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DDM Treasury Sweden AB (publ)

Corporate Identity Number 556910-3053

ANNUAL REPORT

AND
CONSOLIDATED
FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR

2014

MULTINATIONAL INVESTOR
AND MANAGER OF DISTRESSED ASSETS

CONTENTS

DDM Treasury Sweden AB (publ)

DDM Treasury Sweden AB ("DDM" or the "Company") was founded in 2013 to fund the DDM Group's growth via corporate bonds issued in Sweden. The DDM Group is based in Baar, Switzerland. The Group was founded in 2007 by Kent Hansson after resigning from the Intrum Justitia Group with 17 years of service.

Driven by regulations, banks and financial institutions are in the continuous process of improving capital ratios and optimizing their balance sheets. This includes divestments of non-performing assets. This provides DDM Group, a niche player in the business of purchasing and managing non-performing receivables, with opportunities to provide liquidity for the selling banks.

The DDM Group has historically primarily focused on mainly small ticket, distressed consumer bank debts where the debtor has not serviced its debt for 1–5 years. The DDM Group acquires its portfolios from financial institutions at a deep discount. Such discount gives DDM Group room to negotiate realistic instalment plans with debtors. DDM Group targets portfolios with a market value of EUR 1–20 million.

Since inception, DDM has been successful in valuing non-performing receivables. A disciplined purchase process ensures efficient operations and allows for collections in line with forecasts. The valuation of a prospective debt portfolio is based on quantitative models linked to a reference database and considers criteria such as jurisdiction, zip code, claim size, borrower age, and previous payment history and vendor type. DDM Group's database covers current and historical information at an individual and transactional level.

To date, the DDM Group has more than 2.2 million claims under its management representing approximately EUR 1.7 billion of principal claim (including interest and fees).

DDM Group's well established relationships with the large financial institutions provides the Group with invitations to the majority of the tender offers of distressed debt. Furthermore, ongoing business relations with market participants create business opportunities and preferable conditions for DDM Group in the tender processes.

The DDM Group itself does not conduct any in-house debt collecting. Collections of the consumer debts are managed by selected and well-reputed local debt collection agencies. Commissions paid to collection agencies are mainly performance-based and increase as receivables become older and more difficult to collect.

Financial report dates 2015:

Interim report January–March	26 May
Interim report January–June	20 August
Interim report January–September	12 November
Year-end report 2015	February 2016

Statement by the CEO

In 2014, we continued to further deepen our presence in our existing markets. We also established market presence in Slovenia during the year. We invested SEK 92M, if excluding FX impact, in nine new portfolios during the year.

Gustav Hultgren, CEO of DDM Treasury Sweden AB

At the end of the year, we managed distressed asset portfolios with a total value of more than SEK 228M. Net collections during the year amounted to SEK 128M, an increase of 217 percent compared with 2013. Operating profit amounted to SEK 37M in 2014 in comparison to SEK 29M in 2013, representing an increase of 27 percent.

2014 was also a year marked by the turmoil in Russia impacting the Russian economy and currency. The Russian RUB was volatile throughout the year, but culminated in a dramatic foreign exchange rate movement in December. This impacted our results directly via foreign exchange losses, mainly unrealized. In anticipation of longer-term effects on collectability we also made downwards revaluations of several Russian portfolios of approximately SEK 14M which negatively impacted our results for the period.

Uncertainties remain about the Russian market but the Terms and Conditions of DDM Treasury's bonds prohibit FX hedging and thereby limit possibilities to reduce FX related risk. We have therefore gradually decreased our exposure to Russia throughout 2014 and at the beginning of 2015. However, we also note that the RUB has strengthened gradually versus the EUR during the first months of 2015.

In addition to investments in portfolios of distressed assets, DDM has strengthened its expertise by recruiting new members to its management team, including a CFO with experience from listed companies and a Head of Collections – a dedicated function that manages the collection agencies that DDM engages.

As I summarize the operations in 2014, I am proud of what we have achieved. With my colleagues and our flexible yet strong business model, I am confident that we will continue to be a reliable partner for European financial institutions seeking to build long-lasting and profitable relationships, allowing us to deliver value to our investors and other stakeholders.

Gustav Hultgren

CEO

Baar, Switzerland

April 2015

Administration Report

The Board of Directors and the CEO of DDM Treasury Sweden AB (publ) hereby submit the annual report and consolidated financial statements for the 2014 financial year.

Information regarding the operations

DDM Treasury Sweden AB (publ) (corporate identity number 556910-3053) is domiciled in Stockholm, Sweden and is a limited liability company that conducts operations in accordance with the Swedish Companies Act. Current operation started in July 2013 with acquisition of the subsidiary DDM Invest XX AG following DDM Treasury Sweden AB's successful listing of its 13 percent financial instrument, symbol: DDM1, issued during 2013 on the NDX exchange.

DDM Treasury Sweden AB is a wholly-owned subsidiary of DDM Group AG whose operations were founded in Baar, Switzerland in 2007. DDM Group is a wholly-owned subsidiary of DDM Holding AG. DDM Holding AG is since August 2014 listed on Nasdaq First North exchange in Stockholm, Sweden.

Facts and figures – 2014

Consolidated net revenues during the year amounted to SEK 44.2M (2013: SEK 31.4M). Operating earnings amounted to SEK 37.3M (2013: SEK 29.4M).

Earnings before tax for the year amounted to SEK negative 18.1M (2013: positive SEK 14.1M) and net earnings after tax were negative SEK 18.2M (2013: positive: SEK 11.7M).

Significant events during the financial year

Net collections increased during the year as a result of continued investments in distressed debt portfolios in combination with that collections efforts were increased. The Company invested SEK 53.2M (including FX impact) in new debt portfolios during 2014 and entered the new market Slovenia.

The year was marked by geopolitical turmoil in Russia which weighed significantly on the RUB. The RUB was volatile throughout the year and culminated in a dramatic foreign exchange movement in December 2014. This directly impacted the results of DDM Treasury's results through, primarily unrealized, foreign exchange losses. DDM Treasury also made the decision to revalue its Russian portfolios downwards in anticipation of longer-term effects on collectability following the turmoil.

DDM Treasury continued to see a very strong deal flow throughout 2014 and was invited to participate in an increasing number of debt tenders as its business relations and marketing efforts are starting to pay off. The Company was also invited to participate in debt tenders with significantly larger portfolios than in the past.

Geographical regions

During 2014, the DDM Group broadened its geographical presence and DDM Treasury made its first investments outside of its historical markets Romania and Russia when it entered Slovenia. The operational and investment activities of DDM Treasury and the DDM Group are not divided in geographical regions for reporting purposes. Potential investments and existing investments are always measured on their own merits and according to assumptions and forecasts made at the time of investing.

Distressed asset portfolios

Distressed asset portfolios, i.e. acquisition of portfolios of overdue consumer receivables at less than their nominal value, after which DDM Treasury collects the receivables in cooperation with local debt collection agencies. As such revenues from distressed asset portfolios represents 100% of the consolidated revenues.

In 2014, the level of investments in distressed asset portfolios amounted to SEK 53.2M (including FX impact). Revaluation of purchased distressed debt portfolio has a negative impact on earnings 2014 of SEK 29.1M.

Over the year, the degree to which the DDM Treasury's total distressed debt portfolios could be collected on was negatively impacted as a consequence of the geopolitical turmoil in Russia. However, the impact is limited as a result of DDM's strategy to focus its investments to smaller to mid-sized portfolios from known sellers and portfolios where DDM has sufficient historical reference data.

Expenses

Administrative expenses consisted primarily of costs relating to audit, legal and accounting services, salary costs and costs relating to the listing of the corporate bond.

Net financial items

In 2014 Net financial items amounted to an expense of SEK 55.4M (2013: SEK 15.3M).

Cash flow and investments

Cash flow from operating activities over the full-year amounted to negative SEK 14.4M (2013: positive SEK 16.7M).

Research and Development

DDM Treasury is not engaged in any research and development activities. All IT development required for analysis, pricing, investing, and active portfolio management are made by the Parent Company to DDM Treasury, DDM Group.

