*STC Interfinans AB*
*Corporate Identification Number 556055-8636*

# FINANCIAL REPORTS 2017

The Board of Directors and the CEO of STC Interfinans AB hereby present the annual report and consolidated accounts for the financial year 2017.



Unless otherwise indicated, all amounts are reported in SEK thousands (TSEK).

## MANAGEMENT REPORT

### Nature and focus of the operations and significant events

STC Interfinans AB is a privately-owned, Swedish investment company that is engaged in long-term portfolio management. Growth in value is generated by STC Interfinans owning and managing assets that are related to the group’s areas of operation. The parent company is primarily engaged in business development, group management and group-wide functions as well as financial management.

The group is divided into three areas of activity, the property group Mälarum Fastigheter, the forestry group Åkers Kronopark, and financial management.

The group's financial management includes shares and other securities.

The management is conducted and controlled by a financial policy and investment rules that are determined by the Board of Directors of STC Interfinans on an annual basis. The Board of Directors has appointed an investment committee whose duty it is to choose advisers and allocate the capital in accordance with the financial policy and investment rules. The investment committee is headed by a board member appointed by the Board of Directors and in addition to this board member the company's CEO is also included in the committee. The management is evaluated on a semi-annual basis. The capital should be managed with low risk and predominantly with good accessibility.

STC Interfinans AB’s Board of Directors has four members. The CEO is not included in the Board of Directors. During the year, 5 board meetings where minutes were taken were held (6 in the previous year).

The work of the Board of Directors is regulated according to a work plan which is determined annually. This includes instructions to the CEO, decision-making procedures within the company and information procedures between the company management and the Board of Directors.

### Significant events

The year 2017 was marked by continued consolidation and restructuring of STC Interfinans’ total asset portfolio and in the property group the streamlining towards residential properties and commercial premises in Mälardalen has continued. Among others, the sale of the industrial property in Helsingborg in 2016 has impacted the group’s sales and operating profit for 2017.

Mälarum has in recent years transferred the centre of gravity in its property portfolio from industrial to residential properties, which is in accordance with the long-established strategy for the property group.

The unease that affected mainly residential developers during the second half of 2017 has not yet had time to influence the prices in the areas where Mälarum is seeking to expand. During 2017 we saw continued high price expectations from the seller’s side and buyers who accepted these levels. We have chosen to maintain a strong discipline for the acquisition activities and have therefore decided to put off acquisitions at these price levels.

The forestry group has during 2017 felled approx. 67% of the estimated growth of the forest.  By felling less than the growth we will gradually achieve the long-term goal of a more balanced age distribution of the productive forest within the group’s forest properties.

In Skogsbolaget Snäckstavik AB, work on investigating the requirements for cautious land development within the property Snäckstavik 3:110 has continued. In the current financial situation with low interest rates and strong pressure on residential property construction in the regions, STC Interfinans sees positive opportunities in developing parts of the land area in Snäckstavik for future residential purposes. In 2017, the subsidiary Skogsbolaget Snäckstavik received a positive planning response from the municipality of Botkyrka for the building of approx. 40-50 homes. The work on the detailed development plan will begin during the second quarter of 2018. The company has previously signed an agreement with one of the leading operators for the extraction of road and building materials in a planned quarry operation on the property. The County Administrative Board has approved it, but the matter has been appealed and is now in the hands of the Land and Environmental Court of Appeal, which is expected to give notification as to whether or not leave to appeal will be granted during the second quarter of 2018.

For 2017, the Board of Directors decided to revise the current financial policy and investment rules originating from 2010. This was based on the finding that both the financial world, but also the company's own financial and operational environment, have changed significantly over the last few years. Based on a long-term and prudent management philosophy and given the long-term and steady assets of the company in the forestry and property operations, the revision has resulted in slightly higher targets than in the past as regards the return on the securities portfolio. This has resulted in a reallocation of the securities portfolio. The profitability targets for each area of operation have also been clarified in order to achieve a higher total return while maintaining prudent management.

The company's securities portfolio has performed well during the year with an increase in value of approx. MSEK 47 or +4.8%. This despite the fact that the portfolio during the year has included a large proportion of short-term interest funds.

In the last quarter, and as an effect of the previously mentioned reallocation, some of the securities portfolio's increase in value has been realized, which has had a positive impact on the profit for the year. Unrealised, unrecorded growth amounts to MSEK 7.0 (34.9) at closing.

The parent company's investments for 2017 amount to MSEK 0.0 (0.0) and the group's investments total MSEK 15.4 (49.7).

**Expected future developments and significant risks and uncertainties**

After the sale of STC GreenFood in 2015, STC Interfinans has significantly reduced both the financial and operational risks to the level that it set as a goal for the last few years. In purely concrete terms, this means that STC Interfinans will focus in the future on forest ownership and property management as well as financial asset management. A natural consequence of this has been a substantial change in levels of both turnover, employee numbers and operating income.

The development work for the property Snäckstavik 3:110 will continue during 2018. The focus will also be on Mälarum's reduction of the industrial property portfolio and the expansion of the portfolio of rental properties for residential purposes.

During the first quarter of 2018, the parent company repaid the last external loans and therefore has no financial debt at all. A very strong financial position together with a well adapted organisation provide good opportunities for STC Interfinans to take advantage of future business opportunities.

**Environment**

In the forestry group Åkers Kronopark activities requiring registration and licensing are carried out in accordance with the Swedish Environmental Code.

The obligation of registration and licensing relates to final felling operations larger than 0.5 hectares, fertilisation of forest land, ditching work and road construction. During the year the group has not received any complaints on the activities that require a licence or notification.

The companies in the forestry group are certified in accordance with the Forest Stewardship Council (FSC) and are part of Holmen Skog AB's FSC certification group. This is an international standard that promotes ecofriendly social responsibility and economically viable use of the world's forests.

The companies within STC Interfinans work continuously to reduce energy consumption in their respective fields - both to reduce costs and to maintain an environmentally sustainable business.

**Use of financial instruments**
The parent company and the group's liquid assets, including financial investments (valued at acquisition cost) and financial receivables amounted to MSEK 1,021 (959) at closing. The parent company and the group’s interest-bearing debt excluding intra-group liabilities amounted to MSEK 18 (18).

The parent company and the group work with the financial risks based on the finance policy set out annually by the Board of Directors. A significant part of the policy relates to investments made within the framework of financial management. These investments are conducted based on investment rules determined annually by the Board of Directors, which stipulates an investment ceiling and asset types. Selecting advisers and tactical allocation is the responsibility of the investment committee. The CEO is responsible for the ongoing liquidity management.

The group's financial risks are categorised according to the following risks.

The c*urrency risk* is divided into trading risk and balance sheet risk. There is no longer any significant trading risk in the group. The balance sheet risk relates to the risk that the value of the assets will change as an effect of fluctuations in exchange rates. The balance sheet risk in the group relates to the part of the securities portfolio that is invested in global unit trusts and to a certain extent in alternative investments. This risk is part of the allocation strategy and over the long-term and based on the total portfolio perspective it has a risk-reducing effect.

The c*redit risk* is divided into the risks in financial operations and the credit risk in accounts receivable. The management of credit risk in the financial operations is set out in the investment rules, and the investment policy should be directed towards low overall risk. The financial operations have during the financial year had MSEK 0 (0) in credit losses. The customer credit risk is managed within each subsidiary with respect to the individual subsidiary’s operations and customer structure. This risk has fallen significantly since 2015. Anticipated or identified customer credit losses are recorded against operating income and amounted to a total of MSEK 0 (0) for this year.

