Associate, reg.no., regd office** | **Profit/loss for the year at the company** | **Owned share, %** | **Consolidated value of capital share** | **Carrying amount** |
| Kraftkompaniet Sverige HB, 969740-4755, Stockholm | 9,166 | 50% | 4,583 | 5,412 |
| Svensk Berg Energi HB, 969753-2852, Stockholm | -225 | 50% | 783 | 783 |
| Forenede & Mosness Installasjon AS, 991 008 195, Oslo, Norway | 205 | 50% | 181 | 163 |
| | | | **5,547** | **6,358** |

| | | | | 31 Dec 2012 |
|---|---|---|---|---|
| **Associate, reg.no., regd office** | **Profit/loss for the year at the company** | **Owned share, %** | **Consolidated value of capital share** | **Carrying amount** |
| Kraftkompaniet Sverige HB, 969740-4755, Stockholm | 3,067 | 50% | 3,125 | 3,125 |
| Tunnelentreprenad Bravida-EIAB HB, 969669-7862, Stockholm | 6 | 50% | -188 | -188 |
| Svensk Berg Energi HB, 969753-2852, Stockholm | -1,846 | 50% | 655 | 655 |
| Forenede & Mosness Installasjon AS, 991 008 195, Oslo, Norway | 173 | 50% | 92 | 181 |
| | | | **3,684** | **3,773** |

## NOTE 13 PENSION ASSETS AND PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In Sweden there are pension plans covering all employees. Most of these are defined contribution plans. White-collar employees are covered by a defined benefit pension plan, which is accounted for in the Group in accordance with IAS 19.

The pension plan in Norway has been amended. Previously, employees of Siemens Installation AS, which the company acquired in 2009, had a defined benefit pension plan. In 2010 the employees were transferred to the same pension plan as other Bravida employees in Norway, which is a defined contribution pension plan. The old plan still applies for a small number of employees, however. Denmark has a defined contribution pension plan.

**Number of people covered by the IAS 19 calculation**

| 31 Dec 2013 | Parent company | Other Sweden | Norway | Denmark | Total |
|---|---|---|---|---|---|
| Active | – | 969 | 25 | – | 994 |
| Former employees, not retired | – | 2,551 | – | – | 2,551 |
| Retired | – | 2,817 | 34 | – | 2,851 |
| **Total** | **–** | **6,337** | **59** | **–** | **6,396** |

| 31 Dec 2012 | Parent company | Other Sweden | Norway | Denmark | Total |
|---|---|---|---|---|---|
| Active | – | 1,024 | 70 | – | 1,094 |
| Former employees, not retired | – | 2,692 | – | – | 2,692 |
| Retired | – | 2,698 | 43 | – | 2,741 |
| **Total** | **–** | **6,414** | **113** | **–** | **6,527** |

**Defined benefit obligations and the value of plan assets**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Present value of fully or partly funded obligations | -1,186,217 | -1,317,792 |
| Fair value of plan assets | 1,255,506 | 1,194,569 |
| **Total fully or partly funded obligations** | **69,289** | **-123,223** |
| Present value of unfunded defined benefit obligations | -15,406 | -17,249 |
| **Net obligations before adjustments** | **53,883** | **-140,472** |
| Adjustments: | | |
| Payroll tax | 16,012 | -30,895 |
| **Total** | **69,895** | **-171,367** |
| The net amount is recognised in the following items in the balance sheet: | | |
| Pension assets | 85,220 | – |
| Provisions for pensions and similar obligations | -15,325 | -171,367 |
| **Total** | **69,895** | **-171,367** |
| The net amount is distributed among plans in the following countries: | | |
| Sweden | 60,908 | -158,323 |
| Norway | 8,987 | -13,044 |
| **Total** | **69,895** | **-171,367** |

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

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Obligation for defined benefit plans at 1 Jan | 1,338,951 | 1,258,474 |
| Cost of vested benefits during period | 31,613 | 11,754 |
| Interest expense | 40,067 | 18,355 |
| Pension payments | -51,766 | -24,827 |
| Actuarial (gain) / loss | -151,484 | 65,922 |
| Foreign exchange differences | -5,760 | 9,273 |
| **Obligation for defined benefit plans at 31 Dec** | **1,201,621** | **1,338,951** |

**Changes in fair value of plan assets**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Fair value of plan assets at 1 Jan | 1,194,569 | 1,155,743 |
| Interest recognised in the income statement | 35,498 | 25,697 |
| Withdrawn | -50,708 | -23,607 |
| Insurance premium (-) paid from plan assets | -82 | -417 |
| Paid in | 2,169 | 2,550 |
| Return on plan assets excluding interest income | 80,651 | 29,959 |
| Foreign exchange differences | -6,590 | 4,644 |
| **Fair value of plan assets at 31 Dec** | **1,255,507** | **1,194,569** |

**Cost recognised in the income statement**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Costs relating to service during current period | -31,594 | -11,754 |
| Insurance premium (-) paid from plan assets | -82 | -977 |
| Interest expense on obligation | -4,569 | -18,355 |
| Payroll tax | -8,590 | -1,142 |
| **Net expense in profit/loss for the year** | **-44,835** | **-32,228** |

The cost for pensions is recognised as an administrative expense in the income statement.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

| Group | 31 Dec 2013<br>Pension assets | 31 Dec 2013<br>Pension obligations | 31 Dec 2012<br>Pension assets | 31 Dec 2012<br>Pension obligations |
|---|---|---|---|---|
| Defined benefit pension plans | 85,220 | -898 | – | -128,515 |
| PRI | – | -14,427 | – | -19,992 |
| Endowment policies | 37,891 | -47,083 | 40,535 | -50,368 |
| Other | – | – | – | -53 |
| | **123,111** | **-62,408** | **40,535** | **-198,928** |

**Actuarial assumptions**

The following significant actuarial assumptions have been applied in calculating the obligations: (weighted average values)

| | Sweden | | Norway | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Discount rate | 3.75% | 3.00% | 2.60% | 3.90% |
| Expected return on plan assets for coming year | 3.00% | 3.00% | 4.10% | 4.00% |
| Assumed long-term salary increases | 3.00% | 3.00% | 3.50% | 3.50% |
| Long-term increase in income base amount | 3.00% | 3.00% | – | – |
| Assumed long-term inflation | 2.00% | 2.00% | – | – |
| Expected increase in base amount | – | – | 3.25% | 3.25% |
| Future increase in pensions | – | – | 0.10% | 0.20% |

The actuarial assumptions are based on commonly used assumptions relating to demographic factors and termination of employment. As of the actuarial calculations for 2007, new mortality assumptions (longer life expectancy) have been taken into account.

**Historical information**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Present value of defined benefit obligation | -1,201,621 | -1,338,951 |
| Fair value of plan assets | 1,255,507 | 1,194,567 |
| **Surplus/deficit in plan** | **53,886** | **-144,384** |

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Of which credit-insured via FPG/PRI | 21,004 | 20,253 |

**Pledged assets for pension obligations**

| Group | 31 Dec 2012 | 31 Dec 2010 |
|---|---|---|
| Capitalised endowment policy | 37,891 | 40,535 |
| | **37,891** | **40,535** |

**NOTE 14** OTHER SECURITIES HELD AS NON-CURRENT ASSETS

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| ACCUMULATED COST | | | | |
| At beginning of year | 48,374 | – | – | – |
| Purchases | – | 200 | – | – |
| Acquisition of subsidiaries | – | 51,142 | – | – |
| Sales and disposals | -100 | -120 | – | – |
| Change in endowment policies | -2,643 | -2,717 | – | – |
| Changes in value | 381 | -132 | – | – |
| Foreign exchange differences for the year | 17 | – | – | – |
| **Carrying amount at end of period** | **46,029** | **48,374** | **–** | **–** |
| SPECIFICATION OF SECURITIES | | | | |
| Funds, endowment policies | 37,891 | 40,535 | – | – |
| Tenant-owner apartment | 6,600 | 6,600 | – | – |
| Other | 1,538 | 1,239 | – | – |
| | **46,029** | **48,374** | **–** | **–** |

The above securities are not stated at market value with changes in earnings recognised through the income statement.

