CONCENTRIC

Technology + Innovation = Sustainability

Annual Report 2012

Contents

Financial Calendar

April 24	Annual General Meeting
April 24	Interim report January – March 2013
July 25	Interim report January – June 2013
October 24	Interim report January – September 2013

Essence of Concentric

Technology + Innovation = Sustainability

Concentric is one of the world's leading pump manufacturers. Our flow dynamics gives customers advanced technology oil pumps, water pumps, fuel pumps and hydraulic systems. We aim to increase fuel economy, reduce emissions and improve engine control through our technical solutions and precision engineering. We have four end-markets, each with its own business cycle.

Industrial applications

Industrial applications encompass a wide variety of uses, from forklifts used in the retail trade to heavy machines used in the mining industry. They also include applications for energy production, compressors, cranes, refrigeration and street-cleaning vehicles as well as military and airport vehicles.

27%


DC PACK LIFT / LOWER


TRANSMISSION


LOW NOISE PUMP

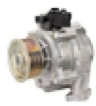
Trucks

Concentric sells its solutions to OEM's and diesel engine manufacturers in the truck segment. The solutions pertain to flow generation for fuel, oil and coolants, and for the separation of oil drops from crankcase gases using the Alfdex system. Concentric's products are generally used in medium-heavy trucks.

32%


OIL MIST SEPARATOR

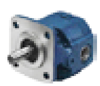

VARIABLE FLOW OIL PUMP

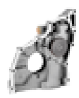

VARIABLE FLOW WATER PUMP

Agricultural machinery

Concentric provides its solutions to OEMs of agricultural equipment. The main solutions are engine pumps, hydraulic fan drives and ancillary hydraulic pumps for tractors, combines and other specialty equipment, such as harvesters and balers.

14%


SEEDER MOTOR


OIL PUMP


IMPLEMENT PUMPS

Construction equipment

Concentric solutions are used in a wide range of construction machinery and vehicles. The main solutions are for engine pumps, hydraulic fan drives and ancillary hydraulic pumps. These are used on smaller equipment such as skid steer and backhoe loaders, and on heavier equipment such as wheel loaders, bulldozers and excavators.

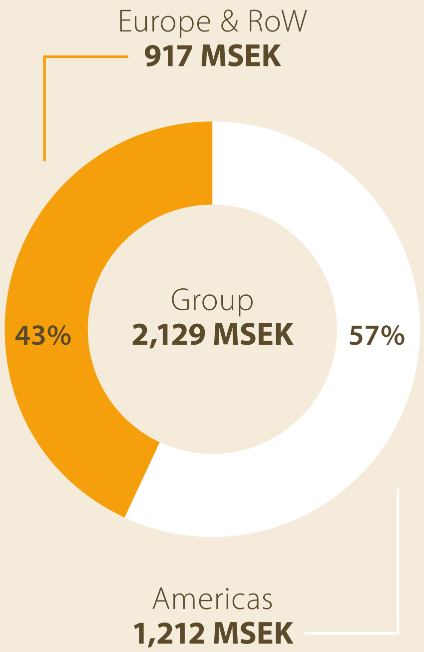
27%


AXLE COOLING

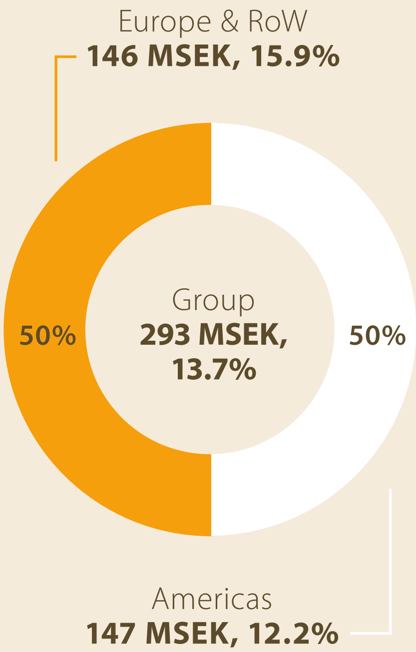

FUEL TRANSFER PUMP


FAN DRIVE

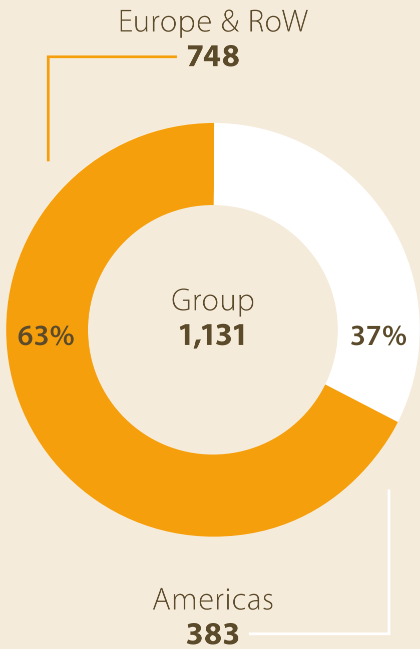
Net Sales



Operating result & margin*



Average number Employees



** The underlying operating result and margin for the year have been adjusted for restructuring costs associated with Skanes Fagerhult of MSEK 36 and for other one-off items affecting comparability amounting to a net cost of MSEK 4.*

Global presence

Concentric's global manufacturing presence includes factories in Sweden, Germany, the UK, the USA, India and China, backed by central support and development functions. This means we sell locally to our global customers. The business fuses Concentric's strengths as a pumps maker with longstanding expertise in hydraulic products. Our customers make trucks, construction equipment, agricultural machinery and general industrial applications.

Investment case
Unique position

The underlying growth drivers

- Governments across the globe continue to enforce more stringent emissions legislations aimed at reducing emissions from transport and machinery, forcing manufacturers to adapt their products. 2013 will see the introduction of EPA 13 in the USA and Canada and the EURO 6 legislation in Europe, affecting all medium and heavy trucks produced in these regions which is estimated to impact some 1.3 million engines.
- While emerging markets are lagging, the overall trend of tougher emission legislation also holds true for these markets ensuring strong long-term growth prospects for Concentric.
- As the cost of fuel increases, the demand for fuel efficient solutions for machines and engines continues to strengthen. For a fleet manager, fuel constitutes up to 30% of operating costs, Concentric's products therefore offers a significant cost saving for these customers.
- Continued economic growth in emerging markets and significant investments in infrastructure increases the demand for all of Concentric's products in all major end-markets.
- Customers increasingly demand our niche products within hydraulics for high quality and durability aimed at safety critical and long-life applications. In addition, there is a trend towards more complexity within a smaller chassis/bonnet profile increasing both the number of secondary hydraulic circuits and the requirement for higher power density.
- Increased legislation for machinery and equipment working indoors is driving customer demand for improved levels of noise, vibration and harshness ("NVH").

Concentric's unique position to capture long-term growth

- Concentric has market leading technology which puts us in a unique position to capture these growth opportunities.
  - Concentric serves the largest OEMs and engine manufacturers with engine products that improve fuel efficiency and reduce emissions. Concentric's ground-breaking variable flow pumps reduce fuel consumption by as much as 3–5%.
  - Concentric also offers a wide range of hydraulic products focused on improved efficiency, higher power density and lower noise for installations in a vast array of industrial vehicles and diesel engines.
  - Concentric's high performance and reliability, combined with its flexible design and manufacturing processes, make us the supplier of choice for our niche markets.
- Concentric is the only global player in the market for diesel engine pumps and its hydraulic products occupy strong positions in niche areas where the technology included in the product is more advanced.
- Concentric's geographic spread and 4 distinct end-markets reduces the cyclicality of the business.
- The company will continue to launch its existing products in emerging economies. The new regulations gradually being introduced in Europe and North America will eventually be adopted in other regions, enabling us to further penetrate these markets.

Our daily grind – Business Excellence

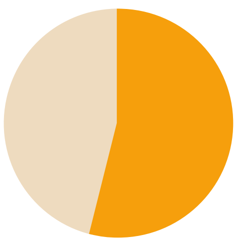
The Business Excellence Programme is the foundation for continuous improvement in all processes and ensures the flexibility in our business. The programme ensures that everyone assumes responsibility for their performance. The programme also includes a sourcing strategy aimed at achieving a competitive cost structure and it ensures flexibility in operations by retaining a certain percentage of labour force under fixed-termed contracts. Despite the drop in demand seen in 2012, Concentric was able to flex its operations, underpinned by the Business Excellence programme, to protect both margins and cash flow.

2012 in brief

Underlying performance improved despite slowdown

Key figures[1], amounts in MSEK unless otherwise specified	2012	2011	2010
Net sales	2,129	2,283	1,977
Sales growth, constant currency, %	**-9**	**25**	**53**
Operating income before items affecting comparability	293	305	151
Operating margin before items affecting comparability, %	**13.7**	**13.4**	**7.6**
Operating income	253	281	109
Net income for the year	155	176	35
Cash flow from operating activities	298	227	204
Earnings per share, SEK	3.51	3.98	0.79
Dividends	**2.50**	**2.00**	**–**
Net debt	-	114	312
Gearing (Debt/equity) ratio, %	**-**	**12**	**45**
Capital Employed	1,019	1,151	1,267
Return on capital employed, before items affecting comparability, %	26.3	27.0	12.1

[1] All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "basis for preparation" in note 2, accounting principles, in the notes for the group.



Net sales per product line

% of 2,129 MSEK

Engine products
53%

Hydraulic products
47%

Net sales by end market

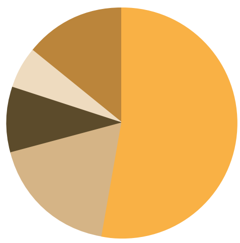
% of 2,129 MSEK

Industrial applications
27%

Trucks
32%

Agricultural machinery
14%

Construction equipment
27%



Net sales by customer location

% of 2,129 MSEK

USA
54%

Germany
14%

UK
8%

Sweden
6%

Other
18%

Major events during the year

Investing in technology

» As part of its ongoing investment program, Concentric unveiled a new automated facility at its production facility based in Birmingham, UK to assemble and test oil pumps for the new Perkins Tier 4 engine.

» The group invested in four new test stations for coolant pumps at its research and development facility based in Birmingham, UK to support the ongoing development of the next generation of engine products. The new test stations will enable accurate performance evaluation of engine coolant pumps, by measuring their flow, pressure, power consumption and cavitation performance.

» Concentric celebrated the production of the millionth Alfdex centrifugal separator, which removes oil droplets from the exhaust gas of diesel engines. The latest generation Alfdex separator is significantly more efficient than earlier models and an extra benefit is that it reduces oil consumption with no external discharge. The design is 99% efficient in normal driving conditions and requires no maintenance or servicing throughout engine life of 20,000 hours or 600,000 miles.

Major multi-year contracts secured

» With a major global truck manufacturer for the supply of bespoke, highly-efficient water pumps for a new Euro 6 / US EPA 13 engine. Start of production in late Q4 2012. Annual revenues of MSEK 74 anticipated on mature annual volumes.

» With a major global fuel systems supplier for an advanced fuel transfer pump on a fuel system for a new Euro 6 / US EPA 13 engine, to be launched by one of the world's largest truck manufacturers. Start of production in Q4 2012. Annual revenues of MSEK 21 anticipated on mature annual volumes.

» With one of the world's leading manufacturers of agricultural equipment to supply diesel engine coolant pumps manufactured at our Suzhou facility and assembled to a front engine cover to be used on the customer's mid-range engines for tractors sold in the Chinese market. Annual revenues of MSEK 20 anticipated on mature annual volumes.

» Alfdex, a 50/50 joint venture between Alfa Laval and Concentric, signed an exclusive supplier agreement with one of the world's largest producer of heavy trucks. The agreement to supply Alfdex Oil Mist Separators is valid until 2017, with total estimated sales during the contract period for the joint venture of at least MSEK 500.

Lean and focused future

» Hydraulics assembly plant in Skånes Fagerhult, Sweden to close during Q2 2013 as part of Concentric's plan to consolidate hydraulics capacity in Europe to better align production with the market and improve long-term competitiveness. This mirrors the re -organisation completed in North America during 2010. Restructuring costs of MSEK 36 in respect of the closure of the Skånes Fagerhult facility have been charged during 2012. Anticipated annual savings of MSEK 20 are expected to start from mid-2013, once the relocation is completed.

Announcements after year-end

» Martin Bradford was promoted to Senior Vice President of Americas at Concentric AB from 1 February 2013, with responsibility for the group's operations at the Rockford and Itasca facilities in Illinois, USA.

Q&A with our CEO

Q: How has Concentric managed the downturn in sales activity during 2012?

David Woolley: Concentric has developed and operated a flexible business model over recent years. In the last major recession in 2008/9 we could downsize the business without causing difficulties for our customers whilst protecting cash flow and profits. In 2012 the downturn has not been as serious but we have employed similar techniques, such as releasing temporary contract workers, short-time working, "banking" of employees' hours, redundancies and periodic lay-offs. Once again, we have managed to balance capacity reduction, customer satisfaction and good financial results. Many thanks go to the very committed and innovative teams that were able to develop and deliver the actions to make this possible.

Q: Has Concentric continued to invest in technology and what successes have been derived from this during 2012?

DW: We are a niche player and continuously invest in new technology to meet our customers demand. Success is not measured on a yearly basis as the development cycles typically last three years and more.

Our Engine product team continues to develop Concentric's variable flow technologies for lube oil and coolant pumps. The advances in efficiency and controllability achieved have significantly helped our customers in meeting the very tough demands they face. In 2012 we were able to announce contracts with new customers with an annual sales value for mature volumes of 95 MSEK, and have continued to build market share.

In our Hydraulics business, our teams continue to develop gear pumps, motors and power packs to maintain class-leading performance. There have been continuous increases in demand from the market to deliver products that are quieter, have high power density and higher pressure rating. Our advanced Calma and Ferra ranges can now be manufactured both in our European and US facilities so that customers can be supplied on a local basis.

Q: The Concentric Business Excellence model – what is it and how has it contributed to the company's financial performance in 2012?

DW: For us, Concentric Business Excellence is a holistic approach to drive continuous improvement. We do this relentlessly in all aspects of our business – improving our operations, the way we work with our employees and the way we supply and communicate with our customers. We have rolled out this programme to all our facilities to achieve the maximum benefit globally. The focus is to improve the satisfaction of our customers as well as our own people, suppliers and investors. The process is specifically designed to realize Concentric's mission and values, while benchmarking performance not only against each of our businesses, but also against other best-in-class companies.

Q: How do Concentric's customers rate the company's performance in 2012?

DW: Of course we see the best measure of customer success as retaining current business and winning new programmes. Even in an economically difficult year, we have been able to grow our market share. As part of the Concentric Business Excellence model, we use third-party, independent surveying to measure customer satisfaction. This has been a powerful tool for gathering customer feedback and re-communicating the improved perceptions of Concentric back to our customers. It's also extremely valuable in identifying opportunities for continuous improvement and helping to sustain the momentum of the Business Excellence programme.

Q: What scope is there to deliver cost-effective technologies that will be welcomed in today's highly competitive markets, when emissions legislation appears to be near the end of the road?

DW: Our company mantra is "Technology + Innovation = Sustainability". We believe in closely monitoring trends in the market and tailoring our development technologies to meet the challenges facing our customers tomorrow. Engine emissions legislation has been a catalyst for technology development and our continious investment in technology has allowed us to bring class-leading solutions to the market.

After Euro 6 and US EPA 13 emission standards have been fully implemented, we expect that similar standards will be rolled out globally, giving us opportunities to sell higher technology products over a longer time. When emissions standards have reached their limit, we believe the focus of legislation will shift to fuel economy. We view this as our next opportunity to help customers with our technologies that will further reduce frictional losses on engines and save fuel. As for hydraulics, the advent of more stringent legislation on noise and safety in the workplace will increase demand for quieter and more powerful products. Our Calma and Ferra pumps meet these needs with their ability to work at lower speeds and higher pressures all in a more compact space envelope. At the same time, continuing advances in vehicle design and the addition of new and more complex functions has meant a significant increase in secondary hydraulic circuits. Agricultural machinery, for example has become more complex and demanding over recent years as farmers have sought to cultivate the soil faster, more efficiently and more economically.

Q: What is your view on economic conditions in 2013 as well as challenges? Is it possible to continue growing market share and profitability?

DW: We cannot be certain about the economic conditions through 2013 but the experience gained in 2012 and the changes we made to become a leaner and more flexible business, put us in an excellent position for the year ahead. Critically, our customers need stable, flexible and reactive suppliers and what we offer is the proven ability to move output up or down, smoothly and effectively. Any change is an opportunity to improve the business, and we believe our ability to react fast to market conditions will help us to grow market share.

Q: How do you see the future global outlook for engine and hydraulic products in Concentric's four distinct end-markets?

DW: Concentric's diversity both in product ranges and in our four distinct end-markets has given the business excellent stability. In particular, the agricultural sector has performed well all the way through the double-dip recession. The on-highway, construction and industrial sectors have been more cyclical, but their cycles have all been slightly different, as have the cycles governing our engine products and hydraulic products, all of which has helped to smooth out fluctuations. Whatever happens going forward, we are confident that with our wide geographic presence and new products coming to market, we will be well placed to take advantage of any upturn.

Q: Do you still envisage growing the company by acquisition or by opening new plants in the future?

DW: A growth strategy is always at the heart of Concentric's agenda in both the hydraulics and engine sectors. We have seen pleasing growth resulting from our new product offerings, from a heightened focus on value selling and business excellence and also from our presence in emerging markets. This organic growth and our strong financial position has provided a very firm foundation for growth by acquisition and we have been actively considering which "enabling technology" would add to our portfolio and increase the value of our product proposition for the customer. We keep our minds open and are receptive both to acquiring complementary businesses and, when necessary, considering greenfield start-ups if that proves to be the best route to market.

David Woolley
CEO and President

Adding value
to the customer's products

Concentric's business concept is to be a global leader in engine and hydraulic products, while providing solutions in application areas in which Concentric can add value to the customer's products.

Vision

Our Vision is to deliver sustainable growth for every application in the markets we serve. We will achieve this by:

- » Developing world class technology with innovative solutions that meet the demands of our customers / end-markets
- » Capitalising upon our global infrastructure and being adjacent to our customers
- » Business Excellence in all we do

Driving forces

Environment and legislation

Increased energy efficiency

Increasing fuel costs strengthens the need for technology to improve fuel efficiency in machines and engines.

Regulations

The demand to reduce emissions continues to be a strong environmental driving force. Far-reaching regulations being enacted at regional and national levels aimed at reducing emissions from transport and machinery are forcing manufacturers to adapt their products.

Global infrastructure growth

Continued economic growth in emerging economies, particularly those known as the BRIC countries, entails increased demand for Concentric's products in all major end-markets.

SEE PAGES 10-13

Concentric's solutions

Engine products

Concentric is a Tier 1 supplier to engine manufacturers and major OEMs. We offer lubricant, coolant and fuel pumps for diesel engines. Alfdex manufactures oil separators under a joint venture with Alfa Laval. Our products have been developed to improve fuel efficiency and/or reduce emissions.

Hydraulic products

Concentric offers a wide range of hydraulic products, including gear and gerotor pumps, along with hydraulic power packs and hydraulic hybrid systems for installation in a vast array of industrial vehicles and diesel engines. Our products are focused on improving the efficiency of hydraulic systems and reducing emissions, such as noise.

SEE PAGES 14-16

Mission

Concentric's purpose is to design, develop and manufacture high quality, customer focused solutions for hydraulic and engine applications within our global end-markets.

Values

Customer-focused
- Sustainable products
- Customer satisfaction

Achievement through our people
- Integrity
- Teamwork
- Resilience
- Openness

Business excellence in all we do
- Performance
- Process
- Change

End-markets

Industrial applications

Trucks

Agricultural machinery

Construction equipment

Major customers

Industrial Applications:
Crown, Jungheinrich, Kion, NACCO, Perkins, Toyota (BT, Raymond)

Trucks:
Cummins, Daimler, FPT Industrial, Navistar, Volvo

Agricultural machinery:
Agco, CNH, Class, John Deere, Deutz, Valtra

Construction equipment:
Caterpillar, CNH, John Deere, JCB, Komatsu, Vögele, Volvo

SEE PAGES 17-21

Business
targets

Our financial targets and our achievements in 2012

Financial targets	Achievements 2012	
Organic sales growth in constant currency (annually)		
7%	-9%	Sales for 2012 were down -9% (25) as reduced demand was experienced across most of the Group's end-markets and regions during the second half of the year, including a de-stocking effect from Concentric's customers.
Operating margin before items affecting comparability (over a business cycle)		
11%	13.7%	The Operating margin before items affecting comparability increased to 13.7% (13.4) in 2012, despite the pressure on margins from reduced demand in the second half of the year. The year-on-year improvement reflects effective cost management through the Concentric Business Excellence program.
Gearing (Debt/equity)		
<100%	Nil	The indebtedness was reduced to MSEK nil (114) as a result of continued strong cash conversion of profit during the year.
Dividend payout ratio (over a business cycle)		
33%	71%	Due to the Group's strong earnings and financial position, the Board of Directors intend to propose to the shareholders at the Annual General Meeting an ordinary dividend of SEK 2.50 (2.00) per share for the 2012 fiscal year.

Business strategies

Concentric aims to maintain its leading position in engine and hydraulic products through capitalizing on the strong market growth, driven by the increased focus on energy efficiency, more stringent emissions legislation and global investments in infrastructure.

Leverage our leading market positions in premium niches

Continuous product development
The company's innovative products and strong market position in developed markets will be the foundation for increased sales of new niche applications.

Grow in emerging markets
The company will continue to launch its existing products in emerging economies, such as the BRIC nations.

Explore 'bolt-on' acquisitions
Concentric's strategy includes identifying potential acquisitions to widen our geographical reach further into a country like Brazil or to strengthen our product offering by supplementing our existing portfolios in both engine and hydraulic products.

Take advantage of our broad geographic spread and diverse end-markets

Concentric serves a variety of customers in many end-markets and geographies. Such a level of diversity is designed to protect the company's overall sales even if specific regions are beset by downturns, since the end-markets have varied growth profiles.

Exposure to emerging market economies also means that opportunities for Concentric's new technologies exist in a large number of potential applications.

Stay close to customers through our local manufacturing footprint with global reach

Concentric is already a global company with the local capability to design, assemble and test right next to our customers, backed by efficient sourcing from low-cost countries. This enables us to maintain close working relationships with our customers whilst minimising our working capital.

Our global presence also represents an ideal foundation for increasing sales to emerging economies as the demand for Concentric's sophisticated products rises in these countries.

Thrive through business excellence and a flexible cost base

Accountability
Every plant in Concentric runs its own profit and loss account, ensuring that everyone throughout the organization assumes responsibility for their profitability and the continuous improvement of their operations. The Group's pursuit of business excellence will ensure that we maintain strong profitability and cash flow through efficient use of capital.

Optimal cost structure
Concentric will continue to pursue a sourcing strategy based on buying the best parts from the best suppliers at the best price, in order to achieve a competitive cost structure. We will maintain flexibility in our operations by retaining a certain percentage of our labour force under fixed-termed contracts and adapting overtime work.

Driving forces

Environment and legislation

The market is being driven by increased energy efficiency, environmental regulations and global infrastructure growth.

Increased energy efficiency

In society at large, there is a strong movement towards more efficient use of energy resources. Due to higher fuel costs, Concentric's OEM customers are being spurred to develop more fuel-efficient machines and engines, while reducing the product's operating costs for the benefit of the next level of the customer chain. Increased fuel prices also function as an incentive for end-customers to invest in new and more fuel-efficient machinery when their current machines become less profitable.

Regulations

The trend towards increased energy efficiency is also closely linked to the need to reduce society's impact on the environment and, particularly, to reduce emissions of CO2 (carbon dioxide) and other gases. Drivers of these changes are both market-based price mechanisms, such as permits for carbon dioxide emissions, and significant regulations at regional and national level aimed at reducing emissions from transport and machinery. The progress of such legislation has differed in the various regions, but it can be said generally that somewhat greater progress has been made in North America and Europe, in the form of more restrictive emissions legislation, than in emerging economies, such as the BRIC countries.

Business is driven by international standards

Diesel engines for American and European trucks represent one example of this trend. The Euro 6 standards, that is the emissions standards introduced in July 2009 by the EU, through ordinance 595/2009, entail great potential to increase the market for Concentric's products. The new standards are comparable to the US 2010 standards that will gradually become effective as of 2013 and will apply to all new truck legislation as of 2014. To be able to satisfy the new standards, both existing customers and, significantly, four new European and North American engine manufacturers have entered into development agreements with a view to developing new intelligent variable flow pumps, both oil pumps and water pumps. These important new products will help the engines to satisfy the new emission limits, since fuel consumption is reduced by 1–5% per pump installation.

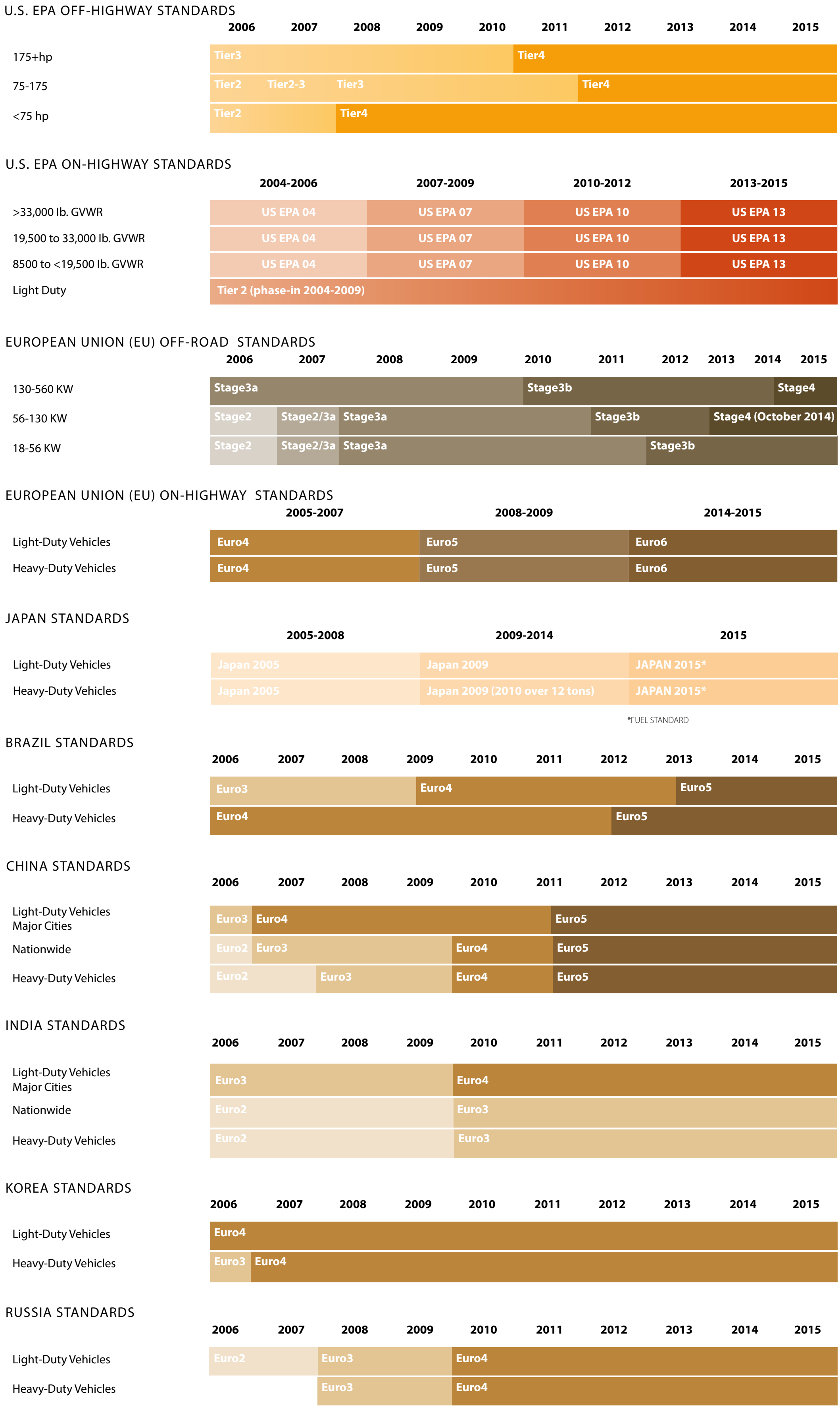
For diesel engine applications that are not intended for use in road transportation, both the US and the EU introduced in May 2004 the new Tier 4 standards, which are being enforced gradually during 2008–2015. According to these standards, emissions of NOX (nitrogen oxides) and particles have to be reduced by approximately 90%. Concentric is currently launching many new pumps that support its customers' Tier 4 efforts.