The *interest rate risk* is the risk for a negative effect on the group's earnings as a result of the fact that the value of a financial instrument varies based on changes in market interest rates. As the parent company and the group are, in principle, debt-free, they are not exposed to any interest rate risks of any significance with respect to debt interest. The parent company’s interest rate risk with respect to investments are regulated by the investment rules primarily through high liquidity and relatively short maturities.

The *financing risk* is the risk associated with not being able to finance financial commitments that have been entered into. These risks are managed by the guidelines provided in STC Interfinans’ finance policy regarding the group's level of leverage, investment policy and liquidity in the finance portfolio. Against the background of the group's financial position, low leverage rate and its high share of real securities, the financing risk is deemed to be virtually non-existent.

**Foreign subsidiaries**
STC Interfinans AB and its subsidiaries do not currently have an operations carried out by overseas subsidiaries.

**Multi-year comparison**
***Group MSEK***

| | | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| Net sales | | 37 | 51 | 1,905 | 2,986 | 3,046 |
| Operating income before depreciation and impairment/EBITDA | | -4 | 15 | 37 | 86 | 86 |
| Earnings after financial items | | 60 | 227 | 365 | 54 | 50 |
| Net earnings after tax | | 48 | 227 | 367 | 40 | 48 |
| Equity | | 1,614 | 1,566 | 1,339 | 1,064 | 1,022 |
| Balance sheet total | | 1,684 | 1,640 | 1,442 | 1,583 | 1,580 |
| Equity ratio | % | 96 | 95 | 93 | 67 | 65 |
| Return on equity | % | 3 | 16 | 31 | 4 | 5 |
| Return on capital employed | % | 4 | 15 | 29 | 5 | 5 |
| Number of employees | | 11 | 13 | 336 | 568 | 552 |

2015 earnings and employee information include STC GreenFoods business up to and including 31/7/2015.

***Parent company MSEK***

| | | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| Net sales | | 1 | 1 | 1 | 2 | 2 |
| Operating income before depreciation and impairment/EBITDA | | -17 | -15 | -33 | -16 | -18 |
| Earnings after financial items | | 64 | 78 | 284 | 14 | 7 |
| Net earnings after tax | | 51 | 79 | 284 | 29 | 33 |
| Equity | | 1,447 | 1,396 | 1,317 | 1,129 | 1,100 |
| Balance sheet total | | 1,724 | 1,688 | 1,505 | 1,422 | 1,510 |
| Equity ratio | % | 84 | 83 | 87 | 79 | 73 |
| Return on equity | % | 4 | 6 | 23 | 3 | 3 |
| Return on capital employed | % | 5 | 6 | 20 | 3 | 3 |

Definition of key indicators, see note 31.

**Appropriation of earnings**

The following retained earnings will be appropriated by the Annual General Meeting (SEK):

| | |
|---|---|
| Retained earnings from previous year | 1,214,340,950 |
| Net income | 50,651,460 |
| | 1,264,992,410 |
| to be carried forward | 1,264,992,410 |
| | 1,264,992,410 |

With regard to the company's earnings and financial position, we refer to the income statement and balance sheet provided below with the associated cash flow statement, additional information and notes.

# INCOME STATEMENT

| TSEK | Note | Group 2017-01-01 2017-12-31 | Group 2016-01-01 2016-12-31 | Parent company 2017-01-01 2017-12-31 | Parent company 2016-01-01 2016-12-31 |
|---|---|---|---|---|---|
| *Operating income, etc.* | | | | | |
| Net sales | 3 | 36,746 | 51,247 | 700 | 700 |
| Other operating income | | 3,107 | 3,023 | 53 | 167 |
| Total operating income etc | | 39,853 | 54,270 | 753 | 867 |
| *Operating expenses* | | | | | |
| Property costs | | -13,633 | -12,262 | – | – |
| Forestry production costs | | -1,783 | -1,145 | – | – |
| Other external expenses | 4, 5 | -8,203 | -9,554 | -6,016 | -7,258 |
| Staff costs | 6 | -19,116 | -16,012 | -12,037 | -8,269 |
| Depreciation, amortisation and impairment losses of tangible and intangible assets | | -14,443 | -15,894 | -57 | -209 |
| Other operating expenses | | -888 | -85 | – | – |
| Total operating expenses | | -58,066 | -54,952 | -18,110 | -15,736 |
| **Operating earnings** | | **-18,213** | **-682** | **-17,357** | **-14,869** |
| *Earnings from financial items* | | | | | |
| Earnings from shares in group companies | 7 | 4,000 | 181,509 | 4,000 | 43,859 |
| Earnings from other securities and receivables | 8 | 67,967 | 40,959 | 67,967 | 40,959 |
| Other interest rate income and similar items | 9 | 7,328 | 6,203 | 10,629 | 9,558 |
| Interest rate expenses and similar items | 10 | -958 | -1,084 | -956 | -1,168 |
| **Earnings after financial items** | | **60,124** | **226,905** | **64,283** | **78,339** |
| Appropriations | 11 | – | – | 1,187 | 1,523 |
| Tax profit for the year | 12 | -12,093 | -168 | -14,819 | -889 |
| **Net income** | | **48,031** | **226,737** | **50,651** | **78,973** |
| Attributable to: | | | | | |
| Parent company’s shareholders | | 48,031 | 226,737 | | |

# BALANCE SHEET

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| TSEK | *Note* | 2017-12-31 | 2016-12-31 | 2017-12-31 | 2016-12-31 |
| **ASSETS** | | | | | |
| **Fixed assets** | | | | | |
| **Intangible assets** | | | | | |
| Capitalised development costs, licenses and similar work | 13 | 187 | 284 | – | – |
| **Total intangible assets** | | **187** | **284** | **0** | **0** |
| **Tangible assets** | | | | | |
| Land and buildings | 14, 15 | 569,714 | 579,237 | – | – |
| Plant and machinery | 16 | 6,994 | 9,025 | – | – |
| Equipment, tools and installations | 17 | 1,859 | 2,119 | 586 | 643 |
| Art | | 1,429 | 1,429 | 795 | 795 |
| Construction in progress and prepayments for tangible assets | 18 | 13,302 | 475 | – | – |
| **Total tangible assets** | | **593,298** | **592,285** | **1,381** | **1,438** |
| **Financial fixed assets** | | | | | |
| Shares in group companies | 19 | – | – | 331,049 | 331,049 |
| Receivables from group companies | | – | – | 327,478 | 332,544 |
| Other long-term securities holdings | | 537,252 | 13,794 | 537,241 | 13,783 |
| Tenant-owner rights | | 23,548 | 23,548 | – | – |
| Deferred tax assets | 22 | 25,722 | 39,107 | 24,288 | 39,107 |
| Other long-term receivables | | 95,279 | 82,739 | 95,279 | 82,739 |
| **Total financial assets** | | **681,801** | **159,188** | **1,315,335** | **799,222** |
| **Total fixed assets** | | **1,275,286** | **751,757** | **1,316,716** | **800,660** |
| **Current assets** | | | | | |
| **Inventories, etc.** | | | | | |
| Raw materials and consumables | | 96 | 102 | – | – |
| **Total inventories** | | **96** | **102** | **0** | **0** |
| **Current receivables** | | | | | |
| Accounts receivable | | 1,117 | 1,998 | – | 25 |
| Receivables from group companies | | – | – | 1,447 | 2,039 |
| Other receivables | | 1,945 | 1,800 | 871 | 1,216 |
| Prepayments and accrued income | 20 | 1,665 | 8,629 | 857 | 7,597 |
| **Total current receivables** | | **4,727** | **12,427** | **3,175** | **10,877** |
| **Short-term investments** | | | | | |
| Other short-term investments | | 393,358 | 858,948 | 393,358 | 858,948 |
| **Total short-term investments** | | **393,358** | **858,948** | **393,358** | **858,948** |
| **Cash and bank balances** | | **10,868** | **17,080** | **10,868** | **17,077** |
| **Total current assets** | | **409,049** | **888,557** | **407,401** | **886,902** |
| **Total assets** | | **1,684,335** | **1,640,314** | **1,724,117** | **1,687,562** |

