

2016

ANNUAL REPORT – LEAX GROUP AB



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DIRECTOR'S REPORT

The Year in brief facts

2016 was yet a very eventful year for LEAX. The year was characterized by intensive efforts to implement the decided strategy to establish a global "industrial footprint" to develop our own products and developing customer relationships also outside the commercial vehicle industry.

LEAX has strengthened its market position as a global supplier and now has manufacturing, except in Europe, including in emerging markets such as China, Brazil and India. LEAX also through his work with continuous improvements in quality, delivery and productivity achieved increased confidence of our customers. Continued investment in heat treatment, advanced machining, increased automation, and product development makes LEAX positioning itself as one of the leading players in Europe in selected segments.

2016 was characterized by good demand in many of our markets in Europe, but weak demand in emerging markets such as Brazil, Russia and to some extent in China. Also this year new long-term contracts with large volumes have been signed with global customers, especially in the passenger car segment. Deliveries under these contracts will, however, first start in 2018, and then run for 5-7 years. Volumes in LEAX largest segment, commercial vehicle industry, have been slightly better than last year in Europe, while volumes in South America were significantly lower. The trend in the mining and

construction industry has stabilized after a weak 2015 and general industry has shown a good growth at the end of the year which is supposed to have a positive impact during 2017. LEAX new markets has had a mixed performance, Automotive has shown a good growth while the agricultural industry has had significantly lower demand due to the turbulence on the Russian market. The telecom business has shown a steep growth during the year and the deliveries are ongoing which will have a positive result in 2017.

Overall, this meant that the company as a whole had not the expected increase the company has built global capacity for and the revenue was more or less unchanged compared to prior years. The operational profitability of the core companies was affected by the low utilization of capacity at some plants.

The groups operational result for 2016 amounted to -4.4 MSEK, compared to -13.7 MSEK the previous year. The groups result for 2016 amounted to -3.8 MSEK, compared to -15.3 MSEK the previous year. LEAX has in 2016 worked to streamline its business. The core businesses operational result amounted to 11.4 MSEK, compared to 1.3 MSEK the previous year. The work in streamlining the business is expected to include shared ownership of businesses that are seen as not belong to the core businesses, which will essentially strengthen the balance sheet.

General business

Mission

LEAX provides development, industrialization and manufacturing of advanced components and subsystems for demanding and challenging

customers. LEAX Industrial Systems (LIS) offers competitive manufacturing through global presence. It is our systematic approach to deliver the best quality and cost. We love the production!

LEAX delivers to industry segments such as:

Heavy vehicles - trucks and buses

Automotive

Mining and construction industries and agriculture industry

General manufacturing industry and telecom industry

Group structure

The Group consists of twelve operating companies which independently develop and operate their businesses. The companies within the Group cooperate, however, largely in order to realize the synergies existing within the group.

The Group is controlled with four business areas and four support areas. The three business areas Engines & Transmission, General Industry and Propeller Shafts are seen as belonging to the core business. The four supporting areas are Commercial, Operations, CFO and M&A. The CEO reports to the board of LEAX Group where all board members are external members chosen by a nominating committee.

The platform is laid for LEAX to develop and to take market share in e.g. South America and Asia. LEAX have also laid the foundation for a broad product portfolio in different segments, combined with a global presence, LEAX have good conditions to develop in line with the vision set by executive management and board.

Revenue

Groups net revenue 2016 amounted to 1 501 MSEK compared to 1 441 MSEK in 2015. The revenue does not include companies in joint ventures. For the core business was the revenue 1 392 MSEK.

Result

LEAX has in 2016 experienced another tough year with respect to costs and not fully utilized capacities. In addition, the continuing weak demand in Brazil and a low currency in the beginning of the year. The challenges stemming mainly from the expansion that was carried out in 2013, when several business acquisitions were made but also by organic growth with the establishment and start of operations at the plant in Curitiba, Brazil.

Cash flow, investments and financial situation

Total net investments amounted to 58 MSEK compared to 69 MSEK in 2015. Investments were made in both the expanded production capacity and new products to meet our customers' needs.

The operating cash flow from operations amounted to 56 MSEK compared to 66 MSEK in 2015.

The solidity as of the end December 2016 amounted to 16% compared to 16% the year before.

Other

LEAX Group AB headquarter is based in Köping, Sweden. The accounting is in Swedish crowns, foreign currencies are translated at closing day. The families Berggren and Seger own 88% stake in LEAX Group AB and the remainder is owned by key persons active in the company.

Key events during the year

One of the largest sub supplier to LEAX, Componenta Wirsbo, was undergoing reconstruction procedure. This led to some credit losses and a lot of extra work and expenses.

Thanks to the implemented strategy with a global

production platform could even this year several long-term contracts with larger volumes than ever be struck with both old and new customers. Especially large deals were closed in the automotive segment.

Recruitment of a COO with experience in processing and a new CFO with experience in e.g. controlling and investor relations was conducted to strengthen the management functions.

The telecom business has during this year started deliveries within the large contracts that were won mainly in India. Thus, the current result changed at

the end of the year to a profit. Full effect is expected to be seen in 2017.

A re-allocation project has started and production have in some cases been moved from factories to cost-effectively take advantage of the Group's total production capacity, this will give full effect during the second half in 2016.

Thanks to the implemented strategy with a global production platform could be the year several long-term contracts with larger volumes than ever struck with both old and new customers.

Financial Overview

The Group's net sales in 2016 amounted to 1 501 MSEK compared to 1 441 MSEK in 2015. Solidity per December 31, 2016 was 16% compared to 16% the year before. EBITDA is operating result plus depreciation of fixed assets. Solidity is equity as a percentage of total assets.

Group (MSEK)	16-12-31	15-12-31	14-12-31	13-12-31	12-12-31
Turnover	1 501	1 441	1 471	1 072	786
EBITDA	87	94	129	104	82
Result after financial items	-21	-32	19	15	36
Solidity	16%	16%	20%	20%	40%

EBITDA for core businesses 2016 amounted to 103 MSEK. The result after financial items for core business 2016 amounted to 2 MSEK.

Outlook 2016 and the significant risks and uncertainties

LEAX is well prepared to meet both upturns and downturns in demand from existing and new customers. The underlying market development is

difficult to assess, but LEAX will have continued growth driven by new contracts and acquired businesses. The Group's continued long-term intention is to grow and strengthen its global presence by taking market share in existing and new markets. Increased market share will be achieved

through organic growth, acquisitions and start-up of new businesses.