**NOTE 15** LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

| Group | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|---|---|
| LONG-TERM RECEIVABLES THAT ARE NON-CURRENT ASSETS | | | | |
| Market valuation of derivatives | 57,670 | – | – | – |
| Deposit rent for premises | 11,280 | 12,118 | – | – |
| Other | 2,005 | 2,224 | – | – |
| | **70,955** | **14,342** | **–** | **–** |
| LONG-TERM RECEIVABLES THAT ARE CURRENT ASSETS | | | | |
| Receivable, pension funds | 12,620 | 9,168 | – | – |
| Value-added tax receivable | 1 | 17 | 544 | – |
| Other | 11,717 | 22,224 | 33 | – |
| | **24,338** | **31,409** | **577** | **–** |

**NOTE 16** TRADE RECEIVABLES

Trade receivables are accounted for after taking account of bad debts, which were SEK 25,500,000 (-47,522,000) in the Group. Bad debts in the parent company were SEK 0 (0). Bad debts consist of actual and expected bad debts. See also Note 26 for information on credit risks and maturity structure.

**NOTE 17** ACCRUED BUT NOT INVOICED INCOME

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Accrued income from work not yet completed | 4,705,759 | 4,840,497 |
| Invoicing of work not yet completed | -3,944,343 | -4,077,882 |
| | **761,416** | **762,615** |

Accrued income from installation projects in progress are recognised in accordance with the percentage of completion method. The degree of completion is defined as project expenditure incurred at the end of the period compared with the total project cost corresponding to the project income.

In the balance sheet, installation projects are recognised gross on a project by project basis, either as Accrued but not invoiced income in current assets or as Invoiced but not accrued income in current liabilities. Projects for which the accrued income exceeds the amount invoiced are recognised as an asset while projects for which the amount invoiced exceeds the accrued income are recognised as a liability.

**NOTE 18** PREPAYMENTS AND ACCRUED INCOME

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Prepaid rents | 19,806 | 18,952 | – | – |
| Prepaid insurance premiums | 929 | 12 | 727 | – |
| Prepaid leasing fees | 4,668 | 786 | – | – |
| Accrued income | 110,819 | 113,463 | – | – |
| Other items | 12,988 | 19,780 | – | – |
| | **149,210** | **152,993** | **727** | **–** |

**NOTE 19** SHORT-TERM INVESTMENTS AND RESTRICTED FUNDS

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Current investments | – | 19 |
| Restricted funds | – | 2,639 |
| Cash and cash equivalents in external consortiums | – | 414 |
| | **–** | **3,072** |

**NOTE 20** EQUITY

| Parent company | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| NUMBER OF SHARES | | |
| Opening number of shares | 403,083,246 | 50 |
| Split | – | 4,950,000 |
| New share issue | – | 377,301,983 |
| Non-cash issue | | 20,831,213 |
| **Closing number of shares** | **403,083,246** | **403,083,246** |

The share relates to a class and each share entitles the holder to one vote.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**Specification of equity item reserves:**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| TRANSLATION RESERVE | | |
| Opening translation difference | 17,610 | – |
| Translation differences for the year, foreign subsidiaries | -17,680 | 17,610 |
| **Closing translation difference** | **-70** | **17,610** |

**Specification of equity item reserves:**

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| HEDGING RESERVE | | |
| Opening translation difference | – | – |
| Hedging reserve for the year | -70,145 | |
| **Closing translation difference** | **-70,145** | **–** |

**Translation reserve**

The translation reserve includes all foreign exchange differences arising from the translation of financial statements of foreign operations for which the financial statements have been prepared in a different currency than the currency in which the consolidated financial statements are presented. The parent company and Group present their financial statements in Swedish kronor. The translation reserve also includes foreign exchange differences arising from expanded investments in foreign operations as well as loans received from foreign operations.

**Retained earnings including profit/loss for the year**

Retained earnings including profit/loss for the year includes profits earned in the parent company and its subsidiaries and associates. Previous transfers to the statutory reserve, excluding transfers from share premium accounts, and previous equity method reserves are included in this equity item.

**Dividend**

After the balance sheet date, the Board of Directors and Chief Executive Officer have proposed the following dividend payment. The dividend will be put forward for adoption at the Annual General Meeting on 13 March 2014.

A cash dividend of SEK 1,240,438 per share (-), totalling SEK 500,000,007 (-), calculated on the basis of the number of registered shares. The total dividend payment is calculated on the basis of the number of outstanding shares at the dividend date.

**Capital management**

Bravida aims to maintain a good capital structure and financial stability. This creates a stable foundation for the company's continued business activities, which creates opportunities to retain existing owners and attract new owners. A good capital structure should also help to ensure that relationships with the Group's creditors evolve in a way that is beneficial for all parties. Capital is defined as equity and refers to equity attributable to holders of interests in the parent company.

One of Bravida's financial targets is an equity/assets ratio (equity divided by total assets) in excess of 25 per cent. The Board deems that this level is appropriate for Bravida's operations in the service and installation markets in Sweden, Norway and Denmark. The target is a part of the Group's strategic planning. If the equity/assets ratio is expected to permanently exceed this level, capital should be transferred to the shareholders in an appropriate form. At year-end 2013, the equity/assets ratio was 49.4 per cent (55.1). The Board's ambition is to maintain a balance between a high return on equity, which can be achieved through increased leverage, and the benefits and security afforded by a higher share of equity.

In addition to regular dividend payments, special dividends may be proposed if the Board deems that funds are available that are not required for the development of the Group.

Bravida's loan agreements specify key financial performance indicators (covenants) that the Group is required to meet, which is customary for this type of loan. At year-end, Bravida was meeting these covenants by a wide margin.

## Parent company

**Restricted funds**

Restricted funds may not be reduced through the payment of dividends.

**Non-restricted equity**

Retained earnings and the profit or loss for the year make up non-restricted equity, i.e. the amount that is available for dividend payments to the shareholders.

**Retained earnings**

Retained earnings consist of retained earnings from the year plus the profit or loss less dividends paid during the year.

**Earnings per share**

| Parent company | 1 Jan 2013 -31 Dec 2013 | 1 Jan 2012 -31 Dec 2012 |
|---|---|---|
| Profit/loss for the year | -184,093 | -35,100 |
| Average number of shares before and after dilution, thousands | 403,083 | 403,083 |
| Earnings per share before and after dilution, SEK | -0.46 | -0.09 |
| Proposed dividend, SEK | 500,000,007 | – |

## NOTE 21 INTEREST-BEARING LIABILITIES

The following is a presentation of the contractual terms applying to the company's interest-bearing liabilities. For more information about the company's exposure to interest risk and the risk of changes in exchange rates, see Note 27.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| NON-CURRENT LIABILITIES | | | | |
| Bond loan | 3,312,175 | – | 3,312,175 | – |
| Bank loans | – | 2,804,000 | – | 2,804,000 |
| Other | – | 10,071 | – | – |
| | **3,312,175** | **2,814,071** | **3,312,175** | **2,804,000** |
| CURRENT LIABILITIES | | | | |
| Current bank loans | – | 50,000 | – | – |
| | **–** | **50,000** | **–** | **–** |
| Amount out of liability item that is expected to be paid within 12 months of balance sheet date. | – | 50,000 | – | – |
| Amount out of liability item that is expected to be paid later than 5 years from balance sheet date | – | – | – | – |

The liabilities are subject to certain covenants relating to the company's earnings and financial position.

See table below for covenants and repayment periods.

| | | 2013 | | | 2012 | |
|---|---|---|---|---|---|---|
| | Maturity | Nom. interest | Nom. value | Carr. amount | Nom. value | Carr. amount |
| Bank loans, SEK-denominated | 2013 | 6.3% | – | – | 50,000 | 50,000 |
| Bank loans, SEK-denominated | 2018 | 6.1% | – | – | 2,804,000 | 2,804,000 |
| Bond loan, SEK-denominated | 2019 | 6.4% | 1,300,000 | 1,300,000 | | |
| Bond loan, EUR-denominated | 2019 | 5.3% | 225,000 | 2,012,175 | | |
| Other loans | | | | – | 10,071 | 10,071 |
| **Total interest-bearing liabilities** | | | | **3,312,175** | **2,814,071** | **2,814,071** |

The liabilities are subject to certain covenants relating to the company's earnings and financial position. For more information about loans, see also Note 27, which also provides a description of derivatives related to the bond loans.

