VBG GROUP 2012 ANNUAL REPORT

VBG GROUP

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EVENTFUL YEAR FOR THE GROUP

During the year, resources were devoted to forward-looking marketing activities, innovative product development and organisational adjustments. The purpose was to create a good platform for the Group when the market climate eventually improves.

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STRATEGY FOR INCREASED GROWTH

Stable organic growth within all divisions is required in order to achieve the growth objective. We must also focus more on structural growth by acquisition. At the end of the year, a strategically important complementary acquisition was made of the American company Onspot of North America.

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NEW DIVIDEND POLICY

In March 2012, the Board of Directors adopted a policy stipulating 30 per cent as the level of the dividend the shareholders can expect under normal circumstances. The proposed dividend of SEK 2.25 corresponds to 40.5 per cent of the Group's net profit.

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Annual General Meeting 2013

The Annual General Meeting of VBG GROUP AB (publ) will be held at 5:00 p.m. on 25 April 2013 in the company's offices at Herman Kreftings gata 4 in Vänersborg.

Notification

Shareholders wishing to attend the meeting must

- be listed in the share register kept by Euroclear Sweden AB by not later than 19 April 2013.
- notify the company by not later than 4:00 p.m. on 19 April 2013.

Notification may be given in writing to VBG GROUP AB (publ), Box 1216, SE-462 28 Vänersborg, Sweden; by telephone to +46 521 27 77 00; or by e-mail to claes.wedin@vbggroup.com. The notification of attendance must include name and personal or corporate identity number.

Shareholders who are represented by a proxy should send a power of attorney with the notification of attendance. Anyone representing a legal entity must produce a power of attorney, a copy of the registration certificate or equivalent documents showing the person(s) authorised to sign on behalf of the legal entity.

Shareholders whose shares are registered to a nominee must have the shares re-registered in their own name by the nominee in good time before 19 April 2013 (voting rights registration).

Dividend

The Board of Directors and Managing Director propose that an unchanged dividend of SEK 2.25 per share (2.25) be approved, with a record date of 30 April 2013. If the AGM approves this proposal, the dividend is expected to be distributed by Euroclear Sweden AB starting 6 May 2013.

Report dates

25 April	Interim report January–March
22 August	Interim report January–June
23 October	Interim report January–September
February 2014	Year-end report 2013

The VBG GROUP welcomes enquiries about the Group and its development. Contact persons are: Anders Birgersson, Managing Director and CEO, telephone: +46 521 27 77 67, and Claes Wedin, CFO, telephone: +46 521 27 77 06. More information is available at www.vbggroup.com.

THE YEAR IN BRIEF

An eventful "in-between" year for the Group that was concluded by a strategic acquisition in the USA.

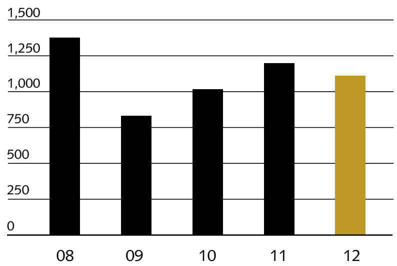
- **Turnover decreased by 6.5 per cent to SEK 1,104.8 M (1,181.1).**
- **Operating profit was SEK 98.9 M (138.3).**
- **Profit after financial items amounted to SEK 94.2 M (130.9).**
- **Profit after tax was SEK 69.4 M (94.5).**
- **Earnings per share amounted to SEK 5.55 (7.56).**
- **The Board proposes an unchanged dividend of SEK 2.25 per share (2.25).**
- **Acquisition of the American company Onspot of North America.**

Key figures	2012	2011	2010	2009	2008
Net turnover, SEK M	**1,104.8**	1,181.1	1,021.3	829.0	1,376.7
Profit/loss after financial items, SEK M	**94.2**	130.9	82.4	–30.7	108.6
Profit/loss after tax, SEK M	**69.4**	94.5	55.7	–21.2	73.1
Earnings/loss per share, SEK	**5.55**	7.56	4.46	–1.69	5.85
Return on capital employed, %	**12.5**	18.6	8.7	–3.1	16.1
Equity/assets ratio, %	**64.1**	64.7	58.2	54.4	56.0
Average number of employees	**518**	477	432	445	432

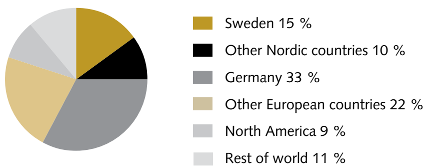
THIS IS THE VBG GROUP

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering Group with wholly-owned companies in Europe, China, India and the USA. The Group's operations are divided into three divisions – VBG TRUCK EQUIPMENT, EDSCHA TRAILER SYSTEMS and RINGFEDER POWER TRANSMISSION – with products that are marketed under strong, well-known brands. VBG GROUP AB's Series B share was introduced on the stock exchange in 1987 and is listed today on the Nasdaq OMX Nordic Exchange Stockholm, Small Cap list.

Group turnover, SEK M



Geographic distribution of turnover



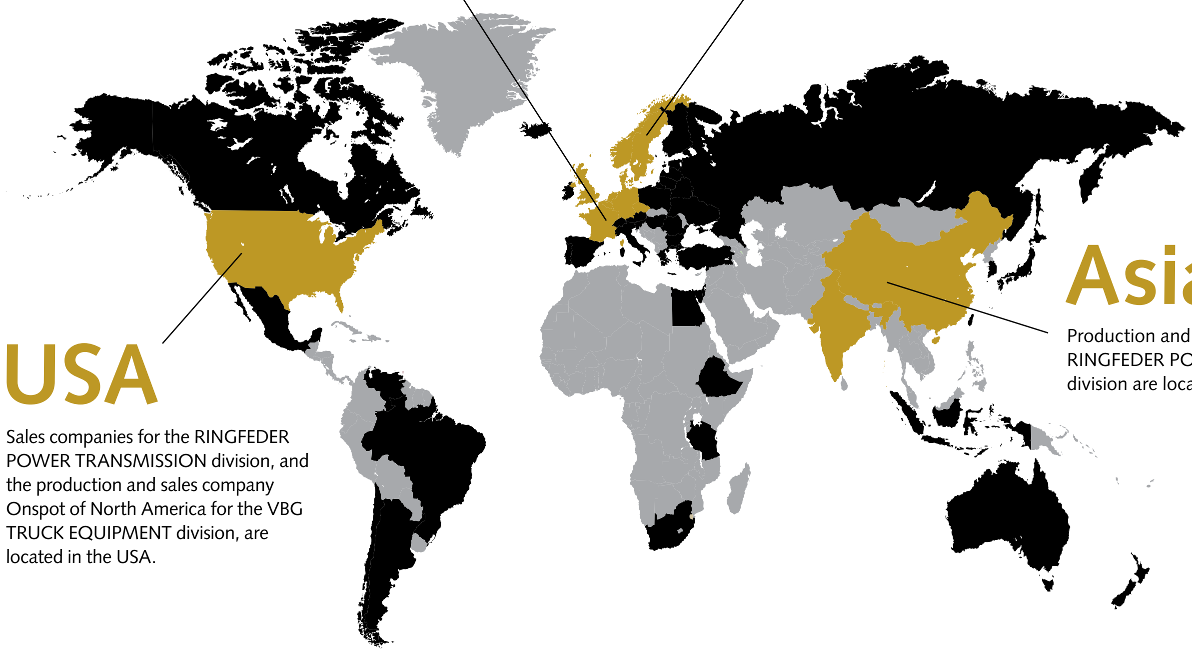
Total SEK 1,105 M

Europe

Production and sales companies for the divisions VBG GROUP TRUCK EQUIPMENT, RINGFEDER POWER TRANSMISSION and EDSCHA TRAILER SYSTEMS are located in Europe.

Scandinavia

The Parent Company, VBG GROUP AB, and production and sales companies for the VBG GROUP TRUCK EQUIPMENT division are located in Scandinavia.



Asia

Production and sales companies for the RINGFEDER POWER TRANSMISSION division are located in India and China.

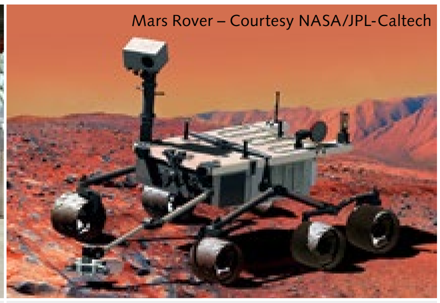
USA

Sales companies for the RINGFEDER POWER TRANSMISSION division, and the production and sales company Onspot of North America for the VBG TRUCK EQUIPMENT division, are located in the USA.

Own companies Importers/Agents

THE GROUP'S OPERATIONS ARE DIVIDED INTO THREE DIVISIONS

Divisions



VBG TRUCK EQUIPMENT

Is, by virtue of its own strong brands, an internationally leading supplier of coupling equipment for trucks with heavy trailers, where the division accounts for more than 50 per cent of the global market via the Ringfeder and VBG brands. Complementary brands are Onspot, automatic tyre chains with a world-leading position in their niche, and Armaton, dropside pillars.

EDSCHA TRAILER SYSTEMS

Is, by virtue of its own strong brands, an internationally leading supplier of equipment for trailers. The division accounts for about 50 per cent of the global market for sliding roofs via the Edscha and Sesam brands.

RINGFEDER POWER TRANSMISSION

Is, by virtue of its own strong brands, a recognised global market leader in selected niches within mechanical power transmission and energy and shock absorption. The division's brands are Ringfeder, Gerwah and Ecoloc. The customers are found in such widely disparate industrial markets as construction, machinery, power and mining.

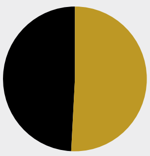
Trademarks

VBG Truck Equipment: VBG, RINGFEDER, ONSPOT, armaton

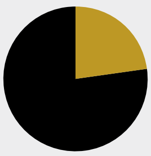
Edscha Trailer Systems: Edscha Trailer Systems, SESAM

Ringfeder Power Transmission: RINGFEDER, GERWAH, ECOLOC

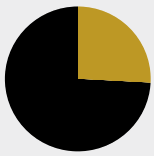
Share of Group turnover



51 %

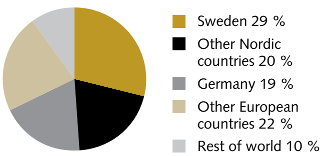


23 %

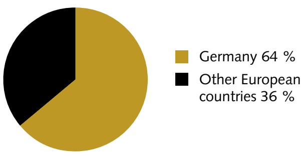


26 %

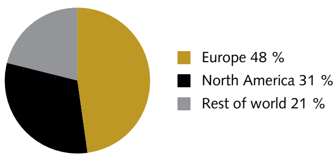
Turnover



SEK 565 M



SEK 252 M



SEK 287 M

Number of employees

	VBG Truck Equipment	Edscha Trailer Systems	Ringfeder Power Transmission
Number of employees	245	95	171

FROM THE MANAGING DIRECTOR

VBG GROUP – an eventful "in-between" year for the Group

Financial year 2012 was characterised by widely spread uncertainty in many important geographic markets and sectors, which greatly impacted the sales trend in the Group's two divisions with links to the transport industry and the truck and trailer industry: VBG TRUCK EQUIPMENT and EDSCHA TRAILER SYSTEMS. But just as we took action during the extreme economic slump in 2009, when we undertook major restructurings and investments for the future, in 2012 resources were devoted to forward-looking marketing activities, innovative product development and organisational changes. The purpose of these measures was to create a good platform for the Group when the market climate eventually improves, which I believe will happen during the middle or latter part of 2013.

In connection with the introduction of the new divisional structure, the Parent Company, VBG GROUP AB, strengthened its internal resources for structural growth via acquisitions. This includes both complementary acquisitions for the divisions and acquisitions of new businesses to create a "fourth leg" that fits in with the Group's structure and culture. At the end of the year, this resulted in a strategically important complementary acquisition of the American company Onspot of North America.

VBG TRUCK EQUIPMENT – stable operation with strong position and good profitability

The division looked forward to more stable demand in 2012, but because of the general uncertainty that prevailed for most of 2012 due to financial and political turmoil in Europe in particular, the market did not develop as expected.

Despite the weaker market trend, the division carried out several major projects in order to create good conditions for the future:

- Establishment of a new logistics and distribution centre in Belgium for Western and Central Europe at a cost of about SEK 12 M.
- Successful participation in two major trade fairs: Elmia Lastbil 2012 and the world's biggest commercial vehicle trade fair, IAA in Germany.
- Commercial launch of VBG MechMatic, a unique fully automated lubrication system.
- Subdivision of the German company in Krefeld when Edscha's sliding roofs business was split out and moved to its own company at another location.
- On 30 November, a strategic complementary acquisition was made of the American company Onspot of North America. The division thereby became a world leader in the product area of automatic tyre chains.

VBG TRUCK EQUIPMENT has very stable operations with a strong position on all its markets. Despite an 8 per cent reduction in annual turnover and a restructuring cost of about SEK 12 M as mentioned above, the division reported an operating margin of more than 10 per cent, which I consider quite acceptable.

EDSCHA TRAILER SYSTEMS – extensive measures for future growth

The division predicted a continued weak trend in the trailer business during the first half of 2012, but that demand would then increase during the third and fourth quarters. But the market never took off during the second half of the year, remaining at 10 to 15 per cent below last year's turnover. A clear increase in sales was noticeable in October and November, but in December many of the division's big customers took precautionary measures and shut down production during the second half of December and over the Christmas/New Year's holiday.

EDSCHA TRAILER SYSTEMS also undertook a number of forward-looking activities during 2012 to create long-term growth and increased profitability:

- Moved the remaining portion of the operation in Belgium to Kamenice nad Lipou in the Czech Republic, giving it responsibility for all production, logistics and distribution.
- Took part with its own stand in the international commercial vehicles fair IAA in Germany.
- Landed a large order – for delivery in 2013 – for sliding bow systems for railway cars for the Polish State Railway.
- The sliding roof business was split out of the Group's company in Krefeld and relocated to the nearby city of Moers, where the new company Edscha Trailer Systems GmbH was formed.
- Continued long-range product development drive aimed at developing a new generation of sliding roofs. The product launch will take place gradually, starting in 2014.

The low operating margin of 4 per cent should be regarded and evaluated in the light of the resources that have been invested in the above-mentioned activities and the weak market trend that resulted in a decline in sales by more than 14 per cent. I feel quite confident that EDSCHA TRAILER SYSTEMS will achieve good earnings when the market begins expanding again. I agree with the outside analysts who follow the trailer business closely and who project that growth will begin to take off at the start of the second half of 2013.

RINGFEDER POWER TRANSMISSION – a vital 90-year-old with growth potential

On the eve of 2012, the RINGFEDER POWER TRANSMISSION division judged that good prospects existed for increasing turnover, since, with their broad customer base in different geographic markets and industrial segments, they are not normally affected by cyclical fluctuations to the same extent as the other divisions in the Group. They turned out to be right, and turnover for the year increased by more than 5 per cent, with the markets in the USA and India developing strongly while turnover doubled in Australia.

Like the other divisions, RINGFEDER POWER TRANSMISSION undertook a number of important activities during the year:

- On the marketing side, they increased their participation at trade fairs in such disparate locations as Bangalore, Houston, Tokyo, Stuttgart, São Paulo and Calcutta.
- In September, RINGFEDER POWER TRANSMISSION celebrated its 90th anniversary with a big event at the company in Gross-Umstadt for invited customers and distributors from all over the world.
- On 6 August, the division placed its products on a new geographic market, namely the planet Mars, where NASA's Mars Rover Curiosity landed with Ringfeder's friction springs incorporated in its drilling equipment.
- At the beginning of the year, the company's operations in Krefeld and Grosswallstadt were relocated to joint premises containing offices, warehouse and some production in Gross-Umstadt just south of Frankfurt.

I regard the operating margin of nearly 17 per cent as very good. The division's turnover and earnings for individual quarters can vary quite a bit depending on the product and customer mix. The lower turnover and thereby lower margin during the fourth quarter should therefore not be seen as a reversal in the market trend.

The VBG GROUP – towards new goals

As I mentioned at the start, 2012 was an eventful year in a difficult market climate. On the whole, however, I regard 2012 as a good year for the Group, where each division has worked resolutely based on its own long-range strategies and undertook many important activities for the future. Now as the end of the first quarter approaches and sales volumes are largely according to plan, I regard this as an indication that the economy has stabilised. This bolsters my belief that we will see greater activity in the market during the coming quarters and gives me hope that growth will take off once again before the end of this year.

Anders Birgersson
Managing Director and CEO

"At the end of the year, a strategically important complementary acquisition was made of the American company Onspot of North America."

BUSINESS CONCEPT, GOAL AND STRATEGIES

The VBG GROUP focuses on product niches and market segments where it is possible to achieve good and sustainable profitability with good growth potential. This growth will be achieved both organically and by acquisition.

Business concept

The VBG GROUP will, within selected product and market segments, acquire, own and develop industrial companies in business-to-business commerce with strong brands and good growth potential. Based on a long-range commitment and with a focus on growth and profitability, the VBG GROUP's shareholders will be offered attractive value growth.

Goal

The VBG GROUP's overall objective is sustainable and profitable growth. Through growth we achieve a position of strength in relation to other players in the value chain: suppliers, distributors, customers and competitors. Sustainable and profitable growth also creates the necessary conditions for long-term financial strength and a good return for the shareholders.

Average annual turnover growth of at least 10 per cent

During the past ten years, the Group has had an average annual turnover growth of 10.7 per cent, of which 3.3 per cent has been organic growth and 7.4 per cent structural growth through the acquisitions of Edscha Trailer Systems, Gerwah and Onspot of North America, which was acquired in December 2012. Growth in 2012 was negative: –6.5 per cent. Of the three divisions, only RINGFEDER POWER TRANSMISSION showed positive organic growth.

Strategy to achieve the goal

Achieving the goal will require stable organic growth within all divisions. Besides focusing on existing product and market segments, growth will also be generated by ventures in new regions. We must also focus more on structural growth by acquisition. The Group strives to make complementary acquisitions within each individual division, but also aims to grow by establishing new business divisions with a logical connection to existing operations and/or the Group's industrial expertise.

Average operating margin of at least 10 per cent

Over the past ten years, the Group's operating margin has on average amounted to 9.7 per cent, including restructur-

FINANCIAL GOALS AND DIVIDEND POLICY

In order to create a good platform for an ambitious growth plan, it is important to have a clear picture of the objectives towards which the Group Management and Board of Directors are striving. In March 2012, the Board of Directors of the VBG GROUP therefore established new financial goals based on historic performance and the Group's strategy, with a focus on profitable growth.

The financial goals, measured as an average over a business cycle (about 5–6 years), are:

- Turnover growth of at least 10 per cent per annum.
- Operating margin (EBIT/sales) of at least 10 per cent.
- Return on capital employed (ROCE) of 18 per cent.

The VBG GROUP's dividend policy

- The company shall normally distribute 30 per cent of the net profit to the shareholders as dividend.

ing costs and items of a non-recurring nature. The operating margin in 2012 was 9.0 per cent, which was strong in the light of declining sales, restructuring costs of about SEK 12 M and increased costs for product development and marketing activities. The RINGFEDER POWER TRANSMISSION division showed the highest operating profit ever, SEK 47.9 M, and with a good operating margin of 16.7 per cent.

Strategy to achieve the goal

The Group's strategy for achieving the operating margin goal is based on a number of success factors that apply both to existing operations and when evaluating possible acquisition targets:

- High customer value in the products
- International expansion
- Leading market position in selected niches
- Diversified customer base
- Strong brands

The ambition is to create distinct competitive advantages within each division through product development and efficient manufacturing and distribution, and in this way create high customer value.

The divisions' strong market positions, advanced products and efficient distribution channels, along with stable finances and a strong internal organisation, form the basis for the continued success of the business.

Return on capital employed of 18 per cent

During the period 2003–2012, the Group's return on capital employed (ROCE) has averaged 17.0 per cent. ROCE amounted to 12.5 per cent in 2012, which was lower than the goal.

With an increased focus on efficient capital utilisation, and taking into account the growth and profitability goals, the Group should be able to achieve a ROCE of 18 per cent.

ONSPOT OF NORTH AMERICA

A STRATEGIC COMPLEMENTARY ACQUISITION

At the end of 2012, the VBG GROUP acquired the American automatic tyre chain manufacture Onspot of North America Inc., thereby becoming the world leader in automatic tyre chains.

The Onspot brand is the original product when it comes to automatic tyre chains for heavy vehicles. Onspot's automatic tyre chains were introduced in 1977 by a Swedish company that was acquired by the VBG GROUP in the '90s. Since then, Onspot of North America has been a licensee of the VBG GROUP, with the right to manufacture and sell Onspot products in the USA and Canada. The company has exhibited stable growth and profitability ever since the start and is currently dominant on the North American market.

The VBG GROUP has a strong position on the European market for automatic tyre chains today. The acquisition of Onspot of North America is completely in line with the acquisition strategy and strengthens our position in a niche that is already well established within the Group.

Onspot of North America has some 30-odd employees in the USA and its own manufacturing in North Vernon, Indiana. Sales take place from four regional offices, strategically located across the American continent. The operation is consolidated in the VBG TRUCK EQUIPMENT division, and is expected to give the division sales growth of about 10 per cent in 2013.

The acquisition, with the well-established sales channels Onspot of North America has at its disposal, provides a platform for moving into new segments and further strengthening the Group's position in North America.

A large customer segment for Onspot of North America is traditional yellow school buses, which often use Onspot's automatic tyre chains.

VBG TRUCK EQUIPMENT

VBG TRUCK EQUIPMENT, the Group's largest division, is an internationally leading supplier of coupling equipment for trucks with heavy trailers and of automatic tyre chains. By far the biggest customer group is body builders, who customise the truck body after it has left the assembly plant. Other important customer groups are the large international truck manufacturers and players on the aftermarket, where the end users are reached through subsidiaries, retailers and distributors.

Strong leading brands

The division's two brands for drawbar couplings, VBG and Ringfeder, account for more than 50 per cent of the world market. VBG is dominant in Scandinavia, while Ringfeder is strong in the rest of Europe and on other markets, such as Australia, where Ringfeder is dominant. All coupling equipment is manufactured in the Group's highly automated factory in Vänersborg. The biggest competitors are Rockinger of Germany and Orlandi of Italy.