One of the most significant risks are changes in commodity prices, this risk is reduced by customer contracts containing clauses giving the possibility to correct prices regarding commodity price changes. Another risk is the interest rate risk, the company is exposed to changes in interest rates, for company's loans with variable interest. In addition, there is a credit risk, if the company does not get paid from customers for its receivables. Credit risk is managed through ongoing credit assessment of new and old customers. A credit limit is assigned when the customer's credit rating is low.

Through the expanded business outside the Euro area, i.e. Brazil and China, has an increased foreign exchange risk been added. Work is ongoing to manage this risk.

ENVIRONMENT INFORMATION

LEAX Group – Environment impact

LEAX Group manages activities according to Swedish legislation in three subsidiaries, according to Latvian legislation in two subsidiaries, according to Brazilian legislation in one subsidiary, according to German legislation in one subsidiary, according to Hungarian legislation in one subsidiary and according to Chinese legislation in one subsidiary. The LEAX Group's permits have impact on the environment through its subsidiaries LEAX Falun AB (Falun, Sweden), LEAX Mekaniska AB (Köping, Sweden), LEAX Baltix SIA

(Riga, Latvia), LEAX Rezekne SIA (Rezekne, Latvia), LEAX do Brasil Ltd. (Curitiba, Brazil), LEAX Arkivator Sweden AB (Falköping and Tidaholm, Sweden), LEAX Hungary (Mezőkövesd, Hungary) and LEAX China (Kunshan, China). The companies operate in different scales machining, painting, heat treatment and assembly which affect the external environment through air emissions in form of transportation to and from the production sites; waste as e.g. metal shavings, scrap, oily liquids and through noise.

Through LEAX Group Environmental Management System we are working with continuous improvements to reduce our impact on the Environment.

LEAX Arkivator Sweden AB – Environment impact

LEAX Arkivator Sweden AB operates under Swedish environmental legislation at the production facilities in Falköping and Tidaholm. The permits of the production facility in Falköping was provided by the provincial government 2005-09-14 and include processing of 10 000 tons of raw material per year. Change of the permit was issued 2007-04-20 and includes thermal spraying with a consumption of up to 150 tons of aluminum wire per year. The permit of the plant in Tidaholm was approved by the provincial government 2008-04-09 and includes an annual processing of more than 12 500 tons of raw material.

Current licenses control the business including machining, induction hardening, spraying and assembly, which affects the external environment through air emissions in the form of transport to and

from the production facility, material emissions, waste; such as metal shavings, scrap, oily liquids and noise.

LEAX Baltix SIA - Environment impact

LEAX Baltix SIA manages its activities under Latvian environmental legislation at the production site in Pinki (Riga), Latvia. Current permits control our operation covering machining and heat treatment which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, hazardous waste, oily liquids and noise. Since 2012 we focus on Environmental projects with aim to reduce impact on environment, e.g. save kWh or reduce the quantity of waste. In 2015 the production site was successfully re-certified.

LEAX Brinkmann GmbH - Environment impact

LEAX Brinkmann manages its activities under German environmental legislation at the production site in Detmold, Germany. Current permits control our operation covering machining and heat treatment which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, oily liquids and noise.

LEAX do Brasil Ltd. – Environment impact

LEAX do Brasil Ltd. manages its activities under Brazilian environmental legislation at the production site in Araucaria (Curitiba), Brazil. Current license permits control our operation covering machining which affects the external environment through air

emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, oily liquids and noise. Since start of operation in 2012 environmental projects are carried out as for example new infiltration in the soil and annual measurement of noise. During 2014 we finalized setting up an Environmental Protective area around the factory. Maintenance is done semiannually.

LEAX Falun AB – Environment impact

LEAX Falun AB manages its activities under Swedish environmental legislation at the production site in Falun, Sweden. Current permits control our operation covering machining, painting, heat treatment and assembly which affect the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, oily liquids and noise. There is still room in our environmental permits to grow, but we need to actively work to reduce our impact and show our stakeholders that we are a company that takes long-term responsibility for our environmental impact.

LEAX Hungary Zrt – Environment impact

LEAX Hungary Zrt manages its activities under Hungarian environmental legislation at the production site in Mezőkövesd, Hungary. Current permits control our operation covering machining and assembly which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, oily liquids and noise. During this year we have works with energy savings projects related to:

- Air filtering
- Reduced consumption of cutting tools
- Handling of hazardous waste

- Change to more energy efficient lighting in the production area.

LEAX Mekaniska AB - Environment impact

LEAX Mekaniska AB manages its activities under Swedish environmental legislation at two production sites in Köping, Sweden. The company is required to have a permit according to the environmental laws. Current permits control our operation covering machining and heat treatment which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, oily liquids and noise.

LEAX Rezekne SIA - Environment impact

LEAX Rezekne SIA manages its activities under Latvian environmental legislation at one production site in Rezekne, Latvia. Current permits control our

operation covering machining and heat treatment which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal shavings, scrap, hazardous waste, oily liquids and noise. Since 2012 we focus on environmental projects with aim to reduce the impact on the environment, e.g. save kWh or reduce the quantity of waste.

LEAX China - Environment impact

LEAX China manages its activities under Chinese environmental legislation at one production site in Kunshan, China. Current permits control our operation covering machining and assembly which affects the external environment through air emissions in form of; transportation to and from the production site; waste as e.g. metal chips, scrap, oily liquids and noise.

SUGGESTION FOR APPROPRIATION OF THE COMPANY’S PROFIT

The Board of Directors and the CEO recommend that the available profits amounting to SEK 109 425 619 are allocated as follows:

Amount in SEK

Carry forward to next year	109 425 619
Total	109 425 619

Related to the company’s result and financial standing in all other respects, please refer to the income statement and balance sheet below with respective accounting comments.

