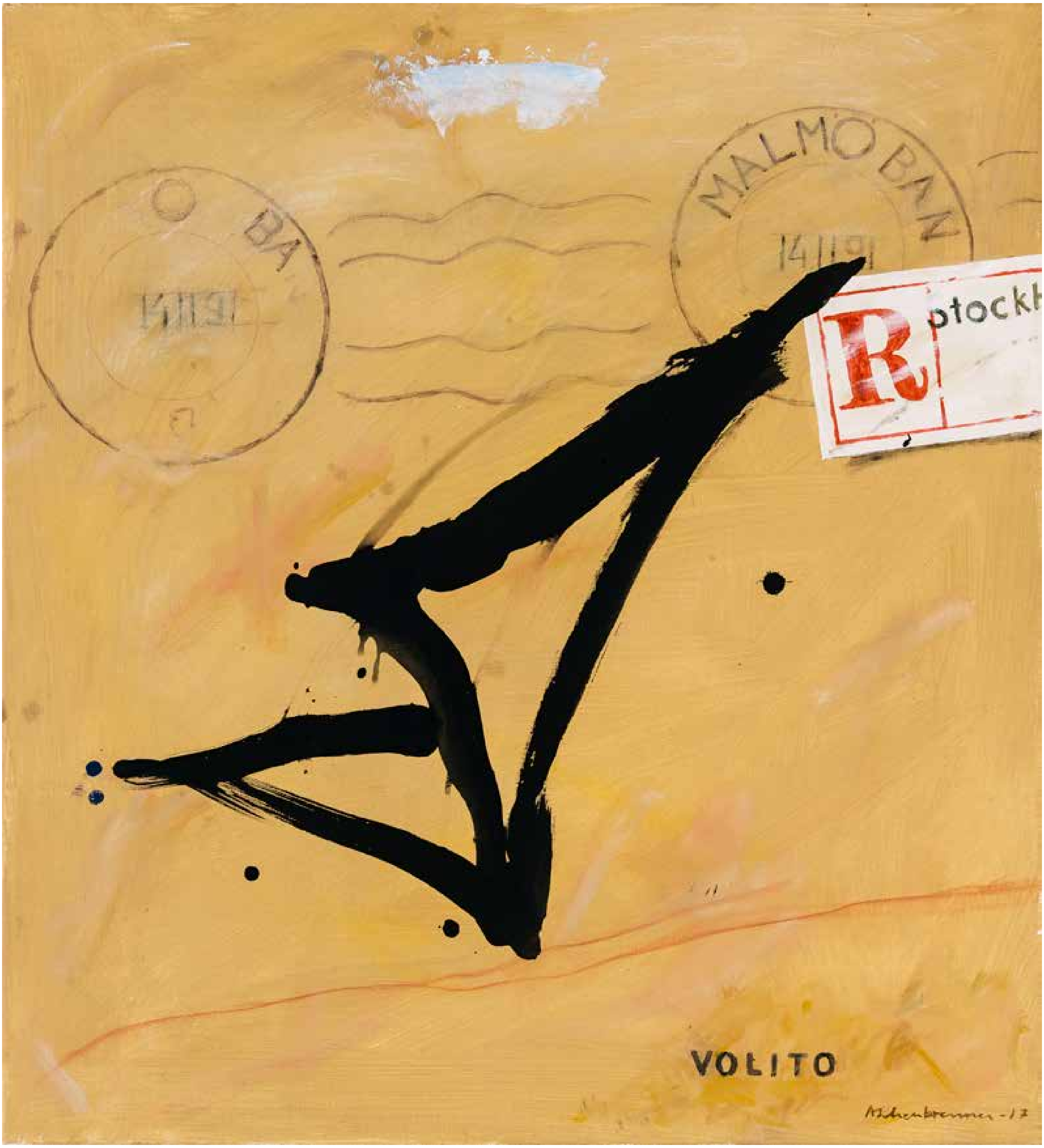
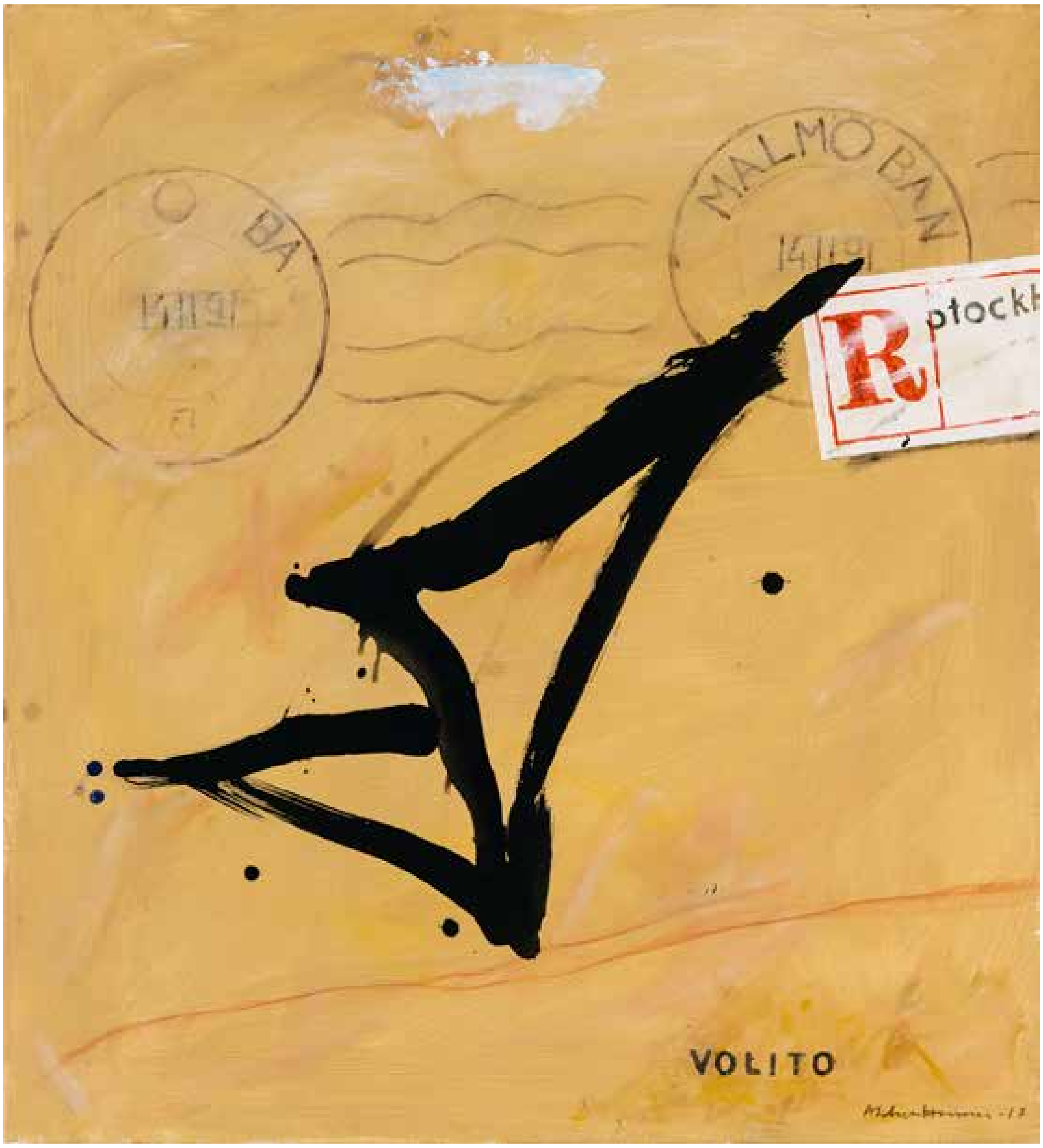


VOLITO

GROUP PRESENTATION | ANNUAL REPORT 2016



Lennart Aschenbrenner is a Swedish visual artist. He was born in Perstorp in 1943 and studied at the Skåne Art School and the Royal Academy of Fine Arts in Stockholm during the 1960s. He has had a number of one-man exhibitions around Europe, and the acquisition of his works by some 10 museums has secured Aschenbrenner's place in the Swedish art world.

He had the privilege in 1990 to become one of the few Swedish-born artists to be given a one-man exhibition at Rooseum during the founder's lifetime.

After 25 years in France, he has now returned to Sweden and lives in Stockholm and Gåsborn in Värmland.

Aschenbrenner's work often involves fragments and collages. He observes and pictures everyday objects, especially those associated with masculinity, femininity and identity. In the 1970s he began to create large paintings depicting envelopes, which attracted considerable attention.

"In this painting for Volito, I wanted to recreate the company's logo as a calligraphic symbol." -LA

2015 Rodion Petroff

2014 Per Mölgaard

2013 Karen Gabel Madsen

2012 Carl-Fredrik Ekström

VOLITO

Volito is a privately owned investment group headquartered in Malmö. The business was founded in 1991 with an initial focus on aircraft leasing. After achieving rapid early success, Volito broadened its activities and started to expand.

Today, Volito is a strong, growth-oriented group based on a balanced approach to risk-taking and a long-term perspective. The Group's activities are divided into three diversified business areas: Real Estate, Industry and Listed Holdings, areas that develop their own business units, business segments and subsidiaries.

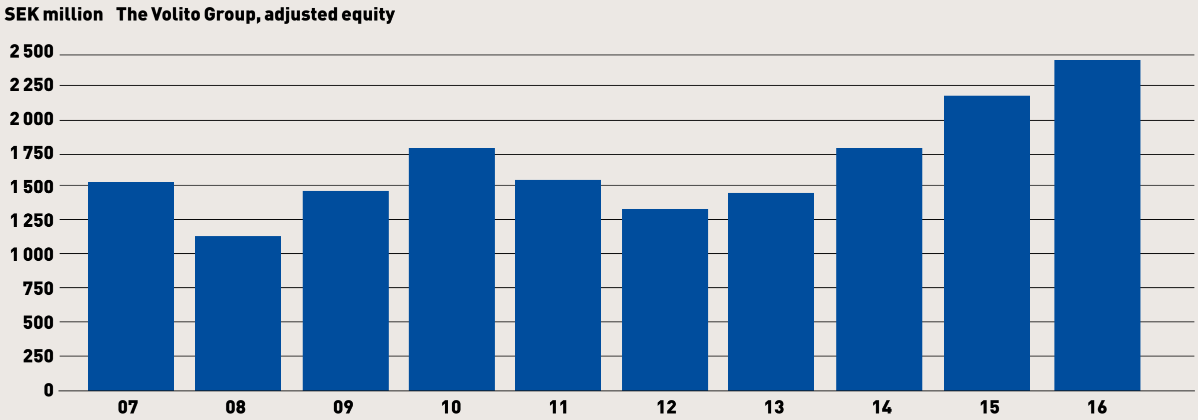
VOLITO

THE YEAR IN BRIEF

Volito is a strong growth-oriented investment group based on a balanced approach to risk and reward and a long-term perspective. The Volito Group's overall objective is to optimise the return for shareholders, both through current earnings from operational activities and the value growth of the Group's investments. In the Parent company, Volito AB, business operations are organised in three overall business areas: Real Estate, Industry and Listed Holdings.

Volito AB 2016

Volito reports that 2016 was a strong year and at year-end the Volito Group's adjusted equity amounted to SEK 2 474.6 million, an increase of 15 % (including paid dividend). Volito made significant investments in 2016 within its Real Estate and Industry business areas. As planned, Volito has also refined and streamlined support functions as well as tools for control and analysis, and expanded its financial platform. Volito is thus ready to carry through its expansion plan.



The Volito Group, Ten-year summary

SEK million	*2016	*2015	*2014	*2013	*2012	2011	2010	2009	2008	2007
Result after financial items	78.5	147.6	134.4	-165.7	-252.7	88.5	121.7	82.5	-28.4	600.9
Adjusted equity	2 475	2 181	1 787	1 435	1 253	1 539	1 771	1 465	1 121	1 518
Return on equity (%)	13.0	20.5	23.7	14.8	-19.2	4.2	5.8	0.3	-3.3	28.1
Adjusted equity ratio (%)	50	50	46	40	40	45	56	51	45	52
Assets	4 857	4 447	4 415	4 278	4 212	3 850	2 939	2 821	2 930	2 748

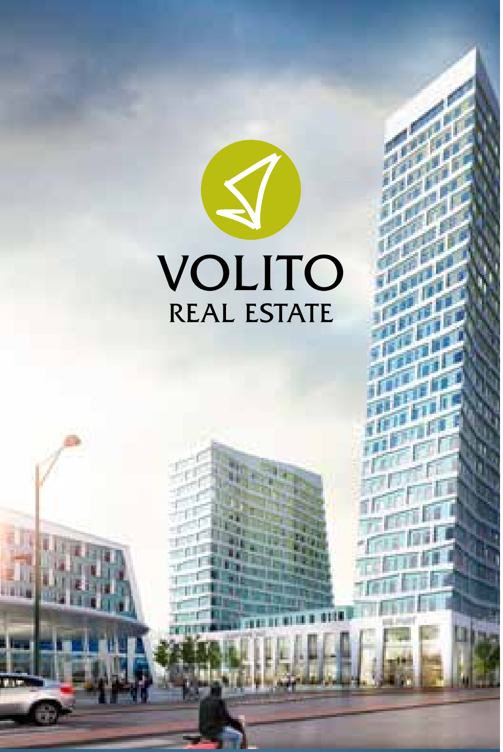
* From 2014 the consolidated financial statements are drawn up in accordance with IFRS. The comparison information for 2012 and 2013 has been recalculated according to the new principles.

Definitions

Adjusted equity
Reported equity attributable to the Parent company owner adjusted for market value of real estate and listed shares as well as deductions for deferred tax relating to these. For 2012–2014 this corresponds to equity attributable to the Parent company owner.

Return on adjusted equity
Total comprehensive income for the year in relation to average adjusted equity.

Adjusted equity ratio
Adjusted equity including minority interests in relation to balance sheet total including surplus values.



Business Area Real Estate consists of Volito Fastigheter, which owns and manages commercial properties in the Malmö region. The portfolio contains 26 properties, divided between offices, retail, industry and warehousing, with a total area of 106 800 m^2.

Business Area Real Estate 2016

Volito Fastigheter has had a positive 2016 and reports a profit of SEK 58.7 million after financial items. At year-end, the property portfolio was valued at SEK 2 763.7 million, an increase of 5 %. With market factors limiting opportunities for acquisitions, Volito Fastigheter has started to seek new business opportunities. A joint venture was initiated in 2016 with Peab to build The Point in Hyllie. As part of the collaboration, Volito Fastigheter also acquired 50 % of an adjacent hotel property.

Business Area Industry consists of Volito Automation, a business that invests in companies within industrial automation. Volito Automation has established a well-reputed organisation consisting of several subsidiaries in Sweden, Finland and Norway.

Business Area Industry 2016

Despite weak business conditions, Volito Automation has continued to expand and capture market shares. The consolidated operating profit before depreciation (EBITDA) amounted to SEK 10.5 million. A reorganisation to create two business segments, OEM (Original Equipment Manufacture) and MRO (Maintenance, Repair and Overhaul), has been completed in Sweden. In 2016 investments were made in new expertise and the acquisition of PF Hydraulik i Borlänge and HINDAB with operations in Nässjö, Tranås and Vetlanda.

Within Business Area Listed Holdings, Volito has significant and active ownership interests in listed companies. Volito has an ownership philosophy of engagement and the Group is represented on the companies' respective boards. Today, the business area consists of holdings in Peab AB (publ), in which Volito is one of the largest owners, and Bulten AB (publ), in which Volito is the largest owner.

Business Area Listed Holdings 2016

Volito's holding in Peab AB (5.6 % of the shares) and Bulten AB (21.9 % of the shares) developed very positively and the total market value of the shares at year-end amounted to SEK 1 596.6 million. Peab can sum up 2016 as a year of improved profitability, enhanced cash flow and strengthened financial position. Peab's B share increased by approx. 11 % in 2016. Bulten reported improved earnings in 2016 and an increased order intake in Q4. The company's share increased by approx. 9 % during the year.

VOLITO

COMMENTS FROM THE CEO

INVESTMENTS THAT INSPIRE

During 2016 we intensified our work to fulfil the expansion plan that was launched in 2015 and, despite turbulence in the world at large, we can report a year of continued good value growth in adjusted equity. Volito carried out a number of significant investments in 2016. Business Area Real Estate entered into a joint venture with Peab and acquired building rights relating to The Point in Hyllie and an adjacent hotel. Business Area Industry completed further acquisitions and invested in new expertise. The Finance and IT support functions were fine-tuned according to plan and made routines more efficient during 2016.

From both political and economic perspectives, 2016 was an eventful and challenging year. However, with the Group's ability to balance risk and return, and with a portfolio consisting of stable and growth-oriented operations within the respective business areas, we have continued to deliver value to the shareholders.

At year-end 2016, the Volito Group's adjusted equity amounted to SEK 2 474.6 million, which represents an increase of 15 % (including paid dividend). The increase is due to the improved profit after financial items, good value growth in our property portfolio and another year of value growth in our listed holdings.

An important success factor in the expansion plan is a solid capital structure and a stable financial platform. We therefore arranged new and expanded financing in early 2016, a process that has resulted in a collaboration with three Swedish credit institutions.

Together, we have created a good basis for future investments, which enables continued profitable growth, both organically and via attractive acquisitions.

We have changed our support functions within Finance and IT, so that they fully support our plans for growth, and have also started to refine our reporting system. We have further improved our tools for analysis and control, and are consequently well prepared to incorporate new business areas and operations into our structure.

Business Area Real Estate

The real estate market has remained strong with high price levels and tough competition for only a few properties in the Malmö area. With market conditions limiting opportunities for acquisitions, Volito Fastigheter has therefore also started to look for new business opportunities. A joint venture was entered into with Peab in 2016 to build The Point, a 110-metre-high office building in the best conceivable location in Hyllie. As part of the collaboration, Volito Fastigheter also acquired 50 % of the neighbouring hotel property. The Point will offer 20 000 m^2 of leasable office and retail space. The building is not only Volito Fastigheter's largest ever investment, but also a significant project for the area as a whole. The Point strengthens Hyllie as an important meeting place for the city's business sector. We have a very strong belief in Hyllie, perhaps Malmö's most dynamic area, and we are looking forward to being a part of the area's continued development. Volito Fastigheter had a positive net leasing with satisfactory rent levels in 2016. The market value of Volito Fastigheter's portfolio at year-end was SEK 2 763.7 million, which is an increase of 5 %. The profit for the year after financial items was SEK 58.7 million. Volito Fastigheter stands ready for continued growth and is open for opportunities to become engaged in more new construction projects.

Business Area Industry

The business climate in the Nordic markets remained poor in 2016. Despite the weak business conditions, Volito Automation has continued its expansion and increased market shares during the year. The reorganisation to create two business segments, OEM (Original Equipment Manufacture) and MRO (Maintenance, Repair and Overhaul), has now been completed in Sweden with positive results. The OEM segment consists of the HydX and Hydro Swede brands, which have been merged under the name, HydX. The MRO segment consists of the HydSupply, Hydratech and PF Hydraulik brands, which have been organised under the name, HydSupply. The year has been characterised by acquisitions in the MRO segment, consolidation of existing operations and investments in new expertise. The well-reputed company, HINDAB, Hydraulik & Industriservice AB, with units in Nässjö, Tranås and Vetlanda, was acquired in December. For Volito Automation, these acquisitions and the opening of sales and service offices in Kiruna and Stockholm contribute to better coverage in Sweden's most industry-intensive areas. HydX and the OEM segment have also continued to progress favourably. In 2016, HydX, together with SKF, developed and delivered hydrostatic bearings for LSST, one of the world's largest reflecting telescopes, which is being built in Chile and will start operating in 2022. The organisation was strengthened in 2016 with 14 new staff members, and Volito Automation has also signed an important cooperation agreement with Bosch Rexroth regarding the Swedish market. Going forward, Volito Automation will continue its expansion, further strengthen its geographical coverage and complete its consolidation in Norway and Finland.

WE CAN NOW LOOK BACK ON TWO INSPIRING YEARS SINCE WE LAUNCHED THE EXPANSION PLAN. IN A SHORT TIME WE HAVE ACCOMPLISHED CHANGES THAT HAVE MADE US MORE EFFICIENT AND INCREASED OUR ROOM FOR MANOEUVRE, WHILE WE HAVE ALSO CONTINUED OUR INVESTMENTS.

Business Area Listed Holdings

Volito has significant and active ownership interests in Peab AB (publ) (5.6 % of the shares) and Bulten AB (publ) (21.9 % of the shares). The Group has an ownership philosophy of engagement aimed at stable, long-term growth, and is represented on the companies' respective boards.

Peab AB (publ), one of the leading construction and civil engineering companies in the Nordic countries, is active within Construction, Civil Engineering, Industry and Project Development. Peab is listed on Nasdaq Stockholm (Large Cap). The company's B share increased in value by approx. 11 % in 2016. Peab can look back on a positive 2016 with increased profitability, improved cash flow and a strengthened financial position. Peab's operative net sales amounted to SEK 46 789 million (45 052 excluding the write-down of the Mall of Scandinavia project, SEK 800 million), operative operating profit was SEK 2 075 million (1 852), cash flow before financing was SEK 2 651 million (1 787) and net debt was SEK 1 862 million (3 118). Improved net interest income contributed to an increase in profit before tax to SEK 2 050 million (1 706). The Property Development segment includes an earnings effect of SEK 104 million relating to the partial sale of a hotel property and construction rights for offices at Hyllie Station Square in Malmö. Peab has a good position in the market and considers that the outlook for the company is stable. Peab has further strengthened its financial position due to actions such as the sale of assets relating to Arenastaden in Solna in early 2017, and can be satisfied to have achieved all its financial targets for 2016.

WE ARE STRIVING TOWARDS THE CONTINUED DIVERSIFICATION OF OPERATIONS AS WELL AS AN OPTIMISED RETURN. VOLITO IS WELL EQUIPPED WITH SKILLED STAFF, STRENGTHENED FINANCES AND AN EFFICIENT STRUCTURE.

Bulten is one of the largest suppliers of fasteners to the European automotive industry and has a broad product range. Bulten is listed on Nasdaq Stockholm (Mid Cap). The company share increased by approx. 9 % during 2016. Bulten sums up 2016 as a year of stronger earnings with an increased order intake in Q4. The group's net sales amounted to SEK 2 676 million (2 693) and the operating profit (EBIT) amounted to SEK 200 million (165). The cash flow from operations amounted to SEK 351 million (141), net cash to SEK 30 million (-176) and the equity/assets ratio was 68.9 % (64.0). Bulten received strategically important orders from customers in Russia and China during the year, and developed an existing collaboration with one of the world's largest manufacturers of electric cars. Bulten has decided to invest in surface coating facilities with an aim to improve cost efficiency. In late 2016, Bulten strengthened its group management and set up a new global market and sales organisation in order to further promote profitable growth and the company's long-term strategy. Bulten has a good basis for increasing market shares from mid-2017 onwards. The company was awarded the Jaguar Land Rover quality prize (JLRQ) in 2016.

The future

Last year was marked by major events in the world at large, and we can presumably expect a similarly eventful period in the years to come, both geopolitically and economically. We can now look back on two inspiring years since we launched the expansion plan. In a short time we have accomplished changes that have made us more efficient and increased our room for manoeuvre, while we have also continued our investments. It is our intention to complete the expansion plan with a constant focus on delivering a return to the shareholders in accordance with the risk and return model that is fundamental for us. We are striving towards the continued diversification of operations as well as an optimised return. Volito is well equipped with skilled staff, strengthened finances and an efficient structure. We look forward to 2017 as yet another year of opportunities.

Ulf Liljedahl
CEO, Volito AB

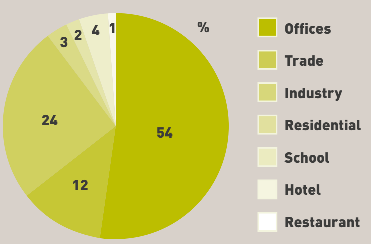
VOLITO
REAL ESTATE

Business Area Real Estate consists of **Volito Fastigheter**, which owns and manages commercial properties in the Malmö region. The business is characterised by a long-term approach, efficient property management, a high level of service and close relations with customers and partners. Volito Fastigheter has continuously developed its portfolio in order to strengthen its presence in the Malmö region's most attractive areas. The company's aims include positioning Volito Fastigheter as one of Malmö's most well-known real estate companies and the best in terms of property management and customer relations.

THE POINT – A SIGNIFICANT STEP IN THE EXPANSION PLAN

With a continuing strong real estate market, high price levels and tough competition for only a few properties in the Malmö area, Volito Fastigheter is looking for new business opportunities. In cooperation with Peab, the company has started project planning for an office building in Hyllie, The Point, one of Volito Fastigheter's most important investments ever.

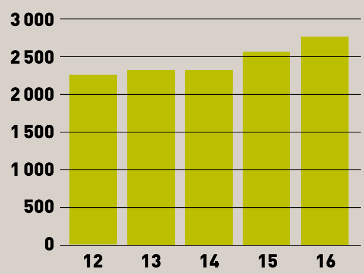
Distribution by category and m²



The Volito Fastigheter AB Group, Five-year summary

SEK million	2016	2015	2014	2013	2012
Rental income	147.4	138.1	142.3	151.1	155.3
Profit after financial items	58.7	52.8	46.6	39.4	49.0
Equity	1 155.2	1 019.3	881.1	858.1	772.4
Real estate market value	2 764	2 560	2 307	2 311	2 240

SEK million Market value of real estate holding



VOLITO
REAL ESTATE

Within the framework of Volito's expansion plan, Volito Fastigheter will considerably increase the value of its real estate portfolio, as well as increase income and earnings from the business. The market for commercial property in 2016 has been very attractive, as in previous years. High demand and tough competition, in combination with low interest rates, has led to higher prices. Apart from a few transactions, there continues to be little movement in the market. We consider that acquisition opportunities are limited. From previously having our prime focus on acquisitions, especially under our own management, we are now also open for new business opportunities, preferably with business partners.

We are building The Point in Hyllie

In 2016 Volito Fastigheter and Peab started a joint venture to build a 110-metre-high office building in Hyllie called The Point. Hyllie is one of Malmö's most expansive and dynamic areas. The area includes a City Tunnel Station, direct links over the bridge to Copenhagen Airport, the award-winning Emporia shopping centre, the Malmö Arena sport and event venue, and a growing residential quarter. A number of major companies have chosen to locate in Hyllie.

With 29 floors, The Point will be Malmö's second-highest building after Turning Torso. The gross floor area will be 30 000 m2, of which 20 000 m2 is leasable office and retail space. Construction is scheduled to start in Q2 of 2017. As part of the collaboration with Peab, Volito Fastigheter has also acquired 50 % of the neighbouring property, Värdshuset 5, a newly built conference hotel that opened in January 2016. The property is known as Choice Hotels, Quality Hotel View. Both buildings occupy the best conceivable location by Hyllie Station Square and will be physically connected by the end of the project. Together they will become a spectacular landmark and an important meeting place for the city's business community. The leasing of both properties will be jointly managed by Volito Fastigheter and Peab's company, Annehem.

