ANNUAL REPORT 2015

LIFCO

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ANNUAL REPORT 2015

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HIGHLIGHTS OF 2015

NET SALES +16.2%

SEK 7,901 million (6,802) Organic growth +5.7%

EBITA +22.8%

SEK 1,186 million (966)

PROFIT BEFORE TAX +41.7%

SEK 1,082 million (763)

NET PROFIT +44.7%

SEK 825 million (570)

EARNINGS PER SHARE +44.4%

SEK 8.91 (6.17)

PROPOSED DIVIDEND OF SEK 3.00 PER SHARE

Equivalent to SEK 272.5 million

KEY PERFORMANCE INDICATORS FOR LIFCO

	2015	2014
Net sales, MSEK	7,901	6,802
Net sales, adjusted for currency effects and acquisitions, MSEK	7,188	6,295
EBITA, MSEK	1,186	966
EBITA margin, %	15,0	14,2
Earnings per share after tax, SEK	8.91	6.17
Number of shares, thousands	90,843	90,843
Capital employed, MSEK	5,965	5,137
Capital employed, excluding goodwill and other intangible assets, MSEK	966	916
Return on capital employed, %	19.90	18.8
Return on capital employed, excluding good-will and other intangible assets, %	122.7	105.4
Net debt/equity ratio	0.5	0.6
Equity/assets ratio, %	49.2	46.7
Equity per share, SEK	43.4	38.0

EBITA = Operating profit before amortisation of intangible assets arising in conjunction with acquisitions, and costs for restructuring, integration and acquisition.

LIFCO IN BRIEF 2015

Lifco acquires and develops market-leading niche operations with the potential to deliver sustainable profit growth and positive cash flows

THREE BUSINESS AREAS:

Dental

Demolition & Tools

Systems Solutions

EMPLOYEES **3,369**

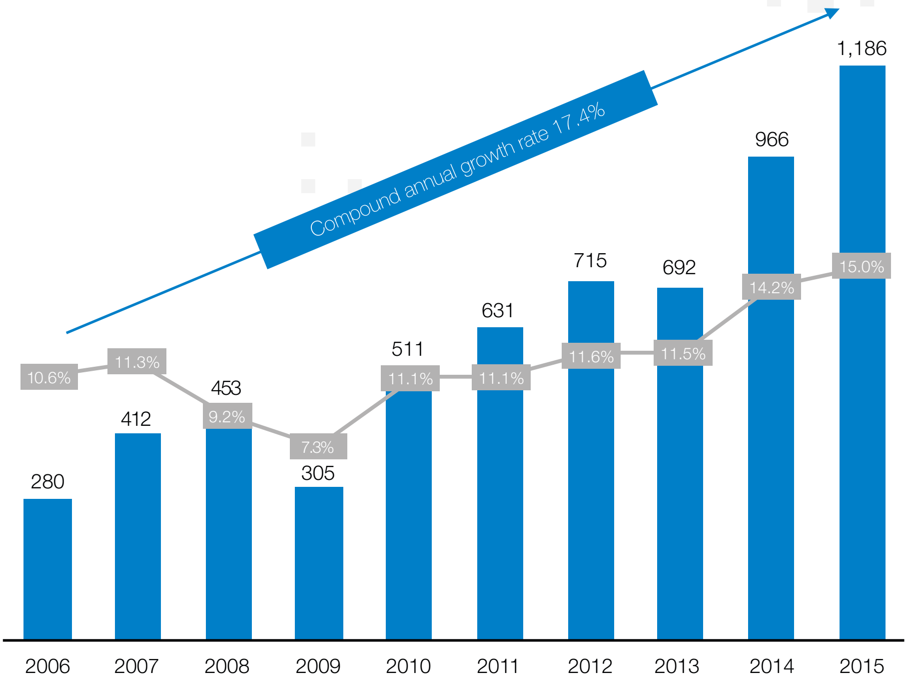
COUNTRIES **28**

COMPANIES **124**

Nine acquisitions were announced during the year

Robust financial performance and cash flow

Strong financial position



EBITA (SEK million) and EBITA margin (%)

Chief Executive's Review

GOOD ORGANIC AND ACQUISITION GROWTH

2015 was a year of good organic and acquisition-based growth as well as improved profitability. Sales increased by 16.2% to SEK 7,901 million, driven by sales growth in all three business areas. Organic growth was 5.7% and acquisition growth accounted for 7.3% of sales growth. Organic growth was particularly good in the Demolition & Tools and Systems Solutions business areas. The market situation was generally healthy across all of the business areas.

Profitability improved during the year and EBITA rose 22.8% to SEK 1,186 million. The EBITA margin rose 0.8 percentage points to 15.0% during the year.

WORLD-LEADING COMPANIES

Our operations in the Dental business area are leading suppliers of consumables, equipment and technical service to dentists in Europe. We also sell dental technology to dentists in the Nordic region and Germany, and we develop and sell record systems in Denmark and Sweden. Dental's sales increased by 5.2% and the EBITA margin improved to 17.9% (16.6%), mainly thanks to the acquisitions. Other operations in the Dental business area reported stable sales and profitability growth. During the year, the company announced the acquisition of five businesses and the sale of one.

Demolition & Tools is world-leading in the markets for demolition robots and equipment for cranes. We are also one of the leading global manufacturers of equipment for excavators. Sales increased by 22.1%, driven by strong growth in most markets, especially the UK. The product portfolio was expanded through the acquisition of the earth drill manufacturer, Auger Torque. Profitability was solid and the EBITA margin increased to 25.1% (22.3%).

The Systems Solutions business area consists of five divisions that are leading in their respective niches. The divisions are Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology, Sawmill Equipment and Construction Materials (formerly Relining). During the year, sales rose 28.7% and the EBITA margin amounted to 9.1% (9.4%). Interiors for Service Vehicles, Environmental Technology and Sawmill Equipment all delivered strong growth in sales and profits. Three acquisitions were announced in the System Solutions business area in 2015.

We have an ongoing commitment to improve our product portfolio, enhance our distribution capabilities and increase the productivity of our companies. Although we would like to see greater financial stability in Demolition & Tools and Systems Solutions as a result of these measures, we must expect the financial performance of these business areas to fluctuate between quarters.

EFFECTIVE GOVERNANCE MODEL

Lifco is a strongly decentralised organisation in which the subsidiaries have a strong degree of autonomy. We want the companies that we acquire to continue to work with their businesses as they did before the purchase. After all, they know best what works in their market. We do not want to force central processes on the subsidiaries. The coordination between our subsidiaries has been initiated by the companies themselves after they have identified the synergies, with only minor involvement from the head office.

Our governance model allows our subsidiaries to retain their entrepreneurial spirit and rapid decision-making channels. This is an important argument for entrepreneurs when they are looking for new ownership structures. It is also a key reason why our companies retain and consolidate their market positions in their respective niches.

FINANCIALLY STRONG

The cash flow was strong in 2015 and our financial position is good. The interest-bearing net liabilities decreased by SEK 63 million to SEK 1,950 million (2,013) despite the fact that Lifco acquired businesses for SEK 573 million and paid out dividends of SEK 252 million in total. This means that at year-end, Lifco had the capacity to make further acquisitions for approximately SEK 3,000 million without exceeding three times EBITDA in net debt.

Fredrik Karlsson, CEO

Our financial position enables us to continue with our strategy of growth through acquisitions. However, we follow a rigorous assessment process to evaluate potential business acquisitions. They must be in a stable position and leading within the market in their particular niche. We also want them to have an attractive position in the value chain without being dependent on specific suppliers or customers. It is also important that they have strong records of profitability and zero or limited exposure to technology risk.

We are convinced that our decentralised governance model, in which our subsidiaries have a strong degree of autonomy, is a key factor in our negotiations with acquisition targets. It is also often important for us that the entrepreneur who built the company wants to remain with the company. More often than not, these people play a key role in the relationships with customers, the corporate culture and our way of working.

In order for our decentralised governance model to work, it is essential that we have clear Group-wide ethical policies. Our ethical policies are contained in our Code of Conduct. All subsidiary managers must ensure that their companies comply with the Code of Conduct. Group management regularly follows up on compliance with the Code of Conduct. The Code of Conduct covers the relationship to employees, customers, suppliers, society, the environment and shareholders.

THE CORE VALUES WE LIVE BY

Our core values form the foundation for our Code of Conduct and guide us in our day-to-day work. Our core values are:

Respect for others: Everyone is of equal value and we must make efforts to listen to and respect the opinions of others, even if we do not share those opinions.

Openness: It is of utmost importance that we create an atmosphere where people have the courage to be open. To achieve this, we have to openly admit our mistakes. It is natural for everyone to make mistakes.

Pragmatism: We must strive to make the best possible decision in each individual case. Decisions must be based on facts alone and without preconceptions. Decisions must not be swayed by prejudice, convictions or pride.

OUTLOOK FOR 2016

Lifco's employees are its most important asset. Today, we have 3,369 employees in 28 countries. I would like to extend a huge thank-you to everyone for all your impressive efforts in 2015.

Our focus is to continue to acquire and develop profitable, market-leading niche businesses with the potential to provide sustainable profit growth and strong cash flows.

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BUSINESS CONCEPT AND OBJECTIVES

Lifco's business concept is to acquire and develop profitable, market-leading niche businesses with the potential to provide sustainable profit growth and strong cash flows. Lifco is governed by a clear philosophy whereby the company focuses on profitability, a strong, decentralised organisation and a long-term perspective.

THE OBJECTIVE IS SUSTAINABLE PROFIT GROWTH

Lifco's overriding objective is to generate sustainable profit growth. The objective of the Group and the subsidiaries is for the organic growth in EBITA to exceed the GDP growth in relevant geographic markets over an economic cycle. Additional growth will be achieved through acquisitions.

Effective utilisation of capital is also an important objective for Lifco. Return on capital employed, excluding goodwill and other intangible assets, should therefore exceed 50% for the most recent 12-month period.

DECENTRALISED ORGANISATION

Lifco comprises more than 120 subsidiaries that are grouped into about 30 operating units. The managers of the operating units report directly to Lifco's CEO or to the head of the Dental business area. The operating units are grouped into eight divisions. These, in turn, are grouped into three business areas; Dental, Demolition & Tools and Systems Solutions.

The decentralised organisation is one of the cornerstones of Lifco's governance philosophy. The individual subsidiaries are given considerable freedom, which allows a strong entrepreneurial spirit to flourish. Each subsidiary is able to retain its own specific culture since they operate independently of one another. They can also continue to work according to the methods that prevail in the industries and markets in which they operate.

Lifco's ability to retain key employees in the companies acquired by the Group is partly due to the strong entrepreneurial spirit. The key employees are often attracted by the decentralised structure which allows them considerable independence even after the acquisition.

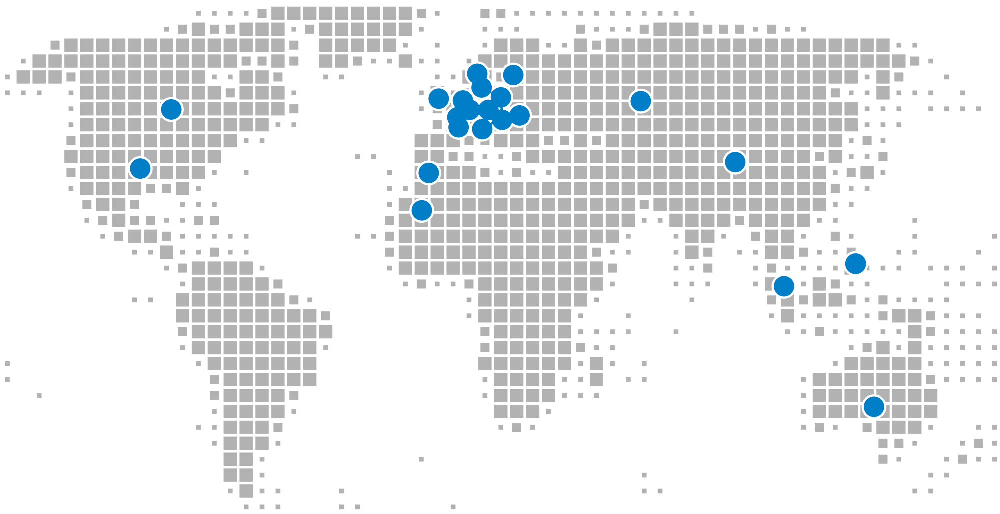
MINIMAL BUREAUCRACY

Lifco has produced a model for the development of the subsidiaries. The model is based on Lifco's philosophy to focus on profits, decentralisation and a long-term perspective. The model is founded on many years of experience of corporate development. Basically, the model can be described as follows:

- Motivated and dedicated managers in the subsidiaries
- Minimal bureaucracy and simple processes
- Focus on customers with the potential for sustainable profit growth
- Efficient cost structure with a focus on value-generating functions
- Monthly reviews of the subsidiaries' income statements and balance sheets, with a focus on EBITA, change in capital employed and cash flow

CLEAR ACQUISITION STRATEGY

Expansion through acquisitions is a central part of Lifco's business concept. The strategy includes both purchases of new companies that can form their own divisions and acquisitions of businesses that will strengthen existing divisions. Acquisitions should generate growth with strong profitability and strong cash flows or should serve a strategic purpose. It should also pose a limited risk to Lifco.



The map indicates countries where Lifco has employees in place

EMPLOYEES
3,369

COUNTRIES
28

COMPANIES
124

LIFCO'S ACQUISITION PROCESS

IDENTIFYING POTENTIAL ACQUISITION TARGETS	ANALYSIS	POST-ACQUISITION PLAN
Acquisition targets are identified through various networks, mainly through the subsidiaries. Lifco is often contacted directly by the seller. Lifco is also regularly contacted by professional corporate brokers.	Lifco looks at the company's position of strength in the value chain by conducting discussions with suppliers, customers, industry experts and others. Lifco also analyses whether the Group is a suitable owner and what Lifco can contribute to the target company. Lifco analyses the company's accounts and contracts. Lifco also examines the company's culture and working methods.	Acquired companies have a high degree of independence. However, Lifco conducts a review to enhance the efficiency of the acquired business. This normally involves the following: • New remuneration and reporting systems • New Board of Directors • Increased financial awareness with a focus on working capital and controlled financing of growth opportunities • Short-term and long-term strategic agenda

Lifco looks for acquisition targets that meet the following criteria:

- Stable business operations
- Leader within its niche
- An attractive position in the value chain without being dependent on specific suppliers or customers
- Zero or limited exposure to technology risk
- Track record of profitability.

If a target does not fulfil all the criteria but is still potentially attractive from a strategic or financial viewpoint, the company may consider acquiring it.

HIGH ETHICAL STANDARDS

In order for Lifco's decentralised structure to work, it is essential that the subsidiaries conduct their business in compliance with Lifco's ethical policies. All subsidiaries are required to comply with the ethical policies contained in the Code of Conduct. Group management regularly reviews compliance with the Code.

The Code of Conduct also contains Lifco's core values. These are: respect for others, openness and pragmatism.

FINANCIAL PERFORMANCE

2015 was a year of strong growth for Lifco. Net sales and earnings improved as a result of acquisitions and organic growth. Seven businesses that had been acquired were consolidated during the year. Organic growth was strong in all three business areas.

Net sales increased by 16.2% to SEK 7,901 million (6,802). Acquired growth was 7.3% and organic growth was 5.7%. Exchange rate movements had a 3.2% positive impact on net sales.

EBITA rose 22.8% to SEK 1,186 million (966). The EBITA margin increased to 15.0% (14.2%). This increase is attributable to organic growth, acquisitions and movements in exchange rates. Exchange rate movements had a 3.0% positive impact on EBITA. During the year, 47% of EBITA was generated in EUR, 29% in SEK, 6% in DKK, 5% in NOK, 4% in GBP, 3% in USD and 6% in other currencies.

Investments in intangible fixed assets and property, plant and equipment amounted to SEK 111 million (116).

Net financial items were SEK -25 million (-43), positively impacted primarily by lower interest expense.

Profit before tax was up 41.7% to SEK 1,082 million (763). Acquisitionrelated costs amounting to SEK 13 million were charged to the income statement in 2015. SEK 110 million of non-recurring items in connection with the IPO on the Nasdaq Stockholm Exchange were charged to the income statement in 2014.

Net profit was up 44.7% to SEK 825 million (570). Earnings per share rose 44.4% to SEK 8.91 million (6.17).

Consolidated tax expense was SEK 257 million (193), which is 23.8% (25.3%) of profit before tax. Tax paid amounts to SEK 239 million (181), which accounts for 22.1% (23.7%) of profit before tax.

Inventories amounted to SEK 960 million (823) and trade receivables to SEK 863 million (770). During the year, average capital employed, excluding goodwill, increased to SEK 966 million (916). EBITA in relation to average capital employed, excluding goodwill, was 123% (105%) at year-end. The improvement was mainly attributable to a higher profit and good control of capital employed. Goodwill and other intangible assets rose to SEK 5,010 million (4,677) at year-end.

Consolidated interest-bearing net liabilities decreased by SEK 63 million to SEK 1,950 million (2,013) during the year. The net debt/equity ratio at year-end was 0.5 (0.6). On 1 April, Lifco issued two bond loans totalling SEK 1,050 million, each with a three-year maturity. The loans are listed on Nasdaq Stockholm. At the end of the year, 75% of the Group's interest-bearing liabilities were denominated in EUR. Equity at year-end was SEK 3,964 million (3,473), representing an equity/assets ratio of 49.2% (46.7%).

Cash flow from operating activities improved to SEK 948 million (586) compared with 2014. The higher cash flow was primarily due to improved operating profit. Cash flow from investing activities was SEK -664 million (-1,361), which is mainly attributable to acquisitions. Total dividends had a SEK 252 million (109) impact on the cash flow too.

DIVIDENDS

The Board of Directors and the CEO propose that shareholders at the Annual General Meeting approve a dividend for 2016 of SEK 3.00 per share or a total of SEK 272.5 million. This corresponds to 34% of net profit, attributable to shareholders in the Parent Company, which is in line with Lifco's dividend policy. The long-term objective of the dividend policy is for the dividend to have stable growth and amount to 30%-50% of the profit after tax. The dividend shall be based on the company's earnings trend, taking future opportunities for growth and its financial position into consideration.

EMPLOYEES

At 31 December 2015, Lifco had 3,386 employees (3,009). The average number of employees during the year was 3,369 (3,013). About 330 employees joined Lifco through acquisitions during the year.

PRODUCT DEVELOPMENT

Innovation and product development play a key role particularly in the Demolition & Tools and Systems Solutions business areas. Innovation and product development enable Lifco to offer its customers a strong portfolio and thus ensure sustainable organic growth. The acquisition of companies is a complement to internal product development activities. All the subsidiaries continuously monitor external trends and developments and a considerable number of potential projects are evaluated every year. In 2015, development expenses amounted to SEK 73 million (55).

ACQUISITIONS ANNOUNCED AFTER THE END OF THE REPORTING PERIOD

The acquisition of the operations in Redoma Recycling was announced on 7 January 2016. Redoma Recycling is a Swedish-based company that specialises in cable recycling machinery. In 2015, its sales amounted to approximately SEK 25 million. Its operations are consolidated into the Environmental Technology division in the Systems Solutions business area. The company has eight employees.

On 22 January 2016, Lifco announced the acquisition of a majority holding in the Norwegian company Cenika, a leading supplier of low voltage electrical supplies. The company's sales amounted to approximately NOK 160 million in 2015. Cenika's operations is consolidated into the Construction Materials division in the Systems Solutions business area. The company has approximately 30 employees.

The acquisition of Dens Esthetix's operations was announced on 1 February 2016. Dens Esthetix is a German dental technology laboratory. In 2015, its sales amounted to approximately EUR 1.4 million. Its operations are consolidated into the Dental business area and the company has 14 employees.

Lifco announced the acquisition of the German dental company Praezimed on 10 February 2016. The company specialises in the servicing of dental instruments. In 2015, its sales amounted to approximately EUR 2.5 million. The company is consolidated into the Dental business area and has 15 employees.

None of the above acquisitions will individually have any material impact on Lifco's earnings or financial position in 2016.

Lifco announced the acquisition of the Norwegian company TMC/Nessco on 23 February 2016. The company is a world-leading supplier of marine compressors and spare parts. It generated sales of NOK 525 million in 2015 and is consolidated into the Environmental Technology division in the Systems Solutions business area. The company has approximately 90 employees. The acquisition will have a positive impact on Lifco's earnings and financial position during the current year.

ENVIRONMENTAL IMPACT

The subsidiaries Lövånger Elektronik AB, Modul-System HH AB, Rapid Granulator AB, Texor AB and Zetterströms Rostfria AB are required to register their operations in compliance with the Swedish Environmental Code because their activities may be harmful to the environment. They are monitored by the environmental health department of their local authority.

Lifco's Code of Conduct also addresses society and the environment. Lifco strives to ensure that its business contributes to society in a positive and sustainable manner.

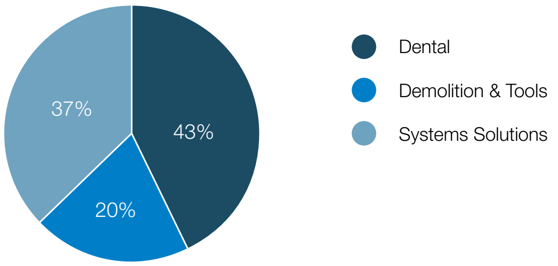
The company is committed to preventing or minimising and mitigating the harmful effects that its operations or products may have on the environment. Lifco strives to reduce the environmental impact of its products throughout their life.