### Credit limits

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Credit limit granted | | 450,000 | 1,150,000 | 150,000 | – |
| Undrawn portion | | -450,000 | -1,100,000 | -150,000 | – |
| **Credit drawn** | | **–** | **50,000** | **–** | **–** |
| CREDIT LIMIT GRANTED, BY COUNTRY | | | | | |
| Sweden | SEK '000 | 450,000 | 1,150,000 | 150,000 | – |
| **Total credit limit granted** | **SEK '000** | **450,000** | **1,150,000** | **150,000** | **–** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**Assets pledged as collateral for liabilities to credit institutions**

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Property mortgages | 1,800 | 1,800 | – | – |
| Floating charges | 999,100 | 1,019,100 | – | – |
| Shares in subsidiaries | 15,050,030 | 8,746,153 | 3,672,582 | 3,672,582 |
| Trade receivables | 445,951 | 474,033 | – | – |
| | **16,496,881** | **10,241,086** | **3,672,582** | **3,672,582** |

For pledged assets, see also Note 29.

## NOTE 22 PROVISIONS

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| PROVISIONS THAT ARE NON-CURRENT LIABILITIES | | | | |
| Warranties | 34,602 | 37,562 | – | – |
| | **34,602** | **37,562** | **–** | **–** |
| PROVISIONS THAT ARE CURRENT LIABILITIES | | | | |
| Warranties | 34,602 | 37,562 | – | – |
| Disputes | 17,915 | 8,664 | – | – |
| Provision for vacant premises | 1,803 | 3,027 | – | – |
| Costs of restructuring | 17,240 | 19,003 | – | – |
| Provision for project losses | 10,159 | 4,864 | – | – |
| Other | 35,970 | 49,746 | – | – |
| | **117,689** | **122,866** | **–** | **–** |

| Change in provisions 2013 | Warranties | Disputes | Empty premises | Restructuring measures | Provision for project losses and other | Total |
|---|---|---|---|---|---|---|
| Carrying amount at the beginning of the year | 75,124 | 8,664 | 3,027 | 19,003 | 54,610 | 160,428 |
| Provisions made during the period | 47,165 | 16,716 | 516 | 18,107 | 72,205 | 154,709 |
| Amount used during the period | -52,339 | -7,791 | -1,838 | -19,954 | -79,357 | -161,279 |
| Provisions in acquired companies | – | – | – | – | – | – |
| Foreign exchange differences | -746 | 326 | 98 | 84 | -1,329 | -1,567 |
| **Carrying amount at end of year** | **69,204** | **17,915** | **1,803** | **17,240** | **46,129** | **152,291** |

| Change in provisions 2012 | Warranties | Disputes | Empty premises | Restructuring measures | Provision for project losses and other | Total |
|---|---|---|---|---|---|---|
| Carrying amount in acquired companies at 31 Jul | 70,289 | 6,186 | 2,008 | 7,852 | 31,197 | 117,532 |
| Provisions made during the period | 26,748 | 2,147 | 3,049 | 19,390 | 61,469 | 112,803 |
| Amount used during the period | -26,863 | – | -2,068 | -8,295 | -44,917 | -82,143 |
| Provisions in acquired companies | 4,035 | – | – | – | 6,804 | 10,839 |
| Foreign exchange differences | 915 | 331 | 38 | 56 | 57 | 1,397 |
| **Carrying amount at end of year** | **75,124** | **8,664** | **3,027** | **19,003** | **54,610** | **160,428** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Amount out of provision that is expected to be paid within 12 months. | 117,689 | 122,866 | – | – |

### Warranties

Refers to the expected cost of correcting errors and defects in respect of completed projects that occur during the warranty periods for the projects. The outflow of resources takes place during the warranty periods for the projects, which normally range from two to five years. As the effect of when payment is made is not material expected future outgoing payments are not discounted to present value.

### Disputes

The provision is based on an individual risk assessment for unresolved disputes at the balance sheet date.

### Empty premises

Linked to the restructuring and coordination of operations, a provision has been made for empty premises. Account has been taken of the possibility of sub-letting the premises or terminating the contracts prematurely.

### Restructuring measures

Restructuring measures include items such as costs for staff reductions. A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has been initiated or publicly announced. No provision is made for future operating expenses.

### Loss provision, contracts

Installation projects are accounted for in accordance with the percentage of completion method. Individual provisions are made for expected losses, i.e. when the project costs are expected to exceed the total project income.

## NOTE 23 INVOICED BUT NOT ACCRUED INCOME

| Group | 31 Dec 2013 | 31 Dec 2012 |
|---|---|---|
| Invoicing of work not yet completed | 7,146,002 | 7,003,289 |
| Accrued income from work not yet completed | -5,991,643 | -5,917,887 |
| | **1,154,359** | **1,085,402** |

Accrued income from installation projects in progress are recognised in accordance with the percentage of completion method. The degree of completion is defined as project expenditure incurred at the end of the period compared with the total project cost corresponding to the project income.

In the balance sheet, installation projects are recognised gross on a project by project basis, either as Accrued but not invoiced income in current assets or as Invoiced but not accrued income in current liabilities. Projects for which the accrued income exceeds the amount invoiced are recognised as an asset while projects for which the amount invoiced exceeds the accrued income are recognised as a liability.

## NOTE 24 OTHER LIABILITIES

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| OTHER CURRENT LIABILITIES | | | | |
| Value-added tax liability | 137,990 | 128,093 | – | – |
| Employee withholding taxes | 96,661 | 101,500 | 35 | – |
| Other | 78,114 | 89,489 | – | – |
| | **312,765** | **319,082** | **35** | **–** |

## NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| Accrued holiday pay and salaries | 668,601 | 653,974 | 154 | – |
| Accrued social security contributions | 219,385 | 222,451 | 51 | – |
| Accrued interest expenses | 11,755 | 37,187 | 7,887 | 37,187 |
| Other items | 46,714 | 58,385 | 1,125 | 5,634 |
| | **946,455** | **971,997** | **9,217** | **42,821** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

## **NOTE 26** VALUATION OF FINANCIAL LIABILITIES AT FAIR VALUE

The following table shows carrying amounts and fair values for financial instruments. For interest-bearing assets and liabilities, fair value has been determined by discounting future payment flows at the market interest rate applying at the balance sheet date. The carrying amounts of trade receivables and trade payables are deemed to be the same as the fair values. The discount rate is the market interest rate for similar instruments at the balance sheet date.

| Group 31 Dec 2013 | Loans and trade receivables | Other financial assets and liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|
| Trade receivables | 1,763,755 | – | 1,763,755 | 1,763,755 |
| Other receivables | 12,620 | – | 12,620 | 12,620 |
| **Total assets** | **1,776,375** | **–** | **1,776,375** | **1,776,375** |
| Current liabilities to credit institutions | – | 3,312,175 | 3,312,175 | 3,312,175 |
| Trade payables | – | 964,096 | 964,096 | 964,096 |
| **Total liabilities** | **–** | **4,276,271** | **4,276,271** | **4,276,271** |

| Group 31 Dec 2012 | Loans and trade receivables | Other financial assets and liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|
| Trade receivables | 1,900,830 | – | 1,900,830 | 1,900,830 |
| Other receivables | 9,168 | – | 9,168 | 9,168 |
| Short-term investments and restricted funds | 3,072 | – | 3,072 | 3,072 |
| **Total assets** | **1,913,070** | **–** | **1,913,070** | **1,913,070** |
| Non-current liabilities to credit institutions | – | 2,804,000 | 2,804,000 | 2,804,000 |
| Overdraft facilities | – | 50,000 | 50,000 | 50,000 |
| Trade payables | – | 1,085,402 | 1,085,402 | 1,085,402 |
| Other liabilities | – | 10,071 | 10,071 | 10,071 |
| **Total liabilities** | **–** | **3,949,473** | **3,949,473** | **3,949,473** |

| Parent company 31 Dec 2013 | Loans and trade receivables | Other financial assets and liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|
| Current receivables from Group companies | – | 2,953,010 | 2,953,010 | 2,953,010 |
| **Total assets** | **–** | **2,953,010** | **2,953,010** | **2,953,010** |
| Non-current liabilities to credit institutions | – | 3,312,175 | 3,312,175 | 3,312,175 |
| Current liabilities to Group companies | – | 62,830 | 62,830 | 62,830 |
| Trade payables | – | 3,259 | 3,259 | 3,259 |
| **Total liabilities** | **–** | **3,378,264** | **3,378,264** | **3,378,264** |

| Parent company 31 Dec 2012 | Loans and trade receivables | Other financial assets and liabilities | Total carrying amount | Fair value |
|---|---|---|---|---|
| Non-current receivables from Group companies | | 341,881 | 341,881 | 341,881 |
| Current receivables from Group companies | – | 2,307,225 | 2,307,225 | 2,307,225 |
| **Total assets** | **–** | **2,649,106** | **2,649,106** | **2,649,106** |
| Current liabilities to credit institutions | – | 2,804,000 | 2,804,000 | 2,804,000 |
| **Total liabilities** | **–** | **2,804,000** | **2,804,000** | **2,804,000** |

## NOTE 27 FINANCIAL RISKS AND FINANCIAL POLICIES

**Financial risks and financial policies**

Through its operations the Group is exposed to various types of financial risk. Financial risks refer to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, and refinancing and credit risks. The Group's financial management is governed by the applicable financial policy, which is adopted by Bravida's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for the company's financial activities. The central Accounting & Finance support function is responsible for coordinating the Group's financial activities. The general goal for the Accounting & Finance function is to provide cost-effective financing and to minimise negative effects on the Group's earnings that derive from financial risks.