Improved work environment

The impact of noise, from the viewpoint of both the machine operator and those exposed to noise at worksites, is also attracting increasing attention. In this area, for example, Concentric markets forklift applications in which its development of optimized gear profiles has led to a new hydraulic pump that generates little noise. This has also resulted in an increase in sales and market share.

The trend towards increased energy efficiency is also closely linked to the need to reduce society's impact on the environment, particularly by reducing emissions of CO^2 (carbon dioxide) and other gases. The changes are being driven both by market-based price mechanisms, such as permits for carbon dioxide emissions, and by widespread regulation at regional and national level in order to reduce emissions from transport and machinery. The diagrams show the progress made by such legislation in the various regions. Generally speaking, the greatest progress has been made in North America and Europe, in the form of more stringent emissions legislation, compared with the emerging economies, such as the BRIC countries.

Regulation in the U.S, EU and Asia (source: ACEA)



Driving forces

Global infrastructure growth

The continued economic growth in emerging markets, particularly the BRIC countries, is driving increased demand for Concentric products in all major end-user markets.

As a global supplier with established local presence and production in India and China, Concentric is well positioned to capitalize on the continued above-average economic growth expected in these economies. In recent years, rapid economic growth in emerging markets has resulted in a significant rise in global infrastructure investment. As the new economies grow, global investment will shift from investments that typically occur in mature economies, meaning upgrades of capital stock, to investments that are more typical for emerging economies, such as in infrastructure and housing.

Continued urbanization in the long run

In June 2012, the report from McKinsey Global Institute: "The Urban world and the rise of the consuming class" showed that up to 2025 the global rate of investment in infrastructure will increase significantly in the growth of cities in the emerging markets. Urbanization and per capita GDP tend to move in close synch as countries develop. The report points out that the difference in today's wave of mass urbanization is its unprecedented speed and scale. A driving force is the incomes in developing economies that are rising faster, and at a greater scale, than at any previous point in history.

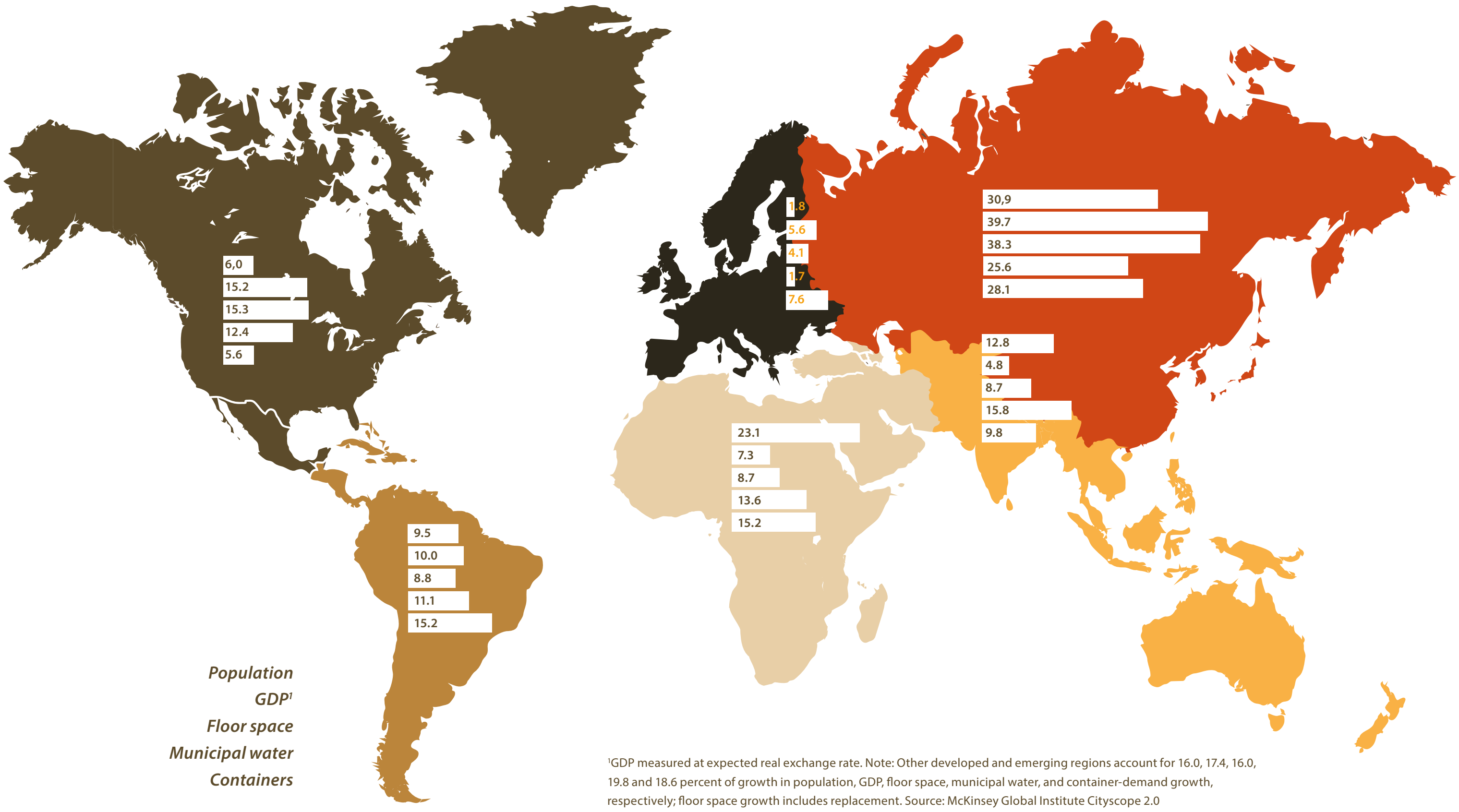
The incomes of the new consuming urban classes are rising even faster than the number of individuals in the consuming classes.

The growth is exemplified by two areas – building and port capacity. The report predicts that by 2025, cities will need to construct floor space equivalent to 85 percent of all of today's urban residential and commercial building stock. In the Emerging 440 largest cities alone, the demand for residential and commercial floor space will grow by 44,000 square kilometers.

The capacity of ports to handle global container traffic needs to rise by more than 2.5 times from today's level to meet rising consumer demand for products across the globe. The investment needed to expand port capacity to 2025 is calculated to exceed $200 billion, with 85 percent of it taking place in emerging markets.

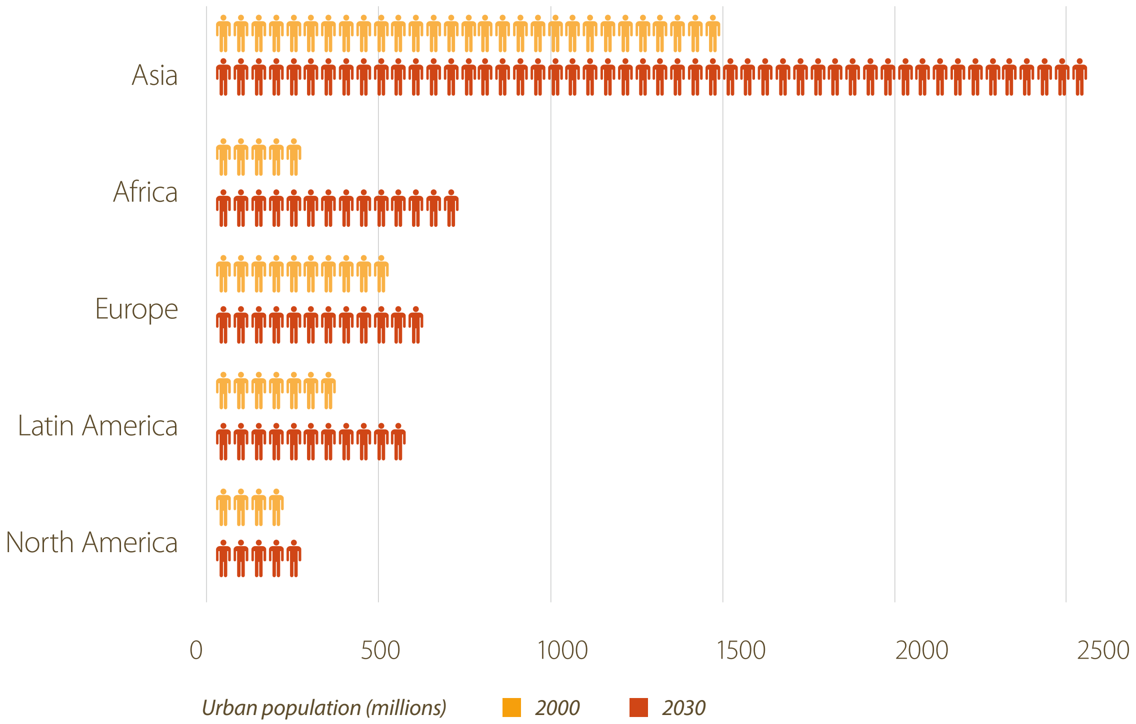
1 billion new consumers in emerging market cities by 2025. Cities are expected to need to build floor space equivalent to **85%** of today's building stock – an area the size of Austria, at a **annual growth rate of 4.2%** 2010–2025.
Over **2.5 times** today's level of port infrastructure needed to meet rising container shipping demand. Container traffic will grow at a compound **annual rate of 7.2%** from 2010 to 2025.
4.4% annual GDP growth in cities globally 2010 to 2025.

CONTRIBUTION TO URBAN GROWTH, 2010-2025, IN %



[1]GDP measured at expected real exchange rate. Note: Other developed and emerging regions account for 16.0, 17.4, 16.0, 19.8 and 18.6 percent of growth in population, GDP, floor space, municipal water, and container-demand growth, respectively; floor space growth includes replacement. Source: McKinsey Global Institute Cityscope 2.0

URBAN POPULATIONS, BY REGION



Source: Haver, UBS

The products
– the fruits of Concentric's collective expertise

Hydraulic pumps and power packs are produced directly for machine and vehicle manufacturers. Engine pumps are produced directly for manufacturers of diesel engines that, in turn, supply the same machine manufacturers.

Concentric's customer solutions are based on the company's core technical skills and expertise in the pump sector. The pumps are designed to enable customer-specific solutions requiring a certain flow or pressure and/or that reduce power consumption or noise levels. This creates environmental benefits in the form of lower fuel consumption, noise levels and emissions.

The pumps are used by OEMs and Tier1 suppliers in many end-markets and adapted for use in many different applications. Traditional mechanical oil pumps and water pumps are developed to deliver variable flow, via hydraulic or electronic control, thus offering energy savings, more efficient engines, improved temperature stabilization, reduced emissions and greater noise reduction.

Main conventional products:

- Fixed displacement gerotor and gear oil pumps
- Fixed displacement water pumps
- Fuel transfer pumps, mechanical and electric actuation options
- Hydraulic pumps and motors with low noise levels, low speed and high power density
- Alfdex system for treatment of crankcase gases (Alfdex AB is a joint venture with Alfa Laval)

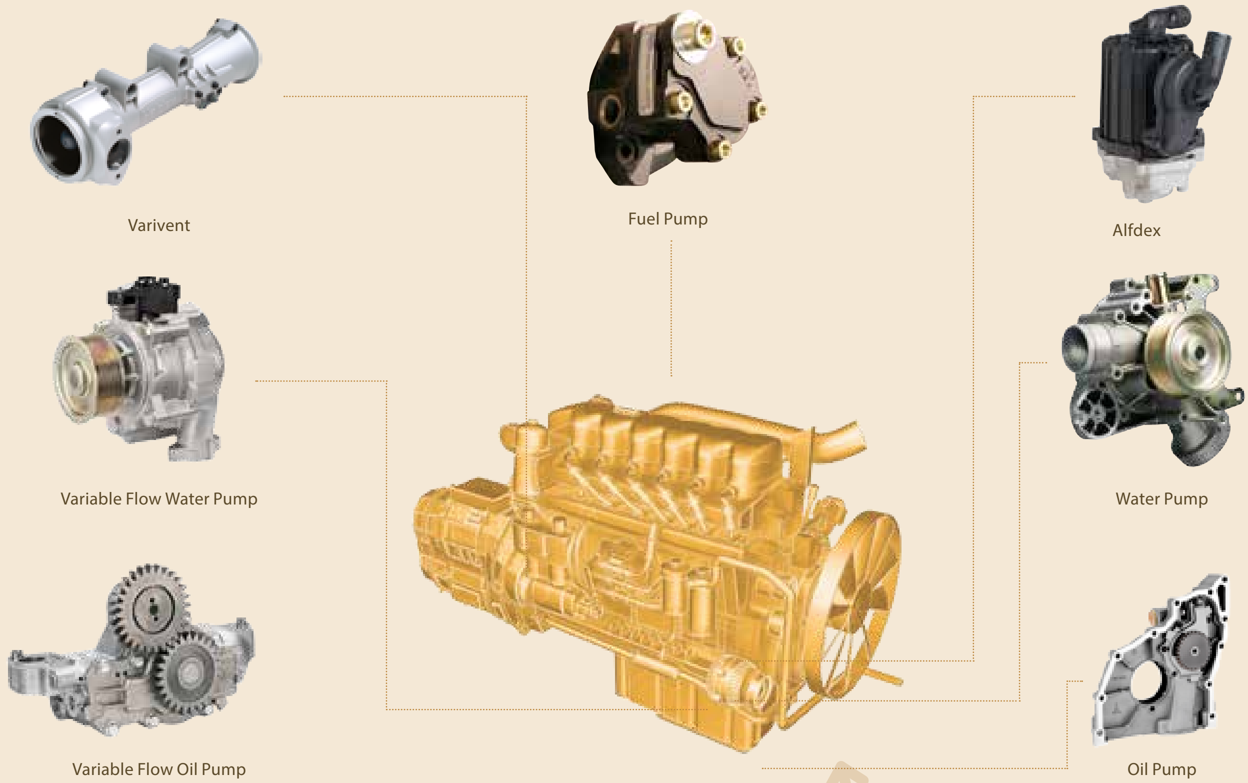
New product launches:

- Oil pumps for the new Perkins Tier 4 engine
- Highly-efficient water pumps for a new Euro 6 / US EPA 13 engine
- Advanced fuel transfer pump on a fuel system for a new Euro 6 / US EPA 13 engine
- Rollout of Ferra hydraulic gear pump in USA

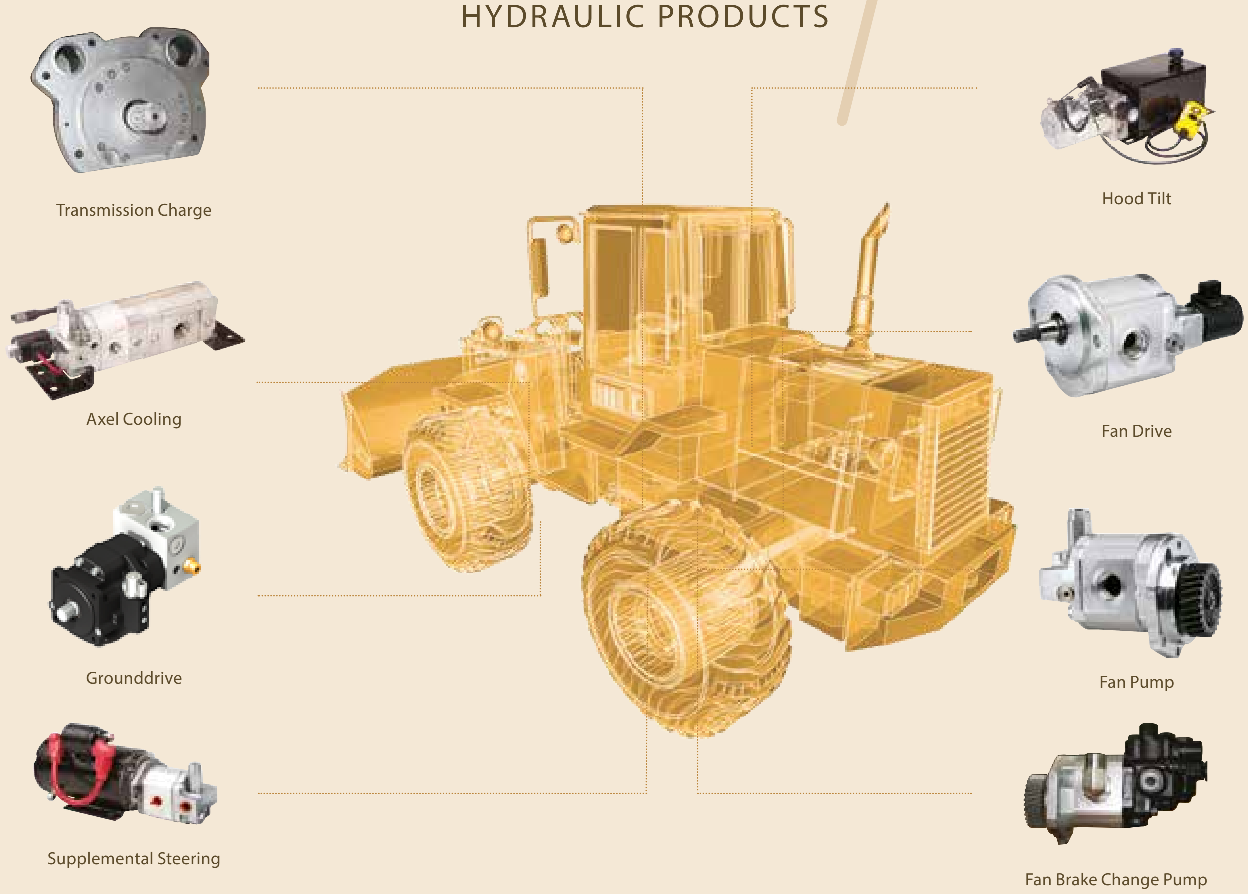
New developments:

- Variable flow oil and water pumps, mechanical or electronic control
- Hydraulic hybrid drive systems (offering 40-50 percent fuel savings, combined with potential for engine size reduction)
- Varivent EGR pumps that provide a greater displacement of re-circulated exhaust gas, thus further reducing emissions

ENGINE PRODUCTS



HYDRAULIC PRODUCTS



Production

Concentric's business activities are divided by region, with full earnings and balance sheet responsibility at both regional and plant levels. Every plant has a local manager who assumes earnings responsibility for the entire range of plant operations.

Concentric differentiates between engine product lines with higher volumes and hydraulic production lines with lower volumes. The production lines with higher volumes have a cellular structure that utilizes automatic or semi-automatic no-fault forward methods for the production of single items, or only a few varieties. The production lines with lower volumes have a production channel structure based on a group method that supports sales of smaller production batches of similar products.

Quality and environmental-control critical to profitability

All production plants are certified in accordance with ISO/TS16949 and ISO 14001. ISO/TS16949, a standard for quality control systems for suppliers to the automotive industry, was developed by the International Automotive Task Force (IATF) and the International Standardization Organization (ISO), while ISO 14001 is a standard for environmental control systems developed by ISO.

The company pursues continuous improvement and lean-manufacturing methods that are driven by the Baldrige/EFQM model (European Federation of Quality Management) and an internal improvement programme called Concentric Business Excellence. Personnel at all levels take part in development activities and are encouraged to increase their skills and expertise through relevant training programs.

VARIABLE FLOW TECHNOLOGY

3–5%

energy saving

Concentric's variable flow oil pump (VFOP) has an energy-efficient design that provides variable-speed lubrication for the new generation of engines thus reducing fuel consumption by as much as 3 percent. Concentric's variable flow water pump can further reduce fuel consumption by as much as another 2 percent.

Concentric's
Market Position

Concentric has a strong position as a global niche supplier of high value-added pumps with high technology content and stable margins in contrast to many regional players operating in the more competitive segments of the standard volume pumps.

A diversified market with several players
There are several major players in the global market for hydraulic pumps, such as Bosch Rexroth, Parker Hannifin, Eaton and Sauer Danfoss, all of which are active in high-volume areas of the market. There are also regional competitors in Japan, such as Shimadzu and Kayaba, and other regions, such as Have in Europe and HPI in the US. The market is highly diversified.

Concentric hydraulic products occupy strong positions in niche areas
Concentric usually only competes with these companies in certain niche areas where the technology included in the products is generally more advanced, or where Concentric is able to differentiate its products by offering customers specific solutions. Concentric also has a large market share in specific niche areas such as hydraulic fan drive systems, complementary control pumps and other special applications in which customers attach value to low noise, compact size and low weight.

Only global niche supplier of diesel engine pumps
The market for diesel engine pumps is easier to define and comprises only a few major suppliers in each region. Concentric is the only global company and it competes with a number of regionally focused companies. Many of these competitors manufacture a large selection of diesel engine products for applications in passenger cars or are trend followers rather than trend setters and technological innovators. Viewed globally, Concentric is the only company that concentrates its development work on cutting-edge pump technology for the robust environment represented by commercial diesel engines in the 0.8–2.75 litre per cylinder segment for construction equipment, farm tractors and medium-heavy to heavy trucks.

Segment reporting
The Group has divided its operations into two reporting segments, the Americas and Europe & RoW, considering that it is at this level that the Group's earnings are monitored and strategic decisions are made.

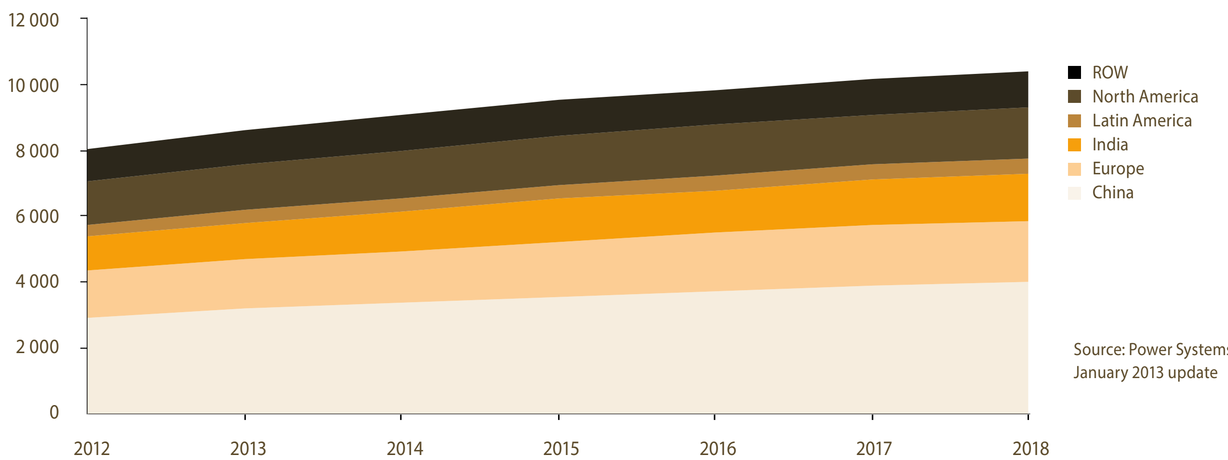
The Americas segment comprises the Group's operations in the USA. As the company's operations in India and China remain relatively small in comparison to the Western facilities, Europe & RoW continues to be reported as a single combined segment, in line with the management structure, comprising the Group's operations in Europe, India and China.

For further information about the development in figures in the segments, please go to note 4 on pages 45-46.

Concentric end-markets
Apart from the reported regional information, Concentric also monitors its sales activity across four distinct end-markets: Industrial applications, Trucks, Agricultural machinery and Construction equipment.

Forecast market volume

of disel engines (0.8 - 2.75 ltr/cylinder) in thousands



Source: Power Systems Research, January 2013 update

End-market
Industrial applications

Industrial applications encompass a wide variety of uses, from forklifts used in the retail trade to heavy machines used in the mining industry. They also include applications for energy production, compressors, cranes, refrigeration and street-cleaning vehicles as well as military and airport vehicles. Virtually all of these machines and vehicles are fitted with standardized driveline and engine pumps as well as hydraulic equipment resembling what is used in the machines in other end-user markets.

Since the industrial sector comprises a wide variety of applications, there is no single forecast for this market. Market forecasts show that sales of hydraulic products fitted in, for example, forklift and lifting equipment, can be expected to increase by 9% and 10%, respectively, in Europe and North America over the period 2012-2016.

The market for mining-industry applications is also growing rapidly at present, driven by high commodity prices, while growth in the retail sector is relatively sluggish due to the slow economic recovery in Europe. The company estimates that these off highway engine product segments will grow by a CAGR of 4% in the markets where Concentric is active over the period 2012-2018.

North America - Lower production in 2012

2012 production volumes of diesel engines for the North American industrial applications market were down by -2% compared with the full year 2011. From a hydraulics products perspective, the North American lift truck market increased by 4% compared with the full year 2011.

Europe - Lower production in 2012

Production of diesel engines for the industrial applications market decreased by -11% compared with the full year 2011. From a hydraulics products perspective, the European lift truck market decreased by -2% compared with the full year 2011.

China/India - Increased production in 2012

Production of diesel engines for the industrial applications market increased by 8% compared with the full year 2011.

Product range within Industrial applications


DC PACK LIFT/ LOWER

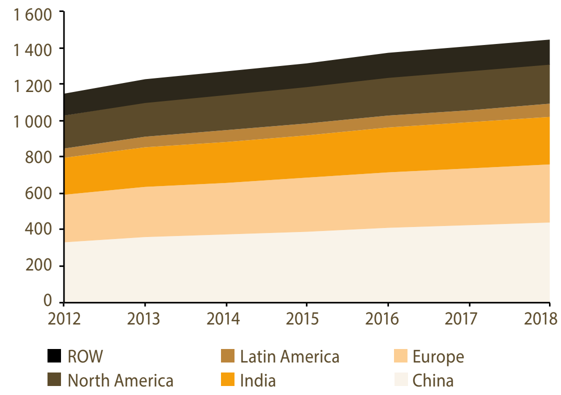

TRANSMISSION


LOW NOISE PUMP

Major customers

CROWN, JUNGHEINRICH, KION, NACCO, PERKINS, TOYOTA (BT, RAYMOND)

Forecast market volume
of diesel engines (0.8 - 2.75 ltr/cylinder) in thousands



Source: Power Systems Research, January 2013 update

End-market

Trucks

Concentric sells its solutions to OEM customers and diesel engine manufacturers in the truck segment. The solutions pertain to flow generation for fuel, oil and coolants, and for the separation of oil drops from crankcase gases using the Alfdex system. Concentric's products are generally used in medium-heavy trucks, exceeding 7.5 tons, and heavy trucks, exceeding 16 tons.

