ANNUAL REPORT 2013/14





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The Group consists of 56 operating companies

56



Systemair has operations in 45 countries

45

Simple Effective Reliable

Systemair is a leading ventilation company with operations in 45 countries. We manufacture and market high-quality ventilation products. Our product range spans a broad range of energy-efficient fans, air handling units, air distribution products, chillers, air curtains and heating products. Our products are robust and easy to choose, install and use.

The Group has 19 factories in 15 countries with more than 250,000 m² of warehouse and production space

19

Our strengths

Trust - our most important watchword

Our customers can trust that they will get the right products, with the right performance characteristics, delivered at the right time.

High quality at best possible price

Systemair is a well-known brand in the ventilation industry. We offer the products that the market demands – all of the highest quality, at the best possible price.

Growth is part of our culture

We will continue to grow organically and through acquisitions. Trust and constant product development lay the foundations for stable growth.

Facts

Sales for the 2013/14 financial year totalled SEK 5.3 billion.

Founded in 1974 on the initiative of CEO Gerald Engström.

The Company has its registered office and headquarters in Skinnskatteberg, Sweden.

Operations in 45 countries in Europe, North and South America, the Middle East, Asia and South Africa.

The Group comprises 56 operating companies with a total of 4,250 employees.

19 factories with more than $250,000 \, \text{m}^2$ of warehouse and production space.

Systemair shares have been quoted on Mid Cap List of NASDAQ OMX Stockholm since October 2007.



Highlights of 2013/2014

Q1 1 May - 31 July 2013

- Reftec AS of Norway was acquired in May 2013. The company supplies commercial chillers and heat pumps to the Norwegian market.
- In May 2013, we completed the acquisition of Menerga GmbH, Germany.
 Menerga a leading European manufacturer of air handling units for swimming pool halls, process and comfort ventilation with ultra high efficiency.

Q2 1 August – 31 October 2013

- In September 2013, our new 12,000 m² production facility in Istanbul, Turkey, was inaugurated. The facility is equipped with ultra-modern, high-efficient production lines.
- Also in September, we opened our new development centre in Germany.
 The centre ranks among the most advanced testing facilities in Europe for axial fan production.
- In September 2013, work started on construction of a new 16,000 m² factory in Malaysia.
- In October 2013 Systemair established a sales company in Peru.

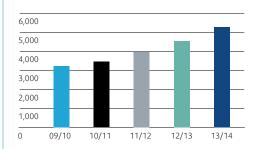
Q3 1 November – 31 January 2014

 In January 2014, Group Management was reduced in size to six members.
 Fredrik Andersson was appointed as new VP Sales and Marketing and Anders Ulff as new CFO.

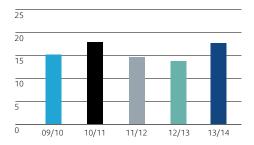
Q4 1 February - 30 April 2014

- In March 2014, our new 12,000 m² Indian production facility, comprising modern offices and production buildings, was inaugurated.
- In the same month, Systemair sold its entire shareholding in Lindab AB to a small group of institutional investors. Following the sale, Systemair holds no shares in Lindab.
- During the year, Menerga's sales companies in Frankfurt, Hamburg, Hanover and Berlin in Germany, as well as its sales companies in Switzerland and Austria, were acquired. The companies sell and service Menerga's products.

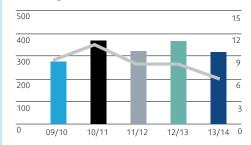
Net sales, SEK m.



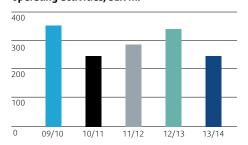
Return on capital employed, %



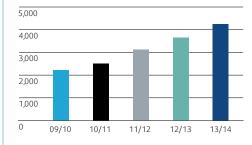
Operating profit (EBIT), SEK m./ EBIT margin,%



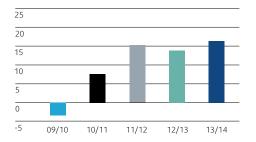
Cash flow from operating activities, SEK m.



No. of employees at end of period



Growth in sales, %



Key Figures

	2013/14	2012/13	2011/12	2010/11	2009/10
Net sales, SEK m.	5,295.8	4,551.0	3,996.9	3,467.3	3,218.6
Growth, %	16.4	13.9	15.3	7.7	-3.4
Operating profit, SEK m.	316.9	365.2	319.8	367.0	274.7
Operating margin, %	6.0	8.0	8.0	10.6	8.5
Profit margin, %	9.6	7.3	7.4	9.8	7.6
Return on capital employed, %	17.7	13.8	14.7	18.0	15.2
Earnings per share, SEK	8.4	4.6	4.1	5.3	3.7
Equity per share, SEK	36.2	30.3	26.9	24.4	22.2
Equity/assets ratio, %	47.2	40.7	45.1	48.6	49.0
Dividend per share, SEK	3.00*	1.50	1.25	1.75	1.25
Number of employees at year-end	4,250	3,649	3,127	2,506	2,208

^{*}The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share, plus an extra dividend of SEK 1.50, making a total of SEK 3.00 per share, for approval by the Annual General Meeting (AGM) to be held in Skinnskatteberg on 28 August 2014.

Organic growth for the 17th consecutive quarter

Growth over the year totalled 16%, 4% of which was organic. We are pleased with the way our sales have risen, but not with our operating profit. The poorer result arose chiefly through to restructuring costs in newly acquired units, as well as unfavourable business conditions in several of our markets. We were also affected by weak currencies in a number of growth markets.

The market

Our sales in the Nordic region were up 10%, adjusted for currencies and acquisitions. Sales in Denmark rose 16% and only in Iceland were sales down. In Western Europe, we achieved 15% organic growth in the German market, while sales declined in Italy and Spain. In Eastern Europe, sales grew organically by 5% despite a 3% decline in the Russian market, excluding acquisitions. Other markets showed organic sales growth of 11%, while Turkey contributed 18%, excluding acquisitions.

Product development

More than 170 engineers are busy developing new and improved products. In the course of the year, we have introduced many products focusing on energy efficiency. Work on developing the Company's product range continued, and at the major industry fairs - in Stockholm, Milan and Moscow, among others - we displayed exclusively newly developed products. Most of our new products incorporate energy-efficient EC motors, which deliver not only higher efficiency but also loss-free speed control. With these types of motors, it is easy to obtain variable air flows and as a result achieve considerable energy savings. Our investments in products integrating cooling and ventilation continue to move in the right direction.

Business model

Our business model, based on keeping a high proportion of products in inventory for immediate delivery, continues to produce excellent results. Today, the market consists largely of renovation projects and minor projects where fast delivery is key. Our business model also offers the advantage of being able to produce longer series for inventory, which means lower production costs. At the production facilities where we produce to customer order, we maintain high flexibility and focus closely on delivery according to customer wishes.

Good acquisitions driving continued growth

At Systemair HSK, Turkey, which we acquired just under two years ago, we completed substantial investments in machinery, and the company has made very good progress. We anticipate that sales will increase substantially over the years ahead. Holland Heating, which we acquired in March 2013, has also performed better than expected. At Menerga, which we acquired in May 2013, we bore considerable restructuring costs during the year. We also acquired a number of Menerga's sales companies, in Austria and Switzerland, as well as in a number of regions in Germany. Our judgement is that the bulk of these restructuring costs have been absorbed and we expect Menerga to deliver a break-even result during the year.

Our sales in the Nordic region were up 10%, adjusted for currencies and

10%

More than 170 engineers are busy developing new and improved products.

170

New, 12,000 m² office and factory building in India.

12,000



Facts

Gerald Engström

In 2005, Gerald Engström was named Entrepreneur of the Year in Sweden. In 2011, he was honoured by the award of H.M. the King's Medal, 12th size with the ribbon of the Order of the Seraphim, for outstanding contributions to Swedish business.

Investments

In the past year, we completed considerable investments in India, where we have established a new, 12,000 m² office and factory building. We are proud to report that our new building has been awarded LEED Platinum certification. We have brought production of air distribution products, air handlings units and fans together within the new building. A new R&D centre for air distribution products is also under construction in the same location. In Turkey, we have completed our investments in machinery, where ultra-modern equipment for the production of air handling units now operates. We have created the conditions for further growth in the region, thanks to the investments we have made.

Future prospects still good

Over the 2013/2014 financial year, we carried out unusually large investments in buildings, machinery and company acquisitions. Our conviction is that these will bring further growth in sales and higher operating profits. We look forward with confidence to the year ahead and anticipate continued organic growth and a clear improvement in

Gerald Engström

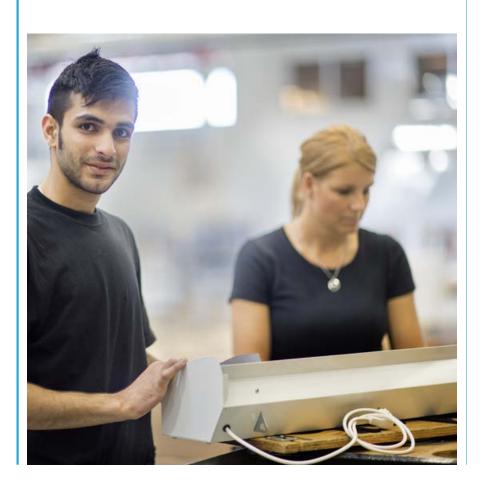
» We look forward with confidence to the year ahead and anticipate continued organic growth and a clear improvement in profits.

Our vision is to be a world leader

With our business concept and an offensive strategy, we will take a clear position at the top.

MISSION STATEMENT

Our mission is to develop,
manufacture and market high-quality
ventilation products. With our
customers in focus, we aim to be the
most reliable company for quality,
availability and delivery reliability.
We aim to also keep customer
relationships with Systemair simple.



OVERARCHING GOAL

Systemair's overarching goal is to become one of the leading players in the global ventilation industry and the most reliable one in every local market.



By being a major player, we will influence and help drive trends and development in the ventilation sector.



We will consistently exploit benefits of scale within production, product development, logistics and sales.



Our financial strength enables us to enter a new market through acquisition or establishment. A local presence in priority markets is fundamental to our ability to achieve our goal. We also intend to expand our operations in priority markets in Western Europe and Eastern Europe & the CIS.

STRATEGY

- Innovative product development and a broad product range focusing on energy-efficient ventilation products.
- High product availability and fast delivery via efficient production, logistics and IT systems.
- Development and expansion of Systemair's own sales organisation.
- We will be the most reliable company for quality, availability and delivery reliability. Through this, our aim is to create good relationships with ventilation contractors, distributors and consultants, and to become the first choice for our customers.
- A highly diversified customer base and wide geographical coverage reduce our vulnerability to fluctuations in the economy.
- We have an early presence in growth markets.
- An offensive strategy for acquisitions and establishments to assure continued growth.



Goals

Goal

Growth

To achieve average annual growth of no less than 12% in sales over a business cycle.

12%

Profitability

To achieve an average operating margin of no less than 10% over a business cycle.

10%

Financial position

The Group's equity/assets ratio should be no less than 30%.

30%

Dividend policy

Based on Systemair's growth objectives, the dividend target is approximately 30% of the Company's profit after tax

30%

Description

The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 12.2% per year over the past ten years. Organic growth is to be achieved through product development and expansion of market shares. New geographic markets will be entered through acquisitions or the establishment of new ventures.

The operating margin has averaged 9.5 % during the past ten years and 8.2% over the past five years. The Company deems the conditions for continuing to achieve this goal to be favourable, given our current structure and product programme.

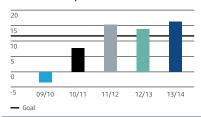
The Group's financial position is good; the equity/assets ratio on 30 April 2014 was 47.2%. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for acquisitions and investments

The AGM determines the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the Company's annual earnings.

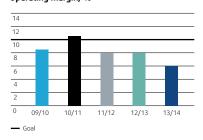
Achievement

Net sales for the financial year increased by 16.4% to SEK 5,296 million (4,551) million.

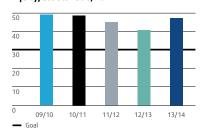
Growth in sales, %



Operating margin, %



Equity/assets ratio, %



The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share, plus an extra dividend of SEK 1.50, making a total of SEK 3.00 per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 28 August 2014. This corresponds to 36 percent of profit after tax.

Offensive strategy for acquisition

» Systemair is expanding through a combination of organic growth and acquisitions. Systemair's overall objective is to become one of the leading players in the global ventilation industry. A consistent, offensive strategy for acquisition and new business establishment is fundamental to our ability to achieve our goal.

"Systemair is expanding through a combination of organic growth and acquisitions." A number of areas are evaluated in each acquired company: corporate culture and fundamental values; customers and suppliers; organisation; and costs and margins.

A shared corporate culture and fundamental values are essential to the successful integration of the new company. We devote substantial resources to this process. For example, Group Management reviews the situation with the personnel in the company acquired. This may take place, for example, in the form of seminars and Group-wide activities lasting several days at Systemair headquarters.

When there is an opportunity, all employees are invited to Skinnskatteberg. We see this as an effective means of quickly establishing contacts at different levels of the company. During each of these visits - whether they involve management only or all employees - we review our values, or "tablets of stone" as we call them. They

describe how each and every employee at Systemair should, may and can act in his or her work (see page 38).

This integration is further reinforced through Systemair Academy, our in-house training programme that offers basic courses and continuing professional development in ventilation technology, products, finance, purchasing, marketing, IT and sales.



Acquisitions in 2013/14

Menerga GmbH

At the end of May 2013, the acquisition of Menerga GmbH, Germany, a leading European manufacturer of air handling units for swimming pool halls, process and comfort ventilation with ultra high efficiency, was completed. Established in 1981, Menerga has its headquarters and production facilities in Mülheim an der Ruhr, just outside Düsseldorf. Menerga has 380 employees.



To read more about Menerga, go to pages 14-15.

Reftec AS

In May 2013, Systemair entered into an agreement to acquire Reftec AS, a supplier of commercial chillers and heat pumps to the Norwegian market. Reftec, founded in 2007, has its headquarters in Trondheim and a sales office in Oslo. The company has 14 employees.

Menerga GmbH, Austria

In September 2013, Systemair finalised the acquisition of Menerga GmbH (Austria), the reseller of Menerga's products in that country. The company, with headquarters in Salzburg, has 10 employees and reported sales of SEK 20 million in 2012. The company both sells and services Menerga's products.

Menerga's sales companies in Hamburg, Hanover and Berlin.

In January 2014, Systemair acquired Menerga's sales companies in Hamburg, Hanover and Berlin. The companies, adding 10 employees to the Group, sell Menerga products with a value of around EUR 3.5 million annually.

Menerga AG, Switzerland

In February 2014, Menerga AG, Switzerland, was acquired. The company, which sells and services Menerga's products, reported sales of around SEK 50 million in 2013 and has 15 employees.

Menerga Frankfurt GmbH

In April 2014, Systemair acquired Menerga Frankfurt GmbH. The company, which sells and services Menerga's products, reported sales of around EUR 4.7 million in 2013 and has 13 employees.





40 years of development

"To simplify" was our principal objective when Systemair entered the market in 1974 with the circular duct fan, a product that considerably simplified installation. "The straight way" soon became a

concept for work in the Group and the basis of our values. Since then, it has developed into a business philosophy. The driving force is constantly to discover new ways of making Systemair products



even more attractive to our customers. Our product range has expanded at a rapid pace since 1974, when the circular duct fan first saw the light of day. Today, Systemair focuses on developing energy-

efficient air handling units with energy recovery and EC-technology, which are simple to install and use. Today, 40 years later, Systemair is one of the biggest names in the ventilation industry.











VENTRADE



Acquisition of sales company Meijdijk Ventilatietechnik of the Netherlands; and Klockargården in Skinnskatteberg, 26,000 m² of buildings and 30 ha of land.

2003/04

Acquisition of Fans&Spares, UK, Gelu; a German manufacturer of air curtains; and sales company Antlia, Switzerland.

2004/05

Sales companies in Romania and South Africa established Startup of production facility in Ukmergé, Lithuania.

2005/06

Gerald Engström, CEO, Systemair, named Entrepreneur of the Year in Śweden.

2006/07

Acquisition of Altexa, Austria and Imos, Slovakia, as well as the assets of Matthews & Yates, United Kingdom.

2007/08

Systemair awarded the Swedish Trade Council's Export Prize.

Systemair listed on the NASDAQ OMX Stockholm exchange.

2008/09

Acquisition of Megcool Industries, Malaysia, and the assets of Emerson Ventilation Products, United States.

2009/10

Acquisition of Energo Plus, Slovenia; W.C. Wood, Dehumidifier Dept, Canada; and Ravistar, India.

2011/12

Acquisition of sales companies DT Termo, Serbia and Montenegro; and Frivent's sales companies in Germany. Acquisition of the Russian sales company Ventrade.

Acquisition of Airwell, Italy, factory producing chillers and IAPL, India, a manufacturer of air handling units.

2012/13

Acquisition of Holland Heating, manufacturer of air handling units in the Netherlands.

Acquisition of Change Air, Canada, manufacturer of air handling units for classroom ventilation

Acquisition of 90 percent of the shares in Turkish company HSK.





2010/11 Acquisition of sales company Foko, Poland; sales company VKV, Czech Republic; ventilation company Rucon, Netherlands; and the companies of the Aaldering Group, which manufactures and sells air curtains in Germany and the Netherlands.

Acquisition of minority stakes in Systemair AS, Estonia, and IMOS-Systemair, Slovakia





Total solutions for indoor swimming pool environments have laid the foundations for what is today a solid and respected brand.

A smart solution that took the market by storm was the starting signal for a business that just goes on growing. It sounds like Systemair's story, but it is a description of Germany's Menerga, which was acquired in May 2013. Innovative solutions for indoor swimming pool environments have laid the foundations for what is today a solid and respected brand. Unlike other parts of Systemair, Menerga has a wider focus on delivering complete system solutions.

Menerga, short for "Minimale Energie Anwendung" (Minimal Energy Application), first saw the light of day in 1980.

Today, the company has 380 employees and resellers in 25 countries. Menerga's business is in comfort ventilation, process ventilation and swimming pool ventilation.

Just over 33 years after start-up, more than 40,000 Menerga units have been installed at swimming pools and other facilities with demanding environments. The product is high-efficiency ventilation systems which deliver the maximum possible energy recovery from exhaust air and wastewater (also known as "grey water").

Menerga's journey began with the air in environments including indoor swimming pools. Instead of building traditional-style air handling units with aluminium heat exchangers, the company used polypropylene, which is both corrosion-proof and denser.

At Menerga, innovative, climate-smart solutions arrived in an unending stream, while the rest of the ventilation industry stood on the side waiting for the next invention. Then came a system in which the air is dehumidified and cooled using heat as the energy source. Menerga's engineers succeeded in using solar energy to drive out moisture and maintain a pleasant indoor climate, despite scorching temperatures outside. The company's successful development programme has led to a large number of patents in the field.

Another key to success is always to enable full control to be maintained over the system as a whole. No less than 90% of Menerga's products are sold complete with control systems.

Menerga is often actively involved at the drafting stage, when the architect is told how the ventilation system for the building as a whole is to be dimensioned. That's why Menerga is keener to talk of systems and customer-adapted key solutions, rather than products. As a result, Menerga does not join the throng and compete on price. It concentrates on complex projects.

Today, its swimming pool ventilation business area accounts for just over a third of income. The other business areas, comfort ventilation and process ventilation, have emerged gradually. Here, Menerga has come up against tougher competition, as the solutions are not as complex as in swimming pool ventilation. In the third business area, the public sector represents the largest customer category, and a major share of Menerga's business is contracted via procurement.

The company is now optimising production by introducing more automation and is focusing on fewer, but more profitable, product families in which at the same time it is seeking to use the same components in several different products.

The sales organisation is being reorganised and linked more closely to customers. Another area that is being strengthened is the service organisation. Service and maintenance represent an attractive market with healthy margins. Today, just 25% of Menerga's customers in Germany have a service agreement, which offers potential for growth. In Germany, more than 62 highly-trained service engineers are engaged in developing the aftermarket.

Being part of the Group benefits Menerga in several ways. Not only has the company become stronger in a purely financial sense, it can learn from Systemair's high-tech, automated production processes. In addition, the benefits of scale in component buying are considerably more advantageous in the Systemair family. At the same time, Menerga has access to Systemair's sales organisation in more than 45 countries – as against the former 25. Systemair also gains synergies by being included in major projects through the other projects in the Company's offering.

Stable growth in several markets

Despite weak economic growth in many markets and tough competition, Systemair is successfully continuing to grow. Russia remains the Company's biggest market.



Fredrik Andersson, VP Sales and Marketing

» It's pleasing to see that demand for energy-efficient, climate-smart products and solutions is on the rise.

General weakness in the economy, major problems in the economies of southern Europe and weak global growth curbed demand in the majority of industries in 2013 – and the ventilation sector was no exception. At Systemair, we have had to work hard at increasing our market shares. The consistent focus on standardised, high-quality products that are easy to select, install and maintain is once again proving to be a winning formula in a market of both global and local players. Systemair's focus on Trust sets us apart from the crowd – even though price pressure from certain competitors is considerable.

Demand for energy-efficient, climatesmart products and solutions is on the rise, especially in northern Europe, but it will be some time before we can talk of a global trend.

Positive trend in Western Europe

Sales in Western Europe increased by 34% and several of our more important markets have shown a positive trend despite the headwind that still poses a challenge. In general terms, the sales organisations in certain selected markets (France, the UK, Germany, Poland and Hungary) were strengthened with resources on the chiller side, a relatively new business area, following the acquisition two years ago of the Italian chiller factory.

The UK economy has started to recover, resulting in a favourable trend for, above all, standard products.

The French market is performing well. However, the direction of the French economy is an element of uncertainty, making it difficult to judge the outlook there. The sales organisation was expanded to meet the demands of the market.

In the Netherlands, our subsidiary Holland Heating is maintaining its strong position in the market. The aim is to become market leader in ventilation in the Netherlands through close collaboration between Holland Heating and our Systemair sales company.

Germany also continues to report satisfactory results.

Switzerland and Austria are relatively small markets, but offer good development potential.

Several glimmers of light in Southern Europe

Sales in Southern Europe have been hard hit by the recession. However, we seem to have reached the bottom and there are several glimmers of light on the horizon.

Portugal is showing stable growth and Systemair is increasing its exposure to Africa, parts of which are served via our company in Portugal.

In Italy, the attitude to investment is generally cautious. The merger of our ventilation and refrigeration business into a single team has strengthened our position above all in the important north Italian market.

Strong sales in the Nordic region

Sales in the Nordic region were up 12% overall and market growth in the region as a whole was strong over the year. Systemair sales rose in all the Nordic countries, other than in Iceland, which is a relatively small market in the region. Sweden's ventilation market was particularly buoyant and total sales for Systemair showed satisfactory growth, although our ambition for Sweden is to expand even further. In the eyes of many customers, Systemair is the leading Swedish supplier of fans, with a very broad customer base. At the same time, our market share for modular air handling units and air distribution products is small. In these product areas, other Swedish, traditional-style manufacturers operate and there is clear potential for Systemair to grow here. The Finnish market was not as expansive as Sweden. However, here as well it is evident that Systemair recorded excellent sales growth and increased its market share. Like Sweden, Finland is a domestic market with potential for growth and to date Systemair has been a relatively minor player in that country. In Norway and Denmark, our market penetration is high. We have been established in both countries for many years, with local production of high-quality air handling units, and we again recorded sound growth during the year. All-in-all, it was a good year for the Nordic markets.

Strong presence in Eastern Europe

Sales in Eastern Europe rose by 6%, while the market in the region as a whole showed developed less strongly than anticipated. Most economies recorded weak economic growth, but others showed negative growth. We have a firmly established presence in Systemair has operations in 45 countries throughout the world.

45

Eastern Europe, in the form not only of sales companies and warehousing in most countries but also of production facilities for ventilation units in Lithuania, grilles, air terminal devices and dampers in Slovakia and fans in Slovenia.

In Poland, the appetite for investment weakened in the wake of slower growth. Systemair, which operates in the premium segment, felt the effects of delays in many construction projects, and some players have had problems with payments. Towards year-end, the market stabilised and several signs suggest that investment is beginning to take off again.

Sales in the Czech Republic were stable and rising, despite concerns about the economy. The Czech koruna was devalued by 7% in December, making our products more expensive than those of local manufacturers. The Slovakian economy continued to drift downward, with falling investments in new construction starts.

We are continuing to expand our presence in the Balkans. Operations in our new sales company in Croatia made a good start and are growing steadily with support from our Slovenia organisation. The Slovenian economy, on the other hand, is in poor shape, with little new building and heavy dependence on European investment funds. The low volume of building is offset to some extent by subsidies for renovations, conversions and extensions.



Huge pent-up demand in Russia and the CIS

In Russia, huge pent-up demand still exists, but growth in new construction has slowed. Russia had a mild summer followed by a mild winter, which led to weak sales in cooling and heating, while ventilation sales went better. We again recorded growth in roubles, but unfortunately the rouble lost value over the period. Systemair is extending its product range and focusing intensively on marketing activities to keep the pressure up in the Company's biggest single market.

In the rest of the CIS, the Belarus, Armenia and Kazakhstan markets above all performed strongly, while results in Ukraine were for understandable reasons less satisfactory.

Urbanisation in Turkey and the Middle East

Developments in the Turkish market were positive, and we believe that this trend will be sustained in view of the major ongoing process of urbanisation. Systemair has benefited from this favourable trend thanks to the Company's acquisition of HSK, which is now the leading ventilation unit manufacturer in Turkey and which at the same time has a highly developed network in its neighbouring countries in the Middle East, but also in Africa.

Strong growth in India and Asia

The Indian market is growing strongly with expansion in all product sectors – despite slowing in the economy, weaker demand and declining appetite for investment.

Growth in Malaysia, from where we service Singapore, Vietnam, Laos, Cambodia, Thailand and China, was also robust.

Measures taken in North and South America

Developments in North America were not as expected. Change'Air, the manufacturer of air handling units for classroom ventilation that we acquired in 2012, reported lower sales. Growth in sales of our high-efficiency air handling units of the European type was slower than anticipated. A series of measures were taken to strengthen and consolidate the organisations. Fantech, our residential products brand, benefited from the recovery in this sector, and reports growth.

Sales also grew strongly in Central and Northern Latin America, as managed from the USA.

In South America, we have operations in Chile, where we plan to start local assembly in 2014, and we opened a sales office in Peru in 2013. Demand in Peru is strong and we anticipate that this level of demand will remain firm in 2014/15.

Market regions

Our broad, geographically diverse customer base offers great stability and leaves us less exposed to fluctuations in individual economies.





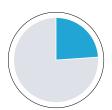
Description of market

Sales in the Nordic region rose 12% over the year. Companies acquired contributed SEK 53 million, 5% of the total. The Norwegian market is the biggest in the region and the second-biggest worldwide, with sales of SEK 581 million. Sales in the Swedish market increased by 15 percent and in Denmark by 16 percent over the year.

In Western Europe, sales were up 34%. Companies acquired, primarily Menerga and Holland Heating, contributed practically the entire increase, SEK 493 million. The biggest market in the region is Germany. Other major markets are the Netherlands, France, the United Kingdom and Italy. The Spanish and Italian markets remain bleak, both recording a negative trend during the year.

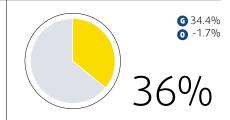
Share of Systemair sales





111.7% **9**.7%

24%



Focus

- Grow sales of chillers.
- Increase project sales.
- Increase sales of fire dampers.
- Increase sales of residential units and air handling units above all in the Swedish market.



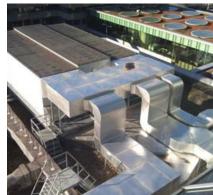
- Increase sales of fire dampers.
- Continue to develop Menerga's markets.
- Continue to expand Holland Heating in Benelux.

Reference Projects

In the Signalfabriken area of Sundbyberg, north Stockholm, the former factory buildings have undergone renovation. Systemair delivered air handling units for apartments, shops, restaurants and hotels. Equipment delivered include a large number of duct fans, fire gas fans and products for air distribution.

Systemair's Holland Heating subsidiary delivered energy-efficient air conditioning systems for Rabobank's HQ in Utrecht, the Netherlands.







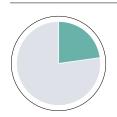




The market in Eastern Europe and CIS showed an increase of 6% over the year. Sales in the region totalled SEK 1,215 million. Sales in Poland, Slovenia and Estonia grew strongly. The Russian market showed weak growth during the year, rising 1 percent. Major markets in the region are Russia, Poland, the Czech Republic and Slovenia.

Turnover in the North American market declined by 5%, compared to the preceding year. Sales totalled SEK 347 million. Adjusted for currency translation effects and acquisitions, sales declined 3%.

Sales in Other markets rose 14% during the year, largely through the acquisition of HSK (Turkey) and Holland Heating (the Netherlands), which sell to countries in the region. The acquisitions boosted sales growth by 12%. Systemair's major markets in the region are Turkey, India and the United Arab Emirates.



6 6.2% **5**.2%

23%



G -5.1% **O** -2.5%

7%



G 13.8% **O** 11.1%

10%

- Grow sales of chillers in other Eastern Europe markets.
- Exploit the potential of our wide product range.
- Increase the intensity of market activities in the CIS countries.
- •Increase sales of Systemair products for the commercial market.
- Focus on ChangeAir's sales channels.
- Build up more production of air handling units in North America.
- Increase export share from Systemair-HSK, Turkey.
- Expand our market share in South-East Asia via our investments in Malaysia.
- Continued investments in India.

The Forum Business Center in Bratislava, Slovakia, was supplied with air conditioning systems with heat recovery, several different sizes of fans and safety and garage ventilation products. The building will also be certified as Excellent under BREEAM (the Building Research Establishment Environmental Assessment Method).