**Market risk**

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate as a result of changes in market prices. The Group's main market risks are interest risk and currency risk.

**Interest risk**

Interest risk is the risk that the Group's future earnings and cash flow will be negatively affected by changes in interest rates. The Group is primarily exposed to interest risk through cash and cash equivalents and through interest-bearing liabilities. The average fixed-rate period for all interest-bearing assets was 0 years (0). The interest rate for these at year-end was 0.6 per cent (0.8). Of the Group's total interest-bearing financial assets, 0 per cent (0) have fixed interest rates and 100 per cent (100) have variable interest rates.

The average fixed-rate period for all interest-bearing liabilities, taking derivatives into account and excluding pension liabilities, was 5 years (0). The interest rate for interest-bearing liabilities at year-end was 5.7 per cent (6.1). Taking derivatives into account, the interest rate was 7.2 per cent (6.1). Of total interest-bearing financial liabilities, after taking derivatives into account, 76 per cent (-) have fixed interest rates and 24 per cent (-) have variable interest rates. In order to limit the risk, the Group has entered into interest rate swaps with a nominal value of SEK 2,520 million (-). A net amount of SEK 2,520 million (-) of the Group's borrowing has been swapped from variable to fixed interest rates. Bravida applies hedge accounting to these hedging instruments. In addition to the interest rate swaps, Bravida has entered into interest rate options with an interest rate ceiling. The portion relating to the time value is recognised in the net financial expense, while hedge accounting is applied to the remaining portion. The fair value of these hedges at 31 December 2013 was SEK 43 million (0). The hedges fulfil the effectiveness requirements, which means that unrealised gains and losses are recognised in other comprehensive income.

A one percentage point change in the market interest rate over the entire interest rate curve would change the fair value of interest-bearing financial assets and liabilities, as well as derivatives, by around SEK 1 million (-), given the same volume and fixed-interest period as at 31 December 2013.

**Currency risk**

Currency risk is defined as the risk that changes in exchange rates will have a negative impact on the consolidated income statement and cash flow. This risk can be divided into transaction exposure, i.e. the net operating and financial (interest/repayments) flows, and translation exposure, which relates to net investments in foreign subsidiaries.

Bravida's transaction exposure is low, as both sales and purchases are largely made in local currency. Translation exposure arises when assets and liabilities are denominated in different currencies, and when the results and net assets of foreign subsidiaries are translated to Swedish kronor. For the Group, translation risks arise in the subsidiaries in Norway and Denmark, as well as in the form of borrowings in foreign currencies. Assets and liabilities in foreign currencies are translated at closing rates. In order to limit the risk, the Group has entered into currency swaps for borrowings in foreign currencies with a nominal value of SEK 1,938 million (-). A net amount of SEK 1,938 million (-) of the Group's borrowing in foreign currency has been swapped from foreign currency to Swedish kronor and Norwegian kroner. The fair value of these hedges at 31 December 2013 was SEK 15 million (-).
The fair value of the currency loans is SEK 2,012 million (-).

Bravida applies hedge accounting to the currency swaps that are in SEK. The hedges fulfil the effectiveness requirements, which means that unrealised gains and losses are recognised in other comprehensive income. If the Swedish krona were to fall/rise by 10 per cent against other currencies, this would have an effect of SEK +/-37 million, after taking hedges into account.

**Liquidity risks**

Liquidity risk is the risk that the Group will face problems meeting its obligations associated with financial liabilities. The Group has a rolling one-month liquidity planning system that covers all units in the Group. The plans are updated continually. The Group's forecasts also comprise medium-term liquidity planning. Liquidity planning is used to manage liquidity risk and the costs of funding the Group. The goal is to ensure that the Group is able to meet its financial obligations regardless of economic climate without incurring significant unforeseen expenses. Liquidity risk throughout the Group is managed by the central Finance & Accounting department.

### Financial liabilities

**Bond loan**

Bravida's basic funding arrangement was restructured in 2013. The Group issued two bond loans during the year, one for SEK 1,300 million and one for SEK 225 million. The bond loans mature at 15 June 2019. This issue enabled existing bank loans of SEK 2,804 million to be paid off. The bond loans are subject to interest rates tied to the 3-month STIBOR
and EURIBOR respectively.

**Credit facilities**

The issue of these bonds also enabled the restructuring of other credit facilities. In addition to the bond loans, the Group has an overdraft facility of SEK 300 million (300) linked to the Group's cash pool, as well as a revolving facility of SEK 150 million (450).

The loan agreements specify key financial performance indicators (covenants) that the Group is required to meet, which is customary for this type of loan.

At year-end, Bravida was meeting these covenants by a good margin.

The total credit granted, including unused overdraft facilities, was SEK 450 million (750) at 31 December 2013. Of the total credit granted, SEK 0 million (50) was utilised. The total credit granted is SEK 450 (750). The Group was not utilising its credit facilities at year-end. The fixed-rate period for utilised credit last year was 0 months. The remaining term for unused credit was 66 months (55), and for total credit granted was 66 months (55).

**Maturity structure of financial liabilities**

| Group 31 Dec 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Loans | – | – | – | – |
| Overdraft facilities | – | – | – | – |
| Trade payables | 964,096 | – | – | – |
| Other liabilities | – | – | – | – |
| **Total** | **964,096** | **–** | **–** | **–** |

| Group 31 Dec 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| Loans | 2,804,000 | – | – | – |
| Overdraft facilities | 50,000 | – | – | – |
| Trade payables | 1,085,402 | – | – | – |
| Other liabilities | 10,071 | – | – | – |
| **Total** | **3,949,473** | **–** | **–** | **–** |

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

| Parent company 31 Dec 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Loans | – | – | – | – |
| Overdraft facilities | – | – | – | – |
| Trade payables | 3,259 | – | – | – |
| Other liabilities | – | – | – | – |
| **Total** | **3,259** | **–** | **–** | **–** |

| Parent company 31 Dec 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| Loans | 2,804,000 | – | – | – |
| Overdraft facilities | – | – | – | – |
| Trade payables | – | – | – | – |
| Other liabilities | – | – | – | – |
| **Total** | **2,804,000** | **–** | **–** | **–** |

### Credit facilities

| Group 31 Dec 2013 | Nominal | Drawn | Available |
|---|---|---|---|
| Bond loan, SEK | 1,300,000 | 1,300,000 | – |
| Bond loan, EUR | 2,012,175 | 2,012,175 | – |
| Revolving facilities | 150,000 | – | 150,000 |
| Overdraft facilities | 300,000 | – | 300,000 |
| Cash and cash equivalents | 837,517 | – | 837,517 |
| **Liquidity reserve** | **4,599,692** | **3,312,175** | **1,287,517** |

| Group 31 Dec 2012 | Nominal | Drawn | Available |
|---|---|---|---|
| Bank loans | 2,804,000 | 2,804,000 | – |
| Revolving facilities | 450,000 | 50,000 | 400,000 |
| Overdraft facilities | 300,000 | – | 300,000 |
| Cash and cash equivalents | 96,635 | – | 96,635 |
| **Liquidity reserve** | **3,650,635** | **2,854,000** | **796,635** |

### Fixed-rate period for used credits 31 Dec 2013

| | Amount | Average effective interest rate, % | Share, % |
|---|---|---|---|
| 2014 | 3,312,175 | 5.70 | 100 |
| **Total** | **3,312,175** | **5.70** | **100** |

### Fixed-rate period for used credits 31 Dec 2012

| | Amount | Average effective interest rate, % | Share, % |
|---|---|---|---|
| 2013 | 2,854,000 | 6.10 | 100 |
| **Total** | **2,854,000** | **6.10** | **100** |

### Exposure of net assets in foreign currency

The translation exposure that arises through investments in foreign net assets is not hedged.