Acquisition strengthens Onspot

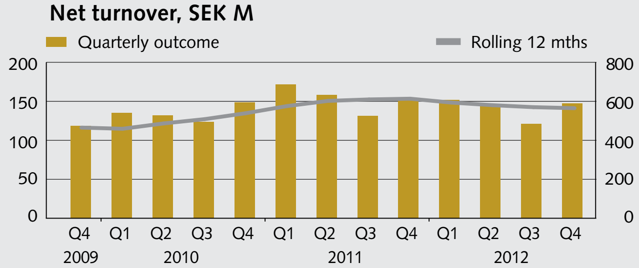
Interest in the division's Onspot automatic tyre chains continues to grow. It is becoming increasingly important for customers to invest in equipment that improves safety and helps the drivers arrive in time even in difficult winter weather. A new and more demanding road traffic law was introduced in Sweden on 1 January 2013. The new law says that all heavy vehicles operating in Sweden, regardless of nationality, must have winter tyres or equivalent equipment during the period 1 December to 31 March. Anti-skid devices, which is what Onspot's automatic tyre chains are classified as, is included in "equivalent equipment".

The biggest buyer group for the effective automatic tyre chains is, just as for coupling equipment, body builders all over the world. Moreover, Onspot reaches end users with a strong focus on safe transport, such as ambulance and fire-fighting vehicles. At the end of 2012, the American automatic tyre chain manufacturer Onspot of North America Inc. was acquired, making the VBG GROUP the world leader in automatic tyre chains. The acquisition also gives the division increased exposure on non-European markets and increases the share of sales that is not coupling-related.

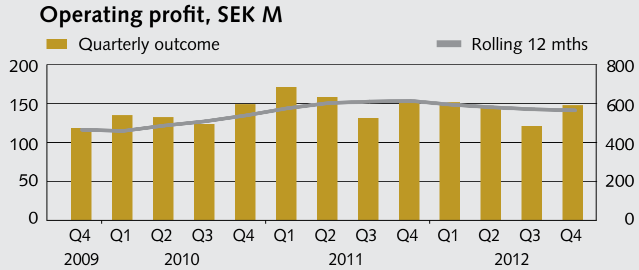
Own sales companies on selected markets

VBG TRUCK EQUIPMENT cultivates the market directly through wholly owned sales companies or via a network of well-established importers and retailers in a large number of countries all over the world. The strategy is to have our own presence on selected markets and work close to the customers. The division has its own sales companies in Sweden, Germany, Denmark, Norway, Belgium, the UK, France and the USA. By integrating forward in the value chain, the division can penetrate the market more effectively and strengthen relations with its customers. In 2013, all distribution of products to customers in Western and Central Europe was concentrated to the division's logistics and distribution centre in Beringen, Belgium.

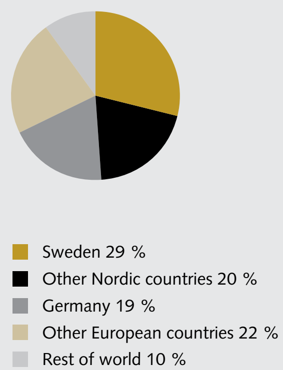
Net turnover, SEK M



Operating profit, SEK M



Turnover by region, %



Leading product development

Joint projects in cooperation with the most important players in the industry provide good insight into new trends and opportunities to get involved in the development work early on and thereby influence its direction. As the market leader, VBG TRUCK EQUIPMENT spearheads the development of technology. The division focuses on developing solutions that contribute to both safer truck transport and a safer working environment for the drivers. Furthermore, the focus is on improving the drivers' comfort and work situation.

In 2012 the division launched a new drawbeam range and a brand new innovative 50-millimetre drawbar coupling with a fixed guided funnel, while also further developing the product concept VBG MFC (Multi Function Coupling). Launched back in 2008, VBG MFC is a revolutionary concept for automatic connection of truck and trailer. In order to improve the driver's work situation and increase the service life of the drawbar coupling, another world novelty was introduced in 2012: VBG MechMatic. It is an industry-unique product that cleans and lubricates the drawbar coupling automatically while driving with air and an oil mist.

Larger share for system sales

The division's sales of coupling equipment to body builders is increasingly moving from individual drawbar couplings to systems consisting of drawbar couplings, drawbeams and underride protection. Behind this trend lie new rules in the EU concerning Whole Vehicle Type Approval, which entail that all parts of a vehicle must be officially approved before it is put into operation. VBG TRUCK EQUIPMENT is driving development in this area and offering the body builders complete drawbar coupling systems that should be able to obtain this approval quickly. For example, the division's new drawbeam range, VBG CMS, consists of vehicle-adapted total solutions for all needs. All products are ECE-approved and can be delivered fully installed on whole-vehicle-type-approved vehicles.

Aftermarket business increases stability

The division's aftermarket business, with service and sales of spare parts and accessories, helped stabilise sales during 2012, when the economy slumped. Sales of new equipment to truck manufacturers and body builders creates the basis for a thriving aftermarket business. Thanks to the division's extensive network of sales subsidiaries, importers and retailers in some 40-odd countries, the aftermarket can be cultivated effectively. In recent years the European vehicle fleet has aged considerably, increasing the need for service. In response to the growing interest in VBG MFC, quite a few Swedish service centres became authorised MFC Service Centres in 2012. Today there are more than 60 such centres in Sweden.

Increased focus on Eastern Europe

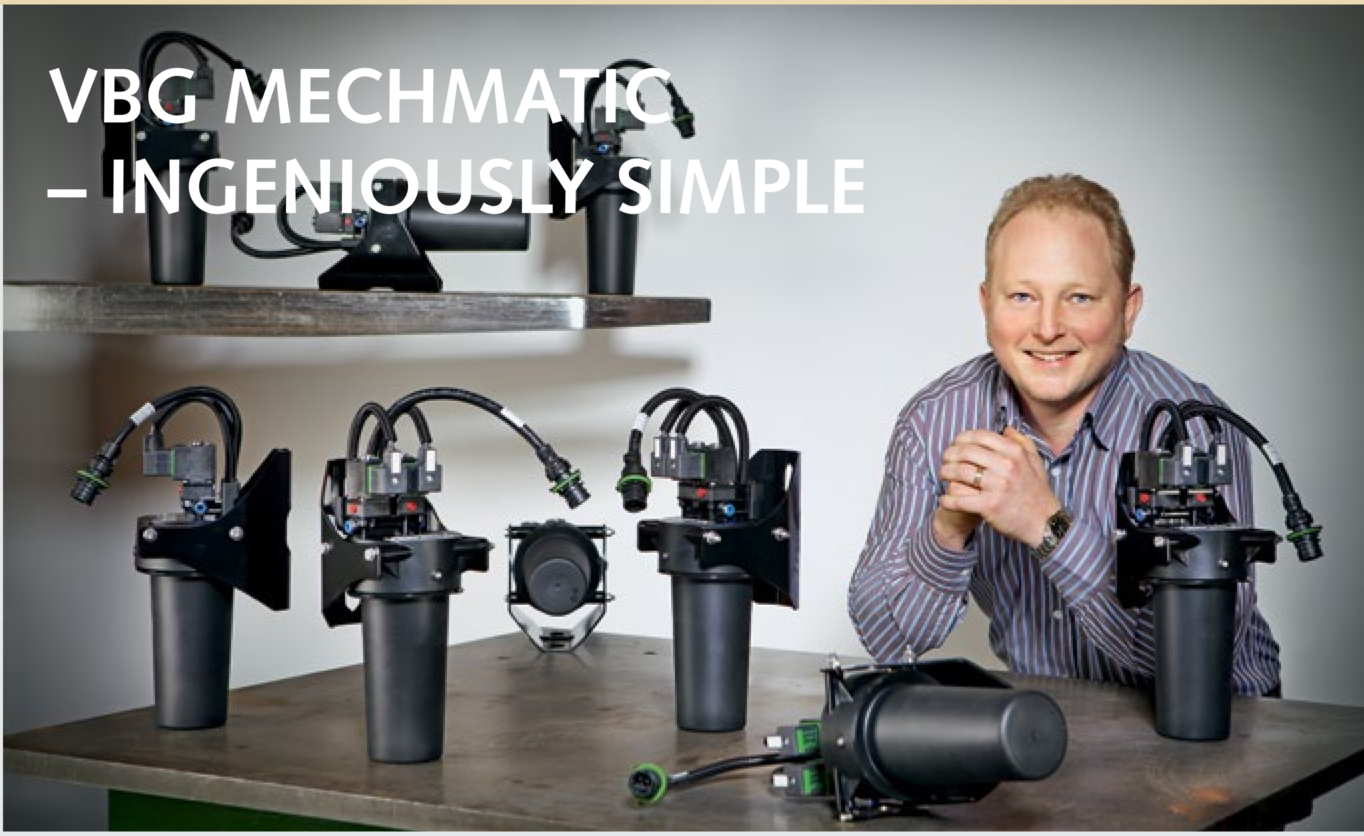
Based on the division's international brand Ringfeder, product solutions are being developed for Eastern European countries such as Russia and Poland. Drawbar couplings and other equipment are being adapted to the special conditions existing in these countries, where, as a result of large infrastructure investments, there is an increasing need for well-functioning road transport. At the same time, there is an increasing trend for such Eastern European countries as Russia to adopt European coupling technology.

Heavier and longer vehicles

In order to reduce the environmental impact of road transport, there is a trend towards longer vehicles, so that more and heavier goods can be carried by fewer vehicles. An ability to understand and handle the forces to which the trucks are subjected is an example of the kind of expertise that has been developed over the years and that distinguishes VBG TRUCK EQUIPMENT from its competitors. The division has developed system solutions that include drawbar coupling, drawbeam and drawbar. For some time now the division has been involved in the ETT project (ETT = En Trave Till = One Stack More), which involves extra-long timber transport runs between Överkalix and Piteå, and DUO2, which is a 32-metre long, 80-tonne heavy dual trailer combination in service between Gothenburg and Malmö. The results after more than a year's testing in the DUO2 project indicate a potential to reduce CO_2 emissions by more than 30 per cent. Another project was begun during 2012 in Lapland in cooperation with the mining industry in the region. Combination vehicles with a gross vehicle weight of up to 90 tonnes are carrying iron ore from the mine in Pajala to the transshipment station in Svappavaara for further transport by train to Narvik. The shipments will eventually involve up to 80 vehicles that will be used round the clock.

Long vehicles known as road trains are common in Australia. These are combination vehicles that are up to 53 metres long and are usually equipped with Ringfeder drawbar couplings.

VBG MECHMATIC – INGENIOUSLY SIMPLE



VBG TRUCK EQUIPMENT develops products and solutions that contribute to higher traffic safety as well as a better working environment for the drivers. The world novelty VBG MechMatic, launched during 2012, meets these criteria with admirable simplicity. Anders Thorén, who was in charge of development, explains the process from idea to finished product.

What was needed

We have observed that drawbar couplings are often in bad shape when the truck comes in for service. Lubricating and cleaning the drawbar coupling is an important maintenance measure. Since it must be done manually today and is often a laborious task, I started wondering if there wasn't a better way to manage lubrication and cleaning, which would also make the drivers' work easier.

How it was developed

In order to achieve the desired result, we realised from the start that a fully automatic solution was required. We started sketching a prototype and decided early on that it would be based on our own VBG MechOil. By the end of 2010 the design work had been completed and a patent application submitted.

The next step was to conduct various field trials. We conducted three test series with ten vehicles each, concentrating on vehicles used for tough transport tasks and preferably in extreme weather conditions. The tests were successful, and we got positive feedback from the participating drivers and transport companies. At this point we were ready to launch the product, at Elmia in June and at IAA in September 2012.

How the market responded

We understood from the reaction of our field trial drivers that the product was just what we wanted and that we had found exactly what so many drivers needed without really knowing what it was. When the product was launched at the two fairs, the positive reactions continued. In our business it's unusual for a product to achieve sales successes in direct connection with its launch at a trade fair, but in the case of VBG MechMatic this rule didn't hold true. What a response! The success has continued since then, and in 2013 we will launch the automatic lubricating system on other markets in Europe. VBG MechMatic is a product that can be used on any type of truck, regardless of the brand of drawbar coupling.

How it works

VBG MechMatic is connected to the drawbar coupling, and at regular intervals it first cleans the system with compressed air and then lubricates it. A green lamp indicates that the system is working as it's supposed to. A red lamp shows that the oil is about to run out, whereby the driver replaces the empty can with a new can of VBG MechOil, quickly and easily. In addition to making things easier for the driver, VBG MechMatic means lower service costs and a longer service life for the drawbar coupling. Both economic and environmental benefits.

EDSCHA TRAILER SYSTEMS

With its strong brands Edscha and Sesam, EDSCHA TRAILER SYSTEMS is an internationally leading supplier of products for conversion of tarpaulin-covered trailers. The division has about 50 per cent of the world market within the sliding roofs product category. The largest portion of sales takes place in Germany, where the leading trailer manufacturers are located. Efficient manufacture and assembly take place at the division's own factory in Kamenice nad Lipou in the Czech Republic.

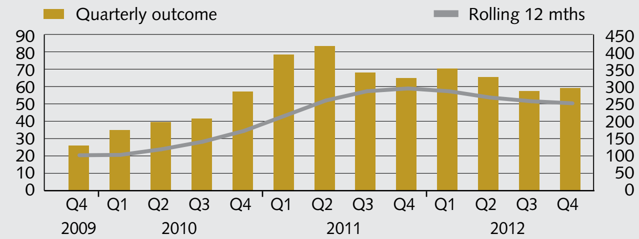
Strong position on a long-term growth market

The market for trailers with sliding roofs – the biggest segment within the trailer sector – amounts to about 100,000 units per year. The roof system is an important part of the trailer's superstructure and greatly influences the vehicle's stability and performance. The technical challenge consists of optimising the transport volume – being able to develop a design which, despite small overall dimensions, offers robust and user-friendly function. Edscha, which was first to introduce the sliding roof back in 1969, is the market leader and has a strong position on growth markets such as Russia. Aside from Edscha and Sesam, the other main manufacturers are German TSE and Belgian Versus Omega.

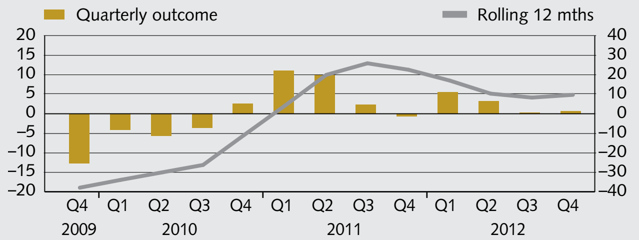
Increased focus on product development

As the market leader in sliding roofs, EDSCHA TRAILER SYSTEMS devotes considerable resources to customer-driven product development. The division is an attractive partner to customers with high demands on safety, ergonomics and total economy. On a market where time is a vital competitive factor, innovations that speed up loading and unloading, leaving more time for the haulage work, are important. Total concepts are also being developed for roof solutions that contribute to higher traffic safety. The division's product development efforts were intensified during 2012. At the same time as a whole new generation of roof systems is under development, several innovative solutions have been launched and received very positively by the customers. The Edscha Dry System concept was launched at the international commercial vehicle show IAA in September as a solution that prevents water from collecting on trailer roofs and possibly freezing to ice. The same show also saw the launch of Edscha Ultraline Heavy Duty, a steel-reinforced version of the Edscha Ultraline roof system, as well as the innovative opening system Edscha TailWing, which has been nominated for the Trailer Innovation Prize 2013. The launch rate of new products and solutions will remain high in the years to come.

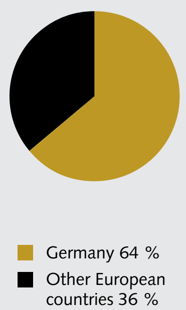
Net turnover, SEK M



Operating profit/loss, SEK M



Turnover by region, %



New markets for higher growth

The market for trailers will continue growing as the global need for efficient road transport solutions continues to increase. Since sales of the division's products are closely linked to sales of new semitrailers, they are subject to large cyclical fluctuations. Besides generating growth from the existing customer base in Germany in particular, EDSCHA TRAILER SYSTEMS is focusing on new markets and customers. The particular focus is on economies where a rapid build-up of infrastructure is taking place, aimed at creating logistics systems as efficient as those in Europe, featuring just-in-time deliveries and high reliability. Several of the large European trailer manufacturers to which the division delivers products have begun to strengthen their presence on markets in the east, including Russia and Turkey. Turkey exports large numbers of trailers to fast-growing markets in the Middle East, where the European concept dominates. At the same time as manufacturers such as Krone and Kögel of Germany are starting their own manufacturing on growth markets, manufacturers from low-cost regions are increasing their exposure on the European market. The world's biggest container manufacturer, CIMC of China, is gradually building up a position with manufacturing and sales of trailers in Europe.

As a complement to sales to trailer manufacturers, EDSCHA TRAILER SYSTEMS is also focusing on meeting the demand for innovative roof solutions for e.g. railway freight cars.

The trend on the trailer market

Following the sharp decline associated with the financial crisis in 2008–2009, a long-range recovery in the demand for semitrailers has begun, even though trailer production declined by about 10 per cent in 2012. The trailer fleet in Western Europe is ageing, but it will probably take a few years before demand reaches the same high levels as during the record year 2007, when the sales volume was about 230,000 units. A faster increase in demand is occurring on the markets in the east, such as Russian and Turkey, and the total trailer fleet is increasing. Even though the European trailer market is much more fragmented than the market for trucks, it is estimated that the three biggest manufacturers – German Schmitz, Krone and Humbaur/Kögel – account for more than a third of the market. The weak European economic situation and increased competition from manufacturers in low-cost regions is driving a consolidation among manufacturers.

The new innovative opening system Edscha TailWing, which has been nominated for the Trailer Innovation Prize 2013. The picture shows when the sliding roof with Edscha TailWing has been opened all the way.

VOLATILE WESTERN EUROPEAN TRAILER MARKET NOW STABILISING

The Western European trailer market* has been characterised by high volatility in recent years. The financial crisis, which hit Europe in the middle of 2008, marked the beginning of big changes on this market.

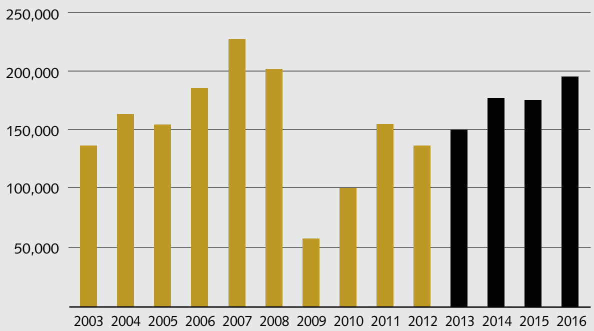
There was a considerable overproduction of trailers in 2007 and 2008, creating a large surplus of vehicles. As a result of this, trailer production declined sharply during 2009, when the vehicle manufacturers were forced to reduce their large inventories of new vehicles quickly to free up capital. Furthermore, the transport need declined during 2009 as a consequence of the economic slump that followed in the wake of the financial crisis.

The difficult financial climate in recent years has also acted as a strong driving force for quick improvements in productivity in the European road transport system. As a result, fewer vehicles are needed to perform the same transport activity. As a result, the Western European trailer fleet has diminished by an estimated 70,000 vehicles during the period 2009–2012.

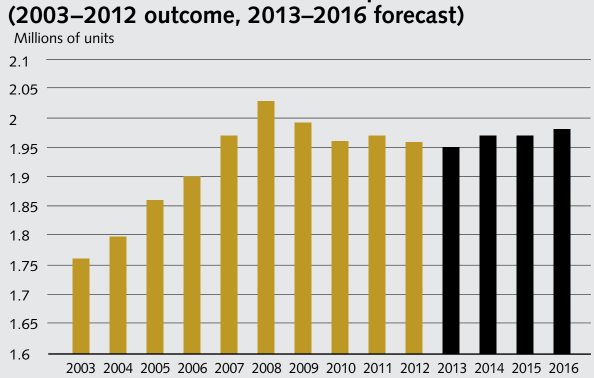
The most likely scenario is that, following a relapse into negative growth during 2012 and the first half of 2013, we will enter a more stable period with growing demand for trailers in Western Europe. Initially, this higher demand will be generated by an increasing need to replace the existing trailer fleet due to an ageing vehicle fleet. Then it will gradually also be driven by the increasing transport demand resulting from the expected economic upswing in the coming years.

* The 15 EU countries as of 31 December 2003, not including Greece and Luxembourg, but including Switzerland and Norway.

Number of semitrailers produced in Western Europe (2003–2012 outcome, 2013–2016 forecast)



Total vehicle fleet in Western Europe, millions of units (2003–2012 outcome, 2013–2016 forecast)



Source of vehicle statistics: CLEAR International Consulting, UK

RINGFEDER POWER TRANSMISSION

RINGFEDER POWER TRANSMISSION develops, manufactures and markets a wide range of products under its own strong brands for advanced applications in mechanical power transmission and energy and shock absorption. The products are sold worldwide, particularly to customers active in various niches in such industrial segments as construction, machinery, power and mining. Germany and the USA are the two biggest markets, but a fast-growing share of sales is attributable to growth markets. Operations are conducted from wholly owned companies in Germany, the Czech Republic, the USA, India and China.

Broad range of uses

Based on three clearly positioned brands – Ringfeder, Gerwah and Ecoloc – the division offers individual products or systems made up of composite components for a large number of applications where high demands are made on reliability and quality. One important area is industrial automation, for example machine tools, industrial robots and special machines for automation of industrial processes. Another important market segment is materials handling and transport of different kinds of materials, where typical applications are in hoist and crane equipment or conveyor systems. Other areas of application are in mining, civil engineering structures and systems for generating electric power, e.g. wind and water turbines. One high-growth area is magnetic couplings – a type of coupling where no physical contact is required to transmit torque.

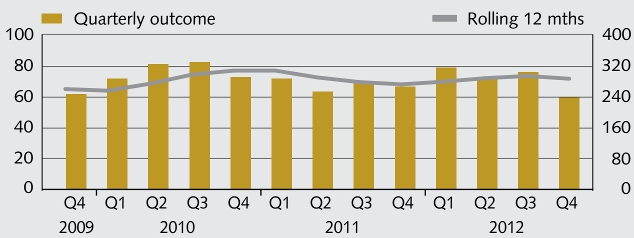
Global customer segments

The division is active in a number of niches with the whole world as its market. The number of customers is over 3,000, and they are reached either via the division's own salesmen or a network of agents and distributors. New customers are attracted by the division's complete product range, mainly within mechanical power transmission and shock absorption. The market is divided into 16 global segments, the biggest of which are Mining, Metals and Energy, while the fastest growing are Pumps and Foods. The division is focusing on increasing its exposure in Oil and Gas, as well as Earthquake Protection, with both existing and new products and sales channels. The division is also a supplier of components to the aircraft industry, with customers such as Boeing and Airbus, as well as to projects in the space industry, such as NASA's space probe Mars Rover Curiosity.

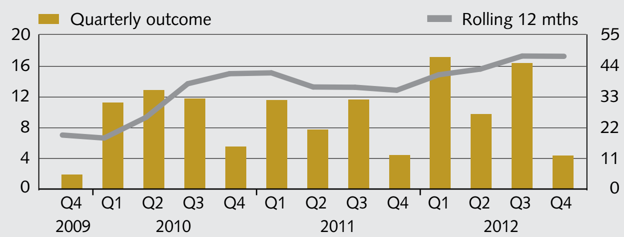
Continued high pace of innovation

During the year the division has further intensified its efforts to develop new products that meet customer demands on safe and cost-effective solutions.