FINANCIAL PERFORMANCE

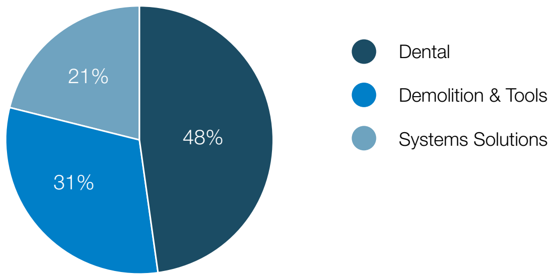
MSEK	2011*	2012	2013	2014	2015
Net sales	5,707	6,184	6,030	6,802	7,901
EBITA	631	715	692	966	1,186
EBITA margin	11.1%	11.6%	11.5%	14.2%	15.0%
Earnings per share, SEK	3.20	5.56	4.16	6.17	8.91

*The 2011 Annual Report has been prepared in compliance with the Swedish Annual Accounts Act and the general guidelines and recommendations of the Swedish Accounting Standards Board and FAR SRS. The Annual Reports after 2011 have been prepared in compliance with IFRS.

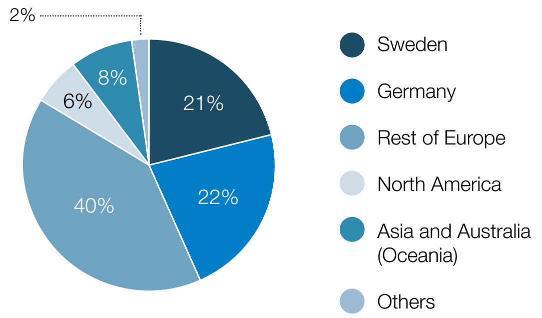
NET SALES BY BUSINESS AREA



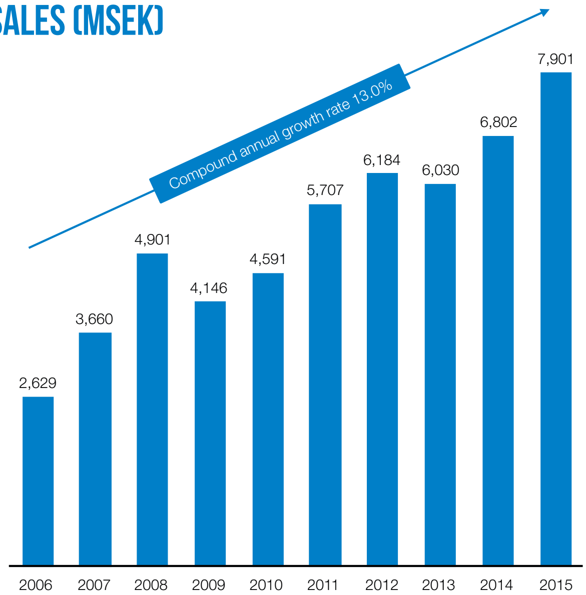
EBITA BY BUSINESS AREA



NET SALES BY GEOGRAPHIC MARKET



SALES (MSEK)



MDH is a leading German supplier of dental prosthetics.
MDH supplies more than 100,000 dental prosthetics each year.

DENTAL BUSINESS AREA

Dental is a leading supplier of consumables, equipment and technical service for dentists mainly in northern and central Europe. Lifco also sells dental technology to dentists mainly in the Nordic region and Germany. The company develops and sells administrative and record systems for dental clinics in Denmark and Sweden. Lifco also has a number of smaller manufacturing dental companies that produce disinfection liquids and saliva tubes for use in dental care.

In the Nordic market, Lifco offers a broad range of consumables and technical equipment. The subsidiaries offer a complete range that meets dentists' requirements for products. Lifco has companies that specialise in consumables in Norway, Sweden and Germany too.

STABLE, NON-CYCLICAL MARKET

Dental care is a major market and accounts for approximately 0.5% of GDP in Lifco's main markets. Demand for dental care in Europe has been stable and relatively non-cyclical. Expenditure for dental care has increased annually by 1.6%, on average, between 2007 and 2012 in Lifco's main markets (excluding Norway).

A dental clinic needs a large number of products, ranging from consumables like napkins and gloves to advanced technical equipment like X-ray machines and treatment chairs. Lifco fulfils an important function in the market by linking the fragmented dental market with a large number of suppliers.

The dental product market can be grouped into consumables, equipment, technical service and dental technology. Consumables account for about 70% of total sales. As demand for consumables is non-cyclical and is characterised by frequent, but small orders, it is essential that Lifco is able to offer a broad range and ensure a reliable supply of products. The demand for equipment is relatively stable and depends primarily on the age of the installed equipment, the length of the replacement cycle and the number of new dental clinics.

SHARED INVENTORY

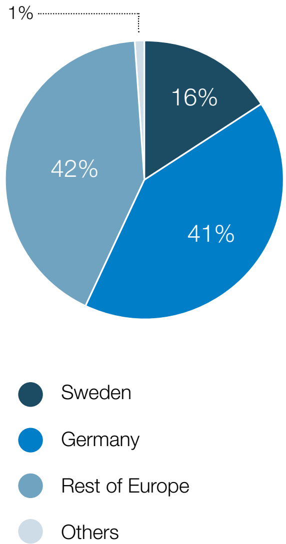
Even if Lifco's subsidiaries largely operate independently of one another, they cooperate to some extent with regard to the purchase of goods. There are three Group-wide warehouses for consumables. These are located in Enköping in Sweden, outside of Århus in Denmark and in Büdingen in Germany. The warehouse in Enköping houses around 44,000 items, the Danish warehouse around 18,000 items and the warehouse in Germany has around 58,000 items.

In total, Lifco offers products from about 500 suppliers. Some of the product range consists of private label products. These brands mainly focus on the less complex products. Private label products currently account for 10% of the subsidiaries' sales. Lifco works actively to increase the share of private label products.

In dental technology, Lifco is mainly active in Germany, but also in the Nordic region. Lifco provides most products, including crowns and bridges which are manufactured in China, the Philippines and Turkey. This provides Lifco with cost advantages compared with local dental laboratories. Lifco manages the central elements of the process itself, such as the design of the dental prosthetics and contact with the dentists. This enables the company to maintain a high level of quality and close relationships with its customers.

The map indicates countries where employees within business area Dental are in place

NET SALES PER GEOGRAPHIC MARKET, DENTAL



ONLINE SALES

Consumables are primarily sold through three channels: the subsidiaries' sales fleets, catalogue sales and online. Between 20% and 70% of sales take place online, depending on the market and subsidiary. Other orders are mainly placed over the phone.

ACQUISITIONS IN 2015

Lifco announced the acquisition of five smaller businesses in 2015. The acquisitions of Top Dental, J.H. Orsing and Nordiska Dental's endodontic products bolsters Lifco's position as a manufacturing dental company. The three businesses complement the portfolio of the Lifco company Directa and create a stronger group of independent, smaller manufacturing dental companies. The manufacturing dental companies within Lifco are completely separate and are run at arm's length from the operations of the Group within distribution of dental care products. All three acquisitions are niche companies with a focus on their respective product area.

The acquisition of Smilodent complements Lifco's operations in the import of dental technology in Germany. Preventum Partner provides accountancy services and quality assurance systems to dentists on the Swedish market.

PERFORMANCE IN 2015

Dental's sales increased by 5.2% to SEK 3,435 million (3,266) in 2015. EBITA rose 13.0% to SEK 614 million (543) and the EBITA margin increased to 17.9% (16.6%) in the same period. Dental's sales and earnings were positively impacted by MDH, which was consolidated into the accounts on 1 April 2014, and by the acquisitions in 2015.

Lifco's sale of NETdental in June 2015 adversely impacted sales.

The Dental market is generally stable. Within a specific quarter, the financial performances of individual companies in Lifco's dental operations may be impacted by significant exchange rate movements, public holidays (for example Easter), won or lost procurement processes for consumables with public customers or major private customers, and by fluctuations in outgoing deliveries of equipment. There was no particular event in 2015 that significantly affected the financial performance of the Dental business area as a whole.

FINANCIAL PERFORMANCE

MSEK	2015	CHANGE	2014	CHANGE	2013
Net sales	3,435	5.2%	3,266	15.6%	2,826
EBITA	614	13.0%	543	36.3%	399
EBITA margin	17.9%	1.3	16.6%	2.5	14.1%

BUSINESS AREA DEMOLITION & TOOLS

Demolition & Tools develops, manufactures and sells equipment for the construction and demolition industry. Lifco is the world's leading player in the markets for demolition robots and crane attachments. The company is also one of the leading global suppliers of excavator attachments.

The operations are split into two divisions; demolition robots and attachments for cranes and excavators. The two divisions report similar sales figures.

DEMOLITION ROBOTS

The remote-controlled demolition robots are sold under the Brokk brand. The machines are easy to move and can be brought into operation without time-consuming preparation. They also function well in hot and demanding environments. The robotic arms have a long reach and the machines can be fitted with a range of tools for greater flexibility and usability. As well as for use in demolition work, Brokk's machines are also used in the renovation of cement furnaces and demolition of linings. The machines can be remote controlled making them suitable for work in hazardous settings, such as nuclear power plants and when handling contaminated materials.

The primary market is the global construction and demolition industry. Sales follow the trend in the global market for construction machinery. The demolition robots are sold directly to end customers or to selected distributors and agents. The products are assembled in Sweden and components are made by contract manufacturers. Some products are made in Germany too.

ATTACHMENTS FOR EXCAVATORS AND CRANES

The attachments for excavators and cranes are sold under the Kinshofer, Demarec, RF-System and Auger Torque brands. The various attachments allow one excavator or crane to perform multiple tasks. The attachments are used for construction work, ground work, snow clearance, demolition work, laying pipes and cables, forestry work, scrap handling, railway work and other purposes.

Sales of attachments for excavators and cranes largely tally with global machinery sales. Since the purchase of Lifco attachments entails a minor investment for the customer, compared with the purchase of a new machine, the market is less cyclical than for construction machines. Attachments for cranes are sold directly to crane manufacturers and attachments for excavators are largely sold via retailers. The products are sold under Lifco's brands or under the crane manufacturers' or excavator manufacturers' own brands.

In 2015, the British company Auger Torque, whose products include earth drills, was acquired. Auger Torque introduced a new product segment as well as access to additional distribution channels, most significantly in the UK, Australia, the US and China.

PERFORMANCE IN 2015

Sales increased 22.1% to SEK 1,574 million (1,289) during the year. The market situation was generally good and sales increased in most markets. The UK experienced strongest growth among the company's major markets.

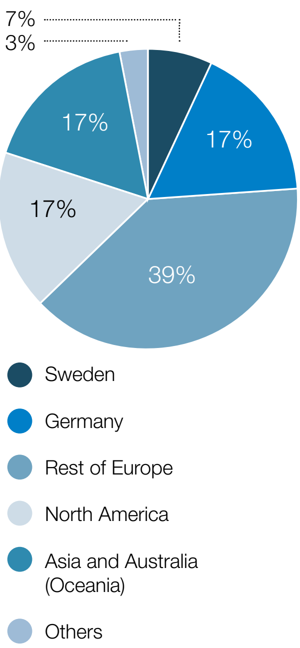
The business area reported solid growth in profitability and EBITA rose 37.5% to SEK 396 million (288). The EBITA margin improved by 2.8 percentage points to 25.1% (22.3%) during the year, driven by higher sales volumes and improved efficiency.

FINANCIAL PERFORMANCE

MSEK	2015	CHANGE	2014	CHANGE	2013
Net sales	1,574	22.1%	1,289	8.4%	1,189
EBITA	396	37.5%	288	16.9%	246
EBITA margin	25.1%	2.8	22.3%	1.6	20.7%

The map indicates countries where employees within business area Demolition & Tools are in place.

NET SALES BY GEOGRAPHIC MARKET, DEMOLITION & TOOLS



SYSTEMS SOLUTIONS BUSINESS AREA

The Systems Solutions business area comprises companies that offer system solutions. Systems Solutions has five divisions: Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology, Sawmill Equipment and Construction Materials. The divisions are leading players in their geographic markets. The acquisition of three businesses was announced during the year.

INTERIORS FOR SERVICE VEHICLES

Lifco produces interior modules for vans and light commercial vehicles for the storage of tools and other equipment. The modules are made of special steel that combines high strength with low weight. The solutions fit basically all types of light commercial vehicles that are manufactured in Europe. The division operates under the names of Modul-System and Tevo.

The largest customers are primarily in the energy and construction sectors. Between 40% and 90% of the modules are assembled in Lifco's own service workshops. Most sales are transacted directly with the end customer and some are channelled through car retailers, car manufacturers and so-called customisers.

Sanistål's Danish car interior business was acquired at the beginning of the year.

The division reported growth in both sales and profitability during the year following increased sales activities and an enhanced product range. However, the operating margin was disappointing.

CONTRACT MANUFACTURING

Under the Leab, Texor, Wintech and Zetterströms Rostfria brands, Lifco offers contract manufacturing of products used in a large number of industries, including the engineering and medical technology industries.

The companies focus on the manufacture of products where standards for quality and supply service are high and manufacturing is a key part of the product's value chain. Customers include world-leading manufacturers of equipment for the pharmaceutical industry and manufacturers of railway equipment. These customer groups have recurring volumes and expect superior quality with regard to flexibility in delivery and documentation. One of the strengths of Lifco's companies is their certified production and quality assurance processes, and their efficient monitoring of material flows.

In December, Lifco purchased Norwegian Auto-Maskin, a leading manufacturer of control and monitoring systems for marine diesel engines.

The division's sales were stable during the year and profitability was satisfactory.

ENVIRONMENTAL TECHNOLOGY

Under the name Eldan Recycling, Lifco manufactures and sells recycling machinery for tyres, cables, refrigerators, aluminium products, electronics and other materials. The machinery is used in recycling plants. Eldan Recycling has sales in approximately 70 countries.

Rapid Granulator, a leading Swedish-based manufacturer of granulators for recycling plastic production waste, was acquired in March.

Sales and earnings both increased during the year, driven mainly by the acquisition of Rapid Granulator.

The map indicates countries where employees within business area System Solutions are in place

SAWMILL EQUIPMENT

Lifco produces sawmill equipment under the AriVislanda, Heinola, Hekotek and Renholmen brands. The companies operate in the Baltic countries, Finland, Russia, Norway and Sweden. Together, the companies provide sawmills with most of the equipment required for timber and wood processing, for drying and for sawing lines. The range of products also includes equipment for pellet facilities.

Lifco is involved at the early stages of design, planning and construction of new sawmills. Sales often take place in project form, usually spanning several years from initial discussions to the first delivery. The division also sells service and spare parts, but the majority of the sales are comprised of new equipment.

Sawmill equipment enjoyed good sales and earnings growth during the year, driven by increased investment spending among sawmills. Sales of pellet systems were particularly strong and the division has attained a leading position in the Nordic, Baltic and Russian markets.

CONSTRUCTION MATERIALS

Lifco offers services for the cleaning and sealing of pipes in older properties under the Proline and Prosoc brands. Relining makes it possible to renovate waste water pipes without having to tear out kitchens and bathrooms to get to the pipes. Operations are based in Denmark, Finland, Iceland, the Netherlands, Norway, Spain and Sweden.

Sales remained stable throughout the year, but earnings growth was unsatisfactory due to a lower margin and productivity in some projects.

The division was renamed following the acquisition of the Norwegian company Cenika in January 2016 and is now called Construction Materials. Cenika is a leading supplier of low voltage electrical equipment.

PERFORMANCE IN 2015

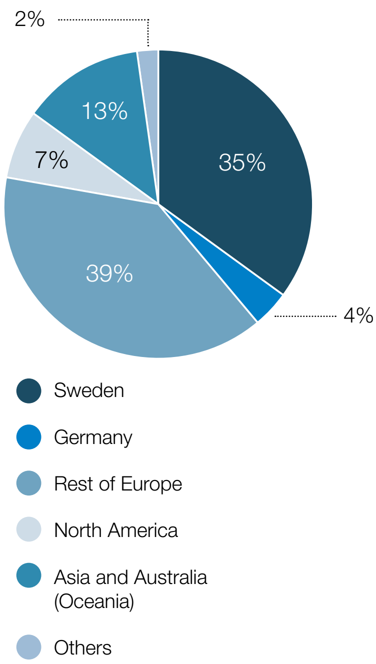
Sales in Systems Solutions increased by 28.7% to SEK 2,892 million (2,247). All divisions except for Construction Materials reported an increase in sales.

EBITA rose 25.0% to SEK 263 million (211) with improvements across all the divisions, except for Contract Manufacturing and Construction Materials. The EBITA margin fell 0.3 percentage points to 9.1% (9.4%).

FINANCIAL PERFORMANCE

MSEK	2015	CHANGE	2014	CHANGE	2013
Net sales	2,892	28.7%	2,247	11.5%	2,014
EBITA	263	25.0%	211	82.9%	115
EBITA margin	9.1%	-0.3	9.4%	3.7	5.7%

NET SALES BY GEOGRAPHIC MARKET, SYSTEMS SOLUTIONS



Kinshofer is a world-leading supplier of attachments for cranes and excavators. Its range includes equipment for the replacement of railway sleepers. The old sleepers are replaced with new ones without having to take up the track.

THE LIFCO SHARE

Lifco's Class B shares have been traded on the main list of the Nasdaq Stockholm Stock Exchange since 21 November 2014. The shares are included in the Nasdaq OMX Nordic Large Cap index. The number of shareholders at 31 December 2015 was 6,635. 10.1% of the shares were owned by foreign investors at year-end. The company stock is traded under the ticker symbol LIFCO B.

PRICE TREND AND LIQUIDITY

Lifco's market price was SEK 212.00 at year-end, giving it a market value of SEK 19.3 billion. This represents an increase of 57.6% in 2015. The Nasdaq OMX Nordic Large Cap index rose 10.0% in 2015.

The highest price paid was SEK 239.00 on 3 December and the lowest was SEK 127.40 on 16 January.

Lifco's introduction price was SEK 93.00. The shares had risen 128% from the IPO price to the last day of trading in 2015. In the same period, the Nasdaq OMX Nordic Large Cap index increased by 12.9%.

A total of 17,962,557 shares were traded in 2015 with an average of 71,564 shares a day. 60.4% of the shares were traded on the Nasdaq Stockholm Exchange.

SHARE CAPITAL

At year-end 2015, Lifco's share capital amounted to SEK 18,168,652 distributed over 90,843,260 shares. All shares bear an equal right to dividends. Holders of Class A shares are entitled to ten votes per share and holders of Class B shares are entitled to one vote per share. The number of Class A shares is 6,075,970 and the number of Class B shares is 84,767,290.

DIVIDEND POLICY

Lifco's Board of Directors has adopted a dividend policy whereby the dividend shall be based on the company's earnings trend, taking future opportunities for growth and its financial position into consideration. The long-term objective is for the dividend to have stable development and amount to 30%-50% of the profit after tax.

SHAREHOLDER INFORMATION

Financial information about Lifco can be found on the company's website. Questions can also be addressed directly to Lifco. Annual reports, interim reports and other information can be ordered from Lifco's head office, its website, via email and by phone.

Website: www.lifco.se Email: ir@lifco.se Phone: +46 (0)72 717 59 33

SHAREHOLDER VALUE

Lifco's Group management is committed to continuously developing and improving Lifco's financial information so that current and future shareholders have a good basis on which to appraise the company as fairly and accurately as possible. This includes meeting with analysts, investors and the media.

ANALYSTS THAT FOLLOW LIFCO

Christian Hellman, Nordea
Lars Hevreng, Danske Bank
Jon Hyltner, Handelsbanken
Daniel Lindkvist, ABG Sundal Collier
Robert Redin, Carnegie
Johan Dahl, SEB

LIFCO'S TRADING HISTORY

In 1998, Lifco was allocated to the shareholders of Getinge Industries and was listed on the Stockholm Stock Exchange. In 2000, Carl Bennet AB acquired Lifco through a public bid and Lifco was delisted. The business was streamlined in the following year. Lifco assumed its current form in 2006 through the acquisition of the fellow subsidiary, Sorb Industri, which had been bought out from the stock market by Carl Bennet AB in 1999.