### Foreign net assets

| | Group | |
|---|---|---|
| **Local currency** | **31 Dec 2013** | **31 Dec 2012** |
| NOK | 453,037 | 332,639 |
| DKK | 172,651 | 151,467 |

A 10 per cent strengthening of the Norwegian krone at 31 December 2013 would have a positive translation effect on equity of SEK 48 million. The same increase in the value of the Danish krone would have a positive translation effect on equity of SEK 21 million. The effects of the corresponding exchange rate changes on profit for the year are limited. The foreign exchange difference for the year in comprehensive income was SEK -18 million (18).

### Commercial exposure

International purchases and sales of goods and services in foreign currencies are limited in scope but can be expected to increase as the Group expands and in response to mounting competition in respect of purchasing of goods and services.

### Credit risk

Credit risk refers to the risk of losing money due to the inability of a counterparty to meet its obligations.

### Credit risks in financing activities

The credit risk in the Group's financing activities is very small, as Bravida only concludes agreements with counterparties with the highest creditworthiness. Credit risks refer mainly to counterparty risks in connection with receivables from banks and other counterparties. The Group's financial policy contains a set of counterparty regulations specifying maximum credit exposures for different counterparties. The estimated gross exposure to counterparty risk in respect of cash and cash equivalents and short-term investments was SEK 838 million (100).

### Credit risks in trade receivables

The risk that the company's customers will fail to fulfil their obligations, i.e. that the company will not receive payment from its customers, constitutes a customer credit risk. Credit losses are normally small thanks to the very large number of projects and customers, which are invoiced regularly during the period of production. Before a project is initiated, the credit risk of the customer is assessed, whereby information about the customer's financial position is obtained from various credit information companies. The Group has adopted a credit policy for the management of customer credits. The policy states, among other things, where decisions should be made on credit limits of various sizes and how doubtful receivables should be handled. A bank guarantee or other security is required for customers with low creditworthiness or an insufficient credit history. The maximum credit exposure is stated in the consolidated balance sheet. Total credit losses were SEK -25.5 million (59). There was no significant concentration of credit risks at the balance sheet date.

Based on historical data, the Group makes the assessment that no impairment of trade receivables that are not yet due had occurred at the balance sheet date.

### Trade receivables past due but not impaired

| | Group | |
|---|---|---|
| **Carrying amount, not impaired receivables** | **31 Dec 2013** | **31 Dec 2012** |
| Trade receivables not yet due | 1,529,274 | 1,444,703 |
| Trade receivables past due 1–15 days | 131,820 | 336,179 |
| Trade receivables past due 16–30 days | 25,122 | 42,438 |
| Trade receivables past due 31–60 days | 24,038 | 34,050 |
| Receivables past due > 60 days | 123,006 | 144,757 |
| **Total** | **1,833,260** | **2,002,127** |

| | Group | |
|---|---|---|
| **Impaired trade receivables** | **31 Dec 2013** | **31 Dec 2012** |
| Opening balance | -101,257 | -47,513 |
| Change for the year | 31,751 | -53,744 |
| **Closing balance** | **69,506** | **-101,257** |

In other financial receivables there are no past due receivables.

| | Group | |
|---|---|---|
| **Sensitivity analysis** | **Change +- %** | **Effect on earnings before tax +- SEKm** |
| Sales | 1% | 6 |
| Operating margin | 1 % point | 111 |
| Payroll costs | 1% | 50 |
| Materials and subcontractors | 1% | 44 |
| Share productive installer time | 1 % point | 59 |
| Interest rate on loans | 1 % point | 8 |
| Exchange rate DKK | 10% | 7 |
| Exchange rate NOK | 10% | 7 |

### **NOTE 28** LEASE PAYMENTS UNDER OPERATING LEASES

| | Group | | Parent company | |
|---|---|---|---|---|
| | **1 Jan 2013 -31 Dec 2013** | **1 Aug 2012 -31 Dec 2012** | **1 Jan 2013 -31 Dec 2013** | **1 Aug 2012 -31 Dec 2012** |
| ASSETS HELD UNDER OPERATING LEASES | | | None | None |
| Minimum lease payments | 180,217 | 79,722 | – | – |
| Variable payments | – | – | – | – |
| **Total lease costs** | **180,217** | **79,722** | **–** | **–** |
| BREAKDOWN OF LEASE PAYMENTS BY AGREEMENT | | | | |
| Lease payments, vehicles | 176,820 | 78,638 | – | – |
| Lease payments, IT | 93 | 114 | – | – |
| Lease payments, other | 3,304 | 970 | – | – |
| **Total lease costs** | **180,217** | **79,722** | **–** | **–** |
| FUTURE LEASE COMMITMENTS | | | | |
| Nominal value of future minimum lease payments relating to non-cancellable contracts fall due for payment: | | | | |
| - Within 1 year | 124,095 | 118,785 | – | – |
| - Between 1 and 5 years | 165,458 | 183,399 | – | – |
| - After 5 years | – | 1,127 | – | – |
| | **289,553** | **303,311** | **–** | **–** |
| FUTURE COMMITMENTS, RENT FOR PREMISES | | | | |
| Nominal value of future commitments in respect of rent for premises fall due for payment: | | | | |
| - Within 1 year | 107,751 | 96,048 | – | – |
| - Between 1 and 5 years | 215,564 | 201,342 | – | – |
| - After 5 years | 5,270 | 12,159 | – | – |
| | **328,585** | **309,549** | **–** | **–** |

Cars, office equipment and IT equipment are classified as operating leases. In Sweden, Norway and Denmark, Bravida has framework agreements covering operating leases for cars and related administrative services. The terms of the leases normally range from three to five years. The purchase of leased objects and the extension of leases require a separate agreement.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**NOTE 29** PLEDGED ASSETS AND CONTINGENT LIABILITIES

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31 Dec 2013** | **31 Dec 2012** | **31 Dec 2013** | **31 Dec 2012** |
| PLEDGED ASSETS | | | | |
| **For own liabilities and provisions** | | | | |
| Property mortgages | 1,800 | 1,800 | – | – |
| Floating charges | 999,100 | 1,019,100 | – | – |
| Shares in subsidiaries | 15,884,439 | 8,746,153 | 3,672,582 | 3,672,582 |
| Funds, endowment policies | 37,891 | 40,535 | – | – |
| | **16,923,230** | **9,807,588** | **3,672,582** | **3,672,582** |
| CONTINGENT LIABILITIES | | | | |
| **For own liabilities and provisions** | | | | |
| Guarantee commitments, FPG/PRI | 21,004 | 20,253 | – | – |
| Guarantee commitments, for Group companies | – | – | 1,050,194 | – |
| | **21,004** | **20,253** | **1,050,194** | **None** |

Bravida Holding AB has acted as guarantor for Bravida Sverige AB's pension liabilities, which in turn are guaranteed by PRI. At the same time, Bravida Sverige AB has a pension fund containing assets of SEK 1,200,039,000, which more than covers the liability.

## NOTE 30 RELATED PARTIES

The Group is under a controlling influence from Bravissima (BC) LuxCo S.C.A. (Luxemburg), the parent company of Bravissima Sweden AB.

During 2012, funds represented by the private equity firm Bain Capital Europe acquired Bravida from Triton. The transfer of ownership took place on 31 July 2012, following approval of the transfer by the EU Competition Authority. In view of their influence, transactions with the following companies are regarded as related-party transactions.