The global truck markets are expected to grow by a CAGR of 5% over the period 2012–2018, underpinned by global infrastructure growth. The production of North American and European trucks will also be impacted by future emissions legislation, US EPA 2013 and Euro 6.

The growth in emerging economies is currently being driven by large-scale infrastructure projects and new construction. Eventually, however, legislation will become an increasingly important factor in these regions, when heavier trucks with larger engines constitute a more sizeable market for more advanced pump products.

North America - Increased production in 2012

Production of diesel engines for light vehicles in 2012 increased by 4% compared with the full year 2011. Production of diesel engines for medium and heavy trucks rose by 13% compared with the full year 2011. However, it is apparent from the latest market indices that the actual sales trends experienced by Concentric during the second half of the year have not yet been fully reflected in the engine production levels being quoted for 2012.

Europe - Lower production in 2012

Production of diesel engines for medium and heavy trucks in 2012 decreased by -5% compared with the full year 2011. The impact of this reduction was amplified in the second half of the year with extended customer shutdowns and de-stocking from the major OEMs.

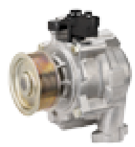
China/India - Lower production in 2012

Production of diesel engines for medium and heavy trucks in 2012 decreased by -14% compared with the full year 2011.

Product range within Trucks

OIL MIST SEPARATOR

VARIABLE FLOW OIL PUMP



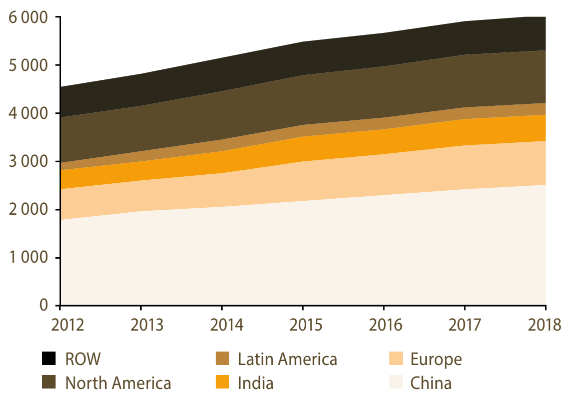
VARIABLE FLOW WATER PUMP

Major customers

CUMMINS, DAIMLER, FPT INDUSTRIAL, NAVISTAR, VOLVO

Forecast market volume

of diesel engines (0.8 - 2.75 ltr/cylinder) in thousands



Source: Power Systems Research, January 2013 update

End-market

Agricultural machinery

Concentric provides its solutions to OEMs of agricultural equipment. The main solutions are engine pumps, hydraulic fan drives and ancillary hydraulic pumps for tractors, combines and other specialty equipment, such as harvesters and balers. Many agricultural machines use on-highway engines and truck engine derivatives, and there are many OEMs that operate both in the truck and agriculture machinery sectors.

The long-term trend for agricultural production is a function of demographics and rising living standards, largely in the developing economies. This will maintain upwards pressure on the productivity of farmland, and sustain demand for agricultural products. The market for agricultural machines is driven by investments made by farmers. Although food production is relatively stable, commodity food prices vary considerably so investments by farmers are less stable.

The global agriculture equipment market is expected to grow by a CAGR of 3-4% over the period 2012-2018. Market estimates indicate growth rates of some 1–2 % in North America and Europe. Pressure on food supplies from rising incomes and changing tastes in Asia continues to drive stronger growth expectations in China and India, on the back of increasing food prices.

North America - Flat production in 2012

The production rate of diesel engines for the North American agricultural machinery market in 2012 was flat compared with the full year 2011.

Europe - Lower production in 2012

The production rate of diesel engines for the European agricultural machinery market in 2012 decreased by -6% compared with the full year 2011.

China/India - Increased production in 2012

The production rate of diesel engines in China and India for the agricultural machinery market increased by 9% in 2012 compared with the full year 2011.

Product range within Agricultural machinery


SEEDER MOTOR


OIL PUMP

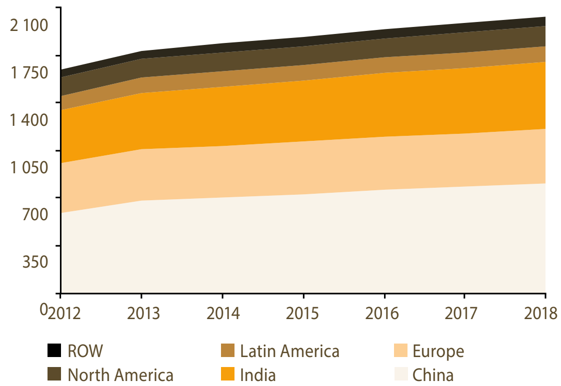

IMPLEMENT PUMPS

Major customers

AGCO, CNH, CLASS, JOHN DEERE, DEUTZ, VALTRA

Forecast market volume

of diesel engines (0.8 - 2.75 ltr/cylinder) in thousands



Source: Power Systems Research, January 2013 update

End-market

Construction equipment

Concentric solutions are used in a wide range of construction machinery and vehicles. The main solutions are for engine pumps, hydraulic fan drives and ancillary hydraulic pumps. These are used on smaller equipment such as skid steer and backhoe loaders, and on heavier equipment such as wheel loaders, bulldozers and excavators. The engines used in this end-market are often similar to those used in trucks, and subject to a similar regulation and development cycle. Current market estimates indicate that the global market for construction equipment will grow by a CAGR of 4% over the period 2012-2018, with modest CAGR of around 2% in North America and Europe driven by emission regulations and higher CAGR of around 6-7% in China and India driven by infrastructure investment.

To date, construction equipment manufactured in India and China for domestic consumption has tended to be simple machines with less use of secondary hydraulic circuits to drive ancillary functions. This situation is now changing as domestic markets grow and mature, and is particularly evident in China where domestic manufacturers are starting to export to surrounding Asian countries which demand higher-specification machinery. In both India and China, the company is well placed to use the existing facilities to launch hydraulic products as both markets start to develop.

North America - Increased production in 2012

The production rate of diesel engines for the North American construction equipment market was up 22% in 2012 compared with the full year 2011.

From a hydraulics products perspective, the North American construction market increased by 6% compared with the full year 2011. However, as noted above, it is apparent from the latest market indices that the actual sales trends experienced by Concentric during the second half of the year have not yet been fully reflected in the equipment build rates being quoted for 2012.

Europe - Lower production in 2012

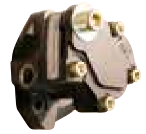
Production of diesel engines for the construction equipment market decreased by -16% in 2012 compared with the full year 2011. From a hydraulics products perspective, the European construction market decreased by -4% in 2012 compared with the full year 2011.

China/India - Increased production in 2012

The production rates of diesel engines in China and India for the construction equipment market were up 5% in 2012 compared with the full year 2011.

Product range within Construction equipment


AXLE COOLING


FUEL TRANSFER PUMP

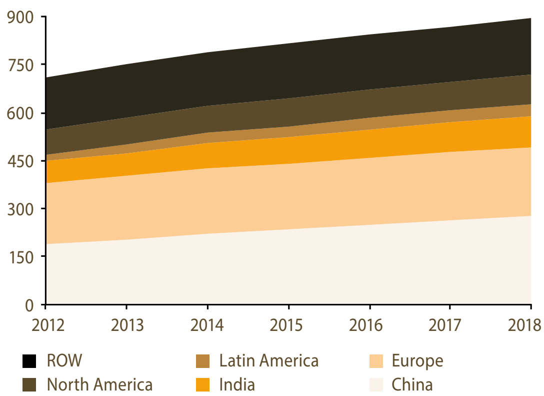

FAN DRIVE

Major customers

CATERPILLAR, CNH, JOHN DEERE, JCB, KOMATSU, VÖGELE, VOLVO

Forecast market volume

of diesel engines (0.8 - 2.75 ltr/cylinder) in thousands



Source: Power Systems Research, January 2013 update

Full control throughout the value chain

Concentric's business is based on delivering solutions and not just individual components. The value chain includes identifying customers' requirements and then developing products which match against their needs, production, marketing, distribution and aftermarket service. We are building enduring relationships with our customers in order to ensure that we remain supplier of choice for the long term.

Customer requirements

The core products are developed in partnership with customers so as to deliver solutions adapted to their specific flow and pressure requirements.

Research and development

Concentric pursues global research and development, focusing on the engine and hydraulics product areas. The applications technology is divided regionally to ensure proximity to customers, thus enabling Concentric to develop customized solutions in partnership with customers. Rather than just developing products to customer specification, Concentric focuses on advancing the technology and finding groundbreaking solutions that will provide significant benefit in serial production.

Concentric has two principal development centres, one each for engine products (in the UK) and hydraulic products (in the USA). In addition, there are local engineering resources that give close customer support and application expertise. Each facility has the capacity to conduct performance, sustainability and environmental testing, supported by software modelling and diagnostic tools. With its 50 years of experience, Concentric has a wide empirical database that is combined with state-of-the-art software modelling technology to offer excellent forecasting capability to minimize risk and smooth the customer's way in introducing new products.

Purchasing

Purchasing is devolved to the regional level and is coordinated globally via a purchasing director. This strategy gives each plant the alternative of either sourcing locally, where this is advantageous, or benefitting from the group's buying power. Overall purchasing from low-cost countries will continue to account for more than 50 percent of expenditure. Concentric demands ISO/TS16949 and ISO 14001 certification from all of its suppliers.

Production

Concentric's operations are divided by region, with profit centres at both regional and plant level. All production plants are certified to ISO/TS16949 and ISO 14001.

The Concentric Business Excellence programme is based on the internationally renowned Baldridge/EFQM model. It delivers continuous improvement in all core activities focussing on lean manufacturing techniques to promote world class levels of productivity, with "no fault forward" automation and control. Personnel at all levels participate in development activities and are encouraged to enhance their competencies through relevant training.

Marketing and sales

The sales organization is divided by region, separated for the engine and hydraulics markets. In general, account management is based in the plant that delivers to the specific customer. Global accounts are managed in accordance with matrix structures, and are coordinated by one of four sales managers who manage their specific accounts globally.

Concentric
business model

Concentric prefers to participate from the early stages of its customers' development work on products and systems. We contribute to meeting their expectations by offering good technical solutions. We manufacture against orders and can offer short delivery times.

Repetitive sales cycle

In terms of volume, the sales cycle for certain products is shortened due to the increased focus on fuel economy and as more stringent legislation governing emissions is introduced in the national markets. Reference is also made to regional legislation on page 11.

Marketing focused on customer value

Marketing activities are conducted through several different channels. The primary channel is through regionally coordinated sales and application engineers. This is supported by the company's website, which is presented in three languages, advertising and brochure material, partnership programmes, participation in exhibitions and fairs in major international industrial sectors as well as technical documentation, training and support. These information channels are important for the customers' development engineers.

Sales organization is divided regionally

The sales organization is based on regional divisions and products are divided between the markets for engine and hydraulic products. Customer account personnel are generally based at the plant that delivers to each specific customer. Global customer accounts are managed in matrix structures by one of four sales directors who handle the accounts globally.
The company also sells its products via distributors to smaller OEMs and aftermarkets.

Engine pumps – mainly to OEMs

Most sales of engine pumps are made directly to OEMs or engine manufacturers of trucks, construction equipment, agricultural machinery and industrial applications such as mining equipment.

Hydraulic products – more diversified

Although sales of hydraulic products are more diversified with a variety of sales channels, most sales are channeled directly to OEMs, who account for 70 percent of sales in North and South America and 90 percent of sales in Europe & RoW.

Evaluation phase

Evaluation of Concentric as a supplier and discussions of development specifications. Normally, the evaluation phase is relatively short, while the decision phase to select a Concentric product for product design takes a long time.

Production year 1

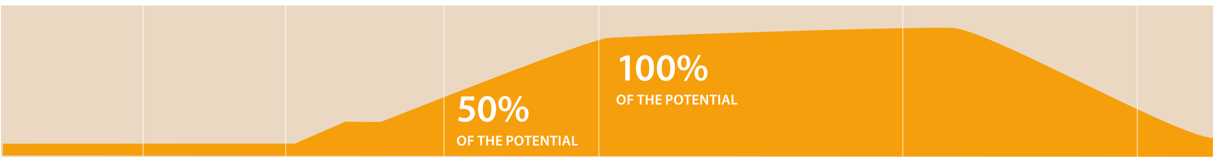
The customer's application featuring Concentric products is launched. The product launch does not normally take place simultaneously in all markets. Normally 50 percent of the potential in each individual market is achieved by the end of the first year.

Production years 4–7

The customer's sales normally grow in parallel with market growth in the end-market segment.

Production year 10 + aftermarket

Sales of spare parts or replacements.



Design phase

Concentric adapts its product to meet each customer's requirement specifications. The design phase can take up to 3 years, depending on the customer's product launch plan.

Production years 2–3

The customer's product is established more firmly and reaches its full market potential by the close of the period.

Production years 8–10

The customer initiates the launch of a new product generation and sales of the old product start to decline.

Concentric from a sustainability perspective

Sustainability efforts constitute an integral part of Concentric's operations. The aim is to ensure a greater wholeness with as many positive results as possible – environmentally, socially and economically.

Technology + Innovation = Sustainability

The philosophy of the Board of Directors and Group Management is that Concentric's principal contribution to a sustainable world, in terms of everything to do with the environment and society, takes place through the use of the company's products.

Integrated governance processes

Work on sustainability is treated as an integral part of operations. The company's CEO has ultimate responsibility.

Stakeholders

As a company pursuing commercial interests, Concentric has a multifaceted network of stakeholders comprising OEMs and Tier1 suppliers, end-users, suppliers, partners, employees, shareholders and financial markets.

Concentric's operations in 2012, distributed by stakeholder, based on the company's income statement.

Amounts in MSEK

Customers	Sales of engines and hydraulic products	2,129
Suppliers	Procurement of goods and services as well as depreciation, amortization	1,405
Employees	Wages, social expenses and competence development	471
Financial institutions	Interest	32
The state	Taxes	66
Shareholders	Net income	155

The environment

Environmental policy

In accordance with Concentric's environmental policy, which encompasses all activities undertaken by the company's facilities, Concentric's environmental programme is to be characterized by continuous improvement, technical development and efficient use of resources. Such measures will help Concentric achieve a competitive edge and contribute to sustainable development. The environmental impact of Concentric's products, industry operations and services must be minimized; the fundamental requirement of all operations will be the prevention of pollution alongside compliance with current legislation, respect for the environment in local communities and respect for stakeholders. All members of Group Management are responsible for implementing the action plan that is based on the environmental policy.

Internal work on the environment

Concentric pursues operations in Sweden that are subject to notification and authorization pursuant to the Environmental Code. Concentric's own environmental impact arises primarily from energy usage and indirect consumption of raw materials through the refinement of components purchased from sub-suppliers.

The company is working purposefully to limit electricity consumption, through such measures as the use of low-energy light bulbs, efficient use of local resources and night-time reduction of temperatures.

Material usage is limited through the recycling of paper and metal.

Environmental responsibility and CSR

All of Concentric's facilities are certified according to ISO 14001 and OHSAS 18001 (the latter is a British Standard for occupational health and safety management systems).

Continuous improvements

Concentric's environmental activities are to be integrated into all operations and improved continuously through:

- *the design, communication and follow-up of clearly defined targets; and*
- *the commitment of all employees.*

Technological development

Concentric strives to exceed the demands and expectations of customers through:

- *the development of products with a focus on reducing fuel consumption;*
- *the reduced usage of ecologically harmful materials; and*
- *an increase in recycling capacity.*

Resource efficiency

Concentric's products and industrial operations must fulfill the following:

- *minimize the consumption of energy and raw materials;*
- *minimize the production of waste and residual products; and*
- *facilitate waste treatment and recycling when possible.*

This is achieved through the Concentric Business Excellence program.

Social issues

Social policy

Concentric has adopted a social policy that is based on the UN's Universal Declaration of Human Rights, the UN Global Compact initiative, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD's guidelines for multinational enterprises.

Concentric's work in this area has focused on the implementation of policies as a part of existing procedures and guidelines. For example, the social policy has been integrated in the company's purchasing manual. Implementation work is on-going, but currently focuses specifically on the development and execution of action plans at division and unit levels.

Concentric in the community

Concentric endeavors to contribute to the improvement of economic, environmental and social conditions by means of an open dialogue with relevant interest groups in the communities where Concentric has operations.

Human rights

Concentric supports and respects the international conventions on human rights.

Child labour

Concentric endeavors to ensure that minors are protected in a satisfactory manner and, as a matter of fundamental principle, refrains from employing children or supporting child labour, unless it occurs within the framework of government-approved programmes for young people, such as apprentice training.

Freedom of contract

Concentric ensures that all employees accept positions within the company of their own free will.

Equal opportunities

Concentric offers all employees equal opportunities and does not discriminate on the basis of ethnic or national origin, religion, caste, functional disabilities, gender, age, sexual orientation, trade union membership or membership of a political organization.

Suppliers

Concentric endeavors to use appropriate methods to evaluate and select suppliers based on their ability to meet the requirements of Concentric's social policies and other social principles, and document their continuous fulfillment of these requirements.

Business ethics

Concentric applies high standards in terms of business ethics and integrity, and supports the efforts of national and international organizations to establish and maintain strict ethical standards for all companies.

Reports on violations

Reports on violations of this social policy can be submitted anonymously and confidentially to Concentric Divisional Human Resources, Group Human Resources or the Chairman of the Board in accordance with Concentric's whistle-blowing policy. Individuals who make reports in good faith will not suffer any repercussions or other negative consequences.

Employees

Concentric's success is based on the competencies and abilities of its employees. Creating an environment to attract and retain the best employees is a high priority for Concentric.

Employees in various countries, with diverse cultural backgrounds, must be able to work together to create added value for the company, customers and shareholders.

To achieve this, Concentric builds on the Malcolm Baldrige/ EFQM methodology. In addition, in 2011 a formal succession plan was developed throughout the organisation.

Personnel development and focus on the future

During 2013, Concentric plans to continue recruiting for the future. A key feature of the Group's HR efforts is the annual Management Review Program, which is used to evaluate the potential of our current talent along with accessing future needs for management/leadership competency. The main purpose of this management tool is to ensure a long-term supply of qualified personnel, at both the corporate and the unit level, and to identify talent for growth opportunities.

Work environment and health

Concentric offers a safe work environment at all of its workplaces and takes actions to prevent accidents and work-related injuries by minimizing the risks in work environments to the greatest possible extent.

Concentric also invests in preventive healthcare for its employees. The company supports Employee Wellness programs that have gained national recognition in the USA.

Number of employees per country at year-end[1)]

Country	2012	2011	2010
Germany	130	174	163
India	235	243	195
USA	316	418	393
UK	186	233	229
Sweden	115	112	133
Other	34	40	37
Total	**1,016**	**1,220**	**1,150**

[1] Calculated as full time equivalents (FTEs)

The Concentric share

The Concentric share has been listed on the NASDAQ OMX Stockholm Exchange midcap list since June 16, 2011, and is traded under the ticker symbol COIC. Share capital in Concentric amounts to 97.3 MSEK represented by 44,215,970 shares.

Price trend and trading

The price paid for the Concentric share rose 36 percent in 2012 to 56.00 SEK. The Industrial Goods & Services index rose 17 percent percent during the same period. The highest price paid for the share during the year was registered at 63.75 SEK on 26 April and the lowest price was 41.00 SEK on 2 January. Concentric's market value as of 31 December, 2012 was 2,476 MSEK.

In 2012, a total of 24.6 million Concentric shares were traded, corresponding to 55 percent of the total number of shares. The total value of trading in the share was MSEK 1,293. On average, 98,227 shares were traded daily.

29-percent foreign owned

At the end of 2012, Concentric had a total of 10,716 shareholders. Foreign shareholders accounted for approximately 29 percent of the total number of shares. Swedish institutions accounted for the main part of Swedish ownership. At year-end, 57 percent of the company was owned by legal entities and 14 percent by private individuals.

Dividend policy

The dividend policy represents the endeavor to provide a high return to shareholders and the adaptation of the size of dividends according to Concentric's strategy, financial position and other financial targets, as well as risks that the Board of Directors regards as relevant. In accordance with Concentric's dividend policy, the annual dividend should correspond to approximately one third of the Group's net income over a business cycle.

Incentive program

The annual general meeting 2012 resolved on the implementation of a long-term incentive programme, LTI 2012, under which 5 senior executives and key employees participated, entitling them to a maximum of 177,760 stock options. See note 8 on page 47 for further details. The board of directors have proposed for a similar incentive programme to be resolved at the annual general meeting 2013.

Performance criteria – LTI 2012

The conditional right to exercise the performance employee stock options is subject to the fulfilment of the following performance criteria.

The first performance employee stock option will entitle the participant to acquire one (1) Concentric share per option if Concentric's reported earnings per share of the financial year 2014 reach or exceed SEK 5.50.

The second performance employee stock option will entitle the participant to acquire one (1) Concentric share per option if Concentric's reported return on equity reaches or exceeds 20 per cent per year in average over the financial years 2012, 2013 and 2014.

No partial exercising of performance employee stock options will be allowed if the performance criteria are not fully met.

Concentric's communication policy

Concentric's ambition is to communicate information internally and externally with the aim of maintaining confidence in and knowledge of the Group and its operations. The information should be correct, relevant and well-formulated and adapted to target groups, meaning shareholders, capital markets, the media, employees, suppliers, customers, authorities and the general public.

Taking into account the requirements set in non-disclosure agreements that may occasionally be demanded by customers, the company may not always be at liberty to divulge the customer's identity and/or business in detail.

The official spokesman for the company is the President and CEO.

Annual report available through Concentric's website

In consideration of the environment and costs, Concentric has opted not to print and distribute annual reports to shareholders. Annual reports and quarterly reports, as well as press releases, are available through the company's website www.concentricab.com

Analysts monitoring Concentric

ABG Sundal Collier	Johan Edvardsson
Danske Bank	Björn Enarson
Handelsbanken Capital Market	Jon Hyltner
Erik Penser Bankaktiebolag	Max Frydén
SEB Enskilda	Stefan Cederberg
Swedbank Markets	Mats Liss

Data per share

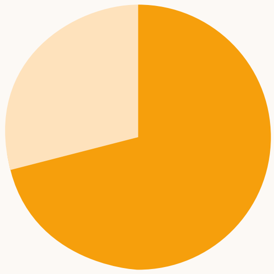
	2012	2011	2010
Earnings, SEK	3.51	3. 98	0.79
Dividend, SEK	2.50	2.00	n/a
Market price at year end, SEK	56.00	39.90	n/a
Equity, SEK	21.49	21.16	15.81
EBIT multiple	9.7	6.7	n/a
P/E ratio	15.9	10.0	n/a
Payout ratio, %	71.2	50.2	n/a
Dividend yield, %	4.5	5.0	n/a
Average no of shares (000's)	44,094	44,216	44,216
No of shares at 31 December (000's)	43,892	44,216	44,216

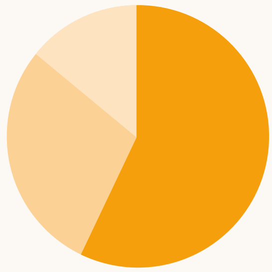
Distribution of shares as of 28 December, 2012

Number of shares	Number of shareholders	Percentage of total shares (%)
1–500	7,433	69.4
501–1,000	1,643	15.3
1,001–5,000	1,305	12.2
5,001–10,000	125	1.2
10,001–15,000	49	0.4
15,001–20,000	33	0.3
> 20,001	128	1.2
	10,716	**100.0**

10 largest external share holders as of 28 December, 2012

Owner	Votes & capital, %	Number of shares
CREADES AB	12.6	5,580,061
Lannebo fonder	10.6	4,694,000
Swedbank Robur fonder	8.4	3,691,601
Afa Försäkring	4.5	2,000,000
Handelsbanken Fonder AB Re JPMEL	4.5	1,995,024
SSB CL OMNIBUS AC OM07 (15 PCT)	3.5	1,564,011
Göran Carlson	3.0	1,338,666
SEB Investment Management	2.5	1,101,841
JPM Chase NA	2.3	1,016,634
SEB Asset Management S A	2.0	889,000
Total 10 largest external shareholders	53.9	23,870,838
Own share holding	0.7	323,603
Total other external shareholders	45.4	20,021,529
Total	**100.0**	**44,215,970**





Swedish and foreign shareholders, number of shares

Swedish

71%

Foreign

29%

Legal entities and individuals, number of shares

Legal entities

57%

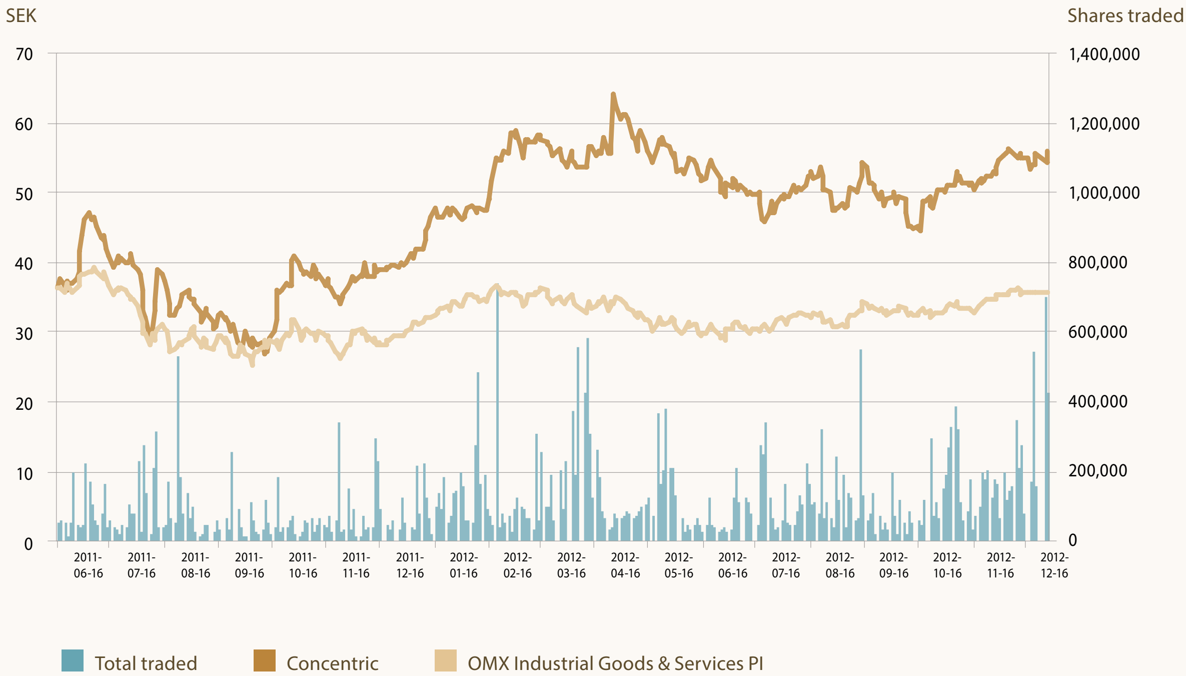
Individuals

14%

Analysis unavailable for foreign investors

29%

SHARE PRICE AND TRADING DURING 2012



Board of Directors' Report

General

The Board of Directors and the CEO of Concentric AB, corporate identity number 556828-4995, hereby present the annual consolidated and company accounts for the financial year 2012. The Company has its registered address in Ringvägen 3 SE-280 40 Skånes Fagerhult, Sweden. Unless otherwise stated, all amounts are in SEK million. Information in brackets refers to the preceding fiscal year. The terms "Concentric", "Group", and "Company" all refer to the Parent Company—Concentric AB—and its subsidiaries.