## BALANCE SHEET

| TSEK | *Note* | Group 2017-12-31 | Group 2016-12-31 | Parent company 2017-12-31 | Parent company 2016-12-31 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| *Restricted equity* | | | | | |
| Share capital | | 150,000 | 150,000 | 150,000 | 150,000 |
| Reserves | | | | 31,559 | 31,559 |
| **Total restricted equity** | | | | 181,559 | 181,559 |
| *Unrestricted equity* | | | | | |
| Other equity including net profit | | 1,463,786 | 1,415,755 | | |
| Retained earnings | | | | 1,214,341 | 1,135,368 |
| Net income | | | | 50,651 | 78,973 |
| **Total unrestricted equity** | | | | 1,264,992 | 1,214,341 |
| Equity attributable to the parent company's shareholders | | 1,613,786 | 1,565,755 | | |
| **Total equity** | | **1,613,786** | **1,565,755** | **1,446,551** | **1,395,900** |
| **Provisions** | | | | | |
| Provisions for pensions and similar obligations | 21 | 19,040 | 17,132 | 19,040 | 17,132 |
| Deferred tax liabilities | 22 | 11,578 | 12,968 | – | – |
| Other provisions | 23 | 5,000 | 9,000 | 5,000 | 9,000 |
| **Total provisions** | | **35,618** | **39,100** | **24,040** | **26,132** |
| **Long-term liabilities** | 24 | | | | |
| Liabilities to group companies | | – | – | 232,353 | 243,302 |
| Other liabilities | | 1,029 | 18,845 | – | 18,000 |
| **Total long-term liabilities** | | **1,029** | **18,845** | **232,353** | **261,302** |
| **Current liabilities** | | | | | |
| Accounts payable | | 5,945 | 5,158 | 359 | 476 |
| Liabilities to group companies | | – | – | 155 | 1,470 |
| Current tax liabilities | | – | 235 | – | – |
| Other liabilities | | 20,409 | 2,378 | 19,312 | 154 |
| Accrued expenses and deferred income | 25 | 7,548 | 8,843 | 1,347 | 2,128 |
| **Total current liabilities** | | **33,902** | **16,614** | **21,173** | **4,228** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,684,335** | **1,640,314** | **1,724,117** | **1,687,562** |

## CHANGES IN EQUITY

| **Group** | Share capital | Other equity including net profit | Total equity |
|---|---|---|---|
| Opening balance **01/01/2017** | **150,000** | **1,415,755** | **1,565,755** |
| Net income | – | 48,031 | 48,031 |
| Closing balance **31/12/2017** | **150,000** | **1,463,786** | **1,613,786** |

## CHANGES IN EQUITY

| **Parent company** | Share capital | Reserves | Retained profit/loss | Profit/loss for the year | Total equity capital |
|---|---|---|---|---|---|
| Opening balance **01/01/2017** | 150,000 | 31,559 | 1,135,368 | 78,973 | 1,395,900 |
| Transfer of profit from previous year | – | – | 78,973 | -78,973 | – |
| Net income | – | – | 0 | 50,651 | 50,651 |
| Closing balance **31/12/2017** | **150,000** | **31,559** | **1,214,341** | **50,651** | **1,446,551** |

Shares in the parent company consist of 777,274 class A shares and 545,452 class B shares. Total 1,322,726 shares. Both share classes have a par value of SEK 113,40.
The voting value is 1 for class A shares and 1/10 for class B shares.

| **Owner** | **Number of shares** | **Capital %** | **Votes %** |
|---|---|---|---|
| Interscan Holding Ltd | 545,452 | 41% | 7% |
| Belpay S.A | 777,274 | 59% | 93% |

## CASH FLOW ANALYSIS

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| TSEK | *Note* | 2017-01-01<br>2017-12-31 | 2016-01-01<br>2016-12-31 | 2017-01-01<br>2017-12-31 | 2016-01-01<br>2016-12-31 |
| **Ongoing operations** | | | | | |
| Operating earnings | | -18,213 | -682 | -17,357 | -14,869 |
| Adjustment for items not included in the cash flow, etc. | *30* | 15,331 | 3,093 | 57 | 74 |
| Interest received and net payments from financial assets under management | | 69,492 | 5,052 | 72,793 | 8,407 |
| Interest paid etc | | -958 | -1,284 | -956 | -1,368 |
| Income tax paid | | -98 | – | – | – |
| Cash flow from ongoing operations before changes in operating capital | | 65,554 | 6,179 | 54,537 | -7,756 |
| *Changes in operating capital:* | | | | | |
| Change in inventory | | 6 | 85 | – | – |
| Change in trade and other receivables | | 941 | -5,384 | 942 | 1,956 |
| Change in accounts payable and other liabilities | | -712 | -6,176 | -1,055 | -4,305 |
| **Net cash flow from ongoing operations** | | **65,789** | **-5,296** | **54,424** | **-10,105** |
| **Investment activity** | | | | | |
| Acquisition of tangible and intangible assets | | -16,248 | -4,790 | – | -21 |
| Sale of tangible and intangible assets | | – | 2,041 | – | 130 |
| Disposal of shares in group companies | | – | 176,781 | – | – |
| Acquisition of shares in group companies | | – | -44,894 | – | – |
| Disposal of other shares | | – | 87,310 | – | 87,310 |
| Change in other financial assets | | 381 | 34,219 | 5,447 | -14,215 |
| **Cash flow from investment activity** | | **-15,867** | **250,667** | **5,447** | **73,204** |
| **Financing activity** | | | | | |
| Group contributions received | | – | – | 1,342 | 2,112 |
| Group contributions paid | | – | – | -155 | -589 |
| Change in group loans | | – | – | -10,949 | 181,961 |
| Change in external loans | | 184 | -12,710 | – | -12,000 |
| **Cash flow from financing activity** | | **184** | **-12,710** | **-9,762** | **171,484** |
| **Cash flow for the year** | | **50,106** | **232,661** | **50,109** | **234,583** |
| Cash and cash equivalents at the beginning of the year | | 876,028 | 643,367 | 876,025 | 641,442 |
| **Cash and cash equivalents at the end of the year** | | **404,226** | **876,028** | **404,226** | **876,025** |

# Note 1 Accounting and valuation principles

The group and parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3).
The main accounting and valuation principles used in the preparation of these financial statements are summarised below. If the parent company applies different principles, these are stated under *Parent company* below.
The accounting policies were the same as the previous year.

## Valuation principles, consolidated financial statements

### Consolidated financial statements

The consolidated financial statements combine the operations of the Parent Company and all subsidiaries up to 31 December 2017. Subsidiaries are all companies in which the group has rights to govern the company's financial and operational strategies in order to obtain financial benefits. The group achieves and exercises controlling influence by holding over half of the votes. All subsidiaries have their balance sheet date on 31 December and apply the parent company's valuation principles.