A high-rise condominium apartment building in Wythe Gardens, Brooklyn, New York, with ocean views. For a perfect indoor climate, 264 Fantech air handling units with heat recovery were installed.

Micro complex in Monterrey, Mexico. The complex consists of underground parking, commercial premises, offices, a hotel and 147 luxury apartments. Systemair supplied garage ventilation products, together with axial and duct fans plus accessories for the project.







Strengths and competitive advantages

- An early presence in growth markets has proved to be an excellent platform for continued growth.
- High product availability and prompt delivery via an efficient production, logistics and IT organisation.
- Focused product development and a broad, standardised product range.
 We allocate major resources to the development of energy-efficient, user-friendly ventilation products.
- We have a structured acquisition process and solid experience of integrating businesses.
- A highly diversified customer base reduces our vulnerability to fluctuations in the business cycle and lower demand from individual customers.
- Good relationships with leading suppliers have played an important role in the Group's growth and product development, confirming the perception of Systemair as a leading supplier of high-quality ventilation products.

Customers

The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products. Ventilation consultants are a key target group indirectly, as they specify which products are to be installed. In infrastructure projects, customers are mainly large construction firms. Systemair has an extensive customer base with customers of different sizes in a number of markets. We sell to more than 100 countries worldwide. Our ten biggest customers together account for just 7% of sales. This broad, geographically diverse customer base offers considerable stability and reduces our exposure to fluctuations in individual economies.

Trends

Health issues will become a higher priority, driving up the need for ventilation systems. More and more of the houses that are being constructed – above all in Europe and North America – are low-energy or passive houses, which are built airtight, with strict demands for effective ventilation and low energy consumption. Calls for low energy consumption are fuelling the

need for demand-led ventilation and building management systems, which govern ventilation and energy use. We also anticipate more comprehensive regulations on safety ventilation.

We sell to more than 100 countries worldwide.



Competitors

Product areas

Company	Fans	Central units	Residen- tial units	Compact units	Chillers	Air terminal devices	Air curtains	Fire Safety	SE	NO	DK	UK	DE	PL	FR	ES	RU	NL
Systemair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FläktWoods, CH	-	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓
Flexit, NO	(√)	_	✓	✓		✓	-	_	✓	✓	-	-	-	-	-	-	-	-
Swegon, SE	-	✓	✓	✓	✓	✓	-	(√)	✓	✓	✓	✓	√	✓	✓	✓	✓	√
Exhausto, DK	✓	✓	✓	✓	_	-	_	✓	✓	✓	✓	✓	✓	-	-	-	-	-
Östberg, SE	✓	✓	✓	✓	-	-	-	_	✓	✓	✓	-	✓	-	-	-	√	-
Trox, DE	✓	✓	(√)	✓	-	✓	-	✓	-	✓	-	✓	√	✓	✓	✓	-	√
VTS, PL	-	✓	-	✓	-	-	-	(√)	-	-	-	✓	-	✓	-	-	√	-
Nuaire, UK	✓	✓	✓	✓	-	-	_	✓	-	-	-	✓	-	-	-	-	_	-
Vent-Axia, UK	✓	_	✓	✓	-	-	_	✓	-	-	-	√	-	-	-	-	-	-
GEA, DE	✓	✓	_	√	✓	-	_	_	✓	-	✓	-	√	✓	√	-	-	√
Nicotra-Gebhardt, DE	✓	_	_	-	-	-	_	✓	✓	-	-	_	✓	-	✓	-	-	√
Rosenberg, DE	✓	✓	-	✓	-	-	✓	✓	-	-	✓	-	✓	✓	✓	-	✓	✓
S&P, ES	✓	✓	✓	√	-	-	✓	✓	-	✓	-	√	√	✓	√	√	_	√
Wolf, DE	-	✓	(√)	✓	(√)	-	_	_	✓	-	-	√	√	✓	√	-	-	-
CIAT, FR	_	✓		√	√	_	_	-	-	-	-	✓	-	✓	✓	✓	-	-
Aldes, FR	✓	-	✓	-	-	✓	-	✓	-	-	-	-	-	-	✓	✓	-	✓
Zehnder Group, CH	-	-	✓	√	(√)	(√)	-	-	-	-	✓	✓	√	✓	✓	-	-	√

Strong brands offering unique solutions

The Group's brand strategy is based on consolidating operations globally under the Systemair hat. Businesses with strong brands already established in specific areas continue to operate under their particular brand.

The **Systemair** brand spans a wide range of high-quality ventilation products, including fans, air distribution products, chillers and air handling units for both comfort and safety ventilation. We hold a strong position as a leading manufacturer of energy-efficient ventilation products in several geographic markets.

curtains and heating products in Europe. Frico is represented via subsidiaries or distributors in 70 countries. The brand represents 80 years of accumulated experience in developing products that offer customers a comfortable indoor climate. Frico offers a comprehensive solution consisting of products for heating and energy saving.

Frico is the market leader in air





VEAB Heat Tech AB, Hässleholm, Sweden, specialises in developing, manufacturing and marketing heating products for ventilation systems, movable and stationary fan heaters and dehumidifier systems. The product range includes both electric and water heaters, as well as cooling coils for residential, industrial and commercial premises etc. It also includes hygiene-certified cooling coils for hospitals, food halls and catering establishments.



Fantech develops, designs and markets solutions in North America. Products are sold to resellers in the United States and Canada by the Group's own sales staff and agents. The Systemair brand has been established as a new sales channel in North America, alongside Fantech. Fantech concentrates its operations largely on the residential sector, while Systemair focuses on commercial projects where the demand for energy-efficient systems is strong.

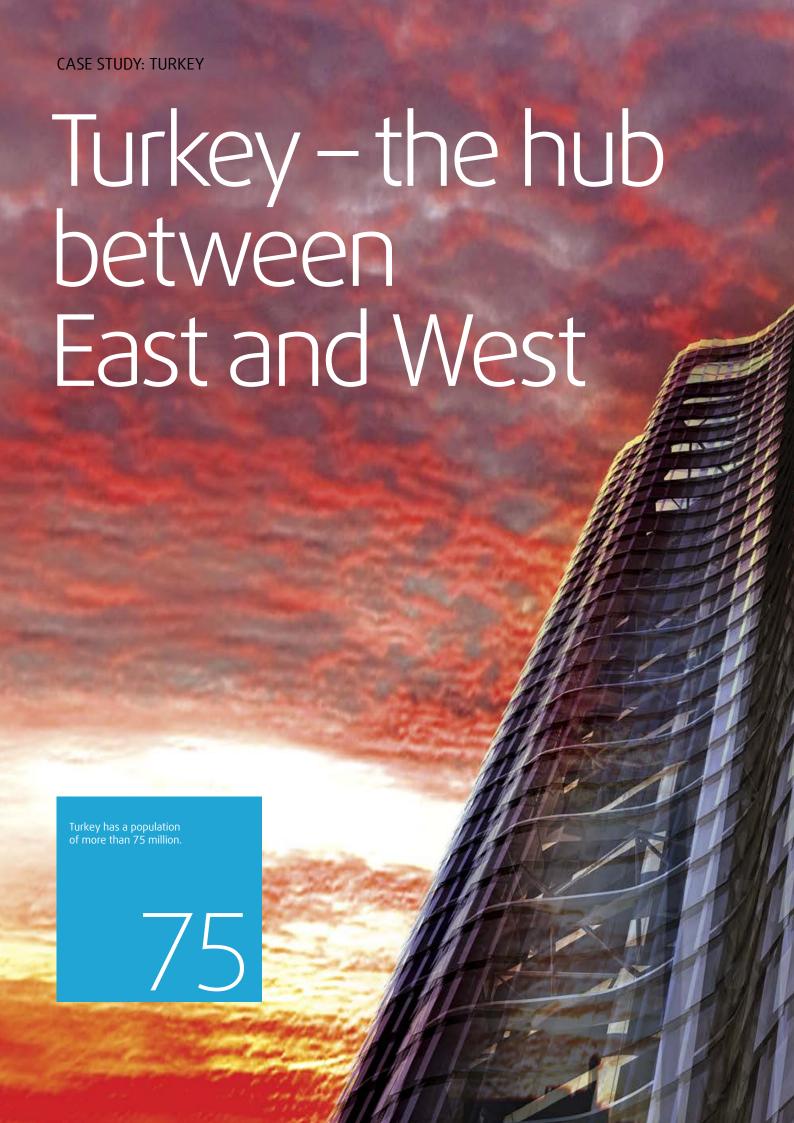


Holland Heating is a leading manufacturer of air handling units in the Netherlands. Its products are marketed primarily in the Netherlands, but also in neighbouring European countries. Holland Heating was established back in 1955. The company supplies systems to, for example, hospitals, sports arenas, airports and offshore platforms. Its product range also includes specially designed equipment for large cruise liners.



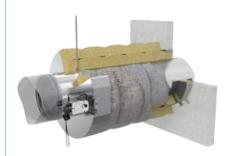
Menerga is a leading European producer of air handling units for swimming pool halls and comfort ventilation with extra high efficiency. Menerga, established in 1980, markets its products throughout Europe. The company's biggest market is Germany. Its state-of-theart, high-quality products are used, for example, in swimming pool halls, museums, shopping centres, airports and the process industry.







Leading-edge technology for future projects



Knowledge and market demands help all parties to drive implementation of technology and solutions. Pictured our new PKIR fire damper. Big-picture thinking, expertise and a broad product range. That's how Systemair is increasingly being perceived in its role as supplier. At the same time, it means that we are being engaged at an everearlier stage of projects. With our expanded product range over recent years, we have begun to enter new markets and have secured projects involving a wider product mix. With the increasingly rigorous requirements for energy optimisation in Europe and higher awareness among investors and consultants, we will be able to offer leading-edge technology for future projects.

In our established markets, we have continued to build from our positions, launching new products and services to simplify and optimise products and processes.

During the year, we also gained access through acquisitions to new exciting and complementary technology that strengthens our position in many areas.

One recent example is our latest acquisition, Menerga. The company has developed a series of innovative products. Of these, two impressive examples are Menerga's systems for swimming pool applications and its adiabatic processes for cooling. Menerga's technical expertise adds to our strengths as a group, while at the same time we are acquiring production facilities of our own to produce and develop the company's unique heat exchangers. Following productivity and automation initiatives, we will be able to deploy this expertise in many other European markets.

During the year, we increased the level of technical service for customers in many countries, in selected product segments. The objective is not just to raise the degree of prescription in project specifications, but at least as importantly to provide more information on technology and the direction of trends. Knowledge and market demands help all parties to drive implementation of technology and solutions.

The focus of our development has been to extend the depth of technical solutions and

to evolve totally new concepts. One example is Systemair's new AIAS demand controlled ventilation system, which adjusts air flow according to, for example, room temperature, carbon dioxide level or personnel presence, and by this always uses the volumes of air and energy that are actually needed – no more and no less. We also have great faith in our new COMPACT Living ventilation units, which employ heat pump technology to extract energy from exhaust air in existing and new apartment blocks.

Our earlier investments, above all in Systemair-HSK of Turkey and in Holland Heating of the Netherlands, have led to a collection of new products and technical solutions that are popular with our customers. Our new factory in Turkey is the most up-to-date ventilation equipment factory in the country and stands up well to comparison with similar factories in Europe. The recently opened factory in India is also impressive – in terms of both equipment and product offering.

Systemair's big-picture approach to development, market information and training, active participation in working parties and certification activities at European level creates an excellent base for us to influence developments. It also helps us to be early in catching on to trends and changes that affect us, the market, our customers and our products – today and tomorrow. It is a position that we intend to hold, and build on.



» With our expanded product range over recent years, we have begun to enter new markets and have secured projects involving a wider product mix.

Fans



Fans and accessories, one of Systemair's largest product areas, include circular and rectangular duct fans, roof fans, box fans and axial fans.

During the year, we invested heavily for future ventures in this area. One investment was in our new testing and laboratory centre at Windischbuch, Germany. Here, we can now test and measure air flows in everything from the smallest fans to huge tunnel fans capable of shifting 600,000 cubic metres of air per hour.

In the small fan range, we launched our new prioAir fan, with unique technical performance characteristics. We are now focusing on adding more sizes and versions to the range, together with suitable accessories. Otherwise, we reviewed the product range to prepare for the announced new energy and performance requirements in the EU's Ecodesign Directive.

Residential Ventilation



The Residential Ventilation area consists primarily of small units for apartments and single-family homes.

We have worked hard across the range on upgrades, and also developed a new series of units with casing components in polystyrene for maximum possible insulation and energy efficiency. Combined with new control and regulator systems, this has represented a major step forward. We also spent a good deal of time on training and information in our sales network. At this year's Nordbygg Fair in Stockholm in March, we showed our new heat pumpbased concept systems for apartment blocks. A clear trend that has emerged is that more and more people are seeing the benefits of ventilation units with counterflow heat exchangers, and demand is growing. These units deliver up to 90% heat recovery efficiency, which will be an important factor in view of the increasingly rigorous demands for energy optimisation.

Air Handling Units



The Air Handling Units product area includes compact and modular air handling units used, for example, in industry, commerce, schools and hospitals.

During the year, we brought the previously scattered Group units working on integral cooling and heat pump systems for compact units together at a new production centre in Lithuania. The idea is to be able to offer standardised and optimised solutions for all the factories concerned in the Nordic countries.

Other units worked hard on further optimisation to take advantage of the fact that more and more components are becoming more and more available through new technology. For example, a new cloud-based solution can help out during installation and commissioning, but also – above all – through the product's lifecycle.

We are developing a product that is both simple to use and adaptable to several applications with high reliability, and that helps to optimise operation.

Large tunnel fans are capable of shifting 600,000 cubic metres of

Large tunnel fans cubic metres of air per hour.

Residential Ventilation: Ventilation units with counter-flow heat exchangers deliver up to 90% heat recovery efficiency.

Swimming Pool Ventilation



This product area consists primarily of innovative solutions for environments including swimming pools halls, and extra-high efficiency ventilation units.

The biggest single event of the year was the acquisition of Menerga. The German company's products bring to the Systemair range totally unique technical facilities in specialist applications such as swimming pool ventilation.

However, Menerga's unique heat exchangers, featuring integral adiabatic cooling, open the door to concepts that are totally new to our customers. This sector offers huge potential for energy savings in the cooling process.

As a result of the current programme of rationalisation and investments in production at Menerga, we will soon be able to identify opportunities for applying the technology in other products as well.

Chillers



The Chillers product area spans a wide range of both liquid- and air-cooled chillers and heat pumps for comfort cooling.

Via our factory in Italy, Systemair has developed a new product portfolio. This is a new comprehensive range meeting the most rigorous energy and quality requirements and, in most cases, offering full reversibility, meaning they may be used as heat pumps in all conceivable climate conditions.

During the year, we focused on training and launch activities for all markets and customer groups. One product unit consists of a series of units to fill gaps in the lower output ranges, designed primarily for smaller properties and private households. We also added a range of VRF units for a number of selected countries. The units are delivered from our German warehouse in Windischbuch.

Air Curtains and Heating Products



Air curtains, fan heaters and radiant heaters are marketed under the Frico

One focus during the year was the launch of our new air curtain range. The PA series was completed, and we can now offer customers the most energy-efficient series in the market for entrances with installation heights between 2 and 4.2 metres. We also offer products specially designed for kiosk hatches and similar small openings.

Based on a smaller number of products, we now offer the market a broader range and wider choice between simple regulation using a remote control and advanced regulation for optimal energy savings and climate conservation. The air curtains are available for both horizontal and vertical installation as well as in ceiling-mounted versions.

Air Distribution **Products**



Air Distribution Products include supply and exhaust diffusers, iris dampers and grilles.

The function of these devices is to supply and distribute fresh air to rooms, or to extract used air from rooms. In the past year, we explored the technical aspect of the product range in greater depth – above all with regard to VAV (variable air volume) systems. We developed new intelligent solutions making the operation of these ventilation systems both simple and demand-led for optimal energy consumption. The system solution, with all components, was launched at the Nordbygg Fair in March this year. We also focused on intensive market development and training among customers, users and our sales team. In addition, we added to certain product families and updated our own product selection software. New functions have been added to make selection of the right product at the right application simpler and more convenient.

2–4.2 metres. Air curtains: we can now offer customers the most energy-efficient series in the market for entrances with installation heights measuring 2 to 4.2 metres.

with installation heights measuring 2 to 4.2 metres.

Fire Safety



The Fire Safety products area comprises products that have been tested and certified to withstand high temperatures for a long period.

Fire gas fans are used to extract fire gases and smoke from buildings in the event of fire. We continue to focus on standardisations and product development, which is important in this type of ventilation.

In the area of fire dampers, we launched Generation 2 during the year, consisting of all-new dampers featuring new electro-technical and mechanical systems. The new series was very well received in all markets and is already being used in many projects.

Garage Ventilation



In Garage Ventilation, we offer the market comprehensive system solutions for multi-storey car parks.

The new series of low-height garage fans, launched during the year, was well received and is already appearing in many installations The growing interest arises from increased awareness of the fan's vital characteristics in any emergency situation. Our garage ventilation programme, in the form of our specially designed fans, was highly successful.

Tunnel Ventilation



Tunnel Ventilation consists of fans and systems ventilation for all types of tunnels for roads, rail and metro systems.

We recorded several successes in the area of tunnel ventilation. These include new projects in India, where our bigpicture thinking, expertise and extensive product range, together with our ability to deliver turnkey solutions, enable us to land orders for road tunnels and other projects. Another success was the prestigious Cityringen project in Copenhagen. Systemair's new research and development centre in Germany will play a key role in advancing our position in this product area. We have also developed solutions for many new applications and in addition patented a new version entitled MoJet for tunnel ventilation.

Generation 2

In the area of fire dampers, we launched a generation 2 during the year, consisting of all-new dampers featuring new electro-technical and mechanical systems.

Innovation vital for leading-edge products

More than 170 technicians and engineers in 20 technology groups, 11 of them based at technology centres, test Systemair products so that we can stay one step ahead.

11

three continents and more than 20 time zones. More than 170 technicians and engineers in 20 technology groups, 11 of them based at technology centres, test Systemair products so that we can stay one step ahead. Innovation is an important part of Systemair's business and plays a vital role in enabling us to successfully drive the standardisation of products.

Systemair's product development carries on 24 hours a day across

"Innovate or die" has been adopted by one US technology company as a motto. Innovation comes naturally to Systemair and is at the same time one of the most important driving forces for the business. A vital element of our business is innovation and product development, as our mission is to develop, manufacture and market high quality products. At the same time, one of our overarching objectives is, by taking a role as a leading player, to influence and engage in trends and development of the ventilation industry.

To Systemair it is important to pick up on trends in its different markets. This is another reason why design groups and technology centres are spread over locations throughout the world. The centres conduct product development with the aid of ventilation, refrigeration and heating specialists.

Building on the three pillars of knowledge, tools and systematic process thinking, the company strives constantly to push its frontiers forward. Systemair's Standards & Values are two watchwords in Systemair's product development. The task is to develop products that are easy to understand and maintain and at the same time to ensure that its technical data is readily comprehensible.

The development centre in Skinnskatteberg is one of Europe's most modern facilities for measuring air flow, sound levels, pressure and energy consumption. The German R&D centre has been considerably expanded, enabling engineers and measuring equipment now to be brought under the same roof. The technology centre in India will be ready to open its doors during the year.

In the local markets, both technicians and sales personnel gather intelligence by keeping their eyes and ears open. Target groups are competitors, legislators and public authorities. Important pieces of the jigsaw puzzle are joined together and provide the elements necessary for Systemair to act and always stay at the leading edge.

We need to stay one step ahead of our competitors for several reasons. By definition, the ventilation sector is not a patent-controlled industry and indeed some competitors constantly seek to copy innovations.

You have to have your finger on the pulse and be able to interpret signals that indicate

possible changes in standards or legislation. Product development in ventilation is regulated by public authorities. Systemair is engaged extensively behind the scenes in order to be involved in writing the rules of play, such as when the EU decides on the next steps in Ecodesign or Energy Declarations, for example. Trends in Europe are important because they lead developments in stricter requirements and standards, which in the long term will be reflected in other markets.

To Systemair, two tasks are involved:

- To influence work on standardisation of products
- To influence the overall thrust of directives

One important forum is Eurovent, which, in its functions certifies products in the European ventilation industry on the basis of impartial third-party inspection. Systemair has played an active part in this, for example by creating programmes and certification processes in new product categories. To Systemair, the process is about credibility and trust during the meeting with the customer, who must be sure that the product will keep its promises. It is also about keeping out unscrupulous manufacturers who "dump" prices in the market. Gratifyingly, more and more customers are requesting standardised forms of certification, which makes it easier to compare products. Eurovent certification is also spreading beyond Europe to Asia, for example, where customers are asking for Eurovent certification.

Standardisation is not confined to products but also – and at least as importantly – to the product development process itself. Against that background, Systemair uses a shared technology platform, a shared database and the same procedures and software products for project management. In addition, harmonisation and standardisation make it easier to share and use research results and newly formulated knowledge.

By using a lean-based model focusing on customer benefit, it is possible to eliminate wasted time, which otherwise tends to prolong, delay and increase the cost of the product development process.

» Innovation comes naturally to Systemair and is at the same time one of the most important driving forces for the business.

Ecodesign

nder the Ecodesign Directive, a product must show a certain energy efficiency in order for sale and use in the EU to be permitted. The aim is to reduce the environmental impact of energy-consuming products and in so doing contribute to a more sustainable form of development. It is a framework directive that applies to practically all energy-consuming products except transport. Air conditioning, air curtains and fans represent a generic group totalling 13 products that are subject to analysis. Other groups include lighting, washing machines and dishwashers, electric motors, refrigerators, televisions etc.

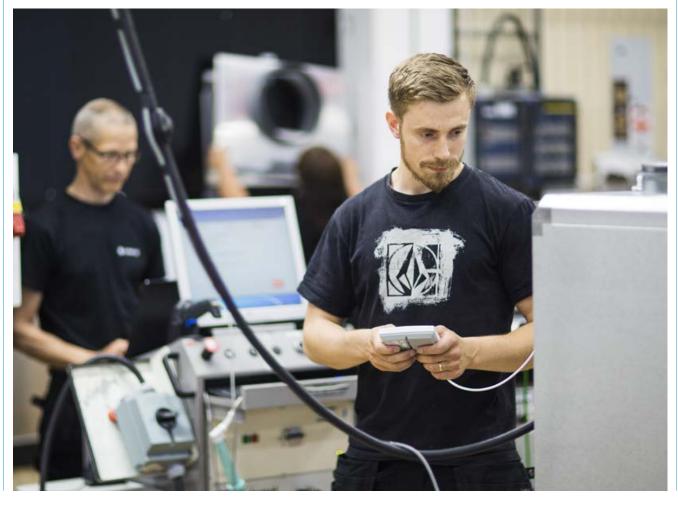
Energy Declarations

Under EU rules on energy declarations, buildings must have a document showing how much energy the building uses for heating, air conditioning (if used) and electricity for operating fans and lifts etc. Buildings with right of use, such as those with tenant-owner's and tenancy rights, must have an energy declaration.

To achieve this goal, regulations concerning both existing and new buildings are continually being tightened. It will become necessary to build more and more "climate-smart". Climate-smart buildings include both energy-conserving buildings that mainly use recoverable energy, and "passive houses" that dispense with traditional heating systems. Such buildings feature minimal air leakage which places great demands on efficient

ventilation to prevent damp accumulation and mould.

» Buildings must have a document showing how much energy the building uses.





One of the most advanced test facilities in Europe

new research and development centre in Windischbuch on 27 September 2013. One of the most advanced test facilities in Europe for testing axial fans, the centre represented an investment of EUR 4.5 million. The new hightechnology facility covers an area of 2,300 m² and brings laboratory, design department, product development and marketing department together under one roof. The construction project also included a new 3,000 m² warehouse and production building where the large axial fans are manufactured.

Systemair is one of the market's few suppliers of large axial fans which is capable of offering the whole value chain from one



source: R&D, design and simulation through to production and final testing – under actual conditions. This gives Systemair a crucial competitive edge, for example where safety-relevant infrastructure projects are concerned.

The new development centre is divided into "hot" and "cold" testing areas. The "hot" laboratory section, measuring 540 m², has two test chambers for testing the volume flow, for example, at a pressure loss as defined in ISO 5801 or the AMCA 210 standard. In this section, tests are conducted on the total output and current value, as well as on the static, dynamic and total pressure of fans with diameters up to 1,250 mm.

For even bigger axial fans of up to 2.5 metres and for maximum air flows up to 600,000 m³/h, two tunnel test rigs are available in the "cold" laboratory. The 890 m², unheated hangar is big enough to accommodate a 17-metre long test rig – a critical advantage in achieving consistent, stable pressure conditions despite the high air speeds. This is essential in guaranteeing accurate test results.

The "cold" section of the new research and development centre is also equipped with a pressure test rig to measure the tractive force of jet thrust fans in accordance with DIN EN ISO 13350.

Up-to-date, efficient production

Manufacturing is conducted in 19 production facilities in Europe, North America and Asia. These are well-invested, modern plants which we continuously update and augment to maintain the high quality of machinery and equipment.















Production facilities

We have chosen to own the majority of our production facilities, a policy that will deliver lower costs and better profitability over time. The facilities that we lease are indicated below.

Facility	Country	Area	No. of employees	Production	Activities 2013/14
Skinnskatteberg	Sweden	50,000 m ²	459	Fans and accessories, compact units, air curtains, heating products.	
Hässleholm, VEAB	Sweden	10,000 m ²	91	Heating products for air handling units, mobile and fixed fan heaters, dehumidifiers.	
Eidsvoll	Norway	5,800 m ²	30 (115)	Air handling units	
Aarhus	Denmark	18,000 m ²	142	Large air handling units, also known as central units.	
Windischbuch	Germany	19,700 m ²	220	Extensive range of axial and roof fans, tunnel and garage ventilation.	
Ukmergé	Lithuania	15,000 m ²	165	Residential units and large air handling units.	Start-up of new production line for Softcooler, a chiller module for our compact units.
Maribor	Slovenia	5,400 m ²	69	High-temperature fans for fire gas ventilation.	
Bratislava	Slovakia	6,000 m ²	166	Products for air distribution, fire dampers	Construction of new offices and production facility, doubling the size of the facility. The building as a whole is expected to be completed in 2015.
Madrid (leased)	Spain	6,000 m ²	51	Large air handling units and box fans for markets in Southern Europe, the Middle East and North Africa.	
Bouctouche	Canada	13,000 m ²	147	Air handling units for residential use in the North American market, air dehumidifiers.	
Lenexa, Kansas	USA	16,000 m ²	90	Duct, axial and roof fans chiefly for the North American market. Distribu- tion centre for the USA market.	
Kuala Lumpur	Malaysia	16,000 m²	61	Duct fans and axial fans.	Phase 1 of a new factory building consisting of production and warehouse facilities is in progress; phase 2, comprising offices and a laboratory is expected to be completed in August 2014.
Hyderabad (Leased)	India	3,200 m ²	80	Air distribution products.	
Greater Noida, New Delhi	India	12,000 m ²	300	Production of duct, axial and box fans, air handling units and products for air distribution.	New laboratory with pressure chamber and acoustic chamber under construction, scheduled for completion in October 2014.
Langenfeld (Leased)	Germany	4,300 m ²	26	Air curtains.	
Milan	Italy	19,400 m²	165	Production of a wide range of both liquid- and air-cooled chillers, heat pumps.	
Istanbul (Leased)	Turkey	12,000 m ²	150	Production of a wide range of air handling units and fan coils	
Waalwijk	The Netherlands	7,800 m ²	141	Production of air handling units	Insourcing and automation of production is in progress.
Mülheim an der Ruhr, Düsseldorf	Germany	19,000 m ²	380	Production of air handling units for swimming pools halls, comfort and process ventilation with ultra high efficiency.	New production line for heat exchangers installed and in operation in June 2014.

Full control of the goods flow

Today, 43 subsidiaries are linked to the same ERP system.

43

To Systemair, having full control of the goods flow between production units, subsidiaries and our customers scattered throughout the world is business critical. The key to success is our Group-wide ERP system and our understanding of how it works. What is important is to interpret the signals and input data that the system delivers and, above all, draw the right conclusions to be able to provide our customers with delivery service at the highest level.

A basic tenet of the Systemair philosophy is to be the most reliable company for quality, availability and delivery reliability. As a result, logistics fulfils a central role in our business. The majority of our products are available from inventory and can be delivered within 24 hours from local stores, and within 72 hours from one of our three centralised warehouses.

Systemair operates on several fronts to cut lead times, raise efficiency and at the same time reduce costs. Today, 43 subsidiaries are linked to the same ERP (Enterprise Resource Planning) system. The system comprises accounting, order and inventory management, production planning, project planning, resource planning and purchasing.

The ERP system is the core of Systemair's global logistics organisation. 24 hours a day, 365 days a year, new data is being entered into the system. An order in South Africa generates a distribution order in Skinnskatteberg, while the inventory balance and inventory value is updated once the order has been dispatched. The system produces forecasts based on incoming orders and calculates how many products need to be replenished in the inventory if Systemair is to be able to continue to maintain consistently high delivery capacity.

It is at this interface that our employees play a vital role. The key is to understand how the ERP system is structured. What is important is to be able to interpret signals, to keep track of the level of the safety inventory and at the same time to be able to make a realistic assessment of the consequences of, for example, a deviating order.

As Systemair, we call this "article care" and focus at all times on continued training for our employees, and at the same time on making it even simpler to understand and

use the ERP system. A constant exchange of information between purchasers, production/order planners and inventory plays a part in streamlining flows.

Logistics is very much about efficient transport. Systemair works with selected transport operators, who are required to optimise what is the most suitable transport solution both economically and environmentally. The two central warehouses in Skinnskatteberg and Germany are both ISO-certified. This means that Systemair makes high demands of its sub-contractors. Our "rule of thumb" is that all parties must be ISO-certified.

The two central warehouses deliver to different geographical markets. Thanks to our advanced ERP system, we can quickly search worldwide to find products that may be out of stock at a local warehouse.