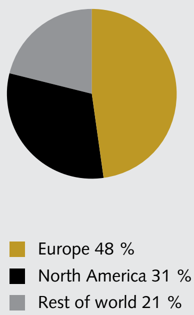
Net turnover, SEK M



Operating profit, SEK M



Turnover by region, %



Applications based on the division's expertise in magnet technology are still a priority area. Magnetic couplings are judged to have great potential, for example in the packaging industry. Product development can take the form of independent efforts or collaboration with customers on specific projects as well as with technical universities in Germany. Many of the products under the Ringfeder brand are based on our own long-established patents, the oldest from 1922.

Cost-effective production

Continuous improvement work is pursued within the division to achieve more efficient processes, both in production and in other departments. The efficiency improvement work aims at increasing the division's competitiveness, maintaining high deliver capacity and enhancing quality. Considerable resources were devoted during the year to further development of the division's IT systems in order to improve control and connect the division's companies together. This is an important effort, which will continue during 2013.

A large part of the production takes place in the factory in the Czech Republic, but final assembly and customising of the products to specific customer requirements are done at the different sales companies around the world. The division also collaborates with external manufacturers to achieve the highest possible cost-effectiveness and flexibility in order to create added customer value.

The sales companies in the USA, India and China deliver to their own markets, while global deliveries are made from Germany and the Czech Republic. This permits faster deliveries to the customers, which is an important competitive advantage.

Focus on international growth

The division's sales increased during 2012 on several important non-European markets such as the USA, Australia and India. A strong position has been built up in Australia and India among customers in the mining and construction industry with sales of locking devices in particular. In China, where the division's production and sales companies were established in Kunshan in 2011, the focus is on securing supplies of rare earth metals for production of magnetic couplings, an important and growing product segment. The division is also striving to increase sales in several product areas on the domestic Chinese market. In Latin America, the division has carried out several important customer projects in recent years in order to create a base for further growth. On other growth markets around the world, such as Africa, sales are handled in collaboration with distributors. The long-range strategy includes increasing the division's global presence via its own sales resources.

RINGFEDER 90 YEARS!

When Ringfeder was founded in 1922 after acquiring the rights to a patent with the same name, there was little indication that over the next 90 years they would develop into a global company with leading solutions in power transmission and damping for a variety of application areas. Today, Ringfeder's products can be found all over the world – as well as in outer space!

The division's head office in Gross-Umstadt, Germany

Mars Rover – Courtesy NASA/JPL-Caltech

RINGFEDER IN OUTER SPACE

RINGFEDER POWER TRANSMISSION's more than 90-year journey has gone from its establishment in Uerdingen, Germany in 1922 to being represented today with products on the planet Mars as well as on European spacecraft.

The products that have taken the division to Mars are the specially designed stainless steel friction springs that are installed in NASA's space probe Mars Rover Curiosity, which has been on Mars since August 2012. Ringfeder's friction springs form a vital part of the damping system on the robot arm that drills test holes on the surface of the planet in order to determine whether conditions for life exist or have existed on the red planet. The friction springs are made of a special steel alloy that enables them to work at temperatures varying between +80 °C and -140 °C.

The product on Mars today is basically the same one that was patented in Germany in 1922 when Ringfeder was founded. Over the years it has of course been refined, production has been streamlined and it is now sold on markets all over the world.

RINGFEDER POWER TRANSMISSION also has products under the Gerwah brand on the manned International Space Station (ISS) owned by the space agencies in the USA, Russia, Canada, Japan and Europe, which has been orbiting Earth since 1998.

Gerwah's precision products are installed in a sophisticated laser positioning system that is used to dock ATVs – unmanned shuttles – to the ISS. This is yet another example of the fact that RINGFEDER POWER TRANSMISSION is a selected supplier to advanced applications with extreme requirements.

The Gerwah brand was acquired by the Group in 2008 and includes products where accuracy and precision are common denominators. The products are used, for example, in machines and robots in the packaging industry. The acquisition, which has been integrated in RINGFEDER POWER TRANSMISSION, has contributed to the division's strong growth in recent years.

EMPLOYEES

Qualified and customer-focused employees are a crucial asset in strengthening the VBG GROUP's position and potential for continued expansion. The VBG GROUP's ambition is to enable its employees to reach their full potential within the Group.

The new organisational structure with three divisions has now been in effect for over a year and has made the VBG GROUP even more customer- and market-adapted, which has created special needs for targeted training activities and other skills-enhancing measures for the employees. Today the VBG GROUP is present with its own personnel in 13 countries. At year-end, 67 per cent (67) of the employees were working outside Sweden, and 11 per cent (5) outside Europe. The proportion of female employees in the Group is stable and amounted at the end of 2012 to 24.5 per cent (24.6).

VBG GROUP Academy

New employees in the VBG GROUP undergo an orientation training with a focus on the company's processes, procedures, safety, quality and environment as well as individual job content. Individual skills development is determined and then followed up at annual developmental assessments held between each employee and his or her immediate superior. In 2012, VBG GROUP Academy was launched, an umbrella for trainings initiated by the Parent Company. This includes management development for both the Group Management and other senior officers in the Group, as well as broad based training with target groups in all divisions. Under the auspices of VBG GROUP Academy, trainings were carried out during the year in such subjects as project management and Supply Chain Management. One of the purposes of VBG GROUP Academy is to streamline management development within the Group. Additional members of the divisional managements completed the Industrial Management course at KTH Executive School in Stockholm during the year.

Code of conduct

It goes without saying that the VBG GROUP does not discriminate against anyone due to gender, ethnic or religious affiliation, age or sexual orientation. This code of conduct, introduced in 2010, is an important policy instrument and is always communicated at the Group's annual leadership conferences.

Each manager continuously informs his working group about the code and how it works. Work environment audits are performed in order to ensure that the code of conduct is followed.

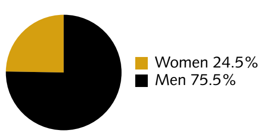
Structured wellness work

Structured work with wellness and rehabilitation is one of the reasons for the Group's low rate of sickness absence. The VBG GROUP stimulates initiatives aimed at creating a working environment with high job satisfaction where employees are encouraged to take their own initiatives and assume responsibility. Work environment improvements are handled locally by the different companies, since conditions and legislation in this area differ between different countries.

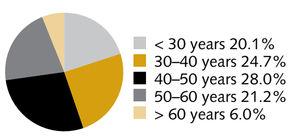
Increasing awareness of the VBG GROUP

Attracting the right people with the right skills to the Group is a challenge, since there is a shortage of technicians and engineers in Sweden as well as in most other European countries. The VBG GROUP is a strong brand among job seekers, and the Group is working with a number of different projects to spread awareness of the VBG GROUP as an attractive employer. Among other things, the Group participates in various joint training projects and labour market fairs in Germany and Sweden. An important part of spreading awareness of the career opportunities available in the Group is to offer more students internships and apprenticeships in different operations.

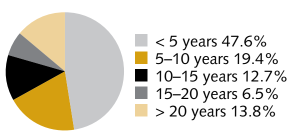
Gender distribution



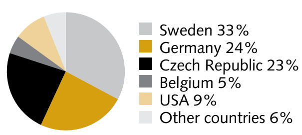
Age distribution



Length of employment



Geographic distribution



THE SHARE

The VBG GROUP was first listed on the stock exchange in 1987 and is currently listed on Nasdaq OMX Nordic Exchange Small Cap, in the Industrials Sector. A recovery on the world's stock markets, along with a stronger earnings trend in the Group, lay behind the increase in value of the VBG GROUP's Series B share during the year.

The VBG GROUP's Series B share rose by 20 per cent in 2012, as compared to a rise of 12 per cent for Nasdaq OMX Nordic Exchange. The highest price was quoted on 1 February (SEK 103.50) and the lowest on 4 June (SEK 72.00). A total of 1,072,292 of the VBG GROUP's Series B shares were traded during the year, equivalent to a turnover rate of 9 (8) per cent. The VBG GROUP's market capitalisation at year-end was about SEK 1.1 (0.9) billion.

Total return

The VBG GROUP's overall objective is sustainable and profitable growth, which should also lead to a good long-term financial return for the shareholders. The total return, i.e. the change in share price plus the dividend, for the VBG GROUP's Series B share during 2012 was 23.1 per cent. Over the past five-year period, the total return for the VBG GROUP's Series B share is –20.7 per cent. This is due to the fact that the share price at the end of 2007 was SEK 124.50 as compared with the final price in 2012 of SEK 91.00. The Six Return Index, which measures the total return on the Stockholm Stock Exchange, increased by 18.7 per cent during the same period.

Share capital

The share capital in the VBG GROUP amounts to SEK 34.2 million, distributed among 13,694,000 shares with a quotient value of SEK 2.50 per share. There are two classes of shares: 1,220,000 Series A shares and 12,474,000 Series B shares. Each Series A share has ten votes and each Series B share has one vote, except for the Series B shares bought back by VBG GROUP AB. Following the buy-back programme that was implemented in 2002, VBG GROUP AB owns 1,191,976 Series B shares. The shares represent 8.7 per cent of the share capital. The Board of Directors has been authorised by the Annual General Meeting to resolve on one or more occasions to transfer these shares in connection with acquisitions.

Shareholders

The VBG GROUP had 4,046 shareholders at year-end, a decrease compared with the same time last year. The Series A shares, which represent 52 per cent of the votes in the VBG GROUP, are held by three foundations: the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. Of the total number of shares in the company, 88.86 per cent are owned by institutions, including the three foundations and the VBG GROUP's repurchased shares.

Dividend and dividend policy

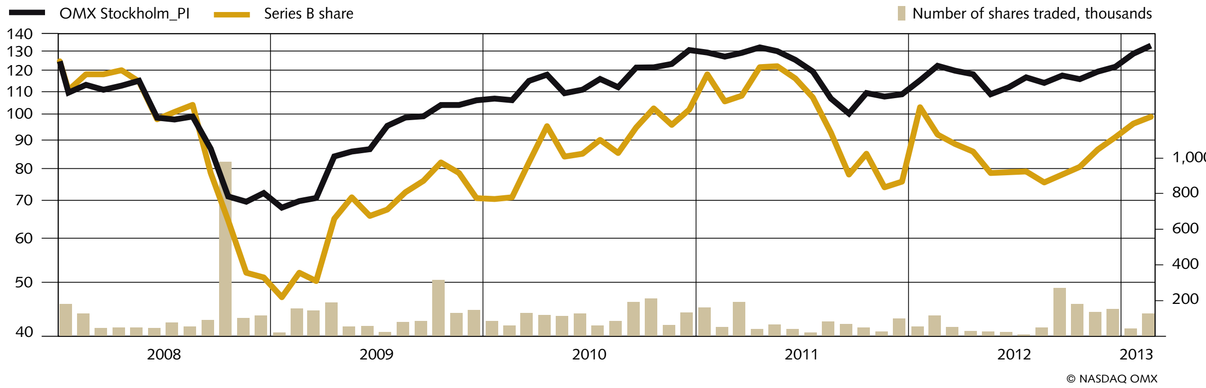
Since the company's initial listing on the stock exchange in 1987, and including the dividend of SEK 2.25 proposed to the 2013 Annual General Meeting, the company has paid an average dividend amounting to 30.5 per cent of the net profit. In March 2012, the Board of Directors adopted a policy stipulating 30 per cent as the level of the dividend the shareholders can expect under normal circumstances. The proposed 2013 dividend of SEK 2.25 corresponds to 40.5 per cent of the Group's net profit.

Contacts with the stock market

The VBG GROUP's contacts with the stock market are mainly based on quarterly financial reports, press releases and presentations of the VBG GROUP. Ten or so meetings with investors and analysts were held in Sweden during 2012. The annual report, year-end and interim reports are available at www.vbggroup.com. Also available there are press releases, presentation material from information meetings and information on which analysts regularly cover the VBG GROUP.

The person in charge of Investor Relations is
Claes Wedin, CFO, telephone +46 521 27 77 06,
e-mail claes.wedin@vbggroup.com.

Price of VBG GROUP AB's Series B share over five years



Ten biggest shareholders at 28 December 2012

Shareholders	Series A shares	Series B shares	Holding, per cent	Votes, per cent
Herman Krefting Foundation for Allergy and Asthma Research	408,700	4,053,464	32.58	34.67
Melker Schörling AB		1,137,135	8.30	4.84
Lannebo Micro Cap.		1,067,000	7.79	4.54
SEB Asset Management S A		950,834	6.94	4.05
Lannebo Småbolag Select		583,300	4.26	2.48
SLK Employees' Foundation	567,300		4.14	24.16
CBLDN-IF Skadeförsäkring AB		540,211	3.94	2.30
VBG-SLK Foundation	244,000		1.78	10.39
Lindtor Maskin AB		237,000	1.73	1.01
SEB Sverigefond Småbolag		224,216	1.64	0.95
Total ten largest shareholders	**1,220,000**	**8,793,160**	**73.12**	**89.40**
Total other shareholders		**2,488,864**	**18.18**	**10.60**
Total number of registered shares	**1,220,000**	**11,282,024**	**91.30**	**100.00**
VBG GROUP AB, own holding		**1,191,976**	**8.70**	
Total number of registered shares	**1,220,000**	**12,474,000**	**100.00**	

Shareholder categories

28 Dec. 2012	Percentage of capital
Foreign shareholders	8.46
Swedish shareholders	91.54
Of which:	
Institutions	88.86
Private persons	11.14

Size of shareholdings

28 Dec. 2012 — Percentage of capital

No. of shares	Number of of share-holders	Percentage of capital
< 500	3,295	2.68
500–5,000	680	7.00
> 5,000	71	90.32
Total	**4,046**	**100.00**

Shareholders in Sweden and abroad

28 Dec. 2012	Percentage of capital
Sweden	91.54
Other Europea countries	8.34
Rest of world	0.12

Data per share

	2012	2011	2010	2009	2008
Earnings/loss, SEK	**5.55**	7.56	4.46	–1.69	5.85
Dividend, SEK	**2.25***)	2.25	1.50	0.50	1.00
Share price at year-end, SEK	**91.00**	75.75	102.00	70.75	51.00
P/E ratio	**16.4**	10.0	22.9	neg	8.7
Equity, SEK	**52.42**	50.92	45.22	47.59	53.17
Cash flow from operating activities, SEK	**7.45**	10.47	8.06	1.50	9.62
Dividend yield, %	**2.47**	2.97	1.47	0.71	1.96
Number of shares outstanding (thousands)	**12,502**	12,502	12,502	12,502	12,502
Average number of shares outstanding (thousands)	**12,502**	12,502	12,502	12,502	12,502

*) Proposed

FIVE-YEAR SUMMARY

SEK M	2012	2011	2010	2009	2008
Sales and earnings					
Net turnover	1,104.8	1,181.1	1,021.3	829.0	1,376.7
Operating profit/loss	98.9	138.3	68.6	–27.1	123.1
Profit/loss after financial items	94.2	130.9	82.4	–30.7	108.6
Profit margin, %	8.5	11.1	8.1	–3.7	7.9
Profit/loss after tax	69.4	94.5	55.7	–21.2	73.1
Financial position					
Balance sheet total	1,023.2	983.5	971.8	1,094.5	1,187.6
Capital employed	844.3	745.5	741.9	864.6	871.4
Return on capital employed, %	12.5	18.6	8.7	–3.1	16.1
Equity	655.4	636.6	565.3	595.0	664.7
Return on equity, %	10.7	15.7	9.6	–3.4	12.2
Risk-bearing capital	689.5	683.1	606.9	637.4	710.6
Risk-bearing capital ratio, %	67.4	69.5	62.5	58.2	59.8
Equity/assets ratio, %	64.1	64.7	58.2	54.4	56.0
Cash flow					
Cash flow before change in working capital	99.3	132.3	83.4	–36.8	146.6
Cash flow from operating activities	93.1	130.9	100.8	18.8	120.3
Cash flow from investing activities	–94.3	–25.9	–12.2	–41.7	–114.0
Cash flow from financing activities	3.6	–85.1	–77.2	–5.1	12.2
Cash flow for the year	2.4	19.9	11.4	–28.0	18.5
Data per share					
Earnings/loss, SEK	5.55	7.56	4.46	–1.69	5.85
Dividend, SEK	2.25*)	2.25	1.50	0.50	1.00
Dividend yield, %	2.47	2.97	1.47	0.71	1.96
Other					
Average number of employees	518	477	432	445	432

*) Proposed

REPORT OF THE DIRECTORS

VBG GROUP AB (publ) Corp. ID no. 556069-0751
(All amounts in SEK thousand unless otherwise stated.)

The Board of Directors and Managing Director of VBG GROUP AB (publ) hereby submit their annual report and consolidated financial statements for financial year 2012, the company's 54th year of operation.

INFORMATION ON THE BUSINESS

General

VBG GROUP AB (publ) in Vänersborg is the Parent Company of an international engineering group. The Group has wholly owned subsidiaries in Sweden, Norway, Denmark, Germany, Belgium, France, the UK, the Czech Republic, India, the USA and China. Sales to geographic markets where the Group does not have its own sales companies take place via a network of well-established importers and distributors.

Divisions

Operations are divided into three divisions:

- VBG TRUCK EQUIPMENT is an internationally leading supplier of equipment and systems to customers in the truck industry and includes the brands VBG and Ringfeder for coupling equipment, Onspot for automatic tyre chains and Armaton for dropside pillars for light trucks. Customers tend to be truck manufacturers, body builders, hauliers and importers.

- EDSCHA TRAILER SYSTEMS is the market's biggest manufacturer of sliding roofs for trailers. The main brand is Edscha Trailer Systems, while a complementary brand is Sesam. The customers are above all the major European trailer manufacturers.

- RINGFEDER POWER TRANSMISSION is a global market leader in selected niches within mechanical power transmission and energy and shock absorption. The operation includes the Ringfeder, Gerwah and Ecoloc brands. The customers are machine manufacturers, companies in the mining industry and the wind power industry, and other high-tech companies all over the world.

Consolidated turnover and earnings

The Group's turnover for the full year decreased by 6.5 per cent to SEK 1,104.8 M (1,181.1), and the actual volume decrease for the full year was 4.8 per cent after changes in exchange rates between the years are taken into account.

The Group's operating profit was SEK 98.9 M (138.3), with a margin of 9.0 per cent (11.7).

VBG TRUCK EQUIPMENT's turnover decreased by 7.9 per cent during the year to SEK 565.2 M (613.7). Operating profit was charged with SEK 10.6 M in restructuring costs during the first quarter, amounting for the full year to SEK 57.1 M (94.0) with a margin of 10.1 per cent (15.3).

EDSCHA TRAILER SYSTEMS's turnover decreased by 14.5 per cent to SEK 252.1 M (294.8). Operating profit amounted to SEK 9.7 M (22.5), with a margin of 3.9 per cent (7.6).

RINGFEDER POWER TRANSMISSION's turnover increased by 5.4 per cent to SEK 287.5 M (272.6). Operating profit increased to SEK 47.9 M (35.4), with a slightly lower margin of 16.7 per cent (13.0).

The consolidated operating profit also included Group-wide overheads of SEK 15.8 M (13.6) that were not allocated among the different divisions.

Net interest expense for the full year was SEK 6.2 M (6.3), and the Swedish companies' euro-denominated credits were positively affected by a currency effect of SEK +1.5 M (-1.1). Taken together, this resulted in a net financial loss of SEK 4.7 M (7.4), and the profit after financial items was SEK 94.2 M (130.9) with a margin of 8.5 per cent (11.1).

Profit after tax was SEK 69.4 M (94.5), and earnings per share after tax was SEK 5.55 (7.56).

Return on capital employed fell to 12.5 per cent (18.6), while return on equity rose to 10.7 per cent (15.7). The Group's equity/assets ratio at year-end declined slightly compared with last year to 64.1 per cent (64.7).

VBG GROUP, CONSOLIDATED RESULTS SEK M	**2012**	4/12	3/12	2/12	1/12	**2011**	4/11	3/11	2/11	1/11
Net turnover	**1,104.8**	265.8	254.7	283.2	301.1	**1,181.1**	284.3	269.6	305.3	321.9
Operating profit	**98.9**[1]	19.7	21.2	26.7	31.3[1]	**138.3**	23.1	26.6	33.4	55.2
Operating margin, %	**9.0**	7.4	8.3	9.4	10.4	**11.7**	8.1	9.9	10.9	17.1
Profit after financial items	**94.2**	14.8	22.9	25.5	31.0	**130.9**	23.8	23.6	29.5	54.0
Profit margin, %	**8.5**	5.6	9.0	9.0	10.3	**11.1**	8.4	8.8	9.7	16.8
Profit after tax	**69.4**	12.9	15.6	18.1	22.8	**94.5**	17.9	17.5	21.0	38.1
Earnings per share, SEK	**5.55**	1.03	1.25	1.44	1.83	**7.56**	1.43	1.40	1.68	3.05
ROCE (cumulative), %	**12.5**	12.5	14.5	15.9	16.9	**18.6**	18.6	20.1	23.7	29.8
ROE (cumulative), %	**10.7**	10.7	11.9	12.8	14.2	**15.7**	15.7	16.9	20.0	26.2
Equity/assets ratio, %	**64.1**	64.1	65.2	64.2	63.7	**64.7**	64.7	60.9	59.5	60.0

[1] Includes restructuring cost of SEK 10.6 M

VBG TRUCK EQUIPMENT

Turnover for the full year 2012 declined by 7.9 per cent to SEK 565.2 M (613.7). Taking exchange rate changes into account, the actual volume decrease was 6.5 per cent. The division's biggest and most important markets, Sweden and Germany, were relatively sluggish for most of the year, which was the main reason for the low turnover figure. In contrast, other important markets such as Norway and Australia were very strong, and Australia achieved an all-time-high for a single year.

Operating profit was charged in the first quarter with SEK 10.6 M in staff-related restructuring costs in Germany for the relocation of stocks and distribution to the division's Belgian company, where a central warehouse for Central and Western Europe was established during the year.

During the third quarter, VBG TRUCK EQUIPMENT participated in the Swedish Elmia Lastbil 2012 trade fair and the big international commercial vehicle show IAA in Hanover. There a new product was launched, VBG MechMatic, which cleans and lubricates the drawbar coupling automatically while driving with air and an oil mist.

On 30 November, the VBG GROUP acquired the American company Onspot of North America Inc., which had been a licensee of VBG TRUCK EQUIPMENT since 1990 with the exclusive right to manufacture and sell Onspot products in the USA and Canada. Onspot of North America Inc. was accounted for in the division from the month of December and contributed SEK 4.9 M in turnover and a net operating loss of SEK –0.5 M, after deduction of SEK 2.1 M for costs in conjunction with the acquisition. The acquisition has made VBG TRUCK EQUIPMENT the unchallenged world leader in the product area of automatic tyre chains, with a total future annual turnover of over SEK 100 M.