Until 31 July 2012, the Group was under a significant influence from Triton Fund II. This fund is managed by Triton Managers II Limited. In view of their influence, transactions with the following companies are regarded as related-party transactions.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2012 |
| TRANSACTIONS WITH BAIN CAPITAL PARTNERS LLC | | | | |
| Purchases from Bain Capital Partners LLC | – | 64,129 | – | – |
| TRANSACTIONS WITH PG ADVISORS SWEDEN AB | | | | |
| Purchases from PG Advisors Sweden AB | 15,211 | – | – | – |
| TRANSACTIONS WITH BRAVIDA INSTALLATION OCH SERVICE AB | | | | |
| Interest received from Bravida Installation och Service AB | – | – | 91,873 | 111,881 |
| Group contribution made to Bravida Installation och Service AB | – | – | -324,424 | – |
| Receivable from Bravida Installation och Service AB | – | – | 1,990,354 | 2,649,106 |
| TRANSACTIONS WITH BRAVIDA AB | | | | |
| Sales to Bravida AB | – | – | 1,000 | – |
| Interest received from Bravida AB | – | – | – | 4,476 |
| Group contribution made to Bravida AB | – | – | -63,448 | – |
| Liability to Bravida AB | – | – | -62,830 | – |
| TRANSACTIONS WITH BRAVIDA SVERIGE AB | | | | |
| Group contribution received from Bravida Sverige AB | – | – | 388,515 | – |
| Receivable from Bravida Sverige AB | – | – | 388,515 | – |
| TRANSACTIONS WITH BRAVIDA NORGE HOLDING AS | | | | |
| Interest received from Bravida Norge Holding AS | – | – | 22,506 | – |
| Receivable from Bravida Norge Holding AS | – | – | 574,140 | – |
| TRANSACTIONS WITH TRITON ADVISORS LTD. | | | | |
| Purchases from Triton Advisors Ltd. | – | 185 | – | 185 |
| TRANSACTIONS WITH WEST PARK MANAGEMENT SERVICES LTD | | | | |
| Purchases from West Park Management Services Ltd | – | 559 | – | 559 |

In addition to the related-party relationships indicated for the Group, the parent company has related-party relationships involving a controlling influence with its subsidiaries. See Note 31.

**Senior executives**

For information on salaries and other compensation, expenses and obligations in respect of pensions and similar benefits, and agreements on severance pay for the Board of Directors, Chief Executive Officer and other senior executives, see Note 5.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**NOTE 31** INTERESTS IN GROUP COMPANIES

| | Parent company | |
|---|---|---|
| | **31 Dec 2013** | **31 Dec 2012** |
| ACCUMULATED COST | | |
| At beginning of year | 3,672,582 | – |
| Purchases | – | 3,672,582 |
| **Carrying amount at end of period** | **3,672,582** | **3,672,582** |

Bravida Holding AB owns shares directly in Bravida Installation och Service AB. The other subsidiaries listed below are indirectly owned.

**Specification of interests in Group companies**

| | | | | **31 Dec 2013** |
|---|---|---|---|---|
| **Subsidiary / Reg.no. / Regd office** | | **No. of shares** | **Share, %** [1] | **Carrying amount** |
| Bravida Installation och Service AB, 556892-0705, Stockholm | | 456,832,121 | 100.0 | 3,672,582 |
| Bravida AB, 556713-6519, Stockholm | | 1,012,429,900 | 100.0 | 7,341,332 |
| Bravida Sverige AB, 556197-4188, Stockholm | | 20,000 | 100.0 | 2,543,983 |
| Bravida Prenad AB, 556454-1315, Malmö | | 50,000 | 100.0 | 73,044 |
| Bravida Säkerhet AB, 556193-1832, Stockholm | | 5,100 | 100.0 | 14,961 |
| Erfator Projektledning AB, 556401-7795, Kista | | 1,000 | 100.0 | 9,072 |
| C2M Sprinkler AB, 556684-9021, Mark | | 2,100 | 70.0 | 16,827 |
| Rörspecialisten i Stockholm AB, 556353-5227, Stockholm | | 1,000 | 100.0 | 46,624 |
| Bravida Service Mellersta AB, 556181-4020, Norrköping | | 1,000 | 100.0 | 160 |
| E/S Intressenter AB, 556564-6741, Skellefteå | | 1,000 | 100.0 | 14,828 |
| E/S Elconsult AB, 556311-0633, Skellefteå | | 1,000 | 100.0 | 432 |
| E/S Installation AB, 556306-0838, Skellefteå | | 1,000 | 100.0 | 415 |
| E/S Styromatic AB, 556111-9248, Skellefteå | | 1,000 | 100.0 | 1,028 |
| Juhl Air Control AB, 556308-0356, Kävlinge | | 2,000 | 100.0 | 229 |
| Appelgrens Elektriska Mölndal AB, 556296-9435, Mölndal | | 30,000 | 100.0 | 361 |
| Byggnadsaktiebolaget Konstruktör, 556012-3670, Stockholm | | 1,485,417,130 | 100.0 | 553,010 |
| Bravida El Stockholm AB, 556439-4681, Stockholm | | 30,000 | 100.0 | 58,727 |
| Styltsnäppan AB, 556181-0812, Stockholm | | 9,500 | 100.0 | 1,140 |
| | | | | |
| Bravida Danmark A/S, 14769005, Brøndby, Denmark | | 4 | 100.0 | 260,859 |
| Selskabet av 7 oktober 2003 ApS, 10035422, Brøndby, Denmark | DKK '000 | 2,211 | 100.0 | 2,797 |
| | | | | |
| Bravida Norge Holding AS, 998 121 221, Oslo, Norway | | 30 | 100.0 | 320,035 |
| Bravida AS, 982 281 024, Oslo, Norway | NOK '000 | 500,001 | 100.0 | 788,678 |
| Bravida Norge AS, 987 582 561, Oslo, Norway | NOK '000 | 10,796,137 | 100.0 | 246,688 |
| Ing. Mosness Norstad AS, 974 445 158, Drammen, Norway | NOK '000 | 1,000 | 91.0 | 13,644 |
| El Team Drift AS, 981 402 561, Bodø, Norway | NOK '000 | 1,000 | 91.0 | 8,532 |

1) Refers to the ownership share of the capital, which is also consistent with the share of voting rights for the total number of shares.

| | | | | 31 Dec 2012 |
|---|---|---|---|---|
| **Subsidiary / Reg.no. / Regd office** | | **No. of shares** | **Share, % [1]** | **Carrying amount** |
| Bravissima Acquisitions AB, 556892-0705, Stockholm | | 456,832,121 | 100.0 | 3,672,582 |
| Scandinavian Installation Refi AB, 556012-3670, Stockholm | | 1,485,417,130 | 100.0 | 4,269,978 |
| Scandinavian Installation Acquisition AB, 556713-6519, Stockholm | | 1,012,429,900 | 100.0 | 3,624,364 |
| Bravissima AS, 998 121 221, Oslo, Norway | | 30 | 100.0 | 34 |
| Bravida AB,556713-6535, Stockholm | | 51,313,833 | 100.0 | 1,318,929 |
| Bravida Sverige AB, 556197-4188, Stockholm | | 20,000 | 100.0 | 2,543,983 |
| Bravida Prenad AB, 556454-1315, Malmö | | 50,000 | 100.0 | 73,044 |
| Bravida Säkerhet AB, 556193-1832, Stockholm | | 5,100 | 100.0 | 14,961 |
| Erfator Projektledning AB, 556401-7795, Kista | | 1,000 | 100.0 | 9,072 |
| Ferax Projektstyrning AB, 556722-6500, Stockholm | | 500,000 | 100.0 | 2,320 |
| C2M Sprinkler AB, 556684-9021, Mark | | 2,100 | 70.0 | 16,827 |
| Bravida Service Mellersta AB, 556181-4020, Norrköping | | 1,000 | 100.0 | 160 |
| E/S Intressenter AB, 556564-6741, Skellefteå | | 1,000 | 100.0 | 14,828 |
| E/S Elconsult AB, 556311-0633, Skellefteå | | 1,000 | 100.0 | 432 |
| E/S Installation AB, 556306-0838, Skellefteå | | 1,000 | 100.0 | 415 |
| E/S Styromatic AB, 556111-9248, Skellefteå | | 1,000 | 100.0 | 1,028 |
| Juhl Air Control AB, 556308-0356, Kävlinge | | 2,000 | 100.0 | 5,905 |
| Appelgrens Elektriska Mölndal AB, 556296-9435, Mölndal | | 30,000 | 100.0 | 3,087 |
| Sandsnäppan AB, 556702-2412, Stockholm | | 1,001 | 100.0 | 100 |
| Styltsnäppan AB, 556181-0812, Stockholm | | 9,500 | 100.0 | 1,140 |
| Bravida El Stockholm AB, 556439-4681, Stockholm | | 30,000 | 100.0 | 58,727 |
| Bravida Danmark A/S, 14769005, Brøndby, Denmark | | 4 | 100.0 | 260,859 |
| Selskabet av 7 oktober 2003 ApS, 10035422, Brøndby, Denmark | DKK '000 | 2,211 | 100.0 | 2,797 |
| Bravida AS, 982 281 024, Oslo, Norway | | 500,001 | 100.0 | 578,322 |
| Bravida Norge AS, 987 582 561, Oslo, Norway | NOK '000 | 10,796,137 | 100.0 | 246,688 |
| A Halvorsen & Sønn AS, 870 999 402, Lilleström, Norway | NOK '000 | 1,000 | 100.0 | 15,000 |
| Aug Larsen AS, 913 760 301, Oslo, Norway | NOK '000 | 1,000 | 100.0 | 6,000 |

1) Refers to the ownership share of the capital, which is also consistent with the share of voting rights for the total number of shares.