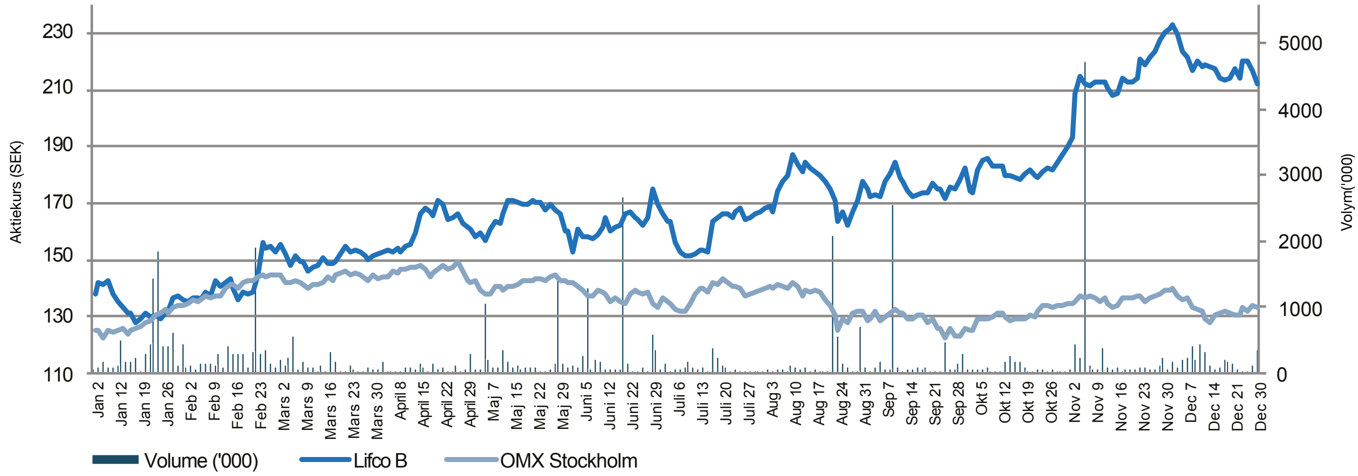
SHARE CAPITAL STRUCTURE

	CLASS A	CLASS B	TOTAL
Number of shares	6,075,970	84,767,290	90,843,260
Number of votes	60,759,700	84,767,290	145,526,990
Capital, %	7	93	100
Votes, %	42	58	100

THE TEN LARGEST COUNTRIES

	NUMBER OF SHARES	CAPITAL, %	VOTES, %	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS
Sweden	81,600,867	89.8	93.6	6,269	94.6
USA	3,255,269	3.6	2.2	40	0.6
Norway	2,497,904	2.7	1.7	11	0.2
UK	931,429	1.0	0.6	38	0.6
Denmark	730,071	0.8	0.5	43	0.6
Luxembourg	728,839	0.8	0.5	17	0.3
Finland	336,071	0.4	0.2	27	0.4
France	269,875	0.3	0.2	12	0.2
Switzerland	141,399	0.2	0.1	15	0.2
The Netherlands	108,680	0.1	0.1	6	0.1
Others	242,856	0.3	0.3	101	1.5

Source: Modular Finance



LIFCO'S 20 LARGEST SHAREHOLDERS AT 29 FEBRUARY 2016

	CLASS A SHARES	CLASS B SHARES	CAPITAL, %	VOTES, %
Carl Bennet AB	6,075,970	39,437,290	50.1	68.9
Fjärde AP-fonden		7,025,428	7.7	4.8
Didner & Gerge fonder		6,086,858	6.7	4.2
Carnegie Fonder		4,440,000	4.9	3.1
Swedbank Robur Fonder		3,545,422	3.9	2.4
Ax:son Johnson-sfären		3,045,000	3.4	2.1
SHB Fonder & Liv		2,559,261	2.8	1.8
SEB Fonder & Liv		1,618,737	1.8	1.1
Odin Fonder		1,300,647	1.4	0.9
Nordea Fonder		1,072,233	1.2	0.7
Norges Bank		959,069	1.1	0.7
Fidelity Fonder		773,118	0.9	0.5
Lundberg-sfären		700,000	0.8	0.5
Evermore Global Advisors Fonder		584,393	0.6	0.4
Mertzig Asset Management Fonder		400,000	0.4	0.3
AMF Försäkring & Fonder		341,000	0.4	0.2
Fredrik Karlsson		331,500	0.4	0.2
RAM Fonder		297,616	0.3	0.2
Fondita Fonder		265,631	0.3	0.2
Danske Invest & Danica Pension		245,079	0.3	0.2
Övriga		11,307,955	12.4	7.8
Totalt	**6,075,970**	**84,767,290**	**100.0**	**100.0**

Source: Modular Finance

This table shows the largest identified shareholders by capital in order according to number of votes. Individual major shareholders may be registered in the name of a nominee and included among other shareholders.

SHAREHOLDER STRUCTURE AT 31 DECEMBER 2015

NUMBER	SHARES	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS
1	500	5,761	86.8
501	1,000	316	4.8
1,001	5,000	324	4.9
5,001	10,000	67	1.0
10,001	15,000	29	0.4
15,001	20,000	18	0.3
20,001	-	120	1.8
Total		**6,635**	**100.0**

Source: Euroclear

DATA PER SHARE	2015	2014	2013
Earnings per share after tax	8.91	6.17	4.16
Market price, 31 December	212.00	134.50	-
Cash flow	10.44	6.45	6.14
Dividends (proposal for 2015)	3.00	2.60	-
Dividend growth, %	15.4%	-	-
Yield, %	1.4	1.9	-
P/E ratio	23.8	21.8	-
Percentage of profit dividend, %	34	42	-
Equity	43.4	38.0	26.0
Number of shares (million) at 31 December	90.8	90.8	-

ACQUISITIONS

Lifco announced nine acquisitions in all three of its business areas in 2015. The acquisitions have expanded Lifco's portfolio and its market presence. The aggregate sales of the acquired entities in 2015 were just over SEK 520 million and some 330 employees have joined Lifco through acquisitions during the year.

No individual acquisition is expected to have any material impact on Lifco's earnings and financial position in 2015. Following a decision made at the Annual General Meeting, Lifco has also sold its entire shareholding in NETdental in 2015. Lifco owned 65% of the shares. NETdental had sales of approximately SEK 140 million and 13 employees.

ACQUISITIONS IN DENTAL

Dental has announced the acquisition of five businesses: Preventum Partner, which provides Swedish dentists with accounting services and quality assurance systems, the manufacturing companies J.H. Orsing and Top Dental, and Smilodent, which imports dental prosthetics to German dentists. The acquisition of endodontic products has also been announced during the year.

Preventum Partner is a Swedish company that provides accountancy services and quality assurance systems to dentists in the Swedish market. The company is located in Kungsör, Sweden.

The Swedish company J.H. Orsing manufactures saliva ejectors and saliva tubes for use in dental care. The company has its production facility in Råå, outside of Helsingborg in Sweden.

Top Dental is a UK company that manufactures and sells disinfection liquids and products for use in dental care. The company is also a distributor of dental consumables to dentists in the UK. Top Dental's production facilities and warehouse are in Silsden outside of Leeds in the UK. The acquisition marks the first step into the UK market for the Dental business area.

The German company, Smilodent, imports dental prosthetics that are sold to dentists in Germany. Smilodent is located in Essen, Germany.

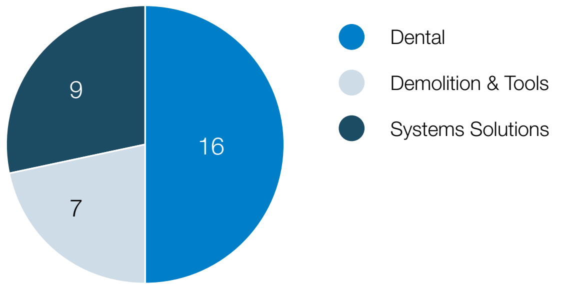
Lifco also announced the acquisition of endodontic products, with the main markets in Europe, Russia and the US. The most significant trademark is Calasept, which is used by dentists for cleaning root canals. The selling entity was Nordiska Dental. The endodontic products is consolidated in January 2016.

ACQUISITIONS IN DEMOLITION & TOOLS

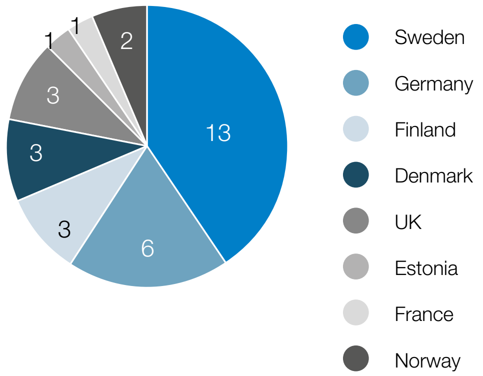
Demolition & Tools expanded its portfolio of products through the acquisition of the UK company Auger Torque. The company is a leading global manufacturer of earth drills and other attachments for cranes and excavators.

Auger Torque was consolidated into Kinshofer, which is part of the Demolition & Tools business area. The acquisition brings a new product segment to Kinshofer and access to a key distribution channel above all in the UK, Australia, the US and China. Auger Torque has customers in more than 70 countries. Auger Torque's main customer group is small and medium-size contracting businesses. Its largest production sites are in the UK, China and Australia.

NUMBER OF ACQUISITIONS PER BUSINESS AREA SINCE 2006

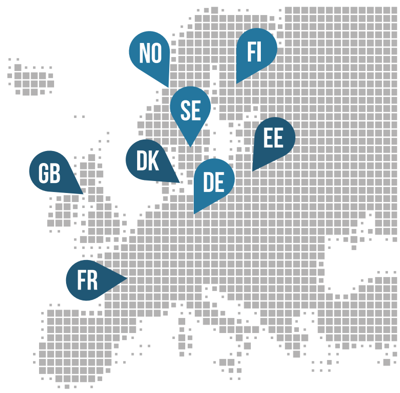


BY COUNTRY



ACQUISTIONS IN SYSTEMS SOLUTIONS

The purchase of the Swedish-based manufacturer, Rapid Granulator, has brought a new product area to the Environmental Technology division, which is part of Systems Solutions. The Interiors for Service Vehicles division acquired a business in Denmark. The acquisition of Norwegian Auto-Maskin was also announced during the year. Auto-Maskin manufactures control and monitoring systems for marine diesel engines and is consolidated into the Contract Manufacturing division in January 2016.



Rapid Granulator is a leading global manufacturer of granulators for in-plant recycling of plastic waste. The company is at the forefront of granulator technology and has developed a number of new solutions in granulation within the plastic industry. Rapid Granulator was established in 1942 in Bredaryd and has customers in about 150 countries. The company has subsidiaries in the US, Germany, France, Italy, Singapore and China.

Lifco also purchased Sanistål's Danish operations that produce interiors for vehicles. The acquisition made Lifco the leading player in Denmark in the market for interiors for service vehicles.

Auto-Maskin has been building control and monitoring systems for the marine and industrial markets since 1969. It has customers all around the world.

PREVIOUS ACQUISITIONS

Between 2006 and 2015, Lifco has acquired 32 companies. A complete list of all the business acquired can be found on page 72.

ACQUISITIONS ANNOUNCED IN 2015

COMPANY	OPERATIONS	BUSINESS AREA	SALES 2014	NUMBER OF EMPLOYEES ON ACQUISITION	DATE OF CONSOLIDATION	COUNTRY
Auger Torque	Manufacturer of earth drills	Demolition & Tools	GBP 10 million	114	March 2015	UK
Auto-Maskin	Marine diesel engine control systems	Systems Solutions	NOK 130 million	65	January 2016	Norway
Endodontic products	Products for root canal filling, etc.	Dental	SEK 10 million	-	January 2016	Sweden
J.H. Orsing	Saliva ejectors and tubes	Dental	SEK 20 million	9	August 2015	Sweden
Preventum Partner	Accountancy services and quality assurance systems	Dental	SEK 10 million	10	November 2015	Sweden
Rapid Granulator	Manufacturer of granulators	Systems Solutions	SEK 300 million	139	March 2015	Sweden
Sanistål's Danish operations	Interiors for service vehicles	Systems Solutions	DKK 25 million	11	February 2015	Denmark
Smilodent	Dental technology	Dental	EUR 4.8 million	20	November 2015	Germany
Top Dental	Manufacturer of disinfection products	Dental	GBP 3.4 million	25	April 2015	UK

RISKS AND RISK MANAGEMENT

There are a number of factors that affect, or could affect, Lifco's operations, performance or financial position. Lifco has 124 companies in 28 countries and a large number of customers in various industries. Lifco also has a large number of suppliers in different areas. This spread means that the commercial risks are limited. Risks that have been identified and how they are managed are presented below.

Lifco is dependent on macroeconomic factors such as consumption, corporate investments, public investments, the volatility and strength of the capital market and inflation. However, the dental industry has historically been less sensitive to economic downturns than companies in, for example, the industrial sector. Sales to private individuals are also typically less affected by the general economic situation. However, a significant proportion of Lifco's sales target customers in the industrial sector. A stronger economy leads to greater business opportunities for Lifco.

To some extent, individual subsidiaries are dependent on one or more customers for being able to maintain their sales. The Group, however, is not dependant on any one customer. Lifco's single largest customer accounts for less than three percent of the Group's total sales.

When making acquisitions, Lifco may be impacted if expected synergies or efficiencies do not arise, or may incur costs that are not compensated by the seller. When selling subsidiaries, Lifco may risk incurring costs and losses attributable to the sold company. Lifco manages this risk by conducting a thorough analysis of the business upon acquisition. The analysis includes discussions with suppliers, customers, other parties in the market and industry experts. It also involves scrutinising the target company's accounts and agreements in detail.

The Group's customer agreements vary in terms of duration, guarantees, liability caps and scope. Guarantees in customer agreements can sometimes take the form of so-called "on-demand" guarantees. This means that Lifco can be called upon to pay a certain sum to the counterparty in the event of a confirmed or claimed fault in the supplied product. Such guarantees may have significant adverse impacts on the financial position and performance of the company. Furthermore, a number of Lifco's customer and supplier relationships are not formalised in written agreements. Consequently, the parties largely rely on customary practice in the relationships, which are often long-standing. The content of such agreements can be difficult to clarify if the parties have differing opinions on a matter. This can lead to a deterioration in the relationship and expensive disputes.

Individual subsidiaries may fail to implement new technology or adapt their product range or business model in time in order to benefit from new or existing technology. This could be due to an inability to fund technical investments or keep up with developments in technology. It is therefore important for Lifco that the subsidiaries have a broad network in their respective industries to ensure that they keep up with developments in technology. Lifco always bases financing decisions on commercial considerations.

Lifco's decentralised organisation model may prove less suitable for meeting future market challenges. Lifco's Group management and Board of Directors manage this risk by performing an annual review of the strategy, including an analysis of Lifco's strengths and weaknesses. The analysis also tests whether the organisation is equipped to take on future challenges and initiatives.

Lifco's customers or competitors may join forces and form larger entities. If customers join forces, this can put pressure on prices. Competitors may then strengthen their market position at Lifco's expense. This risk can be minimised by building close customer relationships. Close customer relationships are important to Lifco in all operations and, in many cases, Lifco also offers service to further strengthen the relationship with its customers. Strong customer relationships are important in price negotiations too.

Most of the products sold in the Dental business area come under the compensation systems applied by private insurance companies, authorities and entities paying for healthcare products and services. There is a risk that they might change the systems, which would reduce the compensation. Dental accounts for about half of the Group's total sales and no single market accounts for more than 41% of Dental's sales. Consequently, the Group's exposure to a single market in the Dental area is limited.

Lifco is dependent on certain key individuals, in both Group management and the subsidiaries. The acquisition strategy requires the companies' key individuals to be highly motivated to run the company even after the acquisition. To attract and retain key individuals, Lifco believes in incentive schemes linked to profitability.

Currency risk refers to the risk of unfavourable movements in exchange rates. The currency risk is divided into:

- Transaction exposure, arising when the companies in the Group carry out transactions in currencies other than the local currency.
- Translation exposure, arising when the Group has net investments in foreign currencies through its subsidiaries.

Lifco's operations are conducted in 28 countries. The geographic distribution, coupled with the great number of customers and products, results in a relatively limited transaction exposure. Inside the Group, there is a balance between purchasing and sales in foreign currencies. A reasonable change in the value of the Swedish krona does not have any material impact on Lifco's financial position.

Translation exposure is managed to some extent through borrowing in the foreign currencies concerned.

Further information about Lifco's currency policy is presented in Note 3.

Interest rate risk refers to the risk that changes in general interest rates can have an adverse impact on Lifco's net profit. Lifco has not currently taken any hedging measures with regard to interest rate risk.

Credit and counterparty risk is the risk that the counterparty in a financial transaction cannot fulfil its obligations. Lifco's credit risk primarily comprises trade receivables (commercial credit risk), but there is also some credit risk with regard to the investment of cash and cash equivalents (financial credit risk). Lifco assesses that the financial credit risk is low, as the Group's cash and cash equivalents are deposited in banks with strong credit ratings.

Lifco is dependent on obtaining financing through creditors. Lifco assesses that the Group has a good financial position, considering the existing working capital and existing credit agreements.

CORPORATE GOVERNANCE REPORT

Lifco is a Swedish limited liability company whose shares began trading on the Nasdaq Stockholm Exchange on 21 November 2014. Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable profit growth and robust cash flows. The Group is governed by a clear philosophy that calls for the company to take a long-term perspective, focus on profitability and have a strongly decentralised organisation. Lifco has 124 companies in 28 countries.

Corporate governance at Lifco is aimed at ensuring that the company continues to grow strongly and thus also that the Group meets its obligations to shareholders, customers, employees, suppliers, creditors and society.

Lifco's corporate governance and internal regulations are consistently geared toward business objectives and strategies. The Group's risks are carefully analysed and risk management is integrated into the work of the Board and into the operations of the business. Because the corporate governance is so clearly focused on the business objectives, it brings a speed and flexibility to the decision-making process that is often crucial to success. Lifco's organisation is structured to allow agile responses to changes in the market. A strongly decentralised organisation and a strong degree of autonomy in the subsidiaries enable rapid operational decisions. Lifco's Board of Directors and Group management make overriding decisions concerning acquisitions, divestments, strategy and direction.

EXTERNAL AND INTERNAL REGULATIONS

Lifco's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, the company's Articles of Association, Nasdaq Stockholm's Rules for Issuers and the rules and recommendations issued by the relevant organisations. Since its listing on Nasdaq Stockholm, Lifco applies the Swedish Corporate governance Code ("the Code"). The Code is based on the "comply or explain" principle, meaning that companies applying the Code may deviate from regulations under the Code, but must provide explanations for each deviation.

Lifco deviates from the Code on one point, which is that the Chairman of the Board is also the Chair of the Nomination Committee. This deviation is explained below under the heading Nomination Committee.

Internal regulations that affect Lifco's corporate governance include the company's Articles of Association, the Board's rules of procedure, the instructions to the CEO, policy documents and the Group's Code of Conduct.

For more information:
About the Code: www.bolagsstyrning.se

Lifco's Code of Conduct and Articles of Association: www.lifco.se

SHAREHOLDERS

At the end of 2015, Lifco had 6,635 shareholders, according to Modular Finance. As at 31 December 2015, Lifco's share capital comprised 90,843,260 shares. Of these, 6,075,970 were Class A shares, with ten votes per share, and 84,767,290 were Class B shares with one vote per share. As at 31 December 2015, Lifco had a market value of SEK 19.3 billion. The company's largest shareholder is Carl Bennet AB, with 68.9% of the total number of votes in the company. Further information about Lifco's shareholder structure, share performance, etc. is presented on pages 22-23.

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2015

At Lifco's Annual General Meeting on May 6, 2015, in Stockholm, 41 representatives attended. Together they represented 83.2% of the shares and 87.4% of the votes. The Board of Directors, CEO, CFO and the auditors attended the Annual General Meeting. The members of the Board Carl Bennet, Gabriel Danielsson, Erik Gabrielson, Fredrik Karlsson, Johan Stern and Axel Wachtmeister were re-elected. Ulrika Dellby and Ulf Grunander were new elections as members of the Board. Carl Bennet was elected Chairman of the Board. It was reported that the unions had appointed Annika Norlund and Hans-Eric Wallin as members of the Board and Stefan Håkansson and Peter Wiberg as deputy members of the Board. Minutes from the Annual General Meeting is available on www.lifco.se.

The decisions by the Annual General Meeting:
• Adoption of the annual accounts for the mother company and the Group • Dividend. According to the proposal in the summons, distribute a dividend of SEK 2.60 per share. • Discharge the members of the Board and the CEO from liability for the financial year 2014. • For the financial year 2015 grant the Board a remuneration of a total of SEK 5,100,000 including reimbursement for the committee work. More detailed information is to be found on page 28. • Adopt the proposal for the remuneration of senior officers. More detailed information is to be found on page 28. • Adopt the proposal to divest the subsidiary NETdental GmbH made by the Board in the summons.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders is the highest decision-making body. At the General Meeting, the shareholders exercise their voting rights in accordance with Swedish corporate legislation and Lifco's Articles of Association. The General Meeting elects the Board of Directors and auditors. The other tasks of the General Meeting include the adoption of the company's income statements and balance sheets, the appropriation of the company's profits, and granting discharge from liability for the Board members and CEO. The General Meeting also resolves on remuneration to the Board of Directors, auditors' fees and guidelines for remuneration to senior executives.

The Annual General Meeting of shareholders must be held within six months of the end of the financial year. In addition to the Annual General Meeting, extraordinary general meetings may also be convened. Lifco's Articles of Association state that a notice of a General Meeting is to be made through publication in the Swedish Official Gazette and on the company's website. The notice must also be published in the Dagens Industri newspaper. The General Meeting can be held either in Enköping or Stockholm.

NOMINATION COMMITTEE

The duties of the Nomination Committee are to present proposals regarding the election of the Chairman of the Annual General Meeting, the Chairman of the Board and other members of the Board, the election of auditors, as well as fees for Board members and auditors.

The structure of the Nomination Committee for the 2016 Annual General Meeting was published in the nine-month report and on the company's website on 3 November 2015. All shareholders may contact the Committee with proposed nominations. The Nomination Committee conducts an evaluation of the Board and its work. A proposal for the new Board is subsequently drawn up and submitted with the notice of the forthcoming Annual General Meeting. For the 2016 Annual General Meeting, the Nomination Committee comprises the following representatives of the largest shareholders:

- Carl Bennet, Carl Bennet AB
- Anna-Karin Celsing, representative for minor shareholders
- Per Colleen, Fourth Swedish National Pension Fund
- Hans Hedström, Carnegie Funds
- Marianne Nilsson, Robur Swedbank Funds
- Adam Nyström, Didner & Gerge Funds

The Chairman of the Board, Carl Bennet, was appointed as the chair of the Nomination Committee for the 2016 Annual General Meeting, which deviates from the rules of the Code. The reason for this is that it seems natural that a representative of the largest owner by votes is the chair of the Nomination Committee, since this individual should have a decisive influence over the Nomination Committee's composition through his voting majority at the Annual General Meeting.

Evaluation: As a basis for its proposal to the 2016 Annual General Meeting, the Nomination Committee has made an assessment as to whether the current Board of Directors is suitably composed and meets the requirements placed upon the Board as a result of the position and future focus of the company. The Nomination Committee's proposal is published in conjunction with the notice of the Annual General Meeting at the latest.

THE BOARD OF DIRECTORS

The Board of Directors is the company's second highest decision-making body after the General Meeting and is its highest administrative body. The Board is responsible for the organisation of the company and the management of its affairs. It is also the Board's duty to ensure that the organisations in charge of accounting and the management of assets are subject to satisfactory controls.

According to Lifco's Articles of Association, the Board shall consist of at least three and at most nine members, and a maximum of nine deputies. The Board members are elected annually at the Annual General Meeting to serve for the period up to the close of the following Annual General Meeting. The Annual General Meeting also appoints the Chairman of the Board. The Chairman's role is to head the Board's work and ensure that the work of the Board is carefully organised and performed in an effective and efficient manner.

The Board of Directors performs its work in accordance with written rules of procedure, which are revised annually and approved at the inaugural meeting of the Board each year. The rules of procedure regulate Board practice, functions and the division of responsibilities between the Board and the CEO. The rules of procedure require the Board to review its own procedures every year. At its inaugural meeting, the Board also approves instructions for financial reporting.

