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BURE
Annual Report 2016

Welcome to Bure Equity AB

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CAVOTEC – is a global engineering group that delivers power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining & Tunnelling, Automation and General Industrial sectors.



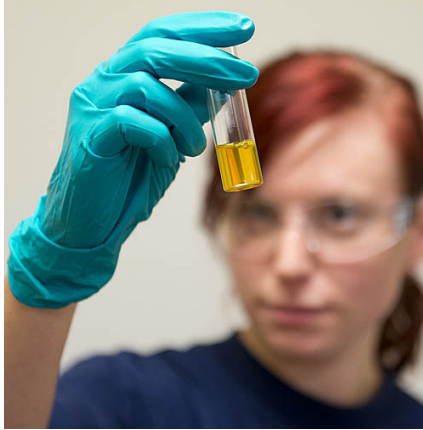
BURE FINANCIAL SERVICES – is a wholly owned subsidiary that invests in financial operations and assets.

Bure builds successful companies.

Our portfolio is made up of ten companies, of which six are listed. We present them here.



VITROLIFE – is an internationally active medtech group. Vitrolife develops, produces and markets products for fertility treatment.



MEDCAP – owns and develops companies in the Life Science sector.

Building companies is
our passion and our
focus.



XVIVO PERFUSION – is an internationally active medical technology company focused on developing optimised solutions for organ, tissue and cell preservation in connection with transplantation.



LAURITZ.COM – is the Nordic region’s largest online auction house for antiques, art, design and home luxury.



MYCRONIC – develops and manufactures laser-based pattern generators for production of photomasks and advanced surface mounting equipment for flexible electronics production.



BURE GROWTH – is a wholly owned subsidiary that invests in development companies.



INVESTMENT AB BURE – is a wholly owned subsidiary that owns and manages leasing of locomotives.



MERCURI INTERNATIONAL – is Europe’s leading sales and management training consultancy, with operations worldwide.

Highlights of 2016

2016 was yet another successful year for Bure when net asset value grew by SEK 1Bn, or 16.4 per cent. Bure's share price performance was even better, showing a total return of 54.7 per cent, equal to an increase of SEK 2.4Bn including share dividends. Bure's share was thus traded at a premium against net asset value of 2 per cent at year-end 2016, compared to a discount of 20 per cent at the beginning of the year.

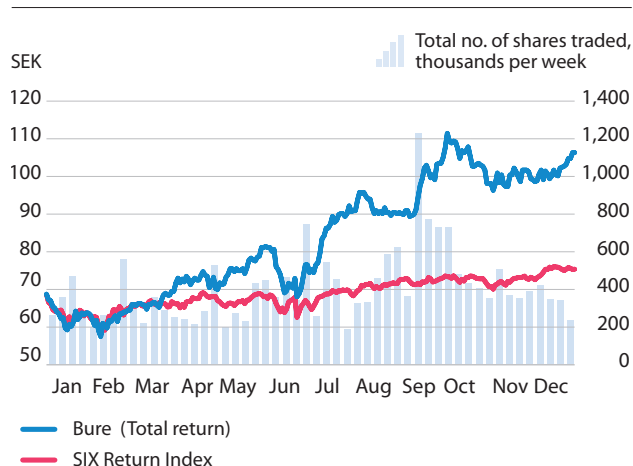
Shareholder value

- Total return on the Bure share was 54.7 per cent, compared to an increase of 9.6 per cent for the SIX Return Index.
- Net asset value per share increased by 16.4 per cent to SEK 101.74 (87.40). In addition, Bure paid an ordinary dividend of SEK 1.00 per share and an extraordinary dividend of SEK 1.00 per share in 2016.
- Net asset value grew by SEK 994M to SEK 7,054M. Value growth including share dividends totalling SEK 139M amounted to SEK 1,133M.
- Consolidated profit after tax was SEK 1,173M (2,940). Basic earnings per share amounted to SEK 16.92 (41.98).
- The Board proposes that the 2017 AGM approve an ordinary dividend of SEK 1.50 (1.00) and an extraordinary dividend of SEK 0.50 (1.00) per share.

Investing activities

- Bure acquired 2.75 million shares in Cavotec for SEK 55.1M and increased its holding from 13.1 per cent to 16.6 per cent.
- Bure acquired 4.6 million shares in Lauritz.com for SEK 68.9M, which corresponds to a holding of 11.3 per cent.
- Bure acquired 0.4 million shares in MedCap for SEK 11.2M and increased its holding from 20.0 per cent to 22.7 per cent.
- Bure Growth acquired shares in Life Genomics AB, which offers genetic tests to the healthcare sector and the public. The investment amounted to SEK 7M and the holding is 28 per cent.
- At 31 December 2016 Bure had investable capital of over SEK 700M.

Bure's total return in 2016



Net asset value per share at 31 December 2016 SEK M

Listed portfolio companies

Cavotec	279
Lauritz.com	37
MedCap	106
Mycronic	2,873
Vitrolife	1,823
Xvivo Perfusion	430
Total	5,548

Unlisted portfolio companies

Bure Financial Services	252
Bure Growth	37
Investment AB Bure	222
Mercuri International Group	114
Total	625

Treasury	881
Total net asset value	7,054

A good owner

A good owner creates security and confidence in the future, and gives businesses time to develop. A good owner plays an active role that is based on in-depth engagement and a strong presence in the portfolio companies.

Comments from the Chairman and CEO



Henrik Blomquist,
CEO

Patrik Tigerschiöld,
Chairman

Total return on the Bure share in 2016 amounted to 54.6 per cent, giving Bure a top placement among investment companies on the Stockholm Stock Exchange. In a longer perspective, Bure has produced a total return of 457 per cent over the past five-year period.

Portfolio performance in 2016

Bure's net asset value rose by 16.4 per cent in 2016, equal to an increase in value of SEK 1Bn to SEK 7Bn. Once again, Bure's key holdings Mycronic, Vitrolife and Xvivo Perfusion accounted for most of the value growth. However, the greatest source of satisfaction is that the portfolio companies advanced their positions during the year through the combined effects of robust sales growth and several acquisitions.

A "good owner" is a new concept that you use in the annual report. What does it mean?

Henrik: I don't know that it's a generally accepted term, but it is used in parts of the financial market as a way of categorising different owner companies. And it's a concept that is well suited to Bure, partly as a way of defining Bure's position in the investment market and partly for giving the companies we look at an idea of what Bure stands for. According to

Bure, a good owner is one that takes primary responsibility for building companies in a long-term perspective. The approaches for succeeding at this can vary depending on a company's phase of maturity, type of business, etc. In the annual report we have chosen to highlight four cornerstones that are essential to our ownership philosophy: a long-term approach, commitment and responsibility, adapted leadership and financial strength.

Patrik: The financial market is highly proficient at setting labels on different phenomena. We have been working determinedly and energetically, for many years and in various ways, and the highlighted concepts very accurately describe the ownership processes that together create the conditions for successful business.

Would you say that your dependency on two individual companies is a problem?

Henrik: In a perfect world it might not be ideal to have a portfolio where two companies account for around two thirds of total net asset value. But I think it's important to understand that an investment company like Bure has scope to act in ways other than fund structures and similar. My ambition as CEO is to generate a healthy long-term return for the shareholders. And in view of that, I don't see the logic in selling off holdings that are performing well from both an operational and value standpoint. On the contrary, this is precisely the type of companies Bure should own.

Patrik: Bure has had the pleasure of following the fantastic successes in Mycronic and Vitrolife for many years. And the fact that both companies now account for a large share of Bure's net asset value is a testimony to their superb performance. This is something we should celebrate!

An outstanding year, but only a few minor new investments.

Henrik: It's true that we didn't make any major new investments in 2016, but there was a high level of activity in working with potential acquisitions and we advanced to a late stage of the process in several cases. The main reason for not closing these deals is most likely that we've found it hard to accept the generally high valuation expectations. Getting the right "timing" with respect to value is critical in new investments and a momentum-driven market like that we saw in 2016 makes this difficult. The valuation multiples rose continuously during the year without always, in our opinion, having a direct connection to the underlying companies' development and performance. This has forced many investors to continue far out onto the risk curve. Bure creates security and confidence in the future. Bure gives businesses time to develop. Bure is also active and engaged in the portfolio companies.

"Bure creates security and confidence in the future. Bure gives businesses time to develop. Bure is also active and engaged in the portfolio companies."

What are your thoughts on the proposed dividend?

Patrik: For many years Bure has been working with different ways of distributing values to its shareholders. On page 21 we present a historical overview. Over the past five-year period Bure repurchased a large volume of shares as a result of the company's high "net asset value discount". But in the past year Bure was valued more in line with the underlying assets, for which reason it has been more natural to shift the focus to traditional cash dividends. The ambition is for cash dividends, over time, to reflect the dividend flows Bure earns on its investments. With the Board's proposal for a total dividend of SEK 2 per share, the direct return is around 2 per cent.

2017, what are your views on the market outlook?

Henrik: 2016 brought a break in what was probably a 35-year period of continuously falling interest rates. This will most likely affect the stock market in the years ahead, particularly the valuation multiples. In 2016 we anticipated high volatility and to a certain extent this proved to be the case. But what we really saw in 2016 were major differences

in performance between sectors. The cyclical sectors were those that gained most, especially in the second half of the year, and without this upswing the index would have been negative for 2016. The leading indicators also point out high activity in both the industrial and service sectors, alongside all of the political instability above all in the USA and Europe. However, I personally see this optimism with a certain wariness. The Swedish stock market has now risen five years in a row, which hasn't happened since the 1990s.

Patrik: Small and mid-sized companies have continued to perform well. The financial statistics now being presented are promising for growth in the year ahead and corporate earnings forecasts are being adjusted upwards. The only causes for concern are that expectations are high, interest rates are artificially low and we have had a strong market boom, with new "all-time-highs", over the past five-year period. At the moment, it's only a drawback to have weathered a number of "financial crashes" in the past 30 years. This far into the financial cycle we should normally be more cautious, but increasingly aggressive assumptions are needed to take home the deals we are looking at. In this scenario, Bure will "hurry slowly".

What will be Bure's focus in 2017?

Henrik: I have great respect for the fact that valuations and share prices move both up and down. In these times of heightened uncertainty, it feels natural to concentrate on companies, markets and people we know. My focus, as earlier, will be on helping our portfolio companies to optimise their development through ongoing engagement and responsibility. If we continue to reap success in our portfolio companies, I believe this will also underline Bure's comparative advantages as a partner and owner. And this, in turn, will create exciting investment opportunities in the future.

Stockholm, 15 March 2017

Patrik Tigerschiöld
Board Chairman

Henrik Blomquist
CEO

Long-term

A long-term approach is vital for a company's success. Bure's ownership philosophy is based on a long-term perspective and helping businesses to realise their full potential.

Bure's operations

Business mission and objectives

Bure is an investment company and a good owner. By actively building successful companies and businesses in the long term, Bure creates a healthy return for its shareholders.

Bure's objectives are:

- To create a sustainable, long-term total return for Bure's shareholders.
- To be a competitive investment alternative in the stock market.

Bure's business model

The foundation for Bure's business model is the ownership philosophy that has evolved over our 25-year history. The ownership philosophy is shaped by in-depth engagement and a strong presence in the portfolio companies. In this way, we build far-reaching expertise about the industries where we are active. The current portfolio includes several companies where we have been involved for many years and contributed to successful development. At the overall level, our ownership philosophy is based on the following cornerstones:

A long-term approach:

A long-term approach is a vital ingredient in building successful companies. Short-term speculation can lead to decisions that are wrong for a portfolio company in a longer perspective. The courage to invest, have patience and show respect creates good conditions for building industrially successful companies and therefore also substantial values.

But building for the long term should not be equated with working slowing. On the contrary, a long-term approach places higher demands on professional conduct and entrepreneurial follow-up, which build structural capital and competitive advantages.

Commitment and responsibility:

As a principal owner, we work according to a clear agenda with a focus on the respective holdings' long-term business strategies and value drivers. This requires Bure to maintain a strong presence in the portfolio companies, mainly through active board participations.

With ownership follows responsibility. In Bure's code of conduct we have formulated our views on responsible ownership, and we strive for our portfolio companies to respect these. The Code of Conduct contains clear commitments regarding inter alia ethics, human rights and labor issues and environmental impact.

Adapted leadership:

Our experience is that companies in varying stages of maturity require different types of leadership to create success over time. We don't believe that any single type of leadership works in every situation. This places demands on us, as principal owner, to be responsive and open to change at all times by continuously evaluating what type of leadership our portfolio companies are in need of.

Financial strength:

A good owner has the financial strength and capacity to always support and assist its portfolio companies in meeting their set objectives.

Bure is a situation-based investor

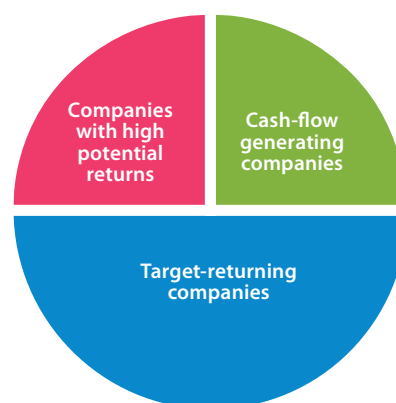
Bure identifies and monitors interesting industries and companies and evaluates potential investments opportunistically based on the unique situations companies find themselves in at the time of the investment. Among other things, Bure seeks special situations that fall outside the models used by other investors. When evaluating operations and potential

Target scenario for the portfolio

Within the framework of Bure's business model, a target scenario for the portfolio has been defined to balance the portfolio from a risk perspective. The chart to the right provides a schematic illustration of how Bure's portfolio could be composed.

The three different categories are:

- **Target-returning companies** – meet Bure's basic investment criteria with a target IRR of 12 per cent.
- **Companies with high potential returns** – often have higher operational risk (such as technology or market risk).
- **Cash flow-generating companies** – often companies with stable business models and with direct return.



investments, Bure analyses business opportunities based on the company's structure, market, business model, financial position, management and board of directors. In addition, it is vital to clearly identify what role Bure will play in the short and long term.

Overall investment criteria

In both new and existing investments, Bure uses a structured approach that includes clear identification of different value-drivers. Bure's overall investment criteria are:

- Each investment should have an Internal Rate of Return (IRR) of more than 12 per cent.
- The holding should be significant and have sufficient potential to contribute to Bure's long-term value growth.
- Bure should be a sufficiently large owner with a clearly defined role in order to exert an active influence.

Active and long-term ownership with no established exit strategy

Bure has no established exit strategy and is not forced to sell off portfolio companies within a certain period of time. Exits can take place for example when a new owner can contribute to the respective company's development. As an owner, it is critical that Bure has a long-term strategy and an owner agenda, i.e. a clear objective and action plan, for each portfolio company. These are evaluated continuously by Bure with an emphasis on value, potential and risk.

Bure assesses each investment and business opportunity over a period of 3 – 5 years, but the investment horizon can be longer. If interesting new business opportunities arise over time, Bure can continue to own the company. The current portfolio includes several operations where Bure has been involved for many years and has contributed to building successful companies.

Holding at 31 December 2016	Bure's ownership	Bure as the largest single shareholder	Number of board members from Bure	Chairman from Bure	Year of original investment
Listed portfolio companies					
Cavotec	16.6 %	Yes	1	No	2014
Lauritz.com	11.3 %	No	1	No	2016
MedCap	22.7 %	Yes	1	No	2013
Mycronic	29.9 %	Yes	1	Yes	1986/2009 ¹
Vitrolife	21.7 %	Yes	1	No	1984/2000 ²
Xvivo Perfusion	20.7 %	Yes	2	Yes	2000/2012 ³
Unlisted portfolio companies					
Bure Financial Services	100.0 %	Yes	3	Yes	2014
Bure Growth	100.0 %	Yes	3	Yes	2015
Investment AB Bure	100.0 %	Yes	2	Yes	2012 ⁴
Mercuri International	99.1 %	Yes	1	Yes	1998

1) Refers to the original investment in Mydata and the merger with Mycronic.