AMOUNTS IN SEK THOUSANDS UNLESS OTHERWISE STATED

**NOTE 32** STATEMENT OF CASH FLOWS

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| **SEK millions** | **Note** | **1 Jan 2013 -31 Dec 2013** | **8 Aug 2012 -31 Dec 2012** | **1 Jan 2013 -31 Dec 2013** | **25 April 2012 -31 Dec 2012** |
| INTEREST PAID AND DIVIDEND RECEIVED | | | | | |
| Dividend received | | – | – | – | – |
| Interest received | | 56 | 1 | 55 | – |
| Interest paid | | -330 | -74 | -254 | -65 |
| ADJUSTMENTS FOR NON-CASH ITEMS, ETC. | | | | | |
| Depreciation/amortisation and impairment of assets | 7, 10 | 13 | 6 | – | – |
| Unrealised foreign exchange differences | | 43 | – | 87 | – |
| Realised foreign exchange differences | | 61 | – | – | – |
| Hedge accounting in net financial expense | | -75 | – | – | – |
| Capital gain/loss on sale of operations/subsidiaries | | – | 33 | – | – |
| Pension provisions | | 37 | 18 | – | – |
| Change in provisions | | -6 | 33 | – | – |
| | | **73** | **89** | **87** | **–** |
| UNUSED CREDITS | | | | | |
| Unused credit facilities were: | 22 | 450 | 1,100 | 150 | – |

**NOTE 33** EVENTS AFTER THE BALANCE SHEET DATE

On 11 February, Bravida Holding AB adopted a plan for a merger with subsidiary Bravida Installation och Service AB.

The dissolution of Bravida Installation och Service AB is scheduled to take place within 3 months of the adoption of the merger plan.

**NOTE 34** SIGNIFICANT ESTIMATES AND ASSESSMENTS

The following is a description of certain significant accounting estimates and assessments that have been made in applying the Group's accounting policies.

**Percentage of completion accounting**

Reported earnings for installation projects in progress are accounted for in accordance with the percentage of completion method based on the degree of completion of the project. Use of this method requires that project income and project expenses can be reliably measured, which in turn requires a well-functioning system for cost estimates, forecasting procedures and project review. Forecasts relating to the final outcome for the project are a critical assessment that is material to the reporting of earnings during the course of the project. There is a risk that the final earnings for the project may differ from earnings as reported in accordance with the percentage of completion method.

**Impairment tests of goodwill**

In estimating recoverable amounts for cash-generating units for the purpose of testing for impairment of goodwill, several assumptions about future circumstances and estimates of parameters have been made. These are described in Note 16.

**Pension assumptions**

Management has assumed that the return on plan assets will exceed the discount rate by one percentage point, as this is the average return achieved over the last three years. To the extent that the actual return in 2014 deviates significantly from the expected long-term return, actuarial gains or losses could have a significant impact on the reported liability for defined benefit pensions. Similarly, deviations and changes to assumptions in respect of the calculation of the pension liability could have significant effects on the reported value of the net liability.

**NOTE 35** INFORMATION ABOUT THE PARENT COMPANY

Bravida Holding AB is a Swedish-registered limited liability company with its registered office in Stockholm. The address of the head office is Mikrofonvägen 28, SE-126 81 Stockholm.

The consolidated financial statements for 2013 comprise the parent company and its subsidiaries, which are jointly referred to as "the Group". The Group also includes the owned portion of interests in associates.

The Board of Directors and Chief Executive Officer warrant that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements give a true and fair view of the parent company's and Group's financial positions and results. The Directors' Report for the parent company and Group gives a true and fair overview of the development of the parent company's and Group's activities, their financial positions and results, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 13 March 2014

**Michael Siefke**
Chairman of the Board

**Jay Corrigan**
Director

**Jan Johansson**
Director

**Michel Plantevin**
Director

**Marc Valentiny**
Director

**Ivano Sessa**
Director

**Staffan Påhlsson**
Chief Executive Officer

**Jan-Erik Arvidsson**
Employee representative

**Kai-Otto Helmersen**
Employee representative

**Anders Mårtensson**
Employee representative

**Peter Sjöquist**
Employee representative

Our audit report was submitted on 13 March 2014.
KPMG AB

**Per Gustafsson**
Authorised Public Accountant

As stated above, the annual accounts and consolidated financial statements were approved for release by the Board of Directors on 13 March 2014. The consolidated statement of comprehensive income and balance sheet and the parent company income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 13 March 2014.

# AUDIT REPORT

To the Annual General Meeting of Bravida Holding AB, reg. no. 556891-5390

KPMG

## Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and consolidated financial statements for Bravida Holding AB for 2013.

### The Board of Directors' and Chief Executive Officer's responsibility for the annual accounts and consolidated financial statements

Responsibility for preparing annual accounts which give a true and fair view pursuant to the Swedish Annual Accounts Act and consolidated financial statements which give a true and fair view pursuant to the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and Chief Executive Officer deem necessary for the purpose of preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to irregularities or error, rests with the Board of Directors and Chief Executive Officer.

### The auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we observe professional ethical standards and conduct our audit with the aim of obtaining a reasonable degree of certainty that the annual accounts are free of material misstatement.

An audit involves obtaining, through various actions, audit evidence of the accuracy of amounts and other information contained in the annual accounts and consolidated financial statements. The auditor decides which actions to take, partly by assessing the risks of material misstatements in the annual accounts and consolidated financial statements, whether due to irregularities or errors. In this risk assessment, the auditor considers those aspects of the internal control that are relevant for how the company prepares its annual accounts and consolidated financial statements with the aim of giving a true and fair view for the purpose of devising auditing actions that are appropriate in view of the circumstances, but not for the purpose of expressing an opinion on the efficacy of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting principles employed and the reasonableness of the estimates used by the Board of Directors and Chief Executive Officer in preparing the accounts as well as an evaluation of the general presentation in the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

### Opinion

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and give an essentially true and fair view of the parent company's financial position at 31 December 2013 and of its financial results and cash flows for the year in accordance with the Annual Accounts Act, and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and give an essentially true and fair view of the Group's financial position at 31 December 2013 and of its results and cash flows in accordance with the International Financial Reporting Standards, as adopted by the EU, and with the Annual Accounts Act. The Directors' Report accords with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the parent company income statement and balance sheet and the consolidated statement of comprehensive income and balance sheet.

## Report on other statutory and regulatory requirements

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the proposed appropriation of the company's profit or loss and the Board of Directors' and Chief Executive Officer's administration of Bravida Holding AB for 2013.

### The Board of Directors' and Chief Executive Officer's responsibility

Under the Swedish Companies Act, responsibility for the proposal for appropriation of the company's profit or loss rests with the Board of Directors, and responsibility for the administration rests with the Board of Directors and Chief Executive Officer.

### The auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposal for appropriation of the company's profit, we have examined the Board of Directors' reasoned opinion and a selection of evidence for this in order to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our statement on release from liability, we have, in addition to our audit of the annual accounts and consolidated financial statements, examined significant decisions, actions and circumstances of the company in order to be able to determine the liability, if any, to the company of any Director or of the Chief Executive Officer. We have also examined whether any Director or the Chief Executive Officer has in any other way acted in violation of the Swedish Companies Act, the Annual Accounts Act or the company's articles of association.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

### Opinion

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and grant release from liability to the members of the Board of Directors and Chief Executive Officer in respect of the financial year.