Income Statement - LEAX Group

Amounts in SEK thousand	Note	2016	2015
Operating Income			
Net turnover	1	1 500 674	1 441 059
Change of inventory of finished goods and work in progress		-2 516	20 869
Activated work for own benefit		7 991	7 315
Other operating income	2	<u>36 406</u>	<u>24 474</u>
		1 542 555	1 493 717
Operating Costs			
Raw material and consumables		-756 903	-719 206
Other external costs	3	-292 518	-302 977
Staff costs	4	-385 553	-367 370
Depreciation of fixed assets		91 368	-93 886
Other operating costs	5	<u>-20 589</u>	<u>-24 002</u>
Operating result		-4 376	-13 724
Financial items			
Result from associated companies		1 706	-
Result from fixed assets	6	-1 946	1 228
Interest income and other financial income		4 594	4 311
Interest costs and other financial costs	8	<u>-21 682</u>	<u>-23 635</u>
Result after financial items		-21 704	-31 820
Result before tax		-21 704	-31 820
Tax on annual result	10	<u>17 896</u>	<u>16 557</u>
Annual result		-3 808	-15 263
Of which is allocated to			
Shareholders of LEAX Group AB		-2 491	-12 837
Minority shareholders		-1 317	-2 426

Balance Sheet - LEAX Group

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Assets			
Fixed Assets			
Intangible Assets			
Capitalized expenditure for development and similar work	11	<u>29 585</u>	<u>35 306</u>
		29 585	35 306
Tangible Fixed Assets			
Land and buildings	12	38 328	37 065
Lease hold improvements	13	916	1 281
Machinery and other techn. facilities	14	445 474	456 033
Equipment, tools and installations	15	27 625	30 305
Ongoing investments and down payments for fixes assets	16	<u>.2 733</u>	<u>-</u>
		515 076	524 684
Financial Assets			
Shares in associated companies	19	8 699	8 699
Other long-term securities	20	671	3 462
Deferred tax asset	21	44 901	-
Other long-term receivables		<u>2 061</u>	<u>4 474</u>
		56 332	16 635
		600 993	576 625
Current Assets			
Inventory			
Raw material and consumables		122 152	122 178
Work in progress		55 829	54 294
Finished goods		<u>...75 088</u>	<u>71 406</u>
		253 069	247 878
Current receivables			
Accounts receivable		268 437	237 536
Tax receivables		30 715	24 578
Other receivables		9 419	9 361
Prepaid costs and accrued income	22	<u>17 606</u>	<u>16 426</u>
		326 177	287 901
Cash and cash equivalents			
	23	<u>13 086</u>	<u>12 727</u>
		592 332	548 506
Total Current Assets		592 332	548 506
Total Assets		1 193 325	1 125 131

Balance Sheet - LEAX Group

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Equity and liabilities			
Equity			
Share capital		1 008	1 008
Other equity including annual result		<u>191 020</u>	<u>173 253</u>
Total equity allocated to LEAX Group AB shareholders		192 028	174 261
Minority Interests		614	2 867
Total Equity		192 642	177 128
Provisions			
Deferred taxes	27	<u>29 545</u>	<u>12 988</u>
		29 545	12 988
Long-term liabilities			
Overdraft facility	28	255 594	281 361
Other liabilities to credit institutions	29, 30	251 624	290 802
Other long-term liabilities		<u>9 151</u>	<u>12 807</u>
		516 369	584 970
Current liabilities			
Liabilities to credit institutions	31	102 812	91 605
Advance payments from customers		5 467	170
Accounts payable trade		231 369	157 079
Payables to associated companies		8 500	706
Tax liabilities		6 675	8 251
Other current liabilities		38 511	33 663
Accrued costs and deferred income	33	<u>61 735</u>	<u>58 571</u>
		454 769	350 045
Total Equity and Liabilities		1 193 325	1 125 131

Report about Changes of Equity - LEAX Group

	Share	other paid	other equity	Parent		
	capital	in capital	incl. annual	company	Minority	Total
	capital	in capital	result	share holder	Minority	Equity
Opening balance 2016-01-01	1 008	-	173 253	174 261	2 867	177 128
Dividends	-	-	-	-	-1 389	-1 389
Annual result	-	-	-2 491	-2 491	-1 317	-3 808
Conversion differences	-	-	20 259	20 259	-1 317	-3 808
Equity 2016-12-31	1 008	-	191 021	192 029	614	192 642

Statement of Cashflow - LEAX Group

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Operations			
Profit after financial items		-21 704	-32 079
Adjustments for items not included in the cash flow		<u>75 296</u>	<u>98 026</u>
		53 592	66 947
Received / Paid taxes		<u>2 266</u>	<u>356</u>
Cash flow from operations before changes in working capital		55 858	66 303
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) of inventory		-5 191	-12 629
Increase (-) / Decrease (+) of receivables		-32 131	18 591
Increase (-) / Decrease (+) of liabilities		<u>95 088</u>	<u>-8 332</u>
Cash flow from Operations		113 624	26 751
Investments			
Acquisitions of subsidiaries		-	-264
Acquisition of intangible fixed assets		-9 777	-13 128
Acquisitions of tangible fixed assets		-54 367	-53 262
Disposal of tangible fixed assets		7 063	-2 428
Acquisition of financial fixed assets		-	-800
Investment in current financial assets		-	-126
Disposal of fixed financial assets		<u>-1057</u>	<u>992</u>
Cash flow from Investments		-58 138	-69 016
Financing			
New loans		78438	141 760
Amortization of loans		-132 176	-101 448
Paid dividends to minority shareholders		<u>-1 389</u>	<u>-674</u>
Cash flow from Financing		-55 127	39 638
Cash flow		359	-2 627
Cash at the beginning of the year		<u>12 727</u>	<u>15 354</u>
Cash at the end of the year		13 086	12 727

Additional notes to the cash flow statement

Adjustments for items not included in the cash flow

Depreciation of fixed assets	91 368	94 145
Unrealized exchange rate differences	-14 949	-976
Capital gain	-	1 279
Conversion differences	-1 123	3 578
Total	75 296	98 026

Income Statement - Parent

Amounts in SEK thousand	Note	2016	2015
Operating Income			
Net turnover		-	-
Other operating income	2	17 916	-
		17 916	-
Operating Costs			
Other external costs	3	-296	-180
Other operating costs	5	-25	-24 086
Operating result		17 595	-24 266
Financial items			
Income from shares in Subsidiaries	7	18 991	14 800
Gains/losses on fixed assets	6	-1 946	1 228
Interest income and other financial income		14 247	11 735
Interest costs and other financial cost	8	-7 081	-7 183
Result after financial items		43 512	-3 686
Appropriations	9	-9 337	10 939
Result before tax		34 175	7 253
Tax on annual result	10	-1 475	-
Annual Result		32 700	7 253