Systemair operates an aggressive strategy in acquisition and establishment. Integration of local ERP systems into Systemair's global standardised system is high on our "to do" list. Systemair has a separate application and training team that operates globally with experts in finance, order management, purchasing and production.

In the first phase of integration of a new company, a feasibility study is carried out in which all flows are examined and local laws and regulations are reviewed and taken into account. After that, work on transformation of the local system starts, in parallel with training of key individuals who in turn train their colleagues.

Once the process of integration is completed, the subsidiaries can at all times seek the support of the application team in Sweden, Germany and Canada if any problems should arise.

» To Systemair, having full control of the goods flow between production units, subsidiaries and our customers scattered throughout the world is business critical.





Our most important resource

Systemair has in all 13 academies that further hone the competence and knowledge of engineers and sales personnel for contacts with customers – to enable us to keep our lead over our competitors.

13

Competence development is a constant theme running through the Systemair organisation, and it applies to everyone. The focus is at least as much on understanding and promoting the Company's corporate culture and values as on understanding ventilation technology and thermodynamics. Today, Systemair has in all 13 academies that further hone the competence and knowledge of engineers and sales personnel for contacts with customers – to enable us to keep our lead over our competitors.

The philosophy on which Systemair Academy as a whole is based is very simple: an effective employee can act with confidence because he or she believes in our products and our company. As a result, he or she also has the confidence to sell. The opposite applies equally: if you don't know your products and how they work, you won't dare to offer or sell them either. This awareness is the reason for Systemair's focus on Systemair Academy. The Academy is a strategically important means of boosting cohesion and at the same time making the Company more attractive and competitive.

It makes no difference if you are a goodsin supervisor, payroll administrator, sales person or technician, or if you are a recent recruit or already have ten years' experience in the ventilation industry. Everyone must be familiar with the Company's core values.

Via Systemair Academy, employees' self-assurance is developed through training. The first level is called Basic and all

sales personnel and engineers are expected to undergo this training, but it is also open to all members of personnel. Managers of subsidiaries decide who will take part, and basic courses are held at the Systemair EXPO Centre at Skinnskatteberg. Here, members of personnel from every corner of the world meet to learn about the corporate culture and our Trust concept, which represents the notion of reliability and which very much contributes to the important sense of "us" that welds the members of the Systemair team together.

In addition to corporate culture, values and knowledge of our basic product range (BPR), members of personnel acquire a basic knowledge of ventilation technology, fan technology and acoustics.

The next step in competence development is a more advanced course. In this, participants are provided with more indepth knowledge to enable them to go on to the product group academies. There, they



Katja Klein Systemair Skinnskatteberg

fter finishing my education, I didn't really know what I wanted to do. I ended up in an apprenticeship specialising in technical design. Then I carried straight on with another four years at Siemens. It was during this period that I realised the technology itself was not what I wanted to go into. Instead I'd had my eyes opened to design and marketing.

No sooner said than done I left Siemens and began studying communication, multimedia, design and marketing at Aachen University in Germany and Maastricht University in the Netherlands. The big question was whether I wanted to opt for the advertising agency world or a technology-led company.

Systemair Germany was looking for somebody for its marketing department in Windischbusch. I did a little research and found out that this was an exciting

company with major international operations. At the same time, this looked like the best possible solution – a technology company with a job in marketing.

The marketing department was then, in 2007, very small. But as Systemair expanded, the need for marketing also grew. Initially, I worked on catalogues and technical documents, but was then offered more responsibility and took part in organising national and international exhibitions.

My husband and I had always liked Sweden and its beautiful nature, so we decided early on to move here. I checked with Systemair about whether there was a job in the marketing department in Sweden. To my good fortune, they said Yes. Shortly afterwards, my husband Dennis also got a job with Systemair in Skinnskatteberg, so everything's turned out well.

GROUP

3,649

4,250

No. of employees, 1 May 2013 No. of employees at year-end, 2014

PARENT COMPANY 2012/2013

44 years

40 years

Average age of white-collar employees

Average age of blue-collar employees

2.59

2.24

Sickness absence – short-term (%)

Sickness absence - long-term (%)



Men 67% Women 33%

Gender distribution, employees

learn in more detail about fan technology, air distribution, duct dimensioning and thermodynamics. The participants also learn how to make acoustic calculations.

The third level, the product group academies, offer a range of specialist courses according to the career direction an individual has or is expected to take as his or her career progresses. Here, the emphasis of the training focuses more on the product's functions and facilities that may be advanced.

Of the eleven different product group academies, there are seven different academies for air handling units. There is also academies for air handling, chiller and heating products in a total of nine locations around the world. The latest additions are two academies in India. Courses are placed in the locations where the top expertise is based. In Germany, training consists of courses in fire safety ventilation and axial fans. In Italy, we have our best expertise in cooling while specialist subsidiaries such as Frico offer training in air curtains and heating products. The same applies to subsidiaries like Holland heating, which produce special equipment which tolerates more extreme environments. Against that background, it was logical to establish an academy next to that company's factory and include viewing of the manufacturing process as part of the

Systemair Academy should also be seen in the context of changing professional roles, in which the demands on the technical ex-

pertise of sales personnel are increasing in a complex world. Sales personnel must be able to solve their customer's problem by knowing the technology and not just being a good talker, as used to be the case This is why Systemair Academy places such strong emphasis on employees understanding the different functions and how everything works together in complex systems.

Wherever courses are held, the standard, conduct, training material and documents must be identical in the different academies. The object is to establish uniformity, which in turn creates consistently high quality in the training given. As a means to this end, a document has been produced entitled "Systemair Academy Guidelines". Systemair Academy is an important function in a world where the Group is expanding fast and needs to integrate new subsidiaries into the Systemair philosophy.

Courses always end with a test before the coveted diploma is awarded as proof that the person has completed yet another stage in his or her competence development.

The purpose of Systemair Academy, in addition to developing understanding of the Company and its values, is to satisfy the need for the knowledge necessary in acoustic, ventilation and electrical technology, for example. It is also to increase awareness of how Systemair's products and their functions can help to improve the indoor climate – and to enable the company to do good business.



Dennis Hertsch Systemair Skinnskatteberg

was born and grew up in Germany, where my wife Katja also comes from. I worked there for many years at a technology company that makes awnings and blinds and control systems. My job was to program the control systems so that the awnings extended and retracted at the right time, according to sun, the weather and wind conditions.

I have my wife Katja Klein to thank for the fact that we ended up in Sweden and Systemair. She got the job here and we'd both made up our minds to move north. It also emerged that Systemair at Skinnskatteberg had a need for my skills and I started here after summer 2013.

My main job is to check, troubleshoot and remedy faults in products that for some reason have not passed our production tests. It's very stimulating work and an excellent learning experience for me. I've always liked taking things apart and setting them back together to find out how they work – or why they don't work.

It's easy for a foreigner to be accepted in the working community, and I have to say that I have very pleasant and kind colleagues around me. Yes, there is a difference between German and Swedish culture, but it's not as deep as for example between European and non-European culture. Of course it's useful that I can speak some Swedish, even if English does the job as a working language.

My wife and I are very happy at Systemair and having Sweden's beautiful nature just round the corner. Who knows – perhaps our four cats might be joined by a dog, and maybe even a goat or a horse. In any case, we've got room.



Systemair's corporate culture

Systemair has a corporate culture in which guiding principles and monthly profit reporting govern and lead the organisation. Systemair's organisation is horizontal, pragmatic, direct and efficient. To reinforce its principles in a positive way, Systemair has collected and set down in writing the values the organisation itself has chosen as governing. These values consist of seven key principles.

→ We make the work of the ventilation installation contractor easier

This expresses the central vision and involves working consistently to simplify and be direct.

→ We make it simple – the straight way

This motto has long been the basic philosophy at Systemair. To always question whether decisions and activities take the most straight way, to ensure that the simplest and most economical solution is chosen. The simplest is often the best, and Systemair has a solid tradition of achieving such solutions. Everyone is responsible on a personal level for ensuring that work responsibilities and day-to-day tasks can be carried out simply and well. To keep on track and prioritise has, for many, proved to play an important role in simplifying daily routines. "Simple and robust" also characterises all aspects of product development. Our products are intended to be and are easy to choose, install, maintain and use.

We can be relied on

To take collective responsibility for keeping our promises is a high priority in the Systemair organisation. The organisation's expertise lies in the knowledge of both potential and limitations of our products. Through practical action, including rapid response times and relevant and accurate feedback, Systemair builds confidence in its brands.

> We do not sit and wait

Systemair's basic strategy is to go on the offensive. The objective is to work proactively by seeking new opportunities, using the information available to take decisions and then quickly acting on them. Growth is a part of Systemair's corporate culture; it enables us to sustain a high tempo and to continuously focus on what is actually important. This makes the organisation pragmatic and dynamic. Taking the initiative and responsibility is prioritised in day-to-day activities, and everyone is encouraged to seek information and help when it is needed.

→ We grow stronger through change

Systemair dares to go its own way – it is an organisation that has learnt from major changes, is taking on larger and larger tasks and does not regard change as a problem but as a part of everyday life. Major upheavals and rapid growth have also taught the organisation that some decisions can turn out to be wrong and need to be changed. In such cases, it is vital that ego does not take over. The way we do it at Systemair is not to "pull rank".

We say what we mean

At Systemair, it is both a right and a duty to speak up when you do not agree, see a problem or mistake or see the need for a change. Open dialogue is crucial to clear communication between the parties concerned, where solutions are the priority and personal attacks are avoided. Good efforts are rewarded in day-to-day activities, and everyone sticks by the decisions made.

→ We believe in our concept

Systemair has a product range on which everyone agrees, and which is marketed. It is vital that the Group capitalises on the economies of scale present in an extensive sales network and that everyone agrees about which products to include in the standard range. The fundamental criterion for all transactions at Systemair is that they should contribute to the Company's profitability.

Our Corporate Culture Concept, 3C, is the collective term for further development of Systemair's MDs at subsidiaries. The programme began in autumn 2013, with the objective of raising management performance to new levels. Put simply, the programme aims to work on corporate culture systematically in the form of four focus areas: leadership, market strategy, sales strategy and common directives.



Concept of success

Training for subsidiary MDs is an important part of Systemair's endeavour to maintain systematic competence development for all categories of personnel at the Company. Focus areas are turned in practical terms into modules where participants go "back to school" on four occasions with colleagues from all over the world. They share their experiences and learn aspects of good practice. The specific tools of day-to-day work that are acquired through this is something that is highly valued by participants.

Being a leader at Systemair is not just about being a skilled engineer or technician. It is just as much about being able to perform as a role model. Competence is a broad concept, but at Systemair it is a combination of several characteristics where your competence is made up of awareness, skills and behaviour. Management places heavy emphasis on the meaning of leadership - "symbolic leadership management" – to ensure that MDs can engage employees in the right way and can manage a subsidiary successfully in good and bad times.

By highlighting successful cases and discussing good practice, participants are engaged while at the same time enthusing each other. Generally speaking, subsidiary MDs have considerable freedom of action. Systemair places a high value on this freedom, since strong loyalty helps to create stability and

long-termism. With this training behind them, they become stronger as leaders, while acquiring the tools to make better decisions day-to-day.

The work of a good leader at Systemair is like the day-to-day work of a circus manager. He or she leads the business. But if need be, the boss will join in and help put the tent up.

The sales course, "Systemair Selling the Straight Way – Train the Trainer" is now entering its fourth year. The course is targeted at MDs of subsidiaries, who take part in the programme along with the sales manager or a highly experienced salesperson. The point is for the local MD or sales manager in turn to train their sales personnel once back home. To become a really successful salesperson, knowledge alone is not enough. It is also necessary to interpret and understand the customer's need and to be able to establish and maintain good customer relationships. You must be able to navigate the customer correctly through the process and at the same hone your technique in the interaction of negotiating.

Training courses are always headed by Systemair's own business developers, who base training exercises from day-to-day work (experience-based learning). The programme is constantly linked back to our company, our values and our strengths.

» The sales course, "Systemair Selling the Straight Way -Train the Trainer" is now entering its fourth year.

Sustainability a natural part of our business

Corporate culture

Business ethics lead

Systemair has a corporate culture in which the organisation operates according to guiding principles. These are complemented by a set of business ethics determining how we should behave in the market.

Systemair's products and services shall be marketed and sold in a manner that is justifiable on commercial as well as ethical grounds, i.e. based on factors such as quality, price, delivery reliability and high-level service. Systemair shall at all times comply with each country's laws.

Systemair's employees are not permitted to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal.

Systemair's suppliers shall be evaluated and selected on the basis of their ability to deliver on correct commercial terms and on their ability to live up to Systemair's code of conduct. We do not accept products from suppliers who use child labour directly or indirectly through their subcontractors.

Social responsibility

Responsibility to the community

Social responsibility has long been a part of Systemair's corporate culture, and we are aware of the role our Company plays in society. Regardless of where in the world we are doing business, good relationships with external partners are decisive to long-term success.

We strive to understand each society and culture in which we live and work, to become involved in local community activities that promote development in the community and benefit local business. Sporting and cultural activities for children and young people are a high priority. We do not sponsor political or religious organisations.

Systemair always complies with the laws and regulations in effect in the countries where we are active.

Systemair's business concept is to develop, manufacture and market high-quality ventilation products. Focusing on our customers, we aim to be seen as the most trustworthy company where quality, availability and delivery reliability are concerned. We strive at all times to develop high-quality, long lasting products which help to reduce energy consumption. In that way, we play a part in making long-term sustainable, environmentally friendly and profitable development possible for our customers and society at the same time.

Continual improvements in our own work environment help to promote well-being at work and commitment.

By engaging in society via activities that contribute to development of the locality and favour the local business community, we are exercising active social responsibility.

More systematic

High-quality, long lasting and low energy consumption products reduce impact on the environment over time. Against that background, our development resources are focused on creating high-efficiency, lowenergy consumption products.

We have a process-based ERP system, and quality consciousness is built into our mission and our values. ISO certification is one part of a more systematic approach to work. ISO consists in large part of routines that establish order and rationality. Nine of Systemair's production facilities have ISO 9001 certification. Our aim is for all production facilities to be ISO 9001 certified within the near future. One important aspect of certification is continual work on improvements, whether for products or production methods. Ideas and suggestions may be received both from customers and the Company's personnel. Under the general heading of "Constant Improvement", which basically is a device for monitoring and improving operations, systematic work on improvement takes

place at every facility. Simple suggestions may be implemented immediately by the department itself, while more complex proposals requiring both time and resources are referred to a steering committee that assigns priority among the suggestions.

Always tested

The efficiency and fitness for purpose of the products are carefully documented in order to provide customers with the most comprehensive information possible for their decision on choosing the most climatesmart and most energy-efficient options. Also, every single product is always tested before delivery, and with our own AMCA (Air Movement and Control Association) accredited test laboratory we can guarantee that all catalogue data is accurate.

The focus is 100% on the various processes at the facilities and how through improvements we can play our part in delivering added value to customers, in the form of more energy-efficient, lower-energy consumption products that contribute to a better environment and long-term sustainable development.

Common language

The hub that links all processes and all product development together is a common technical platform and common ERP system in a language that everyone understands whether based in New Delhi, India, Kansas, USA, or Skinnskatteberg, Sweden.



Green ventilation

At Systemair, we are totally serious about taking responsibility. Our contribution to modern environmental conservation is efficient use of energy. The "Green Ventilation" symbol is evidence that our intelligent technology is in harmony with the environment and that our products are designed for the future. It means that we can offer our customers a combination of sustainability and economy, and that the benefit may be obtained using simple, streamlined installations.

Production

Environmental efforts

Systemair develops energy-efficient products that create a good indoor environment. Our production has no environmental impact on air or water. In addition, we are not subject to compulsory environmental licensing, only to a duty of notification. Nevertheless, environmental issues and efforts are a high-priority area. We are continuously improving our products, methods and procedures to minimise the impact on the environment. Our products are recyclable and our components environmentally friendly. Five of our production plants are certified according to ISO 14001 and eleven according to ISO 9001.

Buildings

At Systemair, it is a matter of honour to maintain high standards in the buildings we own or lease. The buildings that we commission ourselves are of a high standard from the start. They are well-insulated and incorporate energy-efficient ventilation systems. With the buildings that we acquire, our first action is often to fit the roof with fresh insulation. This increases comfort, reduces energy consumption and is a profitable investment. Most of the buildings we have acquired have now been renovated to a good "Systemair standard".

Logistics flows

We have consolidated our production into our main plants and have merged or closed smaller production plants. This will result in higher capacity utilisation in existing plants and more efficient logistics. In turn, this will reduce our environmental impact.

Green IT

Systemair works systematically on Green IT. This means developing strategies and guidelines for energy-efficient solutions to minimise negative environmental impact. We ensure optimal use of hardware and infrastructure by using energy-efficient server farms and making more effective use of all existing data capacity through what is known as virtualisation.

Working at Systemair

Work environment

Systemair contributes to development that is sustainable and profitable in the long-term through continuous improvements in the work environment, the external environment and energy consumption. New technology, product development and new findings are evaluated taking the work environment, environmental conservation and energy optimisation into account.

We use modern technology, including videoconferencing, which cuts down on travel and at the same time improves communication between our facilities.

Our employees are to have a stimulating and healthy work environment that prevents accidents and stimulates them to work efficiently towards goals, taking responsibility for their tasks and developing their skills. No employee may be discriminated against in terms of employment or job tasks because of age, ethnicity, nationality, sex, religion or disability. All employees will be treated with respect, and no employee will be subject to degrading or insulting treatment.

Systemair employees decide personally whether to join a labour union in accordance with the legislation in effect in the country where they work. Violence or the threat of violence in the workplace, harassment, bullying and similar offences against employees are not tolerated.

Systemair's employees must not distribute, possess, use or work under the influence of drugs at any of Systemair's workplaces.





great festivities and Indian traditions in March 2014. The new facility is being certified in accordance with the strict US Green Building requirements, LEED BD+C-NC 2009. It will be quoted as a reference-standard project and marketed in the Indian market along with its stateof-the-art technology centre and laboratory

climate-smart solutions have been used all the way through. In addition to an ultra-modern factory, the facility is home to Systemair's latest technology centre

and a laboratory.

Planning for Green Building certification started long before the first earth was turned. For example, the environmental impact of all transport to and from the building had to be reduced. Systemair resolved this issue by ordering a high proportion of construction materials from local suppliers.

To minimise pollution during the building process, Systemair took a number of precautions in accordance with ECS (Erosion & Sediment Control) standard. These included measures to protect land and ecosystems and to prevent pollution in the air in the form of dust and hazardous particles.

and minimise the need for lighting. At the same time, intelligent colour schemes and energy-efficient glazing minimise radiated heat inside the building. As daylight fades, electricity becomes necessary, but through the use of photovoltaic cells, Systemair powers its outdoor lighting with solar energy.

With its own purification plant, the factory recycles wastewater and also collects and uses rainwater, a clear advantage in a country where water is in very short supply. Indoors, hygiene areas are equipped with low-flow toilets, showers and taps, all of which help to reduce water consumption by 35 to 40%, compared with similar buildings.

The landscaping around the building is designed to help reduce water consumption. This is done by a selection

LEED-certified Green Building

of plants and trees that are indigenous to the Noida area. These plants do not require as much water and, because the need for fertiliser is minimal, contribute to a better environment. In addition, trees and bushes are planted strategically to create optimal shade in parking areas, local streets and walkways.

Waste is pre-sorted and recycled to the maximum possible extent using local suppliers.

The colour schemes both indoors and outdoors have been carefully chosen to absorb as much as possible of the incoming solar radiation. Air quality inside the factory is carefully measured and complies with the strict standards applied in the market. The factory has even adopted its own, more rigorous fresh air standards precisely to ensure the best possible indoor climate for employees. A major energy villain is under-dimensioned heating, ventila-

tion and air conditioning in a building. Systemair has invested heavily in bringing consumption down via energy-efficient systems yielding up to 20% gains, as measured by the ASHRAE 90.1 standard Employees are encouraged to cycle to and from work, while charging stations are provided for those who use an electric-powered vehicle. Management also encourages employees to make use of car pools in order to reduce emissions.

Facts about LEED

The LEED Green Building Rating System, the best known building rating system, was developed and is administered by the non-profit U.S. Green Building Council. The first version of the scheme was published in 1999. LEED has been modified for all types of building through a range of versions developed from the basic version. LEED can be applied

to the project planning and operational stages, as well as to existing buildings. The version of LEED that is mostly used in certification of commercial buildings evaluates the environmental performance of the building in these areas: immediate environment, water consumption, energy consumption, materials and indoor climate. Bonus points may also be awarded for innovation within the project and consideration of regional issues.



Systemair growing in India

Malaysia. As the volume of production has increased, more and more products are being produced in one of the two factories in Greater Noida, northern India, or Hyderabad in southern India. The Greater Noida factory, which was inaugurated in 2014, has brought an all-new production line for axial fans into operation The Indian and Malaysian businesses complement each other well with distribution of products to South-East Asia and the Middle East.

At the same time, Systemair is investing in marketing and sales, with 40 sales engineers and a total of nine sales offices throughout India. Systemair's sales offices provide effective coverage of this huge country, but there are regions that will receive closer attention, above all in southern and western India.

Systemair focuses on three product areas: fans, air distribution products and air handling units.

In what is a cautious and, in certain areas, tough market, Systemair can boast growth of 20% in the recently established product areas of fans and air handling units over the past year. The Company focuses above all on consultants and contractors, who make up a very important target group. Huge, complex projects such as the extension of the new Delhi metro fall within their brief.

In the Indian market, US standards in the form of AMCA apply (together with UL in fire safety). The objective is that in future all certification for ventilation units, as well as fans, should be in accordance with the AMCA standard. In certain product areas, the Company

is looking at European standards. This applies above all to major air handling units for which customers want Eurovent-certified products.

During the year, a new R&D centre will open in Greater Noida. The centre will serve as a resource for the entire Group in establishing definitive catalogue measurements, above all in the air distribution products segment.

» GDP rose by just over 5% last year.

Russia casts chill towards year-end

The Systemair Share put in an extremely strong performance in 2013 and in January 2014 broke its price record of SEK 136.75. The uncertainty in Russia in the wake of the Ukraine crisis then brought the share price down, as Systemair's biggest single market is precisely Russia.

Systemair shares have been listed on the Mid Cap list of the NASDAQ OMX Exchange Nordic since 12 October 2007. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The market value on Friday 30 April 2014 was approximately SEK 5.5 billion. The share's trading symbol is SYSR.

Changes in share price

At the end of the 2013/14 financial year, the share price was SEK 105.75, a rise of 1.0% from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index rose by 18.6%.

At financial year-end, Systemair's market capitalisation was SEK 5.50 (5.45) billion. The number of Systemair shares traded on OMX Stockholm totalled 4,632,443 (5,138,280), corresponding to a turnover rate of 9% (10) during the financial year.

Share capital and voting rights

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of votes. The quotient value is SEK 1.00 per share.

The warrant programme that the Company offered at its international public offering in 2007 expired in September 2011 without any rights being exercised in view of an

unfavourable share price trend. No new option programme has been offered. At the end of the financial year, no convertible warrants were in issue that may dilute the share capital.

Shareholders

No change took place in the holdings of the two biggest shareholders, Färna Invest AB and ebm-papst AB, with 42.30% and 21.27% of the votes, respectively, during the year.

Other major shareholders are Nordea Fonder, with a holding of 4.85% (6.20), Alecta Pensionsförsäkring with 4.81% (4.81) and Handelsbanken Fonder with 2.97% (3.38).

The number of shareholders at the end of the accounting period, 30 April 2014, was 3,033 (3,209).

Dividend policy and dividend

The Board of Directors proposes that the AGM approve a dividend of SEK 1.50 (1.50) per share, plus an extra dividend of SEK 1.50, making a total of SEK 3.00 per share. As a result, shareholders' dividend payments for the 2013/14 financial year will amount to SEK 156 million.

The dividend corresponds to 35.6% of the Group's profit after full tax and is in line with the Company's dividend policy.

Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is crucial for stimulating interest in the Systemair share and to give both current and new

shareholders ample opportunity to value the Group as fairly as possible.

Press releases are distributed without delay as soon as an event of material importance to the business occurs. These have also been archived on the Company's website since the IPO in 2007.

Year-end reports are also published in the form of a press release and have been archived on the website since 2007. Interim reports and year-end accounts are published on the website and have been archived there since 2005. Financial data has also been published on the website since 2007. Share data has also been available there since the IPO in 2007.

Analysts

The analysts who have followed Systemair's progress during the financial are as follows:

Handelsbanken Capital Markets

Marcela Kozak, +46 (0)8-701 51 18

Nordea Markets

Henrik Nilsson, +46 (0)8-534 917 70

Swedbank Markets

Mats Liss, +46 (0)8-585 900 65

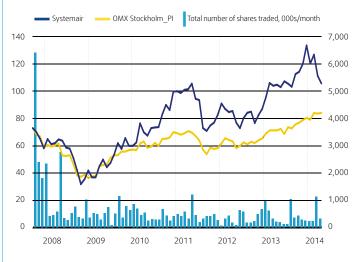
Redeve

Henrik Alveskog, +46 (0)8-545 013 45

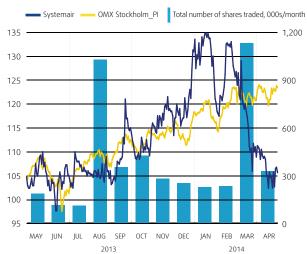
Erik Penser Bank

Johan Dahl, +46 (0)8-463 80 00

Share price, 6-year overview



Share price, 12-month overview



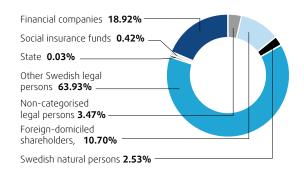
Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value (SEK thousand)
1-500	2,389	404,253	0.78%	42,750
501-1,000	337	273,953	0.53%	28,971
1,001-5,000	200	466,995	0.90%	49,385
5,001-20,000	27	465,405	0.89%	49,216
20,001-	63	50,389,394	96.90%	5,328,678
Total	3,033	52,000,000	100.00%	5,499,000

10 biggest shareholders

Shareholders grouped according to Euroclear	Percentage (%)	No. of shares
Färna Invest AB¹	42.30%	21,997,752
ebm-papst AB	21.27%	11,059,770
Nordea Investment Funds	4.85%	2,523,771
Alecta Pensionsförsäkring	4.81%	2,500,000
Handelsbanken Fonder	2.97%	1,544,848
Odin Fonder	2.93%	1,522,697
SEB Fonder	2.34%	1,215,384
Didner & Gerge Fonder	1.92%	999,779
Lannebo Fonder	1.75%	907,690
Fondita Nordic Fonder	1.54%	800,000
	86.68%	45,071,691
Other	13.32%	6,928,309
Total	100.00%	52,000,000

Shareholder categories



Share data

	2013/14	2012/13	2011/12	2010/11	2009/10
No. of shares at 30 April	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	8.44	4.63	4.14	5.29	3.66
Cash flow per share (SEK)	4.83	6.61	5.58	4.79	6.86
Equity per share (SEK)	36.17	30.31	26.90	24.39	22.46
Share price, end of accounting period	105.75	104.75	85.50	101.50	70.00
High during the year (SEK)	136.75	108.00	110.00	109.00	77.75
Low during the year (SEK)	97.00	69.75	65.25	59.00	43.00
Dividend per share (SEK)	3.00*	1.50	1.25	1.75	1.25
After tax P/E	12.53	22.62	20.65	19.20	19.13
Direct yield (%)	2.84	1.43	1.50	1.72	1.79
Payout ratio (%)	35.56	32.37	30.20	33.10	33.90
Trading volume	4,632,443	5,138,280	4,657,561	4,655,718	7,228,918
Turnover rate (%)	9.00	10.00	9.00	9.00	13.90

^{*}The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share, plus an extra dividend of SEK 1.50, making a total of SEK 3.00 per share, for approval by the AGM to be held in Skinnskatteberg on 28 August 2014.

Share capital

Year	Event	Quotient value	Increase in share capital	Total shares	Total no. of shares
1993/94	Bonus issue, Series A shares	100	7,000,000	10,000,000	100,000
1994/95	New issue, Series A shares	100	14,000,000	24,000,000	240,000
1995/96	Bonus issue, Series A shares	100	26,000,000	50,000,000	500,000
2005/06	New issue, Series B shares	100	2,000,000	52,000,000	520,000
2006/07	100:1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000

 $^{^{\}rm 1}\,\mbox{F\"arna}$ Invest AB is a company owned by Systemair's CEO Gerald Engström.

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Directors' Report

DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

General

The Board of Directors and Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2013/14 financial year, the Company's 41st year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech, VEAB, Holland Heading and Menerga.

Systemair offers a standardised range of ventilation products, including fans, air distribution products, air handling units and chillers, with the emphasis on simplifying the task of ventilation contractors.

Frico specialises in heating systems such as air curtains, fan heaters and radiant heaters.

The *Fantech* brand is used in North America. Its products include fans and other ventilation products, as well as heat recovery units for single-family homes.

VEAB markets heating products such as air duct heaters, fan heaters and dehumidifiers.

Holland Heating is a well-established brand in the European market for high-quality air conditioning systems.

Menerga offers a range of air handling units for swimming pool halls, comfort and process ventilation of ultra high efficiency.

With production facilities in 15 countries (Sweden, Norway, Denmark, Germany, Lithuania, Slovenia, Slovakia, Spain, Italy, Canada, USA, Malaysia, India, the Netherlands and Turkey) and a total of 250,000 m² of floor space for production and warehouse, Systemair is a significant international player in its product areas.

Systemair's products are marketed via the Group's own sales companies in 45 countries and via agents and distributors in a further approximately 80 countries. The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

Stock market listing

Since 12 October 2007, Systemair shares have been quoted (trading symbol: SYSR) on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders is in the order of 3,000.