Overview of Concentric

Group

Concentric produces and sells a range of products, based on its core technical competence in pumps, to OEMs and Tier 1 suppliers. The main products are oil pumps, water pumps, fuel transfer pumps and hydraulic systems. Core products are developed together with customers, to provide custom solutions to their specific flow and pressure requirements. A typical product gestation period can be up to 3 years, and a typical product life is in excess of 10 years. Concentric's customers are spread globally, and their products serve four end-markets, industrial applications, trucks, agricultural machinery and construction equipment. Concentric's solutions allow its customers to achieve their goals on fuel economy, emissions reduction and noise control.

During 2012, Concentric had, on average, a total of 1,131 (1,179) employees at its sites in China, Germany, India, United Kingdom, United States and Sweden and its sales offices in France, Italy and Korea.

Parent Company

On July 16, 2010, Haldex announced its intention to reorganize the Hydraulic Systems division into a separate group and to distribute what is now the parent company, Concentric AB, to the shareholders of Haldex, as well as to list the Company on NASDAQ OMX Stockholm. The shareholders of Haldex resolved at the Annual General Meeting on June 8, 2011, to distribute all the shares in Concentric to the shareholders of Haldex, such that they received one share in Concentric for every share they held in Haldex. Accordingly, the shares in Concentric were listed and traded on NASDAQ OMX Stockholm as of June 16, 2011.

Operating Segments

Concentric has a global manufacturing presence, supported by central support and development functions. The Group is organized and reported on the basis of its two geographical segments, the Americas and Europe & RoW, with a regional focus on two main product groups, namely engine products and hydraulic products.

Sales and Business Performance

Sales decreased by 7% to MSEK 2,129 (2,283) during the full year 2012 compared to the full year 2011. Sales were down 9% in constant currency as reduced demand was experienced across most of the Group's end-markets and regions during the second half of 2012, including a de-stocking effect from Concentric's major OEM customers.

Consolidated Gross profit decreased to MSEK 559 (630), resulting in a gross margin of 26.3% (27.6%). EBIT and EBIT margin amounted to MSEK 253 (281) and 11.9% (12.3) respectively.

Reported EBIT included the following items affecting comparability:

- Restructuring costs and impairments amounting to MSEK -36 (nil) related to the closure of the assembly plant in Skånes Fagerhult, Sweden and consolidation of the Group's hydraulics capacity in Europe;
- Pension curtailment gains of MSEK 19 (nil) related to the selective buy-out of certain defined pension obligations from UK members using existing scheme assets;
- Profit on disposal of MSEK 1 (nil) related to the sale of the Group's vacant freehold property in Statesville, North Carolina, USA;
- Additional pension amortisation charges of MSEK -24 (nil) related to the spreading of previously unrecognised actuarial losses under the current 'corridor approach' for pension accounting; and
- Demerger expenses of MSEK nil (-24) relating to duplicate corporate costs and advisor fees incurred during the first half of 2011.

Adjusting for these items, the EBIT and EBIT margin were MSEK 293 (305) and 13.7% (13.4) respectively.

Americas

External sales for the full year amounted to MSEK 1,212 (1,238). Sales were down 6% in constant currency for the full year.

EBIT and EBIT margin as a % of external sales amounted to MSEK 148 (131) and 12.2% (10.6) respectively. The year on year earnings improvement can largely be attributed to process improvement and effective cost management achieved through the Concentric Business Excellence program. In addition, upon completion of the sale of the Group's vacant freehold property in Statesville, North Carolina, USA, a profit on disposal of MSEK 1 (nil) was recognised in 2012.

Europe & RoW

External sales for the full year amounted to MSEK 917 (1,045). Sales were down 12% in constant currency for the full year.

EBIT and EBIT margin as a % of external sales amounted to

MSEK 105 (167) and 11.5% (15.9) respectively after charging MSEK 36 (nil) of restructuring costs associated with the closure of Group's facility in Skånes Fagerhult, Sweden. After adjusting for these costs and one-off pension items affecting comparability, the underlying EBIT and EBIT margin for the full year were MSEK 146 (171) and 15.9% (16.4) respectively.

Net financial items, taxes and net earnings

Net financial expenses for the full year amounted to MSEK 32 (30), comprising interest on loans and commission relating to commitments of unutilized credit facilities and other interest payable of MSEK 14 (31) and net financial expenses in respect of net pension liabilities of MSEK 19 (-1).

The Group's tax expenses for the fiscal year 2012 amounted to MSEK 66 (75), equal to an effective annual tax rate of 30% (30) for the period. The decreased tax expenses correspond to the lower income before taxation this year.

Earnings after tax amounted to MSEK 155 (176). Earnings per share before and after dilution amounted to SEK 3.51 (3.98). After adjusting for the post-tax impact of the items affecting comparability noted above, the earnings per share was SEK 4.17 (4.38).

Cash Flow

Cash flow from operating activities for the full year remained strong and amounted to MSEK 298 (227) which represents SEK 6.76 (5.13) per share. The net impact of one-off items in the group's cash flow from operating activities was not significant, i.e. the cash conversion rate of operating income reflects the group's underlying robust working capital management disciplines.

Investments and Product development

The Group's net investments for the full year amounted to MSEK 51 (50), of which capitalized development costs accounted for MSEK 3 (3).

Every year, the Group makes substantial investments in development projects to maintain its market-leading products. Product development expenses for the full year amounted to MSEK 76 (77), representing 3.6% (3.4) of the Group's annual sales value.

Financial position and liquidity

As at 31 December, the Group's net debt was MSEK nil (114), comprising loans and corporate bonds of MSEK 188 (193) and pension liabilities of MSEK 101 (103), net of cash amounting to MSEK 288 (183).

Shareholders' equity amounted to MSEK 943 (936), resulting in a gearing ratio of nil% (12).

Environment and Corporate Social Responsibility

All of Concentric's sites are certified to ISO14001 and OHSAS18001 standard (the latter being a standard for occupational health and safety management systems). Concentric environmental programmes are characterised by continual improvement, technical development and resource efficiency. Concentric's environmental policy covers all activities performed at Concentric sites.

Concentric has adopted a social policy based on the UN's Universal Declaration of Human Rights, the UN Global Compact initiative, the International Labor Organization's (ILO) basic principles on labor law and the OECD guidelines for multinational companies.

Concentric's work in this area has focused on implementing the policy as a part of existing procedures and guidelines. For example, the social policy has been integrated into the Company's purchasing manual. Implementation efforts are continuing, now with a particular focus on the development and completion of action plans at division and unit levels.

Equal opportunity

Concentric offers all employees equal opportunity, and refrain from discriminating on the basis of ethnic or national origin, religion, caste, handicapped status, gender, age, sexual orientation, union affiliation or membership in any political organization.

Risk and Risk Management

A number of factors, not entirely controllable by Concentric, affect and may come to affect Concentric's business. Described below are some of the risk factors, which are considered to be of particular significance to Concentric's future development. The Board of Concentric AB bears an overriding responsibility for identifying, following up and managing all risks.

Industry and market risks

Impact of the economy

The Group operates worldwide and is active in a diverse range of end-markets for industrial applications, trucks, agriculture machinery and construction equipment. Demand for the Company's products is dependent on the demand in these markets, which in turn is driven by global trade, infrastructure construction as well as economic trends in the particular geographic market. Concentric's main geographic markets are North America and Europe, but the Group is also active in the Asian and South American markets. Production in the truck, construction, agriculture and the industrial sectors is an indication of the trend in Concentric's market. Under normal conditions, each of these sectors has historically displayed a cyclical pattern. Concentric manages this risk by ensuring its business remains well-spread geographically, with a broad customer base within several end market segments. However, there remains a residual risk that Concentric's operations, financial position and earnings could still be adversely affected by a weak economic trend as well as cyclical patterns in end market segments.

Competition and price pressure

Concentric operates in competitive markets, where price pressure is a natural feature. Stiffer competition and price pressure may impact negatively on the Group's operations, financial position and earnings. For example, customers may increasingly opt for products competing with the Concentric product range and it cannot be excluded that more intense competition may adversely affect Concentric's current margins.

Concentric manages this risk through innovation and product development, which maintain its market-leading products that solve its customer's problems and differentiate Concentric from the competition.

Customers

Concentric is active in several different market segments and has a large number of customers distributed among several areas of operation. No single customer accounts for more than 20 percent of the Group's net sales. A loss of a major customer or the loss or delay of a major contract may have an adverse impact on the Group's sales and earnings. Moreover, if Concentric's customers do not meet their obligations or drastically reduce operations or terminate activities, the Group's sales and earnings may be negatively affected. Again, Concentric manages this risk by working closely with its customers to solve their problems and meet their needs.

Raw materials and prices of raw materials

The Group depends directly or indirectly on a number of raw materials, semi-finished goods and conversion processes. The greatest exposure is to the supply of aluminium, various steel grades and cast iron. Concentric is also affected by changes in raw materials price levels. Concentric manages the risk of price increases by ensuring it has contractual material escalator agreements with all its major Customers. However, where rising raw materials prices cannot be offset through higher prices for Concentric's products, the Group's operations, financial position and earnings may be adversely affected.

If there were to be interruptions to the raw materials and semi-finished goods supply chains, and temporary shortages of certain materials, this could impact the deliveries of Concentric products to its customers, which could have an adverse effect on the Group's operations, sales and earnings. Concentric manages this risk by ensuring there are at least dual supply arrangements in place for all key commodity groups.

Company-related and operational risks

Production

Damage to production facilities caused, for example, by fire, in addition to manufacturing stoppages or disruptions in any part of the production process caused, for example, by breakdowns, weather conditions, geographic conditions, labour disputes, terrorist activities and natural disasters, may have adverse implications in the form of direct damage to property as well as interruptions that undermine the potential to meet obligations to customers. In turn, this may lead customers to select alternative suppliers. Accordingly, such disruptions or interruptions may impact negatively on the Company's operations, financial position and earnings.

Concentric conducts production at a number of plants for certain product lines, thus there is the potential to reduce the implications of an interruption by raising output at other plants. However, such action generally results in added costs and may, in the short run, have a negative impact on the Group's operations, financial position and earnings, particularly for production where the capacity utilization is high.

Product development

Requirements from users and legislators for higher safety, lower noise levels and reduced environmental impact result in higher demand for the products provided by Concentric. Accordingly, it is essential that the Group develops new products and continues to improve existing products to satisfy this demand so that market shares are not only maintained, but also increased. Consequently, a key part of Concentric's strategy involves developing new products in those areas that the Group regards as important for growth and/or for defending market shares.

The development of new products always entails the risk that a product launch will fail for some reason, which could have significant consequences. It is the Group's policy to expense evolutionary product development projects, but since the Group capitalizes costs for major new product development projects, a failed launch would give rise to an impairment requirement and may adversely affect the Group's operations, financial position and earnings.

Complaints, product recalls and product liability

Concentric is exposed to complaints in the event that the Group's products fail to function the way they should. In such cases, the Group may be obliged to rectify or replace the defective products.

Recalls pertain to cases where an entire production series or a large part has to be recalled from customers in order to rectify deficiencies. This occurs occasionally in Concentric's end-markets. The Group has no insurance covering recalls. The assessment is that the cost of such insurance would not be proportionate to the risk covered by the insurance. Concentric has historically not been affected by any major recalls of products. There is always a risk that customers demand that suppliers cover costs in addition to replacing the product, such as the cost of dismounting, assembly and other ancillary costs. If a product causes damage to a person or property, the Group could be liable to pay damages. A recall on a larger scale or a major product liability claim, may affect the Group's operations, financial position and earnings negatively.

Legal risks

Legislation and regulations

As a result of its worldwide operations, Concentric is subject to a variety of laws, ordinances, regulations, treaties and guidelines, including those pertaining to the environment, health and safety, trade restrictions, competition regulations and currency regulations. Concentric continually monitors rules and regulations in each market and strives to adjust the Group to any identified future changes. However, changes in legislation, regulations, customs rules and other trade barriers, price and currency controls as well as other guidelines in the countries in which Concentric is active, may affect the Group's operations, financial position and earnings negatively.

Environmental risks

All of the Group's manufacturing facilities are either subject to reporting obligations or are regulated by the environmental legislation in each country. Concentric believes that all units have the required permits and agreements, and that they also meet the required reporting and control requirements. Changes in legislation and official regulations entailing stricter requirements and changes in conditions in terms of health, safety and environment or progress towards a stricter official application of legislation and regulations may require additional investment and lead to higher costs and other undertakings by Group operations that are subject to such regulations.

Intellectual property rights ("IPR")

Concentric invests significant resources in product development. To secure returns on these investments, the Group actively claims its rights and monitors competitors' activities closely. There is always a risk that competitors infringe on the Group's patents and other IPR. The risk of the marketing of unlicensed copies of the Group's products has increased in recent years, particularly in the Asian markets. If required, the Group protects its IPR through legal action. However, it cannot be guaranteed that Concentric will be able to defend its granted patents, trademarks and other IPR or that submitted registration applications will be approved. Accordingly, there can be no guarantee that the Group will receive trademark or similar legal protection in respect of "CONCENTRIC" in all relevant jurisdictions. Disputes regarding infringement of IPR can, just like disputes in general, be costly and time consuming and may adversely affect Group's operations, financial position and earnings.

In addition, the industries in which Concentric operates have displayed rapid technological progress in many respects. Accordingly, there is a risk that new technologies and products can be developed, which circumvent or surpass Concentric's IPR.

Tax risks

Concentric conducts its operations through companies in a number of countries. The business, including transactions between Group companies, is conducted in accordance with Concentric's interpretation of prevailing tax legislations, tax treaties and regulations in the various concerned countries and demands by relevant tax authorities. Whilst it cannot be ruled out that Concentric's interpretation of applicable laws, tax treaties and regulations is not entirely correct, there is no history of any material breaches in this area. However, Concentric's tax situation may change through decisions by the relevant authorities which may have a negative impact on the Group's financial position and earnings.

During late 2010 and the first half of 2011, the Haldex Group was restructured for the purpose of separating Concentric from Haldex. It is the opinion of Haldex and Concentric that transactions during the restructuring have been made at fiscally correct prices. Whilst it cannot be ruled out that the tax authorities in the countries where transfers have been made will judge certain pricing to have been incorrect and that reassessments then may occur, which may adversely affect the Group's financial position and earnings, there has been no indication that any such issues will arise.

Disputes

Companies within the Group are occasionally involved in disputes in the ordinary course of business and are subject to the risk, similar to other companies operating in Concentric's market, of becoming subject to claims such as those in relation to contractual matters, product liability, alleged defects in delivery of goods and services, environmental issues and intellectual property rights. Such disputes and claims may prove time-consuming, disrupt normal operations, involve large amounts and result in significant costs. In addition, the outcome of complicated disputes may be difficult to foresee.

Financial risks

Financial risk

The Group's financing risk is the risk that the Company will be unable to raise new loans or to refinance existing loans. Although Concentric has access to long-term financing for its operations, it cannot be ruled out that Concentric in the future may breach financial covenants in its credit and/or loan agreements due to, for example, the economy or disruption in the capital or credit markets, which may adversely affect the Group's turnover, financial position and earnings.

Even though the Group's financial position is very strong it cannot be ruled out that Concentric may have to obtain additional financing through, for example, taking up loans or issuing new shares. The availability of additional financing is dependent on a variety of factors, such as market conditions, the general availability of credit, the overall availability of credit within the financial markets and Concentric's credit rating and credit capacity. Disruptions or uncertainty in the capital and credit markets may also limit access to capital required in order to operate the business.

Liquidity risk

The Group's liquidity risk is the risk that the Company will be unable to meet its immediate capital requirements either through holding sufficient cash and cash equivalents or through granted and unused credit facilities that can be utilised without conditions. The goal according to the Group's finance policy is that cash and cash equivalents and available credit facilities must total at least 5% of the rolling annual net sales for the Group at any point in time. These funds amounted to MSEK 633 (566) at year-end, corresponding to 30% (25) of net sales.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on the Group's financial position and earnings. The Group's only significant interest bearing asset is cash and liquid funds. Revenues and cash flow from operating activities are, in all significant respects, independent of changes in market interest rates. The Group's interest rate risk arises from its borrowings. The Group's net interest expense depends, among other things, on the average fixed interest term. It cannot be guaranteed that Concentric's measures to reduce its exposure to interest rate changes and other interest risks are efficient or sufficient enough in order for Concentric's financial position and earnings not to be adversely affected.

Exchange rate risks
Through its international operations, Concentric is exposed to exchange rate risks. Exchange rate risks refer to the risk of exchange-rate fluctuations having an adverse impact on Group's consolidated income statement, balance sheet and/or cash flows. Foreign exchange exposure occurs in conjunction with goods and services being bought or sold in currencies other than the respective subsidiary's local currency (transaction exposure) and during conversion of the balance sheets and income statements of foreign subsidiaries into SEK (translation exposure). Moreover, the comparability of Concentric's result between periods is affected by changes in currency exchange rates.

Transaction risks
In accordance with the Group's Treasury policy, 65% of the anticipated net flows for the estimated volumes during the forthcoming 12-month period should be hedged, with a permissible deviation of +/–15%. At 31 December, 2012, 56% (62) of the anticipated net flows were hedged via derivative instruments. The Group's Treasury policy governs the types of derivative instruments that can be used for hedging purposes as well as the counterparties with whom contracts may be signed. Currency forward contracts were used during 2012 to hedge invoiced and forecast currency flows. At 31 December, 2012, these contracts had a net value of MSEK 101 (132) with a market value of MSEK nil (-1).

Translational risks
Concentric's operations give rise to extensive cash flows in foreign currency. The most important currencies in the Group's cash flow are SEK, USD, EUR and GBP. The effects of exchange rate movements have an impact on the Group's earnings when the income statements of foreign subsidiaries are translated to SEK. Since the Group's earnings to a large extent are generated outside Sweden, the impact on the Group's consolidated income statement may be significant. In connection with translation of the net assets of non-Swedish subsidiaries into SEK, there is a risk that exchange rate fluctuations will affect the Group's consolidated balance sheet. If the measures Concentric undertakes to hedge and otherwise control the effects of exchange rate movements should prove not to be sufficient, Concentric's sales, financial position and earnings may be adversely affected.

Credit risk
Concentric, like other companies, is subject to credit risk, meaning the risk that a party to a transaction cannot fulfill its payment obligations and thereby creates a loss for Concentric. Financial credit risk is the exposure to default of counterparties with which the Group has invested cash and other financial assets. The credit risk in foreign currency and interest rate derivatives corresponds to their positive market value, i.e. potential gains on these contracts. If Concentric does not succeed in handling its credit risks, this may have a substantial adverse effect on Group's sales, financial position and earnings.

Changes in value of fixed assets
Concentric has substantial fixed assets, of which goodwill represents the largest part. The carrying value of Goodwill is reviewed annually during the third quarter and tested as appropriate to identify any necessary impairment requirements. In the event that future tests regarding continuing changes in the value of tangible as well as intangible assets would lead to write-downs, this may have a substantial adverse effect on Concentric's financial position and earnings.

Pension obligations
In the United States and the United Kingdom, funded defined benefit plans are operated with assets held separately from those of Concentric. The U.S. scheme is underfunded and Concentric therefore makes top payments, which are expected to continue during approximately 10 years time. According to the latest report from the responsible actuary, the UK plans are sufficiently capitalized, even though there is currently a deficit. However, under the rules applicable to the UK plans, the supervisory authority may request that they be fully capitalized should an event take place having a significant negative effect on Concentric's ability to meet its pension commitments. The Company feels that there is no reason to assume that such a situation will arise, but it cannot be ruled out that the authority might assess the situation differently at some point in time. See also "Pension obligations" in note 25.

Capital risk
The Group's objective in respect of the capital structure is to secure Concentric's ability to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders and in order to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group could change the dividend paid to the shareholders, buyback own shares or repay capital to shareholders, issue new shares or sell assets in order to reduce debt.

Share-Related information

Ownership status
The Company's shares have been listed on Nasdaq OMX Stockholm since 16th June, 2011. Concentric AB had 10,716 (12,134) share holders at the end of the financial year. The Company's two largest shareholders, CREADES AB (12.6%) and Lannebo Fonder (10.6%), both hold in excess of 10% of the votes and capital of the company.

Share Capital, shares outstanding and rights
Since the listing date, there have been no shares issued or bonus issues in the period. Following the buyback of 323,603 own shares during the year, the number of shares outstanding as at the year-end was 43,892,367 (44,215,970). All shares convey equal rights to a percentage of the Company's assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares, There is no limit to the number of votes a shareholder may cast at the Annual General Meeting

or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares. Further information about the Concentric AB share is provided on pages 26-28.

Board Authorisations

At the last AGM in April 2012, the following board members were elected:

Stefan Charette, Marianne Brismar, Kenth Eriksson, Martin Sköld, Claes Magnus Åkesson and Martin Lundstedt.

In addition, an authorization was provided to the board to resolve on the acquisition and transfer of own shares.

Corporate Governance

Supported by Chapter 6, Section 8 of the Annual Accounts Act, Concentric AB has elected to prepare its Corporate Governance Report as a separate document from the Annual Report. The Corporate Governance Report, which, among other things includes an account of the Group's governance and work of the Board of Directors over the year, is presented on pages 64-69.

Remuneration

The 2012 AGM adopted remuneration policies were as follows. The actual remuneration agreed during the year is detailed in note 8 on page 47.

Scope of the policies

The policies apply to remuneration and other terms of employment for the individuals who, while the policies are in effect, are members of Group management for Concentric AB, collectively referred to hereinafter as executives.

The policies apply to agreements made according to AGM resolutions and to amendments to existing agreements made after this date. The Board of Directors shall have the right to depart from the policies if there is particular justification for doing so in individual cases. The policies shall be subject to annual review.

Fundamental principles and forms of remuneration

It is of fundamental importance to the company and its shareholders that the guidelines for remuneration to senior executives, in both a short and long term perspective, enable the company to attract and retain senior executives and other employees with excellent competence. To obtain this it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels.

The terms of employment for senior executives shall consist of a balanced combination of fixed salary, annual bonus, long-term incentive program, pension and other benefits and terms for dismissal/severance payment.

The total annual monetary remuneration, i.e. fixed salary, bonus and other long-term monetary remuneration, shall be in accordance with market practice on the geographical market where the senior executive operates. The total level of the compensation will be evaluated annually to ensure that it is in line with market practice for corresponding positions within the relevant geographical market.

The remuneration should be based on performance. It should therefore consist of a combination of fixed salary and bonus, where the variable remuneration forms a rather substantial part of the total remuneration.

Principles for various types of remuneration

Fixed Pay

The fixed remuneration shall be individually determined based on the respective role and responsibility as well as the individual's competence and experience in the relevant position.

Variable Pay

Senior executives have an annual bonus, payable after each year-end, that is structured as a variable part of the fixed salary. Bonus goals shall primarily be based on the outcomes of financial objectives for the entire Group and financial goals for the business unit for which senior executive is responsible as well as clearly defined individual goals with respect to specific assignments. The latter is to ensure that the senior executive also focuses on non-financial targets of specific interest. Bonus related financial objectives for the Group shall be established by the Board annually in order to ensure that they are in line with the Groups' business strategy and profit targets. The Board establishes the financial objectives for individual units proposed by the CEO. The part of the total remuneration consisting of annual bonus varies depending on position and may amount up to 50 percent of the fixed annual salary at full goal achievement. The bonus goals are constructed so that no bonus will be paid if a certain minimum performance level is not achieved.

Application of variable pay guidelines

Under pre-existing employment contracts, there are ongoing deviations from the variable pay guidelines outlined above in respect of the CEO and one other senior executive, whereby they continue to be entitled to an annual bonus of up to 80 percent of their fixed salary at full goal achievement.

Long-term Incentive Programs

In order to foster a long-term perspective in the decision-making and to ensure long term achievement of goals, the Board have set up a long-term incentive program. Remuneration in form of long-term incentive programs shall be in accordance with market practice on each relevant market. Further details of the LTI 2012 program resolved at the last AGM are provided in note 8, page 47

Pension Benefits

When entering into new pension agreements with senior executives who are entitled to pension, the pension shall be based on defined contribution plans. Senior executives who are employed in Sweden retire by the age of 65 and other senior executives in accordance with local regulations on pension. As a main principal, pension premiums are based solely on fixed salary. Certain adjustments may occur in individual cases in accordance with local market practice.

Other
Other benefits, such as company car, compensation for healthcare and health and medical insurance, etc. shall form a minor part of the total compensation and shall correspond to what may be deemed common market practice in each geographical market.

Terms of notice
The CEO has a maximum notice period of 12 months and other senior executives have a notice period of up to 6 months. Upon the termination of the employment by Concentric, a so-called termination agreement including severance pay may be made with senior executives on a discretionary basis or as required by law. Any such severance pay shall correspond to what may be deemed reasonable and common practice on the relevant geographical market, but not exceed 12 months' fixed salary.

In addition to the above described remunerations, agreements on additional remunerations may be made in exceptional situations, for example, when considered necessary to attract and retain key personnel or induce individuals to move to new places of service or accept new positions. Such special remunerations shall be limited in time and may not exceed 36 months. Further, the total remuneration must not exceed an amount equivalent to two times the remuneration the individual would have received in the absence of an agreement on special remunerations.

Terms for dismissal and severance pay shall correspond to what may be deemed common market practice for each geographical market. When entering into new employment contracts, agreement may be made with senior executives on severance pay upon termination of the employment by the Company, corresponding to a maximum of 12 months' fixed salary. Upon termination of the employment, local practice on the geographical market where the senior executive operates shall be complied with.

The Board of Directors' preparation and resolutions related to pay and other terms of employment for executives
Proposal on new executive remuneration policies
The Board of Directors will propose to the 2013 AGM that the above policies on executive remuneration shall apply until the 2014 AGM.

Provisions of the Articles of Association: Appointment and Discharge of Directors and Amendments
There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Company's Act, directors are elected by the AGM for the period extending until the close of the first AGM after that at which they were elected, and amendments to the Articles of Association are determined by resolution of a General Meeting of Shareholders.

Significant Agreements
The Company is not party to any significant agreements that will take effect, be altered, or become null if control over the Company changes due to a public takeover bid. Nor are there any agreements between the Company and directors which require compensation if such persons resign, are terminated without reasonable cause, or their employment is terminated due to a public takeover bid in respect to shares in the company.

Contingent Liabilities
The Group's contingent liabilities amounted to MSEK 1 (1) at the balance sheet date.

Post Balance Sheet Events
There are no post balance sheet events to report.

Parent Company
The parent company, Concentric AB, was formed in December 2010. As part of the restructuring of the Haldex Group, Concentric AB acquired the Hydraulics Systems divisional operations in Europe, India and Hong Kong from Haldex in 2010 and the operations in the USA in March 2011.

Net sales and earnings after tax for the full year amounted to MSEK 21 (17) and a profit of MSEK 18 (loss: 18) respectively.

Accounting Principles
The Group continues to apply International Financial Reporting Standards (IFRS) to the consolidated accounts, as adopted by the European Commission for application within the European Union (see note 2 for more detail).