The group financial statements are presented in the currency SEK, which is also the parent company's accounting currency.
Earnings for subsidiaries that were acquired or disposed of during the year are reported from the date the acquisition or until the date the disposal comes into affect, as appropriate.
Minority interests are reported as part of equity and represent the share of a subsidiaries earnings and net assets which are not held by the group. The group distributes the net earnings of subsidiaries among the parent company's owners and the minority based on their respective ownership interests.

**Transactions eliminated on consolidation**
Group company transactions and balance items are eliminated in full on consolidation, including unrealised gains and losses on transactions between group companies.

**The acquisition method**
The group applies the acquisition method of accounting for business acquisitions, meaning that the reported value of the parent company's share in the group company is eliminated by offsetting it against the subsidiary's equity at the time of acquisition.
The parent company prepares an acquisition analysis as at the acquisition date to identify the group's acquisition value, both for the shares and for the subsidiary's assets, provisions and liabilities. The business acquisition is reported in the group from the time of the acquisition.
The cost of the acquired unit is calculated as the total of the purchase price, i.e.
fair value at the date of acquisition for paid assets plus accrued and assumed liabilities and issued equity instruments:
+ costs directly attributable to the business acquisition
+ additional purchase price or the equivalent if it can be estimated reliably.
The value of the minority share is added to the acquisition value.

The group reports identifiably acquired assets and assumed liabilities in the business acquisition, regardless of whether they have previously been reported in the acquired company's financial reports before the acquisition or relate to the minority interest. The acquired assets and assumed liabilities are normally valued at the fair value as at the acquisition date.
Goodwill is determined based on separate recognition of identifiable intangible assets. It is calculated as the excess amount of the sum of a) fair value of the consideration transferred, b) the carrying amount for any non-controlling interest in the acquired company and c) fair value at the date of acquisition for any existing ownership interest in the acquired company, and the fair values at the acquisition date for identifiable net assets.
If the fair values for identifiable net assets exceeds the calculated amount as above, there is negative goodwill.
Acquisition and disposal of minority interests is recognised in equity.

#### Untaxed reserves
The equity share of untaxed reserves is included in the item *Other equity including profit for the year* .

## Valuation principles Income statement

### Income
Income originates from forest felling, leasing of properties, residential properties and premises as well as performance of services and is reported in the item *Net Sales* . Income is valued at the fair value received or that will be received, excluding discounts or similar price reductions as well as VAT. Amounts received on behalf of others are not included in the group's income.

#### Operating leases
The group receives rental income from operating leases relating to the group's investment properties. Rental income is recognised as income over the lease period. Assets leased out under operating leases remain in the group as tangible assets since the rights and obligations are retained by the group. These assets are measured in the same way as other tangible assets.

#### Insurance claims
During downtime, damage or similar, which is wholly or partly covered by the group's insurance, an estimated insurance compensation is reported when this can be measured reliably. Insurance claims are reported under *Other operating income* .

#### Interest income
Interest income is recognised as it is earned.

#### Dividends received
Revenue from dividends is recognised when the right to receive payment is established.

### Public contributions
A public contribution that is not associated with requirements for future performance is recognised as revenue when the conditions for the contribution are met. A public contribution that is associated with requirements of future performance is recognised when the performance is carried out. Received contributions where all the conditions have not yet been met are reported under *Other liabilities* .

Public contributions are reported under *Other operating income* .

## Valuation principles Balance sheet

### Intangible assets
Intangible assets are valued at cost less accumulated amortisation and impairment losses.
Cost does not include borrowing costs.

#### Capitalised development costs, licences and similar work
Capitalised costs of acquired software/licenses consist of expenses for the purchase and installation of specific software.

#### Amortisation
Amortisation of the depreciable amount is amortised over the estimated useful life. Amortisation begins when the asset can be used. Licenses are amortised over the term of the contract. Useful lives are reviewed at each reporting date. The following useful lives are used:

* Capitalised development costs: 5 years
* Licenses: 5 years

**Derecognition**
An intangible asset is derecognised on disposal or when no future economic benefits are expected from use, disposal or sale of the asset.
When intangible assets are disposed of, the capital gain is determined as the difference between the selling price and the asset's carrying value and is recognised in the income statement in one of the items *Other operating income* or *Other operating expenses* .

## Tangible assets

Tangible assets are initially recognised at acquisition or production costs, including costs to bring the asset into the location and condition to be used according to the intentions of the investment. The cost includes the purchase price and other directly attributable expenses such as expenses for shipping, handling, installation, assembly, title and consulting services.
Cost does not include borrowing costs.
Tangible assets also include equipment held under finance leases.
The cost of the group's buildings/equipment has, in some cases, been divided into components.
Tangible assets are subsequently measured at cost less accumulated depreciation and impairment losses plus revaluation. Land is valued at cost less any impairment losses.

**Amortisation**
Depreciation of tangible assets is done by the asset/component's depreciable amount over its useful life and begins when the asset/component is used. Depreciation is done on a straight line basis. The following useful lives are applied:
* Buildings: 10-100 years
* Plant and machinery: 5-12 years
* Equipment, tools and installations: 5 years

**Additional expenses**
Replacement of component and new components are included in the asset's cost. Other additional expenses are included in the cost of the asset if it is probable that future economic benefits associated with the asset will flow to the group and the cost can be measured reliably. If not, costs are expensed.

**Derecognition**
Tangible assets or components are derecognised on disposal or when no future economic benefits are expected from use, disposal or sale of the asset or component.
When tangible assets are disposed of, the capital gain is determined as the difference between the selling price and the asset's carrying value and is recognised in the income statement in one of the items *Other operating income* or *Other operating expenses* .

## Leases

Leases are classified either as a financial or operating lease when the lease is entered into.

**Financial lease**
A financial lease is a lease under which the economic risks and benefits that are associated with owning an asset are essentially transferred from the lessor to the lessee.
When the group is the lessee in this type of lease, the rights and obligations are recognised as an asset and liability in the consolidated accounts. Assets and liabilities are recognised at the start of the lease at the lower of the leased asset's fair value and the current value of the minimum lease payments. The minimum lease payments are divided into interest and amortisation.
Depreciation of leased assets under financial leases is done over the estimated useful life. Variable charges are expensed in the year in which they are incurred.

**Operating leases**
Leases other than financial leases are operating leases. Then the group is the lessee, the lease charges related to operating leases are expensed on a straight line basis over the lease term. Associated expenses such as maintenance and insurance are expensed when they are incurred.

## Testing for impairment of intangible and tangible fixed assets

On each balance sheet date, an assessment is made of whether there is any indication that the value of an asset is lower than its carrying value. If there is such an indication, the asset's recoverable amount is calculated. If the recoverable value is lower than the carrying value, an impairment loss is expensed.

An internally generated intangible asset that is not yet ready to be used or sold on the balance sheet date is always tested for impairment.
The recoverable value for an asset or a cash-generating unit is the higher of the fair value less selling costs and the useful value.
The fair value less selling costs is the price that the group/parent company expects to obtain in a sale between knowledgeable parties which are independent of each other and are interested in conducting the transaction. Deductions are made for those costs that are directly attributable to the sale.
The useful value consists of the future cash flow that an asset or a cash-generating unit is expected to generate.
When testing for impairment, assets are grouped into cash-generating units. A cash-generating unit is the smallest identifiable group of essentially independent payments. The result is that the impairment is tested individually for some assets and others are tested at the cash-generating unit level. Goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the related business acquisitions and represent the lowest level in the group in which goodwill is monitored.
Impairment losses on cash-generating units first reduce the carrying amount for the goodwill that is allocated to the cash-generating unit. Any remaining impairment loss reduces the other assets in the cash-generating units proportionally.