The Board meets according to an annually established schedule. In addition to these scheduled Board meetings, additional Board meetings may be convened to address issues that cannot be referred to an ordinary Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO maintain an ongoing dialogue about the management of the company. The Board meets the auditor every year without any members of company management being present.

The Board held its inaugural meeting on 6 May 2015. At the eight meetings held by the Board during the year, the average attendance of the members was 98%. With the exception of the CEO, no member of Lifco's Board holds an operational position in the company. A more detailed description of the Board of Directors and CEO is presented on pages 32-34.

Independence: Lifco fulfils the requirements for independent Board members as stipulated in the Code. It is the opinion of the company that Fredrik Karlsson, in his capacity as CEO, is not to be regarded as independent in relation to the company and executive management, and that Carl Bennet and Johan Stern, as representatives and Board members of Lifco's principal shareholder Carl Bennet AB, are not to be regarded as independent in relation to the largest shareholders. Erik Gabrielson, member of the Board, is a partner at the law firm Vinge, which provides legal services to Lifco AB, Carl Bennet AB and others. However, the Nomination Committee has made the assessment that Erik Gabrielson can be deemed independent in relation to the company, the Group management and the company's major shareholders. Other members - Gabriel Danielsson, Ulrika Dellby, Ulf Grunander and Axel Wachtmeister - are deemed independent in relation to the company and executive management, and to the largest shareholders.

The secretary at the Board meetings has been the CFO, Therése Hoffman. At its ordinary meetings, the Board addresses the scheduled items of business in compliance with the Board's rules of procedure, such as the business situation, budget, year-end financial statements and interim reports. The Board also addresses general matters concerning the economy and related cost issues, business acquisitions and other investments, long-term strategies, financial matters, and structural and organisational matters.

As a part of enhancing efficiency and deepening the Board's work in certain matters, there are two committees: The Audit Committee and the Remuneration Committee. The Committees were appointed at the inaugural meeting of the Board of Directors. Delegation of responsibilities and the right of decision-making to these committees are presented in the Board's rules of procedure. The issues addressed and the decisions made at the committee meetings are recorded in minutes and reports are submitted at the next Board meeting. The Chairman of the Board ensures an annual evaluation of the Board of Directors' and the CEO's performance and provides the Nomination Committee with the outcome of the evaluation.

AUDIT COMMITTEE

The Board annually appoints the Audit Committee. Without it having an impact on the other responsibilities and duties of the Board, the Audit Committee shall monitor the financial reporting, monitor the effectiveness of Lifco's internal control systems, internal audit and risk management, keep informed of the audit of the annual report and the consolidated financial statements, assess and monitor the auditor's impartiality and independence, and particularly observe whether the auditor provides the company with any other services than auditing. The Committee is also tasked with evaluating the auditing activities and passing this information on to the Nomination Committee and assisting the Nomination Committee in producing proposals for auditors and fees for auditing services.

After the 2015 Annual General Meeting, the Audit Committee comprised: Ulf Grunander, Chair, Ulrika Dellby, member, Erik Gabrielson, member and Johan Stern, member. In 2015, the Audit Committee had five meetings with minutes as well as contact in between meetings when needed. The average attendance was 95%. The Company's auditor has attended all of the Audit Committee´s meetings. The Committee has, together with the auditor, discussed and agreed on the scope of the audit.

REMUNERATION COMMITTEE

The Board annually appoints the Remuneration Committee. The Remuneration Committee shall prepare proposals regarding remuneration policies, remuneration and other terms of employment for the CEO and the senior executives.

After the 2015 Annual General Meeting, the Remuneration Committee comprised: Carl Bennet, Chair, Gabriel Danielsson, member, Johan Stern, member and Axel Wachtmeister, member. In 2015, the Remuneration Committee had two meetings with minutes as well as contact in between meetings when needed. All members attended the meetings during the year.

CEO AND PRESIDENT

The CEO reports to the Board of Directors and is responsible for the company's day-to-day management and daily operations of Lifco. The division of responsibilities between the Board and the CEO is stated in the rules of procedure for the Board and the instructions to the CEO. The CEO is also responsible for preparing reports and compiling information from the management prior to Board meetings and presents this material at the Board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the company and must ensure that the Board receives adequate information enabling it to evaluate the financial position of the company.

The CEO shall keep the Board updated on the development of the company's operations, sales growth, earnings and financial position, liquidity and credit situation, key business events and any other event, circumstance or condition that may be of material significance to the company's shareholders.

FINANCIAL REPORTING

The Board of Directors monitors the quality of the company's financial reporting through instructions to the CEO and the Audit Committee and by establishing requirements for the content of the reports relating to financial circumstances, which are regularly submitted to the Board through instructions for financial reports. The Board examines and assesses financial reports, such as the year-end reports and annual report, and has delegated to the executive management the task of ensuring the quality of press releases containing financial information and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

EXTERNAL AUDITORS

The Auditor-in-Charge at PricewaterhouseCoopers AB is Magnus Willfors, Authorised Public Accountant. Magnus Willfors holds no shares in the company. When PricewaterhouseCoopers is engaged to provide services other than auditing, this takes place in accordance with the Audit Committee's regulations for approval of the nature and scope of the services and the remuneration for such services. Lifco is of the opinion that the performance of these services has not jeopardised the independence of PricewaterhouseCoopers. Total remuneration to the auditors over the past two years is presented in Note 9. Lifco's auditor attended all of the Audit Committee's meetings in 2015 and one Board meeting. In conjunction with the Board meeting, the auditor had a meeting with the Board without presence of Group management.

According to the Articles of Association, Lifco shall have one or two auditors and a maximum of two deputies. An Authorised Public Accountant or a registered public accounting firm shall be appointed as the auditor.

OPERATING ACTIVITIES

The CEO and other members of Group management hold regular meetings to review monthly results, update forecasts and plans, and to discuss strategic matters. Lifco's Group management comprises three individuals, who are presented on page 35. Group management deals with Group-wide issues, in addition to operative matters, related to each business area. Group management consists of the CEO, the head of the Dental business area and the CFO. The Board is responsible for ensuring that an effective system for internal control and risk management is in place. The CEO has been delegated the responsibility of creating the necessary prerequisites to work with these issues. Both Group management and managers at various levels in the company hold this responsibility in their respective areas. Authorities and responsibilities are defined in policies, guidelines and descriptions of responsibilities.

DIRECTORS' REMUNERATION

The remuneration for the Board of Directors was approved by the 2015 Annual General Meeting and amounted to SEK 4.4 million, of which SEK 1.1 million is payable to the Chairman and SEK 550,000 to each of the members who are not employed by the company. The Annual General Meeting further approved remuneration for members of the Audit Committee of 160,000 SEK to the Chair and 80,000 SEK to each of the members and remuneration for the members of the Remuneration Committee of 120,000 SEK to the Chair and 60,000 SEK to each of the members.

SHARE AND SHARE-PRICE INCENTIVE SCHEMES

There are no outstanding share or share-price incentive schemes for Board members, the CEO or other senior executives.

SENIOR EXECUTIVE REMUNERATION

The guidelines for remuneration to senior executives, approved by shareholders at the 2015 Annual General Meeting, involve the following. The fundamental principle is that remuneration and other terms of employment for senior executives shall be on market terms and competitive in each market in which Lifco has a presence, to make it possible to attract, motivate and retain competent and skilful employees.

The total remuneration to senior executives shall consist of a basic salary, variable remuneration, pensions and other benefits. Fixed remuneration, the basic salary, shall be based on the areas of responsibility, authorities, expertise and experience of the individual executive. Basic salary and variable remuneration must be in proportion to the responsibility and authority of the executive concerned. Variable remuneration shall be linked to predetermined and measurable criteria, aimed at promoting long-term creation of value for the company. The variable remuneration of the CEO shall be capped at 70% of the basic salary. The variable remuneration shall be based on the individual targets proposed by the Remuneration Committee and approved by the Board. Targets may include earnings, growth in volume, working capital and cash flow. The variable remuneration for other senior executives shall be based partly in the outcome in their own area of responsibility and partly on individual targets. In addition to the above variable remuneration, share and share-price related incentive schemes may arise from time to time. The Board is entitled to make exceptions to the guidelines if, in individual cases, there are compelling reasons to justify this.

In 2015, remuneration to senior executives, which includes salaries and remuneration to the Board of Directors, Group Management Team as well as managing directors in the Group's subsidiaries, amounted to SEK 166 million (138). Please refer to Note 11 for further information.

The Board of Directors proposes that the guidelines for remuneration to senior executives be approved without change by the Annual General Meeting.

AUDITORS' REMUNERATION

PricewaterhouseCoopers AB is the company's auditor. The auditing assignment refers to the auditing of the annual report and accounts, including the Board's and the CEO's administration of the company, other assignments that the company's auditors are required to perform, and advice or other guidance brought about by observations resulting from the audit or related tasks. Other assignments refer mainly to consultancy services related to auditing and taxation issues, as well as assistance in connection with company acquisitions. Fees payable for audit services in 2015 amounted to SEK 6 million (6) and fees for other services to SEK 2 million (6). Fees for other services in 2014 mainly relate to advice and reviews in connection with the IPO on the Nasdaq Stockholm Exchange.

INTERNAL CONTROLS AND RISK MANAGEMENT IN THE FINANCIAL REPORTING

Internal control over financial reporting is an integrated part of the corporate governance in the Lifco Group. It comprises processes and methods to safeguard the Group's assets and accuracy in its financial reporting and thus aims to protect the shareholders' investment in the company.

CONTROL ENVIRONMENT

Lifco's organisation is structured to allow agile responses to changes in the market. A strongly decentralised organisation and a high degree of autonomy in the subsidiaries enable rapid operational decisions. Lifco's Board of Directors and Group management make overriding decisions concerning acquisitions, divestments, strategy and direction. The internal control of financial reporting within Lifco is designed to manage these conditions. The basis of internal control in the financial reporting comprises the control environment, including the organisation, decision-making channels, authorities and the responsibilities that are documented and communicated in governing documents.

Each year, the Board establishes rules of procedure that regulate the duties of the Chairman and the CEO. The Board has set up an Audit Committee to increase awareness of transparency and control of the company's accounts, financial reporting and risk management, and a Remuneration Committee to manage remuneration to the company management. Each operational unit has one or more administrative centres that are responsible for the day-to-day handling of transactions and reporting. Each operational unit has a financial manager, who is responsible for the financial control of the unit and for ensuring that the financial statements are accurate, complete and submitted in good time for consolidated reporting.

RISK ASSESSMENT

Risk assessment is based on the Lifco Group's financial targets. The overall financial risks have been defined and are mostly industry specific. Lifco conducts quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement to enable it to identify key risks that could threaten the achievement of business and financial targets. Within each operating unit, a number of subsidiaries are analysed to obtain a more detailed understanding of the actual application of existing rules and regulations. Measures to minimise identified risks are then established centrally within the Group.

CONTROL ACTIVITIES

The identified risks related to financial reporting are addressed through the company's control activities. For example, there are automated controls in IT-based systems that manage permissions and authorisation rights, as well as manual controls, such as duality in the day-to-day recording of transactions and closing entries. Detailed financial analyses of results and follow-ups of budgets and forecasts are performed to complement the operation-specific controls and generally endorse the quality of the reporting. The Group follows standardised templates and models to identify and document processes and controls.

INFORMATION AND COMMUNICATION

Lifco has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies and instructions are available on the company's intranet. Information about how efficiently the internal controls in the Group are working has been established and is reported regularly to the relevant parties in the organisation via implemented reporting tools.

FOLLOW-UP AND MONITORING

The Group management and the finance department perform monthly analyses of the financial reporting at a detailed level. The Audit Committee follows up the financial reporting at its meetings and the company's auditors report on their observations and provide recommendations. The Board receives financial reports on a monthly basis and the company's financial position is discussed at every Board meeting. The efficiency of the internal control activities is regularly followed up at different levels in the Group and comprises an assessment of the structure and operative function of the key control elements that have been identified and documented.

The follow-up of the internal control has in 2015 been fulfilled by the Group management and Lifco's financial department, with the support of the external auditors. The Audit Committee also has an important role in the internal control process with the task of evaluating the audit activities and internal control. The follow-up showed that the documentation and control activities in all material respects are established in the Group. Given the work performed related to the internal control, the Board of Directors has come to the conclusion that there is no need for a special audit function (internal audit function).

ONGOING PROCESS

The Lifco Group's ongoing internal control process will primarily focus on risk assessment, control activities as well as follow-up and monitoring over the next year.

Modul-System is a leading supplier of interiors for service vehicles. The interiors are made of ultra-high-strength steel, which makes them lightweight and robust.


Carl Bennet


Gabriel Danielsson

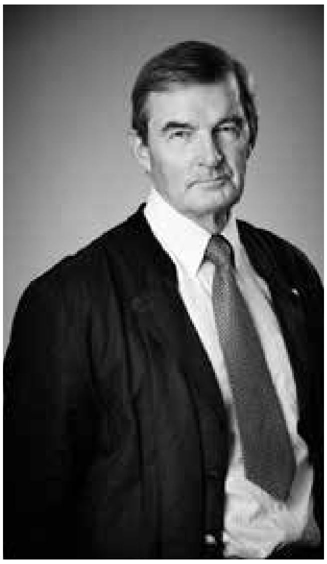

Ulrika Dellby


Erik Gabrielson


Ulf Grunander


Fredrik Karlsson


Johan Stern


Axel Wachtmeister


Annika Norlund


Hans-Eric Wallin


Stefan Håkansson


Peter Wiberg

THE BOARD OF DIRECTORS

CARL BENNET

Chairman of the Board

Date of birth: 1951. Appointed: 1998.

MBA, Honorary Doctor of Technology

Current appointments: CEO of Carl Bennet AB, Chair of Elanders AB and Getinge AB. Member of the boards of Holmen AB and L E Lundbergföretagen AB

Previous appointments: CEO and President of Getinge AB

Own holding and related party holding at 31 December 2015: 6,075,970 Class A shares, 39,587,290 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: No

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

GABRIEL DANIELSSON

Member of the Board

Date of birth: 1954. Appointed: 2006.

Forest supervisor, businessman

Current appointments: CEO of Linköpings Skogstjänst AB and Slottstornet AB. Deputy member of Boxholms Skogar AB, Dylta Bruk Förvaltnings AB, Gustafsborgs Säteri AB, Kårehatt AB, Wanås Gods AB and Wasatornet AB.

Previous appointments: Businessman, land and forest owner

Own holding and related party holding at 31 December 2015: 34,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 7/8

Attendance at Remuneration Committee: 2/2

ULRIKA DELLBY

Member of the Board

Date of birth: 1966. Appointed: 2015.

MBA, Stockholm School of Economics

Current appointments: Member of the board of Cybercom Group AB, SJ AB and deputy Chair of Fastighetsaktiebolaget Norrporten. Partner in Fagerberg & Dellby Fund I AB

Previous appointments: Partner Boston Consulting Group, CEO Brindfors Enterprise IG (today Brand Union), member of the boards of Via Travel Group and OSM Group

Own holding and related party holding at 31 December 2015: 5,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 5/8

Attendance at Audit Committee: 3/5

ERIK GABRIELSON

Member of the Board

Date of birth: 1962. Appointed: 2001.

LL.M.

Position: Lawyer

Current appointments: Chair of Allegresse AB. Member of the board of Elanders AB, Advokatfirman Vinge AB, Advokatfirman Vinge Skåne AB, ECG Vignoble AB, ECG Vinivest AB, Generic Sweden AB, Rosengård Invest AB and Storegate AB. Deputy member of Lamiflex Group AB

Previous appointments: See above

Own holding and related party holding at 31 December 2015: -

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

Attendance at Audit Committee: 4/5

ULF GRUNANDER

Member of the Board

Date of birth: 1954. Appointed: 2015.

MBA, Stockholm University

Current appointments: Member of the board of Djurgården Hockey AB

Previous appointments: CFO of the Getinge Group

Own holding and related party holding at 31 December 2015: 2,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 5/8

Attendance at Audit Committee: 3/5

FREDRIK KARLSSON

Member of the Board

CEO and President

Date of birth: 1962. Appointed: 1998.

MBA and Master of Science

Current appointments: Member of the board of the Royal Swedish Yacht Club, German-Swedish Chamber of Commerce and Bijaka AB

Previous appointments: Management consultant at BCG, CEO of Mercatura GmbH

Own holding and related party holding at 31 December 2015: 331,500 Class B shares

Independent of the company and the company management: No

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

JOHAN STERN

Deputy Chairman

Date of birth: 1951. Appointed: 2001.

MBA

Current appointments: Chair of Fädriften Invest AB, Healthinvest Partners AB and Skanör Falsterbo Kallbadhus AB. Member of the board of Carl Bennet AB, Elanders AB, Estea AB, Getinge AB, Rolling Optics AB, RP Ventures AB, Stiftelsen Harry Cullbergs Fond and the Swedish-American Chamber of Commerce, Inc.

Previous appointments: Roles within SEB in Sweden and the US

Own holding and related party holding: 46,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: No

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

Attendance at Audit Committee: 5/5

AXEL WACHTMEISTER

Member of the Board

Date of birth: 1951. Appointed: 2006.

MBA

Current appointments: Member of the board and CEO of Wästerslöv AB. Member of the board of Kilmartin Estate AB and Symbrio AB. Deputy member of HAWAJ Holding AB and Sydsvensk Form Reklam i Höör AB

Previous appointments: Land and forest owner

Own holding and related party holding at 31 December 2015: 16,200 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

STEFAN HÅKANSSON

Employee Representative, Unionen

Date of birth: 1960. Appointed: 2011.

Own holding and related party holding at 31 December 2015: 400 Class B shares

Attendance at Board meetings: 8/8

ANNIKA NORLUND

Employee Representative, Unionen

Date of birth: 1967. Appointed: 2013.

Own holding and related party holding at 31 December 2015: 300 Class B shares

Attendance at Board meetings: 8/8

PETER WIBERG

Employee Representative, deputy member, Metall

Date of birth: 1960. Appointed: 2013.

Own holding and related party holding at 31 December 2015: 300 Class B shares

Attendance at Board meetings: 8/8

HANS-ERIC WALLIN

Employee Representative

Date of birth: 1952. Appointed: 2006.

Own holding and related party holding at 31 December 2015: -

Attendance at Board meetings: 5/8

AUDITOR

PricewaterhouseCoopers AB has been Lifco's auditor since 2010.

PricewaterhouseCoopers was re-elected at the 2015 Annual General Meeting as Lifco's auditor until the end of the 2016 Annual General Meeting.

Magnus Willfors (born in 1963) is the auditor-in-charge. Magnus Willfors is an authorised public accountant and a member of FAR (the Swedish Organisation of Certified Public Accountants).

PricewaterhouseCoopers' address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

GROUP MANAGEMENT


Fredrik Karlsson


Therése Hoffman


Per Waldemarson

FREDRIK KARLSSON

CEO and President

Date of birth: 1962. Appointed: 1998. Employed: 1998.

MBA and Master of Science

Current appointments: Member of the board of the Royal Swedish Yacht Club, German-Swedish Chamber of Commerce and Bijaka AB

Previous appointments: Management consultant at BCG, CEO of Mercatura GmbH

Own holding and related party holding at 31 December 2015: 331,500 Class B shares

THERÉSE HOFFMAN

CFO

Date of birth: 1971. Appointed: 2011. Employed: 2007.

Upper secondary economics, international marketing

Previous appointments: CFO of Nordenta AB

Own holding and related party holding at 31 December 2015: 300 Class B shares

PER WALDEMARSON

Head of Business Area Dental

Date of birth: 1977. Appointed: 2009. Employed: 2006.

MBA

Previous appointments: Management consultant at Bain & Co, CEO of Brokk AB

Own holding and related party holding at 31 December 2014: 102,700 Class B shares

PROPOSAL FOR PROFIT APPROPRIATION

Lifco AB (publ), Corporate Identity Number 556465-3185

THE FOLLOWING PROFIT IN LIFCO AB IS AVAILABLE FOR APPROPRIATION BY THE ANNUAL GENERAL MEETING:	MSEK
Profit brought forward	1,889
Profit for the year	267
Total	**2,156**
The Board of Directors and the CEO propose a final dividend to the shareholders of SEK 3.00 per share.	272
to be carried forward	1,884
Total	**2,156**

The Board of Directors is of the opinion that the proposed dividend is justifiable in view of the demands made on the Group by the nature, extent and risks associated with the business in terms of the amount of equity required and taking into account the need for consolidation, liquidity and financial position in other respects.

Further information regarding the financial performance and position of the Group and the Parent Company in other respects is presented in the Annual Report. The income statements and balance sheets will be presented to the shareholders for approval at the Annual General Meeting on 12 May 2016.

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union and give a true and fair view of the Group's performance and position. The Annual Report has been prepared in accordance with generally accepted accounting practice and gives a true and fair view of the Parent Company's performance and position.

The Directors' Report for the Group and Parent Company gives a true and fair view of the development of the Group's and Parent Company's business operations, financial position and performance and describes principal risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, Sweden, 8 April 2016

Carl Bennet
Chairman of the Board

Gabriel Danielsson
Board Member

Ulrika Dellby
Board Member

Erik Gabrielson
Board Member

Ulf Grunander
Board Member

Fredrik Karlsson
President and CEO,
Board Member

Annika Norlund
Board Member,
Employee Representative for Unionen

Johan Stern
Board Member

Axel Wachtmeister
Board Member

Peter Wiberg
Deputy Director,
Employee Representative for Metall

Our Auditors' Report was submitted on 8 April 2016
PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public
Accountant Auditor-in-Charge

Martin Johansson
Authorised Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Lifco AB (publ), corporate identity number 556465-3185

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Lifco AB (publ) for the year 2015, except for the corporate governance statement on pages 27-35. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 8-70.