Outlook for 2013
As we enter 2013, it seems that end-customer demand has stabilised, with no further significant destocking anticipated from the major OEMs. However, looking across all of our regions and end-markets, the current difficult market conditions appear likely to prevail for at least the first half of 2013.

The Board believe that the geographical spread and four distinct end-market segments, together with the Group's flexibility through its Business Excellence programme, continue to make Concentric very well positioned to tackle the ongoing market challenges during 2013.

Dividend policy
The Company's policy for distributing unrestricted capital to the shareholders remains unchanged, whereby one-third of annual after-tax profit over a business cycle is to be distributed to the shareholders, taking into account the Group's anticipated financial status. However, due to the Group's strong earnings and financial position, the Board of Directors propose to the shareholders at the Annual General Meeting a dividend of SEK 2.50 (2.00) per share for the 2012 fiscal year, corresponding to 71% (50) of earnings per share.

Proposed Appropriation of Earnings

As stated in the Parent Company balance sheet, the Annual General Meeting has the following funds at its disposal:

Amounts in MSEK	
Profit brought forward	461
Profit for the year	18
Total	**479**

The board of directors and the president propose that the funds of MSEK 479 be allocated as follows:

Amounts in MSEK	
Dividend of SEK 2.50 per share to shareholders	110
Carried forward	369
Total	**479**

Statement by the Board of Directors concerning the proposed dividend

The proposed dividend reduces the company's equity to assets ratio from 44.4 percent to 39.3 percent and the Group's equity to assets ratio from 55.5 percent to 52.4 percent. The company's and the group's non-restricted equity will be sufficient in relation to the nature, scope and risks of the business. In making this assessment, the board has considered, among other things, the company's and the group's growth historically, its budgeted growth and the financial situation.

The board has evaluated the company's and the group's financial position and the company's and the group's possibilities to fulfill their obligations in the short and long term perspective. The company's and the group's solvency are assessed to be good with regard to the business in which the group is active.

The dividend will not affect the company's or the group's ability to fulfill its respective payment obligations. The company and the group have access to both short and long-term credit facilities. These facilities may be utilized at short notice, for which reason the board assesses that the company's and the group's preparedness to handle both changes in the liquidity and unexpected events are good.

The board takes the view that the company and the group have the requirements to take future business risk and also to bear possible losses. The dividend will not negatively affect the company's and the group's ability to make further commercially motivated investments in accordance with the board's plans.

In view of the above and based on what the board is otherwise aware of, the board considers, after a comprehensive assessment of the financial position of the company and Group, the proposed dividend to be justifiable in view of the parameters stated in Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act, i.e. taking into consideration the requirements imposed by the nature, extent and risks associated with doing business on the equity of the company and Group and considering the need of the company and Group to strengthen its balance sheet, liquidity and financial position in general.

Consolidated Income statement [1)]

Amounts in MSEK	Note	2012	2011
Net sales		2,129	2,283
Cost of goods sold		-1,570	-1,653
Gross income		**559**	**630**
Selling expenses		- 70	- 91
Administrative expenses		- 147	- 151
Product development expenses		- 76	- 77
Other operating income	11	51	14
Other operating expenses	11	- 64	- 44
Operating income	4, 5, 6, 7, 8, 9, 10, 16	**253**	**281**
Financial income	12	2	3
Financial expenses	12	- 34	- 33
Financial items - net		**- 32**	**- 30**
Earnings before tax		**221**	**251**
Taxes	13	- 66	- 75
Net income for the year		**155**	**176**
Attributable to:			
Parent Company shareholders		155	176
Non controlling interest		-	-
Earnings per share before and after dilution, SEK	14	3.51	3.98
Average number of shares (000)	14, 24	44,094	44,216

[1)] All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "Basis for preparation" in note 2, accounting principles, in the Notes for the Group.

Consolidated statement of comprehensive income [1)]

Amounts in MSEK	2012	2011
Net income for the year	155	176
Other comprehensive income		
Net investment hedge	8	1
Foreign currency translation difference	-52	5
Total other comprehensive income	**-44**	**6**
Total comprehensive income	**111**	**182**

[1)] All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "Basis for preparation" in note 2, accounting principles, in the Notes for the Group.

Consolidated Balance sheet 1)

Amounts in MSEK	Note	2012	2011
ASSETS			
Fixed assets			
Goodwill	15	481	501
Other intangible fixed assets	15	336	389
Tangible fixed assets	16, 17	181	185
Deferred tax assets	18	38	24
Long-term receivables		5	6
Total fixed assets		**1,041**	**1,105**
Current assets			
Inventories	19	167	190
Accounts receivables	20	159	245
Other current receivables	21	45	58
Assets held for sale	22	-	5
Cash and cash equivalents	23	288	183
Total current assets		**659**	**681**
Total assets		**1,700**	**1,786**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	*24*		
Share Capital		97	97
Additional Contributed Capital		583	583
Translation reserve		3	47
Retained Earnings		260	209
Total equity		**943**	**936**
Long-term liabilities			
Pensions and similar obligations	25	101	103
Deferred taxes	18	71	96
Long-term interest-bearing liabilities	26, 27	175	175
Other long-term liabilities		4	8
Total long-term liabilities		**351**	**382**
Current liabilities			
Short-term interest-bearing liabilities	26, 28	13	18
Accounts payable	26	192	240
Other provisions	29	57	40
Other current liabilities	26, 30	144	170
Total current liabilities		**406**	**468**
Total equity and liabilities		**1,700**	**1,786**

Information of pledged assets and contingent liabilities, see note 31

1) All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "Basis for preparation" in note 2, accounting principles, in the Notes for the Group.

Consolidated

Changes in shareholders' equity [1)]

Amounts in MSEK	Share capital	Additional contributed capital	Concentric's net investment	Translation reserve	Retained earnings	Total	Non controlling interest	Total equity
Opening balance January 1, 2011	**-**	**-**	**658**	**41**	**-**	**699**	**-**	**699**
Components of comprehensive income								
Net income for the year	-	-	-	-	176	176	-	**176**
Foreign currency translation difference	-	-	-	6	-	6	-	**6**
Total comprehensive income	**-**	**-**	**-**	**6**	**176**	**182**	**-**	**182**
Transfer of net investment	-	680	-713	-	33	-	-	**-**
Shareholder´s contribution	-	-	55	-	-	55	-	**55**
Bonus issue	97	-97	-	-	-	-	-	**-**
Closing balance December 31, 2011	**97**	**583**	**-**	**47**	**209**	**936**	**-**	**936**

	Share capital	Additional contributed capital	Concentric's net investment	Translation reserve	Retained earnings	Total	Non controlling interest	Total equity
Opening balance January 1, 2012	**97**	**583**	**-**	**47**	**209**	**936**	**-**	**936**
Components of Comprehensive Income								
Net income for the year	-	-	-	-	155	155	-	**155**
Net investment hedge	-	-	-	8	-	8	-	**8**
Foreign currency translation difference	-	-	-	-52	-	-52	-	**-52**
Total comprehensive income	**-**	**-**	**-**	**-44**	**155**	**111**	**-**	**111**
Dividend	-	-	-	-	-88	-88	-	**-88**
Buy-back of own shares	-	-	-	-	-16	-16	-	**-16**
Closing balance December 31, 2012	**97**	**583**	**-**	**3**	**260**	**943**	**-**	**943**

[1)] All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "Basis for preparation" in note 2, accounting principles, in the Notes for the Group.

Consolidated
Cash flow statement [1)]

Amounts in MSEK	Note	2012	2011
Cash flow from operating activities			
Operating income		253	281
Reversal of depreciation, amortization and write -downs of fixed assets		100	90
Reversal of other non-cash items	32	1	-
Interest received		2	2
Interest paid		-15	-20
Taxes paid		-87	-93
Cash flow from operating activities before changes in working capital		**254**	**260**
Change in working capital			
Inventories		16	-10
Current receivables		78	-51
Current liabilities		-50	28
Change in working capital		**44**	**-33**
Cash flow from operating activities		**298**	**227**
Cash flow from investing activities			
Investments in property, plant and equipment		-54	-47
Product development		-3	-3
Divestments in property	33	6	-
Cash flow from investing activities		**-51**	**-50**
Cash flow from financing activities			
Capital Contribution (from Haldex AB)		-	50
Dividend		-88	-
Buy-back of own shares		-16	-
New loans		-	275
Repayment of loans		-5	-525
Other changes in financing activities		-29	-48
Cash flow from financing activities		**-138**	**-248**
Cash flow for the year		**109**	**-71**
Cash and bank assets, opening balance		183	257
Exchange-rate difference in cash and bank assets		-4	-3
Cash and bank assets, closing balance		**288**	**183**

[1)] All figures from 1 April 2011 are consolidated. Figures for earlier periods are combined. For further information see "Basis for preparation" in note 2, accounting principles, in the Notes for the Group.

Group Notes

NOTE 1 General information

Concentric AB (Parent Company) and its subsidiaries form the Concentric Group. Concentric offers innovative proprietary solutions to the global manufacturers of construction machinery, diesel engines and large trucks. The main focus is on products related to fuel efficiency and reduced emission. Concentric AB, corp. ID. No. 556828-4995, is a registered limited liability corporation with its registered office in Skånes Fagerhult, Sweden.

- The visiting and postal address of the head office is Ringvägen 3, 280 40 Skånes Fagerhult, Sweden.
- The company is listed on the Nasdaq OMX Stockholm Mid-Cap list, since June 2011.
- The annual report and the consolidated accounts were approved for publication by the board of directors on April 3, 2013.

NOTE 2 Summary of Important Accounting Principles

New and Amended Standards and Interpretations adopted by the Group

None of the IFRS or IFRIC interpretations which are mandatory for the first time for the financial year beginning January 1, 2012 have had a significant impact on the Group´s Income Statement or Balance Sheet.

New standards, amendments and interpretations to existing standards that have been endorsed by EU but have not been early adopted by the Group

IAS 19, "Employee Benefits" was amended in June 2011, and will become effective as of January 1, 2013. The revised standard is applied retrospectively, and hence the closing balance for 2011 will be adjusted in accordance with revised IAS 19 and the reported numbers for 2012 will be restated accordingly for comparison purposes.

Concentric currently uses the "corridor method", whereas unrecognized gains and losses are reported off balance sheet. Unrecognized losses over the corridor of 10% are amortised in the income statement. As at 31 December, the Group had unrecognised pension liabilities of 444 (419) MSEK.

The amended standard removes the option to use the corridor method and, as such, actuarial gains and losses will be recognised in full through other comprehensive income. Accordingly, the previously unrecognised pension liabilities will be recorded on the Group's balance sheet, together with a corresponding deferred tax asset. In addition, all past service costs will be recognised immediately and interest cost and expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset).

The gains and losses exclude changes that might occur in respect of the way in which particular taxes on income and dividends are treated when making estimations in accordance with IAS 19.

The Group intends to apply the amended standard for the financial year beginning 1 January 2013. Estimated effect on equity of not using the "corridor method" from 2013, is shown in the table below. Shareholders' equity will decrease by approximately MSEK -303 net of deferred taxes in the opening balance for 2012.

MSEK	Sweden	Germany	Great Britain	USA	Total
Opening balance effect on equity after tax as of 1 January 2012	-8	-19	-235	-41	-303

Actuarial gains and losses arising in the year 2013 will be booked in other comprehensive income for the year 2013, the same applies for the comparative year 2012.

Full transition effects will be presented in the first interim report 2013. The standard has been endorsed by the EU.

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 11, "Joint arrangements", will no longer provide a choice of accounting treatment. A joint arrangement is defined as an arrangement where two or more parties contractually agrees to share control. The purpose is to focus on rights and obligations rather than on the legal form of an arrangement. IFRS 11 classifies a joint arrangement as either a joint operation or a joint venture. In a joint operation the parties to the arrangement have direct rights to the assets and obligations for the liabilities. In such an arrangement, assets, liabilities, income and expenses shall be recognized in relation to the interest in the arrangement. A joint venture gives parties rights to the net assets and earnings relating to the arrangement. An interest in a joint venture will therefore be recognized using the equity method as the proportionate method no longer will be permitted. Concentric intends to apply IFRS 11 as of the fiscal year beginning January 1, 2014. For Concentric, the new standard will lead to a reduction in the total assets as the different items previously reported line by line according to the proportionate method instead will be reported on a single line that represents the share of the net assets. The income statement for Group will also be impacted as the share of earnings from joint ventures will be reported on one line instead of reported line by line as a share of revenue and expenses.

IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and "structured entities". The group is yet to assess IFRS 12's full impact. The Group intends to apply the new standard, for the financial year beginning 1 January 2014.

IFRS 13 "Fair Value Measurement" provides a precise definition and a single source of fair value measurement and disclosures and guidance on the application when other IFRSs already require or permit fair value measurement. The Group intends to apply the new standard, in the financial year beginning 1 January 2013.

New standards, amendments and interpretations to existing standards that have not yet been endorsed

IFRS 9 "Financial instruments" deals with the classification, valuation and reporting of financial liabilities and assets and replaces parts of IAS 39. IFRS 9 requires that financial assets be classified into two different categories and determined at initial recognition. For financial liabilities there are smaller changes, which refer to liabilities that are designated at fair value. The Group intends to apply the new standard by the financial year beginning 1 January 2015 and has not yet evaluated the effects.

None of the other IFRS and IFRIC interpretations that have not yet entered into force are expected to have a material impact on the Group.

a) Basis of preparation

The consolidated financial statements of the Concentric AB group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU, RFR 1 "Additional rules for Group Accounting" and related interpretations issued by the

Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The basis of accounting and the accounting policies adopted in preparing these consolidated financial statements are consistent for all periods presented. The financial statements of Concentric AB Group are based on the predecessor values of the consolidated accounts of the Haldex AB Group.

The Concentric AB Group was established during 2011. The acquisitions of the subsidiaries are common control transactions; therefore an accounting policy has been established for these business combinations as IFRS is currently silent on the treatment of those transactions.

The financial statements are combined for all periods up to 31 March 2011 and thereafter consolidated. The consolidated financial statements are based on the uniting of interests' model (predecessor accounting). This method requires that the assets and liabilities of the combining entities are presented using the book values for the highest level of common control (i.e. Haldex AB) for which financial statements are prepared and the transaction is presented and as if it had taken place at the beginning of the earliest period presented (i.e. comparatives are restated). All transactions and balances between entities included in the combined financial statements are eliminated

b) Going Concern

The consolidated financial statements of the Concentric AB Group have been prepared on a going concern basis.

c) Consolidation

Subsidiaries are defined as all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-Controlling Interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d) Translation of Foreign Currency

The functional currency for the parent company is Swedish kronor (SEK) and also the presentation currency for Concentric Group.

Transactions and balance sheet items

Transactions in foreign currency are translated into SEK using the exchange rates at the transaction date. Exchange gains and losses resulting from these transactions and the translation of monetary assets and liabilities at the closing rate are recognized in the consolidated income statement. Exchange rate gains or losses from transactions that fulfil the requirements for hedge accounting are recognized in the consolidated statement of comprehensive income.

Subsidiaries

The balance sheets and income statements of subsidiaries with a different functional currency than that of the groups' presentation currency are translated by translating assets and liabilities at the closing rate and income and expenses at the average rate during the year. Translation differences resulting from the translation of foreign subsidiaries' net assets at different rates on the opening and the closing dates are recognized directly in the translation reserves in OCI.

Exchange rate differences on loans and other instruments that are used as hedging instruments for net investments in foreign currency are recognized directly in the translation reserves in OCI.

Receivables and liabilities

Receivables and liabilities in foreign currencies are valued at the year-end rate. Exchange gains and losses pertaining to operational currency flows are recognized in operating income. Exchange gains and losses on financial transactions are recognized as financial income or expense in the income statement.

e) Revenue Recognition

Income from the sale of goods and services is recognized when the goods/services are delivered in accordance with the terms of delivery with the customer, as soon as the significant risks and rewards associated with ownership are adjudged to have been transferred to the purchaser. The income is reported at fair value net of vat, discounts granted, and returned goods. Intra-Group transactions are eliminated.

f) Leases

Lessee

Leasing is classified in the consolidated financial statements as either finance or operating leases, depending on whether the Company retains all the risks and benefits associated with ownership of the underlying asset. A requirement for the reporting of financial leasing is that the fixed asset be posted as an asset item in the balance sheet and that the leasing obligation be recognized as a liability in the balance sheet. Fixed assets are depreciated according to plan over their useful life, while lease payments are recognized as interest expenses and amortization of debt. Leasing agreements which are not financial are operating leases. No asset or liability items are recognized in the balance sheet in the case of operating leases.

The lease payments of operating leases are expensed in the income statement on a straight-line basis over the term of the lease.

g) Tangible Fixed Assets

Tangible fixed assets consist of buildings (offices, factories, and warehouses), land and land improvements, machines, tools and installations. These assets are measured at cost less depreciation and any impairment losses. Scheduled depreciation is based on the acquisition value and estimated economic life of the assets. The following depreciation rates are used:

- Buildings: 25–50 years
- Machinery and equipment: 3–10 years
- Heavy machinery: 20 years

Land is not depreciated. The assets' residual values and useful lives are reassessed every closing day and adjusted if needed. The tangible assets are free from any pledges or other encumbrances.

h) Intangible Assets

Product Development

Costs for developing new products are recognized as intangible fixed assets when the following criteria are met: it is likely that the assets will result in future financial benefits to the company; the acquisition value can be calculated reliably; the company intends to finish the asset and has technical and financial resources to complete its development.

The documentary basis for capitalizing product development costs can consist of business plans, budgets or the company's forecasts of future earnings. The acquisition value is the sum of the direct and indirect expenses accruing from the point in time when the intangible asset fulfils the above criteria. Intangible assets are recognized at cost less accumulated amortization taking into account any impairment losses.

Amortization begins when the asset becomes usable and is applied in line with the estimated useful life and in relation to the financial benefits that are expected to be generated by the product development. The useful life is not normally assessed as exceeding five years.

Brands, licenses and patents

Brands, licenses and patents are recognized at cost less accumulated amortization plus any impairment losses. Brands, licenses and patents, which are acquired through business acquisitions, are recognized at fair value on the day of acquisition. Brands, licenses and patents have a determinable useful life over which straight-line amortization is applied to distribute the cost in the income statement. The expected useful life of brands is estimated at 20 years. The expected useful life of licenses and patents is estimated at 3–15 years.

Customer relations

Customer relations acquired through business combinations are recognized at fair value on the day of the acquisition and subsequently at cost less accumulated amortization and any impairment losses. Customer relations have a determinable useful life estimated at 11–17 years. Straight-line amortization is applied over the estimated useful life of customer relations.

Software and IT systems

Acquired software licenses and costs for the development of software that is expected to generate future financial benefits for the Group for more than three years are capitalized and amortized over the expected useful life (3–5 years).

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

i) Financial Instruments

The Group classifies its financial instruments in the following categories: financial assets valued at fair value through profit or loss; loans and receivables; financial instruments held to maturity, and; financial assets available for sale. The classifications are based on the purpose of the acquired instrument. Management determines the classification of the instruments when they are first recognized. During the financial year, the Group had financial instruments belonging to financial assets measured at fair value through profit or loss, as well as loans and receivables.

Financial assets measured at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and assets that from the very beginning are attributed to the category measured at fair value through profit or loss. A financial asset is classified in this category if it has been acquired primarily with a view to being resold in the near future or if this classification is determined by company management. Derivative instruments are also categorized as being held for sale, assuming that they have not been identified as hedging instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with established or determinable payments that are not listed on an active market. They occur when the Group supplies money, products or services directly to the customer without intending to trade the resulting claim.

They are included in current assets, with the exception of items with due dates more than 12 months after the closing day, which are classified as fixed assets.

Financial assets in this category are recognized in the balance sheet at amortized cost.

Financial liabilities

Current and long-term interest-bearing liabilities are recognized in the balance sheet at amortized cost using the effective interest rate method.

Recognition of derivative instruments

Derivative instruments are recognized in the balance sheet as of the trade date and are measured at fair value, both initially and during subsequent revaluations. The method used for recognizing the profit or loss arising at every revaluation occasion depends on whether the derivative has been identified as a hedging instrument and, if this is the case, the nature of the hedged item. The Group identifies certain derivatives as either: 1) hedging of the fair value of assets or liabilities; 2) hedging of forecast flows (cash flow hedging) or 3) hedging of net investment in a foreign operation. To qualify for hedge accounting, certain documentation is required concerning the hedging instrument and its relation to the hedged item. The Group also documents goals and strategies for risk management and hedging measures, as well as an assessment of the hedging relationship's effectiveness in terms of countering changes in fair value or cash flow for hedged items, both when the hedging is first entered into and subsequently on an ongoing basis.

Cash flow hedging

Cash flow hedging is applied for future flows from sales. The portion of changes in the value of derivatives that satisfy the conditions for hedge accounting is recognized directly in OCI. The ineffective portion of profit or loss is recognized directly in the income statement, among financial items. The unrealized profit or loss that is accumulated in OCI is reversed and recognized in the income statement when the hedged item affects profit or loss (for example, when the forecast sale that has been hedged actually occurs).

If a derivative instrument no longer meets the requirements for hedge accounting, or is sold or terminated, what remains of any accumulated fair value in OCI, which is recognized in the income statement at the same time as the forecast transaction is finally recognized in the income statement. When a forecast transaction is no longer expected to occur, the accumulated profit or loss recognized in equity is immediately transferred to the income statement.

Hedging of net investments

Accumulated gains/losses from revaluation of hedges of net investments that fulfil the conditions for hedge accounting are recognized in OCI. When operations are divested, the accumulated effects are transferred to the Income Statement and affect the Company's net profit/loss from the divestment.

Calculation of fair value

Fair value of financial instruments that are traded in an active market (for example, publicly quoted derivative instruments, financial assets that are held for trade and financial assets that are held for sale) are based on the quoted market rate on the closing day. The quoted market rates used for the Company's financial assets are the actual bid prices; quoted market rates used for financial liabilities are the actual asked prices. These instruments are categorized as level 1 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy. The only financial instruments that are measured at fair value are forward contracts which are categorized in level 2.

j) Inventories
Inventories are valued at the lowest of the acquisition cost, in accordance with the first-in first-out principle and the net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

k) Accounts receivable from customers
After individual valuation, receivables are valued in the amounts in which they are expected to be paid.

l) Cash and cash equivalents
Cash and cash equivalents includes cash, cash in banks, other short term investments that fall due in less than three months.

m) Assets held for sale
Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

n) Provisions
Provisions are recognized in the balance sheet when the Group has future obligations resulting from an event that is likely to result in expenses that can be reasonably estimated. Provisions for restructuring costs are recognized when the Group has presented a plan for carrying out the measures and the plan has been communicated to all affected parties.

o) Employee benefits
Pension commitments

The Group has both defined-contribution and defined-benefit pension plans. Administration of the plans is handled by a third party e.g. a fund management company, an insurance company or a bank.

Defined-contribution plans mainly include retirement pensions, disability pensions and family pensions, and a defined contribution, normally expressed as a percentage of current salary, is paid to a separate legal entity. The employee is responsible for the risk inherent in these plans and the Group does not have any further obligations if the fund's assets decline in value. No debt is recognized in the balance sheet. Contributions are expensed to the profit and loss account as incurred.

Defined-benefit plans state which amount an employee can expect to receive after retirement, calculated on the basis of factors such as age, length of service and future salary.

The debt recognized in the balance sheet pertaining to defined-benefit pension plans is the present value of the defined-benefit obligation on the closing day less the fair value of the plan assets, adjusted for any non-recognized actuarial gains/losses. Defined-benefit pension obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the obligations is determined by discounting the estimated future cash flow.

Actuarial gains/losses from experience-based adjustments and changes in actuarial assumptions exceeding the highest of 10 percent of the value of the plan assets and 10 percent of the defined-benefit obligation are recognized as an expense or revenue over the employees' average remaining period of service in accordance with the "corridor method".

Swedish Group companies apply UFR 4, which means that tax on pension costs is calculated on the difference between pension costs in accordance with IAS 19 and pension costs determined in accordance with local regulations.

Share-based payment

The Annual General Meeting 2012 decided upon a share-based payment plan for the Group in the form of an incentive program directed at senior executives and key employees. The company obtains services from employees as compensation for equity instruments (options) in the Group.

The fair value of the service that entitles employees to an allotment of options will be expensed and based on the fair value of the allotted options. The cost will be distributed over the vesting period, meaning the period during which the stated vesting conditions shall be fulfilled. For further information about the incentive program, see Note 8 on page 47.

p) Taxes
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

q) Borrowings
Borrowings are recognized initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortized cost and any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Bank overdraft facilities are recognized in the balance sheet as borrowings under current liabilities.

r) Cash flow statement
The Cash Flow Statement is prepared using the indirect method. This means that the operating income is adjusted for transactions that do not entail receipts or disbursements during the period, and for any income and expenses referable to cash flows for investing or financing activities.

s) Government grants
Government grants connected to the acquisition of fixed assets has reduced the acquisition value of the particular assets. This means that the asset has been recognized at a net acquisition value, on which the size of depreciation has been based.

NOTE 3 Important Estimations and Assumptions
The Consolidated Financial Statements contain estimations and assumptions about the future. These are based on both historical experience and expectations for the future. The areas with the highest risk for future adjustments of carrying amounts are mentioned below.

Goodwill

During 2011, the Group's goodwill was tested for impairment. As per 31 December 2012, the total goodwill amounted to SEK 481 m (501 m). The testing was performed at operating segment level. The Americas segment and the Europe and RoW segment constitute the Group's cash generating units. The goodwill value assigned to the Americas segment amounts to MSEK 161 (176) and to Europe and RoW segment amounts to MSEK 320 (325). The significant changes between the years is only an effect of that different currency rates have been used when translating the amount into SEK. The impairment testing is performed by discounting expecting future cash flows, as determined in the individual segments business plans. The value is set in relation to the carrying amount of the segment's goodwill. Future cash flow is calculated on the basis of official market data relevant to Concentric's type of industry, while consideration is also taken for the Concentric's historical financial performance and future benefits from current improvement programs.

The forecast period for testing of goodwill is five years and after the explicit forecast period, a residual value is assigned, which is assumed to represent the value of the business following the final year of the forecast period. The residual value has been calculated on the basis of an assumption concerning a sustainable level for the free cash flow (after the forecast period) and the level of growth. The growth after the end of forecast period has been estimated to 2 percent. The calculation of the residual value includes all future cash flows after the end of the forecast period.

When discounting expected future cash flows, a weighted average cost of capital after tax (WACC) of 9.0 percent was used for the Europe and RoW segment and 8.9% was used for the Americas segment

The weighted average cost of capital was calculated on the basis of the following assumptions:

- Risk-free interest rate: Ten year government bond rate.
- Markets risk premium: 7 percent.
- Beta: Established beta value for the Group.
- Interest expense: Has been calculated as a weighted interest rate on the basis of the Group's financing structure in various currencies, and taking a loan premium into account.
- Tax rate: According to the tax rate applying in the specific country.

The impairment tests performed in 2011 did not reveal any need to impair goodwill. A 1 percent change in the discount rate or a 10 percent decrease in cash flow does not change the outcome of the assessment. A new impairment test in 2012 have not been done for the following reasons:

- No significant changes in assets and liabilities in the two segments since last year.
- Impairment test in 2011 of the recoverable amounts exceeded the carrying amounts by a substantial margin.
- The likelihood that an updated calculation of the recoverable amounts would be less than the carrying amounts is remote.