Operating profit for the division declined to SEK 57.1 M (94.0), with an operating margin of 10.1 per cent (15.3).

VBG TRUCK EQUIPMENT had an average of 245 employees in 2012 (233), and on 31 December the division had 257 employees (236), of whom 29 worked for Onspot of North America Inc.

Turnover and Earnings, SEK M **VBG TRUCK EQUIPMEN**	**2012**	4/12	3/12	2/12	1/12	**2011**	4/11	3/11	2/11	1/11
Net turnover	**565.2**	147.3	121.1	145.2	151.6	**613.7**	152.5	131.3	158.5	171.4
Operating profit	**57.1**[1]	17.6	7.6	19.5	12.4[1]	**94.0**	22.0	15.5	20.2	36.3
Operating margin, %	**10.1**	11.9	6.3	13.4	8.2	**15.3**	14.4	11.8	12.7	21.2

[1] Includes restructuring cost of SEK 10.6 M

Turnover, SEK M **Markets**	**2012**	4/12	3/12	2/12	1/12	**2011**	4/11	3/11	2/11	1/11
Sweden	**163.0**	39.5	33.1	43.5	46.9	**192.6**	50.2	36.8	49.3	56.3
Other Nordic countries	**111.7**	30.2	21.1	29.2	31.2	**104.2**	26.4	21.9	26.5	29.4
Germany	**107.0**	22.6	26.8	28.2	29.4	**124.9**	29.3	28.0	34.2	33.4
Other European countries	**122.6**	35.0	26.2	29.7	31.7	**134.3**	31.7	28.7	32.0	41.9
Rest of world	**60.9**	20.0	13.9	14.6	12.4	**57.7**	14.9	15.9	16.5	10.4
VBG TRUCK EQUIPMENT	**565.2**	**147.3**	**121.1**	**145.2**	**151.6**	**613.7**	**152.5**	**131.3**	**158.5**	**171.4**

EDSCHA TRAILER SYSTEMS

Turnover for the full year 2012 declined by 14.5 per cent to SEK 252.1 M (294.8). Taking into account exchange rate changes, the actual volume decrease is 11.2 per cent. The weak economic situation that prevailed during the first three quarters of the year improved slightly in October and November, but December was very weak due to the fact that several major customers took precautionary measures by reducing their stocks and shutting down production in the middle of December and over the Christmas and New Year's holidays.

During the year the division landed a big order for about SEK 30 M for sliding roof bow systems for railway cars, where the end customer is the Polish State Railway. Deliveries are planned to begin in January 2013 and are expected to continue throughout the year.

During the year the division's operation in Krefeld, Germany, was transferred to a separate company, Edscha Trailer Systems GmbH, which relocated to new premises in nearby Moers during the third quarter. In August, EDSCHA TRAILER SYSTEMS participated under its own identity in the big international commercial vehicle show IAA in Hanover.

External costs for the product development programme amounted to SEK 3.2 M during the year (4.9). The division's operating profit was SEK 9.7 M (22.5), with an operating margin of SEK 3.9 per cent (7.6).

EDSCHA TRAILER SYSTEMS had an average of 95 employees in 2012 (93), and on 31 December the division had 89 employees (97).

Turnover and Earnings, SEK M **EDSCHA TRAILER SYSTEMS**	**2012**	4/12	3/12	2/12	1/12	**2011**	4/11	3/11	2/11	1/11
Net turnover	**252.1**	59.0	57.4	65.3	70.4	**294.8**	64.9	68.0	83.4	78.5
Operating profit/loss	**9.7**	0.7	0.3	3.2	5.5	**22.5**	–0.7	2.3	9.9	11.0
Operating margin, %	**3.9**	1.2	0.5	4.9	7.8	**7.6**	–1.1	3.4	11.9	14.0

Turnover, SEK M **Markets**	**2012**	4/12	3/12	2/12	1/12	**2011**	4/11	3/11	2/11	1/11
Sweden	**0.4**	0.0	0.1	0.2	0.1	**0.9**	0.2	0.2	0.1	0.4
Other Nordic countries	**0.6**	0.0	0.3	0.2	0.1	**1.1**	0.2	0.2	0.3	0.4
Germany	**160.7**	40.0	36.3	42.0	42.4	**179.7**	42.3	44.2	50.5	42.7
Other European countries	**89.9**	18.9	20.6	22.7	27.7	**112.3**	21.6	23.3	32.4	35.0
Rest of world	**0.5**	0.1	0.1	0.2	0.1	**0.8**	0.6	0.1	0.1	0.0
EDSCHA TRAILER SYSTEMS	**252.1**	**59.0**	**57.4**	**65.3**	**70.4**	**294.8**	**64.9**	**68.0**	**83.4**	**78.5**

RINGFEDER POWER TRANSMISSION

Turnover for the full year increased by 5.5 per cent to SEK 287.5 M (272.6), but when the year's exchange rate changes are taken into account when translating to Swedish kronor, the actual volume increase was 6.1 per cent.

The division's largest market by far is Germany, which reported a small increase in turnover to just over SEK 100 M, while the second-biggest market, North America, increased by 7.6 per cent to SEK 88.9 M. Turnover increased in 2012 on two other big and important markets: India, which increased by 35 per cent to just over SEK 15 M, and Australia, where turnover doubled to just over SEK 22 M thanks to a strong increase in activity in the mining industry, an important sector for the division.

RINGFEDER POWER TRANSMISSION has increased its marketing activities by greater participation at trade fairs all over the world, such as Imitex in Bangalore, OTC in Houston, M-Tech in Tokyo, Achema in Frankfurt, Feinmafe in São Paolo, Motek in Stuttgart and IME in Calcutta.

A total restructuring was carried out in Germany at the start of the year, where the operations in Krefeld and Grosswallstadt were relocated to joint premises in Gross-Umstadt, just south of Frankfurt. There, RINGFEDER POWER TRANSMISSION celebrated its 90th anniversary in September for invited customers and distributors from all over the world. Another high point in the month of August was the successful landing of NASA's Mars Rover Curiosity on Mars, which meant that RINGFEDER POWER TRANSMISSION was also represented with its products – friction springs – on the red planet.

Altogether for the year, operating profit increased to SEK 47.9 M (35.4), with an operating margin of 16.7 per cent (13.0).

RINGFEDER POWER TRANSMISSION had an average of 171 employees in 2012 (148), and on 31 December the division had 175 employees (155).

Turnover and Earnings, SEK M RINGFEDER POWER TRANSMISSION	2012	4/12	3/12	2/12	1/12	2011	4/11	3/11	2/11	1/11
Net turnover	**287.5**	59.5	76.2	72.7	79.1	**272.6**	66.9	70.3	63.4	72.0
Operating profit	**47.9**	4.3	16.5	9.8	17.3	**35.4**	4.4	11.7	7.7	11.6
Operating margin, %	**16.7**	7.2	21.7	13.5	21.9	**13.0**	6.6	16.6	12.1	16.1

Turnover, SEK M Markets	2012	4/12	3/12	2/12	1/12	2011	4/11	3/11	2/11	1/11
Europe	**139.3**	31.7	34.9	33.2	39.5	**140.8**	31.5	39.6	33.2	36.5
North America	**88.9**	19.2	22.5	23.4	23.8	**82.6**	19.7	18.7	17.7	26.5
Rest of world	**59.3**	8.6	18.8	16.1	15.8	**49.2**	15.7	12.0	12.5	9.0
RINGFEDER POWER TRANSMISSION	**287.5**	**59.5**	**76.2**	**72.7**	**79.1**	**272.6**	**66.9**	**70.3**	**63.4**	**72.0**

Tax expense

The year's tax expense was SEK 24.8 M (36.4), of which current tax comprised SEK 36.5 M (27.0) and deferred tax comprised SEK –11.7 M (–9.4). Deferred tax was affected by a non-recurring revenue of SEK 4.7 M as a consequence of a change in the Swedish corporate tax rate from 26.3 per cent to 22.0 per cent. The tax expense corresponds to a tax rate for the Group of 26.3 per cent (27.8).

Capital expenditures

The Group's capital expenditures during the year amounted to SEK 84.5 M (21.5), of which SEK 59.7 M pertained to non-current assets and goodwill attributable to the acquisition of Onspot of North America Inc. on 30 November 2012.

Exposure in foreign currencies, risks and uncertainty factors

A detailed account of the Group's exposure in foreign currencies, relevant risks and uncertainty factors is provided under Note 2, "Risks and risk management".

Cash flow and financial position

Cash flow from operating activities amounted to SEK 93.1 M (130.9). Capital expenditures during the year amounted to SEK 94.3 M (25.9). The Group's net total borrowings and current financial liability increased during the year, which meant that the contribution made by the financing activities was SEK 31.7 M (–66.4). Dividends to the shareholders amounted to SEK 28.1 M (18.7). Net cash flow during the year thereby amounted to SEK 2.4 M (19.9).

Profit after tax for the full year increased to SEK 69.4 M (94.5) while total translation differences amounted to SEK -22.5 M (-4.5), which added up to a comprehensive income of SEK 46.9 M (90.0). After dividends paid to the shareholders of SEK 28.1 M (18.7), the Group's equity increased to SEK 655.4 M (636.6).

The equity/assets ratio declined slightly during the year to 64.1 per cent (64.7).

Cash and cash equivalents amounted to SEK 66.6 M (65.2) at year-end, and there were unutilised credit facilities of SEK 118.6 M (121.9), resulting in an available liquidity of SEK 185.2 M (187.1).

The Group's interest-bearing net debt increased by SEK 26.4 M during the year, amounting to SEK 122.3 M at year-end (95.9).

The ratio of interest-bearing net debt to equity was 0.19 at 31 December 2012 (0.15 at 31 December 2011).

The Group's aggregate goodwill increased by SEK 50.5 M after the acquisition of Onspot of North America Inc., amounting at year-end to SEK 291.0 M (250.9), which in relation to equity was 0.44 (0.39).

Personnel

There were 527 employees (492) in the VBG GROUP on 31 December 2012, of whom 173 (175) worked in Sweden.

The Group employed an average of 518 persons (477) in 2012. Of these, 174 (174) were active in Sweden. The cost of salaries and social security contributions was SEK 261.2 M (252.6).

Acquisition of Onspot of North America

On 30 November 2012, the acquisition of Onspot of North America Inc. was effected by acquisition of 100 percent of the shares. This gave the Group control and the company was incorporated into the VBG TRUCK EQUIPMENT division. During December 2012, the acquired operation contributed revenue of SEK 4.6 M and an operating profit of SEK 1.6 M to the division. Taking into account acquisition-related costs totalling SEK 2.1 M, the aggregate effect on the division's and the Group's operating profit was SEK –0.5 M. The acquisition-related costs are included in administrative costs in the consolidated income statement for financial year 2012.

The purchase consideration for all shares in the company amounted to SEK 66.7 M in the Group. The Parent Company's purchase value for the shares includes acquisition-related costs and amounted altogether to SEK 68.8 M. According to a preliminary acquisition plan, the acquisition results in consolidated goodwill of SEK 50.5 M.

Parent Company

VBG GROUP AB's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and trademarks. The company also owns the industrial property in Vänersborg that is rented by the subsidiary VBG GROUP TRUCK EQUIPMENT AB.

The objective is that the Group's intellectual property in the form of trademarks and other rights should be gathered in the Parent Company. VBG GROUP AB focuses on maintaining and developing all the Group's trademarks and rights.

The Parent Company's net turnover pertains primarily to intra-Group services, licence revenues and rentals and amounted to SEK 20.2 M during the year (28.6). The operating loss for the year was SEK 9.1 M (loss: 7.7). After dividends from Group companies totalling SEK 71.6 M and net financial items of SEK 1.3 M, the profit before tax was SEK 63.8 M (loss: 48.6).

On 30 November 2012, 100 per cent of the shares in the American company Onspot of North America Inc. were acquired at a purchase value of SEK 68.8 M, which is the main reason for the increase in long-term investments to SEK 570.9 M in 2012 (501.9).

Environmental impact

The Group works actively with environmental assurance in both production and administration. Even though the environmental impact of the company's operations is small, as a leading player in the sector it is nonetheless natural for the Group to take an active role in efforts to protect the environment. This is done by limiting the impact of the Group's own processes on the environment, but also by manufacturing products that boost efficiency in the transport sector and thereby help to mitigate pollution from truck transport, for example. Via RINGFEDER POWER TRANSMISSION, the Group delivers important components to the wind power industry, thereby contributing to more environmentally friendly energy production.

VBG TRUCK EQUIPMENT's strategic partnerships with customers and suppliers enable the Group to keep abreast of market trends while creating opportunities for the Group to get in on the development work early and influence the direction it takes. The products manufactured and sold by VBG TRUCK EQUIPMENT not only comply with regulatory requirements, but also meet the explicit and implicit needs of the customers when it comes to reliability, economy, ergonomics, design and environmental impact.

The VBG GROUP's environmental policy states that the Group safeguards both the external and the internal environment. The company's business activities shall be conducted so that

- relevant legislation is complied with and environmental impact due to unintentional releases of materials and energy is prevented and noise is reduced.
- all employees are aware of their own and the Group's environmental impact.
- the environmental impact of the products throughout their life cycle is taken into consideration.
- environmental aspects are among the criteria in the choice of suppliers and contractors.

Action plans and emergency plans prepared in consultation with the concerned authorities must exist in order to mitigate and prevent the effects of any unintentional releases and incidents.

VBG TRUCK EQUIPMENT's production unit in Vänersborg is environmentally certified to ISO 14001 and carries on activities requiring a permit under the Environmental Code. The permit is needed for the handling of large quantities of cutting fluid.

Five-year summary of the Group's financial performance and position (definitions, see Note 1):

SEK M	**2012**	2011	2010	2009	2008
Sales and earnings					
Net turnover	1,104.8	1,181.1	1,021.3	829.0	1,376.7
Operating profit/loss	98.9	138.3	68.6	–27.1	123.1
Profit/loss after financial items	94.2	130.9	82.4	–30.7	108.6
Profit/loss after tax	69.4	94.5	55.7	–21.2	73.1
Financial position					
Balance sheet total	1,023.2	983.5	971.8	1,094.5	1,187.6
Equity	655.4	636.6	565.3	595.0	664.7
Risk-bearing capital	689.4	683.1	606.9	637.4	710.6
Equity/assets ratio, %	64.1	64.7	58.2	54.4	56.0
Risk-bearing capital ratio, %	67.4	69.5	62.5	58.2	59.8
Profitability					
Earnings/loss per share, SEK	5.55	7.56	4.46	–1.69	5.85
Return on capital employed, %	12.5	18.6	8.7	–3.1	16.1
Return on equity, %	10.7	15.7	9.6	–3.4	12.2
Profit margin, %	8.5	11.1	8.1	–3.7	7.9
Other					
Number of employees at year-end	527	492	437	466	436
Average number of employees	518	477	432	445	432

Outlook for 2013
The Group makes no precise forecasts, but believes that the prospects are good for higher turnover and earnings in 2013.

The work of the Board of Directors
The Board of Directors of VBG GROUP AB (publ) currently consists of six members elected by the AGM. The AGM did not elect any deputies. In addition, the trade unions Unionen/CF/Ledarna and IF Metall each appoint one member and one deputy member. Company officers take part in Board meetings by submitting reports or serving in the post of secretary.

During financial year 2012, the Board of Directors held 8 (8) meetings. The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board and the Managing Director.

The 2012 Annual General Meeting appointed a Nomination Committee, and on behalf of the AGM the Board appointed an Audit Committee and a Compensation Committee. The company's auditor reports his observations to the Board every year based on his review and gives his assessment of the company's internal control.

Guidelines for remuneration to senior officers
The 2012 AGM passed a resolution adopting the following guidelines for remuneration to senior officers.

The guidelines pertain to remuneration and other terms of employment for the VBG GROUP's Group Management and other senior officers.

Fixed salaries shall be market-related and based on the individual's responsibilities and performance. In addition to a fixed annual salary, variable remuneration that is limited and based on the Group's financial performance compared with established goals shall also be paid. The variable salary for the Managing Director and CEO is limited to a maximum of 50 per cent of the fixed annual salary and for other senior officers to a maximum of 33 per cent of the fixed annual salary.

In addition to the above remunerations, other benefits may also be provided such as company car and healthcare.

The management generally enjoys pension benefits as provided by law and collective agreement (ITP plan). It is, however, possible for the individual to opt for other pension arrangements at the same cost for the company. Persons residing outside Sweden receive the pension benefits that are customary in each particular country.

For officers residing in Sweden, the period of notice of termination on the part of the company is 12 months and on the part of the employee 6 months.

Severance pay in addition to salary during the period of notice may not exceed one year's salary.

For officers residing outside Sweden, periods of notice and severance pay that are customary in each particular country are applied.

The Compensation Committee decides on salaries and other terms of employment.

The Board of Directors proposes that the 2013 AGM resolve that the same guidelines for remuneration to senior officers that were adopted by the 2012 AGM shall apply.

The VBG GROUP share and shareholders
Earnings per share for the year declined to SEK 5.55 (7.56). Equity per share at 31 December 2012 was SEK 52.42, compared with SEK 50.92 a year earlier.

The number of shareholders decreased slightly during the year, amounting at year-end to 4,046 (4,327).

Proposed distribution of profits
In proposing the dividend, the Board of Directors has taken into account the Group's long-term development potential, financial position and investment needs. Bearing these factors in mind, the Board has decided to recommend that the AGM approve a dividend of SEK 2.25 per share (2.25).

The following funds are available for distribution in the Parent Company:

Retained earnings	SEK 225,740,360
Net profit for the year	SEK 67,530,590
	SEK 293,270,950

The Board of Directors and the Managing Director propose that these funds be distributed as follows:

Dividend to shareholders	SEK 28,129,554
Carried forward to new account	SEK 265,141,396
	SEK 293,270,950

CONSOLIDATED INCOME STATEMENT

SEK '000	Note	2012	2011
Net turnover	3	1,104,798	1,181,045
Cost of goods sold		–697,527	–749,642
Gross profit		**407,271**	**431,403**
Selling expenses		–178,799	–177,492
Administrative expenses		–95,847	–86,554
Research and development costs		–33,976	–28,507
Other operating income	4	7,457	4,248
Other operating expenses	5	–7,182	–4,844
		–308,347	**–293,149**
Operating profit	6,7,8,9	**98,924**	**138,254**
Income/loss from financial items			
Exchange rate effects, net		1,460	–1,002
Interest income		203	330
Interest expenses		–6,429	–6,647
Total income/loss from financial items		**–4,766**	**–7,319**
Profit after financial items		**94,158**	**130,935**
Tax on profit for the year	11	–24,794	–36,429
Net profit for the year		**69,364**	**94,506**
Net profit for the year attributable to Parent Company shareholders		69,364	94,506
Other comprehensive income/loss			
Translation differences relating to foreign operations		–23,698	–4,608
Translation differences pertaining to hedge accounting for net investments in foreign operations		1,242	102
Other comprehensive income/loss, net after tax		**–22,456**	**–4,506**
Comprehensive income/loss for the year		**46,908**	**90,000**
Comprehensive income/loss for the year attributable to Parent Company shareholders		**46,908**	**90,000**
Earnings per share, basic and diluted, SEK		**5.55**	**7.56**
Number of shares at year-end		**12,502,024**	**12,502,024**
Average number of shares during the year		**12,502,024**	**12,502,024**
Number of own shares at end of period		1,191,976	1,191,976
Average number of own shares		1,191,976	1,191,976

CONSOLIDATED BALANCE SHEET

SEK '000	Note	31/12 2012	31/12 2011
Assets			
Non-current assets			
Intangible assets	12		
Trademarks and other intellectual property		54,520	57,583
Goodwill		291,015	250,872
		345,535	**308,455**
Property, plant and equipment	13		
Land and buildings		81,257	78,207
Plant and machinery		60,148	66,193
Equipment, tools, fixtures and fittings		23,467	21,452
Construction in progress		419	3,041
		165,291	**168,893**
Deferred tax asset	15	**4,425**	**975**
Total non-current assets		**515,251**	**478,323**
Current assets			
Inventories	16		
Raw materials and consumables		85,380	86,958
Work in progress		47,405	38,718
Finished products and merchandise		117,018	117,451
		249,803	**243,127**
Current receivables			
Trade receivables	23	149,996	157,262
Current tax assets		17,687	16,163
Other receivables		17,959	16,617
Prepaid expenses and accrued income	17	5,894	6,904
		191,536	**196,946**
Cash and cash equivalents			
Short-term investments		459	459
Cash on hand and demand deposits		66,144	64,705
		66,603	**65,164**
Total current assets		**507,942**	**505,237**
Total assets		**1,023,193**	**983,560**

cont'd. Consolidated Balance Sheet

SEK '000	Note	31/12 2012	31/12 2011
Equity and liabilities			
Equity	18		
Share capital		34,235	34,235
Other contributed capital		32,111	32,111
Reserves regarding translation differences		–50,587	–28,131
Retained earnings, incl. net profit for the year		639,597	598,363
Total equity		**655,356**	**636,578**
Non-current liabilities			
Provisions for pensions and similar obligations	20	99,510	97,229
Deferred tax liability	15	38,486	47,523
Other provisions	21	582	616
Liabilities to credit institutions	22	44,470	34,254
Total non-current liabilities		**183,048**	**179,622**
Current liabilities			
Overdraft facilities	24	21,894	13,547
Liabilities to credit institutions	22	23,059	16,032
Other provisions	21	2,966	4,463
Trade payables		49,250	46,299
Current tax liabilities		20,920	14,732
Other liabilities		10,053	13,570
Accrued expenses and deferred income	25	56,647	58,717
Total current liabilities		**184,789**	**167,360**
Total equity and liabilities		**1,023,193**	**983,560**
Pledged assets	26	**26,783**	**30,609**
Contingent liabilities	27	**778**	**933**

CONSOLIDATED CHANGES IN EQUITY

SEK '000	Share capital	Contributed capital	Reserve regarding translation differences	Retained earnings	Total equity
Opening balance at 1/1 2011	**34,235**	**32,111**	**–23,625**	**522,611**	**565,332**
Translation difference			–4,608		–4,608
Hedging of net investments			102		102
Other comprehensive income/loss			**–4,506**		**–4,506**
Net profit for the year				94,506	94,506
Total comprehensive income/loss					**90,000**
Dividend				–18,754	–18,754
Total transactions with shareholders					**–18,754**
Opening balance at 1/1 2012	**34,235**	**32,111**	**–28,131**	**598,363**	**636,578**
Translation difference			–23,698		–23,698
Hedging of net investments			1,242		1,242
Other comprehensive income/loss			**–22,456**		**–22,456**
Net profit for the year				69,364	69,364
Total					**46,908**
Dividend				–28,130	–28,130
Total transactions with shareholders					**–28,130**
Equity 31/12 2012	**34,235**	**32,111**	**–50,587**	**639,597**	**655,356**