2) Refers to the original investment in Fermentech Medical and the merger with Vitrolife.

3) Refers to the original investment and Lex Asea distribution from Vitrolife.

4) Refers to locomotive investment.

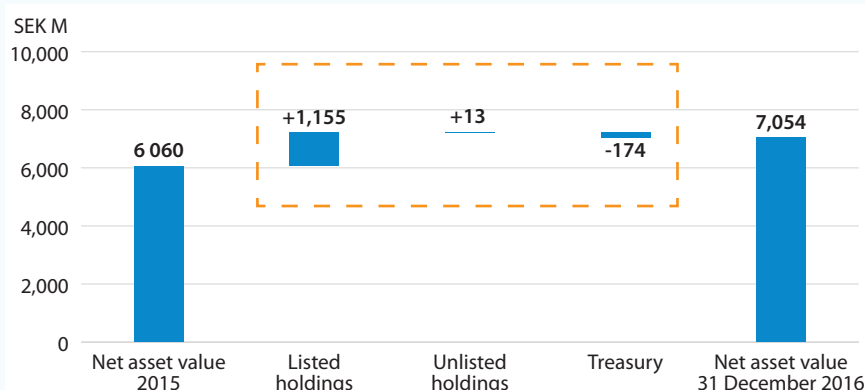
Portfolio development in 2016

Net asset value, 12 months 2016

Net asset value amounted to SEK 7,054M, an increase of SEK 994M since year-end 2015.

Net asset value per share was SEK 101.74, which is equal to an increase of 16.46 per cent since year-end 2015.

In 2016 Bure also paid a total dividend of SEK 2.00 per share.



Development of net asset value

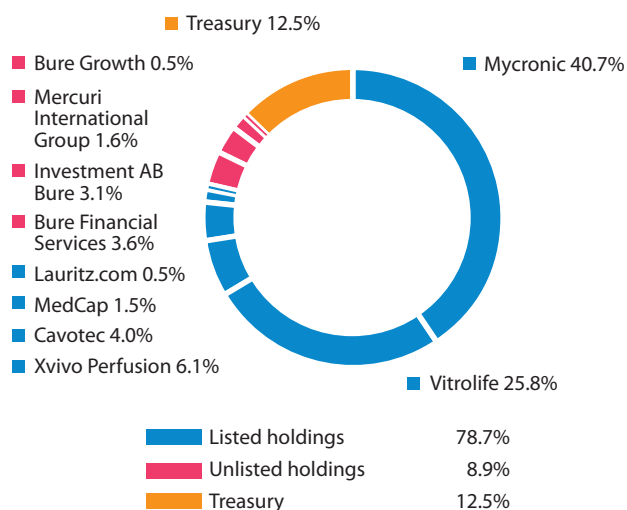
Bure's portfolio consisted of ten companies at the end of 2016. One portfolio company was added during the year – Lauritz.com.

Net asset value rose by SEK 994M, or 16.4 per cent, to SEK 7,054M, compared to SEK 6,060M at 31 December 2015. Total value growth in 2016 amounted to SEK 1,133M, calculated as the increase in net asset value by SEK 994M and the addback of dividends of SEK 139M.

Of the increase in net asset value of SEK 994M, value growth of SEK 1,155M was attributable to the listed portfolio companies, SEK 13M to the unlisted portfolio companies and SEK -174 M to Treasury.

Net asset value per share at 31 December 2016 was SEK 101.74. Adjusted for share dividends, this is equal to an increase of 18.7 per cent during 2016.

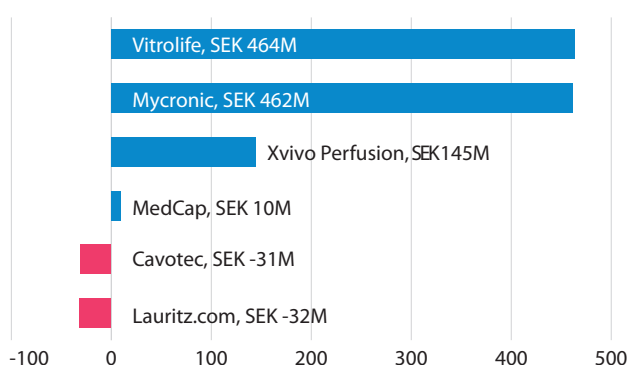
Breakdown of net asset value at 31 December 2016



Listed portfolio companies, 12 months 2016

The value of the listed portfolio companies increased during the year by SEK 1,155M to SEK 5,548M. Of this value growth, value changes accounted for SEK 1,018M and investments for SEK 138M.

Value development, listed holdings, 2016



Vitrolife's value growth was SEK 464M. The holding in Vitrolife amounted to SEK 1,823M at 31 December 2016. During the year, Bure received dividends of SEK 11M from Vitrolife. The share price rose by 34.1 per cent during the year.

The value of the holding in Mycronic increased by SEK 462M to SEK 2,873M at 31 December 2016. During the year, Bure received dividends of SEK 117M from Mycronic. The share price rose by 19.1 per cent during the year.

The value of the holding in Xvivo Perfusion increased by SEK 147M to SEK 430M at 31 December 2016. The value change consisted of value growth of SEK 145M and the acquisition of shares for SEK 2M. The share price rose by 50.4 per cent during the year.

The value of the holding in MedCap increased by SEK 21M to SEK 106M. The value change consisted of value growth of SEK 10M and the acquisition of shares for SEK 11M. The share price rose by 10.2 per cent during the year.

The value of the holding in Cavotec increased by SEK 24M to SEK 279M. The value change consisted of a value decrease of SEK 31M and the acquisition of shares for SEK 55M. The share price fell by 13.7 per cent during the year.

The value of the holding in Lauritz.com decreased by SEK 32M to SEK 37M at 31 December 2016. Bure acquired the holding in Lauritz.com through the company's IPO in June 2016. The share price has fallen by 46.3 per cent since the listing in June.

Listed portfolio companies accounted for 78.7 per cent of net asset value, compared to 72.5 per cent at year-end 2015.

Unlisted portfolio companies, 12 months 2016

The value of the unlisted portfolio companies increased by SEK 13M to SEK 625M, compared to SEK 612M at year-end 2015. Of this value growth, value changes accounted for SEK 5M and investments for SEK 8M.

Bure Financial Services' net asset value rose by SEK 14M to SEK 252M, mainly owing to a value increase of SEK 13M for the holding in Catella. During the year, Bure Financial Services invested SEK 1M in Idevall & Partners Holding. Bure received share dividends of SEK 9M from Fondita referring to the second half of 2015 and the first half of 2016.

Bure Growth's net asset value declined by SEK 6M to SEK 37M at 31 December 2016, mainly due to a value decrease of SEK 13M for the holding in Vigmed. During the year, Bure Growth invested SEK 7M in Life Genomics AB.

Investment AB Bure's net asset value was SEK 222M, compared to SEK 216M at year-end 2015.

Mercuri's net asset value of SEK 114M was unchanged compared to the value at the beginning of the year.

Unlisted portfolio companies accounted for 8.9 per cent of net asset value, compared to 10.1 per cent at year-end 2015.

Treasury, 12 months 2016










The value of the assets in Treasury fell by SEK 174M to SEK 881M. Assets in Treasury increased by SEK 147M as a result of dividends received primarily from Mycronic and Vitrolife and decreased through the payment of share dividends of SEK 139M to Bure's shareholders, the acquisition of shares in listed and unlisted portfolio companies for SEK 145M and administrative expenses of SEK 47M. Assets in Treasury accounted for 12.5 per cent of net asset value, compared to 17.4 per cent at year-end 2015.

Bure's share

The number of shares outstanding in Bure amounts to 69,332,710. The 2016 Annual General Meeting authorised Bure's Board of Directors to decide on the buyback of up to 10 per cent of the total number of shares outstanding. At 31 December 2016 no buybacks had been made.

Bure's share price on 31 December 2016 was SEK 103.50, which is equal to a total return of 54.7 per cent since the beginning of the year.

Portfolio companies 2016 and 2015¹

Listed portfolio SEK M		2016	2015
 CAVOTEC	Net sales	2,003	2,173
	EBIT	116	71
	EBIT margin	5.8%	3.3%
	Holding	16.6%	13.1%
 Lauritz.com	Net sales	279	282
	EBIT	41	37
	EBIT margin	14.6%	13.2%
	Holding	11.3%	–
 MEDCAP	Net sales	896	813
	EBIT	17	25
	EBIT margin	1.9%	3.1%
	Holding	22.7%	20.0%
 MYCRONIC	Net sales	2,319	1,815
	EBIT	691	540
	EBIT margin	29.8%	29.8%
	Holding	29.9%	29.9%
 Vitrolife	Net sales	856	722
	EBIT	249	226
	EBIT margin	29.1%	31.3%
	Holding	21.7%	21.7%
 XVIVO PERFUSION	Net sales	138	120
	EBIT	3	7
	EBIT margin	2.0%	6.0%
	Holding	20.7%	22.5%
Onoterade Mkr			
 BURE FINANCIAL SERVICES	Net sales	27	105
	EBIT	27	105
	EBIT margin	100.0%	100.0%
	Holding	100.0%	100.0%
 BURE GROWTH	Net sales	-15	-15
	EBIT	-15	-15
	EBIT margin	n/m	n/m
	Holding	100.0%	100.0%
Investment AB Bure	Net sales	31	34
	EBIT	7	21
	EBIT margin	23.4%	62.7%
	Holding	100.0%	100.0%
 Mercuri	Net sales	424	452
	EBIT	37	28
	EBIT margin	8.7%	6.2%
	Holding	99.1%	99.1%

1) MedCap refers to the period from November to October of each year.

Adapted leadership

As companies evolve, their conditions change. Bure places great importance on continuously appointing leadership that gives each portfolio company the capacity to realise its full potential.

Bure's net asset value

Net asset value per share at 31 December 2016 was SEK 101,74 (87,40), which is equal to an increase of 16.4 per cent. In addition, the shareholders received an ordinary dividend of SEK 1.00 per share and an extraordinary dividend of SEK 1.00 per share.

Net asset value grew by SEK 994M, or 16.4 per cent, to SEK 7,054M in 2016. Furthermore, Bure paid total share dividends of SEK 139M.

						31 December 2016		
Bure's net asset value at 31 December 2016		% of capital	Net asset value 31 Dec 2015, SEK M	Value change, (+/-), SEK M	Investment (+)/ Disposal (-), SEK M	Net asset value, SEK M	% of net asset value	Net asset value per share, SEK
LISTED	Cavotec	16.6 %	255	-31	55	279	4.0 %	4.0
	Lauritz.com	11.3 %	0	-32	69	37	0.5 %	0.5
	MedCap	22.7 %	85	10	11	106	1.5 %	1.5
	Mycronic	29.9 %	2,411	462	0	2,873	40.7 %	41.4
	Vitrolife	21.7 %	1,359	464	0	1,823	25.8 %	26.3
	Xvivo Perfusion	20.7 %	283	145	2	430	6.1 %	6.2
	Total listed portfolio companies ¹			4,393	1,018	138	5,548	78.7 %
UNLISTED	Bure Financial Services ²	100.0 %	239	13	1	252	3.6 %	3.6
	Bure Growth ³	100.0 %	43	-13	7	37	0.5 %	0.5
	Investment AB Bure ⁴	100.0 %	216	5	0	222	3.1 %	3.2
	Mercuri International Group ⁵	99.1 %	114	0	0	114	1.6 %	1.6
	Total unlisted portfolio companies			612	5	8	625	8.9 %
TREASURY	Cash and cash equivalents and short-term/financial investments ⁶		1,040		-167	873	12.4 %	12.6
	Other assets ⁷		15		-6	8	0.1 %	0.1
	Total treasury			1,055		-174	881	12.5 %
Total net asset value			6,060		994	7,054	100.0 %	101.7

1) The number of shares in listed portfolio companies at 31 December 2016: Cavotec 12,998,970, Lauritz.com 4,595,333, MedCap 3,041,017, Mycronic 29,317,163, Vitrolife 4,709,790 and Xvivo Perfusion 4,891,483.

2) Of which, Catella SEK 201.4M, Fondbolaget Fondita SEK 49.0M and Idevall & Partner Holding SEK 2.1M.

3) Of which, Vigmed Holding SEK 7.5M, BioLamina SEK 22.4M and Life Genomics SEK 7.0M.

4) Refers to net assets.

5) Refers to the book value of equity and interest-bearing receivables.

6) Cash and cash equivalents, participations in funds and investments in market-listed assets

7) Refers to other unlisted companies, interest-bearing receivables and other net assets.

Listed holdings



www.cavotec.com

Share of Bure's
net asset value **4.0%**

Cavotec is a global engineering group that delivers power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining, Tunnelling, Automation and General Industrial sectors.

Key figures

EUR M	2016	2015	2014
Net sales	212	232	233
Operating expenses	-199	-225	-220
EBIT	12.3	7.6	12.6
EBIT margin	5.8%	3.3%	5.4%
Net financial items	-1.0	5.2	3.7
Profit/loss before tax	11.3	12.8	16.2
Income tax expense	-4.8	-6.7	-6.0
Profit/loss for the period	6.5	6.1	10.2

Net loan debt (-)/receivable (+)	-23	-25	-20
Total assets	244	260	242
Equity	145	140	138
Cash flow from operating activities	10	0	-1
Average no. of employees	942	1,063	1,019

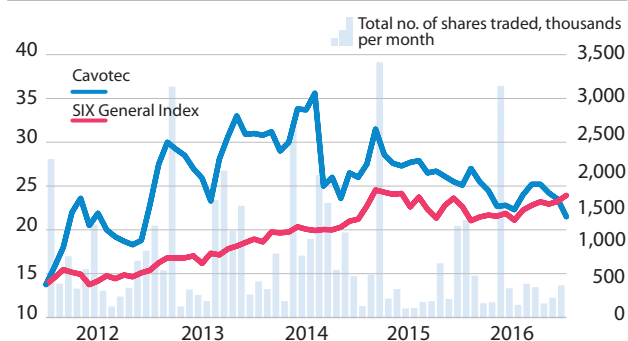
Facts at 31 December 2016

Book value: SEK 279M
Acquisition date: 2014
Board member from Bure:
Patrik Tigerschiöld, board member

Largest shareholders

Bure Equity 16.6%
Fjärde AP-fonden 9.7%
Fabio Cannavale 9.3%
Others 64.4%

Cavotec share price performance, 5 years



The year in brief

- Net sales for 2016 declined by 9 per cent to EUR 212M.
- Operating profit was EUR 12.3M (7.6), equal to an operating margin of 5.8 per cent (3.3).
- Cavotec announced its strategic plan for the next five years, including a goal to achieve revenue of EUR 500M with an EBIT margin of over 12 per cent. According to the plan, Cavotec has been organised in two business areas – Ports & Maritime and Airports & Industry.
- The share price fell by 13.7 per cent in 2016.



www.lauritz.com

Share of Bure's
net asset value **0.5%**

Lauritz.com is Scandinavia's largest online auction house for antiques, art and designer furniture.