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. Our opinions do not cover the corporate governance statement on pages 27-35. 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 Lifco AB (publ) for the year 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 and that the corporate governance statement has been prepared in accordance with the Annual Accounts 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

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 our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

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.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Enköping, 8 April 2016
PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant
Auditor-in-charge

Martin Johansson
Authorized Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

MSEK	NOTE	2015	2014
Net sales	5	7,901	6,802
Cost of goods sold		-4,865	-4,249
Gross profit		**3,036**	**2,553**
Selling expenses		-625	-467
Administrative expenses		-1,205	-1,097
Research and development expenses		-73	-55
Non-recurring items	6	-	-110
Other operating income	7	23	19
Other operating expenses	7	-49	-37
Operating profit	8, 9, 10, 11, 12	**1,107**	**806**
Financial income	7, 13	9	11
Financial expenses	7, 13	-34	-54
Profit before tax		**1,082**	**763**
Tax on profit for the year	14	-257	-193
Net profit for the year		**825**	**570**
Net profit for the year attributable to:			
Parent Company shareholders		810	560
Non-controlling interests		15	10
Net profit for the year		**825**	**570**
Earnings per share before and after dilution attributable to Parent Company shareholders during the year, SEK	34	8.91	6.17

The notes on pages 44-63 constitute an integral part of the annual report and consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	NOTE	2015	2014
Net profit for the year		**825**	**570**
Other comprehensive income			
Items which can later be reclassified in the income statement:			
Translation difference		-92	131
Total comprehensive income for the year		**733**	**701**
Comprehensive income attributable to:			
Parent Company shareholders		720	689
Non-controlling interests		13	11
Total comprehensive income for the year		**733**	**701**

The notes on pages 44-63 constitute an integral part of the annual report and consolidated financial

CONSOLIDATED BALANCE SHEET

MSEK	NOTE	31 DEC 2015	31 DEC 2014
ASSETS			
Fixed assets			
Intangible fixed assets	15	5,010	4,677
Tangible fixed assets	16	417	386
Holdings in associated companies	17	4	4
Other non-current financial receivables	18	3	2
Deferred tax assets	19	80	48
Total fixed assets		**5,514**	**5,118**
Current assets			
Inventories	20	960	823
Accounts receivable - trade	18, 21	863	770
Current tax assets		69	71
Other current receivables		82	41
Prepaid expenses and accrued income	22	106	76
Cash and cash equivalents	18, 23, 24	464	536
Total current assets		**2,544**	**2,317**
TOTAL ASSETS		**8,058**	**7,435**

The notes on pages 44-63 constitute an integral part of the annual report and consolidated financial statements.

CONSOLIDATED BALANCE SHEET, CONT.

MSEK	NOTE	31 DEC 2015	31 DEC 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	25	18	18
Reserves		33	123
Retained earnings including net profit for the year		3,888	3,314
Equity attributable to Parent Company shareholders		**3,939**	**3,455**
Non-controlling interests		25	18
Total equity		**3,964**	**3,473**
Non-current liabilities			
Other non-current liabilities	18, 26	1,064	2,312
Interest-bearing pension provisions	27	39	39
Deferred tax liability	19	349	265
Other long-term provisions	28	22	19
Total non-current liabilities		**1,474**	**2,635**
Current liabilities			
Current interest-bearing liabilities	18, 26	1,341	276
Accounts payable - trade	18	370	344
Advance payments from customers		181	133
Current tax liabilities		108	65
Short-term provisions	28	43	36
Other current liabilities		183	124
Accrued expenses and deferred income	30	394	349
Total current liabilities		**2,620**	**1,327**
TOTAL EQUITY AND LIABILITIES		**8,058**	**7,435**

The notes on pages 44-63 constitute an integral part of the annual report and consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

MSEK	SHARE	RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Opening balance, 1 January 2014	**18**	**-6**	**2,354**	**2,366**	**16**	**2,382**
Comprehensive income						
Net profit for the year	-	-	560	560	10	570
Other comprehensive income	-	129	-	129	1	131
Total comprehensive income	-	129	560	689	11	701
Transactions with shareholders						
Shareholders' contributions	-	-	500	500	-	500
Dividends	-	-	-100	-100	-9	-109
Closing balance, 31 December 2014	**18**	**123**	**3,314**	**3,455**	**18**	**3,473**
Comprehensive income						
Net profit for the year	-	-	810	810	15	825
Other comprehensive income	-	-90	-	-90	-2	-92
Total comprehensive income	-	-90	810	720	13	733
Transactions with shareholders						
Additional non-controlling interest via acquisitions	-	-	-	-	10	10
Dividends	-	-	-236	-236	-16	-252
Closing balance, 31 December 2015	**18**	**33**	**3,888**	**3,939**	**25**	**3,964**

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

MSEK	NOTE	2015	2014
Operating activities			
Operating profit		1,107	806
Depreciation/amortisation		157	113
Other financial items		1	-6
Interest received		4	2
Interest paid		-30	-39
Income taxes paid		-239	-181
Cash flow before changes in working capital		**1,000**	**695**
Changes in working capital			
Increase/decrease in inventories		-59	-40
Increase/decrease in operating receivables		-113	-84
Increase/decrease in operating liabilities		120	15
Total changes in working capital		**-52**	**-109**
Cash flow from operating activities		**948**	**586**
Investing activities			
Investments in intangible fixed assets		-9	-11
Investments in tangible fixed assets		-102	-105
Sale of tangible fixed assets		20	20
Acquisition of subsidiaries net of cash and cash equivalents		-573	-1,264
Cash flow from investing activities		**-664**	**-1,361**
Financing activities			
Increase/decrease in non-current receivables/liabilities		-2	-
Borrowings		516	1,293
Repayment of borrowings		-602	-759
Shareholders' contributions		-	500
Group contribution paid		-	-100
Dividends paid		-252	-109
Cash flow from financing activities		**-340**	**825**
Cash flow for the year		**-56**	**50**
Cash and cash equivalents at the beginning of the year		536	442
Translation differences		-16	44
Cash and cash equivalents at year-end		**464**	**536**

The notes on pages 44-63 constitute an integral part of the annual report and consolidated

NOTE 1 GENERAL INFORMATION

Lifco acquires and develops market-leading niche operations in three business areas: Dental, Demolition & Tools and Systems Solutions. The operations are conducted through subsidiaries in 28 countries. The Parent Company, Lifco AB (publ), is a limited company with registered office in Enköping, Sweden (Verkmästaregatan 1, SE-745 85 Enköping).

This annual report was approved for publication by the Board of Directors on 8 April 2016. The consolidated and Parent Company income statements and balance sheets will be submitted for adoption at the Annual General Meeting on 12 May 2016.

Unless otherwise stated, all amounts are stated in millions of Swedish kronor (MSEK). Figures in brackets refer to the previous year.

Under German rules, it is permissible not to publish the annual reports of individual subsidiaries in Germany provided that the entities are consolidated at a higher level in another EU country. To meet the requirements under these regulations, Lifco AB has resolved to absorb any losses for EDP European Dental Partners Holding GmbH, Lübeck, in respect of the financial year 1 January – 31 December 2015, in accordance with § 32 of the German Companies Act (Aktiengesetz). This resolution will be published in official German registers in accordance with § 325 HGB. It has been resolved that the exemption rules provided for in § 264 Abs 3 HGB are applicable in respect of the Directors' Report and the publication of the financial statements in the official German register for:

- MDH AG Mamisch Dental Health AG, Mülheim an der Ruhr

Lifco AB has registered a parent undertaking in accordance with the UK Companies Act 2006, section 479(C), guaranteeing the subsidiaries registered in England and Wales for the financial year 2015. See below. The parent undertaking applies to all outstanding liabilities for the subsidiaries as per the balance sheet date until such time as these liabilities are settled. The subsidiaries have applied the exemption from audit clause in accordance with section 479(A) of the UK Companies Act 2006. Subsidiaries:

- Auger Torque Europe Limited (registered number 03537549)
- Auto-Maskin UK Limited (registered number 06706114)
- Kinshofer UK Limited (registered number 01705372)
- P&J Tapper Holdings Limited (registered number 02416305)
- Tevo Limited (registered number 01540940)
- Top Dental (Products) Limited (registered number 04261332)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The key accounting principles applied in preparing these consolidated financial statements are described in the following. Unless otherwise stated, these principles have been applied consistently for all the years presented.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the Lifco Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act have also been applied. The consolidated financial statements have been prepared using the cost method.

New and amended standards applied by the Group
No new standards have been applied for the Group for the first time for financial years beginning on 1 January 2015.

New standards and interpretations which have not yet been applied by the Group
A number of new standards and interpretations will become effective for financial years beginning after 1 January 2015 and have been applied in preparing these financial statements.

IFRS 9 Financial Instruments deals with the classification, measurement and accounting of financial assets and liabilities. The full version of IFRS 9 was released in July 2014. It replaces those parts of IAS 39 which relate to the classification and measurement of financial instruments. IFRS 9 retains a mixed approach to measurement but simplifies the approach in some respects. There will be three measurement categories for financial assets, amortised cost, fair value through comprehensive income and fair value through profit and loss. How an instrument should be classified depends on the Company's business model and the characteristics of the instrument. Investments in equity instruments should be measured at fair value through profit or loss but there is also an option of measuring the instrument at fair value through other comprehensive income upon initial recognition. In this case no reclassification to the income statement is made when the instrument is sold. IFRS 9 also introduces a new model for calculating the provision for credit losses that is based on expected credit losses. For financial liabilities the methods of classification and measurement are not changed except in the case where a liability is measured at fair value through profit or loss using the fair value option. Changes in value attributable to changes in an entity's credit risk should then be accounted for in other comprehensive income. IFRS 9 reduces the requirements for the use of hedge accounting by replacing the 80/125 rule with a requirement that there exist an economic relationship between the hedging instrument and the hedged item, and that the hedge ratio be the same as that used in the Company's risk management. The required hedging documentation also differs only in minor respects from that required under IAS 39. The standard must be applied for financial years beginning on 1 January 2018. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet evaluated the effects of IFRS 9.

IFRS 15 Revenue from Contracts with Customers regulates the accounting of revenue. The principles on which IFRS 15 is based are intended to give users of financial statements additional valuable information about a company's revenue. Under the expanded disclosure requirements, information on the type of revenue, date of settlement, uncertainties associated with the recognition of revenue and cash flows attributable to the Company's customer contracts must be disclosed. Under IFRS 15, revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the related SIC and IFRIC interpretations. IFRS 15 becomes effective on 1 January 2018. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet evaluated the effects of IFRS 15.

IFRS 16 Leases - In January 2016 IASB published a new leasing standard that will replace IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all l eases, with a few exceptions, be recognised in the balance sheet. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right. For the lessor the financial reporting will remain essentially unchanged. The standard is applicable for financial years beginning on 1 January 2019 or later. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet evaluated the effects of IFRS 16.

No other IFRS or IFRIC interpretations which have not yet become effective are expected to have a material impact on the Group.

2.2 CONSOLIDATION

Subsidiaries
All companies (including structured entities) over which the Group exercises a controlling influence are classified as subsidiaries. The Group controls a company when it is exposed to or has the right to a variable return on its interest in the Company and is able to influence the return through its interest in the Company. Subsidiaries are included in the consolidated financial statements as of the date at which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

The purchase method is applied in accounting for the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. The consideration is also included the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Each contingent consideration payable by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that has been classified as a liability is accounted for in accordance with IAS 39 in the income statement. Acquisition-related costs are charged to expense as incurred. Identified assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to recognise a non-controlling interest in the acquired entity at fair value or at the interest's proportional share of the acquired entity's net assets.

The amount by which the consideration, any non-controlling interest and the fair value of the previous equity interest in the acquired entity at the acquisition date exceeds the fair value of the identified net assets is recognised as goodwill.

Commitments for the acquisition of non-controlling interests are considered as financial liabilities and the subsequent change in value is recognised in equity.

Intercompany transactions, balances, income and expenses, and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting principles for subsidiaries have been amended to guarantee a consistent application of the Group's principles.

Change in ownership interest in a subsidiary without loss of control
Transactions with non-controlling interests which do not lead to loss of control are accounted for as equity transactions, i.e. transactions with owners in their role as owners. In case of acquisitions from non-controlling interests the difference between the fair value of the consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on sales to non-controlling interests are also recognised in equity.

Associated companies
Associated companies are those entities in which the Group has significant influence, but not control, which normally applies for shareholdings representing between 20 and 50 per cent of the votes. Holdings in associated companies are accounted for using the equity method. In applying the equity method, the investment is initially stated at cost and the carrying amount is subsequently increased or decreased to take account of the Group's share of the associate's profit or loss after the acquisition date.

2.3 TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency
The various entities in the Group have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which each entity operates. Swedish kronor (SEK), the functional and reporting currency of the Parent Company and Group, is used in the consolidated financial statements.

Transactions and balances
Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. Exchange rate gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognised in the income statement, except when the transactions constitute net investments, in which gains and losses are recognised in other comprehensive income.

Receivables and liabilities in foreign currency are stated at closing rates. Unrealised exchange rate gains and losses are included in profit or loss. Exchange rate differences attributable to operating receivables and payables are accounted for as other operating income (operating expenses). Exchange rate differences related to financial assets and liabilities are accounted for in other financial items.

Translation of foreign Group companies
Results and financial position for those entities which have a different functional currency than the reporting currency are translated to the Group's reporting currency. All assets and liabilities in the subsidiaries are translated at the closing rate while all items in the income statements are translated at the average exchange rate. The resulting translation differences are due partly to the difference between the income statements' average rates and the closing rate, and partly to the fact that the net assets are translated at a different rate at the end of the year than at the beginning of the year.

The translation differences are recognised in other comprehensive income. Hedge accounting is used for external loans which have been raised for the purpose of reducing the translation effects in the exposed currency to meet the net assets which exist in the foreign subsidiaries. Exchange rate differences on these loans are recognised directly in other comprehensive income for the Group.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.4 INTANGIBLE ASSETS

Goodwill
Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration exceeds Lifco's share of the fair value of identifiable assets, liabilities and contingent liabilities in the acquired entity and the fair value of non-controlling holdings in the acquired entity. All acquisitions refer to a strategic and long-term investment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill has been allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill is tested for impairment at least annually if there are events or changes in circumstances which indicate potential impairment. The carrying amount of goodwill is compared with the recoverable amount, which is defined as the higher of value in use and fair value less selling expenses. Any impairment loss is expensed immediately and cannot be reversed.

Patents
Patents which have been acquired separately are recognised at cost less accumulated amortisation. Patents are sought for unique constructions and technical solutions which form part of products developed by the Company. The assets are amortised on a straight-line basis to allocate the cost for patents over the estimated useful life, which is the shorter of the patent's legal life and the period until the product related to the patent is expected to be produced. As a rule, the estimated useful life for patents is not expected to exceed 5 years.

Licenses, trademarks and customer relationships
Licenses, trademarks and customer relationships which have been acquired separately are recognised at cost while those which have been acquired through a business combination are recognised at fair value at the acquisition date. Licenses and customer relationships which have a definite useful life are recognised at cost less accumulated amortisation. The assets are amortised on a straight-line basis to allocate the cost over the estimated useful life, which is estimated at 2-20 years for licenses and 10 years for customer relationships.

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These capitalised costs are amortised over the estimated useful life, which ranges from 3-5 years.

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised at cost less depreciation. Cost does not include expenditure that is directly attributable to the acquisition of the asset.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to Lifco and the cost can be reliably measured. The carrying amount of a replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the periods in which they are incurred.

Land is not depreciated. Each part of a tangible fixed asset with a cost that is significant in relation to the total cost of the item is depreciated separately. Assets are depreciated on a straight-line basis as follows:

Buildings	25-40 years
Plant and machinery	5-10 years
Equipment, tools, fixtures and fittings	3-6 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. An asset's carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount.

Gains and losses on the sale of a tangible fixed asset is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

2.6 IMPAIRMENT OF NON-FINANCIAL FIXED ASSETS

Assets that are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss.

The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are separate identifiable cash flows (cash-generating units).

2.7 FINANCIAL INSTRUMENTS

2.7.1 CLASSIFICATION

Loans and receivables

Loans and receivables are financial assets which are not derivatives, have fixed or determinable payments, and are not listed on an active market. They are included in current assets, with the exception of items maturing later than 12 months from the balance sheet date, which are classified as fixed assets. The Group's "loans and receivables" comprise other non-current receivables, accounts receivable, and cash and cash equivalents.

Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading. A financial liability is classified in this category if it is acquired primarily for the purpose of being sold in the short term. Liabilities in this category are classified as current liabilities if they are expected to be settled within twelve months; if not, they are classified as non-current liabilities. The Group's liabilities at fair value through profit or loss mainly comprise financial liabilities in the form of additional considerations.

Other liabilities at fair value

Other liabilities at fair value comprise liabilities attributable to put options or combined put/call options related to acquisitions of non-controlling interests. Changes in these liabilities are recognised in the income statement.

Other financial liabilities

The Group's liabilities to credit institutions, accounts payable, overdraft facilities and liabilities to the Parent Company are classified as other financial liabilities.

2.7.2 RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets are recognised at the trade date, which is the date when the Group undertakes to buy or sell the asset. Financial instruments are recognised initially at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognised when the obligation arising from the agreement has been fulfilled or otherwise been extinguished. After the acquisition date loans and receivables and other financial liabilities are stated at amortised cost by applying the effective interest method.

2.7.3 OFFSET OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7.4 IMPAIRMENT OF FINANCIAL INSTRUMENTS

Assets carried at amortised cost (loans and receivables)

At the end of each reporting period the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets.

A financial asset or group of financial assets is impaired and is written down only if there is objective evidence of impairment as a consequence of one or several events occurring after the initial recognition of the asset and this event affects the estimated future cash flows for the financial asset or group of financial assets that can be reliably measured.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment loss is recognised in the consolidated income statement. If the impairment is reduced in a subsequent period and this can objectively be attributed to an event occurring after recognition of the impairment loss, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.7.5 HEDGE OF NET INVESTMENT

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. The portion of the gain or loss on the hedging instrument that is deemed to constitute an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised immediately in the income statement. Cumulative gains and losses in equity are recognised in the income statement when the foreign operation is wholly or partially divested. No hedge accounting was used for the financial years 2015 and 2014.

2.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method (FIFO). The value of inventories includes a related portion of indirect costs. The value of finished products includes raw materials, direct labour, other direct costs and production-related overheads including depreciation.

The cost consists of the purchase price from subcontractors and costs for customs and freight. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Inventory obsolescence is estimated continuously over the course of the year.

2.9 ACCOUNTS RECEIVABLE - TRADE

Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. If payment is expected within one year or earlier accounts receivable are classified as current assets. If not, they are recognised as fixed assets. Accounts receivable are initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

2.10 CASH AND CASH EQUIVALENTS

In the balance sheet as well as the cash flow statement, cash and cash equivalents comprise cash and bank balances.

2.11 ACCOUNTS PAYABLE - TRADE

Accounts payable are obligations to pay for goods and services purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Accounts payable are recognised at the nominal amount. The carrying amount of accounts payable is assumed to be equal to their fair value, as this item is of a short-term nature.

Accounts payable are initially stated at fair value and subsequently at amortised cost by applying the effective interest method (see financial instruments above).

2.12 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or equity. The current tax expense is calculated based on tax rules which have been adopted or adopted in practice at the balance sheet date in those countries where the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is accounted for, by applying the balance sheet liability method, for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. However, deferred tax is not recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates that have been enacted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets arising from loss carry forwards are recognised to the extent that it is probable that future taxable profits will be available against which the loss carry forwards can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off current tax assets and tax liabilities, and when the deferred tax assets and tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.13 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Overdraft facilities are classified as borrowings under current liabilities in the balance sheet.

2.14 EMPLOYEE BENEFITS

Retirement benefit obligations

The Group has both defined benefit and defined contribution pension plans. The Group's main defined benefit plan is the ITP Supplementary Pension Plan for Salaried Employees in Industry and Commerce, which is secured through contributions paid to Alecta (for information on Alecta, see below).

Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. In a defined benefit pension plan the Group pays contributions to publicly or privately managed pension schemes on a mandatory, contractual or voluntary basis. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may accrue to the benefit of the Group.

The small amount of retirement benefit obligations that has not been taken over by an insurance company or been secured through funding with an external party is recognised as a liability in the balance sheet.

2.15 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is more probable than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for warranty costs are estimates of submitted warranty claims and are estimated based on combined experience in the form of statistics on historical claims, expected costs for measures and the average time from the occurrence of the fault to the filing of a claim against the Group.

2.16 RECOGNITION OF REVENUE

Revenues comprise the fair value of what has been obtained or will be obtained for sold goods and services in the operations of the Group.

Revenue is recognised exclusive of value-added tax, returns and discounts and after elimination of intercompany sales.

Revenue from the sale of goods is recognised when risks and rewards of ownership of the goods have been transferred to the buyer, which normally occurs upon delivery, and when the revenue and related expenditure can be reliably measured and it is probable that the economic benefits associated with the sale of the units will flow to the Group.

The Group conducts a minor share of its operations in project form and applies the percentage of completion method in accordance with IAS 18 Revenue. In calculating the accrued profit, the degree of completion has been calculated as costs incurred at the balance sheet date in relation to total estimated costs at completion of the contract.

Interest income is recognised over the term of the loan by applying the effective interest method.

2.17 LEASING

Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term are charged to the income statement on a straight-line basis over the term of the lease.

Leases in which the economic risks and benefits associated with ownership have essentially been transferred to the Group are classified as finance leases. At the beginning of its term a finance lease is recognised in the balance sheet at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The Group's leases mainly refer to the lease of premises and cars. None of these leases are currently classified as finance leases.

2.18 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. This means that the net profit or loss is adjusted for transactions which have not resulted in incoming or outgoing payments during the period, and for any income or expenses attributable to cash flows from investing or financing activities.

2.19 DIVIDENDS

Dividend payments to the shareholders of the parent are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the parent. Dividend income is recognised when the right to receive payment has been established.

2.20 SHAREHOLDERS' CONTRIBUTIONS

Shareholders' contributions are recognised directly in equity in the receiving entity and converted into shares and holdings in the contributing entity, insofar as no impairment loss is required.