Stockholm, 13 March 2014
KPMG AB

Per Gustafsson
Authorised Public Accountant

# BOARD OF DIRECTORS BRAVIDA HOLDING AB

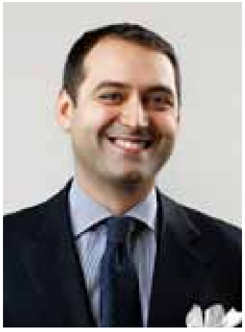
### MICHAEL SIEFKE
Partner, Bain Capital
Role on the Board: Chairman
Elected to the Board: 2012
Year of birth: 1967

### JAY CORRIGAN
CFO, Bain Capital
Role on the Board: Director
Elected to the Board: 2013
Year of birth: 1977

### JAN JOHANSSON
CEO, Malmö Cityfastigheter
Role on the Board: Director
Elected to the Board: 2013
Year of birth: 1959

### MICHEL PLANTEVIN
Partner, Bain Capital
Role on the Board: Director
Elected to the Board: 2012
Year of birth: 1956

### MARC VALENTINY
Partner, Bain Capital
Role on the Board: Director
Elected to the Board: 2012
Year of birth: 1964



### IVANO SESSA
Principal, Bain Capital
Role on the Board: Director
Elected to the Board: 2012
Year of birth: 1977

## EMPLOYEE REPRESENTATIVES

### JAN-ERIK ARVIDSSON
Title/profession: Electrician – The Swedish Electricians' Union
Elected to the Board: 2007
Year of birth: 1950

### KAI-OTTO HELMERSEN
Title/profession: Electrical fitter – The Norwegian Electricians Union (EL & IT)
Elected to the Board: 2012
Year of birth: 1973

### ANDERS MÅRTENSSON
Title/profession: Plumber – The Swedish Building Workers' Union (Byggnads i Sverige)
Elected to the Board: 2007
Year of birth: 1965

### PETER SJÖQUIST
Title/profession: Project Manager/ Technician – Ledarna i Sverige
Elected to the Board: 2007
Year of birth: 1957

# BRAVIDA'S SENIOR MANAGEMENT

From the left: Petter Håkanson, Anders Ahlquist, Mikael Lidström, Lars Korduner, Peter Hedlin, Magnus Liljefors, Staffan Påhlsson, Filip Bjurström, Bent Andersen, Mattias Johansson.

### STAFFAN PÅHLSSON
Chief Executive Officer and Group President
Year of birth: 1952
Year of employment: 1980

### ANDERS AHLQUIST
Head of Division South
Year of birth: 1966
Year of employment: 2008

### LARS KORDUNER
Chief Purchasing Officer
Year of birth: 1966
Year of employment: 2005

### PETER HEDLIN
Interim Chief Financial Officer
Year of birth: 1956
Year of employment: 2013

### MATTIAS JOHANSSON
Head of Division Norway
Year of birth: 1973
Year of employment: 1998

### MAGNUS LILJEFORS
Chief Legal Officer
Year of birth: 1963
Year of employment: 2005

### MIKAEL LIDSTRÖM
Head of Division North
Year of birth: 1966
Year of employment: 1995-2006, 2013

### BENT ANDERSEN
Head of Division Denmark
Year of birth: 1961
Year of employment: 2003

### FILIP BJURSTRÖM
Head of Division Stockholm
Year of birth: 1969
Year of employment: 2009

### PETTER HÅKANSON
Head of Business Development, IT and Communications
Year of birth: 1967
Year of employment: 2005

# MULTI-YEAR REVIEW

| Income statement items | 2013 | 2012* | 2011* | 2010* | 2009* |
|---|---|---|---|---|---|
| Net sales | 11,080 | 11,400 | 10,768 | 10,345 | 10,831 |
| Costs of production | -8,856 | -9,164 | -8,573 | -8,205 | -8,507 |
| **Gross profit/loss** | **2,224** | **2,236** | **2,195** | **2,140** | **2,324** |
| Administrative and selling expenses | -1,624 | -1,633 | -1,531 | -1,519 | -1,779 |
| **Earnings before goodwill amortisation (EBITA)** | **600** | **604** | **664** | **621** | **545** |
| Disposal of activities | | -33 | | | |
| Amortisation and write-down intangible assets | 0 | -1 | 0 | – | -9 |
| **Operating profit/loss (EBIT)** | **600** | **570** | **663** | **621** | **536** |
| Net financial income/expenses | -378 | -31 | -48 | -48 | -25 |
| **Profit/loss after financial items (EBT)** | **222** | **539** | **616** | **573** | **511** |
| Tax | -47 | -145 | -106 | -161 | 35 |
| **Profit/loss for the year** | **174** | **394** | **510** | **412** | **545** |
| **Balance sheet items** | | | | | |
| Goodwill | 6,733 | 6,745 | 2,203 | 2,134 | 2,149 |
| Other non-current assets | 354 | 291 | 409 | 444 | 477 |
| Current assets | 3,623 | 3,036 | 3,306 | 2,501 | 3,465 |
| **Total assets** | **10,710** | **10,072** | **5,919** | **5,079** | **6,091** |
| Equity | 3,701 | 3,378 | 2,121 | 1,355 | 1,720 |
| Non-current liabilities | 3,495 | 3,100 | 221 | 210 | 963 |
| Current liabilities | 3,514 | 3,594 | 3,576 | 3,515 | 3,408 |
| **Total equity and liabilities** | **10,710** | **10,072** | **5,919** | **5,079** | **6,091** |
| **Cash Flow** | | | | | |
| Cash flow from operating activities | 457 | 424 | 559 | 398 | 516 |
| Cash flow from investing activities | -54 | -37 | -66 | 19 | -183 |
| Cash flow from financing activities | 344 | -408 | -453 | -1,244 | -87 |
| **Cash flow for the year** | **746** | **-21** | **41** | **-827** | **246** |
| **Key Ratios** | | | | | |
| EBITA margin | 5.4% | 5.3 % | 6.2 % | 6.0 % | 5.0 % |
| Order intake | 12,346 | 11,564 | 11,315 | 10,601 | 10,215 |
| Order backlog | 6,075 | 4,809 | 4,590 | 3,840 | 3,648 |
| Average no. of employees | 7,967 | 8,139 | 7,955 | 7,834 | 8,078 |
| Sales per employee | 1.391 | 1.401 | 1.354 | 1.321 | 1.341 |
| Administration costs as % of sales | 14.7 % | 14.3 % | 14.2 % | 14.7 % | 16.4 % |
| Working capital as % of sales | -5.5 % | -4.2 % | -4.3 % | -3.7 % | -3.4 % |

* Comparative figures reported in 2009–2012 were pro forma figures comprised of information for the Bravida AB Group running comparable activities.

# DEFINITIONS

## FINANCIAL DEFINITIONS

### Operating margin
Earnings before impairment of goodwill (EBITA), as a percentage of net sales.

### Profit margin
Earnings after financial items, as a percentage of net sales.

### Capital employed
Balance sheet total (total assets) less interest-bearing liabilities.

### Return on capital employed
Profit after financial items plus financial expense, as a percentage of average capital employed.

### Equity/assets ratio
Equity plus, in the parent company, the equity share of untaxed reserves, as a percentage of total assets at year-end.

### Interest coverage ratio
Profit after financial items plus interest expense, divided by interest expense.

### Net sales
In the installation business, net sales are accounted for in accordance with the percentage of completion method. These revenues are recognised in proportion to the degree of completion of the installation projects. In other operations net sales is the same as billing for the year.

### Order intake
The value of received projects and changes to existing projects during the period concerned.

### Order backlog
The value of remaining, not yet accrued project revenues from orders on hand at the end of the period.

## OPERATIONAL DEFINITIONS

### Installation/installation contract
The building or redevelopment of technical systems in buildings and infrastructure.

### Service
Operations and maintenance as well as minor redevelopment of installations in buildings, plant and infrastructure.

### Number of employees
The average number of employees during the year, taking account of full-time and part-time jobs.

### Electrical (field of technology)
Power supply, lighting, heating, automatic control and surveillance systems. Telecom and other light-current installations. Fire and burglar alarm products and systems, access control systems, CCTV surveillance and integrated security systems.

### Heating & plumbing (field of technology)
Water, waste water, heating, sanitation, cooling and sprinkler systems. District heating and district cooling. Industrial piping with expertise for all types of pipe welding. Energy-saving measures in the form of integrated energy systems.

### HVAC (field of technology)
Comfort ventilation and comfort cooling in the form of air handling, air conditioning and climate control. Commercial cooling in freezer rooms and cold rooms. Process ventilation, automatic control systems. Energy assessments and energy-saving measures in the form of heat recovery ventilation, heat pumps, etc.

Graphic form and production: Oxenstierna & Partners AB

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BRINGING BUILDINGS TO LIFE