Key figures

DKK M	2016	2015	2014
Net sales	219	225	153
Operating expenses	-187	-195	-137
EBIT	32.0	29.7	16.6
EBIT margin	14.6%	13.2%	10.8%
Net financial items	-16.2	-40.4	-2.4
Profit/loss before tax	15.7	-10.8	14.3
Income tax expense	-5.1	2.3	-3.8
Profit/loss for the period	10.7	-8.5	10.5

Net loan debt (-)/receivable (+)	-163	-306	-256
Total assets	497	502	510
Equity	62	13	15
Cash flow from operating activities	3	-13	15
Average no. of employees	203	204	136

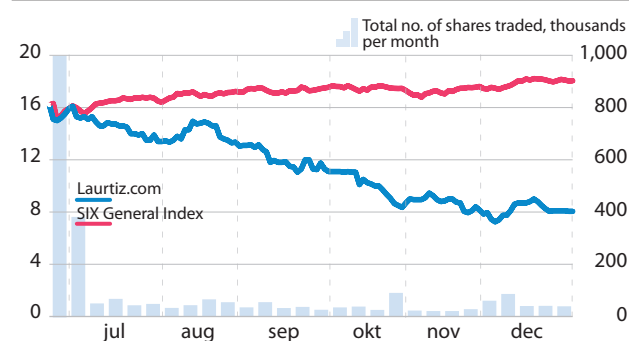
Facts at 31 December 2016

Book value: SEK 37M
Acquisition date: 2016
Board member from Bure:
Henrik Blomquist, board member

Largest shareholders

Bengt Sundström 55.6%
Bure Equity 11.3%
Robur 8.4%
Others 24.7%

Lauritz.com share price performance, since June 2016



The year in brief

- Net sales at the auctions in 2016 amounted to DKK 1,073M, which is a decrease of 1 per cent.
- Revenue was down by 3 per cent to DKK 219M (225).
- Operating profit increased by 8 per cent to DKK 32.0M (29.7), equal to an operating margin of 14.6 per cent (13.2).
- In 2016 Lauritz.com acquired one auction house and entered into three partnership agreements.
- The share price fell by 46.3 per cent since the IPO in June 2016.



MEDCAP

www.medcap.se

MedCap owns and develops companies in the Life Science sector.

Share of Bure's
net asset value **1.5%**

Key figures SEK M

	Nov 15 – Oct 16	Nov 14 – Oct 15	Nov 13 – Oct 14
Net sales	896	813	912
Operating expenses	-879	-788	-894
EBIT	17.0	24.9	17.8
EBIT margin	1.9%	3.1%	1.9%
Net financial items	-5.9	-1.0	-0.7
Profit/loss before tax	11.1	23.9	17.0
Income tax expense	-1.5	-4.3	0.2
Profit/loss for the period	9.6	19.6	17.2
Net loan debt (-)/receivable (+)	-117	-62	-67
Total assets	628	529	551
Equity	309	287	270
Cash flow from operating activities	-10	83	38
Average no. of employees	321	261	281

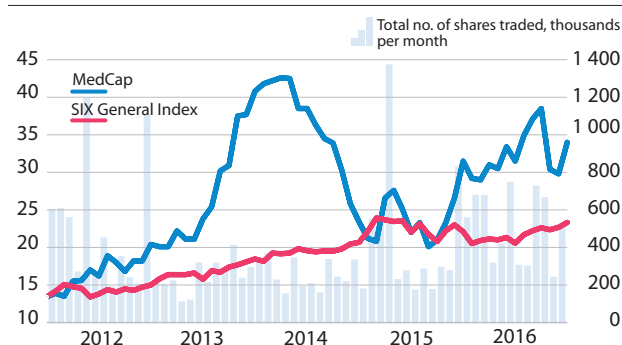
Facts at 31 December 2016

Book value: SEK 106M
Acquisition date: 2012
Board member from Bure:
Henrik Blomquist, board member

Largest shareholders

Bure Equity 22.7%
Bengt Julander 20.9%
Karl Tobieson 4.0%
Others 52.4%

MedCap share price performance, 5 years



The year in brief

- Net sales for 2016 increased by 9.8 per cent to SEK 896M (813).
- Operating profit was down by SEK 7.9M to SEK 17.0M (24.9).
- In February 2016, MedCap commenced trading on Nasdaq Stockholm Mid Cap.
- The share price rose by 10.2 per cent in 2016.

MYCRONIC

www.mycronic.com

Share of Bure's
net asset value **40.7%**

Mycronic develops and manufactures laser-based pattern generators for production of photomasks and advanced surface mount equipment for flexible electronics production.

Key figures SEK M

	2016	2015	2014
Net sales	2,319	1,815	1,475
Operating expenses	-1,628	-1,275	-1,199
EBIT	691.0	540.3	276.5
EBIT margin	29.8%	29.8%	18.7%
Net financial items	-1.6	0.2	1.6
Profit/loss before tax	689.4	540.5	278.1
Income tax expense	-163.1	-98.0	-11.8
Profit/loss for the period	526.3	442.5	266.2
Net loan debt (-)/receivable (+)	198	898	661
Total assets	2,755	1,742	1,600
Equity	1,412	1,268	1,207
Cash flow from operating activities	462	661	418
Average no. of employees	577	495	508

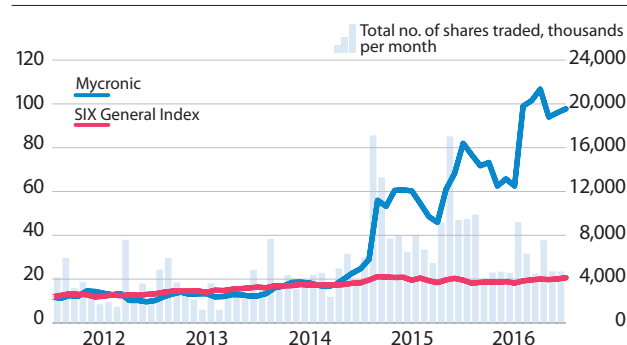
Facts at 31 December 2016

Book value: SEK 2,873M
Acquisition date: 2010 via
Skanditek
Board member from Bure:
Patrik Tigerschiöld, chairman

Largest shareholders

Bure Equity 29.9%
Fjärde AP-fonden 6.4%
Robur Fonder 4.8%
Others 58.9%

Mycronic share price performance, 5 years



The year in brief

- Order intake for 2016 was SEK 2,455M, corresponding to an increase of 13 per cent compared to 2015. The total order backlog at the end of the year was SEK 1,342M (1,066).
- Net sales for 2016 amounted to SEK 2,319M (1,815), representing an increase of 28 per cent.
- Operating profit was SEK 691.0M (540.3), equal to an operating margin of 29.8 per cent (29.8).
- Mycronic carried out three acquisitions in China, Germany and the USA during 2016.
- The share price rose by 19.1 per cent in 2016.

Vitrolife is an internationally active medtech group that develops, produces and markets fertility treatment products.

Key figures

SEK M	2016	2015	2014
Net sales	856	722	511
Operating expenses	-607	-496	-367
EBIT	248.8	226.1	143.3
EBIT margin	29.1%	31.3%	28.1%
Net financial items	0.1	0.7	3.6
Profit/loss before tax	248.9	226.8	146.9
Income tax expense	-57.7	-43.5	-37.5
Profit/loss for the period	191.2	183.4	109.5
Net loan debt (-)/receivable (+)	151	152	28
Total assets	1 250	1 059	972
Equity	1 020	845	703
Cash flow from operating activities	181	194	146
Average no. of employees	328	320	242

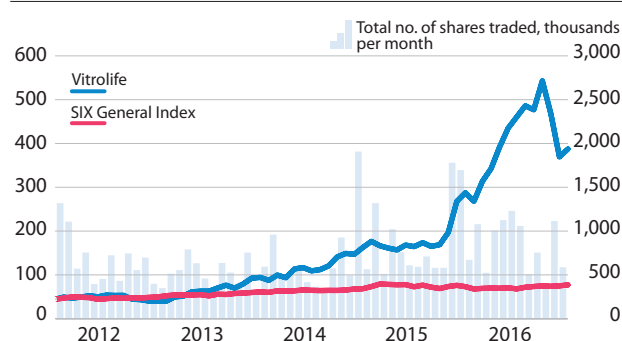
Facts at 31 December 2016

Book value: SEK 1,823M
Acquisition date: 2010 via Skanditek
Board member from Bure: Fredrik Mattsson, board member

Largest shareholders

Bure Equity 21.7%
William Demant
Invest A/S 19.4%
SSB Client Omnibus
AC OM07 6.6%
Others 52.3%

Vitrolife share price performance, 5 years



The year in brief

- Net sales for 2016 were up by 19 per cent to SEK 856M (722). In local currency, net sales were up by 18 per cent.
- Operating profit was SEK 248.8M (226.1), equal to an operating margin of 29.1 per cent (31.3).
- In 2016 Vitrolife acquired OCTAX and MTG, which are world-leading in laser technology for IVF.
- Vitrolife introduced EmbryoScope+ and expanded its product portfolio in the time lapse area.
- The share price rose by 34.1 per cent in 2016.

Xvivo Perfusion AB is an internationally active medical technology company focused on developing optimised solutions for organ, tissue and cell preservation in connection with transplantation.

Key figures

SEK M	2016	2015	2014
Net sales	138	120	85
Operating expenses	-135	-113	-78
EBIT	2.7	7.2	7.5
EBIT margin	2.0%	6.0%	8.8%
Net financial items	0.3	0.2	0.0
Profit/loss before tax	3.0	7.4	7.5
Income tax expense	-1.5	-2.3	-2.3
Profit/loss for the period	1.5	5.1	5.2
Net loan debt (-)/receivable (+)	25	41	48
Total assets	349	204	202
Equity	316	185	178
Cash flow from operating activities	13	9	-4
Average no. of employees	28	21	16

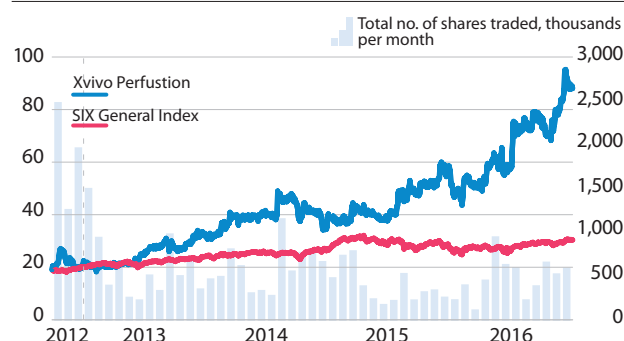
Facts at 31 December 2016

Book value: SEK 430M
Acquisition date: Lex Asea distribution from Vitrolife in 2012
Board member from Bure: Fredrik Mattsson, chairman Gösta Johannesson, board member

Largest shareholders

Bure Equity 20.7%
Eccenovo 6.1%
Thomas Olausson 5.5%
Others 67.6%

Xvivo Perfusion share price performance, since October 2012



The year in brief

- Net sales for 2016 amounted to SEK 138M (120), an increase of 15 per cent.
- Operating profit was SEK 2.7M (7.2), equal to an operating margin of 2.0 per cent (6.0). Operating profit adjusted for amortization/depreciation and items affecting comparability was SEK 26.4M (20.8), equal to a margin of 19 per cent. Items affecting comparability related to the application to Nasdaq's main list and the acquisition of Vivoline Medical amounted to SEK 10.4M.
- In November 2016, Xvivo Perfusion commenced trading on Nasdaq Stockholm Midcap.
- The share price rose by 50.4 per cent in 2016.

Unlisted portfolio companies

BURE FINANCIAL SERVICES

www.bure.se

Share of Bure's
net asset value **3.6%**

Bure Financial Services is a wholly owned subsidiary that invests in financial operations and assets. The company owns 10.7 per cent of the shares and 11.1 per cent of the votes in Catella, 20.1 per cent of Fondbolaget Fondita and 33.0 per cent of Idevall & Partners Holding.

Key figures – Bure Financial Services Group

SEK M	2016	2015	2014
Revenue/value adjustments	26.9	105.3	49.5
Operating expenses	0.0	0.0	0.0
EBIT	26.9	105.3	49.5
EBIT margin	100.0%	100.0%	100.0%
Net financial items	0.0	0.0	0.0
Profit/loss before tax	26.9	105.3	49.5
Income tax expense	0.0	0.0	0.0
Profit/loss for the period	26.9	105.3	49.5
Net loan debt (-)/receivable (+) ¹	-75	-88	-101
Total assets	250	234	143
Equity	175	146	43
Cash flow from operating activities	14	17	0
Average no. of employees	0	0	0

1) Of which, a liability of SEK 75.9M to the Parent Company at 31 December 2016.

Facts at 31 December 2016

Largest shareholders

Book value: SEK 252M	Bure Equity	100.0%
Acquisition date: Established 2014		
Board member from Bure: Patrik Tigerschiöld, chairman Henrik Blomquist, board member Max Jonson, board member		

The year in brief

- Revenues/fair value adjustments of SEK 26.9M refer to an increase in the market value of the holding in Catella by SEK 12.7M, shares in profit from Fondita and Idevall & Partners Holding of SEK 8.9M and dividends from Catella of SEK 5.3M.
- The share price for Catella B rose by 6.5 per cent in 2016.

BURE GROWTH

www.bure.se

Share of Bure's
net asset value **0.5%**

Bure Growth is a wholly owned subsidiary that invests in development companies. The company owns 10.0 per cent of Vigmed Holding, 20.3 per cent of BioLamina and 28.1 per cent of Life Genomics.

Key figures – Bure Growth Group

SEK M	2016	2015	2014
Revenue/value adjustments	-15.4	-15.0	-
Operating expenses	0.0	0.0	-
EBIT	-15.4	-15.0	-
EBIT margin	n/m	n/m	-
Net financial items	0.0	0.0	-
Profit/loss before tax	-15.4	-15.0	-
Income tax expense	0.0	0.0	-
Profit/loss for the period	-15.4	-15.0	-
Net loan debt (-)/receivable (+) ¹	-35	-38	-
Total assets	33	43	-
Equity	-2	5	-
Cash flow from operating activities	0	0	-
Average no. of employees	0	0	-

1) Of which, a liability of SEK 34.9M to the Parent Company at 31 December 2016.

Facts at 31 December 2016

Largest shareholders

Book value: SEK 37M	Bure Equity	100.0%
Acquisition date: Established 2015		
Board member from Bure: Henrik Blomquist, chairman Fredrik Mattsson, board member Max Jonson, board member		

The year in brief

- Revenues/fair value adjustments of SEK -15.4M refer to a decrease in the market value of the holding in Vigmed Holding by SEK 13.2M and shares in profit from BioLamina and Life Genomics of SEK -2.2M.
- Bure Growth invested SEK 7.0M in Life Genomics, which corresponds to a holding of 28.1 per cent.
- The share price in Vigmed Holding fell by 63.7 per cent in 2016.

Investment AB Bure

www.bure.se

Investment AB Bure is a wholly owned subsidiary that owns and is responsible for the leasing of locomotives. Operations started in 2012.

Share of Bure's
net asset value **3.1%**

Key figures

SEK M	2016	2015	2014
Net sales	31.0	33.9	33.4
Operating expenses	-23.8	-12.6	-7.4
EBIT	7.2	21.2	26.0
EBIT margin	23.4%	62.7%	77.8%
Net financial items	-3.5	-4.0	-7.0
Group contributions	-	-	27.9
Appropriations	64.1	-17.3	-46.8
Profit/loss before tax	67.8	0.0	0.0
Income tax expense	0.0	0.0	0.0
Profit/loss for the period	67.8	0.0	0.0
Net loan debt (-)/receivable (+) ¹	-90	-109	-136
Total assets	231	226	207
Equity	81	64	14
Cash flow from operating activities	23	25	25
Average no. of employees	0	0	0

1) Of which, a liability of SEK 138.6M to the Parent Company at 31 December 2016.

Facts at 31 December 2016

	Largest shareholders
Book value: SEK 222M ¹	Bure Equity 100.0%
Acquisition date: Established 2012	
Board member from Bure: Henrik Blomquist, chairman Philip Nyblaeus, board member	

1) Refers to net assets in Investment AB Bure.

The year in brief

- Net sales for 2016 amounted to SEK 31.0M (33.9).
- Operating profit was SEK 7.2M (21.2), of which SEK 9.3M referred to a provision for bad debts and SEK 2.3M to an impairment loss on intangible assets.
- During the year, Investment AB Bure dissolved accelerated depreciation of SEK 64.1M through the utilisation of available loss carryforwards.
- Investment AB Bure's customer RushRail declared bankruptcy on 12 December 2016. Since the bankruptcy, Investment AB Bure has repossessed the seven locomotives and plans to either sell these or lease them out.
- The net loan liability is an internal debt to the Parent Company and has decreased according to plan during the year.



www.mercuri.se

Mercuri International is a leading sales and management training consultancy with a global coverage.