Continued development of Bara Centre

In cooperation with Peab, the development of Bara centre is also progressing. In 2016 we completed and opened the central building's ICA supermarket. The construction of yet another residential quarter, which initially had a construction start planned for 2016, has been shifted to the first half of 2017 and increased from 28 new apartments to 32.

New agreements

We have signed a number of tenancy agreements during the year and net leasing is positive. The digital printers, Strongpoint Labels, moved into newly renovated premises on Segevång in October. The entire building, inside and out, has been adapted for the business operations of Strongpoint Labels. The collaboration has worked well and both parties are pleased with the successful end result. Procera Networks AB has rented the entire fifth floor of the Post House since 2016. This means that all planned investments in the Post House have now been carried out and the renovation of one of Malmö's finest old buildings is now complete, apart from exterior details, which we plan to unveil in 2017.

Profit for the year

The profit for the year for 2016 after financial items was SEK 58,7 million. Rent levels are comparable to the previous year, in some cases on the rise, and are satisfactory overall. Interest rates remain low.

New business opportunities

In addition to traditional acquisitions, we will also in future be seeking new business opportunities in line with our strategies. We are open to more new construction projects, preferably in cooperation with other business actors. Due to the good experience we have had in the development of Bara centre, we are also exploring opportunities for new ventures in the housing market, both in and beyond Malmö. We are also interested in joint ventures in this market with other business actors. Over the years we have continuously improved the efficiency of our management organisation and we are well prepared for expansion.

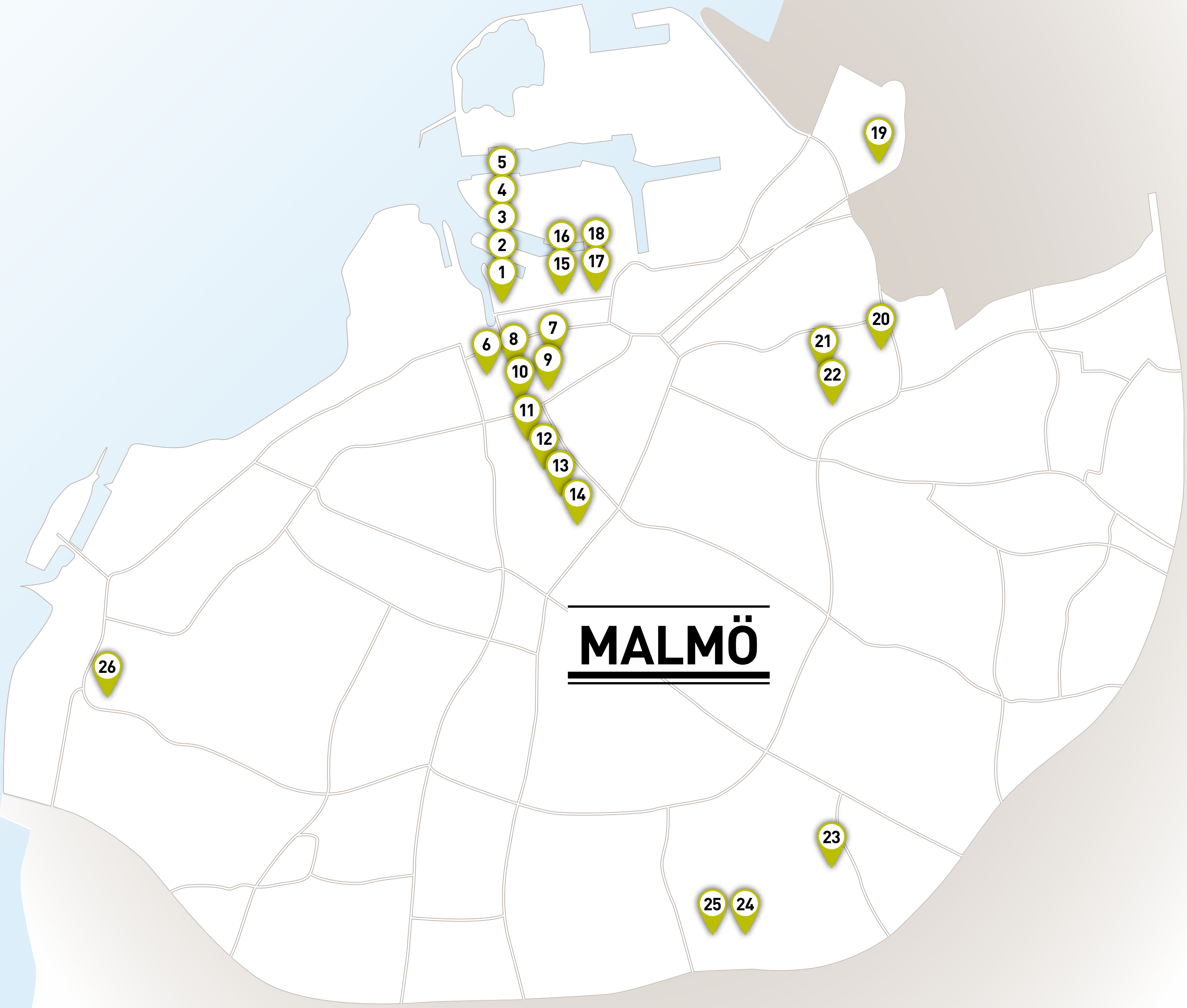
Increasing our visibility in the market is also a part of our expansion plan. The objective is to position Volito Fastigheter as one of Malmö's most well-known real estate companies. Cooperation with Peab during the year has unquestionably attracted a great deal of attention. We have also strengthened our marketing in 2016, including advertising and continuous radio commercials, which have had a good impact.

For Volito Fastigheter, 2016 has been an exciting year and I would like to extend a big thank you to our customers, business partners and colleagues. I look forward to continuing our progress together in 2017.

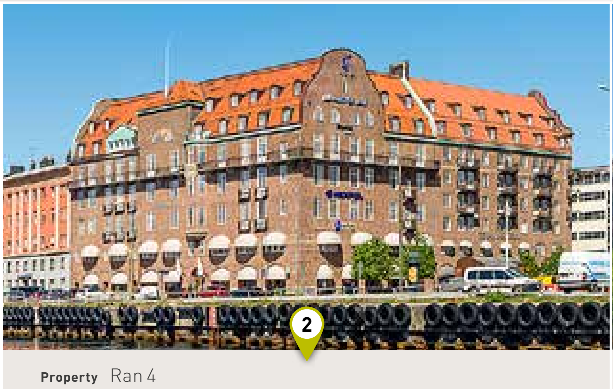
Pelle Hammarström
CEO, Volito Fastigheter

REAL ESTATE HOLDING

December 31, 2016



Property Aegir 1
Address Carlsgatan 1
Area 7 744 m²



Property Ran 4
Address Skeppsbron 3
Area 4 577 m²

Property Ran 8
Address Skeppsbron 7
Area 1 084 m²

Property Ran 9
Address Jörgen Kocksg. 1
Area 7 892 m^2

Property Hamnen 22:2
Address Jörgen Kocksg. 3
Area 7 719 m^2

Property Diana 28
Address Engelbrektsg. 5
Area 902 m^2

Property Sankt Peter 3
Address Östergatan 30
Area 3 360 m^2

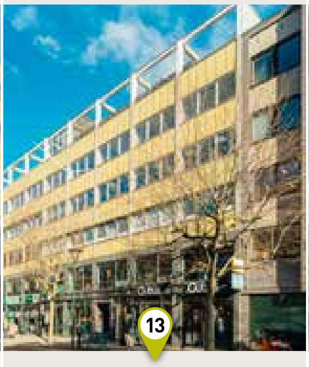
Property Stjärnan 10
Address Engelbrektsg. 6
Area 920 m^2

Property Claus Mortensen 29
Address Södergatan 16
Area 3 463 m^2

Property Söderport 8
Address Per Weijersg. 4
Area 1 956 m^2

Property Delfinen 17
Address Södra Förstadsgatan 4
Area 3 034 m^2

Property Visenten 20
Address S Förstadsg. 26
Area 3 497 m^2



Property Laxen 23
Address S Förstadsg. 32
Area 2 343 m^2

Property Laxen 23
Address S Förstadsg. 34
Area 7 476 m^2

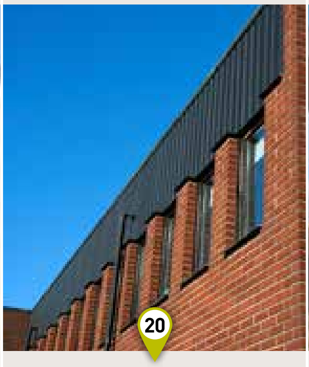
Property Medusa 3
Address Carlsgatan 42
Area 1 300 m^2

Property Medusa 4
Address Carlsgatan 44
Area 7 201 m^2

Property Söderhavet 5
Address Elbegatan 5
Area 1 625 m^2

Property Söderhavet 6
Address Elbegatan 7
Area 1 406 m^2

Property Segeholm 10
Address Ågatan 1
Area 14 962 m^2

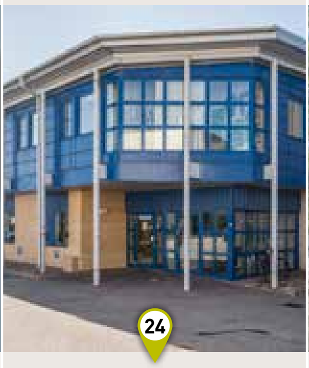


Property Hangaren 2
Address Flygplansg. 1–3
Area 2 200 m^2

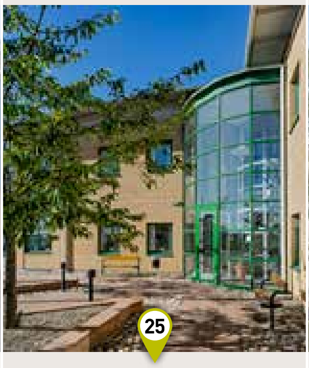
Property Flygledaren 7
Address Höjdroderg. 22
Area 1 971 m^2

Property Flygkameran 2
Address Höjdroderg. 7–9
Area 1 429 m^2

Property Runstenen 16
Address Käglingevägen 37
Area 3 068 m^2



Property Bronsdolken 26
Address Stenyxegatan 25B
Area 2 221 m^2



Property Bronsdolken 26
Address Stenyxegatan 25A
Area 3 423 m^2

Property Kupolen 3
Address Krossverksg. 7–17
Area 10 037 m^2

PEAB AND VOLITO FASTIGHETER BOOST MALMÖ'S SKYLINE

Hyllie in south Malmö has rapidly grown into one of the city's most dynamic areas. It is here that Peab and Volito Fastigheter will build The Point, a 110-metre-high office building with 20 000 m^2 of office and retail space. The Point will be an attractive element in Malmö's new skyline and strengthen Hyllie as the epicentre of the city's business activity.

The expansion of Hyllie can be described as explosive. Twelve years ago there were only fields, meadows and a railway station. Today Hyllie is a residential area, meeting place and workplace for thousands of Malmö residents, business people and travellers. As well as the City Tunnel Station, Hyllie has the Malmö-mässan exhibition centre, the Emporia shopping centre, Malmö Arena, Hyllie Water Park and a growing residential quarter. A large number of companies are queuing up for office space.

"It's communications that make Hyllie what it is," says Pelle Hammarström, CEO of Volito Fastigheter. On the outskirts of Hyllie are Malmö's outer and inner ring roads and several major highways. In the centre of Hyllie is the City Tunnel Station providing direct connections to the city centre, the Central Station and Copenhagen Airport. In addition, the whole area has been planned with good access roads and plentiful parking for both cars and bikes, in accordance with the city's Bike & Ride concept.

More and more major companies are locating their offices in Malmö. These include Orkla, Findus and Ikea's international meeting place, Hubhult. The Point's closest neighbours are two office buildings and Choice Hotels, Quality Hotel View. Companies such as Fujitsu, Swedbank and Pressbyrån are already there. The Danish company, John Deere, chose Malmö instead of Copenhagen. Hyllie is a sought-after location due to its excellent communications and its green profile, something that attracts a younger labour force and therefore employers.

"This site was originally earmarked for housing," says Pia Andersson, CEO of Annehem, Peab's development company in southern Sweden. "Our assessment was that is was too soon for housing, and the location seemed made for meetings. Today there are numerous meetings every day, both local and international. Ikea's new meeting place alone generates over 1 000 visits per week and new spaces for work and meetings are highly sought after."

The Point will be a 29-storey-high masterpiece with 20 000 m2 of office and retail space. The ground floor will be spectacular, featuring a reception area and open lounge on the mezzanine level, which is designed to inspire spontaneous meetings. The entire building is equipped with intelligent technology, including a speed gate system that monitors people checking in and out.

"We will link the building with the adjacent hotel," says Pia Andersson. "Lunch and dinner guests can go dry-shod between them, and it will be easy to cooperate on conferences. Smaller meetings can be arranged in your own meeting rooms at the office, whereas you can hold larger meetings at the hotel. In this way we can make more efficient use of the tenants' space."

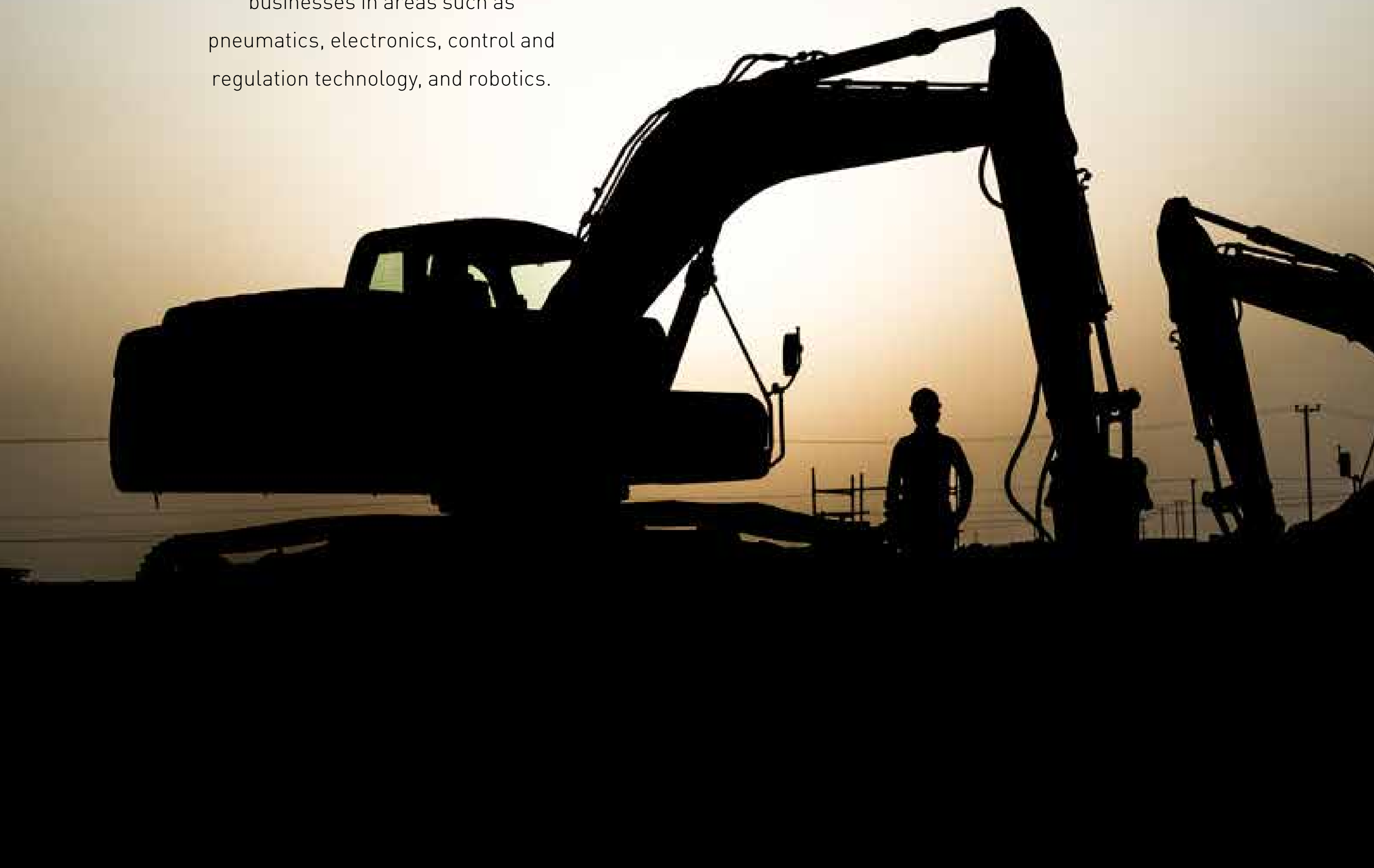
"The Point is an important investment not only for Peab and Volito Fastigheter, but also for Malmö," says Pelle Hammarström. "Normally, around 30 000 m^2 of office space is built per year in the whole of Malmö. But here we are adding 20 000 m2 at one site, and in a form that is not possible to break down into stages. We have a very strong belief in Hyllie, and the large number of inquiries shows that The Point is high on the wish list of many companies."

The Point is being built by Peab and Volito Fastigheter as a joint venture. Construction is scheduled to begin in Q2 of 2017 with first tenancies starting in late 2019. The leasing of both properties will be jointly managed by Volito Fastigheter and Annehem.

VOLITO INDUSTRY

Business Area Industry starts up, acquires and develops industry-related businesses. Today, Business Area Industry consists of **Volito Automation**, a rapidly growing organisation focused on knowledge-intensive companies in industrial automation. In a short time, Volito Automation has established a well-reputed business in Sweden, Finland and Norway composed of multiple subsidiaries in hydraulic solutions.

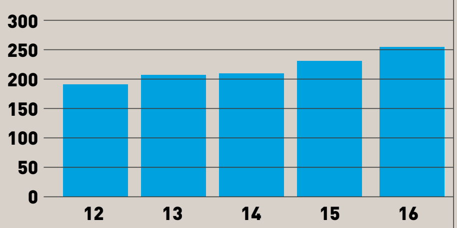
Volito Automation stands ready to start up further automation-oriented businesses in areas such as pneumatics, electronics, control and regulation technology, and robotics.



VOLITO AUTOMATION STRENGTHENS ITS MARKET POSITION

Volito Automation has continued to develop operations in both the MRO and OEM business segments. Through strategic acquisitions and other activities in 2016, the company has positioned itself as a strong business actor within MRO and strengthened its presence in Sweden's industry-intensive areas. Despite a poor business climate, market shares continue to increase.

SEK million   Total turnover



The Volito Industry Group, Five-year summary

SEK million	2016	2015	2014	2013	2012
Revenue	254.6	230.2	209.8	206.6	190.3
EBITDA	10.5	11.4	8.3	7.4	5.0
Result before tax	6.4	6.2	0.4	15.5	-3.3

VOLITO INDUSTRY

In 2015, when the Volito Group launched a new expansion plan, Volito Automation initiated a reorganisation to create two business segments, MRO and OEM, with an aim to achieve more efficient allocation of resources and greater development opportunities. This reorganisation has now been completed in the Swedish market with positive results. The OEM segment consists of HydX and Hydro Swede, which have been merged under the joint name, HydX. The MRO segment consists of HydSupply, Hydratech and PF Hydraulik, which have been merged under the name, HydSupply. We are now in a phase of strong growth and are ready for further expansion.

New acquisitions within MRO

We have continued our expansion in 2016 with a focus on the MRO segment. PF Hydraulik in Borlänge, which was acquired in January, is now fully integrated. HINDAB, Hydraulik & Industriservice AB, with units in Nässjö, Tranås and Vetlanda, was acquired in late 2016. The company offers services and components within hydraulics, pneumatics, transmissions and ball bearings, and has a large number of customers within industry, agriculture and forestry. HINDAB's operations are of a very high quality and the company has a strong reputation in the highlands of Småland. The acquisitions are strategic for our investment in a nationwide MRO organisation.

During the year we have also opened sales and service offices in Kiruna and Stockholm. We now have a strong presence in Sweden's most industry-intensive areas and the group has achieved very good coverage. Our intention is to continue the expansion and find ways to strengthen our offering in industry-intensive areas such as Blekinge and the west coast.

Strong offering

With the acquisition of HINDAB, we have initiated a broadening of our offering, which follows our plan to establish further automation-oriented operations adjacent to hydraulics. Going forward, our customers can expect an offering that creates even more value.

Continued recruitment

We have further strengthened our organisation in 2016. In addition to acquisitions, we have recruited 14 new staff members and now have a total workforce of 110 people. The recruitment of well-educated young staff members is a challenge. Therefore, we have now started to recruit newly qualified technicians and will offer them continuous professional development under our own management.

Bosch Rexroth is a new partner

Volito Automation has signed a cooperation agreement with Bosch Rexroth regarding the Swedish MRO market. Bosch Rexroth is a leading supplier within industrial automation and mobile hydraulics. The collaboration means a strengthening of our respective positions in the market, and gives Volito Automation considerable opportunities to strengthen its offering.

New successes for HydX

HydX continues to develop strongly in the OEM segment. In 2016 HydX, together with SKF, has designed and delivered hydrostatic bearings for the Large Synoptic Survey Telescope in Chile, one of the world's largest reflecting telescopes. LSST is being built with support from the USA's National Science Foundation, the Department of Energy and private financiers. The unit was delivered before Christmas.

Market shares increase

The business climate was poor in 2016 and we were affected by factors such as the decline in the mining industry. However, there are indications that the market situation is improving. Regardless of the business climate, Volito Automation has continued to gain market shares. Despite major investments in expertise and resources, we can report turnover and earnings in line with 2015 levels. EBITDA (Earnings before interest, taxes, depreciation and amortisation) amounted in 2016 to SEK 10.5 million (11.4). Earnings in 2016 have been affected by costs relating to reorganisation and acquisitions.

Reorganisation continues

Overall, 2016 has been a satisfying year. We have a new, more fit-for-purpose organisation in place and we have taken several important steps in the expansion plan. Due to the establishment of the two business segments, we have become more efficient and have got a lot closer to our customers. We have received positive feedback from all those concerned.

Going forward, we have set our sights on continued expansion and further strengthening our positions in Sweden, Norway and Finland, as well as in new national markets. We will also complete our reorganisation by dividing operations in Norway and Finland according to the new business segments.

I would like to express my thanks to our customers, partners and staff for our joint successes in 2016. I look forward to achieving our goals together in the years to come.

Thomas Larsson
CEO, Volito Automation

HINDAB

THE ACQUISITION OF HINDAB PUTS VOLITO AUTOMATION IN A UNIQUE POSITION

In 2016 Volito Automation acquired the Småland-based MRO company, HINDAB, which specialises in hydraulics, pneumatics, transmissions and ball bearings. HINDAB strengthens Volito Automation's presence in the highlands of Småland, an area of intensive industry. Together, the companies present a unique offering to the market.

HINDAB was established in 1986 by local entrepreneurs and has well-known units in Nässjö, Tranås and Vetlanda. HINDAB's operations are of a very high quality and the company has good long-term relations with its industrial customers.

"We have a team of 15 people who provide industry, agriculture and forestry with service and components within hydraulics, pneumatics, transmissions and ball bearings," says Tomas Fyhr, CEO of HINDAB. "The expertise can vary depending on the surrounding industries, but all the sites have a shop for industrial customers with a carefully selected range from our core suppliers."

Like Volito Automation, HINDAB focuses strongly on expertise and experience, which is one of the reasons why the companies have got together.

"Within Volito Automation there is a fundamental philosophy that it is the people in a company who make the business successful," says Tomas Fyhr. "The group has forged links with an impressive mix of specialists with long experience and a young well-educated staff. We share that philosophy."

The acquisition has enriched Volito Automation with several strategically important areas of expertise, while HINDAB has been strengthened by the hydraulics know-how within Volito Automation.

"We have gained access to the absolute elite within hydraulics, which is a fantastic resource for our customers and staff," says Tomas Fyhr. "And we broaden Volito Automation's range of products and services in a way that gives us a strong joint offering. The combination of hydraulics, pneumatics, transmissions and ball bearings is unique among MRO companies in the market. With Volito Automation's strategic broadening, we can now launch this range of expertise in Sweden's industry-intensive areas. It also means considerable opportunities for the group's existing industrial customers."

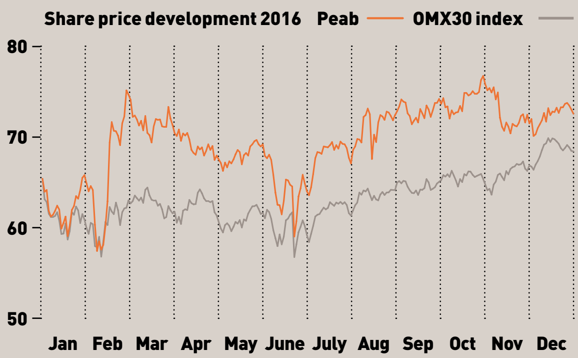
The merger has created great interest among HINDAB's customers. Many are curious and want to know what the future will hold.

"The customers are very positive about the merger," says Tomas Fyhr. "Volito Automation has already got a good reputation among our customers, in part due to HydSupply in Smålandsstenar, which has a very good standing around here. We have already started several joint projects with companies in Volito Automation and in the near future we will be presenting ourselves jointly in a wider context."

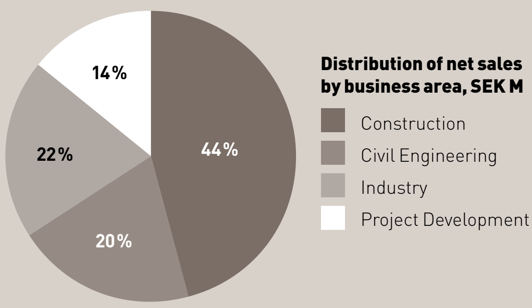
VOLITO LISTED HOLDINGS

Within Business Area Listed Holdings, Volito has significant and active ownership interests in listed companies. Volito has an ownership philosophy of engagement aimed at stable, long-term growth, and the Group is represented on the companies' respective boards.

Today, the business area consists of holdings in **Peab AB (publ)** and **Bulten AB (publ)**. Peab AB is one of the leading construction and civil engineering companies in the Nordic countries. Volito is one of the company's largest owners. Bulten AB is one of the largest suppliers of fasteners to the European automotive industry. Volito is the largest owner of Bulten AB.



Share price development 2016
Peab
OMX30 index
80
70
60
50
Jan
Feb
Mar
Apr
May
June
July
Aug
Sep
Oct
Nov
Dec



14%
22%
44%
20%
Distribution of net sales by business area, SEK M
Construction
Civil Engineering
Industry
Project Development

IMPROVED PROFITABILITY, ENHANCED CASH FLOW AND STRENGTHENED FINANCIAL POSITION

Peab can look back on a positive 2016 with improved profitability, enhanced cash flow and a strengthened financial position. The four complementary business areas put the company in a good position, and Peab considers that the outlook for its markets is stable.

