

7 May 2014

Ferronordic Machines AB (publ)
Interim Report January - March 2014

CONTINUED GROWTH DESPITE UNCERTAIN MARKET ENVIRONMENT

- Revenue increased by 7.3% to SEK 501.1m (SEK 467.0m), 22.9% in rubles
- Operating profit amounted to SEK 10.2m (SEK -9.7m)
- Operating margin was 2.0% (-2.1%)
- EBITDA amounted to SEK 31.0m (SEK 17.2m)
- The after-tax result amounted to SEK -1.5m (SEK -34.6m)
- Earnings per ordinary share amounted to SEK -0.15 (SEK -3.46)
- Cash flow from operating activities amounted to SEK -6.2m (SEK 190.3m)

SEK M	Three months ended 31 March 2014	Three months ended 31 March 2013
Revenue	501.1	467.0
EBITDA	31.0	17.2
Operating Profit	10.2	(9.7)
Net Debt	71.5	371.8
Net Debt / EBITDA	0.4x	3.2x

COMMENTS BY LARS CORNELIUSSON, CEO AND PRESIDENT:

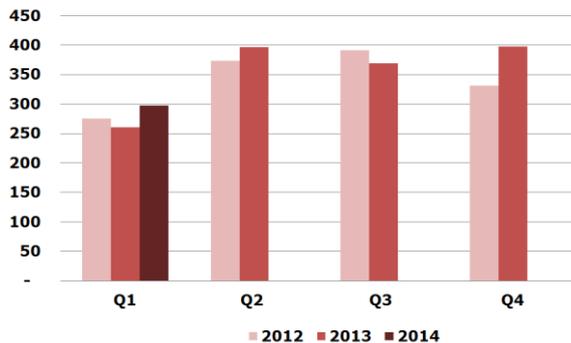
- The first quarter has been characterized by significant political uncertainty resulting from the development in Ukraine and the deteriorating relations between Russia and other members of the international community. Despite the uncertain situation Ferronordic Machines is continuing to develop positively.
- During the first quarter we managed to increase revenue and improve profitability. The revenue increased by 7.3% in SEK and 22.9% in local currency. The number of new machines sold during the first quarter amounted to 298, an increase of 14.2% compared to the same period last year. The gross margin was lower compared to the same period last year, but this was mainly caused by unusually high gross margin during the first quarter of 2013 thanks to a few high margin deals. Despite this, because of reduced selling and general and administrative expenses, our EBITDA margin increased from 3.7% to 6.2%.
- Notwithstanding the positive development of our company during the first quarter, a number of challenges lay ahead, directly or indirectly relating to the situation in Ukraine. The tensions in Ukraine remain and there are threats of further sanctions against Russian individuals and companies. The Russian GDP growth forecasts have been lowered and now range between 0-1.5% for 2014. The Russian Central Bank has increased the interest rate by 1.5%, making financing more expensive for our customers. Financial institutions are also becoming increasingly risk averse, resulting in demands for higher down-payments and/or higher interest rates from our customers.