Group

Sales and profit

Consolidated sales totalled SEK 5,296 million (4,551), 16.4% higher than in the preceding financial year. Organic growth was 4.2 percent. Companies acquired contributed 14.5%, SEK 660.4 million. The impact of exchange rates on translation of foreign subsidiaries was negative, reducing the value of sales by -2.3%.

Sales – geographic breakdown

Sales in the Nordic region rose 12% over the year. Companies acquired contributed SEK 53 million, 5% of the total. Adjusted for acquisitions and currency translation effects, the increase in sales was 10%. The Norwegian market is the biggest in the region and the second-biggest worldwide, with sales of SEK 581 million. Sales in Norway grew by 8% over the year. Sales in the Swedish market increased by 15% and in Denmark by 16%.

In Western Europe, sales were up 34%. Companies acquired, primarily Menerga and Holland Heating, contributed SEK 493 million, 34% of the total. Adjusted for acquisitions and currency translation effects, sales declined 2%, indicating that changes in exchange rates – chiefly the euro – had a positive impact of 2%. The biggest market in the region is Germany. Other major Systemair markets are the Netherlands, France, the United Kingdom and Italy. The Spanish and Italian markets remain bleak, both recording a negative trend during the year.

The market in Eastern Europe and CIS showed an increase of 6% over the year. Sales in the region totalled SEK 1,215 million (1,145). Adjusted for the currency translation effects and acquisitions, sales

		2013/14		2012/	13
	May-Apr	% of total	change	May-Apr	% of total
Nordic region	1,262.6	24%	12%	1,130.2	25%
Western Europe	1,930.7	36%	34%	1,436.0	32%
Eastern Europe & CIS	1,215.3	23%	6%	1,144.7	25%
North America	347.0	7%	-5%	365.5	8%
Other markets	540.2	10%	14%	474.6	10%
Total	5,295.8	100%	16%	4,551.0	100%

in Eastern Europe & CIS rose by 5 percent during the year. Sales in Poland, Slovenia and Estonia grew strongly. The Russian market showed weak growth during the year, rising 1 percent. Systemair's major markets in the region are Russia, Poland, the Czech Republic and Slovenia.

Turnover in the North American market declined by 5%, compared to the preceding year. Sales totalled SEK 347 million (366). Adjusted for the currency translation effects and acquisitions, sales declined 3 percent.

Sales in Other markets rose 14% during the year, largely through the acquisition of HSK (Turkey) and Holland Heating (the Netherlands), which sell to countries in the region. The acquisitions boosted sales growth by 12%. Adjusted for currency translation effects and acquisitions, sales rose 11%, indicating that fluctuations in exchange rates had an adverse impact of 9%. Systemair's major markets in the region are Turkey, India and the United Arab Emirates.

Profits

Operating profit for the financial year from May 2013 to April 2014 totalled SEK 316.9 million (365.2). Systemair's operating marqin was 6.0 percent (8.0).

Selling expenses for the full year were charged with SEK 33.0 million (20.2) for anticipated bad debts and impairment losses on trade receivables. Company acquisitions added SEK 171.4 million (91.2) to selling and administration expenses for the year. Acquisition-related costs during the year totalled SEK 1.0 million (7.4).

Financial income totalled SEK 247.2 million (1.2), including SEK 1.6 million (1.2) in interest income. Financial income also includes a capital gain of SEK 245.6 million relating to the sale of Systemair's shareholding in Lindab AB (publ). Financial expenses for the year totalled SEK -55.9 million (-35.8), SEK -37.4 million (-30.7) of which were interest expenses. The increase in interest expenses was attributable to higher borrowing during the year.

Tax expense for the year totalled SEK -69.5 million (-89.6), corresponding to a tax charge of 13.7 percent (27.1). The low tax charge is due to the fact that the capital gain from the shareholding in Lindab is not taxable.

Investments

The Group's total investments for the financial year amounted to SEK 501.3 million (696.9) excluding divestments. Gross investments in new construction and ma-

chinery totalled SEK 354.9 million (123.9), excluding divestments. Major investments were made in the production facilities in Malaysia, India and Italy, as well as a new development centre in Germany. The total paid for acquisitions in the financial year was SEK 139.7 million (164.4). Depreciation and amortisation of non-current assets totalled SEK 154.7 million (116.6) for the year.

Business combinations

In May 2013, Systemair completed the acquisition of Menerga GmbH, Germany, a leading European manufacturer of air handling units for comfort, pool and process ventilation with ultra high efficiency. Under the agreement, Systemair immediately acquired 97 percent of the company's shares, with the remaining 3 percent to be acquired no later than in December 2014. Established in 1981, Menerga has its headquarters and production facilities in Mülheim an der Ruhr, just outside Düsseldorf. Sales in 2012 totalled EUR 56.7 million, 53 percent in Germany. The company currently employs approximately 380 people.

In May 2013, Systemair entered into an agreement to acquire Reftec AS, a supplier of commercial chillers and heat pumps to the Norwegian market. Reftec, founded in 2007, has its headquarters in Trondheim and a sales office in Oslo. The company has 11 employees. The company recorded sales of NOK 34 million in 2012 and sales growth of more than 30 percent. Reftec was formerly a reseller of Systemair chiller products in the Norwegian market.

In September 2013, Systemair finalised the acquisition of Menerga GmbH (Austria), the reseller of Menerga's products in that country. The company, with headquarters in Salzburg, has 10 employees and reported sales of SEK 20 million in 2012. The company both sells and services Menerga's products.

In January 2014, Systemair acquired Menerga's sales companies in Hamburg, Hanover and Berlin. The companies, which bring 10 employees to the Group, sell Menerga products to a value of around EUR 3.5 million annually.

Menerga AG, Switzerland, was acquired in February 2014. The company, which sells and services Menerga's products, reported sales of around SEK 50 million in 2013 and has 15 employees.

In April 2014, Systemair acquired Menerga Frankfurt GmbH. The company, which sells and services Menerga's products, reported sales of around EUR 4.7 million in 2013 and currently has 13 employees.

Menerga, Germany, and Reftec, Norway, were consolidated as of 1 May 2013; Menerga Austria as of 1 September 2013; Menerga's three sales companies in northern Germany as of 1 January 2014; Menerga AG, Switzerland, as of 1 March 2014; and Menerga Frankfurt as of 30 April 2014. If the other companies acquired had been consolidated as of 1 May 2013, net sales for the period May 2013 through April 2014 would have totalled SEK approximately 5,359 million. Operating profit for that period would have been approximately SEK 314 million.

Personnel

The average number of employees in the Group was 4,142 (3,395). At the end of the period, Systemair had 4,250 employees (3,649), 601 more than one year previous. New employees were recruited chiefly in Russia (54), Lithuania (50) and Germany (25). Through acquisitions, 442 employees joined the Group, including 381 at Menerga, Germany, 11 at Reftec, Norway, 9 at Menerga, Austria, 18 at Menerga, Switzerland, and 23 at Menerga's German sales companies.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 344.0 million (408.2); the fall was mainly due to a decline in operating profit. Above all as a result of an increase in inventories and lower trade accounts payable, SEK -95.2 million (-64.3) was tied up in working capital. The cash flow from financing operations totalled SEK -398.2 million net (364.5) as a result of lower net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,040.9 million (1,310.3), and net indebtedness at yearend was SEK 969.7 million (1,238.1).

The consolidated equity/assets ratio was 47.2% (40.7) at financial year-end. The target adopted by the Board for the equity/assets ratio, 30% or more, was comfortably attained.

Transactions in foreign currencies

Systemair has established subsidiaries that operate in 45 countries, with our own production facilities in 15 of these. Systemair products are sold in 100 or so countries around the world. Systemair AB has granted short- and long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 721.9 million (555.4) on the balance sheet date.

Treasury operations for the Group, in the form of risk and foreign exchange management as well as borrowing, are conducted centrally by the Parent Company in Skinnskatteberg. The Group's financial policy serves as the framework not only for financial risk management but for financial activities in general. Payments and cash flows are managed using a central accounting systems. The Soliditet AB credit-rating agency retained its AAA rating for Systemair AB for the 19th consecutive year.

Risks and uncertainties

Systemair is exposed to operational and financial risks in its business. Operational risk is inherent in the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business include foreign exchange risk, borrowing and interest rate risk, credit risk and liquidity risk. The material risks and uncertainty affecting Systemair are described in more detail in Note 2.

Financial survey

Over the past five years, growth in Group sales has averaged 10%. The average annual operating margin (EBIT) has been 8% during the same period. The Group has targeted an equity/assets ratio of at least 30%. The average equity/assets ratio for the past five years has been 46%. Of total Group sales, 92% (92) are to customers outside Sweden.

Further information on changes in the Group's financial position is provided in the table of key ratios, after the notes to the financial statements.

Outlook

In most markets, Systemair is still a relatively small player, and we see excellent opportunities – with our increasingly broad product portfolio and excellent delivery capacity – for us to win bigger market shares. In September 2011, an interim report within the EU Directive on Ecodesign was pre-

sented. The report advocates exhaust and supply air ventilation with energy recovery as the best solution for energy-efficient buildings. One main focus of Systemair's development activities is the development of exactly the energy-efficient, long-life ventilation products envisaged. We also see major future potential in developing the combination of ventilation and cooling in our products.

During the year, we continued to expand the Company's product and market development, a strategy that will strengthen the Group in the long run. We look forward with confidence to the year ahead and will continue the process of integrating acquired companies to achieve the synergies anticipated and improve profitability.

Seasonal factors

Systemair's business operations are influenced by seasonal variations as a result of cold weather. Usually, activity in the autumn is higher because much construction work is being completed before winter. During the coldest parts of the year, demand for heating products increases, too. Normally the second quarter, August to October, is when Systemair achieves its strongest sales.

Financial targets

In April 2007, the Board of Directors of Systemair adopted three financial targets and a dividend policy.

Growth in sales >12%
Over a business cycle, both organic and acquired

EBIT >10% Over a business cycle

Equity/assets ratio >30%

Dividend

Approximately 30% of profit after tax

Proposed guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the 2014 Annual General Meeting, which also comply with the guidelines adopted at the AGM for the preceding year.

Remuneration to senior executives shall, based on the conditions in the market in which the Company operates and the environment in which the particular executive works, be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company.

The system of remuneration shall consist of a fixed salary and pension, but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and shall be subject to a predetermined limit, normally two months' salary. As a rule, pensions shall be paid through defined contribution plans. The pension contributions shall be based on market conditions in the sector in the particular country and based on the fixed salary.

The Board shall be entitled to depart from these guidelines if justified in any particular case.

Product development

At Systemair, product development fulfils a vital function and the Company strives to remain at the cutting edge in level of technology, functionality and product design. One focus area is the development of energy-efficient ventilation products with a long service life.

Product development is conducted primarily at the large manufacturing units.

Five-year survey	2013/14	2012/13	2011/12	2010/11	2009/10
Net sales	5,296	4,551	3,997	3,467	3,219
EBIT	317	365	320	367	275
Operating margin	6.0%	8.0%	8.0%	10.6%	8.5%
Equity/assets ratio	47%	41%	45%	49%	49%
Return on capital employed	18%	14%	15%	18%	15%
Average number of employees	4,142	3,394	2,839	2,430	2,013

In 2013/14, the product development organisation employed around 170 people in 20 units. Approximately 25 employees are based at the largest development unit, in Skinnskatteberg. Product development costs totalled approximately SEK 120 million in 2013/14 and SEK 114 million in 2012/13.

The Group has eleven development centres equipped to test ventilation products using standardised measurement procedures. Development centres are located for example in Sweden, Germany, Canada, Slovakia, Italy, Netherlands and the USA. In addition, a new development centre is being built in India during 2014. The development centres at Skinnskatteberg and Germany offer some of the most modern facilities in Europe for the measurement of performance of ventilation products.

Quality system

Systemair AB has been ISO 9001 certified since 1993. In addition to Systemair AB, subsidiaries Systemair GmbH in Germany, Systemair in Denmark, Systemair HVAC in Spain, Imos-Systemair in Slovakia, Systemair in Slovania, Systemair Ltd in Canada, Systemair in Malaysia, VEAB Heat Tech in Hässleholm (Sweden), Holland Heating in the Netherlands, Systemair HSK in Turkey, Systemair AC in Italy, Systemair UAB in Lithuania, Systemair in India, Systemair Mfg. Inc. in the USA and Menerga GmbH in Germany are all ISO certified.

Environmental management system

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and conser-

vation are a priority area, and we focus on constantly improving methods and work practices to reduce environmental impact.

Systemair's production plants in Sweden, Lithuania, Slovakia and Germany have earned ISO 14001 certification. Systemair regards the Company's manufacturing facilities and operations as meeting the requirements of all significant environmental laws and regulations that affect the Company.

The Parent Company is engaged in activities subject to environmental registration. They are Category C activities, meaning that the Municipality of Skinnskatteberg is responsible for the environmental inspections.

Parent Company

The Parent Company develops, manufactures and sells ventilation and heating products in Skinnskatteberget. The Group's largest development centre and Group management functions are also based in that location.

During the financial year, sales totalled SEK 1,042 million (947) and profit after net financial items SEK 12 million (35).

A high proportion of sales and purchases are still denominated in EUR. In the Parent Company, sales in EUR account for 54% of the total while purchases in EUR represent 51%. Sales by the Parent Company to subsidiaries in Europe are mainly transacted in EUR.

Exports accounted for 67% (63) of sales from Skinnskatteberg. Adjusted for the re-exports from Frico AB, 70% (72) of all sales from Skinnskatteberg were exported.

Investment in buildings, technical facilities, machinery, equipment and construction in progress totalled approximately SEK

13.2 million (6.6). One notable investment was modernisation of the Systemair's automated forklift truck system for internal logistics.

Cash flow from operating activities in the Parent Company was SEK -227.5 million (310.4). The fall was largely attributable to an increase in current receivables.

The balance sheet shows a strong equity/ assets ratio of 46% (33).

Significant events after financial year-end

No significant events have occurred since the end of the period.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED PROFITS

Available for distribution by the Annual General Meeting:

Share premium reserve SEK 35,206,751
Fair value reserve SEK -8,359,687
Profit brought forward SEK 669,248,346
Net profit for the year SEK 509,682,745
SEK 1,205,778,155

The Board of Directors proposes that the Annual General Meeting, to be held on 28 August 2014, approve a dividend of SEK 1.50 (1.50) per share, plus an extra dividend of SEK 1.50, making a total of SEK 3.00 per share. As a result, dividend payments will amount to SEK 156.0 million (78.0). The remaining unappropriated amount is to be carried forward. The proposed dividend corresponds to 36 percent (32) of net consolidated profit. The number of shares entitled to a dividend is 52,000,000.

Corporate Governance Report

At Systemair AB (publ), corporate governance is exercised via the Annual General Meeting (AGM), the Company's Articles of Association, the Board of Directors and the President and Chief Executive Officer, in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, the NASDAQ OMX Stockholm Rule Book for Issuers and the Swedish Code of Corporate Governance.

Application of the Swedish Code of Corporate Governance ("the Code")

It is generally accepted practice in the stockmarket for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code with the following exceptions:

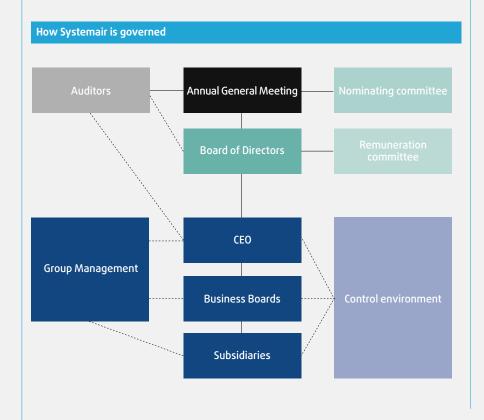
The AGM has appointed a nominating committee consisting of three of the largest shareholders. The chairman of the nominating committee is the Company's majority shareholder, Gerald Engström, who owns 42.3% of the share capital and votes in Systemair via his wholly owned company Färna Invest AB. Engström is also a member of the Board of Directors and the Company's Chief Executive Officer. The second largest shareholder, ebm-papst AB, owns 21.3% of the capital and votes and is represented on the nominating committee by Gerhard Sturm.

The Code states for example that the majority of the members of the nominating committee must be independent of the Company and company management. Further, the chairman of the nominating committee must not be a director of the company.

However, the majority of the members of Systemair's nominating committee are not independent, which is a deviation from the Code. The Company's judgement is that the said arrangement is in the interests and to the benefit of the Company and the other shareholders.

Shareholders and share capital

Systemair AB (org. reg. no. 556160-4108) is headquartered at Skinnskatteberg in the County of Västmanland, central Sweden. The Company's shares have been quoted on the Mid Cap List of NASDAQ OMX



FACTS

2013 Annual General Meeting

Systemair's Annual General Meeting, held in Skinnskatteberg on 29 August 2013, was attended by 73 shareholders, representing 82% of the shares and votes in the Company. Lars Hansson, Chairman of the Board, was appointed to chair the meeting. The Chairman, Lars Hansson, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives and on the work of the nominating committee and the audit committee. In addition, CEO Gerald Engström held a speech about Systemair's business during financial year 2012/13. Thomas Forslund, the auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and CEO from liability in respect of the past financial year.
- To re-elect Elisabeth Westberg, Lars Hansson, Gerald Engström, Göran Robertsson and Hannu Paitula as Members of the Board, Jürgen Zilling had declined re-election.
- To re-elect Lars Hansson as Chairman of the Board.
- To pay a Board fee of SEK 500,000 to the Chairman and SEK 250,000 to each director not employed by the Company. To pay a fee of SEK 25,000 to each employee representative.
- To pay a dividend of SEK 1.50 per share
- That the nominating committee shall be made up of representatives of three of the biggest shareholders, based on the ownership details on 31 January 2014, plus the Chairman of the Board.
- To authorise the Board, during the period until the 2014 AGM, to take decisions to issue new shares equal to no more than 10% of the number of shares in the Company.

The minutes from the 2013 AGM are available on Systemair's website at:

www.systemair.com Investor & Media

Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 3,033 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.3% of the capital and votes and is 100%-controlled by CEO and Director Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 21.3% of the capital and votes, and Nordea Fonder, with 4.8%. All shares have a quotient value of SEK 1. At the financial year-end, 30 April 2014, the total number of shares outstanding was 52,000,000, all of the same class.

For more information, see section "The Systemair Share", on page 46.

Articles of association

Systemair is a limited company whose business is to conduct the manufacture and sale of ventilation and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members.

In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County, Sweden. The Company's Annual Report and the management of the Company by the President and Board of Directors shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The Company's financial year shall be 1 May-30 April.

For the complete articles of association, please visit Systemair's website: www.systemair.com; go to Investor & Media.

Annual General Meeting

The Annual General Meeting (AGM) is Systemair's ultimate governing body. The AGM shall be held within six months from the end of the financial year. Notice of the meeting is given on the Systemair website and shall be confirmed via an announcement in Dagens Industri.

All shareholders who are entered in the share register five weekdays before the AGM

Composition of the nominating committee for the 2014 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström, Chairman of the nominating committee	Färna Invest AB, and CEO of Systemair	gerald.engstrom@systemair.se
Gerhard Sturm	ebmpapst AB	gerhard.sturm@de.ebmpapst.com
Björn Henriksson	Nordea Fonder	bjorn.henriksson@nordea.com
Lars Hansson	Chairman of the Board	lars.hansson@systemair.se

Directors - attendance and dependence/independence

	Board of		Remuneration	Year	Dep. on/li	
	Directors co	ommittee	committee	elected	company	Owner
Number of meetings	9	2	1			
Lars Hansson, Chairman	9	2	1	2006	Indep.	Indep.
Gerald Engström	9	2	-	1974	Dep.	Dep.
Elisabeth Westberg	9	2	1	2006	Indep.	Indep.
Göran Robertsson	9	2	1	2006	Indep.	Indep.
Jürgen Zilling ²	5	-	-	2008	Indep.	Indep.
Hannu Paitula	8	2	-	2011	Indep.	Indep.
Kevin Rowland¹	9	2	-	2002	-	-
Åke Henningsson¹	9	2	=	2010	-	-

¹ Employee representative

² Jürgen Zilling was a member of the Board of Directors until 29 August 2013. During his period as director, he attended all Board meetings.

Systemair's Board of Directors decided that for the period from the 2013 AGM the audit committee should be abolished and that the Board as a whole should fulfil the functions that normally fall within the ambit of the audit committee. Before the decision was taken, two minuted audit committee meetings were held, attended by all of those who were members of the committee at that time.

and have notified the Company no later than 3.00 p.m. on the day specified in the notice for the AGM that they will attend are entitled to attend and to vote their total shareholdings. Any shareholder unable to attend can be represented by a representative.

The AGM deals with several key matters of business, such as the dividend, any amendments to the articles of association, election of auditor, discharge of the Board from liability, remuneration to the Board and auditors as well as decisions on the composition of the Board until the next AGM.

The nominating committee

The 2013 AGM resolved that the nominating committee shall be made up of representatives of three of the biggest shareholders. The record date for determining the three largest shareholders was 31 January 2014. The nominating committee shall submit nominations for the Chairman of the AGM, the Board and Chairman of the Board, the choice of auditors in consultation with the Board, proposed fees to the Chairman of the Board and other directors, proposed remuneration for work on committees and proposed auditors' fees. These proposals shall be presented to the AGM.

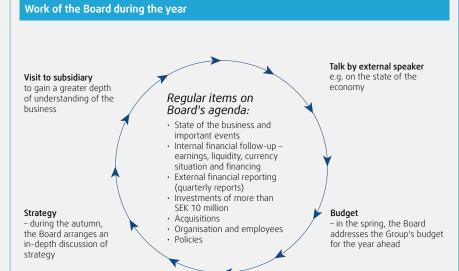
The nominating committee held two meetings 2013/14. No remuneration has been paid for work on the nominating committee.

The proposals of the nominating committee to the 2014 AGM are shown in the Notice of AGM posted on the Systemair website, www.systemair.se. Shareholders wishing to submit proposals for the nominating committee may do so by e-mail to any member of the nominating committee.

Board of Directors

Composition of the Board of Directors Until the start of the 2013 Annual General Meeting, Systemair's Board of Directors consisted of six members elected by the AGM, Lars Hansson, (Chairman), Gerald Engström (Systemair's CEO), Elisabeth Westberg, Jürgen Zilling, Göran Robertsson and Hannu Paitula. At the 2013 AGM, all directors were re-elected, apart from Jürgen Zilling, who declined re-election. Since then, the Board has comprised five members elected by the AGM. The employees elected two representatives, Kevin Rowland, Unionen and Åke Henningsson, IF Metall. More detailed biographies of the members of the Board of Directors are provided on page 59 and this annual report.

The Company's CFO acts as secretary to the Board. Until January 2014, Glen Nilsson performed this role. Glen Nilsson was then



succeeded by Anders Ulff, who formerly served in Systemair's Group Management as Vice President of Administration. As the chart on the previous page shows, all members of the Board elected by the AGM, except for Gerald Engström, are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

Work of the Board

During the 2013/14 financial year, the Board held eight meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year.

All decisions taken by the Board were unanimous and placed on record.

The work of the Board is governed by annually approved rules of procedure that regulate the work of the Board and its internal allocation of tasks, including committees, decision-making process within the Board and the Board's meeting procedures.

Each month, the Board receives the Company's package of written reports on profit and financial position, consolidated at Group level and for all subsidiaries. The President also maintains ongoing contact with the Chairman of the Board.

During the year, the Board of Directors assessed its work, and all directors participated in the assessment and provided observations. The Chairman of the Board is responsible for the assessment.

Attendance at Board meetings and fees

- in June, the Board discusses the annual

accounts for the past year; the meeting is

also attended by the Company's auditor

As the table shows, all members except one attended all meetings. Hannu Paitula was absent from one Board meeting. Fees to the Board of Directors are shown in Note 9.

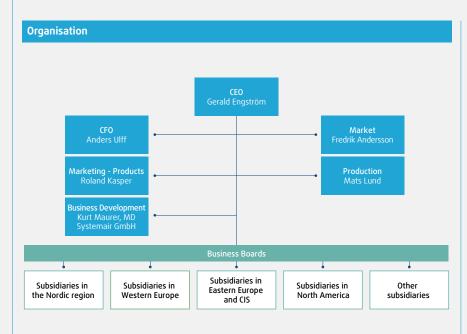
Remuneration committee

Annual Accounts

The Board has appointed a remuneration committee consisting of Lars Hansson (committee chairman), Elisabeth Westberg and Göran Robertsson. The committee's functions are:

- to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration to senior executives
- to monitor and assess programmes for variable remuneration to senior executives in progress and concluded during the year
- to monitor and assess the application of guidelines for remuneration for senior executives as well as current remuneration structures and levels.

The members of the committee are appointed annually by the Board at the first ordinary Board meeting and include three people. No member may participate in issues related to his or her own remuneration. The Chairman of the Board shall chair the committee. Over the financial year, the committee held one minuted meeting, at which all members were present.



Audit committee

In the course of the financial year, the Board decided to abolish the audit committee; it also resolved that the Board as a whole should fulfil the functions that normally fall within the ambit of the audit committee. One agenda item at Board meetings held in conjunction with quarterly reporting shall be discussion of accounting and auditing matters. Elisabeth Westberg (formerly chair of the committee) reports to the committee. At the meeting, the following items are to be discussed:

- supervising the Company's internal controls, risk management and internal audits
- staying informed about the external audit
- reviewing and monitoring the impartiality and independence of the auditor
- assisting in the preparation of the proposal for the selection of auditors.
- supervising of the financial reporting
- valuation issues, such as testing of needs for impairment.

During the year, the Company's CFO, Vice President of Administration and auditor took part in meetings when a report was presented on the issue. These meetings addressed issues such as the risk assessment of internal control and risk management with respect to financial reporting, business board work and IT security. Reports were submitted from internal audits performed.

The Company's auditor attended proceedings dealing with the year-end report, presented his audit report, whereupon the Board was able to ask questions.

President and CEO

In April 2013, Pär Johansson was appointed President of the Parent Company, Systemair AB. He formerly served as Vice President Marketing in Sweden, with overall responsibility for sales, customer service and technical support. Gerald Engström, who acted as both President and CEO until April 2013, stays on as CEO and director. Pär Johansson exercises operational responsibility in the Parent Company Systemair AB, headquartered at Skinnskatteberg, and for the Swedish business. CEO Gerald Engström deals with day-to-day administration and control of the Group's businesses, and the Group's senior management report to him.

Group Management

The Group's senior management comprises: Vice President Marketing Fredrik Andersson, Chief Financial Officer Anders Ulff, Production Manager Mats Lund, Vice President Marketing - Products Roland Kasper and Kurt Maurer, Managing Director of Systemair GmbH, Germany. CEO Gerald Engström supervises the work of the Group's senior management.

Until January 2014, Svein Nilsen served as Vice President Marketing and Glen Nilsson as Chief Financial Officer. Both Glen Nilsson and Svein Nilsen were succeeded in their positions at their planned retirement in 2014.

Group Management holds regular meetings during the year to review earnings for the Group and for individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational matters within frameworks established by the Board. One of these yearly meetings is more extensive, involving more detailed discussion and planning for operations and the formulation of targets at Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is key to the management culture. Group Management is supported by functions at Group level for Group financing, treasury, business development, product development, production, purchasing, communication and IT.

Governance of business boards and subsidiaries

The Systemair Group consists in total of 64 companies, of which 56 are operational. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns the majority of the subsidiaries directly. All subsidiaries are 100%-owned, apart from Systemair-HSK of Turkey, which is 90%-owned and Tekadoor of Austria, which is 50%-owned.

Operating activities in the subsidiaries are governed at overall level via business boards, which may best be described as executive steering committees for the subsidiaries. Each of these consists of one or two members of Group Management and/ or some other key person from the Parent Company, plus the subsidiary's MD. Each business board sets targets and monitors financial outcomes; takes decisions on major market and product issues; it also serves as the link between Parent Company and the particular subsidiary regarding various organisational matters. Business boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

Senior executive remuneration *Guidelines*

The 2013 AGM adopted guidelines for senior executive remuneration. Remuneration to senior executives shall – based on the conditions in the market in which the

Company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company.

The system of remuneration shall consist of a fixed salary and pension, but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually, based on the aforementioned criteria and the specific competence of the particular executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and may normally equal no more than two months' salary. As a rule, pensions shall be paid through defined contribution plans. The size of the pension shall adhere to the same criteria as above and be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Remuneration to the President, CEO and other senior executives is presented in Note 9 on page 9.

Notice of termination and severance payments

The CEO's employment may be terminated on 12 months' notice by the Company or six months' notice by the CEO. For other senior executives and the CEO, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay.

Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. Defined-contribution pension insurance contributions are paid on behalf of the CEO Gerald Engström, while other senior executives are covered by the ITP plan. The pensionable age for all senior executives is 65 years. Pension costs for senior executives totalled SEK 3.9 million in 2013/14.

Auditor and auditing

The 2013 AGM resolved to appoint Ernst & Young as auditors, with Åsa Lundvall as auditor in charge, until the next AGM is held in 2014.

The external audit is performed in accordance with generally accepted accounting practice in Sweden Annual report docu-

ments for legal entities domiciled outside Sweden are audited in accordance with the legal requirements and other applicable rules of the countries in question.

The work of auditing the Group's accounts adheres to an audit plan that is adapted to the size of companies and that provides guidelines for the auditors' work at each subsidiary. In addition to audit engagements, the audit firm has performed certain consulting assignments during the year, primarily involving advice on tax and accounting issues. The auditors have submitted oral and written reports to the Board on both the audit engagement as well as on the audit of the Company's internal control.

Systemair's mid-year report during for the 2013/14 financial year was audited by the Company's auditor.

Fees to the auditors are shown in Note 5.