Development projects

Concentric capitalizes costs concerning development projects. These capitalized development projects are tested for impairment each year or when there is an indication of a decrease in value. The tests are based on a prediction of future revenue and corresponding production costs. In case the future volumes, prices or costs diverge negatively from the predictions, an impairment loss may arise.

Development projects are considered to be a normal part of Concentric's business. Generally impairment tests are carried out with the same assumptions (i.e. WACC) as the impairment test on goodwill.

However, since individual risk assessment points out different risks in the different projects, the WACC is adjusted to consider the estimated risk in each individual project. Development projects considered a higher risk are tested with a higher WACC than a project with a considered lower risk.

Income taxes

The Group pays tax in many different countries. Detailed calculations of future tax obligations are completed for each tax object within the Group. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Warranty reserves

The Group continuously assesses the value of the reserves in relation to the estimated need. The warranty reserve represented 1.4 (1.8) percent of net sales as of December 31, 2012.

Pensions

The pension liabilities recognized in the balance sheet are actuarial estimates based on annual assumptions. The principal assumptions are described in Note 25. At 31 December 2012, there was a reduction in the assumed discount rates used for the actuarial estimates of the defined benefit pension plans in Germany, Great Britain and US, which lead to actuarial losses in the current reporting period. Discount rates in Sweden was unchanged in comparison to last year.

Given the sensitivity of the discount rate to these actuarial calculations, we have reviewed the impact of a +/- 0.25% change in the rates assumed. Our actuaries estimate that a 0.25% increase in the assumed discount rates used would decrease the present value of the Group´s defined benefit obligations by approximately MSEK 64 (59). Conversely, a 0.25% decrease in the assumed discount rates used would increase the present value of the Group´s estimated pension obligations by approximately MSEK 68 (63). Since the Group´s UK-companies account for approximately 72% (73) of the Group´s total estimated defined benefit obligations, fluctuations in the UK discount rate would have the greatest impact.

NOTE 4 Segment Reporting

Operating segments reported in a manner that matches how internal reporting is submitted to the Group's highest executive decision maker considering that it is at this level that the Group's earnings are monitored and strategic decisions are made. The Group has divided its operation into two reporting segments; the Americas, and; Europe and the Rest of the World (RoW).

The operating segments derive their revenues from the development, manufacturing and distribution of hydraulic lifting systems, drive systems for industrial vehicles, pumps for lubricants, cooling water and fuel in diesel engines.

The Americas segment comprises the Group's operation in the United States. The Europe and the RoW segment comprise the Group's operation in Europe, India and China.

The evaluation of an operating segment's earnings is based on operating income or EBIT.

Assets and liabilities not allocated to segments are financial assets and liabilities.

No single customer accounts for more than 20 percent of the comprehensive income of the Group as a whole. The top two customers for the group contributed net sales in 2012 of MSEK 396 (436), or 18.6 percent (19.1 percent) and MSEK 329 (395) or 15.4 percent (17.3 percent) respectively. These two customers were supplied from both the Americas and Europe & ROW operating segments.

The location of the customer forms the basis of sales by geographic area.

	2012	2011
Americas		
Total net sales (including inter-region)	1,221	1,249
External net sales	1,212	1,238
Operating income	148	131
Operating margin (based on total sales), %	12.1	10.4
Assets	486	631
Liabilities	195	266
Capital employed	332	408
Return on capital employed, %	39.0	31.0
Net investments	-	12
Depreciation and amortization	48	46
Number of employees, average	383	416
Europe & RoW		
Total net sales (including inter-region)	1,027	1,175
External net sales	917	1,045
Operating income	105	167
Operating margin (based on total sales), %	10.2	14.3
Assets	980	1,039
Liabilities	342	438
Capital employed	707	737
Return on capital employed, %	14.2	23.5
Net investments	51	38
Depreciation and amortization	52	44
Number of employees, average	748	763
Not broken down by segments		
Operating income/loss	-	-17
Assets	234	116
Liabilities	220	146
Total Group		
Net sales	2,129	2,283
Operating income	253	281
Operating margin, %	11.9	12.3
Assets	1,700	1,786
Liabilities	757	850
Capital employed	1,019	1,151
Return on capital employed, %	22.7	24.9
Net investments	51	50
Depreciation and amortization	100	90
Number of employees, average	1,131	1,179
Operating income (EBIT) per operating segment:		
Americas	148	131
Europe & RoW	105	167
Not broken down by segments	-	-17
Total operating income (EBIT)	**253**	**281**
Financial net	-32	-30
Earnings before tax	**221**	**251**

Sales by customer location - geographic area

	2012	2011
USA	1,163	1,210
Germany	298	328
UK	169	207
Sweden	121	131
Other	378	407
Total Group	**2,129**	**2,283**

Tangible assets by operating location

	2012	2011
USA	59	73
Germany	34	36
UK	46	31
Sweden	12	16
Other	30	29
Total Group	**181**	**185**

NOTE 5 Costs distributed by type

	2012	2011
Direct material costs	1,111	1,169
Personnel costs	471	481
Depreciation and amortization	100	90
Other operating costs, net	194	262
Total operating costs	**1,876**	**2,002**

NOTE 6 Average number of employees

	2012	2011
Women	262	273
Men	869	906
	1,131	**1,179**

NOTE 7 Salaries and other remuneration

	2012	2011
Salaries and remuneration	330	369
Pension costs	43	18
Social security costs	86	79
Other personnel costs	12	15
Total personnel costs	**471**	**481**

Salaries and remuneration to the Board of Directors, CEO and site General Managers amounted to MSEK 17 (19). The Board of Directors, consists of six members (6), of whom 1 is a woman. For information on the individual remuneration paid to them and the CEO, refer to Note 8 for the Group.

NOTE 8 Information on remuneration of Board of Directors, CEO and Executive Committee

The following amounts have been charged to the income statement during the financial year:

Amounts in SEK '000	2012				2011			
Board of Directors	Directors´ fees	Variable re-muneration	Pension	Total	Directors´ fees	Variable re-muneration	Pension	Total
Stefan Charette, Chairman	383	-	-	383	350	-	-	350
Marianne Brismar	192	-	-	192	175	-	-	175
Kenth Eriksson	208	-	-	208	175	-	-	175
Joakim Olsson [1]	59	-	-	59	117	-	-	117
Martin Sköld	192	-	-	192	175	-	-	175
Martin Lundstedt	133	-	-	133	-	-	-	-
Claes Magnus Åkesson	225	-	-	225	175	-	-	175
Total Board of Directors	**1,392**	**-**	**-**	**1,392**	**1, 167**	**-**	**-**	**1,167**
President and CEO	**Basic Salary/ Benefits in kind**	**Variable re-muneration**	**Pension**	**Total**	**Basic Salary/ Benefits in kind**	**Variable re-muneration**	**Pension**	**Total**
Ian Dugan [2]	-	-	-	-	1,343	-	156	1,499
David Woolley [3]	2,838	2,275	358	5,471	1,041	817	135	1,994
Total President and CEO	**2,838**	**2,275**	**358**	**5,471**	**2,384**	**817**	**292**	**3,493**
Other senior executives [3] [4]	9,326	2,311	955	12,592	9,549	5,342	1,189	16,080
Total	**12,164**	**4,586**	**1,313**	**18,063**	**11,933**	**6,159**	**1,481**	**19,573**

[1] For the period up to 16 June 2011, Joakim Olsson was ineligible to receive a board fee for Concentric under his employment contract with Haldex AB.
[2] Ian Dugan resigned during 2011 and was replaced by David Woolley per 1 August 2011.
[3] For the period before 1 August 2011, David Woolleys remuneration is included in other senior executives.
[4] At the start of the year 2012 other senior executives consisted of 7 people, of whom 1 woman. At the end of the year it was 4 people, of whom 0 women.

Incitamentsprogram

- *Incentive programs LTI 2010 (Haldex AB shares)*

Haldex AB Annual General Meeting 2010 decided upon a long-term performance based incentive programme (”LTI 2010”). In the 2010 program, each share acquired in the market carries entitlement, free of charge, to an allotment of ten employee stock options, whereby each option provided entitlement to the acquisition of 1.0 Haldex share. A condition for allotment was that Haldex's operating margin exceeded 1%, excluding restructuring expenses and non-recurring cost/income from acquisitions or divestments during the 2010 fiscal year. Maximum allotment occurred if the company's operating margin, as stated above, exceeded 4%. Employee stock options were issued based on the company's earnings outcome for 2010 and in accordance with the Haldex's board's decision during 2011. Options were granted and exercised during 2011. The incentive programme was equity-settled. The total personnel cost for this programme amounted to MSEK 1.5.

- *LTI 2012 (Concentric AB shares)*

Concentric AB Annual General Meeting 2012 decided upon a long-term performance based incentive programme (”LTI 2012”) under which 5 senior executives and key employees participated in the scheme entitling them to receive up to a maximum of 177,760 employee stock options. The average exercise price for the options amounts to 50.95 SEK and the fair value of the options have been calculated according to Black & Scholes-method. In order to ensure and maximize the management's engagement in Concentric, allocation of employee stock options under LTI 2012 was conditional upon the participants becoming shareholders in Concentric by own investments of 44,440 Concentric shares in the stock market. The incentive programme is equity-settled. The average price per option was 12.05 SEK and on calculation the following parameters were used:

- Risk-free interest rate: 0.98%
- Expected volatility: 35%
- Assumed dividend during the 3 year´s period: 6.72 SEK

Average share price when the options were granted was 55.85 SEK. The delivery of shares under LTI 2012 will be made no earlier than 2015, as there is a three-year lock-up period. The options can be exercised during a three months period after the publication of Concentric´s report for Q1 2015. The total personnel cost for this programme amounted to 610 ksek during the year and will have a yearly cost of MSEK 1 and a total cost of MSEK 3 until 2015.

See also note 24 for the Group.

Employee stock options	LTI 2012	LTI 2010 [1]
President and CEO	102,200	-
Other senior executives	75,560	60,000
Total	**177,760**	**60,000**
Number of shares	177,760	60,000

[1] LTI 2010 entitled to acquire shares in Haldex AB.

Changes in number of stock options	2012	2011
Opening balance, 1 January	-	-
Granted	177,760	60,000
Exercised	-	-60,000
Closing balance, 31 December	**177,760**	**-**

NOTE 9 Auditing fees

	2012	2011
KPMG		
Audit assignments	2	-
Other assignments	1	-
PwC		
Audit assignments	1	2
Audit operation outside the audit assignment	-	1
Tax advice	2	1
	6	**4**

NOTE 10 Depreciation amortization and write -downs of fixed assets

	2012	2011
Cost of goods sold	37	39
Administrative costs	2	2
Product development costs	25	22
Other operating income and expenses	36	27
	100	**90**

NOTE 11 Other operating items

Other operating income

	2012	2011
Revenue from tooling	18	13
Pension curtailment gains	19	-
Gain on sale of fixed assets	1	-
Other operating income	13	1
	51	**14**

Other operating expenses

	2012	2011
Amortisation of acquisition related surplus values	28	27
Restructuring cost related to fixed assets	8	-
Other restructuring cost	28	-
De-merger cost	-	17
	64	**44**

NOTE 12 Financial items - Net

	2012	2011
Financial income		
Interest income, external	2	2
Interest income, Haldex AB	-	1
Total	**2**	**3**
Financial expenses		
Interest expenses, external	-10	-8
Interest expenses, Haldex AB	-	-13
Foreign exchange rate gains/losses	-1	-3
Pension financial expenses	-19	1
Other financial items, external	-4	-1
Other financial items, Haldex AB	-	-9
Total	**-34**	**-33**
Financial items - net	**-32**	**-30**

NOTE 13 Taxes

	2012	2011
Current tax	-79	-93
Deferred tax	13	18
Total income tax	**-66**	**-75**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Reconciliation of effective tax rate	2012	2011
Earnings before tax	221	251
Tax at applicable tax rate in Sweden	**-26%**	**-26%**
Effect of different tax rates in foreign countries of operation	-9%	-8%
Effect of changes in tax rates		0%
Non-tax deductible expenses	-1%	0%
Non-taxable revenues	2%	2%
Tax attributable to prior years	5%	-6%
Changes in temporary differences without corresponding capitalization of deferred tax	-1%	8%
Reported effective tax rate	**-30%**	**-30%**

NOTE 14 Earnings per share

	2012	2011
Net income for the year, MSEK	155	176
Average no of outstanding shares during the period	44,094,197	44,215,970
Adjustments for the options program LTI 2012	15,217	-
Weighted average no of outstanding shares after full dilution	**44,109,414**	**44,215,970**
Earnings per share before full dilution, SEK	**3.51**	**3.98**
Earnings per share after full dilution, SEK	**3.51**	**3.98**

NOTE 15 Intangible fixed assets

As per January 1, 2011	Goodwill	Patents and other intangible assets	Capitalized development costs	Total
Acquisition value	494	458	91	1,043
Accumulated depreciation and amortization, including write-downs	-	-87	-30	-117
Carrying amount	**494**	**371**	**61**	**926**
January 1 - December 31, 2011				
Opening carrying amount	494	371	61	926
Exchange rate differences	7	4	-1	10
Investments	-	-	3	3
Sales/discards	-	-3	-	-3
Depreciation and amortization, including write-downs	-	-27	-19	-46
Closing carrying amount	**501**	**345**	**44**	**890**
As per December 31, 2011				
Acquisition value	501	461	83	1,045
Accumulated depreciation and amortization, including write-downs	-	-116	-39	-155
Carrying amount	**501**	**345**	**44**	**890**
January 1 - December 31, 2012				
Opening carrying amount	501	345	44	890
Exchange rate differences	-16	-9	-	-25
Investments	-	-	3	3
Depreciation and amortization, including write-downs	-4	-30	-17	-51
Closing carrying amount	**481**	**306**	**30**	**817**
As per December 31, 2012				
Acquisition value	485	447	82	1,014
Accumulated depreciation and amortization, including write-downs	-4	-141	-52	-197
Carrying amount	**481**	**306**	**30**	**817**

NOTE 16 Tangible fixed assets

As per January 1, 2011	Buildings	Land and land improvements	Machinery and other technological investments	Equipment, tools and installations	Construction in progress and advances to suppliers	Total
Acquisition value	99	16	686	229	12	1,042
Accumulated depreciation, including write-downs	-62	-5	-567	-208	-	-842
Book value	**37**	**11**	**119**	**21**	**12**	**200**
January 1 - December 31, 2011						
Opening book value	37	11	119	21	12	200
Exchange rate difference	-	-	-1	-	-1	-2
Investments	4	-	28	11	4	47
Sales/discards/reclassifications	-6	-2	-5	-	-3	-16
Depreciation, including write-downs	-5	-1	-29	-9	-	-44
Book value	**30**	**8**	**112**	**23**	**12**	**185**
As per December 31, 2011						
Acquisition value	86	14	621	232	12	965
Accumulated depreciation, including write-downs	-56	-6	-509	-209	-	-780
Book value	**30**	**8**	**112**	**23**	**12**	**185**
January 1 - December 31, 2012						
Opening book value	30	8	112	23	12	185
Exchange rate difference	-1	-	-5	-1	-1	-8
Investments	5	-	30	5	14	54
Sales/discards/reclassifications	-	-	1	1	-3	-1
Depreciation, including write-downs	-10	-1	-29	-9	-	-49
Book value	**24**	**7**	**109**	**19**	**22**	**181**
As per December 31, 2012						
Acquisition value	87	14	611	219	22	953
Accumulated depreciation, including write-downs	-63	-7	-502	-200	-	-772
Book value	**24**	**7**	**109**	**19**	**22**	**181**

NOTE 17 Operational leases

	Premises		Machinery		Total	
	2012	2011	2012	2011	2012	2011
up to 1 year	7	7	14	16	21	23
2-4 years	32	24	23	31	55	55
more than 5 years	-	14	-	1	-	15
Total	**39**	**45**	**37**	**48**	**76**	**93**

Total leasing cost charged to income statement during 2012 amounted to MSEK 24 (25).
The leasing agreements primarily include rented premises and industrial machinery, but even includes computers, office equipment, and vehicles.

NOTE 18 Deferred tax receivables and liabilities

Deferred income tax receivables and liabilities are offset when there is a legally enforcable right to offset current taxes and when the deferred income tax receivables and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The gross movement on deferred income tax account is as follows:

	2012	2011
At 1 January	-72	-71
Income statement charge (note 13)	13	18
Tax charged directly to equity (note 13)	-	-
Re-classification to current taxes	25	-14
Exchange differences	1	-5
At 31 December	-33	-72

Deferred income tax assets and liabilities is as follows:

2012	Assets	Liabilities	Net
Tax loss carry-forwards	2	-	2
Tangible fixed assets	8	-10	-2
Intangible assets	1	-7	-6
Provisions	14	-	14
Untaxed Reserves	-	-2	-2
Pension and similar obligations	32	-	32
Acquisition related surplus values	-	-86	-86
Other	19	-4	15
Netting	-38	38	-
Net deferred tax receivables/tax liabilities	**38**	**-71**	**-33**

2011	Assets	Liabilities	Net
Tax loss carry-forwards	7	-	7
Tangible fixed assets	-	-19	-19
Intangible assets	-	-16	-16
Provisions	10	-	10
Untaxed Reserves	-	-1	-1
Pension and similar obligations	29	-	29
Acquisition related surplus values	-	-95	-95
Other	13	-	13
Netting	-35	35	-
Net deferred tax receivables/tax liabilities	**24**	**-96**	**-72**

Deferred income tax receivables are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. All recognized tax loss carry-forwards have an expiry day exceeding ten years and there is no time-limit for tax loss carried forward in Sweden.

NOTE 19 Inventories

	2012	2011
Raw materials	110	113
Semi-manufactured products	16	19
Finished products	41	58
	167	**190**

NOTE 20 Accounts receivables

	2012	2011
Current receivables	132	192
Overdue receivables:		
1 - 30 days	23	45
30 - 60 days	3	5
> 60 days	1	3
Sum of overdue receivables	30	53
Total accounts receivables	**159**	**245**

The year's net cost for doubtful accounts receivables amounted to MSEK 0 (2).

Provision for doubtful receivables	2012	2011
Provision on January 1	3	1
Change in provision for anticipated losses	-	2
Provision on December 31	**3**	**3**

NOTE 21 Other current receivables

	2012	2011
Tax receivables	1	12
Prepaid expenses and accrued income		
Rents and insurance	5	6
Accrued income	1	1
Other prepaid expenses	12	11
Derivative instruments (Currency swaps – at fair value through profit or loss)	-	1
Other current receivables	26	27
	45	**58**

The financial instruments recognized at fair value in the balance sheet belong to Level 2 in the fair value hierarchy, meaning that their fair value is determinable, directly or indirectly, from observable market data.

NOTE 22 Assets held for sale

	2012	2011
Building in Statesville, USA	-	5

During the third quarter of 2012, the group completed the sale of its vacant freehold property in Statesville, North Carolina, USA for a net consideration of MSEK 6, of which gave rise to a profit on disposal of MSEK 1. See Note 33.

NOTE 23 Cash and cash equivalents

	2012	2011
Bank accounts and cash	288	183

NOTE 24 Shareholder´s equity

Share capital

Refers to the share capital in the parent company.

Additional contributed capital

Refers to equity contributed by the owners. Total contribution from Haldex AB during 2010-2011was 680 MSEK, of which 97 MSEK has been issued as share capital . The remaining amount, 583 MSEK, is reported as additional contributed capital.

Net investment

Refers to equity, excluding reserves, prior to 1 April 2011, before the formation of the current legal group structure. This equity has been reclassified to additional contributed capital and retained earnings.

Translation reserve

The Reserves consists solely of foreign currency translation differences, arising from translation of the Group´s foreign entities financial reports, that has been prepared in a currency different from from the Group´s currency; Swedish krona.

Retained earnings

Retained Earnings includes earnings for the year, plus profit/loss carried forward in the parent company and the Group, plus MSEK 33 in respect of the demerger from Haldex AB.

Changes in share capital	Number of shares	Quota value	Total
Opening balance January 1, 2010	-	-	-
At incorporation	500	100.00	50 000
December 31, 2010	**500**	**100.00**	**50 000**
Bonus share issue 18 April 2011	44 215 470	2.20	97 225 134
December 31, 2011	**44 215 970**	**2.20**	**97 275 134**
Number of registered shares December 31, 2012	**44 215 970**	**2.20**	**97 275 134**
Buy-back of own shares 2012	-323 603		
Number of outstanding shares December 31, 2012	**43 892 367**		
Number of average outstanding shares 2012	**44 094 197**		
Number of shares adjusted for the option program LTI 2012	**15 217**		
Number of average outstanding shares 2012, after full dilution	**44 109 414**		

Capital Management

The Group's objective in respect of the capital structure is to secure Concentric's ability to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders and in order to maintain an optimal capital structure so that the cost of capital can be reduced. To manage the capital structure, the Group could change the dividend paid to the shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce debt.

Capital is defined as Equity and refers to the equity attributable to the owners of shares in the parent company.

Shareholders' equity amounted to MSEK 943 (936), resulting in a gearing ratio of nil% (12).

Cash dividend decided by the Annual General Meeting 2012 was SEK 2.00 (0.00) per share or total of MSEK 88.4 (0.0). The Company's policy for distributing unrestricted capital to the shareholders remains unchanged, whereby one-third of annual after-tax profit over a business cycle is to be distributed to the shareholders, taking into account the Group's anticipated financial status. However, due to the Group's strong earnings and financial position, the Board of Directors propose to the shareholders at the Annual General Meeting a dividend of SEK 2.50 (2.00) per share for the 2012 fiscal year, corresponding to 71% (50) of earnings per share.

Annual General Meeting 2012 decided upon a long-term performance based incentive programme ("LTI 2012") under which 5 senior executives and key employees participated in the scheme, entitling them to receive up to a maximum of 177,760 employee stock options. The average exercise price for the options amounts to 50.95 SEK and the fair value of the options have been calculated according to Black & Scholes-method. In order to ensure and maximize the management's engagement in Concentric, allocation of employee stock options under LTI 2012 was conditional upon the participants becoming shareholders in Concentric by own investments of 44,440 Concentric shares in the stock market. The delivery of shares under LTI 2012 will be made no earlier than 2015, as there is a three-year lock-up period. The options can be exercised during a three months period after the publication of Concentric´s report for Q1 2015. See also note 8 for the Group.

During 2012 Concentric AB bought back 323,603 representing 0.7% of the share capital of the company. The repurchase is made on the purposes determined by the annual general meeting, i.e. in order to increase the flexibility for the board in connection to potential future corporate acquisitions, as well as to be able to improve the company's capital structure and to cover costs for, and enable delivery of shares in accordance with, LTI 2012.

Some of the loan agreements in the Group contain financial covenants which the Group must comply with. The covenants are net debt in relation to EBITDA (Operating earnings before depreciation and amortization) and in relation to Equity. At the year-end Concentric AB fulfilled these covenants with broad margins.

No changes in the capital management have been made during the year.

NOTE 25 Pensions and similar obligations

Pension liabilities in the balance sheet	2012	2011
FPG/PRI-pension plans	24	22
Defined-benifit healthcare benefit plans	34	34
Other defined-benefit plan	43	47
	101	**103**

Concentric has defined-benefit plans for pensions in Sweden, Germany, Great Britain and USA. The pensions under these plans are based mainly on final salary. Contribution-based plans are also found in these countries, Net actuarial losses on pension obligations and planed assets increased during 2012 by MSEK 63 (343). At the year-end the net actuarial losses totaled 31% (30%) of the present value of the pension obligation. The return on plan assets recognised in the income statement totaled MSEK 49 (62), while the actual return was MSEK 52 (negative 66). The plan assets consist primarily of shares, interest-bearing securities and shares in mutual funds.

Group	2012	2011
Pension obligations, funded plans, present value as of December 31	1,399	1,376
Plan assets, fair value as of December 31	-891	-888
Total	**508**	**488**
Pension obligations, unfunded plans, present value as of December 31	36	34
Unreported actuarial gains (+), losses (-)	-443	-419
Net liability in the balance sheet	**101**	**103**

Total pension costs

Group	2012	2011
Pensions vested during the period	-9	-10
Interest on obligations	-68	-61
Expected return on plan assets	49	62
Settlement	19	-
Amortization of unreported actuarial gains (+), losses (-)	-28	-4
Pension costs, defined-benefit plans	**-37**	**-13**
Pension costs, defined-contribution plans	-6	-4
Total pension costs	**-43**	**-17**

Pension obligation

Group	2012	2011
Opening balance	1,410	1,127
Pensions vested during the period	9	10
Interest on obligation	68	61
Benefit paid	-54	-18
Settlement	-26	-
Actuarial gains (-), losses (+), pension obligations	66	215
Exchange rate differences	-38	15
Pension obligations, closing balance	**1,435**	**1,410**

Plan assets

Group	2012	2011
Opening balance	888	922
Expected return on plan assets	49	62
Contribution from employers	33	33
Disbursement of pension payments	-52	-14
Settlement	-7	-
Actuarial gains (+), losses (-), plan assets	3	-128
Exchange rate difference	-23	13
Plan assets, closing balance	**891**	**888**

Reconciliation of interest-bearing pension liabilities

Group	2012	2011
Opening balance, pension liabilities (net)	103	126
Pension cost	37	13
Benefit paid	-54	-18
Contribution from employers	-33	-33
Compensation from plan assets	52	14
Exchange rate difference	-4	1
Closing balance, pension liabilities (net)	**101**	**103**

Actuarial assumptions 2012

Percent	Sweden	Germany	Great Britain	USA
Discount rate	3.60	3.50	4.60	4.35
Expected return on assets	N/A	3.50	4.60	4.35
Expected salary increase	3.00	2.00	N/A	3.00
Expected inflation	2.00	1.85	3.10	2.50

Actuarial assumptions 2011

Percent	Sweden	Germany	Great Britain	USA
Discount rate	3.60	5.00	5.00	4.70
Expected return on assets	N/A	4.70	5.67	6.00
Expected salary increase	3.00	3.00	N/A	3.00
Expected inflation	2.00	2.00	3.00	2.50

Experience-based change in unrecognized actuarial gains (+)/losses (-)

	2012	2011
Present value of defined benefit obligation	1,435	1,410
Plan assets	891	888
Surplus (+)/deficit (-)	-544	-522
Experienced-based adjustment of obligation	35	-9
Experienced-based adjustment of assets	5	-120

The Group´s best estimate of cash contribution expected to be paid into defined benefit plans for the year ending 31 December 2013, including any agreed make-up payments for the plans in Great Britain and the USA, is MSEK 36.

Experienced-based adjustments of obligations is any deviation from the basic assumptions made in the calculation of the pension obligation. This could, for example, pertain to change in expectation concerning employee turnover, premature retirement, pay increases and length of life.

Experienced-based adjustments of plan assets is any discrepancy between the expected return and the real return on the plan assets.

NOTE 26 Maturity analysis for financial liabilities

	0-6 months		7-12 months		13-60 months		>60 months		TOTAL	
Nominal amount	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Bond loan	-	-	-	-	175	175	-	-	175	175
Short-term interest-bearing liabilities	13	18	-	-	-	-	-	-	13	18
Accounts payable and other loans	242	309	-	-	4	8	-	-	246	317
	255	**327**	**-**	**-**	**179**	**183**	**-**	**-**	**434**	**510**

NOTE 27 Long-term interest-bearing liabilities

	2012	2011
Bond loan	175	175

Bond loan is denominated in SEK and the maturity date is 20 January 2015. The interest rate on the liability is 4.46% (5.46%) as of 31 December 2012. The average interest rate on the liability during 2012 was 5.10%. Available unused amount on Multicurrency Revolving Credit Facility is EUR 40 m, or about MSEK 345 (360).