Share of Bure's
net asset value **1.6%**

Key figures

SEK M	2016	2015	2014 ¹
Net sales	424	452	490
Operating expenses	-387	-424	-482
EBIT	36.7	27.8	8.6
EBIT margin	8.7%	6.2%	1.8%
Net financial items	1.5	-7.7	-4.8
Profit/loss before tax	38.2	20.1	3.8
Income tax expense	-8.3	-11.6	-4.0
Profit/loss for the period	29.9	8.5	-0.2
Net loan debt (-)/receivable (+) ²	-41	-73	-89
Total assets	335	326	359
Equity	127	94	90
Cash flow from operating activities	38	18	4
Average no. of employees	256	274	312

1) The key ratio excludes divested operations in Norway, Estonia, Croatia, Slovakia, Slovenia and the Czech Republic.

2) Of which, a liability of SEK 58.8M to the Parent Company at 31 December 2016.

Facts at 31 December 2016

	Largest shareholders
Book value: SEK 114M ¹	Bure Equity 99.1%
Acquisition date: 1998	Others 0.9%
Board member from Bure: Henrik Blomquist, chairman	

1) Refers to the book value of equity and interest-bearing receivables.

The year in brief

- Net sales for 2016 decreased by 6.2 per cent to SEK 424M (452), which is mainly due to a lower number of employees.
- Operating profit improved by 32 per cent to SEK 36.7M (27.8) with an operating margin of 8.7 per cent (6.2).
- Cash flow for 2016 improved to SEK 38M (18) and the net loan liability continued to decrease, amounting to SEK 41M (73) at year-end 2016.

Commitment and responsibility

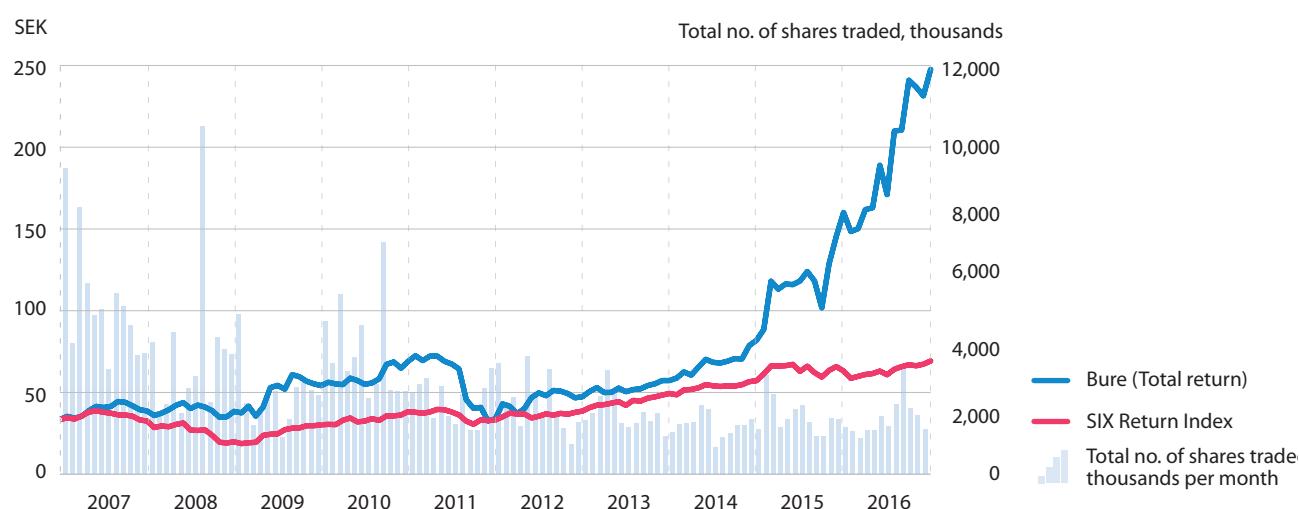
As an owner, Bure maintains a strong presence and supports the companies we invest in. Bure is always active on the boards of our portfolio companies and also devotes a great deal of time outside of board meetings.

The Bure share – historical overview 1993 – 2016

One of Bure's foremost goals is to generate a high and sustainable total return for Bure's shareholders.

Total return is a measure of how the stock market values Bure's share and net asset value, as well as distributions of assets to Bure's shareholders. These distributions can take the form of cash dividends and shares in companies or the redemption and buyback of shares.

10-year total return performance



Total return including distribution of companies

Bure defines total return including distribution of companies as a combination of Bure's share price performance, cash dividends and the market value of the companies that have been distributed. The method is based on the reinvestment of cash dividends in Bure shares. In the case of companies that are distributed, the shareholders are assumed to retain the received shares until the date on which the share is possible de-listed, after which the proceeds are reinvested in Bure shares. Since Bure was listed on Nasdaq Stockholm in 1993, the shareholders have received a total return of 5,264 per cent, corresponding to an annualized return of 18.7 per cent.

Growth in net asset value

Net asset value is the sum of Bure's net assets and can be said to be the result of long-term company building. Net asset value includes listed assets that are measured at fair market value, while unlisted assets are normally measured at cost. For unlisted assets, this means that the value is not realised until the assets are sold or generate dividends for Bure.

Shareholder-friendly measures

Bure uses a number of shareholder-friendly measures that enable the shareholders to benefit from the value of Bure's assets above and beyond the stock market's valuation of the Bure share.

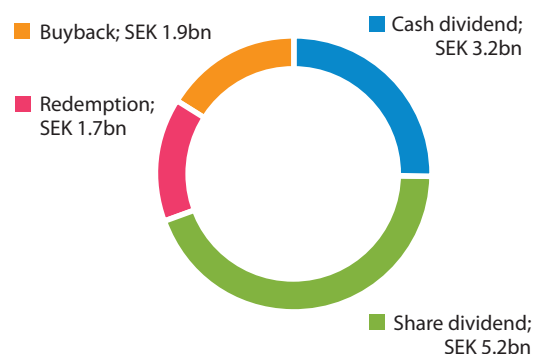
Cash dividends entail the distribution of cash, while company distributions involve the distribution of shares in a specific company to the shareholders. Since 1993, Bure has distributed SEK 3.2Bn in cash as well as shares in the companies

Capio, Observer (later Cision) and AcadeMedia for a value of SEK 5.2Bn on the distribution date – a total of SEK 8.4Bn.

Other types of distributions include share redemptions and share buybacks. In simple terms, this increases the value of the remaining shares. Over the years, Bure has carried out redemption procedures and buybacks of shares and warrants for SEK 3.6Bn.

Since the start, Bure has thus distributed a total of more than SEK 12.0Bn to its shareholders – which is equal to 1.7 times the market capitalisation at year-end 2016.

Total distribution to Bure's shareholders 1993–2016: SEK 12.0Bn



The Bure share is quoted on Nasdaq Stockholm in the Mid Cap segment.

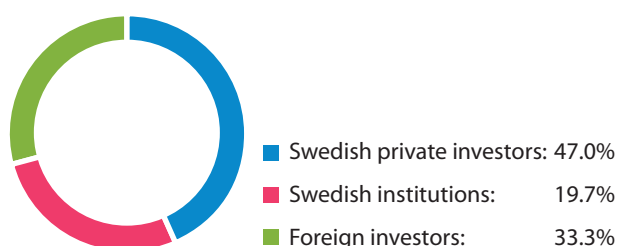
Share capital

Bure's share capital at 31 December 2016 amounted to SEK 535.5M, divided between 69,332,710 ordinary shares. Each share has a quota value of SEK 7.72. All shares grant equal voting rights and rights to the company's assets and profits.

Shareholders

At 31 December 2016 Bure had 21,190 shareholders (19,041) according to Euroclear Sweden. Of Bure's shareholders, 73.3 per cent (70.1) held fewer than 500 shares each. Foreign investors 33.1 per cent (30.6). At year-end, the ten largest shareholders together held 54.6 per cent (55.4) of the share capital and votes in Bure.

Ownership structure



Share price performance

In 2016 the share price increased by 50.5 per cent. Bure's share price at year-end 2016 was SEK 103.50 (68.75). The highest price paid for the Bure share was SEK 109.25 and the lowest was SEK 55.50. In 2016 the Bure share produced a total return of 54.7 per cent. Total return is a measure of the total share price performance including reinvested dividends.

The total return on Bure's share can be compared to the total return index SIX Return Index, which showed a return of 9.6 per cent. At year-end 2016 Bure had a market capitalisation of SEK 7,176M.

Bure's largest shareholders at 31 December 2016

Shareholder	No. of shares	Holding
Patrik Tigerschiöld	7,933,405	11.4%
Nordea Investment Funds	7,790,560	11.2%
Björkman family incl. foundations	6,226,012	9.0%
Ted Tigerschiöld	3,746,052	5.4%
Stephanie Tigerschiöld	3,712,073	5.4%
Fjärde AP-Fonden	2,505,854	3.6%
SIX SIS AG, W8IMY	2,373,391	3.4%
CBNY-DFA-INT SML CAP V	1,241,574	1.8%
AMF	1,201,426	1.7%
CBNY-Norges Bank	1,111,602	1.6%
Total 10 largest shareholders	37,841,949	54.6%
Others	31,490,761	45.4%
Total	69,332,710	100%

Trading volume

In 2016 a total of 21,013,912 shares (23,901,821) were traded on Nasdaq Stockholm for a combined value of SEK 1,748M (1 196), which is equal to a turnover of 30 per cent (34) of Bure's shares. The average trading volume per trading day was 82,732 shares (95,226). A total of 101,783 trades (60,860) of the Bure share were cleared during the year.

Dividends for 2016 and 2017

In 2016 Bure paid an ordinary dividend of SEK 1.00 per share and an extraordinary dividend of SEK 1.00 per share for the 2015 financial year. The Board of Directors proposes that the 2017 AGM approve an ordinary dividend of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share for the 2016 financial year.

Share buybacks

The 2016 AGM authorised the Board, during the period until the next AGM, to acquire treasury shares corresponding to a maximum of 10 per cent of all shares outstanding in the company. In 2016 Bure has not utilised the authorisation to repurchase shares.

Employee share ownership

Bure encourages an alignment of interests between the employees and the company's shareholders. Within the framework of the long-term incentive plan, all employees are given the opportunity to invest an amount equal to approximately 6 per cent of basic salary (before tax) in Bure shares. All employees took part in the plan during 2016 with an aggregate invested amount of SEK 0.5M that was matched by Bure. The personal investment means that the plan has an up- and downside potential that equates the interests of the employees with those of other shareholders. At 31 December 2016 the employees had a combined holding of 115,020 shares. For more information about employee shareholdings, see section "Employees".

Distribution of shareholdings at 31 December 2016

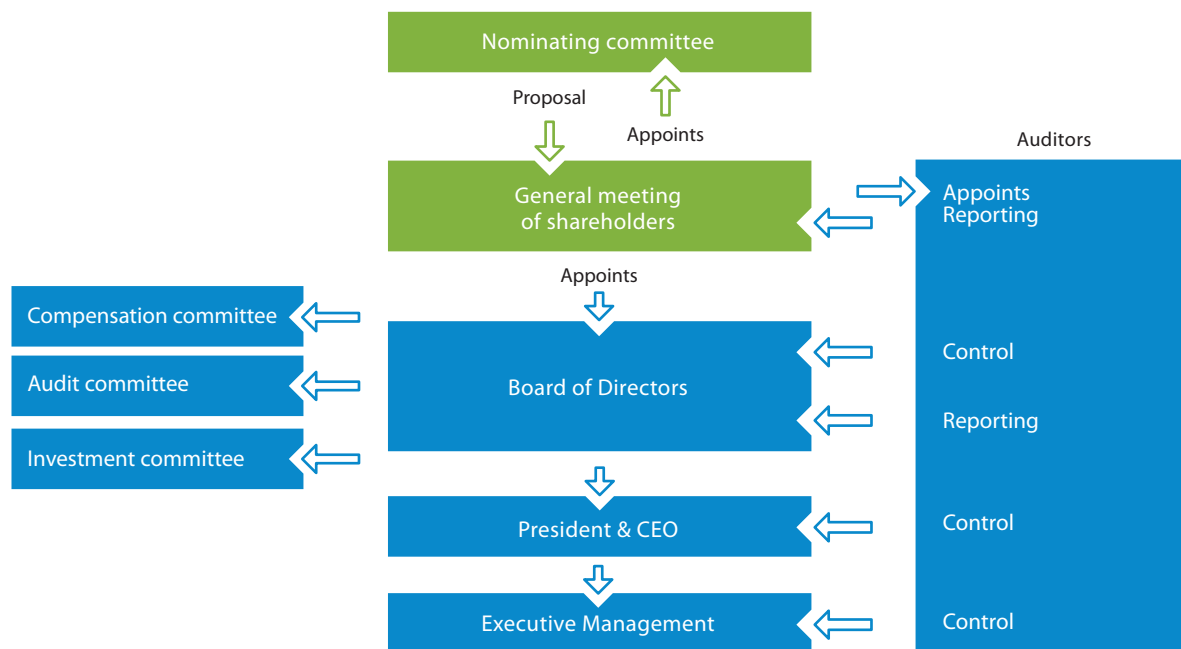
Size of holding	No. of shareholders	No. of shares	Holding
1 – 500	15,533	1,910,935	73.3%
501 – 1,000	2,581	2,065,215	12.2%
1,001 – 5,000	2,396	5,270,538	11.3%
5,001 – 10,000	334	2,500,142	1.6%
10,001 – 15,000	111	1,416,302	0.5%
15,001 – 20,000	42	764,604	0.2%
20,001 –	193	55,404,974	0.9%
Total	21,190	69,332,710	100%

Financial strength

Bure is a prominent investment company in Sweden, with the financial strength and capacity to give its portfolio companies the long-term financial support they need.

Financial endurance is critical in enabling a company to stick to its strategy and meet its set goals.

Corporate governance



Corporate governance report 2016

Corporate governance in Bure Equity AB is regulated by Swedish law, primarily the Swedish Companies Act and Nasdaq Stockholm's Rules for Issuers. Bure also applies the revised rules in the Swedish Code of Corporate Governance ("the Code") as of 1 December 2016. These rules are being applied successively to the extent prescribed in the Code and in pace with the issuance of statements and recommendations by advisory organisations (such as the Swedish Corporate Governance Board) on specific issues related to the Code. Bure Equity complies with the Code and reports no deviations from the Code for the financial year 2016 aside from that regarding the company's special audit function (see section on deviations from the Code below). For more information about corporate governance issues that are not covered in this corporate governance report, see www.bure.se.

Share capital

Bure has been listed on Nasdaq Stockholm since 1993. At 31 December 2016 the share capital amounted to SEK 535.5M, and was divided between 69,332,710 ordinary shares. The company's ordinary shares grant the right to one vote per share. All shares grant entitlement to an equal share in the company's assets and equal dividends.

At year-end 2016 Bure had 21,190 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 54.6 per cent of the shares. Patrik Tigerschiöld was Bure's single largest shareholder, with 11.4 per cent of the shares. The percentage of shares held by physical persons or legal entities outside Sweden was 33.1 per cent. The 2016 Annual General Meeting (AGM) authorised the Board, during the period until the next AGM, to acquire up to 10 per cent of the outstanding shares in the

company. In 2016 Bure has not utilised the authorisation to repurchase shares.

General meeting of shareholders

The general meeting of shareholders is Bure's highest decision-making body and shall be held in Stockholm or Gothenburg once a year before the end of the month of June. According to the Articles of Association currently in force, notice of annual general meetings shall be published no more than six weeks and no fewer than four weeks prior to the meeting and no more than six weeks and no fewer than three weeks prior to an extraordinary general meeting. Notice must always be given through an announcement in the official gazette, Post- och Inrikes Tidningar, and in Svenska Dagbladet.

