

Lammhults Design Group
creates positive experiences
through modern interiors
for a global audience.

Consumer insight, innovation,
design management and
strong brands are the
cornerstones of our business.

We develop products in
partnership with some of
the foremost designers
in the market.

OFFICE & HOME INTERIORS

What the business area does and how it is organised:

Office & Home Interiors develops and markets products for interiors in public and domestic environments. The business area has three brands with high design values, focusing on public environments: Lammhults and Fora Form with visually strong, timeless furniture, and Abstracta, with acoustics products, products for visual communication and storage. The business area has two brands focusing on home interiors, namely Voice, which offers innovative storage solutions, and Ire, producing upholstered furniture featuring timeless design, clean lines and durable quality. Both the Voice and Ire product ranges are in the process of being extended to include public interiors. This business area comprises the companies Lammhults Möbel AB in Lammhult, Ire Möbel AB in Tibro, Fora Form AS in Norway, and Abstracta AB in Lammhult, plus subsidiaries.

Customers:

In public environments the business area primarily works with architects and designers who recommend products to their clients. Retailers form an important part of the sales process that finishes with the end customer – usually companies, government agencies and organisations.

Result for the year:

Net sales

SEK 520.4 million (383.5)

Operating profit

SEK 36.9 million (17.2)

Largest markets:

Sweden, Norway, Denmark
Germany and the UK.

Brands:

LAMMHULTS

FORA FORM

abstracta voice ire

PUBLIC INTERIORS

What the business area does and how it is organised:

Public Interiors develops, markets and sells attractive and functional interiors and product solutions for public environments. The business area is partly dedicated to selling total interior solutions on a project basis and partly to aftermarket sales of furniture and consumables. This business area comprises the companies Lammhults Biblioteksdesign AB in Sweden, Lammhults Biblioteksdesign A/S in Denmark and Schulz Speyer Bibliothekstechnik AG in Germany and its subsidiaries.

Customers:

Public Interiors works in close cooperation with architects and interior designers who design and propose interiors for their customers. Public Interiors' end customers are mainly players whose operations are publicly funded, e.g. local government.

Result for the year:

Net sales

SEK 237.0 million (217.3)

Operating profit

SEK 20.3 million (13.9)

Largest markets:

Germany, France, Sweden,
Denmark and Norway.

Brands:

 **BCI**

 **Eurobib
direct**

 **SCHULZ
SPEYER**

2014

Net sales:	SEK 756.0 million (598.7)
Operating profit:	SEK 33.7 million (13.1)
Operating margin:	4.5 % (2.2)
Return on capital employed:	7.4 % (3.4)
Equity/assets ratio:	59.9 % (56.3)
Debt/equity ratio:	0.25 (0.39)
Dividend payout ratio:	58 % (78)
Average number of employees:	353 (325)

Q1

Net sales **SEK 184.2 million** (150.1) and operating profit **SEK 5.0 million** (2.3)

Q2

Net sales **SEK 191.3 million** (134.2) and operating profit **SEK 6.0 million** (1.3)

Q3

Net sales **SEK 170.0 million** (115.8) and operating profit **SEK 8.5 million** (0.4)

Q4

Net sales **SEK 210.5 million** (198.6) and operating profit **SEK 14.2 million** (9.1)

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THIS ANNUAL REPORT IS ALSO AVAILABLE IN SWEDISH

LAMMHULTS DESIGN GROUP
IS LISTED ON NASDAQ OMX STOCKHOLM.

Successfully putting the plan into practice sees us gearing up for the future!

A WORD FROM THE PRESIDENT

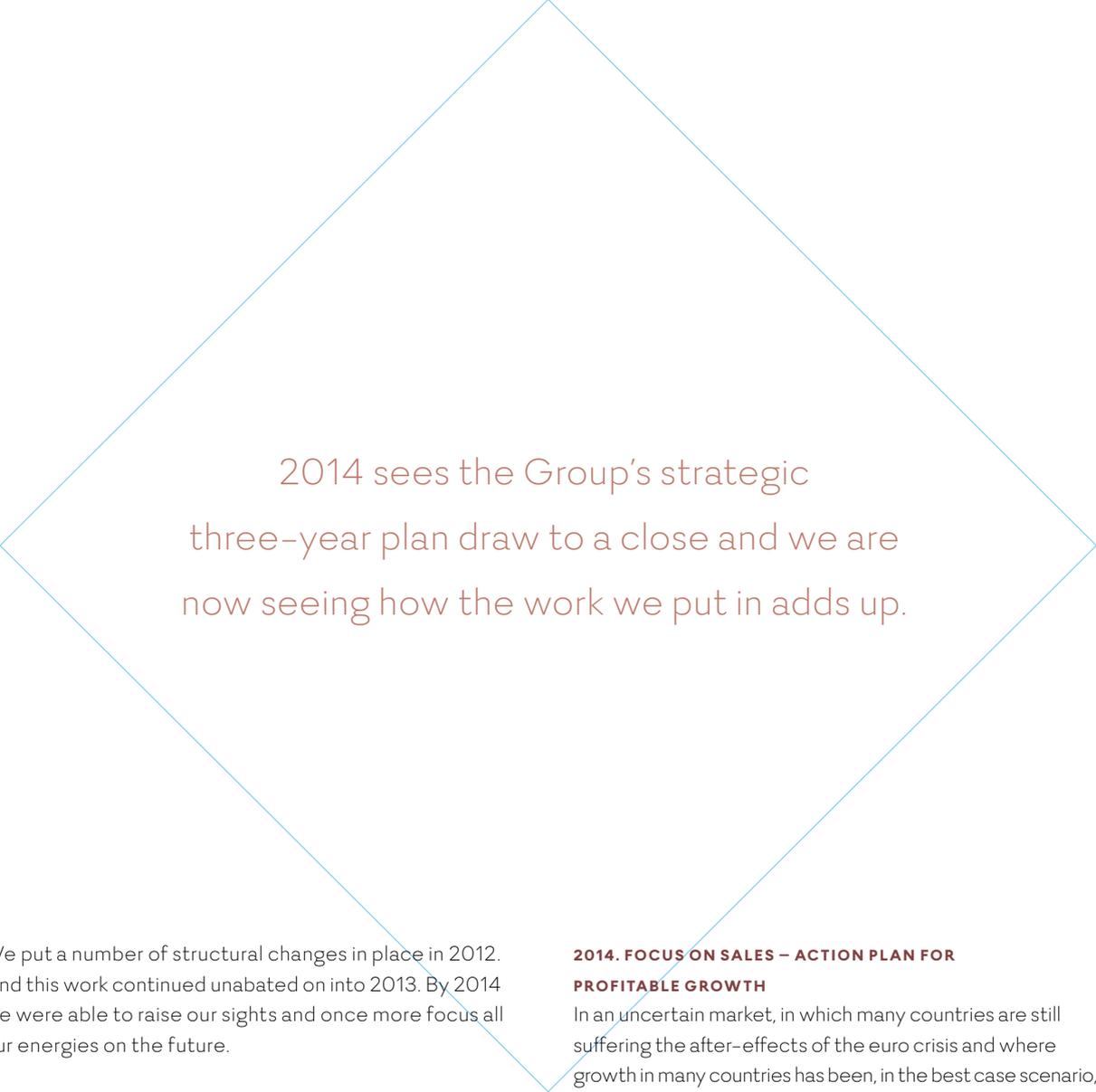
ANDERS ROTHSTEIN, PRESIDENT AND CEO

Following our efforts over the past three years on streamlining, focusing and raising productivity in the business, we are a Group that stands on firmer ground and we are seeing our hard work paying off in all the companies in the Group.

STRATEGIC PLAN – THE RECKONING

The entire strategic three-year plan we set out in October 2011 is now in place. Looking at the results, all I can say is that it was a resounding success. But as is always the case, had we realised at the beginning that it was going to take so much such hard work, we might not have reached where we are now at the end of 2014. Nevertheless, it has been a necessary and stimulating job. I believe that everyone involved can be proud of what we have achieved together. The work began with streamlining, focus and improving efficiency, which produced results and paved the way for the next step: Focus on sales – action plan for profitable growth.





2014 sees the Group's strategic
three-year plan draw to a close and we are
now seeing how the work we put in adds up.

We put a number of structural changes in place in 2012. And this work continued unabated on into 2013. By 2014 we were able to raise our sights and once more focus all our energies on the future.

What was the overall outcome for the different aspects of the strategic plan?

2012–2013. STREAMLINING, FOCUS AND IMPROVED EFFICIENCY

Work that not only gave us on a new, clearer and firmer footing on which to build, but also gave us a shared language and a common understanding of how we are going to develop each of our companies in the next phase of this construction project.

In financial terms, just over SEK 100 million was amortised on borrowing during 2012, further strengthening the balance sheet. This was made possible by selling Scandinavian Eyewear and one industrial property. The income statement for 2013 showed cost savings of about SEK 24 million following efficiency improvements, integration and the sale of companies in Southern Europe. At the same time we invested in product development and carried out sales and marketing initiatives in our core markets.

2014. FOCUS ON SALES – ACTION PLAN FOR PROFITABLE GROWTH

In an uncertain market, in which many countries are still suffering the after-effects of the euro crisis and where growth in many countries has been, in the best case scenario, merely sideways, we have increased our market share. In 2014 the Group's organic growth amounted to 5 percent and growth overall came in at 26 percent. These figures beat our financial target of 10 percent annual growth on average over an economic cycle, where organic growth was to contribute 1/3 and acquired growth 2/3. Seen across the entire strategy period, i.e. 2012–2014, growth was approximately 16 percent, equivalent to just over 5 percent on average per year. In other words we have some way still to go before attaining our growth target.

When it comes to acquisitions, the purchase of Fora Form in 2013 has not only given the Group a market leading position in Norway. Abstracta's products have also gained a wide-ranging sales organisation in the Norwegian market. We are already reaping the benefits of this in the shape of higher sales. Fora Form is now able to draw on a complementary range that meets their customers' growing needs for functional interior acoustic products and products for visual communication.



As a result of our work on *Focus on sales – action plan for profitable growth*, our operating profit for 2014 increased to SEK 33.7 million (13.1) with an operating margin of 4.5 percent (2.2). Although this means there is still a little way to go to reach this financial target – which aims at an operating margin of 8 percent on average over an economic cycle – we have turned things around and are once more heading in the right direction.

2015. A NEW ENERGY-PACKED PHASE

Successful completion of our strategic three-year plan sees us at the start of 2015 ready to refine, develop and, not least, take the next strategic step in building the new Group.

Although we are satisfied with the way we concluded the three-year plan, we must constantly be prepared to correct our course. External factors, new uncertainties in the global economy and geopolitical challenges are once more giving rise to concern about where the economy is heading. The long economic cycles of 5–10 years that we were accustomed to in the past no longer exist. These days the timescales are considerably shorter, which means, among other things, that crisis management and being prepared for emergencies have become part of our approach and our work day to day.

The starting point for our continued strategic work encompasses the following two aspects which I will introduce in brief below.

1. Focus on the customer – from recommended option to obvious choice

Within the Group we have three customer categories

- Recommenders, e.g. interior designers
- Influencers, e.g. retailers, agents and distributors
- Decision-makers, i.e. users and end-users

All three are equally important in our work day to day and internally we apply the motto *from recommended option to obvious choice*. The idea is, within each customer category, to work for even better customer relations and to increase our understanding of what creates and drives value in order to become the obvious choice in that respective customer category.

2. One Company Thinking

A strategy for how we, as individual companies and as a Group, are to create better and greater interaction in our work day to day. This may be in developing products and the range, purchasing, installation, sales or marketing. The aim is to become a more attractive partner for all customer categories, a more attractive employer and, not least, create shareholder value.

There is undeniably a lot more to be done and to put in place in the next phase for the Group too.

**Lammhults Design Group's
strategic three-year plan 2012–2014
is complete and is now being assessed.**

**In the first two years our
watchwords were streamlining,
focus and improved efficiency.
In the concluding year we added
focus on sales – action plan for
profitable growth.**



**SUSTAINABLE DEVELOPMENT – AN ONGOING PROCESS
THAT SEES US GAINING GROUND**

Sustainability and environmental considerations play a central role in all our companies, and have done so for many years. For the past four years we have also been reporting our work on sustainable development in line with the guidelines of the Global Reporting Initiative (GRI). An international standard, it gives us an opportunity to monitor and compare our own initiatives, providing us with the information we need to continue to improve. In 2014 we also signed up to the UN's ten principles through the Global Compact.

For 2014 I primarily want to highlight work in the companies focussed on our four sustainability targets that support profitable growth. Social responsibility in the supply chain is one of our priority areas and this affects our choice of suppliers. Environmental improvements have been attained by continuing to increase the proportion of wood raw materials traceable to sustainable forestry. Volume products in several versions are now approved under the stringent requirements of the Nordic Ecolabel. Environmental improvements have also been achieved through better use of resources. In 2014 work on LEAN has been carried out successfully, in which two installation units in Norway have been merged into one. The effects of this will be seen from 2015 onwards in terms of the environment and finances.

KEY FIGURES FOR 2014

Net sales totalled SEK 756.0 million (598.7) in 2014, with an operating profit of SEK 33.7 million (13.1). Order bookings totalled SEK 760.3 million in 2014 (604.4). The equity/assets ratio was 59.9 percent (56.3), and the debt/equity ratio was 0.25 (0.39) as at 31 December 2014, which means that the Group's financial position was strengthened during the year.

TO SUM UP: THE NEXT PHASE HAS STARTED!

When I sum up the past year, and particularly when I examine the growth-based action plans we put in place in 2014, I can say that work on the next phase of the Group's strategic plan has barely begun and there remains a great deal for us to work on.

I would like to say a big thank you to all our employees for your hard work and your efforts in 2014. Together we will continue to deliver results for our shareholders.

A handwritten signature in black ink, appearing to read 'Anders Rothstein'.

**ANDERS ROTHSTEIN,
PRESIDENT AND CEO**

Over the past three years, Lammhults Design Group has worked to put in place a strategic plan that sought to streamline the Group's operations and develop profitable growth in furniture and interiors. The previous four business areas have been concentrated to form two business areas. Lammhults Office and Lammhults Home have been merged to create Office & Home Interiors, operations within Lammhults Library have been broadened and the business area has changed its name to Public Interiors. It was also decided that the business area Scandinavian Eyewear would be divested.

Putting the strategy into practice

STREAMLINING AND IMPROVED EFFICIENCY

In 2012 the operations of Borks and Voice were integrated with those of Abstracta. The production units in Kolding in Denmark and Jönköping in Sweden were moved and coordinated with Abstracta's production in Lammhult. Purchasing, administration, product development and marketing were also integrated to exploit synergies between the businesses. Reductions in costs were clearly seen in 2013, where overheads in Office & Home Interiors fell by approximately SEK 15 million as a result of the integration. Efficiency improvements, mergers and sales/divestments of companies in Public Interiors saw overheads fall in the Group as a whole by approximately SEK 24 million.

As part of the streamlining process, all the shares in Scandinavian Eyewear were sold in October 2012. The purchase consideration was SEK 58 million.

Public Interiors' sales companies in the Netherlands and Belgium were integrated in 2012. The different operations within the business area have been integrated further in recent years in areas such as purchasing, finances, IT, developing the range, and marketing. In the second half of 2013, production of steel components for the BCI

brand in Holsted, Denmark, was closed down and relocated to external suppliers in Poland.

In autumn 2014 efficiency improvements at Fora Form's assembly unit in Ørsta, Norway resulted in a lease on premises for table assembly being able to be terminated. All assembly is now gathered within one unit.

To create more efficient product supply and realise additional synergies within the Group, increasingly closer collaboration has been seen in the Group's supply chain functions, producing greater impacts in the form of cost cutting and more efficient material flows.

CAPITAL RATIONALISATION

The Group was in a stable financial position before the implementation of the strategic plan. Capital rationalisation was planned to further strengthen the Group's financial position and create scope for acquisitions. The sales of Scandinavian Eyewear and one property in 2012 together generated cash flow of just over SEK 80 million. Over all of the past three years cash flow from changes in operating capital has been positive, such as effects of more efficient stock management, greater focus on attaining better payment terms with suppliers and minimising customer credit risks.

TARGETED MARKETING

Marketing has been targeted geographically on Northern Europe. We see greater potential in developing sales in the Nordic countries and in the Group's largest export markets of Germany, France and the UK than in building up sales in new markets outside Northern Europe. After several years of falling demand caused by the debt crisis in Southern Europe, Public Interiors' Spanish subsidiary was divested in 2012 and its Italian subsidiary was sold in 2013. The ambition was also to make acquisitions in Office & Home Interiors with the aim of further strengthening the Group's position within its defined geographical focus area.

ACQUISITIONS

All the shares in the Norwegian designer furniture company Fora Form were acquired in October 2013. Through the acquisition, the Group strengthened its position in the important Norwegian designer furniture market. The Group's other companies turned over just over NOK 60 million in the Norwegian market in 2013. Together with Fora Form's sales of approximately NOK 120 million on the Norwegian market, the group gained a market-

leading position in the designer furniture for meeting places segment, which is judged to amount to approximately NOK 700 million per year in Norway. Abstracta gained access to a wide-ranging sales organisation for its products on the Norwegian market, while Fora Form gained access to the Group's sales organisation in order to enable it to increase its exports. In 2014 the Group continued to strengthen its position in the Norwegian market, attaining a turnover of approximately NOK 195 million, i.e. an increase of 8 percent in a market that according to our figures, shrank by approximately 5 percent.

FUTURE OUTLOOK

These strategic measures have seen the Group develop and we are well placed to create profitable growth in the years ahead. The Group's robust financial position, with an equity/assets ratio of 59.9 percent and a debt/equity ratio of 0.25 percent lays good foundations for growth, both organic and via acquisitions.



LOOP

Design Johan Verde, Fora Form



LAMMHULTS

The Milan fair saw the launch of the Grade chair, designed by Johannes Foersom & Peter Hiort-Lorenzen.

20

A SELECTION OF KEY EVENTS DURING THE YEAR

14



FORA FORM

In autumn 2014 Pond was launched, a new family of chairs designed by Olav Eldøy.

ABSTRACTA

Orgatec, Cologne, saw the launch of the Domo acoustic family designed by Stefan Borselius.





IRE

The Stockholm Furniture Fair was the venue for the launch of the Hanna armchair, designed by Emma Olbers.



LAMMHULTS

Orgatec in Cologne saw the launch of Comet X, a new addition to the Comet family, designed by Gunilla Allard.



ABSTRACTA

The Stockholm Furniture Fair saw the launch of the Draft mobile whiteboard, designed by Daniel Lavonius Jarefelt and Josef Zetterman, Tengbom.



IRE

The Stockholm Furniture Fair was the venue for the launch of the Dormi sofa and armchair, designed by Josefine Alpen.



PRESTIGE PROJECTS DURING THE YEAR

BCI

Sévères mediatek in France ordered products from the BCI range for SEK 2.5 million. Lund University ordered a large number of shelves and other products from BCI to a value of SEK 2.5 million.

ABSTRACTA

Abstracta delivered Softline screens for SEK 2.0 million to EZB (the European Central Bank) in Frankfurt. Bella Center in Copenhagen ordered the sound-absorbent Airflake screen from Abstracta to a value of SEK 0.8 million.

IRE

Ire delivered Join sofas, designed by Emma Olbers, to Gothia Towers in Gothenburg and to Skanska's office in Malmö.

FORA FORM

Visma in Helsinki ordered a number of products from Fora Form for SEK 2.7 million and Spira chairs from Lammhults for the same project. Gardemoen (Oslo airport) ordered Gardist, designed by Sven Dysthe, from Fora Form to a value of SEK 1.5 million.



LAMMHULTS ▲

Lammhults delivered the Addit modular sofa, Add table, Comet and Cortina conference chairs, and Archal and Atlas conference chairs to Gothenburg City Hall. The building was designed by architect Gunnar Asplund in 1936 and following extensive renovation work from 2014 onwards has taken on a new use in the form of Gothenburg City Hall.

Lammhults has long been working with the German Hypovereinsbank, who chose the Area sofa as concept furniture for 117 of their bank branches across Germany. In the evaluation carried out following deliveries to a value of SEK 2.2 million in 2014, Lammhults scored top marks, resulting in additional deliveries being booked in for 2015.

OTHER EVENTS DURING THE YEAR

IRE

In November the company gained a new CEO, Dick Thunell, with many years' experience of sales in the domestic market and to public spaces.

ABSTRACTA

The products Softline, Soneo, Draft and Domo were approved by Möbelfakta. The Draft mobile whiteboard was one of the products that made it into The World Interiors News Product Picks – Top 20 at the Clerkenwell fair in London.

VOICE

The No.216 sideboard designed by Jesper Ståhl won a prize at the Muuz International Awards 2014 in Paris.



FORA FORM

The company's sales organisation has taken over responsibility for sales of Abstracta's range on the Norwegian market. This means Fora Form is now able to draw on supplementary ranges that meet their customers' needs for acoustic products and products for visual communication.

LAMMHULTS

An additional two products were approved in 2014 for the Nordic Ecolabel and 13 products were approved by Möbelfakta, e.g. products in the Campus, Quickly, Grade, Archal, Area and Add families. In total three products now carry the Nordic Ecolabel and 30 product versions are Möbelfakta labelled.

The student project X-Works 2.0 was launched. The purpose is to stimulate innovative product development and deepen relations with education institutions and a new generation of designers.



PUBLIC INTERIORS

The business area has fully implemented a business model which seeks to make the organisation a "total solution provider", i.e. a total supplier to libraries and other public environments.

New demands on acoustics, ergonomics and inspiring design.

Sights set on the meeting places of the future

PROFESSIONAL BLENDS WITH PRIVATE

They're called millennials, are aged between 25 and 35 and are in the middle of their careers. With new habits, values and world views, they are redrawing the map of how we work and live. Above all, this generation – constantly connected, always on the move, never satisfied – has started to erase the boundaries between the professional and the private spheres.

One sector early affected by the closer link between work and private life is the hotel and conference industry. In survey after survey the industry is seeing that today's business travellers want to experience more. They book a couple of extra days around their conference or meeting to explore their destination and enjoy an inspiring break. It's a combination of business and pleasure that trend trackers have dubbed The Bleisure Effect.

This not only affects booking systems and hotel services, it also creates a new playing field for architecture and interiors.

"We see it particularly in the activity-based offices where many zones have more in common with a home environment or a hotel lounge than traditional workplaces", says Anders Rothstein, Lammhults Design Group's President and CEO.

The trend is also going in the other direction. Today's working lives are more flexible. More and more people are working from home and designing their own home offices.

"This is part of the trend, then there are also lots of people who are discovering that well thought-out design for public spaces is the perfect fit for their home."

For the Group's two business areas – Office & Home Interiors and Public Interiors – the trend means greater opportunities to pass on business.

"On the basis of customer demand, we exploit the potential of the whole Group to produce the best possible solutions."

A FOCUS ON MEETING PLACES

Whether we look at trends in office and home environments or public spaces, we come to the same conclusion. The interiors of the future will revolve around meeting places. We see it in the way libraries are being designed in the wake of the digital revolution. It's seen in workplaces where functional furniture for different types of meetings is emerging. Homes too are inspired by different zones for meetings: around food, and conversation, around media and other entertainment.

“Functional meeting places make new demands in terms of acoustics, ergonomics and inspiring design, and our range has already come a long way in this respect,” says Anders Rothstein.

GREATER CUSTOMER FOCUS

Thinking design means seeing reality from the user’s perspective. For Lammhults Design Group, design is just as much a competitive advantage in product sales as it is an integrated part of the strategy and development of the business.

“It’s a mind-set that’s in the companies’ DNA. Naturally with our designers, but the designers’ way of thinking and tackling problems runs through the entire organisation. We sense the trends, investigate customers’ needs and work to find innovative solutions,” says Lammhults Design Group CFO Thomas Jansson.

Design Management links design with business development and entrepreneurship. A methodology that means that design runs through the heart of the entire business, putting the focus on the customer.

“It’s part of our strategic plan. With a stronger focus on our three customer categories set out by the CEO we

will strengthen our offering and make it more customer-oriented. This is how we will move from being the recommended option to being the obvious choice with interior designers and retailers as well as end-users.”

ACTING AS A COMPANY INCREASES EFFICIENCY

Another element in the strategy that starts in 2015 focusses on the Group’s efficiency.

“The strategic plan 2012–2014 saw us taking great steps towards a more efficient organisation. That work is now continuing under the motto One Company Thinking,” says Anders Rothstein.

Work is fully underway embedding One Company Thinking throughout the organisation. One example is Abstracta which has had the Voice brand under its wings for several years and is now part of Fora Form’s offering in Norway.

“Two rational solutions as in the one case we could see synergies when two production units were turned into one and in the other we gained ten new sellers of our products with close contact with customers,” says Abstracta’s CEO Mikael Nilsson.

With a successful three-year plan brought home,
the Group is setting new sights on the future.
For the organisation two clear paths are signposted:
greater customer focus and a stronger holistic approach.
But which industry and business trends lie behind the choice
of path? Here we sketch out the main features plus some of
the projects that are showing the way. ▶

Total transformation from department store to the library of the future

PROJECT: Herning Library

PRODUCTS: 60/30 classic steel shelf and a number of unique customer solutions

ARCHITECTS: GPP Arkitekter and Kristian H. Nielsen

Herning's new city library has turned what everyone is talking about into reality. A library of the future strategically located in the heart of the city. With open-plan architecture in the form of large glass partitions inviting the locals in and showing everything going on in the building.

In as short a time as two years – a kind of record – and with a modest budget in the context of 80 million Danish kroner, the actors involved have transformed a grey, dull department store into an innovative library

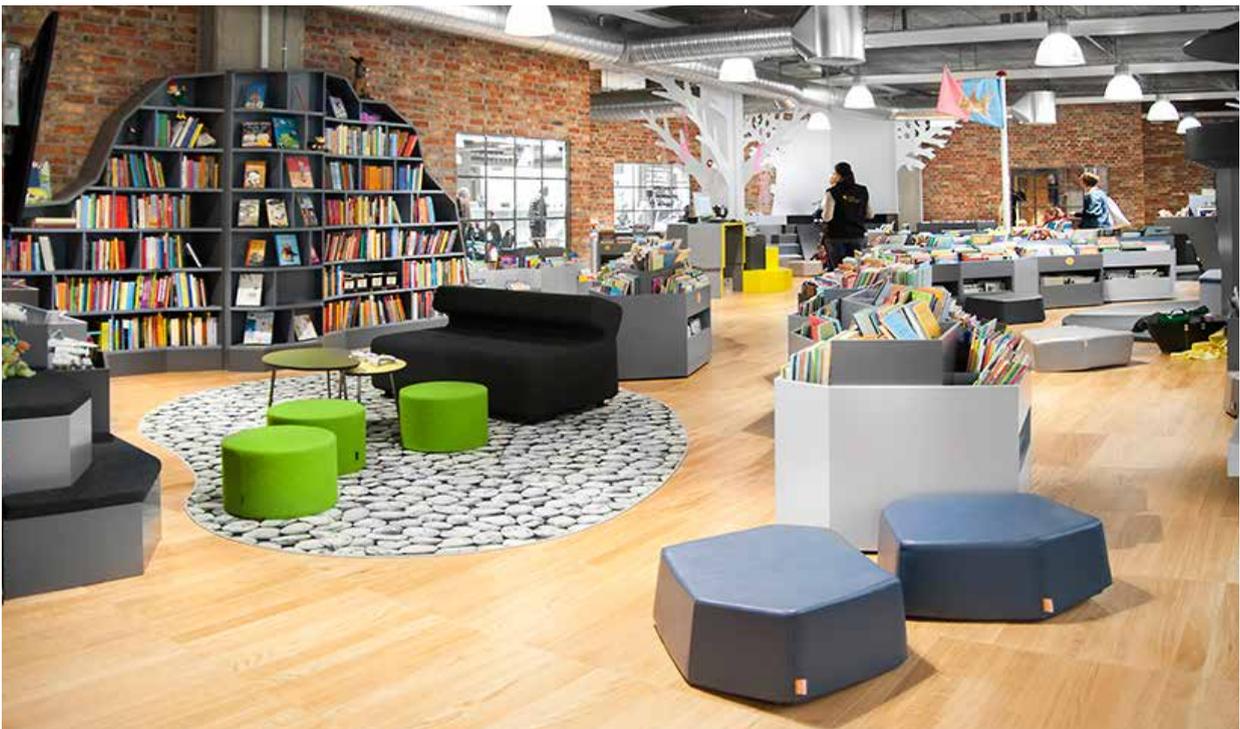
with inspiration from modern environments. With bare walls in red brick, naked concrete and glass.

It's the most beautiful library in Denmark and we're right in the centre where our visitors are. In the renovation we've given the heart of Herning a cultural boost. A dynamic exchange for our business and all the town's population," says library manager Pernille Schaltz.





BCI in Denmark is responsible for the interior design and has designed shelves, displays and information desks in line with the architect's industrial New York look and the latest trends in user-friendliness, inspiration and media technology.



In a fantastic collaboration with library visionaries and leading lights in Herning we've been able to be involved in creating a vibrant and dynamic meeting place. Many of our solutions, such as the children's zone spanning a whole 190 m², are 100 percent specially designed.

CAMILLA LARSEN, INTERIOR DESIGNER, BCI



Setting the tone for Scandinavia's largest meeting place

PROJECT: Bella Center, Copenhagen

PRODUCTS: Airflake, Softline

ARCHITECT: Erik Møller

Between Copenhagen and Kastrup is Bella Center. Scandinavia's largest congress and meeting centre. The venue, capable of hosting up to 20,000 visitors, was built in the mid-1970s and there have been many voices calling for modernisation, particularly since the adjoining four-star design hotel Bella Sky Comwell opened in 2011.

Following extensive renovation, the congress centre now lives up to the hotel in terms of design, giving visitors a modern and positive experience.

With a ceiling height of 14 metres in the foyer and materials such as concrete and glass, the acoustic demands were as high as those for the visual design. Airflake from Abstracta was the obvious answer. The light and airy acoustic screens also effectively divide the large dining hall from the kitchen. The Softline acoustic screen is also behind the sound environment in the congress centre's work rooms.





With a ceiling height of 14 metres in the foyer and materials such as concrete and glass, the acoustic demands were as high as those for the visual design.



Combined campus gets matching interiors

PROJECT: Bergen University

PRODUCTS: Senso, Up, City, Clip and others

ARCHITECTS: HLM Arkitektur and Cubo Arkitekter (exterior)

Metropolis Arkitektur & Design (interior)

Now the students at Bergen University no longer need to be spread out around the city. In 2014 a new long-awaited campus opened in Kronstad. The building, which has already won awards for its architecture and urban planning, is largely furnished by Fora Form. The interior design solution also contains products from Abstracta and Eurobib, and shows how well the Group's combined offering works together in major construction projects.

"Campus Kronstad mixes new-build with integrated renovation of older industrial buildings. It covers 51,000 m² and accommodates 4,400 students and 600 employees. There are numerous rooms and functions, and the

furniture is chosen in close cooperation with the university's purchasers and the responsible architect. Fora Form is found in classrooms and lecture halls as well as dining halls and lounges. Competition was tough and the demands high. We won the project through our local relations, recognised advanced design and high quality," says Ingunn Sørheim, interior designer at Fora Form.

"They've been in our showroom and visited the factory to find the right feel. Our range really matched the architect's vision and the building's concept. It's a fantastic building, it makes you want to start studying again yourself," Ingunn Sørheim concludes.



The Fora Form solution rests on the Senso and Up sofas, the City range of chairs, the Clip table and screen walls from Abstracta. The response has been hugely positive and Fora Form is involved in furnishing the next phase of the project.



UP
Design: KnudsenBergHindenes



Increased sales due to products on the “Green List”

PROJECT: Sahlgrenska Universitetssjukhuset, Östra Sjukhuset and Folk tandvården Kvillebäcken

PRODUCT: Spira

CLIENT: Västra Götaland Regional Council

The Spira chair has become a favourite for purchasers who think green. It can be seen in the Flädern lecture theatre at Östra Sjukhuset hospital, the dining hall building Blå Stråket at Sahlgrenska Universitetssjukhuset hospital and at the dental surgery Folk tandvården Kvillebäcken in Gothenburg.

For the Västra Götaland Regional Council the environment and sustainability weigh heavily when purchasing furniture and interiors. In 2006 the council began to draw up an internal list of procured eco-friendly products. Two years later, in 2008, the region set itself the target of half of its procured interior design being from the “Green List” by 2010. Although the green products only account for a small proportion of the framework agreement in general, the target was met.

“The region’s premises must contain as few substances harmful to the environment and to health as possible. When we started our work, it was hard to find out which products met the requirements and that’s why we started the “Green list”. Today we buy 60 percent of all our furniture from the list and are seeing many people, even far outside Western Sweden making use of it,” says Birgitta Nilsson, process manager at the Environmental Secretariat, Growth and development at Västra Götaland Regional Council.

Several of Lammhults’ products have made it onto the “Green List”. It’s a position that means a lot for the company’s sales. The three products that top the sales list to Västra Götaland Regional Council are also on the “Green List”.

SPIRA

Design Johannes Foersom & Peter Hiort-Lorenzen





Lammhults' work on sustainability goes beyond the requirements

ANDREAS MATTISSON

RANGE AND PRODUCT DEVELOPMENT MANAGER

LAMMHULTS MÖBEL AB



Systematic work on sustainability in line with the industry's major certification bodies such as Möbelfakta and the Nordic Ecolabel goes without saying in Lammhults Design Group. Together with management systems such as ISO 14001 it provides drive and direction for our work on the environment which can be followed up and quality assessed. Certification is also an important identifying factor on the market and a guide for informed customers.