Balance Sheet - Parent

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Assets			
Fixed Assets			
Financial Fixed Assets			
Shares in Subsidiaries	17	216 108	123 002
Receivables from Subsidiaries	18	126 468	183 999
Shares in associated companies	19	8 699	8 699
Other long-term securities	20	26	2 961
		<u>351 301</u>	<u>318 661</u>
Total Fixed Assets		351 301	318 661
Current Assets			
Current receivables			
Receivables from Subsidiaries		59 459	38 772
Tax receivables		53	1 528
Other receivables		18	5
		<u>59 530</u>	<u>40 305</u>
Cash and cash equivalents	23	<u>3</u>	<u>9</u>
Total Current Assets		59 533	40 314
Total Assets		410 834	358 975

Balance Sheet - Parent

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Equity and Liabilities			
Equity			
Share capital (251875 shares)	25	1 008	1 008
Reserve fund		<u>2 011</u>	<u>2 011</u>
		3 019	3 019
Profits and Losses carried forward		76 726	69 473
Annual Result		<u>32 700</u>	<u>7 253</u>
		109 426	76 726
Total Equity		112 445	79 745
Untaxed reserves			
Tax allocation reserves	26	<u>6 007</u>	<u>3 773</u>
		6 007	3 773
Long-term liabilities			
Overdraft facility	28	111 645	147 066
Other liabilities to credit institutions	29,30	67 696	77 409
Liabilities to Subsidiaries		<u>13 523</u>	-
		192 864	224 475
Current liabilities			
Liabilities to credit institutions	31	20 766	-
Liabilities to Subsidiaries		49 103	30 084
Payables to associated companies		8 200	706
Tax liabilities		-	-
Other current liabilities	32	21 044	19 893
Accrued costs and deferred income	33	<u>405</u>	<u>299</u>
		99 518	50 982
Total Equity and Liabilities		410 834	358 975

Report about Changes of Equity - Parent

	Share capital	Reserves Reserves	Unrestricted Reserves
Opening balance 2016-01-01	1 008	2 011	76 726
Annual result	-	-	32 700
Equity 2016-12-31	1 008	2 011	109 426

Statement of Cashflow - Parent

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
Operations			
Result after financial items		43 512	-3 686
Adjustments for items not included in the cash flow		-126	3 020
		43 386	-666
Paid taxes		-	-2 082
Cash flow from operations before changes in working capital		43 386	-2 748
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in receivables		-13	15 003
Increase (-) / Decrease (+) in liabilities		8 751	26 183
Cash flow from Operations		52 142	38 438
Investments			
Acquisitions of subsidiaries		-	-264
Change of receivables & liabilities subsidiaries		-30 697	-
Acquisition of fixed financial assets		-	-926
Sale of fixed financial assets		2 935	-
Cash flow from Investments		-27 762	-1 190
Financing			
Group contribution		-	-
Change of loans		-24 368	-37 239
Cash flow from Financing		-24 368	-37 239
This years Cash flow		-6	9
Cash at the beginning of the year		9	-
Cash at the end of the year		3	9

ADDITIONAL NOTES TO THE CASH FLOW STATEMENT

Amounts in SEK thousand	2016-12-31	2015-12-31
Adjustments for items not included in the cash flow etc.		
Miscellaneous	-126	3 020
	-126	3 020

ACCOUNTING PRINCIPLES AND NOTES TO THE FINANCIALS

(Amount in TSEK, unless otherwise specified)

GENERAL ACCOUNTING PRINCIPLES

Both Group and Parent company's financials have been prepared in accordance with the Swedish Annual Accounts Act and the standards issued by the Swedish Accounting Standards Board BFNAR 2012:1 (K3). The applied principles are the same as last year. The most important accounting and valuation principles that have been applied in the preparation of these financials are summarized below. If the Parent company applied deviating principles, these are quoted as "Parent" below.

VALUATION PRINCIPLES ETC.

Intangible assets

Expenses for Research and Development

The accounting of expenses for research and development applies the capitalization method. Which implies that expenses incurred during the development phase are accounted for as assets if all requirements noted below are met:

- It is technically feasible to complete the intangible asset so that it can be used or sold.

- The intention is to complete the intangible asset and use or sell it.

- Presuppositions exist to use or sell the intangible asset.

- It is probable that the intangible asset will generate future economic benefits.

- The necessary and adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.

- The expenses attributable to the intangible asset can be measured reliably.

Internally generated intangible assets are accounted for at acquisition costs minus accumulated depreciation and impairment losses. The acquisition costs of internally generated intangible assets comprise all directly attributable expenses (e.g. material and salaries).

The same amount as the capitalization is moved from Profit and losses carried forward to a special restricted reserve fund. This fund is reduced with depreciations, impairment adjustments or disposals of the corresponding asset.

Other intangible assets acquired by the company are accounted for at costs minus accumulated

depreciation and impairment losses.

Expenditures on internal generated goodwill and trademarks are accounted for in the income statement as an expense as incurred.

Amortization

Amortization is done straight line over the asset's calculated useful life. Amortization is accounted for as an expense in the income statement.

The following depreciation periods are applied in the group:

Internally generated intangible assets

Capitalized expenses for development and similar work	3-5 yrs
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Tangible fixed assets

Tangible fixed assets are accounted for at acquisition value reduced by depreciation.

Included in the acquisition value are expenses that are directly attributable to the acquisition of the asset. When a component of a fixed asset is replaced, any remaining part of the old component will be discarded and the acquisition value of the new component will be activated. Additional expenses, related to assets that are not divided into components, will be added to the acquisition value if they are expected to generate economic benefits in the future. They are added to the asset at acquisition value at the time of the acquisition. Repair and maintenance expenses are accounted for as costs.

Depreciation

Depreciation is done straight line over the estimated useful life of the asset, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is accounted for as an expense in the income statement.

Machined temporarily not used are not depreciated

The following depreciation periods are applied:

Tangible assets

Buildings	50 yrs (Hungary)
Lease hold improvements	20 yrs
Machinery and other techn. facilities:	7-15 yrs
Equipment, tools and installations:	3-5 yrs

Differences between the above mentioned depreciation and the tax-related depreciation is reported in the individual companies as accumulated additional depreciation, which is included in untaxed reserves.