Internal control related to financial reporting

Report of the Board of Directors on internal control for financial year 2013/14
Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act. It describes how the internal control of financial reporting is performed. Systemair's Board of Directors has decided not to have a separate audit committee. Instead, the Board as a whole is to perform the functions that would

The Board thus has an important role to play in quality assuring financial reporting, which includes issues of internal control and compliance, verification of reported values and estimates and other issues that could influence the quality of the financial disclosures. Internal control is based on the structure in the framework for internal control referred to as the COSO model, from the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

otherwise fall to the audit committee.

Control environment

Effective work by the Board of Directors is the basis of effective internal control. The control environment in Systemair is characterised by short paths between Group management and the operational units. The Board of Directors has adopted several basic documents to create and maintain a smoothly functioning control environment significant to the financial reporting. These include the Board of Directors' set of procedures, instructions for the CEO, a financial

policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's controller organisation.

The Board includes accounting and auditing issues as a regular item on the agenda at the four Board meetings at which the quarterly reports are discussed. The objective is to ensure compliance with and development of policies adopted for financial reporting and internal control. The Board also maintains continuous contract with the Company's auditor.

Risk assessment

Systemair's Board of Directors is responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's results and position. The Board and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets are a crucial aid. In addition, regular risk assessments are conducted in connection with strategic planning, budgeting, forecasting and acquisition activities.

Control activities

Important instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's central controller organisation and are readily accessible on the Group's intranet.

All companies in the Group report five working days after the end of the month in a common group consolidation and reporting system; this enables any deviations or errors, for example, to be detected and remedied without delay.

At the end of the accounting period, the Group comprised around 60 subsidiaries owned directly by the Parent Company Systemair AB. The subsidiaries are legal entities with their own complete income statements and balance sheets. Each individual subsidiary reports to the Parent Company every month, where consolidation is performed.

Central controllers are directly responsible for following up several companies that they monitor and analyse on an ongoing basis. Outcomes are reviewed regularly against plans and targets in consultation with representatives of the subsidiaries, business boards and Group management.

For the majority of its subsidiaries, the Group has a common, 100%-integrated ERP system that provides a highly efficient tool for management, control and follow-

CORPORATE GOVERNANCE

up. For major decisions such as those in connection with acquisitions, investments and significant contracts, explicit decisionmaking methods and processes are in place.

In addition, every unit is also visited regularly by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting.

Information and communication

The CEO and the CFO are jointly responsible for the accuracy and good quality of all information published externally, including quarterly reports, press releases and company presentations in conjunction with analysts' meetings. The tasks of the Company's auditor include reviewing accounting issues that are material to financial reporting and reporting his or her observations to the Board.

Each month, the Board receives a reporting package that includes the complete final accounts for each subsidiary as well as the consolidated accounts for the Group. Several key ratios and benchmarks are also included; these enable the results for the period to be compared with budget and the results for preceding years.

The Board's set of procedures regulates which reports and information of a financial nature will be presented continuously and for each Board meeting.

In order to promote awareness of policies and manuals among the Group's employees, information is available to all concerned on the Group's intranet. To ensure that external information is accurate and comprehensive, the Board of Directors has therefore adopted a Communication Policy.

Follow-up

Systemair is characterised by the simplicity of its legal and operational structure, and by smoothly functioning and well-established systems for management and control. The Board and the remuneration committee, together with Group Management, monitor compliance with policies and guidelines adopted. At every Board meeting, the Com-

pany's financial situation is discussed, and prior to the publication of quarterly reports and annual reports, the Board reviews the financial information. Each month, Group Management and business board members review the results for each subsidiary and discuss deviations from plan with that subsidiary's CEO.

The tasks of the external auditors include supervising internal control in the Group companies annually. The auditors maintain contact with and report directly to the Board of Directors.

During the year, the controller organisation carried out a number of internal audits of subsidiaries with the aid of the Company's auditors. This work adheres to a standardised model, in which various significant issues associated with internal guidelines and policies are reviewed.

Ways of working with internal audits are being developed continuously, and an annual plan for audit activities has been adopted and is addressed by the Board.

Internal audit

Systemair has a simple operating structure with excellent facilities for internal control. Compliance with the Company's well-developed governance and internal control system is monitored regularly by the Group's controllers. In addition, ongoing follow-up is performed by business boards and Group management. Further supervision is exercised in the form of the control and follow-up by the Board and the external auditors.

Day-to-day dialogue between the Company and its external auditors, as well as the checks carried out by the above-mentioned parties are considered at present to be adequate in ensuring that internal control is effective. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit.

This judgement is subject to continual review, and a re-examination will take place in 2014/15.

Board of Directors



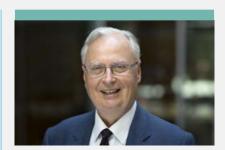
GERALD ENGSTRÖM

CEO, Director

Chairman, Bluefish Pharmaceuticals AB **Education**: Upper secondary school qualification in Engineering, Business Studies at Stockholm University

Formerly: CEO of Ziehl-ebm AB, etc. Holding: 21,997,752 shares (shares owned by Färna Invest)

Born: 1948 Year elected: 1974 Independent: No



LARS HANSSON

Chairman of the Board

Chairman of S-Group Holding AB and Svenska Re AB, Director of Starkraft AB

Education: M.Sc. Engineering Holding: 50,000 shares Born: 1942 Year elected: 2006 Independent: Yes



GÖRAN ROBERTSSON

Director

Chairman of Eurovent Certita Certification SAS, Chairman of Eurovent Services Company and

Director of Etagrene OY

Education: B.Sc. Engineering and Leadership programme at Stockholm School of Economics

IFL Executive Education

Formerly: MD of Stifab Farex AB etc.

Holding: 15,000 shares Born: 1943 Year elected: 2006 Independent: Yes



ELISABETH WESTBERG

Directo

Director, Jämtkraft AB, Scandem AB,

AB Fr Ramström

Education: Bachelor's degree

Formerly: Vice President Handelsbanken Capital Markets, among other duties

Holding: 20,000 shares

Born: 1948 Year elected: 2006 Independent: Yes



HANNU PAITULA

Directo

Director, WinGroup AG and Hansa Metallwerke

AG, Germany.
Education: Engineer
Holding: 1,000 shares
Born: 1948
Year elected: 2011

Independent: Yes



KEVIN ROWLAND

Employee Representative

Education: BA History, La Salle Univ., Philadelphia, USA; Personnel Management, Org. Development, University of Gothenburg Current position: Operations Manager/IT

Holding:500 shares Born: 1954 Year elected: 2002



ÅKE HENNINGSSON

Employee Representative

Current position: Industrial electrician

Holding: – Born: 1957 Year elected: 2010

Group Management



GERALD ENGSTRÖM

Chief Executive Officer, Director

Chairman, Bluefish Pharmaceuticals AB **Education**: Upper secondary school qualification in Engineering, Business Studies at Stockholm University

Formerly: CEO of Ziehl-ebm AB etc. Holding: 21,997,752 shares (owned by Färna Invest)

Born: 1948

Employed since: 1974



FREDRIK ANDERSSON

Vice President Marketing

Education: Master's degree in International Economics, with Russian and German, Uppsala

Formerly: Export Manager Russia Manager at Systemair AB, Managing Director, Fläkt Woods,

Holding: Born: 1966

Employed since: 2014



ANDERS ULFF

Chief Financial Officer

Education: M.Sc. Business Administration, Uppsala University

Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair

Holding: 40,600 shares **Born:** 1967 Employed since: 1999



MATS LUND Vice President Production

Education: Computer programming, and IT

Formerly: IT, Purchasing and Logistics Manager, Systemair, Computer programmer, **ASFA**

Holding: 81,124 shares Born: 1957

Employed since: 1982



ROLAND KASPER

Vice President Marketing - Products

Education: Energy and Heating Technology Engineering Diploma,

University of Applied Sciences Giessen-

Friedberg, Germany Formerly: Product Manager, Fläkt Woods

Group

and ABB Ventilation Products GmbH

Holding: 1,000 shares Born: 1969 Employed since: 2007



KURT MAURER

MD Systemair GmbH, Germany

Education: Heilbronn University Formerly: Technical Director, Lti

Lüftungstechnik; Product Dvpt, Rosenberg;

Product Dvpt, Ebm-papst Holding: 70,000 shares Born: 1959

Employed since: 1994

Consolidated Income Statement

SEK m., 1 May-30 April	Note	2013/14	2012/13
Net sales	3	5,295.8	4,551.0
Cost of goods sold	4	-3,508.7	-2,923.6
Gross profit		1,787.1	1,627.4
Other operating income	7	76.0	61.5
Selling expenses	4	-1,182.8	-1,041.4
Administration expenses	4, 5	-284.8	-226.1
Other operating expenses	8	-78.6	-56.2
Operating profit	4, 6, 9, 10	316.9	365.2
Financial income	11	247.2	1.2
Financial expenses	12	-55.9	-35.8
Profit after financial items		508.2	330.6
Tax	13	-69.5	-89.6
Profit for the year		438.7	241.0
Attributable to:			
Parent Company shareholders		438.7	241.0
Non-controlling interests		0.0	0.0
Earnings per share ¹	34	8.44	4.63
Average no. of shares during period ¹		52,000,000	52,000,000

¹At present, Systemair does not have any option programmes in operation and so no dilution effect is to be taken into account.

Consolidated Statement of Comprehensive Income

SEK m., 1 May-30 April	2013/14	2012/13
Profit for the year	438.7	241.0
Other comprehensive income, net after tax		
Items that have been, or may later be, transferred to profit for the year		
Translation differences, foreign operations	12.1	-56.1
Hedging of net assets in foreign operations, gross before tax	-	-0.8
Tax on hedging of net assets in foreign operations	-	0.2
Financial assets available for sale:		
- change in fair value	187.9	57.7
- transferred to income statement at sale	-245.6	
Items that cannot be transferred to profit for the year		
Change in defined-benefit pensions, gross before tax	-6.3	
Tax on change in defined-benefit pensions	1.7	
Other comprehensive income, net after tax	-50.2	1.0
Total comprehensive income for the year	388.5	242.0
Attributable to:		
Parent Company shareholders	388.5	242.0
Non-controlling interests	0.0	0.0

Consolidated Balance Sheet

SEK m., 30 April	Note	30/04/2014	30/04/2013
ASSETS			
Non-current assets			
Intangible assets	3, 14		
Goodwill	2,	532.5	457.7
Brands, customer relationships etc.		244.6	163.6
Other intangible assets		6.3	8.1
		783.4	629.4
Property, plant and equipment	3, 14		
Buildings and land	2,	798.4	530.3
Plant and machinery		175.6	134.3
Equipment and tools		97.6	82.8
Construction in progress		16.1	66.0
		1,087.7	813.4
Financial and other assets			
Other securities held as non-current assets	15	0.4	464.7
Deferred tax assets	13	93.3	78.4
Other long-term receivables	16	7.0	7.8
		100.7	550.9
Total non-current assets		1,971.8	1,993.7
Current assets			
Inventory	18		
Raw materials and consumables		378.5	310.9
Products in progress		69.4	39.5
Finished products		472.8	439.6
		920.7	790.0
Current receivables			
Accounts receivable – trade	19	872.8	875.7
Other receivables		40.1	60.6
Prepaid expenses and accrued income	17	51.0	49.1
Other investments in securities etc.		3.7	7.2
		967.6	992.6
Cash and bank balances		123.3	98.4
Total current assets		2,011.6	1,881.0
TOTAL ASSETS		3,983.4	3,874.7

Consolidated Balance Sheet

SEK m., 30 April	Note	30/04/2014	30/04/2013
EQUITY AND LIABILITIES			
Equity			
Share capital	20	52.0	52.0
Additional paid-in capital	20	2.2	2.2
Other reserves		-79.8	-29.6
Profit brought forward, incl. profit for the year		1,906.5	1,551.4
Equity attributable to Parent Company shareholders		1,880.9	1,576.0
Non-controlling interests		0.0	0.0
Total equity		1,880.9	1,576.0
Non-current liabilities			
Non-current liabilities, interest-bearing	21	285.6	586.3
Provisions for pensions	25	39.6	29.6
Provisions for deferred tax liabilities	13	92.9	75.5
Other provisions		81.4	49.4
Total non-current liabilities		499.5	740.8
Current liabilities			
Current liabilities, interest-bearing	21	755.3	724.0
Accounts payable – trade		401.7	410.4
Income tax liability		66.7	61.0
Other liabilities		182.2	160.1
Accrued expenses and deferred income	22	197.1	202.4
Total current liabilities		1,603.0	1,557.9
Total liabilities		2,102.5	2,298.7
TOTAL EQUITY AND LIABILITIES		3,983.4	3,874.7
Pledged assets	30	273.3	263.4
Contingent liabilities	31	84.2	80.4

Statement of Changes in Equity – Group

_		Attributa	ble to Parent	t Company sha	reholders			
SEK m.	Share capital	Additional paid-in capital	Hedging reserve	Translation reserve	Fair value reserve	Profit brought forward incl. profit for the year	Non- controlling interests	Total equity
Equity, 30 April 2012	52.0	2.2	0.5	-31.1	0.0	1,375.4	0.1	1,399.1
Dividends						-65.0		-65.0
Profit for the year						241.0	-0.1	240.9
Other comprehensive income			-0.6	-56.1	57.7			1.0
Equity, 30 April 2013	52.0	2.2	-0.1	-87.2	57.7	1,551.4	0.0	1,576.0
Impact of change in account-								
ing policy IAS 19R (net)						-5.6		-5.6
Dividends						-78.0		-78.0
Profit for the year						438.7		438.7
Other comprehensive income			-4.6	12.1	-57.7			-50.2
Equity, 30 April 2014	52.0	2.2	-4.7	-75.1	0.0	1,906.5	0.0	1,880.9

Consolidated Cash Flow Statement

SEK m., 1 May–30 April	Note	2013/14	2012/13
Operating activities			
Operating profit		316.9	365.2
Interest received		1.6	1.2
Interest paid		-36.6	-28.7
Adjustment for non-cash items etc.	32	152.9	147.4
Income tax paid		-90.8	-76.9
Cash flow from operating activities before changes in working capital		344.0	408.2
Changes in working capital			
Inventory		-80.0	-3.0
Current receivables		115.6	-57.5
Accounts payable – trade		-74.2	-17.7
Current liabilities		-56.6	13.9
Cash flow from operating activities		248.8	343.9
Investing activities			
Acquisition of subsidiaries	28	-139.7	-164.4
Acquisition of intangible assets		-6.6	-2.0
Acquisition of property, plant and equipment		-354.9	-123.9
Sale of property, plant and equipment		23.4	4.4
Acquisition of financial assets		-	-406.6
Sale of financial assets		652.2	
Cash flow from investing activities		174.4	-692.5
Financing activities			
Borrowings		156.9	618.0
Repayment of loans		-477.1	-188.5
Dividend to shareholders		-78.0	-65.0
Cash flow from financing activities		-398.2	364.5
Increase/Decrease in cash and cash equivalents		25.0	15.9
Cash and cash equivalents at start of year		98.4	91.6
Exchange rate difference in cash and cash equivalents		-0.1	-9.1
Cash and cash equivalents at end of year		123.3	98.4

Parent Company Income Statement

SEK m., 1 May–30 April	Note	2013/14	2012/13
Net sales	3	1,041.7	946.8
Cost of goods sold		-801.6	-716.9
Gross profit		240.1	229.9
Other operating income	7	46.1	47.7
Selling expenses	,	-183.3	-165.3
Administration expenses	5, 6	-70.0	-62.3
Other operating expenses	8	-20.9	-15.5
Operating profit	9, 10	12.0	34.5
Profit/loss from participations in Group companies	26	266.0	176.0
Profit on sale of financial assets	11	245.6	-
Other interest income and similar profit/loss items	11	17.2	18.9
Interest expense and similar profit/loss items	12	-34.1	-46.7
Profit after financial items		506.7	182.7
Appropriations	23	3.4	-20.7
Pre-tax profit		510.1	162.0
Tay as essíit for the year	12	0.4	0.1
Tax on profit for the year	13	-0.4 509.7	-0.1 161.9
Profit for the year		509.7	101.9

Parent Company Statement of Comprehensive Income

	2013/14	2012/13
Profit for the year	509.7	161.9
Other comprehensive income		
Translation effects of long-term loans to subsidiaries with no settlement planned	1.8	-7.6
Tax effect from translation of long-term loans to subsidiaries	-0.4	2.0
Result from merger	-	-0.1
Financial assets available for sale:		
- change in fair value	187.9	57.7
- transferred to income statement at sale	-245.6	
Other comprehensive income, net after tax	-56.3	52.0
Total comprehensive income for the year	453.4	213.9

Parent Company Balance Sheet

SEK m., 30 April	Note	30/04/2014	30/04/2013
ASSETS			
Non-current assets			
Intangible assets	14		
Licences and other intangible assets		5.4	4.8
		5.4	4.8
Property, plant and equipment	14		
Buildings and land		73.3	79.4
Plant and machinery		26.9	34.1
Equipment and tools		14.1	13.5
Construction in progress		6.6	2.9
		120.9	129.9
Financial assets			
Participations in Group companies	27	1,754.8	1,471.9
Receivables from Group companies	29	72.4	64.5
Other securities held as non-current assets	15	-	464.3
Deferred tax assets	13	1.6	0.2
Other non-current receivables	16	3.8	3.8
		1,832.6	2,004.7
Total non-current assets		1,958.9	2,139.4
Current assets			
Inventory			
Raw materials and consumables		51.2	52.2
Products in progress		4.4	4.5
Finished products		118.8	71.1
		174.4	127.8
Current receivables			
Accounts receivable – trade	19	44.8	55.4
Receivables from Group companies	17	649.5	490.9
Taxes recoverable		6.8	10.9
Other receivables		4.1	1.2
Prepaid expenses and accrued income	17	15.1	13.4
		720.3	571.8
Cash and bank balances			
Total current assets		894.7	699.6
TOTAL ASSETS		2,853.6	2,839.0

Parent Company Balance Sheet

SEK m., 30 April	Note	30/04/2014	30/04/2013
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	52.0	52.0
Statutory reserve		10.0	10.0
		62.0	62.0
Non-restricted equity			
Share premium reserve		35.2	35.2
Fair value reserve		-8.4	47.9
Profit brought forward		669.3	585.4
Profit for the year		509.7	161.9
		1,205.8	830.4
Total equity		1,267.8	892.4
Untaxed reserves	24	35.9	63.3
Provisions		3.2	2.8
Non-current liabilities			
Liabilities to credit institutions	21	172.3	446.3
Deferred tax liability	13	-	0.2
Liabilities to Group companies		321.0	296.8
		493.3	743.3
Current liabilities			
Bank overdraft facilities	21	489.9	547.2
Liabilities to credit institutions	21	112.0	117.4
Accounts payable – trade		57.7	57.9
Liabilities to Group companies		331.6	353.5
Other liabilities		14.2	12.3
Accrued expenses and deferred income	22	48.0	48.9
		1,053.4	1,137.2
Total equity and liabilities		2,853.6	2,839.0
Pledged assets	30	222.1	550.1
Contingent liabilities	31	278.4	247.8

Statement of Changes in Equity – Parent Company

		Non-restricted equity				
SEK m.	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Profit brought forward, incl. profit for the year	Total equity
Equity, 30 April 2012	52.0	10.0	35.2	-4.1	650.4	743.5
Dividend					-65.0	-65.0
Profit for the year					161.9	161.9
Other comprehensive income				52.1	-0.1	52.0
Equity, 30 April 2013	52.0	10.0	35.2	48.0	747.2	892.4
Dividend					-78.0	-78.0
Profit for the year					509.7	509.7
Other comprehensive income				-56.3		-56.3
Equity, 30 April 2014	52.0	10.0	35.2	-8.4	1,179.0	1,267.8

Parent Company Cash Flow Statement

SEK m., 1 May-30 April	Note	2013/14	2012/13
Operating activities			
Operating profit		12.0	34.5
Interest received		16.6	18.8
Interest paid		-28.2	-30.4
Adjustment for non-cash items etc.	32	22.8	18.3
Income tax paid		0.9	-16.5
Cash flow from operating activities before changes in working o	capital	24.1	24.7
Changes in working capital			
Inventory		-46.5	-5.4
Current receivables		-172.2	320.9
Accounts payable – trade		-24.3	-29.0
Current liabilities		-8.6	-0.9
Cash flow from operating activities		-227.5	310.4
Investing activities			
Acquisition of property, plant and equipment, net		-13.2	-6.6
Acquisitions/paid-in capital at subsidiaries		-259.9	-153.0
Dividends on shares in subsidiaries		266.0	176.0
Group contributions paid		-23.9	-50.2
Investments in intangible assets		-2.6	-1.8
Sale of financial assets		652.2	-
Acquisition of financial assets		-	-406.6
Cash flow from investing activities		618.6	-442.2
Financing activities			
Dividend to shareholders		-78.0	-65.0
Borrowings		34.4	494.0
Repayment of loans		-347.5	-297.1
Cash flow from financing activities		-391.1	131.9
Increase/Decrease in cash and cash equivalents		0.0	0.0
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

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Notes

NOTE 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2014 were approved on 7 July 2014 by the Board of Directors and the Chief Executive Officer for publication and will be submitted for adoption to the 2014 Annual General Meeting. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

Basis of preparation

Systemair's consolidated accounts are based on historical cost, with the exception of financial derivative instruments and financial assets available for sale. The latter assets and liabilities are recognised at fair value. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million). "Income statement" refers either to the consolidated income statement or the Parent Company income statement.

Parent Company's accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 (Accounting for Legal Entities). Accordingly, the Parent Company complies with IFRS as far as possible within the scope of the Swedish Annual Accounts act, with regard to the relationship between accounting and taxation. In the Parent Company, untaxed reserves are recognised inclusive of deferred tax. In the consolidated accounts, this item is classified as deferred tax and equity. Appropriations are recognised gross in the Parent Company income statement. Group contributions received from subsidiaries are recognised as financial income, while Group contributions provided to subsidiaries are recognised as an appropriation in the income statement.

Amended and new accounting policies for the yearThe following standards entered into force in 2013/14, impacting on the Group's accounting

IAS 1 Presentation of other comprehensive income - amendment (approved by the EU in June 2012)

The effect of the amendment is to change the way transactions recognised in other comprehensive income are classified. Items that are to be reversed to income are to be recognised separately from items that are not to be reversed to income. This does not change what is actually included in other comprehensive income, only the way it is presented.

IAS 19 Employee benefits – amendment

The amendments introduce major changes in accounting for defined-benefit pension plans. The option to recognise actuarial gains and losses on an accruals basis, using the "corridor" approach was abolished. Such gains and losses are recognised continuously in other comprehensive income.

New accounting policies

A number of new or updated accounting recommendations and interpretations apply to financial years starting on 1 May 2014. The IFRSs that entered into force for the financial year beginning on 1 May 2013 and that affect the Group are the amendment to IFRS 7 Financial Instruments: Disclosures, IFRS 13 Fair Value Measurement and the amendment to IAS 1 Presentation of Financial Statements.

The amendment to IFRS 7 introduced new disclosure requirements with regard to offsetting financial assets and financial liabilities.

IFRS 13 provides standard rules on the calculation of fair values and brings to gether the requirements as to disclosures of fair values. The introduction of IFRS 13 means that further disclosures are required concerning the fair values of financial

The amendment to IAS 1 brings in new requirements as to the presentation of other comprehensive income; a distinction is to be made between items that are to be reversed to income and items that will never be reversed to income. As a result, the Group has added a heading to the statement of comprehensive income to make clear that the Group only accounts for items that will be reversed to income.

In addition to the new measures to have entered into force this year, the Group has opted for early adoption of the amendment to IAS 36 Impairment of Assets. This eliminates the requirement, established by the introduction of IFRS 13, to disclose the recoverable amount for cash-generating units to which goodwill has been attributed. Because the Group has opted for early adoption of this amendment, the disclosures provided on testing for impairment of goodwill will not be affected.

2014 and onward

A number of new or amended IFRSs, which will not take effect until during the current financial year, had not been adopted early when these financial statements were drawn up, with the exception of the amendment to IAS 36, as described above. An account is provided below of the IFRSs that are expected to, or may, impact on the Group's financial statements. Other than the IFRSs described in the following, other new measures approved by IASB on 30 April 2014 are not expected to have any effect on the Group's financial statements

The "consolidation package" – consisting of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, together with amendments to IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures – came into force on 1 January 2014 and has been approved by the EU. These standards are not expected to have any impact on the Group's financial reporting in the present situation, other than more details will be provided in future annual reports concerning interests in other companies

Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Further, the consolidated accounts were prepared in compliance with Swedish law, by application of Recommendation RFR 1 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial reports for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

Consolidated accounts

Basis of consolidation

The consolidated accounts comprise the Parent Company and its subsidiaries. The financial reports for the Parent Company and the subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance

with the same accounting policies applied to the Group.

All intra-Group receivables and liabilities, revenues and costs, profits and losses arising in transactions between companies included in the consolidated accounts are eliminated in their entirety.

A subsidiary is included in the consolidated accounts from the date of acquisition, that is, the date on which the Parent Company gains a controlling influence over the company, and is included in the consolidated accounts until the date on which the controlling influence ceases. Normally, controlling influence over a subsidiary is obtained by owning more than 50% of shares entitled to vote, but it may also be obtained by other means, for example, via an agreement.
Subsidiaries acquired are reported in the consolidated accounts based on acquisi-

tion accounting. The same applies to businesses acquired directly. Based on acquisition accounting, the historical cost of the shares, or of the directly acquired business, is apportioned over the assets acquired and undertakings and liabilities assumed at the time of acquisition based on their fair value at that time. If the historical cost exceeds the fair value of the net assets of the company acquired, the difference constitutes goodwill. If the historical cost is less than the fair value of the net assets of the company acquired, the difference is recognised directly in the income statement.

A non-controlling interest is the share of profits and net assets of a partly owned company that accrues to other owners. A non-controlling interest in profit is included in the profit after tax reported in the consolidated income statement. The non-controlling interest in net assets is included in equity on the consolidated balance sheet but is recognised apart from equity attributable to the shareholders in the Parent Company.

Investments in associated companies

An associated company is an entity in which the Group exercises a significant influence but which is not a joint venture. A significant influence normally exists if the shareholding represents 20%–50% of the votes. Holdings in associated companies are recognised based on the equity method. In this method, the carrying amount of the Group's shares in associated companies corresponds to the Group's participation in the equity of the associated companies plus goodwill on consolidation and any other remaining value adjustments at the time of acquisition. Goodwill and other value adjustments at the time of acquisition are calculated in the same way as in business combinations, described above. In the consolidated income statement, the Group's share of associated companies' stated profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is reported under Participations in associated companies' profits. Dividends received from an associated company reduce the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet based on the cost method.

Translation of accounts of foreign operations

A foreign operation is one that is conducted in an economic environment with a functional currency other than the Group's reporting currency (SEK). Assets, including goodwill and other surplus values, as well as liabilities in such operations are translated into the reporting currency at the closing day rate. The income statements of foreign operations are translated using a weighted average of ex change rates for the year. Any exchange rate differences resulting from translation are recognised directly in equity. Upon the divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

Translation of receivables and liabilities denominated in foreign currencies

Transactions denominated in non-Swedish currencies are translated at the rate prevailing on the transaction date. On the balance sheet date, monetary receivables

and liabilities denominated in foreign currencies are translated at the rate on that date. All exchange rate differences are charged to the income statement except for those differences arising in loans in foreign currencies raised to hedge net investments in foreign operations or those arising in claims on subsidiaries that are not planned to be settled or are unlikely to be settled in the foreseeable future. Exchange rate differences in such loans or claims are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences and are transferred to the income statement in the event of the divestment of the foreign operation in future. Effective 1 November 2008, the Group chose to recognise the assets in Systemair in Spain and in Imos-Systemair in Slovakia net after hedging with loans in EUR. Currency hedging reduces the effects of foreign exchange rate fluctuations in the income statement and, for the financial year, resulted in foreign exchange losses of SEK -0.6 million (-4.1), net after tax, being taken directly to equity. At the same time, several loans to subsidiaries were reclassified as net investments in foreign operations. During the year, foreign exchange losses of SEK -5.6 million (4.8), net after tax, were taken directly to equity.

Net sales are recognised at the fair value of the consideration received or the consideration that will be received for goods and services sold in the regular operations of the Group. Revenue is recognised once delivery has been made to the customer in accordance with the terms of sale. Net sales are recognised excluding value-added tax and net of discounts. Systemair's net sales comprise predominantly sales of ventilation and heating products and, to a lesser extent, services such as installation, maintenance and design.

Systemair's top executive decision-makers govern and manage the operations based on legal corporations. The number of legal corporations within Systemair is about 60, and so, according to the IFRS 8 standard, we have that number of segments. Because the presentation of 60 segments would entail excessively detailed information, the standard proposes aggregating these at a suitable level if there are similar economic characteristics and the segments resemble one another. Systemair cannot see how such an aggregation, into no more than 10 segments, could be done so that the information was meaningful. Thus Systemair has chosen to aggregate all segments into a main segment designated Ventilation.

Property, plant, equipment and intangible assets with a limited useful life

Property, plant, equipment and intangible assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairment losses. Depreciation/ Amortisation is charged on a straight-line basis over the useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied.

Brands, customer relationships etc. 5-10 years Buildings Plant and machinery 25-50 years 3-7 years Equipment and tools 3-5 years

Research and development

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied. The development project must be well defined and include concrete plans as to how and when the asset will be used in operations; it must be possible to calculate expenses reliably; the asset must be considered likely to create future economic benefits; it must be considered technically feasible to perform the project; and the Group must be deemed to have the resources required to conclude development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Other development expenditure is expensed as incurred. As of the balance sheet date, there were no development projects deemed to meet the above criteria.

Impairment losses

Regular tests are made during the year to establish whether any assets have de-clined in value. In such tests, the recoverable amount of the asset is calculated. For goodwill and other intangible assets with an indeterminate useful life, as well as intangible assets not yet ready for use, the recoverable amount is calculated annually.