The sustainability report in line with the Global Reporting Initiative (GRI) is an additional step in reinforcing the Group's work on sustainability. It is a strategic tool for internal work and in external communication.

At the same time, the report and the standards are just the tip of the iceberg. The companies in Lammhults Design Group's responsibility for the environment and society runs much deeper than this – and further back in time than the four years we have been reporting according to GRI.

A GREEN FUTURE STARTS AS EARLY AS THE IDEA STAGE

Andreas Mattisson is Range and Product Development Manager at Lammhults and knows what makes a real difference in work on sustainability.

"In a perfect world the sustainability concept is incorporated from the start and this is what we are aiming at, but nor should we forget that we are constantly developing and updating our existing range, that's important too," says Andreas.

He is keen to highlight all the work on sustainability that goes on in the company but isn't visible in the form of a label.

"Certification plays a vital role but we are also doing a lot of very important work on sustainability that is hard to measure. Own responsibility is hard to systematise, basically. It's something that is embedded in the corporate culture and individual employees. In the long run, it affects attitudes more than any system."

FUNK – REDEVELOPED TO IMPROVE RECYCLABILITY

The Funk table is a good example of Andreas' argument. Previously the frame was cast in polyurethane around a metal skeleton and went to landfill once the product reached the end of its life. Following redevelopment, it is completely cast in recycled aluminium and can easily be sent for future recycling.

"It shouldn't be so difficult to certify but at the top there's a steel plate and the material suppliers can't yet guarantee the content of recycled material in that. This is delaying ecolabelling despite the fact that in principle the whole table is an example of sustainable development."

SUSTAINABILITY STRATEGY WITH CERTIFICATION AND OWN TARGETS

Lammhults' target is for 100 percent of the range to meet Möbelfakta's criteria. And the aim is for volume products to meet the requirements of the Nordic Ecolabel too.

"It isn't the proportion of the range that has the greatest environmental impact but the number of products manufactured and sold. This is why we're focussing on the big sellers."

At the moment a large proportion of the Campus, Spira and Archal ranges have gained the Nordic Ecolabel. The labels demonstrate progress on sustainability, but the company also sets its own targets.

"Working with clean materials that can be separated and recycled, minimising waste, avoiding landfill and reducing chemical additives are some of the concrete targets we are working towards on top of the ecolabels. In the last three years alone Lammhults has come a long way towards phasing out acid-hardened varnishes in favour of water-based alternatives."

TIMELESS DESIGN A SUSTAINABILITY FACTOR

For furniture, the greatest environmental impact is in manufacture. If you can get a sofa to be used for two decades rather than being replaced in a few years, you're making massive environmental gains.

"Lammhults' timeless design and high quality is in fact our greatest contribution towards a sustainable society, but it's hard to measure."

The fact that it's a strategy that has succeeded is clearly seen by Andreas and his colleagues in aftermarket. At least one piece of furniture a week comes back to the factory to be renovated or recovered to keep in style for even more years. And that doesn't include everything that the local upholsterers do either.



FUNK

Design Johannes Foersom & Peter Hiort-Lorenzen

Continued work on strategic sustainability targets

SUSTAINABILITY REPORT FOR 2014

PRESIDENT'S STATEMENT

During the year we have continued our focus on attaining the strategic sustainability targets that have served as our guiding principles since 2011. The sustainability targets focus on our work on ethics and values, a sustainable value chain from social and environmental aspects and on systematically reducing the environmental impact of our products. In simple terms these can be summed up as better management of resources, working for good labour conditions and reducing unnecessary complexity in product design and material choices. Complexity is also about supplier structure and our production units.

Managing resources might seem obvious but there are many obstacles in the way and hidden forms of waste too. Target-oriented work, as early as the design stage, which takes environmental footprint, working conditions and lifetime as well as recycling seriously, produces results. To attain results more quickly improvements have also been made to the existing range. The more systematic work in recent years on sustainability issues and resource management has contributed towards cutting costs and creating environmental gains, as is shown in our accounts. In the space of a few years, the efficiency of

the Group's production structure has been improved in a way that reduces our climate footprint. We have fewer production units that do more in terms of value creation. In 2014 we have completed successful work on focussing on value creation in our own manufacturing at Fora Form in Norway. All final assembly is now gathered in one place. The result will be close to a 50 percent cut in electricity consumption on an annual basis, as well as a marked reduction in internal transport. This is one example of how questioning habitual structures produces results in which environmental and financial benefits go hand in hand.

Lammhults Design Group's most important sustainability areas will be reviewed as part of the work launched on our strategic priorities for 2016–2018 and in line with GRI G4. This is taking place in dialogue with our most important stakeholders. Here the foundations are laid for work and priorities in the years ahead, and thus also for our upcoming sustainability reports. The report we are submitting on our work carried out in 2014 is the last to be reviewed under GRI 3.1. The audit of the management standard ISO 14001 currently underway and to be completed in 2015, together with the new version of ISO 9001, will also help to support



Systematic work on sustainability issues and resource management in recent years has helped to cut costs and create environmental gains.

our work on strategy and on continuing to integrate business development and sustainability. In 2014 customer and staff surveys have been carried out, which has given us a good basis for prioritised areas for improvement.

The Swedish furniture industry, through TMF, has developed new Möbelfakta criteria since 2010. From 2015 onwards additional steps will be taken by increasing the demands on more systematic work on surveying, risk analysis and monitoring suppliers. This facilitates our work on creating a uniform way of working on risk analysis, audits and follow-up of our social responsibility. The Norwegian furniture industry has been working with scientists at Ostfold Research for several years to develop a lifecycle calculation tool that meets the requirements of the EPD system and ISO 14025. This tool means actual environmental performance can be calculated and reported. The tool provides good support in product development where it has now started to be used.

We can see that public procurement is increasingly being used as an instrument for attaining social policy goals regarding environmental and social accountability. This is entirely in line with our interests and the focus we have worked on. To improve our knowledge and clearly set out

our commitments on social responsibility, we signed up to the UN Global Compact in February 2014.

In Sweden the "Green List" has been a source of inspiration for purchasing sustainable furniture for many years. Its stringent requirements, including on documentation, help to ensure that aims concerning a non-toxic environment, a higher proportion of ethical procurement, traceability for wood raw materials and solutions that contribute towards sustainable development are promoted. These requirements also mean that an increasing proportion of material and components are based on recycled materials and that solutions with a long lifetime and a healthy value chain are rewarded. I see a bright future ahead for Lammhults Design Group's products and interior design solutions that are developed to meet high demands and expectations. These come from shareholders, employees in value chains, retailers, users and prescribers.

ANDERS ROTHSTEIN,
PRESIDENT AND CEO

Lammhults Design Group's products have a tradition of responsible and sustainable design and production. The quality of our products and their long lifetime are a prerequisite for sustainable consumption.

Lammhults Design Group's vision for sustainability

Our ambition is to be a trailblazer while complying with international standards and legal and market requirements. Business ethics, high morals and integrity are crucial and are integrated in Lammhults Design Group's operations and constant striving towards sustainable development. We take environmental, social and financial aspects into account when creating and offering products and services. We examine the environmental, social and financial impacts and reduce risks in our own organisation, in our products and in the value chain. At the same time, our product quality must always meet the requirements and expectations of our customers.

Lammhults Design Group is to run its operations in line with the principles of the UN Global Compact and ISO 26000, the leading standard for social responsibility, and its principles on ethical behaviour, respect for the rule of law, respect for international standards and expectations, respect and consideration for the requirements and expectations of stakeholders, responsibility, transparency, the precautionary principle and respect

for human rights. Lammhults Design Group's vision for sustainable development and social responsibility must permeate the entire organisation, the value chain and our products and services.

GOVERNANCE AND STRATEGY

The Group's governance is predominantly steered by the Codes of Conduct and policies which have applied since 2011. These documents will be revised in 2015 in conjunction with work on the strategy for 2016-2018. The steering documents are founded on the guidelines of the 10 principles of the UN's Global Compact on human rights, labour, the environment and anti-corruption, plus the guiding standard ISO 26000. Our Code of Conduct rests on the UN's Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and its 27 principles, and the UN Convention against Corruption.

We want to ensure a clear link between strategic corporate management of our business areas and companies and actual improvements in terms of finances, the environment, people and society. Direct responsibility for the environ-

ment, the working environment and ethics is taken locally by each company. To develop work on sustainability and increase the transfer of knowledge and learning between the companies, there is a strategic Sustainability Council within the Group. All the Group's companies in Sweden and Norway currently meet the requirement of being certified under the environmental management system ISO 14001. The management systems at Lammhults Möbel and Abstracta are certified and approved under ISO 9001, ISO 14001 and OHSAS 18001.

We look forward to the new versions of the management standards which in 2015 will gain a uniform structure plus an expanded view of the importance of the value chain and a strong emphasis on goals and monitoring progress towards them.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Our most important stakeholder groups are identified in and around our value chains. These are shareholders, customers, employees, suppliers and partners, plus society in the form of government agencies, the education sector, the media and the local communities in which we run our operations.

The Group's companies are members of industry organisations in the countries in which we run our production. In Sweden TMF, the national trade and employers' association of the wood processing and furniture industry, carries out extensive work on the environment and sustainability.

TMF runs Möbelfakta, an established and updated reference and labelling system for furniture that sets ambitious criteria in terms of function, lifetime, environmental considerations and social responsibility. The requirements on the regulatory framework for social responsibility in the supply chain have been tightened up from January 2015, which is welcomed. There are higher requirements on risk assessments and monitoring compliance with the requirements. The environmental criteria reflect high external standards and are based on the guidance of the former Swedish Environmental Management Council (SEMCo), with the technical requirements based on the international product standards (CEN and ISO) and social responsibility based on the UN Global Compact. A revision of the environmental requirements is in progress and is expected to be completed in 2015. The Group is represented on the technical committee that heads the development of Möbelfakta.

Work within the industry has created an excellent basis for clearly setting out and establishing what is considered material in terms of environmental performance of products, product quality, product safety, resource management and good working conditions throughout the production chain. This creates a sound footing for our priorities.



COMET SPORT

Design Gunilla Allard. Lammhults.



Lammhults Design Group works towards four comprehensive sustainability goals to achieve sustainable business and social development, and on-going improvement.

Sustainability goals



Lammhults Design Group is committed to the implementation, disclosure, and promotion of the UN Global Compacts principles including the guiding standard for social responsibility, ISO 26000 and its principles:

- Ethical behaviour
- Respect for the rule of law
- Respect for international standards and expectations
 - Respect and consideration for the requirements and expectations of stakeholders
 - Responsibility
 - Transparency
- The precautionary principle
 - Respect for human rights

Ensure that Lammhults Design Group's core values and social and environmental principles are recognised and integrated in the operations of each company

Our Code of Conduct rests on the UN Global Compact and its ten principles. During the year internal training and workshops on our Code of Conduct continued. The management systems in the companies are developed and followed up through internal audits, external audits and checks in line with their plans. The CEOs also have to certify that the Code of Conduct is implemented and

that systematic work is being carried out in conjunction with every Möbelfakta declaration. Lammhults Design Group signed up to the Global Compact in February 2014. This provides a foundation for our undertakings and gives good guidance in work to ensure compliance with our Codes of Conduct and to take preventive measures.

Ensure that we have a socially and environmentally sound and responsible supply chain

We do this by using suppliers who work systematically on methods to ensure their social and environmental responsibility in their operations. Of the Group's external purchasing of materials and components, suppliers in the Nordic countries accounted for 56 percent, the rest of Western Europe for 24 percent, Eastern Europe for 16 percent, while purchases in Asia (China) accounted for

4 percent. An external audit of our social responsibility in China was carried out in 2014 with good results. In 2014 purchasing was moved from China to Europe to enable traceability of wood raw materials and to ensure a chroming process free from hexavalent chromium. In 2015 we will develop consistent procedures for sustainability audits within the Group.

Increase the proportion of sustainable wood raw materials in our products and support sustainable forestry

In order to Möbelfakta-label or Nordic Ecolabel furniture, wood and wood-based materials must be traceable and come from legal forestry. This was already introduced as a Group criterion when developing new products. During the year, more volume products have been Nordic Ecolabelled or approved by Möbelfakta.

The proportion of wood used by Lammhults Möbel which is FSC/PEFC certified now exceeds 90 percent of all wood raw materials. A considerable amount of the processing of wood raw materials is carried out by the Group's suppliers, which accounts for difficulties in exactly quantifying the proportion.

Reduce the environmental impact of our products and services

One of our measures is to increase the number of products documented as compliant with the criteria and standards of Möbelfakta and/or the Nordic Ecolabel or equivalent sustainability, environmental and social responsibility criteria. Lammhults has continued its work and during the year has Möbelfakta-labelled a further 13 products, while the volume products Campus and Spira have now been approved under the stringent requirements of the Nordic Ecolabel. Work continues on Nordic Ecolabelling of additional selected products. Currently the companies in Sweden have a total 36 products labelled by Möbelfakta. The production units in Sweden and Norway are heated using bio-based district heating and electricity consumption in Sweden is entirely based on hydroelectric power. The Group's companies in Sweden have cut

greenhouse gas emissions from energy and heating by approximately 20 percent in terms of CO₂ equivalents compared with the previous year. It is true that it has been a mild year, but work on energy efficiency improvements is producing results. For all the companies, total energy consumption has been cut by 16 percent compared with 2013. Restructuring in Denmark, with steel processing and powder coating being outsourced, has led to a reduction equivalent to 10 percentage points of total consumption. Extensive work has been carried out in 2014 at Fora Form's production unit which enables all assembly to be gathered in one place from 2015. The result will be to halve electricity consumption on an annual basis from 2015 onwards.



CAMPUS

Design Johannes Foersom & Peter Hiort-Lorenzen. Lamhults.



EMPLOYEE TURNOVER IN NUMBER PER AGE GROUP

	AGE GROUP					TOTAL
	< 30	31-40	41-50	51-60	> 61	
2014 Started	7	13	6	1	0	27
2014 Ended	9	6	9	10	2	36
2013 Started	4	2	5	3	0	14
2013 Ended	8	7	3	10	11	39

ATTENDANCE AND SICK LEAVE IN SWEDEN, NORWAY, DENMARK AND GERMANY

	2014	2013
Time worked	96.3%	95.8%
Sick leave < 14 days	2.0%	2.1%
Sick leave > 14 days	1.7%	2.1%

AGE DISTRIBUTION OF EMPLOYEES IN THE GROUP

	AGE GROUP					TOTAL
	< 30	31-40	41-50	51-60	> 61	
2014 No.	44	78	108	88	35	353
2013 No.	48	62	104	81	30	325

NUMBER OF EMPLOYEES PER REGION

2014	MEN	WOMEN	TOTAL	2013	MEN	WOMEN	TOTAL
Sweden	117	75	192	Sweden	122	77	199
Norway	36	26	62	Norway	8	8	16
Denmark	15	27	42	Denmark	18	30	48
Germany	23	11	34	Germany	23	15	38
Other countries	14	9	23	Other countries	13	11	24
TOTAL	205	148	353	TOTAL	184	141	325

EMPLOYEE TURNOVER, NUMBER BY GENDER AND REGION

2014	MEN	WOMEN	TOTAL	TURNOVER %	2014	MEN	WOMEN	TOTAL	TURNOVER %
Sweden	16	5	21	11%	Sweden	18	3	21	11%
Norway	0	0	0	0%	Norway	1	0	1	5%
Denmark	6	6	12	29%	Denmark	2	5	7	15%
Germany	0	1	1	3%	Germany	1	3	4	11%
Other countries	1	1	2	9%	Other countries	3	3	6	25%
	23 (64%)	13 (36%)	36	10%		25 (64%)	14 (36%)	39	12%



SONEO
Design Abstracta.



OUR SOCIAL RESPONSIBILITY

Our stakeholders

The stakeholder perspective characterises Lammhults Design Group's work on sustainability, which is carried out in an on-going dialogue with our stakeholders. In 2014 customer and employee surveys were carried out across all companies. Action plans were drawn up with the aim of improving customer and employee satisfaction.

Employees

The skills of our employees and their ability to develop and manufacture products and solutions for good and stimulating environments for work, learning, meetings and interaction are at the heart of the Group's operations. Consequently, we strive to create good workplaces and a stimulating working environment characterised by commitment and involvement. Developing leadership and employeeship is crucial. One important tool is regular performance reviews which form a basis for the development of every individual employee.

In 2014 more than 90 percent of employees participated in at least one performance review. Organisational development is in progress within the companies. During the year forms and working methods have continued to be developed to encourage greater participation, involvement and commitment among employees.

Lammhults Design Group values ethics, diversity and equality. We want the composition of our human resources to reflect the world around us and our customers. The Group's employees in 2014 numbered 353 people, 58 percent men and 42 percent women for the whole Group. Staff turnover at own request has fallen and is equivalent to 6 percent. Total sick leave has fallen, amounting to 3.7 percent. Gender distribution, age distribution, total staff turnover and sick leave are shown in the table to the left.

Suppliers

The Group has units in Sweden, Norway, Denmark and Germany. We largely use local suppliers in the respective



X-WORKS

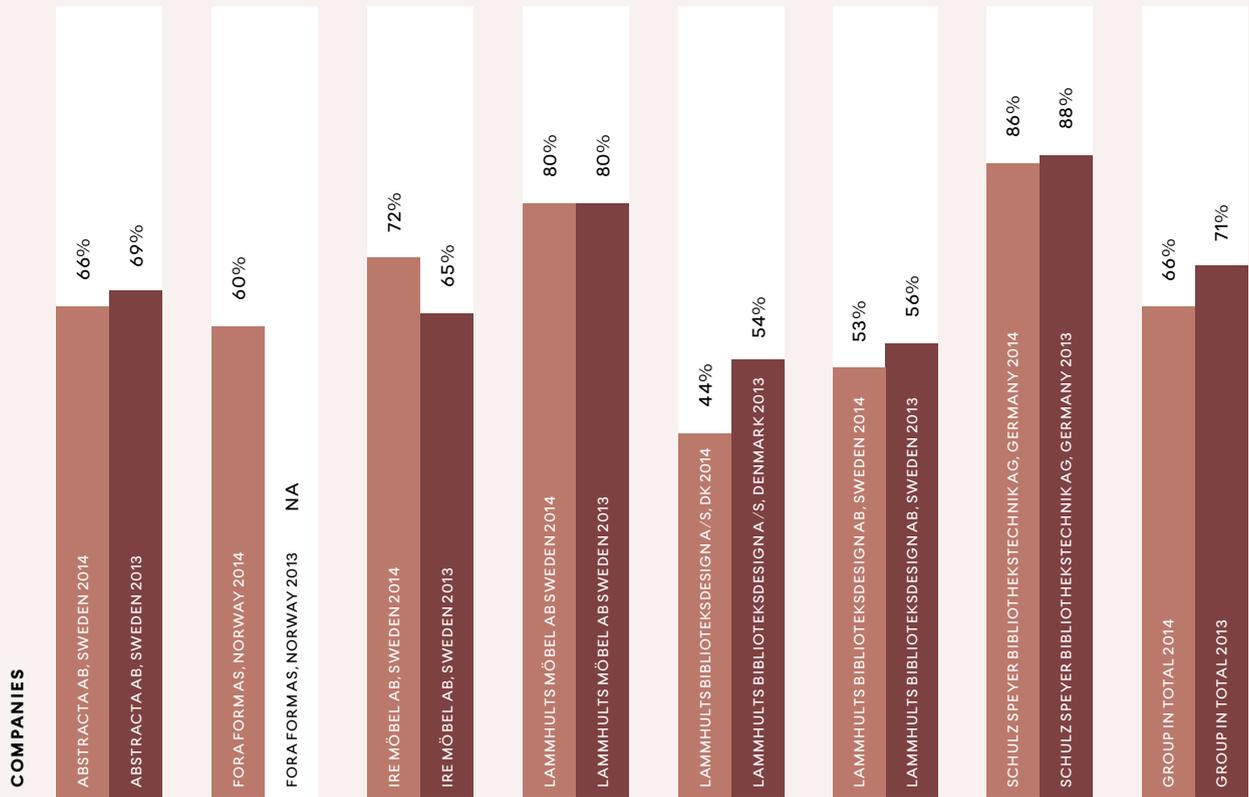
Partnership between Lamshults Möbel and the design colleges Malmsten Furniture Studies/Linköping University, Beckmans College of Design and the Bergen Academy of Art and Design.

country. For the Group as a whole, local suppliers accounted for 66 percent of purchasing in terms of value in 2014. The only country on the list of Risk countries published by the Business Social Compliance Initiative (BSCI) in which we have suppliers is China. Of the total purchase value, purchasing in China accounted for 4 percent. In addition to our own audits, external audits of suppliers in China were also carried out in 2014 with good results. Skills, quality, delivery time and cost, and ethical, social and environmental aspects are the foremost criteria when selecting suppliers. Our requirements for suppliers are summarised in the Code of Conduct for suppliers, which was revised in 2011. A review of Möbelfakta's criteria on social responsibility in the supply chain was carried out during the year. The new criteria which apply from 2015 onwards mean higher requirements in terms of more systematic work on surveying, risk analysis and monitoring suppliers. The work which has now begun to apply these requirements will also strengthen and support developing a more consistent approach for taking our responsibility.

Anti-corruption and human rights

Risk analyses of breach of the company's Code of Conduct regarding bribery and offences against legislation and regulations have previously been carried out for all the companies in the Group. This risk analysis also covers risk of inappropriate gifts or other favours provided for personal gain or to benefit another party and not for the best of the company. The Group's Code of Conduct will be revised in 2015, at which time the work on anti-corruption will also be examined and evaluated. It will take a few more years before guidance and the ISO 37001 standard for systematic management work against corruption are launched. However, good guidance does exist in the form of the OECD's guide "Good Practice Guidance" and in legislation such as the UK Bribery Act. The UN Global Compact has also published guidelines for anti-corruption work that help to increase knowledge and risk-awareness to strengthen work in combatting and preventing corruption.

PROPORTION OF PURCHASING FROM LOCAL SUPPLIERS



A risk analysis of offences against human rights, freedom of association, child labour and forced labour was previously performed. For the Group's companies whose own production is in the Nordic countries, and with 96 percent of the supplier base located in Europe, where rights and freedom of association are protected by law, there is judged to be no major risk. Some of the companies have suppliers in China. Here there is judged to be a risk and measures have already been put in place. An external audit was carried out in 2014 to complement our own audits. No issues were raised regarding the working environment or human rights in this audit.

OUR SOCIAL ENGAGEMENT

Several of the companies in the Group have established partnerships with schools and educational institutions for study visits, work experience and dissertations. These partnerships are of great value and have an impact on our business and future development. There are several

good examples of the importance of these networks for recruitment and for developing products and services. In 2014 a high profile partnership between Lammhults Möbel and the design colleges Malmsten Furniture Studies/ Linköping University, Beckmans College of Design and the Bergen Academy of Art and Design was carried out. The working title was X-works 2.0. In total 26 students in final year classes worked on the project. At the Stockholm Furniture Fair in February 2015 5 students were selected who have been given the chance to work with Lammhults' development department for a year. The aim is also to set up long-term cooperation with one or more of these students.

DISTRIBUTION OF ECONOMIC VALUE PER STAKEHOLDER

For us, sustainability and sustainable development are about creating financial value in the form of profitable growth in which social and environmental responsibility are integrated in our operations. We seek to create financial value for shareholders, employees and other stakeholders. We will do our bit towards positive social development and invest with a sensible, long-term perspective.

CREATED AND DISTRIBUTED ECONOMIC VALUE

Economic value generated directly	2014	2013
Income	756.0	598.7
Total economic value generated directly	756.0	598.7
Economic value distributed		
Operating expenses, of which the major share to our suppliers	519.3	411.9
Salaries and remuneration to employees	172.3	147.6
Payments to financiers, net	4.4	2.2
Social welfare charges to the public sector	30.7	26.1
Payments to the public sector in the form of taxes	8.4	0.8
Total economic value distributed	735.1	588.6
Net economic value	20.9	10.1
Dividend to shareholders	12.7	8.4
Retained in the businesses	8.2	1.7

OUR ENVIRONMENTAL RESPONSIBILITY

During the year Lammhults Möbel has Nordic Ecolabelled more versions of the Campus and Spira chairs. Both are volume products which has an impact on the external environment and the work environment. Lammhults Biblioteksdesign has also Nordic Ecolabelled accessories for shelving systems during the year. In 2014 a total of 16 products in the Group were approved by the Möbelfakta label. Work continues to obtain additional ecolabels such as the Nordic Ecolabel and Möbelfakta in 2015 This applies to new products as well as the existing range. Our work is characterised by constant improvements.

The companies' energy use is shown in the table on page 37. All the units in Sweden are heated using district heating based on biofuel, which is an eco-friendly option. The Norwegian units are heated by district heating and geothermal heating. The units in Denmark and Germany are heated using fossil fuels (gas and oil respectively). In total, renewable sources account for 71 percent of the Group's total energy needs in terms of all electricity and heating. The companies in Sweden have ecolabelled electricity based on hydropower. Comparing consumption for heating from one year to the next requires standardisation with what are termed "degree days". In Lammhult, where the Group has considerable operations, 2014 was a milder year than normal with degree days equivalent to 88 percent, while the figure for 2013 was 94 percent.

Electricity consumption in the Group has been cut further with a reduction of 9 percent on the previous year. During the year a project was run at Fora Form in Norway to improve the efficiency of the assembly unit in Ørsta.

The project was successful and a smaller assembly unit was sold in early 2015. All assembly is now gathered within one unit, which will mean a reduction in energy consumption of approximately 50 percent compared with the previous situation.

CO₂ emissions have been cut by 32 percent. One contributory factor is outsourcing steel processing and varnishing at the unit in Holsted, equivalent to 25 percentage points. This is reported in the table on page 37. CO₂ reporting is based on information from the suppliers of electricity and district heating and emissions from heating using natural gas and oil. CO₂ emissions from transport are not reported as only a limited number of suppliers are currently able to submit an emissions report. When it comes to transport, we monitor the progress of our carriers in their transition to more environmentally friendly engines (EURO classes). The packaging materials and raw materials in coatings and adhesives are shown in the table on page 37. The report shows that corrugated board and wood (based on renewable raw materials) dominate as packaging materials and account for approximately 97 percent of all packaging materials.

Water is used to a very limited extent in manufacturing processes, and the volumes reported primarily reflect the number of employees per company.

Waste is reported in the table on page 37. The table shows that material recycling is the dominant method of waste management, which is important for a sustainable society. 68 percent of total waste has been able to be recycled through material recycling.

MATERIAL USE & ENERGY CONSUMPTION

MANUFACTURING FACILITIES	ABSTRACTA AB SWEDEN	FORA FORM AS NORWAY	IRE MÖBEL AB SWEDEN	LAMMHULTS MÖBEL AB SWEDEN	LAMMHULTS BIBLIOTEKSDSIGN AB SWEDEN	LAMMHULTS BIBLIOTEKSDIGNA/S DENMARK	SCHULZ SPEYER BIBLIOTEKSTECHNIK AG GERMANY	TOTAL 2014	TOTAL 2013	INDEX*
PACKAGING MATERIALS										
Corrugated board (kg)	122,383	60,696	17,022	98,370	6,700	3,300	1,399	309,870	208,422	120%
Plastic (kg)	2,077	612	1,371	2,487	1,210	1,729	571	10,057	30,047	31%
Wood (kg)	22,576	0	0	1,909	0	23,239	563	48,287	29,392	164%
OTHER RAW MATERIALS										
Powder coating (kg)	0	0	0	4,530	0	22,865	0	27,395	25,852	106%
Liquid coating (kg)	0	0	0	2,272	0	0	0	2,272	2,555	89%
Glue (kg)	4,405	2,180	2,463	1,860	0	0	0	10,908	10,538	83%
Water consumption (m3)	401	351	326	605	290	253	270	2,496	2,782	77%
ENERGY										
Oil (kWh)	0	0	0	0	0	0	199,510	199,510	252,890	79%
Natural gas (kWh)	334,730	0	0	0	0	902,154	0	1,236,884	2,076,800	60%
Electricity (kWh)	746,064	747,087	244,920	923,815	283,000	276,439	69,338	3,290,663	3,632,385	88%
District heating (kWh)	1,499,431	474,759	497,700	1,263,730	280,000	0	0	4,015,620	4,425,803	90%
CO2 emissions from heating and electricity (kg)	142,812	96,533	169	34,121	3,400	301,681	79,646	658,361	962,464	58%
WASTE										
Hazardous waste (kg)	0	170	54	18,835	0	0	0	19,059	9,917	190%
Landfill (kg)	14,900	0	0	0	0	1,460	0	16,360	40,150	41%
Material recycling of steel (kg)	4,720	21,600	0	31,000	0	42,400	0	99,720	172,403	45%
Material recycling of aluminium (kg)	1,020	0	0	20	0	0	0	1,020	8,940	11%
Material recycling of wood (kg)	48,080	45,260	0	28,240	4,560	0	12,920	139,060	123,240	76%
Material recycling of plastic (kg)	3,120	2,026	0	3,010	0	0	0	8,156	6,160	100%
Material recycling of corrugated board (kg)	17,410	18,234	1,530	21,030	2,960	4,860	0	66,024	60,180	79%
Material recycling of paper (kg)	880	0	320	4,910	1,027	0	6,590	13,727	12,958	106%
Burnable waste (Energy recovery) (kg)	32,960	20,560	10,740	27,120	14,600	8,510	7,440	121,930	124,075	82%

* Index concerns comparable units (excluding Fora Form which was not included in 2013).

ABOUT THE REPORT

Our annual report on our work is made in line with the Global Reporting Initiative (GRI) guidelines G3.1 level C. Economic and social indicators cover the whole Group. The environmental aspects include all the production and distribution units. The sales companies have a marginal impact on the environmental indicators. The report for 2014 includes Fora Form AS, acquired in October 2013, for the first time. The environmental impact of sub-contractors' factories is not covered by the report. Reporting on the financial year 2014 will be carried out in line with GRI G4. A GRI cross-reference table is provided as an annex to the report, available only in electronic form on the website www.lammhultsdesigngroup.com

Two business areas with a focus on furniture and interiors

Lammhults Design Group's operations are organised into two business areas, Office & Home Interiors and Public Interiors, which develop, market and sell furniture and interiors for modern solutions. In both business areas design management, innovation and strong brands are important cornerstones. On the following pages the people in charge of each business area and the subordinate companies present their businesses.

OFFICE & HOME INTERIORS

LAMMHULTS

abstracta

voice

FORA FORM

ire

PUBLIC INTERIORS

BCI

Eurobib
direct

SCHUIZ
CELESTIS

OFFICE & HOME INTERIORS

ANDERS ROTHSTEIN

BUSINESS AREA MANAGER OFFICE & HOME INTERIORS

PRESIDENT AND CEO, LAMMHULTS DESIGN GROUP





COMPANIES: Lammhults Möbel AB, Ire Möbel AB, Fora Form AS and Abstracta AB with subsidiaries.

PROPORTION OF GROUP'S OPERATIONS: 69%

LARGEST MARKETS: Sweden, Norway, Denmark, Germany and the UK.

Furniture and interiors with high design values and strong brands that are competitive in Sweden and in the international arena. The companies in the Office & Home Interiors business area develop and market products for public spaces and the home.

The brand portfolio includes Lammhults, Abstracta, Fora Form, Ire and Voice. Lammhults, Abstracta and Fora Form are primarily geared towards public spaces. The Ire and Voice ranges contain products that suit the home as well as public spaces.

OFFICE & HOME INTERIORS	2010	2011	2012	2013	2014
Net sales SEKm	361.1	393.1	372.0	383.5	520.4
Operating profit SEKm*	23.8	24.6	5.6	17.2	36.9
Operating margin, %	6.6	6.3	1.5	4.5	7.1
Capital employed, SEKm	219.3	201.6	150.0	175.9	184.3
Return on capital employed, %	11.8	11.9	3.3	10.6	20.5
Investments, SEKm	4.6	14.0	10.3	11.1	18.9
Average number of employees	183	210	207	199	242

*excluding administration fees to the Parent Company.

The economic results of the business area as above are accounted for in accordance with IFRS.

OFFICE & HOME INTERIORS

LAMMHULTS

Rooted in Modernism

LARS BÜLOW, CEO

With design classics and international big sellers such as Cinema, S-70 and Campus in its portfolio, Lammhults has helped to shape Scandinavian modernism. Clear design management that links together aesthetics, function and production continues to be a success factor. CEO Lars Bülow provides a status report.

WHAT WAS BEST IN 2014?

In terms of the market, our strongest development was seen in Sweden, Norway, France and Germany. We have also made investments to strengthen the export organisation. Then I'd also like to mention our consistent market communication and our successful work on changes in production. One focus that promises well for the future is a new platform to reach the next generation of decision-makers.

On the product side, we have launched Cajal, an elegant range of sofas and armchairs with Gunilla Allard's signature. Anya Sebton has created Add, a bar stool for the activity-based workplace and Johannes Foersom and Peter Hiort-Lorenzen have designed a new range of chairs, Grade.

ARE THERE ANY PROJECTS YOU WOULD PARTICULARLY LIKE TO HIGHLIGHT?