Peab AB (publ), one of the leading construction and civil engineering companies in the Nordic countries, is active within Construction, Civil Engineering, Industry and Project Development. Volito has a long-term involvement in Peab and is one of the company's major owners. Peab, which is listed on Nasdaq Stockholm (Large Cap), reported a value increase of approx. 11% in the company's B share in 2016.

Investment in housing construction has increased in Sweden, Norway and Finland in 2016. Order intake has risen and at year-end 2016 the order book amounted to SEK 33.6 billion (27.0).

Business Area Construction reported a 2 % reduction in turnover and a somewhat lower operating margin. Business Area Civil Engineering reported increased turnover with a somewhat lower operating margin. Business Area Industry has increased both turnover and earnings. Business Area Project Development reported turnover in line with 2015 levels and an improvement in earnings. The operating margin for Property Development has increased to 8.5 % (6.5).

Peab's operative net sales amounted to SEK 46 489 million (45 052). The operative operating profit improved to SEK 2 075 million (1 852), which means an operative operating margin of 4.5 % (4.1). In the above mentioned sales and operating profit for 2015 the write-downs of Mall of Scandinavia amounting to SEK -800 million have been excluded. Cash flow before financing amounted to SEK 2 651 million (1 787) and net debt to SEK 1 862 million (3 118). Improved net interest income contributed to an increase in profit before tax to SEK 2 050 million (1 706). The Property Development segment includes an earnings effect of SEK 104 million relating to the partial sale of a hotel property and construction rights for offices at Hyllie Station Square in Malmö.

Peab has a good position in the market and the future outlook is stable. The company sees strong earnings in capital-intensive operations in Industry and Project Development, as well as stable earnings for contract operations within Construction and Civil Engineering, despite tough competition, resource shortages and high pressure on costs. Peab has further strengthened its financial position, due to actions such as the sale of assets in Arenastaden in Solna in early 2017, and can be satisfied to have achieved all its financial targets for 2016.

It is Peab's constant ambition to be the best company in the industry. With a strong focus on work environment and sustainable business, Peab continues to strive to have the most satisfied customers, the best workplaces and the most profitable business in the industry.

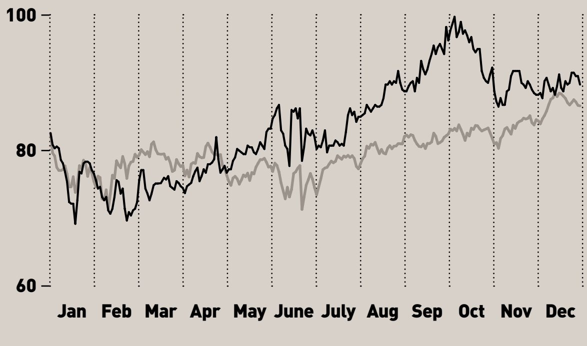
Financial key ratios	2016	2015
Net sales, SEK M	46 489	45 052 [1]
Operating profit, SEK M	2 075	1 852 [1]
Operating margin, %	4.5	4.1 [1]
Orders received, SEK M	41 445	37 812
Earnings per share, SEK	5.85	2.71
Dividend per share, SEK [2]	3.60	2.60
Share price 31 Dec, B share	72	65

Volito's holding	2016	2015
No. A shares	1 500 000	1 500 000
No. B shares	15 100 000	15 100 000
Value, SEK M	1 200	1 077

Largest shareholders (%)	Capital	Votes
Mats Paulsson & companies	16.6	28.6
Karl-Axel Granlund, family & companies	6.6	5.4
Anita Paulsson, family & companies	4.5	14.5
Fredrik Paulsson, family & companies	4.5	14.5
Carnegie fonder	3.9	1.9

[1] Refers to operative net sales and operative operating profit excluding write-down of the Mall of Scandinavia project, which has adversely affected turnover and financial results by SEK -800 million for 2015.
[2] The board's proposal to the AGM.

Share price development 2016 Bulten — OMX30 index —



Financial key ratios	2016	2015
Net sales, SEK M	2 676	2 693
Operating profit, SEK M	200	165
Operating margin, %	7.5	6.1
Orders received, SEK M	2 717	2 673
Earnings per share, SEK	7.3	5.6
Dividend per share, SEK	4.50 [1	3.25
Share price 31 Dec	89	82

[1 of which 3.50 will be ordinary dividend and 1.00 will be an extraordinary dividend

Volito's holding	2016	2015
No. of shares	4 450 000	4 435 686
Value, SEK M	396	364

Largest shareholders (%)	Capital	Votes
Volito AB	21.2	21.2
Investment AB Öresund	10.8	10.8
Lannebo fonder	13.8	13.8
JP Morgan	5.0	5.0
Spiltan Fonder AB	3.6	3.6

The shareholder register above is taken from Euroclear. The capital share, 21.9 mentioned elsewhere in the annual report is adjusted taking into account the treasury shares.

STRONGER EARNINGS, CASH FLOW AND ORDER INTAKE

Bulten sums up 2016 as a year of stronger earnings and cash flow, with an increased order intake in Q4. There have been strategic investments and several important breakthroughs during the year. Bulten is considered to have a good basis for increasing market shares from mid-2017 onwards.

The Volito Group has a significant and active ownership interest in Bulten AB (publ). Bulten is one of the largest suppliers of fasteners to the European automotive industry. The company's offering encompasses customer-specific standard products and customised special fasteners as well as technical development, line feeding and expertise in logistics, materials and production. Bulten offers a full service provider concept or selected elements of the service. Volito is the largest owner of Bulten with 21.9 % of the shares at year-end 2016.

Bulten is listed on Nasdaq Stockholm (Mid Cap). The Bulten share increased by approx. 9 % during 2016.

The group's net sales amounted to SEK 2 676 million (2 693) and the operating profit (EBIT) amounted to SEK 200 million (165), which corresponds to an operating margin of 7.5 % (6.1). The profit after tax was SEK 146 million (111). The cash flow from operations amounted to SEK 351 million (141), net cash to SEK 30 million (-176) and the equity/assets ratio was 68.9 % (64.0). Bulten's primary market is the European automotive industry, with the UK as the biggest single market. The division of the company's net sales is 87 % light vehicles and 13 % commercial vehicles. Production of both light vehicles and commercial vehicles has risen during the year. Car sales in Europe have increased and demand for light vehicles remains good. Demand for vehicles exported from Europe to global markets and for production of heavy vehicles has been uneven in 2016 and is difficult to assess going forward. Bulten may experience a certain degree of volatility in demand for some time due to customers' ongoing changeovers to new models.

Rising world market prices for steel and other metals is deemed to cause a certain short-term adverse effect on profitability in early 2017. However, based on signed contracts and continuing discussions with customers, Bulten is in a good position to increase market shares from mid-2017 onwards.

Bulten has received strategically important orders from customers in Russia and China during the year. The company has deepened an existing collaboration with one of the world's largest manufacturers of electric cars. Bulten has made a decision to invest in surface coating facilities in Poland and Germany with an aim to improve cost efficiency. The company decided in late 2016 to strengthen group management and set up a new global market and sales organisation in order to further promote profitable growth and the company's long-term strategy.

Bulten was awarded the Jaguar Land Rover quality prize (JLRQ) in 2016.

BOARD OF DIRECTORS

Front row, from left: Board member **Lennart Blecher** (Partner of EQT. Board member of Nordkap AG, Zürich. Board member of Falcon Private Bank, Zürich), Chairman of the Board **Karl-Axel Granlund** (Board member of Peab AB (publ) and others), CEO and President **Ulf Liljedahl** (Chairman of the Board at Bulten AB (publ)) Back row, from left: Board member **Karl-Fredrik Granlund**, Board member **Peter Granlund**, Board member **Axel Granlund** (CEO at EkoBalans Fenix AB)

MANAGEMENT

From left: **Thomas Larsson**, CEO at Volito Automation AB, **Fredrik Molested**, CFO at Volito AB, **Pelle Hammarström**, CEO at Volito Fastigheter AB, **Ulf Liljedahl**, CEO and President at Volito AB

VOLITO

THE GROUP
ANNUAL REPORT

ADMINISTRATION REPORT
The business in brief

The Group

Volito AB (556457-4639) is the Parent company in a Group that has operated for many years in the business areas Real Estate, Industry and Aviation. Business Area Aviation has been almost completely wound up. In addition to this, Volito owns listed holdings in Peab AB (publ) and Bulten AB (publ).

The year in brief

A new expansion plan was established in 2015 and this has characterised work in 2016. Despite turbulence in the world at large, Volito can sum up 2016 as a year of continued good value growth. The Volito Group has carried out a number of significant investments. Business Area Real Estate in cooperation with Peab has acquired the building rights to The Point in Hyllie and an adjacent hotel. Business Area Industry has acquired a further three companies in its area of operations.

New and extended financing was arranged in early 2016, which resulted in cooperation with three Swedish credit institutions. Volito has a good base for future investments, which enables continued profitable growth, both organically and via attractive acquisitions.

Income

The Group's net sales amounted to SEK 413.5 million (451.4), which is a reduction of 8.4 %. The reduction is mainly attributable to the winding up of Business Area Aviation. However, both Business Area Real Estate and Industry have increased their net sales. The operating profit was SEK 92.1 million (105.0).

The profit after financial income and expense was SEK 78.5 million (147.6). The winding up of Volito Aviation AB is in the final phase. The repayment of granted loans to VGS has been carried out in step with the divestment of the aircraft. At year-end 2016 the net claim on VGS Aircraft Holding (Ireland) Ltd. amounted to USD 8.2 million. A decision was taken to write this down by USD 5.7 million to USD 2.5 million, which has resulted in a cost of SEK 48.4 million for the Volito Group. In 2015 there were exchange gains of approx. SEK 20 million, also linked with the repayment of loans from VGS to Volito Aviation AG, which in turn has repaid the received shareholders' contribution from Volito Aviation AB.

The profit before tax for the Group amounted to SEK 204.8 million (282.7).

The value growth of Volito's real estate portfolio continued and the increase in 2016 amounted to SEK 129.2 million (119.1).

Interest swaps are used for protection against interest rate risks relating to Volito Fastigheter's borrowing. These are valued at fair value in the balance sheet and unrealised changes in fair value of interest swaps of SEK -2.9 million (16.1) have been reported in the profit or loss for the year.

Financial position and cash flow

The Group's financial position amounted to SEK 4 856.8 million (4 446.7) and equity relating to the Parent company's owner amounted to SEK 2 404.9 million (2 118.9).

The Group's total cash flow amounted to SEK -54.4 million (48.2). The cash flow from operating activities generated a surplus of SEK 55.7 million (65.2). The year's net investments amounted to SEK -249.9 million (333.5), which is mainly attributable to Volito Fastigheter and the acquisition and associated loans for Point Hyllie, totalling SEK 171.6 million. VGS has continued to make repayments on its shareholders' loan to Volito Aviation AG, SEK 113.7 million (413.3). The net inflow from financing activities amounted to SEK 139.7 million (-350.5). During the year the Volito Group has renegotiated the whole group's financing and the borrowing facility that has been in place since 2011 was settled with new borrowing.

The Parent company

Activities

The Parent company runs no operations of its own, but manages group-wide functions for administration and finance. The year has been characterised by the Group's new objectives, and the new organisation has focused on growth in the Group's core businesses.

Income

The turnover of SEK 7.8 million (9.1) relates primarily to the sale of services to other companies within the Group. The profit after financial income and expense was SEK 40.5 million (27.2). The profit increase is attributable to higher dividends from group companies and from the holdings in Bulten and Peab, a capital gain from the sale of shares and lower interest costs in 2016. Furthermore, earnings in 2015 were adversely affected by exchange losses.

Received group contributions amounted to SEK 37.8 million (48.0) and the pre-tax profit was SEK 78.1 million (75.2).

Financial position and cash flow

The financial position amounted to SEK 1 227.9 million (1 253.9) and equity to SEK 661.7 million (616.7). The cash flow for the year was negative, SEK -4.4 million (2.2). During the year Volito AB has invested SEK 124.9 million (27.2), partly in shares and partly in granted loans to Volito Industry and AB Axel Granlund. The sale of financial assets amounted to SEK 27.7 million (70.4). In 2015 Volito AG made a net amortisation of SEK 35.1 million. The remaining claim, SEK 4.4 million, was thereafter written down and no further amortisation has been received.

The Volito Group has reorganised its financing in 2016 and the borrowing facility that has been in place since 2011 has been settled with new borrowing. The dividend to shareholders amounted to SEK 29.3 million.

Real Estate

Activities

Volito Fastigheter is involved in the trade and management of real estate in the Öresund region, with a focus on commercial properties in the Malmö region. Volito Fastigheter established new expansion targets and strategies in 2015. However, the fundamental philosophy of the business remained the same. As the market for commercial property has been very attractive, high demand and tough competition has led to higher price levels. Acquisition opportunities are limited and Volito Fastigheter has started to be receptive to new business opportunities. This means above all that Volito Fastigheter is also looking at new construction projects, particularly in cooperation with other business partners.

In value terms, the real estate market has remained stable during the year. The market value of Volito Fastigheter's property portfolio was assessed by an external party at year-end and was set at SEK 2 763.7 million (2 560.0). Adjusted for investments and rebuilding, the increase in the value of the portfolio amounts to SEK 129.2 million, which corresponds to a 4.9 % increase on the previous year-end.

Volito Fastigheter and Peab started a joint venture in 2016 to build the 110-metre-high office building, The Point, in Hyllie. The gross floor space will be 30 000 m2, of which 20 000 m2 is leasable office and retail space. Construction is planned to start in Q2 of 2017. As part of the collaboration with Peab, Volito Fastigheter has also acquired 50 % of the neighbouring property, Värdshuset 5, a newly built conference hotel.

In cooperation with Peab, the development of Bara's town centre is continuing. The ICA supermarket was completed in 2016.

The vacancy rate increased somewhat and at year-end was 15.4 % (15.1 %).

Income
Volito Fastigheter's turnover amounted to SEK 147.4 million (138.2). The increase is is mainly attributable to changes in the property portfolio, as one property was acquired in late 2015. The operating profit amounted to SEK 95.9 million (88.7).

The profit after financial income and expense was SEK 58.7 million (52.8). The profit after changes in value for the year of investment properties and derivatives amounted to SEK 185.0 million (188.0). The net change in value of properties has affected earnings positively by SEK 129.2 million (119.1). Volito Fastigheter uses interest swaps as protection against interest risks relating to borrowing. These are measured at fair value in the balance sheet and unrealised changes in the fair value of interest swaps amounting to SEK -2.9 million (16.1), are reported in the profit or loss for the year.

Financial position and cash flow
The balance sheet total was SEK 3 005.8 million (2 658.0) and equity amounted to SEK 1 155.2 million (1 019.3). The cash flow for the year was negative, SEK -0.1 million (0.3). Operating activities generated a positive cash flow of SEK 55.3 million (53.9). The year's net investments amounted to SEK -209.6 million (-128.6) and net borrowing increased by SEK 163.2 million (84.0). Volito Fastigheter paid a dividend to Volito AB of SEK 9.0 million (9.0).

Industry

Activities
Volito Industry, via the subgroup Volito Automation, acquires and starts up companies within industrial automation. The group's ambition is to be the market leader in the Nordic countries. Volito Automation has subsidiaries focused on hydraulics within several application areas. The operations cover a large number of sectors with end customers in many different markets. This means the group is relatively unaffected by fluctuations in business cycles and unforeseen events in the markets.

PF Hydraulik AB, a supplier of hydraulics and pneumatics based in Dalarna was acquired in early 2016. PF Hydraulik and Hydratech were merged with Hydraulic Supplier i Norden AB during the year. HINDAB, Hydraulik- och Industriservice i Vetlanda AB and the e-commerce company, Hintratech AB, were acquired in December. HINDAB offers services and components within hydraulics, pneumatics, transmissions and ball bearings, and has a large number of customers in industry, agriculture and forestry.

The business climate in Europa remained poor in 2016 and there are considerable similarities with previous years. The mining industry has been hit hard by falling mineral prices. Despite the business conditions, Volito Automation continues to capture market shares.

Overall, 2016 has been satisfactory. The new organisation is in place and the group has taken several important steps in the expansion plan. The aim is to continue expansion and to further strengthen Volito Automation's positions.

Volito AB owns 91 % of the shares in the Volito Industry group and CEO Ulf Liljedahl owns the remaining 9 %.

Income
Volito Industry's turnover amounted to SEK 254.6 million (230.2), which is an increase compared with the previous year and attributable to both new acquisitions and captured market shares. The operating profit before depreciation was SEK 10.5 million (11.4) and after depreciation was SEK 8.0 million (8.7). Volito Industry generated a profit after financial income and expense of SEK 6.4 million (6.2).

Financial position and cash flow
The financial position amounted to SEK 189.3 million (157.9) and equity to SEK -23.9 million (-21.3).

Operating activities generated a negative cash flow of SEK -2.8 million (-3.5). The year's investments amounted to SEK 26.0 million (11.4) which were financed by net borrowing of SEK 31.6 million (12.6). The cash flow for the year was positive, SEK 2.9 million (-2.1).

Listed holdings

Peab AB (publ)
Peab is active in the construction and civil engineering field in the Nordic countries. The company's shares are listed on Nasdaq Stockholm (Large Cap).

Volito's holding in Peab remained unchanged in 2016 and amounted to 16 600 000 shares on 31 December 2016, of which 15 100 000 Class B shares, which corresponds to 5.61 % of the capital and 4.98 % of the votes.

For Volito, the holding in Peab AB is of a strategic character. Volito has had a well-developed partnership with Peab for a number of years.

The value of Peab shares increased in 2016. The market value of Volito's total holding at year-end was SEK 1 200.2 million (1 076.5), which represents an increase of just over 11 % for the year.

Bulten AB (publ)
Bulten is one of the largest suppliers of fasteners for Europe's automotive industry. The company's offering encompasses customer-specific standard products and customised special fasteners as well as technical development, line feeding, and expertise in logistics, materials and production. Bulten offers a full service provider concept or selected elements of the service.

Bulten is listed on Nasdaq Stockholm (Mid Cap) and reported very positive value growth of approx. 9 %. Volito is the largest owner of Bulten AB with 21.9 % (21.8) of the capital and shares.

The Volito Group's earnings attributable to the holding in Bulten amounted to SEK 37.9 million (29.5).

Aviation

Activities
As part of the consolidation of the Group, Volito's Board decided in 2014 to divest its aviation operations. The business area has been almost completely wound up in 2016.

The aviation business has been run by the Irish company, VGS Aircraft Holding (Ireland) Ltd (VGS). The VGS fleet has been managed by the Volito Aviation Services group, a management company principally owned (80 %) by Volito Aviation AB. The remaining shares, 20 %, were acquired in 2016. The company will be liquidated.

2 % of the Swiss company Volito Aviation AG, which owns shares in VGS has been divested and the company is reported as from 31 December 2016 as an associated company.

Income
Volito Aviation's turnover amounted to SEK 11.2 million (85.1). The major part of income in 2016 and half of income in 2015 is attributable to proceeds from sales and relates to Volito Aviation Services' management of aircraft sales for VGS.

The operating profit was SEK 5.6 million (20.1). The loss after financial income and expense was SEK -44.5 million (41.2). Earnings have been affected by a write-down of SEK 48.4 million on the granted shareholders' loan to VGS. During the year VGS amortised USD 49 million, which resulted in an exchange gain of SEK 19.9 million.

Financial position and cash flow
The financial position amounted to SEK 82.7 million (351.0) and equity to SEK 80.5 million (245.1). There was a reduction of share capital amounting to SEK 121.2 million. The cash flow for the year was negative, SEK -52.9 million (51.0).

Other holdings

In addition to the holdings above, Volito has ownership shares in EQT funds, NAC Luxembourg I S.A., Avensia AB, Alfa Laval AB (publ), Bear Stearns Venture Partner LP and various other small companies. The combined value of these holdings at year-end was SEK 69.8 million (48.3).

Unchanged accounting principles

The accounting principles are unchanged in comparison with the previous year.

Expectations concerning future developments

The Group

In 2015 Volito established a new, expansive plan and reformed the organisation in order to be well equipped for future growth. The plan contains a challenging growth strategy with the ambition to achieve high targets set for earnings in the coming years.

The new expansion goals and strategies for Volito Fastigheter mean that Volito Fastigheter is to considerably increase the value of the property portfolio and further improve income and earnings. High demand and tough competition in combination with low interest rates has resulted in high price levels and Volito Fastigheter considers that business opportunities are limited. This has led to the group seeking other business opportunities in addition to traditional acquisitions, particularly in cooperation with business partners.

Volito Industry has a new fit-for-purpose organisation in place and has taken several important steps in the expansion plan that was established in 2015. Going forward the group has set its sights on continued expansion and to further strengthen its positions in Sweden, Norway and Finland, as well as new national markets. The reorganisation in Norway and Finland has started and will also be completed.

Group information

The company is a subsidiary of AB Axel Granlund, org.no. 556409-6013 with registered office in Malmö. AB Axel Granlund owns 88.0 % (88.0 %) of the capital and votes in the Volito Group and draws up consolidated financial statements for the largest group.

Information on risks and uncertainty factors

The Group

Volito's earnings, cash flow and financial position are affected by a number of factors that are to varying degrees influenced by the company's own actions.

Risk management

Exposure to risks is a natural part of a business enterprise and this is reflected in Volito's approach to risk management. This aims to identify risks and prevent and limit the adverse consequences that arise as a result of these risks. Management of the operational risks is a continuous process. The operational risks are managed within the organisation by the respective business areas. The financial risks are linked to the operations' tied up capital and capital requirements, mainly in the form of interest rate risks and refinancing risks. See also note 44.

Material risks

Changes in the value of properties depend mostly on Volito Fastigheter's own ability, through changes and refinements to properties as well as agreement and customer structures, to increase the properties' market value, and partly on external factors that affect property supply and demand. In general, property value is less volatile for concentrated portfolios of property in good locations. Volito's properties are predominately concentrated in the central and most expansive parts of Malmö. Most of Volito Fastigheter's long-term rental agreements contain an index clause that means annual rental adjustments are based either on changes in the consumer price index or on a fixed percentage increase. Property valuations are calculations made according to established principles based on certain assumptions, and affect the Group's earnings considerably. For more information on property valuations, see the Valuation principles section on page 43 and Note 22.

Credit risks

Credit risks refer to the risk of losing money due to another party being unable to fulfil their obligations.

Vacancy risks and credit risks in accounts receivable – trade

Demand for premises is affected by general business conditions. Volito Fastigheter's activities are concentrated in Malmö, which is deemed to be attractive in the long term regarding location, population growth, employment and general communications. A broad portfolio of contracts reduces the risk of large fluctuations in vacancies. Leases are divided between commercial properties (97 %) and residential (3 %). The commercial rental income is divided between 147 contracts within a number of different sectors. A combination of good local knowledge, active involvement and a high level of service creates conditions for long-term rental relations and thereby a reduced risk of new vacancies. A certain level of vacancies provides opportunities in the form of new leases and flexibility for existing tenants who want to expand or reduce their premises. Furthermore, Volito Fastigheter bears the risk that tenants are unable to make rent payments. Regular follow-ups are carried out on the tenants' credit ratings in order to reduce exposure to credit losses. A credit rating of tenants is carried out for all new leases, and, if required, the rental agreement is complemented with personal guarantees, rent deposit or bank guarantee. All rents are paid quarterly or monthly in advance.

Within Volito Industry, risks are linked to project management. Many projects are customised and Volito bears the risk that customers cannot fulfil their obligations. Customers make advance payments on major projects in order to reduce the risk of credit losses.

Financial risks

In its business activities, the Volito Group is exposed to various types of financial risks. Financial risks relate to changes in exchange rates and interest rates that affect the company's cash flow, earnings and thereby associated equity. The financial risks also include credit and refinancing risks.

The Group's finance policy for managing financial risks has been designed by the Board and creates a framework of guidelines and rules in the form of risk mandates and limits for the business. Responsibility for the Group's financial transactions and risks are managed centrally by the Group's Finance function, which is within the Parent company. The overall aim for the Finance function is to provide cost-efficient financing and to minimise negative effects on the Group's earnings that stem from market risks. Reporting is conducted on a regular basis to the CEO and the Board, which have overall responsibility for financial risk management. See note 44.

Liquidity and financing risks

Liquidity and financing risks refer to risks of not being able to fulfil payment obligations as a result of insufficient liquidity or difficulties in arranging new loans. Volito is to be able to carry through business transactions when the opportunity arises and always be able to fulfil its obligations. Refinancing risks increase if the company's credit rating deteriorates or a large part of the debt portfolio becomes due on a single, or relatively few, dates.

Liquidity risks are managed through both regular liquidity forecasts and Volito's access to credit or liquid assets that can be raised at short notice in order to even out fluctuations in the payment flow.

Borrowing risks refer to risks that financing is unavailable or available on unfavourable conditions at a certain time. In order to limit financing risks, Volito strives to spread final due dates regarding credit over the longest possible period allowed by prevailing market conditions.

Part of Volito's borrowing is linked to fulfilling financial ratios (covenants) in the form of the interest coverage ratio and equity ratio that the Group is to achieve, which is customary for this type of loan. These ratios are followed up continuously and make up a part of the management's framework for financial planning of the business. Volito fulfilled these ratios by a good margin at year-end.

Currency exposure

The Volito Group has for many years been exposed to risks relating to exchange rate changes, principally through its involvement in aircraft leasing. As this business is in the final phase of being wound up, this risk is considered to be small.

Interest rate exposure

The Volito Group is exposed to changes mainly in short-term interest rates through its involvement in the Volito Fastigheter AB group. The Parent company, Volito AB, also has risk exposure relating to short-term interest rates. Volito's policy regarding interest rates is that fixed rate terms for the portfolio shall be well balanced and adjusted to the company's prevailing view of the interest rate market at that time.

Interest costs are the largest single cost item for Volito. How much and how fast a change in interest rates makes an impact on earnings depends on the chosen fixed interest term. A rise in interest rates is often initiated by higher inflation. In commercial rental contracts, it is normal that the rent is index-adjusted upwards for inflation.

A combination of loans with short fixed interest terms and utilisation of financial instruments in the form of interest rate swaps enables flexibility to be achieved, and the fixed interest term and interest rate level can be adjusted so that the aim of the financing activity can be achieved with limited interest rate risk. This is without underlying loans needing to be renegotiated. In order to manage the interest rate risks and achieve even development of net interest income, the average fixed interest term for Volito's interest-bearing debts has been adjusted according to the assessed risk level and interest rate expectations. Interest rate derivatives are valued at fair value. If the agreed interest for the derivative deviates from the expected future market interest rate during the derivative's duration, a change in value arises that affects the company's balance sheet and income statement, but not the cash flow. The risk reduction in interest payments from longer fixed interest terms often creates a larger risk in derivative value, due to the time factor. When the term of the derivative has expired, the value of the interest rate derivative is always zero.