NOTE 28 Short-term interest bearing liabilities

	2012	2011
Local credit facility in China	11	11
Other short-term loans	2	7
	13	**18**

NOTE 29 Other provisions

	Warranty reserves	Restructuring reserves	Total
Opening balance January 1, 2012	**40**	**-**	**40**
Provisions	-	36	36
Restructuring reserves reducing fixed assets	-	-8	-8
Reversals	-10	-	-10
Exchange rate differences	-1	-	-1
December 31, 2012	**29**	**28**	**57**

NOTE 30 Other current liabilities

	2012	2011
Tax liabilities	46	40
Accrued expenses:		
Personnel costs	*47*	*61*
Other accrued expenses	*46*	*62*
Other current liabilities	5	7
	144	**170**

NOTE 31 Pledged assets and contingent liabilities

	2012	2011
Pledged assets	-	-
Contingent liabilities	1	1

NOTE 32 Reversal of other non-cash items

	2012	2011
Amortization of actuarial losses	24	-
Gains on pension plan curtailment	-19	-
Other	-4	-
	1	**-**

NOTE 33 Corporate acquisitions and divestments

Acquisitions

The parent company, Concentric AB, was formed in November 2010. As part of the restructuring of the Haldex Group, Concentric AB acquired the operations in the USA in March 2011.

Divestments

During the third quarter of 2012, the group completed the sale of its vacant freehold property in Statesville, North Carolina, USA for a net consideration of MSEK 6, of which gave rise to a profit on disposal of MSEK 1. See also Note 22.

NOTE 34 Related party transactions

The Parent Company is a related party to its subsidiaries and associated companies. Transactions with subsidiaries and associated companies occur on commercial market terms. Remuneration to senior executives is presented in Note 8. See also Note 2 for the Parent Company. Other than those transactions with the wider Haldex AB group in the first half of 2011, no transactions have been carried out between Concentric AB and its subsidiary undertakings and any related parties that had a material impact on either the company's or the group's financial position and results.

NOTE 35 Events after balance-sheet date

There were no post balance sheet events to report.

Parent company
Income statement

Amounts in MSEK	Note	2012	2011
Net sales	2	21	17
Operating costs	2, 3, 4	- 15	- 18
Other operating expenses	2,5	-	- 17
Operating income/loss		**6**	**- 18**
Income from shares in subsidiaries	6	5	8
Income from shares in associated companies	6	10	-
Financial income	6	6	6
Financial expenses	6	- 5	- 21
Financial items - net		**16**	**- 7**
Earnings/loss before tax		**22**	**- 25**
Taxes	7	- 4	7
Net income/loss for the year		**18**	**- 18**

Parent company
Statement of comprehensive income

Amounts in MSEK	2012	2011
Net income/loss for the year	18	-18
Other comprehensive income	-	-
Total comprehensive income	**18**	**-18**

Parent company Balance sheet

Amounts in MSEK	Note	2012	2011
ASSETS			
Shares in subsidiaries	8	937	937
Shares in associated companies	9	10	10
Long-term loans receivable from subsidiaries	10	80	103
Deferred tax assets	7	2	7
Total financial fixed assets		**1,029**	**1,057**
Other current receivables	11	2	3
Short-term loans receivable from subsidiaries		36	1
Cash and cash equivalents	12	230	126
Total current assets		**268**	**130**
Total assets		**1,297**	**1,187**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Share capital	13	97	97
Total restricted equity		**97**	**97**
Retained earnings		461	583
Total comprehensive income		18	- 18
Total unrestricted equity		**479**	**565**
Total Shareholder's equity		**576**	**662**
Long-term interest-bearing liabilities	14, 15	175	175
Total long-term liabilities		**175**	**175**
Accounts payable	14	1	1
Short-term loans payable to associated companies	14	10	-
Short-term loans payable to subsidiaries	14	530	340
Other current liabilities	14, 16	5	9
Total current liabilities		**546**	**350**
Total equity and liabilities		**1,297**	**1,187**
Assets pledged		**None**	**None**
Contingent liabilities	**17**	**72**	**77**

Parent company
Changes in shareholders´equity

Amounts in MSEK	Share capital	Retained earnings	Total equity
Opening balance at January 1, 2011	**-**	**343**	**343**
Net loss for the year	-	-18	-18
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**-18**	**-18**
Transactions with shareholders			
Shareholders' contribution		337	337
Bonus issue	97	-97	-
Total transactions with shareholders	**97**	**240**	**337**
Closing balance at December 31, 2011	**97**	**565**	**662**

Amounts in MSEK	Share capital	Retained earnings	Total equity
Opening balance at January 1, 2012	**97**	**565**	**662**
Net income for the year		18	18
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**18**	**18**
Transactions with shareholders			
Dividend	-	-88	-88
Buy-back of own shares	-	-16	-16
Total transactions with shareholders	**-**	**-104**	**-104**
Closing balance at December 31, 2012	**97**	**479**	**576**

Parent company
Cash flow statement

Amounts in MSEK	Note	2012	2011
Cash flow from operating activities			
Operating income/loss		6	-18
Dividend received from associated companies		10	-
Group contribution received from subsidiaries		8	-
Interest received		6	6
Interest paid		-13	-19
Cash flow from operating activities before changes in working capital		**17**	**-31**
Change in working capital			
Current receivables		-1	-3
Current liabilities		-	8
Change in working capital		**-1**	**5**
Cash flow from operating activities		**16**	**-26**
Cash flow from investing activities			
Net Investments in subsidiaries and associated companies	18	-	-10
Loan to subsidiaries		-	-117
Repayment of loan from subsidiaries		-	15
Cash flow from investing activities		**-**	**-112**
Cash flow from financing activities			
Shareholder´s contribution		-	50
New loans from credit institutions		-	275
New loans from previous parent company		-	117
New loans from subsidiaries		192	347
Repayment of loans to previous parent company		-	-425
Dividend		-88	-
Buy-back own shares		-16	-
Repayment of loans to credit institutions		-	-100
Cash flow from financing activities		**88**	**264**
Cash flow for the year		**104**	**126**
Cash and bank assets, opening balance		126	-
Cash and bank assets, closing balance		**230**	**126**

Parent Company Notes

Note 1 Accounting principles

The Annual Report for the Parent company have been prepared in accordance with Swedish Annual Accounts Act (Årsredovisningslagen) and the Swedish Financial Reporting Board RFR 2 – Financial reporting for legal entities (Redovisning för juridiska personer).

According to the rules stated in RFR 2, the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements to the extent possible within the framework of the Annual Accounts Act, and taking into account the relationship between reporting and taxation. This recommendation specifies the exceptions from IFRS that are permissible and the necessary supplementary information.

The Parent Company´s accounting principles correspond to those for the Group with the exceptions listed below.

a) New Accounting principles

None of the IFRS or IFRIC interpretations which are mandatory for the first time for the financial year beginning January 1, 2012 have had a significant impact on the Parent Company´s Income Statement or Balance Sheet.

b) Group Contribution

The rules for group contributions have changed again and the new rules come into effect as of 1 January 2013. According to the "main principle", group contributions paid by parent company shall be accounted for as investments in subsidiaries and group contributions received shall be accounted for as dividend (financial income) and included in the item income from shares in subsidiaries. As an alternative, both group contribution received and paid by the parent company can be reported as appropriations. The parent company is reporting group contributions paid as dividend.

c) Shares in subsidiaries and associated companies

Shares in subsidiaries and associated companies are carried at cost less any impairment. The cost includes acquisition-related costs. Dividends received are recorded as financial income. When there is an indication that stocks and shares in subsidiaries or associated companies decreased in value, an estimate of its recoverable amount is set. If this is lower than the carrying amount a write down is done. Impairment losses are recognized in the items Income from investments in subsidiaries and Profit from associated companies.

Note 2 - Inter-company transactions/ Related party transactions

Of the parent company's net sales, MSEK 21 (17) pertained to subsidiaries and associated companies, while purchases from subsidiaries amounted to MSEK 3 (7), of which MSEK 3 in 2011 referred to one-off advisor costs associated with the de-merger, see note 5.

During 2011 purchases from previous parent company, Haldex AB, amounted to MSEK 21, comprising MSEK 7 of duplicated corporate costs that will not feature post de-merger and MSEK 14 of one-off advisor costs associated with the de-merger, see note 5.

All transactions in the parent company with related parties occur on commercial market terms. See also note 34 for the Group.

NOTE 3 Auditing fees

	2012	2011
Audit assignments, PWC	-	1
Audit assignments, KPMG	1	-
	1	**1**

NOTE 4 Salaries and other remuneration

	2012	2011
Salaries and remuneration	2.3	1.8
of which Board of Directors and CEO	1.4	1.2
Social security costs	0.9	0.8
of which pension costs	0.1	0.1

The Board of Directors, consists of six members (6), of whom 1 is a woman. For information on the individual remuneration paid to them and the CEO, refer to Note 7-8 for the Group. The parent company has 1 employee, that is working with administration. The CEO is employed by Concentric Pumps Plc in UK and the cost for the CEO and CFO related to shareholder´s services in the parent company, has been invoiced and amounted to MSEK 2 (3).

NOTE 5 Other operating expenses

	2012	2011
De-merger cost from Haldex AB	-	-14
De-merger cost from subsidiaries	-	-3
	-	**-17**

NOTE 6 Financial items - Net

	2012	2011
Income from shares in subsidiaries		
Group contribution from subsidiaries	5	8
Income from shares in associated companies		
Dividend	10	-
Financial income		
Interest income, external	1	-
Interest income from subsidiaries	5	5
Interest income, Haldex AB	-	1
	6	**6**
Financial expenses		
Interest expenses, external	-9	-6
Interest expenses to subsidiaries	-	-1
Interest expenses, Haldex AB	-	-11
Foreign exchange rate gains/losses	7	-2
Other financial items, external	-3	-1
	-5	**-21**
Financial items - net	**16**	**-7**

NOTE 7 Taxes

	2012	2011
Current tax	-	-
Deferred tax	-4	7
Total income tax	**-4**	**7**

Reconciliation of effective tax rate	2012	2011
Earnings before tax	22	-25
Tax at applicable tax rate	-26%	26%
Non taxable dividend from associated companies	12%	-
Effect of changes in tax rates from 26.3% to 22%	-2%	-
Non-deductible expenses	-2%	-
Reported effective tax rate	**-18%**	**26%**

	2012	2011
Total deferred tax assets related to tax loss carried forward	2	7

Deferred tax assets are recognized for tax loss carried forward to the extent that the realization of the related tax benefit through future taxable profit is probable. There is no time limit on the recognised tax loss carried forward above.

NOTE 8 Shares in subsidiaries

Company name	Corp, Reg. No	Reg'd office	Participations	%	2012	2011
Concentric Pumps Plc.		UK	518,397	100	621	621
Concentric Americas, Inc.		US	1,000	100	288	288
Concentric Skånes Fagerhult AB	556105-8941	Örkeljunga, Sweden	30,000	100	22	22
Concentric Innovations AB	556908-4535	Stockholm, Sweden	50,000	100	-	-
Concentric Hof Gmbh		Germany	1	100	6	6
Concentric SAS		France	10	100	-	-
Concentric Korea LLC		Korea	12,000	100	-	-
Concentric Srl		Italy	10,000	100	-	-
					937	**937**

Indirect Investments in principal trading subsidiaries

Company Name	Reg'd office	%
Concentric Itasca, Inc.	US	100
Concentric Rockford, Inc.	US	100
Concentric Birmingham Limited	UK	100
Concentric Pumps Pune (Pvt) Limited	India	100
Concentric Pumps (Suzhou) co, Ltd.	China	100

Changes in shares in subsidiaries

Aquisition value	2012	2011
Opening balance	937	649
Concentric Innovations AB	-	
Investments in US-operations		288
Closing Balance	**937**	**937**

NOTE 9 Shares in associated companies

Company name	Corp. reg. no	Reg'd office	Participations	%	2012	2011
Alfdex AB	556647-7278	Landskrona	50,000	50%	10	10

Alfdex AB is a joint venture with Alfa Laval Holding AB, and Concentric AB has 50% of the shares and voting rights. The following amounts constitute the companies´ share of the assets, liabilities, revenue and expenses in the joint venture and are included in the companies´ financial reports.

Income Statement	2012	2011
Net Sales	131	114
Cost of goods sold	- 68	- 64
Gross income	**63**	**50**
Other operating income	2	-
Operating expenses	- 45	- 39
Operating income	**20**	**11**
Financial items - net	-	-
Earnings before tax	**20**	**11**
Taxes	- 5	- 3
Net income for the year	**15**	**8**

Balance Sheet	2012	2011
Fixed assets	8	5
Current assets	34	35
Cash and bank	14	11
Total assets	**56**	**51**
Equity	23	18
Deferred tax liabilities	2	1
Current liabilities	31	32
Total equity and liabilities	**56**	**51**

NOTE 10 Long-term loans receivable from subsidiaries

	2012	2011
Total loans	101	103
of which reported as short-term loans	-21	-
Long-term loans	**80**	**103**

All loans to subsidiaries mature on 20 January, 2015. However, 1,500,000 GBP and 600,000 EUR have been repaid in January 2013 and therefore MSEK 21 of the total loans of MSEK 101 has been reported as short-term loans. The interest rate on the GBP loan was 4.0% (4.5%) and on the EUR-loans 3.50% (4.75%) as of 31 December 2012.

Average rates during the year on the GBP loan was 4.31% and on the EUR-loans 4.06%. Both long-term loans from subsidiaries and and short-term receivables from subsidiaries are classified as Loans and receivables.

NOTE 11 Other current receivables

	2012	2011
Derivatives - at fair value through profit or loss	-	1
Other prepaid expenses	2	2
	2	**3**

The financial instruments recognized at fair value in the balance sheet belong to Level 2 in the fair value hierarchy, meaning that their fair value is determinable, directly or indirectly, from observable market data.

NOTE 12 Cash and cash equivalents

	2012	2011
Bank accounts and cash	230	126

NOTE 13 Share capital

See also the notes for the Group, note 14, Earnings per share and note 24, Shareholder´s equity

Changes in share capital	Number of shares	Quota value	Total
Opening balance January 1, 2010	**-**	**-**	**-**
At incorporation	500	100.00	50,000
December 31, 2010	**500**	**100.00**	**50,000**
Bonus share issue 18 April 2011	44,215,470	2.20	97,225,134
December 31, 2011	**44,215,970**	**2.20**	**97,275,134**
Number of registered shares December 31, 2012	**44,215,970**	**2.20**	**97,275,134**
Buy-back of own shares 2012	-323 603		
Number of outstanding shares December 31, 2012	**43,892,367**		
Number of average outstanding shares 2012	**44,094,197**		
Number of shares adjusted for the option program LTI 2012	**15,217**		
Number of average outstanding shares 2012, after full dilution	**44,109,414**		

Cash dividend decided by the Annual General Meeting 2012 was SEK 2.00 (0.00) per share or total of MSEK 88.4 (0.0).

During 2012 Concentric AB bought back 323,603 representing 0.7% of the share capital of the company.

Annual General Meeting 2012 decided upon a long-term performance based incentive programme ("LTI 2012") under which 5 senior executives and key employees participated in the scheme, entitling them to receive up to a maximum of 177,760 employee stock options. The average exercise price for the options amounts to 50.95 SEK and the fair value of the options have been calculated according to Black & Scholes-method. In order to ensure and maximize the management's engagement in Concentric, allocation of employee stock options under LTI 2012 was conditional upon the participants becoming shareholders in Concentric by own investments of 44,440 Concentric shares in the stock market.

The delivery of shares under LTI 2012 will be made no earlier than 2015, as there is a three-year lock-up period. The options can be exercised during a three months period after the publication of Concentric´s report for Q1 2015. See also note 8 for the Group.

NOTE 14 Maturity analysis for financial liabilities

	0-6 months		7-12 months		13-60 months		>60 months		TOTAL	
Nominal amount	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Bond loan	-	-	-	-	175	175	-	-	175	175
Short-term loans payable to subsidiaries	-	-	530	340	-	-	-	-	530	340
Accounts payable and other loans	16	10	-	-	-	-	-	-	16	10
	16	**10**	**530**	**340**	**175**	**175**	**-**	**-**	**721**	**525**

NOTE 15 Long-term interest-bearing liabilities

	2012	2011
Bond loan	175	175

Bond loan is denominated in SEK and the maturity date is 20 January 2015. The interest rate on the liability is 4.46% (5.46%) as of 31 December 2012. The average interest rate on the liability during 2012 was 5.10%. Available unused amount on Multicurrency Revolving Credit Facility is EUR 40 m, or about MSEK 345 (360).

NOTE 16 Other current liabilities

	2012	2011
Accrued interest cost	2	2
Other accrued expenses	3	3
VAT	-	4
	5	**9**

NOTE 17 Contingent liabilities

	2012	2011
General collateral guarantee for subsidiaries:		
Loans	34	36
Operational leasing commitments	38	41
	72	**77**

The above commitments are not expected to result in any payments. General guarantee regarding loan is for the operation in China and the leasing commitments are for the operations in Rockford and Itasca in the US.

NOTE 18 Net investments in subsidiaries and associated companies

	2012	2011
Investments in subsidiaries	-	-298
Shareholder´s contribution	-	288
Net investments	**-**	**-10**

By way of unconditional shareholder´s contribution, Haldex AB, transferred shares in wholly-owned subsidiaries during 2011, as part of the de-merger. Therefore these investments have been netted in the cash-flow statement.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU, and give a fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a fair view of the Parent Company's financial position and results of operations. The Board of Directors' Report for the Concentric Group and the Parent Company provides a fair view of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Skånes Fagerhult 2 April, 2013

Stefan Charette
Chairman of Board

Marianne Brismar
Member of the Board

Kenth Eriksson
Member of the Board

Martin Lundstedt
Member of the Board

Martin Sköld
Member of the Board

Claes Magnus Åkesson
Member of the Board

David Woolley
President and CEO

Our audit report was submitted on 2 April, 2013
KPMG AB

Anders Malmeby
Authorized Public Accountant

Auditor’s report

To the annual meeting of the shareholders of Concentric AB (publ.), corp. id. 556828-4995

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Concentric AB (publ.) for the year 2012, except for the corporate governance statement on pages 64 - 69. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 29 - 62.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the annual accounts and consolidated accounts in order to design 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 includes evaluating the appropriateness of 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 consolidated accounts.

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 64 - 69. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters
The audit of the annual accounts for year 2011 was performed by another auditor who submitted an auditor´s report dated 28 March 2012, with unmodified opinions in the Report on the annual accounts.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the Managing Director of Concentric AB (publ.) for the year 2012. We have also conducted a statutory examination of the corporate governance statement.

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 administration under the Companies Act, and that the corporate governance statement on pages 64 - 69 has been prepared in accordance with the Annual Accounts Act.

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

As basis for our opinion on the Board of Directors’ proposed 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 assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

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

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm 2 April 2013
KPMG AB

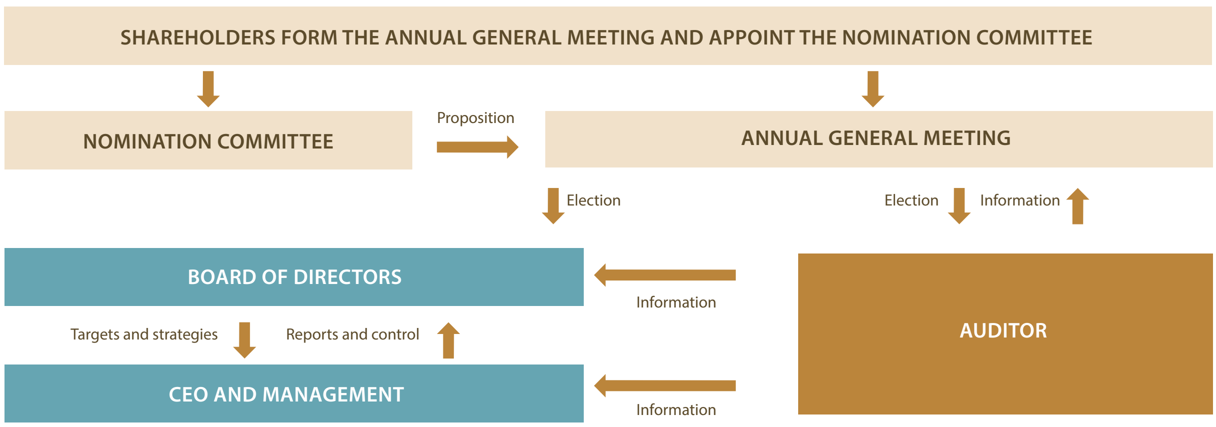
Anders Malmeby
Authorized Public Accountant

Corporate Governance
in Concentric

Concentric AB is a publicly traded Swedish limited liability company that was listed on June 16, 2011. Prior to the listing, the operations were a division in the Haldex Group – Hydraulic Systems. Corporate governance in Concentric proceeds from the Swedish Companies Act, other applicable laws and regulations, NASDAQ OMX Stockholm's Rule Book for Issuers and the Swedish Code of Corporate Governance. The basis for good corporate governance at Concentric is clear goals, strategies and values that are well understood by the company's employees.

Foundation for corporate governance in Concentric

Concentric sees good corporate governance, risk management and internal control as key elements in a successful business and to maintain confidence among customers, shareholders, authorities and other stakeholders.



Internal control system

The Articles of Assocation, Operating Procedures of the Board of Directors, Instructions for the President, the Communications Policy and the Treasury Policy, a number of policies and manuals that contain rules as well as recommendations that specify principles and provide guidance for the Group's operations and employees.

External control system

The Swedish Companies Act, other applicable legislation and regulations for publicly traded companies, NASDAQ OMX Stockholm's Rule Book for Issuers, and the Swedish Code.

These rules regulate the delegation of responsibility for governance, control and monitoring of operations between the shareholders, the Board of Directors and the CEO.

Shareholders and Annual General Meeting

The shareholders exercise their influence by participating in the Annual General Meeting (and, as the case may be, at xtraordinary General Meetings), which is Concentric's supreme decision-making body. The Annual General Meeting is held in Örkelljunga or Stockholm, Sweden, every calendar year before the end of June. Extraordinary General Meetings are held when necessary. The Annual General Meeting resolves on a number of issues, such as the Articles of assocation, the adoption of the income statement and balance sheet, the appropriation of the Company's profit or loss and the discharge from liability towards the Company for the Board members and the CEO, composition of the nomination Committee, the election of Board members (including the Chairman of the Board) and auditor, remuneration to the Board members and the auditor, principles for remuneration and employment terms for the CEO and other senior executives and any amendments to the Articles of Association.

Notice to attend the Annual General Meeting, as well as Extraordinary General Meetings at which amendments to the Articles of Association are to be addressed, are issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice to attend other Extraordinary General Meetings are issued not earlier than six weeks and not later than three weeks prior to the meeting. Notices are published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on the Company's website. An announcement that notice has been issued is simultaneously published in Dagens Nyheter.

To be entitled to participate in a General Meeting, shareholders must be recorded in the share register maintained by Euroclear Sweden five weekdays prior to the meeting and provide notification of their intention to attend the meeting not later than the date stipulated in the notice convening the meeting. Such date must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must not occur earlier than the fifth eekdays prior to the meeting.

Shareholders may attend the AGM in person or by proxy and may be accompanied. Shareholders are able to register for the AGM in several different ways: by telephone, email or letter.

Shareholders wishing to have an issue brought before the AGM must submit a written request to that effect to the Board of Directors. Any such requests must reach the Board of Directors no later than seven weeks prior to the AGM to ensure that the issue can be included in the notice.

Nomination Committee

Concentric's Annual General Meeting resolves on principles for the appointment of members of the Nomination Committee and the Committee's work. The Nomination Committee's assignment includes the preparation and presentation of proposals for the election of members of the Board of Directors, the Chairman of the Board, the Chairman of General Meetings and auditor as well as proposals regarding the remuneration of Board members, members of any Board Committees and fees to the auditor.

The 2012 Annual General Meeting resolved that the Nomination Committee shall consist of four members, representing each of the four largest shareholders. The names of these four members and the shareholders they represent will be announced via a press release and on Concentric's web site at least six months before the Annual General Meeting, based on the shareholdings immediately prior to such announcement.

The members' term of office will end when a new Nomination Committee has been appointed. Provided that the members of the Nomination Committee do not agree otherwise, the member representing the largest shareholder is to be appointed chairman of the Committee. If a shareholder that has appointed a member of the Nomination Committee during the Committee's term of assignment no longer is one of the four largest shareholders, the member representing such shareholder may be replaced by a representative of the shareholder that instead has become one of the four largest shareholders. A shareholder that has appointed a member of the Nomination Committee may also replace such representative with a new member. No remuneration is to be paid to members of the Nomination Committee.

The Nomination Committee's proposals are presented in the notice convening the Annual General Meeting and on Concentric's web site. In conjunction with the issuance of the notice convening the Annual General Meeting, the Nomination Committee shall publish on Concentric's web site a statement in support of its proposal to the Board. At least one member of the Nomination Committee shall attend the Annual General Meeting in order to present and account of the work performed by the Nomination Committee and present and state the reasons for the Nomination Committees's proposals.

Board of Directors

Under the Articles of Association, Concentric's Board shall consist of not less than three and not more than seven members elected each year by the Annual General Meeting for the period up until the next Annual General Meeting.

None of the Group's senior executives or employee representatives were members of the Board in 2012. However, Concentric's CEO participates in Board meetings and the Group's CFO serves as the Board's secretary. Other salaried employees attend Board meetings in connection with the presentation of particular issues.

Pursuant to requirements of the Code, more than half of the members of the Board elected by the General Meeting must be independent of the Company and senior management. This requirement does not apply to any employee representatives.

A director's independence is to be determined by a general assessment of all factors that may give cause to question the individual's independence of the Company or its senior management, such as recent employment with the Company or a closely related company. At least two of the members of the Board who are independent of the Company and its senior management are also to be independent in relation to the Company's major shareholders.

In order to determine such independence, the extent of the member's direct and indirect relationships with major shareholders is to be taken into consideration. Major shareholders, as defined in the Code, are shareholders who directly or indirectly control 10 percent or more of the shares or voting capital in the Company.

Responsibility and work

The duties of the Board are set forth in the Swedish Companies Act, the Company's Articles of Association and the Code. In addition to this, the work of the Board is guided by Operating Procedures that the Board adopts every year. The Operating Procedures govern the division of work and responsibility among the Board, its Chairman and the CEO. The Board sets operational goals and strategies and is responsible for the Group's organization and the management of its affairs, developing and monitoring the overall strategies, deciding on major acquisitions, divestments and investments, ongoing monitoring of operations and adoption of interim and year-end reports. The Board is also responsible for ongoing evaluation of management, as well as systems for monitoring and internal controls of the Group's financial reporting and position. Moreover, the Board ensures that the Company's external disclosure of information is characterized by openness and that it is accurate, relevant and clear. During Board meetings, the following items regularly appear on the agenda: the Group's performance and position, the business status, organizational matters, monthly accounts, external communication, disputes, acquisitions and divestments, major business agreements, development projects and investments.

Responsibilities of the Chairman of the Board

The Chairman, in collaboration with the CEO, monitors the Group's operations and performance, prepares and chairs Board meetings. The Chairman is also responsible for ensuring that the Board evaluates its work each year.