With the exception of goodwill, a reassessment of all assets for signs of a previous impairment is no longer justified. An impairment loss is reversed if the asset's or the cash-generating unit's recoverable value exceeds the carrying value and is attributed proportionally over all assets apart from goodwill.

## Investment property

Investment property is property that is held to generate rental income and/or capital appreciation. Investment property is initially recognised at cost, i.e. in the same way as other tangible fixed assets.
Investment property is included in the item *Buildings and land* and has also been recognised separately in an individual note.
Rental income and operating expenses related to investment property are included in the items *Net sales* or *Other external expenses* .

## Receivables and liabilities in foreign currencies

Monetary items denominated in foreign currencies are translated at the closing rate and the resulting exchange rate differences are recognised in the income statement. Exchange rate gains and losses related to operating receivables and liabilities in foreign currencies are reported in the items *Other operating income* and *Other operating expenses* . Other foreign exchange gains and losses are reported under *Income from financial items* .
A monetary item that is considered to be part of the group's net investment in a foreign operation is recognised in the company where the difference occurs and in the consolidated accounts as a separate component directly in equity.

## Financial instruments

**Recognition and valuation**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual terms of the financial instrument.
Accounts receivable are valued at cost less any expected losses. Accounts payable and other non-interest-bearing liabilities are valued at the nominal amounts.
Financial assets and financial long-term liabilities and interest-bearing short-term financial liabilities and debts are valued both at initial recognition and at the subsequent valuation at amortised cost, which is normally the same as fair value (transaction value) at the time of acquisition plus directly attributable transaction costs such as brokerage fees.

### Impairment of financial assets

At each balance sheet date the group assesses whether there are indication of impairment. This assessment is done individually for each item.

At each balance sheet date an assessment is made of whether an earlier impairment should be reversed totally or partly because the reason behind the impairment has changed.

### Derecognition

Financial assets are derecognised when the contractual rights to the cash flow from the asset expire or are settled, or when the risks and benefits associated with the asset are transferred to another party.  Financial liabilities are derecognised when the contractual obligation is fulfilled or expires.

## Inventories

Inventories are valued based on the lower of cost or market principle, i.e. the lower of the acquisition value and estimated net sales value including an assessment of obsolescence. Calculation of the acquisition value has been done using the first-in first-out method.

## Income tax

Income tax consists of current and deferred tax. Income tax is recognised in the income statement except when an underlying transaction is recognised in equity, whereby the associated tax effect is also recognised in equity.
Current tax assets and tax liabilities and/or deferred tax assets and liabilities are offset where there is a legal right to do so.

### Current tax

Current tax is the tax expense for the current financial year relating to the taxable income for the year and the part of the previous financial year’s income tax that has not yet been reported. Current tax is valued at the probable amount based on the tax rates and tax regulations applicable on the balance sheet date and the current value is not calculated.

### Deferred tax

Deferred tax is income tax for the taxable income related to future financial years as a result of past transactions or events.
Deferred tax is calculated using the liability method on all temporary differences, i.e. differences between the carrying amounts of assets and liabilities and their tax values and tax losses.
No provision is made for deferred tax on temporary differences relating to holdings in subsidiaries or joint ventures since the group can control the timing of the reversal of the temporary differences and such a reverse will not take place in the foreseeable future.
No provision is made for deferred tax on initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences and the possibility of future use of tax losses carried forward.
Deferred tax assets and liabilities are measured based on how the group expects to recover/regulate the carrying value of the corresponding asset/liability. Valuation is done without discounting and the tax rates and tax laws that have been enacted at the balance sheet date. A deferred tax asset is valued at no more than the amount likely to be recovered based on current or future taxable earnings, which are reviewed at each reporting date.

### Other short-term investments/other long-term securities holdings

The group's securities portfolio consists of a variety of financial instruments traded on an active market and held for risk diversification. The securities portfolio is valued on a portfolio basis and at the lower of cost and fair value.

## Cash and cash equivalents

Cash and cash equivalents consist of cash funds and balances available at banks and other credit institutions.

## Equity

Shareholders' equity consists of the following items:
*Share capital* , which represents the nominal value of issued and registered shares.
*Other paid-in capital* , which includes any premiums received on the issue of new share capital. Any transaction costs associated with the issue of new shares is deducted from the premium, taking into account any income tax effects.
*Other equity including profit for the year* , which includes the following:
* Reserve Funds
* Shareholders' equity in untaxed reserves.
* Conversion reserve, includes conversion differences from conversions of financial statements for the Group's foreign operations to SEK.
* Reserves for financial assets available for sale and cash flow hedges that include gains and losses related to these types of financial instruments.
* Acquired own shares
* Retained earnings, i.e. all retained profits and share-based compensation for the current and previous periods.

All transactions with the parent company owners are recognised separately in equity.
Dividends payable are included in *Other liabilities* when the dividends were approved at a general meeting before the closing date.

## Employee benefits

### Short-term benefits

Short-term employee benefits, such as wages, holiday pay and bonus are employee benefits which fall due within 12 months from the closing date of the year in which the employee earned the benefit. Short-term benefits are valued at the undiscounted amount that the group expects to pay as a result of the unused entitlement.

### Post-employment benefits

The group provides post-employment benefits in the form of pensions through various defined benefit and defined contribution plans.

### Defined contribution pension plans
The group pays fixed contributions to other legal persons related to several state plans and insurance for individual employees. The group has no legal or constructive obligations to pay further contributions in addition to payment of the fixed contribution, which is recognised as an expense in the period in which the relevant service is rendered.

### Defined benefit pension plans
Pension plans other than defined contribution plans are defined benefit pension plans. With these, the group retains the legal obligation for any benefits, even if the plan assets are reserved for the funding of the defined benefit plan. Plan assets may include specifically identified assets in a pension fund or insurance policies, which are plan assets.
The group's defined benefit plans that are regulated by the payment of pension premiums are recognised as defined contribution pension plans and therefore these are expensed in the period in which the relevant service is rendered.
The group has endowment insurance taken out to cover pension obligations to employees. The endowment insurance is reported as an asset under *Financial assets* . The obligation is valued at the carrying value of the endowment policy plus payroll tax.

Defined benefit pension plans in foreign subsidiaries are recognised under national rules.

## Provisions, contingent liabilities and contingent assets
### Provisions
Provisions for sales guarantees, legal proceedings or other claims are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. The timing or amount of the outflow may still be uncertain.
Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, based on the best information available at the balance sheet date. Provisions are discounted to their present values where the time value of money is significant.
Possible remedies that a group is almost sure to be able to obtain from an external party to the obligation is recognised as a separate asset. However, this asset cannot exceed the amount of the related provision.
The provision will only be utilised for the expenditure for which the provision was originally intended.
The provision is reviewed at each balance sheet date. Adjustments are recognised in the income statement.

### Contingent liabilities
The following are recognised as contingent liabilities
* a possible obligation arising from past events and whose existence will only be confirmed by one or more uncertain future events not wholly within the group's control, occurring or not occurring, or
* a present obligation as a result of past events, but not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the obligation can not be measured with sufficient reliability.

# Accounting principles

## The parent company's valuation principles

The parent company applies the same valuation principles as the group except as follows:

### Leases

All rental payments are expensed on a straight-line basis over the lease term.

### Dividends from subsidiaries

Dividends from subsidiaries are recognised as revenue when the parent company's right to the dividend is deemed certain and the amount can be estimated reliably.

### Shares in subsidiaries

Shares in subsidiaries are valued at cost, if appropriate less impairment losses. Dividends from subsidiaries are recognised as income.

### Group contributions

All group contributions paid and received are recorded as appropriations.