If essentially independent cash flows cannot be determined for a particular asset, for the impairment test assets shall be grouped in cash-generating units, that is, at the lowest level where essentially independent cash flows can be identified. An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill. The loss is then applied proportionately to other assets in the unit.

Calculation of the recoverable amount

The recoverable amount is the higher of an asset's net realisable value or value in use. The value in use is the present value of future cash flows discounted at a rate based on the risk-free interest rate adjusted to reflect the risk associated with that particular asset. In the case of an asset that does not generate cash flows; the recoverable amount is calculated for the cash-generating unit in which the asset is included.

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred following recognition of the impairment loss.

. Impairment losses on goodwill are not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that the asset would have had if no impairment had been recognised.

Inventory is measured at the lower of historical cost and net realisable value for raw materials and purchased finished products, and at production cost for goods produced. Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. Historical cost is based on the purchase price. Deductions for obsolescence are made as required. Deliveries between Group companies are priced in line with the market. Intercompany gains on the inventory of Group companies are eliminated in the consolidated accounts. These eliminations are charged to operating profit.

Financial assets are classified in categories depending on the intention behind the acquisition of each particular asset. The classification is determined at the time of acquisition. A financial asset is taken off the balance sheet when the contractual rights to the cash flow cease

Financial assets measured at fair value through the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The assets are measured at fair value, and changes in value are recognised in the income statement.

Loan receivables and Accounts receivable – trade

Loan receivables and trade accounts receivable are financial assets with fixed payments or payments for which the amounts can be determined. These receivables are associated with the Group's deliveries of goods and services and are measured at historical cost. They are recognised in the amount expected to be received, less doubtful receivables based on individual assessment. In general, Group companies shall make provisions for overdue trade accounts receivable: 50% for receivables 180-360 days overdue, and 100% for those more than 360 days overdue. However, market assessments, credit insurance and the like shall be taken into account. Loan receivables and trade accounts receivable are anticipated to be of short duration and thus are measured at their nominal amounts, undiscounted.

Held to maturity investments are financial assets that are not derivatives but have fixed payments or payments that may be fixed, are of a fixed duration and will be held until maturity. They are recognised at amortised cost.

Financial assets available for sale Available for sale investments are financial assets that have either been assigned to this category or not been classified in any of the other categories. They are included in noncurrent assets if management does not intend to dispose of the assets within 12 months from the balance sheet date. Financial assets available for sale are stated at fair value after the date of acquisition. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as assets are recognised in equity. When instruments that are classified as assets available for sale are divested or impaired, the accumulated adjustments to fair value are recognised in the income statement.

Financial liabilities

Financial liabilities are measured at fair value through the income statement. In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The fair value of these liabilities is measured on an ongoing basis, with changes in value recognised in the income statement.

Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. They are measured at amortised cost.

Non-current liabilities have more than one year to maturity, while liabilities maturing before that are recognised as current liabilities. Trade accounts payable have a short anticipated maturity and are thereby measured at their nominal amount, undiscounted

Provisions

Provisions are recognised on the balance sheet when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the Group anticipates receiving compensation corresponding to a provision that has been made, for example through an insurance agreement, the compensation is recognised as an asset in the balance sheet only when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is deemed to be material, the value of the provision is determined by estimating the present value of the expected future payment using a discount factor (before tax) that reflects the market's current valuation of the time value and any risks associated with the obligation. The gradual increase in the amount of the provision resulting from this method is recognised as an interest expense in the income statement.

Employee benefits

Pensions and similar post-employment benefit obligations

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets, adjusted for unrecognised actuarial gains and losses.

The Group's obligations with regard to other defined-benefit pension plans are calculated separately for each plan using the Projected Unit Credit Method. In this method, the obligation is calculated as the present value of estimated future pension payments. The obligation thus estimated is compared to the fair value of the plan assets that secure the obligation. The difference is recognised as a liability/asset. The estimation of future payments is based on actuarial assumptions, including assumptions as to life expectancy, future salary increases, personnel turnover and factors relevant to the selection of discount rate.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income, with payroll tax and deferred tax having been taken into account.

Pension costs' relating to service during the current and earlier periods are recognised directly in the income statement. In the case of defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Profits are charged as the benefits are earned.

Share-based remuneration

No agreements on share-based remuneration exist within the Group.

Leasing

At Systemair, leasing is generally only used to a limited extent and normally only for company cars and in rental agreements. Lease contracts in which all risks and benefits associated with ownership essentially do not accrue to the Group are classified as operating leases. Fees for such contracts are recognised as costs in the income statement on a straight-line basis for the duration of the contract. Systemair classifies all current leasing contracts as operating leases.

Borrowing costs

Borrowing costs are charged to income in the period to which they pertain. Any costs incurred in raising loans are distributed over the life of the loan based on the liability recognised.

Income tax

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement when referring to income statement items and recognised directly in equity when the underlying transaction is recognised directly in other comprehensive income.

Current tax is tax to be paid or recovered for the current year, based on the tax rates enacted, or substantively enacted, by the balance sheet date. This includes any adjustments in current tax attributable to prior periods.

any adjustments in current tax attributable to prior periods.

Deferred tax is recognised in accordance with the balance sheet method, in which deferred tax is calculated for all temporary differences – that is, between the taxable values of assets and liabilities and their carrying amounts – identified on the balance sheet date. Deferred tax assets for unused loss carry-forwards are also recognised in the balance sheet.

However, a deferred tax liability is not recognised in the balance sheet for taxable temporary differences relating to goodwill. Deferred tax is also not recognised if the temporary difference pertains to investments in subsidiaries or associated companies in which the Group has a controlling influence over when a temporary difference will

be reversed and it is likely that the temporary difference will not be reversed in the foreseeable future

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilised loss carry forwards can be applied. The carrying amounts of deferred tax assets are tested at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled, based on the tax rate (and tax legislation) in force, or substantively in force, at the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid in the net amount.

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into two components: a deferred tax liability recognised as a provision, and a portion of equity.

Cash flow statement

The cash flow statement presents incoming and outgoing payments. The indirect method is used for operating activities. In addition to cash and bank balances, cash and cash equivalents consist of current ready assets with an original maturity less than three months.

Government subsidies

Government subsidies are recognised when there is reasonable assurance that the Company will meet the conditions attached to the grant and will receive the grant. In the past, the Group has received three types of government subsidy: government grants, loans for which repayment may be waived and grants relating to assets.

The Parent Company has received an employment grant totalling SEK 0.1 million (0.1) from the Swedish Labour Market Board. The employment grant reduced salaries disbursed in the functions affected.

In Lithuania, Systemair received government grants for investments in machinery. Investment grants total SEK 2.3 million (0.3). The grant reduced the tax cost this year and the investment cost last year.

In Canada, Systemair received investment grants of SEK 0.6 million (0.4) for investments in machinery.

Material estimates and assumptions

The preparation of financial reports requires sophisticated estimates and assessments for accounting purposes. Management also makes various judgements when applying the Group's accounting policies. Estimates and assessments may affect the income statement, balance sheet and supplementary disclosures provided in the financial reports. The estimates and assumptions that could constitute a risk of significant adjustments to the recognised amounts during the next financial year are described below.

Impairment testing of goodwill

Every year, Group management tests goodwill for impairment in accordance with the accounting policy described above. A number of estimates must be made for this test. For an impairment not to arise, goodwill must be able to bear a reduction in the assumed rate of growth or a rise of two percentage points in the assumed discount rate. For more detailed information on impairment testing of goodwill, see Note 14.

Provisions for pensions

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, on the basis of past experience and reasonable expectations for the future. In the case of pension obligations, the present value calculation is based on assumptions described in the accompanying note.

Deferred tax assets

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses on previous operations but have also arisen in day-to-day operations, especially in start-ups. Group management has made assumptions and assessments as to the future earning capacity of these subsidiaries over the next three years and, on that basis, has assessed the possibilities for offsetting future profits against these losses. If Systemair's operations do not succeed in generating sufficient taxable surpluses in the future, the deferred tax assets stated in the Company's accounts may be written down. Tax assets may also be written down if the tax authorities are of the opinion that the losses are not tax-deductible in whole or in part. If the Company cannot fully utilise the loss carry-forwards, the Company's earnings and financial position may be adversely affected.

NOTE 2 Risks and risk management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These may be divided into operation-related risks, such as the market risk in the cyclical construction industry and changes in the competitive situation, and financial risks, chiefly currency exposure. Both operation-related and financial risks may in the short and the long term affect Systemair's ability to achieve its set objectives according to the Company's business plan. Systemair works continuously on updating the Group's risk situation via a documented, systematic process at Board level, in which risks are identified, assessed, monitored and reported. Priority is given to the risks that are judged to represent the greatest negative effect, on the basis of the probability of their occurring and the possible impact on the business.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2013/14 operating profit. The calculations are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table. Further, it is likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis in that changes in various items may have a counteractive effect.

Sensitivity analysis: effects on operating profit in 2013/14

SEK m.	Operating profit
± 5% in selling prices	± 265
± 5% in material costs	± 128
± 5% in selling and administration expenses	± 73
± 5% in the SEK/EUR exchange rate	± 14
± 5% in the SEK/USD exchange rate	± 0

The table shows that a change of $\pm 5\%$ in the SEK/EUR exchange rate would have an impact of approximately SEK 14 million (17) on operating profit for 2013/14. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Operation-related risks

Competition

Systemair's markets are fragmented and exposed to competition; a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. Some of Systemair's current or future competitors may have greater resources than Systemair and may apply such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the Company's operations, earnings and financial position may be adversely affected. The ventilation sector still consists largely of a number of relatively local operators. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, there is a risk of exclusion from the market. Systemair has addressed that risk by establishing factories in low-cost countries such as India and Lithuania and by establishing new sales companies in new markets.

Market risks

Systemair's products are used in new construction as well as in renovations, conversions and additions (known in Sweden by the acronym: ROT). The construction industry normally follows a cyclical pattern, above all in new construction, while ROT projects often smooth the cyclical effect. Developments in the industry are largely influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market trends and other factors. Changes in circumstances for the construction industry may be difficult to foresee, and a slowdown in the industry in Systemair's markets could reduce demand for the Company's products and/or lead to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position. Systemair's sales are also vulnerable to seasonal fluctuations, with sales mostly being lower during July and December.

Suppliers

Ziehl-Abegg and ebm-papst, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers, and to some extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these companies could disrupt Systemair's production and have a negative impact on Systemair's operations, earnings and financial position. Another important component in Systemair's products is steel, in the form of steel plate, so the Company's operations to a certain extent are affected by fluctuations in the price of steel and any disruptions in deliveries of steel. Historically, it has been possible to spread price increases across multiple actors, but there is no

guarantee that this will continue to be possible. If future price increases cannot be distributed among actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

Brands

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech, Holland Heating and Menerga. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries in which they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands in the marketing of their products or otherwise infringe its intellectual property rights. If the Company's brands cannot be protected, for whatever reason, the Company's operations, earnings and financial position may be adversely affected.

Production plant and distribution centres

Systemair's operations are dependent on its production plant and distribution centres. If any of them is destroyed or closed or if the equipment at the plant suffers serious damage, the production and distribution of Systemair's products could be disrupted or suspended for some period. An extensive and prolonged shutdown could have a huge impact on the Company's ability to produce or distribute the products affected. Systemair has purchased insurance against property damage and stoppages in an amount the Company deems sufficient; however, there is no guarantee that the entire loss for the Company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the Company's operations, earnings and financial position.

Business combinations

For several years running, Systemair has completed a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In many cases, the companies acquired had operational and financial problems, which required substantial efforts on the part of Systemair, not least in the form of management resources. Expansion through acquisition remains an ambition of Systemair's, and in the future more companies that complement or augment the Company's operations may be acquired. The acquisition of companies may involve many different operational and financial risks. Along with well or less known company specific risks, these risks include the possible departure of suppliers, customers or key personnel from the company acquired. In addition, the integration of companies acquired may turn out to be more costly or time-consuming than expected and the anticipated synergistic benefits may not be achieved as expected or at all. These and other acquisition-related risks may adversely affect the Company's operations, earnings and financial position.

IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade accounts receivable and inventory levels. Problems in maintaining, upgrading and integrating these systems may adversely affect the Company's reputation among its customers, increase operating costs and reduce profitability. These systems are also vulnerable to power outages, system errors, computer viruses, network faults and other risks. In the event of a breakdown in the IT infrastructure, the Company's operations, earnings and financial position may be adversely affected.

Product liability

Systemair's customers normally expect detailed performance data on their ventilation products. Thus Systemair provides detailed product specifications in its marketing and sales activities and the Company conducts continuous tests in its own test facilities to ensure that its products meet their specifications. However, the possibility cannot be ruled out that a product the Company has sold may not live up to its specifications, which may result in claims against the Company. Further, the Company is subject to legal regulations on product liability that, in the event of personal injury or damage to property, may entitle the injured party to compensation from the Company. The Company has taken out global product liability insurance that, in the Company's view, is sufficient to cover any claim for damages. However, this cannot be guaranteed. If a claim for compensation against the Company is upheld and the claim is not covered by the Company's insurance, the Company's operations, earnings and financial position may be adversely affected.

International business operations

Systemair conducts, via subsidiaries or representative offices, its own operations in 45 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to risks associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions

of payment between different countries and the possibility of political instability. Systemair has substantial sales to Russia, for example, which is one of Systemair's single largest export markets. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that Systemair's assets in the country could become uncertain. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

Financial risks and other risks

The Systemair Group is exposed to financial risks through its international operations and its borrowing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

Foreign exchange risk - transaction exposure

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group Company. Systemair's extensive international operations represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged as per Systemair's foreign exchange policy. Systemair does not use hedge accounting.

In 2013/14, Group companies in Sweden invoiced 39% (39) of their business in SEK. 51% (51) in EUR. 5% (5) in NOK and 5% (5) in other currencies.

SEK, 51% (51) in EUR, 5% (5) in NOK and 5% (5) in other currencies. Each year, an estimate is made of the future net inflow of EUR, 50% of which is usually hedged. Forward contracts extend for a maximum of 18 months ahead. On the balance sheet date, the Group had forward foreign exchange contracts in EUR and USD.

Foreign exchange risk – translation exposure

Translation exposure arises upon consolidation, when the assets and liabilities of foreign subsidiaries are translated to SEK. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in equity. Systemair has adopted the policy of hedging part of this translation exposure. This may result in exchange rate differences that affect the Group's equity.

On the balance sheet date, the value of foreign net assets totalled SEK 1,127 million (982). Major net assets consist of SEK 557 million (439) in EUR, SEK 93 million (107) in NOK, SEK 114 million (105) in LTL, SEK 98 million (75) in DKK, SEK 51 million (69) in CAD and SEK 56 million (65) in INR.

The impact of foreign currency on equity is recognised as a translation difference and amounted to SEK 12.1 million (-56.1).

Borrowing and interest rate risk

Systemair intends to continue to finance some portion of its operations by borrowing from credit institutions. Loan agreements include conditions consisting of standard restrictions, or covenants. This borrowing represents certain risks to the Company's shareholders. For example, if major changes occur in the Company's markets, Systemair may have difficulty securing new credit facilities and as a result may need to use a larger portion of its cash flow for interest payments and amortisation.

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end to-talled SEK 969.7 million (1,238.1), indicating that the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,040.9 million (1,310.3). According to Systemair's financial policy, the fixed-interest term for 2013/14 was 3-12 months. A change of $\pm 1\%$ in the interest rate on borrowing would have an impact of about SEK 10 million on the Group's net financial items for the following 12-month period.

Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations and thus may cause a loss for the Company. A credit appraisal is made based on knowledge the Company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment customs, the credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as the risk of credit losses and consequently the risk of negative effects on the Company's ready cash and earnings.

NOTE 3 Information on geographical regions

The Group's operations are geographically divided mainly into the Nordic region, Western Europe (excluding the Nordic region), Eastern Europe and CIS, North America and Other markets.

Region Nordic comprises Denmark, Finland, Iceland, Norway, Sweden and Åland. Region Western Europe includes Belgium, Cyprus, France, the Faeroes, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Portugal, San Marino, Switzerland, Spain, the United Kingdom, Germany and Austria.

Region Eastern Europe including CIS consists of Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkmenistan, Ukraine and Uzbekistan.

North America consists of the United States and Canada.

Other markets comprises Afghanistan, Angola, Argentina, Australia, the Bahamas, Bahrain, Bangladesh, Barbados, Bolivia, Botswana, Brazil, Brunei, Chile, Colombia, Costa Rica, Egypt, Ivory Coast, Ethiopia, the Philippines, the United Arab Emirates, Guatemala, India, Indonesia, Iraq, Iran, Israel, Japan, Yemen, Jordan, Kenya, China, Kuwait, Lebanon, Libya, Malaysia, Mauritius, Morocco, Mexico, Mozambique, Mongolia, Namibia, Nigeria, New Zealand, Oman, Pakistan, Panama, Peru, Puerto Rico, Qatar, Saudi Arabia, the Seychelles, Singapore, Sri Lanka, Surinam, South Africa, South Korea, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Uruguay, Vietnam, Zambia and Zimbabwe.

Sales income is allocated to the geographical market where the customer is located. Assets and investments are recognised where the asset is located.

The table below shows external net sales in Systemair's 10 biggest markets based on the customer's domicile. Systemair's biggest customer accounts for 1.3% of the Group's total sales. Systemair thus has limited exposure to individual customers.

Geographical breakdown	Net	sales	Non-current assets*		
Group	2013/14	2012/13	2013/14	2012/13	
Norway	580.8	536.0	74.0	50.9	
Sweden	416.7	362.7	195.9	196.8	
Denmark	179.8	154.9	88.8	75.0	
Rest of Nordic region	85.3	76.7	1.1	1.4	
Total Nordic region	1,262.6	1,130.3	359.8	324.1	
Germany	587.1	313.7	405.6	143.6	
France	293.3	296.7	5.3	4.5	
United Kingdom	207.7	216.8	21.2	19.1	
Netherlands	337.1	193.1	135.5	131.8	
Rest of Western Europe	505.5	415.6	219.2	122.4	
Total Western Europe	1,930.7	1,435.9	786.8	421.4	
Russia	696.1	688.6	78.2	94.4	
Rest of Eastern Europe and CIS	519.2	456.1	214.2	195.7	
Total Eastern Europe and CIS	1,215.3	1,144.7	292.4	290.1	
USA	231.9	243.4	58.0	84.5	
Rest of North America	115.1	122.1	70.9	67.8	
Total North America	347.0	365.5	128.9	152.3	
Turkey	179.1	129.5	97.6	114.7	
Other markets	361.1	345.1	205.6	140.2	
Total Other markets	540.2	474.6	303.2	254.9	
	5,295.8	4,551.0	1,871.1	1,442.8	
	,	,			

*Non-current assets refers to intangible assets and property, plant and equipment.

Of sales by the Parent Company, sales to other Group companies accounted for SEK 641.5 million (585.7), and sales to related companies (ebmpapst AB) SEK 2.3 million (2.9).

By geographical market	Parent	Company		
Net sales	2013/14 201			
Nordic region	443.5	429.4		
Western Europe	276.9	201.3		
Eastern Europe and CIS	300.9	301.5		
North America	7.6	6.6		
Other markets	12.8	8.0		
	1.041.7	946.8		

NOTE 4 Classification according to type of cost

	Cost of goods sold	Selling expenses	Admin- istration expenses	Total
2013/14				
Material costs	-2,550.9	-	-	-2,550.9
Employee benefits expense	-661.2	-600.8	-167.8	-1,429.8
Depreciation/Amortisation costs	-71.9	-54.9	-21.4	-148.2
Other costs	-224.7	-527.1	-95.6	-847.4
	-3,508.7	-1,182.8	-284.8	-4,976.3
2012/13				
Material costs	-2,239.4	-	-	-2,239.4
Employee benefits expense	-454.2	-521.6	-139.6	-1,115.4
Depreciation/Amortisation costs	-61.7	-41.1	-9.7	-112.5
Other costs	-168.3	-478.7	-76.8	-723.8
	-2,923.6	-1,041.4	-226.1	-4,191.1

Product development costs totalled approximately SEK 120 million in 2013/14 and SEK 114 million in 2012/13. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

NOTE 5 Auditor's fees

Gre	oup	Parent (Company
2013/14	2012/13	2013/14	2012/13
-4.2	-3.9	-0.9	-0.8
-0.4	-0.5	-0.3	-
-0.2	-	-	-
-4.8	-4.4	-1.2	-0.8
-3.1	-2.1	-	-
-1.3	-2.2	-	-
-0.9	-	=	-
-1.2	-	=	-
-6.5	-4.3	-	-
-11.3	-8.7	-1.2	-0.8
	-4.2 -0.4 -0.2 -4.8 -3.1 -1.3 -0.9 -1.2	-4.2 -3.9 -0.4 -0.5 -0.24.8 -4.4 -3.1 -2.1 -1.3 -2.2 -0.91.26.5 -4.3	2013/14 2012/13 2013/14 -4.2 -3.9 -0.9 -0.4 -0.5 -0.3 -0.2 - - -4.8 -4.4 -1.2 -3.1 -2.1 - -1.3 -2.2 - -0.9 - - -1.2 - - -6.5 -4.3 -

NOTE 6 Leases

	Gre	oup	Parent Company		
Leasing costs recognised	2013/14	2012/13	2013/14	2012/13	
Operating leases	46.9	38.1	5.4	4.8	

Operating leases refer mainly to leases for office properties and company cars for employees.

The amounts of future lease fees under leases with more than one year remaining are distributed as follows for the Group and the Parent Company.

Gre	oup	Parent Company			
2013/14	2012/13	2013/14	2012/13		
38.3	31.6	3.1	3.8		
77.8	76.2	5.7	4.6		
16.0	6.1	-	_		
132.1	113.9	8.8	8.4		
	38.3 77.8 16.0	38.3 31.6 77.8 76.2 16.0 6.1	2013/14 2012/13 2013/14 38.3 31.6 3.1 77.8 76.2 5.7 16.0 6.1 -		

The Group has no financial leases.

NOTE 7 Other operating income

	Gro	oup	Parent Company			
	2013/14	2012/13	2013/14	2012/13		
Exchange gains in operations	41.1	28.9	9.9	10.0		
Intra-Group income	-	-	30.7	25.8		
Gain on sale of property, plant and equipment	2.1	2.6	-	-		
Other miscellaneous income	32.8	30.0	5.5	11.9		
	76.0	61.5	46.1	47.7		

NOTE 8 Other operating expenses

	Gro	oup	Parent C	ompany
	2013/14	2012/13	2013/14	2012/13
Exchange rate losses in operations	-56.9	-37.6	-11.9	-5.5
Intra-Group expenses	-	-	-8.7	-8.7
Loss on sale of property, plant and equipment	-3.5	-0.9	-	-
Other miscellaneous expenses	-18.2	-17.7	-0.3	-1.3
	-78.6	-56.2	-20.9	-15.5

NOTE 9 Employees and personnel costs

	2013	3/14	2012/13			
	Average number of em- ployees	Of whom, men	Average number of em- ployees	Of whom,		
Parent Company	422	281	421	280		
Subsidiaries in:						
Nordic region	451	370	433	357		
Sweden	144	109	142	110		
Denmark	157	141	151	137		
Finland	14	10	14	10		
Norway	136	110	126	100		
Western Europe	1,356	1,071	781	598		
Belgium .	6	4	6	4		
United Kingdom	83	61	86	69		
Greece	6	4	5	3		
France	46	35	43	35		
Netherlands	188	172	76	67		
reland	5	4	5	4		
Italy	198	143	201	145		
Portugal	24	15	28	17		
Switzerland	37	27	13	10		
Spain	52	44	46	40		
Germany	686	544	255	193		
Austria	25	18	17	11		
Eastern Europe and CIS	906	567	776	501		
Bulgaria	5	3	5	3		
Estonia	13	9	13	8		
Croatia	3	3	2	2		
Latvia	7	6	8	7		
Lithuania	201	127	153	90		
Poland	37	30	37	31		
Romania	6	5	6	5		
Russia	311	160	251	143		
Serbia	8	5	8	5		
Slovakia	204	131	187	123		
Slovenia	75	65	70	60		
Czech Republic	24	16	23	16		
Ukraine	6	3	9	5		
Hungary	6	4	4	3		
North America	300	217	269	189		
Canada	198	145	171	113		
JSA	102	72	98	76		
Rest of World	707	640	715	648		
Australia	-	-	1	1		
Chile	6	5	5	4		
United Arab Emirates	13	11	12	10		
India	380	374	379	374		
China	4	3	4	3		
Malaysia	103	86	99	79		
Peru	2	1	-	-		
Singapore	11	6	10	6		
South Africa	15	12	10	7		
Taiwan	2	2	2	150		
Turkey	167	136	190	159		
Qatar	4,142	3,146	3,395	2, 57 3		

Percentage of women on boards		Gro	oup		Parent Company			
and in management	2013	3/14	201	2/13	20	13/14	201	2/13
Board, excluding employee representatives		-		-		20%		17%
Group Management		-		-		0%		0%
Company management		8%		7%		-		-
		Salarie			Soci	ial securi	tv exn	ense
Salaries, other remuneration and social security expenses	2013			2/13)13/14		12/1
Board and CEO		•						
Parent Company		3.9		3.9		1.6		1.
Subsidiaries in the Nordic region		9.1		8.4		3.0		2.
Western Europe		22.2		15.2		5.8		3
Eastern Europe and CIS		9.2		8.4		2.0		1.8
North America		3.0		2.4		0.5		0.
Rest of World		7.9		8.8		0.3		0.
Total, Board and CEO		55.3		47.1		13.2		10.
Senior executive remuneration recognised during the year	Basic salary/ Fee	Varia	able pay	Oth benef		Pension		Tota
2013/14								
Lars Hansson – Chairman	0.5		-		-		-	0.5
Elisabeth Westberg	0.3		-		-		-	0.3
Göran Robertsson	0.3		-		-		-	0.3
Hannu Paitula	0.3		-		-		-	0.3
Gerald Engström, Chief Execu- tive Officer	2.5		0.2		_	0.4	4	3.1
Other senior executives*	9.4		0.4	(0.5	3.	5	13.8
Total	13.3		0.6	().5	3.9	9	18.3
2012/13								
Lars Hansson – Chairman	0.4		-		-		-	0.4
Elisabeth Westberg	0.3		_		_		-	0.3
Göran Robertsson	0.2		-		-		-	0.2
Jürgen Zilling	0.2		-		-		-	0.2
Hannu Paitula	0.2		-		-		-	0.2
Gerald Engström, Chief Execu- tive Officer	2.4		0.2		_	0.4	4	3.0
Other senior executives*	9.5		0.5	(0.6	2.0	5	13.2
Total	13.2		0.7		0.6	3.0		17.5

"Until January 2014, Group management consisted of eight members. Group management was reduced and restructured to six members in January 2014, since when it has comprised Gerald Engström, Fredrik Andersson, Roland Kasper, Mats Lund, Kurt Maurer and Anders Ulff.

In 2013/14, the Board fees were SEK 500 thousand (400) for the Chairman of the Board and SEK 250 thousand (200) for other directors. The CEO is not paid a director's fee.

		Social security expenses		
2013/14	2012/13	2013/14	2012/13	
161.8	153.5	67.2	61.6	
203.1	195.7	39.2	37.8	
448.0	246.1	112.8	64.9	
114.5	101.2	31.3	26.0	
75.6	84.9	13.7	13.5	
55.7	45.6	7.3	6.0	
1,058.7	827.0	271.5	209.8	
	remun 2013/14 161.8 203.1 448.0 114.5 75.6 55.7	161.8 153.5 203.1 195.7 448.0 246.1 114.5 101.2 75.6 84.9 55.7 45.6	remuu-tion Social secur 2013/14 2012/13 2013/14 161.8 153.5 67.2 203.1 195.7 39.2 448.0 246.1 112.8 114.5 101.2 31.3 75.6 84.9 13.7 55.7 45.6 7.3	

Of social security expenses in the Parent Company, pension expenses accounted for SEK 17.0 million (14.1), including SEK 0.4 million (0.4) for the Board and CEO. In other Group companies, pension expenses totalled SEK 23.1 million (19.3), including SEK 2.1 million (1.8) for boards and CEOs.

Remuneration policy

The Chairman and members of the Board receive remuneration as decided by the Annual General Meeting. Fees totalling SEK 25 thousand (25) are paid to employee representatives each year.

representatives each year.

Remuneration to the President is determined by the Board based on a proposal from the compensation committee, consisting of Lars Hansson, Elisabeth Westberg and Göran Robertsson. Remuneration to other senior executives is determined by the CFO in consultation with the compensation committee.

the CEO in consultation with the compensation committee.
In addition to the CEO, "Other senior executives" refers to Mats Lund, VP
Production; Fredrik Andersson, VP Sales and Marketing; Anders Ulff, CFO; Anders
Ulff, VP Finance and Administration; Kurt Maurer, MD of Systemair in Germany; and
Roland Kasper, VP Marketing - Products. Until January 2014, Svein Nilsen served
as Vice President Marketing and Glen Nilsson as Chief Financial Officer. Both Glen
Nilsson and Svein Nilsen were succeeded in their positions in connection with their
planned retirement in 2014.

Remuneration to the CEO and other senior executives consists of the basic salary, variable pay, car benefit and pension. For the CEO and other senior executives, variable pay may amount to between one and two extra monthly salary payments. Variable pay is normally based on any improved performance in an individual's area of responsibility compared to the preceding year, the consolidated profit after net financial items and the outcome of individual development plans.

Pensions

The pensionable age for the President and other senior executives is 65 years. For the former President, the Company pays SEK 0.4 million (0.4) for a defined-contribution pension insurance plan. Pension benefits for other senior executives and the President-elect are paid within the scope of the contractual ITP plan and alternative ITP schemes.

Severance pay

For the President, Pär Johansson and other senior executives, the period of notice is as stated in the applicable collective bargaining agreement, or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay. Agreements are in place with MDs of subsidiaries such that benefits will be paid for 6-12 months upon termination of employment by the Company.