2.21 SEGMENT INFORMATION

Segment information is reported in a way that is consistent with the internal reports submitted to the most senior executive. The most senior executive is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group this function has been identified as the Chief Executive Officer, who makes strategic decisions. Senior management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results.

The CEO evaluates the activities on the basis of three operating segments: Dental, Demolition & Tools and Systems Solutions. Systems Solutions consists of a merger of those business areas which have similar economic characteristics and which do not individually meet the defined quantitative limits.

2.22 PARENT COMPANY ACCOUNTING PRINCIPLES

In connection with the adoption of IFRS for the consolidated financial statements the Parent Company has started applying Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The Parent Company applies other accounting principles than the Group in those cases which are indicated below.

Format

The format prescribed in the Swedish Annual Accounts Act is used for the income statements and balance sheets. The income statement is divided into two statements: one for profit or loss and one for comprehensive income. The statement of changes in equity follows the format used in the Group but contains the columns specified in the Annual Accounts Act. The formats for the Parent Company have different names compared with the consolidated financial statements, primarily with regard to financial income and expense, provisions, and items in equity.

Holdings in subsidiaries

Holdings in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations.

When there is an indication that holdings in a subsidiary are impaired an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount an impairment loss is recognised. Impairment losses are recognised in the item "Profit/loss from holdings in Group companies".

Financial instruments

The Parent Company does not apply IAS 39 for financial instruments. All financial assets are classified in the category "Loans and receivables".

Leases

All leases, both finance leases and operating leases, are classified as operating leases.

Revenue

Other operating revenue in the Parent Company includes costs billed to subsidiaries.

Group contributions

Group contributions paid and received are both accounted for as appropriations in the income statement.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Through its activities the Group is exposed to a wide range of financial risks: market risk (comprising currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed in accordance with Lifco's financial policy, which has been adopted by the Company's Board of Directors. The Group's policy is to only apply hedge accounting related to net investments in foreign operations and instead, the Group endeavours to minimise potential adverse effects on the Group's financial results through an extensive Group account system in which surpluses in a certain currency are matched with payments in the same currency.

a) Market risk
(i) Currency risk
Currency risk refers to the risk that unfavourable changes in exchange rates will have an impact on the Group's results and equity in SEK terms:

- Transaction exposure arises as a result of the fact that the Group has incoming and outgoing payments in foreign currencies.
- Translation exposure arises as a result of the Group's currency exposure from net assets in the Group's foreign operations.

The Lifco Group conducts operations in 28 countries. The geographic spread coupled with the large number of customers and products results in a relatively limited transaction exposure. The Lifco Group's transaction exposure arises when the subsidiaries import products for sale in the domestic market and/or sell products in foreign currency. As far as possible, the effects of changes in exchange rates are managed through the use of currency clauses in customer contracts and sales in the same currency as the purchase.

Under the policy that applies in the Group, each company is required to manage its currency flows with regard to exposure to sudden changes in exchange rates. Currency risks are managed chiefly through a Group account system with accounts in different currencies in which surpluses in the system are used to pay for transactions in a certain currency. No derivatives have been entered into to manage the currency risk.

Forward contracts may only be entered into with approval from senior management. There were no significant forward contracts for the Group in 2014 and 2015.

Lifco deems that the transaction exposure is limited, as there is a balance between purchases and sales in foreign currency in the Group. A reasonable change in the value of the Swedish krona against other currencies thus has no material impact on the Group's financial position. In 2015 net exchange rate differences recognised in the income statement were MSEK 6 (-1), see Note 7.

A translation risk exists upon translation of foreign subsidiaries to the reporting currency, SEK. The Group has a number of investments in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from the net assets in the Group's foreign operations is partly managed through borrowings in the foreign currencies concerned. These loans are reported as hedge of net investment, see 2.7.5 Hedge of net investment.

Based on the Company's translation exposure, Lifco estimates that a change of 1 per cent in the value of the Swedish krona against other currencies would affect equity by MSEK +/- 19 (20). The main exposure is in EUR.

(ii) Interest rate risk
Interest rate risk refers to the risk that changes in the interest rate environment will have a negative impact on the Group's financial net and profit. The Group's borrowings have both variable and fixed interest rates. The variable interest rate exposures the Group to interest rate risk in respect of cash flows, which is partly neutralised by cash assets bearing variable interest rates. The Group's average interest rate in the financial year 2015 was 0.9 per cent (1.1% in 2014).

The Group's liabilities totalled MSEK 2,405 (2,588) at the balance sheet date, see note 26, of which 44 per cent has a fixed interest rate and 56 per cent a fixed interest rate. A change of +/- 0.50 per cent in interest rates would affect the net profit for the year by MSEK +/- 5 (10).

(iii) Price risk
The Group is exposed to price risk in respect of raw materials, primarily steel and plate, stainless steel and gold. The Group does not use derivatives to hedge raw material prices. As raw materials account for a relatively small part of the goods which are produced by the Group and as the majority of contracts contain clauses providing for a change in the price depending on changes in the raw material price, the impact of price risk on the Group is deemed to be low.

b) Credit risk
Credit risk, or counterparty risk, is the risk that a counterparty in a financial transaction will fail to meet its obligations at maturity. Lifco's credit risk arises mainly from accounts receivable but there is also a certain credit risk in respect of cash and cash equivalents. Each Group company is responsible for monitoring and analysing credit risk and for assessing the creditworthiness of each new customer. Provisions for doubtful debts are made based on a schedule defined by the Group. Lifco deems that the risk of bad debts is low, as sales are to a large extent made to customers with which the Group has had long partnerships and/or good experience of the customer's willingness to pay. The Group continuously monitors its customers' creditworthiness and reviews credit terms based on specified guidelines where necessary. For cash and cash equivalents the credit risk is deemed to be low, as the counterparties are large well-known banks with high creditworthiness. For the Group's credit losses, see Note 21. There are no material credit risks.

c) Liquidity risk
Liquidity risk is the risk that the Group will not have sufficient liquid assets to meet its obligations in respect of financial liabilities. The goal of the Company's liquidity management is to minimise the risk that the Group will not have sufficient liquid assets to meet its commercial obligations. To manage day-to-day payments, the Group has a cash pool system which ensures that liquid assets are available in the currencies in which payments are made. Management follows rolling forecasts regarding the Group's liquidity (including unutilised credit facilities) based on expected cash flows. Lifco's policy is to maintain a strong liquid position with regard to its available cash and cash equivalents and unutilised, granted credit facilities.

At 31 December 2015 the Group had cash and cash equivalents of MSEK 464 (536). Other future liquidity requirements refer to the payment of accounts payable and other current liabilities as well as repayment of borrowings. See note 26 for an analysis of the future cash flows from the Group's financial liabilities.

3.2 MANAGEMENT OF CAPITAL RISK

The Group's goal in respect of capital structure is to secure its ability to continue its operations with a view to continuing to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the costs for capital down.

Lifco currently sees no refinancing risk.

3.3 CALCULATION OF FAIR VALUE

Due to the short-term nature of trade and other receivables as well as trade and other liabilities, their carrying amount, less any impairment losses, is assumed to be the same as their fair value. Information about fair value and carrying amounts for non-current liabilities is reported in Note 26.

Financial instruments at fair value in the Group comprise financial liabilities in the form of put/call options for future acquisitions of non-controlling interests as well as additional considerations resulting from acquisitions. The fair value of these is based on the Company's future earnings.

Both these items are classified to Level 3 of the fair value hierarchy. The table below shows the changes during the year:

MSEK	CONDITIONAL ADDITIONAL PURCHASE CONSIDERATION/PUT/CALL-OPTION
Opening balance 1 January 2014	77
Exchange rate differences	1
Closing balance 31 December 2014	**78**
Purchase consideration paid	-46
Exchange rate differences	-2
Closing balance 31 December 2015	**30**

All conditional additional purchase consideration regarding purchases made in previous years has been settled in 2015.

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates of the values of balance sheet items and judgements made when applying accounting principles are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment testing of goodwill and intangible assets with indefinite useful lives
Each year the Group tests goodwill and intangible assets with indefinite useful lives for impairment in accordance with the accounting principle described in Note 2. Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations certain estimates need to be made (see Note 15).

Valuation of loss carry forwards

Each year the Group assesses whether there is reason to recognise deferred tax assets in respect of loss carry forwards for the year. A deferred tax asset is recognised for loss carry forwards only to the extent that it is probable that these can be used to offset future taxable profits and taxable temporary differences.

NOTE 5 SEGMENT REPORTING

The Chief Executive Officer is the Group's chief operating decision maker. Management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. The results for the presented segments are assessed based on a measure called EBITA (earnings before amortisation of intangible assets arising on acquisition, expenses for restructuring, integration and acquisitions, interest and tax).

REVENUE

No sales are made between the segments. The revenue from external parties reported to the CEO is measured in the same way as in the income statement.

MSEK	2015	2014
Revenue from external customers		
Dental	3,435	3,266
Demolition & Tools	1,574	1,289
Systems Solutions	2,892	2,247
Total	**7,901**	**6,802**

A breakdown of results by segment is made up to and including EBITA. No breakdown of assets and liabilities by segment is made, as no such amount is regularly reported to the chief operating decision maker.

EBITA is reconciled to profit before tax as follows:		
Dental	614	543
Demolition & Tools	396	288
Systems Solutions	263	211
Central Group functions	-87	-76
Total	**1,186**	**966**
Amortisation of intangible fixed assets arising from acquisitions	-66	-38
Expenses for restructuring, integration and acquisitions	-13	-12
Non-recurring items	-	-110
Net financial items	-25	-43
Profit before tax	**1,082**	**763**
Net sales by type of income:		
Dental products	3,435	3,266
Machinery and Tools	1,574	1,289
Sawmill Equipment	796	582
Contract Manufacturing	686	676
Environmental Technology	583	270
Interiors for Service Vehicles	504	393
Construction Materials (formerly Relining)	323	326
Total	**7,901**	**6,802**

No single customer accounts for more than 10 % of net sales.

Net sales by geographic market:		
Sweden	1,667	1,550
Germany	1,775	1,608
Other Europe	3,178	2,839
Asia and Australia	673	484
North America	502	272
Other markets	106	49
Total	**7,901**	**6,802**

Total fixed assets, other than financial instruments and deferred tax assets located in Sweden totalled MSEK 1,250 (946) and MSEK 3,508 (3,662) in Germany, and the sum of such fixed assets located in other countries is MSEK 673 (459).

NOTE 6 NON-RECURRING ITEMS

Non-recurring items refer to events and transactions whose impact on earnings need to be considered when the financial results for the period are compared with previous periods. For the financial year 2015 there are no items which have been classified as non-recurring items. For 2014 non-recurring items refer to costs incurred in connection with the publication of a prospectus and the listing of Lifco's shares on Nasdaq Stockholm. This item only contains items attributable thereto.

NOTE 7 EXCHANGE RATE GAINS AND LOSSES, NET

MSEK	2015	2014
Exchange rate differences have been recognised in the income statement as follows:		
Other operating income and operating expenses	2	4
Financial income and expenses (Note 13)	4	-4
Total	**6**	**-1**

NOTE 8 SCHEDULED DEPRECIATION AND AMORTISATION

MSEK	2015	2014
Distribution of depreciation/amortisation by tangible and intangible fixed assets		
Buildings and land improvements	-14	-12
Plant and machinery	-27	-20
Equipment, tools, fixtures and fittings	-40	-34
Total depreciation of tangible fixed assets	**-81**	**-67**
Customer relationships	-57	-32
Patents	-8	-6
Other intangible assets	-11	-9
Total amortisation of intangible fixed assets	**-76**	**-46**
Total depreciation/amortisation of fixed assets	**-157**	**-113**
Depreciation/amortisation by function		
Cost of goods sold	-45	-33
Selling expenses	-66	-36
Administrative expenses	-44	-42
Research and development expenses	-2	-2
Total depreciation/amortisation	**-157**	**-113**

NOTE 9 AUDIT FEES

MSEK	2015	2014
PricewaterhouseCoopers		
Audit engagement	5	5
Audit services in addition to audit engagement	1	1
Advice on tax	-	-
Other services	2	6
Total	**8**	**12**

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the audit report. Audit services in addition to audit engagement refer to the examination of interim reports and similar work. Tax advisory services refer mainly to general corporate tax matters. Other services refer to advice on financial reporting, the prospectus and internal control as well as services in connection with acquisitions.

NOTE 10 EXPENSES BY NATURE

MSEK	2015	2014
Goods for resale, raw materials and consumables	3,946	3,259
Personnel costs (Note 11)	1,707	1,485
Depreciation, amortisation and impairment (Notes 8, 15 and 16)	157	113
Expenses for operating leases (Note 12)	80	72
Production expenses and other expenses	878	1,049
Total costs of goods sold, selling expenses, administrative expenses, and research and development expenses	**6,768**	**5,978**

NOTE 11 PERSONNEL COSTS AND AVERAGE NUMBER OF EMPLOYEES

MSEK	2015	2014
Salaries and remuneration		
Board of Directors and senior executives*	166	138
Other employees	1,184	1,040
	1,350	1,178
Social security contributions	267	229
Pension expenses for senior executives	24	22
Pension expenses for other employees	66	56
Total	**1,707**	**1,485**

*Includes salaries and remuneration to Board of Directors, senior executives as well as managing directors in the Group's subsidiaries.

REMUNERATION AND OTHER BENEFITS 2015

TSEK	BASIC SALARY/ BOARD FEE*	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION EXPENSES	TOTAL
Carl Bennet	1,220	-	-	-	1,220
Gabriel Danielsson	610	-	-	-	610
Ulrika Dellby	630	-	-	-	630
Erik Gabrielson	630	-	-	-	630
Ulf Grunander	710	-	-	-	710
Fredrik Karlsson (in capacity as Board member)	-	-	-	-	-
Johan Stern	690	-	-	-	690
Axel Wachtmeister	610	-	-	-	610
Total	**5,100**	**-**	**-**	**-**	**5,100**
Fredrik Karlsson (in capacity as CEO)	20,303	13,633	29	11,950	45,915
Other senior executives (2 individuals)	7,694	6,173	49	2,480	16,396
Total	**27,997**	**19,806**	**78**	**14,430**	**62,311**

* Includes fees for work on Board committees.

REMUNERATION AND OTHER BENEFITS 2014

TSEK	BASIC SALARY/ BOARD FEE	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION EXPENSES	TOTAL
Carl Bennet	1,100	-	-	-	1,100
Gabriel Danielsson	550	-	-	-	550
Sigbrit Franke	550	-	-	-	550
Erik Gabrielson	550	-	-	-	550
Fredrik Karlsson (in capacity as Board member)	-	-	-	-	-
Johan Stern	550	-	-	-	550
Caroline Sundewall	550	-	-	-	550
Axel Wachtmeister	550	-	-	-	550
Total	**4,400**	**-**	**-**	**-**	**4,400**
Fredrik Karlsson (in capacity as CEO)	18,751	11,000	35	11,067	40,853
Other senior executives (2 individuals)	6,624	6,260	50	1,915	14,849
Total	**25,375**	**17,260**	**85**	**12,982**	**55,702**

Remuneration of senior executives

Principles: The Chairman and other members of the Board of Directors receive Directors' fees in accordance with the resolutions of the Annual General Meeting. Employee representatives do not receive Directors' fees. The remuneration paid to the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions. Other senior executives refer to the two individuals who, together with the CEO, make up the senior management team. For the composition of the senior management team, see page 33. The balance between basic salary and variable remuneration must be proportionate to the executive's responsibilities and authority.

Variable remuneration: For the CEO variable remuneration is capped at 70 per cent of the fixed salary and based on achieved results. For other senior executives variable remuneration is based on the outcome in relation to individually defined targets.

Pensions: The retirement age for the CEO is 60 years at the earliest. Lifco sets aside an amount equal to 60 per cent (excluding payroll costs) of the CEO's fixed salary to pension and capital redemption pension plans, and life and health insurance policies. Other senior executives are entitled to pension benefits of up to 35 per cent of their fixed salary and the earliest retirement age is 60. All pension benefits are vested, i.e. they are not conditional on future employment with Lifco.

Dismissal pay: In the event that the CEO's employment is terminated by the Company, a term of notice of 12 months is to apply. In the event that the CEO informs the Company of his/her intention to terminate employment, a term of notice of 6 months is to apply. In the event that other senior executives' employment is terminated by the Company, a maximum term of notice of 12 months is to apply. The right to salary and other benefits is retained during the notice period.

Drafting and decision-making process: During the year the Remuneration Committee submitted recommendations to the Board of Directors concerning principles for remuneration of senior executives. The recommendations covered the proportion between fixed and variable remuneration, and the size of any salary increases. The Remuneration Committee has also proposed criteria for assessing bonus outcomes. The Board has discussed the Remuneration Committee's proposal and made decisions on the basis of the committee's recommendations.

The remuneration payable to the CEO for the financial year 2015 was approved by the Board based on the recommendation of the Remuneration Committee. The remuneration paid to other senior executives was approved by the CEO in consultation with the Chairman of the Board. In 2015 the Remuneration Committee convened on two occasions.

AVERAGE NUMBER OF EMPLOYEES, GROUP TOTAL			2015			2014
	WOMEN	MEN	TOTAL	WOMEN	MÄN	TOTAL
Australia	3	20	23	1	4	5
Belgium	1	3	4	1	2	3
Denmark	47	170	217	48	153	201
Estonia	96	126	222	113	115	228
Philippines	91	155	246	87	165	252
Finland	48	155	203	51	156	207
France	10	65	75	8	50	58
Netherlands	3	35	38	2	29	31
Iceland	-	5	5	-	9	9
Italy	-	2	2	-	1	1
Canada	2	11	13	2	11	13
China	19	67	86	4	11	15
Latvia	7	3	10	6	3	9
Lithuania	10	1	11	10	2	12
Norway	42	69	111	43	67	110
Poland	1	5	6	2	4	6
Russia	2	3	5	2	2	4
Switzerland	4	9	13	3	9	12
Singapore	2	6	8	1	4	5
Slovenia	6	16	22	2	15	17
Spain	-	3	3	-	3	3
United Kingdom	26	114	140	8	71	79
Sweden	238	757	995	218	668	886
Czech Republic	42	113	155	41	101	142
Germany	286	359	645	274	344	618
Hungary	5	3	8	5	3	8
USA	8	55	63	5	38	43
Austria	3	37	40	3	33	36
Total, Group	**1,002**	**2,367**	**3,369**	**940**	**2,073**	**3,013**
Parent Company						
Sweden	2	3	5	1	2	3

GENDER DISTRIBUTION FOR SENIOR EXECUTIVES AT BALANCE SHEET DATE	2015	2014
Women:		
Board members in the Parent Company	13 %	25 %
Other individuals in Company management, including CEO	33 %	33 %
Men:		
Board members in the Parent Company	87 %	75 %
Other individuals in Company management, including CEO	67 %	67 %

NOTE 12 LEASING

MSEK	2015	2014
Operating leases		

The Group's operating leases refer mainly to the lease of premises and cars. No assets are subleased. Operating lease payments in the Group for the financial year were MSEK 80 (72). Lease payments for assets held under operating leases are recognised in operating expenses.

Future minimum lease payments under non-cancellable operating leases at the balance sheet date were as follows:

	2015	2014
Mature within 1 year	45	47
Mature within 2 to 5 years	74	86
Mature after 5 years	29	29
Total	**148**	**162**

NOTE 13 FINANCIAL INCOME AND EXPENSES

MSEK	2015	2014
Financial income		
Interest income on cash and cash equivalents	4	2
Exchange rate gains	4	8
Other financial income	1	1
Total financial income	**9**	**11**
Financial expenses		
Interest expenses on liabilities to credit institutions	-30	-39
Exchange rate losses	-	-12
Other financial expenses	-4	-3
Total financial expenses	**-34**	**-54**
Net financial items	**-25**	**-43**

NOTE 14 TAX ON PROFIT FOR THE YEAR

MSEK	2015	2014
Tax expense		
Current tax for the year	-273	-186
Adjustments regarding previous years' current tax	1	-6
Total current tax expense	**-272**	**-192**
Deferred tax (Note 19)		
Origination and reversal of temporary differences	15	-1
Total deferred tax	**15**	**-1**
Total income tax	**-257**	**-193**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 22% (22%). Tax for other countries has been calculated at the applicable local tax rates. The income tax on the consolidated profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate for the results of the consolidated companies as follows:

Reported profit before tax	**1,082**	**763**
Tax at applicable tax rate in Sweden, 22%	-238	-168
Tax effect of non-taxable income	1	15
Tax effect of non-deductible expenses	-6	-8
Adjustment for other tax rates in foreign subsidiaries	-18	-28
Utilisation of loss carry forwards for which no deferred tax asset has been recognised	3	2
Adjustment attributable to previous years*	1	-6
Reported tax expense	**-257**	**-193**

The effective tax rate for the Group is 23.8% (25.3%). There is no tax attributable to components in other comprehensive income and no income tax has been recognised directly in equity.