### Shareholder contributions

The parent company reports shareholder contributions as an increase in value of the shares in the subsidiary.
Repayment of shareholder contributions reduces the book value of the shares in the subsidiary.
Shareholder contributions received are reported as an increase in equity.
Repayment of received shareholder contributions of received shareholder contributions reduces equity.

# Note 2 Accounting estimates

When the financial statements are prepared, the board of directors and the CEO, in accordance with the accounting and valuation principles, must make certain estimates and assumptions that affect the recognition and measurement of assets, provisions, liabilities, income and expenses. The areas where such estimates may have great importance for the group, and which may affect the income statements and balance sheets in the future, are described below.

## Significant estimates

The following are the significant estimates made in applying the group's accounting policies that have the most significant effect on the financial statements.

### Capitalisation of intangible assets

The group holds capitalised intangible assets that are not yet completed. These must be tested for impairment at least annually. To do this, there must be an estimate of future cash flows attributable to the asset or cash-generating unit to which the asset will be attributed when it is completed. An appropriate discount rate should also be determined to be able to discount these estimated cash flows.

### Recognition of deferred tax assets

The estimate of the extent to which deferred tax assets can be recognised is based on an assessment of the likelihood of the group's future taxable income against which deferred tax assets can be utilised. In addition, important considerations are required when assessing the impact of certain regulatory and financial constraints or uncertainties in various jurisdictions.

### Ongoing litigation

The group has no ongoing litigation of material significance and whose outcomes affect the group's financial position to any significant extent.

## Estimation uncertainty

Below is information on estimates and assumptions which have the most significant effect on recognition and valuation of assets, liabilities, income and expenses. The outcome of these can differ significantly.

### Impairment

To assess impairment, the recoverable amount of each asset or cash-generating unit is calculated based on expected future cash flows and using an appropriate interest rate to discount the cash flow. There are uncertainties in assumptions about future cash flows and determination of an appropriate discount rate.

### The useful lives of depreciable assets

At each balance sheet date, a review of current estimates of useful lives of depreciable assets is carried out. The uncertainty in these estimates is due to technological obsolescence that could change the use of those depreciable assets.

### Business acquisition

When calculating fair values, valuation techniques for the different parts of a business acquisition are used. Predominantly, the fair value of the additional purchase price is dependent on the outcome of several variables.

# Notes to the Income Statement

## Not 3 Net sales

Net sales are divided into the following areas of activity:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Property | 30,170 | 45,267 | – | – |
| Forests | 6,576 | 5,980 | – | – |
| Other | – | – | 700 | 700 |
| **Total** | **36,746** | **51,247** | **700** | **700** |

### Operational leases

The group rents out residential and commercial properties, holiday homes and land based on operational leasing agreements.
The net turnover includes variable charges

Future minimum lease fees amount to:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Within 1 year | 26,257 | 27,331 | – | – |
| 1-5 years | 33,513 | 31,287 | – | – |
| Later than five years | 2,874 | 5,015 | – | – |
| **Total** | **62,644** | **63,633** | **0** | **0** |

## Not 4 Auditor's fees

| | Group | | Parent company | |
|---|---|---|---|---|
| Expensed compensation totals: | **2017** | **2016** | **2017** | **2016** |
| *Grant Thornton* | | | | |
| - audit assignment | 487 | 804 | 220 | 461 |
| - audit related assignment | 45 | 121 | 22 | 111 |
| - tax advice | – | 48 | 0 | 48 |
| - other services | 95 | 79 | 12 | 54 |
| Total | 627 | 1,052 | 254 | 674 |

## Not 5 Operational leases

### Group

Future minimum lease fees/rent are based on the following:

| | | Minimum lease fees | | |
|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **After 5 years** | **Total** |
| 31 December 2017 | 408 | 144 | – | 552 |
| 31 December 2016 | 465 | 398 | – | 863 |

Lease expenses during the reporting period totalled TSEK 458 (2016: TSEK 413).

### Parent company

The parent company holds a number of financial leases in respect of a car, office equipment and rental of premises that are recognised in the legal entity according to the rules for operational leases and therefore expensed on a straight line basis.

| | | Minimum lease fees | | |
|---|---|---|---|---|
| | **Within 1 year** | **1-5 years** | **After 5 years** | **Total** |
| 31 December 2017 | 1,269 | 3,586 | – | 4,855 |
| 31 December 2016 | 1,238 | 3,107 | – | 4,345 |

Lease expenses including rental of premises during the reporting period totalled TSEK 1,263 (2016: TSEK 1,186).

## Not 6 Salaries and employee benefits

Expenses recognised for compensation to employees are divided according to the following:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Salaries and compensation - Board and CEO | 7,834 | 6,275 | 6,757 | 5,247 |
| Salaries - other employees | 4,181 | 5,451 | 677 | 561 |
| Total salaries and compensation | 12,015 | 11,726 | 7,434 | 5,808 |
| | | | | |
| Pensions - Board and CEO | 2,424 | 2,364 | 2,242 | 2,219 |
| Pensions - other employees | 496 | 595 | 68 | 54 |
| Other social charges | 3,878 | 3,449 | 2,262 | 1,750 |
| Total social charges | 6,798 | 6,408 | 4,572 | 4,023 |
| | | | | |
| Outstanding pension commitments for the Board and CEO amount to | 15,323 | 13,773 | 15,323 | 13,773 |

Remuneration to the Board of Directors is recognised in Staff costs as well as in Other external expenses. In 2005, the parent company took out an endowment policy for the benefit of the Chairman of the Board. The cost of this insurance at the closing day amounted to 14,507 and is reported in the balance sheet under other long-term receivables. The corresponding liability is recognised under provisions for pensions and similar obligations. The annual premium amounts to 1,200 and is recognised in the income statement under staff costs.

In 2015, the parent company took out an endowment policy for the benefit of the CEO when he took up his post. The cost of this insurance at the closing day amounted to 816 and is reported in the balance sheet under other long-term receivables. The corresponding liability is recognised under provisions for pensions and similar obligations. The annual premium amounts to 350 and is recognised in the income statement under staff costs.

## Not 7 Earnings from shares in group companies

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Impairment of shares in subsidiaries | – | -3,215 | – | – |
| Gain on sale of shares | 4,000 | 184,724 | 4,000 | 43,859 |
| Total | 4,000 | 181,509 | 4,000 | 43,859 |

## Not 8 Earnings from other securities and receivables

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Sale of unlisted securities | – | 37,810 | – | 37,810 |
| Earnings from other securities | 67,967 | 3,149 | 67,967 | 3,149 |
| **Total** | 67,967 | 40,959 | 67,967 | 40,959 |

## Not 9 Other interest income and similar items

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Interest income from group companies | – | – | 3,312 | 3,453 |
| Interest income from other companies | 5,810 | 5,021 | 5,803 | 5,003 |
| Discounts on management fees | 1,496 | 1,073 | 1,496 | 1,073 |
| Exchange rate differences on receivables | 22 | 109 | 18 | 29 |
| **Total** | 7,328 | 6,203 | 10,629 | 9,558 |

## Not 10 Interest expenses and similar items

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Interest expenses to group companies | – | – | – | -82 |
| Other interest expenses | 958 | -1,084 | -956 | -1,084 |
| Other financial expenses | – | – | – | -2 |
| **Total** | 958 | -1,084 | -956 | -1,168 |

## Not 11 Appropriations

| | Parent company | |
|---|---|---|
| | **2017** | **2016** |
| Group contributions received | 1,342 | 2,112 |
| Group contributions paid | -155 | -589 |
| **Total** | 1,187 | 1,523 |