In order to have a matter dealt with at an AGM, the shareholder must submit a written request to the Board in good time so that the matter can be included in the notice to attend the meeting. Bure's Articles of Association contain no restrictions regarding the number of votes each shareholder may exercise at the meeting. All shareholders who are entered in Euroclear Sweden's shareholder register and who have notified the company of their intention to attend by the specified date have the right to participate in the meeting and exercise the votes for their total shareholdings. Shareholders may be accompanied by assistants at the meeting if they notify the company in advance.

2016 Annual General Meeting

The 2016 AGM was held on 9 May in Stockholm. The meeting was attended by 125 shareholders, proxies and assistants, together representing 49.8 per cent of the votes and share capital. Bure's Board of Directors, management and auditor were present. The CEO's address was published in full on the website the day after the meeting.

Nominating committee

On 1 November 2016 Bure announced the composition of the nominating committee. The nominating committee has been appointed in accordance with the instructions for the nominating committee that were adopted by Bure's 2016 AGM. These state that the Board Chairman, not later than at the end of the third quarter of each year, shall ensure that the company's three largest shareholders are given the opportunity to each appoint one member to the nominating committee. Should any of these three shareholders waive its right to appoint a member, the shareholder next in order of voting power will be contacted to appoint a member to the committee. The mandate period is one year. Furthermore, the Board Chairman shall be a member of the nominating committee. No compensation is paid for work on the nominating committee.

The nominating committee consists of:

- Bengt Belfrage, representing Nordea Investment Funds.
- Patrik Tigerschiöld, representing the Tigerschiöld family.
- Per Björkman, representing the Björkman family. The Nomination Committee appointed Per Björkman as chairman of the Committee.

The tasks of the nominating committee are to prepare and submit proposals to the AGM regarding:

- Election of a chairman of the meeting.
- Election of and fees for the Board Chairman and the other members of the company's Board.
- Election of and fees for the auditor and deputy auditor (where applicable).
- Principles for appointment of the next nominating committee.

The auditor was elected by the 2016 AGM to serve for a period of one year. Ahead of the 2017 AGM, the nominating committee has held two minuted meetings. The nominating committee's proposals, report on the work of the nominating committee ahead of the AGM and other information about the proposed Board members will be posted on the company's website in connection with the notice to attend the AGM.

Board of Directors

All members of the Board are appointed by the shareholders at the Annual General Meeting to serve for a period of one year from the AGM until the end of the next AGM. According to the Articles of Association, Bure's Board of Directors shall consist of no fewer than five and no more than nine members.

The Board is responsible for the company's organisation and management of the company's affairs, but not for its operating activities. The tasks of the Board are to assess the company's financial situation, to continuously monitor activities, to adopt a procedural plan, to appoint a CEO and to define the separation of duties.

The AGM on 9 May 2016 elected Patrik Tigerschiöld (re-election) as Chairman and elected Hans Biörck (re-election), Carl Björkman (re-election), Bengt Engström (re-election), Charlotta Falvin (re-election), Sarah McPhee (newly elected) and Mathias Uhlén (re-election) as regular Board members.

Information about the Board members and the CEO is presented at the end of the corporate governance report. CFO Max Jonson has served as Secretary of the Board. The CEO is not a member of the Board. Of the company's seven Board members, five are independent in relation to the company, its management and the company's major shareholders, one is independent in relation to the company and its management and dependent in relation to the company's major shareholders and one is dependent in relation to the company, its management and the company's major shareholders. A description of the Board members' and the CEO's shareholdings and other assignments is provided on pages in the section "Board of Directors and Employees".

Duties of the Board

The duties of the Board include development of the company's strategy and business plan in such a way that the long-term interests of the shareholders are optimally served. The work of the Board of Directors is governed by a procedural plan that was most recently adopted at the statutory meeting of the Board on 9 May 2016. The work of the Board follows a yearly plan containing fixed decision points that is adopted yearly in connection with the statutory meeting. According to the procedural plan, the Board is responsible for the company's organisation and management of the company's affairs. Among other things, the Board's procedural plan includes information about the separation of duties between the Board, the Chairman, the CEO and the Board's committees.

The Board continuously monitors the financial situation of the company and the Group so that the Board is able to meet the monitoring obligations required by law, Nasdaq Stockholm's Rules for Issuers and good board practice. The procedural plan states that it is the responsibility of the Board to decide on matters that are not part of operating activities or that are of major importance, such as material financial commitments and agreements and significant changes in the organisation.

Every year, Bure's Board of Directors establishes and documents the company's goals and strategies and discusses marketing, strategic and budgetary issues. The Board establishes the company's finance policy, authorization rights, order of delegation and decision-making procedures. The Board has formulated specific instructions regarding the responsibilities and powers of Bure's CEO. The management continuously provides the Board with reports and updates about operations. Information materials and decision data ahead of Board meetings are usually distributed around one week prior to each Board meeting.

The company's auditors attend at least one board meeting every year to report on the year's audit and their evaluation of the company's internal control systems. The auditors present their observations from the annual audit directly to the Board. Once a year, the auditors meet with the Board without the presence of any member of the management.

Work of the Board in 2016

According to the Articles of Association, the Board shall hold at least six meetings per year and shall meet more frequently when required. In the past financial year the Board held 12 meetings, consisting of 10 scheduled meetings and 2 extra meetings. See Board attendance in the table on page 26.

Key issues that were dealt with during the financial year included the following:

- Financial monitoring of operations
- Discussions and decisions regarding the portfolio
- Preparation of the dividend proposal
- Development of the company's strategic focus
- Authorisation for the repurchase of treasury shares
- Auditing, investment and compensation committee issues, as described under "Board committees" below.

The company's auditor has taken part in two board meetings, of which one without the presence of any member of the management.

Total Board fees in Bure Equity AB as approved by the 2016 AGM amount to SEK 2,450,000, of which SEK 800,000 is paid to the Chairman.

Board evaluation

Once a year, the Board carries out a systematic evaluation in which the Board members have the opportunity to state their views on the working procedures, Board materials, their own performance and that of the other Board members in order to develop the work of the Board and provide the nominating committee with a relevant basis for decision ahead of the AGM.

Board committees

The Board's procedural plan contains instructions regarding the audit committee, compensation committee and investment committee. The work of the audit committee and the compensation committee is performed by the Board as a whole.

Audit committee

The audit committee is responsible for issues concerning auditing, internal control and review of the financial accounts and interim reports. The committee is also responsible for evaluating the auditors' performance and preparing for election of new auditors when appropriate. The audit committee met with the company's auditors on two occasions during the year.

Compensation committee

The compensation committee deal with matters relating to compensation in the form of salary, pensions and bonuses or other terms of employment for the CEO and staff reporting directly to the CEO. The proposed principles for

compensation to the CEO and management were put before the AGM on 9 May 2016.

Investment committee

In order to actively manage Bure's cash and cash equivalents and short-term investments, the Board has appointed an investment committee whose main task is to continuously evaluate management of the investments with regard to risk and return. The investment committee consists of Patrik Tigerschiöld, Hans Biörck and the CEO Henrik Blomquist. The investment committee abides by the rules set out in the company's finance policy. In the past financial year, the investment committee held one meeting at which all members were in attendance.

Principles for compensation to senior executives

The AGM adopts principles for compensation to senior executives. Proposals are prepared by the compensation committee. The main principle is to offer market-based compensation and terms of employment. The total compensation package consists of fixed basic salary, variable salary, pension benefits and other benefits. The principles that were applied in 2016 are described in the administration report. Information about compensation to the CEO and other senior executives during 2016 is provided in Note 35.

Financial reporting

Bure's financial reporting is based on the applicable laws, regulations, rules, agreements and recommendations for companies listed on Nasdaq Stockholm. A more detailed description of the accounting policies is provided in Note 1 of the annual report. The audit report for the financial year 2016 is also included in the annual report. The Board and the auditors communicate on an ongoing basis. The Board continuously ensures that the company's finance and accounting organisation is properly dimensioned and has adequate resources.

Every year, the Parent Company issues instructions regarding the financial information to be reported by the subsidiaries and other portfolio companies. Among other things, this information includes income statements, balance sheets, cash flow statements and key figures. A more extensive reporting package is required of the subsidiaries in connection with the annual closing of the books. This reporting takes place in a group-wide accounting system.

Attendance at Board meetings in 2016

	Board meetings	Compensation, SEK th	Shareholding
Patrik Tigerschiöld, Chairman	12/12	800	7,933,405
Hans Biörck	12/12	275	25,000
Carl Björkman	12/12	275	2,945,412
Bengt Engström	12/12	275	7,000
Charlotta Falvin	11/12	275	0
Sarah McPhee	9/9	275	4,500
Mathias Uhlén	9/12	275	36,500

According to the requirements in the listing agreement with Nasdaq Stockholm, Bure provides financial information in the form of interim reports, a year-end report, an annual report and press releases in connection with significant events.

Deviations from the Code of Corporate Governance

According to section 7.3 of the Code, the Board of Directors is required to evaluate the need for a special audit function (internal audit) on a yearly basis. The Board's assessment is that Bure has no need for this function under the present circumstances. The Board has instructions and continuously ensures that the responsible individuals in the organisation have the requisite expertise and resources to fulfil their duties in the preparation of financial reports. Bure holds seats on the boards of the portfolio companies via a representative for the holding. Depending on the holding, it is also possible to appoint more than one member to represent Bure.

Bure's current holdings are spread across different industries and geographical areas. As a result, it is deemed more appropriate to make this decision for each individual holding than to set up an internal audit function at the group level. The need for an internal audit function in the Parent Company must therefore be regarded as minor.

Information about the auditors

As its independent auditor, Bure has appointed the auditing firm of Öhrlings PricewaterhouseCoopers AB ("PwC"). PwC has appointed Michael Bengtsson, 57 years, as Auditor in Charge. Aside from Bure Equity AB, Michael is auditor of Indutrade AB, Sweco AB and Carnegie Investment Bank AB, among others. For information about compensation to PwC, see Note 9.

The Board's description of internal control over financial reporting for the financial year 2016

As stated in the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the company's internal control. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4, and is thereby limited to internal control over financial reporting. This description is not part of the formal annual report.

Control environment

The procedural plan for the Board and instructions for the CEO ensure a clearly defined separation of roles and responsibilities that promotes an effective management of the company's risks. Furthermore, the Board has established a number of normative documents for internal control, and among other things emphasises the importance of having clear and documented instructions and policies in both the Parent Company and the subsidiaries. The management regularly reports to the Board according to established routines and is responsible for the system of internal controls that is necessary for management of significant risks in day-to-day operations. This includes guidelines that promote an understanding,

and awareness among the various executives of the importance of their respective roles in maintaining good internal control.

Risk assessment and control activities

In assessing the risk for irregularities in the company's financial reporting, Bure has developed a model in which a number of areas with a heightened risk for errors have been identified. Special attention has been given to the creation of controls to prevent and detect deficiencies in these areas. Areas where material deficiencies are noted are dealt with immediately.

Information and communication

Significant guidelines, manuals, etc., of relevance for financial reporting are continuously updated and communicated to the appropriate employees. There are both formal and informal communication paths to the management and Board for significant information from the employees. For external communication, there are guidelines to ensure that the company lives up to high demands regarding complete and accurate information to the market.

Monitoring

The Board continuously monitors and evaluates the information provided by the management. This includes ensuring that action is taken with respect to any deficiencies or recommendations identified in internal and external audits.

Stockholm, 15 March 2017

The Board of Directors of Bure Equity AB (publ)

Board of Directors



Patrik Tigerschiöld, Stockholm, born in 1964, M.Sc. Business and Economics

Board Chairman since 2013 (also during 2004–2009) CEO during 2010–April 2013*

Chairman of Mycronic AB, the Association for Generally Accepted Principles in the Securities Market, the Swedish Association of Listed Companies and Bure Financial Services AB.

Board member of Stockholm University, Cavotec SA, Fondbolaget Fondita Ab and Idevall & Partners Fonder AB.

Shareholding in Bure, own and held by related parties: 7,933,405.

Dependent in relation to the company and its management.

Dependent in relation to the company's major shareholders.



Hans Biörck, Stockholm, born in 1951, M.Sc. Business and Economics

Board member since 2012

Chairman of Skanska AB.

Board member of Trelleborg AB, Dunkerska Stiftelserna and Crescit Asset Management AB.

Shareholding in Bure, own and held by related parties: 25,000.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.



Carl Björkman, Stockholm, born in 1970, M.Sc. Engineering

Board member since 2010

Chairman of Cality Invest AB.

Board member of Bällsta Mekaniska AB, Stäketsholms Förvaltnings AB, Johan Björkman's Public Benefit Foundation for Economic Research and FPG Media AB.

Shareholding in Bure, own and held by related parties: 2,945,412.

Independent in relation to the company and its management.

Dependent in relation to the company's major shareholders.



Bengt Engström, Stockholm, born in 1953, M.Sc. Engineering

Board member since 2014

Chairman of Scandinavian Executive AB, Chamber AB and Real Holding AB.

Board member of ScandiNova AB, Scanfil Oy, Prevas AB, Advania AB and Avaj International Holding AB.

Shareholding in Bure, own and held by related parties: 7,000.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.

* Employed by Skanditek 1999 – 2010



Charlotta Falvin, Genarp, born in 1966, M.Sc. Business and Economic

Board member since 2015

Chairman of Ideon Open AB, School of Engineering at Lund University and SHB södra regionbank.

Board member of CLX Communications AB, Invisio Communications AB, NetInsight AB, the Chamber of Commerce and Industry of Southern Sweden and member of the Advisory Board of the Sten K. Johnson Centre for Entrepreneurship at Lund University.

Shareholding in Bure, own and held by related parties: 0.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.



Sarah McPhee, Stockholm, born in 1954, BA, MA and M.Sc. Economics from the Stockholm School of Economics

Board member since 2016

Chairman of SNS and Fjärde AP-fonden.

Board member of Klarna AB and Axel Johnson Inc.

Shareholding in Bure, own and held by related parties: 4,500.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.



Mathias Uhlén, Stockholm, born in 1954, Ph.D. Engineering and Professor of Microbiology, KTH Royal Institute of Technology

Board member since 2010

Chairman of Atlas Antibodies AB and Antibodypedia AB.

Board member of Affibody Holding AB, SweTree Technologies AB, Alligator AB, Novozymes A/S and Stockholm City Science Foundation.

Member of the Royal Swedish Academy of Sciences (KVA), the Royal Swedish Academy of Engineering Sciences (IVA) and the National Academy of Engineering (NAE) in the USA.

Shareholding in Bure, own and held by related parties: 36,500.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.

Employees



From left: Gösta Johannesson, Oskar Hörnell, Trolle Sahlström, Samir Kamal, Philip Nyblaeus, Max Jonson, Fredrik Mattsson, Elisabet Hellman and Henrik Blomquist.

Henrik Blomquist

Stockholm, born in 1971, Economic studies

President and Chief Executive Officer

Employed since 1999*

Experience of investment operations and corporate development.

Chairman of Mercuri International Group AB, Investment AB Bure, Bure Growth AB and Cavena Image Products AB.

Board member of Lauritz.com Group A/S, MedCap AB, Bure Financial Services AB and others.

Shareholding in Bure, own and held by related parties: 44,766.

Philip Nyblaeus

Stockholm, born in 1982

Investment manager

Employed since 2011

Board member of Vigmed Holding AB and Investment AB Bure.

Shareholding in Bure, own and held by related parties: 3,325.

Trolle Sahlström

Stockholm, born in 1988

Analyst

Employed since 2017

Shareholding in Bure, own and held by related parties: 0.

Oskar Hörnell

Stockholm, born in 1987

Analyst

Employed since 2015

Shareholding in Bure, own and held by related parties: 2,750.

Max Jonson

Stockholm, born in 1968

Chief Financial Officer

Employed since 2013

Board member of Bure Financial Services AB, Bure Growth AB, BioLamina AB and Celemi International AB.