- The ruble has continued to depreciate against major currencies. The exchange rate versus the Swedish krona is now around 15% lower than a year ago. To ensure growth in SEK this puts pressure on us to increase prices, which may affect our competitiveness in some customer segments. On the other hand, Russian customers are fairly used to currency-driven price increases and some of our competitors even price their products in hard currencies. Many of our major customer segments, such as oil & gas and mining, also have the bulk of their revenues in hard currencies, creating a cushion for us against potentially lower competitiveness in other customer segments.
- The stability of the Russian construction equipment market will very much depend on whether the Russian government will choose to focus its spending on planned (and much needed) infrastructure investments. Such investments could boost economic growth and function as a counterweight against the negative influences depicted above. There are many advocates for such a strategy in the Russian government, but the chosen way forward remains unclear.
- In view of the turbulent political situation and the uncertain market environment, we are very pleased to have been able to grow revenue and profitability. We take this as a sign that our significant investments in our extensive network and training and competence development of our personnel continue to bear fruit.
- Another good news is the new wheeled excavator EW 205 that has been launched by Volvo CE. This new machine will allow us to enter a market segment for which we previously did not have a product to sell. We are excited about this new product which has been developed taking into account specific Russian operating conditions. Our first deliveries of this new machine are expected to be made during the second quarter of 2014.
- On 30 April the first dividend payment on our preference shares was made in an amount of SEK 50 per preference share, amounting to a total dividend payment of SEK 25m. For the AGM 2014 on 20 May the Board has proposed another dividend payment on preference shares for 2013 amounting to SEK 100 per preference share, i.e. in total SEK 50m.
- All in all we remain cautiously optimistic when looking forward into the remainder of 2014 and beyond as the long term fundamentals in the Russian construction equipment market remain strong. The short and medium term market development, however, is difficult to predict and the challenges described above create additional uncertainties. We continue to monitor the situation carefully and will adopt to possible changes in the overall market development.

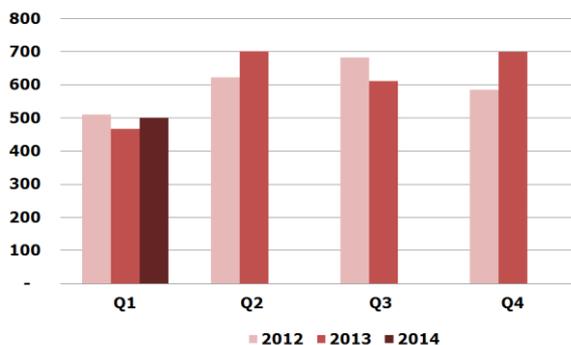
Revenue

During the first quarter of 2014 revenue increased by 7.3% to SEK 501.1m (SEK 467.0m). In rubles the increase amounted to 22.9%. Revenue from sale of equipment increased by 10.4% and revenue from the aftermarket (parts and service) declined slightly. In rubles, sale of equipment increased by 26.4% and revenue from the aftermarket increased by 12.9%.

New Units sold



Revenue, SEK m



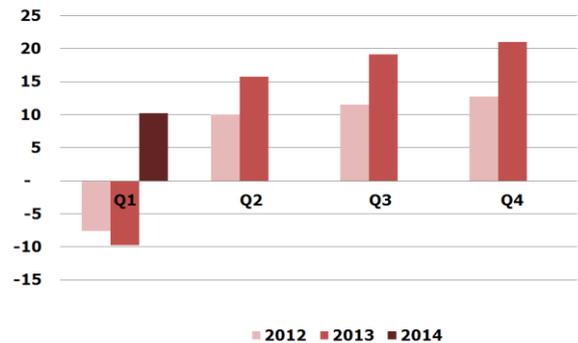
Gross profit and results from operating activities

Gross profit for the period amounted to SEK 77.7m (SEK 83.1m), a decrease of 6.5%.

The decrease in gross margin from 17.8% to 15.5% is primarily attributable to a few high margin transactions in the first quarter of 2013, resulting in unusually high gross margin during that quarter.

Results from operating activities for the first quarter amounted to SEK 10.2m (SEK -9.7m). This SEK 19.9m increase was primarily a result of a SEK 22.9m decrease in selling and general and administrative expenses, partly offset by the decrease in gross profit.

Results from operating activities, SEK m



Results

The result before income tax for the first quarter was SEK -1.2m (SEK -40.0m). The strong increase was primarily a result of the improved result from operating activities, and reduced financial costs and foreign exchange losses, both resulting from the repayment of the company's bond loan in the fourth quarter 2013.

As a result of the above, the after-tax-result increased to SEK -1.5m (SEK -34.6m).

Cash flow

In the first quarter of 2014 the Group's cash flow from operating activities amounted to SEK -6.2m (SEK 190.3m). This was primarily a result of higher inventories, which was partly offset by lower trade and other receivables and higher payables.