Financing

At December 31, 2014 net debt amounted to SEK 312.0M.Shareholders' equity amounted to SEK 31.6M. The consolidated net debt consists of the financial instruments issued during 2013 as well as subordinated debt. The framework of the senior secured bond that was issued during 2013 at a maximum of SEK 500.0M, out of which SEK 300.0M has been utilized. The subordinated debt amounting to SEK 37.5M does not qualify as equity according to IFRS but for the purpose of calculating compliance with the equity-related covenant as required by the terms and condition of the financial instrument it shall be included. See Note 13 for more details.

All DDM Treasury's borrowing is conducted in SEK, which means that the Company carries exposure against the currencies underlying the claims in the investments. See Note 13 for more details.

Non-financial Earnings Indicators

DDM Treasury's role in society

The Company offers a platform for economic growth by allowing companies and banks the opportunity to manage their credit exposure. DDM plays an active role in meeting the challenge that facing society's financial systems. In this, DDM's systems and understanding of creditor's requirements are optimum and are paired with respect for debtors and their integrity.

Business ethics

DDM Group's values act as a guide on how business with the Company's clients and customers is managed. The ethical rules deal primarily with a respectful attitude towards clients and customers.

Working conditions

Employees have the right to secure and healthy workplaces, as well as fair terms of employment in line with market levels. Men and women are given equal opportunities. A sustainable and commercially successful business relies on skilled and motivated employees.

Environment

As a service company, DDM Group generally has limited possibilities to affect the environment, although it seeks to act in an environmentally responsible manner where possible. DDM Group does not have any operations that are subject to licensing or reporting requirements.

Market outlook

We continue to see increasing opportunities for profitable growth of our investment portfolio as a direct result of our penetration into new markets coupled with a continuous strong and growing pipeline.

The markets where DDM invest have many regional differences, adding to the benefits of our efforts to diversify our portfolio during the year. A major theme across the region is larger international banks reducing their balance sheets and putting their entire portfolios up for sale. DDM is well positioned to take part in such processes and is currently involved in several larger sales processes.

Board work

According to DDM Treasury's Articles of Association, the Board of Directors shall consist of no less than three and no more than ten members with no more than ten deputies. All members are elected at the annual general meeting.

Parent Company

The operations of the Parent Company encompass ownership of the subsidiary, DDM Invest XX AG, and providing funding for the subsidiary's investment into distressed asset portfolios through the issuance of financial instruments. The funding is provided by intercompany loans.

The Parent Company reported net revenues of SEK 5.7M (2013: SEK 0.0M) for the year and earnings before tax SEK 0.3M (2013: SEK 0.2M).

At the end of the 2014 year, it had SEK 22.3M (2013: SEK 106.7M) in cash and equivalents. The Parent Company had one employee during the year.

Events after the balance sheet date

During the first months of 2015, the RUB has strengthened, which has a direct impact on the Company's results as it has invested in distressed asset portfolios in Russia and the associated collections are in RUB.

DDM Treasury continues to see a very strong deal flow coming into 2015 and has been invited to participate in an increasing number of debt tenders as its business relations and marketing efforts are starting to pay off. The Company has also been invited to participate in debt tenders with significantly larger portfolios than in the past.

Summary covering several years

Key figures, SEK M (unless otherwise indicated)	**2014**	**2013**
Revenues	44.2	31.4
Operating earnings (EBIT)	37.3	29.4
Operating margin, %	84.3	93.6
Cash flow from operating activities	(14.4)	16.7
Investments in distressed debt assets*	92.2	245.6
Adjusted equity / total asset ratio, %	15	17

* Excluding foreign exchange

Risk management and financial risks

Risk management is handled by employees and management of DDM Group who report to the Board on the basis of the policy adopted by the Board. DDM Group identifies, evaluates and secures financial risks relating to the operating activities of DDM Treasury. The Board determinates and adopts an overall finance policy for risk management. This policy is divided into different sections addressing specific areas, such as currency risk, interest risk, credit risk, liquidity risk, distressed asset portfolios risk and financing risk.

DDM Treasury defines risk as all factors which could have a negative impact on the ability of the Company to achieve its business objectives. All business activity is associated with risk. In order to manage risk in a balanced way, it must first be identified and assessed. DDM Treasury's risk management is conducted by employees and management at DDM Group, where risks are evaluated in a systematic manner.

The following summary offers examples of risk factors which are considered especially important for DDM Treasury's future development but is by no means comprehensive.

Economic fluctuations
The debt collection is affected negatively by a weakened economy. However, DDM Group's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through ongoing monitoring of each country's economic situation and development.

Changes in regulations
With regard to risks associated with changes in regulations in its markets, DDM Group continuously monitors the regulatory efforts to be able to indicate potentially negative effects and to work for favorable regulatory changes. Changes in regulations can lead to a short-term impact on the results, however, long-term the operations are adapted to the new circumstances.

Market risks
DDM Treasury's financing and financial risks are managed by DDM Group AG in accordance with the policy established by the Board of Directors. The policy contains rules for managing activities, delegating responsibility, measuring identifying and reporting risks and limiting these risks. Operations are concentrated to DDM Group in Switzerland and ensure economies of scale when pricing financial transactions. In each country where DDM Treasury invests, revenues and most operating expenses are denominated in local currencies. Revenues and expenses in local currency are thereby hedged in a natural way, which limits transaction exposure. When the balance sheet positions denominated in foreign currencies are recalculated in SEK, a translation exposure arise that affects investor value. For further information regarding currency exposure, see Note 10.

Interest rate risks relate primarily to the DDM Treasury's interest-bearing debt, which consist of long term bond (13% interest rate) and long-term bond (18% interest rate). The loan rate is tied to the market rate.

Liquidity risks
DDM Treasury has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. DDM Treasury's cash and cash equivalents consist solely of bank balances. DDM Group prepares regular liquidity forecasts with the purpose of optimizing liquid funds so that the net interest expense and currency exchanges are minimized without incurring difficulties in meeting external commitments.

Credit risks
As part of its normal operations, DDM Treasury incurs outlays for letter costs, court expenses, legal representation, bailiffs and similar – outlays that are necessary for collection to be conducted. In certain cases, these outlays can be passed on to, and collected from debtors. In its general course of business DDM Treasury's selected debt collection partners collect funds to specially created accounts before passing the amounts back to DDM Treasury. Amounts expected to be recovered from a solvent counterparty are recognized as assets in the balance sheet.

Risks inherent in distressed asset portfolios
To minimize the risks in this business, caution is exercised in investment decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. Purchases are usually made from clients with whom the DDM Group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. The acquisitions primarily involve unsecured debt, which reduces the capital investment and significantly simplifies administration compared with collateralized receivables. Distressed debt portfolios are usually purchased at prices significantly

below the nominal value of the receivables, and DDM Treasury retains the entire amount it collects, including interest and fees, after deducting costs directly relating to the debt collection. DDM Group places return requirements on distressed asset portfolios. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amounts) from the portfolio. In its calculations, DDM Group is aided by its long experience in collection management and its scoring models. Scoring entails the individual consumer's payment capacity being assessed with the aid of statistical analysis, as well as suggesting the actions needed to achieve optimal returns. DDM Group therefore believes that it has the expertise required to evaluate these types of distressed assets. To facilitate the purchase of larger portfolios at attractive risk levels, DDM Group works in cooperation with other institutions and shares the equity investment and profits. Risks are further diversified by acquiring distressed debts from clients in different sectors and different countries.

Financing risk
DDM Treasury's bond loans contain a number of financial covenants, including limits on certain financial indicators. Adjusted equity of DDM treasury, calculated as total assets minus the sum of financial indebtedness excluding any subordinated loans, shall not be less than 15 percent of total assets at any reporting date. DDM Treasury cash balance should exceed 25% of the total outstanding nominal value, 24 months after the issuance of the corporate bond and exceed 50% of the total outstanding nominal amount 30 months after the issuance of the corporate bond.

The DDM Group management carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded. All these key indicators were fulfilled in 2014.

For further information regarding the financial risk management of DDM Treasury, see Note 3.