## Not 12 Tax on profit for the year

The main components of tax expense for the financial year and the relationship between the expected tax expense based on the Swedish effective tax rate for the group at 22% (22%) and the reported tax expense in the income statement is as follows:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Profit before tax | 60,124 | 226,905 | 65,470 | 79,862 |
| Tax at the applicable tax rate, 22% | -13,227 | -49,919 | -14,408 | -17,570 |
| Adjustment of previous year's tax | – | -93 | – | -93 |
| Divested operations | – | 2,259 | – | – |
| Tax exempt revenue | 880 | 53,102 | 880 | 18,953 |
| Non-deductible expenses | -2,980 | -5,437 | -1,290 | -2,179 |
| Change in deferred taxes | 334 | -136 | – | – |
| Other | 2,900 | 56 | – | – |
| Tax reported in the income statement | -12,093 | -168 | -14,819 | -889 |

| | | | | |
|---|---|---|---|---|
| The tax expense consists of the following components: | | | | |
| Current tax | | | | |
| On net income for the year | -129 | 192 | – | – |
| Adjustment of previous year's tax | – | -93 | – | -93 |
| Deferred tax cost/income | | | | |
| Change in temporary differences | 2,900 | – | – | – |
| Utilisation of tax losses carried forward | -14,864 | -267 | -14,819 | -796 |
| Tax reported in the income statement | -12,093 | -168 | -14,819 | -889 |
| Average tax rate is | 20% | 0% | 23% | 1% |

## Notes to the balance sheet

### Not 13 Capitalised development costs, licences and similar work

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 1,257 | 1,257 | 770 | 770 |
| Closing accumulated cost | 1,257 | 1,257 | 770 | 770 |
| | | | | |
| Opening accumulated depreciations | -973 | -760 | -770 | -655 |
| Depreciations for the year | -97 | -213 | – | -115 |
| Closing accumulated depreciations | -1,070 | -973 | -770 | -770 |
| | | | | |
| Carrying value | 187 | 284 | 0 | 0 |

### Not 14 Land and buildings

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 648,734 | 640,454 | – | – |
| Sales of subsidiaries | – | -131,701 | – | – |
| Purchases by means of takeovers | – | 135,999 | – | – |
| Purchases | 719 | 265 | – | – |
| Internal transfer from work in progress | 2,530 | – | – | – |
| Sales/disposals | -1,084 | -280 | – | – |
| Reclassifications | – | 3,997 | – | – |
| Closing accumulated cost | 650,899 | 648,734 | 0 | 0 |
| | | | | |
| Opening accumulated depreciations | -75,393 | -100,664 | – | – |
| Depreciation by means of takeovers | – | -7,575 | – | – |
| Sales of subsidiaries | – | 42,829 | – | – |
| Sales/disposals | 196 | 231 | – | – |
| Depreciations for the year | -7,469 | -10,214 | – | – |
| Closing accumulated depreciations | -82,666 | -75,393 | 0 | 0 |
| | | | | |
| Opening revaluations | 5,896 | 6,192 | – | – |
| Depreciations on revaluations for the year | -296 | -296 | – | – |
| Closing accumulated revaluations | 5,600 | 5,896 | 0 | 0 |
| | | | | |
| Impairments for the year | -4,119 | – | – | – |
| Closing impairments | -4,119 | 0 | 0 | 0 |
| | | | | |
| Carrying value | 569,714 | 579,237 | 0 | 0 |
| | | | | |
| Carrying value property | 174,980 | 183,494 | – | – |
| Carrying value land improvements | 1,876 | 2,069 | – | – |
| Carrying value land | 392,858 | 393,674 | – | – |
| | 569,714 | 579,237 | 0 | 0 |
| ***Rateable value*** | | | | |
| Rateable value of company's properties | 406,902 | 461,344 | – | – |
| of which buildings | 112,400 | 112,308 | – | – |

## Not 15 Investment properties [also includes buildings and land]

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 250,793 | 296,712 | – | – |
| Additional investment properties | 170 | – | – | – |
| Purchases by means of acquisitions | – | 71,913 | – | – |
| Purchases | 719 | 3,487 | – | – |
| Internal transfer from work in progress | 2,530 | – | – | – |
| Sales/disposals | -656 | -121,319 | – | – |
| Closing accumulated cost | 253,556 | 250,793 | 0 | 0 |
| | | | | |
| Opening accumulated depreciations | -67,368 | -85,083 | – | – |
| Additional investment properties | -18 | – | – | – |
| Opening accumulated depreciations by means of ac | – | -7,575 | – | – |
| Sales/disposals | 134 | 34,799 | – | – |
| Depreciations for the year | -5,012 | -9,509 | – | – |
| Closing accumulated depreciations | -72,264 | -67,368 | 0 | 0 |
| | | | | |
| Carrying value | 181,292 | 183,425 | 0 | 0 |

Investment properties include properties in Strängnäs, Örebro, Malmö, Gnesta, and Botkyrka municipality and they are held in order to generate revenue in the form of rental income and capital appreciation. There are no restrictions on the right to sell the investment property, or to dispose of rental income or sales proceeds on disposal of investment property. There are no significant commitments to purchase, construct, repair, maintain or improve the group's investment properties.

## Not 16 Plant and machinery

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 33,471 | 100,707 | – | – |
| Sales of subsidiaries | – | -67,684 | – | – |
| Internal transfer from work in progress | 169 | – | – | – |
| Reclassifications | – | 448 | – | – |
| Closing accumulated cost | 33,640 | 33,471 | 0 | 0 |
| | | | | |
| Opening accumulated depreciations | -23,840 | -65,826 | – | – |
| Sales of subsidiaries | – | 47,981 | – | – |
| Reclassifications | – | -10 | – | – |
| Depreciations for the year | -2,375 | -5,985 | – | – |
| Closing accumulated depreciations | -26,215 | -23,840 | 0 | 0 |
| | | | | |
| Opening accumulated impairments | -606 | -908 | – | – |
| Reversal of impairment losses | 303 | 302 | – | – |
| Impairments for the year | -128 | – | – | – |
| Closing accumulated impairments | -431 | -606 | 0 | 0 |
| | | | | |
| Carrying value | 6,994 | 9,025 | 0 | 0 |

## Not 17 Equipment, tools and installations

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 10,529 | 10,123 | 3,429 | 3,415 |
| Purchases | – | 49 | – | 49 |
| Sales/disposals | -708 | -107 | -708 | -35 |
| Reclassifications | – | 464 | – | – |
| Closing accumulated cost | 9,821 | 10,529 | 2,721 | 3,429 |
| | | | | |
| Opening accumulated depreciations | -8,410 | -8,145 | -2,786 | -2,703 |
| Sales/disposals | 708 | 83 | 708 | 10 |
| Depreciations for the year | -260 | -348 | -57 | -93 |
| Closing accumulated depreciations | -7,962 | -8,410 | -2,135 | -2,786 |
| | | | | |
| Carrying value | 1,859 | 2,119 | 586 | 643 |

## Not 18 Construction in progress and prepayments for tangible assets

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | 475 | 543 | – | – |
| Purchases | 15,526 | 4,841 | – | – |
| Internal transfer to Buildings and land | -2,530 | – | – | – |
| Internal transfer to Plant and machinery | -169 | -4,909 | – | – |
| Closing accumulated cost | 13,302 | 475 | 0 | 0 |
| | | | | |
| Carrying value | 13,302 | 475 | 0 | 0 |