Swedbank's new head office in Sundbyberg, Hypovereinsbank in Germany and Triemli which is a major hospital project in Zürich, Switzerland are some of the major projects we've delivered during the year.

WHAT CHALLENGES DO YOU FACE?

International competition in the designer furniture segment is getting tougher with price pressure in all markets. What we need to do is grow despite the fact that the market as a whole has stagnated. We do this by continuing to highlight the value of long-term quality. We communicate the importance of daring to keep and develop our own manufacturing when the trend is heading in the opposite direction, towards outsourcing.

From a user perspective, workplaces are changing, and so are furnishing needs. We need to listen and adapt our offering with more functionality and greater flexibility.



LAMMHULTS FACTFILE

FOUNDED: 1945

IN THE GROUP SINCE: The start

SALES: SEK 165 million

PRIORITY MARKETS (GEOGRAPHICALLY): The Nordic countries, Germany, UK, Netherlands, Switzerland and France

TARGET GROUP: Architects, private and public companies and institutions, design and culture-aware individuals

THREE KEY STRENGTHS: Design management, quality and sustainability

In 2014 we launched the project X-Works 2.0 to safeguard our position with the next generation of designers.

A partnership between us and about 30 students from three design schools.

LARS BÜLOW

I also see a trend increasingly towards more generic design, which opens an opportunity for us. We are swimming against the tide and continuing to develop our own strong design language in partnerships with the foremost designers.

HOW DO YOU ENSURE ACCESS TO THE DESIGNERS OF THE FUTURE?

In 2014 we launched the project X-Works 2.0 to safeguard our position with the next generation of designers. A partnership between us and about 30 students from three design colleges in Sweden and Norway.

HOW DO YOU WORK WITH CUSTOMER RELATIONS AND CUSTOMER VALUE?

We are working hard to build relationships with the foremost retailers in the Nordic countries. We arrange factory viewings, carry out training initiatives and create corporate events. In the export market, we are streamlining our agent and retailer networks. Outwards we work on innovating marketing material and invest heavily



CAJAL

Design Gunilla Allard, 2014

in reaching out in the press and social media. Internally we work to increase understanding of the customer throughout the organisation and establish a from-the-outside-in perspective. Our watchwords are far-sightedness, professionalism and quality every step of the way. We seek not only to be recommended but to also be the obvious choice for our customers.

WORK ON SUSTAINABILITY IS IMPORTANT THROUGHOUT THE GROUP, WHAT PROGRESS HAS LAMMHULTS MADE DURING 2014?

Within a few years, the whole range will be approved and certified under Möbelfakta's tough criteria on quality, the environment and social responsibility. What's more, our biggest volume products must be Nordic Ecolabelled.

Work on sustainability is also something that is carried on internally, where we protect the social values that create a working environment that is an attractive and sustainable in the long term for all the company's employees.

A better work environment by design

CEO MIKAEL NILSSON

With design that creates good acoustics, flexibility and mobility, Abstracta has gained a strong position in interiors, storage and visual communication for workplaces and meeting places. With Voice now part of our portfolio, we are also reaching the home interiors market and are able to offer smart storage with clear Scandinavian design. CEO Mikael Nilsson gives his view of the situation in 2014.

WHICH NEW PRODUCTS DID YOU LAUNCH DURING THE YEAR?

Our new product family in the acoustics segment is called Domo. It is designed by Stefan Borselius and geared towards both activity-based and more classic offices and meeting places.

WHAT WAS MOST IMPORTANT IN 2014?

We experienced strong development on the export market with many exciting projects, particularly in Denmark, the UK and the Benelux countries. Some project's I'd particularly like to highlight are the ECB in Frankfurt, Bella Center in Copenhagen, Nordea's head office in Stockholm and a police station in Abu Dhabi where we were involved in the interior design.

ANY CHALLENGES?

Interest in acoustics is continuing to rise, bringing with it opportunities and increased competition. This is stimulating in its own right, pushing us to get even better and improve the efficiency of our product development.

With growing sales in the export market, we are carefully monitoring economic development in the EU and our local area. We seek to be a strong alternative for our customers, irrespective of the economic climate.

HOW ARE YOU DEVELOPING THE PRODUCTS FOR THE FUTURE?

We always start out from our customers' needs and adapt our products accordingly. To make sure we're on the right track, we work with ongoing strategy plans, where we map out the offices and other meeting places of the future to develop the right products together with our designers.



ABSTRACTA FACTFILE

FOUNDED: 1970

IN THE GROUP SINCE: Abstracta: 1999, Voice: 2001

SALES: SEK 162 million

PRIORITY MARKETS (GEOGRAPHICALLY): Scandinavia and the nearest export markets.

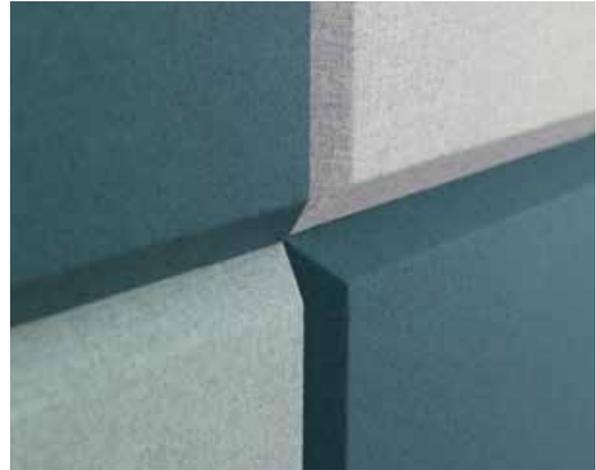
TARGET GROUP: Offices, meeting places and homes

THREE KEY STRENGTHS: Expertise, experience and flexibility

We always start out from our customers' needs and adapt our products accordingly.

To make sure we're on the right track, we work with ongoing strategy plans, where we map out the offices and other meeting places of the future to develop the right products together with our designers.

MIKAEL NILSSON



DOMO, detail

Design Stefan Borselius, 2014

WHAT ARE YOU DOING TO FORGE EVEN CLOSER RELATIONSHIPS WITH YOUR CUSTOMERS?

During the year we have made wide-ranging changes and developed our marketing package to better communicate our 30 years of experience in acoustics, visual communication and storage. Customers get inspiration and facts in the same material.

HOW ARE YOU RAISING AWARENESS OF THE ADVANTAGES OF ABSTRACTA?

In customer surveys and personal meetings, we have seen that we need to be bold and highlight our strengths even more clearly to show customers that we understand their situation and can solve their problems. The clearer we can be, the more of an obvious choice we are for our customers.

When we ask architects, retailers and users, they all come back to the fact that they need to be able to take

the information in quickly and easily. It has to be provided in many different channels, digital as well as face to face sales staff.

SUSTAINABILITY CONTINUES TO BE A BIG FOCUS, WHAT ACTUAL THINGS HAVE BEEN DONE DURING THE YEAR?

Cooperation with Möbelfakta has grown deeper and now the Softline, Soneo, Draft and Domo ranges all carry the Möbelfakta label. In 2015 half of our sales will be Möbelfakta-approved products. The introductory training in Möbelfakta that all our staff received at the end of the summer means we are all well-equipped to meet that target quickly.

Meeting place as business advantage

CEO TRYGVE AASLAND

For Norwegian Fora Form it's all about bringing people together. The different furniture collections have an unmistakably Scandinavian style and are developed taking a holistic approach to meeting places. The culture segment has experienced strong growth in the past year and Abstracta's products have expanded the company's offering. It's an exciting time for Fora Form and CEO Trygve Aasland reports on product launches and market share.

WHAT WAS BEST IN 2014?

Continued positive development. We gained market share with our standard segment, not least with the Senso sofa system which took Norway and the export market by storm. Growth in the culture segment has also been robust, with a growing market share. Incorporating Abstracta in our offering is a real success factor.

WHICH PROJECTS WERE MOST IMPORTANT?

Visma, with whom we have a framework agreement, has fitted out two large office buildings in Gothenburg and Helsinki. We've also gained several projects in the culture segment, the largest of which was the arts centre Fosnavåg Kulturhus.

HAVE YOU LAUNCHED ANY NEW PRODUCTS?

The biggest launch was Pond, a range of chairs designed by Olav Eldøy. The range encompasses everything from a simple plastic dining room chair to lightweight upholstered conference chairs with arm rests. The chairs come with a wooden or metal frame and are geared mainly for the contract market. Pond was launched at Orgatec in Cologne and was well received. And on top of that our collection is developing organically all the time.

WHAT CHALLENGES DID YOU ENCOUNTER IN 2014?

The Norwegian market was characterised by uncertainty in the oil sector. The region around Stavanger has had to tighten its belt as Statoil cuts back and thousands of jobs have been lost. This affects the willingness of the oil industry to invest and hinders our sales. One positive side effect is that the weaker Norwegian kroner has boosted exports.



FORA FORM FACTFILE

FOUNDED: 1929

IN THE GROUP SINCE: 2013

SALES: SEK 180 million

PRIORITY MARKETS (GEOGRAPHICALLY): Norway, Sweden, Denmark

TARGET GROUP: Contract market, private and public sector

THREE KEY STRENGTHS: Good design, good distribution, strong brand

We have a go-to-market model in which some of the sales team work directly with architects and end customers, while others work with purchasers. This gives us direct interaction and a good dialogue with all our customers.

TRYGVE AASLAND



POND

Design Olav Eldøy, 2014

WHAT ARE YOU DOING TO FORGE CLOSER RELATIONSHIPS WITH CUSTOMERS?

We have a go-to-market model in which some of the sales team work directly with architects and end customers, while others work with purchasers. This gives us direct interaction and a good dialogue with all our customers. Then we put a lot of time into inviting architects and customers to events and talks in our showrooms in Oslo and Bergen.

HOW DO YOU GET FORA FORM'S UNIQUE VALUES ACROSS?

We have clearly defined what creates value for different stakeholders in our business model. This means we can focus on the right things for the right customer. Our go-to-market model, interior design services and frequent product launches are all important elements in this respect.

WHAT PROGRESS HAS FORA FORM MADE IN WORK ON SUSTAINABILITY?

We are seeing environmental issues gaining ground in Norway. Fora Form has been working on these aspects for many years and has been ahead of the field in meeting requirements. In joining Lammhults Design Group our work on sustainability has become more systematic and we are better prepared for the demands of the future; this is an increasingly important competitive advantage.

Swedish origin with international elegance

CEO DICK THUNELL

Since the start in 1939 Ire has been working towards the same vision – furniture with a long lifetime and timeless design. It’s an attitude that has given the company a unique position in the Nordic furniture market. In recent years it has mainly been pioneering initiatives in sustainability that make it stand out. It’s work that’s close to the heart of CEO Dick Thunell.

IRE WAS AN EARLY PRODUCER OF NORDIC ECOLABELLED FURNITURE AND WORKS SYSTEMATICALLY ON SUSTAINABILITY. WHERE ARE YOU IN THAT PROCESS AT THE MOMENT?

We are ISO 14001 certified which means that we are constantly making improvements in the field of the environment. One current example is the Bari sofa, designed by Ola Söderpalm that was launched in 2014, where we have deliberately kept our consumption of resources down to a minimum.

WHAT OTHER NEW PRODUCTS DID YOU LAUNCH DURING THE YEAR?

Dormi, a sofa and arm chair by Josefine Alpen. The Hanna armchair designed by Emma Olbers. And then Jesper Ståhl has designed Ritz, a series of armchairs geared towards hotels and other public spaces.

IRE IS INCREASINGLY SEEN IN THE CONTRACT MARKET. WHAT MAJOR PROJECTS HAVE YOU DELIVERED FOR DURING THE YEAR?

Two important reference projects are Skanska’s Malmö office and Gothia Towers in Gothenburg where we delivered through Senab. This business and the development of contract sales in general are our most important progress in 2014.

DID 2014 INVOLVE ANY CHALLENGES?

The most obvious challenge was the negative trend in sales on the Danish and Norwegian market, partly due to a change in the Norwegian kroner exchange rate which was not to our advantage. Naturally we follow economic and political trends, concern affects desire to invest among consumers and the contract market. To cope with downturns, we try to increase the number of retailers and continue to actively work up contract customers.



IRE FACTFILE

FOUNDED: 1939

IN THE GROUP SINCE: 2008

SALES: SEK 24 million

PRIORITY MARKETS (GEOGRAPHICALLY): Sweden, Norway, Denmark

TARGET GROUP: The design and interior-conscious consumer

THREE KEY STRENGTHS: Quality, environmental awareness, a personal touch

The development of contract sales and Skanska's Malmö office and Gothia Towers in Gothenburg are our most important progress in 2014.

DICK THUNELL



DORMI

Design Josefine Alpen, 2014

WHAT ARE YOU DOING IN AREAS SUCH AS PRODUCT DEVELOPMENT AND CUSTOMER RELATIONS IN TERMS OF FUTURE-PROOFING?

To get it right when it comes to trends, we listen to our customers and their consumer insights. Our designers too are an important channel to the future in terms of colours and shapes.

Then it might sound like a cliché but the best way of creating good customer relationships is to keep our promises. This is absolutely the most important thing if we are to stand on a firm footing.

To reach out and ensure that the market has the right picture of us, we attempt to provide information as often and as consistently as we can about our work on the environment and quality. Everyone who bought a piece of Ire furniture or has visited our factory knows what we stand for and achieve.



RITZ

Design Jesper Ståhl, 2014

PUBLIC INTERIORS

MIKAEL KJELDSSEN

BUSINESS AREA MANAGER PUBLIC INTERIORS

CEO BCI, EUROBIB AND SCHULZ SPEYER





COMPANIES: Lammhults Biblioteksdesign AB, Lammhults Biblioteksdesign A/S and Schulz Speyer Bibliothekstechnik AG with subsidiaries.

PROPORTION OF GROUP'S OPERATIONS: 31%

LARGEST MARKETS: Germany, France, Sweden, Denmark and Norway.

Today's libraries and other public spaces make new demands of interiors and design. In the Public Interiors business area there is a great deal of expertise on the development of public spaces and a specialist expertise in designing tailored solutions.

The brands BCI and Schulz Speyer are established in project sales of total interior solutions, while Eurobib Direct is a strong range of furniture and aftermarket consumables.

PUBLIC INTERIORS	2010	2011	2012	2013	2014
Net sales, SEKm	318.2	260.7	257.5	217.3	237.0
Operating profit, SEKm*	13.8	7.1	16.6	13.9	20.3
Operating margin, %	4.3	2.7	6.4	6.4	8.6
Capital employed, SEKm	157.6	153.9	135.8	132.9	130.7
Return on capital employed, %	8.0	5.2	11.9	11.0	15.8
Investments, SEKm	3.0	2.3	2.4	2.0	3.4
Average number of employees	162	141	133	124	106

*excluding administration fees to the Parent Company.

The economic results of the business area as above are accounted for in accordance with IFRS. In accordance with IFRS 11 Joint Arrangements, joint ventures are accounted for on the basis of the equity method. The comparative figures for 2013 are recalculated in line with the equity method while the figures for 2010-2012 are accounted for in line with the proportional method of accounting.

PUBLIC INTERIORS

BCI SCHULZ SPEYER

A complete international library offering

CEO MIKAEL KJELDSSEN

Amidst the ongoing media and technology revolution, the world's libraries and schools are undergoing massive changes. Not least in the way they are designed and furnished. BCI, Schulz Speyer and Eurobib, which together form the business area Public Interiors, identified the change early on, have great understanding of the new requirements and deliver the leading solutions.

BCI and Schulz Speyer are specialised in international project sales with Schulz Speyer as the spearhead in the German market. Eurobib has the range and the service for direct sales and aftermarket. Mikael Kjeldsen is responsible for and heads all three companies. Here he sums up 2014.

WHAT DID THE CHALLENGES LOOK LIKE IN THE BUSINESS AREA?

The market continues to be characterised by austerity in public finances and we are clearly noticing the way investments are being postponed until later in the year in order to ensure the underlying funding is in place. Taking a broader view, we are attempting to adapt to the fact that physical storage in libraries is shrinking in the wake of digitalisation with furniture and interiors for meeting places taking an increasingly larger share. Given that our sister companies in the Group offer products for these needs, this is a beneficial trend.

WHAT ARE YOU DOING TO MEET THE CHALLENGES?

In our niche we need to be able to give customers advice and we traditionally work very closely with our customers. It is also in the dialogue that we add value and share our expertise in library interiors to create a complete solution, from concept to product.

On the product side, we are developing for the new spaces that libraries are creating, we are constantly improving the design of our shelving system and at the moment much of our work involves integrating digital technology.

WHAT ARE THE BUSINESS AREA'S BIGGEST SUCCESSSES FOR 2014?

The main thing is that we have made great strides in our position as a solution provider in several of our key markets. The fact that we are able to offer complete interior solutions for the whole library, from storage to decoration, means we win a large number of major projects.



BCI AND SCHULZ SPEYER FACTFILE

FOUNDED: 1929 (BCI), 1955 (Schulz Speyer)

IN THE GROUP SINCE: Lammhults Biblioteksdesign A/S (BCI): 2002, Schulz Speyer: 2006.

SALES: SEK 198 million

PRIORITY MARKETS (GEOGRAPHICALLY): Scandinavia, UK, France, Germany, Belgium, the Middle East and North America

TARGET GROUP: Arts centres, libraries, universities and learning environments.

THREE KEY STRENGTHS: Developing concepts and design. Customer-oriented solutions. Broad range of products including delivery and installation.

In our niche we need to be able to give customers advice and we traditionally work very closely with our customers.

MIKAEL KJELDEN



WHICH MARKETS HAVE GONE BEST?

The UK, Sweden and the US stand out with major successes in 2014.

ARE THERE ANY PROJECTS THAT WERE PARTICULARLY IMPORTANT?

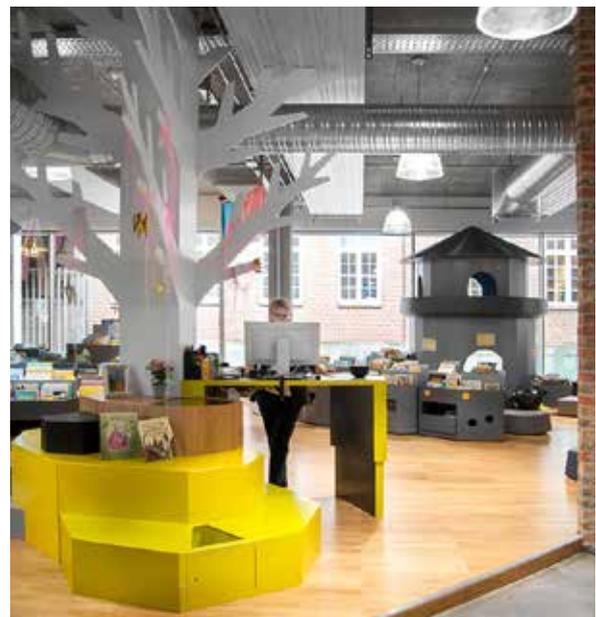
A 6,000 m² complete library in New York style that we fitted out in Herning in Denmark is a textbook example of how well our skills work in partnership with a visionary library management team. The result is a library of the future as the life-blood of society. Read more about the project on page 16.

HAVE YOU LAUNCHED NEW PRODUCTS TOO?

The multi-functional Cocoon designed by Anthony Salaa, encapsulates the needs of the modern library in a piece of furniture. Flexible and colourful.

AND WHAT'S HAPPENING ON SUSTAINABILITY?

We're working tirelessly and are working towards ecolabelling more of our products.



HERNING LIBRARY. HERNING. DENMARK

BCI, 2014

Making strides in aftermarket

CEO MIKAEL KJELDSSEN

With a wide range, an expanded range of services and short lead times, Eurobib Direct offers a strong aftermarket concept with consumer and display materials for libraries and other public spaces. The concept is a valuable complement to project sales within BCI and Schulz Speyer. CEO Mikael Kjeldsen outlines the situation in aftermarket sales for 2014.

WHAT WAS MOST IMPORTANT FOR EUROBIB DIRECT IN 2014?

Our webshop is a hugely important tool that we have made even better for our customers. Product presentation has been refined so that people really can experience what they are buying on the screen. We've also produced a news function that keeps customers up-to-date with information on product launches, projects and what is going on in the world of libraries.

EUROBIB DIRECT IS FOCUSED ON DIRECT SALES AND AFTERMARKET SALES, HOW HAS THAT PART OF THE MARKET DEVELOPED DURING THE YEAR?

We've made progress in our primary markets. One strong contributory factor is the investment in our webshop, which inspires a lot of customers. We have gained many of our new customers precisely because we are represented online. This is particularly true of new customers who come from segments other than our traditional ones. When we send out our news, we can clearly see how traffic and interest increases.

WHICH GEOGRAPHICAL MARKET HAS SEEN THE STRONGEST DEVELOPMENT?

Scandinavia, with Sweden and Denmark has shown strong progress, as has Belgium. Our new markets of Germany and the UK have also shown positive development and we have gained a foothold in France. In these new markets we are still a minor player but we see great potential for growth.

WHAT ARE YOUR INITIATIVES TO STRENGTHEN EUROBIB DIRECT'S OFFERING?

During the year we have put efforts and resources into product development with many new exciting products as a result. And then it's worth repeating how important our new webshop is for our offering. Sales through that channel are growing all the time and we are developing our digital presence with better news, search optimisation, etc.



EUROBIB FACTFILE

FOUNDED: 1936

IN THE GROUP SINCE: 2000

SALES: SEK 39 million

PRIORITY MARKETS (GEOGRAPHICALLY): Scandinavia, UK, France, Germany and Belgium.

TARGET GROUP: Arts centres, public and school libraries, and universities and other educational environments.

THREE KEY STRENGTHS: Inspiring range with high quality at a reasonable price, accessibility with a webshop open round the clock and speedy deliveries a day after ordering.

We've made progress in our primary markets. One strong contributory factor is the investment in our webshop, which inspires a lot of customers.

MIKAEL KJELDSSEN



COLORIT BOOK STAND, EMMA BOOK TOWER

Eurobib, 2014

BCI

Avedøre Library, Denmark



Corporate Governance Report

GOVERNANCE AND APPLICATION OF THE CODE

Lammhults Design Group AB is a Swedish company with limited liability (Swedish: aktiebolag). Its registered office is in Växjö, Sweden. The Company is governed via the Annual General Meeting of Shareholders (AGM), the Board of Directors and the CEO in accordance with the Swedish Companies Act and the Company's Articles of Association, as well as Nasdaq OMX Stockholm's Regulations for Issuers, including the Swedish Code of Corporate Governance (the Code). Effective 1 July 2008, a revised code of corporate governance includes all companies that are quoted on the OMX or NGM Exchanges. Since then, governance in the Group has been based on the Code. The aim of the Code is to establish conditions favouring an active and responsible ownership role. It is one element of self-regulation in the Swedish business sector. The Code is based on the principle of comply or explain. This means that it is not a crime to deviate from one or more rules in the Code provided that a justification exists and is explained. Lammhults Design Group has no deviations from the Code to report in 2014. The Corporate Governance Report has been examined by the Company's auditor.

FUNCTIONS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Shareholders' influence in the Company is exercised at the Annual General Meeting (AGM), which is the Company's highest decision-making body. At the AGM, shareholders vote on resolutions, for example, on adoption of the annual accounts and the consolidated financial statements, filing of the Company's results, discharging the Members of the Board and the CEO from liability, election of the Board and Chairman and, where appropriate, an auditor, how the Nomination Committee is to be constituted, remuneration to the Board and the auditors and guidelines on remuneration to the CEO and other senior executives.

CONDUCT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The company does not apply any particular arrangements regarding the function of the AGM, neither due to provisions in the Articles of Association nor, as far as is known to the company, due to shareholder agreements.

RESTRICTIONS AS TO VOTING RIGHTS

The Company's Articles of Association did not stipulate any restrictions as to how many votes each shareholder can cast at an annual general meeting.

PARTICULAR PROVISIONS IN THE ARTICLES OF ASSOCIATION

The Company's Articles of Association do not contain any provisions as to appointment or discharge of Board members, or as to an amendment of the Articles of Association.

DIRECT OR INDIRECT SHAREHOLDINGS

The following shareholders have a direct or indirect shareholding in the company representing at least a tenth of the number of votes for all shares in the company: Scapa Capital AB (25.8% of the votes) and Canola AB (17.7% of the votes).

ANNUAL GENERAL MEETING 2014

Lammhults Design Group's AGM, held on 29 April 2014 was attended by around 80 shareholders and guests. The shareholders in attendance represented around 70% of the total number of voting rights in the Company. In addition to voting on the customary resolutions, the meeting re-elected the following Board Members: Peter Conradsson, Maria Edsman, Jörgen Ekdahl, Jerry Fredriksson, Lotta Lundén and Anders Pålsson. Anders Pålsson was re-elected as Chair of the Board. The dividend was set at SEK 1.00 per share.

THE ANNUAL GENERAL MEETING GRANTED THE BOARD AUTHORITY TO DECIDE THAT THE BOARD MAY ISSUE NEW SHARES OR ACQUIRE OWN SHARES.

The 2014 Annual General Meeting authorised the Board of Directors, as in the preceding year, to resolve to approval a new share issue, comprising in all no more than 800,000 Class B shares, to finance future acquisitions.

THE FUNCTIONS OF THE NOMINATION COMMITTEE

The AGM resolved that the Chair of the Board should, no later than at the end of the third quarter every year, call a meeting with the four largest shareholders in terms of equity stake and/or voting rights in the company. These parties will then each appoint one member, who should not be a Member of the Board, of the Nomination Committee. The functions of the Nomination Committee include proposing to the AGM the number of Board Members, the Chair of the Board, other Board Members, auditors and the remuneration of the Board and the auditors. The Nomination Committee for the 2015 AGM consists of the following persons: Yngve Conradsson (Chair, appointed by Scapa Capital AB), Lars Johansson (appointed by Canola AB), Gunnar Sjöberg (authorised representative) and Jimmy Bengtsson (appointed by Skandia Mutual Life Insurance Company).

THE ROLE OF THE BOARD OF DIRECTORS

According to the Swedish Companies Act, the Board of Directors has overall responsibility for the organisation and administration of the Group, as well as for overseeing that the quality of financial reporting, asset management and other financial conditions is satisfactory. The Board takes decisions on issues relating to the Group's overall objectives, strategic direction and policies, as well as on major issues relating to finance, acquisitions, disposals and investments. The work of the Board of Directors of Lammhults Design Group AB is governed by the rules of procedure that are annually adopted by the statutory Board meeting. The rules of procedure regulate the Board's working methods and overall tasks, the holding of meetings, the formulation of ongoing financial reporting and the allocation of tasks between the Board and the CEO. The relevance and timeliness of the rules of procedure are reviewed every year.

During the year, the Board of Directors held six ordinary meetings and one extraordinary meeting, in addition to the statutory meeting. The meetings were devoted to financial follow-up of operations, strategic issues, budget discussions, acquisition issues, recruitment issues and external financial information. The CEO and the CFO take part in the meetings of the Board in a reporting capacity.

The Board meetings were prepared by the CEO and the CFO. The CEO provided the Board Members with written reports and supporting documentation at least five business days prior to each respective meeting. The Members of the Board received monthly reports regularly during the year, informing them of the financial and operational developments in the Group. The reports were drawn up jointly by the CEO and the CFO.

BOARD OF DIRECTORS – ATTENDANCE AND EVALUATION

A total of eight meetings were held in 2014. All members recorded full attendance at the Committee meetings. The Chair of the Board ensures that the work of the Board is evaluated once a year. In addition, the Board evaluates the work of the CEO. On the basis of the results, measures are being taken on an ongoing basis by the Chair and Management to improve the quality of work by the Board.

COMPOSITION OF THE BOARD

According to the Articles of Association, the Board is to be made up of no less than five and no more than twelve members, with no more than five deputies. Since the 2011 AGM, the Chair of the Board has been Anders Pålsson. All Board Members are independent of the Company and the Company's management. One of the Board members, Peter Conradsson, has a relationship of dependence with the biggest shareholder, Scapa Capital AB, while another, Jerry Fredriksson, has a relationship of dependence with Canola AB, the second biggest shareholder in Lamhults Design Group AB. The other Board Members are independent of the largest shareholders. For further information on the individual Board members, see page 60.

REMUNERATION TO THE BOARD OF DIRECTORS

Remuneration to the Board is subject to resolution by the AGM. The 2014 AGM resolved that fees to Board Members for the period up until the next AGM shall amount to SEK 910,000 (840,000), including SEK 260,000 (240,000) to the Chair of the Board. The other Board Members each receive a fee of SEK 130,000 (120,000). In addition, the AGM resolved that remuneration for the functions of the Audit and Remuneration Committee shall be paid in the amount of SEK 50,000 to the Chair and SEK 25,000 to the other two members of each committee.

AUDITING

According to the Articles of Association, the Company shall have one or two auditors or one or two auditing firms. The auditing firm KPMG AB was reappointed auditor at the 2014 AGM, with Emil Andersson as the principal auditor for the period up to the next AGM. The Company's principal auditor attends at least one Board meeting a year and reviews the auditing for the year.

AUDIT COMMITTEE

The principal task of the Audit Committee is to support the Board in its work on quality assurance in the company's financial reporting. The Committee meets the Company's auditor regularly to keep informed of the risks (both commercial risks and risks of errors in the financial reporting) that have emerged in the course of auditing. The Committee also discusses important accounting issues affecting the Group. The Audit Committee was composed of Jörgen Ekdahl (Chair), Maria Edsman and Lotta Lundén. The Chairman of the Audit Committee is responsible for ensuring that the Board as a whole is continuously kept updated on the work of the Committee. In 2014, six minuted meetings

were held. The attendance at these meetings was as follows: Maria Edsman (5), Jorgen Ekdahl (6) and Lotta Lundén (6).

REMUNERATION COMMITTEE

The Remuneration Committee comprised Anders Pålsson (Chair), Peter Conradsson and Jerry Fredriksson. The Committee submits proposals to the Board regarding the CEO's employment conditions, including benefits. The remuneration of other senior executives is determined by the Board on the basis of proposals from the CEO. The CEO is required to inform the Remuneration Committee annually in advance of remuneration proposed for management personnel accountable directly to the CEO. In 2014, four minuted meetings were held. Full attendance at the Committee meetings was recorded for all members.

CEO AND GROUP MANAGEMENT

The CEO manages the business in accordance with the rules of procedure adopted for the Board of Directors and the CEO, and in accordance with the Board's instructions. The CEO is responsible for ensuring that the Board receives the objective, detailed and relevant information and material for decisions that are required to enable the Board to take well-informed decisions.

In 2014, Group Management consisted of the CEO, CFO, Supply Chain Director, Brand & Design Director and the Business Area Manager for Public Interiors. For further information on the individual Board members, see page 63.

The CEO and CFO also hold business reviews with the company managements for each company in the respective business areas. These forums are devoted to financial follow-up, business development and strategic issues.

REMUNERATION TO CEO AND GROUP MANAGEMENT

Guidelines on salaries, bonuses and other remuneration to the Company's senior executives are for resolution by the AGM. For 2014, the AGM resolved that remuneration paid by the Company should be in line with the market, and competitive, such that the Company is able to recruit, motivate and retain competent and skilled personnel. Agreements on variable remuneration over and above a fixed salary have been made with the senior executives who make up the Group Management team. The size of the variable remuneration is linked to predetermined objectives based on individually set goals, or on the Group's results and cash flows. The variable remuneration for senior executives may total no more than four monthly salary payments per annum. Where higher flexible remuneration is possible in acquired companies, these are corrected as soon as legally and financially practicable. Long-term equity or equity-related incentive programmes must be available as an option. For further information on salaries and other remuneration, see Note 8.

INTERNAL CONTROLS AND RISK MANAGEMENT

The overall purpose of internal controls is to ensure to a reasonable degree that the Company's and the Group's operational strategies and objectives are followed up and that the investment of the owners is protected. Furthermore, internal controls are intended to ensure that external financial reporting is, with a reasonable degree of certainty, reliable and prepared in accordance with generally accepted auditing practices, that applicable laws and regulations are complied with and that the requirements to which listed companies are subject are observed.

The Board bears the ultimate responsibility for ensuring that the internal controls in Lamhults Design Group are adequate. The CEO is responsible for ensuring that an adequate system of internal controls is in place, one that covers all significant risks of errors in the Company's financial reporting.

Control Environment

The control environment is the basis of internal controls for the financial reporting. The Group's internal control structure is built inter alia on a clear division of responsibilities and roles, not only between Board and CEO but also within the operational organisation. Policies and guidelines are documented and evaluated continuously by Board and management.

Risk Assessment

On the basis of regular discussions and meetings within the organisation, Lammhults Design Group's management identifies, analyses and decides on the way risks of errors in the financial reporting are to be managed. The Board addresses the outcome of the Company's risk assessment and risk management process in order to ensure that it encompasses every important area, and determines policy and, where required, the actions necessary. The Group's significant risks and uncertainties include business risks in the form of high exposure to certain sectors, and financial risks. Financial risks, such as currency, interest rate, finance and liquidity risks, are primarily managed by the Parent Company's financial control function, while credit risks are dealt with primarily by the financial control function in the particular business area.