Overall, the Volito Group's total loans exposed to short-term interest rates amount to SEK 1 064.3 million (1 037.5). Hedging relating to 62.6 % (58.8) of the debt portfolio of the Volito Fastigheter AB group, corresponding to 46.2 % (36.2) of the entire Volito Group, is managed with swaps, something that gives the company a higher degree of flexibility in terms of future debt management.

The nominal amount of Volito Fastigheter's outstanding interest rate swaps at year-end 2016 was SEK 913.0 million (765.0). At year-end 2016 the fixed interest rates varied from -0.18 % (0.07 %) to 3.56 % (3.56 %) and the floating interest rates are STIBOR 3-months with a supplement for a margin relating to borrowing in SEK.

Refinancing risks

The Volito Group depends on a functioning credit market. The Group has a need to continuously refinance parts of its business, see Note 41. The Group has a satisfactory equity ratio and borrowing capacity. It is therefore Volito's assessment that there is at present no problem concerning the credit that is due for refinancing.

Taxes

Volito's current tax expense is lower than the nominal tax on the pre-tax profit or loss, which is due to higher fiscal depreciation in properties than in the accounts and to unrealised changes in value that are not included in the fiscal results. Political decisions regarding changes in corporate taxation, tax legislation or their interpretation can lead to changes in Volito's tax situation.

Operational risks

Good internal control procedures for important processes, fit-for-purpose administrative systems, competence development and reliable valuation models and principles are methods for reducing operational risks. Volito works continuously to monitor, evaluate and improve the company's internal control procedures.

Information on non-financial earnings indications

Volito's employees

The Volito Group is a relatively small organisation that handles large amounts of capital. Therefore the wellbeing and development of the Group's employees are of vital importance for the long-term prosperity of the Group.

Volito uses employment conditions as a competitive factor for attracting suitable, people with the right set of skills. Different events are regularly organised within the Group's various companies to further strengthen team spirit and company loyalty.

Proposed allocation of the company's profit

The Board of Directors and CEO propose that the unappropriated earnings, SEK 396 711 393.29 are allocated as follows (SEK K):

Dividend, [2 440 000 * SEK 13.50 per share]	32 940
Retained earnings carried forward	363 772
Total	396 712

The Group's equity has been calculated in accordance with the EU-developed IFRS standards and interpretations of these (IFRIC), and in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 1 Supplementary reporting rules for groups.

The Parent company's equity has been calculated in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 2 Reporting for legal entities. The proposed dividend reduces the Parent company's equity ratio from 54 % to 51 %. The equity ratio is prudent, in view of the fact that the company's activities continue to operate profitably. Liquidity in the Group is expected to be maintained at a similarly stable level.

The Board's understanding is that the proposed dividend will not hinder the company from carrying out its obligations in the short or long term nor from conducting necessary investments. The proposed dividend is thus defensible with consideration to what is stated in ABL chapter 17, section 3, paragraph 2-3 (prudence principle).

For further information on the company's earnings and position, refer to the subsequent income statements and statements of financial position, and related notes to the financial statements.

Consolidated income statement and other comprehensive income for the Group

Note	Amounts in SEK K	2016	2015
3	Net sales	413 473	451 372
4	Other operating income	1 537	7 559
5		415 010	458 931
	Operating expenses		
	Raw materials and consumables	-148 845	-139 259
	Real estate expenses	-31 357	-29 476
6, 9	Other external expenses	-40 522	-44 563
7	Personnel expenses	-95 659	-134 594
8	Depreciation and amortisation of tangible and intangible fixed assets	-5 542	-6 004
10	Other operating expenses	-981	-42
	Operating profit	**92 104**	**104 993**
	Profit or loss from financial income and expense		
12	Profit or loss from participations in joint ventures	-45 289	2 310
13	Profit or loss from participations in associated companies	32 312	35 618
14	Profit or loss from other financial income and expense	48 654	37 533
15	Interest income and similar income	4 628	27 142
16	Interest expense and similar expenses	-53 930	-60 043
	Profit after financial income and expense	**78 479**	**147 553**
17	Changes in value of investment properties	129 231	119 138
18	Changes in value of derivatives	-2 891	16 055
	Profit before tax	**204 819**	**282 746**
19	Taxes	-44 133	-47 920
	Profit for the year	**160 686**	**234 826**
20	**Other comprehensive income**		
	Items that have been or can be transferred to profit or loss for the year		
	Translation differences from translation of foreign operations for the year	8 642	-52 309
	Translation differences transferred to profit or loss for the year	–	61 382
	Changes in fair value of assets available-for-sale for the year	132 529	170 184
	Tax attrib.to profit or loss items that have been or can be transferred to profit or loss for the year	-794	-184
	Changes in fair value of financial assets available-for-sale transferred to profit or loss for the year	-4 365	-7 637
	Participations in other comprehensive income of associated companies and joint ventures	5 607	–
	Other comprehensive income for the year	**141 619**	**171 436**
	Total comprehensive income for the year	**302 305**	**406 262**
	Profit or loss for the year attributable to:		
	Shareholders in Parent company	184 777	230 893
	Holdings with non-controlling interest	-24 091	3 933
	Profit for the year	**160 686**	**234 826**
	Total comprehensive income for the year attributable to:		
	Shareholders in Parent company	321 810	386 619
	Holdings with non-controlling interest	-19 505	19 643
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**302 305**	**406 262**

Consolidated statement of financial position

Note	Amounts in SEK K	2016-12-31	2015-12-31
	ASSETS		
	Fixed assets		
21	Intangible assets	61 912	49 291
22	Investment properties	2 763 700	2 560 000
23	Industrial premises	4 455	4 723
25	Machines and other technical fixed assets	2 636	2 960
26	Equipment, tools and installations	21 362	19 090
27	Fixed assets under construction and advances regarding tangible fixed assets	12 732	6 833
30	Participations in joint ventures	32 347	7 895
31	Receivables from joint ventures	150 252	172 525
32	Participations in associated companies	362 555	301 541
34	Other long-term securities holdings	1 256 845	1 115 487
35	Deferred tax assets	1 308	7 597
36	Financial leasing agreements	26 816	27 776
37	Other long-term receivables	1 999	1 999
	Total fixed assets	**4 698 919**	**4 277 717**
	CURRENT ASSETS		
	Inventories	54 524	43 571
44	Accounts receivable – trade	48 962	43 701
	Receivables from group companies	12 000	152
	Receivables from joint ventures	–	174
	Receivables from associated companies	174	–
	Tax receivables	2 566	2 322
	Other receivables	6 049	6 052
38	Prepaid expenses and accrued income	8 824	5 518
	Short-term investments	18 096	9 300
39	Cash and bank balances	6 662	58 172
	Total current assets	**157 857**	**168 962**
	TOTAL ASSETS	**4 856 776**	**4 446 679**

Consolidated statement of financial position

Note	Amounts in SEK K	2016-12-31	2015-12-31
	EQUITY AND LIABILITIES		
40	**Equity**		
	Share capital	244 000	244 000
	Other contributed capital	21 005	21 005
	Reserves	818 323	682 311
	Retained earnings including profit or loss for the year	1 321 592	1 171 544
	Equity attributable to shareholders in Parent company	**2 404 920**	**2 118 860**
	Holdings with non-controlling interest	**–**	**89 292**
	Equity	**2 404 920**	**2 208 152**
	Liabilities		
41, 44	Liabilities to credit institutions	2 011 056	91 642
	Other long-term liabilities	5 000	7 700
35	Provisions for deferred tax	252 432	213 966
	Total long-term liabilities	**2 268 488**	**313 308**
41, 44	Liabilities to credit institutions	11 794	1 764 022
41, 42, 44	Bank overdraft facilities	48 051	37 531
	Advances from customers	942	1 631
	Accounts payable – trade	38 997	33 700
	Liabilities to group companies	136	62
	Current tax liabilities	2 717	5 204
	Other liabilities	23 841	25 529
45	Accrued expenses and deferred income	56 890	57 540
	Total short-term liabilities	**183 368**	**1 925 219**
	TOTAL EQUITY AND LIABILITIES	**4 856 776**	**4 446 679**

Report on changes in equity for the Group

Amounts in SEK K	Share capital	Other contributed equity	Foreign exchange reserve	Available-for-sale reserve	Retained earnings incl. profit or loss for the year	Total	Holdings with non-controlling interest	Total equity
EQUITY, 31 DECEMBER 2014	**244 000**	**21 005**	**86 115**	**479 763**	**956 324**	**1 787 207**	**226 379**	**2 013 586**
Total comprehensive income for the year								
Profit for the year					230 893	230 893	3 933	234 826
Adjustment of foreign exchange reserve			6 379			6 379	–	6 379
Other comprehensive income			-52 309	162 363	39 292	149 346	15 710	165 056
Total comprehensive income for the year			**-45 930**	**162 363**	**270 185**	**386 618**	**19 643**	**406 261**
Transactions with Group owners								
Contributions from and value transfer to owners								
Dividends paid					-23 180	-23 180	-100	-23 280
Buy back of equity in associated companies					-11 745	-11 745	–	-11 745
Repayment of shareholders' contribution					–	–	-153 565	-153 565
Acquisitions					-447	-447	-1 210	-1 657
Total contributions from/value transfer to owners	**–**	**–**	**–**	**–**	**-35 372**	**-35 372**	**-154 875**	**-190 247**
Changes to ownership interest in subsidiaries								
Acquisition of jointly-owned subsidiaries with existing controlling interest					-19 593	-19 593	-1 855	-21 448
Total transactions with Group owners	**–**	**–**	**–**	**–**	**-54 965**	**-54 965**	**-156 730**	**-211 695**
EQUITY, 31 DECEMBER 2015	**244 000**	**21 005**	**40 185**	**642 126**	**1 171 544**	**2 118 860**	**89 292**	**2 208 152**
Total comprehensive income for the year								
Profit for the year					184 777	184 777	-24 091	160 686
Other comprehensive income			8 642	127 370	1 021	137 033	4 586	141 619
Total comprehensive income for the year	**–**	**–**	**8 642**	**127 370**	**185 798**	**321 810**	**-19 505**	**302 305**
Adjustment in profit or loss attributable to holdings with non controlling interests					**–**	**–**	**-23 080**	**-23 080**
Transactions with Group owners								
Contributions from and value transfer to owners								
Dividends paid					-29 280	-29 280	-2 800	-32 080
Repayment of shareholders' contribution					–	–	-5 350	-5 350
Acquisitions					-265	-265	–	-265
Share-related remuneration					393	393	–	393
Total contributions from/value transfer to owners	**–**	**–**	**–**	**–**	**-29 152**	**-29 152**	**-8 150**	**-37 302**
Changes to ownership interest in subsidiaries								
Acquisition of jointly-owned subsidiaries, with existing controlling interest					-6 598	-6 598	-2 326	-8 924
Divestment of jointly-owned subsidiaries, controlling interest ceases					–	–	-36 231	-36 231
Total transactions with Group owners	**–**	**–**	**–**	**–**	**-35 750**	**-35 750**	**-46 707**	**-82 457**
EQUITY, 31 DECEMBER 2016	**244 000**	**21 005**	**48 827**	**769 496**	**1 321 592**	**2 404 920**	**0**	**2 404 920**

Consolidated statement of cash flows

Amounts in SEK K	2016	2015
Operating activities		
Profit after financial income and expense	78 479	147 553
Adjustments for items not requiring an outflow of cash	27 357	-17 370
	105 836	130 183
Income taxes paid	-3 683	-3 200
Cash flow from operating activities before changes in working capital	**102 153**	**126 983**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in inventories	1 382	1 489
Increase(-)/Decrease(+) in current receivables	-29 281	-43 691
Increase(+)/Decrease(-) in current liabilities	-18 512	-19 566
Cash flow from operating activities	**55 742**	**65 215**
Investing activities		
Acquisition of group companies	-26 207	-10 237
Divestment of group companies	-33 474	-87
Acquisition of intangible fixed assets	-360	-721
Acquisition of tangible fixed assets	-82 287	-22 744
Divestment of tangible fixed assets	796	910
Acquisition of investment properties	-2 489	-95 217
Investments in financial assets	-247 679	-17 229
Divestment/reduction of financial assets	141 773	478 871
Cash flow from investing activities	**-249 927**	**333 546**
Financing activities		
Repayment to holdings with non-controlling interest	-5 350	-153 565
Proceeds from borrowings	1 962 402	137 530
Amortisation of borrowings	-1 785 233	-311 196
Dividends paid	-32 080	-23 280
Cash flow from financing activities	**139 739**	**-350 511**
Cash flow for the year	**-54 446**	**48 250**
Liquid funds at start of the year	**58 172**	**10 520**
Exchange rate differences in liquid funds	**2 936**	**-598**
Liquid funds at year-end	**6 662**	**58 172**

Supplement to consolidated statement of cash flows

Amounts in SEK K	2016	2015
Interest paid and dividends received		
Dividends received	59 434	52 089
Interest received	1 317	6 804
Interest paid	-51 760	-55 397
Adjustments for items not requiring an outflow of cash		
Less: Profit participations in associated companies and joint ventures	-35 452	-31 843
Received dividends from associated companies	14 435	13 200
Depreciation and write-downs of tangible and intangible assets	5 542	4 522
Depreciation and write-downs, other items	48 722	2 799
Unrealised exchange rate differences	-783	-10 449
Capital gains or losses from divestment of tangible fixed assets	-782	4 663
Capital gains or losses from divestment of businesses/subsidiaries	-4 325	-262
	27 357	**-17 370**
Transactions that do not involve payments		
Acquisition of assets via taking over a directly related liability or the issuing of a promissory note	6 118	12 500
Acquisition of assets through financial leasing	3 640	3 014
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities:		
Intangible fixed assets	12 319	–
Tangible fixed assets	850	–
Inventories	11 761	–
Operating receivables	8 635	–
Liquid funds	2 099	–
Total assets	**35 664**	**–**
Acquired equity in previous holdings	-6 599	–
Holdings without controlling interests	-2 327	–
Operating liabilities	16 284	–
Total provisions and liabilities	**7 358**	**–**
Purchase price	34 424	22 737
Less: promissory notes	-6 118	-12 500
Purchase price paid	28 306	10 237
Less: Liquid funds in the acquired business	-2 099	–
Effect on liquid funds (minus = increase)	**26 207**	**10 237**
Divestment of subsidiaries and other business units		
Divested assets and liabilities:		
Sales price	1 945	148
Promissory notes	-1 478	–
Received liquid funds	467	148
Less: Liquid funds in the divested business	-33 941	-235
Effect on liquid funds	**-33 474**	**-87**
Liquid funds		
The following components are included in liquid funds:		
Cash and bank balances	6 662	58 172
Unutilised credit facilities		
Unutilised credit facilities amount to SEK 101.9 million (144.5).		

Income statement for the Parent company

Note	Amounts in SEK K	2016	2015
3	Net sales	7 759	9 123
4	Other operating income	330	118
		8 089	9 241
	Operating expenses		
6, 9	Other external expenses	-12 743	-11 670
7	Personnel expenses	-12 410	-10 065
8	Depreciation of tangible and intangible fixed assets	-309	-412
10	Other operating expenses	-393	-301
	Operating loss	**-17 766**	**-13 207**
	Profit or loss from financial income and expense		
11	Profit or loss from participations in group companies	419	-8 238
13	Profit or loss from participations in associated companies	14 435	23 752
14	Profit or loss from other financial income and expense	48 654	37 533
15	Interest income and similar income	3 473	3 559
16	Interest expense and similar expenses	-8 720	-16 190
	Profit after financial income and expense	**40 495**	**27 209**
	Appropriations		
	Group contributions, received	37 756	48 030
	Tax allocation funds	-125	–
	Profit before tax	**78 126**	**75 239**
19	Taxes	-3 788	-5 308
	PROFIT FOR THE YEAR	**74 338**	**69 931**

In the parent company there is no other comprehensive income, which is why the total comprehensive income sum for the Parent company corresponds with the profit for the year.

Financial position for the Parent company

Note	Amounts in SEK K	2016-12-31	2015-12-31
	ASSETS		
	Fixed assets		
	Intangible fixed assets		
21	Franchises, patents, licences, brands and similar rights	188	226
		188	**226**
	Tangible fixed assets		
26	Equipment, tools and installations	2 673	3 015
		2 673	**3 015**
	Financial fixed assets		
28	Participations in group companies	370 692	491 892
29	Receivables from group companies	107 997	63 717
32	Participations in associated companies	195 223	194 053
34	Other long-term securities holdings	478 698	473 032
35	Deferred tax assets	–	3 699
37	Other long-term receivables	1 999	1 999
		1 154 609	**1 228 392**
	Total fixed assets	**1 157 470**	**1 231 633**
	Current assets		
	Short-tem receivables		
	Accounts receivable – trade	294	36
	Receivables from group companies	52 231	8 056
	Receivables from associated companies	96	–
	Tax receivables	231	320
	Other receivables	796	673
38	Prepaid expenses and accrued income	1 077	901
		54 725	**9 986**
	Short-term investments	**15 424**	**7 718**
39	**Cash and bank balances**	**272**	**4 611**
	Total current assets	**70 421**	**22 315**
	TOTAL ASSETS	**1 227 891**	**1 253 948**

Financial position för the Parent Company

Note	Amounts in SEK K	2016-12-31	2015-12-31
	EQUITY AND LIABILITIES		
40	**Equity**		
	Restricted equity		
	Share capital (2 440 000 B shares with quota value 100)	244 000	244 000
	Legal reserve	21 005	21 005
		265 005	**265 005**
	Non-restricted equity		
	Retained earnings	322 374	281 722
	Profit or loss for the year	74 338	69 931
		396 712	**351 653**
		661 717	**616 658**
	Untaxed reserves		
	Tax allocation funds	125	–
		125	**–**
	Long-term liabilities		
41	Liabilities to credit institutions	470 000	–
		470 000	**–**
	Short-term liabilities		
41	Liabilities to credit institutions	–	454 929
41, 42	Bank overdraft facilities	48 051	5 950
	Accounts payable – trade	1 066	331
	Liabilities to group companies	42 303	172 594
	Other liabilities	288	264
45	Accrued expenses and deferred income	4 341	3 222
		96 049	**637 290**
	TOTAL EQUITY AND LIABILITIES	**1 227 891**	**1 253 948**

Report on changes in equity for the Parent company

Amounts in SEK K	Share capital	Legal reserve	Retained earnings	Profit or loss for the year	Total equity
EQUITY, 31 DECEMBER 2014	**244 000**	**21 005**	**309 795**	**-4 891**	**569 908**
Appropriation of earnings			-4 891	4 891	–
Profit for the year				69 931	69 931
Dividend			-23 180	–	-23 180
EQUITY, 31 DECEMBER 2015	**244 000**	**21 005**	**281 722**	**69 931**	**616 658**
Appropriation of earnings			69 931	-69 931	–
Profit for the year				74 338	74 338
Dividend			-29 280	–	-29 280
EQUITY, 31 DECEMBER 2016	**244 000**	**21 005**	**322 374**	**74 338**	**661 717**

Cash flow statement for the Parent company

Amounts in SEK K	2016	2015
Operating activities		
Profit after financial income and expense	40 496	27 209
Adjustments for items not requiring an outflow of cash	14 104	8 374
Cash flow from operating activities before changes in working capital	**54 600**	**35 583**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in current receivables	2 420	46 760
Increase(+)/Decrease(-) in current liabilities	51 737	119 651
Cash flow from operating activities	**108 757**	**201 994**
Investing activities		
Acquisition of intangible fixed assets	–	-226
Acquisition of tangible fixed assets	-24	-23
Investments in financial assets	-124 897	-27 229
Divestment/reduction of financial assets	27 654	70 399
Cash flow from investing activities	**-97 267**	**42 921**
Financing activities		
Proceeds from borrowings	512 118	49 231
Amortisation of borrowings	-498 681	-268 746
Dividends paid	-29 280	-23 180
Cash flow from financing activities	**-15 843**	**-242 695**
Cash flow for the year	**-4 353**	**2 220**
Liquid funds at start of the year	**4 611**	**2 391**
Exchange rate differences in liquid funds	**14**	**–**
Liquid funds at year-end	**272**	**4 611**

Supplement to cash flow statement for the Parent company

Amounts in SEK K	2016	2015
Interest paid and dividends received		
Dividends received	77 434	61 080
Interest received	1 643	2 376
Interest paid	-8 711	-12 103
Adjustments for items not requiring an outflow of cash		
Depreciation and write-downs of tangible assets	309	412
Other write-downs	18 079	17 617
Reversed write-downs	–	-1 765
Unrealised exchange rate differences	-14	-516
Capital gains or losses from divestment of financial fixed assets	-4 270	5 539
Other non-cash items	–	-12 913
	14 104	**8 374**
Liquid funds		
The following components are included in liquid funds:		
Cash and bank balances	272	4 611
Unutilised credit facilities		
Unutilised credit facilities amount to SEK 101.9 million (137.8).		

Accounting principles and notes to the accounts

Amounts are in SEK thousand, unless otherwise stated.

Note 1 Significant accounting principles
Agreement with standards and laws

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standard (IFRS) issued by International Accounting Standards Board (IASB) as well as interpretations from the IFRS Interpretations Committee such as have been enacted by the EU. Furthermore, the consolidated financial statements have been drawn up in accordance with the Swedish Financial Accounting Standards Council recommendations RFR 1 Supplementary accounting rules for groups.

The Parent company's annual accounts are drawn up in accordance with the same principles as the Group's with the exception of cases noted below in the section "The Parent company's accounting principles".

The consolidated financial statements and annual accounts of Volito AB (Parent company) for the fiscal year 2016 were approved by the Board and CEO on 8 March 2017 and will be presented to the Annual General Meeting on 7 April 2017 for adoption. The Parent company is a Swedish limited company with registered office in Malmö.

Valuation basis applied in the drawing up of the Parent company's and Group's financial statements

Assets and liabilities are reported at historical acquisition value, except investment properties and certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities that are measured at fair value comprise of derivative instruments and available-for-sale financial assets.

Functional currency and reporting currency

The Parent company's functional currency is SEK, which is also the reporting currency for the Parent company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial statements

Drawing up the financial statements in accordance with IFRS requires the company management to make assessments and estimates as well as assumptions that affect the application of accounting principles and the book amounts of assets, liabilities, revenue and expenses. These assessments are based on experience and the various assumptions that the management and Board deem to be reasonable under the prevailing circumstances. Conclusions from this process form the basis for decisions relating to book values of assets and liabilities, in those cases where they cannot be established by information from other sources. The actual outcome can differ from these assessments if other assumptions are made, or if conditions change.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made, if the change affected only that period, or in the period when the change is made and future periods, if the change affects both current and future periods.

Assessments made by company management in the application of IFRS that have a significant effect on the financial statements and applied estimates, and which can entail significant adjustments to the following year's financial statements, are covered in Note 2.

Significant applied accounting principles

The accounting principles outlined below, with the exceptions that are described in detail, have been applied consistently for all periods that are presented in the Group's financial statements. The Group's accounting principles has also been consistently applied by the Group's companies regarding associated companies and joint ventures, when necessary through adjustment to the Group's principles

Changed accounting principles

Changed accounting principles resulting from new or amended IFRS

No changes in IFRS applicable from 1 January 2016 have had a significant effect on the Group's accounting.

New IFRS that have not yet come into effect

A number of new or changed IFRS come into effect during the coming fiscal year have not been applied in advance in the drawing up of the Group's financial statements. There are no plans to apply in advance new standards or changes that will apply in the future.

IFRS 9, Financial instruments will replace IAS 39 Financial instruments.
IFRS 9 is to be applied from the fiscal year that starts on 1 January 2018 and earlier application is permitted. IFRS 9 was adopted by the EU in November 2016. The introduction is not expected to have a significant effect on the group's financial statements given the Group's present structure and business activities

IFRS 15, Revenue will replace the current standards on reporting revenue. IFRS 15 is to be applied from the fiscal year that starts on 1 January 2018 and earlier application is permitted. IFRS 15 was adopted by the EU in September 2016. The company has started work on assessing the effects of the introduction of IFRS 15 on the principles for reporting revenue that are applied today. This work is continuing, but given the company's current activities it cannot be ruled out that the introduction of IFRS 15 can have effects on the company's revenue reporting, especially concerning the juncture of revenue reporting. Whether this will have a significant effect on the financial statements cannot however be assessed at the present time.

IFRS 16, Leasing will replace IAS 17. IFRS 16 shall be applied from the fiscal year that starts on 1 January 2019 and earlier application is permitted. The company has not yet started work on assessing the effects of IFRS 16, but given the current level of leasing it can be observed that the company's assets and liabilities can be expected to increase. However, the company considers that this will not have a significant effect on the financial statements, provided that the level of leasing activity does not change to a considerable extent.

Other new and changed IFRS for application in the future are not expected to have a significant effect on the Group's financial statements.

Classification, etc.

Fixed assets, long-term liabilities and provisions essentially consist only of amounts that are expected to be recovered or paid after more than 12 months calculated from accounting year-end. Current assets and short-term liabilities consist essentially only of amounts that are expected to be recovered or paid within 12 months calculated from accounting year-end.

Consolidated financial statements

Subsidiaries

The consolidated financial statements cover the Parent company Volito AB and its subsidiaries, which are all companies in which the Parent company, directly or indirectly, has a controlling influence. A controlling influence exists if Volito AB has influence over investments, is exposed to, or has the right to variable return from its involvement and can use its influence over investments to affect the return. In an assessment of whether a controlling interest exists, attention is paid to potential shares with voting entitlement and whether actual control exists.

Subsidiaries are reported according to the acquisition method. The method means that the acquisition of the subsidiary is considered as a transaction from which the Parent company indirectly acquires the assets of the subsidiary and takes over its debts. The group-wise acquisition value is established through an acquisition analysis in connection with the acquisition, The analysis establishes the acquisition value for the shares, as well as the fair value on the acquisition date of the acquired identifiable assets, taken over liabilities and any holdings with non-controlling interest on the acquisition date. Transaction expenditure, with the exception of transaction expenditure relating to issue of equity or debt instruments, is reported directly in profit or loss for the year.

In the acquisition of businesses where the transferred payment, any holding with non-controlling interest and the fair value of previously owned shares (in multi-stage acquisitions) exceed the fair value of the acquired assets and taken over liabilities, the difference is reported as goodwill. When the difference is negative, so-called acquisition at low price, this difference is reported directly in the profit or loss for the year. Transferred payment in connection with the acquisition does not include payments relating to regulation of previous business connections. This type of regulation is usually reported in profit or loss for the year.

Conditional purchase prices are reported at fair value from the acquisition date. In cases where the conditional purchase price is classified as an equity instrument, no revaluation and regulation is reported in equity. For other conditional purchase prices, revaluation is done for each reporting period and the change in value is reported in profit or loss for the year.

In cases where the acquisition does not relate to 100 % of the subsidiary, a holding with non-controlling interest is created. There are two alternatives for reporting holdings with non-controlling interest. These two alternatives are to report the holding with non-controlling interest's share of proportional net assets, or that the holding with non-controlling interest is reported at fair value, which means that the holding with non-controlling interest has a share in goodwill. The choice between the two methods for reporting a holding with non-controlling interest can be made from acquisition to acquisition.