CONSOLIDATED CASH FLOW STATEMENT

SEK '000	Note	2012	2011
Operating activities			
Operating profit before financial items		98,924	138,254
Depreciation/amortisation		33,146	34,471
Other items not affecting liquidity	30	896	–4,823
Interest received etc.		203	330
Interest paid		–1,896	–5,003
Tax paid		–32,014	–30,974
Cash flow before change in working capital		**99,259**	**132,255**
Decrease/increase (–) in inventories		–5,236	–9,177
Decrease/increase (–) in trade receivables		10,335	–6,314
Decrease/increase (–) in other current receivables		–700	4,739
Increase/decrease (–) in trade payables		1,390	–7,648
Increase/decrease (–) in other current liabilities		–11,941	17,086
Cash flow from operating activities		**93,107**	**130,941**
Investing activities			
Investments in intangible assets	30	–6,198	–5,351
Investments in property, plant and equipment		–23,402	–20,522
Investments in subsidiaries, after deduction for acquired cash and cash equivalents	29	–64,678	—
Cash flow from investing activities		**–94,278**	**–25,873**
Financing activities			
Borrowings/repayment of loans		31,751	–66,375
Dividend paid		–28,130	–18,754
Cash flow from financing activities		**3,621**	**–85,129**
Cash flow for the year		**2,450**	**19,939**
Cash and cash equivalents at start of year		**65,164**	**46,077**
Translation difference, cash and cash equivalents		–1,011	–852
Cash and cash equivalents at year-end	30	**66,603**	**65,164**
Unutilised overdraft facilities		118,572	121,900
Total cash and cash equivalents available		**185,175**	**187,064**
Composition of net debt			
Interest-bearing liabilities and provisions		188,933	161,062
Cash on hand, demand deposits and short-term investments		–66,603	–65,164
Net debt		**122,330**	**95,898**
Change in interest-bearing net debt		**26,432**	**–92,133**

PARENT COMPANY INCOME STATEMENT

SEK '000	Note	2012	2011
Net turnover		20,158	28,648
Gross profit		**20,158**	**28,648**
Selling expenses		–264	–7,154
Administrative expenses		–26,362	–26,424
Other operating expenses		–2,587	–2,744
		–29,213	**–36,322**
Operating profit/loss	6,7,8	**–9,055**	**–7,674**
Income/loss from financial items			
Dividends from interests in subsidiaries		71,605	32,493
Impairment loss on shares in subsidiaries	14	—	–70,763
Exchange rate effects, net		2,147	–987
Interest income		785	1,506
Interest expenses		–1,655	–3,223
Total income/loss from financial items		**72,882**	**–40,974**
Profit/loss after financial items		**63,827**	**–48,648**
Appropriations	10	4,080	1,614
Tax on profit for the year	11	–376	–211
Net profit/loss and comprehensive income/loss for the year		**67,531**	**–47,245**

PARENT COMPANY BALANCE SHEET

SEK '000	Note	31/12 2012	31/12 2011
Assets			
Non-current assets			
Intangible assets			
Trademarks and other intellectual property	12	12,063	14,212
		12,063	**14,212**
Property, plant and equipment	13		
Land and buildings		6,706	7,257
Equipment, tools, fixtures and fittings		23	31
		6,729	**7,288**
Long-term investments			
Interests in Group companies	14	570,945	501,956
		570,945	**501,956**
Total non-current assets		**589,737**	**523,456**
Current assets			
Current receivables			
Receivables from Group companies		106,508	89,890
Current tax asset		3,625	575
Other receivables		207	371
Prepaid expenses and accrued income	17	1,007	1,495
		111,347	**92,331**
Cash and cash equivalents			
Short-term investments		459	459
Cash on hand and demand deposits		11,343	18,299
		11,802	**18,758**
Total current assets		**123,149**	**111,089**
Total assets		**712,886**	**634,545**

cont'd. Parent Company Balance Sheet

SEK '000	Note	31/12 2012	31/12 2011
Equity and liabilities			
Equity	18		
Restricted equity			
Share capital		34,235	34,235
Statutory reserve		53,249	53,249
		87,484	**87,484**
Non-restricted equity			
Retained earnings		225,739	301,114
Net profit/loss for the year		67,531	–47,245
		293,270	**253,869**
Total equity		**380,754**	**341,353**
Untaxed reserves	19	**23,061**	**27,141**
Provisions			
Provisions for pensions, PRI	20	10,605	9,847
Total provisions		**10,605**	**9,847**
Non-current liabilities			
Liabilities to credit institutions		26,062	8,945
Total non-current liabilities		**26,062**	**8,945**
Current liabilities			
Overdraft facilities		21,895	13,548
Trade payables		4,051	1,289
Liabilities to subsidiaries		224,520	212,794
Liabilities to credit institutions		15,132	8,945
Other current liabilities		541	1,750
Accrued expenses and deferred income	25	6,265	8,933
Total current liabilities		**272,404**	**247,259**
Total equity and liabilities		**712,886**	**634,545**
Pledged assets		**None**	**None**
Contingent liabilities	27	**49,956**	**53,454**

PARENT COMPANY CHANGES IN EQUITY

SEK '000	Note	Share capital	Statutory reserve	Non-restricted equity	Total equity
Equity 1/1 2011	18	**34,235**	**53,249**	**319,868**	**407,352**
Net loss for the year				–47,245	–47,245
Dividend				–18,754	–18,754
Equity 31/12 2011		**34,235**	**53,249**	**253,869**	**341,353**
Net profit for the year				67,531	67,531
Dividend				–28,130	–28,130
Equity 31/12 2012		**34,235**	**53,249**	**293,270**	**380,754**

PARENT COMPANY CASH FLOW STATEMENT

SEK '000	2012	2011
Operating activities		
Operating loss before financial items	–9,055	–7,674
Depreciation/amortisation	2,708	3,074
Other items not affecting liquidity	329	775
Interest received	785	1,506
Dividend received	71,605	32,493
Interest paid	–1,226	–2,807
Tax paid	–3,426	–3,186
Cash flow before change in working capital	**61,720**	**24,181**
Decrease/increase (–) in other current receivables	–15,966	–6,130
Increase/decrease (–) in trade payables	2,762	546
Increase/decrease (–) in other current liabilities	7,849	71,518
Cash flow from operating activities	**56,365**	**90,115**
Investing activities		
Investments in subsidiaries	–68,989	—
Investments in intangible assets	—	–291
Cash flow from investing activities	**–68,989**	**–291**
Financing activities		
Dividend paid	–28,130	–18,754
Borrowings/repayment of loans	19,264	–8,957
Increase/decrease in current financial liabilities	14,534	–54,862
Exchange rate differences	—	–1,089
Cash flow from financing activities	**5,668**	**–83,662**
Cash flow for the year	**–6,956**	**6,162**
Cash and cash equivalents at start of year	**18,758**	**12,596**
Cash and cash equivalents at year-end	**11,802**	**18,758**
Unutilised overdraft facilities	118,572	121,900
Total cash and cash equivalents available	**130,374**	**140,658**

NOTES TO PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

VBG GROUP AB (publ) is the Parent Company of an engineering Group with wholly owned companies in Sweden, Germany, the Czech Republic, Belgium, Norway, Denmark, France, the UK, India, the USA and China. Business operations are divided into three divisions: VBG TRUCK EQUIPMENT, EDSCHA TRAILER SYSTEMS and RINGFEDER POWER TRANSMISSION.

The Parent Company is a limited company registered and domiciled in Vänersborg, Sweden. The address to the head office is Box 1216, SE-462 28 Vänersborg, Sweden.

The Parent Company is listed on the Nasdaq OMX Nordic Exchange Small Cap.

Accounting and valuation policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 are applied. The financial statements have been prepared in accordance with the cost method, except with regard to available-for-sale financial assets and financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

Parent Company accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Under RFR 2, the Parent Company shall, in preparing the annual report for the legal entity, apply all IFRSs and statements approved by the EU as far as possible while complying with the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation stipulates what exceptions and additions should be made with respect to the IFRSs. The Parent Company's accounting policies are unchanged from last year. If differences exist between the consolidated and the Parent Company accounting policies, they are described in the relevant sections below.

This annual report has been prepared in accordance with the IFRS standards and IFRIC statements that had entered into effect at the time of its preparation and that have been approved by the European Commission.

New and amended standards applied by the Group

No IFRSs or IFRIC interpretations that are mandatory for the first time for the financial year beginning on or after 1 January 2012 have had any material impact on the Group.

New standards, amendments and interpretations of existing standards that have not yet entered into force and that have not been applied prospectively by the Group.

IAS 1 – Presentation of Financial Statements

Amendments regarding other comprehensive income have been introduced in IAS 1 "Presentation of Financial Statements". The most important change in the amended IAS 1 is the requirement that the items reported in "other comprehensive income" should be presented classified in two groups. The classification is based on whether the items are potentially reclassifiable to profit or loss (reclassification adjustments) or not. The amendment does not deal with the question of which items should be included in "other comprehensive income". The standard has not yet been adopted by the EU.

IAS 19 "Employee benefits" (amended in June 2011)

The amendment entails that the corridor approach has been eliminated and that financial expenses are to be calculated based on the net surplus or deficit in the plan. Past service costs will be recognised immediately. Interest expenses and expected return on plan assets will be replaced by a net interest calculated with the aid of the discount interest rate, based on the net defined benefit liability or asset.

The Group intends to apply the revised standard for the financial year beginning 1 January 2013. For 2012, the amendment would have entailed that the recognised portion of the pension liability would have increased by about SEK 30.7 M. Equity would decrease by about SEK 22.8 M net after taking into account deferred tax.

IFRS 9 "Financial instruments"

IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. The Group intends to apply the new standard for the financial year beginning 1 January 2015 and has not yet evaluated the effects. The Group will evaluate the effects of the remaining phases regarding IFRS 9 when they have been completed by IASB. The standard has not yet been adopted by the EU.

IFRS 10 "Consolidated financial statements"

IFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group intends to apply IFRS 10 for the financial year beginning 1 January 2014 and has not yet evaluated its full effect on the financial statements. The standard has not yet been adopted by the EU.

IFRS 12 "Disclosures of interests in other entities"

IFRS 12 contains disclosure requirements for subsidiaries, joint arrangements, associated companies (associates) and unconsolidated structured entities. The Group intends to apply IFRS 12 for the financial year beginning 1 January 2014 and has not yet evaluated its full effect on the financial statements. The standard has not yet been adopted by the EU.

None of the other IFRSs or IFRIC interpretations that have not yet become effective are expected to have any material impact on the Group.

Consolidated accounts

Subsidiaries are all companies where the Group has the right to dictate financial and operational strategies in a way that normally accompanies a shareholding amounting to more than half of the voting rights. Subsidiaries are included in the consolidated accounts as from the date when control passes to the Group. They are excluded from the consolidated accounts as from the date when this control no longer exists.

The acquisition method is used for accounting of the Group's business combinations. The cost of an acquisition is measured as the fair value of identifiable assets furnished as compensation and liabilities arising or assumed as of the date of transfer. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, regardless of the scope of any non-controlling interest. The excess that consists of the difference between the cost of the acquisition and the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill.

Intra-Group transactions and line items, as well as unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated, unless the transaction constitutes evidence of the existence of an impairment loss for the transferred asset. The accounting policies for subsidiaries have been changed where applicable in order to guarantee a consistent application of the Group's policies.

Tax

The tax expense or income for the period consists of current and deferred tax.

Current tax is calculated on the taxable profit for the period in each individual legal entity.

Deferred tax is recognised in its entirety, in accordance with the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. If, however, the deferred tax arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that affects neither the carrying amount nor the tax base on the transaction date, it is not recognised. Deferred tax is calculated with the application of tax rates and laws that have been enacted or announced as of the balance sheet date and that are expected to apply when the concerned deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is likely that future taxable surpluses will be available against which the temporary differences can be utilised.

Receivables

Loans receivable and trade receivables are financial assets with fixed payments or payments that can be determined. The assets in this category are measured at amortised cost less allowance for impairment loss. Trade receivables are recognised at the amount that is expected to be paid, based on an individual assessment of doubtful trade receivables.

Effects of changes in exchange rates

Functional currency and presentation currency

Items included in the financial statements for the different entities in the Group are stated in the currency that is used in the primary economic environment where the enterprise is active (functional currency). For all entities, the functional currency is the currency in the country where the entity operates. The Swedish krona, which is the Parent Company's functional and presentation currency, is used in the consolidated accounts.

Transactions and line items

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. Exchange gains and losses arising in connection with the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognised in profit or loss. An exception is when the transactions constitute hedges that meet the conditions for hedge accounting, in which case gains/losses are recognised in equity. Exchange gains and losses on operating receivables and liabilities are offset against each other and recognised among other operating income or other operating expenses.

Exchange gains and losses of a financing nature are recognised in profit or loss under financial items.

Group companies

The earnings and financial position of all Group companies with another functional currency than the presentation currency are translated to the Group's presentation currency as follows:

(i) assets and liabilities are translated at the closing rate
(ii) revenue and expenses are translated at the average rate
(iii) all exchange rate differences that arise are recognised as reserves within equity

On consolidation, exchange rate differences that arise as a consequence of translation of net investments in foreign entities and of borrowing and other currency instruments that have been identified as hedges of such investments are posted to equity.

Goodwill and adjustments of fair value that arise in connection with the acquisition of a foreign entity are treated as assets and liabilities in this entity and translated at the closing rate.

Inventories

Inventories are measured, with application of the first-in first-out principle, at the lower of cost and net realisable value on the balance sheet date. The cost of own-manufactured semi-finished and finished products has been calculated as the manufacturing costs of the products including attributable manufacturing overheads. Due provision has been made for obsolescence.

Pension obligations

There are both defined-contribution and defined-benefit pension plans in the Group. In defined-contribution plans, the Group's obligation is limited to fixed contributions that are paid to a separate legal entity. The Group's profit is charged with costs as the benefits are earned. In defined-benefit plans, the Group's obligation is based on salary at retirement and number of years of service. The Group bears the risk for payment of the pledged benefits.

The net total of the calculated present value of the obligations and the fair value of any plan assets is recognised in the balance sheet as either a provision or a long-term financial receivable.

Defined-benefit plans are calculated according to the "Projected Unit Credit Method". The method allocates the cost of pensions as the employees perform services for the company that increase their future benefit entitlement. The calculation is performed annually by independent actuaries. The company's obligations are calculated as the present value of expected future payments.

Actuarial gains and losses may arise if the actual outcome deviates from previously made assumptions, or if the assumptions change. The portion of the cumulative actuarial gains and losses at the end of last year that exceeds 10 per cent of either the present value of the obligations or the fair value of the plan assets, whichever is greater, is recognised in profit or loss, divided by the expected average remaining working lives of the employees.

The above accounting principle for defined-benefit plans is applied in the consolidated accounts. The Parent Company accounts for defined-benefit pension plans in accordance with FAR's recommendation no. 4. The Parent Company has pledged defined-benefit pensions to its employees. The present value of these commitments to pay pensions in the future is calculated according to actuarial principles. The obligations are recognised as a provision in the Balance Sheet. The interest portion of the year's pension expense is recognised among financial expenses. Other pension expenses are charged to the operating profit.

Further details, including information on essential actuarial assumptions, are given in Note 20.

Note 1 cont'd.

Intangible assets

Goodwill consists of the amount by which the cost of the acquisition exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill on acquisition of subsidiaries is recognised as an intangible asset. Goodwill is subjected to impairment testing annually and is recognised at cost less accumulated impairment losses.

Other intangible assets with a definable useful life are recognised at cost less amortisation according to plan during the useful life of the asset.

Expenditures for strategic computer programs are capitalised. Expenditures for product development projects are capitalised provided that the Group will enjoy future economic benefits from the development work and that it is possible to determine the cost reliably.

Amortisation takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Trademarks	15 years
Other intangible assets	3–5 years

The amortisation period of trademarks, 15 years, is warranted by the fact that the Group's acquired brands are well reputed and have large and stable market shares on important markets.

Research and development

Expenditure for research is expensed immediately. Expenditure for development projects (attributable to development and testing of new or improved products) is capitalised as intangible assets to the extent that this expenditure is expected to generate future economic benefits and the acquisition cost of the asset can be estimated reliably. Other product development costs, including expenditure for ongoing product adaptations, are expensed as incurred. No expenditure for development projects has been capitalised as intangible assets during the year.

Property, plant and equipment

Property, plant and equipment are recognised at cost less planned depreciation during the useful life of the assets. Depreciation takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Buildings	25–50 years
Plant and machinery	3–10 years
Equipment, tools, fixtures and fittings	3–10 years

The company has no assets where residual values have to be taken into account in calculating depreciation. The residual values and useful lives of the assets are tested every balance sheet date and adjusted if necessary.

Interest is capitalised as a part of the cost of investments in assets that take a substantial period of time to get ready for their intended use.

Impairment losses

Assets that have an indefinite useful life are not depreciated but are subjected to annual impairment testing. Assets that are depreciated are assessed with respect to loss of value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. An impairment loss is recognised equal to the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest levels where separate identifiable cash flows exist (cash-generating units).

Leases

Leases are classified in the consolidated accounts as either finance or operating leases. Leases where the economic risks and rewards incidental to ownership are transferred substantially to the lessee are accounted for as finance leases. Other leases are accounted for as operating leases, and lease payments are expensed on a straight-line basis over the lease period.

Lease payments for operating leases are recognised as expense on a straight-line basis over the lease period.

Revenue recognition

The Group's invoiced sales relate to sales of goods. Invoicing and revenue recognition take place when the goods have been delivered to the customer. Sales are recognised net after deduction of VAT, discounts and exchange rate differences for sales in foreign currencies. Intra-Group sales are eliminated in the consolidated accounts.

Other revenue consists primarily of royalty income that is accrued in accordance with the financial implications of the agreement and rental income that is recognised in the period to which the rental applies.

Financial instruments

Financial instruments recognised in the Balance Sheet include securities, receivables, operating liabilities and borrowing.

According to IAS 39, financial assets are measured either at fair value or amortised cost, depending on how the assets are classified.

Of the Group's financial assets, trade receivables are included in the category "trade receivables" and loans receivable are included in "financial assets measured at fair value through profit or loss".

Trade receivables and loans receivable are initially recognised at fair value and thereafter at amortised cost.

Receivables are recognised less any allowance for impairment loss. Allowance is made for impairment loss after individual testing.

Short-term investments consist of interest-bearing securities measured at amortised cost.

Purchases and sales of financial assets are recognised on the trade date, which is the date when the company committed itself to purchase or sell the asset. Financial assets measured at fair value through profit or loss are initially recognised at fair value, while related transaction costs are recognised in profit or loss. Financial assets are derecognised when the contractual rights to receive the cash flows from the instrument have expired or have been transferred and the Group has transferred all risks and rewards incidental to ownership.

Gains and losses due to changes in the fair value of the category's financial assets measured at fair value through profit or loss are recognised via the Income Statement in the period when they arise under financial items.

In the Parent Company, all financial instruments are recognised at the lower of cost and fair value.

Borrowing

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is thereafter recognised at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in profit or loss allocated over the term of the loan with application of the effective interest method.

Note 1 cont'd.

Equity
Equity is recognised in the Consolidated Balance Sheet allocated between "Share capital", "Other contributed capital", "Reserves" and "Retained earnings".

Share capital consists of the nominal value of issued shares.

Other contributed capital comprises all contributions from the shareholders in conjunction with share issues aside from the amounts recognised as share capital.

Reserves comprise amounts which are to be posted directly to equity as a consequence of IFRS rules. They include hedge accounting effects and translation differences.

Retained earnings consists mainly of earnings during the year recognised in profit or loss less dividends paid. This item also includes amounts transferred from non-restricted earnings to a statutory reserve in a legal entity.

In the Parent Company, equity is distributed between restricted and non-restricted equity in accordance with the rules in the Swedish Annual Accounts Act.

Provisions
Provisions for e.g. environmental remediation measures, restructuring costs and legal requirements are recognised when the Group has an existing legal or informal obligation as a consequence of earlier events, it is more likely that an outflow of resources is required to settle the obligation than not, and the amount has been calculated reliably.

No provisions are made for future operating losses. Provisions for warranty costs pertain to a predetermined period and are based on historical information on warranty costs as well as current information that may indicate that future requirements will deviate from the historical outcome.

Segment reporting
Segment information is presented from a management perspective, which means it is presented in the same manner as in internal reporting, and is evaluated regularly by the chief operating decision maker in the Group, the VBG GROUP's Chief Executive Officer.

Cash Flow Statement
The Cash Flow Statement is prepared in accordance with the indirect method. The recognised cash flow only includes transactions that entail cash receipts and cash payments. Cash and cash equivalents include, besides cash on hand and demand deposits, short-term, highly liquid investments that are subject to an insignificant risk of changes in value, and
– are traded on the open market at known amounts, or
– have a shorter remaining maturity than three months from the acquisition date.

Definitions of key figures
Risk-bearing capital
Equity plus/less deferred tax liabilities/assets.

Equity/assets ratio
Equity as a percentage of the balance sheet total.

Risk-bearing capital ratio
Risk-bearing capital as a percentage of the balance sheet total.

Return on capital employed (ROCE)
Profit after financial items plus interest expenses as a percentage of average capital employed, expressed as the balance sheet total less non-interest-bearing liabilities.

Return on equity (ROE)
Net profit for the year as a percentage of average equity.

Profit margin
Profit after financial items as a percentage of sales.

Net debt
Interest-bearing loan receivables and provisions less cash and cash equivalents.

Note 2 Risks and risk management

Operational risks
The VBG GROUP is market-leading and active on many often highly competitive markets. The Group's long-term success is therefore dependent on continued high competitiveness and quality in all parts of the operation. Some of the most important risk factors and how the Group manages them are described below.

Claims, product liability, recalls
"Claims" refers to costs for rectifying or replacing defective products. The Group's claim costs amounted to less than a half of a per cent of turnover in 2012. If a product causes bodily harm or property damage, the Group may be held liable. The VBG GROUP is insured against such product liability losses. No major product liability losses have occurred during the past decade.

"Recalls" refers to cases where all or a large part of a production series has to be recalled for rectification of defects. This occurs from time to time in the motor vehicle industry. The VBG GROUP has never had any major recalls and is not currently insured for this type of risk.

The VBG GROUP constantly strives to minimise the risks of claims, product liability losses and recalls by means of comprehensive and long-term testing in the development process and quality management and control in production. The Group's quality assurance is certified to ISO and TS standards.