Cash flow from investing activities amounted to SEK -7.4m (SEK -5.4m), mainly relating to investments in property, plant and equipment and computer software licenses.

Financial position

The Group's cash and cash equivalents at 31 March 2014 amounted to SEK 150.1m, a decrease of approximately SEK 14m compared to year-end 2013. Interest-bearing liabilities at 31 March 2014 amounted to SEK 221.6m, a slight decrease of SEK 2.4m compared to year-end 2013 (interest-bearing liabilities include debt and obligations under financial leases, both short term and long term).

Equity at 31 March 2014 amounted to SEK 500.3m, a decrease of SEK 37.5m compared to year-end 2013. The decrease in equity during the first quarter is mainly an effect of translation due to depreciation of ruble against SEK.

Employees

The number of employees at the end of the quarter, converted to equivalent full-time employees, totaled 750 people. This represents an increase of 60 employees since the end of March 2013.

Parent company

As per 1 January 2014 the parent company has changed its reporting currency from euro to Swedish krona.

In the first quarter of 2014, the revenue of the parent company amounted to SEK 7.0m (SEK 1.1m). The increased revenue primarily relates to compensation paid by Ferronordic Machines LLC under an intra-group trademark license agreement which did not exist in the first quarter of last year. Administrative expenses amounted to SEK 3.9m (SEK 3.3m), an increase of 19% compared to the same period last year.

The after-tax result for the first quarter increased to SEK 8.7m (SEK -14.8m). This is primarily a result of increased revenue and elimination of finance costs following the redemption of the bond.

Risks and uncertainties

Ferronordic Machines is exposed to a number of risks, as described in Note 22 of the Annual Report 2013. Identifying, managing and pricing these risks are of fundamental importance to Ferronordic Machines' profitability. Save for the events in Ukraine and related sanctions, as described below, there have been no significant changes to what was stated in Note 22 of the 2013 Annual Report.

The beginning of 2014 has seen deterioration in relations between Russia and various members of the international community. Political instability and popular unrest in Ukraine have escalated tensions between Russia and Ukraine and resulted in Russia annexing the Crimean peninsula. As a result the European Council and the U.S. government have issued sanctions against certain Russian individuals and companies. Whilst these sanctions have not yet had any material impact on the Group's operations, the sanctions are still recent and their effect on Russia in general and on the Group's business, financial position and results in particular is still impossible to predict. Additionally, continued and increased tensions between Russia and other countries may have significant political consequences, which are

difficult to predict and may limit the Group's ability to conduct its business and may have an adverse effect on the Group's business, financial condition and results. Management continues to monitor potential effects carefully of the recent developments in Ukraine.

Annual general meeting, annual report 2013 and proposed dividends

The Annual General Meeting will be held on 20 May 2014. The Annual Report for 2013 was published on the website on 16 April 2014.

The Board's proposal to the Annual General Meeting is that no dividends will be paid on ordinary shares and that a dividend of SEK 100 shall be paid for each preference share.

Major events

In February Ferronordic Machines LLC, the Group's main operating entity, agreed on a SEK 91m (RUB 500m) revolving credit facility with OAO Promsvyazbank, a Russian bank. The facility is made for two years.

In February the Group also registered two new subsidiaries, LLC Ferronordic Torgovy Dom and LLC Ferronordic Kaliningrad, both wholly owned subsidiaries of Ferronordic Machines AB. The main purpose of LLC Ferronordic Torgovy Dom is to sell machines and services to governmental and municipal entities, as a result of specific Russian tender rules for such entities. LLC Ferronordic Kaliningrad is a local entity in Kaliningrad region which has been established to enjoy the benefits relating to Kaliningrad being a special economic zone within the Russian Federation, e.g. lower customs duties for local companies,

Events after the balance sheet date

In April Ferronordic Machines LLC agreed on a SEK 91m (RUB 500m) revolving credit facility with OAO Sberbank, a Russian bank. The facility is made for two years and is secured by a guarantee provided by Ferronordic Machines AB.