Impairment testing tangible and intangible fixed assets

At every balance sheet day, a valuation done whether there is any indication that an assets value is lower than the accounted value. If such an indication exists, is the assets recovery value is calculated. Should the recovery value be below the accounted value, is the difference written off and expensed. An internally generated intangible asset, that is not ready for usage of sale at the balance sheet days, always needs to be tested for impairment. The recovery value of an assets or a

cash generating unit is the highest of fair value minus selling costs and useful value. Fair value minus selling costs is the price group/parent company expect to be able to achieve in a sale between knowledgeable partner, who are independent and interested in completing the transaction. A reduction is done for costs directly connected to the sale. The useful value is the expected future cash flow an asset or a cash generating unit is expected to generate. When testing for impairment, the assets are grouped into cash generating units. A cash generating unit is the smallest identifiable group with mainly independent cash receipts. Therefore, some assets impairment will be tested individually and others on the level of cash generating units. Goodwill is allocated to the cash generating units that are expected to benefit from synergies in the respective business acquisitions and represent the lowest level on which goodwill is monitored in the group. Write offs of cash generating units reduce first the goodwill allocated to the cash generating unit. Any remaining write-off reduces the other assets included in the cash generating unit in their proportion. All assets, except goodwill, which earlier have been written off, are evaluated whether the earlier write-off is not adequate anymore. A write-off is recovered, if the recovery value of the asset or cash generating unit is higher than the accounted value and is allocated proportionally to all assets except goodwill.

Leasing - Lessees

All leasing agreements have been classified as either financial or operational leasing. A financial leasing agreement is an agreement in which the risks and benefits related to owning the asset are mainly transferred from the lesser to the lessee. An operational leasing agreement is an agreement that is not a financial leasing agreement. All leasing agreements within LEAX are classified as operational leasing.

Operational leasing agreements

The leasing payments per operational leasing agreement, including increased first-time rental but excluding costs for services such as insurance and maintenance, are accounted for as cost spread evenly over the term of the lease.

Receivables and liabilities in foreign currencies

Cash related items in foreign currency are revalued at the exchange rate at the balance sheet day and effects of the exchange rate variation are accounted for in the income statement. Exchange gains and losses related to operational receivables and payables in foreign currency are accounted for as other operational income and other operational costs. Other exchange gains and losses are accounted for as financial items. Not cash related items are not revalued at the balance sheet day and are valued at acquisition value (revalued at the exchange rate at the day of the transaction) [except not cash related items valued at fair value, which is revalued at the exchange rate of the day the fair

value is assessed]. A cash related item, that is deemed to be a part of the group's net investment in a foreign company is accounted for in the company, the difference is incurred and in the group financials as a separate component of equity.

Inventory

Inventory is stated at the lower of the acquisition value and net sales value. In which obsolescence risk has been considered. The acquisition value is calculated according to the first in- first out-principle. Included in the acquisition value are costs of purchasing and even costs to bring the inventory to the current location and into the current condition.

The acquisition value of manufactured, semi-finished and finished products consist of the direct manufacturing costs and the indirect manufacturing costs that are more than an immaterial part of the total manufacturing costs.

Remuneration to employees

Remuneration to employees after employment:

In defined contribution plans certain amounts are paid to another company, usually an insurance company, and LEAX no longer has any obligation to the employee when the amount has been paid. The size of the remuneration depends on the paid contribution and the return on these amounts. The charges for defined contribution plans are accounted for as expenses. Unpaid contributions are accounted for as liability.

Tax

Tax on the annual result is a combination of current taxes and deferred taxes. Current tax is the income tax for the current financial year related to the taxable income and the part of the previous years income tax that has not yet been reported. Deferred tax is the tax on taxable income in future financial years due to of past transactions or events.

Deferred tax liabilities are accounted for for all taxable temporary differences, except for temporary differences from the initial recognition of goodwill. Deferred tax assets are recognized for deductible temporary differences and the possibility of future use of tax loss carry-forwards. The valuation is based on how the accounted value of the corresponding asset or liability is expected to be recovered or settled. The amount is based on tax rates and laws that have been decided before the balance sheet date and are not recalculated to present value.

In the consolidated balance sheet the untaxed reserves are divided into deferred tax and equity.

Income

The inflow of economic benefits the company has received or will receive on its own behalf is accounted for as revenue. Revenue is evaluated at the fair value of the benefit received or to receive, with deduction of discounts.

Sale of goods

The revenue from sale of goods is recognized upon delivery.

Service orders – charged continuously

The revenue from service orders to be charged continuously is accounted for as revenue in line with the service is rendered and material is delivered or used.

Equity

Equity in the group consists of the following:
Share capital representing the nominal value of the issued and registered shares

Other paid in capital including any premium received with grants of share capital. Any expenses of the transaction related to the granting of shares are deducted from the premium rate and any income tax effects are considered.

Other equity including annual result consisting of:

- *Reserve funds
- *Equity part of untaxed reserves
- *Conversion differences; including conversion differences from converting financials of group's foreign entities to SEK.
- *Reserves for financial assets for sale and cash flow securities which include gains and losses related to such financial instruments.
- *Purchased own shares
- *Result carried forward, all gains carried forward and share related contributions for ongoing or

prior periods.

All transactions with shareholders of the parent company are accounted for separately in equity. Dividends to be paid are included in *other liabilities* when the dividend has been approved at a shareholders meeting prior to the balance sheet day.

CONSOLIDATION

Associated companies

Associated companies are companies, where the parent company has significant influence but which are neither subsidiaries nor joint ventures, usually because the group owns between 20% and 50% of the votes. Ownership of associated companies is accounted for in the first accounting period and subsequently at acquisition costs minus write-offs [and plus increase for write-ups]. Dividends from associated companies are accounted for as income. The valuation at acquisition costs is done because the ownership is insignificant.

Subsidiaries

Subsidiaries are companies, where the parent company directly or indirectly owns more than 50% of the votes or in any other way exercises controlling influence. Controlling influence includes the right to frame the company's financial and operational strategies with the goal to achieve economic benefits. The accounting of acquisitions is based on the entity approach. This involves that an acquisition analysis is done per the date when the acquirer gains controlling

influence. From that moment the acquirer and the acquiree are seen as one accounting unit. The application of the unit approach leads to that all assets (including goodwill) and liabilities plus income and expenses are included in their entirety also for partly owned subsidiaries.

The acquisition value of the subsidiary is calculated as the sum of the fair value at the acquisition date of the assets plus arisen and acquired liabilities plus issued equity instruments, costs directly attributable to the acquisition and any additional purchase price. The acquisition analysis determines the fair value, with some exceptions, at the acquisition date of acquired identifiable assets, acquired liabilities and minority interest. Minority interest is valued at fair value at the acquisition date. From the acquisition date, the acquired company's income and expenses, identifiable assets and liabilities and any generated goodwill or negative goodwill are included in the consolidated financial statements of the group.