Ownership of a company that increases through acquisitions on several occasions is reported as a multi-step acquisition. In a multi-step acquisition that results in a controlling interest, the previously acquired shares are revaluated based on the fair value of the latest acquisition and the arising profit or loss is reported in profit or loss for the year.

When the acquisition of subsidiaries means the acquisition of net assets that do not consist of a business, the acquisition cost is divided between the single identifiable assets and liabilities based on their fair value on the acquisition date.

The subsidiaries' financial statements are taken into the consolidated financial statements from the day the controlling interest arises and is included in the consolidated financial statements until the day it ceases.

Acquisitions from holdings with non-controlling interest

Acquisitions from holdings with non-controlling interest are reported as a transaction within equity, i.e. between the Parent company's owners (within retained earnings) and the holding with non-controlling interest. Therefore, no goodwill arises from these transactions. Changes in holdings with non-controlling interest are based on the proportional share of net assets. The difference between the received liquidity and the holding with non-controlling interest's proportional share of acquired net assets is reported under retained earnings.

Sales to holdings with non-controlling interest

Sales to holdings with non-controlling interest, in which the controlling interest remains, are reported as a transaction within equity, i.e. between the Parent company's owners and the holding with non-controlling interest.

If the reduction in ownership is to the extent that a controlling interest is lost, this is considered to correspond to a divestment of a subsidiary. The effect is reported in profit or loss for the year and consists of capital gains or losses from the divested assets and liabilities and a revaluation effect on the remaining holding, which is valued at fair value on the divestment date with the change in value reported in profit or loss for the year.

Participations in joint ventures

Participations in joint ventures in accounting terms are those companies for which the Group, through cooperation agreements with one or more parties, has a joint controlling interest over operational and financial management. From the point when the joint controlling interest is gained, shares in joint ventures are reported in accordance with the equity method in the consolidated financial statements.

Associated companies

Associated companies are those companies in which the Group has a significant interest, but not a controlling interest, over operational and financial management, generally through shareholdings with between 20 % and 50 % of the votes. From the time that the significant influence is gained, shares in the associated company are reported in accordance with the equity method in the consolidated financial statements.

The equity method
The equity method means that the book value of joint ventures and associated companies reported in the Group corresponds to the Group's share in the joint venture's or associated company's equity, as well as group-wise goodwill and any other residual value in the group-wise surplus value or under value. The Group's participation in the respective companies' profit after tax and expenses adjusted for any amortisation, write-downs or resolution of acquired surplus or under value is reported in the profit or loss for the year under "Participations in joint ventures' profit or loss" and "Participations in associated companies' profit or loss". These profit participations less received dividends from joint ventures and associated companies make up the main changes in the book value of participations in joint ventures and associated companies. The Group's share of other comprehensive income in associated companies is reported in a separate line in the Group's other comprehensive income.

Any difference at the time of acquisition between the acquisition value of the holding and the owner companies share of the fair value net of joint ventures' and associated companies' identifiable assets and liabilities is reported in accordance with the same principle as the acquisition of subsidiaries.

Transaction expenditure, with the exception of transaction expenditure relating to issue of equity instruments or debt instruments, is included in the acquisition value.

When the Group's share of reported losses in a joint venture or associated company exceeds the book value of the shares in the Group, the value of the ownership share is reduced to zero. Settlement for losses is also applied for long-term financial dealings without security, which in their economic meaning make up part of the owner company's net investment in the associated company. Continued losses are not reported, provided that the Group has not made guarantees to cover losses arising in the joint venture or associated company.

The equity method is applied until such point as the significant influence ceases.

Acquisition of property via a company
A company acquisition can be regarded as either an asset acquisition or a business acquisition. Company acquisitions in which the primary aim is to gain a company's property and in which the company's property management organisation and administration has a subordinate importance for the acquisition's implementation, are generally treated as asset acquisitions. Company acquisitions in which the acquired company's property management organisation and administration has a considerable importance for the acquisition's implementation and valuation, are instead treated as business acquisitions.

In the case of asset acquisitions, no deferred tax is reported on the property's surplus value, and any discount attributable to the deferred tax instead reduces the property value. In the case of business acquisitions, the deferred tax is reported with the relevant nominal tax on the property's surplus value and other temporary differences attributable to the acquired assets and liabilities. The company acquisitions regarding property that have occurred since the formation of the Group have been treated as asset acquisitions.

Acquisitions made before 1 January 2013 (transition date to IFRS)
In the case of acquisitions completed before 1 January 2013, goodwill has, after write-down appraisal, been reported at an acquisition value that corresponds to the book value in accordance with previously applied accounting principles. Classification and reporting of business acquisitions that occurred before 1 January 2013 have not been reviewed in accordance with IFRS 3 in the drawing up of the Group's opening balance in accordance with IFRS on 1 January 2013.

Elimination of transactions on consolidation
Intra-group receivables and liabilities, revenue or expenses and unrealised profits or losses that arise from intra-group transactions between group companies are eliminated in full in the drawing up of consolidated financial statements. Unrealised profits deriving from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's ownership share in the company. Unrealised losses are eliminated in the same way as unrealised profits, provided that there is no write-down requirement.

Translation of foreign subsidiaries or other overseas businesses
Assets and liabilities in overseas businesses, including goodwill and other group-wise surplus value or under value are translated from the overseas businesses' functional currency to the Group's reporting currency, SEK, at the exchange rate at accounting year-end. Income and expenses in an overseas business are translated to SEK at an average exchange rate that constitutes an approximation of the exchange rate on the respective transaction date. Translation differences that arise in currency translation of overseas businesses are reported in other comprehensive income and accumulated in a separate component in equity, called the foreign exchange reserve. In cases where an overseas business is not wholly owned, the translation difference is allocated to holdings with non-controlling interest based on the proportional ownership share.

If an overseas business is divested, the accumulated translation differences attributable to the business are reclassified from the foreign exchange reserve in equity to profit or loss for the year.

When a controlling interest, significant interest or joint controlling interest ceases for an overseas business, the accumulated translation differences attributable to the business are realised and reclassified from the foreign exchange reserve in equity to profit or loss for the year. In cases where divestment occurs, but a controlling interest remains, the proportional share of the accumulated translation differences is transferred from the foreign exchange reserve to holdings with a non-controlling interest. In cases where parts of an associated company or joint venture have been divested, but significant influence or joint controlling interest remain, the proportional share of the translation differences is reclassified to profit or loss for the year.

Accumulated translation differences relating to overseas businesses are presented as a separate capital category and contain translation differences accumulated from 1 January 2013. Accumulated translation differences before 1 January 2013 were stated as zero at the transition date to IFRS.

Foreign currencies

Transactions in foreign currencies
Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. The functional currency is the currency in the primary economic environments where the company runs its operations. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at accounting year-end. Exchange rate differences arising from translation are reported in profit or loss for the year. Non-monetary assets and liabilities that are reported at historical acquisition value are translated at the exchange rate on the transaction date. Non-monetary assets that are reported at fair value are translated to the functional currency at the exchange rate at the time of measurement of fair value.

Exchange rate differences regarding operating receivables and operating liabilities are reported in the operating profit or loss, whereas exchange rate differences relating to financial assets and liabilities are reported as profit or loss from financial income and expense.

Income

Rental income
Rental income from investment properties is reported linearly in the profit or loss for the year based on the conditions in the leasing agreement. The total cost for granted benefits is reported as a reduction of rental income linearly over the leasing period.

Rental contracts relating to investment properties are considered as operational leasing agreements. These agreements are reported in accordance with the principles for income accounting above. Volito has one property that is leased out through a financial leasing agreement, see Note 36.

Income from the sale of real estate
Income from the sale of real estate is normally reported on the day of taking possession, unless the risks and benefits have been transferred to the buyer at an earlier juncture. Control of access may have been transferred at an earlier juncture than the day of taking possession, and if this is the case, income from the sale of the property is reported at this earlier juncture. The assessment of the juncture for reporting the income takes into consideration both what has been contracted between the parties regarding risks and benefits, and involvement in the current management of the property. In addition, consideration is given to circumstances that can affect the transaction's outcome, but are beyond the sellers and/or buyer's control.

Sales of goods, execution of service assignments and other income
Reporting of income other than rental and leasing income from property management is done in accordance with IAS 18 Revenue. Revenue from sales of goods is reported in the profit or loss for the year when significant risks and benefits associated with ownership of the goods has been transferred to the buyer. Income from service assignments is reported in the profit or loss for the year based on the degree of completion at accounting year-end. The degree of completion is determined through an assessment of completed work on the basis of progress checks. Revenue is not reported if it is probable that the economic benefits will not be gained by the Group.

Revenue is reported at the fair value of what has been received, or is expected to be received, with deduction of granted discounts.

Leasing

Leasing is classified in the consolidated financial statements as either financial or operational leasing. It is considered to be financial leasing when the economic risks and benefits associated with ownership in all significant aspects are transferred to the lessee. If this is not the case, it is a matter of operational leasing.

Operational leasing agreements
Expenses relating to operational leasing agreements in which the Group is the lessee are reported in profit or loss for the year linearly over the duration of the leasing period. Benefits gained in connection with the signing of an agreement are reported in the profit or loss for the year linearly over the duration of the leasing agreement. Variable fees are reported as expense in the period they arise.

Income relating to operational leasing agreements in which the Group is the lessor is reported linearly over the duration of the leasing agreement. Expenses that arise as a result of the leasing agreement are reported when they arise.

Financial leasing agreements
Assets that are hired in accordance with financial leasing agreements are reported as assets in the consolidated statement of financial position at the lowest of the leasing object's fair value and present value of future minimum leasing fees. The leased assets are written off during their economic period of utilisation in the same way as Group-owned assets. The obligation to pay future leasing fees is reported as long-term and short-term liabilities. Minimum leasing fees are divided between interest expense and amortisation on the outstanding liability. Interest expenses are assigned with an amount that corresponds to a fixed interest rate for reported liabilities during the respective period. Variable fees are reported as expenses in the periods they arise.

Expense

The income statement is structured in an expense category form.

Real estate expenses
The term real estate expenses covers all expenses for the investment properties. This includes direct property expenses, such as expenses for operation, maintenance, ground rent and property tax. The term also covers indirect property expenses, such as expenses relating to leasing and property administration.

Financial income and expense

Financial income consists of interest income from invested funds (including available-for-sale financial assets) dividend income and profit on divestment of available-for-sale financial assets. Interest income is taken up as income in the period it concerns. Dividends from shares are reported in the period that the right to receive payment is deemed as certain.

Financial expense consists of interest expense on loans, and realised losses on financial investments and derivative instruments used in financial activities. Interest costs affect profit and loss in the period they concern, except to the extent they are included in an asset's acquisition value, and reported with the application of the effective rate method. An asset for which the interest can be included in the acquisition value is an asset that of necessity takes a significant time to complete for intended use or sale. Activation of borrowing costs is done in accordance with IAS 23 Borrowing costs.

Profit or loss from the sale of financial investments is reported when the risks and benefits associated with the undertaking of the instrument in all important aspects has been transferred to the buyer and the Group no longer has control over the instrument.

Exchange rate profits and losses are reported net.

Unrealised changes in the value of financial assets measured at fair value, as well as hedging instruments, are reported in a specific line in the profit or loss for the year.

Interest rate swaps are used for hedging against interest rate risks linked to the Group's borrowing. The Group does not at present apply hedge accounting for these instruments. Interest rate swaps are measured at fair value in the balance sheet. In the profit or loss for the year, the interest rate coupon component is reported as a correction of interest expense. Unrealised changes in the fair value of interest rate swaps are reported in a specific line in the profit or loss for the year.

The effective rate is the rate that discounts the estimated future incoming and outgoing payments during a financial instrument's expected duration at the financial asset's or liability's reported net value. The calculation includes all fees paid or received by the agreement partners that are a part of the effective rate, transaction costs and all other surplus and under values.

Taxes

Income taxes consist of both current and deferred income tax for the Swedish and foreign Group units. Income taxes are reported in the profit or loss for the year, unless the underlying transaction is reported in other comprehensive income or in equity, in which case the associated tax effect is reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or received regarding the current year, with application of the tax rates that are decided or in practice decided at year-end. Current tax also includes adjustments of current tax relating to earlier periods.

Deferred tax is calculated according to the balance sheet method. According to this method, deferred tax liabilities and receivables are reported for all temporary differences between reported and fiscal values for assets and liabilities and for other fiscal deductions or deficiencies. Deferred tax liabilities and receivables are calculated based on how the temporary differences are expected to be evened out and by the application of the tax rates and tax rules that have been adopted or announced at accounting year-end.

In the valuation of fiscal deductible deficiency, an assessment is made of the probability that the deficiency can be utilised. The basis for deferred tax receivables includes established deductible deficiencies to the extent that they can with certainty by utilised in relation to future profits. Deferred taxes are reported at the nominal valid tax rate without discounting.

Temporary differences are not taken into account in group-wise goodwill or in normal cases in the differences relating to participations in subsidiaries, joint ventures and associated companies that are not expected to be taxed in the foreseeable future. Temporary differences are not taken into account either for differences that have arisen in the initial reporting of assets and liabilities that are not business acquisitions that on the transaction date do not affect either the reported profit or loss or the taxable profit or loss.

When an acquisition of a company takes place, the acquisition is either an acquisition of a business or an acquisition of assets. It is an acquisition of assets, for example, if the acquired company only own one or more properties with a rental contract, but the acquisition does not include the processes required to run the property business. In reporting of an acquisition of assets, no deferred tax is reported separately. The fair value of the deferred tax liability is instead deducted from the fair value of the acquired asset.

Untaxed reserves including deferred tax liabilities are reported in the legal entity. In the consolidated financial statements on the other hand, untaxed reserves are divided into deferred tax liabilities and equity.

Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of the business acquisition and the fair value of the acquired identifiable assets and taken over liabilities.

Goodwill is valued at the acquisition value minus any accumulated write-downs. Goodwill is designated to cash generating units and is reviewed for write-down requirements annually or as soon as indications arise that show that the asset in question has fallen in value. Goodwill that has arisen in the acquisition of joint ventures and associated companies is included in the book value for participations in joint ventures and associated companies.

In the case of business acquisitions in which the acquisition costs are less than the net value of the acquired assets and taken over liabilities, known as an acquisition at low price, the difference is reported directly in profit or loss for the year.

Concerning goodwill in acquisitions that took place before 1 January 2013, the Group, on transition to IFRS, has not applied IFRS retroactively, as the book value on that day constitutes from that time on the Groups' acquisition value, after write-down appraisal.

Other intangible assets

Intangible assets that are acquired by the company are reported at the acquisition value minus accumulated depreciations and write-downs.

Depreciation is linear over the asset's period of utilisation and reported as expense in the income statement. Depreciation begins from the date when assets become available for use.

The estimated periods of utilisation are:	The Group	The Parent company
Software	5 years	5 years
Other intangible assets	5 years	–

An assessment of an asset's period of utilisation and residual value is carried out annually.

Tangible fixed assets

Owned assets

Tangible assets that are acquired by the company are reported at the acquisition value less accumulated depreciation and any write-downs.

The book value of a tangible fixed asset is removed from the balance sheet in the case of discarding or sale of an asset, or when no future economic benefits are expected from use of the asset. Profit or loss that arises from the divestment or discarding of an asset is made up of the difference between the sales price and the asset's book value with deductions for directly related sales costs.

Leased assets

Leasing is classified in the consolidated financial statements as either financial or operational leasing. It is considered financial leasing when the economic risks and advantages associated with ownership are in all essential aspects transferred to the lessee. If this is not the case, it is a matter of operational leasing.

Assets that are hired according to financial leasing agreements are reported as assets in the Group's balance sheet. The obligation to pay future leasing fees has been reported as long and short-term liabilities. The leased assets are depreciated according to plan, whereas leasing payments are reported as interest and amortisation of liabilities.

Assets that are hired according to operational leasing agreements are not reported as assets in the Group's balance sheet. Leasing fees for operational leasing agreements are taken up as expense linearly over the duration of the lease.

Assets that are hired out according to financial leasing agreements are not reported as tangible fixed assets, as the risks and benefits associated with ownership of the assets are transferred to the lessee. Instead a financial receivable is reported regarding future minimum leasing charges.

Additional expenditure

Additional expenditure is added to the acquisition value to the extent that the asset's performance has been improved in relation to the level at the time it was originally acquired. All other additional expenditure is reported as expense in the period it arises.

Borrowing expenses

Borrowing expenses that are directly attributable to purchasing, construction or production of assets that take a significant time to complete for the intended use or sale are included in the asset's acquisition value. Activation of borrowing expenses is done on condition that it is probable that it will lead to future economic benefits and costs that can be measured in a reliable way.

Depreciation principles for tangible fixed assets

Depreciation according to plan is based on the original acquisition value reduced by the calculated residual value. Depreciation is linear over the period the asset is expected to be utilised.

The following depreciation periods are applied:	The Group	The Parent company
Industrial buildings	20-25 years	–
Plant and machinery	5-10 years	–
Equipment, tools and installations	5 years	5 years
Computer equipment	3-5 years	3-5 years

Industrial buildings account for a negligible amount and depreciation for various parts is over a period of 20-25 years. Component depreciation is not applied, as there are no individual components with significantly different depreciation periods.

Investment properties
Most of the properties in the Group are classified as investment properties, as they are owned with an aim to generate rental income or value increases, or a combination of the two. Investment properties are reported initially at acquisition value, which includes expenditure directly attributable to the acquisition. Thereafter, investment properties are reported at fair value in the statement of financial position, in accordance with IAS 40, Changes in value are reported in a designated line in the income statement. The Group's properties are reported in the statement of financial position as fixed assets. As the properties are reported at fair value, depreciation is not reported for these properties in the consolidated financial statements. The investment properties are valued annually by an independent external appraiser with recognised and relevant qualifications.
The applied calculation model is based on long-term yield evaluation, which factors in present value of future payment streams with differentiated yield requirements per property, depending on aspects such as location, purpose, condition and standard.

Unrealised and realised changes in value are reported in profit or loss for the year. Rental income and income from property sales are reported in accordance with the principles described in the income accounting section.

Additional expenditure – investment properties reported according to the fair value method
Additional expenditure is added to the book value only if it is probable that the future economic benefits associated with the asset will be gained by the company and the acquisition value can be calculated in a reliable way. All other additional expenditure is reported as expense in the period it arises. A decisive factor in assessing when additional expenditure is added to the book value is if the expenditure refers to the exchange of the whole, or parts of, the identified components, which activates such expenditure. Expenditure for any newly created components is also added to the book value. Expenditure for repairs is reported in the period it arises.

Properties under construction that are intended for use as investment properties when work is completed are also classified as investment properties.

Note 22 contains further information on external property valuation and a statement on classification of the property portfolio and its book value.

Inventories
Inventories are valued at the lowest of either the acquisition value or the net realisable value. The acquisition value is calculated according to the first-in, first-out principle and includes expenditure that has arisen in the acquisition of inventory assets and transport of these to their present location and condition.

For manufactured goods and ongoing work, the acquisition value includes a reasonable share of the indirect costs based on normal capacity.

Net realisable value is the estimated sales price in current operations, after deductions for estimated costs for completion and to achieve a sale.

Financial instruments
Financial instruments that are reported in the statement of financial position include on the asset side; liquid funds, loans receivable, accounts receivable – trade, financial investments and derivatives. On the liability side are accounts payable – trade, loan liabilities and derivatives.

Reporting in and removal from the balance sheet
Financial assets and liabilities are taken up in the statement of financial position when the company becomes a party in accordance with the instrument's agreement-related conditions. A receivable is taken up when the company has performed and the contracted obligation exists for the counterparty to pay, even if the invoice has yet to be sent. Accounts receivable – trade are taken up in the statement of financial position when the invoice has been sent. A liability is taken up when the counterparty has performed and the contracted obligation exists for the payment to be made, even if the invoice has yet to be received. Accounts payable – trade are taken up when the invoice is received.

A financial asset is removed from the statement of financial position when the rights in the agreement have been realised, fall due or when the company loses control over it. The same applies for a share of a financial asset. For every reporting period, the company evaluates if there are objective indications that a financial asset or group of financial assets requires a write-down. A financial liability is removed from the statement of financial position when the obligation in the agreement has been fulfilled or in other ways ceases to apply. The same applies for a share of a financial liability.

Financial assets and liabilities are offset and reported as a net amount in the statement of financial position when there is a legal right to offset and where the intent is to regulate items with a net amount or to simultaneously realise assets and regulate liabilities. Financial income and expense are offset in the income statement in cases where they are linked to the financial assets and liabilities that have been offset.

Acquisition and divestment of financial assets are reported on the transaction date. The transaction date is the day when the company obligates itself to acquire or divest the assets.

Classification and valuation
Financial instruments are reported either at the accrued acquisition value or fair value according to categorisation in IAS 39.

Financial instruments that are not derivatives are reported initially at the acquisition value corresponding to the instrument's fair value with additions for transaction costs for all financial instruments except those categorised as financial assets, which are reported at fair value excluding transaction costs via the profit and loss. A financial instrument is classified in initial accounting according to the purpose for which the instrument was acquired. Classification determines how the financial instrument is valued after initial accounting as described below.

Derivative instruments are reported initially at fair value, meaning that the transaction costs affect the period's profit or loss. After initial accounting, the derivative instrument is reported in the way described below. If the derivative instrument is used for hedge accounting and to the extent it is effective, any changes in value of the derivative instrument are reported in the same line of profit or loss for the year as the hedged item. In hedge accounting, the ineffective part is reported in the same way as changes in value of a derivative that is not used for hedge accounting. If hedge accounting is applied in the use of interest rate swaps, the interest rate coupon is reported as interest and the other changes in value in its designated line in the profit or loss for the year.

Financial assets valued at fair value via profit or loss
Financial assets in this category are measured at fair value with changes in value reported in profit or loss for the year. This category consists of two sub-groups: financial assets owned for trade and other financial assets that the company initially chose to place in this category with support of the so-called "fair value option". The first sub-group includes derivatives with a positive fair value, with the exception of derivatives that are identified and effective hedging instruments. The Group's interest swaps are in this sub-group.

Available-for-sale financial assets
The available-for-sale financial assets category includes financial assets that are not classified in any other category or financial assets that the company initially chose to classify in this category. This category reports holdings of shares and other participations that are not reported at fair value via profit or loss (see above) and that do not constitute subsidiaries, joint ventures or associated companies. Assets in the category are measured continuously at fair value with the period's changes in value reported in other comprehensive income and the accumulated changes in value in a special component in equity. Received dividends and write-downs are reported in profit or loss for the year. When an asset is divested the accumulated profit or loss is reported, which was previously reported in other comprehensive income.

Loan receivables and accounts receivable – trade
Other long-term receivables relates mainly to promissory note loans. The aim is to keep these promissory notes until they are due. The part of the promissory note receivable that is due within one year is reported among other short-term receivables. If the promissory note loan has interest conditions that deviate from market interest conditions, the acquisition value deviates from the nominal value.

Receivables, including accounts receivable – trade, are valued at the accrued acquisition value. Accrued acquisition value is determined based on the effective rate, which is calculated on the acquisition date. Receivables are reported at the amount that is expected to be received, i.e. after deductions for uncertain receivables. The provision requirement is assessed individually and any write-down is reported in operating expenses. The expected duration of accounts receivable – trade is short, which is why the value is reported at nominal amount without discounting.

Liquid funds
Liquid funds consist of balances at the bank at accounting year-end and are reported at nominal value.

Financial liabilities valued at fair value via profit or loss
This category consists of two sub-groups: financial liabilities owned for trade and other financial liabilities that the company initially chose to place in this category with support of the so-called "fair value option", see description under "Financial assets valued at fair value via profit or loss". The first sub-group includes the Group's derivatives with a negative fair value, with the exception of derivatives that are identified and effective hedging instruments. Changes in fair value are reported in profit and loss for the year.

Derivative instruments
The Group's derivative instruments consist of interest rate swaps used to cover risks relating to exchange rate changes. Derivative instruments are reported continuously at fair value in accordance with IAS 39. Changes in value are reported in the income statement.

Other financial liabilities
Borrowings and other financial liabilities, such as accounts payable – trade, are included in this category. Liabilities are valued at the accrued acquisition value. The expected duration of accounts payable – trade is short, which is why the value is reported at nominal amount without discounting.

Hedge accounting
The Group's derivative instruments have been acquired to financially hedge the risks of interest rate and currency changes that the Group is exposed to. Hedge accounting is not applied to these derivative instruments. They are valued at fair value according to the principles outlined above.

Write-downs
The book values of the Group's assets are tested at each accounting year-end to determine if there is any indication that write-downs are required. IAS 36 is applied for testing write-down requirements for assets other than financial assets, which are tested in accordance with IAS 39, available-for-sale assets, and divestment groups, which are reported in accordance with IFRS 5, inventories, managed assets used for financing of remuneration to employees, and deferred tax receivables. For excepted assets as above, the book value is tested according to the respective standard.

Write-down tests for tangible and intangible assets, and participations in subsidiaries, joint ventures, associated companies etc.
If there is an indication that a write-down is required, the asset's recoverable amount is calculated in accordance with IAS 36. For goodwill and for other intangible assets that are not yet ready for use, the recoverable amount is also calculated annually. If it is not possible to determine significant independent cash flows to a single asset, the assets on being tested for write-down requirements shall be grouped at the lowest level where it is possible to identify a significant independent cash flow – a so-called cash-generating unit.

A write-down is reported when an asset's or cash-generating unit's book value exceeds the recoverable amount. The write-down of assets relating to a cash-generating unit (group of units) is assigned first of all to goodwill. Thereafter, a proportional write-down is carried out for other assets included in the unit (group of units).

The recoverable amount is the highest value of the fair value minus sales costs and value of use. In the calculation of value of use, future cash flows are discounted with a discounting factor that takes into consideration risk-free interest and the risk that is associated with the specific asset.

Write-down tests for financial assets
For every reporting period, the company evaluates whether there is objective evidence that a financial asset or group of assets requires a write-down. Objective evidence consists of observable conditions that have a negative effect on the possibility of recovering the acquisition value, as well as significant or lengthy reductions in the fair value of a financial asset classified as an available-for-sale financial asset. Write-downs of available-for-sale financial assets are reported in profit or loss for the year in net interest income/expense.

Accounts receivable – trade with write-down requirements are reported at the present value of the expected future cash flow. However, receivables with short duration are not discounted. A write-down affects profit or loss for the year.

Reversal of write-downs
A write-down is reversed if there is both an indication that a write-down requirement no longer exists and that a change has occurred in the supposition that was the basis for calculation of the recoverable amount. However, write-downs of goodwill are never reversed. A reversal is carried out only to the extent that the asset's book value after reversal does not exceed the book value that would have been reported, with deduction for depreciation if applicable, if no write-down had been carried out.

Write-downs of loans receivable and accounts receivable – trade that are reported at accrued acquisition value are reversed if a later increase in the recoverable amount can be objectively related to an event after the write-down was carried out.

Equity
Dividends are reported as a reduction of equity after the Annual General Meeting has made a decision.