On 30 April the first dividend payment on preference shares was made in an amount of SEK 50 per preference share, amounting to a total dividend payment of SEK 25m.

As per 1 January 2014 the Group changed currency for presentation purposes from Euro (EUR) to the Swedish krona (SEK).

Outlook

All in all we are cautiously optimistic when looking forward into the remainder of 2014 and beyond as the long term fundamentals in the Russian construction equipment market remain strong.

The short and medium term market development, however, is difficult to predict and the recent events in Ukraine create additional uncertainties. We continue to monitor the situation carefully and will adopt to possible changes in the overall market development.

<u>Condensed consolidated statement of comprehensive income</u>	<u>Note</u>	<u>For the three months ended 31 Mar 14 SEK '000</u>	<u>For the three months ended 31 Mar 13 SEK '000</u>
Revenue	1	501 093	466 958
Cost of sales		(423 384)	(383 837)
Gross profit		77 709	83 121
Selling expenses		(19 461)	(25 142)
General and administrative expenses		(48 100)	(65 326)
Other income		1 597	306
Other expenses		(1 525)	(2 642)
Results from operating activities		10 220	(9 683)
Finance income		341	730
Finance costs		(8 199)	(20 801)
Net foreign exchange losses		(3 556)	(10 201)
Result before income tax		(1 194)	(39 955)
Income tax		(263)	5 394
Result for the period		(1 457)	(34 561)
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations		(36 045)	-
<i>Items that will never be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating to presentation currency		-	(1 770)
Other comprehensive income for the period, net of tax		(36 045)	(1 770)
Total comprehensive loss for the period		(37 502)	(36 331)
Earnings per share			
Basic earnings per share (SEK)		-0.15	-3.46

	31 Mar 14	31 Dec 13
Condensed consolidated statement of financial position	SEK '000	SEK '000
ASSETS		
Non-current assets		
Intangible assets	82 398	96 249
Property, plant and equipment	282 728	250 470
Deferred tax assets	28 295	22 893
Total non-current assets	393 421	369 612
Current assets		
Inventories	582 248	589 600
Trade and other receivables	266 039	338 516
Prepayments	1 141	1 047
Other current assets	652	709
Cash and cash equivalents	150 132	164 075
Total current assets	1 000 212	1 093 947
TOTAL ASSETS	1 393 633	1 463 559
EQUITY AND LIABILITIES		
Equity		
Share capital	937	1 027
Additional paid in capital	595 192	592 346
Translation reserve	(77 271)	(39 436)
Retained earnings	(17 102)	27 798
Result for the period	(1 457)	(43 934)
TOTAL EQUITY	500 299	537 801
Non-current liabilities		
Deferred tax liabilities	10 782	10 493
Long-term finance lease liabilities	17 529	24 312
Total non-current liabilities	28 311	34 805
Current liabilities		
Borrowings	169 842	162 800
Trade and other payables	634 577	657 756
Deferred income	12 490	15 446
Provisions	13 840	18 066
Short-term finance lease liabilities	34 274	36 885
Total current liabilities	865 023	890 953
TOTAL LIABILITIES	893 334	925 758
TOTAL EQUITY AND LIABILITIES	1 393 633	1 463 559
Pledged Assets and Contingent Liabilities		
Pledged Assets	205 620	197 098
Contingent Liabilities	-	6 321

Condensed consolidated statement of changes in equity

SEK '000	Attributable to equity holders of the Parent Company				
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance at 31 December 2013	1 027	592 346	(39 436)	(16 136)	537 801
Effect of change in functional currency	(90)	2 846	(1 790)	(966)	
Balance at 1 January 2014	937	595 192	(41 226)	(17 102)	537 801
Total comprehensive income for the period					
Loss for the period				(1 457)	(1 457)
Other comprehensive income					
Foreign exchange differences			(36 045)		(36 045)
Total comprehensive income for the period			(36 045)	(1 457)	(37 502)
Balance at 31 March 2014	937	595 192	(77 271)	(18 560)	500 299