Control Activities

The principal aim of control activities is to prevent or to discover at an early stage errors in the financial reporting so that they can be addressed and remedied. Routines and activities have been designed to deal with and remedy significant risks relating to the financial reporting. The CEO and CFO monitor the business areas by regular meetings – business reviews – with the management of the particular company regarding its operations, financial position and results, as well as its key financial and operational ratios. The Board analyses inter alia monthly business reports, in which the CEO and CFO report on the past period and comment on the financial position and results of the Group and the particular business area. This enables significant variations and deviations to be monitored, minimising the risks of error in the financial reporting. The processes of end-of-period and annual accounting involve risks of error in the financial reporting. These routines are of a less-than-routine nature and include several stages where judgement is required. During control activities, it is thus important that an efficient reporting structure should operate, in which the business areas report using standardised reporting forms, and in which important income statement and balance sheet items receive comment.

Information and Communication

The information provided by Lammhults Design Group must be accurate, open and prompt, and must be distributed simultaneously to all stakeholder groups. All communication is to be made in accordance with the rules of Nasdaq OMX Stockholm, and with other regulations. The financial information must give the capital and equity markets, as well as current and prospective shareholders, an all-round and clear picture of the Group, its operations, strategy and financial development. Each company has a financial controller who is responsible for maintaining high quality and high delivery precision in the financial reporting. The CFO regularly informs these financial controllers of any changes in Group-wide accounting policies and other issues relevant to the financial reporting.

Follow-Up

The Board's follow-up of internal controls for the financial reporting is conducted partly in the form of reports from the Audit Committee and partly through the annual follow-up of parts of the system of internal controls by the Company's external auditors within the framework of the statutory audit. The external auditors report the outcome of their examination to the Audit Committee and Group Management. Important observations are also communicated directly to the Board. The Company's principal auditor attends at least one Board meeting a year and reviews the auditing for the year.

Another means of follow-up is in the form of monthly and quarterly reports to the Board, showing financial outcomes and the management's comments on the business and internal controls.

Statement on Internal Controls

Nothing has emerged to indicate that the system of internal controls is not operating in the manner intended. Consequently, the Board has decided not to set up an internal audit function. The decision will be reviewed annually.

The Corporate Governance Report has been examined by the Company's auditor.

Lammhult, 16 March 2015
Board of Directors

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Shareholders in Lammhults Design Group AB (publ), corp. reg. no. 556541-2094

The Board is responsible for the Corporate Governance Report for 2014 on pages 57–59 and for ensuring that it is compiled in accordance with the Swedish Annual Accounts Act.

We have read the Corporate Governance Report and we consider that this reading and our knowledge of the Company and Group give us a sufficient basis for our opinions. This means that our statutory review of the Corporate Governance Report has a different approach and is of a significantly lesser scope than an audit according to the International Standards on Auditing and accepted auditing standards in Sweden.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Växjö, 16 March 2015
KPMG AB



Emil Andersson
Authorised Public Accountant

BOARD OF DIRECTORS

LAMMHULTS DESIGN GROUP



ANDERS PÅLSSON

Chair. Board member since 2009.
Born in 1958. Lives in Malmö.
Independent board member vis-a-vis the company and company management and major shareholders in the company.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA, Lund University.
30 years' experience in international industrial companies. Posts include President/CEO of Hilding Anders, Divisional Manager of Trelleborg AB and PLM/Rexam. Active in Gambro and The E.on Group (Sydkraft).

OTHER DIRECTORSHIPS

Nibe Industrier AB, Midway Holding AB and Trioplast AB.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

4,913 Class B shares.



PETER CONRADSSON

Board member since 2013.
Born in 1976. Lives in Limhamn.
CEO of furniture company Scapa Inter AB since 2010.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MSc in Business and Economics, School of Economics and Management, Lund University.
CEO of Beds by Scapa AB (2008-), CEO of Scapa Inter AB (2010-).

OTHER DIRECTORSHIPS

Chairman of Bokelund RP AB.
Scapa Capital AB, Scapa Inter AB and Beds by Scapa AB.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

367,570 Class A shares and 1,074,000 Class B shares through ownership of Scapa Capital AB and 18,000 Class B shares, privately owned.



MARIA EDSMAN

Board member since 2013.
Born in 1968. Lives in Bromma.
Independent board member vis-a-vis the company and company management and major shareholders in the company. Sales and operation manager at Akademibokhandeln.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA from the Stockholm School of Economics.
Experience from consultancy and leading operational posts, including consultant at McKinsey&Company, Marketing Director at Kodak Nordic, Marketing Director at V&S Wine, CEO of Polarn O. Pyret and CEO of Brothers & Sisters AB.

OTHER DIRECTORSHIPS

Intersport Sverige AB.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

480 Class B shares.



JORGEN EKDAHL

Board member since 2011.
Born in 1960. Lives in Ljungsrarp.
Independent board member vis-a-vis the company and company management and major shareholders in the company. President and CEO of the industrial Group Polstiernan.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. Financial Manager of Svedbergs i Dalstorp AB, Dalstorp, 1990-1999.
CEO of Primo Sverige AB, Limmared, 2000-2001. President and CEO Svedbergs 2002-2010.

OTHER DIRECTORSHIPS

Chairman of Sparbanken Tranemo, chairman of R-MAN Värnamo, chairman of JG Metall AB and board member of Fora Form AS.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

8,000 Class B shares.



JERRY FREDRIKSSON

Board member since 2004.
Born in 1942. Lives in Savsjö.
Shareholder and CEO of the family-owned Canola AB, Rådhuset AB and Bussgruppen Sverige AB. Also CEO of Investment AB Chiffonjén, Lillekullen AB and Curt & Inger Wall AB.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Business economist. Has previously worked in the furniture and food industries, in asset management and as an auditor.

OTHER DIRECTORSHIPS

Chairman of KarlssonGruppen AB, IV Produkt Holding AB, Frelind AB, Boel & Jan Holding AB, J.P.H. International AB, Sjöbysund AB, Investment AB Vitriren and Morellen AB.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

314,049 Class A shares and 112,000 Class B shares (including shares held indirectly through family companies).



LOTTA LUNDÉN

Board member since 2005.
Born in 1957. Lives in Stockholm.
Independent board member vis-a-vis the company and company management and major shareholders in the company.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. 20 years' experience from leading posts in international businesses, including Global Business Area Manager for IKEA of Sweden and Commercial Director of IKEA Singapore. CEO of Guldfynd/Hallbergs Guld, General Manager of Coop Forum. Partner in Konceptverkstan.

OTHER DIRECTORSHIPS

Bergendahl & Son, Swedol, LGT, Twilfit and Karl-Adam Bonnier Stiftelse and Ostnor AB.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

3,000 Class B shares.

GROUP MANAGEMENT

LAMMHULTS DESIGN GROUP



In photograph from left: Thomas Jansson, Lars Bülow, Mikael Kjeldsen, Anders Rothstein, Sven Lindberg.

ANDERS ROTHSTEIN

President and CEO
Lammhults Design Group since 2009.
Business Area Manager Office & Home Interiors
Born in 1964. Lives in Viken.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Executive MBA, Lund University.
International executive with experience
of work in listed companies.
European Sales Companies Director, etc.
at Saint-Gobain Ecophon AB 1988–2004.
President & CEO of Human Care HC AB 2004–2007.
Vice President of Inwido AB 2007–2009.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

4,150 Class B shares.

LARS BÜLOW

Brand and Design Director Lammhults Design Group
and CEO of Lammhults Möbel AB since 2012.
Born in 1952. Lives in Stockholm.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Architect MSA, Designer MSD. Freelance designer
1980–1992. Founder and CEO of Materia AB
1992–2011. CEO of Materia Group AB (Materia,
Skandiform, NC Nordic Care) 2009–2011.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

150,600 Class B shares through company.

THOMAS JANSSON

CFO Lammhults Design Group since 2003
and employed by the Group since 1997.
Born in 1968. Lives in Huskvarna.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. Has previously worked as an
economist at Volvo Articulated Haulers AB
1993–1997 and as CFO of
Lammhults Möbel AB 1997–2003.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

1,640 Class B shares.

MIKAEL KJELDSSEN

Business Area Manager of Public Interiors since 2013
and employed in the Group since 1999.
Born in 1965. Lives in Kolding, Denmark

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. Financial education in the banking sector.
Previously worked as an international controller at
Wittenborg Gruppen A/S 1991–1997 and as finance
manager at Tresu A/S 1997–1999.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

1,050 Class B shares.

SVEN LINDBERG

Supply Chain Director
Lammhults Design Group since 2010.
Born in 1958. Lives in Hjo.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Engineering degree from Chalmers University of
Technology. Has a background as a senior executive
in production, purchasing and product development.
Factory manager and other roles at Nobel Plast
AB, 1982–1994. Factory manager and production
manager at Fagerhults Belysning AB 1994–2003.
Technical manager at Daloc AB 2004–2006.
Technical manager and Vice President of
Inventech Europe AB 2006–2009.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB

3,000 Class B shares.

The share

LAMMHULTS DESIGN GROUP'S 18TH YEAR ON THE STOCK MARKET

Lammhults Design Group's Class B shares have been quoted on the Nordic Small Cap List of the Nasdaq OMX Nordic Exchange since 2 October 2006. During the period 2 October 2006 to 16 June 2008, the share was quoted under the previous company name, Expanda AB, but as of 17 June 2008 it has been quoted under Lammhults Design Group, epic LAMM B. In the period 25 June 1997 to 1 October 2006, the share was quoted on the "O" List of the Stockholm Stock Exchange, under the previous company name R-vik Industrigrupp AB until 6 June 1999 and thereafter under Expanda AB. At year-end 2014, Lammhults Design Group's share capital amounted to SEK 84,481,040, represented by 1,103,798 Class A shares, each carrying an entitlement to 10 votes, and 7,344,306 Class B shares, each carrying an entitlement to 1 vote.

SHARE PRICE

During 2014, the share price rose by 58% from SEK 23.40 to SEK 36.90. The highest price paid during the year was SEK 41.00 (27.80) and the lowest SEK 23.00 (20.00). Regarding the liquidity of the share in 2014, it was traded on 92% (82) of all trading days, and during the year the total turnover in the Company's shares was SEK 60 million (33). Market capitalisation at year-end 2014/2015 was SEK 312 million (198).

CHANGES IN OWNERSHIP

The number of shareholders at year-end 2014/2015 was 2,263 (2,256), slightly higher than at the preceding year-end. A shift in ownership from private individuals to Swedish legal entities took place during the year. Of the major shareholders, Länsförsäkringar Småbolagsfond sold its entire holding of 434,614 Class B shares during the year, and Stig

and Ann-Louise Sjöberg reduced their holding by 90 000 Class A shares and 60,000 Class B shares, as a result of which their holding totals 18,318 Class A shares and 20,500 Class B shares. Marie Louise Williams Sjöberg increased her holding by 45,000 Class A shares and 30,000 Class B shares, as a result of which her holding totals 45,000 Class A shares and 48,440 Class B shares. Gunnar Sjöberg increased his holding by 45,000 Class A shares and 30,000 Class B shares, as a result of which his holding totals 45,000 Class A shares and 33,600 Class B shares.

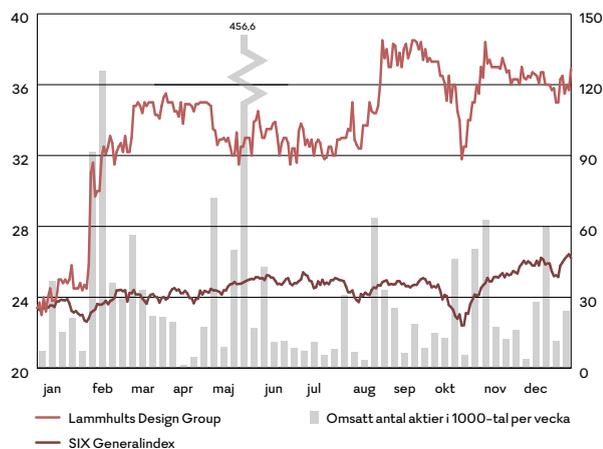
DIVIDEND POLICY AND DIVIDEND

Lammhults Design Group's financial objective over a business cycle is, while maintaining a focus on the Group's long-term capital requirements, that the dividend paid shall correspond to around 40% of profit after tax. For the 2014 financial year, the Board proposes that the AGM approve a dividend of SEK 1.50 per share (1.00). The total dividend payment will thus amount to SEK 12.7 million (8.4). The proposed dividend represents a direct yield of 4.1% (4.3).

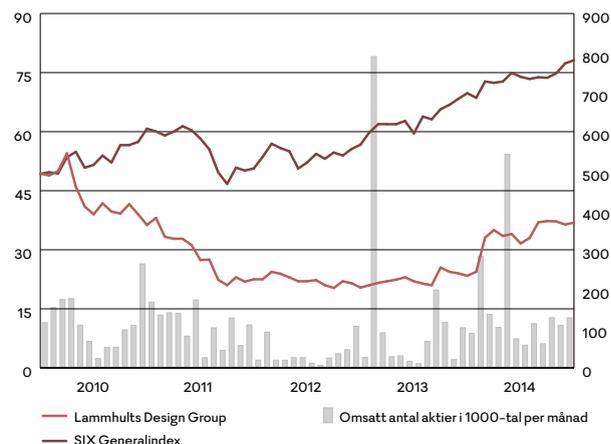
ANALYSES OF LAMMHULTS DESIGN GROUP AND LIQUIDITY GUARANTEE

During the year, analyses of Lammhults Design Group were carried out by Martin Herin at Erik Penser Bankaktiebolag (+46-(0)8-463 81 76). Erik Penser Bankaktiebolag has acted as liquidity guarantor for listed shares in Lammhults Design Group since the beginning of November 2014. The aim is to support the liquidity of the Company's shares and reduce the difference between buying and selling prices in trade in the Company's shares on the Nasdaq OMX Nordic Exchange.

SHARE PRICE AND SHARE TURNOVER, 2014



SHARE PRICE AND SHARE TURNOVER, 2010-2014



SHARE DATA	2010	2011	2012	2013	2014
Number of shares at year-end, '000s	8,448	8,448	8,448	8,448	8,448
Warrants, thousands 1	35	0	0	0	0
Average number of shares, '000s	8,448	8,448	8,448	8,448	8,448
Earnings per share before dilution, SEK	1.65	0.72	0.62	1.29	2.57
Earnings per share before dilution for remaining businesses, SEK	1.19	0.53	0.21	1.29	2.57
Earnings per share after dilution, SEK	1.65	0.72	0.62	1.29	2.57
Earnings per share after dilution for remaining businesses, SEK	1.19	0.53	0.21	1.29	2.57
Cash flow per share, SEK	3.53	2.79	2.98	4.54	6.12
Equity per share before dilution, SEK	43.72	43.22	42.46	44.00	46.88
Equity per share after dilution, SEK	43.72	43.22	42.46	44.00	46.88
Market price at year-end, SEK	36.30	22.50	20.40	23.40	36.90
Paid/proposed dividend per share, SEK	1.00	0.50	0.50	1.00	1.50
P/E ratio	22	31	34	18	14
Market price/equity, %	83	52	48	53	79
Dividend yield, %	2.8	2.2	2.5	4.3	4.1
Dividend payout ratio, %	61	69	81	78	58

¹ Redemption price of SEK 50.00 for warrants issued in 2009

CLASS OF SHARE	Number of shares	Number of votes	Proportion of share capital (%)	Proportion of votes (%)
Class A	1,103,798	11,037,980	13.1	60.0
Class B	7,344,306	7,344,306	86.9	40.0
	8,448,104	18,382,286	100.0	100.0

CHANGES IN SHARE CAPITAL

Year	Transaction	Change in share capital	Total share capital
1997	Incorporation	500,000	500,000
1997	New share issue	80,223,330	80,723,330
1997	New share issue	2,457,710	83,181,040
1999	120,000 warrants for subscription of Class B shares issued		
2001	New share issue	1,300,000	84,481,040
2008	75,000 warrants for subscription of Class B shares issued		
2009	35,000 warrants for subscription of Class B shares issued		

DISTRIBUTION OF SHARES, 31 DECEMBER 2014

Shareholding, no.	Number of shareholders	Proportion of owners	Proportion as % of capital	Proportion as % of votes
1 - 500	1,656	73.2	3.5	1.6
501 - 1,000	274	12.1	2.8	1.4
1,001 - 2,000	141	6.2	2.7	1.3
2,001 - 5,000	90	4.0	3.7	2.7
5,001 - 10,000	42	1.9	3.7	2.6
10,001 - 50,000	34	1.5	9.3	7.7
50,001 -	26	1.1	74.2	82.7
TOTAL	2,263	100.0	100.0	100.0

TEN BIGGEST SHAREHOLDERS, 31 DECEMBER 2014

Shareholders	Number of Class A shares	Number of Class B shares	Proportion as % of capital	Proportion as % of votes
Scapa Capital AB	367,570	1,074,000	17.1	25.8
Canola AB	314,049	112,000	5.0	17.7
Input Interiör Sweden AB	0	1,059,158	12.5	5.8
Johansson, Tage with company	104,973	1,000	1.3	5.7
Sandelius, Nils-Gunnar with company	78,600	8,000	1.0	4.3
Skandia Mutual Life Insurance Company	0	777,638	9.2	4.2
Johan Sjöberg i Stockaryd AB	50,300	0	0.6	2.7
Williams Sjöberg, Marie Louise	45,000	48,440	1.1	2.7
Williams Sjöberg, Gunnar	45,000	33,600	0.9	2.6
Sjöberg, Harriet	37,600	38,050	0.9	2.3
Total, 10 biggest shareholders	1,043,092	3,151,886	49.7	73.9
Others	60,706	4,192,420	50.3	26.1
TOTAL	1,103,798	7,344,306	100.0	100.0

SHAREHOLDERS BY CATEGORY, 31 DECEMBER 2014

Category	Number of Class A shares	Number of Class B shares	Proportion as % of capital	Proportion as % of votes
Financial companies	0	1,696,619	20.1	9.2
Stakeholder organisations	0	17,940	0.2	0.1
Other Swedish legal entities	845,488	2,785,052	43.0	61.1
Uncategorised legal entities	0	2,200	0.0	0.0
Owners resident abroad	0	754,709	8.9	4.1
Swedish natural persons	258,310	2,087,786	27.8	25.4
TOTAL	1,103,798	7,344,306	100.0	100.0

The total number of shareholders in Lammhults Design Group at year-end was 2,263 (2,256). Owners based abroad represented 8.9% (3.5) of the capital and 4.1% (1.6) of the voting rights. Institutional shareholders, including legal entities based abroad and uncategorised legal entities, represented 28.6% (26.9) of the capital and 13.1% (12.4) of the voting rights. The ten largest shareholders held 49.7% (55.3) of the capital, representing 73.9% (77.4) of the voting rights.

Five-year review

KEY FIGURES	Unit	2010	2011	2012	2013	2014
<i>Key figures for remaining businesses</i>						
Net sales	SEK m.	673.4	651.1	627.4	598.7	756.0
Gross profit	SEK m.	249.9	235.7	220.3	217.6	273.3
Gross margin	%	37.1	36.2	35.1	36.3	36.1
Operating profit	SEK m.	23.0	15.6	3.8	13.1	33.7
Operating margin	%	3.4	2.4	0.6	2.2	4.5
Profit after financial items	SEK m.	21.3	10.5	0.1	10.9	29.3
Net margin	%	3.2	1.6	0.0	1.8	3.9
<i>Key ratios for entire Group</i>						
Net sales	SEK m.	778.0	753.8	713.9	598.7	756.0
Gross profit	SEK m.	303.6	287.7	264.0	217.6	273.3
Gross margin	%	39.0	38.2	37.0	36.3	36.1
Operating profit	SEK m.	26.7	18.5	9.6	13.1	33.7
Operating margin	%	3.4	2.5	1.3	2.2	4.5
Profit after financial items	SEK m.	24.2	12.5	5.4	10.9	29.3
Net margin	%	3.1	1.7	0.8	1.8	3.9
Total capital	SEK m.	744.1	699.9	553.2	660.4	662.4
Capital employed	SEK m.	578.0	552.2	431.5	517.2	496.5
Operating capital	SEK m.	504.6	505.5	408.2	472.7	468.6
Equity	SEK m.	369.3	365.1	358.7	371.7	396.1
Return on total capital	%	3.7	2.7	1.7	2.6	5.7
Return on capital employed	%	4.7	3.5	2.1	3.4	7.4
Return on operating capital	%	5.2	3.7	2.1	3.0	7.2
Return on equity	%	3.6	1.6	1.4	3.0	5.7
Debt/equity ratio	mult.	0.56	0.51	0.20	0.39	0.25
Capital, proportion risk-bearing	%	51.2	53.8	66.4	57.6	61.2
Interest coverage ratio	mult.	8.5	2.7	2.1	3.2	4.6
Equity/assets ratio	%	49.6	52.2	64.9	56.3	59.9
Cash flows from operating activities	SEK m.	29.8	23.6	25.2	38.4	51.7
Investments	SEK m.	7.6	16.9	12.6	10.6	16.4
Average number of employees		394	400	376	325	353

Capital employed

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

Cash-flow per share

Cash flow from operating activities, divided by average number of shares.

Debt/equity ratio

Interest-bearing liabilities divided by equity.

Dividend payout ratio

Proposed dividend, as a percentage of profit for the year.

Dividend yield

Dividend per share, as a percentage of the share price at year-end.

Earnings per share after tax

Profit for the year divided by the average number of shares outstanding.

Equity

Total of restricted and non-restricted equity.

Equity/assets ratio

Equity as a percentage of total assets.

Equity per share

Equity divided by the number of shares at year-end.

Gross margin

Gross profit, as a percentage of net sales.

Interest coverage ratio

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

Inventory turnover rate

Cost of goods sold, divided by average inventory.

Net margin

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

Net sales

Value of the Group's deliveries, less intra-Group deliveries.

Operating capital

Total assets less liquid funds and other interest-bearing assets, less non-interest-bearing liabilities.

Operating margin

Operating profit as a percentage of net sales.

P/E ratio

Share price at year end, divided by earnings per share after tax.

Proportion of capital that is risk-bearing

Equity and deferred tax as a percentage of total assets.

Return on equity

Profit/loss for the year as a percentage of average equity.

Return on capital employed

Profit after financial items plus financial expenses as a percentage of average capital employed.

Return on operating capital

Operating profit as a percentage of average operating capital.

Return on total capital

Profit after financial items plus financial expenses as a percentage of average total capital.

Sales per employee

Net sales divided by the average number of employees.

Share price/equity, %

Share price at year-end, divided by equity per share.

Share price at year-end

The latest price paid at Nasdaq OMX Nordic Exchange for each year.

Total assets

Value of all assets.

Financial statements and notes

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Report of the board of directors

The Board of Directors and the CEO of Lammhults Design Group AB, corporate registration number 556541-2094, hereby present their annual report and consolidated accounts for the period 1 January 2014–31 December 2014. Lammhults Design Group conducts its business activities in the form of a public limited company (Swedish: aktiebolag). Its registered office is in the Municipality of Växjö, in Kronoberg County. The Company's address is: Box 75, SE-360 30 Lammhult, Sweden.

THIS IS LAMMHULTS DESIGN GROUP

Serving a global clientele, Lammhults Design Group's business concept is to create positive experiences through modern interiors. Consumer insight, innovation, design management and strong brands are the foundations on which the Group's operations are based. We develop products with several of the market's leading designers. The Group operates in the following areas: design, development and sale of products for interiors of public environments, homes and offices. Operations are organised into two business areas: Office & Home Interiors, which develops and markets products for interiors in public and domestic settings, and Public Interiors, which develops, markets and sells interiors and product solutions for the public environments. The Group is made up of the following wholly owned companies: Lammhults Möbel AB, Abstracta AB with subsidiary Abstracta Interiör A/S, Voice AB, Ire Möbel AB, Fora Form AS, Lammhults Biblioteksdesign AB, Lammhults Biblioteksdesign A/S and Schulz Speyer Bibliothekstechnik AG with subsidiary Schulz Benelux BVBA. The Group also includes a number of foreign sales companies serving Lammhults Biblioteksdesign A/S and some dormant companies. Lammhults Biblioteksdesign AB has a 50% stake in the joint venture company BS Eurobib AS.

SIGNIFICANT EVENTS IN 2014

- Abstracta Interiör AS was merged with Fora Form AS to create a more streamlined organisation for sales in Norway of Abstracta's acoustic products and products for visual communication.
- Schulz Speyer Bibliothekstechnik AG delivered shelving systems and tables valued at SEK 4.4 million to the University of Dammam in Saudi Arabia.
- Fora Form AS supplied furniture valued at SEK 7.1 million to Bergen University College, Norway. Fora Form also played an active role in enabling Lammhults Biblioteksdesign A/S to supply shelving for the same project.
- Fora Form AS delivered retractable seating to Fosnavåg Concert Hall, Norway. The order was valued at SEK 3.5 million.
- The University of Stockholm placed an order for furniture from Lammhults Möbel AB to a value of SEK 2.7 million.
- Lammhults Biblioteksdesign A/S delivered the total concept for a library in Herning, Denmark, to a value of SEK 8.0 million.

- Ire Möbel AB supplied Join sofas for Gothia Towers in Gothenburg to a value of SEK 1.0 million.
- Lammhults Möbel AB and Abstracta AB supplied furniture and interiors to Ericsson, in New Jersey, USA, to a total value of SEK 6.5 million.

FINANCIAL SUMMARY FOR 2014

The Group's net sales totalled SEK 756.0 million, 26% higher than in the preceding year. At the same exchange rates as in the preceding year, net sales for 2014 would have been 1% lower. Fora Form was acquired in early October 2013 and has been incorporated into Office & Home Interiors. Excluding Fora Form's net sales in the January–September 2014 period, the Group's net sales increased by 5%. Net sales for Office & Home Interiors rose 36% over the year. Excluding Fora Form's net sales in the January–September 2014 period, the business area's net sales increased by 3%. Net sales for Public Interiors rose by 9%, mainly as a result of successes in Sweden, the UK and the USA.

The Group's gross margin was somewhat lower than for the preceding year, at 36.1% (36.3). Fora Form's product mix, incorporating a high proportion of sales of third-party products to the culture segment, adversely affected the gross margin. Excluding Fora Form, the Group's gross margin would have been higher than in the preceding year, at 37.5% (36.5).

The Group's sales and administration costs totalled SEK 241.2 million (205.0), including non-recurring costs of SEK 4 million, the same as in the preceding year. Excluding Fora Form's sales and administration costs during the January – September 2014 period, Group sales and administration costs rose SEK 2.1 million during the year. The increase was attributable to initiatives implemented to promote profitable growth.

Operating profit amounted to SEK 33.7 million (13.1), representing an operating margin of 4.5% (2.2). Compared with the preceding year, the operating profit at both Office & Home Interiors and Public Interiors improved. Net finance income/costs for 2014 were affected by negative exchange rate differences of SEK 1.3 million, as against positive exchange rate differences of SEK 0.4 million last year. Pre-tax profit was SEK 29.3 million (10.9). Profit after tax totalled SEK 21.7 million (10.9). Earnings per share for the Group overall amounted to SEK 2.57 (1.29) before and after dilution. The equity/assets ratio was 59.9% (56.3), and the debt/equity ratio was 0.25 (0.39) on 31 December 2014. The Group's financial position therefore strengthened during the year. Cash flows from operating activities amounted to SEK 51.7 million (38.4) in 2014. The improvement arose mostly through the impact of better earnings and good growth in

GROUP FIVE-YEAR REVIEW

GROUP	2010	2011	2012	2013	2014
Net sales for remaining businesses, SEK m.	673.4	651.1	627.4	598.7	756.0
Operating profit for remaining businesses, SEK m.	23.0	15.6	3.8	13.1	33.7
Operating margin for remaining businesses, %	3.4	2.4	0.6	2.2	4.5
Capital employed, SEK m.	578.0	552.2	431.5	517.2	496.5
Return on capital employed, %	4.7	3.5	2.1	3.4	7.4
Return on equity, %	3.6	1.6	1.4	3.0	5.7
Equity/assets ratio, %	49.6	52.2	64.9	56.3	59.9
Debt/equity ratio, mult.	0.56	0.51	0.20	0.39	0.25
Investments in property, plant and equipment, SEK m.	7.3	16.9	12.6	10.6	16.4
Average number of employees	394	400	376	325	353
Dividend payout ratio, %	61	69	81	78	58

working capital, especially in the fourth quarter. Cash flow for the year totalled SEK -22.5 million (22.4) as a result of net amortisation of approximately SEK 47 million of the Group's interest-bearing liabilities. Cash and cash equivalents amounted to SEK 27.9 million (44.5) at year-end. The Group's unused credit facilities including cash equivalents totalled SEK 143.8 million (112.5). Our financial position continues to allow scope for acquisitions without deviating from the Group's goals for equity/assets ratio (no less than 35%) and debt/equity ratio (within the range of 0.7–1.0).

BRAND STRATEGY

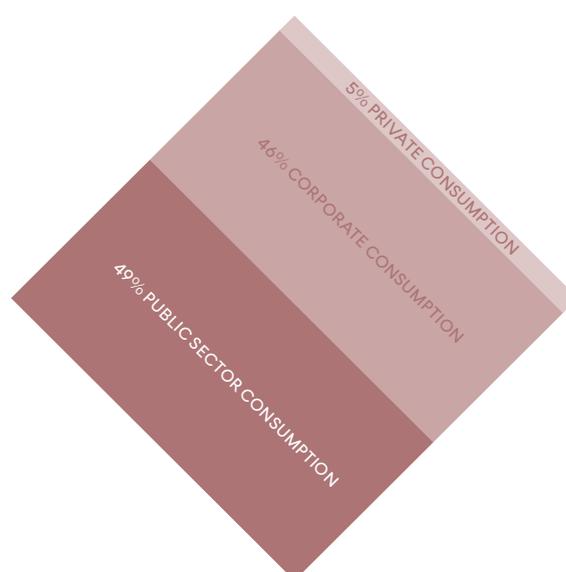
Six years ago, a decision was taken to introduce a brand-based strategy in order that the Group should progress from a holding company type of structure to a more integrated industrial group focusing on interiors. The idea is that through clearer and more consistent branding, sustainable, profitable growth can be achieved, thereby increasing shareholder value. In recent years, the brand strategy has been refined to maximise impact from the work on branding in the Group. The Lammhults Design Group has acquired its own graphical identity, which creates better clarity both externally, among our customers, and in-house. As a result, our own already strong and well-established brands in interiors – Lammhults, Fora Form, Abstracta, Voice, Ire, Eurobib Direct, Schulz Speyer and BCI – can retain their individual characteristics, while at the same time benefiting from an endorsement process that tags them “part of Lammhults Design Group”. This underpins the Group's ability to use the various brands in both an individual and a collection-inspired way, to meet the requirements of individual customers. It also enables us to exploit synergies in purchasing, production, marketing and sales. The brand strategy places the customer at the centre. Insight into customer needs is vital if we are to be able to develop good products and systems. Consistent and credible branding is another important tool by which the Group's future gross margins can be improved.

THE MARKET IN 2014

The general uncertainty in much of the world around us continued to affect business in 2014. Restraint in public sector investments in a number of European markets, including France, Germany and Benelux, affected sales by Public Interiors. Nevertheless, sales in the business area rose 9% through sales successes in the Nordic region, the UK and the USA. Sales for Office & Home Interiors (excluding the effects of Fora Form during the January–September 2014 period) increased by 3%, primarily

thanks to higher sales by Abstracta and Lammhults over the year. In the case of Abstracta, the main increase was in exports, while Lammhults had its major successes in the domestic market in Sweden. Later in the year, sales in Norway were affected by cutbacks in the Norwegian oil industry, although business in the Oslo region remained buoyant. However, the brands that focus principally on the domestic environment – Ire and Voice – failed to increase sales during the year. Weak demand in the premium segments of the furniture market for home interiors in Sweden slowed sales for the Ire and Voice brands. Against that background, our strategy of progressively developing these product ranges to increasingly feature public interiors remains in place. As a result of these changes in the market, and with the acquisition of Fora Form, the share of Group sales represented by business consumption rose from 45% to 46%, while the Group's share of sales to the public sector was unchanged at 49% and sales to the private sector fell from 6% to 5%.

BREAKDOWN OF GROUP'S NET SALES



Another factor that affected the Group's operations was weakening of the Swedish krona (SEK), which boosted net sales for the year by around SEK 8 million. The proportion of sales to markets outside Sweden rose during the year from 64% to 70%. The increase was attributable for the most part to Fora Form's sales in its domestic market, Norway. The Group's order backlog at year-end was 4% lower than at the preceding year-end, totalling SEK 130.0 million (134.9), principally because Fora Form had at the preceding year-end a considerably higher order backlog in the culture segment. The order backlog for Office & Home Interiors was 10% lower than at the preceding year-end, while that of Public Interiors was 6% higher than at the same point in time.

MARKET DEVELOPMENTS – BUSINESS AREAS

Office & Home Interiors

The business area develops, markets and sells products for interiors for public and home environments under the brands of Lammhults, Fora Form, Abstracta, Voice and Ire. Net sales totalled SEK 520.4 million, compared with SEK 383.5 million a year earlier. Excluding Fora Form's net sales during the January–September 2014 period, the business area's sales increased by approximately SEK 10 million. Sales rose for the Abstracta, Lammhults and Fora Form brands but declined for the other brands. The gross margin for the business area was in line with that of the previous year. Fora Form's product mix, incorporating a high proportion of sales of third-party products to the culture segment, negatively affected the gross margin, while Abstracta's gross margin improved. Excluding Fora Form, sales and administration costs for the business area were in line with those of the preceding year. Operating profit totalled SEK 36.9 million (17.2) and the operating margin was 7.1% (4.5).