Commodity prices
The Group's production is dependent on a number of raw materials and intermediate goods. The most important raw materials are steel, cast iron and aluminium. Price increases or raw material shortages can have a negative impact on Group profit. A price increase of 10 per cent would increase the Group's costs by about SEK 30 M. However, price increases can be passed on to the customers to some degree. Price agreements with the Group's raw material suppliers normally extend over six months. In times of scarcity or large price increases, however, there is a risk that suppliers will fail to honour these agreements. The VBG GROUP strives to establish long-term relationships with its suppliers in order to ensure continued deliveries during times of shortage.

Technical advances
An important part of the VBG GROUP's strategy is to take advantage of technical advances. We believe that our focus on safety, quality and ergonomics will lead to a product offering that will be rated highly by users and legislators for the foreseeable future.

At the same time, there is always a risk that competitors will make technical advances that reduce demand for the Group's products. This risk is reduced by the fact that the introduction of new technology usually has a lead time of several years.

The Group's costs for research and development amounted to 3 per cent of turnover in 2012.

Note 2 cont'd.

Intangible asset risks
Intangible asset risks concern cases in which competitors infringe on the Group's patents as well as cases in which the VBG GROUP infringes on patents held by competing companies. To minimise these risks, the patent situation is monitored closely and continuously. Our own innovations are protected by patents as far as possible. The risk that unlicensed copies of the Group's products will be marketed may increase over the next few years.

Environmental risks
"Environmental risk" refers to the risk of costs the Group may incur for emissions reduction, site remediation, improvements in waste management etc. The Group's operations cannot be considered to be environmentally harmful in a narrow perspective. The VBG GROUP complies with the laws and regulations in effect in each country with ample margin. The unit in Vänersborg is environmentally certified to ISO 14001.

Political risks
Political risks in the Group's primary markets in Europe and North America are very low. These risks may be somewhat higher in new markets in Asia and Latin America, but are not judged to be significant.

Business interruption and property losses
Damage to production plants caused by fire, for example, can have negative consequences in the form of both direct property damage and business interruptions that make it more difficult to meet customer obligations. This can in turn induce customers to choose other suppliers. The risk of this type of damage at the Group's production plants can be considered to be "medium-high" for an industrial enterprise. Continuous efforts are made to improve loss prevention. The Group carries full insurance cover against both business interruption and property losses.

Cyclical risks
The motor vehicle industry is characterised by large fluctuations in demand. This is particularly true of the truck market, although aftermarket sales account for a large portion of Group sales in this segment, which helps dampen the fluctuations. Establishing on new geographic markets also contributes towards minimising these fluctuations. To cope with the variations in demand, the Group tries to increase flexibility in its production. Order backlogs with standing orders from customers are normally short, but thanks to close customer relationships the VBG GROUP is well informed about its customers' long-range plans.

IT security
IT risks include both the risk of intrusion into our systems and the risk that hardware will be damaged due to fire, for example. The intrusion risks are minimised by the fact that information is handled in networks that are well protected by firewalls and rigorous authorisation procedures. The hardware is distributed over a large number of different units, limiting the negative consequences of damage.

Financial risks
The Group is exposed to financial risks. To mitigate the effects of these risks, the VBG GROUP applies a financial risk management policy.

Currency risks
Due to its international operations, the VBG GROUP is exposed to currency risk. Exchange rate changes affect the consolidated financial statements in the form of transaction risks and translation risks.

Transaction risks
The Group's net flows of payments in foreign currencies give rise to transaction risks. The total value of net flows in foreign currencies amounted to a value of about SEK 252 M. The currency flows with the greatest impact on earnings are inflows in USD and EUR to SEK. An exchange rate change of 10 per cent between EUR and SEK affects the Group's earnings by approximately SEK 15 M, while the effect of an equivalent change between USD and SEK is approximately SEK 6 M. Net flows are not hedged.

Translation risks
The net assets of the foreign subsidiaries, i.e. their equity, is an investment in foreign currencies which gives rise to translation risk when translated to SEK. This exposure is hedged in part by borrowing in the corresponding currency.

Net assets in EUR amount to about EUR 57 M and borrowing to EUR 1 M.

Interest rate risk
By "interest rate risk" is meant the risk that changes in the interest rate level will have a negative impact on the Group's earnings. At 31 December, all loans in the VBG GROUP carried a fixed interest rate. The maturity dates of the loans are shown in Note 22.

Credit risk
Credit risk refers to the risk that one party in a transaction will be unable to fulfil its obligations, causing the other party a loss. The risk that customers will default on payment for delivered products is minimised by thorough checks of new customers and follow-up of the payment behaviour of existing customers.

The Group's trade receivables amounted to SEK 150 M at year-end and are recognised at the amounts that are expected to be paid. All receivables are expected to be paid within 12 months. The geographic distribution of the trade receivables largely matches the distribution of turnover by region. The Group's bad debt losses normally amount to less than 0.5 per cent of turnover. The finance policy regulates how credit risk is minimised for financial instruments. This is done by restricting short-term investments to interest-bearing instruments with low risk and high liquidity and by limiting the maximum amount that may be invested with any given counterparty.

Liquidity risk
Liquidity risk, in other words the risk of not being able to meet the Group's capital needs, is controlled by having sufficient cash and cash equivalents and granted but unutilised credit facilities that can be utilised without reservation. At the end of 2012, the unutilised credits amount to SEK 119 M. The maturity dates of the loans are shown in Note 22.

Capital risk
The Group's goal with regard to the capital structure is to safeguard the Group's ability to remain in business so that it can continue generating return to the shareholders and benefit for other stakeholders and to maintain an optimal capital structure in order to keep the cost of capital down.

The Group's long-range goal is that the equity/assets ratio should exceed 40 per cent. At 31 December 2012 the equity/assets ratio was 64 per cent.

Note 3 Segment reporting (SEK M)

Divisions (business segments)
The Group is organised in three divisions.

- **VBG TRUCK EQUIPMENT** is a leading international supplier of systems to customers in the truck industry and includes the brands VBG and Ringfeder for coupling equipment, Onspot for automatic tyre chains and Armaton for dropside pillars for light trucks. Customers tend to be truck manufacturers, body builders, hauliers and importers.

- **EDSCHA TRAILER SYSTEMS** is the market's biggest manufacturer of sliding roofs for trailers. The main brand is Edscha Trailer Systems, and a complementary brand is Sesam. The customers are above all European trailer manufacturers.

- **RINGFEDER POWER TRANSMISSION** is a global market leader in selected niches within mechanical power transmission and energy and shock absorption. The operation includes the Ringfeder, Gerwah and Ecoloc brands. The customers are machine manufacturers, companies in the mining industry and the wind power industry, and other high-tech companies all over the world.

Revenue of about SEK 114.5 M relates to a single customer of EDSCHA TRAILER SYSTEMS.

No sales are transacted between the business areas, and unallocated costs are Group-wide overheads. Assets in each business areas consist primarily of property, plant and equipment, intangible assets, inventories and receivables, but exclude cash and securities. Liabilities consist of operating liabilities but not tax. Investments consist of purchases of property, plant and equipment and intangible assets.

	VBG TRUCK EQUIPMENT	EDSCHA TRAILER SYSTEMS	RINGFEDER POWER TRANSMISSION	Group-wide	Group
Financial year 2012					
External sales	**565.2**	**252.1**	**287.5**	**—**	**1,104.8**
Operating profit/loss	**57.1**	**9.7**	**47.9**	**–15.8**	**98.9**
Financial expenses	—	—	—	1.7	1.7
Financial income	—	—	—	–6.4	–6.4
Tax expense for the year	—	—	—	–24.8	–24.8
Net profit/loss for the year	**57.1**	**9.7**	**47.9**	**–45.3**	**69.4**
Other disclosures					
Non-current assets	162.1	246.8	101.5	4.9	515.3
Current assets	208.2	65.6	148.6	18.9	441.3
Cash and cash equivalents	—	—	—	66.6	66.6
Assets	**370.3**	**312.4**	**250.1**	**90.4**	**1,023.2**
Non-current liabilities	96.0	2.9	6.9	77.2	183.0
Current liabilities	79.2	12.2	24.1	69.3	184.8
Liabilities	**175.2**	**15.1**	**31.0**	**146.5**	**367.8**
Capital expenditures	**11.2**	**3.4**	**10.2**	**—**	**24.8**
Depreciation/amortisation	**–18.1**	**–8.5**	**–6.5**	**—**	**–33.1**
Financial year 2011					
External sales	**613.7**	**294.8**	**272.6**	**—**	**1,181.1**
Operating profit/loss	**94.0**	**22.5**	**35.4**	**–13.6**	**138.3**
Financial expenses	—	—	—	–7.7	–7.7
Financial income	—	—	—	0.3	0.3
Tax expense for the year	—	—	—	–36.4	–36.4
Net profit/loss for the year	**94.0**	**22.5**	**35.4**	**–57.4**	**94.5**
Other disclosures					
Non-current assets	116.2	259.9	100.7	1.5	478.3
Current assets	186.2	86.0	149.8	18.0	440.0
Cash and cash equivalents	—	—	—	65.2	65.2
Assets	**302.4**	**345.9**	**250.5**	**84.7**	**983.5**
Non-current liabilities	83.4	23.2	4.2	68.8	179.6
Current liabilities	72.0	19.5	26.1	49.8	167.4
Liabilities	**155.4**	**42.7**	**30.3**	**118.6**	**347.0**
Capital expenditures	**7.8**	**1.5**	**11.9**	**0.3**	**21.5**
Depreciation/amortisation	**–20.9**	**–7.6**	**–6.0**	**—**	**–34.5**

Note 3 cont'd.

Sales per geographical area	2012 VBG TRUCK EQUIPMENT	EDSCHA TRAILER SYSTEMS	RINGFEDER POWER TRANSMISSION	Group
Sweden	163.0	0.4	4.5	167.9
Other Nordic countries	111.7	0.6	1.4	113.7
Germany	107.0	160.7	98.7	366.4
Other European countries	122.6	89.9	34.7	247.2
North America	4.1	0.5	88.9	93.5
Rest of world	56.8	—	59.3	116.1
Total	**565.2**	**252.1**	**287.5**	**1,104.8**

Sales per geographical area	2011 VBG TRUCK EQUIPMENT	EDSCHA TRAILER SYSTEMS	RINGFEDER POWER TRANSMISSION	Group
Sweden	192.6	0.9	4.1	197.6
Other Nordic countries	104.2	1.1	1.8	107.1
Germany	124.9	179.7	96.9	401.5
Other European countries	134.3	112.3	38.0	284.6
North America	—	0.1	82.6	82.7
Rest of world	57.7	0.7	49.2	107.6
Total	**613.7**	**294.8**	**272.6**	**1,181.1**

Note 4 Other operating income

	Group 2012	Group 2011
Royalty income	1,225	2,190
Rental/service income	48	156
Capital gain on property, plant and equipment	342	34
Transfer of operating assets	1,816	—
Bad debts recovered	1,498	—
Other	2,528	1,868
Total	**7,457**	**4,248**

Note 5 Other operating expenses

	Group 2012	Group 2011
Exchange rate differences	5,572	3,418
Other	1,610	1,426
Total	**7,182**	**4,844**

Note 6 Salaries, other remuneration and social security contributions

	2012		2011	
	Salaries and other remuneration	Social security contributions (of which pension costs)	Salaries and other remuneration	Social security contributions (of which pension costs)
Parent Company	11,124	5,956 (1,715)	16,138	7,836 (2,108)
Subsidiaries	184,958	59,200 (11,348)	177,006	51,619 (5,972)
Group	**196,082**	**65,156 (13,063)**	**193,144**	**59,455 (8,080)**

Note 6 cont'd.

Salaries and other remuneration broken down by country and among Board members etc. and other employees:

	2012		2011	
	Board and MD (of which bonuses etc.)	Other employees	Board and MD (of which bonuses etc.)	Other employees
Parent Company	4,629	6,495	4,527	11,611
	(925)		(1,233)	
Subsidiaries	10,016	174,942	5,798	171,211
	(1,189)		(1,281)	
Group total	**14,645**	**181,437**	**10,325**	**182,822**
	(2,114)		**(2,514)**	

	2012		2011	
Average number of employees	Number of employees	Of whom men	Number of employees	Of whom men
Parent Company				
Sweden	7	5	8	7
Total in Parent Company	**7**	**5**	**8**	**7**
Subsidiaries				
Sweden	167	142	166	142
Norway	5	4	5	4
Denmark	5	5	5	5
France	4	4	4	4
Belgium	18	12	18	13
UK	4	3	4	3
Czech Republic	124	87	112	78
USA	19	15	15	11
Germany	152	107	133	95
China	7	4	4	2
India	6	6	3	3
Total in subsidiaries	**511**	**389**	**469**	**360**
Group total	**518**	**394**	**477**	**367**

At year-end the Group had 527 employees (492).

Board of Directors and senior officers

	2012		2011	
	Number on closing date	Of whom men	Number on closing date	Of whom men
Group (incl. subsidiaries)				
Board members	18	16	19	17
Managing directors and other senior officers	30	27	30	26

All Board members in the Group's subsidiaries are employees. By "senior officers" is meant Group Management and business area management members, and persons in senior positions in the subsidiaries.

	2012		2011	
	Number on closing date	Of whom men	Number on closing date	Of whom men
Parent Company				
Board members	8	6	8	6
Managing directors and other senior officers	4	3	7	7

Remuneration to Board members and senior officers
In accordance with a resolution by the 2012 AGM, the Chairman and members of the Board receive a total of SEK 945,000 in fixed annual fees. In addition, remuneration of SEK 40,000 each is payable to the Audit Committee and the Compensation Committee. Employees of VBG GROUP AB (publ) do not receive a Board fee. Remuneration to the Managing Director and other senior officers consists of basic salary, variable remuneration, other benefits, pension and other remuneration. By "other senior officers" is meant the 6 persons who, together with the Managing Director, make up the Group Management. The proportions of basic salary and variable salary should be commensurate with the individual's powers and responsibilities. The Managing Director's variable remuneration may not exceed 50 per cent of his basic salary. The variable remuneration of other senior officers may not exceed 33 per cent of their basic salary. The variable remuneration is based on actual outcome in relation to set goals. Pension benefits and other benefits for the Managing Director and other senior officers are payable as a part of the total remuneration. The retirement age for the Managing Director and other senior officers is 65 years.

Note 6 cont'd.

The Managing Director has an employment contract that expires with a notice of termination of 6 months, during which time his salary is guaranteed. The Managing Director can set aside 26 per cent of his fixed salary in pension provisions. Variable remuneration is not pensionable. In the event his employment is terminated by the Company, the Managing Director is entitled to receive 6 months of employment benefits and severance pay equivalent to 12 months' salary. The equivalent period for other senior officers is 6–18 months. Compensation to the Managing Director for financial year 2012 has been determined by the Compensation Committee. Compensation to other senior officers has been determined by the Managing Director in consultation with the Compensation Committee.

Related party disclosures
The Group handles administration for the three foundations: the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. At the same time, the foundations are owners of VBG GROUP AB (publ). The foundations pay market-related compensation for this administration.

	Fees/basic salary	Variable	Other benefits	Pension cost	Total
Chairman Peter Hansson	270	—	—	—	270
Director Hans-Göran Persson	160	—	—	—	160
Director Johnny Alvarsson	200	—	—	—	200
Director Peter Augustsson	160	—	—	—	160
Director Helene Richmond	140	—	—	—	140
MD Anders Birgersson	2,774	925	86	739	4,524
Other senior officers (6 persons)	8,900	1,785	482	2,075	13,242
Total (12 persons)	**12,604**	**2,710**	**568**	**2,814**	**18,696**

Note 7 Fees and cost reimbursement paid to auditor

	Group		Parent Company	
	2012	2011	2012	2011
PwC				
Auditing assignments	1,907	1,907	245	275
Auditing activities other than auditing assignments	264	505	255	379
Tax advice	1,145	915	556	23
Other services	1,034	700	212	176
	4,350	**4,027**	**1,268**	**853**

Note 8 Depreciation/amortisation

Depreciation and amortisation are recognised in profit or loss under the following headings:

	Group		Parent Company	
	2012	2011	2012	2011
Cost of goods sold	18,510	20,687	—	—
Selling expenses	9,061	8,914	264	500
Administrative expenses	4,567	4,069	—	—
Research and development costs	1,008	801	—	—
Other operating expenses	—	—	2,444	2,574
Total depreciation/ amortisation	**33,146**	**34,471**	**2,708**	**3,074**

Note 8 cont'd.

Depreciation and amortisation are allocated to the following assets in the Balance Sheet:

	Group		Parent Company	
	2012	2011	2012	2011
Trademarks	5,259	5,445	1,884	1,884
Computer software	2,411	1,592	265	501
Land and buildings	3,765	4,035	551	680
Plant and machinery	13,284	15,591	—	—
Equipment, tools, fixtures and fittings	8,427	7,808	8	9
Total depreciation/ amortisation	**33,146**	**34,471**	**2,708**	**3,074**

The Parent Company's depreciation for buildings is included in the market-related rent that is invoiced to the subsidiary in Vänersborg.

This building depreciation is recognised as other operating expenses in the Parent Company's accounts.

Note 9 Operating expenses classified by nature of expense

	Group	
	2012	2011
Direct material incl. change in inventories	479,056	525,666
Employee benefits	261,238	252,600
Depreciation/amortisation	33,146	34,471
Other expenses	232,434	230,054
Total operating expenses	**1,005,874**	**1,042,791**

Includes cost of goods sold, selling expenses, administrative expenses and costs for research and development.

Note 10 Appropriations

	Parent Company	
	2012	2011
Difference between book depreciation- and depreciation according to plan	1,580	1,964
Change in tax allocation reserve	2,500	–350
Total	**4,080**	**1,614**

Note 11 Tax on profit for the year

	Group		Parent Company	
	2012	2011	2012	2011
Current tax				
Swedish companies	–11,955	–11,922	–376	–211
Foreign companies	–24,538	–15,050	—	—
Deferred tax				
Swedish companies	6,077	296	—	—
Foreign companies	5,622	–9,753	—	—
Total	**–24,794**	**–36,429**	**–376**	**–211**

Reconciliation with tax recognised in profit or loss:

The difference between the Group's expected tax expense based on a weighted tax rate of 26 per cent (28) and the actual tax expense consists of the following items:

	Group	
	2012	2011
Reported profit before tax	94,158	130,935
Tax according to estimated weighted tax rate	–26,292	–35,631
Non-deductible expenses, Sweden	–105	–88
Non-taxable revenue, Swedish companies	—	89
Changed tax rate, Sweden	4,651	—
Imputed income, tax allocation reserve	–187	–379
Other	–2,861	–420
Total tax	**–24,794**	**36,429**

Note 12 Intangible assets

	Group		Parent Company	
	2012	2011	2012	2011
Trademarks and other intellectual property				
Opening cost	113,137	108,311	32,870	32,579
Purchases during the year	6,198	5,350	—	291
Retirement of assets	–7,595	—	—	—
Translation differences	2,854	–524	—	—
Closing accumulated costs	**114,594**	**113,137**	**32,870**	**32,870**
Opening amortisation	–55,554	–48,739	–18,658	–16,273
Amortisation for the year	–7,670	–7,037	–2,149	–2,385
Retirement of assets	5,481	—	—	—
Translation differences	–2,331	222	—	—
Closing accumulated amortisation	**–60,074**	**–55,554**	**–20,807**	**–18,658**
Closing balance	**54,520**	**57,583**	**12,063**	**14,212**
Of which trademark	**42,935**	**49,904**	**11,678**	**13,562**

Note 12 cont'd.

Goodwill	Group	
	2012	2011
Opening cost	250,872	252,291
Business combination	50,541	—
Translation differences	–10,398	–1,419
Closing balance	**291,015**	**250,872**

Goodwill is allocated to the Group's divisions as follows

	Group	
	2012	2011
VBG TRUCK EQUIPMENT	70,665	21,950
EDSCHA TRAILER SYSTEMS	174,642	181,292
RINGFEDER POWER TRANSMISSION	45,708	47,630
Book value	**291,015**	**250,872**

Goodwill is subjected to impairment testing annually and when there are indications of impairment losses.

The recoverable amount for cash-generating units is determined by the company management and is based on discounted cash flows.

For RINGFEDER POWER TRANSMISSION and VBG TRUCK EQUIPMENT, discounted cash flows are based on the 2013 budget and forecasts up to 2015. During and after the forecast period, zero growth is conservatively assumed.

For EDSCHA TRAILER SYSTEMS, discounted cash flows are based on the 2013 budget and forecasts up to 2015. During the forecast period it is assumed that continued recovery will occur in the market and in sold volumes to normalised cash flows over a business cycle. The company management's growth rate projection is based on forecasts in public industry reports. Furthermore, some price increase on some of the division's products is assumed. For the time after the forecast period, cash flows have been calculated assuming no further growth in the market.

With the above assumptions and using a discount rate of 7 per cent (7), the value in use exceeds the carrying amount for all cash-generating units.

Increasing the discount rate by 1 percentage point or reducing the operating margin by 10 per cent would not lead to an impairment of goodwill.

If the recovery of volumes and cash flows in the EDSCHA TRAILER SYSTEMS division turns out to be much weaker than forecast by the company management, a potential impairment loss may arise.

Note 13 Property, plant and equipment

	Group		Parent Company	
Land and buildings	**2012**	**2011**	**2012**	**2011**
Opening costs	123,831	125,297	33,669	33,669
Purchases during the year	1,579	195	—	—
Business combinations	6,451	—	—	—
Retirement of assets	—	–211	—	—
Translation differences	–1,954	–1,450	—	—
Closing accumulated costs	**129,907**	**123,831**	**33,669**	**33,669**
Opening depreciation	–45,624	–41,745	–26,412	–25,732
Retirement of assets	—	41	—	—
Depreciation for the year	–3,765	–4,035	–551	–680
Translation differences	739	115	—	—
Closing accumulated depreciation	**–48,650**	**–45,624**	**–26,963**	**–26,412**
Closing balance	**81,257**	**78,207**	**6,706**	**7,257**

	Group		Parent Company	
Plant and machinery	**2012**	**2011**	**2012**	**2011**
Opening cost	204,206	204,233	13,578	20,155
Purchases during the year	7,617	7,773	—	—
Sale and retirement of assets	–22,029	–7,518	–5,664	–6,577
Reclassification	964	85	—	—
Translation differences	–279	–367	—	—
Closing accumulated costs	**190,479**	**204,206**	**7,914**	**13,578**
Opening depreciation	–132,616	–124,943	–13,578	–20,155
Sale and retirement of assets	20,648	7,518	5,664	6,577
Depreciation for the year	–13,284	–15,591	—	—
Translation differences	318	400	—	—
Closing accumulated depreciation	**–124,934**	**–132,616**	**–7,914**	**–13,578**
Impairment losses in 2001	–5,397	–5,397	—	—
Closing balance	**60,148**	**66,193**	**0**	**0**

The item "Plant and equipment" includes assets held by the Group under finance leases valued at a cost of SEK 38,261 thousand (38,261). The leased assets were depreciated during the year by SEK 3,826 thousand (3,826), and the closing balance amounts to SEK 26,783 thousand (30,609). The remaining lease period is 4 years.