NOTE 10 Amortisation and depreciation of intangible and tangible non-current assets

-	Gr.	0110	Parent Company		
		oup			
	2013/14	2012/13	2013/14	2012/13	
Brands, customer relationships etc.	41.1	19.2	2.5	1.5	
Other intangible assets	4.4	3.5	1.0	1.1	
Buildings and land improvements	32.4	25.1	6.1	6.0	
Plant and machinery	41.7	39.2	9.9	11.2	
Equipment and tools	35.1	29.6	4.7	4.3	
	154.7	116.6	24.2	24.1	
Straight-line depreciation/ amortisation, by function					
Cost of goods sold	72.1	61.7	14.5	15.8	
Selling expenses	56.6	41.1	5.8	5.1	
Administration expenses	21.4	9.7	3.9	3.2	
Other operating expenses	4.6	4.1	-	-	
	154.7	116.6	24.2	24.1	

NOTE 11 Financial income

	Gr	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Interest income, external	1.6	1.2	0.1	0.2	
Interest income, related companies	-	-	16.5	18.7	
Capital gain/loss on financial instruments	245.6	-	245.6	-	
Other financial income	-	-	0.6	-	
	247.2	1.2	262.8	18.9	

NOTE 12 Financial expenses

	Gre	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Interest expenses, external	-37.4	-30.7	-28.6	-23.3	
Interest expenses, related companies	=	-	-0.7	-8.3	
Net exchange rate changes in financial instruments	-17.0	-	-4.8	-4.3	
Other financial expenses	-1.5	-5.1	-	-10.8	
	-55.9	-35.8	-34.1	-46.7	

NOTE 13 Tax on profit for the year

	Gre	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Current tax	-98.3	-117.3	-2.0	-0.2	
Deferred tax	28.8	27.7	1.6	0.1	
	-69.5	-89.6	-0.4	-0.1	

The Group's tax expense represents 13.7% (27.1) of consolidated pre-tax profit. The low tax charge is largely due to the fact that the capital gain from the shareholding in Lindab is not taxable.

At financial year-end, the Systemair Group had tax loss carry-forwards totalling SEK 110.6 million (110.0), corresponding to a tax asset of SEK 30.7 million (31.0), that were not included in the calculation of deferred tax assets. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be applied to future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised.

	Gre	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Pre-tax profit	508.2	330.6	510.1	162.0	
Tax at current tax rate for Parent Company	-111.9	-87.0	-111.5	-42.6	
Effect of foreign tax rates	0.5	5.1	-	-	
Non-deductible expenses	-8.3	-8.1	-0.6	-3.4	
Tax-exempt income	55.2	0.3	54.1	-	
Net tax effect of capitalised loss carry-forwards	-12.5	1.5	=	-	
Dividends from subsidiaries	-	-	58.5	46.3	
Adjustment for previous years' taxes	8.7	-1.0	-0.2	-0.2	
Changes in tax rate	-	3.6	-	0.0	
Other	-1.2	-4.0	-0.7	-0.2	
	-69.5	-89.6	-0.4	-0.1	

	Gr	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Deferred tax assets					
Property, plant and equipment	4.2	0.4	-	-	
Inventory	14.8	12.6	-	-	
Current receivables	1.9	5.5	0.1	0.2	
Pension provisions	9.3	6.3	-	-	
Loss carry-forwards	49.5	45.0	-	-	
Other	13.6	8.6	1.5	-	
	93.3	78.4	1.6	0.2	
Deferred tax liabilities					
Intangible assets	59.2	42.9	-	-	
Property, plant and equipment	18.2	14.5	-	-	
Inventory	0.5	0.5	-	-	
Untaxed reserves	13.1	14.2	-	-	
Other	1.9	3.4	-	0.2	
	92.9	75.5	-	0.2	

NOTE 14 Intangible and tangible non-current assets

Group 2013/14	Goodwill	Brands*, customer rela- tionships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost		· · · · · · · · · · · · · · · · · · ·					
At start of year	475.4	206.0	16.2	812.5	520.6	322.4	66.0
Acquired in business combinations	89.6	142.7	_	75.0	11.8	27.3	0.5
Acquisitions for the year	-	3.5	3.0	214.3	43.9	33.9	62.9
Sales/Disposals	-	-	-	-31.5	-11.2	-25.2	-0.4
Reclassifications	-	1.6	-	63.0	32.1	14.1	-110.8
Translation difference	-13.8	-7.6	-0.3	18.6	6.9	5.1	-2.1
	551.2	346.2	18.9	1,151.9	604.1	377.6	16.1
Accumulated depreciation/amortisation							
At start of year	-	-42.4	-8.1	-276.8	-385.7	-239.6	-
Depreciation/Amortisation acquired in business combinations	-	-18.5	-	-40.8	-6.2	-19.1	-
Sales/Disposals	-	-	-	8.1	10.4	18.5	-
Reclassifications	-	=	-	-0.5	0.6	-0.1	-
Translation difference	-	0.4	-0.1	-5.7	-5.3	-4.6	-
Depreciation/Amortisation for the year	-	-41.1	-4.4	-32.4	-41.7	-35.1	-
	-	-101.6	-12.6	-348.1	-427.9	-280.0	-
Accumulated impairment							
At start of year	-17.7	-	-	-5.4	-0.6	-	-
Translation difference	-1.0	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	-18.7	-	-	-5.4	-0.6	-	-
Carrying amount	532.5	244.6	6.3	798.4	175.6	97.6	16.1
*Main brands: Menerga, Holland Heating, Venterra and HSK.							
Group 2012/13	Goodwill	Brands, customer rela- tionships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost		ps etc.	033013	0.10 10.10		0.10 100.5	p. 0 3. 033
At start of year	205.0						
A Color of year		142 3	12 7	790.6	501.2	280.4	10.0
Acquired in business combinations	385.8 106.7	142.3 69.1	12.7	790.6 41.2	501.2 18.1	280.4	10.0
Acquired in business combinations Acquiritions for the year	106.7	69.1	12.7 3.8	41.2	18.1	24.7	-
Acquisitions for the year				41.2 5.9	18.1 15.6	24.7 31.2	10.0 - 71.2
Acquisitions for the year Sales/Disposals		69.1		41.2 5.9 -5.4	18.1 15.6 -5.9	24.7 31.2 -14.7	- 71.2 -
Acquisitions for the year Sales/Disposals Reclassifications	106.7 - -	69.1 2.0 -	3.8 - -	41.2 5.9 -5.4 2.0	18.1 15.6 -5.9 3.5	24.7 31.2 -14.7 9.6	- 71.2 - -15.1
Acquisitions for the year Sales/Disposals		69.1		41.2 5.9 -5.4	18.1 15.6 -5.9	24.7 31.2 -14.7	- 71.2 -
Acquisitions for the year Sales/Disposals Reclassifications	106.7 - - - -17.1	69.1 2.0 - - -7.4	3.8 - - - -0.3	41.2 5.9 -5.4 2.0 -21.8	18.1 15.6 -5.9 3.5 -11.9	24.7 31.2 -14.7 9.6 -8.8	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference	106.7 - - - -17.1	69.1 2.0 - - -7.4	3.8 - - - -0.3 16.2	41.2 5.9 -5.4 2.0 -21.8	18.1 15.6 -5.9 3.5 -11.9 520.6	24.7 31.2 -14.7 9.6 -8.8	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation	106.7 - - - -17.1	69.1 2.0 - - -7.4 206.0	3.8 - - - -0.3	41.2 5.9 -5.4 2.0 -21.8 812.5	18.1 15.6 -5.9 3.5 -11.9	24.7 31.2 -14.7 9.6 -8.8 322.4	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year	106.7 - - - -17.1	69.1 2.0 - - -7.4 206.0	3.8 - - - -0.3 16.2	41.2 5.9 -5.4 2.0 -21.8 812.5	18.1 15.6 -5.9 3.5 -11.9 520.6	24.7 31.2 -14.7 9.6 -8.8 322.4	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations	106.7 - - - -17.1	69.1 2.0 - - -7.4 206.0	3.8 - - - -0.3 16.2 -4.6 -0.1	41.2 5.9 -5.4 2.0 -21.8 812.5	18.1 15.6 -5.9 3.5 -11.9 520.6	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals	106.7 - - - -17.1	69.1 2.0 - -7.4 206.0 -24.2 -0.6	3.8 - - -0.3 16.2 -4.6 -0.1	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1	18.1 15.6 -5.9 3.5 -11.9 520.6	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference	106.7 - - - -17.1	69.1 2.0 - -7.4 206.0 -24.2 -0.6	3.8 - - -0.3 16.2 -4.6 -0.1	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications	106.7 - - - -17.1	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - -	-0.3 -0.3 -4.6 -0.1 -0.1	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 -4.9	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference	106.7 - - -17.1 475.4 - - - -	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - 1.6 -19.2	-0.3 -0.3 -4.6 -0.1 0.1 -3.5	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 -4.9 -25.1	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3 -39.2	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1 -29.6	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference Depreciation/Amortisation for the year Accumulated impairment	106.7 - - -17.1 475.4 - - - -	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - 1.6 -19.2	-0.3 -0.3 -4.6 -0.1 0.1 -3.5	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 - 4.9 -25.1	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3 -39.2	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1 -29.6	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference Depreciation/Amortisation for the year Accumulated impairment At start of year	106.717.1 475.418.5	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - 1.6 -19.2	-0.3 -0.3 -4.6 -0.1 0.1 -3.5	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 -4.9 -25.1 -276.8	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3 -39.2 -385.7	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1 -29.6	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference Depreciation/Amortisation for the year Accumulated impairment	106.7 - - -17.1 475.4 - - - -	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - 1.6 -19.2	-0.3 -0.3 -16.2 -4.6 -0.1 - 0.1 8.1	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 - 4.9 -25.1	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3 -39.2	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1 -29.6	- 71.2 - -15.1 -0.1
Acquisitions for the year Sales/Disposals Reclassifications Translation difference Accumulated depreciation/amortisation At start of year Depreciation/Amortisation acquired in business combinations Sales/Disposals Reclassifications Translation difference Depreciation/Amortisation for the year Accumulated impairment At start of year Translation difference	106.717.1 475.418.5 0.8	69.1 2.0 - -7.4 206.0 -24.2 -0.6 - 1.6 -19.2	-0.3 -0.3 -4.6 -0.1 0.1 -3.5 -8.1	41.2 5.9 -5.4 2.0 -21.8 812.5 -231.4 -25.3 0.1 - 4.9 -25.1 -276.8	18.1 15.6 -5.9 3.5 -11.9 520.6 -346.7 -15.0 5.2 2.7 7.3 -39.2 -385.7	24.7 31.2 -14.7 9.6 -8.8 322.4 -205.9 -20.2 12.7 -2.7 6.1 -29.6 -239.6	- 71.2 - -15.1 -0.1

Impairment testing of goodwill

Goodwill has been allocated to cash-generating units and the Group as a whole and has been tested for impairment. The recoverable value for cash-generating units has been determined based on the value-in-use of the units, which consists of the present value of the expected future cash flows. The discount rate before tax varies between 10–19% for the various cash-generating units. Future cash flows are estimated using an assessment of the anticipated rate of growth and changes in margins (based on the budget for the following year), management's long-term expectations for the business and the historical trend. The long-term rate of growth is assumed to be 2%. The sensitivity in all calculations means that the goodwill value is still maintained even if the discount rate is raised by a percentage point or if long-term growth falls by one percentage point. The year's

testing for goodwill does not indicate any impairment.

The allocation of goodwill to cash-generating units for the ten largest individual goodwill items is shown below.

		Gro	oup
Cash-generating unit	Country	2013/14	2012/13
Menerga GmbH	Germany	60.0	-
Systemair HSK	Turkey	57.4	66.7
Systemair Trading LLC	Russia	55.4	63.7
Systemair AC	Italy	47.9	45.4
Systemair India Pvt. Ltd	India	47.7	53.0
Rucon Systemair Beheer B.V.	Netherlands	34.7	32.8
Holland Heating	Netherlands	20.0	18.9
Systemair Inc.	Canada	18.8	20.3
Tekadoor GmbH	Germany	17.3	16.3
Systemair Schweiz AG	Switzerland	16.1	15.1
Other	=	157.2	125.5
		532.5	457.7

Parent Company 2013/14	Licences etc.	Build- ings and land	Plant and machinery	ment and	Con- struction in progress
Accumulated historical cost					
At start of year	11.3	163.6	191.6	66.5	2.9
Acquisitions for the year	2.6	-	1.2	0.6	11.4
Reclassifications	1.5	-	1.5	4.7	-7.7
	15.4	163.6	194.3	71.8	6.6
Accumulated depreciation/ amortisation					
At start of year	-6.5	-84.2	-157.5	-53.0	-
Depreciation/Amortisation for the year	-3.5	-6.1	-9.9	-4.7	-
	-10.0	-90.3	-167.4	-57.7	-
Carrying amount	5.4	73.3	26.9	14.1	6.6

Parent Company 2012/13	Licences etc.	Build- ings and land	Plant and machinery	ment and	
Accumulated historical cost					
At start of year	9.5	120.2	187.5	57.1	6.9
Acquisitions for the year	1.8	=	0.3	2.0	4.3
Transfer via merger	-	43.4	0.7	2.2	-
Reclassifications	-	-	3.1	5.2	-8.3
	11.3	163.6	191.6	66.5	2.9
Accumulated depreciation/ amortisation					
At start of year	-3.9	-70.8	-145.8	-48.4	-
Sales/Disposals	-	-7.4	-0.5	-0.3	-
Depreciation/Amortisation for the year	-2.6	-6.0	-11.2	-4.3	-
	-6.5	-84.2	-157.5	-53.0	-
Carrying amount	4.8	79.4	34.1	13.5	2.9

NOTE 15 Other securities held as non-current assets

In 2012/13, the balance sheet item consisted for the most part of shares acquired in August 2012 in Lindab, which are listed on the Nasdaq OMX Nordic Exchange. In March 2014, a limited group of institutional investors acquired the entire shareholding. Since then, Systemair has not had any shareholding in Lindab. The shares were designated a financial asset available for sale. The shares were measured at fair value, any adjustments being recognised in other comprehensive income.

	Gr	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Opening balance	464.7	0.4	464.3	-	
Acquisitions	-	406.6	-	406.6	
Disposals	-464.3		-464.3		
Revaluation	-	57.7	-	57.7	
	0.4	464.7	-	464.3	

NOTE 16 Other long-term receivables

	Gre	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Opening balance	7.8	7.3	3.8	3.8	
Additional receivables	0.8	1.6	-	-	
Receivables settled	-1.3	-0.7	-	-	
Reclassifications	-0.2	-0.2	=	-	
Translation difference	-0.1	-0.2	-	-	
Closing balance	7.0	7.8	3.8	3.8	

NOTE 17 Prepaid expenses and accrued income

	Gr	oup	Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Prepaid rent	7.5	10.3	1.7	1.7	
Prepaid insurance premiums	7.5	8.8	-	0.3	
Other	36.0	30.0	13.4	11.4	
	51.0	49.1	15.1	13.4	

[&]quot;Other" covers standard items such as service agreements, licence expenses and limit fees.

NOTE 18 Inventory

Inventory in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 2,550.9 (2,239.4).

NOTE 19 Accounts receivable – trade

Age breakdown of	Gr	oup	Parent Company		
trade accounts receivable	2013/14	2012/13	2013/14	2012/13	
Not yet due	659.5	657.2	41.5	53.1	
< 90 days	129.8	126.7	3.2	2.0	
90-180	29.6	34.8	0.0	0.2	
181-360	26.7	38.5	0.1	0.1	
> 360	27.2	18.5	=	-	
Total	872.8	875.7	44.8	55.4	

Provisions for impairment of trade accounts receivable in the Group totalled 7.2% (5.4) of total trade accounts receivable.

Customer credit risk is managed at every subsidiary that has drawn up a credit policy in accordance with a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. Systemair has limited exposure to individual customers, since the biggest customer in the Group accounts for 1.3% of the Group's sales.

Reserve for impairment of	Gr	oup	Parent Company		
trade accounts receivable	2013/14	2012/13	2013/14	2012/13	
Opening balance	50.3	47.7	0.7	0.2	
Provision for anticipated losses	30.4	15.8	0.4	0.6	
Reversal of amount unused	-3.4	-1.6	-	-	
Bad debts	-12.0	-12.9	-0.7	-0.1	
Provisions acquired	1.4	3.4	-	-	
Foreign currency effects	0.9	-2.1	-	-	
Closing balance	67.6	50.3	0.4	0.7	

NOTE 20 Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change in A shares	Change in B shares	Total no. of shares
Opening balances, May 2007		=		52.0	500,000	20,000	520,000
2007/08	100:1 split	1	=	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class ¹	1	-	52.0	-50,000,000	-2,000,000	52,000,000
At year-end, April 2014		1	-	52.0	-	-	52,000,000

 ${}^{1}\!\text{The}$ Annual General Meeting held on 25 June 2007 resolved that the Company would have one class of share only.

At 30 April 2014, the registered share capital totalled SEK 52,000,000 represented by 52,000,000 shares, each entitled to one vote and of one and the same class. All shares are fully paid up.

The Board proposes to the 2014 AGM that a dividend of SEK 3.00 (1.50) per share be paid, for a total of SEK 156.0 million (78.0).

Capital management
The Board of Systemair has adopted a target for the Company's equity/assets ratio of no less than 30% and a target for dividend of approximately 30% of profit after tax.

List of shareholders

Systemair's 10 largest shareholders according to Euroclear at 30 April 2014.

		% of capital
Shareholder	No. of shares	and votes
Färna Invest AB¹	21,997,752	42.30%
ebm-papst AB	11,059,770	21.27%
Nordea Investment Funds	2,523,771	4.85%
Alecta Pensionsförsäkring	2,500,000	4.81%
Handelsbanken Fonder	1,544,848	2.97%
Odin Fonder	1,522,697	2.93%
SEB Fonder	1,215,384	2.34%
Didner & Gerge Fonder	999,779	1.92%
Lannebo Fonder	907,690	1.75%
Fondita Nordic Fonder	800,000	1.54%
Other	6,928,309	13.32%
Total	52,000,000	100.00%

¹Färna Invest AB is a company owned by Systemair's CEO Gerald Engström

NOTE 21 Borrowing and financial instruments

	Gre	Group		ompany
	2013/14	2012/13	2013/14	2012/13
Non-current liabilities				
Bank loans of one to five years	228.1	554.7	172.3	446.3
Bank loans longer than five years	57.5	31.6	-	
	285.6	586.3	172.3	446.3
Current liabilities				
Bank overdraft facilities	505.0	569.1	489.9	547.2
Current portion of bank loans	250.3	154.9	112.0	117.4
	755.3	724.0	601.9	664.6
Total borrowing	1,040.9	1,310.3	774.2	1,110.9
Distribution among banks				
Nordea Bank AB	536.4	663.7	443.0	537.9
Svenska Handelsbanken AB	440.8	608.9	331.2	570.9
Other banks	63.7	37.7	-	2.1
	1,040.9	1,310.3	774.2	1,110.9

	2013	3/14	2012/13		
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate	
Long-term loans					
Group	285.6	2.60%	586.3	2.76%	
Parent Company	172.3	2.92%	446.3	2.99%	
Short-term loans					
Group	755.3	2.42%	724.0	2.59%	
Parent Company	601.9	1.76%	664.6	1.93%	

External credit facilities granted for bank overdrafts totalled SEK 924.9 million (831.2) for the Group and SEK 855.0 million (755.0) for the Parent Company. The Group had an unused overdraft facility of SEK 450.5 million (236.7).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. The key ratios measured are interest coverage ratio, net debt/equity ratio and equity/assets ratio, which are measured quarterly as a rolling 12-month value. During the year, the Group regularly met all the current terms and conditions of its covenants.

Maturity structure
Maturity structure for future agreed interest payments based on current interest rates and repayments:

	2014/15	2015/16	2016/17	2017/18	2018/19	Later
Interest payments on loans	10.4	6.1	4.0	1.9	0.6	1.9
Interest and operating credit	14.0					
Total interest expense	24.4					
Repayments						
Loans	250.3	88.2	81.0	56.5	10.9	48.9
Operating credit	505.0					
Total undiscounted payments for loans	779.7	94.3	85.0	58.4	11.5	50.8
	30/04/2015	30/04/2016	30/04/2017	30/04/2018	30/04/2019	Later
Interest-bearing liabilities	285.5	197.3	116.3	59.8	48.9	

Classification and categorisation of financial assets and liabilities in the Group
Measurement at fair value is based on a valuation hierarchy for input data for the
valuations. This hierarchy is divided into three levels, corresponding to those introduced in IFRS 7 Financial Instruments: Disclosures. The three levels are:
Level 1: Quoted prices (unadjusted) in an active market for identical assets or

liabilities to which the company has access at the time of valuation.

Level 2: Inputs other than Level 1 quoted prices that are directly or indirectly observable for the asset or liability. Inputs other than quoted prices observable for the asset or liability may also include interest rates, yield curves, volatility and multiples. Level 3: Inputs not based on observable market data for the asset or liability.

On this level, assumptions that market operators would apply in the pricing of the asset or liability, including risk assumptions, are to be taken into account.

	SH	IB	Nord	dea	Oth	er	Tota	ıl
Loans, by currency	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
EUR	356.0	141.3	-54.6	60.0	49.8	17.7	351.2	219.0
SEK	-20.9	451.8	477.2	525.3	-	-	456.3	977.1
USD	2.7	-	50.0	71.5	-	0.3	52.7	71.8
NOK	-	-	-27.8	-65.7	-	-	-27.8	-65.7
DKK	-	=	22.6	22.0	4.6	6.5	27.2	28.5
Other currencies	103.0	15.8	69.0	50.6	9.3	13.2	181.3	79.6
Total	440.8	608.9	536.4	663.7	63.7	37.7	1,040.9	1,310.3

The carrying amount for all items, other than borrowing, is an approximation of the fair value, and so such items are not classified into levels in accordance with the valuation hierarchy.

The fair value for borrowing, for disclosure purposes, is based on future cash flows of capital and interest amounts, discounted to the current market interest

rate on the balance sheet date, i.e. at Level 2 in the valuation hierarchy. Because loans to credit institutions carry a variable interest rate and fixed interest rates for short periods, the carrying amount for loans is also deemed to correspond essentially to the fair value.

ncial	Non-financial	Total financial	Financial assets	Loan receivables and Accounts		
	assets	assets	available for sale	receivable – trade	Derivatives	Assets
3.4 78	783.4	=	=	-	=	Intangible assets
37.7 1,08	1,087.7	=	=	=	-	Property, plant and equipment
-	-	0.4	0.4	-	-	Financial investments
7.0	7.0	-	-	-	-	Non-current receivables
3.3	93.3	-	-	-	-	Deferred tax assets
0.7 92	920.7	-	-	-	-	Inventory
4.8 96	94.8	872.8	-	879.6	-6.8	Other receivables
- 12	-	123.3	-	123.3	-	Cash and cash equivalents
86.9 3,98	2,986.9	996.5	0.4	1,002.9	-6.8	Total assets
	Non-financial liabilities	Total financial liabilities	Financial liabilities	Derivatives		Equity and liabilities
	1,880.9	-	-	-		Equity
	39.6	-	-	-		Provisions for pensions
2.9	92.9	-	-	-		Deferred tax liabilities
31.4	81.4	-	-	-		Provisions
- 1,04	=	1,040.9	1,040.9	=		Interest-bearing liabilities
9.3	379.3	468.4	468.4	=		Other liabilities
	2,474.1	1,509.3	1,509.3	-		Total equity and liabilities
						2012/13
ncial	Non-financial	Total financial	Financial assets	Loan receivables		
	Non-financial assets	Total financial assets	Financial assets available for sale	Loan receivables and Accounts receivable – trade	Derivatives	Assets
sets				and Accounts	Derivatives -	Assets Intangible assets
9.4 62	assets			and Accounts	Derivatives - -	
9.4 62	assets 629.4	assets -		and Accounts	Derivatives - - -	Intangible assets
sets	assets 629.4	assets - -	available for sale - -	and Accounts	Derivatives	Intangible assets Property, plant and equipment
9.4 6: 3.4 8: - 40 7.8	assets 629.4 813.4	assets - -	available for sale - -	and Accounts	Derivatives	Intangible assets Property, plant and equipment Financial investments
sets 69.4 66.3.4 8 - 46.7.8 8.4 :	assets 629.4 813.4 - 7.8	assets - -	available for sale - -	and Accounts	Derivatives	Intangible assets Property, plant and equipment Financial investments Non-current receivables
sets 9.4 6.3.4 8 - 40.7.8 8.4 7.8	assets 629.4 813.4 - 7.8 78.4	assets - -	available for sale - -	and Accounts	Derivatives 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets
sets 9.4 6.3.4 8 - 46.7.8 8.4	assets 629.4 813.4 - 7.8 78.4 790.0	assets 464.7	available for sale - -	and Accounts receivable – trade - - - - -	- - - - -	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory
sets 9.4 6.3 3.4 8 - 40 7.8 8.4 8.4 7.9 6.9 99 - 9 <t< td=""><td>assets 629.4 813.4 - 7.8 78.4 790.0</td><td>assets 464.7 875.7</td><td>available for sale - -</td><td>and Accounts receivable – trade</td><td>- - - - -</td><td>Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables</td></t<>	assets 629.4 813.4 - 7.8 78.4 790.0	assets 464.7 875.7	available for sale - -	and Accounts receivable – trade	- - - - -	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables
sets 9.4 6.3.4 8 6.7.8 8 8.4 6.0.0 7.9 9.9 9.0 6.9 9.0 6.9 35.9 3,8	assets 629.4 813.4 - 7.8 78.4 790.0 116.9	assets 464.7 875.7 98.4	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents
sets 9.4 6.3.4 8.4 7.8 8.4 7.8 9.0.0 7.9 6.9 9.9 - 9.0 35.9 3,83	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9	assets	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets
sets 9.4 6.3 3.4 8 - 46 7.8 8.4 9.0 7 6.9 99 - 9 335.9 3,8 10 10 1,5 10 1,5 10 1,5 10 1,5 11 1,5	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9 Non-financial liabilities	assets	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets Equity and liabilities
9.4 6.3 3.4 8 6.7 8 6.8 4 6.9 9.9 6.9 9.9 6.9 9.9 6.9 9.9 6.9 9.9 6.0	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9 Non-financial liabilities 1,576.0	assets	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets Equity and liabilities Equity
sets 9.4 6.3 3.4 8 - 46 7.8 88.4 90.0 79 6.9 99 - 9 335.9 3,83 cicial ties 6.0 1,53 9.6 9 9.6 9 9.6 9 1.5 1	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9 Non-financial liabilities 1,576.0 29.6	assets	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets Equity and liabilities Equity Provisions for pensions
9.4 6.3 3.4 8 6.7 8 6.8 4 6.9 9.9 6.9 9.9 6.9 9.9 6.9 9.9 6.9 9.9 6.0	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9 Non-financial liabilities 1,576.0 29.6 75.5	assets	available for sale 464.7	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets Equity and liabilities Equity Provisions for pensions Deferred tax liabilities
sets 9.4 6.3 3.4 8 - 46 7.8 8.4 5 9.0 7 6.9 99 - 9 35.9 3,8 cial ties 6.0 1,5 9.6 5 5.5 9 9.4 4 - 1,3	assets 629.4 813.4 - 7.8 78.4 790.0 116.9 - 2,435.9 Non-financial liabilities 1,576.0 29.6 75.5	assets 464.7 875.7 98.4 1,438.8 Total financial liabilities	available for sale	and Accounts receivable – trade	- - - - - 0.8	Intangible assets Property, plant and equipment Financial investments Non-current receivables Deferred tax assets Inventory Other receivables Cash and cash equivalents Total assets Equity and liabilities Equity Provisions for pensions Deferred tax liabilities Provisions

38.3 million (16.0) and USD 1.3 million (-).

Currency derivatives – hedged values – Group	EUR m.	USD m.
Maturity of forward contracts		
< 1 year	28.2	1.3
May-July 2015	5.1	-
Aug 2015 - Oct 2015	3.0	-
Nov 2015 – Jan 2016	2.0	-
Total outstanding	38.3	1.3

In its financial policy, Systemair has stated that 50% of the anticipated EUR inflow may be hedged for no more than 18 months. As a result, the Company sells EUR during this period of time. At the financial year-end, forward contracts had been taken out by the Parent Company and the USA subsidiary. The forward contracts are stated at fair value. Hedge accounting was not applied. Changes in value are recognised via the income statement.

Selling currency on forward contracts requires a binding agreement in which a fixed redemption price (rate) is fixed to apply on a specific date.

NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Salary and holiday pay liability	106.2	96.7	29.0	29.6
Employer's social security contribution liability	28.2	26.0	12.9	13.0
Commission payments and bonuses	15.8	13.7	2.3	2.3
Other	46.9	66.0	3.8	4.0
	197.1	202.4	48.0	48.9

NOTE 23 Appropriations, other

	Parent Company		
	2013/14	2012/13	
Group contributions paid	-23.9	-50.2	
Reversal of tax allocation reserve	22.8	27.6	
Difference between depreciation and amortisation			
charged and according to plan	4.5	1.9	
	3.4	-20.7	

NOTE 24 Untaxed reserves

	Parent Company	
	2013/14	2012/13
Difference between depreciation and amortisation charged and according to plan	19.9	24.5
Tax allocation reserve, provision for tax 2009	-	22.8
Tax allocation reserve, provision for tax 2010	0.6	0.6
Tax allocation reserve, provision for tax 2011	15.4	15.4
	35.9	63.3

NOTE 25 Provisions for pensions

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets.