Provisions
A provision differs from other liabilities as there is uncertainty over the payment date or the size of the amount for regulating a provision. A provision is reported when the company has a formal or informal commitment as the result of an event that has occurred and it is likely that an outflow of resources is required to regulate the commitment, and that a reliable estimate of the amount can be made. Present value calculations are made to take significant time effects into account for future payments.

Remuneration to employees
Remuneration to employees in the form of salaries, paid holiday, paid sick leave, etc. is reported at the rate that it is earned. Regarding pensions and other remuneration after employment ends, these are classed as contribution-based or benefit-based plans. The commitment regarding the contribution-based plans is fulfilled through premiums to independent authorities or companies that administer the plans. A number of employees in the Volito Group have ITP plans with rolling payments to Alecta/Collectum. In accordance with IFRS, these are classified as benefit-based plans that cover several employers. As there is not sufficient information to report these as benefit-based plans, they are reported as contribution-based plans.

Remuneration on severance of employment
A provision for remuneration in connection with notice of termination for staff is reported only if the company is evidently obligated, without a realistic possibility of withdrawal, to terminate employment before the normal time and affected groups of employees have been informed of the termination plans. The provision is made for that part of the severance pay that has no requirement for received services from the employee.

Short-term remuneration
Short-term remuneration to employees is calculated without discounting and is reported as expense when the related services are received.

A provision is reported for the expected expense for bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

Fixed assets owned for sale and discontinued operations
The meaning of having a fixed asset (or disposal group) classified as a holding for sale is that its book value will be recovered mainly through a sale rather than through use. An asset or disposal group is classified as being owned for sale if it is available for immediate sale in present condition and according to conditions that are normal, and that it is very probable that the sale will be made. These assets or disposal groups are reported in their own line as current assets and short-term liabilities respectively in the statement of financial position.

Immediately before classification as a holding for sale, the book value of assets and liabilities in a disposal group is determined in accordance with applied standards. In the initial classification of a holding for sale, the fixed assets and disposal groups are reported at the lowest of the book value and fair value with deductions for sales costs. Certain assets, separately or as part of a disposal group, are exempt from the valuation rules described above, namely investment properties, financial assets, deferred tax assets and managed assets relating to benefit-based pension plans.

A profit is reported at every increase of the fair value with deductions for sales costs. This profit is limited to an amount that corresponds to the total of the previously executed write-downs.

Losses as a result of a fall in value in the initial classification as a holding for sale are reported in the profit or loss for the year. Subsequent changes in value, both profits and losses, are also reported in the profit or loss for the year.

Discontinued operations refer to a part of a company's business that represents an independent operating arm or a significant business within a geographical area or a subsidiary that was acquired exclusively with an aim to be sold on. Classification as a discontinued operation is made on divestment or at an earlier time if the operations meet the criteria to be classified as a holding for sale.

Profit or loss after tax from discontinued operations is reported in a specific line in the statement of profit or loss and other comprehensive income. When operations are classified as discontinued, the formulation of comparison year reports of profit or loss and other comprehensive income changes so that it is reported as if the discontinued operations had been discontinued at the start of the comparison year. The formulation of the statement of financial position for the current year and previous year is not changed in a corresponding way.

Contingent liabilities
A contingent liability is reported when there is a possible obligation that arises from events and whose existence is confirmed only by one or more uncertain future events or when there is an obligation that is not reported as a liability or a provision due to the improbability of an outflow being required.

The Parent company's accounting principles
The Parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554), and the Swedish Financial Accounting Standards Council recommendation, RFR 2 Accounting for a legal entity. RFR 2 means that the Parent company in the annual accounts for the legal entity shall apply all of the EU-developed IFRS and pronouncements as far as this is possible within the framework of the Annual Accounts Act, the law on safeguarding pension commitments, and with consideration taken for the connection between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are to be made.

Unchanged accounting principles
The Parent company's accounting principles are unchanged compared with the previous year.

Differences between the Group's and Parent Company's accounting principles
The differences between the Group's and Parent Company's accounting principles are given below.

Classification and format
The Parent company's income statement and balance sheet are drawn up according to the Annual Account Act's scheme. The differences compared with IAS 1, Presentation of financial statements, which have been applied in the presentation of the Group's financial statements, are principally reporting of financial income and expense, fixed assets, equity and the addition of provisions as a heading in the balance sheet.

Financial instruments
Due to the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent company as legal entity.

In the Parent company, financial fixed assets are valued at acquisition value minus any write-down, and financial current assets according to the lowest value principle. The acquisition value for interest-bearing instruments is adjusted for the accrued difference between what was paid originally, after deductions for transaction costs, and the amount that was paid on the due date (surplus and under value respectively).

Subsidiaries, participations in associated companies and jointly controlled companies
Participations in subsidiaries, associated companies and jointly controlled companies are reported in the Parent company according to the acquisition value method. This means that acquisition expenditure is included in the book value of participations in subsidiaries. In the consolidated financial statements, the acquisition expenditure relating to participations in subsidiaries from 2013 is reported directly in profit or loss when it arises.

The book value is reviewed continuously against the fair value of assets and liabilities in the subsidiaries, associated companies and jointly controlled companies. In cases where the book value of the participations exceeds the companies' fair value, write-downs are made that affect the income statement. In cases where a previous write-down is no longer justified, a reversal is carried out.

Financial guarantees
The Parent company's financial guarantee agreements consist mainly of guarantees for the benefit of subsidiaries, associated companies and jointly controlled companies. Financial guarantees mean that the company has an obligation to compensate holders of a debt instrument for losses if these are incurred due to a stated debtor not fulfilling payment on the due date according to the agreement conditions. For reporting of financial guarantee agreements the Parent company applies one of the Swedish Financial Accounting Standards Council-permitted participation exemption rules compared with the rules in IAS 39. The participation exemption rule relates to financial guarantee agreements formulated for the benefit of subsidiaries, associated companies and jointly controlled companies. The Parent company reports financial guarantee agreements as provisions in the balance sheet when the company has an obligation for which payment is probably required in order to regulate the obligation.

Anticipated dividends
Anticipated dividends from subsidiaries can be reported in cases where the Parent company alone has the right to decide on the dividend's size and the Parent company has decided on the dividend's size before the Parent company has published its financial statements. Anticipated dividends are reported as financial income.

Group contributions
Paid and received group contributions are reported as appropriations.

Shareholders' contribution
The shareholders' contribution is taken up directly against equity at the recipient and activated in shares and participations at the donor, to the extent that write-downs are not required.

Tangible fixed assets
Tangible fixed assets in the Parent company are reported at the acquisition value after deductions for accumulated depreciation and any write-downs in the same way as for the Group, but with any write-ups.

Leased assets
In the Parent company all leasing agreements are reported according to the rules for operational leasing.

Financial fixed assets
In the Parent company all financial fixed assets are reported at the acquisition value with reductions for any write-downs. The assessment is made from share type to share type and a write-down to fair value is carried out when the decrease in value is expected to be lasting.

Other long-term receivables are valued at the amount that is expected to be received.

Taxes
In the Parent company untaxed reserves are reported including deferred tax liabilities. However, in the consolidated financial statements untaxed reserves are divided between deferred tax liabilities and equity

Note 2 Important estimates and assessments

The company management and the Board have discussed the development, choice and information regarding the Group's important accounting principles and estimates, as well as the applications of these principles and estimates.

Certain important accounting-related estimates that have been used in the Group's accounting principles are described below.

The sources of uncertainty in estimates that are stated below refer to those that involve a risk that the value of assets or liabilities may need an adjustment to a significant extent in the coming financial year.

The financial risks are linked to the business's tied-up capital, capital requirements, interest rate risks and currency risks.

Investment properties
Investment properties are reported in accordance with the options in IAS 40 at fair value. This value is established by company management based on the properties' market value at accounting year-end, with changes in fair value reported in the profit or loss. Therefore, the profit or loss can be considerably affected by changes in the fair value of investment properties. The fair value has been calculated by independent appraisal institutions in accordance with good appraisal practice. Important assessments have therefore been made regarding aspects such as cost of capital and direct yield requirement that are based on the appraisal institutions' experience-based assessments of the market's yield requirements for comparable properties. The assessments of cash flow for operating, maintenance and administration costs are based on actual costs, but consideration has also been given to experiences relating to comparable properties. Future investments have been assessed based on the actual needs that exist and with the support of the investment plans that have been drawn up. See Note 22 for a more detailed description of assumptions and estimations connected with the appraisal process.

Write-down testing of goodwill
The Group's total goodwill amounts to SEK 60 805 K (47 989). In the calculation of the cash-generating units' recoverable amounts for assessment of any write-down requirement for goodwill, several assumptions about future conditions and estimates of parameters have been made. A description of these is presented in Note 21. As can be understood from the description, changes exceeding what is reasonable can be expected, due to these assumptions and estimates, to have an effect on the value of goodwill in 2017. However, this risk is very low as the recoverable amounts exceed to a great extent the book value in those cases where the goodwill values are a significant amount.

Taxes
Changes in fiscal legislation and altered practice in the interpretation of fiscal legislation can significantly affect the amount of reported deferred taxes.
For more information on taxes, see Notes 19 and 35.

Note 3 Net sales by type of income

	2016	2015
The Group		
Income per significant type of income		
Rental income	144 872	134 201
Service assignments	11 105	85 090
Sale of goods	254 600	230 189
Administrative income	2 896	1 892
	413 473	**451 372**
The Parent company		
Income per significant type of income		
Administrative income	7 759	9 123
	7 759	**9 123**

Note 4 Other operating income

	2016	2015
The Group		
Capital gains from the divestment of fixed assets	782	910
Exchange gains from receivables/ liabilities of an operating nature	218	4 837
Capital gains from the divestment of participations in subsidiaries	–	317
Other	537	1 495
	1 537	**7 559**
The Parent company		
Other	330	118
	330	**118**

Note 5 Leasing income relating to operational leasing

Rental and leasing income is based on the rental and leasing agreements that are regarded as operational leasing agreements in which the Group is the lessor.

One property in the Volito Fastigheter group is leased out through a financial leasing agreement, see Note 36.

Real estate
The rental income includes not only basic rent, continuing charges for items such as heating, electricity, water and sanitation, and property tax, but also a deduction for granted rent rebates. Also included is income relating to premature settlement of the rental contract. Of rental income, SEK 400 K (66) consists of turnover-based premises rents. Rents and rent rebates that are only debited during a certain period of a contract's duration are accrued linearly over the respective contract's entire duration.

Rental income in the Volito Fastigheter group according to the property portfolio at year-end was divided between 97 % commercial premises and 3 % residential. The commercial rental income was divided between 147 (141) contracts within a number of different sectors. With the aim of limiting exposure to credit losses, regular follow-ups are made of tenants' credit ratings. No sector or tenant accounts for more than 10 % of the rental income.

The duration of the contract portfolio for commercial premises in the Volito Group expires as per 31 December 2016 as below. The stated amounts refer to contracted closing rents in the portfolio.

	2016	2015
The Group		
Within one year	24 298	12 077
Between one and five years	80 672	75 238
Longer than five years	49 338	56 694
	154 308	**144 009**

Note 6 Auditing: fees and expenses

	2016	2015
The Group		
KPMG		
Audit assignments	1 154	1 621
Tax consultations	–	186
Other assignments	168	237
PWC		
Tax consultations	155	208
OTHER AUDITORS		
Audit assignments	50	67
Tax consultations	36	41
Other assignments	309	35
The Parent company		
KPMG		
Audit assignments	319	353
Other assignments	89	108

Audit assignments refer to the scrutiny of the annual accounts, accounting, and the Board's and CEO's administration, as well as other tasks that fall to the company's auditor to carry out, and consultation or other assistance resulting from observations of such scrutiny or the carrying out of such other tasks. Tax consultations include consultations concerning income tax and valued added tax. Other assignments refer to consultations that are not applicable to any of the above named service categories.

Note 7 Staff and personnel costs

Average number of employees	2016	of which, men	2015	of which, men
The Parent company				
Sweden	5	40 %	4	50 %
Subsidiaries				
Sweden	88	85 %	89	80 %
Finland	18	89 %	18	83 %
Ireland	–	0 %	10	50 %
Norway	3	100 %	3	100 %
Total in subsidiaries	109	86 %	120	78 %
Group total	**114**	**83 %**	**124**	**77 %**

Gender distribution in company management	2016 Percentage of women	2015 Percentage of women
The Group		
Board of Directors	0 %	0 %
Other senior executives	0 %	0 %

Expenses and remuneration to employees	2016	2015
The Group		
Salaries and remuneration etc.	64 021	93 387
Pension expense, contribution-based plans	10 157	10 997
Social security charges	19 453	27 094
	93 631	**131 478**

Salaries, other remuneration and social security expenses	2016 Salaries and remuneration	2016 Social security expenses	2015 Salaries and remuneration	2015 Social security expenses
The Parent company	7 602	4 646	6 149	3 849
(of which, pension costs)		1) (1 733)		1) (1 363)
Subsidiaries	56 419	24 964	87 238	34 242
(of which, pension costs)		(8 424)		(9 634)
Total for the Group	**64 021**	**29 610**	**93 387**	**38 091**
(of which, pension costs)		**2) (10 157)**		**2) (10 997)**

1) Of the Parent company's pension costs, SEK 1 107 K (previous year 1 006) refers to the company's Board and CEO. The company has no outstanding pension obligations to them.
2) Of the Group's pension costs, SEK 3 198 K (previous year 3 197) refers to the Group's Board and CEO. The Group has no outstanding pension obligations to them.

Salaries and other remuneration by senior executives, and other employees in the Parent company	2016	2015
The Parent company		
SENIOR EXECUTIVES (5 PEOPLE, CEO AND BOARD MEMBERS)		
Salaries and other remuneration	4 530	3 308
Social security expenses	2 862	2 443
(of which, pension costs)	(1 107)	(1 006)
OTHER EMPLOYEES		
Salaries and other remuneration	3 072	2 841
Social security expenses	1 784	1 406
(of which, pension costs)	(626)	(357)
The Parent company, total		
Salaries and other remuneration	7 602	6 149
Social security expenses	4 646	3 849
(of which, pension costs)	(1 733)	(1 363)

Salaries and other remuneration by senior executives, and other employees in the Group	2016	2015
The Group		
SENIOR EXECUTIVES		
Salaries and other remuneration	13 407	23 968
(of which, bonuses and similar)	(155)	(3 823)
Social security expenses	7 378	10 240
(of which, pension costs)	(3 198)	(3 197)
OTHER EMPLOYEES		
Salaries and other remuneration	50 614	69 419
Social security expenses	22 232	27 851
(of which, pension costs)	(6 959)	(7 800)
The Group, total		
Salaries and other remuneration	64 021	93 387
(of which, bonuses and similar)	(155)	(3 823)
Social security expenses	29 610	38 091
(of which, pension costs)	(10 157)	(10 997)

Remuneration to senior executives
Principles
The Chairman of the Board receives no remuneration. The other Board members receive fees of SEK 200 to 300 K according to the Annual General Meeting's decision. There is no agreement concerning future pension/severance pay for either the Chairman of the Board or other board members. Remuneration to the CEO and other senior executives consists of basic salary, other benefits and pension. There is an agreement with the CEO of the Parent company regarding a bonus scheme and severance pay corresponding to one year's salary.

Remuneration and other benefits
Other benefits refer to company cars. Pension costs refer to the costs that affect the profit or loss for the year. For the CEO and other senior executives premium-based pension plans apply and the retirement age is 65. Costs for the CEO's pension consist of premium of 35 % of the pension-establishing salary during the period of employment. For other senior executives ITP plans or equivalent apply and the retirement age is 65.

Other senior executives
On termination of employment from the company's side other senior executives have the right to severance payments amounting to between six months' and 12 months' salary.

Absence due to illness
As only five people are employed by the Parent company, there is no obligation to report on absence due to illness.

Note 8 Depreciation of tangible and intangible fixed assets

	2016	2015
The Group		
Other intangible assets	-581	-544
Industrial premises	-268	-283
Plant and machinery	-398	-391
Equipment, tools and installations	-4 295	-4 786
	-5 542	**-6 004**
The Parent company		
Licences	-38	–
Equipment, tools and installations	-271	-412
	-309	**-412**

Note 9 Leasing fees relating to operational leasing

	2016	2015
The Group		
Assets held via operational leasing agreements		
Minimum leasing fees	7 562	7 107
Total leasing costs	**7 562**	**7 107**
Contracted future minimum leasing fees relating to non-terminable contracts due for payment:		
Within one year	7 025	4 681
Between one and five years	17 771	7 986
	24 796	**12 667**
The Parent Company		
Assets held via operational leasing agreements		
Minimum leasing fees	2 254	2 125
	2 254	**2 125**
Leasing income from subleases	**1 423**	**1 466**
Contracted future minimum leasing fees relating to non-terminable contracts due for payment:		
Within one year	2 322	2 147
Between one and five years	6 124	1 154
	8 446	**3 301**

Premises rental and certain office inventories are classified as operational leasing. The main part of leasing costs relates to renting of premises in accordance with operational leasing agreements. The Parent company's leasing agreement runs until 30 June 2020, without special restrictions and with an option to extend. The Parent company, Volito Fastigheter AB and Volito Aviation AB occupy premises owned by Volito Fastigheter AB. All subsidiaries within Volito Industry, except Hydratech, which owns the property, occupy rented premises.

Other agreements on operational leasing are divided between small agreements and amount to a negligible amount.

Note 10 Other operating expenses

	2016	2015
The Group		
Capital loss	-94	-7
Exchange losses on receivables/liabilities of an operating nature	-817	-35
Capital loss on divestment of participations in subsidiaries	-39	–
Other	-31	–
	-981	**-42**
The Parent company		
Capital loss	-94	–
Write-downs of receivables	-299	-301
	-393	**-301**

Note 11 Profit or loss from participations in group companies

	2016	2015
The Parent company		
Dividends	18 000	9 000
Write-downs of participations	-17 581	-12 855
Write-downs of receivables	–	-4 383
	419	**-8 238**

Note 12 Profit or loss from participations in joint ventures

	2016	2015
The Group		
Profit from participations in joint ventures	3 140	2 310
Write-downs of loans	-48 429	–
	-45 289	**2 310**

Note 13 Profit or loss from participations in associated companies

	2016	2015
The Group		
Profit participations in earnings of associated companies	32 312	29 533
Dividend	–	14 443
Capital gain or loss from divestment of participations	–	-5 740
Write-downs of receivables	–	-4 383
Reversal of write-downs	–	1 765
	32 312	**35 618**
The Parent company		
Dividend	14 435	27 643
Capital gain or loss from divestment of participations	–	-5 656
Reversal of write-downs	–	1 765
	14 435	**23 752**

Note 14 Profit or loss from other financial income and expense

	2016	2015
The Group		
Dividend	44 489	37 359
Capital gain from divestments	4 364	174
Write-downs	-199	–
	48 654	**37 533**
The Parent company		
Dividend	44 489	37 359
Capital gain from divestments	4 364	174
Write-downs	-199	–
	48 654	**37 533**

Note 15 Interest income and similar income

	2016	2015
The Group		
Interest income, group companies	45	–
Interest income, other	1 272	3 726
Leasing income	1 633	1 684
Exchange rate differences	1 063	20 259
Early loan repayments	–	1 307
Dividend from short-term investments	510	–
Other	105	166
	4 628	**27 142**
The Parent company		
Interest income, group companies	1 737	1 548
Interest income, others	1	599
Exchange rate profits	274	–
Guarantee-related income	846	–
Dividend from short-term investments	510	–
Early loan repayments	–	1 307
Other	105	105
	3 473	**3 559**

All interest income is attributable to instruments valued at the accrued acquisition value.

Note 16 Interest expenses and similar expenses

	2016	2015
The Group		
Interest expenses, other	-51 088	-54 207
Exchange rate loss	–	-4 692
Credit charges and commissions	-942	-1 144
Other	-1 900	–
	-53 930	**-60 043**
The Parent company		
Interest expenses, group companies	-238	-413
Interest expenses, other	-7 609	-10 806
Exchange rate loss	–	-4 096
Credit charges and commissions	-873	-875
	-8 720	**-16 190**

Of interest expenses, SEK 25 092 K (29 907) is attributable to instruments valued at the accrued acquisition value and SEK 25 996 K (24 300) to instruments valued at fair value.

Note 17 Changes in value of investment properties

The changes in value for the year are attributable to both divested properties and to the property portfolio at year-end.

	2016	2015
The Group		
Changes in value of property portfolio, 31 December	129 231	119 138

No properties were divested in 2015 or 2016. Total invested capital refers to original investments or acquisitions plus the investments made in the respective properties during the remaining period of the holding.

At every year-end all properties are valued externally. Malmöbryggan Fastighetsekonomi AB carried out a valuation of Volito's properties on 31 December 2016. The properties' values are individually assessed to correspond to the fair value for the respective property.

Note 22 presents a description of valuation methods, valuation basis, market parameters etc. that are used in the valuation of the property portfolio.

Note 18 Changes in value of derivatives

Derivatives are financial instruments that according to IAS 39 are valued at fair value in the balance sheet. Changes in the value of interest derivatives are reported under the heading "Changes in value of derivatives" in the income statement. If the agreed interest rate for the derivative deviates from the expected future market interest rate during the derivative's duration a change in value is entered in Volito's balance sheet and income statement, but does not affect the cash flow. The reduced risk in interest payments through long fixed interest rates often creates a larger risk in derivative value due to the time factor. When the duration of the derivative has expired, the value of the interest derivative is always zero.

Note 19 Taxes

	2016	2015
The Group		
Current tax	-1 545	-5 594
Deferred tax	-42 588	-42 326
Total reported taxes for the Group	**-44 133**	**-47 920**
The Parent company		
Current tax	-89	–
Deferred tax	-3 699	-5 308
Total reported taxes for the Parent company	**-3 788**	**-5 308**

Reconciliation of effective tax		**2016**		**2015**
	Per cent	**Amount**	**Per cent**	**Amount**
The Group				
Profit before tax		204 819		282 746
Tax according to the current tax rate for the Parent company	22,0 %	-45 060	22,0 %	-62 204
Effect of other tax rates for foreign subsidiaries	4,0 %	-8 254	0,0 %	102
Other non-deductible expenses	3,4 %	-7 052	1,1 %	-3 236
Other tax-exempt income	-7,0 %	14 437	-5,7 %	16 216
Utilisation of previously non-activated deductible deficiency	0,0 %	72	-0,9 %	2 626
Tax relating to previous years	0,0 %	-76	0,8 %	-2 296
Unevaluated deductible deficiency	0,3 %	-645	0,5 %	-1 555
Temporary differences	0,1 %	-183	0,1 %	-402
Fiscal result of divestment of shares	-0,5 %	960	0,4 %	-1 168
Adjustment of tax attributable to profit or loss from associated companies and joint ventures	-0,8 %	1 625	-1,4 %	4 083
Other	0,0 %	43	0,0 %	-86
Reported effective tax	**21,5 %**	**-44 133**	**16,9 %**	**-47 920**

Reconciliation of effective tax		**2016**		**2015**
	Per cent	**Amount**	**Per cent**	**Amount**
The Parent company				
Profit before tax		78 126		75 239
Tax according to the current tax rate for the Parent company	22,0 %	-17 188	22,0 %	-16 553
Non-deductible expenses	5,5 %	-4 304	5,7 %	-4 264
Tax-exempt income	-21,4 %	16 688	-22,2 %	16 677
Tax relating to previous years	0,1 %	-60	0,0 %	–
Temporary differences	-0,1 %	116	0,0 %	–
Fiscal result from divestment of shares	-1,2 %	960	1,6 %	-1 168
Reported effective tax	**4,8 %**	**-3 788**	**7,1 %**	**-5 308**

The nominal tax rate is 22 % in Sweden, 12.5 % in Ireland, 7.83 % in Switzerland, 12.5 % in Cyprus, 20 % in Finland and 25 % in Norway.

The Group reports current tax of SEK -1 545 K (-5 594). Current tax is calculated on the group companies' fiscal result. This is lower than the Group's reported profit or loss before tax, which is mainly due to:

- Changes in value relating to investment properties, shares in listed companies and derivatives are not included in the taxable profit or loss.
- Tax deductible depreciation for buildings does not affect the Group's profit or loss
- Directly tax deductible amounts relating to certain rebuilding investments for properties do not affect the Group's profit or loss
- Fiscal utilised deductible deficiency does not affect the Group's profit or loss

In addition to what is reported above, there is also within the Group a tax expense attributable to components in other comprehensive income amounting to SEK -794 K (-184).

The Group 2016	Before tax	Tax	After tax
Translation differences for the year in translation of overseas businesses	8 642	–	8 642
Available-for-sale financial assets	128 164	-794	127 370
Participations in associated companies' other comprehensive income	5 607	–	5 607
Other comprehensive income	**142 413**	**-794**	**141 619**

The Group 2015	Before tax	Tax	After tax
The Group 2015			
Translation differences for the year in translation of overseas businesses	-52 309	–	-52 309
Translation differences transferred to profit or loss for the year	61 382	–	61 382
Available-for-sale financial assets	162 547	-184	162 363
Other comprehensive income	**171 620**	**-184**	**171 436**

Note 20 Scope of other comprehensive income and other reserves

The foreign exchange reserve includes all currency differences that arise in translation of financial statements from foreign subsidiaries that have drawn up their financial statements in currencies other than the currency used in the Group's financial statements. When foreign subsidiaries are wound up or divested this part of the foreign exchange reserve is transferred to profit or loss for the year.

The available-for-sale reserve includes changes in value of available-for-sale financial assets. Available-for-sale financial assets are continuously valued at fair value with the period's changes in value reported in other comprehensive income and the accumulated changes in value in an available-for-sale reserve in equity.

Note 21 Intangible fixed assets

Goodwill	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	47 989	48 501
Acquisition of group companies	12 319	–
Exchange rate differences for the year	497	-512
At year-end	**60 805**	**47 989**

Other intangible assets	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	5 462	4 807
Other investments	360	722
Exchange rate differences for the year	89	-67
At year-end	**5 911**	**5 462**
Accumulated depreciation according to plan		
At start of the year	-4 160	-3 664
Depreciation according to plan for the year	-582	-544
Exchange rate differences for the year	-62	48
At year-end	-4 804	-4 160
Book value at year-end	**1 107**	**1 302**

Total intangible assets	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	53 451	53 308
Acquisition of group companies	12 319	–
Other investments	360	722
Exchange rate differences for the year	586	-579
At year-end	**66 716**	**53 451**
Accumulated depreciation according to plan		
At start of the year	-4 160	-3 664
Depreciation according to plan for the year	-582	-544
Exchange rate differences for the year	-62	48
At year-end	**-4 804**	**-4 160**
Book value at year-end	**61 912**	**49 291**

Write-down testing of goodwill in cash-generating units

The Volito Group's financial position on 31 December 2016 includes goodwill of SEK 60 805 K (47 989). The entire amount is attributable to acquisitions in the Volito Industry group.