Public Interiors

The business area develops and sells interiors and product solutions under the Eurobib Direct, BCI and Schulz Speyer brands, primarily for public environments. Net sales totalled SEK 237.0 million, compared with SEK 217.3 million a year earlier. The sales successes during the year were greatest in Sweden, the UK and the US, while sales to Germany and the Middle East declined. However, sales to the latter two markets recovered towards year-end. Net sales were higher for all brands in the business area. After-market sales (EuroBib Direct) totalled approximately SEK 39 million, 3% higher than a year earlier. Gross margins for business area were in line with those of the previous year, as were sales and administration costs. Operating profit totalled SEK 20.3 million (13.9) and the operating margin was 8.6% (6.4).

PARENT COMPANY

The Parent Company's business activities consist of Group management and certain Group-wide functions. Net sales amounted to SEK 6.3 million (5.6), with a profit before tax of SEK 28.3 million (5.1). Investments totalled SEK 0.1 million (0.2). Cash and cash equivalents, including unused overdraft facilities, totalled SEK 101.6 million (70.4) on 31 December 2014.

INVESTMENTS AND DEPRECIATION

The Group's investments in property, plant and equipment during the year amounted to SEK 16.4 million (10.6) while investments in intangible assets totalled SEK 6.0 million (2.7). Total depreciation according to plan during the year was SEK 15.1 million (12.3).

DEVELOPMENT WORK

Product development, under our own management and in partnership with customers, is an important part of the Group's operations. The Group's products are to be characterised by creativity and styling from external designers. The main focus is capital goods and consumer durables for public environments, homes and offices. Product development shall be driven by creativity and styling in combination with other essential factors such as production sustainability, functionality, quality, durability and price. The costs associated with this process are not normally sufficient for them to fulfil the criteria for reporting as an asset, but instead are recognised as administration costs in the consolidated income statement; see Note 7. However, costs of development activities that are essential to the business will in future years be recognised as an intangible non-current asset if it is probable that the economic benefits associated with the asset will accrue to the company in the future and the acquisition cost or value of the asset can be measured reliably. During the year, development costs totalling SEK 4.7 million (1.3) were capitalised.

RISKS AND UNCERTAINTIES

The significant risk and uncertainties faced by Lammhults Design Group include business risks in the form of high exposure to certain sectors. The Group is also exposed to financial risks. Chief among these are currency risks relating to fluctuations in exchange rates in conjunction with exports and imports, interest risks in connection with liquidity and debt management, and credit risks in connection with sales. The Group's sales and purchases are conducted primarily in SEK, EUR, NOK and DKK. The Group is also exposed to a certain extent to commodities risk. Financial risks, risk management and financial policies are described in more detail in Note 27. The market has become increasingly uncertain, and a downturn in both the Nordic region and Europe may impact negatively on the Group's future sales.

FINANCIALS GOALS AND EXPECTATIONS GOING FORWARD

The financial goals of Lammhults Design Group over a business cycle are as follows:

- Average annual growth of at least 10%.
- An average annual operating margin of at least 8%.
- Return on capital employed of at least 15%.
- An equity ratio of at least 35%.
- A debt/equity ratio in the range of 0.7 and 1.0.
- A dividend payout ratio of approximately 40% of profits after tax, taking into account the Group's long-term capital requirements.

In 2014, the Group recorded growth of 26%. The acquisition of Fora Form, which was part of the Group for only a quarter in the previous year, of course contributed to this sharp growth. Organic growth for the Group totalled 5%, which is satisfactory against the background of the general uncertainty in large areas of the world around us that continued to affect our business. Restraint in public sector investments in a number of European markets affected sales by Public Interiors. Weak demand in the premium segments of the furniture market for home interiors in Sweden slowed sales for the Voice and Ire brands. However, the markets for furniture and interiors for public environments in northern Europe were more stable. Our strong offering and our investments in product development, marketing and sales were factors in enabling the Group to gain market shares during the year.

In order to boost the Group's growth and profitability in the years ahead, it was decided in 2011 to streamline the Group's operations and focus on profitable growth in furniture and interiors. Expertise and resources were concentrated within two clearly defined business areas, Office & Home Interiors and Public Interiors. The former Lammhults Office and Lammhults Home business areas were merged into one, Office & Home Interiors. The operations of Abstracta, Borks and Voice were integrated to cut costs. In Public Interiors, the businesses of the subsidiaries in Spain and Austria were closed down, while the sales companies in the Netherlands and Belgium were integrated and the subsidiary in Italy closed down. In the second half of 2013, production at Holsted, Denmark, was closed down and relocated to suppliers in Poland. In parallel with these restructuring measures, the sales organisations were strengthened in both Office & Home Interiors and Public Interiors to pave the way for higher sales in future. These actions have together formed an intensive programme over recent years, and have established a more secure platform for the Group over the years ahead.

In 2014, profitability improved sharply, with a rise in operating margin from 2.2% to 4.5%. There is still some way to go if the financial goal of an 8% operating margin is to be achieved, but a stable base for the future has been built via the work and actions described above. Our financial position was strengthened during the year, resulting in an improved equity/assets ratio (59.9%) and a lower debt/equity ratio (0.25). This has created potential for growth, both organic and via acquisitions.

ENVIRONMENTAL ACTIVITIES IN THE GROUP

While developing, manufacturing and marketing safe products of the highest quality that satisfy the demands of the market, Lammhults Design Group has to keep a close focus on environmental factors. Every company in the Group has adopted an environmental policy aligned with the Group-wide policy adopted by the Board of Directors of the Parent Company. The operations of Abstracta AB, Lammhults Möbel AB, Lammhults Biblioteksdesign AB, Ire Möbel AB and Fora Form AS have been certified to ISO 14001. In this Annual Report, the Group's work on sustainability issues is summarised and reported for the fourth time in accordance with the directives of GRI G3 (Global Reporting Initiative). Lammhults Möbel AB conducts operations subject to a duty of notification under the Swedish Environmental Code, the Ordinance concerning environmentally hazardous activities and the protection of public health (1998:899). Environmental impact consists mainly of waste from degreasing baths (closed systems) and emissions of solvents from coating lines. None of the Group's other companies is engaged in operations that in themselves may be classified as particularly hazardous to the environment, and as a result no duty of licensing or notification under the Swedish Environmental Code applies.

HUMAN RESOURCES

Operations within the Group are as far as possible required to make best use of the skills and experience that have been built up in the Parent Company and business areas. Knowledge transfer in product development, sustainability, marketing, distribution and export sales, as well as purchasing development and shared procurement, plays a central role in the Group's strategic development. Lammhults Design Group strives to develop good work environments and to offer work duties that encourage personal development on the part of the Group's employees. The average number of employees in the Group totalled 353 (325). Of the total number of employees in the Group, 42% (43) were women. The costs of wages, salaries and other remuneration for the Group amounted to SEK 163.2 million (138.8).

GUIDELINES ON REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman and Board members in accordance with decision of the AGM. In addition, the 2014 AGM resolved that remuneration for functions performed within the Audit and Remuneration Committee shall be paid in the amount of SEK 50 thousand to the Chair and SEK 25 thousand to the other two members of each committee. On behalf of the management, the AGM has adopted the following guidelines for the remuneration of senior executives: Wages, salaries and other conditions of employment for the CEO and other senior executives shall be in line with the market and competitive, such that competent and skilled personnel can be recruited, motivated and retained. The senior executives who make up the Group Management team have an agreement on variable remuneration over and above a fixed salary. The size of the variable remuneration is linked to predetermined objectives based on individually set goals, or on the Group's results and cash flows. The variable remuneration for senior executives may total no more than four monthly salary payments per annum. Where higher flexible remuneration is possible in acquired companies, these are corrected as soon as legally and financially practicable. The variable remuneration for the Group Management may total no more than SEK 3.1 million, including social welfare charges, in the succeeding financial year. There should also be scope for long-term share-based or share-price-based incentive programmes.

On termination of an employment contract by the Company with regard to the CEO and other senior executives, compensation shall be paid in an amount corresponding to no more than 18 months' pay. The total compensation shall not exceed the remuneration that would have been paid in an arrangement of a period of notice of six months and severance pay corresponding to an additional maximum of no more than 12 months' fixed salary.

Agreements on pension benefits shall be entered into individually. For the CEO, an annual pension premium amounting to ten times Sweden's 'Base Amount' (Swedish: prisbasbelopp) shall be paid. For other senior executives, pension costs shall amount to a maximum of 25% of the fixed and variable salary. The terms and conditions of pensions shall be based on defined-contribution pension schemes. The retirement age shall be 65 years.

No major changes to the guidelines for remuneration of senior executives are proposed for the period until the next AGM.

CORPORATE GOVERNANCE

The company is governed by the Annual General Meeting, Board of Directors and CEO under the provisions of the Swedish Companies Act and the Company's Articles of Association, along with Nasdaq OMX Stockholm's rules for issuers, including the Swedish Code of Corporate Governance. The work of the Board of Directors of Lammhults Design Group is governed by the rules of procedure annually adopted by the statutory Board meeting. A total of eight board meetings were held in 2014. The Board has also appointed an audit committee and a remuneration committee that study and prepare the Board's decisions regarding important issues in the respective areas. For more information on the work of the Board of Directors, corporate governance and the Group's systems of internal control and risk management, see the Corporate Governance Report on page 57.

OWNERSHIP

The total number of shares outstanding in Lammhults Design Group is 8,448,104, represented by 1,103,798 Class A shares, each carrying 10 votes, and 7,344,306 Class B shares, each carrying one vote. Scapa Capital AB

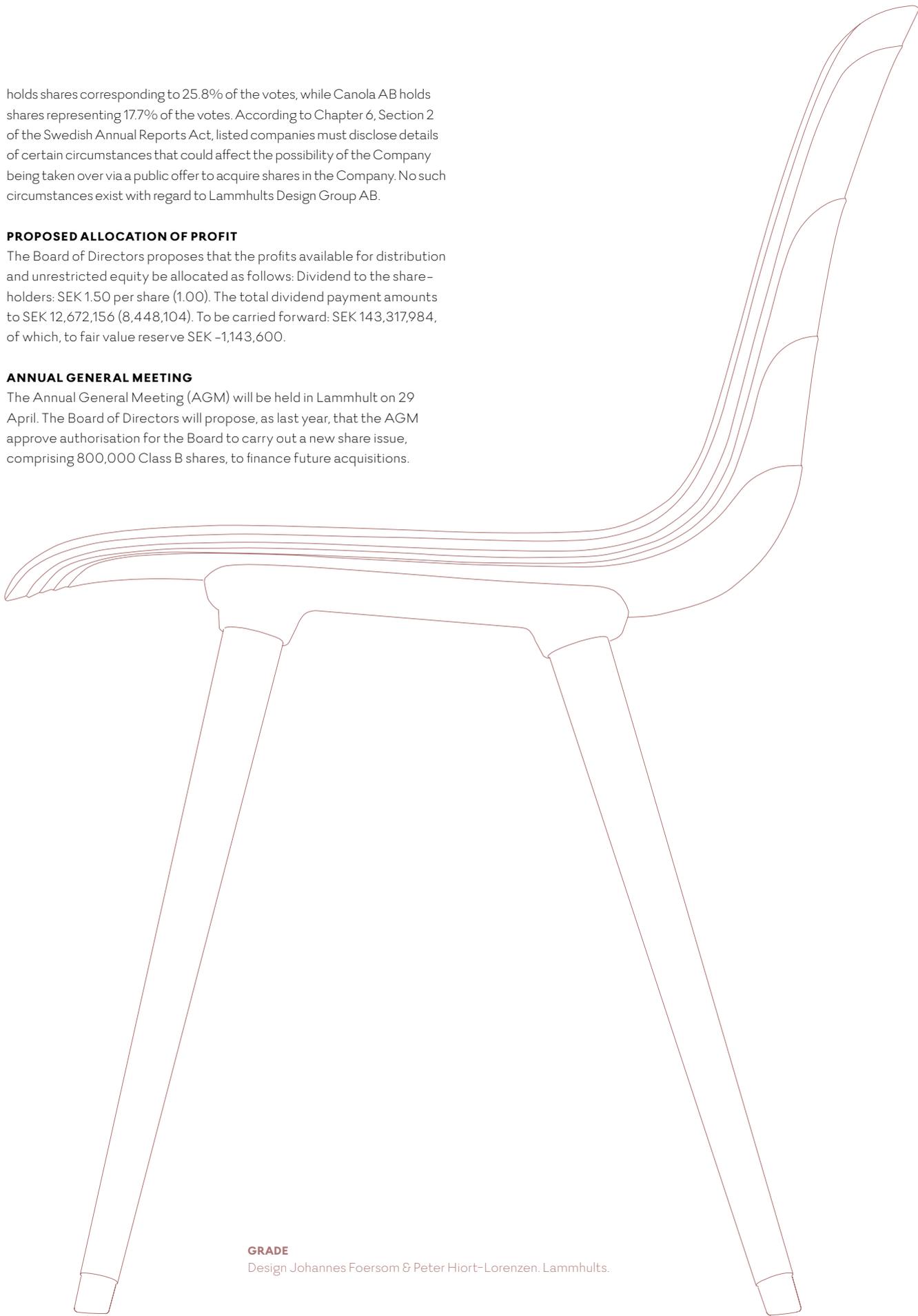
holds shares corresponding to 25.8% of the votes, while Canola AB holds shares representing 17.7% of the votes. According to Chapter 6, Section 2 of the Swedish Annual Reports Act, listed companies must disclose details of certain circumstances that could affect the possibility of the Company being taken over via a public offer to acquire shares in the Company. No such circumstances exist with regard to Lammhults Design Group AB.

PROPOSED ALLOCATION OF PROFIT

The Board of Directors proposes that the profits available for distribution and unrestricted equity be allocated as follows: Dividend to the shareholders: SEK 1.50 per share (1.00). The total dividend payment amounts to SEK 12,672,156 (8,448,104). To be carried forward: SEK 143,317,984, of which, to fair value reserve SEK -1,143,600.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held in Lammhult on 29 April. The Board of Directors will propose, as last year, that the AGM approve authorisation for the Board to carry out a new share issue, comprising 800,000 Class B shares, to finance future acquisitions.



GRADE

Design Johannes Foersom & Peter Hiort-Lorenzen. Lammhults.

Consolidated statement of income

Amounts in SEK m.	Note	2014	2013
REMAINING BUSINESSES			
Net sales	2, 3	756.0	598.7
Cost of goods sold		-482.7	-381.1
GROSS PROFIT		273.3	217.6
Other operating income	6	5.5	5.5
Cost of sales		-146.4	-128.8
Administrative expenses		-94.8	-76.2
Other operating costs	7	-4.4	-5.4
Share in results of joint ventures	16	0.5	0.4
OPERATING PROFIT	3, 8, 9, 10, 14, 15, 24, 29	33.7	13.1
Finance income		3.8	2.8
Finance costs		-8.2	-5.0
NET FINANCE INCOME/COSTS	11	-4.4	-2.2
PROFIT BEFORE TAX		29.3	10.9
Tax	12	-7.6	0.0
PROFIT FOR THE YEAR		21.7	10.9
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders in Parent Company		21.6	10.9
Non-controlling interests		0.1	0.0
EARNINGS PER SHARE, SEK (NO DILUTION)	13	2.57	1.29

Consolidated statement of income and other comprehensive income

Amounts in SEK m.	Note	2014	2013
PROFIT FOR THE YEAR		21.7	10.9
OTHER COMPREHENSIVE INCOME			
ITEMS TRANSFERRED OR TRANSFERRABLE TO PROFIT FOR THE YEAR			
Differences for the year arising from translation of accounts of foreign operations		11.5	6.2
Changes in fair value of cash flow hedges, for the year		-0.4	-0.1
OTHER COMPREHENSIVE INCOME FOR THE YEAR		11.1	6.1
COMPREHENSIVE INCOME FOR THE YEAR		32.8	17.0
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders in Parent Company		32.7	17.0
Non-controlling interests		0.1	0.0

Consolidated statement of financial position

Amounts in SEK m.	Note	31/12/2014	31/12/2013
ASSETS	5, 16, 30		
Intangible non-current assets	14	241.9	233.0
Property, plant and equipment	15	115.7	110.2
Participations in joint ventures	16	3.5	3.0
Financial investments	17	0.2	0.2
Long-term receivables		0.0	0.0
Deferred income tax assets	12	3.7	2.8
TOTAL NON-CURRENT ASSETS		365.0	349.1
Inventories	18	99.2	100.3
Taxes recoverable	12	12.1	16.8
Accounts receivable	19	140.7	129.6
Other receivables		8.6	12.1
Prepaid expenses and accrued income		8.9	8.0
Cash and cash equivalents	20	27.9	44.5
TOTAL CURRENT ASSETS		297.4	311.3
TOTAL ASSETS		662.4	660.4
EQUITY	21		
Share capital		84.5	84.5
Other contributed capital		41.2	41.2
Reserves		0.4	-10.7
Retained earnings including net profit for the year		270.0	256.7
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN PARENT COMPANY		396.1	371.7
NON-CONTROLLING INTERESTS		0.4	0.3
EQUITY		396.5	372.0
LIABILITIES	5, 16, 30		
Non-current interest-bearing liabilities	22, 27	50.9	68.9
Provisions for pensions	24	1.5	1.6
Other provisions	25	0.6	0.6
Deferred tax liabilities	12	8.7	8.1
TOTAL NON-CURRENT LIABILITIES		61.7	79.2
Current interest-bearing liabilities	22, 27	49.1	76.3
Advance payments from customers		4.3	10.2
Trade payables		65.2	53.7
Income tax liabilities	12	5.5	4.6
Other liabilities		45.6	30.9
Accrued expenses and deferred income	26	34.5	33.5
TOTAL CURRENT LIABILITIES		204.2	209.2
TOTAL LIABILITIES		265.9	288.4
TOTAL EQUITY AND LIABILITIES		662.4	660.4

For information on the Group's pledged assets and contingent liabilities, see Note 30.

Consolidated statement of changes in equity

Amounts in SEK m.	Equity attributable to shareholders in Parent Company					Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained profit incl. profit for year			
Opening balance, equity 01/01/2013	84.5	41.2	0.1	-16.9	250.0	358.9	0.3	359.2
Comprehensive income for the year:								
Profit for the year	0.0	0.0	0.0	0.0	10.9	10.9	0.0	10.9
Translation differences, for the year	0.0	0.0	0.0	6.2	0.0	6.2	0.0	-6.2
Year's changes in fair value of cash flow hedges	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
COMPREHENSIVE INCOME FOR THE YEAR	0.0	0.0	-0.1	6.2	10.9	17.0	0.0	17.0
Dividend paid	0.0	0.0	0.0	0.0	-4.2	-4.2	0.0	-4.2
CLOSING BALANCE, EQUITY 31/12/2013	84.5	41.2	0.0	-10.7	256.7	371.7	0.3	372.0
Opening balance, equity 01/01/2014	84.5	41.2	0.0	-10.7	256.7	371.7	0.3	372.0
Comprehensive income for the year:								
Profit for the year	0.0	0.0	0.0	0.0	21.7	21.7	0.1	21.8
Translation differences for the year	0.0	0.0	0.0	11.5	0.0	11.5	0.0	-11.5
Year's changes in fair value of cash flow hedges	0.0	0.0	-0.4	0.0	0.0	-0.4	0.0	-0.4
COMPREHENSIVE INCOME FOR THE YEAR	0.0	0.0	-0.4	11.5	21.7	32.8	0.0	32.9
Dividend paid	0.0	0.0	0.0	0.0	-8.4	-8.4	0.0	-8.4
CLOSING BALANCE, EQUITY 31/12/2014	84.5	41.2	-0.4	0.8	270.0	396.1	0.4	396.5

Consolidated statement of cash flows

Amounts in SEK m.	Note	2014	2013
	34		
OPERATING ACTIVITIES			
Profit before tax		29.3	10.9
Adjustment for non-cash items		10.2	12.0
Income tax paid		-2.2	1.7
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		37.3	24.6
<i>Cash flow from changes in working capital</i>			
Changes in inventories ¹		1.1	17.1
Changes in operating receivables ¹		-8.4	-5.6
Changes in operating liabilities ²		21.7	2.3
CASH FLOWS FROM OPERATING ACTIVITIES		51.7	38.4
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		-13.7	-8.3
Disposal of property, plant and equipment		0.7	0.3
Purchases of non-current intangible assets		-6.0	-2.7
Sales of non-current intangible assets		-	0.2
Divestment of discontinued business, net impact on liquidity		-	6.7
Purchases of subsidiaries, net impact on liquidity		-	-70.1
Sale of subsidiaries, net impact on liquidity		-	-0.5
CASH FLOW FROM INVESTMENT ACTIVITIES		-19.0	-74.4
FINANCING ACTIVITIES			
Loans raised		8.8	82.1
Repayments of loans		-55.6	-19.5
Dividend paid to Parent Company owners		-8.4	-4.2
CASH FLOW FROM FINANCING ACTIVITIES		-55.2	58.4
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at beginning of year		44.5	21.0
Translation difference in cash and cash equivalents		5.9	1.1
CASH AND CASH EQUIVALENTS AT YEAR-END		27.9	44.5

¹ Increase (-) / decrease (+)

² Increase (+) / decrease (-)

Parent Company income statement

Amounts in SEK m.	Note	2014	2013
Net sales	2, 3	6.3	5.6
GROSS PROFIT		6.3	5.6
Administrative expenses		-22.6	-18.0
OPERATING PROFIT/LOSS	8, 9, 14, 15, 24, 29	-16.3	-12.4
Result from financial items	11		
Profit from participations in Group companies		26.9	6.5
Other interest income		3.6	2.4
Interest costs		-6.6	-3.0
PROFIT/LOSS AFTER FINANCIAL ITEMS		7.6	-6.5
Appropriations	31	20.7	11.6
PROFIT/LOSS BEFORE TAX		28.3	5.1
Tax	12	-1.0	1.6
PROFIT FOR THE YEAR		27.3	6.7

Parent Company statement of income and other comprehensive income

Amounts in SEK m.	Note	2014	2013
PROFIT FOR THE YEAR		27.3	6.7
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
COMPREHENSIVE INCOME FOR THE YEAR		27.3	6.7

Parent Company balance sheet

Amounts in SEK m.	Note	31/12/2014	31/12/2013
NON-CURRENT ASSETS			
Intangible non-current assets	14	0.8	-
Property, plant and equipment	15	0.0	0.8
Financial non-current assets			
Participations in Group companies	5, 33	421.9	422.6
Total financial non-current assets		421.9	422.6
TOTAL NON-CURRENT ASSETS		422.7	423.4
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		190.6	195.2
Taxes recoverable		8.0	9.9
Other receivables		-	0.4
Prepaid expenses and accrued income		0.7	0.7
TOTAL CURRENT RECEIVABLES		199.3	206.2
Cash and bank balances	20	0.0	16.6
TOTAL CURRENT ASSETS		199.3	222.8
TOTAL ASSETS		622.0	646.2
EQUITY	21		
Restricted equity			
Share capital (1,103,798 Class A shares each carrying 10 votes and 7,344,306 Class B shares each carrying 1 vote)		84.5	84.5
Statutory reserve		41.2	41.2
Unrestricted equity			
Fair value reserve		-1.1	-1.1
Retained profit		129.9	131.6
Profit for the year		27.3	6.7
TOTAL EQUITY		281.7	262.9
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	23, 27	21.5	31.3
TOTAL NON-CURRENT LIABILITIES		21.5	31.3
CURRENT LIABILITIES			
Liabilities to credit institutions	23, 27	29.8	66.7
Trade payables		0.5	2.0
Liabilities to Group companies		281.8	278.8
Current income tax liabilities		0.3	-
Other liabilities		2.0	0.3
Accrued expenses and deferred income	26	4.4	4.2
TOTAL CURRENT LIABILITIES		318.8	352.0
TOTAL EQUITY AND LIABILITIES		622.0	646.2

Pledged assets and contingent liabilities – Parent Company

Amounts in SEK m.	Note	31/12/2014	31/12/2013
Pledged assets	30	202.5	202.5
Contingent liabilities	30	3.4	3.5

Statement of changes in Parent Company equity

Amounts in SEK m.	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value reserve Translation reserve	Retained for year	Profit/loss profit	
Opening balance, equity 01/01/2013	84.5	41.2	-1.1	129.7	6.1	260.4
Transfer of profit/loss for preceding year	0.0	0.0	0.0	6.1	-6.1	0.0
Comprehensive income for the year:						
Profit for the year	0.0	0.0	0.0	0.0	6.7	6.7
Other comprehensive income for the year	0.0	0.0	0.0	0.0	0.0	0.0
COMPREHENSIVE INCOME FOR THE YEAR	0.0	0.0	0.0	0.0	6.7	6.7
Dividend paid	0.0	0.0	0.0	-4.2	0.0	-4.2
CLOSING BALANCE, EQUITY 31/12/2013	84.5	41.2	-1.1	131.6	6.7	262.9
Opening balance, equity 01/01/2014	84.5	41.2	-1.1	131.6	6.7	262.9
Transfer of profit/loss for preceding year	0.0	0.0	0.0	6.7	-6.7	0.0
Comprehensive income for the year:						
Profit for the year	0.0	0.0	0.0	0.0	27.3	27.3
Other comprehensive income for the year	0.0	0.0	0.0	0.0	0.0	0.0
COMPREHENSIVE INCOME FOR THE YEAR	0.0	0.0	0.0	0.0	27.3	27.3
Dividend paid	0.0	0.0	0.0	-8.4	0.0	-8.4
CLOSING BALANCE, EQUITY 31/12/2014	84.5	41.2	-1.1	129.9	27.3	281.7

Parent Company cash flow statement

Amounts in SEK m.	Note	2014	2013
	34		
OPERATING ACTIVITIES			
Profit/loss after financial items		7.6	-6.5
Adjustment for non-cash items		-26.8	-6.4
Income tax paid		1.2	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-18.0	-12.9
<i>Cash flow from changes in working capital</i>			
Changes in operating receivables ¹		9.5	-25.8
Changes in operating liabilities ²		7.8	52.5
CASH FLOW FROM OPERATING ACTIVITIES		-0.7	13.8
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		-	-0.2
Purchases of property, plant and equipment		-0.1	-
Purchases of subsidiaries, net impact on liquidity		-	-72.8
CASH FLOW FROM INVESTING ACTIVITIES		-0.1	-73.0
FINANCING ACTIVITIES			
Borrowings		-	82.1
Repayments of loans		-46.7	-8.2
Dividend paid		-8.4	-4.2
Dividend received		27.7	6.5
Group contributions received		20.5	16.1
Group contributions paid		-8.9	-19.2
CASH FLOW FROM FINANCING ACTIVITIES		-15.8	73.1
CASH FLOW FOR THE YEAR		-16.6	13.9
Cash and cash equivalents at beginning of year		16.6	2.7
CASH AND CASH EQUIVALENTS AT YEAR-END		0.0	16.6

¹ Increase (-) / decrease (+)

² Increase (+) / decrease (-)

NOTE 1. Significant accounting policies

Amounts in SEK million unless otherwise indicated.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as approved by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1 concerning supplementary accounting rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, other than in the cases set out below in the section "Parent Company's Accounting Policies". The variances that exist between the policies of the Parent Company and the Group arise from limitations in the ability to apply IFRS in the Parent Company that follow from the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act ("Tryggandelagen"), and in certain cases tax considerations.

The annual accounts and consolidated accounts were approved for issue by the Board of Directors and CEO on 16 March 2015. The consolidated statement of income, statement of income and other comprehensive income and statement of financial position, together with the Parent Company's income statement and balance sheet will be presented for adoption by the Annual General Meeting of Shareholders, to be held on 29 April 2015.

PRINCIPLES OF VALUATION APPLIED IN PREPARATION OF THE FINANCIAL STATEMENTS

Assets and liabilities are reported at their historic acquisition value, except for certain financial assets and liabilities, which are accounted for at fair value. Financial assets and liabilities that are measured at fair value consist mainly of derivative instruments. Non-current assets and disposal groups that are held for sale are, with certain exceptions, reported at the lower of previous carrying amount and the fair value, less cost of sales.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

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

JUDGEMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with IFRS requires the company management to make judgements, estimates and assumptions that affect the application of the accounting policies and the amounts reported for assets, liabilities, revenues and expenses. The actual outcome may differ from these estimates and judgements. The estimates and assumptions are reviewed on a regular basis. Changes in estimates are accounted for in the period in which the change takes place if the change affects only that period, or in the period in which the change takes place and future periods if the change affects both the current period and future periods. Judgements made by the Company's management on application of IFRS that have significant impact on the financial statements and estimates made that may require major adjustments to the

financial statements of the following year are described in greater detail in Note 35.

SIGNIFICANT ACCOUNTING POLICIES APPLIED

The accounting policies set out below have, with the exceptions described in greater detail, been applied consistently to all periods presented in the Group's financial reports. Furthermore, the Group's accounting policies have been applied consistently by the Group's companies.

REVISED ACCOUNTING POLICIES

Revised accounting policies arising from new or revised IFRS The revised accounting policies applied by the Group with effect from 1 January 2014 are described in the following. Other amendments of IFRS implemented from 1 January 2014 have not affected the Group's financial reporting in any material way.

The Group has applied IFRS 10, Consolidated Financial Statements since 1 January 2014. The effect has been to change the policy for determining whether a controlling interest exists with regard to investments. The IFRS model for determining when a controlling interest exists is based on (i) the degree of control, (ii) the degree of exposure to variable returns from the involvement in the investment, and (iii) the ability to exercise influence over the holding to affect the returns from the investment. As a result of the adoption of IFRS 10, a new classification has been made of the Group's investments. However, this does not represent any change regarding the Group's investment in The Design Concept Ltd, of the UK, in which the Group holds 90% of the votes.

The Group has applied IFRS 11, Joint Arrangements, since 1 January 2014. Under this scheme, joint arrangements are to be classified as either joint ventures or joint operations, depending on whether the Group has a direct right to assets and obligations for liabilities or not. The classification is based on the structure of the investment, its legal form, contractual terms agreed and other factors and circumstances. Under earlier rules, the classification was based solely on the structure of the investment. According to IFRS 11, the proportional method of accounting must not be applied to joint ventures; only the equity method is allowed.

The Company has a joint arrangement in the form of a 50% stake in the joint venture company BS Eurobib AS, Norway. This joint venture was in the past accounted for using the proportional method. As a result of the adoption of IFRS 11, this is now accounted for by the equity method. The change has been applied retroactively in accordance with IAS 8, affecting the financial statements for the preceding period and on an accumulated basis as per the start of the period for comparison, as described in more detail in Note 16.

New and revised IFRS issued by IASB

Revisions to IAS 32 Financial Instruments: Classification The amendment consists of clarifications of the rules concerning when offsetting of financial assets and liabilities is allowed.

IFRS 12 Disclosure of Interests in Other Entities. New standard regarding disclosures on investments in subsidiaries, joint arrangements, associated companies and unconsolidated "structured entities".

Revision of IAS 27 Separate Financial Statements The revisions to the standard consist only of rules for legal entities. There are no major changes in terms of accounting and disclosures for separate financial statements. Accounting and disclosures for associate companies and joint ventures have been incorporated into IAS 27.

Revision of IAS 28 Investments in Associates and Joint Ventures. The revised standard accords broadly with the former IAS 28. The revisions apply to accounting for when changes in holdings are amended and when a major or joint controlling interest ceases or not.

Revision to IAS 36 Impairment of Assets. Disclosures of recoverable amount for non-financial assets. The revision removes the requirement for disclosure of the recoverable amount for all cash-generating units to which goodwill has been allocated. In addition, the disclosure requirements for fair value less the costs of sale and value in use are harmonized.

Revision of IAS 39 Financial Instruments. Novation of Derivatives and Continuation of Hedge Accounting. The revision enables companies to continue hedge accounting despite any change in the counterparty to a derivative contract as a result of legislation.

NEW IFRS NOT YET IMPLEMENTED

A number of new or revised IFRS will come into effect for the first time in the next few financial years and have not been adopted early in the preparation of these financial statements. There are no plans for early adoption of new or revised standards that are for application in future financial years.

IFRS 9 Financial Instruments is intended to supersede IAS 39 Financial Instruments: Classification and measurement. IASB has now completed a comprehensive package of revisions concerning accounting for financial instruments. The package comprises a model for classification and measurement of financial instruments, a forward-looking ("expected loss") model for impairment and a substantially re-engineered approach to hedge accounting. IFRS 9 will enter into force on 1 January 2018, and early adoption is permitted given that the EU is adopting the standard. No official timetable is yet in place for when the standard may be adopted. The categories of financial assets allowed in IAS 39 are replaced by two categories in which the assets are measured at fair value or accumulated acquisition value. Accumulated acquisition value is used for instruments held in a business model whose objective is to collect the contractual cash flows; these must consist of payments of capital amounts and interest on capital amounts on specified dates. Other financial assets are recognised at fair value and the ability to apply the "fair value option" as in IAS 39 is retained. Changes in fair value are to be recognised in profit or loss, with the exception of changes in value of equity instruments not available for sale and for which the entity has elected to report value changes in other comprehensive income. As regards the aspects relating to financial liabilities, these correspond for the most part to the former rules of IAS 39, other than as regards financial liabilities that are voluntarily measured at fair value under the fair value option. In these liabilities, the change in value is apportioned among changes that are attributable to own creditworthiness and changes in the benchmark interest rate, respectively. The new impairment model will require more regular impairment of expected credit losses, and that the latter are to be recognised from the point at which the asset is first recognised. The new rules on hedge accounting represent in part simplifications of tests for efficacy and an increase in what are permitted hedging instruments and hedged items.