Minority interest, which are accounted for as a part of equity, represent the part of a subsidiary's result and net assets that are not owned by the group. The group distributes the net result of the subsidiary between the shareholders of the parent and the minority based on their respective share of ownership. The amount accounted for as subsidiaries in the financials has been adjusted, if required, to ensure compliance with the group's accounting principles.

Conversion of foreign entities

During the consolidation all assets and liabilities including goodwill and other group related valuation adjustments are converted to SEK at the exchange rate of the balance sheet day. Income and expenses are converted to SEK at an average rate of the period reported, which is an estimate of the exchange rate at the days of transactions. Conversion differences occurring at the conversion of foreign entities are accounted for in equity.

Goodwill

Group related goodwill arises when the acquisition value of shares in subsidiaries exceeds the value calculated in the acquisition analysis of the acquired company's identifiable net assets. Goodwill is accounted for at acquisition value minus accumulated depreciation and any write-offs.

Negative goodwill

Negative goodwill arises when the acquisition value of shares in subsidiaries is less than the value calculated in the acquisition analysis of the acquired company's identifiable net assets.

If the negative goodwill is related to future expenses or future losses, the negative goodwill is accounted for as a provision in the balance sheet and is reduced in parallel with the incurrence of the expenses (losses). If the negative goodwill is related to other causes instead, the negative goodwill is accounted for as a provision in the balance sheet to the part that

does not exceed the fair value of the acquired identifiable non-cash assets. The part that exceeds this value is accounted for as income immediately. The amount of negative goodwill that is not exceeding the fair value of acquired identifiable non-cash assets is systematically recognized as income over a period that is calculated as the weighted average of the remaining useful lives of the acquired identifiable assets that are depreciable.

Notes

Note 1 Net turnover split

Net turnover per line of business

Group	2016	2015
Mechanical processing	1 466 628	1 430 773
Telecom	147 855	72 757
Consultancy services	56 755	54 275
Sale and lease of machines	787	903
Group internal transactions	<u>-171 351</u>	<u>-117 649</u>
Total net turnover	1 500 674	1 441 059

Net turnover per business area

Group	2016	2015
Engine & Transmission	427 949	452 072
General Industry	373 738	358 792
Prop Shaft	589 399	557 438
Telecom	<u>109 588</u>	<u>72 757</u>
Total net turnover	1 500 674	1 441 059

Note 2 Other operating income

Group	2016	2015
Exchange rate profit on receivables/liabilities	30 470	9 229
Sales of fixed assets	2 074	693
Miscellaneous	<u>3 862</u>	<u>14 552</u>
Total	36 406	24 474

Parent	2016	2015
Exchange rate profit on receivables/liabilities	<u>17 916</u>	-
Total	17 916	-

Note 3 Fees and remuneration to auditors

Group	2016	2015
Grant Thornton		
Audit assignment	-368	-350

Other services	<u>-221</u>	<u>-223</u>
Total	-589	-573

SIA Potapovica & Andersone

Audit assignment	-85	-84
Other services	<u>-</u>	<u>-</u>
Total	-85	-84

Moore Stephens Boeing

Audit assignment	-84	-80
Other services	<u>-</u>	<u>-</u>
Total	-84	-80

PFK Könyvizsgáló és

Tanácsadó Kft		
Audit assignment	-72	-61
Other services	<u>-</u>	<u>-7</u>
Total	-68	-159

BSL Wirtschaftsprüfung und Steuerberatung

Additional audit services	-	-68
Tax advice	<u>-161</u>	<u>-47</u>
Total	-161	-115

HWP Hinrichs Wiedeking Partner

Audit assignment	-142	-119
Other services	<u>-</u>	<u>-</u>
Total	-142	-119

Total **-1 133** **-1 039**

Parent	2016	2015
Grant Thornton		
Audit assignment	-120	-
Other services	<u>-49</u>	<u>-</u>
Parent total	-169	-

Note 4 Employees and staff costs

Average numbers of employees

2016	2016	2015	2015
total	men	total	men

Group				
Sweden	382	331	399	350
Latvia	307	286	291	268
Brazil	51	44	46	39
Germany	100	94	95	89
Hungary	305	232	303	238
China	20	15	20	15
Group total	1 168	1 005	1 154	999

The Parent company has no employees and doesn't pay out any salaries or such.

Allocation of gender in the management

Proportion of women in %

Parent	2016	2015
Board of Directors	17	17
Other senior executives	-	-

Group	2016	2015
Board of Directors	17	17
Other senior executives	10	10

Salaries, other remunerations and social costs

Parent	2016	2015
Board of Directors and CEO	-	-
Total	-	-

Group	2016	2015
Board of Directors and CEO	-4 044	-4 644
Other employees	-284 663	-254 577
Total	-288 707	-259 221
Social security contributions (including pension costs)*	-104 644	-68 624
	-14 494	-13 236

* Of the group pension costs, are 775 KSEK (prior year 775 KSEK) related to the board and CEO.

Note 5 Other operating costs

Group	2016	2015
Exchange rate loss on receivables/liabilities	-16 377	-21 392
Loss from sale of fixed assets	-1 674	-106

Miscellaneous	-2 538	-2 504
Total	-20 589	-24 002

Parent	2016	2015
Exchange rate loss on receivables/liabilities	-25	-24 086
Total	-25	-24 086

Note 6 Earnings from securities and receivables that are fixed assets

Group and Parent	2016	2015
Dividends from other companies	1 706	1 228
Result of sale of long term securities	-1 946	-
	-240	-1 228

Note 7 Income from shares in subsidiaries

	2016	2015
Dividends	18 991	14 800
	18 991	14 800

Note 8 Interest costs and other financial costs

Group	2016	2015
Interest costs, other	-21 682	-23 635
	-21 682	-23 635

Parent	2016	2015
Interest costs, group companies	-1 246	-1 063
Interest costs, other	-5 835	-6 120
	-7 081	-7 183

Note 9 Appropriations

Parent	2016	2015
Tax allocation reserve	-2 234	-
Group contribution	-7 103	10 939
Total	-9 337	10 939

Note 10 Tax on annual result

Group	2016	2015
Current tax	2 153	-1 845
Deferred tax	15 743	18 402
Total	17 896	16 557

Reconciliation of current tax costs as per income statement with the calculated tax based on the local corporate tax rate in Sweden of 22%.

Earnings before tax	-21 704	-32 079
Income tax calculated based on tax rate in Sweden 22%	4 775	7 057
Effect of deviating tax rates in other countries	1 831	9 200
Tax effect of non-deductible costs	-7 358	-119
Tax effect of not-taxable income	6 601	3 585
Usage of priorly not capitalized deductible tax losses	24	110
Change of deferred taxes based on timing differences	7 652	-1 107
Non-deductible depreciation of machines/equipment	-1 688	-1 586
Deductible tax losses, which are not capitalized	8 091	1 383
Other	-2 032	-1 966
Total	17 896	16 557

LEAX Group has foreign daughter companies in Latvia, Germany, Hungary, Brazil, China and India. The corporate tax rates in these countries differ from the tax rate in Sweden.

Parent	2016	2015
Current tax	-1 475	-
Total	-1 475	-

Reconciliation of current tax costs as per income statement with the calculated tax based on the local corporate tax rate in Sweden of 22%.

Earnings before tax	34 175	-7 252
---------------------	--------	--------

Income tax calculated based on tax rate in Sweden 22%	-7 519	-1 595
Tax effect of non-deductible costs	-428	-2
Tax effect of not-taxable income	4 553	3 526
Interest on appropriations	-4	-5
Deductible tax losses	1 923	-1 924
Reported tax	-1 475	-
Effective tax rate	4%	0%

Note 11 Capitalized expenditure for development and similar work

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	41 335	29 492
-Internally developed assets	9 977	13 182
-Disposals	-1 812	-
-Reclassifications	-13 710	-
-Exchange rate differences	462	-
-Conversion differences	-	-1 285
	36 252	41 335
<i>Accumulated depreciation according to plan:</i>		
-At the beginning of the year	-6 029	-280
-Reclassifications	5 016	-
-Depreciation for the year	-5 654	-3 768
-Conversion differences	-	-1 981
	-6 667	-6 029
Reported value at year end	29 585	35 306

Note 12 Land and buildings

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	39 606	40 832
-Acquisitions	114	169
-Conversion differences	2 150	-1 395
	41 870	39 606
<i>Accumulated depreciation according to plan:</i>		
-At the beginning of the year	-2 541	-1 832
-Depreciation for the year	-849	-822
-Conversion differences	-152	113

	-3 542	-2 541
Reported value at year end	38 328	37 065

Note 13 Leasehold improvements

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	2 493	2 836
-Acquisitions	-	138
-Disposals	-131	-
-Conversion differences	438	-481
	2 800	2 493
<i>Accumulated depreciation according to plan:</i>		
-At the beginning of the year	-1 212	-1 002
Disposals	-	-
-Depreciation for the year	-417	-420
-Conversion differences	-255	-210
	-1 884	-1 212
Reported value at year end	916	1 281

Note 14 Machinery and other technical facilities

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	771 089	756 936
-Acquisitions	45 005	47 035
-Disposals	-26 309	-17 546
-Reclassifications	30 396	-579
-Conversion differences	23 369	-14 757
	843 550	771 089
<i>Accumulated depreciation according to plan:</i>		
-At the beginning of the year	-337 726	-268 944
Disposals	18 546	15 168
-Reclassifications	-14 989	-517
-Depreciation for the year	-73 731	-77 291
-Conversion differences	-7 567	-6 142
Total	-415 467	-337 726
<i>Accumulated write-ups:</i>		

-At the beginning of the year	22 670	27 944
-Depreciation for the year	-5 279	-5 274
	17 391	22 670
Reported value at year end	445 474	456 033

Machines owned via financial leasing agreements are included at an amount of

None None

Note 15 Equipment, tools and installations

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	51 222	46 914
-Acquisitions	6 515	6 184
-Disposals	-2 167	-997
-Reclassifications	-2 609	-327
-Conversion differences	2 591	-552
	55 552	51 222
<i>Accumulated depreciation according to plan:</i>		
-At the beginning of the year	-20 917	-15 535
-Disposals	3 598	947
-Reclassifications	-2 647	535
-Depreciation for the year	-7 122	-6 320
-Conversion differences	-839	-544
	-27 927	-20 917
Reported value at year end	27 625	30 305

Equipment owned via financial leasing agreements are included at an amount of

None None

Note 16 Ongoing investments and down payments for fixed assets

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	2 733	-
Reported value at year end	2 733	-

Note 17 Shares in subsidiaries

	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	123 002	114 818
-Shareholder contributions	93 106	8 184
Reported value at the end of the year	216 108	123 002

Specification of the Parent Company's Shares and Participation in Group Companies

Proportion owned of the equity is named, which agrees even to the proportion of votes of the total number of shares.

Subsidiary/Company ID/Registered Office	Shares	in %	Reported Value
LEAX Quality AB, 556456-2493, Köping	2 000	100	1 250
LEAX Mekaniska AB, 556235-8415, Köping	47 993	100	96
LEAX Components AB, 556683-5673, Köping	20 000	100	6 960
LEAX Falun AB, 556729-3559, Falun	5 000	100	5 402
SIA LEAX Baltix, Riga, Latvia	1 918	93,4	7 062
SIA LEAX Rezekne, Rezekne, Latvia	934	93,4	1 240
LEAX do Brasil Ltd, Curitiba, Brazil	168 000	99,63	78 193
LEAX Russia, Russia	1 000	100	3
LEAX Brinkmann GmbH, HRB 7988, Detmold, Germany	1	100	74 274
LEAX India Private Ltd, Chennai, India	86 022	90,55	1 234
Gofer Holding AB, 556938-6955, Köping	50 000	100	40 393
			216 108

Note 18 Receivables from subsidiaries

Parent	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	183 999	82 859
-Change of receivables	-57 531	27 280
-Reclassifications	-	73 860
Reported value at year end	126 468	183 999

Note 19 Shares in associated companies

Group	2016	2015
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	8 699	8 699
-Acquisitions	-	800
Reported value at year end	8 699	8 699
Parent	2016	2015

Accumulated acquisition value:

-At the beginning of the year	8 699	8 699
-Acquisitions	-	800
Reported value at year end	8 699	8 699

Specification of the Company's Shares and Participation in Associated Companies

Proportion owned of the equity is named, which agrees even to the proportion of votes of the total number of shares.

Associated Company/Companies ID/ Head Office	Shares	in %	Reported Value
Directly owned			
IndustriQompetens Västra Mälardalen AB, 556587-7759, Västerås	600	47	2 639
Swedish Powertrain AB, 556804-8432, Köping	500	50	850
Swedish Powertrain Techcenter AB, 556654-6775, Sibbhult	10 000	50	<u>5 210</u>
			8 699

Result and Equity in the Associated Company	Result	Equity
	2016	2016-12-31
Associated Company		
IndustriQompetens Västra Mälardalen AB	476	5 135
Swedish Powertrain AB	11 010	12 874
Swedish Powertrain Techcenter AB	-1 121	6 984

Note 20 Other long-term securities

Group	2016-12-31	2015-12-31
<i>Accumulated acquisition value:</i>		
-At the beginning of the year	3 462	4 328
-Acquisitions	127	126
-Disposals	-2 935	-580
-Reclassifications	-	-412
-Conversion differences	<u>17</u>	-
Reported value at year end	671	3 462

Parent	2016-12-31	2015-12-31
<i>Accumulate, acquisition value:</i>		
-At the beginning of the year	2 961	2 835
-Acquisitions	-	126
-Disposals	<u>-2 935</u>	-
Reported value at year end	26	2 961

Specification of securities:

Group	Reported Value
Miscellaneous	<u>671</u>
	671
Parent company	
Miscellaneous	<u>26</u>
	26

Note 21 Deferred Taxes

Group - 2016-12-31	Deferred Tax asset
Losses carried forward	<u>44 901</u>
	44 901

Note 22 Prepaid costs and accrued income

Group	2016-12-31	2015-12-31
Rent	8 081	6 917
Miscellaneous	<u>9 523</u>	<u>9 509</u>
Total	17 604	16 426

Note 23 Cash and cash equivalents

Group	2016-12-31	2015-12-31
<i>The following elements are included in cash</i>		
Petty cash and bank accounts	13 086	12 727
	13 086	12 727

The elements above have been classified as cash because:

- The risk for changes of the evaluation is insignificant
- They can easily be transformed into petty cash
- They are available within max 3 months after acquisition

Parent	2016-12-31	2015-12-31
<i>The following elements are included in cash</i>		
Petty cash and bank accounts	3	9
	3	9

The elements above have been classified as cash because:

- The risk for changes of the evaluation is insignificant
- They can easily be transformed into petty cash
- They are available within max 3 months after acquisition

Note 24 Suggestion for appropriation of profit or loss

The Board of Directors recommends that the available profits are allocated as follows:

Carried forward	109 425 619
Total	109 425 619

Note 25 Number of shares and ratio

	2016-12-31	2015-12-31
Number of shares	251 875	251 875
Ratio	4	4

Note 26 Tax allocation Reserves

Parent	2016-12-31	2015-12-31
Tax allocation reserve, set up		
during the tax year 2012	714	714
Tax allocation reserve, set up		
during the tax year 2013	640	640
Tax allocation reserve, set up		
during the tax year 2014	2 098	2 098
Tax allocation reserve, set up		

during the tax year 2015	321	321
Tax allocation reserve, set up		
during the tax year 2016	2 234	-
	6 007	3 773

Note 27 Deferred taxes

Group	2016-12-31	2015-12-31
Deferred tax asset relating		
to deficit deduction	-	-23 169
Deferred tax liabilities		
relating to untaxed reserves	5 532	4 708
Deferred tax liabilities		
relating to temp difference	24 013	31 449
Total	29 545	12 988

Note 28 Overdraft facility

	Group	Parent
Approved overdraft limit	328 768	160 000
not used	-73 174	-48 355
Used credit limit	255 594	111 645

Note 29 Pledged assets and contingent liabilities

Pledged assets

Group	2016-12-31	2015-12-31
For liabilities and accruals		
Other liabilities to credit institutions		
Company assets	666 164	476 198
Assets with reservation		
of title	139 741	183 369
Total	805 905	659 567

Parent	None	None
--------	------	------

Contingent liabilities

Parent	2016-12-31	2015-12-31
to the benefit of other		
group companies	160 000	162 000
	160 000	162 000

Note 30 Other long term liabilities to credit institutions

Group	2016-12-31	2015-12-31
Due date, 1-5 years from		
balance sheet day	225 435	282 888
Due date, later than 5 years		

from balance sheet day	<u>26 189</u>	<u>7 913</u>
	251 624	290 801

Parent	2016-12-31	2015-12-31
Due date, 1-5 years from balance sheet day	<u>67 696</u>	<u>77 409</u>
	67 696	77 409

Note 31 Short term liabilities to credit institutions

Group	2016-12-31	2015-12-31
Other short term debt	<u>102 812</u>	<u>91 605</u>
	102 812	91 605

Parent	2016-12-31	2015-12-31
Other short term debt	<u>20 765</u>	<u>-</u>
	20 765	-

Securities are specified in the note "Pledged assets for liabilities to credit institutions".

Note 32 Other current liabilities

Parent	2016-12-31	2015-12-31
Company		
Rot-Us Invest AB, 556829-6247	16 161	15 313
Köpingehus AB, 556432-4803	<u>4 883</u>	<u>4 580</u>
Total	21 044	19 893

Note 33 Accrued costs and deferred income

Group	2016-12-31	2015-12-31
Employee-related costs	41 389	53 220
Miscellaneous	<u>20 344</u>	<u>5 351</u>
Total	61 733	58 571

Parent	2016-12-31	2015-12-31
Miscellaneous	<u>405</u>	<u>299</u>
Total	405	299

Note 34 Relevant events after the end of year reported

Henrik Fagrenius took over as Managing Director and CEO at January 1. 2017. Roger Berggren is going to become a member of the board of directors at the general shareholders meeting. As one step in streamlining the organization, was an agreement entered in March 2017 that a new large owner will join and enable continuation of the fast-growing Telecom organization. The agreement will reduce exposure to the Telecom industry and contribute positively to the companies result and at the same time essentially strengthen the company's balance sheet ratios.

Signatures

Köping 2017-04-21

Lars Davidsson
Director of the Board

Henrik Fagrenius
CEO

Anders Melander

Anders Spåre

Hans Hansson

Dana Dobrin

Bent Wessel-Aas

My auditing report was delivered 2017-05-04

Jimmy Nybom
CPA

The Swedish original was signed at the dates stated above.



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