SEK '000	Attributable to equity holders of the Parent Company				
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2013	983	103 925	(27 172)	52 798	130 534
Total comprehensive income for the period					
Loss for the period				(34 561)	(34 561)
Other comprehensive income					
Foreign exchange differences			(1 770)		(1 770)
Total comprehensive income for the period			(1 770)	(34 561)	(36 331)
Balance at 31 March 2013	983	103 925	(28 942)	18 237	94 203

Condensed consolidated statement of cash flows	For the three months ended 31 Mar 14 SEK '000	For the three months ended 31 Mar 13 SEK '000
Cash flows from operating activities		
Result before income tax	(1 194)	(39 955)
Adjustments for:		
Depreciation and amortization	20 791	26 909
Loss from write off of receivables	1 130	2 276
Loss (profit) on disposal of rental fleet	(3 493)	(561)
Finance costs	8 199	20 801
Finance income	(341)	(730)
Net foreign exchange losses	3 556	10 201
Cash flows from operating activities before changes in working capital and provisions	28 648	18 941
Change in inventories	(111 594)	(68 208)
Change in trade and other receivables	48 306	54 446
Change in prepayments	(180)	(187)
Change in trade and other payables	29 843	186 550
Change in provisions	(2 807)	832
Changes in other assets	-	(170)
Change in deferred income	(1 752)	5 538
Cash flows from operations before interest paid	(9 536)	197 742
Proceeds from sale of rental fleet	12 831	1 113
Income tax paid	(1 335)	(832)
Interest paid	(8 199)	(7 678)
Net cash from/(used in) operating activities	(6 239)	190 345
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	187
Interest received	341	612
Acquisition of property, plant and equipment	(6 224)	(3 661)
Acquisition of intangible assets	(1 560)	(2 540)
Net cash used in investing activities	(7 443)	(5 402)
Cash flows from financing activities		
Proceeds from borrowings	288 365	-
Repayment of other loans	(268 066)	(190 203)
Leasing financing received	4 912	-
Leasing financing paid	(9 450)	(7 058)
Net cash from/(used in) financing activities	15 761	(197 261)
Net decrease in cash and cash equivalents	2 079	(12 318)
Cash and cash equivalents at start of the period	164 075	165 671
Effect of exchange rate fluctuations on cash and cash equivalents	(16 022)	(3 592)
Cash and cash equivalents at end of the period	150 132	149 761

Key Ratios	Note	For the three months ended 31 Mar 14	For the three months ended 31 Mar 13
Gross margin, %	1	15.5%	17.8%
Operating margin, %	2	2.0%	-2.1%
Operating working capital, SEK'000	3	189 173	111 630
Net debt, SEK'000	4	71 513	371 804
Capital employed, SEK'000	5	571 812	466 008
EBITDA, SEK'000	6	31 011	17 226
Net debt/EBIDTA, times	7	0.4	3.2
EBITDA margin, %	8	6.2%	3.7%
Return on capital employed, %	9	12.8%	4.6%
Undiluted average number of ordinary shares	10	10 000 000	10 000 000
Diluted average number of ordinary shares	10	10 000 000	10 000 000
Undiluted earnings per ordinary share, SEK	11	(0.15)	(3.46)
Diluted earnings per ordinary share, SEK	11	(0.15)	(3.46)
No. of employees at close of period		750	690
Days receivables outstanding	12	40	36
Days inventory outstanding	13	124	130