Employees

DDM Treasury has one employee in 2014. All other staff involved in the activities of DDM Treasury are employed by DDM Group and are based in Baar, Switzerland. DDM Group charges DDM Treasury a management fee for this work.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposals of the Board of Director's as follows:

SEK	2014
Retained earnings	160,313
Net earnings for the year	166,596
Total	**326,909**

The Board of Director's propose that the earnings be distributable as follows:

SEK	2014
Balance carried forward	326,909
Total	**326,909**

For other information we refer to the following financial reports and Notes.

Group Accounts

CONSOLIDATED INCOME STATEMENT

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Revenue	5	44.2	31.4
Gross profit / (loss)		**44.2**	**31.4**
Administrative expenses	6,7	(6.9)	(2.0)
Operating profit / (loss) (EBIT)		**37.3**	**29.4**
Finance income	8	0.5	0.0
Finance expenses	8	(55.9)	(15.3)
Profit / (loss) from financial items		**(55.4)**	**(15.3)**
Profit / (loss) before income tax		**(18.1)**	**14.1**
Income tax	9	(0.1)	(2.4)
Profit / (loss) for the year		**(18.2)**	**11.7**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Profit / (loss) the year		**(18.2)**	**11.7**
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:		–	–
Items that may be subsequently reclassified to profit:			
Currency translation differences		**(0.1)**	**0.0**
Other comprehensive income for the period, net of tax		**(0.1)**	**0.0**
Total comprehensive income for the year		**(18.3)**	**11.7**
Profit attributable to:			
Owners of the Parent Company		(18.3)	11.7
Total other comprehensive income for the year attributable to:			
Owners of the Parent Company		(18.3)	11.7
Earnings per share before dilution, SEK		(36.6)	23.0
Earnings per share after dilution, SEK		(36.6)	23.0

Group Accounts

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	Notes	2014-12-31	2013-12-31
ASSETS			
Non-current assets			
Other non-current assets			
Distressed asset portfolios	10	228.4	239.6
Total non-current assets		**228.4**	**239.6**
Current assets			
Accounts receivables	11	8.2	5.2
Receivables from other group companies	15	105.0	21.4
Prepaid expenses and accrued income		2.0	0.0
Cash and cash equivalents		67.3	121.8
Total current assets		**182.5**	**148.4**
TOTAL ASSETS		**410.9**	**388.0**

SEK M		2014-12-31	2013-12-31
EQUITY	**12**		
Equity attributed to owners of the Parent Company			
Ordinary shares		0.5	0.5
Other contributed capital		37.5	24.3
Reserves		0.3	0.0
Retained earnings, including net profit		(6.8)	11.7
Total equity attributable to Parent Company's shareholders		**31.6**	**36.5**
LIABILITIES			
Non-current liabilities			
Bond loan	13	320.1	323.6
Total non-current liabilities		**320.1**	**323.6**
Current liabilities			
Accounts payable		1.6	0.0
Liability other group companies	15	27.5	1.6
Other liabilities		4.2	4.9
Accrued expenses and deferred income	14	25.9	21.4
Total current liabilities		**59.2**	**27.9**
TOTAL EQUITY AND LIABILITIES		**410.9**	**388.0**

Please see note 18 for information on pledged assets and contingent liabilities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Parent Company				
SEK M	Notes	Share capital	Other contributed capital	Reserves	Profit or loss brought forward	Total equity
Balance at 1 May 2013		**0.5**				**0.5**
Comprehensive income						
Profit / (loss) for the year					11.7	11.7
Other comprehensive income						
Currency translation differences / reserves				0.0	–	**0.0**
Total comprehensive income				**0.0**	**–**	**11.7**
Transactions with owners						
Borrowings from related parties, equity part			24.3			**24.3**
Total transactions with owners			**24.3**			**24.3**
Balance at 31 December 2013		**0.5**	**24.3**	**0.0**	**11.7**	**36.5**
Balance at 1 January 2014		**0.5**	**24.3**	**0.0**	**11.7**	**36.5**
Comprehensive income						
Profit / (loss) for the year					(18.2)	(18.2)
Other comprehensive income						
Currency translation differences / reserves				(0.1)	–	(0.1)
Total comprehensive income				**(0.1)**	**–**	**(18.3)**
Transactions with owners						
Legal reserve				0.4	(0.4)	0.0
Borrowings from related parties, equity part			13.2			13.2
Total transactions with owners			**13.2**	**0.4**	**(0.4)**	**13.2**
Balance at 31 December 2014		**0.5**	**37.5**	**0.3**	**(6.8)**	**31.6**

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Cash flows from operating activities			
Operating profit / (loss)		37.3	29.4
Adjustments for non-cash items, etc			
- Reversal of depreciation and amortization		94.2	16.6
- Revaluation of distressed asset portfolios		(10.3)	(7.6)
- Other items not affecting cash*		(31.4)	3.2
Interest received		0.9	0.0
Interest paid		(43.4)	(0.1)
Cash flow from operating activities before working capital changes		**47.3**	**41.6**
<u>Working capital adjustments</u>			
Increase / decrease in accounts receivable		(3.0)	(4.5)
Increase / decrease in other receivables		(90.0)	(22.3)
Increase / decrease in accounts payables		1.6	0.0
Increase / decrease in other current liabilities		29.7	1.8
Net cash flow from operating activities		**(14.4)**	**16.7**
Cash flow from investing activities			
Portfolio acquisition*		(53.2)	(248.7)
Net cash flow used in investing activities		**(53.2)**	**(248.7)**
Cash flow from financing activities			
Increase in other contributed capital		13.1	
Borrowings		–	353.7
Net cash flows used in financing activities		**13.1**	**353.7**
Cash flow for the year		**(54.5)**	**121.8**
Cash, cash equivalents and bank overdrafts at beginning of year		121.8	–
Cash and cash equivalents at end of year		**67.3**	**121.8**

*Includes the negative FX impact

Parent Company – Accounts

PARENT COMPANY – INCOME STATEMENT

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Revenue		5.7	–
Administrative expenses	6, 7	(3.4)	(0.6)
Operating profit / (loss)		**2.3**	**(0.6)**
Income from participations in Group companies	15	0.0	8.2
Finance income		45.0	11.0
Finance costs		(47.0)	(18.5)
Profit / (loss) from financial items	**8**	**(2.0)**	**0.7**
Profit / (loss) before income tax		**0.3**	**0.1**
Current tax expense		(0.1)	0.0
Profit / (loss) for the year		**0.2**	**0.1**

PARENT COMPANY – STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Profit for the year		**0.2**	**0.1**
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:		–	–
Items that may be subsequently reclassified to profit:			
Total other comprehensive income for the period, net of tax		**–**	**–**
Total comprehensive income for the year		**0.2**	**0.1**

Parent Company – Accounts

PARENT COMPANY – BALANCE SHEET

SEK M	Notes	2014-12-31	2013-12-31
ASSETS			
Non-current assets			
Shares in group companies	12	0.7	0.7
Receivables from group companies	15	312.8	220.1
Total non-current assets		**313.5**	**220.8**
Current assets			
Receivables from group companies	15	14.3	19.2
Prepaid expenses and accrued income		0.0	0.1
Cash and cash equivalents (excluding bank overdrafts)		22.3	106.6
Total current assets		**36.6**	**125.9**
TOTAL ASSETS		**350.1**	**346.7**

SEK M	Notes	2014-12-31	2013-12-31
EQUITY	**12**		
Ordinary shares		0.5	0.5
Retained earnings, including net profit		0.3	0.1
Total equity		**0.8**	**0.6**
LIABILITIES			
Non-current liabilities			
Bond loan	13	320.1	323.6
Total non-current liabilities		**320.1**	**323.6**
Current liabilities			
Payables		0.1	0.0
Liabilities to group companies		7.2	0.7
Other liabilities		0.5	0.4
Accrued expenses and deferred income	14	21.4	21.4
Total current liabilities		**29.2**	**22.5**
TOTAL EQUITY AND LIABILITIES		**350.1**	**346.7**