## Not 19 Shares in group companies

The following subsidiaries are included in the group:

| **Name/Registered office** | **Corp. ID No.** | **Share %** | **31/12/2017 Carrying value** | **31/12/2016 Carrying value** |
|---|---|---|---|---|
| AB Åkers Styckebruk | 556230-5697 | 100 | 179,475 | 179,475 |
| Åkers Kronopark AB | 556038-6102 | 100 | 139,074 | 139,074 |
| Scanoil AB | 556036-1403 | 100 | 12,000 | 12,000 |
| Gripsholms Värdshus AB | 556287-8479 | 100 | 500 | 500 |
| | | | **331,049** | **331,049** |

Indirectly held group companies:

| **Name/Registered office** | **Corp. ID No.** |
|---|---|
| Fastighets AB Styckebruk 1 | 556745-4623 |
| Fastighets AB Örebro Trädgårdshall | 556863-1526 |
| Osterlén Fastighets AB | 556606-0710 |
| Mariefredsfastigheter AB | 556830-5840 |
| Mariefred Borgaren 7 AB | 556888-3382 |
| Rättaren 3 AB | 556888-3390 |
| Rättaren 11 AB | 556888-3416 |
| Strängnäs Källaren 2 Fastighets AB | 559103-6198 |
| Skogsbolaget Snäckstavik AB | 556850-4640 |

Change during the year:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening accumulated cost | – | – | 331,049 | 461,712 |
| Sales/disposals | – | – | – | -130,663 |
| **Closing accumulated cost** | **0** | **0** | **331,049** | **331,049** |
| | | | | |
| Opening accumulated revaluations | – | – | – | 5,240 |
| Sales/disposals | – | – | – | -5,240 |
| **Closing accumulated revaluations** | **0** | **0** | **0** | **0** |
| | | | | |
| Opening accumulated impairments | – | – | – | -123,397 |
| Sales/disposals | – | – | – | 123,397 |
| **Closing accumulated impairments** | **0** | **0** | **0** | **0** |
| | | | | |
| **Carrying value** | **0** | **0** | **331,049** | **331,049** |

## Not 20 Prepayments and accrued income

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Prepaid expenses | 1,107 | 1,912 | 857 | 880 |
| Accrued income | 558 | 6,717 | – | 6,717 |
| **Carrying value** | 1,665 | 8,629 | 857 | 7,597 |

## Not 21 Provision for pensions and similar obligations

The group's provisions for pensions include the parent company's obligation related to pensions for the Chairman of the Board and the CEO. See Note 6 for details. The provision includes accrued employer’s separate payroll tax.

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Opening balance | 17,132 | 15,161 | 17,132 | 15,161 |
| Changes during the year | 1,908 | 1,971 | 1,908 | 1,971 |
| **Carrying value** | 19,040 | 17,132 | 19,040 | 17,132 |

## Not 22 Deferred tax receivables and tax liabilities

Deferred taxes that arise as a result of temporary differences and unused tax losses are as follows:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Tangible assets | -10,144 | -12,968 | – | – |
| Tax losses carried forward | 24,288 | 39,107 | 24,288 | 39,107 |
| | 14,144 | 26,139 | 24,288 | 39,107 |
| Reported as: | | | | |
| Deferred tax assets | 25,722 | 39,107 | 24,288 | 39,107 |
| Deferred tax liabilities | -11,578 | -12,968 | – | – |
| | 14,144 | 26,139 | 24,288 | 39,107 |

## Not 23 Other provisions

The carrying amounts of provisions and changes to these are as follows:

**Group**

| | |
|---|---|
| Carrying value 1 January 2016 | 30,729 |
| Reversal amount | -21,729 |
| Carrying value 31 December 2016 | 9,000 |
| Reversal amount | -4,000 |
| Carrying value 31 December 2017 | 5,000 |

**Parent company**

| | |
|---|---|
| Carrying value 1 January 2016 | 30,729 |
| Reversal amount | -21,729 |
| Carrying value 31 December 2016 | 9,000 |
| Reversal amount | -4,000 |
| Carrying value 31 December 2017 | 5,000 |

Other provisions include provisions for warranty obligations related to past sales of shares in group companies.

## Not 24 Long-term liabilities

Of the above liabilities, the following amounts fall due after more than five years.

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Amortisation within 2-5 years | 629 | 545 | – | – |
| Amortisation after 5 years | 400 | 18,300 | – | 18,000 |
| | 1,029 | 18,845 | 0 | 18,000 |

## Not 25 Accrued expenses and deferred income

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Accrued costs | 3,231 | 4,325 | 1,347 | 2,128 |
| Prepaid income | 4,317 | 4,518 | – | – |
| **Carrying value** | 7,548 | 8,843 | 1,347 | 2,128 |

## Not 26 Pledged securities and Contingent liabilities

| | Group | | Parent company | |
|---|---|---|---|---|
| **Pledged securities** | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| ***For own liabilities:*** | | | | |
| *Liabilities to credit institutions* | | | | |
| Other pledged securities | 15,323 | 13,773 | 15,323 | 13,773 |
| | 15,323 | 13,773 | 15,323 | 13,773 |
| | | | | |
| **Contingent liabilities** | None | None | None | None |

# Other notes

## Not 27 Purchases and sales between group companies

100% (100%) of the parent company's net sales comprised sales to other group companies.
0.9% (1.2%) of the operating expenses were costs to other group companies.

## Not 28 Average number of employees

| | Group | | | |
|---|---|---|---|---|
| | 31/12/2017 | | 31/12/2016 | |
| | Average number of employees | Of which men | Average number of employees | Of which men |
| Sweden | 11 | 6 | 13 | 8 |
| Total for the group | 11 | 6 | 13 | 8 |

| | Parent company | | | |
|---|---|---|---|---|
| | 31/12/2017 | | 31/12/2016 | |
| | Average number of employees | Of which men | Average number of employees | Of which men |
| Sweden | 3 | 2 | 3 | 2 |
| Total for the parent company | 3 | 2 | 3 | 2 |

There are 4 (5) members of the board, of which 0 (0) women.

## Not 29 Events after the balance sheet date

No events leading to adjustments have occurred between the balance sheet date and the date of issue.

## Not 30 Adjustments for items not included in the cash flow

| | Group | | Parent company | |
|---|---|---|---|---|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Amortisation | 14,443 | 15,920 | 57 | 204 |
| Profit on disposal of tangible assets | – | -2,041 | – | -130 |
| Loss on disposal | 888 | – | – | – |
| Result from sold subsidiaries | – | -10,786 | – | – |
| Total adjustments | 15,331 | 3,093 | 57 | 74 |

## Not 31 Definition of key indicators

**Return on equity**

Profit after tax as a percentage of average adjusted equity.

**Return on capital employed**

Profit after financial items + financial expenses as a percentage of

average capital employed (adjusted equity + interest-bearing debt).

**EBITDA**

Operating income before depreciation and impairment.

**Equity ratio**

Adjusted equity as a percentage of total assets.

### Declaration of conformity

The board of directors and the CEO certify that the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board and give a true and fair view of the group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's financial position and results.

The Management Report for the group and the parent company provides a fair overview of the development of the group and the parent company's operations, financial position and results and describes significant risks and uncertainty factors faced by the parent company and the companies included in the group.

The annual report will be submitted to the Annual General Meeting for adoption on 15 June 2018.

Stockholm, 24 April 2018

| | |
|---|---|
| Peter Norlindh<br>Chairperson | Hans Rydstad |
| Sten-Åke Lindstedt | Sven-Olof Johansson |

Thomas Blades

CEO

Our audit report was submitted on 4 May 2018

Grant Thornton Sweden AB

Lars Kjellgren

Certified Accountant