	2016-12-31	2015-12-31
The Group		
Industry		
HydX AB	35 980	35 980
Hydraulic Supplier i Norden AB	7 657	1 480
Hydraulik- och Industriservice i Vetlanda AB	6 142	–
Hydrosystem Oy	11 026	10 529
At year-end	**60 805**	**47 989**

Write-downs of goodwill

During 2016, the Group made no write-downs of goodwill. In all of the cash-generating units where a calculation of recoverable amount was carried out and no write-down requirement was identified, it is the company management's assessment that no reasonably possible changes in important assumptions would cause the recoverable amount to fall below the book value.

Method for calculating recoverable amounts

For all goodwill values the recoverable amount has been measured through a calculation of the value in use for the cash-generating unit. The calculation model is based on a discounting of future forecast cash flows that are set against the unit's book value. The future cash flows are based on 3-year forecasts compiled by the management of the respective cash-generating unit. In testing of goodwill an infinite horizon has been assumed and extrapolation of the cash flow after the forecast period has been based on a growth rate from year 4 of approx. 2 %.

Important variables for calculating value in use:

The following variables are significant and common for all cash-generating units in the calculation of value of use.

TURNOVER:

The businesses' competitiveness, expected business climate trend for the hydraulic sector, general social-economic development, interest rates and local market conditions.

OPERATING MARGIN:

Historic profitability level and efficiency of the business, access to key people and qualified work force, ability to cooperate with customers, access to internal resources, cost trends for salaries and materials.

OPERATING CAPITAL REQUIREMENTS:

An assessment on a case-by-case basis of whether the operating capital level reflects the business's requirements or needs to be adjusted for the forecast periods. For future development a cautious assumption is that it follows growth in turnover. A high level of internally developed projects can mean a greater need for operating capital.

INVESTMENT REQUIREMENTS:

The investment needs of the business are assessed based on the investments required to reach forecast cash flow at the base level, i.e. without expansion investments. In normal cases, the investment level has corresponded to the depreciation rate on tangible fixed assets.

DISCOUNT RATE OF INTEREST:

The discount rate of interest is determined through a balanced average capital cost for the hydraulic sector and reflects current market assessments of the money's time value and the risks that in particular apply to the asset for which the future cash flows have not been adjusted. For cash-generating units in Sweden a discount rate of interest estimated as a WACC of 8.1 % (7.2) is used, and the corresponding WACC in Finland has been estimated at 7.9 % (7.1).

Note 22 Investment properties

The greater part of Volito's properties have been classified as investment properties. Investment properties are properties held with an aim to generate rental income or value growth, or a combination of the two. Investment properties are reported in the statement of financial position at fair value.

Volito rents offices in Malmö in its own properties. The rental amount for internal renting makes up a negligible part of the respective property's total rental value, which is why no classification as a business property has been made for these properties.

Volito holds no property that has been acquired or rebuilt for subsequent immediate sale, which is why no property has been classified as a property held for resale.

Investments for the year amounted to SEK 80.4 million (115.1), see Note 27.

The property portfolio's fiscal residual value amounted at year-end to SEK 1 561.9 million (1 522.5).

Calculation of fair value

On 31 December 2016 the company carried out an external market valuation of the Group's properties. The fair value of the investment properties has been assessed by an external, independent property appraiser with relevant professional qualifications and experience of both current market areas and the type of property that is being valued. Volito has used Malmöbryggan Fastighetsekonomi AB.

The valuation has been done in accordance with the guidelines applied in the SFI/IPD Swedish Real Estate Index. Fair value has been estimated through the application of the present value method, which is calibrated against comparable purchases and other available, relevant market information.

The present value method is based on the present value calculation of future actual cash flows that is gradually market-adjusted, normally over five to eight years, and the present value of assessed residual value at the calculation period's end. Valuation of investment properties has been categorised as belonging to level three in the fair value hierarchy, as non-observable input data used in the valuation has a significant effect on the assessed value. The properties' values are individually assessed to correspond to the fair value of the respective property.

With the valuation as a basis, the market value of the real estate amounts to SEK 2 763.7 million (2 560.0).

Reconciliation property valuation	2016-12-31	2015-12-31
Property value according to external appraisers	2 763 700	2 560 000

Change in book value for the year	2016-12-31	2015-12-31
Book value at start of the year	2 560 000	2 306 900
Investments	2 489	95 217
Reclassifications	71 980	38 745
Change in value of remaining properties at year-end	129 231	119 138
Book value	**2 763 700**	**2 560 000**

Summary

Valuation date	**2016-12-31**	**2015-12-31**
Calculation period	5–8 years In normal cases, five years for the most recent properties. However, certain properties have other calculation periods due to length of contracts.	5–9 years
Assessed direct yield requirement, residual value	4.0–6.5 %	4.25–7.0 %
Long-term vacancy rate	3.7–27.3 %	4.5–10.2 %
Operating and maintenance costs	Assessed normalised cost levels (SEK 128-462/m^2) based on outcome 2012–2015, forecast 2016 and budget 2017.	
Inflation forecast	CPI assessed to rise by 1.4 % for 2017, thereafter 2 % per year	

Accrued rebuilding expenses regarding properties classified as investment properties, which are reported under the item "Fixed assets under construction and advances relating to tangible fixed assets." Note 27.

	2016-12-31	2015-12-31
The Group	12 732	6 833

Investment properties – effect on profit or loss for the period

	2016-12-31	2015-12-31
The Group		
Rental income	147 354	138 171
Direct costs for investment properties that generated rental income during the period (operating and maintenance costs, property tax and ground rent)	-31 357	-29 476

The duration of the contract portfolio for commercial premises within the Volito Group on 31 December 2016 expires according to the table below. Stated amounts refer to contracted closing annual rents in the portfolio.

	2016-12-31	2015-12-31
The Group		
Within one year	24 298	12 077
Between one and five years	80 672	75 238
Longer than five years	49 338	56 694
	154 308	**144 009**

Counterparty risks in rental incomes

According to the contract portfolio at year-end, rental income was divided between 97 % commercial properties and 3 % residential. The commercial rental income was divided between 147 contracts in a number of different sectors. With the aim of limiting exposure to credit losses, regular follow-ups are made of tenants' credit ratings. No sector or tenant accounts for more than 10 % of the rental income.

Note 23 Industrial premises

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	10 589	10 589
	10 589	**10 589**
Accumulated depreciation according to plan		
At start of the year	-5 866	-5 583
Depreciation according to plan for the year	-268	-283
	-6 134	**-5 866**
Book value at end of period	**4 455**	**4 723**

Of which, land	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value	**598**	**598**

Note 24 Aircraft

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
New acquisitions	2 187	–
Divestment of subsidiaries	-2 187	–
	–	**–**

Note 25 Machinery and other technical fixed assets

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	4 997	4 991
New acquisitions	96	145
Acquisition of subsidiaries	333	–
Divestments and disposals	–	-80
Reclassifications	-66	-59
	5 360	**4 997**
Accumulated depreciation according to plan		
At start of the year	-2 037	-1 765
Acquisition of subsidiaries	-320	–
Divestments and disposals	–	80
Reclassifications	31	39
Depreciation according to plan for the year of acquisition value	-398	-391
	-2 724	**-2 037**
Book value at end of period	**2 636**	**2 960**

Note 26 Equipment, tools and installations

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	37 836	42 064
New acquisitions	7 776	5 745
Acquisition of subsidiaries	3 230	–
Divestments and disposals	-5 227	-4 045
Divestment of subsidiaries	–	-6 287
Reclassifications	66	59
Exchange rate differences for the year	112	300
	43 793	**37 836**
Accumulated depreciation according to plan		
At start of the year	-18 746	-20 790
Acquisition of subsidiaries	-2 393	–
Divestments and disposals	3 106	2 985
Divestment of subsidiaries	–	4 064
Reclassifications	-31	-39
Depreciation according to plan for the year of acquisition value	-4 295	-4 786
Exchange rate differences for the year	-72	-180
	-22 431	**-18 746**
Book value at end of period	**21 362**	**19 090**

The Parent company	2016-12-31	2015-12-31
Accumulated acquisition value		
At start of the year	5 979	6 012
New acquisitions	24	23
Divestments and disposals	-737	-56
	5 266	**5 979**
Accumulated depreciation according to plan		
At start of the year	-2 964	-2 552
Divestments and disposals	642	–
Depreciation according to plan for the year of acquisition value	-271	-412
	-2 593	**-2 964**
Book value at end of period	**2 673**	**3 015**

Note 27 Fixed assets under construction and advances relating to tangible fixed assets

	2016-12-31	2015-12-31
The Group		
At start of the year	6 833	25 710
Reclassifications	-71 981	-38 745
Investments	77 880	19 868
Book value at end of period	**12 732**	**6 833**

Borrowing expenses

No activated interest is included in the acquisition value.

Note 28 Participations in group companies

	2016-12-31	2015-12-31
Accumulated acquisition value		
At start of the year	686 249	673 394
Reduction of share capital and repayment of shareholders' contribution	-121 200	–
Granted shareholders' contribution	17 581	12 855
	582 630	**686 249**
Accumulated write-downs		
At start of the year	-194 357	-181 502
Write-downs for the year	-17 581	-12 855
	-211 938	**-194 357**
Book value at end of period	**370 692**	**491 892**

Note 28, continued. Specification of the Parent company's and Group's holdings of participations in group companies

Subsidiary / Corp. ID No. / Registered office	No. of shares	Share in in % 1)	2016-12-31 Book value	2015-12-31 Book value
Volito Aviation AB, 556603-2800, Malmö	10 000	100.0	52 588	173 788
Volito Fredag AB, 556673-5782, Malmö		100.0		
Volito Fastigheter AB, 556539-1447, Malmö	423 000	100.0	312 014	312 014
Volito Fastighetsutveckling AB, 556375-6781, Malmö		100.0		
Volito Fastighetsförvaltning AB, 556142-4226, Malmö		100.0		
Fastighetsbolaget Flygledaren HB, 916760-2035, Malmö		100.0		
HB Ran Förvaltning, 916766-5224, Malmö		100.0		
Volito Fastighetskupolen AB, 556629-1117, Malmö		100.0		
Fastighets AB Centralposthuset i Malmö, 556548-1917, Malmö		100.0		
Volito Leisure AB, 556541-9164, Malmö		100.0		
Volito Agatel AB, 556677-1472, Malmö		100.0		
Volito Fosiestenen AB, 556690-0873, Malmö		100.0		
Volito Mosippan AB, 556131-7979, Malmö		100.0		
Volito Delfinen AB, 556630-7988, Malmö		100.0		
Volito Proveniens AB, 556758-2415, Malmö		100.0		
Volito Sankt Peter AB, 556658-6904, Malmö		100.0		
Volito Claus AB, 556758-3090, Mamö		100.0		
Volito Laxen AB, 556758-3975, Malmö		100.0		
Volito Stjärnan AB, 556758-3074, Malmö		100.0		
Volito Södra Porten AB, 556758-3108, Malmö		100.0		
Volito Söderhavet AB, 556758-3561, Malmö		100.0		
Volito Visenten AB, 556749-9636, Malmö		100.0		
Volito Industri AB, 556662-5835, Malmö	81 900	91.0	5 460	5 460
Volito Automation AB, 556669-2157, Malmö		100.0		
HydX AB, 556791-5326, Ystad		100.0		
Hydraulic Supplier i Norden AB, 556718-2091, Malmö		100.0		
Hydraulik- och Industriservice i Vetlanda AB, 556281-7352, Vetlanda		100.0		
Hintratech AB, 556568-9436, Vetlanda		100.0		
HydPartner A/S, 913929616, Krokkleiva, Norway		100.0		
Hydrosystem Oy, 0606351-2, Jyväskylä, Finland		100.0		
Volito AG, CHE-110.245.578, Zug, Switzerland	100	100.0	0	0
Other subsidiaries, dormant			630	630
			370 692	**491 892**

1) Refers to the ownership share of the capital, which also agrees with the share of votes for the total number of shares.
2 % of the shares in Volito Aviation AG were divested on 31 December 2016 and the company is now consolidated as an associated company.

Subsidiary	Country	Business segment	Holding with non-controlling interest 2016-12-31	2015-12-31
Volito Aviation AG	Switzerland	Aviation	-	49 %
Volito Fredag AB	Sweden	Aviation	-	20 %
Volito Industri AB	Sweden	Industry	9 %	9 %
HydX AB	Sweden	Industry	-	5 %
Hydpartner A/S	Norway	Industry	-	40 %

Subsidiaries	Volito Industri AB (group) 2016	2015
Net sales	254 600	230 189
Profit or loss	2 284	3 091
Total comprehensive income	2 284	3 091
Attributable to acquisitions with non-controlling interest	–	–
Fixed assets	75 527	63 964
Current assets	113 773	94 642
Holdings with non-controlling interest	–	-604
Long-term liabilities	-111 687	-73 624
Short-term liabilities	-101 551	-105 835
Net assets	**-23 938**	**-21 457**
Attributable to acquisitions with non-controlling interest	–	–
Cash flow from:		
Operating activities	-2 770	-3 480
Investing activities	-25 965	-11 217
Financing activities	31 648	12 557
Cash flow for the year	**2 913**	**-2 140**

As the net assets are negative, receivables from holdings with non-controlling interest have not been reported.

Note 29 Receivables from group companies

	2016-12-31	2015-12-31
The Parent company		
Accumulated acquisition value		
At start of the year	63 717	60 074
Additional receivables	51 176	10 000
Regulated receivables	-11 500	-6 357
Reclassifications	4 604	–
Book value at end of period	**107 997**	**63 717**

Note 30 Participations in joint ventures

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	244 593	242 283
Additional receivables	21 312	–
Reclassifications	-236 698	–
Participations in joint ventures' profit for the year	3 140	2 310
	32 347	**244 593**
Accumulated write-downs		
At start of the year	-236 698	-236 698
Reclassifications	236 698	–
	–	**-236 698**
Book value at end of period	**32 347**	**7 895**

Specification of the Parent company's and Group's holding of participations in joint ventures

Joint venture/Corp. ID no., Registered office	Shares /number in %	Equity share's value in the Group	2016-12-31 Book value at Parent company
Indirectly owned			
Nya Bara Utvecklings AB, 556858-4311, Bara	50.0	10 566	–
Point Hyllie Holding AB, 559023-4034, Malmö	50.0	21 781	–
Book value at end of period		**32 347**	**–**

Joint venture/Corp. ID no., Registered office	Shares /number in %	Equity share's value in the Group	2015-12-31 Book value at Parent company
Indirectly owned			
VGS Aircraft Holding (Ireland) Ltd, 43005, Dublin, Ireland	25.5	–	–
Nya Bara Utvecklings AB, 556858-4311, Bara	50.0	7 895	–
Book value at end of period		**7 895**	**–**

Below is a specification of the group-wise value relating to the ownership share in joint ventures' income and expense, as well as assets and liabilities.

	Nya Bara Utvecklings AB 2016	2015	Point Hyllie AB 2016	2015
Income	8 390	7 755	8 330	–
Expense	-5 718	-5 445	-7 862	–
Adjust. of group value	–	–	–	–
	2 672	2 310	468	–
Assets	140 255	135 854	369 088	–
Liabilities	-129 689	-127 959	-363 264	–
Acquired surplus value	–	–	15 957	–
Net assets	**10 566**	**7 895**	**21 781**	**–**

Note 31 Receivables from joint ventures

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	197 583	567 573
Additional receivables	150 252	–
Regulated receivables	-113 714	-413 315
Reclassifications	-101 485	–
Exchange rate differences for the year	17 616	43 325
	150 252	197 583
Accumulated write-downs		
At start of the year	-25 058	–
Reclassifications	78 752	–
Write-downs for the year	-48 429	-23 436
Exchange rate differences for the year	-5 265	-1 622
	–	-25 058
Book value at end of period	**150 252**	**172 525**

Note 32 Participations in associated companies

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	301 541	307 519
Purchases	1 170	2 664
Participation in associated companies' profit for the year	32 313	29 533
Participation in associated companies' other comprehensive income for the year	5 607	-7 636
Sales	–	-5 147
Reclassifications	36 232	–
Dividend	-14 435	-13 200
Transactions with owners	127	-12 192
Book value at end of period	**362 555**	**301 541**
The Parent company		
Accumulated acquisition value		
At start of the year	194 053	198 217
Purchases	1 170	2 664
Sales	–	-6 272
Repayment of shareholders' contribution	–	-556
	195 223	**194 053**
Accumulated write-downs		
At start and end of the year	–	-1 765
Sales	–	1 765
	–	**–**
Book value at end of period	**195 223**	**194 053**

Specification of the Parent company's and Group's holding of participations In associated companies

Associated company/Corp. ID no., Registered office	Shares /number in %	Equity share's value in the Group	2016-12-31 Book value at Parent company
Directly owned			
Bulten AB (publ), 556668-2141, Gothenburg	21.9	326 323	195 223
Indirectly owned			
Nordkap Holding AG, CHE - 110.234.439, Zug, Switzerland	40.0	0	–
Volito Aviation AG, CHE - 111.972.238, Zug, Switzerland	49.0	36 232	–
		362 555	**195 223**

Specification of the Parent company's and Group's holding of participations in associated companies

Associated company/Corp. ID no., Registered office	Shares /number in %	2015-12-31 Equity share's value in the Group	Book value at Parent company
Directly owned			
Bulten AB (publ), 556668-2141, Gothenburg	21,8	301 541	194 053
Indirectly owned			
Nordkap Holding AG, CHE - 110.234.439, Zug, Switzerland	40,0	0	–
		301 541	**194 053**

Below is a specification of the group-wise value relating to the ownership interest in associated companies' income and expense, as well as assets and liabilities.

	Bulten AB (publ) 2016	Bulten AB (publ) 2015	Volito Aviation AG 2016	Volito Aviation AG 2015
Income	591 172	574 894	–	–
Expense	-558 859	-554 129	–	–
Other	–	8 768	–	–
	32 313	**29 533**	**–**	**–**
Assets	430 387	423 640	37 662	–
Liabilities	-136 868	-154 903	-1 430	–
Acquired surplus value	32 804	32 804	–	–
Net assets	**326 323**	**301 541**	**36 232**	**–**

Note 33 Receivables from associated companies

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	44 109	73 689
Regulated receivables	–	-35 763
Exchange rate differences for the year	2 525	6 183
	46 634	44 109
Accumulated write-downs		
At start of the year	-44 109	-37 292
Write-downs for the year	–	-4 383
Exchange rate differences for the year	-2 525	-2 434
	-46 634	-44 109
Book value at end of period	**–**	**–**

Note 34 Holdings in other long-term securities

	2016-12-31	2015-12-31
The Group		
Available-for-sale financial assets		
Shares and participations	1 256 845	1 115 487
Book value at year-end	**1 256 845**	**1 115 487**

Changes relating to available-for-sale financial assets for the year

	2016-12-31	2015-12-31
The Group		
Accumulated acquisition value		
At start of the year	476 390	458 944
Additional assets	44 239	19 760
Disposal of assets	-11 789	-2 314
Reclassifications	-17 967	–
	490 873	476 390
Changes in value in the income statement		
At start of the year	641 455	472 854
Unrealised changes in value for the year	131 439	168 601
Realised changes in value for profit or loss for the year	-4 365	–
	768 529	641 455
Accumulated write-downs		
At start of the year	-2 358	-2 358
Write-downs for the year	-199	–
	-2 557	-2 358
Book value at year-end	**1 256 845**	**1 115 487**

	2016-12-31	2015-12-31
The Parent company		
Accumulated acquisition value		
At start of the year	475 390	457 944
Additional assets	17 654	16 760
Disposal of assets	-11 789	-2 314
Reclassifications	–	3 000
	481 255	475 390
Accumulated write-downs		
At start of the year	-2 358	-2 358
Write-downs for the year	-199	–
	-2 557	-2 358
Book value at year-end	**478 698**	**473 032**

List of securities	2016-12-31 The Group	2016-12-31 The Parent company	2015-12-31 The Group	2015-12-31 The Parent company
Peab AB (publ)	1 200 180	442 619	1 076 510	442 619
EQT VI Ltd	23 500	15 747	18 183	14 041
EQT VII Ltd	12 817	12 817	–	–
Avensia AB	7 080	3 865	15 945	12 523
NAC Luxembourg I S.A.	5 171	–	–	–
EQT Real Estate	1 655	–	–	–
Other	6 442	3 650	4 849	3 849
	1 256 845	**478 698**	**1 115 487**	**473 032**

Note 35 Deferred tax assets / tax liability

	Deferred tax assets	Deferred tax liability	Net
The Group 2016			
Accelerated depreciation			
Investment properties		32 694	-32 694
Machinery and equipment		1 340	-1 340
Tax allocation reserves		2 058	-2 058
Fair value			
Investment properties	–	232 058	-232 058
Swaps	–	-18 519	18 519
Group-wise surplus value			
Buildings and land	–	320	-320
Temporary differences	–	1 705	-1 705
Other	–	776	-776
Deductible deficiency	1 308	–	1 308
Net deferred tax liability	**1 308**	**252 432**	**-251 124**
The Group 2015			
Accelerated depreciation			
Investment properties		29 732	-29 732
Machinery and equipment		730	-730
Tax allocation reserves		660	-660
Fair value			
Investment properties	–	198 797	-198 797
Swaps	–	-17 883	17 883
Group-wise surplus value			
Buildings and land	–	343	-343
Temporary differences	–	1 587	-1 587
Deductible deficiency	7 597	–	7 597
Net deferred tax liability	**7 597**	**213 966**	**-206 369**

	Deferred tax assets	Deferred tax liability	Net
The Parent company 2016			
Deductible deficiency	**–**	**–**	**–**
The Parent company 2015			
Deductible deficiency	**3 699**	**–**	**3 699**

The change in the Parent company between years has been shown as deferred tax expense.

Deferred taxes are valued based on the nominal rate of tax. The only exception to this rule is the acquisition of material assets in which the tax assessment was a significant part of the business transaction when the deferred tax is valued based on the purchase price. All deferred taxes have been valued at a nominal amount on 31 December 2016 (the same applies for the previous year).

Unreported deferred tax assets
Deductible temporary differences and fiscal deductible deficiencies for which deferred tax assets have not been reported in the income statement and balance sheet:

	2016-12-31	2015-12-31
Fiscal deficit	**7 785**	**4 900**

None of the fiscal deficit relates to Swedish subsidiaries and hence it cannot be offset against profits in other companies by group contributions.

Note 36 Financial leasing agreements

One of the properties in the Volito Fastigheter group is leased out on a financial leasing agreement.

	2016-12-31	2015-12-31
The Group		
Reconciliation of the gross investment and the present value of the receivable relating to future minimum leasing fees:		
Gross investment	43 789	46 327
Less: unearned financial income	-16 013	-17 646
Net investment in financial leasing agreements	27 776	28 681
Less: non-guaranteed residual value that goes to the lessor	–	–
Present value of receivable relating to future minimum leasing fees	**27 776**	**28 681**
On 31 December the breakdown of the remaining durations was as follows:		
Gross investment		
Within one year	2 538	2 538
Between one and five years	10 154	10 154
Longer than five years	31 097	33 635
	43 789	46 327
Less: unearned financial income	-16 013	-17 646
Net investment in financial leasing agreements	**27 776**	**28 681**
Present value of receivable relating to future minimum leasing fees		
Within one year	960	906
Between one and five years	3 241	3 908
Longer than five years	23 575	23 867
	27 776	**28 681**
Variable component of leasing fee included in profit or loss for the period	100	97

Variable fees change in accordance with CPI according to the rental agreement.

Note 37 Other long-term receivables

	2016-12-31	2015-12-31
The Group and Parent company		
Accumulated acquisition value		
At start of the year	15 791	35 791
Regulated receivables	–	-20 000
	15 791	15 791
Accumulated write-downs		
At start of the year	-13 792	-13 792
	-13 792	-13 792
Book value at year-end	**1 999**	**1 999**

Note 38 Prepaid expenses and accrued income

	2016-12-31	2015-12-31
The Group		
Prepaid expenses	6 517	5 472
Accrued interest expenses	2 177	–
Accrued income	130	46
	8 824	**5 518**
The Parent company		
Prepaid expenses	1 040	901
Accrued income	37	–
	1 077	**901**

Note 39 Liquid funds

Liquid funds consist of cash and bank balances. Unutilised bank overdraft facilities that are not included in liquid funds amount to SEK 101.9 million (144.5), of which in the Parent company, SEK 101.9 million (137.8).

Note 40 Equity

	Number of issued shares		
	Fully paid	**Not fully paid**	**Quota value**
Class B shares	2 440 000	–	100

All shares have the same voting rights, one vote per share.

Other contributed capital
Refers to equity that is contributed by the owners. This includes premiums paid in connection with share issues.

Reserves
Foreign exchange reserve
The foreign exchange reserve includes all the exchange rate differences that arise from translating financial statements in a currency other than the currency used in the presented consolidated financial statements. The Parent company and the Group present their financial statements in SEK. Furthermore, the foreign exchange reserve includes the exchange rate differences that arise in expanded investment in foreign business as well as re-loans from foreign businesses.

Available-for-sale reserve
The available-for-sale reserve includes the accumulated net change in fair value after tax of available-for-sale financial assets until the asset is no longer reported in the balance sheet.

Retained earnings including profit or loss for the year
Retained earnings including profit or loss for the year includes profits from the Parent company and its subsidiaries, joint ventures and associated companies.

The Parent company
Reserve fund
The aim of the reserve fund has been to save a part of the net profit, that is not designated for covering losses carried forward. The reserve fund also includes amounts that prior to 1 January 2006 were transferred to the premium reserve. The reserve is not to be reduced through paying a dividend.

Retained earnings
Includes the previous year's profit or loss brought forward after paying a dividend. Constitutes together with profit or loss for the year the total non-restricted equity, i.e. the amount that is available for dividends to shareholders.

Proposed allocation of the company's profit
The Board of Directors and CEO propose that the unappropriated earnings, SEK 396 711 393.29 are allocated as follows (SEK K):

Dividend, (2 440 000 * SEK 13.50 per share)	32 940
Retained earnings carried forward	363 772
	396 712

Information on allocation of profit
The Group's equity has been calculated in accordance with the EU-developed IFRS standards and interpretations of these (IFRIC), and in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 1 Supplementary reporting rules for groups.

The Parent company's equity has been calculated in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 2 Reporting for legal entities. The proposed dividend reduces the Parent company's equity ratio from 54 % to 51 %. The equity ratio is prudent, in view of the fact that the company's activities continue to operate profitably. Liquidity in the Group is expected to be maintained at a similarly stable level.

The Board's understanding is that the proposed dividend will not hinder the company from carrying out its obligations in the short or long term, nor from conducting necessary investments. The proposed dividend is thus defensible with consideration to what is stated in ABL chapter 17, section 3, paragraph 2-3 (prudence principle).