	Group		Parent Company	
Equipment, tools, fixtures and fittings	**2012**	**2011**	**2012**	**2011**
Opening cost	103,167	98,176	10,916	11,748
Purchases during the year	9,129	5,134	—	—
Sale and retirement of assets	–24,027	–1,966	–127	–832
Reclassification	1,821	173	—	—
Business combinations	2,707	—	—	—
Translation differences	4,732	1,650	—	—
Closing accumulated costs	**97,529**	**103,167**	**10,789**	**10,916**
Opening depreciation	–76,076	–68,346	–10,885	–11,708
Sale and retirement of assets	20,095	1,787	127	832
Depreciation for the year	–8,427	–7,808	–8	–9
Translation differences	–4,015	–1,709	—	—
Closing accumulated depreciation	**–68,423**	**–76,076**	**–10,766**	**–10,885**
Impairment losses in 2001	–5,639	–5,639	—	—
Closing balance	**23,467**	**21,452**	**23**	**31**

	Group	
Construction in progress	**2012**	**2011**
Opening balance	3,041	270
Purchases during the year	239	3,041
Reclassification	–2,791	–258
Translation difference	–70	–12
Closing balance	**419**	**3,041**

Note 14 Interests in Group companies, changes in book values

Interests in Group companies	Parent Company 2012	Parent Company 2011
Opening cost	501,956	572,719
Impairment loss on shares in subsidiaries	—	–70,763
Business combinations	68,989	—
Closing balance	**570,945**	**501,956**

Specification of interests in Group companies	Share of equity, %	Share of votes, %	Book value
VBG GROUP TRUCK EQUIPMENT AB, Sweden	100	100	21,197
VBG GROUP SALES AS, Norway	100	100	57
VBG GROUP SALES A/S, Denmark	100	100	71
VBG GROUP SALES LTD, UK	100	100	130
ONSPOT E.U.R.L., France	100	100	68
ONSPOT OF NORTH AMERICA, INC	100	100	68,772
VBG GROUP TRUCK EQUIPMENT NV, Belgium	100	100	109,501
EDSCHA TRAILER SYSTEMS S.R.O., Czech Republic	100	100	47,929
VBG GROUP TRUCK EQUIPMENT GMBH, Germany	100	100	196,699
EDSCHA TRAILER SYSTEMS GMBH	100	100	217
TRAILER SYSTEMS SWEDEN AB	100	100	
RINGFEDER POWER TRANSMISSION GMBH, Germany	100	100	90,309
RINGFEDER POWER TRANSMISSION INDIA PRIVATE LTD, India	100	100	
RINGFEDER POWER TRANSMISSION S.R.O., Czech Republic	100	100	
KUNSHAN RINGFEDER POWER TRANSMISSION CO., LTD.	100	100	
RINGFEDER POWER TRANSMISSION USA CORPORATION, USA	100	100	35,995
Total			**570,945**

Corporate identity numbers and domiciles of Group companies	Corp. ID No.	Domicile
VBG GROUP TRUCK EQUIPMENT AB	556229-6573	Vänersborg, Sweden
TRAILER SYSTEMS SWEDEN AB	556866-1911	Vänersborg, Sweden
VBG GROUP SALES AS		Oslo, Norway
VBG GROUP SALES A/S		Ejby, Denmark
VBG GROUP SALES LTD		Warrington, UK
ONSPOT E.U.R.L.		Montoy-Flanville, France
VBG GROUP TRUCK EQUIPMENT NV		Beringen, Belgium
EDSCHA TRAILER SYSTEMS S.R.O.		Kamenice nad Lipou, Czech Republic
VBG GROUP TRUCK EQUIPMENT GMBH		Krefeld, Germany
RINGFEDER POWER TRANSMISSION GMBH		Gross-Umstadt, Germany
RINGFEDER POWER TRANSMISSION USA CORPORATION		Westwood, NJ USA
RINGFEDER POWER TRANSMISSION INDIA PRIVATE Ltd		Chennai, India
RINGFEDER POWER TRANSMISSION S.R.O.		Dobrany, Czech Republic
KUNSHAN RINGFEDER POWER TRANSMISSION CO, Ltd		China
EDSCHA TRAILER SYSTEMS GMBH		Moers, Germany
ONSPOT OF NORTH AMERICA, INC		Flemington, NJ, USA

Note 15 Deferred tax liabilities/assets

Deferred tax assets	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Deferred tax asset pertaining to pension liability	6,054	6,382	—	—
Other temporary differences	1,696	715	—	—
Deferred tax asset on tax-loss carryforward	2,762	80	—	—
Total tax assets, gross	**10,512**	**7,177**	—	—

Note 15 cont'd.

Deferred tax liabilities	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Deferred tax liabilities relating to tax allocation reserves	17,989	18,844	2,880	3,537
Deferred tax liabilities relating to difference between book values of assets and residual values for tax purposes	26,584	34,881	2,193	3,601
Total tax liabilities, gross	**44,573**	**53,725**	**5,073**	**7,138**

Deferred tax liabilities and assets have been offset where legally possible.

	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Recognised deferred tax liabilities	–38,486	–47,523	–5,073	–7,138
Recognised deferred tax assets	4,425	975	—	—
Deferred tax liabilities, net	**–34,061**	**–46,548**	**–5,073**	**–7,138**

The Parent Company's deferred tax liability is included in the line item "untaxed reserves" (see Note 19).

Note 16 Inventories

Inventories	Group 2012	Group 2011
VBG TRUCK EQUIPMENT		
Raw materials and consumables	31,060	39,377
Semi-finished products and work in progress	27,621	22,906
Finished products and merchandise	46,623	40,433
Total inventories VBG TRUCK EQUIPMENT	**105,304**	**102,716**
EDSCHA TRAILER SYSTEMS		
Raw materials and consumables	27,500	25,322
Semi-finished products and work in progress	1,665	5,272
Finished products and merchandise	3,720	9,027
Total inventories EDSCHA TRAILER SYSTEMS	**32,885**	**39,621**
RINGFEDER POWER TRANSMISSION		
Raw materials and consumables	26,820	22,259
Semi-finished products and work in progress	18,119	10,540
Finished products and merchandise	66,675	67,991
Total inventories RINGFEDER POWER TRANSMISSION	**111,614**	**100,790**
Total	**249,803**	**243,127**

Impairment of inventories due to obsolescence amounts to SEK 40,471 thousand (39,361), divided between VBG TRUCK EQUIPMENT at SEK 11,619 thousand (11,823), EDSCHA TRAILER SYSTEMS at SEK 5,249 thousand (5,290) and RINGFEDER POWER TRANSMISSION at SEK 23,603 thousand (22,248).

Note 17 Prepaid expenses and accrued income

	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Prepaid lease payments	243	153	156	145
Accrued royalty	245	175	245	175
Prepaid insurance premiums	463	783	204	504
Prepaid service charges	2,137	2,313	45	31
Prepaid stock exchange expenses	52	53	52	53
Prepaid marketing activities	190	134	—	—
Prepaid credit charges	233	242	233	242
Accrued income	558	783	—	—
Other items	1,773	2,268	72	345
Total	**5,894**	**6,904**	**1,007**	**1,495**

Note 18 Equity

The share capital consists of 13,694,000 shares with a quotient value of SEK 2.50. Of these, 1,220,000 are Series A shares carrying 10 votes each. The remaining shares, of Series B, total 12,474,000 and carry 1 vote each. The Annual General Meeting on 24 April 2002 resolved to repurchase every tenth Series B share for SEK 31.25 per share. All shareholders were offered the chance to sell back their shares. 1,191,976 shares were repurchased, which is equivalent to 96 per cent of the number that could be repurchased. At the same AGM, the Board was authorised to use repurchased shares to pay for acquisitions during the period up until the next AGM in 2003. This authorisation has been extended repeatedly, most recently at the 2012 AGM to apply until the next AGM (2013). This authorisation had not been utilised at year-end, so all redeemed shares are still owned by VBG GROUP AB (publ). There are thus 12,502,024 shares in free float, 1,220,000 of which are Series A shares and 11,282,024 Series B shares.

Note 19 Untaxed reserves

	Parent Company	
	2012	2011
Accumulated difference between book depreciation/amortisation and depreciation/amortisation in excess of plan	12,111	13,691
Tax allocation reserves	10,950	13,450
Total	**23,061**	**27,141**

Note 20 Provisions for pensions and similar obligations

Parent Company	2012	2011
Provisions in accordance with Swedish Act on Safeguarding of Pension Obligations		
FPG/PRI pensions	10,605	9,847
Group		
Provisions in accordance with IAS 19		
Defined-benefit pension plans	99,510	97,229

Defined-benefit pension plans

The Group has several defined-benefit pension plans where the employees are entitled to compensation after terminated employment based on final salary and length of service. The plans that cover the largest number of employees are in Sweden and Germany.

The amounts recognised in the Consolidated Balance Sheet for defined-benefit pension plans have been calculated as follows:

	Sweden	Germany	Other countries	31/12 2012 Total	31/12 2011 Total
Present value of funded obligations			22,885	22,885	23,639
Fair value of plan assets			–22,699	–22,699	–20,449
			186	**186**	**3,190**
Present value of unfunded obligations	64,969	65,029		129,998	107,962
Total obligation	**64,969**	**65,029**	**186**	**130,184**	**111,152**
Unrecognised actuarial gains (+) and losses (–)	–16,809	–14,700	835	–30,674	–13,923
Net liability in Balance Sheet	**48,160**	**50,329**	**1,021**	**99,510**	**97,229**

The plan assets consist entirely of externally funded shares and securities.

Note 20 cont'd.

Amounts recognised in the Consolidated Income Statement for pensions

	Group	
	2012	2011
Current service costs	4,829	1,984
Interest expense	5,355	6,099
Expected return on plan assets	–784	–1,260
Actuarial gains (+) and losses (–) recognised last year	528	–39
Costs for defined-benefit plans	**9,928**	**6,784**
Costs for defined-contribution plans	**5,070**	**3,683**
Total costs recognised in profit or loss	**14,998**	**10,467**
Of which		
Amount charged to operating profit	9,643	8,082
Amount charged to financial expenses	5,355	2,385
Total costs recognised in profit or loss	**14,998**	**10,467**

Interest expense for pension plans is classified as financial expense. Other items are allocated in the operating profit as cost of goods sold, selling or administrative expenses, depending on the employee's function.

Specification of changes in net liability recognised in the Consolidated Balance Sheet relating to defined-benefit pension plans

	Group	
	2012	2011
Net liability at beginning of year according to adopted Balance Sheet	97,229	100,339
Net cost recognised in profit or loss	9,928	6,784
Benefits paid	–4,326	–4,559
Contributions to funded plans	–1,368	–5,088
Exchange rate differences on foreign plans	–1,953	–247
Net liability at year-end	**99,510**	**97,229**

Actuarial assumptions regarding significant defined-benefit pension plans

	2012		2011	
Percentage	Sweden	Germany	Sweden	Germany
Discount rate	3.1	3.6	3.5	5.3
Future annual salary increases	2.5	2.8	2.5	2.0
Inflation rate	1.5	2.0	1.5	2.0

The discount rate in Sweden for 2012 and 2011 is based on the interest rate for mortgage bonds with a comparable maturity.

Note 21 Other provisions

	Group	
	2012	2011
Warranty obligations	582	616
Restructuring reserve	2,966	4,463

Restructuring reserve
The VBG TRUCK EQUIPMENT division wound up its stocks and distribution in Germany during the year. The staff-related restructuring cost amounted to SEK 10.6 M, which has not yet been settled in full.

Warranty obligations
The products sold by the VBG GROUP are covered by warranties that are valid for a predetermined period.

Provisions for such product warranties are based on historical data plus expected costs for quality problems that are known or can be foreseen.

Note 22 Borrowing

Borrowing by the Group excluding overdraft facilities amounts to SEK 67,529 thousand (50,286). Most of the loans are in EUR and USD.

One such loan of SEK 8,616 thousand is directly linked to the acquisition made in 2009, and loans totalling SEK 32,578 are attributable to this year's acquisition of Onspot of North America Inc. The translation differences on these loans are posted to equity to the extent this hedges net assets in EUR.

Certain machinery investments in Vänersborg have been financed via finance leases; SEK 21,427 thousand (26,271) of the loans are such loans.

SEK 23,059 thousand of the loans (16,032) fall due within one year. Loans of another SEK 44,015 thousand (28,956) fall due within two to five years. Loans of SEK 457 thousand (5,297) fall due for payment more than five years after the balance sheet date.

Maturities of the Group's financial liabilities including calculated interest payments

	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	67,529	24,615	24,875	23,427	503	73,420
Overdraft facilities	21,894	22,282	—	—	—	22,282
Trade payables	49,250	49,250	—	—	—	49,250
Total	**138,673**	**96,147**	**24,875**	**23,427**	**503**	**144,952**

Note 23 Trade receivables

	Group	
	2012	2011
Trade receivables not due	109,618	119,881
Trade receivables due in 0–3 months	33,858	30,413
Trade receivables due in more than 3 months	10,008	12,225
Reserve for doubtful debts	–3,488	–5,257
Recognised trade receivables	**149,996**	**157,262**

Note 24 Overdraft facilities

The Group has overdraft facilities amounting to SEK 140,466 thousand (135,447), of which the amount utilised is SEK 21,894 thousand (13,547). The interest rate on the overdraft facilities is 1.77 per cent.

Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	2012	2011	2012	2011
Special payroll tax	4,455	4,650	633	930
Accrued personnel costs	38,424	41,786	4,797	7,260
Commissions and sales support	4,169	3,217	—	—
Other items	9,599	9,064	835	743
Total	**56,647**	**58,717**	**6,265**	**8,933**

Note 26 Pledged assets

	Group	
	2012	2011
Leased machines	26,783	30,609
Total pledged assets	**26,783**	**30,609**

Note 27 Contingent liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Guarantees for the benefit of subsidiaries	—	—	49,744	53,057
Other	778	933	212	397
Total contingent liabilities	**778**	**933**	**49,956**	**53,454**

Note 28 Operating leases

	Group	
	2012	2011
Operating property leases		
Property leases, current rental payments	6,955	7,728
Group total	**6,955**	**7,728**

Property leases pertain to factory and office properties in foreign subsidiaries. Remaining payments on leases in effect at year-end amount to SEK 32.0 M, of which SEK 5.0 M will fall due for payment in 2013 and SEK 10.4 M will fall due after 2017.

Note 29 Business combinations

On 30 November 2012, the acquisition of Onspot of North America Inc. was effected by acquisition of 100 per cent of the shares. This gave the Group control and the company was incorporated into the VBG TRUCK EQUIPMENT division. During December 2012, the acquired operation contributed revenue of SEK 4.6 M and an operating profit of SEK 1.6 M to the division. Taking into account acquisition-related costs totalling SEK 2.1 M, the aggregate effect on the Group's operating profit was SEK –0.5 M. The acquisition-related costs are included in administrative costs in in the consolidated income statement.

The purchase consideration for all shares in the company amounted to SEK 66.7 M in the Group. The Parent Company's purchase value for the shares includes acquisition-related costs and amounted altogether to SEK 68.8 M. According to a preliminary acquisition plan, the acquisition results in consolidated goodwill of SEK 50.5 M.

	Group
Purchase consideration – paid in cash	66,699
Fair value of acquired net assets	–16,158
Goodwill (note 10)	**50,541**

Goodwill is attributable to the acquiree's customer relations (which are not separable) that resulted in a large market share in the USA, plus important synergies that are expected to be created with existing operations within VBG TRUCK EQUIPMENT.

	Group
	Fair value
Cash and cash equivalents	2,021
Property, plant and equipment (Note 11)	9,158
Inventories	6,742
Receivables	8,099
Liabilities	–9,862
Deferred tax liabilities, net (Note 13)	0
Acquired net assets	**16,158**

Cash purchase consideration	66,699
Cash and cash equivalents in acquired subsidiaries	–2,021
Change in cash and cash equivalents due to acquisition	**64,678**

Note 30 Consolidated Cash Flow Statement

Other items not affecting liquidity in operating activities	2012	2011
Change in provisions	2,850	–5,195
Interest element of pension expense	–4,533	–1,644
Other items	2,579	2,016
Total	**896**	**–4,823**

Acquisition of non-current assets	Intangible assets	Property, plant and equipment
Capital expenditures during the year (Notes 12 and 13)	–6,198	–18,559
Finance leases	—	–4,843
Effect of capital expenditures on cash and cash equivalents	–6,198	**–23,402**

	2012
Cash and cash equivalents	
Cash on hand and demand deposits	66,144
Short-term investments	459
Cash and cash equivalents	**66,603**

Short-term investments in the Balance Sheet totalled SEK 459 thousand, of which SEK 0 comprised non-negotiable receivables with a maturity of more than three months and investments in shares. Credit facilities granted but not utilised amounted to SEK 118,572 thousand (121,900) at year-end.

Note 31 Significant accounting estimates and assessment

Accounting estimates and assessments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances.

The Group makes estimates and assumptions about the future with regard to pensions (Note 20), provisions and restructuring costs (Note 21). The accounting estimates that result from these assumptions will, by definition, seldom correspond to the actual result.

Every year the Group carries out impairment testing of goodwill. Recoverable amounts for cash-generating units have been established by calculation of value in use. Certain estimates must be made for these calculations (Note 12).

Financial statements will be submitted to the Annual General Meeting on 25 April 2013 for adoption.

The undersigned ensure that the consolidated accounts and annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as approved by the EU and with generally accepted accounting principles and give a true and fair view of the Group's and the Company's results of operations and financial position, and that the Report of the Directors provides a true and fair view of the performance, financial position and results of operations of the Group and the Company and describes significant risks and uncertainties faced by the companies included in the Group.

Vänersborg, 20 March 2013

Peter Hansson
Chairman of the Board

Anders Birgersson
Managing Director and CEO

Hans-Göran Persson

Johnny Alvarsson

Helene Richmond

Peter Augustsson

Michael Jacobsson

Cecilia Pettersson

Our Audit Report was submitted on 20 March 2013

Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

AUDIT REPORT

To the Annual General Meeting of Shareholders of VBG GROUP Aktiebolag (publ), Corp. ID No. 556069-0751

Report on annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts for VBG GROUP AB for 2012. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 22–54.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and the consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and presentation of annual accounts that give a true and fair view in accordance with the Annual Accounts Act and consolidated accounts that give a true and fair view in accordance with International Financial Accounting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director deem is necessary for the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit. We have conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free from material misstatement.

An audit involves carrying out procedures to obtain audit evidence regarding the amounts and disclosures in the annual accounts and the consolidated accounts. The auditor decides which procedures are to be performed by assessing the risks of material misstatements in the annual accounts and the consolidated accounts, whether due to fraud or error. In performing this risk assessment, the auditor considers those parts of the company's internal control that are relevant to the preparation of the annual accounts and the consolidated accounts in order to give a true and fair view for the purpose of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and the consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view, in all material respects, of the Parent Company's financial position as of 31 December 2012 and of its financial performance and cash flows for the year according to the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view, in all material respects, of the Group's financial position as of 31 December 2012 and of its financial performance and cash flows according to International Financial Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting of Shareholders adopt the Income Statement and the Balance Sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and the consolidated accounts, we have also examined the proposal for appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of VBG GROUP AB (publ) for 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the administration of the company under the Companies Act.

Auditors' responsibility

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

As a basis for our opinion concerning the Board of Directors' proposal for appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to determine whether the proposal complies with the Companies Act.

As a basis for our opinion concerning discharge from liability, 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 Managing Director. We also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend that the Annual General Meeting of Shareholders appropriate the profit in accordance with the proposal in the Directors' Report and discharge the members of the Board and the Managing Director from liability for the financial year.

Gothenburg, 20 March 2013

Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT

VBG GROUP AB (publ) is a Swedish limited liability company whose Series B shares have been listed on the Stockholm Stock Exchange since 1987, where they are traded on the Nasdaq OMX Nordic Exchange, Small Cap. VBG GROUP AB has applied the Swedish Code of Corporate Governance (the Code) since 1 January 2009.

The Code is a part of corporate Sweden's self-regulation and is based on the "comply or explain" principle. This means that companies that apply the Code can choose not to comply with certain rules but must explain the reason for each non-compliance.

Division of responsibility

Responsibility for management and control of the Group is divided between the shareholders at the Annual General Meeting, the Board of Directors, its elected committees and the Managing Director under the provisions of the Swedish Companies Act, other laws and ordinances, rules governing stock market companies, the Articles of Association and the Board's internal governance documents.

Shareholders

The share capital in VBG GROUP AB amounts to SEK 34,235,000, distributed among 1,220,000 Series A shares and 12,474,000 Series B shares, where each A share carries 10 votes and each B share carries one vote, except for the 1,191,976 Series B shares bought back by VBG GROUP AB in 2002. This amounts to a total of 12,502,024 outstanding shares with a total of 23,482,024 votes.

At the end of 2012, VBG GROUP AB had a total of 4,046 shareholders. At year-end, the ten biggest shareholders controlled 73 per cent of the outstanding share capital and 89 per cent of the votes. The stake held by the largest shareholder, the Herman Krefting Foundation for Allergy and Asthma Research, amounted to 32.6 per cent of the outstanding share capital and 34.7 per cent of the votes. Other shareholders with more than 10 per cent of the votes were the SLK Employees' Foundation and the VBG-SLK Foundation, whose holdings of Series A shares represented 24.2 per cent and 10.4 per cent of the votes, respectively.

More detailed information on the share, the ownership structure etc. is provided on pages 19–20.

Articles of Association

The Articles of Association state that VBG GROUP AB is a public company whose object is to "engage – on its own or through wholly and partly owned companies – in industrial activities, preferably in the area of automotive components and truck equipment, and other activities consistent therewith."

General Meeting of Shareholders

The highest decision-making body in VBG GROUP AB is the General Meeting of Shareholders. The Annual General Meeting (AGM), which is held within six months of the end of the financial year, adopts the financial statements, resolves on a dividend, elects the Board of Directors and, where applicable, the auditors and establishes their fees, appoints the Nominating Committee, considers other statutory matters and votes on proposals from the Board of Directors and the shareholders.

Notice convening the Annual General Meeting is given not earlier than six and not later than four weeks prior to the meeting. The notice contains information on notification of intention to attend and right to participate in and vote at the meeting, an itemised agenda with the matters to be discussed, and information on the proposed dividend and the main content of other proposals. Shareholders or proxies can vote for the full number of shares held or represented. It is possible to give notification of attendance at the meeting on the company's website.

Notice convening an extraordinary general meeting where the articles of association will be addressed shall be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice convening other extraordinary general meetings shall be given not earlier than six weeks and not later than two weeks prior to the meeting.