CEO and Senior Management

The CEO is responsible for the day-to-day management and development of the Company in accordance with applicable legislation and regulations, including the rules of NASDAQ OMX Stockholm and the Code, and the instructions and strategies determined by the Board.

The CEO ensures that the Board is provided with objective and relevant information required in order for the Board to make well-informed decisions. Furthermore, the CEO monitors compliance with the targets, policies and strategic plans of the Company and the Group that have been adopted by the Board, and is responsible for keeping the Board informed of the Company's development between Board meetings.

The CEO leads the work of the senior management team, which is responsible for overall business development. In addition to the CEO, the senior management comprises the CFO, the heads of geographical regions, and the heads of product engineering and development, a total of six persons including the CEO.

External audit

The Annual General Meeting elects the external auditor for a period of one year at a time. The auditor reviews the annual Report, the accounts, the corporate governance report, as well as the administration of the Board and the CEO, and follows an audit schedule set in consultation with the Board. In connection with the audit, the auditor shall report its observations to senior management for reconciliation and then to the Board.

The report to the Board takes place after the conclusion of the audit of the administration and the review of the hard-close accounts and in conjunction with the adoption of the Annual Report.

The Board meets with the auditor once a year, where the auditor report its observations directly to the Board without the presence of the CEO and the CFO. Finally, the auditor attends the Annual General Meeting and briefly describe the auditing work and the recommendations in the Audit Report.

Steering instruments

External

Steering instruments that form the basis for Corporate Governance in Concentric primarily include the Swedish Companies Act, other applicable legislation and regulations for publicly traded companies, NASDAQ OMX Stockholm's Rule Book for Issuers, and the Swedish Code.

Internal

Internal binding steering instruments include the Articles of Association adopted by the Annual General Meeting, and documents approved by the Board that include the Operating Procedures of the Board of Directors, Instructions for the President, the Communications Policy and the Treasury Policy. In addition, the Group has a number of policies and manuals that contain rules as well as recommendations that specify principles and provide guidance for the Group's operations and employees.

Operating Procedures of the Board of Directors

The Operating Procedures regulates the Board of Directors' internal division of work, the line of decision within the Board of Directors, the procedural rules for Board meetings and the duties of the Chairman of the Board. The work of the Board follows a fixed procedure aimed at ensuring that the Board of Directors' information requirements are met.

Instructions for the President

The Instructions for the President establishes the boundaries for the President's responsibility for the operational administration, the forms for reporting to the Board of Directors and what this shall contain, requirements for internal steering instruments and matters that require the approval of the Board of Directors or that notification be provided to the Board of Directors.

Corporate Governance at Concentric in 2012

Concentric AB is a publicly traded Swedish limited liability company with its registered office in Skånes Fagerhult, Sweden. With no exceptions, Concentric complies with the Swedish Code of Corporate Governance and hereby submits its Corporate Governance report for 2012. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Code for Corporate Governance and has been reviewed by the company's auditors.

Shareholders

Concentric has been listed on the NASDAQ OMX Stockholm Stock Exchange since June 16, 2011. The share capital in Concentric AB totals SEK 97.3 MSEK, represented by 44,215,970 shares. Each share carries equal voting right and dividend rights.

The number of Concentric's shareholders amounted to 10,716 at year end. Creades AB (formerly Investment AB Öresund) represented the largest owner with about 12.6% of the share capital. Swedish ownership totaled 71% at year end 2012. Information concerning ownership is updated each month on Concentric's web site, www.concentricab.com.

Annual General Meeting 2012

Concentric's Annual General Meeting was held in Stockholm on April 19, 2012. The following board members were elected: Stefan Charette, Marianne Brismar, Kenth Eriksson, Martin Sköld, Claes Magnus Åkesson and Martin Lundstedt. In total, 113 shareholders participated at the Annual General Meeting. These represented 48.22% of the shares in Concentric.

Resolutions

The minutes of the meeting are available on Concentric's web site, www.concentricab.com. The resolutions passed include the following:

- It was decided that the nomination committee shall have four members and consist of one representative each of the four largest shareholders by votes.
- The meeting resolved that the Board would comprise six members with no deputies. Stefan Charette, Marianne Brismar, Kenth Eriksson, Martin Lundstedt, Martin Sköld and Claes Magnus Åkesson were elected for the period until the Annual General Meeting in 2013.
- It was decided that the registered accounting firm KPMG AB shall be auditor.
- It was decided that the Chairman of the Board will receive SEK 400,000, and that other members of the Board of Directors will receive SEK 200,000 as remuneration for work on the board. Additional consideration shall be paid with SEK 25,000 to the chairman of the Compensation Committee and the Chairman of the audit Committee shall receive SEK 50,000. Fees to the auditor in respect of the audit and for other services is to be paid on approved current accounts.
- A resolution was taken, in accordance with the board's proposal, on a dividend of SEK 2.00 per share.
- A resolution was taken on a performance based incentive program
- A resolution was taken on directed issue of warrants and approval of transfer of warrants.
- A resolution was taken on authorization of the board to resolve on acquisition and transfer of own shares.

Nomination Committee for the 2013 Annual General Meeting

In accordance with a decision by the 2012 Annual General Meeting, the four largest shareholders have each appointed representatives to form the Nomination Committee for the 2013 Annual General Meeting. Based on the ownership structure as of September 28, 2012, these shareholders were: Creades AB, Lannebo Fonder, Svenska Handelsbanken and Swedbank Robur Fonder. Combined, they represented 35.2% of the voting rights in Concentric AB at September 28, 2012. The shareholders' representatives who will comprise members of the 2013 Nomination Committee are: Stefan Charette of Creades AB, Göran Espelund of Lannebo Fonder, Frank Larsson, of Handelsbanken Fonder, and Birger Gezelius, Swedbank Robur Fonder.

The composition of the Nomination Committee was disclosed through a press release and a posting on Concentric's web site, on October 24, 2012. The company's shareholders were given the opportunity to submit opinions and proposals to the Nomination Committee via e-mail to the address specified on the company's web site, under the heading Investors–Corporate Governance – Annual General Meeting.

The Nomination Committee's work during its mandate included the following:

- Studied an evaluation of the Board's work
- Reviewed competence needs and discussed the Board's composition in the light of Concentric's strategies
- Nominated Board members and the Auditor
- Verified the candidates' independence
- Presented remuneration proposals for the Board (including performance based incentive programs) and the Auditor
- Reviewed and issued a proposal on the principles for appointing the Nomination Committee for the 2013 AGM

Board of Directors

Board of Directors' Independence

The Board's assessment of the members' independence in relation to the Company, its senior management and major shareholders is presented in "Board of Directors" on page 70. All Board members are considered independent of the Company and senior management. Five of those independent Board members are also considered independent of the Company's major shareholders. Consequently, the Company meets the independence requirements of the Code.

Board activities

The Board of Directors held a statutory meeting immediately following the Annual General Meeting.

During 2012, the Board of Directors met eight times. The main issues addressed were:

- Reviewing relevant policies, procedures and instructions for the group;
- Reviewing interim reports and financial statements for the group and parent company;
- Reviewing budget and strategic plans, including proposals for significant investments and major business agreements;
- Ongoing monitoring of the group's operations and evaluation of management.

Auditors

At the 2012 Annual General Meeting, the registered accounting firm KPMG AB was elected as auditors for the period until the 2013 AGM is held.

Authorized Public Accountant Anders Malmeby is appointed the company's auditor-in-charge.

Anders Malmeby has been an Authorized Public Accountant since 1986, and is the elected auditor of the following listed companies: Boule Diagnostics AB, Micronic Mydata AB and Raysearch AB.

Anders Malmeby has no other assignments in other companies that are associated with Concentric's largest owners or President.

Compensation and Audit Committee tasks

Under the Code and the Swedish Companies Act, the Board is to establish a Compensation Committee and an Audit Committee within its own ranks, or, alternatively, the tasks of such committees should be performed by the entire Board. The Board of Concentric deemed that up to the 2012 AGM it was more appropriate for the entire Board to perform said tasks. In the inaugural Board meeting directly following the 2012 AGM, separate committees were established.

The main tasks undertaken during the separately convened Compensation Committee meetings were to prepare Board resolutions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior executives, to monitor and evaluate programs for variable remuneration for senior executives, and to monitor and evaluate the application of the guidelines for remuneration to senior executives resolved upon by the Annual General Meeting as well as remuneration structures and levels. During 2012, there were 3 Compensation Committee meetings.

The principal tasks undertaken during the separately convened Audit Committee meetings were to monitor the Company's financial reporting, to monitor the efficiency of the Company's internal controls, internal audits and risk management in respect of the financial reporting, to keep itself informed regarding audit of the annual report and group accounts, and to review and monitor the impartiality and independence of the auditor, paying special attention to whether the auditor provides the Company with services other than auditing services. During 2012, there were 7 audit Committee meetings.

Remuneration of the Board of Directors

Fees to the Board members elected by the General Meeting are resolved upon by the General Meeting after proposals from the Compensation Committee. The 2012 Annual General Meeting resolved that fees totaling SEK 1,475,000 will be paid for the period up until the end of the 2013 Annual General Meeting and be distributed among the Board members as set out in the table below. The remuneration to the Board is fixed, with no variable component.

Guidelines

The terms of employment for senior executives shall consist of a balanced combination of fixed salary, annual bonus, long-term incentive program, pension and other benefits and terms for dismissal/severance payment.

The total annual monetary remuneration, i.e. fixed salary, bonus and other long-term monetary remuneration, shall be in accordance with market practice on the geographical market where the senior executive operates. The total level of the compensation will be evaluated annually to ensure that it is in line with market practice for corresponding positions within the relevant geographical market.

The remuneration should be based on performance. It should therefore consist of a combination of fixed salary and bonus, where the variable remuneration forms a rather substantial part of the total remuneration.

	2012 Meetings attended			
Board	**Board**	**Audit Committee**	**Compensation Committee**	**2012/13 Board Fees (SEK)**
Stefan Charette [1]	7	7	3	400,000
Marianne Brismar	8	1	1	200,000
Kenth Eriksson [2]	8	1	3	225,000
Martin Sköld	8	1	1	200,000
Claes Magnus Åkesson [3]	8	7	1	250,000
Martin Lundstedt [4]	5	-	-	200,000
Joakim Olsson [5]	2	1	1	-
				1,475,000

1) Chairman
2) Chairman of the Compensation Committee
3) Chairman of the Audit Committee
4) Appointed 19 April 2012
5) Resigned 19 April 2012

When entering into new pension agreements with senior executives who are entitled to pension, the pension shall be based on defined contribution plans in accordance with local regulations on pension. As a main principal, pension premiums are based solely on fixed salary. Certain adjustments may occur in individual cases in accordance with local market practice.

	Basic salary/ Benefits in kind	Variable remuneration	Pension	Total
President and CEO				
David Woolley	2,838	2,275	358	5,471
Other senior executives	9,326	2,311	955	12,592
Total	**12,164**	**4,586**	**1,313**	**18,063**

For guidelines on remuneration see pages 34-35.

Incentive program

In order to foster a long-term perspective in the decision-making and to ensure long term achievement of goals, the AGM 2012 resolved on a long-term incentive program, LTI 2012.

The program initially comprised up to 8 senior executives, including the CEO, and other key employees within the Concentric Group. In order to participate in LTI 2012, the participants must make own investments in Concentric shares in the stock market. Each Concentric share acquired under LTI 2012 will entitle the participants to two free employee stock options, where each, after a three year lock-up period, will entitle the participant to acquire one Concentric share at a price of 45.30 SEK and 67.90 SEK respectively.

For more information about LTI 2012, see note 8 on page 47.

Internal controls

The Board's responsibility for internal controls is regulated by the Swedish Companies Act, the Swedish Annual Accounts Act and the Code. Information on the main components of the Company's systems for internal controls and risk management relating to the financial reporting must be disclosed annually in the Company's corporate governance report.

The processes for internal control, risk assessment, control activities and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with IFRS, applicable laws and regulations and other requirements for companies listed on NASDAQ OMX Stockholm. This process involves the Board, senior management and personnel.

Control environment

The Board has specified a set of instructions and working plans regarding the roles and responsibilities of the CEO and the Board. The manner in which the Board monitors and ensures the quality of the internal controls is documented in the Operating Procedures of the Board and Concentric's Treasury Policy.

The Board also has a number of established basic guidelines, which are important for its work on internal control activities. This includes monitoring performance against plans and prior years and overseeing various issues such as the internal audit and accounting principles applied by the Group. The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the CEO, although the ultimate responsibility rests with the Board. Other executives at various levels have in turn responsibilities within their respective areas of operation. Senior management regularly reports to the Board according to established routines. Defined responsibilities, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities

The Company operates a COSO model (developed by the Committee of Sponsoring Organization of the Treadway Commission) for the identification and assessment of risks in all areas. These risks are reviewed regularly by the Board and include both the risk of losing assets as well as irregularities and fraud. Designing control activities is of particular importance to enable the Company to prevent and identify shortcomings. Assessing and controlling risks also involves the management for each reporting unit, where monthly business review meetings are held. The CEO the CFO, and local and regional management participate in the meetings. Minutes are kept for these meetings.

Information and communication

Guidelines and manuals used in the Company's financial reporting are communicated to the employees concerned. There are formal as well as informal information channels to the senior management and to the Board for information from the employees identified as significant. Guidelines for external communication are designed to ensure that the Company applies the highest standards for providing accurate information to the financial market.

Evaluation, monitoring and reporting

The Board regularly evaluates the information provided by senior management. The Board receives regular updates of the Group's development between its meetings. The Group's financial position, its strategies and investments are discussed at every Board meeting. The Board is also responsible for the follow-up of the internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracy and to follow-up suggestions for actions emerging from the internal and external audits. The Company operates an annual control self assessment process for the evaluation of risk management and internal control activities. This assessment includes scrutinizing the application of established routines and guidelines.The key findings from this annual assessment process together with the status of any actions regarding the Company's internal control environment is reported to the Board. The external auditor also regularly reports to the Board.

Board of Directors

STEFAN CHARETTE
Chairman of the Board since 2010.
Born 1972.

M.Sc. Mathematical Finance and B. Sc. Electrical Engineering.

CEO of Creades AB. CEO of the public investment company Investment AB Öresund since 2010. Previoulsy CEO of AB Custos and President of the Brokk Group. Corporate advisor for multinational corporations at Lehman Brothers and Salomon Smith Barney.
Chairman of NOTE AB and Athanase Capital Partners AB.
Board member of Lindab International AB, Haldex AB, Transcom Worldwide S.A. and Creades AB
Shareholding in Concentric: 68,165 shares
Direct ownership, company, pension and pension insurance. Independent in relation to the Company and senior Management, but not in relation to major shareholders.

MARIANNE BRISMAR
Member since 2010.
Born 1961.

M.Sc. Pharmacy and B.Sc Business Administration

Senior partner of Intercept AB. President and CEO of fork lift truck manufacturer Atlet AB between 1995–2007. Prior to that, several other positions within the Atlet Group. The Group was sold to Nissan Material Handling in 2007.
Chairman of Newbody AB
Board member of Beijer Alma AB, Creades AB, Engelhardt AB, Semcon AB och Wollenius invest AB.
Shareholding in Concentric: 23,000 shares
Independent in relation to the Company, the senior Management and to major shareholders.

KENTH ERIKSSON
Member since 2010.
Born 1961.

M.Sc. Civil Engineering and MBA.

Partner of investment company Itum Invest AB. Prior to that, several other positions within the Electrolux Group. Kenth left Electrolux in 2000 as vice president and head of business area Refrigeration in Electrolux's European household appliances operations.
Member of the Board of Transportes Azkar, S.A., Technology Nexus AB and Satpoint AB.
Shareholding in Concentric: 45,175 shares
Independent in relation to the Company, the senior Management and to major shareholders.

MARTIN LUNDSTEDT
Member since 2012.
Born 1967.

M.Sc. Industrial Engineering and Management.

CEO and President of Scania. Previously Executive Vice President and Head of Franchise and Factory Sales of Scania AB. Joined Scania in 1992 as a trainee. He commenced his career at Scania working within the Engine production as Production Engineer, and thereafter as Manager in the field of Engine production. Managing Director of Scania Production Angers in France in 2001. Appointed Head of Product Marketing in 2005. Appointed Senior Vice President and Head of Trucks in 2006.
Chairman of Partex Marking Systems AB.
Shareholding in Concentric: nil
Independent in relation to the Company, the senior Management and to major shareholders.

MARTIN SKÖLD
Member since 2010.
Born 1973.

Ph D Business Administration, M.Sc. Industrial management and Business Administration, and B.Sc. Innovation Engineering.

Ph D Innovation and Operations Management at Stockholm School of Economics. Program Director of General Management IFL Executive Education, Stockholm School of Economics. Assignments within family firm businesses BRIAB and Trailereffekter AB, a manufacturer of trailers for the heavy truck industry, and a whole sale dealer for heavy trailer spare parts.
Shareholding in Concentric: 400 shares
IIndependent in relation to the Company, the senior Management and to major shareholders.

CLAES MAGNUS ÅKESSON
Member since 2010.
Born 1959.

B. Sc. Business Administration.

CFO of listed residential developer JM AB since 1998. Claes Magnus has a broad international experience from from different treasury and controller positions at Ericsson between 1987–1998.
Several board assignments within the JM Group.
Shareholding in Concentric: 8,000 shares
Independent in relation to the Company, the senior Management and to major shareholders.

Group Management

David Woolley
President and Chief Executive Officer
Born 1962

B.Sc. Metals Technology, BTR Diploma of Executive potential, Post Graduate Diploma in Management Studies, TEC and Higher TEC in Material Technology.

David Woolley has long experience of Concentric's business and was Managing Director of the subsidiary Concentric Ltd from 2002 until Haldex acquired Concentric plc. Subsequently David has also been responsible for the business with respect to diesel engine pumps in the UK and India. Head of region Europe and RoW 2010- 2011.
Other current assignments/positions (outside Concentric): Non-executive Director of Investors in Excellence.
Previous assignments/positions in the past five years: Managing Director Engine Pumps UK and India of Haldex Concentric Pumps Ltd. Managing Director of Concentric Ltd.

Shareholding in Concentric: 28,850 shares.

David Bessant
Chief Financial Officer
Born 1971

B.Sc. Accountancy and Financial Analysis.

David Bessant has more than 7 years of experience from listed and private equity financed multinational groups in the same sector as Concentric. David has also spent over 10 years at KPMG (Audit and Advisory), in his last role as Senior Manager. Other previous assignments include Group Financial Controller at Wagon Plc and Group Financial Controller at TMD. CFO of Concentric (including Including IR and IT) since 2010.
Previous assignments/positions in the past five years: Group Financial Controller of Wagon Plc (2007 – 2009) and TMD Friction (2004 – 2007). Board Member of several subsidiaries to Wagon Plc.

Shareholding in Concentric: 6,750 shares.

Wim Goossens
Head of region Europe and Rest of World
Born 1975

BA (Hons) in Management, MBA.

Wim Goossens worked close to 15 years in several senior positions in finance, aftermarket and global distribution at Haldex. Most recently, he was in charge of EU Operations and Business Development
Other current assignments/positions: Director of Maxime BVBA.

Shareholding in Concentric: 10,000 shares.

David Williams
Head of Engine Engineering & Development
Born 1964

M.Sc. Engineering Business Management and B.Eng. Mechanical Engineering.

David Williams worked as Group Technical Director at Concentric plc from 2006 until Haldex acquired the company in 2008. Previous positions include the post of Director of Engineering at Dana Automotive Systems.
Previous assignments/positions in the past five years: Group Technical Director of Concentric Plc. Director of Engineering of Dana Automotive Systems.

Shareholding in Concentric: 4,500 shares.

William Pizzo
Head of Hydraulics Engineering & Development
Born 1967

B.Sc. Mechanical Engineering and MBA.

William Pizzo has been General Manager of Chicago Panel & Truss and before that held senior positions at Amtec Precision and Molded Products, SPX – Filtran and Illinois Tool Works.
Previous assignments/positions in the past five years: General Manager of Chicago Panel & Truss.

Shareholding in Concentric: 4,600 shares.

Martin Bradford
Head of region Americas
Born 1962

Graduate engineer

Martin Bradford joined Concentric in 2008 as General Manager for the US Hydraulics business. Prior to joining Concentric, Martin has successfully managed manufacturing businesses based in Europe, the Middle East and America during his career.

Shareholding in Concentric: nil.

Glossary & Definitions

Glossary

Axle cooling	Heat Exchanger to control the temperature of the axle gear train
Baler	Farm machinery used to compress a cut and raked crop (such as hay, straw, or silage) into compact bales that are easy to handle, transport and store
BRIC countries or emerging markets	Brazil, Russia, India and China
Fuel transfer pump	Pump to lift the fuel from the fuel tank to the high pressure system
DC Pack Lift/lower	Integrated unit comprising of DC motor, hydraulic pump and reservoir
Fan drive	Hydraulic motor used for driving cooling fan
Fuel pump	Pumping device for fuel
Gerotor pump	Type of positive displacement pump
Hydraulic hybrid system	Hydraulic propulsion system for vehicles
Hydraulic power pack	Integrated unit comprising of DC motor, hydraulic pump and reservoir
Hydraulic pump	Positive displacement pump for pumping hydraulic fluids such as oil
Implement pump	Hydraulic pump used for auxiliary vehicle functions
Seeder motor	Hydraulic motor used for blowing seed into seeding device for planting
OEM	Original Equipment Manufacturer
Oil mist separator	Product that recycles oil from crankcase gases
Piston pump	Positive displacement pump that utilises a moving piston to displace the fluid
Primary pump	Main pump used in a multi circuit configuration
Secondary circuit pump	Secondary pump used in a multi circuit configuration
Steering pump	Hydraulic pump used to provide hydraulic power to a vehicle steering system
Tail lift	A mechanical device permanently fitted to the back of van or lorry designed to facilitate the materials handling of goods from ground level to the level of the vehicle, or vice versa
Tier 1-, Tier 2-supplier	Different levels of sub suppliers, typical within the automotive industry
Variable flow oil pump	Oil pump with controllable flow capacity
Variable water pump	Water pump with controllable flow capacity
Varivent EGR pump	Air pump used to pump the exhaust gas recirculated back into the engine intake
Windrower	A self propelled or tractor-drawn farm machine for cutting grain and laying down the stalks in windrows for later threshing and cleaning

Definitions

Americas	Americas operating segment comprising the Group's USA operations
Dividend yield	Dividend divided by market price at year end
CAGR	Compound annual growth rate
Capital employed	Total assets less interest bearing financial assets and cash and cash equivalents and non-interest bearing liabilities, excluding any tax assets and tax liabilities
EBIT or Operating income	Earnings before interest and taxes
EBIT multiple	Market value at year end plus net debt divided by EBIT
EBIT or Operating margin	Operating income as a percentage of net sales
EPS	Earnings per share, net income divided by the average number of shares
Europe & RoW	Europe and the rest of the world operating segment comprising the Group's operations in Europe, India and China
Gearing ratio	Ratio of net debt to shareholders' equity
Gross margin	Net sales less cost of goods sold, as a percentage of net sales
Net debt	Total interest-bearing liabilities less liquid finds
Net investments in fixed assets	Fixed asset additions net of fixed asset disposals and retirements
P/E ratio	Market value at year-end divided by net earnings
Payout ratio	Dividend divided by EPS
R&D	Research and development expenditure
ROCE	Return on capital employed; EBIT or Operating income as a percentage of the average capital employed over a rolling 12 months
ROE	Return on equity; net income as a percentage of the average shareholders' equity over a rolling 12 months
Sales growth, constant currency	Growth rate based on sales restated at prior year foreign exchange rates
Underlying or Before items affecting comparability	Adjusted for restructuring costs and other "one -off" items (including tax effects theron, as appropriate)
Working capital	Current assets excluding cash and cash equivalents, less non-interest-bearing current liabilities

Shareholder information

Concentric's web site for investors
www.concentricab.com contains information about the company, the share and insider information as well as archives for reports and press releases.

The Annual Report on www.concentricab.com
Concentric has chosen not to distribute its Annual Report to shareholders to minimize cost and environmental impact. Annual reports, quarterly reports and press releasese are available on the Concentric's web site for investors.

Financial information for 2013

Annual General Meeting	24 April, 2013
Interim report January - March 2013	24 April, 2013
Interim report January - June 2013	25 July, 2013
Interim report January-September 2013	24 October, 2013

Annual General Meeting
Annual General Meeting for the fiscal year 2012 will be held at 3 p.m. CET on Wednesday, 24 April, 2013 at the Grand Hotel, Södra Blasieholmshamnen 8, Stockholm.

Participation in 2013 Annual General Meeting
Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB as of Thursday, 18 April, 2013. Notification must be made no later than Thursday, 18 April, 2013. Proxies and representatives of a legal person shall submit documents of authorization prior to the General Meeting.

In order to participate in the Annual General Meeting, shareholders with nominee registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear Sweden as of Thursday, 18 April, 2013, and the bank or broker should therefore be notified in due time before said date.

Notification
Concentric AB, Ringvägen 3, 280 40 Skånes Fagerhult,
by telephone +46 708 326 854 or
by e-mail to info@concentricab.com

On giving notice of attendance, the shareholder shall state
- name
- personal identity number or equivalent (corporate identity number)
- address, telephone number
- shareholding

Addresses

Concentric AB (publ)
Ringvägen 3
SE-280 40 Skånes Fagerhult, Sweden
Tel: +46 (0) 433 324 00
Fax: +46 (0) 433 305 46

3 The Archway
Radford Road, Alvechurch
Birmingham B48 7LD, UK
Tel: +44 (0) 121 445 6545
Fax: +44 (0) 121 445 7780

E-mail: info@concentricab.com
www.concentricab.com

Concentric Birmingham Ltd.
Gravelly Park, Tyburn Road, Birmingham B24 8HW, UK.
Tel: +44 121 327 2081
Fax: +44 121 327 6187
E-mail: info.gbbi@concentricab.com

Concentric Hof GmbH
Seligenweg 12, D-95014 Hof, Germany.
Tel: +49-9281-895-0
Fax: +49-9281-87133
E-mail: info.deho@concentricab.com

Concentric Itasca Inc.
800 Hollywood Avenue, Itasca, IL 60143-1353, USA.
Tel: +1 630 773 3355
Fax: +1 630 773 1119
E-mail:info.usit@concentricAB.com

Concentric Pumps Pune Pvt. Ltd.
Gat. No. 26/1, 27 and 28 (Part), P.O: Lonikand, Taluka: Haveli,
Pune: 412216, India.
Tel: +91 98 8107 1264/5/6
Fax: +91 20 27069658
E-mail: info.inpu@concentricab.com

Concentric Pumps (Suzhou) Co. Ltd.
47 Dongjing Industrial Park, 9 Dong Fu Lu, SIP, Suzhou, Jiangsu,
China 215123
Tel: +86 512 8717 5100
Fax: +86 512 8717 5101
Email: info.chsh@concentricab.com

Concentric Rockford Inc.
Inc. 2222 15th Street, Rockford, IL 61104, USA.
Tel: +1 815 398-4400
Toll free No.: 800-572-7867
Fax: +1 815 398 5977
E-mail: info.usro@concentricAB.com

Concentric Skånes Fagerhult AB
Ringvagen 3, SE-280 40 SK. Fagerhult, Sweden.
Tel: +46-433-32400
Fax: +46-433 30546
E-mail: info.sesf@concentricab.com