NOTE 15 INTANGIBLE FIXED ASSETS

MSEK *INDEFINITE USEFUL LIFE	*GOODWILL	*TRADEMARKS	CUSTOMER RELATIONSHIPS	PATENTS	OTHER INTANGIBLE ASSETS	TOTAL
ACQUISITION COST						
1 January 2014	**3,455**	**12**	**35**	**33**	**91**	**3,626**
Investments	-	-	-	1	10	11
Acquisition of companies	814	248	373	13	4	1,452
Sales/disposals	-6	-	-	-2	-	-8
Reclassifications	-	-	-	-	-	-
Translation differences	190	16	24	2	4	236
1 January 2015	**4,453**	**276**	**431**	**48**	**110**	**5,317**
Investments	-	-	-	-	9	9
Acquisition of companies	246	65	240	-	16	567
Sales/disposals	-	-	-	-6	-8	-14
Reclassifications	-	-	-	-	-	-
Translation differences	-133	-12	-20	-1	-4	-170
31 December 2015	**4,566**	**329**	**651**	**41**	**123**	**5,710**
ACCUMULATED AMORTISATION						
1 January 2014	**-445**	**-**	**-6**	**-10**	**-67**	**-529**
Amortisation for the year	-	-	-32	-6	-9	-46
Acquisition of companies	-	-	-	-	-2	-2
Sales/disposals	6	-	-	2	-	8
Reclassifications	-	-	-	-	-	-
Translation differences	-15	-	-	-1	-4	-20
1 January 2015	**-454**	**-**	**-38**	**-16**	**-82**	**-590**
Amortisation for the year	-	-	-57	-8	-11	-76
Acquisition of companies	-	-	-	-	-14	-14
Sales/disposals	-	-	-	6	8	14
Reclassifications	-	-	-	-	-	-
Translation differences	11	-	1	1	3	16
31 December 2015	**-443**	**-**	**-94**	**-17**	**-96**	**-650**
ACCUMULATED IMPAIRMENT						
1 January 2014	**-50**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-
1 January 2015	**-50**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-
31 December 2015	**-50**	**-**	**-**	**-**	**-**	**-50**
Carrying amount, 1 January 2014	2,960	12	28	23	24	3,047
Carrying amount, 31 December 2014	3,949	276	393	32	28	4,677
Carrying amount, 31 December 2015	**4,073**	**329**	**557**	**24**	**27**	**5,010**

Impairment testing of goodwill and trademarks

Goodwill and intangible assets (trademarks) with indefinite useful lives are allocated to the Group's cash-generating units identified by operating segment. The assumptions used in estimating value in use are the same for goodwill and trademarks.

The recoverable amount for a cash-generating unit is determined based on calculations of value in use. These calculations are made on the basis of estimated future cash flows before tax based on five-year financial budgets that have been approved by senior management. Cash flows beyond this period have been extrapolated using an estimated growth rate. The estimated growth rate is assumed to represent the growth rate in the fifth year, which is expected to be around 2 per cent for all operating segments in both 2015 and 2014. Assumptions have also been made for gross margin, overheads, working capital requirements and investment requirements. The parameters have been set to represent an annual growth rate of 2 (2) per cent for all operating segments. The discount rate before tax has been set at 10.8 (10.9) per cent for Dental and 11.7 (12.1) per cent for other operating segments.

The calculation as at 31 December 2015 shows that value in use exceeds the carrying amount for all cash-generating units. There is thus no impairment. Nor was any impairment identified as at 31 December 2014.

Sensitivity analysis

A sensitivity analysis shows that the remaining goodwill value for all cash-generating units would remain warranted if the discount rate were raised by 1 percentage point or the growth rate, terminal growth or gross margin were reduced by 1 percentage point.

Lifco's reportable operating segments are Dental, Demolition & Tools and Systems Solutions. For the purpose of performing impairment tests, goodwill is allocated, with the exception of the reportable segments Dental and Demolition & Tools, to the five cash-generating units: Construction Materials (formerly Relining), Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Sawmill Equipment. The following is a summary of goodwill and intangible assets with indefinite useful lives broken down by cash-generating unit:

GROUP	GOODWILL		TRADEMARKS	
MSEK	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Dental	2,914	2,942	274	264
Demolition & Tools	722	686	29	12
Environmental Technology	138	27	26	-
Construction Materials (formerly Relining)	130	130	-	-
Interiors for Service Vehicles	71	64	-	-
Sawmill Equipment	58	60	-	-
Contract Manufacturing	40	40	-	-
Total	**4,073**	**3,949**	**329**	**276**

NOTE 16 TANGIBLE FIXED ASSETS

MSEK	BUILDINGS AND LAND	PLANT AND MACHINERY	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	ASSETS UNDER CONSTRUCTION	TOTAL
ACQUISITION COST					
1 January 2014	**421**	**382**	**317**	**18**	**1,137**
Investments	8	41	52	4	105
Acquisition of companies	3	-	9	-	12
Sales/disposals	-	-21	-24	-	-45
Reclassifications	2	20	3	-20	5
Translation differences	19	16	14	1	50
1 January 2015	**454**	**438**	**370**	**2**	**1,264**
Investments	8	36	57	1	102
Acquisition of companies	36	57	34	-	127
Sales/disposals	-	-18	-35	-	-53
Reclassifications	1	-1	2	-2	-
Translation differences	-11	-8	-9	-	-28
31 December 2015	**488**	**504**	**419**	**1**	**1,412**
ACCUMULATED DEPRECIATION					
1 January 2014	**-240**	**-324**	**-232**	**-**	**-796**
Depreciation for the year	-12	-20	-34	-	-66
Acquisition of companies	-2	-	-7	-	-9
Sales/disposals	-	12	21	-	33
Reclassifications	-	-5	-	-	-5
Translation differences	-11	-13	-11	-	-35
1 January 2015	**-265**	**-350**	**-263**	**-**	**-878**
Depreciation for the year	-14	-27	-40	-	-81
Acquisition of companies	-21	-42	-26	-	-89
Sales/disposals	-	8	25	-	33
Reclassifications	-	-	-	-	-
Translation differences	7	8	5	-	20
31 December 2015	**-293**	**-403**	**-299**	**-**	**-995**
Carrying amount, 1 January 2014	182	58	85	18	342
Carrying amount, 31 December 2014	189	88	107	2	386
Carrying amount, 31 December 2015	**195**	**101**	**120**	**1**	**417**

NOTE 17 HOLDINGS IN ASSOCIATED COMPANIES

MSEK	EQUITY SHARE %	CARRYING AMOUNT 2015	CARRYING AMOUNT 2014
The Group has holdings in the following associated companies:			
Synerplan OY, Finland, Kerava	30.00	4	4

NOTE 18 FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS IN THE BALANCE SHEET MSEK	LOANS AND RECEIVABLES
31 December 2015	
Accounts receivable - trade	863
Other non-current financial receivables	3
Cash and cash equivalents	464
Total	**1,330**
At 31 December 2014	
Accounts receivable - trade	770
Other non-current financial receivables	2
Cash and cash equivalents	536
Total	**1,309**

LIABILITIES IN THE BALANCE SHEET MSEK	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL
31 December 2015			
Interest-bearing borrowings	-	2,375	2,375
Accounts payable - trade	-	370	370
Other liabilities*	30	-	30
Total	**30**	**2,745**	**2,775**
At 31 December 2014			
Interest-bearing borrowings	-	2,510	2,510
Accounts payable - trade	-	344	344
Other liabilities*	30	48	78
Total	**30**	**2,902**	**2,932**

*Other liabilities classified as financial instruments refer to additional considerations and mandatory put/call options relating to non-controlling interests. Changes in financial liabilities attributable to mandatory put/call options are recognised in the income statement.

NOTE 19 DEFERRED TAX

MSEK	2015	2014
Deferred tax assets are attributable to the following temporary differences and loss carry forwards.		
Deferred tax assets attributable to:		
Temporary differences on current assets	36	13
Deductible temporary differences on provisions	43	33
Loss carry forwards	1	1
Other deductible temporary differences	-	1
Total deferred tax assets	**80**	**48**
Deferred tax liabilities are attributable to the following temporary differences.		
Deferred tax liabilities attributable to:		
Temporary differences on fixed assets	-256	-220
Other taxable temporary differences	-93	-45
Total deferred tax liabilities	**-349**	**-265**
Deferred tax assets/liabilities, net	**-269**	**-217**

Deferred tax assets are recognised for loss carry forwards to the extent that it is probable that these can be used to offset future taxable profits. The Group has not recognised deferred tax assets of MSEK 1 (3) relating to losses of MSEK 4 (10), which can be used to offset future taxable profits. These loss carry forwards expire after more than five years.

NOTE 20 INVENTORIES

MSEK	2015	2014
Valued at cost		
Finished goods and goods for resale	536	532
Raw materials and consumables	280	179
Work in progress	109	78
Contract work in progress	11	15
Advance payments to suppliers	24	18
Total	**960**	**823**
Impairment of inventories recognised as expense in income statement	-17	-9

NOTE 21 ACCOUNTS RECEIVABLE - TRADE

MSEK	2015	2014
Accounts receivable - trade	904	800
Provision for doubtful debts	-41	-30
Accounts receivable, net	**863**	**770**

At 31 December 2015 unimpaired accounts receivable were MSEK 551 (495) while accounts receivable of MSEK 296 (267) were overdue for which no impairment was deemed to exist. These overdue receivables refer to a number of customers which have not previously had any difficulty meeting their payments. A further MSEK 57 (38) was overdue, of which MSEK 41 (30) was impaired. The age analysis for these accounts receivable is shown in the following:

Not yet payable	551	495
1-30 days past due, no impairment	196	176
31-60 days past due, no impairment	100	91
61-90 days past due	17	10
Provision	-4	-3
> 90 days past due	40	28
Provision	-37	-27
Total accounts receivable, net	**863**	**770**

Changes in the provision for doubtful debts are as follows:		
1 January	**30**	**34**
In acquired companies	5	1
Change for the year recognised in income statement	9	-3
Receivables written off during the year as uncollectable	-3	-2
31 December	**41**	**30**

Provisions, and reversals of provisions, for doubtful debts are included in operating profit in the income statement. The maximum exposure to credit risk at the balance sheet date is the carrying amount for accounts receivable, as shown above. There was no collateral posted or other guarantees issued for outstanding accounts receivable at the balance sheet date. There were no significant overdue receivables at 31 December 2015 or at 31 December 2014.

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	2015	2014
Prepaid rental charges	11	9
Prepaid insurance contributions	5	3
Prepaid IT expenses	7	4
Other prepaid expenses	18	14
Accrued, not invoiced income	58	37
Accrued income	7	8
Total	**106**	**76**

NOTE 23 OVERDRAFT FACILITIES

MSEK	2015	2014
Overdraft facilities, drawn amount	90	56
Overdraft facilities, agreed limit	285	266

NOTE 24 CASH AND CASH EQUIVALENTS

MSEK	2015	2014
Cash and cash equivalents in the balance sheet and cash flow statement include the following items:		
Cash and bank balances	464	536

NOTE 25 SHARE CAPITAL

MSEK	NUMBER OF SHARES (THOUSANDS)	SHARE CAPITAL
1 January 2014	9,084	18
31 December 2014	90,843	18
31 December 2015	**90,843**	**18**

On 30 September 2014 the Company implemented a share split which increased the number of shares by a factor of ten. The share capital consists of 6,075,970 class A shares and 84,767,290 class B shares, or 90,843,260 shares in total. Class A shares carry ten votes per share and class B shares carry one vote per share. All shares issued by the Parent Company are fully paid up.

NOTE 26 BORROWINGS

MSEK	2015	2014
Non-current interest-bearing liabilities		
Liabilities to credit institutions	3	2,263
Bond loans	1,031	-
Other interest-bearing liabilities	30	48
Total non-current interest-bearing liabilities	**1,064**	**2,312**
Current interest-bearing liabilities		
Liabilities to credit institutions	1,251	191
Overdraft facilities, drawn amount	90	56
Other interest-bearing liabilities	-	30
Total current interest-bearing liabilities	**1,341**	**276**
Total interest-bearing liabilities	**2,405**	**2,588**

Non-current interest-bearing liabilities have fixed interest rates and current interest-bearing liabilities has variable interest rates. The carrying amounts do not differ significantly from the fair values for all of the above items. The following table shows an analysis of the Group's financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows. Interest rates according to current terms as of balance sheet date have been used in the calculation.

MSEK	LESS THAN 1 YEAR	>1 YEAR < 2 YEARS	> 2 YEARS < 3 YEARS
31 December 2015			
Bonds*	11	11	1,034
Liabilities to credit institutions*	1,352	3	-
Other interest-bearing liabilities	-	30	-
Accounts payable - trade	370	-	-
Total	**1,733**	**44**	**1,034**

* Including interest

NOTE 27 POST-EMPLOYMENT BENEFITS

The amounts recognised in the balance sheet refer to defined benefit pensions in Sweden and Germany attributable to employees who no longer work for the Company. The carrying amount of defined benefit obligations is MSEK 39 (39).

For salaried employees in Sweden defined benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classification of ITP Plans Funded through Insurance with Alecta, this is a defined benefit plan covering several employers. For the financial year 2015 the Company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are MSEK 11 (9).

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio may normally vary within a range of 125 and 155 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 155 per cent it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low collective funding ratio one measure that can be taken is to raise the agreed price for new subscriptions and expansion of the existing benefits. A high collective funding ratio can be addressed by introducing premium reductions. At the end of 2015 Alecta's surplus, as defined by the collective funding ratio, was 153 per cent (2014: 143 per cent).

Lifco has made pension promises to two persons and in connection therewith purchased endowment policies which have been posted as collateral for the pensions of these employees. Under the arrangement, the individuals concerned will receive the value of the endowment policies less payroll tax. As there are no guaranteed remuneration levels, the Group's net obligation will always be zero. These endowment policies are considered to be plan assets and are recognised on a net basis after deducting the obligation.

NOTE 28 PROVISIONS

MSEK	WARRANTY PROVISION	RESTRUCTURING-RESERVE	EXPENSES FOR PREMISES	OTHER PROVISIONS	TOTAL
1 January 2015	**37**	**3**	**2**	**13**	**55**
Additional provisions	27	-	1	4	32
Acquisition of companies	2	1	1	-	4
Utilised during the year	-12	-2	-1	-2	-17
Reversal of unused provisions	-6	-	-	-	-6
Reclassifications	-1	-	-	-	-1
Translation differences	-1	-	-	-1	-2
31 December 2015	**46**	**2**	**3**	**14**	**65**
of which, long-term provisions	**14**	**2**	**1**	**6**	**23**
of which, short-term provisions	**32**	**-**	**2**	**8**	**42**
Anticipated outflow date					
Within 1 year	32	-	2	8	42
Within 3 years	4	2	1	1	8
Within 5 years	9	-	-	1	10
After more than 5 years	1	-	-	4	5
31 December 2015	**46**	**2**	**3**	**14**	**65**
1 January 2014	**37**	**11**	**3**	**11**	**61**
Additional provisions	27	-	3	4	34
Acquisition of companies	13	-	-	-	13
Utilised during the year	-22	-5	-2	-5	-34
Reversal of unused provisions	-22	-	-	-	-22
Reclassifications	2	-3	-2	3	-
Translation differences	2	-	-	1	3
31 December 2014	**37**	**3**	**2**	**13**	**55**
of which, long-term provisions	**12**	**-**	**-**	**7**	**19**
of which, short-term provisions	**25**	**3**	**2**	**6**	**36**
Anticipated outflow date					
Within 1 year	25	3	2	6	36
Within 3 years	11	-	-	2	13
Within 5 years	1	-	-	1	2
After more than 5 years	-	-	-	4	4
31 December 2014	**37**	**3**	**2**	**13**	**55**

The warranty provision is based on outstanding commitments at the balance sheet date and the calculation is based on previous experience. Other provisions refer mainly to commissions to agents in the Dental business area. In addition, the Company has issued guarantee commitments for MSEK 1 (1) while other contingent liabilities total MSEK 108 (155). As it has been deemed that no outflow of funds will take place for these commitments, no provisions have been made (see also the information in Note 32).

NOTE 29 TRANSACTIONS WITH RELATED PARTIES

Transactions between Lifco AB and its subsidiaries, which are associated companies of Lifco AB, have been eliminated in the consolidated financial statements. Sales of products and services between Group companies are subject to commercial terms and conditions and made at market prices. Intercompany sales were MSEK 2,071 (1,695) during the year. Carl Bennet AB owns 50.1 per cent of the shares of Lifco and is deemed to control the Group. Other related parties include all subsidiaries in the Group as well as senior executives in the Group, i.e. the Board of Directors and senior management. Lifco AB, the Parent Company of the Lifco Group, has purchased administrative services from Carl Bennet AB worth MSEK 1 (3). Disclosures of transactions with senior executives are provided in Note 11.

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

MSEK	2015	2014
Accrued personnel costs	274	237
Commissions and bonuses to customers	42	41
Allocation of expenses	31	23
Accrued interest expenses	5	6
Other deferred income	19	16
Other accrued expenses	23	25
Total	**394**	**349**

NOTE 31 PLEDGED ASSETS

MSEK	2015	2014
Property mortgages	11	8
Floating charges	4	4
Total	**15**	**12**

NOTE 32 CONTINGENT LIABILITIES

MSEK	2015	2014
Warranties	108	155
Guarantee commitments	1	1
Total contingent liabilities	**109**	**156**

Guarantee commitments refer to advance payment and performance guarantees.

NOTE 33 BUSINESS COMBINATIONS

During the year all shares of Auger Torque, J.H. Orsing, Preventum Partner, Rapid Granulator, Smilodent and Top Dental were acquired. The acquisition of Sanistål's Danish car interior business refers to the acquisition of the assets and liabilities of the entity.

The purchase price allocation includes all acquisitions that were made during the year. Out of the resultant goodwill, MSEK 32 is tax-deductible.

Acquisition-related expenses of MSEK 13 are included in administrative expenses in the consolidated income statement for 2015.

The acquired entities have after consolidation in total added MSEK 518 to net sales and MSEK 91 to EBITA. If the companies had been consolidated from 1 January 2015 consolidated net sales would have increased by MSEK 135 to MSEK 653 and EBITA would have increased by MSEK 16 to MSEK 107.

NET ASSETS, MSEK	ASSETS AND LIABILITIES AT ACQUISITION DATE	ADJUSTMENT TO FAIR VALUE	FAIR VALUE
Trademarks, customer relationships, licenses	1	305	306
Tangible fixed assets	40	-	40
Trade and other receivables	162	-12	150
Trade and other payables	-147	-70	-217
Cash and cash equivalents	57	-	57
Net assets	**113**	**223**	**336**
Goodwill	-	248	248
Total net assets	**113**	**471**	**584**

Effect on cash flow, MSEK	
Consideration (cash and cash equivalents)	584
Cash and cash equivalents in acquired companies	-57
Consideration paid in respect of acquisitions in prior years	46
Total cash flow effect	**573**

Additional considerations paid in respect of acquisitions in prior years are the same as the amounts previously recognised as liabilities.

NOTE 34 EARNINGS PER SHARE

Before dilution: Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the Parent Company by a weighted average number of outstanding ordinary shares during the period. No repurchases of shares held as treasury shares by the Parent Company were made during the period.

MSEK	2015	2014
Profit attributable to Parent Company shareholders	810	560
Weighted average number of outstanding ordinary shares	90,843,260	90,843,260
Earnings per share (SEK)	8.91	6.17

After dilution: Earnings per share after dilution are calculated by adjusting the weighted average number of outstanding ordinary shares for the dilutive effect of all potential ordinary shares. There were no potential dilutive ordinary shares in 2015 or 2014. Earnings per share were thus the same before and after dilution.

NOTE 35 DIVIDEND PER SHARE

Dividend payments made in 2015 and 2014 totalled MSEK 236 (SEK 2.60 per share) and MSEK 100 (SEK 1.10 per share), respectively. At the Annual General Meeting on 12 May 2016 the Board will propose a dividend for the financial year 2015 of SEK 3.00 per share, for a total dividend payment of MSEK 272. The proposed dividend has not been recognised as a liability in these financial statements.

NOTE 36 SALE OF SUBSIDIARIES

In June 2015 NETdental was sold in accordance with a resolution of the Annual General Meeting 2015. The sale had no impact, resulting in a consolidated capital gain of zero.

In 2014 no operations in the Group were sold.

NOTE 37 EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2016 Auto-Maskin of Norway is consolidated in the Contract Manufacturing division in the Systems Solutions business area. The company generated net sales of around MNOK 130 in 2015. Auto-Maskin is a leading manufacturer of control and monitoring systems for marine diesel engines with around 65 employees.

In January 2016 endodontic products in the Dental business area are consolidated. Net sales in 2015 were approximately MSEK 10.

On 7 January 2016 it was announced that Lifco had acquired the operations of Redoma Recycling. Redoma Recycling of Sweden specialises in cable recycling machinery. The company generated net sales of around MSEK 25 in 2015. In 2016 the operation is consolidated in the Environmental Technology division in the Systems Solutions business area. The company has eight employees.

On 22 January 2016 it was announced that Lifco had acquired the majority of Cenika, a leading supplier of low-voltage electrical equipment. The company generated net sales of around MNOK 160 in 2015. In February 2016 Cenika is consolidated in the Construction Materials division in the Systems Solutions business area.The company has about 30 employees.

On 1 February 2016 it was announced that Lifco had acquired the operations of Dens Esthetix. Dens Esthetix is a German dental technology laboratory with net sales of around MEUR 1.4 in 2015. In February 2016 the operation is consolidated in the Dental business area. The company has 14 employees.

On 10 February 2016 it was announced that Lifco had acquired the German dental company Praezimed, which services dental equipment. The company, which generated net sales of around MEUR 2.5 in 2015 and has 15 employees, is consolidated in the Dental business area in February 2016.

None of the above acquisitions will individually have any material impact on Lifco's results and financial position in 2016.

On 23 February 2016 it was announced that Lifco had acquired TMC/Nessco of Norway, a world-leading supplier of marine compressors and spare parts. The company generated net sales of MNOK 525 in 2015 and is consolidated in the Environmental Technology division in the Systems Solutions business area in March. The company has around 90 employees. The acquisition will have a positive impact on Lifco's results and financial position in the current year.

Preliminary purchase price allocations will be presented in the interim report for the first quarter of 2016.

PARENT COMPANY ACCOUNTS

PARENT COMPANY INCOME STATEMENT

MSEK	NOTE	2015	2014
Administrative expenses*		-104	-197
Other operating income	39, 40	84	80
Operating profit	41, 42, 43, 44	**-20**	**-117**
Profit/loss from holdings in Group companies	45	237	236
Financial income	46	99	69
Financial expenses	46	-29	-95
Profit after financial items		**287**	**94**
Appropriations	47	-12	104
Tax on profit for the year	48	-8	3
Net profit for the year		**267**	**201**

*For 2014 non-recurring items of MSEK 110 attributable to the IPO are included in the item Administrative expenses.

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.