Other new and revised IFRSs for application in future financial years, as listed below, are not expected to have any impact on the Group's financial reporting:

- Revised IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 11, Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- Revised IFRS 16 and IAS 41: Bearer Plants
- Revised IFRS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 Employee Compensation: Defined Benefit Plans: Employee Contributions
- Revised IAS 27 Separate Financial Statements Equity Method in Separate Financial Statements
- IFRIC 21 Levies
- Annual Improvements to IFRS (2010-2012), (2011-2013), (2012-2014)
- IFRS 15 Revenue from Contracts with Customers. The purpose of a new revenue standard is to establish a single, principle-based standard for all sectors, to replace existing standards and interpretations on revenue. The disclosure requirements have been extended considerably. No analysis of the effect of this standard on the Group's financial statements has yet been carried out.

CLASSIFICATION ETC.

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date. Where a balance sheet item includes an amount that is expected to be recovered or paid both within or after twelve months from the balance sheet date, the relevant information is provided in a note on the balance sheet item concerned.

OPERATING SEGMENT REPORTING

An operating segment is a part of the Group that conducts activities from which it can generate income and incur costs and for which separate financial information is available. An operating segment's profit or loss is, furthermore, followed up by the Company's topmost executive decision-makers to evaluate the results and to enable resources to be allocated to the operating segment. For more information on how operating segments are to be defined and reported, see Note 3.

PRINCIPLES OF CONSOLIDATION AND BUSINESS COMBINATIONS

Subsidiaries

Subsidiaries are companies over which Lamhults Design Group AB exercises a controlling influence. A controlling interest exists if Lamhults Design Group AB has influence over the investee, is exposed or has a right to variable returns from its involvement and is able to use its influence over the investment to influence the return. In determining whether a controlling influence exists, consideration is paid to shares with potential voting rights and whether de facto control exists.

Acquisitions on 1 January 2010 or later

Subsidiaries are reported using the acquisition method of accounting. Under this method, the acquisition of a subsidiary is regarded as a transaction through which the group indirectly acquires the subsidiary's assets and takes over its liabilities. During the acquisition analysis, the fair value, on the day of acquisition, of identifiable assets acquired and identifiable assets and liabilities taken over is determined, together with

non-controlling interests. Transaction costs incurred, except for such that relate to the issue of equity instruments or debt instruments, are recognised directly in profit/loss for the year. In business combinations where the consideration transferred, any non-controlling interests and the fair value of an interest previously acquired (in step acquisitions) exceed the fair value of assets acquired and liabilities assumed that are accounted for separately, the difference is recognised as goodwill. When the difference is negative, as in the case of a "low cost acquisition", it is recognised directly in profit/loss for the year. The consideration transferred in connection with the acquisition does not include payments in settlement of earlier business transactions. Such settlements are generally recognised in profit/loss. Conditional purchase considerations are recognised at fair value at the time of acquisition. Where the conditional purchase consideration is classified under "equity instruments", it is not revalued and it is settled within equity. Conditional purchase considerations of other types are revalued on each reporting occasion and any change recognised in profit/loss for the year. Where 100% of the subsidiary is not acquired, a non-controlling interest arises. There are two options for accounting for non-controlling interests. These are either to recognise the non-controlling interests' proportionate share of net assets, or to recognise the non-controlling interest at fair value, which means that non-controlling interests represent a share of goodwill. The choice between the options for recognising non-controlling interests may be made on a case-by-case basis. In the case of acquisitions performed in steps goodwill is determined on the day on which the controlling interest arises. Existing interests are measured at fair value and any changes in value recognised in profit/loss for the year. In the case of disposals where a controlling interest ceases, the remaining interest is measured at fair value and the change in value recognised in profit/loss for the year.

Business combinations between 1 January 2004 and 31 December 2009

In the case of acquisitions made between 1 January 2004 and 31 December 2009, where the acquisition cost exceeds the fair value of assets acquired and liabilities assumed, as well as contingent liabilities recognised separately, the difference is recognised as goodwill. When the difference is negative, it is recognised directly in profit/loss for the year. Transaction costs incurred, except for such that relate to the issue of equity instruments or debt instruments, are included in the acquisition cost.

Business combinations before 1 January 2004 (date of adoption of IFRS)

In the case of acquisitions before 1 January 2004, goodwill is measured, after testing for impairment, at an acquisition cost that corresponds to the carrying amount calculated by the accounting policies formerly applied. The classification and accounting treatment of business combinations made before 1 January 2004 have not been reviewed in accordance with IFRS 3 in preparation of the consolidated opening balance in accordance with IFRS on 1 January 2004.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which the controlling influence ceases. In cases where the accounting policies of the subsidiary do not comply with the accounting policies for the Group, they have been adapted to the Group's accounting policies. Losses attributable to non-controlling interests are also allocated in cases where non-controlling interests will be negative.

Purchases from non-controlling interests

Purchases from non-controlling interests are treated as transactions within equity, i.e. between the Parent Company's owners (as part of retained profit) and non-controlling interests. As a result, no goodwill arises in

these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

Sales to non-controlling interests

Sales to non-controlling interests, where a controlling interest is retained, are treated as transactions within equity, i.e. between the Parent Company's owners and non-controlling interests. Any difference between the consideration received and the non-controlling interests' proportionate share of acquired net assets is recognised as part of retained profit.

JOINT VENTURES

From an accounting viewpoint, joint ventures are companies for which the Group, through cooperation agreements with one or several parties, jointly exercises a controlling influence, whereby the Group has a right to the net assets, rather than a direct right to assets and an obligation for liabilities. Interests in joint ventures are consolidated in the Group's accounts using the equity method. Only equity earned after acquisition is recognised in the Group's equity. The equity method is applied as of the point in time when the joint controlling influence is obtained and up to the point when the joint controlling influence ceases.

In the equity method, the Group's carrying amount for the shares in the subsidiary corresponds to the Group's share in the equity of the joint venture, plus goodwill on consolidation and any remaining surplus and deficit values on consolidation. The Group's share in joint ventures is recognised in profit for the year in the Group, under the heading of "Share in results of joint ventures", adjusted for any depreciation and amortisation, impairment of assets and reversals of surplus or deficit values acquired. These shares in results, less dividends received from joint ventures, represent the major change in the carrying amount for shares in joint ventures. The Group's share of other comprehensive income in joint ventures is recognised on a separate line in the Group's other comprehensive income.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group receivables and liabilities, income or costs and unrealised profits or losses arising from intra-Group transactions are eliminated in their entirety in preparation of the consolidated accounts. Unrealised gains arising from transactions with joint ventures are eliminated to an extent that corresponds to the Group's ownership stake in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that no impairment requirement exists.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the day of the transaction. The functional currency is the currency in the primary financial environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the rate of exchange prevailing on balance sheet date. Any exchange rate differences arising on translation are recognised in profit/loss for the year. Non-monetary assets and liabilities reported at their historical acquisition value are translated at the exchange rate prevailing at the time of the transaction. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate prevailing at the time the fair value of the item was measured.

Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other surplus and deficit values on consolidation, are translated from the

respective foreign operation's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on balance sheet date. Income and expenses in a foreign operation are translated to SEK at an average exchange rate. Translation differences arising on currency translation for foreign operations are recognised in other comprehensive income and accumulated as a separate component of equity entitled the translation reserve.

Hedging of net investment in a foreign operation

The Group spans activities in several countries. In the consolidated statement of financial position, investments in activities outside Sweden are represented by recognised net assets in subsidiaries. To a certain extent, measures have been taken to reduce currency risks associated with these investments. This has been done by raising loans or signing forward contracts in the same currency as the net investments. At the end of the reporting period, these loans are translated at the rate prevailing at the balance sheet date and the forward contracts are reported at fair value. The effective part of the period's currency changes relating to hedging instruments is recognised in other comprehensive income and recognised as accrued as a separate component of equity in order to meet and partly or wholly match the translation differences that are recognised for net assets in the foreign operations that have been hedged. The translation differences arising from both net investment and hedging instruments are dissolved and recognised in profit/loss for the year when the foreign operation is disposed of. In cases where the hedging is not effective, the ineffective portion is recognised directly in profit/loss for the year.

INCOME

Sale of goods

Revenue from the sale of goods is recognised in profit/loss for the year when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue is not recognised if it is not probable that the economic benefits will pass to the Group. If significant uncertainty prevails concerning payment, associated costs or risk of returns, or if the seller retains an involvement in the day-to-day management generally associated with ownership, revenue is not recognised. Revenue is recognised at the fair value of what is received or expected to be received, less any discounts granted.

LEASING

Operating lease contracts

Expenses for operating lease contracts are recognised in the profit or loss for the year on a linear basis over the period of the lease. Incentives received in connection with the signing of a lease contract are recognised in profit/loss for the year as a reduction in the leasing fee on a linear basis over the period of the lease. Variable fees are expensed in the periods in which they arise.

Financial lease contracts

Minimum leasing fees are divided between interest costs and amortisation of outstanding liabilities. Interest costs are distributed over the leasing period so that each accounting period includes an amount corresponding to a fixed interest rate for the liability reported in each period. Variable fees are expensed in the periods in which they arise.

FINANCIAL INCOME AND EXPENSE

Financial income consists of interest income from invested funds and exchange rate gains from translation of financial items. Financial expense

comprises interest costs for loans, the net interest rate cost of defined benefit pensions and exchange rate losses on translation of financial items. Interest income and interest expense are recognised using the effective interest method.

INCOME TAXES

Income taxes comprise current tax and deferred tax. Income taxes are reported in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or equity, in which case the associated tax effect is recognised in other comprehensive income or equity. Current tax is tax that will be paid or received in respect of the current year on the basis of the tax rates established, or in practice established, by the balance sheet date. Current tax also includes any adjustment of current tax attributable to earlier periods. Deferred tax is calculated using the balance sheet method on the basis of temporary differences between reported and fiscal values of assets and liabilities. Temporary differences are not taken into account in goodwill on consolidation, nor is any difference arising on consolidation or arising in the first accounting for assets and liabilities that are not business combinations and at the time of the transaction do not affect either recognised or taxable income. In addition, temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future are not taken into account either. The calculation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by application of the tax rates and tax rules established, or in practice established, by the balance sheet date. Deferred tax assets relating to deductible temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable that these can be used. The value of deferred tax assets is reduced when it is no longer considered likely that they can be used.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include, on the assets side, cash and cash equivalents, loan receivables, trade receivables, financial investments and derivatives. On the liabilities side, financial instruments include trade payables, loan liabilities and derivatives.

Recognition in and derecognition from the statement of financial position

A financial asset or liability is recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables are recognised in the statement of financial position when the invoice has been sent. A liability is recognised when the counterparty has performed his obligation and a contractual duty to pay exists, even if an invoice has not yet been received.

Trade payables are recognised when an invoice has been received. A financial asset is derecognised from the statement of financial position when the contractual rights are performed, expire or the company no longer has control over them. A financial liability is derecognised from the statement of financial position when the contractual obligation is fulfilled or otherwise expires.

Classification and measurement

Financial instruments that are not derivatives are initially recognised at acquisition value, corresponding to the fair value of the instrument plus transaction costs for all financial instruments (other than those in the

category of financial asset recognised at fair value via profit/loss, if such should exist, which are recognised at fair value less transaction costs). When first recognised, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. This determines how the value of the financial instrument is measured after the first accounting occasion, as described below.

Cash and cash equivalents comprise cash and funds immediately available at banks and similar institutions, as well as current investments with a term of less than three months at the acquisition date which are exposed to an insignificant risk of fluctuations in value.

Loan receivables and trade receivables

Loan receivables and trade receivables are financial assets that are not derivatives, that have defined or definable payments and that are not listed on an active market. These assets are recognised at accumulated acquisition value. The accumulated acquisition value is decided on the basis of the effective interest rate calculated at the time of acquisition. Trade receivables are recognised in the amounts that are expected to be received, i.e. after deduction of bad debts. Impairment tests are performed on an ongoing basis using objective criteria for the assets concerned. Where a loss is confirmed, the asset is written down. A provision is made when a loss is anticipated. Criteria that are taken into account when a provision is made may include, for example, non-payment of amounts due or other indications that may indicate financial problems on the part of the debtor.

Other financial liabilities

Loans and other financial liabilities, for example trade receivables, are included in this category. These liabilities are reported at accumulated acquisition value.

The categories in which the Group's financial assets and liabilities, respectively, are classified are indicated in the Note entitled Financial risks and financial policies.

DERIVATIVES AND HEDGE ACCOUNTING

The Group's derivative instruments have been acquired to obtain financial protection for the risks relating to exchange rate exposures to which the Group is subject. Embedded derivatives are recognised separately if they are not closely related to the host contract. Derivatives are initially accounted for at fair value. Subsequently, derivative instruments are measured at fair value and value changes reported in the way described below.

Receivables and liabilities in foreign currencies

Currency forward contracts are used to hedge the currency risk of receivables and liabilities. For protection against currency risk, hedge accounting is not used, since a financial hedging arrangement is reflected in the accounts in that both the underlying receivable or liability and the hedging instrument are recognised at the exchange rate on the balance sheet date and the exchange rate fluctuations are recognised via profit/loss for the year. Exchange rate changes regarding operationally related receivables and liabilities are recognised in the operating profit or loss, while exchange rate changes relating to financial receivables and liabilities are recognised under finance income/costs net.

Cash flow hedging for uncertainty associated with forecast sales in foreign currency

The currency forwards used to hedge high-probability forecast sales in foreign currencies are recognised in the statement of financial position at fair value. The value changes in the period are recognised in other comprehensive income and the accumulated value changes as a separate component of equity (the hedging reserve) until the hedged flow affects profit/loss for the year, whereupon the accumulated value changes in the hedging instrument are reclassified to profit/loss for the year at the same time as the hedged item (the sales income) affects profit/loss for the year.

Hedging of currency risk in net foreign investments

Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged via the raising of foreign currency loans, which on the balance sheet date have been translated at the exchange rate on that date. The period's translation differences in financial instruments used as hedging instruments to protect the value of net investment in a Group company are recognised, to the degree that the hedging is effective, in other comprehensive income and the accumulated changes as a separate component of equity (the translation reserve). The object is to neutralise the translation differences that affect other comprehensive income on consolidation of Group companies.

PROPERTY, PLANT AND EQUIPMENT

Assets owned

Property, plant and equipment are recognised in the Group at acquisition value after deduction of accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and costs directly associated with the asset to bring it into place and to a condition that it may be used in accordance with the objective of the acquisition. Accounting policies for impairment losses are set out below.

Property, plant and equipment that consist of parts with different useful lives are handled as separate components.

The carrying amount for an asset classified as property, plant and equipment is derecognised from the statement of financial position on its retirement or disposal, or when no future economic benefits are anticipated from its use or its retirement/disposal. A profit or loss that may arise upon the disposal or retirement of an asset is made up of the difference between the selling price and the asset's carrying amount, less directly related costs to sell. Any such profit or loss is reported as other operating income or expense.

Leased assets

Lease contracts are classified under either financial or operating leases. Financial leasing exists when the financial risks and benefits associated with the ownership are essentially transferred to the lessee. When this is not the case the lease is classified as an operating lease.

Assets leased under finance lease contracts are recognised as non-current assets in the statement of financial position and are initially measured as whichever is the lower of the leasing object's fair value and the current value of minimum leasing fees at the start of the contract term. Commitments to pay future leasing charges are recognised as non-current and current liabilities. The leased assets are depreciated over the useful life of each particular asset, while the lease payments are reported as interest and amortisation of the liabilities.

Assets leased under operating leases are generally not recognised as an asset in the statement of financial position. Furthermore, operating leases do not give rise to a liability.

Subsequent costs

Subsequent costs are added to the cost of the asset only if it is probable that the future economic benefit associated with the asset will accrue to the company and the cost of the asset can be measured reliably. All other subsequent costs are recognised as expenses in the period when they occur. A subsequent cost is added to the cost of the asset if the payment concerns replacements for identified components, or parts of them. Even if new components are created, the payment is added to the cost of the asset. Any undepreciated carrying amounts for replaced components, or parts of them, are derecognised and expensed in connection with the replacement. Repairs are expensed as incurred.

Depreciation principles

Depreciation is applied on a straight-line basis over the estimated useful life of the particular asset. Land is not depreciated. The Group applies component depreciation, according to which depreciation is based on the estimated useful life of each component.

Estimated useful lives:

Buildings	10-100 years
Land improvements	20 years
Plant and machinery	5-10 years
Equipment, tools, fixtures and fittings	3-10 years

Buildings consist of a number of components with varying useful lives. The principal constituents are buildings and land. No depreciation is applied to land, since its useful life is considered to be unlimited. Buildings consist of several components with varying useful lives. The following main groups of components have been identified and provide the basis for the depreciation of buildings:

Building structures	100 years
Structural additions, interior walls, etc.	50 years
Installations: heating, electricity, water, sanitation, ventilation, etc.	35-50 years
Exterior surfaces: facades, roofing, etc.	10-40 years
Interior surfaces, machinery and equipment, etc.	10-15 years

Depreciation methods applied, residual values and useful lives are reviewed at every year-end.

INTANGIBLE ASSETS

Goodwill

Goodwill is valued at acquisition value less any accumulated impairment. Goodwill is allocated to cash-generating units and reviewed at least once a year for any impairment. Goodwill arising at acquisition of associated companies is included in the carrying amount for participations in associated companies.

As regards goodwill in acquisitions before 1 January 2004, the Group has not, on adopting IFRS, applied IFRS retroactively; instead the value recognised on that date will continue to represent the Group's acquisition cost, after being tested for impairment.

Development

Development costs where research results or other knowledge is applied to create new or improved products or processes are recognised as an asset in the statement of financial position, if the product or process is technically and commercially viable and if the company has sufficient resources to complete the development process and subsequently use or sell the intangible asset. The carrying amount takes into account all directly attributable expenses, for example for materials and services, remuneration to employees, registration of a legal right, amortisation of patents and licences and borrowing costs in accordance with IAS 23. Other development costs are recognised in profit/loss for the year as a cost when they are incurred. In the statement of financial position, recognised development costs are shown at acquisition value, less accumulated amortisation and any impairment losses.

Other intangible assets

Other intangible assets acquired by the Group are recognised at acquisition value less accumulated amortisation and any impairment. The costs incurred for internally generated goodwill and internally generated brands are recognised in profit/loss for the year as and when they arise.

Depreciation principles

Depreciation is recognised in profit/loss for the year over the estimated useful life of each intangible asset, provided the length of such useful lives is not indeterminable. The useful lives are reviewed at least once a year. Goodwill and other intangible assets with an indeterminable useful life or that are not yet ready for use are tested for impairment annually and in addition as soon as indications emerge to suggest that the value of the asset has declined. Intangible assets with a determinable useful period are amortised from the time when they are available for use.

The estimated useful lives are as follows:

Brands	10 years
Capitalised development expenditure	3-5 years

INVENTORIES

Inventories are valued at acquisition value or net sales value, whichever is the lower. Provision has been made for the risk of obsolescence. The acquisition value for inventories is calculated by applying the first-in, first-out (FIFO) method, and takes into account expenses arising at acquisition of the inventory assets and transport of such assets to their current location and condition. In the case of manufactured goods and work in progress, the acquisition value includes a reasonable proportion of indirect costs based on normal capacity. The net sale value is the estimated sale price in current operations, less estimated costs for completion and bringing about a sale.

IMPAIRMENT

On every balance sheet date, the Group's recognised assets are reviewed to determine whether there is any impairment requirement. IAS 36 is applied in the case of any impairment of assets other than financial assets, which are accounted for in accordance with IAS 39, Assets Held for Sale and Disposal Groups, which are measured in accordance with IFRS 5, Inventories and Deferred Tax Assets.

Impairment of tangible and intangible assets and participations in joint ventures

If there is any indication that an asset is impaired, the recoverable amount of the asset is calculated. In addition, in the case of goodwill and other intangible assets with an indeterminable useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated each year. If it is not possible to determine essentially independent cash flows for a particular asset, and its fair value less costs to sell cannot be used, the asset is classified during testing for impairment at the lowest level where it is possible to identify essentially independent cash flows – a “cash-generating unit”.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds the recoverable value. An impairment cost is recognised as an expense in profit/loss for the year. When an impairment loss has been identified for a cash-generating unit, the amount of impairment loss is in the first instance allocated to goodwill. Impairment losses are then applied on a pro rata basis to other assets of the unit.

The recoverable amount is the fair value less cost of sales and value in use, whichever is the higher. In calculating the value in use, future cash flows are discounted using a discount factor reflecting the risk-free interest rate and the risk associated with the particular asset.

Reversal of impairment losses

An impairment of assets within the scope of IAS 36 is reversed if there is both an indication that the impairment requirement no longer exists and there has been a change in the assumptions on which estimation of recoverable value was based. However, an impairment loss for goodwill is never reversed. An impairment is reversed only if the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less a deduction for depreciation where appropriate, if no impairment loss had been applied.

EARNINGS PER SHARE

The calculation of earnings per share is based on the portion of the Group's profit/loss for the year that is attributable to the Parent Company's shareholders, and on the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, the net profit and the average number of shares is adjusted to take account of dilutive potential ordinary shares, which during the reporting period arise from convertible securities and warrants issued to employees. Dilution from warrants affects the number of shares; it arises only when the redemption price is lower than the market price, and rises as the difference between redemption price and market price increases. On 31 December 2014, there were no warrants or convertible debentures outstanding in the Group.

REMUNERATION TO EMPLOYEES

Defined-contribution pension plans

Pension plans where the Company's commitment is limited to the fees the Company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the size of the employee's pension is determined by the contributions the Company pays into the plan or to an insurance company, and the return on capital that the contributions produce. The Company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit/loss for the year as they are earned through services performed by the employee for the Company during a period.

Defined-benefit pension plans

The Group's net obligation regarding defined-benefit pension plans is computed separately for each plan via an estimate of the future benefit that the employees will have earned through their employment in both the current and previous periods; this benefit is discounted to a current value and the fair value of any managed assets is deducted.

The obligations in terms of retirement pensions and family pensions for salaried employees in Sweden are secured through an insurance policy with Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a defined-benefit plan shared by several employers. For the 2014 financial year, the Company has not had access to the information required to enable it to account for this plan as a defined-benefit plan. As a result, the pension plan under the ITP (Supplementary Pension for Salaried Employees in Industry and Commerce) scheme, secured through an insurance policy with Alecta, is reported as a defined-contribution plan.

Termination benefits

A provision is reported in connection with termination of employment of staff only if the company is clearly committed, without a realistic possibility of reversal, to a formal and detailed plan to terminate employment before the normal time. When payments are made as an offer to encourage voluntary redundancy, a cost is recognised if it is considered likely that the offer will be accepted and the number of employees who will accept the offer can be reliably be estimated.

PROVISIONS

A provision differs from other liabilities in that uncertainty is attached to the time of payment and the size of the amount needed to discharge the obligation. A provision is reported in the statement of financial position when there is a present legal or constructive obligation arising from an event that has occurred; it is probable that an outflow of financial resources will be required in order to settle such obligation; and a reliable estimate of the amount can be made.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and an analysis of conceivable outcomes relative to the probabilities associated with those outcomes.

Restructuring

A provision for restructuring is recognised when a detailed and formal restructuring plan is established, and when the restructuring has either been started or has been announced publicly. No provision is made for future operating costs.

CONTINGENT LIABILITIES

A contingent liability is recognised when a possible commitment arises in connection with events that have occurred and where its existence is confirmed only by one or several uncertain future events, or when a commitment exists that is not reported as a liability or provision on the basis that it is unlikely that an outflow of resources will be required or the amount cannot be measured reliably.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Accounting by Legal Entities, issued by the Swedish Financial

Reporting Board. The Swedish Financial Reporting Board's statements on listed companies are also applied. Under RFR 2, the Parent Company is required, in preparing the annual accounts for the legal entity, to apply all IFRS's and statements approved by the EU, as far as this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking account of the relationship between accounting and taxation. The recommendation states the exceptions and additions to be made from and to IFRS.

DIFFERENCES BETWEEN THE ACCOUNTING POLICIES OF THE GROUP AND PARENT COMPANY

The differences between the accounting policies of the Group and the Parent Company are set out below. The accounting policies of the Parent Company indicated below have been applied consistently in all periods presented in the Parent Company's financial statements.

Revised accounting policies

Unless otherwise indicated below, the accounting policies applied by the Parent Company in 2014 have been revised as described above for the Group.

Classification and forms of presentation

The terms "balance sheet" and "cash flow statement" are used for the Parent Company for the statements that in the Group are entitled "statement of financial position" and "statement of cash flows". The Parent Company's income statement and balance sheet have been prepared in accordance with the schedule specified by the Swedish Annual Accounts Act, while the statement of income and other comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The main differences between the Consolidated and Parent Company's income statement and balance sheet consist of the treatment of finance income and costs, non-current assets and equity.

Subsidiaries

Shares in subsidiaries are recognised in the Group using the purchase method. Shares in subsidiaries are recognised in the Parent Company using the acquisition cost method. As a result, transaction costs are included in the carrying amount for shares in subsidiaries. In the consolidated accounts, transaction costs are recognised immediately in the profit or loss when they arise.

Conditional purchase considerations are measured on the basis of the probability that the purchase consideration will be paid. Any changes in the provision/claim are added to/reduce the acquisition cost. Conditional purchase considerations are recognised in the consolidated accounts at fair value, with any changes in values, via the profit or loss.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised when the Parent Company has the sole right to decide the size of such dividend, and the Parent Company has determined the size of the dividend prior to the Parent Company publishing its financial statements.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged by the raising of foreign currency loans and the use of overdraft facilities in foreign currency. At year-end, these loans are reported at the rate of exchange prevailing on the balance

sheet date, other than in the Parent Company's accounts, where the loans are reported at the acquisition rate of exchange for loans and overdraft facilities in foreign currencies for the purchase of shares in Group companies.

Leased assets

In the Parent Company, all lease contracts are accounted for in accordance with the rules on operating leases.

Borrowing costs

In the Parent Company, borrowing costs are charged to profit/loss in the period in which they are incurred. No borrowing costs are capitalised in assets.

Income taxes

In the Parent Company, untaxed reserves are recognised in the balance sheet without being separated into equity and deferred tax liabilities, unlike in the consolidated accounts. In the Parent Company Income Statement, there is, similarly, no separate reporting of part of the appropriations as deferred tax liability.

Group contributions

Group contributions may be recognised either according to the main rule or the alternative rule. In the Parent Company, Group contributions are recognised in accordance with the alternative rule, under which Group contributions are recognised as an appropriation.

Note 2. Revenue analysis

The net sales of the Group, SEK 756.0 m (598.7), comprise the sale of goods. The net sales of the Parent Company, totalling SEK 6.3 million (5.6), comprise payments from the Group's subsidiaries for administrative services.

Note 3. Operating segments

The Group's activities are divided into operating segments based on which parts of the Company's activities are followed up by its top-most executives in what is known as the "management approach". The Group's activities are organised such that the Group's management follows up the results, return and cash flow generated by the various business areas of the Group. Each operating segment has a business area manager who is responsible for day-to-day operations and who regularly reports the outcome of the operating segment's performance and its needs for resources, to the senior management team. Because Group Management follows up the results of operations, and takes decisions on resource allocation on the basis of the Group's business areas, the business areas represent the Group's operating segments. As a result, the Group's internal accounting system is structured such as to allow the Group Management to follow up the performance and results of the business areas. It is through this system of internal accounting that the Group's segments have been identified, in which the various parts of the organisation have undergone a process aimed at merging segments that are similar. In the process, segments have been merged when they have similar economic characteristics and when their products, production processes, customers and method of distribution are similar, and when they operate in an environment with a similar regulatory structure. The results, assets and liabilities of the operating segments include directly attributable items, as well as items that can be allocated to the segments in a reasonable and reliable manner. The items recognised in the results, assets and liabilities of the operating segments are measured in accordance with the results, assets and liabilities that are followed up by the Company's Group management. Internal prices charged between the Group's various operating segments are set on the basis of the "arm's length" principle, i.e. between parties that are mutually independent, well-informed and with an interest in ensuring that the transactions are completed. Non-allocated items consist of gains from disposal of financial investments, losses from disposal of financial investments, tax expenses and general administrative expenses. Assets and liabilities that have not been allocated to segments are deferred tax assets and deferred tax liabilities, financial investments and financial liabilities.

BUSINESS AREAS

The Public Interiors business area develops, markets and sells attractive and functional interiors and product solutions primarily for public environments. Operations consist partly of project sales of complete interior systems and partly of aftermarket sales of furniture and consumables. The business area comprises the companies Lammhults Biblioteksdesign AB (Sweden), Lammhults Biblioteksdesign A/S (Denmark) and Schulz Speyer Bibliothekstechnik AG (Germany) and subsidiaries. The business area includes the Eurobib Direct, BCI and Schulz Speyer brands.

The Office & Home Interiors business area develops and markets products for interiors in both public sector and home environments. The business area has three brands with high design values, focusing on public environments:

Lammhults and Fora Form with visually strong, timeless furniture, and Abstracta, with products for visual communication and storage. The business area has two brands focusing on home interiors, namely Voice, which offers innovative storage solutions, and Ire, producing upholstered furniture featuring timeless design, clean lines and durable quality. Both Voice and Ire brands are being extended gradually into public environments.

The Parent Company, Group-wide functions, dormant companies and eliminations are accounted for under the heading "Group central costs and eliminations". Group overheads for the year rose as a result of non-recurring rental costs amounting to SEK 3.0 million, variable remuneration of SEK 1.9 million to Group Management and consulting fees of SEK 0.8 million relating to environmental issues.

THE GROUP'S OPERATING SEGMENTS

Group	Public Interiors		Office & Home Interiors		Group-wide costs and eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Income from external customers	237.0	217.3	519.0	381.4	0.0	0.0	756.0	598.7
Income from other segments	0.0	0.0	1.4	2.1	-1.4	-2.1	0.0	0.00
TOTAL NET SALES	237.0	217.3	520.4	383.5	-1.4	-2.1	756.0	598.7
Depreciation	3.5	4.0	11.5	8.2	0.1	0.1	15.1	12.3
Operating profit/loss	20.3	13.9	36.9	17.2	-23.5	-18.0	33.7	13.1
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	3.8	2.8
Interest costs	0.0	0.0	0.0	0.0	0.0	0.0	-8.2	-5.0
PROFIT BEFORE TAX							29.3	10.9
Assets	234.7	215.1	383.5	381.0	9.7	12.0	627.9	608.1
Non-allocated assets	-	-	-	-	-	-	34.5	52.3
TOTAL ASSETS							662.4	660.4
Interests in joint ventures	3.5	3.0	-	-	-	-	3.5	3.0
Investments in non-current assets	3.4	2.0	18.9	11.1	0.1	0.2	22.4	13.3
Liabilities	54.3	34.3	87.8	87.3	7.5	6.5	149.6	128.1
Non-allocated liabilities	-	-	-	-	-	-	116.3	160.3
TOTAL LIABILITIES							265.9	288.4

GEOGRAPHICAL AREAS

The Group's segments are divided into three geographical areas: Sweden, Rest of Europe and Rest of the World. The information presented on segmental income is classified according to the geographical location of our customers. Information on the assets in the respective

segments and the investments during the period in property, plant and equipment and in intangible non-current assets is based on geographical areas according to where the assets are located. Net sales by the Group's businesses outside Sweden represent 70% (64) of total net

sales.

Group	Sweden		Rest of Europe		Rest of the World		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
Net sales per geographical market	230.8	215.8	474.4	351.3	50.8	31.6	756.0	598.7
Non-current assets per geographical market	147.2	142.7	217.8	206.4	0.0	0.0	365.0	349.1
Investments per geographical market	12.5	10.0	9.9	3.3	0.0	0.0	22.4	13.3

Note 4. Operation divested

On 15 April 2013, Schulz Speyer Bibliothekstechnik AG, a wholly owned subsidiary of Lammhults Design Group AB, divested its Italian subsidiary Harmonie Projects Srl. The company employed five people.

EFFECT OF DIVESTMENT ON INDIVIDUAL ASSETS AND LIABILITIES IN GROUP

Group	Note	2013
Property, plant and equipment	0.2	
Inventories	0.3	
Accounts receivable	2.4	
Other receivables	0.4	
Cash and cash equivalents	0.5	
Provisions for pensions	-0.6	
Accounts payable	-0.3	
Other liabilities	-2.9	
ASSETS AND LIABILITIES DIVESTED, NET		0.0
Purchase price received	0.0	
Less: Cash and cash equivalents in the business divested	-0.5	
EFFECT ON CASH AND CASH EQUIVALENTS		-0.5

Note 5. Acquisition of business operation

On 10 October 2013, Lammhults Design Group AB acquired 100% of the shares in designer furniture company Fora Form AS, based in Ørsta, Norway. The total purchase consideration, SEK 71.1 million, was paid in cash. At the time of acquisition, Fora Form had net interest-bearing liabilities calculated at NOK 7.7 million. In 2012, the company had sales totalling approximately NOK 125 million and an operating profit of around NOK 12 million. Fora Form had just under 70 employees. During 2013, both sales and operating profit showed improvement. The company holds a leading position in Norway's designer furniture market for public interiors, with just over 80% of the sales in Norway. Fora Form offers three distinctive and individual product lines that are targeted at different segments. These are Standard (furniture for public interiors, mainly meeting places, accounting for about 70% of sales), Culture (seating and chairs for auditoria, accounting for around 20% of sales) and Health/Social Care (sub-contract manufacture of products for the Japanese market, accounting for some 10% of sales). Through the acquisition, the Group strengthens its position in the important Norwegian designer furniture market and gains further access to products for its new segments of school and education, as well as health and social care. At the same time, Fora Form gains access to the Group's sales organisation in order to enable it to expand in exporting.