Parent Company – Accounts

PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

SEK M	Notes	Share capital	Profit or loss brought forward	Profit for the year	Total equity
Balance at 1 May 2013		**0.5**			**0.5**
Comprehensive income:					
Profit / (loss) for the year			–	0.1	0.1
Other comprehensive income					
Total comprehensive income			**–**	**0.1**	**0.1**
Transactions with owners		–	–	–	–
Total transactions with owners		**–**	**–**		**–**
Balance at 31 December 2013		**0.5**	**–**	**0.1**	**0.6**
Balance at 01 January 2014		**0.5**	**–**	**0.1**	**0.6**
Comprehensive income:					
Profit / (loss) for the year			–	0.2	0.2
Other comprehensive income					
Total comprehensive income			**–**	**0.2**	**0.2**
Transactions with owners		–	–	–	–
Total transactions with owners		**–**	**–**	–	**–**
Balance at 31 December 2014		**0.5**	**–**	**0.3**	**0.8**

PARENT COMPANY – CASH FLOW STATEMENT

SEK M	Notes	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Cash flows from operating activities			
Operating profit / (loss)		2.3	(0.6)
Interest received		44.9	0.0
Interest paid		(47.0)	0.0
Cash flow from operating activities before working capital changes		**0.2**	**(0.6)**
Working capital adjustments			
Increase / decrease in other receivables		2.3	0.5
Increase / decrease in accounts payables		0.1	0.0
Increase / decrease in other current liabilities		3.2	(0.3)
Net cash flow from operating activities		**5.8**	**(0.4)**
Cash flow from investing activities			
Loans to Group companies		(90.2)	(219.4)
Net cash flow used in investing activities		**(90.2)**	**(219.4)**
Cash flows from financing activities			
Borrowings		0.0	326.5
Net cash flows used in financing activities		**0.0**	**326.5**
Cash flow for the year		**(84.4)**	**106.7**
Cash, cash equivalents and bank overdrafts at beginning of year		106.7	0.0
Cash and cash equivalents at end of year		**22.3**	**106.7**

Notes

Note 1 – General information

DDM Treasury Sweden AB (publ) ("DDM Treasury") and its subsidiaries is providing liquidity to lenders on certain lending markets by acquiring distressed consumer debt, enabling the lenders to continue supporting loans to companies and individuals. DDM Treasury then assists the consumers to restructure their overdue debt.

DDM Treasury was founded in 2013 as a wholly owned subsidiary of DDM Group AG, Baar, Switzerland. DDM Invest XX AG, Baar, Switzerland is a wholly owned subsidiary of DDM Treasury. DDM Treasury acts solely as the issuer of financial instruments and extends this funding intra-group whereas DDM Group acts as the investment manager and take all decisions regarding investments and allocation of resources.

Also refer to section 2, 3 – Segment reporting.

The Parent Company, DDM Treasury Sweden AB (publ) is a limited liability company with registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 556910-3053. The address of the main office and postal address is S:t Eriksgatan 63, SE-112 34, Stockholm, Sweden.

On April 29, 2015, the Board of Directors approved the consolidated financial statements for publication.

All amounts are reported in million Swedish krona (SEK) M, unless stated otherwise.

Rounding differences might occur.

Note 2 – Summary of important accounting principles

2.1 – Basis of the preparation of the reports

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as in accordance with RFR 1 *Supplementary Accounting Principles for Groups* and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the acquisition value method.

The most important accounting policies applied in these consolidated financial statements are presented below.

The preparation of financial statements in conjunction with IFRS requires the application of certain important estimates for accounting purposes. Furthermore, it is required that management undertakes a number of assessments as regards the application of the Group's accounting policies. Areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are referred to in Note 4.

The accounts of the Parent Company have been prepared in accordance with RFR 2 *Accounting for Legal Entities* and the Annual Accounts Act. The instances in which the Parent Company applies accounting principles differing from those of the Group are provided separately at the end of this section on accounting principles.

Accounting standards and amendments issued and adopted in 2014

Below is a list of relevant standards/interpretations that have been issued and are effective for periods beginning on or after 1 January 2014:

(i) Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make. Effective date: 1 January 2014.

(ii) Amendment to IAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in IAS 32 'Financial instruments: Presentation' and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Effective date: 1 January 2014.

The standards and amendments listed have been applied in the opening IFRS balance sheet and throughout all periods presented in the Company's first IFRS financial statements

Accounting standards and amendments issued but not yet adopted in 2014
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the company except the following set out below:

IFRS 9 'Financial instruments' addresses the classification measurement and recognition of financial assets and financial liabilities.. The standard is effective for accounting periods beginning on or after 1 January 2018, but has not been endorsed yet by the European Union. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost fair value through Other Comprehensive Income (OCI) and fair value through the Income Statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2.2 – Consolidated accounts
Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method is used for the reporting of the Group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of the transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of any assets or liabilities, arising as a result of an agreement on a conditional purchase price. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at acquisition date. For each acquisition, the Group determines whether any non-controlling influence in the acquired company is reported at fair value or whether the acquisition is reported as the proportionate share of the holding in the acquired company's net assets.

The amount by which the purchase price, any non-controlling influence and the fair value at acquisition date of the previous shareholding exceeds the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the amount is less than the fair value of the acquired assets, in the event of so-called "bargain purchase", the difference is reported directly in the statement of comprehensive income.

Transactions with shareholders without any controlling influence

The Group applies the principle of recording transactions with shareholders without controlling influence as transactions with the Group's shareholders. In the case of acquisitions from shareholders without controlling influence, the difference between the paid purchase price and the actual acquired share of the book value of the subsidiary's net assets is recorded in equity. Gains and losses on disposals to shareholders without controlling influence are also recorded in equity.

Common control

The acquisition of DDM Invest XX AG by DDM Treasury Sweden AB is a transaction under common control and does not meet the definition of a business combination according to IFRS 3.
Both entities are controlled by DDM Holding AG and at the date of acquisition both entities were not engaged in any business activities.

In DDM Treasury Sweden's consolidated financial statements the assets and liabilities of DDM Invest XX AG has been incorporated at their pre-combination carrying amounts without any fair value uplift or goodwill recorded. Consolidated financial statements include the DDM Invest XX AG full year's results.

2.3 – Segment reporting

The one operating segment in the DDM group is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-maker. The Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is identified as the Chief Executive Officer of DDM Group that makes strategic decisions. Although the Company is active in several geographical markets all financial information is reported on investment-level, irrespective of geographical origin. DDM Treasury reports one segment in consistency with the DDM Group policy.

2.4 – Translation of foreign currency

Functional currency and reporting currency

Items included in the financial statements of each of DDM Treasury Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent Company's functional and reporting currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates on each balance sheet date, are reported in the income statement. Foreign exchange gains and losses referring to loans and borrowings are reported in net financial income/expenses, while other foreign exchange gains and losses are reported as part of operating profit or loss.

Group companies

The results and financial position of all of the DDM Treasury entities (none of which has the currency of a hyperinflationary economy) having a functional currency different from the reporting currency are translated into the reporting currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate as at the date of the balance sheet in question;

(b) income and expenses for each income statement are translated at the average exchange rate (unless this average rate does not represent a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all exchange rate differences are reported as a separate component of Other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of that foreign entity and are translated at the closing rate. Exchange differences arising are recognized in Other comprehensive income.

2.5 – Financial assets and liabilities

Classification

The Group classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit and loss, loans and receivables, financial assets available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. The Group has no financial assets for sale as of 31 December 2014.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These amounts are included in current assets, except for those with maturities greater than 12 months after balance sheet date. These are classified as non-current assets. Loans and receivables are reported in the balance sheet as accounts receivable, other receivables, accrued income and financial assets, respectively. Cash and cash equivalents are also included in this category.

(b) *Other financial liabilities*

The borrowings of the Group (including the items Borrowings from credit institutions, other long-term borrowings) and accounts payable are classified as other financial liabilities.