Shareholding in Bure, own and held by related parties: 15,234.

Gösta Johannesson

Stockholm, born in 1959

Senior Advisor

Consultant since April 2013

Chairman of Idevall & Partners Fonder AB.

Board member of Xvivo Perfusion AB, Axiell Group AB and Interflora AB and others.

Shareholding in Bure, own and held by related parties: 5,000.

Fredrik Mattsson

Stockholm, born in 1972

Investment Director

Employed since 2009*

Chairman of Xvivo Perfusion AB, BioLamina AB and Celemi International AB.

Board member of Vitrolife AB, Bure Growth AB and others.

Shareholding in Bure, own and held by related parties: 47,965.

Elisabet Hellman

Stockholm, born in 1957

Executive Assistant

Employed since January 2016

Shareholding in Bure, own and held by related parties: 980.

Samir Kamal

Stockholm, born in 1965

Senior Advisor

Consultant since September 2013

Board member of Bonava AB, Scandi Standard AB and Save by Solar AB.

Shareholding in Bure, own and held by related parties: 0 st.

* Employed by Skanditek until 2010.

Five-year overview

Data per share ¹	2016	2015	2014	2013	2012
Net asset value, SEK ²	101.7	87.4	46.1	33.5	27.1
Share price, SEK	103.5	68.8	35.9	26.0	22.0
Share price as a percentage of net asset value	102%	79%	78%	78%	81%
Parent Company basic equity per share, SEK	98.4	82.9	42.3	30.6	25.8
Parent Company equity per share excl. buybacks, SEK	98.4	84.7	45.0	32.6	25.9
Consolidated basic equity per share, SEK	102.4	85.6	43.4	31.6	26.0
Consolidated equity per share excl. buybacks, SEK	102.4	87.5	46.2	33.7	26.2
Parent Company basic earnings per share, SEK ³	15.7	40.4	12.7	6.4	1.6
Consolidated diluted earnings per share, SEK ³	16.9	42.0	12.8	6.6	-1.7
Number of shares, thousands	69,333	70,834	76,082	81,102	81,357
Number of outstanding options/warrants, thousands	–	–	–	1,359	1,619
Total number of shares incl. outstanding options/warrants, thousands	69,333	70,834	76,082	82,461	82,976
Number of shares excluding share buybacks, thousands	69,333	69,333	71,397	76,052	81,102
Average basic number of shares, thousands	69,333	70,042	74,947	78,649	81,224
Key figures					
Dividend, SEK per share	2.0	1.0	1.0	0.5	0.3
of which, extraordinary dividend, SEK per share	1.0	–	0.5	–	–
Direct return	1.9%	1.5%	2.8%	1.9%	1.4%
Total return	54.7%	95.4%	43.0%	21.0%	39.8%
Market capitalisation, SEK M	7,176	4,870	2,731	2,109	1,784
Net asset value, SEK M	7,054	6,060	3,291	2,545	2,195
Return on equity	17.1%	62.2%	33.5%	21.8%	8.4%
Administrative expenses/Net asset value	0.66%	0.68%	1.23%	1.21%	1.89%
Parent Company profit and financial position					
Exit gains/losses, SEK M	0	417	132	2	275
Profit/loss after tax, SEK M	1,086	2,829	953	503	128
Total assets, SEK M	6,835	5,895	3,233	2,659	2,170
Equity, SEK M	6,822	5,874	3,216	2,479	2,134
Equity/assets ratio	100%	100%	99%	93%	98%
Cash and cash equivalents and short-term investments, SEK M	873	1,040	473	683	829
Consolidated profit and financial position					
Net sales, SEK M	455	486	537	549	549
Profit/loss after tax, SEK M	1,173	2,940	961	507	-142
Total assets, SEK M	7,271	6,281	3,545	2,814	2,438
Equity, SEK M	7,101	6,065	3,302	2,560	2,113
Equity/assets ratio	98%	97%	93%	91%	87%
Net loan debt (-)/receivable (+), SEK M	669	986	626	552	907
Average number of employees	262	280	336	612	659

1) All historical data per share have been adjusted for shares in issue with a time-weighting factor as prescribed by IAS 33.

2) Net asset value consists of the market value of Bure's listed holdings and the Parent Company's book value of unlisted holdings, net assets and cash and cash equivalents.

3) No dilutive effect at 31 December 2016.

Administration report

The Board of Directors and the CEO of Bure Equity AB (publ), corporate identity number 556454-8781, domiciled in Stockholm, hereby submit the annual report and consolidated annual report for the 2016 financial year.

Operations and focus

Bure is a long-term principal owner of operating companies. Bure was established in 1992 and was listed on Nasdaq Stockholm in 1993. By actively developing a diversified portfolio of professionally managed companies and operations, Bure's objective is to create value and returns for its shareholders.

Key events of 2016

Acquisitions

Bure Growth acquired shares in Life Genomics AB, which offers genetic tests to the healthcare sector and the public. The investment amounted to SEK 7M and the holding is 28.1 per cent.

Bure acquired 2.75 million shares in Cavotec for SEK 55.1M and increased its holding from 13.1 per cent to 16.6 per cent.

Bure acquired 4.6 million shares in Lauritz.com for SEK 68.9M, which corresponds to a holding of 11.3 per cent.

Bure acquired 0.07 million shares in MedCap for SEK 11.2M and increased its holding from 20.0 per cent to 22.7 per cent.

Consolidated profit and financial position

Results for the full year

Consolidated operating income was SEK 1,626M (3,448).

The subsidiaries' net sales amounted to SEK 455M (486).

Dividends amounted to SEK 139M (163), of which Mycronic accounted for SEK 117M and Vitrolife for SEK 11M.

Exit gains/losses totalled SEK 2M (416).

Capital gains/losses on short-term investments amounted to SEK 2M (-16).

Fair value changes amounted to SEK 1,016M (2,374), of which listed portfolio companies accounted for SEK 1,018M. Of this amount, Cavotec accounted for SEK -31M, Lauritz.com for SEK -32M, MedCap for SEK 10M, Mycronic for SEK 462M, Vitrolife for SEK 464M, Xvivo Perfusion for SEK 145M and the decrease in value from other long-term securities holdings and short-term investments for SEK 1M.

Shares in profit/loss of associated companies amounted to SEK 8M (11).

Consolidated operating profit for the period was SEK 1,162M (2,960).

Net financial items totalled SEK 5M (-4).

Consolidated profit/loss after financial items was SEK 1,167M (2,956).

Profit/loss after tax was SEK 1,173M (2,940).

Other comprehensive income included translation differences of SEK 2M (-8).

Financial position

Consolidated equity at the end of the year amounted to SEK 7,101M (6,065) and the equity/assets ratio was 98 per cent (97). At 31 December 2016 the Group had a reported net loan receivable of SEK 669M (1,017), which consisted of interest-bearing assets of SEK 698M (1,070) and interest-bearing liabilities of SEK 30M (53). Consolidated equity per share at the end of the year was SEK 102.42, compared to SEK 85.62 per share at 31 December 2015.

Parent Company profit and financial position

Results for the full year

Profit/loss after tax was SEK 1,086M (2,829).

Dividends amounted to SEK 133M (161), of which Mycronic accounted for SEK 117M and Vitrolife for SEK 11M.

Exit gains/losses amounted to SEK 0M (417).

Capital gains/losses on short-term investments totalled SEK 2M (-16).

Fair value changes amounted to SEK 989M (2,295), of which listed portfolio companies accounted for SEK 1,018M. Of this amount, Cavotec accounted for SEK -31M, Lauritz.com for SEK -32M, MedCap for SEK 10M, Mycronic for SEK 462M, Vitrolife for SEK 464M, Xvivo Perfusion for SEK 145M, the impairment loss on shares in Bure Growth for SEK 28M and the value decrease from short-term investments for SEK 1M.

Administrative expenses amounted to SEK 46M (41). Net financial items totalled SEK 7M (8).

Financial position

Equity in the Parent Company at the end of the year was SEK 6,822M (5,874) and the equity/assets ratio was 100 per cent (100). At the end of the period, the Parent Company had a reported net loan receivable of SEK 798M (1,198), which consisted of interest-bearing assets of SEK 798M (1,198) and interest-bearing liabilities of SEK 0M (0). External interest-bearing receivables amounted to SEK 8M (16). Receivables from subsidiaries totalled SEK 309M (324).

Bure's loss carryforwards

At the end of 2016 the Bure Group had loss carryforwards of SEK 709M, of which SEK 559M referred to the Parent Company. All losses are attributable to Sweden and are perpetual. The deferred tax asset based on loss carryforwards in the Group has been valued at SEK 8M (10).

Employees and salaries

Information about the average number of employees and the salaries and benefits of senior executives is provided in Notes 34–35.

Significant risks and uncertainties

In view of rapid changes in the financial markets, a special emphasis is placed on monitoring the effects of these on Bure's investments and their valuations.

Liquidity risk is the risk that the Group will be unable to finance loan payments or other financial obligations as they fall due either with its own funds or with new financing. No significant changes in the Parent Company's or the Group's risks and uncertainties took place during the year. At 31 December 2016 the Group had a net loan receivable of SEK 669M (1,017).

Financial risk management

The Group is exposed to a number of different financial risks, including share price risk, currency risk, interest rate risk and liquidity risk. Bure has a number of basic principles for management of risks. Bure's finance policy states that the Parent Company shall be essentially debt-free. Furthermore, each portfolio company shall be financially independent from the Parent Company, which means that the Parent Company is not financially liable for obligations in the portfolio companies and that the companies are responsible for their own financing arrangements. Financing of the respective portfolio companies shall be well adapted to each company's individual situation. For a more detailed description of the Group's financial risk management, see Note 21, Financial instruments..

To actively manage Bure's cash and cash equivalents and short-term investments, the Board of Directors has established an Investment Committee. The Investment Committee's main responsibility is to evaluate the management of short-term investments with regard to risk and return. The Investment Committee is comprised of Patrik Tigerschiöld, Hans Biörck and CEO Henrik Blomquist. The mandate of the Investment Committee is regulated by the company's finance policy.

The underlying costs are normally generated in the same currency as revenues, which means that transaction exposure is limited. Since the Group has investments outside Sweden via its subsidiaries, the consolidated statement of financial position and statement of comprehensive income are exposed to exchange differences arising on the translation of the foreign subsidiaries' financial statements.

Sensitivity analysis for the Group

The Group's results are affected by a number of factors. Those described here should be seen only as indications, and do not to any extent include compensatory measures that can be taken in response to specific events. Bure's sensitivity to financial factors can be broken down into share price risk, interest rate sensitivity and currency sensitivity. Price risk shares refers to the risk that the value of shares listed on an exchange is subject to change. Based on the market value of listed holdings of SEK 5,757M at 31 December 2016, an average decrease in the price of listed portfolio companies by 1 per cent would affect consolidated profit before tax by SEK 58M. In the short term, a 1 per cent change in the interest rate for the Group would have an estimated effect on consolidated profit of SEK 7M. Sensitivity to different currencies is deemed to be relatively limited. The most important currency, apart from the Swedish krona, is the euro. The share of the Group's subsidiaries net sales in EUR is 60 per cent. A 5 per cent change in the euro exchange rate would have an estimated effect on profit of SEK 1M. The estimated effect on profit of a change in Bure's sales varies depending on the company to which the change relates. In some of the companies, the short-term margin effect of a change in sales is fairly substantial. This depends on the reason for the change in sales. For example, there is a large difference between a volume effect and a price effect. Listed portfolio companies with significant international sales have currency exposure mainly against the EUR and the USD.

Financial targets and strategy

Bure's business model is to acquire, develop and divest operating companies in a way that gives Bure's shareholders a good return on invested capital and enables the portfolio companies to continuously develop their respective businesses in a successful manner. The goal is for the potential value growth of each individual investment to clearly contribute to long-term growth in Bure's market capitalisation. Each individual investment shall have an annual internal rate of return (IRR) of more than 12 per cent. The Parent Company shall be essentially debt-free and the portfolio companies shall have a level of debt over time that is adequate in relation to their assessed operational risk.

Ownership structure and the Bure share

Bure is listed on Nasdaq Stockholm. At 31 December 2016, Bure's largest shareholders were Patrik Tigerschiöld with a holding of 11.4 per cent, Nordea Investment Funds with 11.2 per cent and the Björkman family including foundations with 9.0 per cent. At 31 December 2016 Bure had 21,190 shareholders according to Euroclear Sweden.

Share capital and number of shares

Bure's share capital at 31 December amounted to SEK 535.5M, divided between 69,332,710 shares, which is equal to a quota value of SEK 7.72 each. The Articles of Association contain no restrictions on the right to transfer shares nor, to the Board of Directors' knowledge, is the company party to any significant agreements that will have any impact, be altered or cease to apply if control over the company changes as a result of a public tender offer.

Treasury shares

Bure's 2016 AGM resolved to authorise Bure's Board of Directors to acquire up to 10 per cent of the total number of shares in Bure Equity AB. At 31 December 2016, no buyback of shares had been carried out.

Authorisation for the repurchase of treasury shares

The Board of Directors will propose that the AGM give the Board renewed authorisation, until the date of the 2018 AGM, to repurchase treasury shares in a number equal a maximum of 10 per cent of the total number of shares outstanding in the company.

Principles for compensation and other terms of employment for senior executives

The principles for compensation were adopted by the AGM of Bure on 9 May 2016 and are as follows:

Compensation to the CEO and other senior executives shall consist of basic salary, variable salary and pension. Other senior executives refer to the CFO and one investment manager. The relationship between basic and variable salary (bonus) shall be proportionate to the executive's responsibilities and powers.

The maximum amount of variable salary for the CEO is equal to 100 per cent of basic annual salary. For other senior executives, the maximum amount of variable salary is equal to between 60 and 100 per cent of basic annual salary.

Variable salary for the CEO and other senior executives is based on the outcome of four quantitative parameters in relation to predetermined targets.

The quantitative parameters are linked to predetermined targets for a selection of the portfolio companies, Bure's share price performance and net asset value development per share.

Other senior executives also have a discretionary parameter where the outcome is evaluated against individually set goals.

Bure also offers a long-term share savings program for all employees. All employees are given the opportunity, within the framework of the long-term incentive plan, to invest an amount equal to approximately 6 per cent of fixed basic salary (before tax) in Bure shares. All employees took part in the plan for 2016 with an aggregate invested amount of SEK 0.5M, which was matched by Bure. The personal investment means that the plan has an up- and downside potential that equates the interests of the employees with those of other shareholders.

All pension benefits are of the defined contribution type. For additional information see Note 35, Compensation to senior executives.

In 2016 the Board Chairman provided consulting services to Bure under a contract.

Related party transactions

Subsequent events

No significant subsequent event has taken place after the end of the year.

Framtidsutsikter

Due to the nature of its business, Bure makes no forecasts about future earnings.

Proposed appropriation of profits

The company's annual report will be submitted for adoption by the Annual General Meeting on 3 May 2017. The following funds are at the disposal of the AGM according to the Parent Company balance sheet:

Retained earnings	SEK 5,200,219,878
Profit for the year	SEK 1,086,086,511
	SEK 6,286,306,389

The Board proposes that the profits be appropriated as follows:

To be paid to the shareholders as an ordinary dividend of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share, for a total of	SEK 138,665,420
To be carried forward to new account	SEK 6,147,640 969

It is the Board's assessment that the proposed dividend is justifiable in view of the demands imposed by the operations' nature, scope and risks on the amount of equity in the Parent Company and the Group, as well as the consolidation requirements, liquidity and financial position in general.

The undersigned hereby certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and with the application of generally accepted accounting principles, and give a true and fair view of the financial position and results of the Group and the Parent Company, and that the administration report gives a true and fair view of the development of operations, financial position and results of the Group and the Parent Company and describes the significant risks and uncertainties to which the Group companies are exposed.