Defined-benefit plans are operated primarily in Norway. In addition to retirement pensions, the plan comprises survivor's and sickness pensions. The plan covers all employees, offering a pension in percentages of salary ranges and is based on final salary and number of years of employment. The plan is funded by premiums paid by the Company

The pension obligation is calculated annually with the aid of independent actuaries using the Projected Unit Credit Method. The calculation makes use of actuarial assumptions. These assumptions include anticipated salary and pension increases and anticipated returns on plan assets. Changes in actuarial assumptions and outcomes that deviate from assumptions give rise to actuarial gains and losses.

comes that deviate from assumptions give rise to actuarial gains and losses.

On behalf of white-collar employees, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions (or family pensions) are secured via insurance contracted with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 3 Classification of ITP Plans Financed

via Insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. For the 2013/14 financial year, the Company has not had access to information to be able to account for the Group's proportional share of the plan's obligations, assets under management and costs and so has not been able to account for the plan as a defined-benefit plan. Consequently, the ITP 2 plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are individually calculated on the basis, for example, of salary, pension earned earlier and anticipated remaining period of service. Contributions during the year for pension insurance policies contracted with Alecta totalled approximately SEK 3.7 million (4.1). The contributions for 2014/15 are expected to be in line with those for 2013/14.

contributions for 2014/15 are expected to be in line with those for 2013/14. The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations, based on Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. Normally, the collective consolidation level may be permitted to vary between 125% and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measures are to be taken to create the conditions for bringing the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the contractual price for new insurance and increase existing benefits. In the event of high consolidation, one measure may be to bring in premium reductions. At year-end 2013, Alecta's surplus in the form of the collective consolidation level was 148% (129).

During 2013/14, Systemair applied the amended rules of IAS 19. Ás a result of the amendment, equity was reduced by SEK 5.6 million (after deduction of a deferred tax asset).

Defined-benefit pension plans	2013/14	2012/13
Present value of obligations	105.2	92.5
Fair value of plan assets	-67.0	-59.0
Present value of net obligations	38.2	33.5
Unrecognised actuarial gains and losses	-	-5.2
Net liability before payroll tax	38.0	28.3
Payroll tax liability	1.4	1.3
Net liability as per the balance sheet	39.6	29.6

Defined-benefit pension plans	2013/14	2012/13
Changes in defined-benefit plan obligation		
Defined-benefit plan obligation, 1 May	92.5	88.9
Benefits paid	-2.3	-2.8
Cost of service in current period, plus interest expense	5.7	9.6
Actuarial gain or loss	5.8	-14.1
Business combinations	0.6	-
Pension plans taken over	3.4	14.6
Exchange rate differences	-0.5	-3.7
Defined-benefit plan obligation, 30 April	105.2	92.5
Changes in plan assets		
Fair value of plan assets, 1 May	59.0	55.5
Receipts	8.5	7.1
Benefits paid	-1.2	-2.6
Interest income	2.2	2.3
Difference between anticipated and actual return (actuarial gain or loss)	-	-1.0
Exchange rate differences	-1.5	-2.3
Fair value of plan assets, 30 April	67.0	59.0

Cost recognised in income statement	2013/14	2012/13
Cost of service in current period	2.8	6.9
Payroll tax	0.8	0.9
Interest expenses relating to obligation	3.2	3.4
Interest income on plan assets	-2.2	-2.3
Net cost recognised in income statement,	4.6	8.9

266.0

266.0

176.0

176.0

2013/14	2012/13
6.3	-
-1.7	-
4.6	-
2013/14	2012/13
4.00	4.00
4.00	4.00
7.00	1.00
3.75	3.50
	6.3 -1.7 4.6 2013/14 4.00

Profit/loss from participations in	group cor	прапіеѕ
	Parent C	Company
	2013/14	2012/13
Dividends from subsidiaries	266.0	176.0

NOTE 27 Participations in Group companies

Parent Company holdings of shares in Group companies

ala, Sweden askatteberg, Sweden alle, Sweden alle, Sweden askatteberg, Sweden alleholm, Sweden alleholm, Sweden aria aria aria aria aria aria aria ari	100 100 100 100 100 100 100 100 100 100	2,500 1,000 50,000 5,000 3,000 1,000 - - 1,000 10,101 - 1,000,000 3,128 20 9,994 15,000 40 180 - 300 320,000	65.6 1.3 3.1 0.1 7.2 94.3 35.1 2.1 0.0 21.9 17.3 6.5 8.7 11.0 50.8 69.6 0.2
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	100	1	0.0
	100	=	137.5
da	100	44,600	29.6
3	100	-	1.3
tia	100	=	0.0
а	100	2,500	1.1
ania	100	500	10.9
ysia	100	500,000	20.6
vay	100	82,000	21.4
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Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
(Cont. from previous page)				Brought forward	1,193.4
Systemair (SEA) PTE Ltd.		Singapore	100	1,000,000	6.2
IMOS-Systemair spol. s.r.o.		Slovakia	100	=	68.2
Systemair AS		Slovakia	100	22	0.5
Systemair d.o.o.		Slovenia	100	=	42.9
Systemair HVAC S.L.U.		Spain	100	=	26.3
Systemair (Pty) Ltd		South Africa	100	1,000	3.5
Systemair SA		Czech Republic	100	-	21.5
Systemair Co. Ltd		Taiwan	100	-	0.2
Systemair HSK		Turkey	90	2,150	96.2
Systemair GmbH		Germany	100	=	10.4
LGB GmbH		Germany	100	=	38.9
Menerga GmbH		Germany	100	=	174.5
Tekadoor GmbH		Germany	100	=	30.3
Systemair TOV		Ukraine	100	-	0.4
Systemair Rt		Hungary	100	2,000	4.5
Systemair Mfg. Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	0.9
Menerga Energie-Systeme Ges.m.b.H.		Austria	100	-	3.9

SEK m.

1,754.8

Subsidiaries indirectly controlled by Parent Company

Indirectly held	Parent company	Registered office	% of capital
Frico SAS	Frico AB	France	100
Frico BV	Frico AB	Netherlands	100
Frico AS	Frico AB	Norway	100
Frico GmbH AT	Frico AB	Austria	100
Reftec AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga Vertriebs GmbH	Menerga GmbH	Germany	100
Menerga Frankfurt GmbH	Menerga GmbH	Germany	100
Tekadoor Lufttechnische Geräte GmbH Systemair LCC	Tekadoor GmbH Welmo Trading Ltd	Austria Russia	50 100

	Parent Company	
Change in Group companies	2013/14	2012/13
At start of year	1,471.9	1,030.1
Acquisitions during the year	221.5	128.8
New share issues during the year	61.4	313.0
	1,754.8	1,471.9

NOTE 28 Changes in Group structure – business combinations

Companies acquired

In May 2013, Systemair completed the acquisition of Menerga GmbH, Germany, a leading European manufacturer of air handling units for comfort, pool and process ventilation with ultra high efficiency. Under the agreement, Systemair immediately acquired 97 percent of the company's shares, with the remaining 3 percent to be acquired no later than in December 2014. Established in 1981, Menerga has its headquarters and production facilities in Mülheim an der Ruhr, just outside Düsseldorf. Sales in 2012 totalled EUR 56.7 million, 53 percent in Germany. The company currently employs approximately 380 people.

In May 2013, Systemair entered into an agreement to acquire Reftec AS, a supplier of commercial chillers and heat pumps to the Norwegian market. Reftec, founded in 2007, has its headquarters in Trondheim and a sales office in Oslo. The company has 11 employees. Reftec recorded sales of NOK 34 million in 2012 and sales growth of more than 30 percent. Reftec was formerly a reseller of Systemair chillers in the Norwegian market.

In September 2013, Systemair finalised the acquisition of Menerga GmbH (Austria), the reseller of Menerga's products in that country. The company, with headquarters in Salzburg, has 10 employees and reported sales of SEK 20 million in 2012. The company both sells and services Menerga's products.

In January 2014, Systemair acquired Menerga's sales companies in Hamburg,

In January 2014, Systemair acquired Menerga's sales companies in Hamburg, Hanover and Berlin. The companies, which bring 10 employees to the Group, sell Menerga products to a value of around EUR 3.5 million annually.

Menerga AG, Switzerland, was acquired in February 2014. The company, which sells and services Menerga's products, reported sales of around SEK 50 million in 2013 and has 15 employees.

In April 2014, Systemair acquired Menerga Frankfurt GmbH. The company, which sells and services Menerga's products, reported sales of around EUR 4.7 million in 2013 and currently has 13 employees.

Menerga, Germany, and Reftec, Norway, were consolidated as of 1 May 2013; Menerga Austria as of 1 September 2013; Menerga's three sales companies in northern Germany as of 1 January 2014; Menerga AG, Switzerland, as of 1 March 2014; and Menerga Frankfurt as of 30 April 2014. If the other companies acquired had been consolidated as of 1 May 2013, net sales for the period May 2013 through April 2014 would have totalled SEK approximately 5,359 million. Operating profit for that period would have been approximately SEK 314 million.

The price paid to acquire 100 percent of the shares outstanding in Menerga in Germany, Reftec in Norway, Menerga in Austria, Menerga in Switzerland and Menerga's sales companies in Germany may be provisionally allocated as follows:

Total historical cost, less costs of acquisition	174.6
Assets acquired	
7 issets dequired	
Fair value of assets acquired, net	92.6
Goodwill	82.0

Assets and liabilities acquired	Menerga GmbH	Other acquisitions	Total
Goodwill	54.7	27.3	82.0
Brands and customer relationships	99.1	18.3	117.4
Buildings and land	30.4	2.5	32.9
Machinery and equipment	10.3	2.7	13.0
Financial and other assets	0.4	0.1	0.5
Inventory	46.3	9.4	55.7
Other current assets	62.5	19.6	82.1
Cash and cash equivalents	10.0	20.3	30.3
Non-interest-bearing liabilities (incl. deferred tax liability)	-40.3	-7.0	-47.3
Interest-bearing liabilities	-39.2	-	-39.2
Other operating liabilities	-128.8	-24.0	-152.8
	105.4	69.2	174.6
Impact of acquisitions on cash flow			
Purchase considerations			-174.6
Purchase consideration not paid			10.7
Cash and cash equivalents in companies purchased			30.2
Transaction costs, acquisition of subsidiaries			-6.0
Change in consolidated cash and cash	equivalents after		-139.7

Brands and customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 5-10 years.

The goodwill upon acquisition is attributable to the strong market positions of the companies acquired, synergy effects expected to emerge after the acquisitions and the companies' estimated future earning capacity.

Companies divested

No companies were divested during the year.

NOTE 29 Receivables from Group companies

	Parent	Parent Company	
Change in Group companies	2013/14	2012/13	
At start of year	64.5	391.3	
Lending	6.2	0.1	
Repayments	-1.0	-78.6	
Reclassifications	-	-240.3	
Foreign exchange adjustment	2.7	-8.0	
	72.4	64.5	

NOTE 30 Pledged assets

	Group		Parent (Company
	2013/14	2012/13	2013/14	2012/13
Assets pledged to credit institutions for own liabilities				
Chattel mortgages	100.4	100.4	97.4	97.4
Real estate mortgages	172.9	163.0	27.0	30.0
Pledged shares in subsidiaries	-	-	97.7	422.7
	273.3	263.4	222.1	550.1
Pledged assets, per bank				
Nordea Bank AB	133.1	127.0	194.0	286.7
Svenska Handelsbanken AB	45.0	16.0	28.1	238.0
Other banks	95.2	120.4	=	25.4
	273.3	263.4	222.1	550.1

NOTE 31 Contingent liabilities

	Group		Parent Company		
	2013/14	2012/13	2013/14	2012/13	
Guarantees on behalf of subsidiaries	-	-	250.8	201.3	
Guarantees and other contingent liabilities	84.2	80.4	27.6	46.5	
	84.2	80.4	278.4	247.8	

NOTE 32 Supplementary information on cash flow statement

	Group		Parent Company	
	2013/14	2012/13	2013/14	2012/13
Adjustment for non-cash items etc.				
Depreciation/Amortisation	154.7	116.6	24.2	24.1
Changes in provisions	5.6	11.9	0.2	1.4
Exchange gains and losses	-13.1	1.8	-1.6	-7.2
Provisions for pensions	-1.6	14.9	-	-
Gain/Loss on divestment of non-current assets	1.3	-1.3	=	-
Other items	6.0	3.5	-	<u> </u>
	152.9	147.4	22.8	18.3

NOTE 33 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's corporate registration number is 556160-4108. The consolidated accounts for the 2013/14 financial year include the Parent Company and its subsidiaries, jointly referred to as the "Group".

NOTE 34 Earnings per share

Group	2013/14	2012/13
Basic earnings per share (SEK)	8.44	4.63
Diluted earnings per share (SEK)	8.44	4.63
Profit for the year attributable to Parent Company shareholders	438.7	241.0
Weighted average number of shares outstanding, basic	52,000,000	52,000,000
Weighted average number of shares outstanding, diluted	52,000,000	52,000,000

On the occasion of its stockmarket flotation in October 2007, Systemair issued a total of 223,500 warrants to certain employees of the Group. Because the subscription price relative to the market price of Systemair shares was unfavourable on the occasions set for redemption, no subscription rights were exercised. The option programme expired in September 2011. No new option programme has been offered.

NOTE 35 Related party transactions

During the year, Systemair AB (publ.) sold products for SEK 2.3 million (2.8) to ebm-papst AB. Product purchases from ebmpapst AB totalled SEK 1.1 million (1.1). During the year, products purchased by the Group from ebmpapst AB's parent company in Germany, ebmpapst GmbH, totalled SEK 196.8 million (168.9). Systemair AB (publ.) purchased hotel and conference services for SEK 4.7 (4.0) million from WG Hotelldrift AB. which is owned by Gerald and Wenche Engström.

million from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström. Parent Company purchases from other Group companies totalled SEK 233.7 million (143.4). The increase from the preceding year is attributable to the sale of Frico AB's inventory to the Parent Company in order to improve the efficiency of logistics within the Group. Parent Company sales to Group companies are shown in Note 3.

NOTE 36 Significant events after financial year-end

No significant events have occurred since the end of the period.

NOTES

The undersigned declare that the consolidated accounts and annual accounts were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as generally accepted accounting principles and give a true and fair view of the Group's and Company's financial position and earnings, and that the Group's and Company's administration reports give a fair review of the development of the Group's and Company's operations, financial position and earnings and describe the material risks and uncertainties facing the companies in the Group.

Skinnskatteberg, 7 July 2014

Lars Hansson Chairman of the Board

Göran Robertsson Director

Gerald Engström Director

Elisabeth Westberg Director

Åke Henningsson Employee Representative

Kevin Rowland Employee Representative Pär Johansson Chief Executive Officer

Hannu Paitula

Director

Our Audit Report concerning this Annual Report was submitted on 7 July 2014.

Ernst & Young AB

Åsa Lundvall Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Systemair AB (publ) 556160-4108

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Systemair AB (publ) for the financial year from 1 May 2013 to 30 April 2014, with the exception of the corporate governance report on pages 53-58. The company's annual report and the consolidated accounts are included on pages 49-89 of the printed version of this document.

Respective responsibilities of the Board of Directors and the Chief Executive Officer (CEO) with regard to the annual report and the consolidated accounts

The Board of Directors and the CEO are responsible for preparing an annual report that provides a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that provide and true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, as well as for the internal systems of control that the Board of Directors and CEO deem to be necessary in order to prepare an annual report and consolidated accounts that are free of material misstatement, whether caused by irregularity or error.

Responsibilities of the auditor

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts on the basis of our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. Those standards require that we observe the requirements of professional ethics and that we plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated accounts are free from material misstatement.

An audit includes obtaining, by variety of measures, accounting evidence supporting the amounts and disclosures in the annual report and consolidated accounts. The auditor decides which actions should be taken, for example by determining the risks of material misstatements in the annual report and the consolidated accounts, whether caused by irregularity or error. In determining risks in this way, the auditor considers which aspects of internal systems of control are relevant to how the company prepares the annual report and the consolidated accounts to provide a true and fair view, in order to devise audit measures that are fit-for-purpose with regard to the circumstances, but not in order to state an opinion as to the efficacy of the company's internal systems of control. An audit also includes an assessment of the suitability of the accounting policies applied and of the reasonableness of the estimates by the Board of Directors and the CEO in the accounts, as well as an assessment of the overall presentation of the annual report and the consolidated accounts.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Opinions

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on 30 April 2014 and of its financial results and cash flows for the year in accordance with the Swedish Annual Accounts Act. The annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the group's financial position on 30 April 2014 and of its financial results and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. Our opinions do not refer to the corporate governance report on pages 53-58. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated

We therefore recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted.

REPORT ON OTHER REQUIREMENTS UNDER LEGISLATION AND OTHER REGULATIONS

In addition to our audit of the annual report and the consolidated accounts, we have also conducted an audit of the proposed treatment of the company's profit or loss and the administration of the affairs of Systemair AB (publ) by the Board and the CEO in the financial year of 1 May 2013 to 30 April 2014. We have furthermore carried out a statutory review of the corporate governance report.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed treatment of the company's profit or loss, and the Board and CEO are responsible for administration under the Swedish Annual Accounts Act. It is also responsible for ensuring that the corporate governance report on pages 53-58 has been prepared in accordance with the Swedish Annual Accounts Act.

Responsibilities of the auditor

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

As a basis for our opinion on the Board's proposed arrangements for the company's profit or loss, we have examined the Board's reasoned statement, as well as documents, on a test basis, in support of this statement, in order to be able to determine whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

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

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Furthermore, we have read the corporate governance report and on the basis of this reading and our knowledge of the company consider that we have sufficient grounds for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinion:

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

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

Stockholm, 7 July 2014 Ernst & Young AB

Åsa Lundvall Authorised Public Accountant

Isa Sundvall

Key Ratios for the Group

		2013/14 May-Apr	2012/13 May-Apr	2011/12 May-Apr
Net sales	SEK m.	5,295.8	4,551.0	3,996.9
Growth	%	16.4	13.9	15.3
Operating profit	SEK m.	316.9	365.2	319.8
Operating margin	%	6.0	8.0	8.0
Profit after net fin. items	SEK m.	508.2	330.6	296.6
Profit margin	%	9.6	7.3	7.4
Return on capital employed	%	17.7	13.8	14.7
Equity/assets ratio	0/0	47.2	40.7	45.1
Per share ratios				
Earnings per share	SEK	8.44	4.63	4.14
Equity per share	SEK	36.17	30.31	26.90
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

DEFINITIONS OF KEY RATIOS

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share

Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

EBIT

Earnings before financial items and tax.

Equity/assets ratio

Equity, including non-controlling interests, divided by total assets.

Equity per share

Equity, excluding non-controlling interests, divided by the number of shares at the end of the period.

Growth

Growth is defined as the change in net sales, relative to net sales for the preceding period.

Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

Net debt

Net interest-bearing liabilities (including provisions for pensions) less the total of interest-bearing receivables, current investments and cash and cash equivalents.

Net debt/equity ratio

Net debt divided by equity at year-end.

Number of employees

The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.

Sales per employee

Net sales for the period, divided by the average number of employees.

Group Companies

HEAD OFFICE:

Systemair AB

Phone: +46 (0)222-44 000 mailbox@systemair.se

SUBSIDIARIES:

Belgium

Systemair NV

Bulgaria

Systemair EOOD

Chile

Systemair Spa

Denmark

Systemair a/s

Dubai, United Arab Emirates

Systemair Middle East FZE Systemair Trading LLC

United Kingdom

Systemair Fans & Spares Ltd

Estonia

Systemair AS

Finland

Systemair Oy

France

Systemair SAS Frico SAS

Greece

Systemair Hellas

Netherlands

Rucon Systemair Beheer B.V. L.S.A. Handelsonderneming B.V.

Hong Kong

Systemair Hong Kong Ltd.

India

Systemair India Pvt. Ltd

Ireland

Systemair Ltd

Italy

Systemair AC

Canada

Systemair Ltd

China

Systemair Shanghai Co. Ltd

Croatia

Systemair d.o.o.

Latvia

Systemair SIA

Lithuania

Systemair UAB

Malaysia

Systemair Sdn Bhd

Norway

Systemair AS Frico AS Reftec AS

Peru

Systemair Peru SAC.

Poland

Systemair SA

Portugal

Systemair SA

Qatar

Systemair Middle East LLC.

Romania

Systemair Rt

Russia

Systemair LLC

Switzerland

Systemair Suisse AG

Menerga AG

Serbia

Systemair d.o.o. Belgrade

Singapore

Systemair (SEA) PTE Ltd.

Slovakia

IMOS-Systemair spol. s.r.o. Systemair AS

Slovenia

Systemair d.o.o.

Spain

Systemair HVAC S.L.U.

Sweder

Frico Engineering AB

South Africa

Systemair (Pty) Ltd

Taiwan

Systemair Co. Ltd.

Czech Republic

Systemair SA

Turkey

Systemair - HSK

Germany

Systemair GmbH LGB GmbH Tekadoor GmbH

Ukraine

Systemair TOV

Hungary

Systemair Rt

Austria

Systemair GmbH

Menerga Energie-Systeme GmbH

SUBSIDIARIES WITH OWN

BRAND:

Frico AB Gothenburg

mailbox@frico.se

Fantech Inc., United States

info@fantech.net

Fantech Ltd., Canada

info@fantech.net

Holland Heating

info@hollandheating.nl

Menerga

info@menerga.com

VEAB Heat Tech AB, Hässleholm

veab@veab.com

CONTACT DETAILS:

Contact and address details for our Company's throughout the world are available on Systemair's website, at www.systemair.com.

Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 28 August 2014 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden

A tour of the factory and presentation of the Company's products will take place prior the AGM. Those wishing to take part should assemble at 1.00 p.m. at Systemair Expo, Skinnskatteberg.

Right to attend the AGM and notification of intention to take part

Shareholders who wish to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB on Friday, 22 August 2014 and must notify the Company of their intention to participate in the meeting no later than 3.00 p.m. on Friday, 22 August 2014.

Application to attend is best made by e-mail to agm@systemair.se, telephone on +46 (0)222-440 00, fax on +46 (0)222-440 99, or post to Systemair AB, Receptionen, SE-739 30 Skinnskatteberg, Sweden. Applications shall include details of name, civic registration number/corporate registration number, address, telephone number, any assistants (no more than two) and number of shares. It should also be noted that any wish to take part in the factory tour must be notified at the same time. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. A power of attorney form is available on the Company's website, www.systemair.com or may be requested by writing to the address above.

Anyone representing a legal entity must present a registration certificate, or the equivalent, confirming the person's authority to sign for the organization. Powers of attorney, registration certificates and other authorization documents must be available at the AGM and should, in order to facilitate admission to the meeting, be received by the Company no later than on Friday, 22 August 2014. The original copy of the power of attorney document must be shown.

To be entitled to participate in the AGM, a shareholder who has had his/her shares registered in the name of a nominee must arrange for the nominee to re-register the shares in the shareholder's name so that the shareholder is entered in the share register on the record date, Friday on 22 August 2014. Any such re-registration may be temporary. This means that the shareholder must inform his/her nominee in good time prior to the said date.

COMPLETE NOTICE

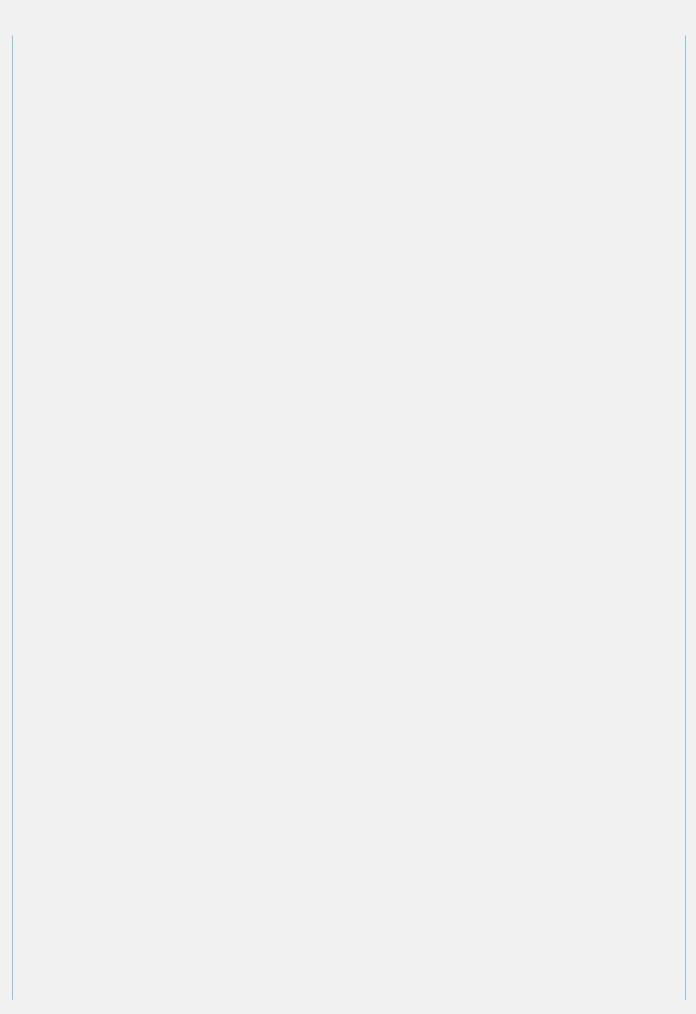
A complete notice of the Annual General Meeting, as well as financial and other information, is available on the Systemair website www.systemair.com.

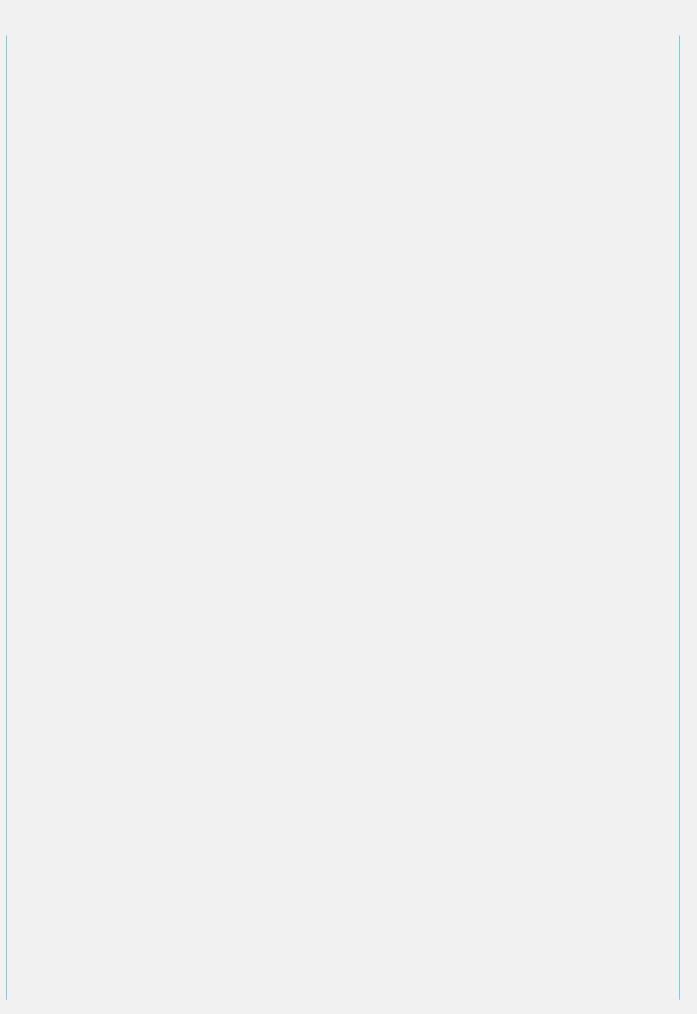
Calendar	
28 August 2014	Q1 Interim Report (May-July 2014/15)
27 November 2014	Q2 Interim Report (August-October 2014/15)
5 March 2015	Q3 Interim Report (November-January 2014/15)
11 June 2015	Q4 Interim Report (February–April 2014/15)
27 August 2015	Annual General Meeting, simultaneous publication of Q1 Interim Report 2015/16

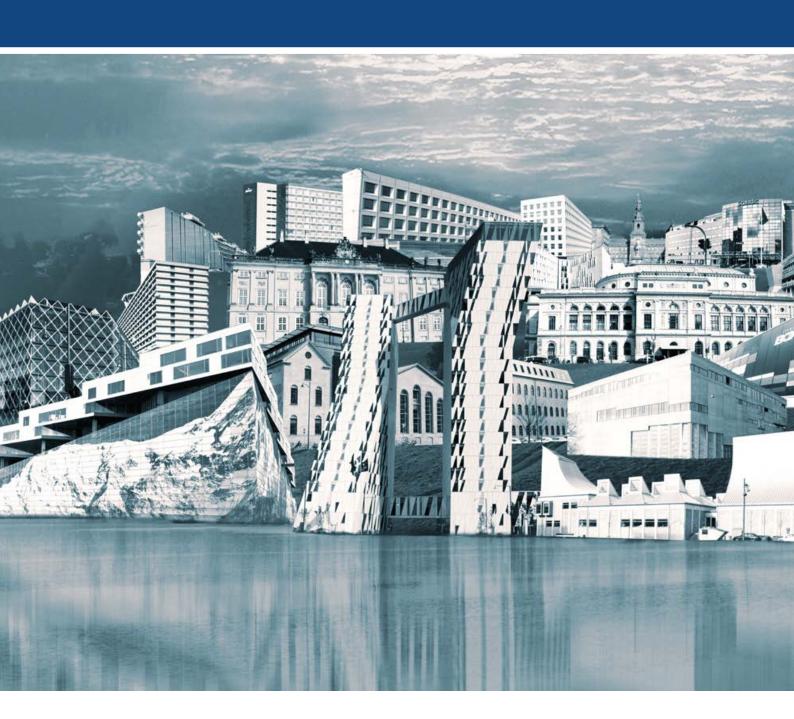
QUESTIONS

Any questions regarding the content of the Company's financial information should be directed to:

CFO Anders Ulff, on Telephone +46 (0)222-440 09.







Systemair AB Industrivägen 3 739 30 Skinnskatteberg Sweden

Tel +46 222 440 00 Fax +46 222 440 99 mailbox@systemair.se www.systemair.com