Definitions

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|--|--|
| <ol style="list-style-type: none"> 1. Gross profit in relation to revenue 2. Results from operating activities in relation to revenue 3. Current assets less current liabilities excluding interest-bearing liabilities and cash and cash equivalents 4. Interest-bearing liabilities less cash and cash equivalents 5. Total equity and net debt 6. Results from operating activities less depreciation and amortization 7. Net debt in relation to EBIDTA during last twelve months 8. EBITDA in relation to revenue | <ol style="list-style-type: none"> 9. Result for last twelve months less finance cost and net foreign exchange gains/(losses) in relation to average capital employed 10. Weighted average number of ordinary shares, recalculated based on the number of shares after share split in October 2013 11. Result for the period less dividends declared on preference shares, divided by average number of ordinary shares 12. Outstanding receivables in relation to average daily sales 13. Outstanding inventory in relation to average daily cost of sales |
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	For the three months ended 31 Mar 14 SEK '000	For the three months ended 31 Mar 13 SEK '000
Parent Company income statement		
Revenue	7 001	1 107
Gross profit	7 001	1 107
Administrative expenses	(3 941)	(3 325)
Results from operating activities	3 060	(2 218)
Finance income	10 060	11 964
Finance costs	-	(13 686)
Net foreign exchange gains/(losses)	(1 913)	(10 825)
Result before income tax	11 207	(14 765)
Income tax	(2 551)	-
Result for the period	8 656	(14 765)
Parent Company statement of comprehensive income		
Result for the period	8 656	(14 765)
Other comprehensive income		
<i>Items that are to or may be reclassified to profit or loss:</i>		
Translation difference, Expanded net investments in foreign operations	(16 621)	-
Other comprehensive income for the period, net of tax	(16 621)	-
Total comprehensive income for the period	(7 965)	(14 765)

Parent Company Balance Sheet	31 Mar 14 SEK '000	31 Dec 13 SEK '000	31 Mar 13 SEK '000
ASSETS			
Non-current assets			
Property, plant and equipment	10	11	52
Intangible assets	9 597	10 705	14 027
Financial assets			
Holdings in subsidiaries	192 163	192 105	136 657
Loans to subsidiaries	264 370	285 178	322 204
Deferred tax assets	23 269	20 860	11 134
Total financial assets	479 802	498 143	469 995
Total non-current assets	489 409	508 859	484 074
Current assets			
Trade and other receivables	13 388	44 007	36 601
Prepayments	305	323	876
Cash and cash equivalents	33 280	5 013	1 633
Total current assets	46 973	49 343	39 110
Total assets	536 382	558 202	523 184
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	937	937	893
Unrestricted equity			
Share premium reserve	605 207	605 249	109 356
Translation reserve	(16 621)	-	-
Retained earnings	(88 075)	(61 751)	(36 986)
Result for the period	8 656	(26 324)	(14 765)
Total equity	510 104	518 111	58 498
Non-current liabilities			
Borrowings	-	-	419 119
Total non-current liabilities	-	-	419 119
Current liabilities			
Borrowings	-	-	-
Trade and other payables	26 278	40 091	45 567
Total current liabilities	26 278	40 091	45 567
Total liabilities	26 278	40 091	464 692
Total equity and liabilities	536 382	558 202	523 184

There were no pledged assets and contingent liabilities as of 31 March 2014, 31 December 2013 and 31 March 2013.

Basis of presentation and summary of significant accounting policies

1. Accounting Policies

Ferronordic Machines applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and recommendation RFR 2, issued by the Swedish Financial Reporting Board. Except as described below, the same accounting and valuation principles were applied in the preparation of this report as in the preparation of the 2013 Annual Report. Figures in parentheses refer to same period of the previous year.

As per 1 January 2014 the Group and the parent company have selected the Swedish krona (SEK) as the currency for presentation purposes. Previously the Group's consolidated financial statements were presented in euro. Management believes that the Swedish krona is a more appropriate presentation currency in the current environment. As per 1 January 2014 the parent company's functional currency has been changed from the Russian Ruble to the Swedish krona, since the Swedish krona better reflects the primary economic environment in which the parent company operates, particularly since the krona is the currency in which most of the cash flow from financing activities are generated. From 1 January 2014 the parent company's reporting currency was also changed from euro to Swedish krona.

In connection with the change of functional currency, all items of the parent company were recalculated from euro to Swedish krona using the exchange rate as at 1 January 2014. Comparative information of the parent company was also recalculated from euro to Swedish krona at the exchange rate as at 1 January 2014. Comparative information in the consolidated financial information was recalculated from euro to Swedish krona as if the new presentation currency had always been applied.