After acquisition in 2013, Fora Form was incorporated into Lammhults Design Group, with income totalling SEK 50.5 million, an operating profit of SEK 5.6 million and a profit after tax of SEK 3.9 million. If Fora Form had been part of the Group from the beginning of the 2013 financial year, the company would have contributed SEK 156.3 million to Group income, SEK 15.8 million to operating profit and SEK 11.0 million to profit after tax.

The acquisition had the following impact on the Group's assets and liabilities:

FORA FORM - NET ASSETS AT TIME OF ACQUISITION

	Carrying amount before acquisition	Fair value adjustment	Fair value recognized in Group
Intangible assets	5.1	1.9	7.0
Property, plant and equipment	5.0	-	5.0
Deferred income tax assets	0.9	0.2	1.1
Inventories	15.5	-1.6	13.9
Trade and other receivables	25.2	-	25.2
Cash and cash equivalents	1.0	-	1.0
Interest-bearing liabilities	-8.7	-	-8.7
Trade payables and other operating liabilities	-25.7	-1.1	-26.8
Net identifiable assets and liabilities	18.3	-0.6	17.7
Goodwill on consolidation			53.4
PAYMENT TRANSFERRED - CASH			71.1

The goodwill amount includes the value of an expanded distribution network for furniture for public environments in Norway; synergetic gains in the form of greater opportunities for sales, both via a market leading position in Norway and the use of the Lammhults Design Group's sales organisations for exports of Fora Form's products; more efficient purchasing; and the personnel's expertise in sales, marketing, design, product development and knowledge relating to development of the customer segment.

Apart from goodwill, the intangible asset identified was the order backlog, for which the market value was calculated at SEK 1.9 million at the time of acquisition.

Acquisition-related expenses in 2013 totalled SEK 1.6 million, consisting of fees to consultants in connection with due diligence. These expenses have been recognised as administrative expenses in the consolidated statement of comprehensive income.

Note 6. Other operating income

Group	2014	2013
Exchange rate gains	4.4	4.4
Other operating income	1.1	1.1
	5.5	5.5

Note 7. Other operating costs

Group	2014	2013
Exchange rate losses	3.8	3.5
Reversals of order backlog acquired	0.6	1.3
Other operating costs	0.0	0.6
	4.4	5.4

Development costs in the amount of SEK 12.0 million (10.5) have been expensed and included in operating expenses as administration costs. Development is conducted to a certain extent in the form of order-based development, which is accounted for in accordance with IAS 2 and is thus paid for by the customer concerned. For further details of capitalised development costs, see Note 14.

Reversal of order backlog acquired, totalling SEK 0.6 million (1.3), consists of the depletion of the market value of order backlog acquired at Fora Form.

Note 8. Employees, personnel costs and remuneration of senior executives

Cost of remuneration to employees	2014	2013
GROUP		
Salaries and remuneration etc.	163.2	138.8
Pension costs	9.1	8.8
Social welfare charges	30.7	26.1
TOTAL, GROUP	203.0	173.7

Average number of employees	Of whom,		Of whom,	
	2014	men, %	2013	men, %
PARENT COMPANY				
Sweden	5	80	6	67
SUBSIDIARIES				
Sweden	187	60	193	61
Norway	62	57	16	51
Denmark	43	35	48	38
Germany	34	68	39	67
Other countries	22	64	23	52
Total, subsidiaries	348	58	319	57
TOTAL, GROUP	353	58	325	57

	31/12/2014	31/12/2013
Gender breakdown in	%	%
company management	women, %	women, %

PARENT COMPANY

Board of Directors	33	33
Other senior executives	0	0

TOTAL, GROUP

Boards of Directors	8	11
Other senior executives	27	21

REMUNERATION TO SENIOR EXECUTIVES

Guidelines

The Chairman and Members of the Board receive remuneration as determined by resolution at the Annual General Meeting of Shareholders (AGM). In addition, the 2014 AGM resolved that remuneration for functions performed within the Audit and Remuneration Committee shall be paid in the amount of SEK 50 thousand to the Chair and SEK 25 thousand to the other two members of each committee. No agreements exist with regard to future pensions or severance pay, either for the Chairman of the Board or for other Board Members.

The AGM has adopted the following guidelines on the remuneration of senior executives. Wages, salaries and other conditions of employment for the CEO and other senior executives shall be in line with the market and competitive, such that competent and skilled personnel can be recruited, motivated and retained. Agreements on variable remuneration over and above a fixed salary have been made with the senior executives who make up the Group Management team. The size of the variable remuneration is linked to predetermined objectives based on individually set goals, or on the Group's results and cash flows. The variable remuneration for senior executives may total no more than four monthly salary payments per annum. Where higher flexible remuneration is possible in acquired companies, these are corrected as soon as legally and financially practicable. Long-term equity or equity-related incentive programmes must be available as an option.

On termination of an employment contract by the Company with regard to the CEO and other senior executives, compensation shall be paid in an amount corresponding to no more than 18 months' pay. The total compensation shall not exceed the compensation that would have been paid if represented by a period of notice of six months and severance pay equal to no more than 12 months' fixed salary.

Agreements on pension benefits shall be entered into individually. For the CEO, an annual pension premium amounting to ten times Sweden's "Base Amount" (Swedish: prisbasbelopp) shall be paid. The pension is of the defined-contribution type. No agreement exists regarding early retirement. For other senior executives, pension costs shall amount to a maximum of 25% of the fixed and variable salary. The pensions are of the defined-contribution type, and no agreements exist regarding early retirement.

BREAKDOWN OF SALARIES AND OTHER REMUNERATION, PER SENIOR EXECUTIVES/OTHER EMPLOYEES; SOCIAL WELFARE CHARGES, PARENT COMPANY

	2014		2013	
	Senior executives (10 pers.)	Other employees (1 pers.)	Senior executives (10 pers.)	Other employees (2 pers.)
Parent Company				
Salaries and other remuneration (of which, bonuses etc.)	7.7 (1.3)	0.6 (0.1)	6.2 (-)	1.2 (-)
Social welfare charges	4.5	0.2	3.5	0.6
Of which, pension costs	1.7	0.1	1.5	0.2

BREAKDOWN OF SALARIES, OTHER REMUNERATION, PENSION COSTS AND PENSION COMMITMENTS, PER COUNTRY FOR SENIOR EXECUTIVES OF THE GROUP

	2014 Senior executives (52 pers.)	2013 Senior executives (43 pers.)
Group		
SWEDEN		
Salaries and other remuneration (of which, bonuses etc.)	21.9 (2.3)	18.5 (0.2)
Pension costs	2.8	2.5
DENMARK		
Salaries and other remuneration (of which, bonuses etc.)	6.1 (0.7)	5.1 (0.4)
Pension costs	-	-
GERMANY		
Salaries and other remuneration (of which, bonuses etc.)	1.1 (0.1)	2.8 (0.1)
Pension costs	-	-
NORWAY		
Salaries and other remuneration (of which bonuses etc.)	7.0 (-)	1.1 (-)
Pension costs	-	-
TOTAL, GROUP	36.1	27.5
(OF WHICH, BONUSSES ETC.)	(3.1)	(0.7)
PENSION COSTS	2.8	2.5

No pension commitments have been entered into on behalf of senior executives in the Group. "Senior executives" refers to those who are members of the management group of the individual subsidiaries, including presidents and managers who report directly to the CEO, and Board members.

REMUNERATION OF SENIOR EXECUTIVES

Remuneration and other benefits, Parent Company, 2014

SEK th.	Basic salary, Board fee	Variable remuneration	Severance pay	Other benefits	Pension cost	Fee, comm. work	Total
CHAIR							
Anders Pålsson							
Remuneration from Parent Company	255	-	-	-	-	50	305
BOARD MEMBER							
Jörgen Ekdahl							
Remuneration from Parent Company	128	-	-	-	-	50	178
BOARD MEMBER							
Jerry Fredriksson							
Remuneration from Parent Company	128	-	-	-	-	25	153
BOARD MEMBER							
Lotta Lundén							
Remuneration from Parent Company	128	-	-	-	-	25	153
BOARD MEMBER							
Maria Edsman							
Remuneration from Parent Company	128	-	-	-	-	25	153
BOARD MEMBER							
Peter Conradsson							
Remuneration from Parent Company	128	-	-	-	-	25	153
CEO							
Anders Rothstein							
Remuneration from Parent Company	2,129	511	-	92	600	-	3,332
<hr/>							
Other senior executives (3 pers)	3,340	806	-	267	1,056	-	5,469
TOTAL	6,361	1,317	0	359	1,656	200	9,893

"Other benefits" refers to company cars. The pension costs refer to defined-contribution pension plans.

The Group does not offer any share-related remuneration.

REMUNERATION OF SENIOR EXECUTIVES

Remuneration and other benefits, Parent Company, 2013

SEK th.	Basic salary, Board fee	Variable remuneration	Severance pay	Other benefits	Pension cost	Fee, comm. work	Total
CHAIR							
Anders Pålsson							
Remuneration from Parent Company	240	–	–	–	–	50	290
BOARD MEMBER							
Yngve Conradsson							
Remuneration from Parent Company	30	–	–	–	–	6	36
BOARD MEMBER							
Jörgen Ekdahl							
Remuneration from Parent Company	120	–	–	–	–	50	170
BOARD MEMBER							
Jerry Fredriksson							
Remuneration from Parent Company	120	–	–	–	–	25	145
BOARD MEMBER							
Erika Lagerbielke							
Remuneration from Parent Company	30	–	–	–	–	6	36
BOARD MEMBER							
Lotta Lundén							
Remuneration from Parent Company	120	–	–	–	–	25	145
BOARD MEMBER							
Maria Edsman							
Remuneration from Parent Company	90	–	–	–	–	19	109
BOARD MEMBER							
Peter Conradsson							
Remuneration from Parent Company	90	–	–	–	–	19	109
CEO							
Anders Rothstein							
Remuneration from Parent Company	2,103	0	–	103	553	–	2,759
<hr/>							
Other senior executives (3 pers)	3,287	0	–	314	964	–	4,565
TOTAL	6,230	0	0	417	1,517	200	8,364

“Other benefits” refers to company cars. The pension costs refer to defined-contribution pension plans. The Group does not offer any share-related remuneration.

Note 9. Fees and reimbursement of costs to auditors

	Group		Parent Company	
	2014	2013	2014	2013
KPMG / EMIL ANDERSSON				
Auditing services	1.2	1.2	0.3	0.3
Auditing services in addition to auditing assignment	–	0.4	–	–
Tax advice	0.1	0.1	0.0	0.0
Other services	1.4	1.1	1.0	1.0
OTHER AUDITORS				
Auditing assignment	0.3	0.2	–	–
Auditing services in addition to auditing assignment	–	0.2	–	–
Tax advice	–	–	–	–
Other services	0.2	0.0	–	–

Auditing services consist of statutory auditing of the annual accounts, the consolidated accounts and the accounting records, as well as examination of the performance of the Board and CEO and other auditing functions performed by agreement or under contract.

Auditing services also include other duties that fall to a company's auditor, together with advice and other support occasioned by observations made during audits or the performance of such other duties.

Note 10. Operating expenses allocated by type of cost

Group	2014	2013
Costs of goods and materials	314.2	239.0
Personnel costs	206.1	177.9
Depreciation	15.1	12.3
Other operating costs	192.9	162.3
	728.3	591.5

Note 11. Net finance income/costs

Group	2014	2013
Interest income on non-impaired loans receivable and trade receivables	0.1	0.1
Interest income on bank balances	0.8	0.9
Exchange rate fluctuations	2.9	1.8
FINANCE INCOME	3.8	2.8
Interest expense on financial liabilities recognized at accumulated acquisition cost	-3.8	-3.2
Exchange rate fluctuations	-4.2	-1.4
Other interest expenses	-0.2	-0.4
FINANCIAL EXPENSES	-8.2	-5.0
NET FINANCE INCOME/COSTS	-4.4	-2.2

Parent Company	Result from participations in Group companies	
	2014	2013
Dividend	27.7	6.5
Impairments	-0.8	–
	26.9	6.5

Parent Company	Interest income and similar profit/loss items	
	2014	2013
Interest income, Group companies	0.7	0.6
Interest income on bank balances	–	1.8
Exchange rate fluctuations	2.9	–
	3.6	2.4

Parent Company	Interest expense and similar profit/loss items	
	2014	2013
Interest expense, Group companies	-0.1	-0.2
Interest expense, financial liabilities	-2.4	-1.4
Exchange rate fluctuations	-4.1	-1.4
	-6.6	-3.0

Note 12. Income taxes

Recognised in the income statement

Group	2014	2013
CURRENT TAX EXPENSE		
Tax expense for the year	-8.4	-0.8
DEFERRED TAX RECOVERABLE		
Deferred tax pertaining to temporary differences and tax loss carry-forwards	0.8	0.8
TOTAL RECOGNISED TAX EXPENSE IN THE GROUP	-7.6	-

Parent Company	2014	2013
Current tax expense (-)/tax income (+)		
Tax income for the year	-0.3	0.4
Adjustment of tax attributable to previous years	-	1.2
	-0.3	1.6

Deferred tax expense(-)		
Deferred tax as a result of changes in tax rates	-0.7	-
TOTAL RECOGNISED TAX EXPENSE/TAX INCOME IN PARENT COMPANY	-1.0	1.6

RECONCILIATION OF EFFECTIVE TAX

Group	2014	2013
Profit before tax	29.3	10.9
Tax as per current tax rate for the Parent Company	6.4	2.4
Effect of other tax rates for foreign subsidiaries*	1.0	0.3
Non-deductible costs	0.6	0.1
Non-taxable revenues	-0.2	-0.2
Increase in tax loss carry-forwards without corresponding capitalisation of deferred tax	0.2	-
Effect of change in tax rate	0.7	-
Utilisation of previous non-capitalised tax loss carry-forwards	-1.1	-1.8
Tax adjustment of taxable profit	-	-0.8
RECOGNISED EFFECTIVE TAX	7.6	-

* Tax as per current tax rate is calculated as a weighted average of local tax rates for the country concerned.

Parent Company	2014	2013
Profit before tax	28.3	5.1
Tax as per current tax rate for the Parent Company	6.2	1.1
Non-deductible costs	0.2	-
Non-taxable revenues	-6.1	-1.5
Tax attributable to previous years	-	-1.2
Effect of changes in tax rates	0.7	-
RECOGNISED EFFECTIVE TAX	1.0	-1.6

TAX ATTRIBUTABLE TO OTHER COMPREHENSIVE INCOME

Group	2014		2013			
	Before tax	Tax	After tax	Before tax	Tax	After tax
Trans. diff. for year on translation of foreign operations	11.3	0.2	11.5	5.9	0.3	6.2
Change during year in fair value of cash flow hedges	-0.5	0.1	-0.4	-0.1	-	-0.1
OTHER COMPREHENSIVE INCOME FOR THE YEAR	10.8	0.3	11.1	5.8	0.3	6.1

RECOGNISED IN STATEMENT OF FINANCIAL POSITION

Deferred tax assets and liabilities

Group	Deferred tax asset		Deferred tax liability		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	-	-	8.9	8.3	-8.9	-8.3
Intangible assets	0.8	0.9	-0.3	-0.4	1.1	1.3
Inventories	0.6	0.6	-	-	0.6	0.6
Interest-bearing liabilities	-	-	0.1	0.2	-0.1	-0.2
Pension provisions	0.3	0.4	-	-	0.3	0.4
Accrued expenses and deferred income	0.3	0.3	-	-	0.3	0.3
Tax loss carry-forwards	1.7	0.6	-	-	1.7	0.6
TAX ASSETS/LIABILITIES, NET	3.7	2.8	8.7	8.1	-5.0	-5.3

BC Interieur S.A.R.L., France, a subsidiary of Lammhults Biblioteksdesign A/S, Denmark, has uncapitalised tax loss carry-forwards amounting to SEK 16.2 million with an unlimited rolling facility. However, on 31 December 2014, the Group capitalised a deferred tax receivable of SEK 0.8 million, equal to three times the 2014 pre-tax profit for BC Interieur S.A.R.L., after taking account of French corporation tax (38%).

PARENT COMPANY

The Parent Company does not have any deferred tax assets or any deferred tax liabilities. No deferred taxes attributable to participations in Group and associated companies have been reported.

Note 13. Earnings per share

Amounts in SEK	Before dilution		After dilution	
	2014	2013	2014	2013
Earnings per share	2.57	1.29	2.57	1.29

Weighted average of number of shares outstanding: 8,448 thousand (8,448 thousand).

Note 14. Intangible non-current assets

Group	Internally developed intangible assets		Acquired intangible assets		Total
	Development costs	Tenancies	Goodwill	Other intangible non-current assets.	
Accumulated acquisition values					
Carrying amount 01/01/2013	2.1	-0.5	167.1	0.9	170.6
Business combinations	7.7	-	53.4	1.9	63.0
Other investments	1.3	0.1	-	1.3	2.7
Disposals and retirements	-0.9	-0.3	-	-0.2	-1.4
Reversal of order backlog acquired	-	-	-	-1.3	-1.3
Exchange rate differences for the year	-0.1	-	3.2	-0.1	3.0
CARRYING AMOUNT 31/12/2013	10.1	0.3	223.7	2.5	236.6
Carrying amount 01/01/2014					
Carrying amount 01/01/2014	10.1	0.3	223.7	2.5	236.6
Other investments	4.7	0.1	-	0.4	5.2
Reversal of order backlog acquired	-	-	-	-0.6	-0.6
Reclassifications	-	-	-	0.8	0.8
Exchange rate differences for the year	-	-	6.5	-	6.5
CARRYING AMOUNT 31/12/2014	14.8	0.4	230.2	3.1	248.5
Carrying amount 01/01/2013					
Carrying amount 01/01/2013	-0.8	-0.1	-	-	-0.9
Business combinations	-2.6	-	-	-	-2.6
Disposals and retirements	0.9	-	-	-	0.9
Depreciation for the year	-0.9	-	-	-0.1	-1.0
CARRYING AMOUNT 31/12/2013	-3.4	-0.1	-	-0.1	-3.6
Carrying amount 01/01/2014					
Carrying amount 01/01/2014	-3.4	-0.1	-	-0.1	-3.6
Depreciation for the year	-2.5	-	-	-0.5	-3.0
CARRYING AMOUNT 31/12/2014	-5.9	-0.1	-	-0.6	-6.6
Carrying amounts					
Per 01/01/2013	1.3	0.4	167.1	0.9	169.7
PER 31/12/2013	6.7	0.2	223.7	2.4	233.0
Per 01/01/2014	6.7	0.2	223.7	2.4	233.0
PER 31/12/2014	8.9	0.3	230.2	2.5	241.9

All intangible assets, other than goodwill, are amortised. For more information on depreciation, see Accounting Policies, Note 1.

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS WITH GOODWILL

The following cash-generating units report recognised goodwill values in the Group.

	2014	2013
Public Interiors	118.9	112.5
Office & Home Interiors	111.3	111.2
	230.2	223.7

METHOD FOR CALCULATION OF RESIDUAL VALUE

The value of the Group's intangible assets is reviewed annually through impairment tests. The recovery values of the cash-generating units mentioned above are based on a number of important assumptions, as described below. The recoverable amount is the value in use.

Assumptions concerning future cash flows over the next five-year period take as their starting-point budgets for 2015 and forecasts for 2016 and 2017 based on the Company's financial strategy plans, together with the assessments for the following two years made by the company's management. The above-mentioned assumptions refer to trends in sales, costs, operating margins and changes in the financial positions of the cash-generating units. The cash flows forecast after the first five years are based on an annual growth rate of 2%, which is considered to correspond to the long-term rate of growth in the units' markets.

SIGNIFICANT VARIABLES IN CALCULATION OF RESIDUAL VALUES

The following common variables are significant during calculation of the residual values for the cash-generating units.

Growth rate: The competitiveness of the Company's business, the anticipated trend of the economy for the business sector and private consumers, the general trend of the social economy, investment budgets for public sector and municipal commissioning agencies, interest rates and local market conditions. The growth rates used in the business areas are based on analyses of external factors, official forecasts for relevant sectors and industries, together with in-house budgets and strategic plans.

Operating margin: The competitiveness of the Company's business, the exploitation of opportunities for synergies in the Group, the supply of competent and committed personnel, collaboration with designers, architects, resellers and agents, the trend of costs for pay and materials. The operating margins used in the business areas are based on the organizations' action plans within budgets and strategic plans.

Discount interest rate: The discount interest rates before tax used at year-end 2014 were 11.9% (14.5) for equity financing and 1.9% (3.5) for debt financing at Public Interiors. At Office & Home Interiors, the discount interest rates before tax were 10.9% (13.5) for equity financing and 1.9% (3.5) for debt financing. WACC (weighted average cost of capital) for Public Interiors was 7.9% (10.1) before tax. At Office & Home Interiors, WACC before tax was 7.3% (9.5). The different risk premiums applied for the various business areas are based on the stability of historical profitability. Long-term financing of the working capital for all the above-mentioned units has been estimated at 60% for equity and 40% for loans.

OPERATIONS OF THE BUSINESS AREAS

The Group's operations in Public Interiors were affected by restraint in public sector investments in a number of European markets. In addition, a series of external factors, notably in the media and technology, lessened the importance of traditional libraries. At the same time, a new type of library, in the form of an experience centre, has emerged. Modern libraries are more in the style of a place to meet than before, and with that in mind we have launched a "shop concept" offering attractive and fit-for-purpose solutions to customers. The Group is also benefiting from the growing trend for eco-friendly furniture, since we can offer suitable products via Office & Home Interiors. The business area's offering is being broadened by offering customers a larger range of third-party products than before. The salesforce has been expanded in several markets, which should also contribute to future growth. At the same time, an intensive programme is in progress to harmonise the product range and improve efficiency in the product supply process in the business area in order to exploit opportunities for synergies and create conditions for profitable growth. The businesses of subsidiaries showing weak profitability have been phased out and/or sold. In the second half of 2013, production at Holsted, Denmark, was closed down and relocated to suppliers in Poland. These restructuring measures led to the substantial cost savings. All these actions, which have been taken with a view to increasing sales and reducing costs, represent the basis for estimates of the cash flows in the business area over the next five years.

In 2012, the former Lammhults Office and Lammhults Home business areas were merged into one, Office & Home Interiors. The process was carried out in stages, with the businesses of first Borks then Voice being integrated into that of Abstracta. These structural measures created a

larger and more efficient production unit at Lammhult. At the same time, Voice's sales and marketing resources were incorporated into Abstracta in order to extend the product offering and also to sell storage furniture to the public sector market. Sales, administration and product development functions were also integrated across the business in order to exploit synergistic benefits. Thanks to these measures, the future cost base for the business area was reduced substantially. In the preceding year, sales and administration costs were lowered by around SEK 15 million, compared with 2012, as a result of these integration measures. Organic sales rose 3% during the year, partly because Lammhults gained market shares in the Swedish domestic market and partly as a result of export successes by Abstracta. Weak demand in the premium segments of the furniture market for home interiors in Sweden again slowed sales for the Voice and Ire brands in the business area. Against that background, our strategy of progressively developing these product ranges to increasingly feature public interiors as well remains in place. Demand for furniture and interiors for public environments in the Nordic market was thus relatively stable during the year. The Norwegian designer furniture company Fora Form was acquired in October 2013. The company's profitability is comfortably in line with the Group's financial goals. Through the acquisition, the Group strengthened its position in the important Norwegian designer furniture market. At the same time Fora Form gained access to the Group's sales organisations, enabling it to expand in exporting. Including Fora Form, net sales for the business area increased by 36%. The well-known Lammhults, Abstracta and Fora Form brands hold strong positions in their domestic markets. With a close focus on our core northern European markets and a strong sales organization, sales are expected to rise over the next few years. Via these brands, we have a long tradition of offering customers modern interiors based on world-class Scandinavian design and quality. Consistent and credible branding, combined with an active focus on purchasing, will create the conditions for improved gross margins, moving forward. Furthermore, as a result of intensive product development activity, several new products have been launched recently and others will be launched in 2015, laying the foundations for robust volume growth going forward. With the measures taken to boost sales and cut costs, there is every prospect for strong cash flows over the next few years.

SENSITIVITY ANALYSIS FOR PUBLIC INTERIORS

At Public Interiors, the margin is narrower until the estimated recovery value falls below the carrying amount for the unit, than for Office & Home Interiors. Against that background, a sensitivity analysis is presented, below, for Public Interiors. In our basic assumption, the recovery value exceeds the carrying amount by SEK 78.5 million (35.4), indicating that the margin has increased since last year. Significant variables affecting the recovery value are the estimated rate of growth, estimated operating margin and estimated weighted cost of capital for discounted cash flows. The basic assumption has the average rate of growth over the next five-year period as 4.0%, whereas the average operating margin is 9.2% and the weighted cost of capital is 7.7% after tax.

If the estimated rate of growth used to extrapolate cash flows beyond the budget period 2015 had been 8.5% (2.0) lower than in the basic assumption, but the operating margin remained the same as in the basic assumption, the accumulated recovery value would be equal to the carrying amount.

If the estimated operating margin used to extrapolate cash flows from the budget period 2015, inclusive, had been 2.1% (1.2) lower than in the

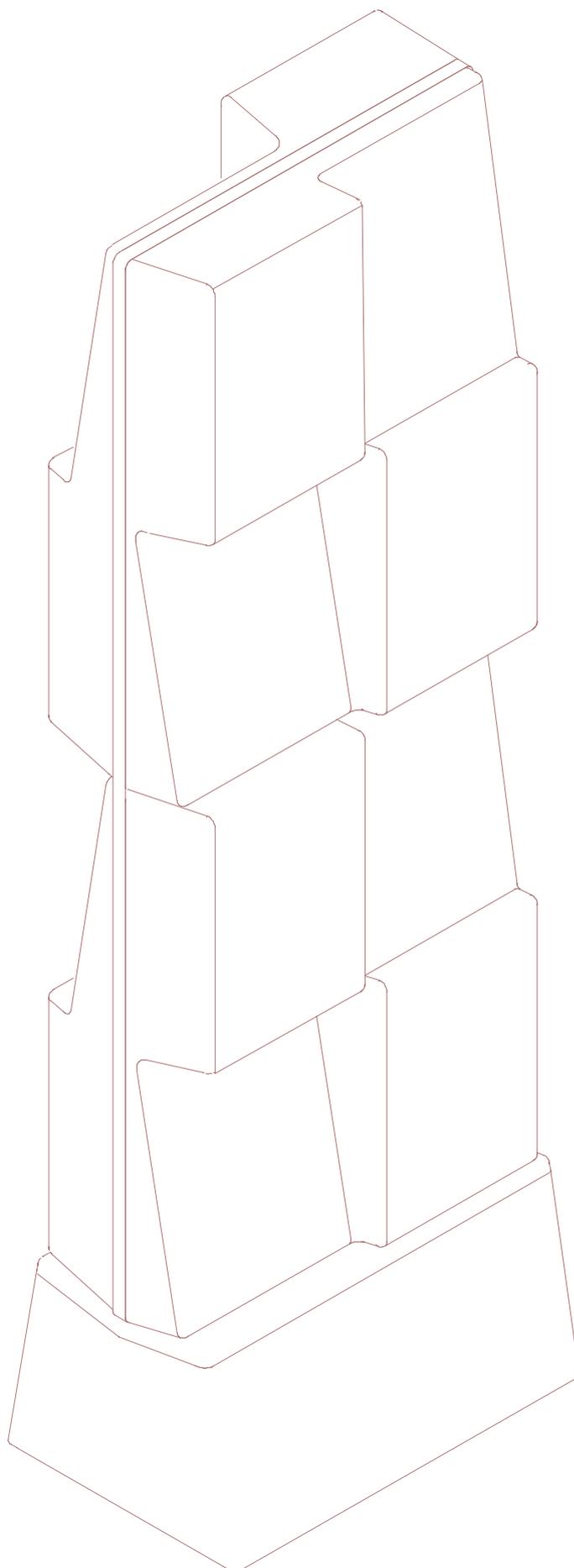
basic assumption, the accumulated recovery value would be equal to the carrying amount.

If the estimated weighted cost of capital used for discounted cash flows for Public Interiors had been 1.9% (1.6) higher than in the basic assumption, and had amounted to 9.6% (11.4), the accumulated recovery value would be equal to the carrying amount.

The calculations in the sensitivity analyses are hypothetical and should be regarded as an indication that there is a varying degree of likelihood of changes in these factors and that caution should therefore be exercised in interpreting the sensitivity analyses. In the three hypothetical cases above, the recovery amounts appear as values corresponding to the value on consolidation at Public Interiors.

ACQUIRED INTANGIBLE ASSETS

Parent Company	Other technology-/ contract-based assets
<i>Accumulated acquisition values</i>	
Carrying amount, 01/01/2014	-
Other investments	0.1
Reclassifications	0.8
CARRYING AMOUNT, 31/12/2014	0.9
<i>Accumulated depreciation</i>	
Carrying amount, 01/01/2014	-
Depreciation for the year	-0.1
CARRYING AMOUNT, 31/12/2014	-0.1
CARRYING AMOUNTS	
Per 01/01/2013	-
PER 31/12/2013	-
Per 01/01/2014	-
PER 31/12/2014	0.8



Note 15. Property, plant and equipment

Group	Buildings and land	Machinery and other technical facilities	Equipment tools and installations	Work in in progress	Total
ACQUISITION VALUE					
Carrying amount 1 January 2013	137.4	75.2	83.0	2.9	298.5
Acquired via business combinations	–	21.4	4.9	–	26.3
New acquisitions	0.4	2.5	7.7	–	10.6
Disposals and retirements	–	-4.5	-7.4	–	-11.9
Exchange rate differences	1.3	–	0.2	–	1.5
CARRYING AMOUNT, 31 DECEMBER 2013	139.1	94.6	88.4	2.9	325.0
Carrying amount 1 January 2014	139.1	94.6	88.4	2.9	325.0
New acquisitions	1.0	7.3	7.7	1.2	17.2
Reclassifications	–	–	–	-0.8	-0.8
Disposals and retirements	–	-11.3	-1.1	–	-12.4
Exchange rate differences	1.8	-0.1	0.4	–	2.1
CARRYING AMOUNT, 31 DECEMBER 2014	141.9	90.5	95.4	3.3	331.1
<i>Accumulated depreciation and impairments</i>					
Carrying amount 1 January 2013	-65.7	-63.0	-63.4	–	-192.1
Acquired via business combinations	–	-17.4	-4.0	–	-21.4
Depreciation for the year	-2.6	-3.5	-5.3	–	-11.4
Disposals and retirements	–	4.5	5.6	–	10.1
CARRYING AMOUNT, 31 DECEMBER 2013	-68.3	-79.4	-67.1	–	-214.8
Carrying amount 1 January 2014	-68.3	-79.4	-67.1	–	-214.8
Acquired via business combinations	–	–	–	–	–
Depreciation for the year	-2.7	-3.6	-5.9	–	-12.2
Disposals and retirements	–	10.6	1.0	–	11.6
CARRYING AMOUNT, 31 DECEMBER 2014	-71.0	-72.4	-72.0	–	-215.4
CARRYING AMOUNTS					
1 January 2013	71.7	12.2	19.6	2.9	106.4
31 DECEMBER 2013	70.8	15.2	21.3	2.9	110.2
1 January 2014	70.8	15.2	21.3	2.9	110.2
31 DECEMBER 2014	70.9	18.1	23.4	3.3	115.7

The property, plant and equipment acquired via business combinations refers to Fora Form, which was acquired in October 2013.

Parent Company	Equipment, tools and installations	Work in progress	Total
Accumulated acquisition values			
Carrying amount 1 January 2013	0.8	0.7	1.5
New acquisitions	–	0.1	0.1
CARRYING AMOUNT, 31 DECEMBER 2013	0.8	0.8	1.6
Carrying amount 1 January 2014	0.8	0.8	1.6
New acquisitions	–	–0.8	–0.8
CARRYING AMOUNT, 31 DECEMBER 2014	0.8	–	0.8
Depreciation/amortisation			
Carrying amount 1 January 2013	–0.7	–	–0.7
Depreciation for the year	–0.1	–	–0.1
CARRYING AMOUNT, 31 DECEMBER 2013	–0.8	–	–0.8
Carrying amount 1 January 2014	–0.8	–	–0.8
Depreciation for the year	–	–	–
CARRYING AMOUNT, 31 DECEMBER 2014	–0.8	–	–0.8
Carrying amounts			
1 January 2013	0.1	0.7	0.8
31 DECEMBER 2013	0.0	0.8	0.8
1 January 2014	0.0	0.8	0.8
31 DECEMBER 2014	0.0	–	0.0

Depreciation is distributed over the following lines in the income statement.