Note 41 Interest-bearing liabilities

	2016-12-31	2015-12-31
The Group		
Due date, up to 1 year from accounting year-end	59 845	1 801 553
Due date, 1-5 years from accounting year-end	1 968 963	35 744
Due date, later than five years from accounting year-end	42 093	55 898
	2 070 901	**1 893 195**
The Parent group		
Due date, up to 1 year from accounting year-end	48 051	460 879
Due date, 1-5 years from accounting year-end	470 000	–
	518 051	**460 879**

Long-term liabilities	**2016-12-31**	**2015-12-31**
The Group		
Bank loans	1 918 908	18 930
Derivative instruments	84 177	67 846
Leasing liabilities	7 971	4 866
	2 011 056	**91 642**
The Parent company		
Bank loans	470 000	–

Short-term liabilities	**2016-12-31**	**2015-12-31**
The Group		
Bank loans	10 364	1 748 339
Bank overdraft facilities	48 051	37 531
Derivative instruments	–	13 440
Leasing liabilities	1 430	2 243
	59 845	**1 801 553**

	2016-12-31	2015-12-31
The Parent company		
Bank loans	–	454 929
Bank overdraft facilities	48 051	5 950
	48 051	**460 879**

The Group's credit framework has been renegotiated. The new credit framework applies from 30 May 2016 and runs for three years.

The Group's derivative instruments consist of interest rate swaps, which are utilised to cover risks of changes in interest rates. Derivative instruments are reported continuously at fair value in accordance with IAS 39. Changes in value of interest rate derivatives are reported in the income statement on a separate line "Changes in value of derivatives." The change in value for the year amounts to SEK -2.9 million (16.1).

	2016-12-31	2015-12-31
Swap values IFRS 7, level 2		
Brought forward fair value, liability	81 286	97 341
Change in value	2 891	-16 055
	84 177	**81 286**

Note 42 Bank overdraft facilities

	2016-12-31	2015-12-31
The Group		
Granted credit limit	150 000	182 000
Unutilised part	-101 949	-144 469
Utilised credit amount	**48 051**	**37 531**
The Parent company		
Granted credit limit	150 000	143 750
Unutilised part	-101 949	-137 800
Utilised credit amount	**48 051**	**5 950**

Note 43 Valuation of financial assets and liabilities at fair value

In accordance with IAS 39 Financial instruments, financial instruments are valued at either the accrued acquisition value or at fair value depending on categorisation. Categorisation depends to a large extent on the purpose of the holding. The items that are subject to measurement at fair value are listed shareholdings, various types of derivative instruments and unlisted ownership interests.

Fair value of listed shareholdings and share derivatives has been calculated according to the closing rate at year-end. In the fair value measurement of unlisted shares, the market value from the administering financial institutions has been used. This valuation is based on an active market and the rates reflect actual transactions concerning comparable investments in equivalent funds.

In the measurement of fair value for interest-bearing receivables and liabilities, as well as interest rate swaps, discounting has been applied for future cash flows at the quoted market interest rate for the remaining durations. This is based on the quotes of brokers. Similar contracts are handled in an active market and the rates reflect actual transactions involving comparable instruments. For non-interest bearing assets and liability items such as accounts receivable – trade and accounts payable – trade with a remaining life time of less than six months, the book value is considered to reflect the fair value. The table below shows the book value compared with the assessed fair value per type of financial asset and liability.

	Financial assets measured at fair value via income statement		Available-for-sale financial assets		Trade and interest receivables		Total book value		Fair value	
Amounts in SEK M	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
The Group										
Financial assets										
Other long-term securities holdings	–	–	1 256.8	1 115.5	–	–	1 256.8	1 115.5	1 256.8	1 115.5
Interest-bearing long-term receivables	–	–	–	–	150.3	–	150.3	0.0	150.3	0.0
Other long-term receivables	–	–	–	–	28.8	202.3	28.8	202.3	28.8	202.3
Accounts receivable – trade	–	–	–	–	49.0	43.7	49.0	43.7	49.0	43.7
Interest-bearing short-term receivables	–	–	–	–	12.0	–	12.0	0.0	12.0	0.0
Prepaid expenses and accrued income	–	–	–	–	0.1	–	0.1	0.0	0.1	0.0
Other short-term receivables	–	–	–	–	6.2	6.4	6.2	6.4	6.2	6.4
Short-term investments	–	–	18.1	9.3	–	–	18.1	9.3	18.1	9.3
Cash and bank balances	–	–	–	–	6.7	58.2	6.7	58.2	6.7	58.2
Total financial assets	**0.0**	**0.0**	**1 274.9**	**1 124.8**	**253.1**	**310.6**	**1 528.0**	**1 435.4**	**1 528.0**	**1 435.4**

	Financial liabilities measured at fair value via income statement		Other financial liabilities		Accounts payable – trade and other liabilities		Total book value		Fair value	
Amounts in SEK M	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Financial liabilities										
Interest-bearing financial liabilities	84.2	67.8	1 926.9	23.8	–	–	2 011.1	91.6	2 011.1	91.6
Other long-term liabilities	–	–	5.0	7.7	–	–	5.0	7.7	5.0	7.7
Interest-bearing short-term liabilities	–	13.4	59.9	1 788.0	–	–	59.9	1 801.4	59.9	1 801.4
Accounts payable – trade	–	–	–	–	39.0	33.7	39.0	33.7	39.0	33.7
Accrued expenses and deferred income	–	–	–	–	28.4	31.2	28.4	31.2	28.4	31.2
Other short-term liabilities	–	–	–	–	23.9	25.6	23.9	25.6	23.9	25.6
Total financial liabilities	**84.2**	**81.2**	**1 991.8**	**1 819.5**	**91.3**	**90.5**	**2 167.3**	**1 991.2**	**2 167.3**	**1 991.2**

The effect of measuring financial instruments at fair value is included in the Groups' profit or loss with a total of SEK -2.9 million (16.1) and relates to the market valuation of interest rate swaps.

	Financial assets measured at fair value via income statement		Available-for-sale financial assets		Trade and interest receivables		Total book value		Fair value	
Amounts in SEK M	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
The Parent Company										
Financial assets										
Long-term receivables, group companies	–	–	–	–	108.0	63.7	108.0	63.7	108.0	63.7
Other long-term securities holdings	–	–	478.7	473.0	–	–	478.7	473.0	1 247.2	1 114.5
Other long-term receivables	–	–	–	–	2.0	2.0	2.0	2.0	2.0	2.0
Other short-term receivables	–	–	–	–	53.4	8.7	53.4	8.7	53.4	9.0
Short-term investments	–	–	–	–	15.4	7.7	15.4	7.7	18.1	9.3
Cash and bank balances	–	–	–	–	0.3	4.6	0.3	4.6	0.3	4.6
Total financial assets	**0.0**	**0.0**	**478.7**	**473.0**	**179.1**	**86.7**	**657.8**	**559.7**	**1 429.0**	**1 203.1**

Amounts in SEK M	Financial liabilities measured at fair value via income statement 2016	2015	Other financial liabilities 2016	2015	Accounts payable – trade and other liabilities 2016	2015	Total book value 2016	2015	Fair value 2016	2015
The Parent company										
Financial liabilities										
Interest-bearing financial liabilities	–	–	470.0	–	–	–	470.0	0.0	470.0	0.0
Interest-bearing short-term liabilities	–	–	48.1	460.9	5.2	48.9	53.3	509.8	53.3	509.8
Accounts payable – trade	–	–	–	–	1.1	0.3	1.1	0.3	1.1	0.3
Accrued expenses and deferred income	–	–	–	–	4.3	3.2	4.3	3.2	4.3	3.2
Other short-term receivables	–	–	–	–	37.4	124.0	37.4	124.0	37.4	124.0
Total financial liabilities	**0.0**	**0.0**	**518.1**	**460.9**	**48.0**	**176.4**	**566.1**	**637.3**	**566.1**	**637.3**

Fair value

Fair value is determined though categorisation based on three levels

Level 1: according to the quoted price in an active market for an identical instrument

Level 2: based on direct or indirect observable market data that is not included in level 1.

Level 3: based on input data that is not observable in the market

The table below shows the division by level of the financial assets and liabilities that are reported at fair value in the balance sheet.

Amounts in SEK M	Level 1 2016	2015	Level 2 2016	2015	Level 3 2016	2015	Total 2016	2015
The Group								
Financial assets								
Other long-term securities holdings								
Market-quoted	1 207.2	1 092.4	–	–	–	–	1 207.2	1 092.4
Fund holdings	–	–	43.5	18.7	–	–	43.5	18.7
Other short-term securities holdings								
Short-term investments	18.1	9.3	–	–	–	–	18.1	9.3
Total financial assets	**1 225.3**	**1 101.7**	**43.5**	**18.7**	**0.0**	**0.0**	**1 268.8**	**1 120.4**
Financial liabilities								
Other long-term liabilities								
Interest rate swaps	–	–	84.2	67.8	–	–	84.2	67.8
Other short-term liabilities								
Interest rate swaps	–	–	–	13.4	–	–	–	13.4
Total financial liabilities	**0.0**	**0.0**	**84.2**	**81.2**	**0.0**	**0.0**	**84.2**	**81.2**

Note 44 Financial instruments and financial risk management

Framework for financial risk management

In its business activities the Volito Group is exposed to various types of financial risks. Financial risks relate to changes in exchange rates and interest rates that affect the company's cash flow, earnings and thereby associated equity. Financial risks also include credit and refinancing risks.

The Group's finance policy for managing financial risks has been designed by the Board and creates a framework of guidelines and rules in the form of risk mandates and limits for the business. Responsibility for the Group's financial transactions and risks are managed centrally by the Group's Finance function, which is within the Parent company. The overall aim for the Finance function is to provide cost-efficient financing and to minimise negative effects on the Group's earnings that stem from market risks. Reporting is conducted on a regular basis to the CEO and the Board, which have overall responsibility for financial risk management.

Management of financial risks

Liquidity and financing risks

Liquidity and financing risks refer to the risks of not being able to fulfil payment obligations as a result of insufficient liquidity or difficulties in arranging new loans. Volito shall be able to carry through business transactions when the opportunity arises and always be able to fulfil its obligations. Refinancing risks increase if the company's credit rating deteriorates or a large part of the debt portfolio becomes due on one or several separate occasions.

Liquidity risks are managed through both regular liquidity forecasts and Volito's access to credit or liquid assets that can be raised at short notice in order to even out fluctuations in the payment flow.

Borrowing risks refer to risks that financing is unavailable or available on poor conditions at a certain time. In order to limit financing risks, Volito strives to spread final due dates regarding credit over as long a period as possible according to the prevailing market conditions.

Part of Volito's borrowing is linked to fulfilling financial ratios (covenants) in the form of interest coverage ratio and equity ratio that the Group shall achieve, which is customary for this type of borrowing. These ratios are followed up continuously and make up a part of management's framework for financial planning of the business. Volito fulfilled these ratios by a good margin at year-end. Volito's policy regarding borrowing is that the due dates for loans shall be spread over time. Volito's policy regarding interest rates is that loan periods for the portfolio shall be well balanced and adjusted to the company's prevailing view of the interest rate market at that time.

Duration analysis of financial liabilities, non-discounted cash flow including interest:

2016-12-31	Nominal amount in original currency	1 year or less	1–5 years	>5 years	Total
Interest-bearing financial liabilities					
Bank loans, SEK, Real Estate	1 456 253	27 870	1 458 719	14 120	1 500 709
Derivatives		27 669	77 640	11 476	116 785
Investment loans, SEK	470 000	7 863	481 783	–	489 646
Leasing liabilities	–	1 430	7 971	–	9 401
Bank overdraft facilities, SEK	48 051	49 616	–	–	49 616
Total interest-bearing financial liabilities		**114 448**	**2 026 113**	**25 596**	**2 166 157**
Non-interest-bearing financial liabilities					
Accounts payable – trade, SEK	35 034	35 034	–	–	35 034
Accounts payable – trade, EUR	390	3 731	–	–	3 731
Accounts payable – trade, NOK	220	232	–	–	232
Other short-term liabilities	23 977	23 977	–	–	23 977
Total non-interest-bearing financial liabilities		**62 974**	**–**	**–**	**62 974**
Total financial liabilities		**177 422**	**2 026 113**	**25 596**	**2 229 131**

2015-12-31	Nominal amount in original currency	1 year or less	1–5 years	>5 years	Total
Interest-bearing financial liabilities					
Bank loans, SEK, Real Estate	1 301 056	1 288 741	4 956	15 234	1 308 931
Derivatives		25 762	82 086	22 576	130 424
Investment loans, SEK	448 000	452 088	302	–	452 390
Bank overdraft facilities, SEK	37 531	38 203	–	–	38 203
Bank overdraft facilities, EUR	71	649	–	–	649
Investment loans, EUR	1 000	9 257	–	–	9 257
Investment loans, CHF	1 000	8 454	–	–	8 454
Total interest-bearing financial liabilities		**1 823 154**	**87 344**	**37 810**	**1 948 308**
Non-interest-bearing financial liabilities					
Accounts payable – trade, SEK	29 843	29 843	–	–	29 843
Accounts payable – trade, EUR	405	3 700	–	–	3 700
Accounts payable – trade, NOK	164	157	–	–	157
Other liabilities	23 300	15 600	7 700	–	23 300
Total non-interest-bearing financial liabilities		**49 300**	**7 700**	**–**	**57 000**
Total financial liabilities		**1 872 454**	**95 044**	**37 810**	**2 005 308**

Currency exposure

The risk that fair value and cash flows relating to financial instruments can fluctuate when the value of foreign currencies change is called currency risk.

The Volito Group's exposure to foreign currencies has been drastically reduced, in connection with the ongoing winding up of the Volito Aviation Group, which was exposed mainly to USD, as well as Nordkap AG, which was exposed to changes in CHF. In addition, the Volito Group also has exposure to changes in EUR and NOK through its holdings in Hydrosystem Oy and HydPartner AS.

The Board of Volito has decided to accept the exposure to the above-mentioned currencies, as this exposure in itself constitutes a risk diversification within the Volito Group. The extent of this exposure will be decided according to continuous review.

Interest rate exposure

Interest rate risks are risks that Volito's cash flows or the value of financial instruments vary due to changes in market interest rates. The interest rate risk can lead to changes in fair value and changes in cash flows.

The Volito Group is exposed to changes mainly in short-term interest rates through its involvement in the Volito Fastigheter AB group. The Parent company, Volito AB, also has risk exposure relating to short-term interest rates. Volito's policy regarding interest rates is that loan periods for the portfolio shall be well balanced and adjusted to the company's prevailing view of the interest rate market at that time. How much and how fast a change in interest rates makes an impact on financial results depends on the chosen fixed interest term. A rise in interest rates is often initiated by higher inflation. In commercial rental contracts it is normal that the rent is index-adjusted upwards for inflation.

A combination of loans with short fixed interest terms and utilisation of financial instruments in the form of interest rate swaps enables flexibility to be achieved and the fixed interest term and interest rate level can be adjusted so that the aim of financing activities can be achieved with limited interest rate risk and without underlying loans needing to be renegotiated. In order to manage the interest rate risks and achieve even development of net interest income, the average fixed interest term for Volito's interest-bearing debts has been adjusted according to the assessed risk level and risk expectations.

Overall, the Volito Group's total loans exposed to short-term interest rates amount to SEK 1 064.3 million (1 037.5). Hedging relating to 62.6 % (58.8) of the debt portfolio of the Volito Fastigheter AB group, corresponding to 46.2 % (36.2) for the entire Volito Group, is managed with swaps, something that gives the company a higher degree of flexibility in terms of future debt management.

The nominal amount of Volito Fastigheter's outstanding interest rate swaps at year-end 2016 was SEK 913.0 million (765.0). At year-end 2016 the fixed interest rates varied from -0.18 % (0.07 %) to 3.56 % (3.56 %) and the floating interest rates are STIBOR 3-months with a supplement for a margin relating to borrowing in SEK.

Financial exposure		2016-12-31		2015-12-31
Liabilities	**Loan amount**	**Fair value**	**Loan amount**	**Fair value**
The Group				
Interest rate swaps	913 000	-84 177	765 000	-81 286

Fair value has been calculated as the cost /revenue that would have arisen if the contracts had closed at year-end. For this, the banks' official rates have been applied.

Below is a summary of the Group's interest rate swaps by duration.

		Due date					
Liabilities	**Nom. amount**	**2016**	**2017**	**2018**	**2019**	**2020**	**>2021**
The Group							
Interest rate swaps 2016-12-31	913 000	–	–	96 000	162 000	162 000	493 000
Interest rate swaps 2015-12-31	765 000	50 000	–	96 000	96 000	96 000	427 000

Credit risks

Credit risks refer to the risk of losing money due to another party being unable to fulfil their obligations.

Credit risks in accounts receivable – trade

Demand for premises is affected by general business conditions. Volito Fastigheter's activities are concentrated in Malmö, which is deemed to be attractive in the long term regarding location, population growth, employment and general communications. A broad portfolio of contracts reduces the risk of large fluctuations in vacancies. Leases are divided between commercial properties (97 %) and residential (3 %). The commercial rental income is divided between 147 contracts within a number of different sectors. A combination of good local knowledge, active involvement and a high level of service creates conditions for long-term rental relations and thereby a reduced risk of new vacancies. A certain level of vacancies provides opportunities in the form of new leases and flexibility for existing tenants who want to expand or reduce their premises. Furthermore, Volito Fastigheter bears the risk that tenants are unable to make rent payments. Regular follow-ups are carried out on the tenants' credit ratings in order to reduce exposure to credit losses. A credit rating of tenants is carried out for all new leases, and, if required, the rental agreement is complemented with personal guarantees, rent deposit or bank guarantee. All rents are paid quarterly or monthly in advance.

Within Volito Industry, risks are linked to project management. Many projects are customised and Volito bears the risk that customers cannot fulfil their obligations. Customers make advance payments on major projects in order to reduce the risk of credit losses.

Distribution of overdue accounts receivable – trade	2016-12-31	2015-12-31
The Group		
Accounts receivable – trade that are neither overdue or written-down	44 833	39 261
Accounts receivable – trade that are overdue		
1–30 days	3 630	3 455
31–60 days	356	183
61–90 days	77	408
>90 days	264	806
Of which, reserved (excluding VAT)	-198	-412
Total	**48 962**	**43 701**

Costs for confirmed and suspected customer losses for the year amounted to SEK 80 K (723).

Offsetting agreements and similar agreements

The Group has entered into a derivative agreement under the International Swaps and Derivatives Association (ISDA) master netting agreement. The agreement means that when a counterparty cannot regulate their obligation according to all transactions, the agreement is broken and all outstanding balances shall be regulated with a net amount. The ISDA agreement does not fulfil the criteria for offsetting in the statement of financial position. This is because offsetting in accordance with the ISDA agreement is only permitted if the counterparty or group cannot regulate their obligations. In addition, it is not the counterparty's or the group's intention to regulate the balances on a net basis or at the same juncture.

The company has not offset any amounts in the balance sheet relating to 2016 or 2015.

Note 45 Accrued expenses and deferred income

	2016-12-31	2015-12-31
The Group		
Personnel-related items	20 098	25 614
Accrued interest expenses	554	1 176
Prepaid rental income	23 947	21 887
Prepaid leasing income	–	–
Provision for repair costs relating to acquisitions	4 500	4 500
Other accrued expenses	7 791	4 363
	56 890	**57 540**
The Parent company		
Personnel-related items	2 962	2 474
Accrued interest expenses	22	17
Other accrued expenses	1 357	731
	4 341	**3 222**

46 Consolidated pledged assets and contingent liabilities

	2016-12-31	2015-12-31
The Group		
Pledged assets		
For own liabilities and provisions		
Property mortgages	1 549 899	1 400 705
Chattel mortgages	12 500	12 500
Shares	1 551 730	1 399 236
Shares in subsidiaries	1 195 278	1 019 256
Leasehold Mosippan	27 776	28 681
Blocked bank account	175	175
Other	1 000	1 000
Total pledged assets	**4 338 358**	**3 861 553**
Contingent liabilities		
Guarantees for joint ventures	175 000	–
Guarantees for associated companies	14 000	14 000
Other guarantees	1 390	–
Other contingent liabilities	50	50
Total contingent liabilities	**190 440**	**14 050**

	2016-12-31	2015-12-31
The Parent company		
Pledged assets		
For own liabilities and provisions		
Shares	615 907	614 799
Shares in subsidiaries	312 014	312 014
Other	1 000	1 000
Total pledged assets	**928 921**	**927 813**
Contingent liabilities		
Guarantees for group companies	–	39 135
Guarantees for jointly controlled companies	175 000	–
Guarantees for associated companies	14 000	14 000
Other guarantees	1 390	–
Other contingent liabilities	50	50
Total contingent liabilities	**190 440**	**53 185**

Note 47 Closely-related parties

Close relations

The Group is owned by AB Axel Granlund, 88.0 % (88.0 %), and Lennart Blecher (partly through companies), 12.0 %. As a result of this, transactions with the companies listed below are noted as transactions with closely-related parties.

Peab AB (publ)

Karl Axel Granlund is a Board member of Peab AB (publ). Volito AB owns 5.61 % of the capital and 4.98 % of the votes in Peab AB (publ).

Bulten AB (publ)

Ulf Liljedahl is a Board member of Bulten AB (publ). Volito AB owns 21.86 % of the capital and votes in Bulten AB (publ.).

EQT
Lennart Blecher is a partner in EQT.

Sunnerbo Skogar AB
Karl Axel Granlund and family own shares in Sunnerbo Skogar. Purchases and sales have only been made for minor amounts.

Granlunden AB
Karl Axel Granlund and family own shares in Granlunden AB. A purchase has been made worth SEK 0.3 million (0.1).

Joint ventures/associated companies
In addition to the closely-related parties stated above, the Group has close relations with its joint ventures/associated companies, see Notes 30 and 32.

Subsidiaries
In addition to the closely-related parties stated for the Group, the Parent company has close relations that involve a controlling interest in its subsidiaries, see Note 28.

Of the Group's total purchases and sales measured in SEK, 0 % (0 %) of purchases and 1 % (0 %) of sales relate to other companies within the entire group of companies to which the Group belongs.

Of the Parent company's total purchases and sales measured in SEK, 42 % (46 %) of the purchases and 97 % (100 %) of the sales relate to other companies within the entire group of companies to which the company belongs.

Transaction conditions
Sales between the Group's different segments relate to administration fees and rents. Administration fees have been apportioned on the basis of actual costs and utilisation. Rents are according to market conditions.

Loans between group companies have interest rates set in accordance with the current finance policy. Interest rates are according to market conditions.

Summary of transactions with closely-related parties

	2016	2015
The Group and Parent company		
Transactions with the Parent company		
Sales to the Parent company	2 478	1 872
Purchases from the Parent company	-3 196	-3 207
Interest income from the Parent company	45	50
Receivables from the Parent company	12 000	–
Liabilities to the Parent company	–	45
Dividend to the Parent company	25 766	20 208

	2016	2015
The Group		
Transactions with joint ventures		
Sales to VGS	11 242	85 090
Claim on VGS	–	172 699
Sales to Barabolagen	523	727
Interest income, Point Hyllie	1 093	–
Claim on Point Hyllie	150 252	–

VGS is owned by Volito Aviation AG, which in turn was 51 % owned by Volito Aviation AB at the start of 2016. VGS has been run as a joint venture with Goldman Sachs. As part of the winding up of business activities in Volito Aviation, 2 % of the ownership share in Volito Aviation AG was divested to Granlunden AB on 31 December 2016. Volito Aviation AG has thereafter been reported as an associated company and VGS is included as a part of this. VGS has amortised SEK 113.7 million (413.3) of its liabilities to Volito Aviation AG during the year. There was a write down of the shareholders' loan by SEK 48.4 million in 2016. There was no write-down in 2015. The remaining claim amount on VGS is SEK 22.7 million.

	2016	2015
The Group		
Transactions with associated companies		
Div. from associated company (Bulten AB (publ))	14 435	13 200
Claim on Volito Aviation AG	174	–

	2016	2015
The Group		
Transactions with Peab AB (publ)		
Sales to Peab	720	906
Purchases from Peab	-28 003	-3 626
Dividend from Peab	43 160	37 350
Operating liabilities to Peab	3 053	–
Loan from Peab	5 000	–

	2016	2015
The Parent company		
Transactions with subsidiaries		
Sales to subsidiaries	5 000	7 231
Purchases from subsidiaries	-2 198	-2 124
Interest income from subsidiaries	1 690	1 202
Guarantee-related income	846	296
Interest expenses to subsidiaries	-238	-413
Claims on subsidiaries	148 228	71 627
Liabilities to subsidiaries	42 303	172 594
Dividend from subsidiaries	18 000	9 000

	2016	2015
The Parent company		
Transactions with associated companies		
Dividend from Bulten AB (publ)	14 435	13 200

	2016	2015
The Parent company		
Transactions with Peab AB (publ)		
Dividend from Peab	43 160	37 350

The Group and Parent company
Transactions with EQT
In 2016, Volito AB invested SEK 1.7 million (1.9) in the EQT VI Fund. The consolidated value of the holding amounted to SEK 23.5 million (18.2), and the book value in the Parent company amounted to SEK 15.7 million (14.0) at year-end.

In 2016, Volito AB invested SEK 12.5 million (0) in the EQT VII Fund, which also corresponds to the market value.

In 2016, Volito Fastigheter AB invested SEK 1.7 million (0) in the EQT Real Estate Fund, which also corresponds to the market value.

Transactions with key employees
For salaries and other remuneration, expenses and obligations concerning pensions and similar benefits, as well as agreements concerning severance payments to the Board and the CEO, see Note 7.

Note 48 Events after accounting year-end

There have been no important events after accounting year-end.

Note 49 Information about the Parent company

Volito AB is a Swedish-registered limited company with registered office in Malmö. The address of the head office is Skeppsbron 3, 211 20 Malmö, Sweden.

The consolidated financial statements for 2016 consist of Volito AB and its subsidiaries, together referred to as the Group. The Group also includes ownership interests through holdings in associated companies and joint ventures.

The company is a subsidiary of AB Axel Granlund, org.no. 556409-6013 with registered office in Malmö. AB Axel Granlund owns 88.0 % (88.0 %) of the capital and votes in the Volito Group and draws up consolidated financial statements for the largest group.

Malmö, 8 March 2017

Karl-Axel Granlund
Chairman

Lennart Blecher

Axel Granlund

Peter Granlund

Karl-Fredrik Granlund

Ulf Liljedahl
CEO

Our auditors' report was submitted on 7 April 2017.
KPMG AB

Eva Melzig
Authorized Public Accountant

The Group's income statement and balance sheet, as well as the Parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 7 April 2017.

AUDITOR´S REPORT

To the general meeting of the shareholders of Voilto AB, corp. id 556557-4639

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Voilto AB for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 25-57 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-24. The Board of Directors and the Managing Director] are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Voilto AB for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
- Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö 7 April 2017
KPMG AB

Eva Melzig
Authorized Public Accountant

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Volito is a privately owned investment group headquartered in Malmö. The business was founded in 1991 with an initial focus on aircraft leasing. After achieving rapid early success, Volito broadened its activities and started to expand.

Today, Volito is a strong, growth-oriented group based on a balanced approach to risk-taking and a long-term perspective. The Group's activities are divided into three diversified business areas: Real Estate, Industry and Listed Holdings, areas that develop their own business units, business segments and subsidiaries.

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