Stockholm, 15 March 2017

Patrik Tigerschiöld
Chairman

Hans Biörck

Carl Björkman

Bengt Engström

Charlotta Falvin

Sarah McPhee

Mathias Uhlén

Henrik Blomquist
CEO

Our auditor's report was submitted on 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

Statement of comprehensive income

Note	SEK M	Group	
		2016	2015
	Operating income		
2	Net sales	455.1	485.6
	Other operating income	3.1	14.4
32	Dividends	138.7	162.5
3, 14	Exit gains	2.4	415.9
	Capital gains on short-term investments	2.2	-15.6
5	Fair value	1,016.3	2,374.1
4	Shares of profit/loss of associates	8.5	11.1
	Total operating income	1,626.3	3,447.8
	Operating expenses		
8, 9	Other external expenses	-178.5	-189.4
34, 35	Personnel costs	-268.9	-277.9
10, 12, 13	Depreciation and impairment of property, plant and equipment	-16.0	-15.8
	Other operating expenses	-0.4	-5.2
	Total operating expenses	-463.9	-488.3
	Operating profit/loss	1,162.4	2,959.5
6	Interest income and similar profit/loss items	8.4	3.1
6	Interest expenses and similar profit/loss items	-3.5	-6.9
	Profit/loss after financial items	1,167.3	2,955.8
7	Income tax expense	5.8	-15.4
	Profit/loss after tax	1,173.1	2,940.4
	Other comprehensive income		
	Items that may be reclassified subsequently to profit or loss		
	Translation differences	2.4	-7.9
	Other comprehensive income for the year, net after tax	2.4	-7.9
	Comprehensive income for the year	1,175.5	2,932.5
	Profit/loss attributable to non-controlling interests	0.3	0.1
	Profit/loss attributable to owners of the Parent Company	1,172.8	2,940.3
	Comprehensive income attributable to non-controlling interests	0.3	0.1
	Comprehensive income attributable to owners of the Parent Company	1,175.2	2,932.5
	Average basic number of shares outstanding, thousands ¹	69,333	70,042
	Attributable to owners of the Parent Company, SEK	16.92	41.98
23	Basic earnings per share, SEK¹	16.92	41.98

1) No dilutive effect at 31 December 2016 or 2015.

Balance sheets

Note	SEK M	Group	
		31 Dec 2016	31 Dec 2015
	NON-CURRENT ASSETS		
	Intangible assets		
10	Patents, licenses, etc.	3.6	5.8
11	Goodwill	101.2	97.3
	Total intangible assets	104.8	103.2
	Property, plant and equipment		
12	Buildings, land and land improvements	1.1	1.9
13	Equipment, tools, fixtures and fittings	192.6	200.1
	Total property, plant and equipment	193.8	202.1
	Financial assets		
21, 22, 29	Financial assets at fair value through profit or loss	5,548.2	4,393.0
21, 22, 30	Investments accounted for using the equity method	88.2	80.9
21, 22	Other non-current securities	208.9	209.3
15, 21, 22, 25	Other non-current receivables	21.6	36.9
7	Deferred tax assets	7.6	10.0
	Total financial assets	5,874.5	4,730.1
	Total non-current assets	6,173.0	5,035.3
	CURRENT ASSETS		
	Inventories, etc.	3.4	3.5
21, 22	Trade receivables	83.7	96.3
15, 22, 25	Other current receivables	12.8	12.4
	Current tax assets	8.8	7.0
16	Prepaid expenses and accrued income	19.4	19.3
21, 22	Short-term investments	284.5	70.7
22, 25	Cash and cash equivalents	685.3	1,036.4
	Total current assets	1,097.9	1,245.5
	TOTAL ASSETS	7,270.9	6,280.8
	<i>of which, interest-bearing</i>	<i>698.1</i>	<i>1,069.9</i>

Note	SEK M	Group	
		31 Dec 2016	31 Dec 2015
	EQUITY		
24	Share capital	535.5	535.5
	Other contributed capital	714.6	714.6
	Retained earnings including profit for the year	5,850.2	4,813.6
	Total equity attributable to owners of the Parent Company	7,100.3	6,063.7
	Equity attributable to non-controlling interests	1.1	0.8
	Total equity	7,101.3	6,064.5
	LIABILITIES		
	Non-current liabilities		
7	Deferred tax liability	0.0	14.1
17	Provisions	31.0	30.1
21, 22, 25	Liabilities to credit institutions	0.8	1.0
21, 22	Other non-current liabilities	0.9	8.6
	Total non-current liabilities	32.8	53.8
	<i>of which, interest-bearing</i>	<i>25.4</i>	<i>22.0</i>
	Current liabilities		
21, 22, 25	Liabilities to credit institutions	4.3	31.3
22	Prepayments from customers	11.7	14.0
22	Trade payables	14.6	16.3
7	Current tax liabilities	4.0	5.2
	Other current liabilities	23.8	23.3
18, 22	Accrued expenses and deferred income	78.4	72.4
	Total current liabilities	136.8	162.5
	<i>of which, interest-bearing</i>	<i>4.3</i>	<i>31.3</i>
	TOTAL LIABILITIES	169.6	216.3
	TOTAL EQUITY AND LIABILITIES	7,270.9	6,280.8

Income statements

Note	SEK M	Parent Company	
		2016	2015
	OPERATING INCOME		
	Investing activities		
32	Dividends:		
	Portfolio companies	132.0	159.7
	Other companies	0.7	1.5
	Short-term investments	0.7	0.1
3	Exit gains/losses	0.0	416.6
	Capital gains/losses on short-term investments	2.2	-15.6
5	Fair value:		
	Portfolio companies	1,017.6	2,315.8
	Other companies	-27.8	0.0
	Short-term investments	-0.8	-21.3
	Other operating income	1.2	5.4
	Total operating income	1,125.8	2,862.2
	Operating expenses		
34, 35	Personnel costs	-21.6	-20.8
8, 9	Other external expenses	-24.1	-20.0
13	Depreciation of property, plant and equipment	-0.8	-0.7
	Total expenses	-46.6	-41.5
	Operating profit/loss before financial items	1,079.2	2,820.7
	Financial income and expenses		
6	Interest income and similar profit/loss items	7.4	8.4
6	Interest expenses and similar profit/loss items	-0.6	-0.6
	Total financial income and expenses	6.9	7.8
	Profit/loss before tax	1,086.1	2,825.5
	Income tax expense	0.0	0.0
	Profit/loss for the year¹	1,086.1	2,828.5
23	Average basic number of shares outstanding, thousands ²	69,333	70,042
	Basic earnings per share, SEK ²	15.66	40.38
	Average number of employees	6	6

1) Corresponds to comprehensive income.

2) No dilutive effect at 31 December 2016 or 2015.

Balance sheets

Note	SEK M	Parent Company	
		31 Dec 2016	31 Dec 2015
	NON-CURRENT ASSETS		
	Property, plant and equipment		
13	Equipment, tools, fixtures and fittings	4.2	4.8
	Total property, plant and equipment	4.2	4.8
	Financial assets		
14, 22, 27, 28	Investments in group companies	85.3	103.0
14, 22, 29	Financial assets at fair value through profit or loss	5,548.2	4,393.0
14, 30	Investments accounted for using the equity method	0.0	0.0
15, 22, 25	Other non-current receivables	5.5	19.9
	Total financial assets	5,639.0	4,516.0
	Total non-current assets	5,643.3	4,520.8
	CURRENT ASSETS		
	Current receivables		
22, 25	Receivables from group companies	308.7	324.2
15, 22, 25	Other current receivables	3.9	6.3
	Current tax assets	1.2	1.2
16	Deferred expenses and accrued income	4.8	2.5
	Total current receivables	318.6	334.2
21, 22, 25	Short-term investments	284.5	70.7
22, 25	Cash and cash equivalents	588.0	969.5
	Total current assets	1,191.1	1,374.5
	TOTAL ASSETS	6,834.4	5,895.3
	<i>of which, interest-bearing assets</i>	<i>797.6</i>	<i>1,197.7</i>
	EQUITY		
	Restricted equity		
24	Share capital	535.5	535.5
	Total restricted equity	535.5	535.5
	Non-restricted equity		
	Retained earnings	5,200.2	2,510.4
	Profit/loss for the year	1,086.1	2,828.5
	Total non-restricted equity	6,286.3	5,338.9
	Total equity	6,821.8	5,874.4
	LIABILITIES		
	Non-current liabilities		
22	Other non-current liabilities	0.9	8.6
	Total non-current liabilities	0.9	8.6
	Current liabilities		
22	Trade payables	1.6	2.8
22	Other current liabilities	0.3	0.3
18, 22	Accrued expenses and deferred income	9.7	9.1
	Total current liabilities	11.7	12.2
	<i>of which, interest-bearing liabilities</i>	<i>–</i>	<i>–</i>
	Total liabilities	12.6	20.9
	TOTAL EQUITY AND LIABILITIES	6,834.4	5,895.3

Statement of changes in equity

SEK M	Share capital	Other contributed capital	Retained earnings incl. profit for the year	Non-controlling interests	Total equity
Equity at 1 January 2015	535.5	714.6	2,050.9	0.7	3,301.7
Profit/loss for the year	–	–	2,940.3	0.1	2,932.5
Other comprehensive income	–	–	-7.9	–	-7.9
Cancellation of shares	-36.9	–	–	–	-36.9
Bonus issue	36.9	–	–	–	36.9
Cash dividend	–	–	-70.8	–	-70.8
Share buyback	–	–	-98.9	–	-98.9
Equity at 31 December 2015	535.5	714.6	4,813.6	0.8	6,064.5
Equity at 1 January 2016	535.5	714.6	4,813.6	0.8	6,064.5
Profit/loss for the year	–	–	1,172.8	0.3	1,175.5
Other comprehensive income	–	–	2.4	–	2.4
Cancellation of shares	-11.3	–	–	–	-11.3
Bonus issue	11.3	–	–	–	11.3
Cash dividend	–	–	-138.7	–	-138.7
Equity at 31 December 2016	535.5	714.6	5,850.2	1.1	7,101.3

Statement of changes in equity

SEK M	Share capital	Non-restricted equity	Total equity
Equity at 1 January 2015	535.5	2,680.1	3,215.7
Profit/loss for the year	–	2,828.5	2,828.5
Cancellation of shares	-36.9	–	-36.9
Bonus issue	36.9	–	36.9
Cash dividend	–	-70.8	-70.8
Share buyback	–	-98.9	-98.9
Equity at 31 December 2015	535.5	5,338.9	5,874.4
 Equity at 1 January 2016	 535.5	 5,338.9	 5,874.4
Profit/loss for the year	–	1,086.1	1,086.1
Cancellation of shares	-11.3	–	-11.3
Bonus issue	11.3	–	11.3
Cash dividend	–	-138.7	-138.7
Equity at 31 December 2016	535.5	6,286.3	6,821.8

Cash flow statement

Note	SEK M	Group		Parent Company		
		2016	2015	2016	2015	
10, 11, 12, 13		Operating activities				
		Profit/loss after financial items	1,167.3	2,955.8	1,086.1	2,828.5
		Amortisation and depreciation of property, plant and equipment and intangible assets	16.0	15.8	0.8	0.7
		Fair value of short and long-term investments	1.3	-63.2	0.8	16.4
	4	Fair value of portfolio companies	-1,017.6	-2,315.8	-989.8	-2,315.8
		Shares of profit/loss of associates	-8.5	-11.1	–	–
		Other non-cash items, net	9.0	9.1	0.0	0.1
		Paid tax	-9.0	-1.9	0.0	0.0
		Cash flow from operating activities before changes in working capital	158.5	588.9	97.9	529.9
		Cash flow from changes in working capital				
		Change in inventories	0.1	0.1	–	–
		Change in current receivables	11.5	17.2	-0.6	3.0
		Change in provisions	-2.6	-2.6	–	–
		Change in current liabilities	2.6	-22.9	-0.6	-3.9
		Cash flow from changes in working capital	11.6	-8.1	-1.2	-0.9
		Cash flow from operating activities	170.0	580.7	96.6	529.0
		Investing activities				
	12, 13	Acquisition of other non-current assets	-10.1	-7.3	-0.2	-2.4
		Disposal of other non-current assets	0.8	7.6	0.0	0.0
14	Investments in portfolio companies	-145.5	-68.9	-148.0	-76.0	
	Disposal of portfolio companies	0.0	262.7	0.4	262.7	
	Loans granted	-0.1	-2.8	-7.9	-42.3	
	Amortisation of receivables	16.1	3.4	30.9	39.4	
	Investments in short-term investments, net	-214.6	221.7	-214.6	251.6	
	Cash flow from investing activities	-353.5	416.3	-339.5	433.0	
	Financing activities					
	Borrowings	3.6	7.2	-7.7	7.6	
	Amortisation of liabilities	-35.0	-15.1	7.7	-7.6	
	Share buyback	–	-98.9	–	-98.9	
	Dividends to shareholders	-138.7	-70.8	-138.7	-70.8	
	Cash flow from financing activities	-170.1	-177.6	-138.7	-169.7	
	Cash flow for the year	-353.5	819.4	-381.5	792.3	
	Cash and cash equivalents at beginning of year	1,036.4	215.9	969.5	177.2	
	Cash flow for the year	-353.5	819.4	-381.5	792.3	
	Translation differences	2.4	1.1	–	–	
	Cash and cash equivalents at end of year	685.3	1,036.4	588.0	969.5	
	Interest paid	2.8	3.1	0.1	0.0	
	Interest received	2.9	6.9	6.1	8.0	

Notes

Note 1 – Accounting policies

General information	Bure Equity AB (publ), corporate identity number 556454-8781, domiciled in Stockholm. The address of the head office is Nybrogatan 6, Stockholm, Sweden. The Parent Company is quoted on Nasdaq Stockholm. These consolidated financial statements were approved by the Board on 15 March 2017.
Basis of presentation	<p>The consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as endorsed for application in the EU. In addition to IFRS, the Swedish Financial Reporting Board's recommendations RFR 1, Supplementary Accounting Rules for Groups, and RFR 2, Accounting for Legal Entities, are applied.</p> <p>The consolidated financial statements have been prepared according to the acquisition method of accounting, aside from financial assets measured at fair value through profit for the year. The preparation of financial statements according to IFRS requires the management to make estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates affect reported statement of comprehensive income or statement of financial position are described in Note 11.</p>
Basis of consolidation	<p>The consolidated financial statements are presented according to IAS 27, Consolidated and Separate Financial Statements, with the application of the acquisition method as stated in IFRS 3, Business Combinations.</p> <p>The consolidated financial statements include the Parent Company and all companies in which the Parent Company has a controlling influence, normally comprising companies in which Bure directly or indirectly holds more than 50 per cent of the voting rights. Companies acquired during the year are consolidated from the date of acquisition. Companies sold during the year are consolidated until the date of sale. Associated companies are consolidated according to IAS 28, Investments in Associates, with the help of the equity method or are measured at fair value through profit for the year in the case of listed companies. Associated companies normally consist of companies in which Bure has a significant influence, i.e. where the share of votes is between 20 and 50 per cent. For the holding in Valot Group the equity method is not used since Bure has a marginal share of the value change in equity. Under the equity method, the Group's historical cost for the shares, plus the Group's share of profit/loss of the associated company less dividends received, is recognised in the consolidated statement of financial position within "Investments accounted for using the equity method". In the consolidated statement of comprehensive income, "Shares of profit/loss of associates" comprises Bure's share in the net profit/loss of associated companies according to the equity method. Listed holdings are accounted for as financial instruments under the heading "Financial assets at fair value through profit or loss" in the statement of financial position and are measured at fair value through comprehensive income in accordance with IAS 39 and IAS 28, item 1.</p>
Share of and transactions with non-controlling interests	Non-controlling interests (NCIs) refer to the portion of profit/loss and net assets in partially owned subsidiaries that is attributable to other owners. The NCI's share in profit or loss is recognised in the consolidated statement of comprehensive income and the NCI's share in net assets is recognised in equity in the consolidated statement of financial position. Information is provided regarding the amount of each item that is attributable to owners of the Parent Company and to NCIs. On the sale of NCIs where the consideration received differs from the carrying amount of the sold share in net assets, the resulting gain or loss is recognised in equity.
Foreign currency translation	<p>Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the functional and presentation currency of the Parent Company. Transactions in foreign currencies are translated to the functional currency at the rate of exchange ruling on the transaction date. Foreign exchange gains/losses arising on translation of monetary assets and liabilities denominated in foreign currency are translated at the closing day rate of exchange and recognised in profit or loss. Goodwill and other intangible assets arising on the acquisition of a foreign operation are treated as assets of such operations and are translated at the closing day rate of exchange. The assets and liabilities of foreign subsidiaries are translated at the closing day rate of exchange and all income and expenses are translated at the average rate during the year. Estimated translation differences are recognised in other comprehensive income. Goodwill and negative goodwill arising from business combinations with respect to assets in foreign currency are translated at the current rate of exchange. Exchange gains or losses on financial assets and liabilities are recognised in financial income or expense. Exchange gains or losses on operating assets and liabilities are recognised in operating profit or loss.</p>
Business combinations	<p>Business combinations are reported according to the acquisition method of accounting, whereby all acquired assets and liabilities are measured at their fair values on the acquisition date. These fair values also include the share in assets and liabilities attributable to non-controlling interests. Identifiable net assets also consist of assets, liabilities, and provisions that are not recognised in the balance sheet of the acquired business.</p> <p>No provisions may be made for planned restructuring measures in connection with the acquisition, so-called restructuring reserves. The difference between the fair value of consideration given and the fair value of net assets acquired is recorded as goodwill to the extent that no other identifiable and separable intangible assets have been identified. Any goodwill arising from the business combination ultimately consists of the synergies that the acquire is expected to give rise to in the existing operation.</p>