Group	2014	2013
Cost of goods sold	–6.7	–6.3
Cost of sales	–1.8	–1.7
Administrative expenses	–6.6	–4.3
	–15.1	–12.3

Parent Company	2014	2013
Administrative expenses	–0.0	–0.1

FINANCIAL LEASING

Group

Equipment held under financial lease contracts is recognised at a carrying amount of SEK 8.2 million (7.4). The Group leases production and IT equipment under a large number of separate financial lease contracts. Index-linking clauses occur in these lease contracts. The leased assets serve as collateral for the lease liabilities. The lease contracts include restrictions as regards the possibilities of paying dividend, raising new loans and entering into new lease contracts.

Note 16. Interests in joint ventures

The Group has a 50% stake in the joint venture company BS Eurobib AS, org. reg. no. 982 754 542. The company's principal operations consist of the sale of library interiors. Its registered office is in Oslo, Norway.

This joint venture was in the past accounted for using the proportional method of accounting. As a result of the adoption of IFRS 11 Joint Arrangements, this is now accounted for by the equity method. The change has been applied retroactively in accordance with IAS 8, affecting the financial statements for the preceding period and on an accumulated basis at the start of the period for comparison, as shown below:

Group	2013
Change in net sales	–9.0
Change in cost of goods sold	3.9
Change in cost of sales	4.4
Change in administrative expenses	0.1
Change in share of results of joint ventures	0.4
Change in tax expenses	0.2
CHANGE IN PROFIT FOR THE YEAR	–

Group	31/12/2013	31/01/2013
Change in property, plant and equipment	–	–0.1
Change in interests in joint ventures	3.0	2.6
Change in accounts receivable	–6.4	–2.3
Change in other receivables	–0.1	–0.2
Change in cash and cash equivalents	–1.6	–2.3
Change in advance payments from customers	–0.1	–
Change in accounts payable	3.8	1.4
Change in income tax liabilities	0.8	0.6
Change in other liabilities	0.8	0.3
CHANGE IN RETAINED EARNINGS	0.2	–

The following table summarises financial information for insignificant interests in joint ventures.

Group	31/12/2014	31/12/2013
Carrying amount	3.5	3.0
Group's share of:		
Profit from remaining businesses	0.5	0.4
Other comprehensive income	–	–
TOTAL COMPREHENSIVE INCOME	0.5	0.4

Note 17. Financial investments

Group	31/12/2014	31/12/2013
Accumulated acquisition values		
CARRYING AMOUNT AT BEGINNING AND END OF THE PERIOD	0.2	0.2

Note 18. Inventories

Group	31/12/2014	31/12/2013
Raw materials and consumables	69.8	59.7
Work-in-progress	1.6	7.9
Finished products and goods for resale	27.8	32.7
CARRYING AMOUNT AT END OF THE PERIOD	99.2	100.3

Note 19. Accounts receivable

Accounts receivables are recognised after taking account of bad debt losses incurred during the year, which totalled SEK 1.1 million (0.4) in the Group. No bad debt losses were incurred by the Parent Company.

Note 20. Cash and cash equivalents

Group	31/12/2014	31/12/2013
Cash and cash equivalents are made up of the following items:		
Cash and bank balances	27.9	27.9
Balance on Group account with Parent Company	–	16.6
TOTAL AS PER STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS	27.9	44.5

Note 21. Equity

DIVIDEND

After the balance sheet date the Board of Directors proposed the following dividend. The dividend will be submitted to the AGM for approval on 29 April 2015.

	2014	2013
Total dividend, SEK m.	12.7	8.4
Recognised dividend per share, SEK	1.50	1.00

Reserves for accumulated other comprehensive income and non-controlling interests.

GROUP

Translation reserve

The translation reserve includes all exchange rate differences arising in translation of financial reports from foreign operations that have prepared their financial reports in a currency other than the one in which the Group's financial reports are presented. The Parent Company and Group presents their financial reports in Swedish kronor (SEK). The translation reserve also includes currency differences that arise in revaluation of liabilities accounted for as hedging instruments for a net investment in a foreign operation.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet been effected.

PARENT COMPANY

Restricted equity

Restricted equity may not be drawn upon for the purpose of profit sharing.

Revaluation reserve

In the event of property, plant and equipment or a financial non-current asset being revalued, the revaluation amount is allocated to a revaluation reserve.

Statutory reserve

The purpose of the statutory reserve is to retain a portion of the net profit that cannot be used to cover any retained loss. Amounts transferred to the share premium reserve before 1 January 2006 have been transferred to and are part of the statutory reserve.

Unrestricted equity

The following reserves and the profit for the year together represent unrestricted equity, that is, the amount that is available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, the price paid for the shares is above the quota value, an amount corresponding to the amount received above the quota value is to be transferred to the share premium reserve. As of 1 January 2006, amounts transferred to the share premium reserve are included in unrestricted equity.

Fair value reserve

The Company applies the provisions of the Swedish Annual Accounts Act regarding measurement of financial instruments at fair value in accordance with Section 4, subsections 14 a–e§§. Amounts are recognised directly in the fair value reserve when the change in value relates to a hedging instrument and the hedge accounting policies applied allow part or all of the change in value to be recognised in equity. Any change in value arising from a change in price of a monetary item forming part of the Company's net investment in a foreign entity is recognised in equity.

Retained earnings

Retained earnings consist of the retained earnings from the preceding year and the profit less the share in profit paid out during the year.

CAPITAL MANAGEMENT

The Group's financial objective is to maintain a sound capital structure and financial stability that maintains the confidence of investors, lenders and the market and establishes a foundation for continued development of its business operations. Against that background, the Group's goals for debt/equity ratio have been set at the range of 0.7–1.0 and for equity/assets ratio at no less than 35%. The outcomes on 31 December 2014 were 0.25 (0.39) for the debt/equity ratio and 59.9% (56.3) for the equity/assets ratio. The Group's cash flow from operating activities amounted to SEK 51.7 million (38.4) in 2014, helping to sustain the Group's robust financial position. Equity is defined as the sum of shareholders' equity. The Group's equity totalled SEK 396.5 million (372.0) and the Parent Company's equity SEK 281.7 million (262.9).

The Board of Directors' ambition is to maintain a balance between high yield, which can be achieved through higher borrowing, and the benefits and security offered by a sound capital structure. The financial goal of the Group over an economic cycle is to obtain a return of no less than 15% on capital employed. In 2014, the return on capital employed was 7.4% (3.4).

The Group's policy is to pay a dividend, taking into account the long-term capital requirement, totalling approximately 40% of profit after tax. In view of the Company's strong financial position, the Board of Directors has proposed to the 2015 AGM a dividend of SEK 1.50 per share, corresponding to 58% of profit after tax. Over the past five years, the total dividend has averaged 69% of profit after tax. The Group will also pay an additional dividend when the capital structure and operational financing requirements allow. Resolutions to pay extra dividends reflect an ambition to distribute to the shareholders funds that are not deemed necessary for the Group's development. The Group has paid extra dividends, over and above ordinary dividends, on two occasions – in 2006 and 2007.

As in the preceding year, the Board of Directors proposes that the AGM should approve the issue of eight hundred thousand new shares to finance future acquisitions.

No changes took place during the year with regard to the Group's equity management. Neither the Parent Company nor any of the subsidiaries are subject to external equity requirements.

Note 22. Interest-bearing liabilities

This note provides information about the Company's contractual conditions regarding interest-bearing liabilities. For further information about the Company's exposure to interest risk and the risk of exchange rate fluctuations, see Note 2.

Group	31/12/2014	31/12/2013
Non-current liabilities		
Bank loans, maturity date 1–5 years		
from balance sheet date	39.8	55.0
Bank loans, maturity date more than 5 years		
from balance sheet date	11.1	13.9
	50.9	68.9
Current liabilities		
Bank overdraft facility	22.0	58.7
Current portion of bank loans	27.1	17.6
	49.1	76.3
TOTAL INTEREST-BEARING LIABILITIES	100.0	145.2

FINANCIAL LEASE LIABILITIES

The Group's liabilities under financial lease contracts total SEK 8.2 million (7.4). Liabilities under financial lease contracts in the Group consist of future leasing charges arising from contracts under financial leasing. Leasing charges that are due within one year are recognised as current liabilities.

Note 23. Liabilities to credit institutions

Parent Company	31/12/2014	31/12/2013
Non-current liabilities		
Bank loans with maturity 1–5 years		
from balance sheet date	21.5	31.3
Current liabilities		
Bank overdraft facility	22.0	58.7
Current portion of bank loans	7.8	8.0
	29.8	66.7

Note 24. Pensions

DEFINED-BENEFIT PENSION PLANS

Part of Ire Möbel's retirement pension and family pension commitment is secured through pension provisions on the balance sheet that are insured with FPG/PRI. The plan is a defined-benefit pension scheme and the provision at 31 December 2014 was SEK 0.2 million (0.2). Commitments for retirement pensions and family pensions for other salaried employees in Sweden are secured through an insurance policy with Alecta. The Swedish Financial Reporting Board has published a statement, UFR 10, entitled "Accounting for ITP 2 pension plans financed via insurance with Alecta". The statement replaces UFR 3 "Classification of ITP plans financed through insurance with Alecta" and UFR 6 "Pension plans shared by several employers". According to the Board, UFR 10 does not require any change to accounting treatment of pension premiums paid to Alecta for ITP 2 plans and consequently the statement must be implemented immediately. According to the Board, this is a defined-benefit plan shared by several employers. For the 2014 financial year, the Company has not had access to information to enable it to report its proportional share of the plan's commitments, assets under management and costs. As a result, the Company has been unable to account for it as a defined-benefit plan. Against that background, the ITP 2 Pension Plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. The year's charges for pension insurance policies contracted with Alecta amount to SEK 1.8 million (2.3). The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated by Alecta's actuarial methods and assumptions, which do not adhere to IAS 19. Normally, the collective consolidation shall be allowed to vary between 125 and 155%. If Alecta's collective consolidation level falls short of 125% or exceeds 155%, steps are to be taken to enable the consolidation level to be brought back within the normal range. In the case of low consolidation, an option is to increase the price for new, and extending existing, benefits. In the case of high consolidation, an option is to reduce premiums. At the end of 2014, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 143% (148).

DEFINED-CONTRIBUTION PENSION PLANS

In Sweden, the Group operates defined-contribution pension plans for its employees; the plans are paid for entirely by the companies concerned. Outside Sweden, defined-contribution pension plans are operated, paid for partly by the subsidiaries and partly by charges paid by the employees. Payment into these plans is made on an ongoing basis as required by the rules applying to the particular plan.

	Group		Parent Company	
	2014	2013	2014	2013
Costs of				
defined-contribution pension plans	9.1	8.8	1.8	1.7

PENSION OBLIGATIONS

BC Interieur SARL, France, is subject to a pension obligation for which the company, under GAAP France, does not make provision. The commitment is activated only if the employees are still with the company at the age of 65 years. According to IFRS, provision is required to be made on the basis of an assessment of the probability that the pension obligation will come into effect. The Group has made provision for its pension commitment in the amount of SEK 0.7 million (0.6).

Note 25. Other provisions

Group	31/12/2014	31/12/2013
Warranty commitments at		
Lammhults Möbel AB, Sweden	0.3	0.3
Warranty commitments at Fora Form AS, Norway	0.3	0.3
	0.6	0.6

Both warranty commitments of SEK 0.3 million at Lammhults Möbel AB and warranty commitments of SEK 0.3 million at Fora Form are classified as current.

Note 26. Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Accrued personnel-				
related costs	20.9	21.6	2.2	1.7
Other items	13.6	11.9	2.2	2.5
	34.5	33.5	4.4	4.2

Note 27. Financial risks and risk management

By the nature of its business operations, the Lammhults Design Group is exposed to various kinds of financial risks. Financial risks refer to fluctuations in the Company's profits and cash flow as a result of fluctuations in exchange rates and changes in interest rate, refinancing and credit risks. The Group's policies and guidelines for management of financial risks have been prepared by the Board of Directors and constitute a framework for its financial operations. The responsibility for the Group's financial transactions and risks is managed centrally by the Group's management team. The overall objective is to provide cost-efficient financing and to minimise negative impact on the Group's results through market fluctuations.

LIQUIDITY RISKS

Liquidity risk refers to the risk of the Group encountering problems with fulfilling its obligations relating to financial liabilities. The aim is that the Group should be capable of meeting its financial commitments both during upturns and downturns without major unforeseen costs and without jeopardising the Group's reputation. According to a resolution by the Board of Directors, the Group's liquidity margin, in the form of cash and cash equivalents and unused bank overdraft facilities, must represent no less than 10% of total assets. At year-end, the liquidity margin was 21.7 percent (17.3). The Group strives to minimise its borrowing requirement by employing excess liquidity in the Group via cash pools set up by the Parent Company's financial control function. Cash pools are operated in the following currencies: SEK, EUR, DKK, USD and NOK. Liquidity risks are managed centrally, on behalf of the entire Group, by the Parent Company's financial control function.

The maturity structure of financial liabilities included in net financial debt is illustrated in the table below. The table shows carrying amounts where anticipated interest payments are not included.

FINANCIAL LIABILITIES

Group	2015	2016	2017	2018	2019–	Total
Bank loans	27.1	15.5	12.7	9.2	13.5	78.0
Bank overdraft facilities	22.0	–	–	–	–	22.0
TOTAL FINANCIAL LIABILITIES	49.1	15.5	12.7	9.2	13.5	100.0

CREDIT RISKS

Commercial credit risk covers customers' payment capacity, and is managed by the respective subsidiary through careful monitoring of payment reliability, by following up customers' financial reports and via continuous communication. Customers' creditworthiness is checked by collecting information about their financial position from various credit agencies. To minimise credit risks, the Group's companies use letters of credit, bank guarantees, credit insurance and advance payments from customers. In the case of major projects, payment flows prior to delivery are hedged. There was no significant concentration of credit exposure on the balance sheet date.

MARKET RISKS

Market risk is defined as the risk that the fair value of, or future cash flows from, a financial instrument may vary as a result of changes in market prices. IFRS classifies market risks into three categories: currency risk, interest risk and other price risks. The principal market risks that affect the Group are interest risks and currency risks.

INTEREST RISKS

Interest risk is the risk that the value of a financial instrument may vary as a result of changes in market interest rates. The Group's net financial items and results are affected by fluctuations in interest rates. The Group is also indirectly affected by the influence of interest rates on the economy in general. The Lammhults Design Group takes the view that short-term fixing of interest rates is compatible with the Group's operations from a risk perspective. Against that background, the majority of the Group's borrowings in recent years have been at variable interest rates. Variable rates of interest have also often been lower than long-term rates in recent years, which has had a positive effect on the Group's profit. Management of the Group's exposure to interest rates is centralised, i.e. the Group's management is charged with identifying and handling such exposure. The Company's interest-bearing liabilities amounted to SEK 100.0 million (145.2) at year-end. All interest-bearing liabilities at 31 December 2013 were at variable interest rates. The Group also has a variable rate EUR loan to finance a building. The loan amounted to SEK 3.2 million (4.2) at year-end and has an interest rate cap ensuring that the interest on the loan will never exceed 5.0 percent.

CURRENCY RISKS

The risk that fair values and cash flows relating to financial instruments may fluctuate when the value of foreign currencies changes is known as currency risk. The Group is exposed to various types of currency risks. The primary exposure concerns purchases and sales in foreign currencies, where the risk may consist partly of fluctuations in the currency of a financial instrument or customer or supplier invoice, and partly of the currency risk in anticipated or contracted payment flows; this is known as transaction exposure. Currency risk fluctuations also exist in the translation of the assets and liabilities of foreign subsidiaries to the Parent Company's functional currency – "translation exposure". Another area

that is vulnerable to currency risks is represented by payment flows in loans and investments in foreign currencies.

Investments in foreign subsidiaries have to a certain extent been hedged by the raising of foreign currency loans or the use of overdraft facilities in foreign currency. At year-end, these loans are recognised in the Group at the exchange rate prevailing on the balance sheet date, except in the Parent Company's accounts, where the loans are recognised at the acquisition exchange rate for loans and overdraft facilities in foreign currencies for the purchase of participations in Group companies.

TRANSACTION EXPOSURE

The Group's invoicing to markets outside Sweden amounted to SEK 525.2 million (382.9) during the year. Invoicing in foreign currencies totalled SEK 510.2 million (370.0), as set out below.

INVOICING IN FOREIGN CURRENCIES (TRANSLATED TO SEK)

Currency	2014		2013	
	Amount	%	Amount	%
EUR	194.6	38	173.5	47
NOK	194.1	38	86.2	23
DKK	86.0	17	81.0	22
GBP	31.4	6	22.2	6
Other foreign currencies	4.1	1	7.1	2
TOTAL	510.2	100	370.0	100

The Group's purchases in foreign currencies totalled SEK 307.5 million (163.8), as set out below.

PURCHASING IN FOREIGN CURRENCIES (TRANSLATED TO SEK)

Currency	2014		2013	
	Amount	%	Amount	%
EUR	165.3	54	98.6	60
DKK	75.5	25	38.3	23
NOK	40.4	13	12.3	8
GBP	18.9	6	6.1	4
Other foreign currencies	7.4	2	8.5	5
TOTAL	307.5	100	163.8	100

The Group's aim is, by use of forward contracts, to limit its currency risks in connection with future payment flows. Using the best possible information regarding future flows, approximately 50% of anticipated net flows for the next 12 months are hedged. IAS 39 has been applied as of 1 January 2005. The Group classifies the forward contracts that it uses to hedge forecast transactions as cash flow hedges. Changes in the fair value of forward contracts are therefore recognised in equity. At year-end 2014, forward contracts showed a deficit of SEK 0.3 million, compared to a surplus of SEK 0.1 million at the preceding year-end.

TRANSLATION EXPOSURE

In normal circumstances, the Group does not seek protection for its translation exposures in foreign currencies. However, for the acquisitions of the shares outstanding in Lammhults Biblioteksdesign A/S in 2002, in Schulz Speyer Bibliothekstechnik AG in 2006, in Abstracta Interiör A/S in 2010 and in Fora Form AS in 2013, the Parent Company raised loans in

DKK, EUR and NOK, respectively, to hedge its currency exposures. The currency difference on these loans for the year amounts to SEK -0.5 million (-0.5) and has been taken directly to equity. For more on how translation exposure is treated in the accounts, see Note 1 Accounting policies, Hedging of net investments in a foreign operation.

SENSITIVITY ANALYSIS

In order to manage interest and currency risks, the Group's aim is to minimise the effects of short-term fluctuations in the Group's results. In the long term, however, lasting changes in exchange rates and interest rates will impact on the consolidated profit/loss. As per 31 December 2014, it is estimated that a general rise of 1% in interest rates will reduce the Group's profit before tax by approximately SEK 0.7 million (1.0), given the interest-bearing assets and liabilities existing on the balance sheet date. It is estimated that a general rise of 1% of the SEK against other currencies in 2014 reduced the Group's gross profit by approximately SEK 2.0 m (2.1) and pre-tax profit by around SEK 0.9 m (1.2). Changes in the value of currency forward contracts are disregarded in this calculation.

Note 28. Measurement of financial assets and liabilities at fair value and classification

Carrying amounts for financial assets and liabilities are classified by valuation category as follows:

Group	Hedging instruments	Loans and accounts receivable	Other liabilities	Total
31/12/2014				
Financial investments	–	0.2	–	0.2
Accounts receivable	–	140.7	–	140.7
Other receivables	–	8.6	–	8.6
Cash and cash equivalents	–	27.9	–	27.9
Currency forward contracts (liabilities)	0.4	–	–	0.4
Non-current interest-bearing liabilities	–	–	50.9	50.9
Current interest-bearing liabilities	–	–	49.1	49.1
Accounts payable	–	–	65.2	65.2
Other liabilities	–	–	45.6	45.6

Group	Hedging instruments	Loans and accounts receivable	Other liabilities	Total
31/12/2013				
Currency forward contracts (receivables)	0.1	–	–	0.1
Financial investments	–	0.2	–	0.2
Accounts receivable	–	129.6	–	129.6
Other receivables	–	12.1	–	12.1
Cash and cash equivalents	–	44.5	–	44.5
Non-current interest-bearing liabilities	–	–	68.9	68.9
Current interest-bearing liabilities	–	–	76.3	76.3
Accounts payable	–	–	53.7	53.7
Other liabilities	–	–	30.9	30.9

The carrying amounts represent a reasonable approximation of the fair values of the financial instruments. The non-current interest-bearing liabilities are subject to a variable interest rate that accords closely with the one that would be obtained at year-end. Other items are short-term.

Fair values for the currency forward contracts are based on quotations from brokers and are classified at level 2 in the fair value hierarchy. Similar contracts are traded in an active market and the rates reflect actual transactions in comparable instruments.

Parent Company	Loans and accounts receivable	Other liabilities	Total
31/12/2014			
Cash and cash equivalents	0.0	–	0.0
Bank loans	–	7.8	7.8
Bank overdraft facility	–	22.0	22.0
Accounts payable	–	0.5	0.5
Other liabilities	–	2.0	2.0

Parent Company	Loans and accounts receivable	Other liabilities	Total
31/12/2013			
Other receivables	0.4	–	0.4
Cash and cash equivalents	16.6	–	16.6
Bank loans	–	8.0	8.0
Bank overdraft facility	–	58.7	58.7
Accounts payable	–	2.0	2.0
Other liabilities	–	0.3	0.3

The carrying amounts represent a reasonable approximation of the fair values of the financial instruments. The non-current interest-bearing liabilities are subject to a variable interest rate that accords closely with the one that would be obtained at year-end. Other items are short-term.

Note 29. Operating leases

LEASE CONTRACTS WHERE THE COMPANY IS LESSEE

Total lease payments without right of early termination:

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Lease charges for the year	5.4	4.2	–	–
Within a year	5.1	2.1	–	–
Between one and five years	3.0	2.4	–	–

No non-cancellable lease payments fall due in more than five years. No lease contracts of significance to operations were entered into during the 2014 financial year. No sub-letting took place.

Note 30. Pledged assets and contingent liabilities

	Group		Parent Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Pledged assets				
For own liabilities and provisions				
Real estate mortgages	72.0	70.5	–	–
Chattel mortgages	40.0	40.0	–	–
Net assets in subsidiaries	533.9	527.0	–	–
Other securities	0.9	1.6	–	–
Shares in subsidiaries	–	–	202.5	202.5
TOTAL PLEDGED ASSETS	646.8	639.1	202.5	202.5
Contingent liabilities				
Sundry surety bonds	3.4	3.5	3.4	3.5
Warranties	2.9	5.3	–	–
Other contingent liabilities	1.7	1.7	–	–
TOTAL CONTINGENT LIABILITIES	8.0	10.5	3.4	3.5

The Parent Company has also provided general, unconditional and absolute guarantees to borrowers Abstracta AB, whose liability amounts to SEK 23.3 million, and for Voice AB and Lamhults Möbel AB, whose liability amounts to SEK 0.0 million.

Note 31. Appropriations

Parent Company	2014	2013
Group contributions received	25.2	20.5
Group contributions paid	-4.5	-8.9
TOTAL	20.7	11.6

Note 32. Closely related parties

CLOSE RELATIONSHIPS

The Parent Company has a close relationship with its subsidiaries as detailed in Note 33 and a joint venture as described in Note 16.

SUMMARY OF TRANSACTIONS WITH CLOSELY RELATED PARTIES

Of the Parent Company's total purchases and sales measured in Swedish kronor SEK 0.3 million (0.4) of the purchases and SEK 6.3 million (5.6) of sales pertain to other companies in the group of which the Company is part. This equates to 1% (2) of the Parent Company's purchases and 100 percent (100) of sales by the Parent Company. Substantial financial receivables and liabilities exist between the Parent Company and the subsidiaries. On 31 December 2014, the Parent Company's receivables from Group companies totalled SEK 190.6 million (195.2), while its liabilities towards Group companies amounted to SEK 281.8 million (278.8). No transactions or outstanding balances exist with the joint venture company. Transactions with closely related parties are priced in accordance with generally accepted market conditions.

TRANSACTIONS WITH KEY PEOPLE IN SENIOR POSITIONS

The Company's Board Members, along with close family members and wholly- or partly-owned companies, control 44% (44) of the voting rights in the Company. Peter Conradsson controls 25.8 percent (25.8) of the voting rights through an ownership stake in Scapa Capital AB. Jerry Fredriksson controls 17.7 percent (17.7) of the voting rights via an ownership stake in Canola AB.

Former warrant programmes for senior executives of the Group have expired, and on 31 December 2014, there were no warrant programmes outstanding in the Group. For more information on salaries and remuneration to the Board Members and senior executives, see Note 8.

Note 33. Group companies

Parent Company	31/12/2014	31/12/2013
Accumulated acquisition values		
At beginning of year	456.5	383.7
Purchases	–	72.8
CARRYING AMOUNT 31 DECEMBER	456.5	456.5
Accumulated impairment losses		
At beginning of year	-33.9	-33.9
Impairment losses for the year	-0.7	–
CARRYING AMOUNT, 31 DECEMBER	-34.6	-33.9
CARRYING AMOUNT 31 DECEMBER	421.9	422.6

Any impairment losses are recognised in the income statement on the line "Result from participations in Group companies".

SPECIFICATION OF PARENT COMPANY'S AND GROUP'S PARTICIPATIONS IN GROUP COMPANIES

Subsidiary / Co. reg. no. / Reg. office	No. of shares	Holding, %	31/12/2014	31/12/2013
			Carrying amount	Carrying amount
Lammhults Möbel AB / 556058-2602 / Växjö, Sweden	30,000	100	34.3	34.3
Lammhults Biblioteksdesign AB / 556038-8851 / Lund, Sweden	50,000	100	39.8	39.8
Lammhults Biblioteksdesign A/S / 87719715 / Holsted, Denmark	50,000	100	73.9	73.9
BC Interieur SARL / 33058132300046 / Paris, France				
The Design Concept Ltd / 06482850 / Bellshill, Glasgow, United Kingdom				
Schulz Speyer Bibliothekstechnik AG / HRB 2951SP / Speyer, Germany	11,250	100	65.4	65.4
Schulz Benelux BVBA / BE421869331 / Rotselaar, Belgium				
Voice AB / 556541-0700 / Jönköping, Sweden	10,000	100	40.7	40.7
Ire Möbel AB / 556065-2710 / Tibro, Sweden				
Expanda Invest AB / 556535-2290 / Växjö, Sweden	300,000	100	94.3	94.3
Abstracta AB / 556046-3852 / Växjö, Sweden				
Abstracta Interiör A/S / 20 95 95 09 / Bjert, Denmark				
Fora Form AS / 986 581 421 / Ørsta, Norway	5,100	100	72.8	72.8
Atran AB / 556035-8508 / Falkenberg, Sweden	6,000	100	0.4	1.1
Skåga AB / 556551-6480 / Jönköping, Sweden	1,000	100	0.1	0.1
Sydostinvest AB / 556210-3498 / Växjö, Sweden	1,000	100	0.2	0.2
			421.9	422.6

Note 34. Specification of Statement of Cash Flows

Interest paid and dividend received

	Group		Parent Company	
	2014	2013	2014	2013
Interest received	3.8	2.8	3.6	2.4
Interest paid	-8.2	-5.0	-6.6	-3.0
Dividend received	-	-	27.7	6.5

ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent Company	
	2014	2013	2014	2013
Depreciation	15.1	12.3	0.1	0.1
Impairments	-	-	0.8	-
Unrealised exchange differences	-5.0	-0.1	-	-
Capital gain/loss on sale of non-current assets	-0.5	-0.4	-	-
Capital gain/loss on sale of subsidiaries	0.7	0.7	-	-
Provisions for pensions	-0.1	-0.6	-	-
Other provisions	-	0.1	-	-
Dividend from Group companies	-	-	-27.7	-6.5
	10.2	12.0	-26.8	-6.4

ACQUISITION OF SUBSIDIARIES

	Group		Parent Company	
	2014	2013	2014	2013
<i>Assets and liabilities acquired</i>				
Intangible non-current assets	-	7.0	-	7.0
Property, plant and equipment	-	5.0	-	5.0
Non-current financial assets	-	-	-	0.1
Deferred income tax assets	-	1.1	-	1.1
Inventories	-	13.9	-	13.9
Current receivables	-	25.2	-	25.2
Cash and cash equivalents	-	1.0	-	1.0
TOTAL ASSETS	-	53.2	-	53.3
Provisions for pensions	-	0.6	-	0.6
Interest-bearing liabilities	-	8.7	-	8.7
Operating liabilities	-	26.2	-	26.2
TOTAL PROVISIONS AND LIABILITIES	-	35.5	-	35.5
Purchase consideration:				
Purchase consideration paid	-	-71.1	-	-71.2
Less: Cash and cash equivalents in the business acquired	-	1.0	-	-
Less: Acquisition-related expenses	-	-	-	-1.6
EFFECT ON CASH AND CASH EQUIVALENTS	-	-70.1	-	-72.8

DIVESTMENT OF SUBSIDIARIES

	Group		Parent Company	
	2014	2013	2014	2013
Assets and liabilities divested				
Property, plant and equipment	-	0.2	-	-
Inventories	-	0.3	-	-
Accounts receivable	-	2.4	-	-
Other receivables	-	0.4	-	-
Cash and cash equivalents	-	0.5	-	-
TOTAL ASSETS	-	3.8	-	-
Provisions for pensions	-	0.6	-	-
Accounts payable	-	0.3	-	-
Other liabilities	-	2.9	-	-
TOTAL PROVISIONS AND LIABILITIES	-	3.8	-	-
Purchase price received	-	0.0	-	-
Less: Cash and cash equivalents in the business divested	-	-0.5	-	-
EFFECT ON CASH AND CASH EQUIVALENTS	-	-0.5	-	-
CREDITS NOT USED				

	Group		Parent Company	
	2014	2013	2014	2013
Total, credits not used	115.9	68.0	101.5	53.9

Note 35. Important estimates and assessments

The Company's management has discussed with the audit committee the development, choice and disclosures relating to the Group's significant accounting policies and assessments, and the application of these policies and assessments.

SIGNIFICANT SOURCES OF UNCERTAINTY IN ASSESSMENTS

Impairment tests for goodwill

When computing the recovery value of cash-generating units to assess any impairment loss for goodwill, several assumptions as to future circumstances and estimates of parameters have been made. A summary of these items is set out in Note 14. As may be seen from Note 14, changes in the preconditions for these assumptions and estimates during 2015 could have a significant effect on the value of goodwill. However, the view is taken that no significant risk exists of any major adjustment of goodwill during the coming year.

Income taxes

Extensive assessments are made to determine current and deferred tax liabilities/assets, and in particular the value of deferred tax assets. In this process, the Lammhults Design Group must assess the likelihood of the deferred tax assets being offset against future taxable profits. The actual outcome may differ from these assessments, for example, because of a change in the future business climate, amended tax regulations or because of the eventual result of a tax authority's or a fiscal court's as yet uncompleted examination of tax returns submitted. For more information, see Note 12.

Note 36. Information on the Parent Company

Lammhults Design Group AB is a Swedish company with limited liability (Swedish: aktiebolag). Its registered office is in Växjö, Sweden. The Parent Company's Class B shares are listed on the Nordic Small Cap list of the Nasdaq OMX Nordic Exchange Stockholm. The address of the head office is Lammhults Design Group AB, Box 75, SE-360 30 Lammhult, Sweden. The consolidated accounts for 2014 are for the Parent Company and its subsidiaries, which form the Group. The Group also includes shareholdings in joint venture companies.

CERTIFICATION BY THE BOARD OF DIRECTORS

The Board of Directors and the Chief Executive Officer hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation (EC) No. 1606/2002/EC of the European Parliament and of the Council dated

19 July 2002 on the application of international accounting standards. The Annual Report and the annual accounts and the consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The administration report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Parent Company and the Group and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

The annual accounts and consolidated accounts were, as indicated above, approved for issue by the Board of Directors and the Chief Executive Officer on 16 March 2015. The consolidated statement of income statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption by the Annual General Meeting of Shareholders, to be held on 29 April 2015.

Lammhult, 16 March 2015



Anders Pålsson
Chairman



Peter Conradsson
Board member



Maria Edsman
Board member



Jorgen Ekdahl
Board member



Jerry Fredriksson
Board member



Lotta Lundén
Board member



Anders Rothstein
CEO

Our Audit Report was submitted on 16 March 2015
KPMG AB



Emil Andersson
Authorised Public Accountant

Auditors' report

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN LAMMHULTS DESIGN GROUP AB (PUBL), CORP. REG. NO. 556541-2094

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Lammhults Design Group AB (publ) for the 2014 financial year. The Company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 69–111.

The Board of Directors and the Chief Executive Officer are responsible for the annual accounts and the consolidated accounts.

The Board of Directors and the CEO are responsible for preparing an annual report that provides a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that provide and a true and fair view in accordance with International Financial Reporting Standards (IFRS), 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 auditors

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts based on 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 accounts and the 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.

Statement

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 31 December 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 31 December 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 in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the Annual General Meeting that the income statement and balance sheet of the parent company and the statement of comprehensive income and the statement of financial position of 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 a review of the proposed treatment of the company's profit or loss and the administration of the affairs of Lammhults Design Group AB (publ) by the Board and the CEO in the 2014 financial year.

Responsibilities of the Board of Directors and CEO

The Board of Directors is responsible for the proposed arrangements for the company's profit or loss, and the Board and CEO are responsible for administration under the Swedish Annual Accounts Act.

Responsibilities of the auditors

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, in addition to our audit of the annual report and the consolidated accounts, we examined 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 Board member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

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

Statement

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.

Växjö, 16 March 2015
KPMG AB



Emil Andersson
Authorised Public Accountant

DESIGN AND PRODUCTION

GRAND PUBLIC

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