Starting from 1 January 2014, the non-current group-internal loan from the parent company to Ferronordic Machines LLC is regarded as a net investment in foreign operation. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of comprehensive income.

2. Determination of fair values

The basis for determination of fair value of financial assets and liabilities is disclosed in Note 5 in the Annual Report for 2013. The fair value of the Group's financial assets and liabilities approximates their carrying amounts.

3. Seasonal Variations

Ferronordic Machines' revenue and earnings are affected by seasonal variations in the construction industry. The first quarter is typically the weakest for sales of machines (as activity in construction and infrastructure projects is constrained during the winter months), but with strong demand in aftermarket (sale of parts and services). This is usually followed by a strong increase during the second quarter as contracts start to be put out for tender, and customers start preparing for the busy summer period. The third quarter tends to be slower with regard to both machine sales and aftermarket. In the fourth quarter activity usually strengthens as customers make year-end capital spending decisions.

4. Ferronordic Machines AB

Ferronordic Machines AB and its subsidiaries are sometimes referred to as the Group or Ferronordic Machines. Ferronordic Machines AB is also sometimes referred to as the company or Ferronordic Machines. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic Machines AB.

Notes

1. Operational Segment

The Group has one reportable segment, Equipment Distribution. No changes have been made to the basis for determining the reportable segment or the calculation of the result of the segment since the last annual report.

Revenue from the Equipment Distribution segment:

Revenue	For the three months ended 31 Mar 14 SEK '000	For the three months ended 31 Mar 13 SEK '000
Equipment Sales	369 601	334 883
Equipment Rentals	11 341	10 145
Aftermarket	120 151	121 929
Total revenues	501 093	466 958
Total delivery volume, units	For the three months ended 31 Mar 14	For the three months ended 31 Mar 13
New units	298	261
Used units	35	20
Total units	333	281

EBITDA to result for the period:

EBITDA	For the three months ended 31 Mar 14 SEK '000	For the three months ended 31 Mar 13 SEK '000
EBITDA	31 011	17 226
Depreciation and amortisation	(20 791)	(26 909)
Foreign exchange loss	(3 556)	(10 201)
Finance income	341	730
Finance costs	(8 199)	(20 801)
Result before income tax	(1 194)	(39 955)
Income tax benefit/(expense)	(263)	5 394
Result for the period	(1 457)	(34 561)

2. Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or the parent company compared with the information disclosed in the 2013 Annual Report.

This interim report for Ferronordic Machines AB (publ) has been disclosed following approval by the Board.

Stockholm, 7 May 2014

Lars Corneliusson
CEO and President

This report has been subject to a review by the Company's independent auditors.

About Ferronordic Machines

Ferronordic Machines is the authorized dealer of Volvo Construction Equipment in Russia. The company began its operations in June 2010 and has expanded rapidly across Russia and is today well established in all federal districts with over 70 outlets and over 700 employees. In addition to distributing and providing aftermarket support to Volvo Construction Equipment machines, the company has also been appointed aftermarket dealer for Volvo Trucks as well as dealer for Volvo Penta in certain parts of Russia. The company has also signed up some other high quality brands such as LogSet and several attachment manufacturers. The vision of Ferronordic Machines is to be regarded as the leading service- and sales company in the CIS markets.

Financial Calendar 2014

Interim report January-June	August 2014
Interim report January-September	November 2014
Year-end report 2014	February 2015

For more information, please contact:

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Ferronordic Machines discloses the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Act. The information was submitted for publication on 7 May 2014, 07:45 CET.

Review report

To the Board of Directors of Ferronordic Machines AB (publ)

Corp. id. 556748-7953

Introduction

We have reviewed the interim report of Ferronordic Machines AB (publ) as of 31 March 2014 and the three-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on review engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 7 May 2014

KPMG AB

Mattias Lötborn
Authorized Public Accountant