Recognition and measurement

Purchases and sales of financial assets and liabilities are reported on trade date – the date on which the DDM Treasury commits to purchase or sell the asset or liability. Financial assets and liabilities are initially reported at fair value plus transaction costs for all financial assets and liabilities not carried at fair value via profit or loss. Financial assets and liabilities reported at fair value via profit or loss are initially reported at fair value, and transaction costs are expensed in the income statement. Financial assets are de-recognized when the right to receive cash flows from the investments has expired or has been transferred and the DDM Treasury has transferred, substantially, all risks and rewards of ownership. Financial liabilities are de-recognized in the balance sheet when the commitment in the agreement has been fulfilled or otherwise extinguished. Financial assets and liabilities at fair value via profit or loss and available-for-sale financial assets are subsequently reported at fair value.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are reported at amortized cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. All financial assets and liabilities are presented in gross amounts in the group and the Parent Company's financials, offsetting of financial assets and liabilities has therefore not been disclosed.

DDM Group assesses, at the end of each reporting period, whether there is objective evidence that there is a need for impairment of a financial asset or group of financial assets. A need for impairment of financial asset or group of financial assets exists as a consequence of one or more events occurring after the initial reporting of the asset and of this event having an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(c) – Accounts receivable

Accounts receivable are reported initially at fair value and are subsequently measured at accrued acquisition value using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties on behalf of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments (more than 30-60 days overdue, depending on the client's geographical location) are considered indications that the account receivable is impaired. The amount of the provision is the difference between the asset's book value and the present value of estimated future cash flows, discounted at the original effective interest rate. Both losses regarding accounts receivable and recoveries of accounts receivable previously written off are reported in 'Sales costs' in the income statement.

The book value of accounts receivable, after any impairment, is presumed to correspond to their fair value, as this item is of a short-term nature.

The recognition of acquisition of distressed asset portfolios is based on the Company's own forecast of future cash flows from acquired portfolios. Distressed asset portfolios consist mainly of portfolios of non-performing consumer debts purchased at prices significantly below its principal value. Such assets are classified as non-current assets. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization and revaluation for the period and are recognized in the income statement on the revenue line.

Distressed asset portfolios are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. DDM Group recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate. A reduction in the carrying amount is recorded as a reduction in revenue while an increase in the carrying amount is recognized as an increase in revenue.

For further information on the Group's Distressed asset portfolios, see also Note 10.

(d) – Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are reported as borrowings among current liabilities.

(e) – Accounts payable

Accounts payable are reported initially at fair value and subsequently measured at amortized cost using the effective interest method. The book value of an account payable is expected to correspond with the fair value of the account payable, as this item is of a short-term nature.

(f) – Borrowings

Borrowings (borrowings from credit institutions and other long-term payables) are initially reported at fair value, net of transaction costs incurred. Borrowings are subsequently stated at accrued acquisition value; any difference between the proceeds (net of transaction costs) and the redemption value is reported in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Costs to secure financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability. All other borrowing costs (interest expenses and transaction costs) are reported in the income statement in the period to which they refer.

2.6 – Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are reported in equity as a deduction, net of tax, from the proceeds.

2.7 – Current tax and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted, or substantively enacted, at balance sheet date in the countries in which the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to circumstances in which the applicable tax regulation is subject to interpretation. Management establishes provisions, where appropriate, on the basis of the amounts expected to be paid to the tax authorities.

Deferred income tax is reported, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their book values in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial reporting of an asset or liability in a transaction other than a business combination that, at the time of the transaction, impacts neither reported or fiscal results. The deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, at balance sheet date and which are expected to apply when the related deferred income tax asset is realized, or when the deferred income tax liability is settled. Deferred income tax assets are reported to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.8 – Provisions

Provisions are reported when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the amount can be reliably estimated. No provisions have been recognized for the period. Provisions are not reported for future operating losses.

Provisions are valued at the present value of the expenditures expected to settle the obligation using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the provision. The successive increase in the total amount of the provision incurred, due to the provision continuing to be reported over a long period of time, is reported as an interest expense.

2.9 – Revenue recognition

Interest income from financial instruments such as distressed asset portfolios are recognized over the course of maturity according to the effective interest method. DDM reduces the value of a distressed asset to the recoverable amount, which consists of the future expected cash flow discounted with the initially calculated effective interest rate for the financial instrument if an instrument has depreciated in value and continues to dissolve the discounting effect as an interest income. Interest income on impaired instruments are recognized at the initially calculated effective interest rate.

2.10 – Dividend distribution

Dividend distribution to the Company's shareholders is reported as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.
No dividends will be proposed to the 2015 annual general meeting regarding the operations for 2014.

2.11 – Parent Company accounting principles

The accounting principles of the Parent Company are, in all material aspects, consistent with the accounting principles of the Group.

The Parent Company's financial reports have been prepared in accordance with *RFR 2 Reporting for Legal Entities* and the Annual Accounts Act. RFR 2 stipulates exceptions from and supplements to the standards issued by IASB and interpretations thereof issued by IFRIC. The exceptions and supplements are to be applied from the date on which the legal entity applies the standard or statement in question in its consolidated financial statements.

For its financial reporting, the Parent Company applies the design stated in the Annual Account Act, implying, among other things, that a different presentation form is applied for equity.

Shares in subsidiaries are reported at accrued acquisition value less any impairment. If there is an indication that shares and participations in subsidiaries have decreased in value, the recoverable amount is calculated. If this amount is lower than the book value, impairment is carried out. Impairment is reported in the item Profit/loss from participations in Group companies.

2.12 – Definitions of key ratios

Applied in the "Summary covering several years" in the administration report

Definition *Equity/assets ratio:*	Equity as a percentage of balance sheet totals.
Definition *Operating margin, %:*	Operating profit/loss excl. Items affecting comparability, depreciation, amortization and impairment of tangible and intangible fixed assets as a percentage of net sales.
Definition *EBITA:*	Operating profit before amortization and before item affecting comparability.

Note 3 – Financial risk management

DDM Treasury's activities expose it to a variety of financial and non-financial risks: market risks (currency risk and interest rate risk), credit risk, liquidity risk/financing risk and risk relating to the purchase of distressed asset portfolios.

Risk management is carried out by DDM Group in accordance with policies established by the Board of Directors. DDM Group identifies, evaluates and hedges financial risks in close co-operation with the DDM Treasury's CEO and Board of Directors. The Board provides a comprehensive financial policy for risk management, specified into separate sections for the various areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk and financing risk and also addressing the investment of excess liquidity. DDM Group provides a monthly risk report to the Board of Directors in which compliance with the financial policy and the status of various financial risks is presented. The Group does not apply so-called hedge accounting in accordance with the regulations in IAS 39.

Market risk

(i) Foreign exchange risk

DDM is an international Group with operations in several countries. DDM Treasury's reporting currency is Swedish krona (SEK). This exposes the Group to foreign exchange risk due to fluctuations in foreign exchange rates that may impact the DDM Treasury's results and equity. With the aim of reducing such effects, DDM Treasury applies policy to minimize translation of currencies and aim to retain funds in Swedish krona to the greatest possible extent.

Exposure to currency fluctuations is usually specified according to two main categories: translation exposure and transaction exposure.

Translation exposure
The foreign subsidiaries' assets, less liabilities, comprise a net investment in foreign currency which, at consolidation, gives rise to a translation difference. Such translation differences are included directly in DDM Treasury equity and reported in Other Reserves. The financial policy states that net investments in foreign currency shall not be hedged with financial derivatives, among other reasons, to avoid potential undesired liquidity effects when such derivatives are renewed. DDM has no hedging of net investments in foreign currency. A similar form of translation exposure is found in the profit or loss arising in the foreign subsidiaries during the year, which, on an on-going basis, impacts equity in the foreign subsidiaries. Similar to the description of net investments in foreign subsidiaries above, no profit or loss arising during the year has been hedged.

Transaction exposure
Transaction exposure refers both to the exposure attributable to commercial flows, that is, sales and purchases across international borders, and the exposure from financial flows.

In terms of currency risk, DDM Treasury's operations are characterized by collections and purchases solely performed in local currency in the respective countries, which implies that the transaction exposures from the Group's commercial flows are very limited. The Company is not hedging using any instruments. As part of cash management the Company is striving to maintain cash in the different currencies they are exposed to. See also Notes 2, 3, 11 and 16 regarding currencies and foreign exchange risks.

(ii) Cash flow and fair value interest rate risks
As DDM Treasury has no variable interest-bearing assets or liabilities, its income and operating cash flows are predominantly independent of any changes in market interest rates. DDM Treasury's interest rate risk primarily arises from long-term borrowings. Borrowings issued at variable rates expose the DDM Treasury to cash flow interest rate risk. Borrowings issued at fixed rates expose DDM Treasury to fair value interest rate risk.

The DDM Treasury analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated and, based on these scenarios; the DDM Treasury calculates the impact of a defined interest rate shift on the results. For further information, refer to Note 13 – Borrowing.

Credit risk
Credit risk or counterparty risk is the risk that the counter party in a financial transaction will not fulfil its obligations on maturity date. Credit risk is managed by DDM Group and arises from cash and cash equivalents, and deposits with banks and financial institutions. Limits are specified in the financial policy and are reported to the Board on a monthly basis.

A second source of counterparty risk arises in connection to fund collected during the general course of business. Fund collected are paid in to client funds accounts opened by the respective debt collection agencies so separate DDM Treasury's funds from the general funds of the agency. Two times per month there is a reconciliation-process and based on this received and allocated funds are transferred from the client funds account. Should a debt collection agency become insolvent between such reconciliation events monies collected and not yet reconciled could be frozen on the account pending outcome of the insolvency In selecting debt collection partners DDM Group make efforts to control and monitor the financial standing of its partners and also to maintain a balance of the work allocated between agencies to minimize the potential risk of such a situation.

Debtor credit risk
In addition to general monitoring at DDM Group level, a more detailed follow-up of client credit risk at local level is undertaken in collaboration with the relevant counterpart. Debtor credit risk is the risk that

debtors cannot fulfil their obligations. If customers are independently rated, these credit ratings are, then, utilized. In those cases in which no independent credit assessment exists, a risk assessment of the clients' credit ratings is performed in which the client's financial position is taken into consideration, as well as past experience and other relevant factors. Risk limits are determined based on internal or external credit assessments. The application of credit limits is regularly monitored. The assessment is that there is no concentration of credit risks. The maximum exposure for credit risks is equivalent to the book value of the financial assets.

Liquidity risk/Financing risk

The aim of the capital structure is to secure the DDM Treasury's ability to continue its operations, in order to continue generating returns to its shareholders and to provide benefit for other stakeholders, and to maintain an optimal capital structure, minimizing the cost of capital.

The table below specifies the undiscounted cash flows arising from the Group's liabilities in the form of financial instruments, based on the remaining period to the earliest contractual maturity date as at balance sheet date. Balances due within 12 months are equal to their reported amounts, as the impact of discounting is insignificant. Amounts in foreign currencies and amounts that are to be paid based on floating interest rates are estimated using the exchange and interest rates applicable on balance sheet date.

Group SEK M	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2014				
Borrowings	44.6	376.5	–	–
Trade and other payables	33.4	–	–	–
Total	**78.0**	**376.5**	**–**	**–**

Parent Company SEK M	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2014				
Borrowings	44.6	376.5	–	–
Trade and other payables	6.8	–	–	–
Total	**51.4**	**376.5**	**–**	**–**

Group SEK M	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2013				
Borrowings	46.2	44.6	375.2	–
Trade and other payables	6.5	–	–	–
Total	**52.7**	**44.6**	**375.2**	**–**

Parent Company SEK M	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2013				
Borrowings	46.1	44.6	375.2	–
Trade and other payables	1.2	–	–	–
Total	**47.3**	**44.6**	**375.2**	**–**

Financial instruments by category

Fair value is equal to carrying value of financial instruments.

Group SEK M	Loans and receivables	Total
At 31 December 2014		
Assets as per balance sheet		
Distressed asset portfolios	228.4	**228.4**
Trade and other receivables	113.2	**113.2**
Prepaid expenses and accrued income	2.0	**2.0**
Cash and cash equivalents	67.3	**67.3**
Total	**410.9**	**410.9**

Group SEK M	Other financial liabilities	Total
At 31 December 2014		
Liabilities as per balance sheet		
Bond loan	320.1	**320.1**
Loans from related parties	27.5	**27.5**
Trade and other payables	5.8	**5.8**
Accrued expenses and prepaid income	25.9	**25.9**
Total	**379.3**	**379.3**

Group SEK M	Loans and receivables	Total
At 31 December 2013		
Assets as per balance sheet		
Distressed asset portfolios	239.6	**239.6**
Trade and other receivables	26.5	**26.5**
Prepaid expenses and accrued income	0.1	**0.1**
Cash and cash equivalents	121.7	**121.7**
Total	**388.0**	**388.0**

Group SEK M	Other financial liabilities	Total
At 31 December 2013		
Liabilities as per balance sheet		
Bond loan	323.6	**323.6**
Loans from related parties	1.5	**1.5**
Trade and other payables	0.1	**0.1**
Accrued expenses and prepaid income	23.6	**26.3**
Total	**351.5**	**351.5**

Fair value hierarchy

DDM classifies valuation at fair value using a fair value hierarchy reflecting the reliability of the input data used for making valuations. The fair value hierarchy has the following levels:
Level 1 – Quoted prices on active markets for identical assets or liabilities.
Level 2 – Input data, other than quoted prices, that is observable for the asset or liability, either directly, such as prices, or indirectly, such as derived prices.
Level 3 – Input data for the asset or liability that is not based on observable information. The appropriate level is determined based on the lowest level of input that is essential for valuation at fair value.

Management of capital risk

The aim of the capital structure is to secure the Group's ability to continue its operations, in order to continue generating returns to its shareholders and in order to provide benefit for other stakeholders, maintain an optimal capital structure, minimizing the cost of capital.
Similar to other companies in the industry, DDM assesses its capital requirements on the basis of its equity/total asset ratio. For the purpose of calculating compliance with the covenant of the senior bond, this ratio is calculated as adjusted equity divided by total assets. Adjusted Equity includes subordinated debt (defined in IAS 32 as an instrument without a contractual obligation to deliver cash or other assets) and retained earnings.

Continued…

Adjusted equity to Total Asset ratio as of 31 December:

SEK M	31 December 2014	31 December 2013
Total assets	**410.9**	**388.0**
Equity	31.6	36.5
Subordinated loan (1)	30.1	30.0
Total capital	**61.7**	**66.5**
Adjusted equity / Total asset ratio	**15%**	**17%**

(1) Subordinated loan consist of an external subordinated loan, SEK 30.1M according to the Bond agreement.

Note 4 – Critical estimates and assessments in applying the Group's accounting principles

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events deemed to be reasonable under the circumstances. Furthermore, the decision to amend a cash flow projection is preceded by a discussion between operations and company management. All changes in cash flow projections are ultimately decided on by the CEO and Board of Directors. Please also refer to our webpage for additional information on risk factors affecting the Company.

Critical accounting estimates and judgements

The Group undertakes estimates and assumptions concerning future developments. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions entailing a significant risk of a material adjustment to the book values of assets and liabilities within the next financial year are outlined below.

Distressed asset portfolios

Assessments of distressed asset portfolios to be received from debtors

Distressed asset portfolios are purchased at prices significantly below the nominal value of the receivables. In 2014 reported distressed asset portfolios are SEK 228.4M, in comparison to SEK 239.6M at the end of 2013. These are accounted at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. DDM Treasury recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate.

As indicated in Note 10, the recognition of distressed asset portfolios are based on the Company's own forecast of future cash flows from acquired portfolios. Although the Company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalized decision-making process in the adjustment of previously established cash flow projections. These entail, among other things that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio.

Note 5 – Distribution of net revenues

Income from distressed debt portfolios) is recognized in the income statement in the "Revenue" line item, which includes cash collection from distressed debt portfolios at the collected amount (net of direct collection costs), decrease of the book value of the portfolio in the period, revaluation and impairment.

Revenue by region SEK M	2014	2013
Romania	65.1	26.5
Russia	31.6	13.9
Slovenia	31.4	–
Net collection on distressed asset portfolios	**128.1**	**40.4**
Amortization of purchased distressed asset portfolios	(94.2)	(16.6)
Interest income on purchased distressed asset portfolios **	33.9	23.8
Revaluation of distressed asset portfolios	10.3	7.5
Revenue	**44.2**	**31.3**

The chief operating decision maker of DDM reviews the financial outcome as a whole. Analysis is performed on a portfolio-by-portfolio basis but the chief operating decision maker reviews the outcome on the group as a whole. Each portfolio is not considered to be an identifiable segment and the Company report segment on an entity basis, i.e. one operating segment.

Our main geographic markets are Romania, Russia and Slovenia. The Company disclose information regarding revenue and distressed asset portfolios based on these key geographic areas.

DDM Group focuses mainly on small ticket, distressed consumer and bank debts where the debtor has not serviced its debt for 1–5 years. DDM Group acquires its portfolios from financial institutions at a discount. Such discount gives DDM Group room to negotiate realistic instalment plans with debtors. DDM Group targets portfolios with a market value of EUR 1–20 million.

No customer represents more than 10 percent of the group's total aggregated revenue.

Note 6 – Auditor's fees

Group SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
PricewaterhouseCoopers		
Audit assignments	0.6	0.2
Other audit related assignments	0.2	0.1
	0.8	**0.3**

Parent Company SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Öhrlings PricewaterhouseCoopers		
Audit assignments	0.4	0.2
Other audit related assignments	0.2	0.1
Tax consultancy services	–	–
Other consultancy assignments	–	–
	0.6	**0.3**

Audit assignment refers to the examination of the annual financial statements and accounting records, as well as of the administration of the Board of Directors and the Managing Director. Other assignments include tasks whose execution is the responsibility of the Company's auditors, as well as the provision of advisory services or other assistance resulting from observations made during such assignments. All else comprises tax consultancy or other assignments.

Note 7 – Remuneration to employees and disclosure regarding personnel

The Parent Company or its subsidiaries has had one employee in 2014, the total salary was KSEK 144.

Gender distribution of Board members and other senior executives
The board consist of three board members, whereof three men.
The DDM Treasury Sweden group has one managing director, whereof one man.

Note 8 – Financial income and financial expenses

Group SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Financial income		
Translation differences	0.5	3.1
Total financial income	**0.5**	**3.1**
Financial expenses		
Interest expenses	(47.0)	(18.4)
Other financial expenses	(0.5)	0.0
Unrealized gain / (losses)	(8.4)	0.0
Total financial expenses	**(55.9)**	**(18.4)**
Profit / (loss) from financial items	**(55.4)**	**(15.3)**

Note 9 – Income tax

Group SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Current tax on profit for the year	(0.1)	(2.4)
Total income tax expense	**(0.1)**	**(2.4)**

Parent Company SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Current tax on profit for the year	(0.1)	0.0
Total income tax expense	**(0.1)**	**0.0**

The differences between income tax expense and an estimated tax expense based on current tax rates are as follows:

Group SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Profit / (loss) before tax	(18.1)	14.1
Income tax calculated in accordance with the Group's current tax rate	1.8	(3.1)
Current tax on profit for the year	(0.1)	0.0
Non-deductible expenses	0.0	(0.1)
Tax losses for which no deferred income tax asset was recognized	(1.8)	(1.7)
Effects of foreign tax rates	0.0	2.5
Income tax expense	**(0.1)**	**(2.4)**

Parent Company SEK M	2014-01-01 – 2014-12-31	2013-05-01 – 2013-12-31
Profit before tax	0.3	0.1
Income tax calculated at current tax rate (22%)	(0.1)	(0.0)
Non-taxable income	0.0	1.8
Tax losses for which no deferred income tax asset was recognized	0.0	(1.8)
Tax for the year	**(0.1)**	**0.0**

Weighted average tax rate in the group is:	0.0%	16.9%

The group has not recognized any tax assets from loss carry forward. The tax effect of loss carry-forwards is only considered when there are compelling factors to suggest that these could be of use in the near future. A history of losses is a factor in the valuation of loss carry-forwards. Other than these cases, loss carry-forwards have been valued to the extent that deferred tax liabilities can also be offset against losses.

Note 10 – Distressed asset portfolios

SEK M	As at 31 Dec 2014	As at 31 Dec 2013
Opening accumulated acquisition cost	**248.5**	**–**
Distressed asset portfolios	92.2	245.6
Foreign exchange differences	(29.1)	2.9
Closing accumulated acquisition cost	**311.6**	**248.5**
Opening accumulated amortization	**(8.9)**	**–**
Amortization for the period	(83.9)	(9.0)
Foreign exchange differences	9.6	0.1
Closing accumulated amortization	**(83.2)**	**(8.9)**
Closing net book value	**228.4**	**239.6**

None of these financial non-current assets are overdue or require impairment.

During 2014 and 2013, the Group has not reclassified any of its financial non-current assets, which have been valued at accrued acquisition value, to assets valued at fair value.

DDM Treasury invests in portfolios that are denominated in local currencies as well as portfolios denominated in EUR and USD. Therefore, fluctuations in the SEK exchange rate against these currencies affect collections on distressed asset portfolios and operating earnings of the DDM Treasury.

Collections on distressed asset portfolios are distributed by currencies as follows:

SEK M	2014	2013
EUR	69.8	11.1
RUB	31.5	15.4
RON	27.0	13.9
USD	(0.2)	0.0
Total	**128.1**	**40.4**

An appreciation of Swedish krona of 10 percent on average in 2014 against the Russian rouble would have affected collections on distressed asset portfolios by SEK -3.2M, against the euro by SEK -7.0M, against Romanian lei by SEK -2.7M, against US dollar is no material and vice versa.

In terms of balance sheet positions denominated in foreign currencies that are then recalculated in SEK, the net present values of portfolio owned by DDM Treasury are distributed as follows:

SEK M	As of 31 Dec 2014	As of 31 Dec 2013
EUR	106.1	79.1
RUB	64.7	93.1
RON	57.5	67.3
USD	0.1	0.1
Total	**228.4**	**239.6**

An appreciation of Swedish krona of 10 percent as per 31 December 2013 against the Russian rouble would have resulted in an additional unrealized foreign exchange loss of SEK 6.5M, against the euro by SEK 10.6M, against Romanian lei by SEK 5.7M, against US dollar is immaterial. Consequently, a depreciation of Swedish krona of 10 percent at 31 December 2014 would have resulted in an additional unrealized foreign exchange gain of the same amount.

An appreciation of the Swedish krona would have the same effect on profit or loss and equity during 2014 as the Company's effective tax rate is 0%.

Note 11 – Accounts receivable

Group SEK M	31 Dec 2014	31 Dec 2013
	8.2	**5.2**
Trade receivables	8.2	5.2
Less: provision for impairment of trade receivables	–	–
Trade receivables – net	**8.2**	**5.2**

Trade receivables per currency

Group SEK M	31 Dec 2014	31 Dec 2013
SEK	–	–
EUR	2.9	1.8
RUB	2.5	0.5
RON	2.7	2.8
USD	0.1	0.1
Total	**8.2**	**5.2**

The fair values of the Group's accounts receivable correspond to the book values.

Note 12 – Share capital and other contributed capital

The 500,000 shares have a quotient value of SEK 1 per share. Each share entitles the holder to one vote. All registered shares as per the reporting date are fully paid.

The subordinated loan is extended from DDM Group to DDM Invest XX AG and has been recognized as equity in accordance to IAS 32 as the loan lacks obligation of repayment on behalf of DDM Invest XX AG. The loan is also free of interest payment obligations.

Note 13 – Borrowing

The Group's borrowings mature between 2013 and 2015. See Note 3 for a description of contractual undiscounted cash flows.

The Group has outstanding bonds. Bond loan has been issued in June 2013, amounted SEK 300,000,000 at interest rate 13% with maturity date 26 June 2016 by Treasury Sweden AB. Bond loan has been taken in September 2013, amounted SEK 31,000,000 at interest rate 18% with maturity date 30 September 2016 by Treasury Sweden AB. The Shares of DDM Invest XX AG are pledged under the shareholder's agreement. The bond loans are secured by these shares.

Under the current bond Terms and Conditions, DDM Treasury Sweden AB and its subsidiary DDM Invest XX AG are not allowed to use hedge instruments. During the fourth quarter of 2014 the Company decided to repurchase SEK 6.0M of the junior bond loan that was issued in September 2013, at 18% interest, on the open market.

Long-term liabilities

Group SEK M	31 Dec 2014	31 Dec 2013
Bond loan	320.1	323.6
Total	**320.1**	**323.6**

Maturities of long-term borrowing

Group SEK M	31 Dec 2014	31 Dec 2013
Between 1 and 2 years	320.1	–
Between 2 and 3 years	–	323.6
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
Total	**320.1**	**323.6**

Long-term liabilities

Parent Company SEK M	31 Dec 2014	31 Dec 2013
Bond loan	320.1	323.6
Total	**320.1**	**323.6**

Maturities of long-term borrowing

Parent Company SEK M	31 Dec 2014	31 Dec 2013
Between 1 and 2 years	320.1	–
Between 2 and 3 years	–	323.6
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
Total	**320.1**	**323.6**

Note 14 – Accrued expenses and deferred income

Group SEK M	31 Dec 2014	31 Dec 2013
Accrued interest	25.9	21.4
Total	**25.9**	**21.4**

Parent Company SEK M	31 Dec 2014	31 Dec 2013
Accrued interest	21.4	21.4
Total	**21.4**	**21.4**

Note 15 – Transactions with related parties

Compensation to related parties

Group SEK	Board Fee/Salary	Management fee	Other fee	Total
31 December 2014				
Board member Fredrik Waker	168,352	–	–	**168,352**
DDM Group AG	–	2,593,927	–	**2,593,927**
Accta Accounting & Tax AG	–	–	563,871	**563,871**
Total	**168,352**	**2,593,927**	**563,871**	**3,326,150**

Receivables, payables and debts – related parties

Group SEK	Current	Non- current	Total
31 December 2014			
Subordinated loan DDM Group AG	–	37,422,449	**37,422,449**
Loan from DDM Group AG	27,502,034	–	**27,502,034**
Receivables DDM Group AG	105,025,847	–	**105,025,847**
Total	**132,527,881**	**37,422,449**	**169,950,330**

Compensation to related parties

Parent Company SEK	Board Fee/Salary	Administration fee	Interest	Total
31 December 2014				
Board member Fredrik Waker	168,352	–	–	**168,352**
Management fee to DDM Invest XX AG	–	5,700,000	–	**5,700,000**
Total	**168,352**	**5,700,000**	**–**	**5,868,352**

Receivables, payables and debts – related parties

Parent Company SEK	Current	Non- current	Total
31 December 2014			
Loan DDM Invest XX AG	–	312,839,750	**312,839,750**
Receivables from DDM Group AG	14,379,318	–	**14,379,318**
DDM Holding AG	7,202,034	–	**7,202,034**
Total	**21,581,352**	**312,839,750**	**334,421,102**

Distressed asset portfolios

Group SEK		Total
31 December 2014		
DDM Invest IV AG	6,448,849	**6,448,849**
Total	**6,448,849**	**6,448,849**

Compensation to related parties

Group SEK	Board fee	Management fee	Other fee	Total
31 December 2013				
Board member Fredrik Waker	48,559	–	–	**48,559**
DDM Group AG	–	825,170	–	**825,170**
Accta Accounting & Tax AG	–	–	451,221	**451,221**
Total	**48,559**	**825,170**	**451,221**	**1,324,950**

Continued…

Receivables, payables and debts – related parties

Group SEK	Current	Non- Current	Total
31 December 2013			
Subordinated loan DDM Group AG	–	24,272,449	**24,272,449**
Loan from DDM Group AG	1,567,783	–	**1,567,783**
Receivables DDM Group AG	21,387,288	–	**21,387,288**
Total	**22,955,071**	**24,272,449**	**47,227,520**

Distressed asset portfolios

Group SEK		Total
31 December 2013		
DDM Invest I AG	29,232,765	**29,232,765**
DDM Invest II AG	5,677,383	**5,677,383**
DDM Invest III AG	34,846,157	**34,846,157**
DDM Invest X AG	45,966,371	**45,966,371**
Total	**115,722,676**	**115,722,676**

Receivables, payables and debts – related parties

Parent Company SEK	Current	Non- Current	Total
31 December 2013			
Loan DDM Invest XX AG		220,079,750	**220,079,750**
Receivables DDM Invest XX AG	11,022,588		**11,022,588**
DDM Holding AG	727,273		**727,273**
Total	**11,749,861**	**220,079,750**	**231,829,611**

Compensation to related parties

Parent Company SEK	Board fee	Anticipated dividend	Interest	Total
31 December 2013	–	–	–	
Board member Fredrik Waker	48,559	–	–	**48,599**
DDM Invest XX AG	–	8,200,000	11,022,588	**19,222,588**
Total	**48,559**	**8,200,000**	**11,022,588**	**19,271,147**

We have defined the Company's management, the Board of Directors in the Parent Company, DDM Treasury Sweden AB (publ), the owners of DDM Treasury Sweden AB (publ) and all subsidiaries included in the Group as related parties. The accounting firms Accta Accounting & Tax AG and Wakers Consulting AB has owners that are represented on the board of DDM Treasury and its subsidiary, and are therefore defined as related parties.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note 16 – Events after balance sheet date

In early 2015 the Swiss National Bank decided to discontinue its minimum exchange rate against the EUR and the CHF appreciated significantly. The majority of DDM Invest XX has a majority of its operating expenses in CHF.

During the first months of 2015, the RUB has strengthened, which has a direct impact on the Company's results as it has invested in distressed asset portfolios in Russia and the associated collections are in RUB.

DDM Treasury continues to see a very strong deal flow coming into 2015 and has been invited to participate in an increasing number of debt tenders as its business relations and marketing efforts are starting to pay off. The Company has also been invited to participate in debt tenders with significantly larger portfolios than in the past.

Note 17 – Participations in Group companies

Parent Company SEK M	31 Dec 2014	31 Dec 2013
Investment	0.7	0.7
Net book amount	**0.7**	**0.7**

The Parent Company holds shares in the following subsidiaries:

SEK M Company	Domicile	31 Dec 2013	Proportion of equity	Net book value	
				31 Dec 2014	31 Dec 2013
DDM Invest XX AG (CHE 499.050.368)	Switzerland	100%	100	0.7	0.7

Note 18 – Pledged assets and contingent liabilities

The Parent Company has pledged the shares in the subsidiary DDM Invest XX AG as security for the Company's senior bonds under the bond agreement. The Group thereby pledged value amounting to the net asset value of DDM Invest AG XX 31.4M (2013: SEK 44.7M). The Parent Company's pledged collateral in the form of shares in the subsidiary amounts to SEK 0.7M (2013: SEK 0.7M). Neither the Group nor the Parent Company has any other pledged assets, contingent liabilities or other items to report.

Signatures

The Group's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 18 of May 2015.

The information in this Report is mandatory for DDM Treasury Sweden AB (publ) to publish in accordance with the Swedish Financial Trading Act and/or the Swedish Securities Markets Act.
This information was submitted to the market for publication on 29 April 2015.

The Board of Directors and Chief Executive Officer certify that the Annual Report gives a true and fair view of the Parent Company's and Group's operations, financial position and results of operations and describes the material risks and uncertainty factors facing the Parent Company and the companies included in the Group.

Stockholm, 29 April 2015

Kent Hansson
Chairman of the board

Fredrik Waker
Board member

Manuel Vogel
Board member

Gustav Hultgren
CEO

Our Audit Report was presented on 29 April 2015

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant

Auditor's report (translation)

To the annual meeting of the shareholders of DDM Treasury Sweden AB (publ), corporate identity number 556910-3053

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of DDM Treasury Sweden AB (publ) for the financial year January 1, 2014 – December 31, 2014. The annual report and consolidated accounts of the Company are included in this printed report on pages 5-37.

Whereof page 5 is the first page of the administration report and page 37 is this page.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of DDM Treasury Sweden AB (publ) for the financial year January 1, 2014 – December 31, 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

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

Stockholm 29 April 2015
Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant

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