Proposals to the meeting should be addressed to the Board of Directors and submitted in good time before notice convening the meeting is given. Information on shareholders' rights to have matters addressed at the meeting is provided on the website.

Annual General Meeting 2012

VBG GROUP AB's Annual General Meeting was held on 26 April 2012 and all presentations were made in Swedish. Notice of the meeting, the agenda, and the minutes with the Managing Director's illustrations from his address are available on the website. The entire Board of Directors, the chairman of the Nominating Committee, the Group Management in the person of the Managing Director and the CFO, and the company's auditor were present at the meeting. Shareholders were given an opportunity to ask questions during the meeting. It was not possible to follow or participate in the meeting from another location with the aid of communication technology. No change is planned in this respect for the 2013 AGM.

The AGM decided to adopt the Board's proposal for a dividend of SEK 2.25 per share for 2011, with a record date of 2 May 2012.

The AGM decided to re-elect Board members Peter Hansson, Anders Birgersson, Johnny Alvarsson, Helene Richmond, Hans-Göran Persson and Peter Augustsson. Peter Hansson was re-elected Chairman and Johnny Alvarsson was re-elected Deputy Chairman.

The AGM also authorised the Board to resolve on one or more occasions up until the 2013 Annual General Meeting that repurchased shares can be transferred, notwithstanding the shareholders' pre-emption rights, and that non-cash payment can be made for such transferred shares. This authorisation enables the Board to use the Company's own shares as payment for acquired companies.

Further, the AGM resolved to appoint a Nomination Committee consisting of Reidar Öster, Peter Hansson, Peter Rönström and Per Trygg, with Reidar Öster as Chairman.

On 26 May 2012, it was announced that the 2013 Annual General Meeting would take place in Vänersborg on 25 April 2013 at 5:00 p.m.

Nominating Committee

The Nominating Committee is appointed by the AGM and currently consists of the following members:

- Reidar Öster, private, Chairman of the Nominating Committee
- Peter Hansson, Chairman of VBG GROUP AB
- Peter Rönström, Lannebo Funds
- Per Trygg, SEB Asset Management SA

The task of the Nominating Committee is to present proposals to the AGM on behalf of the shareholders for election of a Chairman and other members of the Board of Directors as well as proposals for fees and other remuneration for Board work and auditors' fees. The Nominating Committee shall also submit nominations for election of an auditor based on discussions in the VBG GROUP's Audit Committee and the Board of Directors.

When the Nominating Committee nominates a Chairman and other members of the Board of Directors, it shall issue a statement to the effect that the nominated individuals are to be regarded as independent in relation to the company and the executive management as well as major shareholders in the company. The Nominating Committee's proposals shall be given to the VBG GROUP in good enough time so that the proposal can be presented in the notice convening the AGM and at the same time on the VBG GROUP's website.

The majority of the members of the Nominating Committee are independent in relation to the company, the executive management and the shareholder with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research.

The Nominating Committee proposes that the 2013 AGM re-elect Peter Hansson to the Board as Chairman, Johnny Alvarsson as Deputy Chairman, and Helene Richmond, Hans-Göran Persson, Peter Augustsson and Anders Birgersson (MD) as ordinary members.

It is proposed that the fee paid to the Board of Directors be raised to SEK 1,070,000 (currently SEK 1,025,000), of which SEK 300,000 (280,000) to the Chairman of the Board, SEK 210,000 (200,000) to the Deputy Chairman and SEK 160,000 each (155,000) to the other Board members.

Of the total fee, SEK 40,000 each (40,000) shall be paid to the Audit and Compensation Committees, to be distributed equally among the committee members appointed by the Board of Directors.

No fee is paid to the Managing Director.

Furthermore, the Nominating Committee proposes to the 2013 AGM re-election, for a period of one year, of PricewaterhouseCoopers as auditor with Fredrik Göransson as auditor in charge.

Fees to auditors are proposed to be paid as billed, upon approval, for work performed.

Shareholders representing more than 75 per cent of the total number of votes in VBG GROUP AB propose that the AGM 2013 appoint the following persons to the Nominating Committee:

- Reidar Öster, private, Chairman of the Nominating Committee
- Peter Hansson, Chairman of VBG GROUP AB
- Peter Rönström, Lannebo Funds
- Per Trygg, SEB Asset Management SA

Composition of the Board of Directors

The members of the Board of Directors are elected annually by the AGM for the period up until the next AGM. VBG GROUP AB has not established a specific age limit for the Board members nor a time limit for how long someone may sit on the Board.

The 2012 AGM re-elected Board members Peter Hansson, Johnny Alvarsson, Ander Birgersson (MD), Helene Richmond, Hans-Göran Persson and Peter Augustsson. Peter Hansson was elected Chairman of the Board and Johnny Alvarsson was elected Deputy Chairman. There is a presentation of the Board members and their assignments on pages 62–63.

In addition to the six members elected by the AGM, the trade unions Unionen/CF/Ledarna and IF Metall each appointed one member and one deputy member.

The number of AGM-elected members who are independent in relation to the company, according to the requirements for listing on the stock exchange, is judged to be five. Of these, four are also judged to be independent of the company's major shareholders and meet all requirements on experience. The Managing Director is the only Board member who works actively in the company.

The work of the Board of Directors

The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board, its committees and the Managing Director. According to the adopted rules of procedure, the Board of Directors holds six ordinary meetings per year, including the statutory meeting following the AGM, plus extraordinary meetings whenever the situation warrants. Company officers take

Board members as from the 2011 AGM

Name	Function	Elected	Committee work	Independent in relation to the company	Independent in relation to major shareholders
Peter Hansson	Chairman	2001	Compensation Committee	Yes	No
Johnny Alvarsson	Deputy Chairman	2004	Compensation Committee	Yes	Yes
Helene Richmond	Board member	2008		Yes	Yes
Hans-Göran Persson	Board member	2009	Audit Committee	Yes	Yes
Peter Augustsson	Board member	2011	Audit Committee	Yes	Yes
Anders Birgersson	Board member, CEO and Managing Director	2001		No	No
			Total	**5/6**	**4/6**

Employee representatives	Function	Elected
Michael Jacobsson/IF Metall	Board member	2011
Cecilia Pettersson/Unionen-CF-Ledarna	Board member	2011
Mikael Freholz/IF Metall	Deputy auditor	2009
Karin Pantzar/Unionen-CF-Ledarna	Deputy auditor	2010

Information on the members of the Board is provided on pages 62–63.

part in Board meetings as rapporteurs, and the company's CFO serves as secretary.

The company's auditor reports his observations every year based on his review and gives his assessment of the company's internal control.

Role of the Chairman

The Chairman organises and leads the work of the Board of Directors so that it complies with the Swedish Companies Act, other laws and ordinances, rules governing stock market companies (including the Code) and the Board's internal governance documents.

The Chairman follows the company's operations via continuous contacts with the Managing Director and is responsible for ensuring that other Board members get relevant information and documents. The Chairman also ensures that an annual evaluation is made of the work of the Board and the Managing Director, and that the results of this evaluation are communicated to the Nominating Committee.

According to the by-laws of the shareholder in the VBG GROUP AB with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research, the company's Chairman shall be a member of the board of the Foundation.

Board committees

The Board of Directors appointed both an Audit Committee and a Compensation Committee for the period up until the 2013 AGM.

Compensation Committee

At the statutory Board meeting in April 2012, the Board of Directors appointed a Compensation Committee consisting of Peter Hansson, Chairman, and Johnny Alvarsson. The Committee had two meetings during 2012 where it discussed remuneration and other terms of employment for the Managing Director and senior officers in the Group. The MD was co-opted, but did not participate in the discussion when remuneration to the MD was dealt with.

The principle applied within the Group is that the boss's boss should approve decisions in compensation matters. A presentation was made at the AGM of the Board's proposal for guidelines for remuneration to the Managing Director and other senior officers. The AGM adopted the guidelines in accordance with the Board's proposal. Information on the Board's proposal to the 2013 AGM for guidelines for remuneration to the Managing Director and senior officers is provided in the Report of the Directors on page 27.

Information on remuneration is provided in Notes 6 and 7 on pages 43–45.

Audit Committee

At the statutory Board meeting in May 2012, the Board of Directors appointed an Audit Committee consisting of Hans-Göran Persson, Chairman, and Peter Augustsson. The Audit Committee held four meetings of record during 2012.

The Audit Committee has a supervisory role with regard to the company's system for internal control and risk management of the financial reporting. The committee maintains constant contact with the company's auditors in order to ensure that the company's internal and external accounting meets the requirements made on a listed company and to discuss the scope and content of the audit work.

The committee had consultations with and received reports from the company's external auditors on four occasions during 2012. The auditors' reports have not occasioned any special measure on the part of the Audit Committee.

The work of the Board during 2012

Prior to each Board meeting, an agenda is sent out to the Board members along with in-depth information on the business at hand. Eight meetings were held during financial year 2012, of which four (February, April, August and October) were held in connection with the publication of the company's quarterly reports.

The annual statutory Board meeting was held immediately after the AGM. The October meeting was held in Gross-Umstadt, Germany, at one of the German Group companies. The business plan for 2013 was adopted at the December meeting.

Attendance at Board meetings in 2012

Name	Board	Audit Committee	Compensation Committee
Board members			
Peter Hansson	8		2
Johnny Alvarsson	7		2
Peter Augustsson	8	4	
Helene Richmond	7		
Hans-Göran Persson	8	4	
Anders Birgersson (CEO)	8		
Employee representatives			
Michael Jacobsson, IF Metall	8		
Cecilia Pettersson, Unionen-CF-Ledarna	8		

Operational activities

The Managing Director is responsible for VBG GROUP AB's day-to-day administration, and rules established by the Board of Directors govern the MD's power of decision regarding investments and financing matters.

Managing Director

MD Anders Birgersson, MSc. Eng., has been employed by the VBG GROUP AB since 2001 and has been active in the engineering industry since 1984 with a focus on logistics, production, product development and senior management at ABB, SKF and ESAB.

As VBG GROUP AB's Managing Director, Anders Birgersson is also a member of the boards of the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation, in keeping with the by-laws of the foundations.

The MD holds 500 shares.

Group and Division Management
Overall management of the Group is exercised in the Parent Company by the company's Managing Director and CEO, Ander Birgersson, and the Group's CFO, Claes Wedin. Furthermore, the Parent Company management consists of Bo Hedberg, Director of Business Development, and Christina Holgerson, Director of TQM & HR.

The VBG GROUP's operational business activities are conducted in the three divisions VBG TRUCK EQUIPMENT, with Division Manager Anders Erkén, EDSCHA TRAILER SYSTEMS, with Division Manager Per Ericson, and RINGFEDER POWER TRANSMISSION, with Division Manager Thomas Moka.

The meetings held by the Group Management with each division management deal with such matters as earnings performance and reports prior to and after Board meetings, strategy and business planning, discussions of goals, investments, internal control, policies and review of the market situation, the economic trend and other external factors that affect the business. Furthermore, division-related projects are discussed and decided on.

Information on the Parent Company management and the division managers is provided on pages 64–65.

Internal governance processes
Governance of the VBG GROUP is based on the business concept, strategies and goals of the Group and its divisions. Under the Board of Directors, the CEO and the Group Management, responsibility for operational activities has been decentralised to the three divisions. Responsibility for the coordination of certain functions such as accounting and finance, HR, IT, legal affairs and corporate communications rests with the Group Management and the Group Staffs.

The Group works with annual, rolling, multi-year activity plans to break down goals and strategies into action plans and activities that can also be measured and evaluated. These activity plans are important for the long-term strategic management of the Group. The Group also uses annual objectives, forecasts and action plans for the day-to-day management of the business.

Different business processes such as marketing, sales, purchasing and production are used to manage the operational activities in each division in order to achieve the activity goals that have been established.

Earnings are followed up through regular financial reports, and the results of adopted measures are followed up through supplementary follow-up reports.

Auditors
The auditing firm of Öhrlings PricewaterhouseCoopers AB (PwC) was elected by the 2012 AGM as auditor for a period of one year, with authorised public accountant Fredrik Göransson as auditor in charge.

The annual audit includes a statutory audit of VBG GROUP AB's annual accounts, a statutory audit of the Parent Company and all subsidiaries (where required), an audit of internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as a part of the work.

In September a meeting was held with the executive management and the Audit Committee for analysis of the organisation, operations, business processes and balance sheet items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. In October a meeting was held with the Audit Committee for reconciliation of strategy and aims. A general review of the year-end closing is performed for the period January–September. An early warning review is performed of the third quarter accounts in October-November, followed by an early warning meeting with the executive management and the Audit Committee where important questions for the annual closing are raised. Review and audit of the annual closing and annual accounts is performed in January–February.

During 2012, in addition to the audit assignment, the VBG GROUP consulted PwC on taxes, transfer price matters and accounting matters. The size of remunerations paid to PwC in 2012 is shown in Note 7 on page 45.

PwC is obliged to assess its independence prior to providing independent advice to the VBG GROUP in addition to its auditing assignments.

Report on internal control
This section contains the Board's annual report on how internal control is organised in so far as it pertains to financial reporting. The point of departure for the description has been the Code's rules and the guidance provided by working groups within the Confederation of Swedish Enterprise and FAR SRS.

The Board's responsibility for internal control is described in the Swedish Companies Act, and the internal control regarding financial reporting is covered by the Board's reporting instruction to the Managing Director. The VBG GROUP's financial reporting complies with the laws and rules that apply to companies listed on the Stockholm Stock Exchange and the local rules that apply in each country where business is conducted.

Besides external rules and recommendations there are internal instructions, directions and systems, as well as an internal division of roles and responsibilities aimed at good internal control in the financial reporting.

Control environment
The control environment is the foundation for internal control. VOLVO GROUP AB's control environment consists of organisational structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for the internal control of the financial reporting. The Board of Directors has adopted written rules of procedure that clarify the Board's responsibility and define the division of labour between the Board and its committees. The Board of Directors has appointed an Audit Committee, whose principal task is to ensure that established principles for financial reporting and internal control are complied with and that good relations are maintained with the company's auditors. The Board of Directors has prepared an instruction for the Managing Director and agreed on the economic reporting to the Board of Directors of VBG GROUP AB.

The Group's CFO reports the results of his internal control work to the Audit Committee. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures are reported continuously to the Board of Directors.

VBG GROUP AB's essential governing documents in the form of policies, guidelines and manuals are, to the extent they pertain to the financial reporting, kept continuously updated and communicated via relevant channels to the companies in the Group.

Systems and procedures have been created to provide the management with the necessary reports concerning business results in relation to established objectives. The necessary information systems are in place to ensure that reliable and up-to-date information is available for the management to be able to perform its duties in a correct and efficient manner.

Risk assessment

The VBG GROUP's risk assessment regarding the financial reporting is aimed at identifying and evaluating the most significant risks that affect the internal control of the financial reporting in the Group's companies, business areas and processes. The most significant risks identified in the Group's internal control of the financial reporting are managed by control structures based on reporting of non-conformances from adopted standards for e.g. valuation of inventories and other significant assets.

Internal control of the financial reporting

Financial reports are prepared monthly and quarterly in the Group, its divisions and subsidiaries. In conjunction with this reporting, extensive analyses are conducted with comments and updated forecasts aimed at ensuring that the financial reporting is accurate. Accounting functions and business controllers with functional responsibility for accounting, reporting and analysis of financial developments are found at the central Group, division and major unit levels.

The VBG GROUP's internal control work is aimed at ensuring that the Group fulfils its financial reporting goals. The financial reporting shall

- be accurate and complete and comply with relevant laws, rules and recommendations.
- provide a fair and true description of the company's business.
- support a rational and informed valuation of the business.

In addition to fulfilling these three goals, internal financial reporting shall provide support for correct business decisions at all levels in the Group.

Information and communications

Internal information and communications have to do with creating an awareness among the Group's employees concerning external and internal governance instruments, including powers and responsibilities. Information and communications regarding internal governance instruments for financial reporting are available for all concerned employees. Important tools for this are the VBG GROUP's manuals and trainings.

Control activities

The Group's companies are organised in three divisions. Each division management includes a Business Controller. The controller plays a central role for analysis and follow-up of the business area's financial reporting and earnings. The Parent Company has additional functions for continuous analysis and follow-up of the Group's, the business area's and the subsidiaries' financial reporting.

Follow-up

The Board of Directors is informed of and evaluates on a monthly basis the performance, earnings, financial position and cash flow of the operations via a report package containing outcomes, forecasts and comments on certain key factors.

MISCELLANEOUS

Internal audit

VBG GROUP AB has a simple operational structure with three divisions, each consisting of small and medium-sized legal entities with varying platforms for internal control. Governance and internal control systems established by the company are monitored regularly with regard to compliance by controllers at the division and Parent Company level. Controllers also perform continuous analyses of the companies' reporting and economic outcomes for the purpose of determining trends.

In view of the above, the Board of Directors has chosen not to have a special internal audit.

Investor relations

The VBG GROUP's information to shareholders and other stakeholders is provided via the annual report, year-end report and interim reports as well as press releases. Financial information covering the past few years is provided at www.vbggroup.com, along with information on corporate governance. Some ten or so meetings with investors and analysts were held in Sweden during 2012.

Vänersborg, 20 March 2013

Peter Hansson Chairman of the Board	Anders Birgersson Managing Director and CEO
Hans-Göran Persson	Johnny Alvarsson
Helene Richmond	Peter Augustsson
Michael Jacobsson	Cecilia Pettersson

Auditor's statement on the Corporate Governance Report
To the Annual General Meeting of Shareholders of VBG GROUP AB (publ)
Corp. ID No. 556069-0751

The Board of Directors bears responsibility for the Corporate Governance Report for 2012 on pages 56–61 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

We have read the Corporate Governance Report, and based on this reading and our knowledge of the Group, we believe that we have sufficient grounds for our opinions.

This means that our statutory examination of the Corporate Governance Report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and generally accepted auditing standards in Sweden.

We find that a Corporate Governance Report has been prepared, and that its statutory information is consistent with the annual accounts and the consolidated accounts.

Gothenburg, 20 March 2013
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

BOARD OF DIRECTORS

Peter Hansson
Gothenburg, born 1947
Chairman of the Board since 2008 and member of the Board since 2001
Shareholding: 100
Peter Hansson, MSc. (Political Science), has been employed in senior management positions at Volvo Lastvagnar AB since 1972 and was President of Volvo Cars Sweden 1995–2006.
CEO of the Gothenburg Opera since 2006.
Chairman of the boards of Borås Bil Lastvagnar AB, Borås Personbilar AB and Borås Bil Förvaltnings AB. Member of the boards of the Herman Krefting Foundation for Allergy and Asthma Research, the World Childhood Foundation and Hertz Sweden.

Anders Birgersson
Lidköping, born 1958
Member of the board since 2001
Shareholding: 500
Anders Birgersson, MSc. Eng., has worked in the engineering industry since 1984 in logistics, production, product development and senior management. He has previously been employed by ABB, SKF and ESAB.
Managing Director and CEO of VBG GROUP AB since 2001.
Member of the boards of KMT Precision Grinding AB, Christian Berner Tech Trade AB, the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation.

Helene Richmond
Öjersjö, born 1960
Member of the Board since 2008
Shareholding: 1,400
Helene Richmond, MSc. Eng., has been internationally active in various positions within the SKF Group since 1985. Formerly Sales Area Director, Nordic Region, 2001–2006 and subsequently Director of Global Accounts and other positions in SKF's Industrial Division. Today she is Global Sales Director at SKF's Industrial Drives business unit.

Hans-Göran Persson
Ljungskile, born 1946
Member of the Board since 2009
Shareholding: 528
Hans-Göran Persson, MSc. Econ., has held senior positions at Autoliv, SKF, Volvo Cars and Saab Automobile. In recent years he has been active as a consultant at Odhe & Co in product development, supply chain & sourcing.
Chairman of Ferbe AB and member of the boards of Swedwood AB and Swedspan AB.

Johnny Alvarsson
Stockholm, born 1950
Member of the Board since 2004
Shareholding: 1,000
Johnny Alvarsson, MSc. Eng., has industrial experience from Ericsson Telecom 1975–1987. Managing Director of Zeteco AB 1988–2000 and Elektronikgruppen BK AB 2000–2004.
Managing Director and CEO of Indutrade AB since 2004. Chairman of several Indutrade companies.

Peter Augustsson
Gothenburg, born 1955
Member of the Board since 2011
Shareholding: 550
Peter Augustsson, MSc. Eng., has been active in the motor vehicle and component industry. Formerly Managing Director and CEO of Saab Automobile AB and SKF AB. Runs his own business development company today.
Chairman of Ljunghäll Group AB, Mechanum Sverige AB, Alignment Systems AB and Fortaco Group OY.
Member of the boards of Wallenius Line AB and Valmet Automotive Inc.

Cecilia Pettersson
Trollhättan, born 1968
Member of the Board since 2011
Employee representative white-collar employees
Employed since 1998.

Michael Jacobsson
Frändefors, born 1966
Member of the Board since 2011
Employee representative blue-collar employees
Employed since 1984.

Deputy members of the Board

Karin Pantzar
Born 1977
Deputy member of the Board since 2010
Employee representative, white-collar employees
Employed since 1998.

Mikael Freyholtz
Born 1975
Deputy member of the Board since 2009
Employee representative, blue-collar employees
Employed since 2007.

Auditor

Öhrlings PricewaterhouseCoopers AB
Fredrik Göransson, auditor in charge
Born 1973
Authorised Public Accountant
Auditor since 2012.

MANAGEMENT

Parent Company

Anders Birgersson
Born 1958
Managing Director and CEO.
Employed since 2001.
MSc. Eng., has previously worked for ABB, SKF and ESAB.
Shareholding: 500

Claes Wedin
Born 1956
CFO.
Employed since 1997.
MSc. Econ., has previously worked for Union Carbide, Volvo Aero and MAN Roland.
Shareholding: 50

Christina Holgerson
Born 1965
Director of TQM & HR.
Employed 1986–1996 and then 2000.
Engineer with many years of experience from the automotive industry, e.g. within the Brink Group.
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Bo Hedberg
Born 1957
Director of Business Development.
Employed since 1996.
MSc. Eng., has previously worked for SAAB Automobile and Mark IV Automotive.
Shareholding: 876

VBG TRUCK EQUIPMENT

Anders Erkén
Born 1964
Division Manager.
Employed since 2007.
MSc. Eng., has previously worked for ESAB and Imaje.

EDSCHA TRAILER SYSTEMS

Per Ericson
Born 1956
Division Manager.
Employed since 2000.
MSc. Eng., has previously worked for Grimaldi Industrier, Samefagruppen and Volvo.

RINGFEDER POWER TRANSMISSION

Thomas Moka
Born 1965
Division Manager.
Employed since 2004.
MSc. Eng., has previously worked for Ringspann and Gerwah.

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