PARENT COMPANY BALANCE SHEET

MSEK	NOTE	31 DEC 2015	31 DEC 2014
ASSETS			
Fixed assets			
Equipment		0	0
Holdings in Group companies	49	1,960	1,755
Non-current receivables from Group companies		1,388	1,684
Deferred tax assets	50	21	17
Total fixed assets		**3,369**	**3,457**
Current assets			
Receivables from Group companies		2,203	1,854
Current tax assets		15	24
Other current receivables		2	2
Prepaid expenses and accrued income		3	2
Cash and bank balances		307	417
Total current assets		**2,530**	**2,298**
TOTAL ASSETS		**5,899**	**5,755**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		18	18
Statutory reserve		11	11
Total restricted equity		**30**	**30**
Non-restricted equity			
Retained earnings		1,889	1,925
Net profit for the year		267	201
Total non-restricted equity		**2,156**	**2,126**
Total equity		**2,186**	**2,155**
Untaxed reserves	51	**32**	**20**
Non-current liabilities			
Bonds	52	1,031	-
Liabilities to credit institutions	52	-	2,263
Deferred tax liability	50	4	-
Total non-current liabilities		**1,035**	**2,263**
Current liabilities			
Liabilities to credit institutions	52	1,330	232
Accounts payable - trade		1	3
Liabilities to Group companies		1,263	1,045
Other current liabilities		12	5
Accrued expenses and deferred income	53	40	31
Total current liabilities		**2,646**	**1,317**
TOTAL EQUITY AND LIABILITIES		**5,899**	**5,755**
Pledged assets		None	None
Contingent liabilities	54	92	39

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

MSEK	SHARE CAPITAL	STATUTORY RESERVE	NON-RESTRICTED EQUITY	TOTAL EQUITY
Opening balance, 1 January 2014	**18**	**11**	**1,525**	**1,554**
Dividend approved by AGM	-	-	500	500
Shareholders' contribution received	-	-	-100	-100
Net profit for the year	-	-	201	201
Closing balance, 31 December 2014	**18**	**11**	**2,126**	**2,155**
Dividend approved by AGM	-	-	-236	-236
Net profit for the year	-	-	267	267
Closing balance, 31 December 2015	**18**	**11**	**2,157**	**2,186**

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.

On 30 September 2014 the Company implemented a share split which increased the number of shares by a factor of ten. The share capital consists of 6,075,970 class A shares and 84,767,290 class B shares, or 90,843,260 shares in total. Class A shares carry ten votes per share and class B shares carry one vote per share. The Parent Company has no treasury shares. For share capital information, see Note 25 to the consolidated financial statements.

CASH FLOW STATEMENT FOR THE PARENT COMPANY

MSEK	2015	2014
Operating activities		
Operating profit	-20	-117
Other financial items	-1	-1
Interest received	78	69
Interest paid	-28	-40
Income taxes paid	-	-7
Cash flow before changes in working capital	**29**	**-95**
Changes in working capital		
Increase/decrease in operating receivables	-307	-55
Increase/decrease in operating liabilities	179	442
Total changes in working capital	**-128**	**387**
Cash flow from operating activities	**-99**	**292**
Investing activities		
Investments in tangible fixed assets	-205	-
Cash flow from investing activities	**-205**	**-**
Financing activities		
Change in non-current receivables	238	-1 355
Borrowings	519	1 292
Repayments of borrowings	-566	-759
Group contribution received	51	183
Group contribution paid	-51	-159
Shareholders' contributions	-	500
Dividends received	237	236
Dividends paid	-236	-100
Cash flow from financing activities	**192**	**-163**
Cash flow for the year	**-112**	**129**
Cash and cash equivalents at the beginning of year	417	297
Exchange rate differences in cash and cash equivalents	2	-9
Cash and cash equivalents at year-end	**307**	**417**

NOTE 38 PARENT COMPANY ACCOUNTING PRINCIPLES

In connection with the adoption of IFRS for the consolidated financial statements the Parent Company has started applying Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The Parent Company applies other accounting principles than the Group in those cases which are indicated below.

Format

The format prescribed in the Swedish Annual Accounts Act is used for the income statements and balance sheets. The income statement is divided into two statements: one for profit and loss and one for comprehensive income. The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year. The statement of changes in equity follows the format used in the Group but contains the columns specified in the Annual Accounts Act. The formats for the Parent Company have different names compared with the consolidated financial statements, primarily with regard to financial income and expense, provisions, and items in equity.

Holdings in subsidiaries

Holdings in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations. When there is an indication that holdings in a subsidiary are impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount an impairment loss is recognised. Impairment losses are recognised in the items “Profit/loss from holdings in Group companies”.

Financial instruments

The Parent Company does not apply IAS 39 for financial instruments. All financial assets are classified in the category “Loans and receivables”.

Leases

All leases, both finance leases and operating leases, are classified as operating leases.

Revenue

Other operating revenue in the Parent Company includes costs billed to subsidiaries.

Group contributions

Group contributions paid and received are both accounted for as appropriations in the income statement.

NOTE 39 THE PARENT COMPANY’S SALES TO AND PURCHASES FROM GROUP COMPANIES

During the year the Parent Company invoiced the subsidiaries MSEK 84 (80) for Group-wide services. The Parent Company has not purchased services from subsidiaries.

NOTE 40 OTHER OPERATING INCOME

MSEK	2015	2014
Group-wide services	84	80
Total other operating income	**84**	**80**

NOTE 41 CLASSIFICATION OF EXPENSES BY NATURE

MSEK	2015	2014
Personnel costs (Note 43)	89	80
Expenses for operating leases (Note 44)	1	1
Non-recurring expenses	-	110
Other expenses	14	6
Total	**104**	**197**

NOTE 42 AUDIT FEES

MSEK	2015	2014
PricewaterhouseCoopers		
Audit engagement	1	1
Audit services in addition to audit engagement	-	1
Other services	1	5
Total	**2**	**7**

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the audit report. Audit services in addition to audit engagement refer to the examination of interim reports and similar work. Other services refer to advice on financial reporting, the prospectus and internal control as well as services in connection with acquisitions.

NOTE 43 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

AVERAGE NUMBER OF EMPLOYEES	2015	2014
Women	2	1
Men	3	2
Total	**5**	**3**

PERSONNEL COSTS, MSEK	2015	2014
Salaries and remuneration		
Board of Directors and CEO	39	35
Other employees	15	13
	54	48
Social security contributions, Board of Directors and CEO	15	13
Social security contributions, other employees	5	5
Pension expenses for CEO	12	11
Pension expenses for other employees	3	2
Total	**89**	**80**

For information on remuneration of senior executives, see Note 11 to the consolidated financial statements.

NOTE 44 LEASING

MSEK	2015	2014
Operating leases		
Mature within 1 year	1	1
Mature in 1–5 years	2	2
Total	**3**	**2**

The Parent Company's operating leases mainly comprise leases for office premises. No assets are subleased. Operating lease payments in the Parent Company for the financial year were MSEK 1 (1). Lease payments for assets held under operating leases are recognised in operating expenses.

NOTE 45 PROFIT/LOSS FROM HOLDINGS IN GROUP COMPANIES

MSEK	2015	2014
Dividends	237	236
Total	**237**	**236**

NOTE 46 FINANCIAL INCOME AND EXPENSES

MSEK	2015	2014
Financial income		
Interest income from Group companies	78	69
Exchange rate gains	21	-
Total financial income	**99**	**69**
Financial expenses		
Interest expenses on liabilities to credit institutions	-27	-37
Interest expenses to Group companies	-1	-3
Exchange rate losses	-	-55
Other financial expenses	-1	-1
Total financial expenses	**-29**	**-95**
Net financial items	**70**	**-26**

NOTE 47 APPROPRIATIONS

MSEK	2015	2014
Group contributions received	51	120
Group contributions paid	-51	-16
Change in tax allocation reserve	-12	-
Total	**-12**	**104**

NOTE 48 TAX ON PROFIT FOR THE YEAR

MSEK	2015	2014
Current tax for the year	-8	-
Deferred tax	-	3
Total tax on profit for the year	**-8**	**3**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 22% (22%).

Profit before tax	275	198
Tax at applicable tax rate in Sweden, 22%	-60	-44
Tax effects of non-taxable income	56	52
Tax effects of non-deductible expenses	-4	-5
Tax on profit for the year	**-8**	**3**

NOTE 49 HOLDINGS IN GROUP COMPANIES

Specification of the Parent Company's direct shareholdings and holdings in Group companies:

COMPANY NAME	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE
Lifco Dental International AB	556730-9710	Enköping
Proline Group AB	556543-0971	Sollentuna
PP Greiftechnik GmbH	HR B No 157420	Waakirchen, Tyskland
Rapid Granulator AB	556082-8674	Bredaryd
Sorb Industri AB	556272-5282	Skellefteå

	SHARE OF EQUITY	SHARE OF VOTES	NUMBER OF SHARES	CARRYING AMOUNT 2015	CARRYING AMOUNT 2014
Lifco Dental International AB	100,00	100,00	252,525	716	716
Proline Group AB	100,00	100,00	12,400	182	182
PP Greiftechnik GmbH	100,00	100,00	25,000	490	490
Rapid Granulator AB	100,00	100,00	100,000	205	-
Sorb Industri AB	100,00	100,00	6,800,000	367	367
Total				**1,960**	**1,755**

	2015	2014
Cost at the beginning of the year	1,755	1,755
Acquisitions of subsidiaries	205	-
Cost at year-end	1,960	1,755
Carrying amount at year-end	1,960	1,755

NOTE 50 DEFERRED TAX

MSEK	2015	2014
The difference between the income tax recognised in the income statement and income tax payable in respect of the Company's operations is:		
Deferred tax assets on expenses reversed upon taxation and in future non-taxable income	21	17
Deferred tax liability attributable to other taxable temporary differences	-4	-
Total deferred tax asset/liability, net	**17**	**17**

NOTE 51 UNTAXED RESERVES

MSEK	2015	2014
Tax allocation reserve 2012	9	9
Tax allocation reserve 2013	11	11
Tax allocation reserve 2014	0	0
Tax allocation reserve 2015	12	-
Total	**32**	**20**

NOTE 52 BORROWINGS

MSEK	2015	2014
Non-current interest-bearing liabilities		
Bonds	1,031	-
Liabilities to credit institutions	-	2,263
Total non-current interest-bearing liabilities	**1,031**	**2,263**
Current interest-bearing liabilities		
Overdraft facilities	90	49
Liabilities to credit institutions	1,240	183
Total current interest-bearing liabilities	**1,330**	**232**
Total interest-bearing liabilities	**2,361**	**2,495**

No portion of non-current liabilities matures later than three years from the balance sheet date.
All interest-bearing liabilities are classified in the category "Other financial liabilities".

NOTE 53 ACCRUED EXPENSES AND DEFERRED INCOME

MSEK	2015	2014
Accrued interest expenses	5	2
Accrued salary-related expenses	19	15
Accrued holiday pay	5	4
Accrued social security contributions	7	7
Other deferred income	-	1
Other accrued expenses	4	1
Total	**40**	**31**

NOTE 54 CONTINGENT LIABILITIES

MSEK	2015	2014
Contingent liability for Group companies' PRI liabilities	27	28
Guarantee commitments for Group companies	64	10
Other guarantee commitments	1	1
Total	**92**	**39**

TEN-YEAR SUMMARY

	ACCORDING TO IFRS				ACCORDING TO BFN						
	2015	2014	2013	2012	2012	2011	2010	2009	2008	2007	2006
Net sales, MSEK	7,901	6,802	6,030	6,184	6,184	5,707	4,591	4,146	4,901	3,660	2,629
Total growth in net sales, %	16.2%	12.8%	-2.5%	8.4%	8.4%	24.3%	10.7%	-15.4%	33.9%	39.2%	16.9%
Of which: Organic growth, %	5.7%	4.4%	-1.4%	-1.8%	-1.8%	7.9%	15.7%	-19.8%	7.4%	14.4%	15.6%
Of which: Acquired growth, %	7.3%	5.1%	0.1%	11.7%	11.7%	20.5%	0.6%	0.4%	25.2%	25.3%	1.5%
Of which: Exchange rate effects and other, %	3.2%	3.3%	-1.2%	-1.5%	-1.5%	-4.2%	-5.5%	3.9%	1.3%	-0.5%	-0.2%
EBITA, MSEK	1,186	966	692	715	716	631	511	305	453	412	280
EBITA-marginal, %	15.0%	14.2%	11.5%	11.6%	11.6%	11.1%	11.1%	7.3%	9.2%	11.3%	10.6%
Scheduled depreciation/amortisation, SEK	-92	-75	-68	-71	-71	-67	-63	-64	-62	-49	-36
Amortisation of intangible assets arising on acquisition, MSEK	-65	-38	-7	-3	-175	-141	-81	-84	-79	-48	-21
Extraordinary items, MSEK	-13	-122	-58	1	0	0	-6	4	-6	-	-1
Acquisition of tangible fixed assets, MSEK	102	105	95	75	76	56	55	55	132	64	44
Acquisition of subsidiaries net of cash and cash equivalents, MSEK	573	1,264	-	90	95	1,771	663	76	182	843	103
Capital employed excluding goodwill and other intangible assets, MSEK	966	916	948	832	-	-	-	-	-	-	-
Capital employed, MSEK	5,965	5,137	3,984	3,848	-	-	-	-	-	-	-
Return on capital employed excluding goodwill and other intangible assets, %	122.7%	105.4%	73.0%	71.0%	-	-	-	-	-	-	-
Return on capital employed, %	19.9%	18.8%	17.4%	18.1%	-	-	-	-	-	-	-
Net debt, MSEK	1,950	2,013	1,420	1,618	1,618	1,912	1,180	823	1,095	914	178
Net debt/equity ratio	0.5x	0.6x	0.6x	0.8x	0.8x	1.0x	1.2x	0.8x	1.0x	1.0x	0.3x
Net debt/EBITDA	1.5x	1.9x	1.9x	2.1x	2.1x	2.7x	2.1x	2.2x	2.1x	2.0x	0.6x
Equity/assets ratio	49.2%	46.7%	43.6%	39.9%	38.2%	34.6%	28.5%	34.9%	33.5%	27.9%	39.1%
Earnings per share	8.91	6.17	4.16	5.56	3.57	3.20	2.59	0.84	2.10	3.68	1.83
Equity per share	43.35	38.0	26.0	23.6	21.5	20.1	10.6	9.5	10.2	8.4	5.9

ACQUISITION HISTORY 2006-2015

YEAR	COMPANY	OPERATIONS	BUSINESS AREA	SALES (ON ACQUISITION)	COUNTRY
2006	Dental Prime	Dental products	Dental	EUR 3 million	Finland
	Electronics in Järlåsa	Contract manufacturing	Systems Solutions	SEK 30 million	Sweden
	Darda	Demolition tools	Demolition & Tools	EUR 8 million	Germany
2007	Kinshofer	Attachments for cranes and excavators	Demolition & Tools	EUR 66 million	Germany
	Safe Dental	Dental products	Dental	SEK 2 million	Sweden
	Proline	Relining (renovation of drain and waste water pipes)	Systems Solutions	SEK 120 million	Sweden
	Oriola Dental	Dental products	Dental	EUR 45 million	Finland
	Hekotek	Sawmill equipment	Systems Solutions	EUR 13 million	Estonia
	Zetterström Rostfria	Contract manufacturing	Systems Solutions	SEK 50 million	Sweden
	Plass Data Dental	Dental products	Dental	DKK 7 million	Denmark
2008	Endomark	Products for diagnostic uses and root canal filling	Dental	SEK 9 million	Sweden
	XO Care Denmark	Dental products	Dental	DKK 77 million	Denmark
	Tevo	Interiors for service vehicles	Systems Solutions	GBP 8 million	UK
2009	Ellman Produkter	Dental products	Dental	SEK 43 million	Sweden
	Aponox	Excavator tilt buckets	Demolition & Tools	-	Finland
	Interdental	Dental products	Dental	SEK 10 million	Norway
2010	ATC	Retailer	Demolition & Tools	EUR 5 million	France
2011	RF-System	Products for rail, land and public works	Demolition & Tools	SEK 80 million	Sweden
	Wintech	Contract manufacturing	Systems Solutions	SEK 125 million	Sweden
	EDP	Dental products	Dental	EUR 119 million	Germany
	Net Dental	Distributor	Dental	EUR 20 million	Germany
2012	Ahlberg Cameras	Camera systems for nuclear power plants	Demolition & Tools	SEK 73 million	Sweden
2014	MDH	Dental technology, distributor	Dental	EUR 44 million	Germany
2015	Sanistål's Danish business	Interiors for service vehicles	System Solutions	DKK 25 million	Denmark
	Auger Torque	Earth drills	Demolition & Tools	GBP 10 million	UK
	Rapid Granulator	Industrial plastic granulators	System Solutions	SEK 300 million	Sweden
	Top Dental	Dental products	Dental	GBP 3.4 million	UK
	J.H. Orsing	Dental products	Dental	SEK 20 million	Sweden
	Smilodent	Dental technology	Dental	EUR 5 million	Germany
	Preventum Partner	Dental accountancy services	Dental	SEK 10 million	Sweden
	Endodontic products	Products for root canal filling, etc.	Dental	SEK 10 million	Sweden
	Auto-Maskin	Marine diesel engine control systems	Systems Solutions	NOK 130 million	Norway

QUALITY AND ENVIRONMENTAL CERTIFICATION

COMPANY	COUNTRY	CERTIFICATION			
		ISO 3834	ISO 9001	ISO 13485	ISO 14001
Ahlberg Cameras	Sweden		•		
Auger Torque Europe Ltd	UK		•		
Auto-Maskin AS	Norway		•		•
Brokk AB	Sweden		•		
Brokk UK	UK		•		
Darda	Germany		•		
DAB	Sweden		•	•	•
Dentamed	Czech Republic		•	•	
Directa AB	Sweden			•	
Hammasväline	Finland		•		
Hekotek	Estonia		•		
InteraDent	Philippines		•		
InteraDent	Germany		•		
Kinshofer	Czech Republic	•			
Kinshofer	Germany		•		
Leab	Estonia		•		•
Leab	Sweden		•		•
Lövånger Elektronik	Sweden		•	•	•
M+W Dental	Germany			•	
MDH AG	Germany		•	•	
Modul-System	Sweden		•		•
Modul-System	France		•		
Modul-System	Germany		•		
Modul-System	UK		•		•
Nordenta	Sweden		•	•	•
J.H. Orsing	Sweden		•		
Rapid Granulator	Sweden		•		
Tevo Ltd	UK		•		•
Texor	Sweden		•		
Top Dental	UK			•	
Zetterströms	Sweden		•		
Wintech	Estonia		•		•
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DEFINITIONS

Return on equity	Net profit attributable to shareholders in the Parent Company and non-controlling interests divided by average equity
Return on capital employed	EBITA divided by average capital employed
Return on capital employed excl. goodwill and other intangible assets	EBITA divided by average capital employed excluding goodwill and other intangible assets
EBIT	Operating profit/Profit before financial items and taxes
EBITA	Operating profit before amortisation of intangible assets arising in conjunction with acquisitions, and restructuring, integration and acquisition costs
EBITA margin	EBITA divided by net sales
EBITDA	Operating profit before depreciation, amortisation and restructuring, integration and acquisition costs
EBITDA margin	EBITDA divided by net sales
Net debt/equity ratio	Net interest-bearing debt divided by equity
Earnings per share	Net profit attributable to shareholders in the Parent Company divided by the average number of outstanding shares
Net interest-bearing debt	Liabilities to credit institutions including interest-bearing pension provisions less cash and cash equivalents
Equity/assets ratio	Equity divided by total assets (balance sheet total)
Capital employed	Total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities, calculated on a rolling twelve-month basis
Capital employed excl. goodwill and other intangible assets	Total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities, goodwill and other intangible assets, calculated on a rolling twelve-month basis

ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The Annual General Meeting of Lifco AB will be held at 3 p.m. on Thursday 12 May 2016 at Bonnierhuset, Torsgatan 21, Stockholm, Sweden.

REGISTRATION

Shareholders who wish to attend the Annual General Meeting must

- be entered in the shareholder register, maintained by Euroclear, by 6 May 2016, and must
- inform Lifco by 6 May 2016 that they will be attending the meeting.

Shareholders can notify their attendance in three ways:

- on Lifco's website www.lifco.se
- by writing to Årsstämma, Lifco AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden
- by phone on +46 (0) 8 402 92 82

Shareholders must provide their name, address and personal identity number when notifying attendance.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered in the name of a nominee must register the shares temporarily in their own name by 6 May 2016 to be entitled to attend and vote at the Annual General Meeting. Shareholders who appoint a proxy must send the proxy form to Lifco in good time before the Annual General Meeting. Representatives of legal entities are required to provide a copy of the entity's certificate of incorporation or equivalent authentication document naming the entity's authorised signatories.

NOMINATION COMMITEE AND ITEMS OF BUSINESS AT THE AGM

Information regarding Lifco's Nomination Committee can be found in the nine-month report that was published on 3 November 2015. The information was also published on the website.

Information on how an item of business may be proposed for discussion by shareholders at the AGM can be found in Lifco's nine-month report for 2015 and year-end report for 2015. The information was also published on the website.

DIVIDENDS

The Board of Directors and the CEO propose a dividend of SEK 3.00 per share for 2015, equivalent to SEK 272.5 million. The proposed record day is Monday, 16 May 2016. Euroclear expects to be able to distribute the dividends to the shareholders on Thursday, 19 May 2016, subject to approval by shareholders at the AGM.

FINANCIAL INFORMATION

Lifco's annual report, year-end report and interim reports are published in Swedish and English.

The reports can be downloaded from www.lifco.se/investors

The printed version of Lifco's annual report is only sent to those shareholders who have expressly requested a paper copy.

The annual report can be ordered from:

www.lifco.se

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FINANCIAL CALENDAR

12 May 2016	Interim report January-March
15 July 2016	Interim report January-June
25 October 2016	Interim report January-September
15 February 2017	Year-End Report for 2016
April 2017	Annual Report for 2016

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Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows.