DDM TREASURY SWEDEN AB (publ)

Corporate Identity Number 556910-3053

ANNUAL REPORT

2015

MULTINATIONAL INVESTOR
AND MANAGER OF DISTRESSED ASSETS

The DDM Treasury Sweden AB 2015 Annual Report

DDM Treasury AB Sweden (publ) ("DDM Treasury" or the "Company") is a Swedish company headquartered in Stockholm. Corporate registration number 556910-3053.

Values are expressed in Swedish kronor (SEK), thousands of kronor as SEK 000s and millions of kronor as SEK M. Unless otherwise stated, figures in parentheses relate to the preceding financial year, 2014.

Data on markets and competitors are DDM Treasury's own estimates, unless another source is specified. This report contains forward-looking statements that are based on the current expectations of DDM Treasury's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of factors including changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

DDM Treasury's annual and interim reports are available in English from the Company's website >>.

Any questions regarding financial data published by DDM Treasury may be submitted to DDM Treasury's Investor Relations, tel. +46 8 4080 9030 or email: investor@ddm-group.ch

Production: DDM Treasury in cooperation with RHR Corporate Communication.

CONTENTS

Financial calendar 2016/2017

Annual General Meeting 2016:
31 May 2016

Interim Report January-March 2016:
12 May 2016

Interim Report January-June 2016:
11 August 2016

Interim Report January-September 2016:
10 November 2016

Year-end Report 2016:
February 2017

2016 Annual Report:
March 2017

2015 Highlights

This is DDM Treasury

Experienced specialist in expanding sector

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 DDM Group is a multinational investor in, and manager of distressed assets, offering the prospect of attractive returns from the expanding Eastern European market for distressed assets and non-performing loans. For sellers, management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For sellers of portfolios it is therefore critical that the acquirer handles the underlying individual debtors professionally, ethically and with respect. The DDM Group has longstanding relations with sellers of distressed assets, based on trust and the Company's status as a credible acquirer.

The banking sector in Eastern Europe is subject to increasingly strict capital ratio requirements resulting in distressed assets being more expensive for banks to keep on their balance sheets. As a result, banks are increasingly looking to divest portfolios of distressed and other non-core assets.

The DDM Group acquires distressed assets mainly consisting of non-performing loans with an investment value of EUR 3–30M. 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, previous payment history and vendor type. DDM Group's database covers current and historical information at an individual and transactional level.

The DDM Group is currently managing 2.3 million receivables with a nominal value of over EUR 2 billion.

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.

STATEMENT BY THE CEO

Strengthened relationships enhance our business opportunities

Gustav Hultgren,
CEO of DDM Treasury

The DDM Treasury Group's financial year 2015 can be summarized in two words: relationships and trust. These two words act as guiding stars in everything we do. The past year has shown clearly how crucial it is that these two concepts be developed continuously and in parallel to generate value.

At the same time, the past year has also demonstrated that we have the right resources and people in place to achieve our goals. Our expertize and the trust DDM enjoys in the market enables us to secure large and complex transactions, such as the significant acquisition in Hungary, which was announced in December.

"We have acquired a leading Hungarian company with an experienced management team and a strong platform for further portfolio investments. This reconfirms DDM's position as a top-tier regional investor and manager of distressed assets"

Hungarian acquisition

During the year we have focused on the numerous opportunities that exist across the Central and Eastern European region and, together with a global investment company with over USD 10bn under management, we have acquired one of Hungary's larger leasing companies. The acquisition represents a significant increase in our assets under management, both performing and non-performing, with a significant growth on our balance sheet as a result.

The year was also signified by work with the Group's funding – both long and short term. The restructuring of the Group's Senior Secured corporate bond was completed in mid-2015, securing DDM's access to long-term funding and extending its credit framework from SEK 500M to SEK 700M. The new structure and its terms and conditions also represents an important step on the path towards cheaper cost of funding.

Relations with partners

In the autumn, we focused on several transactions with major financial institutions who are reviewing their strategy and presence in Eastern Europe. An increasing number of international banks are choosing to reduce their geographical presence and to thus reduce or exit their exposures in Eastern Europe and the Baltic States. As a consequence, we are seeing a sharp increase in interest to sell financial assets.

Having been present in Eastern Europe for a number of years, DDM has built trust among financial institutions seeking a partner that can handle such complex transactions – be it a seller or an investor looking to co-invest funds into our markets.

Earnings 2015

For the full year 2015, net collections amounted to SEK 228.6M, an increase of 78 percent compared with 2014. Cash EBITDA, that is, net collections less operating expenses, amounted to SEK 202.7M, an improvement of 67 percent over the previous year. Cash EBITDA is an important measure for DDM as this measures the cash available for servicing debt and guides the potential for growth based on current funding.

We continued to manage our portfolios during the year and as a result at the end of the year we divested a portfolio in Poland that was not meeting our investment return requirements. This allows us to reinvest the funds in a portfolio that better mirrors the opportunities we see in the market and provides higher returns.

Market outlook

In most of the world, capital requirements of financial institutions are increasing. Combined with strategic decisions leading to institutions choosing to exit certain geographic markets and/or product segments, we see strong prospects for continued healthy market growth. In a market with many investment options, it remains important that we maintain our demands on portfolio quality and return, consistent with DDM's long track record of successful investments.

We have accomplished a great deal in 2015 through the favourable development of our business and the strengthening of our relationships, making DDM ready for the next stage of our growth journey. I would like to thank all of our colleagues, customers, investors and partners, who have made this possible and look forward to another successful year ahead!

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 2015 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 operations started in July 2013 with the 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. On 23rd June 2015 DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG, Baar, Switzerland were acquired by DDM Treasury Sweden AB.

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

Facts and figures – The DDM Treasury Group 2015
Consolidated revenue on invested assets during the year amounted to SEK 129.3M (2014: SEK 44.2M). Operating profit amounted to SEK 103.4M (2014: SEK 37.3M).

Earnings before tax for the year amounted to SEK positive 35.8M (2014: negative SEK 18.1M) and earnings after tax was positive SEK 36.0M (2014: negative SEK 18.2M).

Significant events during the financial year
The DDM Treasury Group invested SEK 15.8M in new debt portfolios during 2015 and made its first investment in Hungary. Net collections increased during the year as a result of continued investments in distressed debt portfolios. Net collections benefit from collections from acquired portfolios, as DDM owns the economic benefit of net collections in 2015 from the acquired investment in Hungary, however this is not reflected in the cash flows for 2015 as the economic benefit is offset against the cash purchase price.

Geopolitical turmoil continued in Russia during the year which weighed on the Russian currency, the RUB. The RUB depreciated by 11% over the course of the year, which directly impacted the DDM Treasury Group's results through, primarily unrealized, foreign exchange losses. The impact on the DDM Treasury Group's results is lower than in 2014 as the carrying value of our Russian portfolios has decreased significantly due to collections and associated amortization in the year, no further investments being made and following the decision to revalue the Russian portfolios to reflect the current macroeconomic situation.

We continued to manage our portfolios during the year, and as a result at the end of the year we divested a portfolio in Poland that was not meeting our investment return requirements. This allows us to reinvest the funds in a portfolio that better mirrors the opportunities we see in the market and provides higher returns.

The DDM Treasury Group saw a very strong increase in the deal flow throughout 2015 and was invited to participate in an increasing number of debt tenders as its brand recognition increased and transaction capabilities were demonstrated. The group was also invited to participate in tenders with significantly larger portfolios than in the past.

Geographical regions
During 2015, the DDM Treasury Group broadened its geographical presence and made its first investment in Hungary.

The operational and investment activities of the DDM Treasury Group and the DDM Group are not divided into 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 and other long-term receivables from investments
The acquisition in Hungary in 2015 is shown within other long-term receivables from investments. The receivables are against the local legal entities holding the leasing portfolios, in comparison to the distressed asset portfolios where the receivables are directly against the debtor. Distressed asset portfolios and other long-term receivables from investments, i.e. portfolios of overdue consumer receivables, are acquired for significantly less than their nominal value after which the DDM Treasury Group collects the receivables in cooperation with local debt collection agencies. As such, revenue on invested assets represents 100% of the consolidated income.

In 2015, the cash purchase price of investments in distressed asset portfolios amounted to SEK 15.8M. Revaluation of invested assets had a SEK 41.4M negative impact on earnings in 2015, primarily driven by the macroeconomic uncertainty in Russia in addition to the divestment of a portfolio in Poland that was not meeting our investment return requirements.

Expenses
Administrative expenses consisted primarily of costs relating to audit, legal and accounting services, salary costs and consultancy fees associated with the Swiss withholding tax applicable to the 300M SEK senior secured notes.

Net financial items
In 2015 net financial items amounted to an expense of SEK 67.6M (2014: SEK 55.4M).

Cash flow and investments
Cash flow from operating activities over the full-year amounted to negative SEK 16.6M (2014: negative SEK 14.4M), as DDM owns the economic benefit of net collections in 2015 from the acquired investment in Hungary, however this is not reflected in the cash flows for 2015 as the economic benefit is offset against the cash purchase price.

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 of DDM Treasury, DDM Group AG.

Financing
At 31 December 2015 net debt, consisting of the senior secured bond loan issued during 2013 as well as subordinated debt, less cash and cash equivalents, amounted to SEK 277.8M. Shareholders' equity amounted to SEK 97.6M. The framework of the senior secured bond that was issued during 2013 at 13% interest with maturity date 26 June 2016 was initially at a maximum of SEK 500.0M, out of which SEK 300.0M has been utilized. On 18 May 2015, DDM Treasury initiated a written procedure to allow noteholders to vote on a restatement and certain amendments to the existing terms and conditions. The Written Procedure was closed on 11 June 2015 and the Notes Exchange became effective on 23 June 2015. DDM Treasury made an additional cash payment of 4% on the effective date to the noteholders. In connection to the notes exchange DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG were transferred to the direct ownership of DDM Treasury and pledged as security.

The amended terms and conditions included the extension of the maturity to 27 December 2018, wider geographic scope in Europe, removal of cash-covenants and hedging restrictions, improved possibilities for future dividend payments and the introduction of an Inter-Creditor Agreement. The amended terms and conditions in their entirety are available on our webpage along with a summary of the amendments.

The subordinated debt amounting to SEK 30.7M 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 3 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 3 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's systems and understanding of creditor's requirements are optimum and are paired with respect for debtors and their integrity.

Business ethics

DDM'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 generally has limited possibilities to affect the environment, although it seeks to act in an environmentally responsible manner where possible.

Market outlook

We remain positive on the outlook for the company on the back of our strong full year results and improved financial metrics. We anticipate the strong pipeline of portfolios for sale across our region to continue and outpace industry growth in Europe as a whole. DDM is well placed to continue its rapid expansion in its investment activities. We continue to see increasing opportunities for profitable growth of our investment portfolio as a direct result of entering new markets coupled with a continuous strong and growing pipeline.

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 subsidiaries, DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG, and providing funding for the subsidiaries' investments into distressed asset portfolios through the issuance of financial instruments. The funding is provided by intercompany loans.

The Parent Company reported revenue of SEK 5.7M (2014: SEK 5.7M) for the year and profit before tax of SEK 2.1M (2014: SEK 0.3M).

The Parent Company had one employee during the year.

Events after the balance sheet date

The DDM Treasury Group continues to see a very strong deal flow coming into 2016 and has been invited to participate in an increasing number of debt tenders as its brand recognition increases and transaction capabilities are demonstrated. The DDM Treasury Group continues to be invited to participate in tenders with significantly larger portfolios than in the past.

Financial summary

Key figures, SEK M (unless otherwise indicated)	**2015**	**2014**	**2013**
Revenue on invested assets	129.3	44.2	31.4
Operating profit / (loss)	103.4	37.3	29.4
Operating margin, %	80	84	94
Cash flow from operating activities	(16.6)	(14.4)	16.7
Adjusted equity / total asset ratio, %	27	15	17

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 industry is negatively affected 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, in the long-term the operations have historically adapted to the new circumstances.

Market risks

DDM Treasury's financing and financial risks are managed by DDM Group 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 in the DDM Group in Switzerland, ensuring economies of scale when pricing financial transactions. In each country where DDM Treasury invests, revenue and most operating expenses are denominated in local currencies. Revenue 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 arises that affects investor value. For further information regarding currency exposure, see Note 10.

Interest rate risks relate primarily to DDM Treasury's interest-bearing debt, which consist of a long-term bond at 13% interest rate and a short-term bond at 18% interest 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 that are necessary for collections to be conducted, including letter costs, court expenses, legal representation, bailiffs and similar. 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 and other long-term receivables from investments
To minimize the risks in this business, caution is exercised in investment decisions. The DDM Group acquires distressed assets mainly consisting of non-performing loans with an investment value of EUR 3–30M. Sellers are primarily financial institutions, typically international banks with presence in several countries in Eastern Europe. The DDM Group has established relationships with sellers throughout the industry and as DDM is able to take on a leading position, we get repeat business as well as access to financial co-investors. Historically DDM has acquired portfolios of unsecuritized assets, however in 2015 we made a significant acquisition where the majority of assets are securitized.

Distressed asset portfolios and other long-term receivables from investments are usually purchased at prices significantly below the nominal value of the receivables, and the DDM Treasury Group retains the entire amount it collects, including interest and fees, after deducting costs directly relating to the collection of the debt. DDM Group places return requirements on distressed asset portfolios and other long-term receivables from investments. 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 assets from various clients in different countries.

Financing risk
The terms and conditions of DDM Treasury's bond loans contain a financial covenant that 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. The amended terms and conditions to the SEK 300M senior secured notes include an extension of the maturity to 27 December 2018, wider geographic scope in Europe, removal of cash-covenants and hedging restrictions, improved possibilities for future dividend payments and the introduction of an Inter-Creditor Agreement. The amended terms and conditions in their entirety are available on our webpage along with a summary of the amendments.

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 2015.

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

Corporate Governance Report
DDM Treasury Sweden AB has in accordance with the Swedish Annual Accounts Act 6 chapter 8§ established a corporate governance report. The report is available at the company, and will be distributed upon request.

Employees
DDM Treasury had one employee in 2015. All other staff involved in the activities of DDM Treasury are employed by DDM Group AG and are based in Baar, Switzerland. DDM Group AG charges DDM Treasury a management fee for this work.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	**2015**
Retained earnings	326,909
Net earnings for the year	2,096,730
Total	**2,423,639**

The Board of Directors propose that the earnings be distributed as follows:

SEK	**2015**
Balance carried forward	2,423,639
Total	**2,423,639**

For other information we refer to the following financial statements and notes.

GROUP
CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Amounts in SEK M	Notes	2015	2014
Revenue on invested assets	5	**129.3**	**44.2**
Personnel expenses	6	(0.5)	(0.2)
Consulting expenses	7	(24.9)	(5.8)
Other operating expenses		(0.5)	(0.9)
Operating profit / (loss)		**103.4**	**37.3**
Financial income	8	0.3	0.5
Financial expenses	8	(67.9)	(55.9)
Net financial income / (expense)		**(67.6)**	**(55.4)**
Profit / (loss) before income tax		**35.8**	**(18.1)**
Tax income / (expense)	9	0.2	(0.1)
Profit / (loss) for the year		**36.0**	**(18.2)**
Of which attributable to:			
Owners of the Parent Company		**36.0**	(18.2)
Earnings per share, SEK		**72.0**	(36.6)

GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in SEK M	2015	2014
Profit / (loss) for the year	**36.0**	**(18.2)**
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss	–	–
Items that may subsequently be reclassified to profit or loss:		
Currency translation differences	0.5	(0.1)
Recognition of accumulated losses of subsidiaries	(57.1)	–
Other comprehensive income for the year, net of tax	**(56.6)**	**(0.1)**
Total comprehensive income for the year	**(20.6)**	**(18.3)**
Total comprehensive income for the year attributable to owners of the Parent Company	**(20.6)**	**(18.3)**

GROUP
CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in SEK M	Notes	2015	2014
ASSETS			
Non-current assets			
Interests in associates	12	5.5	–
Distressed asset portfolios	10	204.5	228.4
Other long-term receivables from investments	11	152.7	–
Total non-current assets		**362.7**	**228.4**
Current assets			
Accounts receivable	13	38.0	8.2
Receivables from other group companies	18	38.8	105.0
Prepaid expenses and accrued income		3.0	2.0
Cash and cash equivalents	14	29.9	67.3
Total current assets		**109.7**	**182.5**
TOTAL ASSETS		**472.4**	**410.9**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	0.5	0.5
Other contributed capital	15	124.2	37.5
Reserves		0.3	0.3
Retained earnings including net earnings for the year		(27.4)	(6.8)
Total shareholders' equity attributable to Parent Company's shareholders		**97.6**	**31.6**
Non-current liabilities			
Bond loan	16	277.0	320.1
Total non-current liabilities		**277.0**	**320.1**
Current liabilities			
Accounts payable	17	39.0	1.6
Bond loan	16, 17	24.7	–
Liabilities to other group companies	18	0.0	27.5
Other liabilities	17	6.5	4.2
Accrued expenses and deferred income	17	27.6	25.9
Total current liabilities		**97.8**	**59.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**472.4**	**410.9**

GROUP
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December Amounts in SEK M	**2015**	**2014**
Cash flow from operating activities		
Operating profit / (loss)	103.4	37.3
Adjustments for non-cash items:		
Amortization of invested assets	*57.8*	*94.2*
Revaluation of invested assets	*41.4*	*(10.3)*
*Other items not affecting cash**	*(220.1)*	*(31.4)*
Interest paid	(73.4)	(43.4)
Interest received	0.0	0.9
Cash flow from operating activities before working capital changes	**(90.9)**	**47.3**
Working capital adjustments		
(Increase) / decrease in accounts receivable	(29.8)	(3.0)
(Increase) / decrease in other receivables	67.3	(90.0)
Increase / (decrease) in accounts payable	37.4	(1.6)
Increase / (decrease) in other current liabilities	(0.6)	29.7
Net cash flow from operating activities	**(16.6)**	**(14.4)**
Cash flow from investing activities		
Purchases of associates	(5.5)	–
Purchases of distressed asset portfolios and other long-term receivables from investments	(15.8)	(53.2)
Net cash flow received / (used) in investing activities	**(21.3)**	**(53.2)**
Cash flow from financing activities		
Increase in other contributed capital	0.0	13.1
Net cash flow received / (used) in financing activities	**0.0**	**13.1**
Cash flow for the year	**(37.9)**	**(54.5)**
Cash and cash equivalents less bank overdrafts at beginning of the year	67.3	121.8
Foreign exchange gains / (losses) on cash and cash equivalents	0.5	0.0
Cash and cash equivalents less bank overdrafts at end of the year	**29.9**	**67.3**

* The majority of the Other items not affecting cash in 2015 relates to the investment in Hungary, where DDM owns the economic benefit of net collections in 2015 from the acquired investment. This is not reflected in the cash flows for 2015 as the economic benefit is offset against the cash purchase price. The investment in Hungary in December 2015 was not paid at the balance sheet date. See notes 2, 4 and 5.

GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent Company				
Amounts in SEK M	**Share capital**	**Other contributed capital**	**Reserves**	**Retained earnings**	**Total equity**
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	–	–	(0.1)	–	**(0.1)**
Total comprehensive income	**–**	**–**	**(0.1)**	**(18.2)**	**(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**
Balance at 1 January 2015	**0.5**	**37.5**	**0.3**	**(6.8)**	**31.6**
Comprehensive income					
Profit / (loss) for the year	–	–	–	36.0	**36.0**
Other comprehensive income					
Recognition of accumulated losses of subsidiaries	–	–	–	(57.1)	**(57.1)**
Currency translation differences	–	–	–	0.5	**0.5**
Total comprehensive income	**–**	**–**	**–**	**(20.6)**	**(20.6)**
Transactions with owners					
Borrowings from related parties, equity part	–	86.7	–	–	**86.7**
Total transactions with owners	**–**	**86.7**	**–**	**–**	**86.7**
Balance at 31 December 2015	**0.5**	**124.2**	**0.3**	**(27.4)**	**97.6**

PARENT COMPANY – INCOME STATEMENT

For the year ended 31 December Amounts in SEK M	Notes	2015	2014
Revenue		5.7	5.7
Personnel expenses	6	(0.5)	(0.2)
Consulting expenses	7	(4.0)	(2.2)
Other operating expenses		(0.1)	(1.0)
Operating profit / (loss)		**1.1**	**2.3**
Income from participation in Group companies	18	5.9	-
Financial income		45.7	45.0
Financial expenses		(50.6)	(47.0)
Net financial income / (expenses)		**1.0**	**(2.0)**
Profit / (loss) before income tax		**2.1**	**0.3**
Tax income / (expense)		0.0	(0.1)
Profit / (loss) for the year		**2.1**	**0.2**

PARENT COMPANY – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in SEK M	2015	2014
Profit / (loss) for the year	**2.1**	**0.2**
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss	–	–
Items that may subsequently reclassified to profit or loss	–	–
Total other comprehensive income for the year, net of tax		
Total comprehensive income for the year	**2.1**	**0.2**

PARENT COMPANY – BALANCE SHEET

As at 31 December Amounts in SEK M	Notes	2015	2014
ASSETS			
Non-current assets			
Shares in other group companies	19	5.6	0.7
Receivables from other group companies	18	312.9	312.8
Total non-current assets		**318.5**	**313.5**
Current assets			
Receivables from other group companies	18	204.9	14.3
Prepaid expenses and accrued income		36.2	0.0
Cash and cash equivalents	14	28.0	22.3
Total current assets		**269.1**	**36.6**
TOTAL ASSETS		**587.6**	**350.1**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	0.5	0.5
Retained earnings including net earnings for the year		2.4	0.3
Total shareholders' equity		**2.9**	**0.8**
Non-current liabilities			
Bond loan	16	277.0	320.1
Total non-current liabilities		**277.0**	**320.1**
Current liabilities			
Accounts payable	17	5.4	0.1
Bond loan	16, 17	24.7	–
Liabilities to other group companies	18	254.3	7.2
Other liabilities	17	–	0.5
Accrued expenses and deferred income	17	23.3	21.4
Total current liabilities		**307.7**	**29.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**587.6**	**350.1**

PARENT COMPANY – CASH FLOW STATEMENT

For the year ended 31 December Amounts in SEK M	2015	2014
Cash flow from operating activities		
Operating profit / (loss)	1.1	2.3
Interest paid	(50.6)	(47.0)
Interest received	45.7	44.9
Other items not affecting cash	1.1	–
Cash flow from operating activities before working capital changes	**(2.7)**	**0.2**
Working capital adjustments		
(Increase) / decrease in other receivables	197.5	2.3
Increase / (decrease) in accounts payable	0.0	0.1
Increase / (decrease) in other current liabilities	1.9	3.2
Net cash flow from operating activities	**196.7**	**5.8**
Cash flow from investing activities		
Loans to group companies	(191.0)	(90.2)
Net cash flow received / (used) in investing activities	**(191.0)**	**(90.2)**
Cash flow from financing activities		
Borrowings	–	–
Net cash flow received / (used) in financing activities	**0.0**	**0.0**
Cash flow for the year	**5.7**	**(84.4)**
Cash and cash equivalents less bank overdrafts at beginning of the year	22.3	106.7
Cash and cash equivalents less bank overdrafts at end of the year	**28.0**	**22.3**

PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

Amounts in SEK M	Share capital	Retained earnings	Total equity
Balance at 1 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**
Balance at 1 January 2015	**0.5**	**0.3**	**0.8**
Comprehensive income			
Profit / (loss) for the year	–	2.1	**2.1**
Other comprehensive income			
Total comprehensive income	**–**	**2.1**	**2.1**
Transactions with owners	–	–	**–**
Total transactions with owners	**–**	**–**	**–**
Balance at 31 December 2015	**0.5**	**2.4**	**2.9**

At 31 December 2015 and at 31 December 2014 the number of outstanding shares in DDM Treasury Sweden AB amounts to 500,000 shares, with a nominal value of SEK 1 per share.

NOTE 1. GENERAL INFORMATION

DDM Treasury Sweden AB (publ) ("DDM Treasury" or "the Company") and its subsidiaries (together "DDM Treasury Group" or "the Group") provide liquidity to lenders on certain lending markets by acquiring distressed consumer debt, enabling the lenders to continue providing loans to companies and individuals. DDM Treasury Group 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 is a wholly owned subsidiary of DDM Treasury. On 23 June 2015 DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG, Baar, Switzerland were acquired by DDM Treasury Sweden AB. They are wholly owned subsidiaries, therefore this acquisition was not considered as a business combination according to IFRS 3, as the transaction was done in the ordinary course of business among entities which are under common control of DDM Holding AG.

DDM Treasury acts solely as the issuer of financial instruments and extends this funding intra-group whereas DDM Group AG 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 March 30, 2016, the Board of Directors approved the 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 SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of preparation

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. DDM Treasury Group has evaluated the differences between the IFRS as adopted by the EU and the IFRS approved by the IASB with influence on the DDM group's financial statements, and concluded that there are no material differences.

The consolidated financial statements have been prepared on the basis of historical cost modified with the revaluation of financial assets and financial liabilities at fair value through profit or loss. Distressed asset portfolios and other long-term receivables from investments are measured at amortized cost using the effective interest rate method less impairment.

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 to 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 2015

Below is a list of relevant standards/interpretations that have been issued and are effective for periods beginning on or after 1 January 2015:

(i) Amendments to IFRS 8 on operating segments

This amendment requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported. Effective date: 1 July 2014.

(ii) Amendments to IFRS 13 on fair value measurement

These amendments confirm that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial. The amendments also clarify that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9. Effective date: 1 July 2014.

Accounting standards and amendments issued but not yet adopted in 2015

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 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 DDM Treasury Group except the following:

NOTE 2. SUMMARY OF SIGNIFICANT… continued

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.

IFRS 9 will impact DDM Treasury Group as the distressed asset portfolios and other long-term receivables from investments are measured at amortized cost. The impact on the recognition, accounting principles and disclosures is being assessed, however DDM Treasury Group does not expect there to be significant changes to the current accounting treatment as the principle of the amortized cost method will not change significantly.

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

2.2 – Consolidated accounts

Subsidiaries

Subsidiaries are all entities (including special purpose 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 to direct the activities of 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 following entities are included in the scope of consolidation:

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2015	31 Dec 2014
DDM Invest I AG	Fully consolidated	Switzerland	(100%)	–
DDM Invest II AG	Fully consolidated	Switzerland	(100%)	–
DDM Invest III AG	Fully consolidated	Switzerland	(100%)	–
DDM Invest IV AG	Fully consolidated	Switzerland	(100%)	–
DDM Invest X AG	Fully consolidated	Switzerland	(100%)	–
DDM Invest XX AG	Fully consolidated	Switzerland	(100%)	(100%)

Associates

Associates are all entities over which the DDM Treasury Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method. The carrying amount (including goodwill) of equity accounted investments is tested for impairment in accordance with the policy described in Note 2.

Entities not included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2015	31 Dec 2014
Profinance doo Beograd	Equity accounted	Serbia	(49.67%)	–

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.

NOTE 2. SUMMARY OF SIGNIFICANT… continued

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 I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X 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 as the transaction was done in the ordinary course of business among entities which are under common control of DDM Holding AG.

In DDM Treasury Sweden's consolidated financial statements the assets and liabilities of DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG have been incorporated at their pre-combination carrying amounts without any fair value uplift or goodwill recorded. Consolidated financial statements include DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG's results from 23 June 2015 and DDM Invest XX AG's full year results.

2.3 – Segment reporting
The one operating segment in the DDM Treasury Group is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, 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 DDM Treasury Group is active in several geographical markets all financial information is reported on investment-level, irrespective of geographical origin. The DDM Treasury Group reports one segment, consistent with the DDM Group policy.

2.4 – Foreign currency translation
Functional and presentation 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 presentation 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.

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 presentation currency are translated into the presentation 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.

NOTE 2. SUMMARY OF SIGNIFICANT… continued

2.5 – Financial assets and liabilities

Classification

The DDM Treasury 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 and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired.

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. DDM Treasury Group's loans and receivables comprise trade receivables and cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Distressed asset portfolios and other long-term receivables from investments are measured at amortized cost using the effective interest method less impairment, and consist of consumer loans including car loans, cash loans etc.

(b) Other financial liabilities

The borrowings of the DDM Treasury Group (including borrowings from credit institutions and 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 the trade date which is the date on which the DDM Treasury Group 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 through profit or loss. Financial assets and liabilities reported at fair value through 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 Group 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 through 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 as gross amounts in the DDM Treasury Group and the Parent Company's financials, and therefore offsetting of financial assets and liabilities has not been disclosed.

Impairment of financial assets

DDM Treasury 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 amortized cost 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 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 the line 'Revenue on invested assets' 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.

NOTE 2.* SUMMARY OF SIGNIFICANT… *continued

(d) Distressed asset portfolios and other long-term receivables from investments
DDM Treasury Group invests in distressed asset portfolios, where the receivables are directly against the debtor, and in other long-term receivables from investments, where the receivables are against the local legal entities holding the portfolios of loans.

Other long-term receivables from investments
DDM Group AG owns 100% of the shares in the local legal entities holding the leasing portfolios. However, the economic substance of the investments are the underlying portfolios of loans, which the DDM Treasury Group owns together with a co-investor. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the DDM Treasury Group financial statements. The receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The following investments are treated in this manner:

Entity	Domicile	31 Dec 2015	31 Dec 2014
Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság	Hungary	(100%)	–
Lombard Ingatlan Lízing Zrt.	Hungary	(100%)	–
Lombard Bérlet Kft.	Hungary	(100%)	–

The recognition of the acquisition of distressed asset portfolios and other long-term receivables from investments is based on the DDM Treasury Group's own forecast of future cash flows from acquired portfolios. Distressed asset portfolios and other long-term receivables from investments consist mainly of portfolios of non-performing consumer debts purchased at prices significantly below their 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.

Distressed asset portfolios and other long-term receivables from investments are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio / receivable 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 Group recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate. Both a reduction and an increase in the carrying amount is recorded in the income statement in the line "Revaluation of invested assets".

If the Company sells a portfolio / receivable for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement (within the line "Revaluation of invested assets").

For further information on the Group's distressed asset portfolios and other long-term receivables from investments, see also Note 10.

(e) Cash and cash equivalents
Cash and cash equivalents include cash in hand, cash deposits held 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.

(f) 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 accounts payable is expected to correspond with the fair value of the account payable, as this item is of a short-term nature.

NOTE 2. SUMMARY OF SIGNIFICANT… continued

(g) 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 amortized cost; 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 twelve 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.

(h) Impairment
Goodwill is reviewed for impairment annually or at any time if an indication of impairment exists. The recoverable amount is an asset's fair value less costs to sell or its value in use (being the present value of the expected future cash flows of the relevant asset), whichever is higher.

2.6 – Share capital
Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance 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 the 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 the 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 pretax 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 on financial instruments such as distressed asset portfolios and other long-term receivables from investments are recognized over the course of maturity according to the effective interest method. DDM Treasury Group 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 Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

NOTE 2. SUMMARY OF SIGNIFICANT… continued

No dividends will be proposed to the 2016 annual general meeting regarding the operations for 2015.

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 Accounts 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 participation in Group companies.

2.12 – Definitions of key ratios
Applied in the "Financial summary" in the administration report
Adjusted equity / total assets ratio: Adjusted equity as a percentage of balance sheet 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.

Operating margin, %: Operating profit / loss excluding items affecting comparability, depreciation, amortization and impairment of tangible and intangible fixed assets as a percentage of income.

EBITA: Operating profit / loss before amortization and before items affecting comparability.

NOTE 3. FINANCIAL RISK MANAGEMENT

The DDM Treasury Group'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 and other long-term receivables from investments.

Risk management is carried out by DDM Group in accordance with policies established by the Board of Directors. DDM Group identifies and evaluates financial risks in close co-operation with 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. 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 DDM Treasury's results and equity. With the aim of reducing such effects, DDM Treasury applies policies to minimize translation of currencies.

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 Group's equity and reported in Reserves. The financial policy states that net investments in foreign currencies shall not be hedged with financial derivatives, among other reasons, to avoid potential undesired liquidity effects when such derivatives are renewed. DDM Treasury Group 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 Group's operations are characterized by collections and purchases mainly performed in local currency in the respective countries, which implies that the transaction exposures from DDM Treasury Group's commercial flows are limited. DDM Treasury Group is not hedging using any instruments. As part of cash management DDM Treasury Group is striving to maintain cash in the different currencies they are exposed to. See also Notes 2 and 12 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 fixed rates expose DDM Treasury to fair value interest rate risk.

Credit risk

Credit risk or counterparty risk is the risk that the counterparty 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.

A second source of counterparty risk arises in connection to funds collected during the ordinary course of business. Funds collected are paid in to client fund accounts opened by the respective debt collection agencies to separate DDM Treasury Group's funds from the general funds of the agency. Twice per month there is a reconciliation-process, and based on this received and allocated funds are transferred from the client fund accounts. Should a debt collection agency become insolvent between such reconciliation events monies collected and not yet reconciled could be frozen on the account pending the outcome of the insolvency. In selecting debt collection partners DDM Treasury Group makes 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 counterparty. Debtor credit risk is the risk that debtors cannot fulfil their obligations. If customers are independently rated, these credit ratings are 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 DDM Treasury Group'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 DDM Treasury Group's liabilities in the form of financial instruments, based on the remaining period to the earliest contractual maturity date as at the 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 the 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 2015				
Borrowings	87.5	37.4	340.7	–
Trade and other payables	45.5	–	–	–
Total	**133.0**	**37.4**	**340.7**	–

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 2015				
Borrowings	87.5	37.4	340.7	–
Trade and other payables	5.4	–	–	–
Total	**92.9**	**37.4**	**340.7**	–

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**	**–**	**–**

Financial instruments by category
Fair value is equal to carrying value of financial instruments.

Group SEK M	Loans and receivables
At 31 December 2015	
Assets as per balance sheet	
Interests in associates	5.5
Distressed asset portfolios and other long-term receivables from investments	357.2
Trade and other receivables	76.8
Prepaid expenses and accrued income	3.0
Cash and cash equivalents	29.9
Total	**472.4**

Group SEK M	Other financial liabilities
At 31 December 2015	
Liabilities as per balance sheet	
Bond loans	301.7
Loan from related parties	–
Trade and other payables	45.5
Accrued expenses and deferred income	27.6
Total	**374.8**

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

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

Fair values
DDM Treasury Group considers there to be no material differences between the financial asset values in the consolidated balance sheet and their fair value. Invested assets are classified as loan receivables and recognized at amortized cost according to the effective interest rate method. The Group determines the carrying value by calculating the present value of estimated future cash flows at the invested assets' original effective interest rate. Adjustments are recognized in the income statement. In the Group's opinion, the market's yield requirements in the form of effective interest rates on new invested assets have remained fairly constant, despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is the best estimate of the fair value of invested assets. Please note that the table below is only intended to illustrate how the use of fair value could be presented. DDM reports their loans at amortized cost and the table below should only be considered from an illustrative perspective.

Group SEK M	IAS 39 category	Fair value category	31 Dec 2015	31 Dec 2014
Assets	**Fair value and carrying value of financial instruments**			
Accounts receivable	Loans and receivables at amortized cost	Level 2	38.0	8.2
Distressed asset portfolios	Loans and receivables at amortized cost	Level 3	204.5	228.4
Other long-term receivables from investments	Loans and receivables at amortized cost	Level 3	152.7	–
Liabilities	**Fair value and carrying value of financial instruments**			
Accounts payable	Financial liabilities at amortized cost	Level 2	39.0	1.6
Other payables	Financial liabilities at amortized cost	Level 2	34.1	30.1
Short-term bond loan	Financial liabilities at amortized cost	Level 2	24.7	–
Long-term bond loan	Financial liabilities at amortized cost	Level 2	277.0	320.1

The levels in the hierarchy are:
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
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.

SEK M	31 December 2015	31 December 2014
Total assets	**472.4**	**410.9**
Equity	**97.6**	**31.6**
Subordinated loan 1)	**30.7**	**30.1**
Total capital	**128.3**	**61.7**
Adjusted equity / total asset ratio	**27%**	**15%**

1) Subordinated loan consist of an external subordinated loan, SEK 30.7M according to the Bond agreement.

NOTE 4. CRITICAL ESTIMATES AND ASSUMPTIONS IN APPLYING THE GROUP'S ACCOUNTING PRINCIPLES

Estimates and assumptions 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 website for additional information on risk factors affecting DDM Treasury Group.

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 as follows:

Revenue recognition and measurement of acquired portfolios and other long-term receivables from investments
Distressed asset portfolios and other long-term receivables from investments are financial instruments that are accounted for under IAS 39 and are measured at amortized cost using the effective interest method ("EIR"). The effective interest rate method is a method of calculating the amortized cost of a distressed asset portfolio/receivable and of allocating interest income over the expressed life of the portfolio/receivable; the allocated interest income is recorded as revenue on invested assets, in the financial statements. The EIR is the rate that exactly discounts estimated future purchased portfolio cash receipts through the expected life of the purchased portfolio/receivable. The EIR is determined at the time of purchase of the portfolio. When an individual portfolio's/receivables' carrying value is completely recovered, we recognize any subsequent collections as revenue as they are received. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy.

Upward revaluations are recognized as revenue. Subsequent reversals of such upward revaluations are recorded in the revenue line. If such reversals exceed cumulative revenue recognized to date, a provision for impairment is recognized.

The portfolios/receivables are reviewed for any possible indications of impairment at the balance sheet date in accordance with IAS 39. Where portfolios/receivables exhibit objective evidence of impairment, an adjustment is recorded to the carrying value. If the forecasted collections exceed initial estimates, an adjustment is recorded as an increase to the carrying value and is included in revenue on invested assets. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy. Estimates of cash flows that determine the EIR are established for each purchased portfolio/receivable and are based on our collection history with respect to portfolios/receivables comprising similar attributes and characteristics such as date of purchase, original credit grantor, type of receivable, customer payment history and customer location. Revaluations of portfolios/receivables are based on the rolling 120-month ERC ("Estimated remaining collections") at the revaluation date. The ERC is updated quarterly using a proprietary model. ERC represents an estimate of the undiscounted cash flows from our distressed asset portfolios and other long-term receivables from investments at a point in time.

The Group estimates that a continuous decrease of net collections by 10% would result in a 10% decrease of the net present value, or book value, assuming that the forecasted collection curve remain unchanged. If collections consistently would exceed the originally forecasted amounts by 10%, the net present value, or book value, would be expected to increase by 10%. In addition, if collections would start later than originally forecasted, the net present value, and book value, are expected to be negatively impacted while be positively impacted should collections start earlier than originally forecasted.

DDM has recognised the acquisition of the shares of Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság, being the sole shareholder of Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft in its financial statements for the year ended 31 December 2015 as the transaction is deemed as virtually closed in 2015. The approval by the National Bank of Hungary (NBH) is the last step in the acquisition process and is deemed to be virtually certain due to a number of factors, including that the competition commission has already approved the transaction and that the acquiring entity and its senior executives has not changed since the Finalp transaction in early 2015. In addition, the NBH has approved the representatives of DDM for the regulated positions. See note 2 for details of the accounting treatment of other long-term receivables from investments.

NOTE 5. RECONCILIATION OF REVENUE ON INVESTED ASSETS

Revenue on invested assets is the net amount of the cash collections at the collected amount (net of direct collection costs), amortization of invested assets and revaluation of invested assets. Net collections includes management fees received from co-investors, as DDM manages the operations of these assets. These fees are considered to be immaterial and have therefore not been disclosed separately.

As the collection procedure is outsourced, the net amount of cash collected is recorded within the line "Revenue on invested assets" in the consolidated income statement.

Collection costs are comprised of all expenses directly attributable to the collection of distressed asset portfolios and other long-term receivables from investments, such as collection fees, commission, transaction costs, non-recoverable VAT on amounts collected and Swiss VAT where applicable. The collection costs differ from portfolio to portfolio depending on the country/jurisdiction and the specific features of the assets concerned.

Revenue on invested assets by region

SEK M	2015	2014
Hungary	122.0	–
Romania	57.1	65.1
Czech Republic	18.9	–
Slovenia	18.6	31.4
Russia	9.4	31.6
Poland	1.8	–
Slovakia	0.8	–
Net collections	**228.6**	**128.1**
Amortization of invested assets	(57.8)	(94.2)
Interest income on invested assets before revaluation	**170.8**	**33.9**
Revaluation of invested assets	(41.4)	10.3
Revenue on invested assets	**129.3**	**44.2**

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 Group reports segment on an entity basis, i.e. one operating segment.

The Group discloses information regarding revenue on invested assets based on its key geographic areas.

DDM acquires its portfolios from financial institutions at a discount. Such discount gives DDM room to negotiate realistic instalment plans with debtors. DDM targets portfolios with a market value of EUR 3–30 million.

NOTE 6. PERSONNEL EXPENSES

The Parent Company and its subsidiaries had one employee in 2015. The total salary was SEK 0.5M.

Gender distribution of board members and other senior executives

The board consists of three members, whereof three men. The DDM Treasury Group has one managing director, whereof one man.

NOTE 7. CONSULTING EXPENSES

Group SEK M	2015	2014
Consultancy fees	2.6	2.4
PwC		
Audit assignments	0.4	0.6
Other audit related assignments	–	0.2
Tax assignments	–	–
Other consultancy assignments	–	–
DDM Group management fees	21.9	2.6
Total	**24.9**	**5.8**

Parent Company SEK M	2015	2014
Consultancy fees	3.6	1.6
Öhrlings PwC		
Audit assignments	0.4	0.4
Other audit related assignments	–	0.2
Tax assignments	–	–
Other consultancy assignments	–	–
Total	**4.0**	**2.2**

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 8. NET FINANCIAL INCOME / (EXPENSES)

Group SEK M	2015	2014
Financial income		
Translation differences	0.0	0.5
Other financial income	0.3	0.0
Total financial income	**0.3**	**0.5**
Financial expenses		
Interest expenses	(45.7)	(47.0)
Other financial expenses	(5.2)	(0.5)
Unrealized gains / (losses)	(17.0)	(8.4)
Total financial expenses	**(67.9)**	**(55.9)**
Net financial income / (expenses)	**(67.6)**	**(55.4)**

NOTE 9. INCOME TAX

Group SEK M	2015	2014
Current tax on profit for the year	0.2	(0.1)
Total tax income/(expense)	**0.2**	**(0.1)**

Parent Company SEK M	2015	2014
Current tax on profit for the year	0.0	(0.1)
Total tax income/(expense)	**0.0**	**(0.1)**

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

Group SEK M	2015	2014
Profit / (loss) before tax	35.8	(18.1)
Income tax calculated in accordance with the Group's current tax rate	(3.6)	1.8
Current tax on profit for the year	0.2	(0.1)
Non-deductible expenses	0.0	0.0
Tax losses for which no deferred income tax asset was recognized	3.6	(1.8)
Effects of foreign tax rates	0.0	0.0
Total tax income/(expense)	**0.2**	**(0.1)**

Parent Company SEK M	2015	2014
Profit before tax	2.1	0.3
Income tax calculated at current tax rate (22%)	(0.4)	(0.1)
Non-taxable income	0.0	0.0
Tax losses for which no deferred income tax asset was recognized	0.4	0.0
Total tax income/(expense)	**0.0**	**(0.1)**
Weighted average tax rate in the group is	0.0%	0.0%

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	31 December 2015	31 December 2014
Opening accumulated acquisition cost	**311.6**	**248.5**
Acquisitions, including foreign exchange differences	71.7	63.1
Disposals	(37.8)	–
Closing accumulated acquisition cost	**345.5**	**311.6**
Opening accumulated amortization and revaluation	**(83.2)**	**(8.9)**
Amortization and revaluation, including foreign exchange differences	(54.7)	(74.3)
Disposals	(3.1)	–
Closing accumulated amortization and revaluation	**(141.0)**	**(83.2)**
Closing net book value	**204.5**	**228.4**

We divested a portfolio in Poland in the fourth quarter of 2015 that was not meeting our investment return requirements.

The DDM Treasury Group assesses at each reporting date whether there is objective evidence that a portfolio/receivable is impaired. A portfolio/receivable is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the portfolio/receivable that can be reliably estimated.

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, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

During 2015 and 2014, the Group has not reclassified any of its financial non-current assets, which have been valued at amortized cost, to assets valued at fair value.

The DDM Treasury Group invests in portfolios that are denominated in local currencies as well as portfolios denominated in EUR, CHF and USD. Therefore, fluctuations in the SEK exchange rate against these currencies affect collections from distressed asset portfolios and other long-term receivables from investments and operating earnings of the DDM Treasury Group.

Net collections are distributed by currency as follows:

SEK M	2015	2014
EUR	51.4	69.8
RON	25.9	27.0
CZK	18.9	–
RUB	9.4	31.5
Other (PLN, MKD, USD, CHF)	1.0	(0.2)
Total	**106.6**	**128.1**

In terms of balance sheet positions denominated in foreign currencies that are then recalculated in SEK, the carrying values of distressed asset portfolios owned by the DDM Treasury Group are distributed as follows:

SEK M	31 December 2015	31 December 2014
EUR	73.6	106.1
RON	41.5	57.5
RUB	33.4	64.7
CZK	29.5	–
CHF	13.8	–
PLN	12.3	–
Other (USD, MKD)	0.4	0.1
Total	**204.5**	**228.4**

An appreciation of Swedish krona of 10 percent as per 31 December 2015 against the euro would have resulted in an additional unrealized foreign exchange loss of SEK 7.4M and against the Romanian lei by SEK 4.2M. Consequently, a depreciation of the Swedish krona of 10 percent at 31 December 2015 would have resulted in an additional unrealized foreign exchange gain of the same amount.

NOTE 11. OTHER LONG-TERM RECEIVABLES FROM INVESTMENTS

SEK M	31 December 2015	31 December 2014
Opening accumulated acquisition cost	**–**	**–**
Acquisitions, including foreign exchange differences	152.7	–
Disposals	**–**	–
Closing accumulated acquisition cost	**152.7**	**–**
Opening accumulated amortization and revaluation	**–**	**–**
Amortization and revaluation, including foreign exchange differences	**–**	–
Disposals	**–**	–
Closing accumulated amortization and revaluation	**–**	**–**
Closing net book value	**152.7**	**–**

In the fourth quarter of 2015, DDM Group AG acquired 100% of the shares in Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság and its subsidiaries Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft (together "Lombard"), a Hungarian leasing company (see Note 2). The fair value of 100% of the equity of Lombard is immaterial, with the economic substance of the investments being the underlying portfolios of loans, which the DDM Treasury Group owns together with a global investment manager as a co-investor. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the financial statements. The fair value of the loans are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The DDM Treasury Group assesses at each reporting date whether there is objective evidence that a portfolio/receivable is impaired. A portfolio/receivable is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the portfolio/receivable that can be reliably estimated.

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, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

During 2015 and 2014, the Group has not reclassified any of its financial non-current assets, which have been valued at amortized cost, to assets valued at fair value.

The DDM Treasury Group invests in portfolios that are denominated in local currencies as well as portfolios denominated in EUR, CHF and USD. Therefore, fluctuations in the SEK exchange rate against these currencies affect collections from distressed asset portfolios and other long-term receivables from investments and operating earnings of the DDM Treasury Group.

Net collections are distributed by currency as follows:

SEK M	2015	2014
HUF	122.0	–
Total	**122.0**	–

In terms of balance sheet positions denominated in foreign currencies that are then recalculated in SEK, the carrying values of other long-term receivables from investments owned by the DDM Treasury Group are distributed as follows:

SEK M	31 December 2015	31 December 2014
HUF	152.7	–
Total	**152.7**	–

An appreciation of Swedish krona of 10 percent as per 31 December 2015 against the Hungarian forint would have resulted in an additional unrealized foreign exchange loss of SEK 15.3M. Consequently, a depreciation of the Swedish krona of 10 percent at 31 December 2015 would have resulted in an additional unrealized foreign exchange gain of the same amount.

NOTE 12. INTERESTS IN ASSOCIATES

Set out below are the associates of DDM Treasury Group as at 31 December 2015 which are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by DDM Treasury Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Interests in associates are as follows:

Name of entity	Domicile	% of ownership interest 2015	% of ownership interest 2014	Nature of relationship
Profinance doo Beograd	Serbia	49.67%	–	Associate

Name of entity	Measurement method	Carrying amount 2015	Carrying amount 2014
Profinance doo Beograd	Equity method	SEK 5.5M	–

Commitments and contingent liabilities in respect of associates

There are no contingent liabilities in respect of associates as per year-end 2015 (and 2014).

Summarized financial information for associates

The financial results of Profinance doo Beograd for 2015 were deemed to be immaterial and therefore have not been included in the consolidated financial statements of the DDM Treasury group for 2015.

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not DDM's share of those amounts (except where noted):

SEK M	2015	2014
Current assets	22.7	–
Non-current assets	2.9	–
Current liabilities	15.0	–
Non-current liabilities	6.4	–
Net assets	4.2	–
DDM's share (in %)	49.67%	–
DDM's share of net assets	2.1	–
Goodwill included in the carrying amount	3.4	–
Carrying amount in DDM's financial statements	5.5	–
Profit for the year	0.6	–

DDM Treasury Sweden Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The goodwill within interests in associates was generated in relation to the acquisition of 49.67% of Profinance doo Beograd in the year 2015. Based on the expected future performance of Profinance doo Beograd, management deem it reasonable not to recognize any impairment in the carrying amount.

NOTE 13. ACCOUNTS RECEIVABLE

Group SEK M	31 December 2015	31 December 2014
Accounts receivable	38.0	8.2
Less: provision for impairment of accounts receivable	–	–
Accounts receivable – net	**38.0**	**8.2**

Accounts receivable by currency:

Group SEK M	31 December 2015	31 December 2014
PLN	31.0	–
EUR	2.3	2.9
RUB	0.8	2.5
RON	2.3	2.7
Other (USD, SEK, CZK)	1.6	0.1
Total	**38.0**	**8.2**

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

NOTE 14. CASH AND CASH EQUIVALENTS

Group SEK M	31 December 2015	31 December 2014
Cash and cash equivalents	29.9	67.3
Total	**29.9**	**67.3**

Parent Company SEK M	31 December 2015	31 December 2014
Cash and cash equivalents	28.0	22.3
Total	**28.0**	**22.3**

On 31 December 2015, DDM Group AG was granted a loan of SEK 12,500,000 at 7% interest with a maturity date of 31 December 2016. At 31 December 2015 this cash was deposited in a bank account held by DDM Treasury Sweden AB. This loan amount was transferred to a pledged bank account held by DDM Group AG shortly after the year-end and is to be used for new investments.

At 31 December 2015, the majority of the DDM Treasury Group's bank accounts were held with banks with credit ratings ranging from Aa2 to A1 as rated by Moody's.

NOTE 15. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

The 500,000 shares have a nominal 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 Treasury Sweden AB and has been recognized as equity in accordance with IAS 32 as the loan lacks obligation of repayment on behalf of DDM Treasury Sweden AB. The loan is also free of interest payment obligations.

NOTE 16. BORROWINGS

DDM Treasury Group's borrowings mature between 2016 and 2018. See Note 3 for a description of contractual undiscounted cash flows.

A bond loan was issued in June 2013, totaling SEK 300,000,000 at 13% interest with a maturity date of 26 June 2016 by DDM Treasury Sweden AB. A second bond loan was issued in September 2013, totaling SEK 31,000,000 at 18% interest with a maturity date of 30 September 2016 by DDM Treasury Sweden AB. During the fourth quarter of 2014 DDM Group AG repurchased SEK 6.0M of the junior bond loan that was issued in September 2013, at 18% interest, on the open market.

On 18 May 2015, DDM Treasury initiated a written procedure to allow the noteholders to vote on a restatement and certain amendments to the existing terms and conditions for the SEK 300M bond loan at 13% interest. The Written Procedure was closed on 11 June 2015 and the Notes Exchange became effective on 23 June 2015. DDM Treasury made an additional cash payment of 4% on the effective date to the noteholders. In connection with the notes exchange DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG were transferred to the direct ownership of DDM Treasury and pledged as security. The amended terms and conditions included the extension of the maturity to 27 December 2018, wider geographic scope in Europe, removal of cash-covenants and hedging restrictions, improved possibilities for future dividend payments and the introduction of an Inter-Creditor Agreement. The amended Terms and Conditions are available in their entirety on our webpage along with a summary of the amendments. Following the amendment and extension in June 2015 to the senior secured bonds issued by DDM Treasury Sweden AB (publ), the Swiss Federal Tax Administration ruled that Swiss withholding tax of 35% is applicable. Holders of the bonds are entitled to a refund from the Swiss Federal Tax Administration, subject to them fulfilling the conditions for refund. There is no additional interest or withholding tax charge impacting the company.

DDM Treasury Sweden AB complied with all bond covenants for the years ending 31 December 2015 and 31 December 2014.

Long-term liabilities

Group SEK M	31 December 2015	31 December 2014
Bond loan	277.0	320.1
Total	**277.0**	**320.1**

Maturities of long-term borrowings

Group SEK M	31 December 2015	31 December 2014
Between 1 and 2 years	–	320.1
Between 2 and 3 years	277.0	–
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
Total	**277.0**	**320.1**

Long-term liabilities

Parent Company SEK M	31 December 2015	31 December 2014
Bond loan	277.0	320.1
Total	**277.0**	**320.1**

Maturities of long-term borrowings

Parent Company SEK M	31 December 2015	31 December 2014
Between 1 and 2 years	–	320.1
Between 2 and 3 years	277.0	–
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
Total	**277.0**	**320.1**

NOTE 17. CURRENT LIABILITIES

Group SEK M	Less than 3 months	More than 3 months	Total
At 31 December 2015			
Bond loan	–	24.7	**24.7**
Accrued interest, expenses and deferred income	23.3	4.3	**27.6**
Accounts payable	39.0	–	**39.0**
Other liabilities	6.5	–	**6.5**
Total	**68.8**	**29.0**	**97.8**
At 31 December 2014			
Bond loan	–	–	**–**
Accrued interest, expenses and deferred income	21.5	4.4	**25.9**
Accounts payable	1.6	–	**1.6**
Other liabilities	4.2	–	**4.2**
Total	**27.3**	**4.4**	**31.7**

Parent Company SEK M	Less than 3 months	More than 3 months	Total
At 31 December 2015			
Bond loan	–	24.7	**24.7**
Accrued interest, expenses and deferred income	23.3	–	**23.3**
Accounts payable	5.4	–	**5.4**
Other liabilities	–	–	**–**
Total	**28.7**	**24.7**	**53.4**
At 31 December 2014			
Bond loan	–	–	**–**
Accrued interest, expenses and deferred income	21.4	–	**21.4**
Accounts payable	0.1	–	**0.1**
Other liabilities	0.5	–	**0.5**
Total	**22.0**	–	**22.0**

NOTE 18. TRANSACTIONS WITH RELATED PARTIES

Compensation to related parties

Group SEK M	Management fee	Other fee	Total
2015			
DDM Group AG	(21.9)	–	**(21.9)**
Accta Accounting & Tax AG	–	1.1	**1.1**
Total	**(21.9)**	**1.1**	**(20.8)**

Receivables, payables and debts – related parties

Group SEK M	Current	Non-current	Total
at 31 December 2015			
Subordinated loan DDM Group AG	–	(124.2)	**(124.2)**
Loan from DDM Group AG	(0.8)	–	**(0.8)**
Receivables from DDM Group AG	39.6	–	**39.6**
Total	**38.8**	**(124.2)**	**(85.4)**

Compensation from related parties

Parent Company SEK M	Management fee	Other fee	Total
2015			
Interest income from DDM Invest XX AG	–	45.7	**45.7**
Management fee income from DDM Invest XX AG	5.7	–	**5.7**
Anticipated dividend income from DDM Invest XX AG	–	5.9	**5.9**
Total	**5.7**	**51.6**	**57.3**

Receivables, payables and debts – related parties

Parent Company SEK M	Current	Non-current	Total
at 31 December 2015			
Receivables from DDM Group AG	43.3	312.9	**356.2**
Receivables from DDM Invest I AG	29.5	–	**29.5**
Receivables from DDM Invest II AG	4.7	–	**4.7**
Receivables from DDM Invest III AG	25.2	–	**25.2**
Receivables from DDM Invest IV AG	2.9	–	**2.9**
Receivables from DDM Invest X AG	12.5	–	**12.5**
Receivables from DDM Invest XX AG	86.8	–	**86.8**
Payables to DDM Group AG	(26.9)	–	**(26.9)**
Payables to DDM Invest III AG	(1.7)	–	**(1.7)**
Payables to DDM Invest X AG	(85.7)	–	**(85.7)**
Payables to DDM Invest XX AG	(140.0)	–	**(140.0)**
Total	**(49.4)**	**312.9**	**263.5**

NOTE 18. TRANSACTIONS WITH RELATED PARTIES… continued

Compensation to related parties

Group SEK M	Board fee/ salary	Management fee	Other fee	Total
2014				
Board member Fredrik Waker	0.2	–	–	**0.2**
DDM Group AG	–	2.6	–	**2.6**
Accta Accounting & Tax AG	–	–	0.6	**0.6**
Total	**0.2**	**2.6**	**0.6**	**3.3**

Receivables, payables and debts – related parties

Group SEK M	Current	Non-current	Total
at 31 December 2014			
Subordinated loan DDM Group AG	–	37.4	**37.4**
Loan from DDM Group AG	27.5	–	**27.5**
Receivables DDM Group AG	105.0	–	**105.0**
Total	**132.5**	**37.4**	**169.9**

Compensation to related parties

Parent Company SEK M	Board fee/ salary	Management fee	Total
2014			
Board member Fredrik Waker	0.2	–	**0.2**
Management fee to DDM Invest XX AG	–	5.7	**5.7**
Total	**0.2**	**5.7**	**5.9**

Receivables, payables and debts – related parties

Parent Company SEK M	Current	Non-current	Total
at 31 December 2014			
Loan DDM Invest XX AG	–	312.8	**312.8**
Receivables from DDM Group AG	14.4	–	**14.4**
DDM Holding AG	7.2	–	**7.2**
Total	**21.6**	**312.8**	**334.4**

Distressed asset portfolios and other long-term receivables from investments

Group SEK M	Total
at 31 December 2014	
DDM Invest IV AG	6.4
Total	**6.4**

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 subsidiaries, 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. No interest is calculated on the current intercompany receivables / payables within the DDM Treasury group.

NOTE 19. PARTICIPATIONS IN GROUP COMPANIES

Parent Company SEK M	31 December 2015	31 December 2014
Investment	5.6	0.7
Total	**5.6**	**0.7**

Parent Company SEK M	Investment
At 1 January 2014	**0.7**
Acquisitions	–
At 31 December 2014	**0.7**
At 1 January 2015	**0.7**
Acquisitions	4.9
At 31 December 2015	**5.6**

The Parent Company holds shares in the following subsidiaries:

SEK M Company	Corporate identity number	Domicile	Proportion of equity	Net book value 31 December 2015	Net book value 31 December 2014
DDM Invest I AG	CHE 113.863.850	Switzerland	100%	1.4	–
DDM Invest II AG	CHE 115.038.302	Switzerland	100%	0.6	–
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	0.6	–
DDM Invest IV AG	CHE 317.413.116	Switzerland	100%	0.8	–
DDM Invest X AG	CHE 130.419.930	Switzerland	100%	1.5	–
DDM Invest XX AG	CHE 349.886.186	Switzerland	100%	0.7	0.7
Total				**5.6**	**0.7**

NOTE 20. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Since 23 June 2015 the Parent Company has pledged the shares in the subsidiaries DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG as security for the Company's senior bonds under the bond agreement. In addition, DDM Group AG has pledged the shares in DDM Treasury Sweden AB.

The Parent Company's pledged collateral in the form of shares held in the subsidiaries amounts to SEK 5.6M (2014: SEK 0.7M). Neither the DDM Treasury Group nor the Parent Company has any other pledged assets, contingent liabilities or other items to report.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events occurring after the balance sheet date and through the date of issuance of this report.

SIGNATURES

The Group's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 31 May 2016.

The information in this Annual 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 31 March 2016.

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, 30 March 2016

Kent Hansson Chairman of the board	Fredrik Waker Board member
Manuel Vogel Board member	Gustav Hultgren CEO

Our Audit Report deviates from the standard format and was presented on 30 March 2016

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, 2015 – December 31, 2015. The annual report and consolidated accounts of the Company are included in this printed report on pages 6-40.

Whereof page 6 is the first page of the administration report and page 40 is the auditor's report.

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 2015 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 2015 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, 2015 – December 31, 2015. 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.

Observation

Without effect on our audit opinion, we would like to draw to your attention that on several occasions tax payments have been made in arrears. These incidents have not attributed any significant harm besides interest in arrears.

Stockholm 30 March 2016
Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant

DDM TREASURY SWEDEN AB (publ)

A MULTINATIONAL INVESTOR
AND MANAGER OF
DISTRESSED ASSETS

ddm

DDM Treasury Sweden AB (publ)
S:t Eriksgatan 63, SE-112 34 Stockholm, Sweden
Tel: +46 8 4080 9030
www.ddm-group.ch