Business combinations, cont'd.	All intangible assets identified in connection with business combinations, excluding goodwill, are amortised on a straight-line basis. Each individual intangible asset (except for goodwill) is amortised over its estimated useful life, which is reviewed regularly. If an intangible asset is deemed to have an indefinite life, it is not amortised. An intangible asset is assessed to have an indefinite life when all relevant circumstances have been taken into account and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows. The useful life of goodwill is generally assumed to be indefinite. There are no other assets with indefinite lives in the Group.
Goodwill	Goodwill arising from business combinations is recognised as a non-current asset and is tested for impairment at least annually. Since it is not possible to test goodwill for impairment separately from other assets, goodwill must be allocated to cash-generating units in which a separable cash flow can be identified. Other assets and liabilities in the Group may also be allocated to these cash-generating units. The cash-generating units to which goodwill has been allocated correspond to the lowest level of the Group at which goodwill is monitored. The lowest organisational level in accordance with the standard may not be higher than a segment as described in IFRS 8, Operating Segments. An impairment loss is recognised in the consolidated statement of comprehensive income when the recoverable amount of a cash-generating unit falls below its carrying amount. When the recoverable amount of a cash-generating unit is lower than its carrying amount, an impairment loss is first recognised through a reduction in goodwill. If this value is in turn lower than the difference between the recoverable amount and carrying amount, impairment losses should be recognised on other assets on a pro rata basis.
Intangible assets (excl. goodwill)	The intangible assets recognised in the statement of financial position are those that have either been acquired as part of a business combination (see above), separately purchased or internally generated. Intangible assets are capitalised in the statement of financial position when it is probable that the economic benefits attributable to the asset will flow to Bure and the cost of the asset can be measured reliably. The Group currently conducts no research and development activities, for which reason no internally generated intangible assets are recorded in the statement of financial position.
Property, plant and equipment	Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the depreciable amount, normally comprising historical cost less any estimated residual value at the end of the useful life. Depreciation is carried out on a straight-line basis over the estimated useful life of the asset. Other intangible assets 20 – 33 per cent. Other machinery and equipment 20 – 33 per cent. Computers 33 per cent. Locomotives 3.3 per cent.
Leasing	Leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership of the asset to the lessee. All other leases are classified as operating leases. A finance lease is recorded as a non-current asset and a financial liability in the statement of financial position. The finance lease payments consist of interest and straight-line depreciation. A leased asset is depreciated according to the same principles as separately acquired assets. For operating leases, the lease payments are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Certain smaller finance leases for company cars and office equipment are recorded as operating leases.
Financial instruments	Classification of financial assets and liabilities. The fair values of all financial assets and liabilities have been measured in accordance with IFRS 13. Fair value is assessed to be equal to the carrying amounts of trade and other receivables, other current receivables, cash and cash equivalents, trade and other payables and borrowings. Carrying amount less impairment approximates fair value for trade receivables and trade payables. For non-current non interest-bearing liabilities, fair value has been estimated through discounting of future cash flows using current market interest rates over the term of the liabilities. The Group's financial assets and liabilities are measured according to the following hierarchy: Level 1: Quoted prices in active markets for identical assets or liabilities. Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: Unobservable inputs for the asset or liability.
Impairment of financial assets	At each balance sheet date, management conducts a review to look for objective evidence that a financial asset may be impaired. For available-for-sale financial assets, an impairment loss is recognised if the identified decrease in fair value is significant and permanent.
Financial risk management	The Group is exposed to a number of different financial risks such as share price risk, currency risk, interest rate risk and general liquidity risk. Bure's overall risk objective is regulated in the Parent Company's finance policy. Because the subsidiaries are mutually autonomous, each has adopted its own separate finance policy. A more detailed description of financial risk management is provided in Note 21, Financial instruments.
Inventories	Inventories are stated at the lower of cost and net realisable value.

Provisions	<p>A provision is recognised when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. In cases where the company expects a provision to be reimbursed by another party, for example within the framework of an insurance agreement, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received. If the cash out flow to settle an obligation is expected to occur after more than 12 months, the future payment should be measured at discounted present value using a discount rate that reflects short-term market expectations with consideration to transaction-specific risks. The cost of the provision is capitalised in comprehensive income. A provision to a restructuring reserve is recognised in the period when the Group has a legal or constructive obligation to carry out the plan and those affected have a valid expectation. A provision is recognised only for direct expenditures that are caused by the restructuring and are an effect of remaining contractual obligations without lasting economic benefits or that consist of a fine resulting from termination of the obligation.</p>
Revenue recognition	<p>Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Income from the sale of services is recognised when it can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the company and when the expenses expected to arise as a result of the transaction can be measured reliably.</p> <p>Revenue from service contracts is recognised when the total income and expenses in a completed project can be measured reliably and it is probable that the economic benefits associated with the specific transaction will flow to the company. The stage of completion of a contract is determined by comparing the proportion of contract costs incurred to date with the estimated total contract costs. In accordance with the rules in the percentage of completion method, estimated revenue for work in progress less progress billings is recognised under the heading "Receivables". In cases where the progress billings exceed costs incurred, these are recognised under the heading "Liabilities" as prepayments from customers.</p>
Borrowing costs	<p>Borrowing costs are expensed in the period in which they are incurred. In cases where borrowing costs arise in connection with the acquisition, construction or production of a qualifying asset, these costs are capitalised as part of the cost of the asset.</p>
Pensions	<p>Contributions payable under defined contribution pension plans are recognised as an expense in the period in which they arise.</p>
Non-current assets held for sale and discontinued operations (IFRS 5)	<p>A non-current asset/liability or disposal group for which the carrying amount will be recovered primarily through a sale and not through use is reported in a separate category in the statement of financial position as "Non-current assets held for sale" or "Discontinued operations". A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale according to a coordinated plan and represents a separate line of business or a major business within a geographical area of operations. The application of IFRS 5 has had no other effect on the prior period financial reports than a change in the presentation of the statement of comprehensive income, statement of financial position and cash flow statement. For discontinued operations, this means that profit/loss after tax from discontinued operations is stated on a separate line in the statement of comprehensive income.</p>
Operating segments	<p>Bure's operations are monitored and supervised by the group management based on the individual company holdings, which are therefore regarded as operating segments. Buying and selling between the operating segments is limited.</p>
Income taxes	<p>Deferred tax assets and liabilities are recognised when there are temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets relating to loss carryforwards are recognised to the extent that it is deemed probable that there will be sufficient taxable profits against which to utilize these loss carryforwards. The year's reported tax expense consists of tax payable on the year's taxable profit (current tax) and deferred tax. Bure's share in the income taxes of associates is included in "Shares of profit/loss of associates".</p>
Cash flow statement	<p>Cash and cash equivalents refer to bank deposits.</p>
Critical accounting estimates and judgments	<p>In preparing the financial statements, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely correspond to the actual results. The estimates and assumptions that are associated with a significant risk for material adjustments in the carrying amounts of assets and liabilities in the next financial year are described below.</p>
Impairment of property, plant and equipment and intangible assets	<p>Property, plant and equipment and intangible assets, aside from those with indefinite useful lives, are depreciated/amortised over the period when they are expected to generate economic benefits, i.e. their useful lives. If there is an indication of impairment, the asset's recoverable amount is calculated, and consists of the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is recognised when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is determined on the basis of the management's estimates, for example of future cash flows.</p>

Impairment of property, plant and equipment and intangible assets, cont'd.	Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently when is an indication of a decline in value. In order to test these assets, they must be allocated to cash-generating units and their respective useful lives must be calculated. The necessary calculations require the management to estimate the expected future cash flow attributable to the defined cash-generating units and to choose a suitable discount rate for use in discounting this cash flow. The Group has evaluated the estimates where changes could have a significant impact on the fair value of the assets and would therefore require the recognition of an impairment loss. Among other things, these estimates are related to the expected rate of inflation and the choice of discount rate. The assumptions applied in impairment tests, including a sensitivity analysis, are described in more detail in Note 11.
Deferred tax assets	Deferred tax is calculated on the basis of temporary differences between the tax base and carrying amount of an asset or liability and on unutilised loss carryforwards. Deferred tax assets are recognised only when it is probable that these can be utilised against future profits. The probability that loss carryforwards can be utilised against future profits is assessed through calculation of expected future cash flows. This assessment is made in connection with impairment testing of shares in subsidiaries. In cases where the actual outcome differs from the estimates or when management adjusts these estimates, this can lead to changes in the value of deferred tax assets.
Provisions for doubtful debts	Trade receivables are initially measured at fair value and subsequently at the amount in which they are expected to be settled. Provisions for doubtful debts are made after individual and systematic assessment of each customer/counterparty's ability to pay and when there is objective evidence that the Group will not be able to collect the amount due. Losses tied to doubtful debts are recognised in comprehensive income within other operating expenses. In cases where the previously reserved amount is recovered, the provision is reversed.
Valuation of associates	Unlisted associated companies are valued according to the historical cost method. For holdings in unlisted companies, cash flow and market valuations are performed regularly to calculate the recoverable amount. Value changes are determined through impairment testing after the application of the valuation rules established by the Board.
Parent Company accounting policies	Unless otherwise stated, the Parent Company applies the same accounting policies as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Any deviations between the policies applied by the Parent Company and the Group are a result of limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act.
Financial assets	Shares in subsidiaries and unlisted associated companies are measured in accordance with the acquisition method of accounting. For holdings in subsidiaries and unlisted associated companies, recoverable value is determined through ongoing cash flow and market value analyses. Fair value changes are determined through impairment testing after application of the valuation rules established by the Board. Listed associated companies are accounted for as financial instruments under the heading "Financial assets at fair value through profit or loss" in the Parent Company's balance sheet and are measured at fair value through the income statement in accordance with IAS 39 and IAS 28, item 1.
Income taxes	The equity share of untaxed reserves is included in retained earnings. The tax share of untaxed reserves has been recognised as deferred tax liabilities within non-current liabilities.

Note 2 – Segment information

Reporting by operating segment

Since Bure already previously reported its segments in a similar manner, no changes have been made in the grounds for segmentation or in calculation of profit/loss by segment compared to the previous year's annual report. Consolidation adjustments relating to positive and negative goodwill have been attributed to the respective companies. Transactions between the various segments are insignificant in scope and account for less than 0.1 per cent of total sales. Dormant companies or companies not classified as portfolio companies are reported under the heading "Other companies". No customer accounted for more than 10 per cent of net sales during the periods.

SEK M	Mercuri		Investment AB Bure		Bure Financial Services		Bure Growth		Other companies		Elimina- tions etc.		Parent Company		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales																
Total net sales	424	452	31	34	0	0	–	0	0	0	0	–	–	–	455	486
Profit/loss																
Shares of profit/loss	2	2	–	–	9	9	-2	0	–	–	–	–	–	–	8	11
Profit/loss by segment	32	26	7	21	–	–	–	–	–	–	–	–	1	5	41	53
Administrative expenses	–	–	–	–	–	–	–	–	–	–	–	–	-47	-41	-47	-41
Fair value/impairment losses	–	–	–	–	13	94	-13	-15	–	–	28	–	989	2,295	1,016	2,374
Dividends	–	–	–	–	5	2	–	–	–	–	–	-1	133	161	139	163
Exit gains/losses/capital gains/losses on short-term investments	3	-1	–	–	–	–	–	–	–	–	0	–	2	401	5	400
Operating profit/loss	37	28	7	21	27	105	-15	-15	0	0	28	-1	1,079	2,821	1,162	2,960
Net financial items															5	-4
Income tax expense															6	-15
Profit/loss after tax															1,173	2,940

Other disclosures

SEK M	Mercuri		Investment AB Bure		Bure Financial Services		Bure Growth		Other companies		Elimina- tions etc.		Parent Company		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Assets																
Assets	250	243	203	198	202	189	6	21	0	0	-312	-346	6,835	5,895	7,183	6,200
Equity holdings in associates	14	13	–	–	48	46	25	22	–	–	–	–	–	0	88	81
Total asset	264	256	203	198	250	234	31	43	0	0	-312	-346	6,835	5,895	7,271	6,281
Liabilities																
Unallocated liabilities	209	232	149	162	76	88	35	38	0	0	-312	-326	13	21	170	216
Total liabilities	209	232	149	162	76	88	35	38	0	0	-312	-326	13	21	170	216
Investments	6	5	0	0	0	0	0	0	0	0	0	0	0	2	6	7
Amortisation/depreciation	4	6	11	9	0	0	0	0	0	0	0	0	1	1	16	16

SEK M	Sweden		Rest of Europe		North America		Asia		Other markets		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales by market	73	79	293	318	28	24	49	51	13	13	455	486
Assets by market	6,994	6,013	205	219	20	13	48	37	3	0	7,271	6,281
Investments by market	2	6	3	1	0	0	1	0	0	0	5	7

Breakdown of net sales by type

SEK M	Net sales	
	2016	2015
Operating income		
Sale of goods	39	38
Service contracts	396	421
Other sales	21	27
Total net sales	455	486
Other operating income	3	27
Total net sales	455	486
Total operating income	458	512

**Note 3 – Exit gains/
losses**

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Mycronic	–	393.9	–	393.9
PartnerTech	–	22.7	–	22.7
Other holdings	2.4	-0.8	–	–
Total	2.4	415.9	–	416.6

**Note 4 – Share of profit/loss
of associates**

SEK M	Group	
	2016	2015
BioLamina	-1.0	-0.1
Fondbolaget Fondita	9.1	9.4
Idevall & Partners Holding	-0.2	-0.3
Life Genomics	-1.3	–
Others	1.8	2.1
Total	8.5	11.1

**Note 5 – Fair value
adjustments/changes**

Mkr	Group		Parent Company	
	2016	2015	2016	2015
Cavotec	-30.8	-15.7	-30.8	-15.7
Lauritz.com	-31.9	–	-31.9	–
MedCap	9.7	21.8	9.7	21.8
Mycronic	461.7	1 586.0	461.7	1,586.0
PartnerTech	–	29.7	–	29.7
Vitrolife	463.9	576.9	463.9	576.9
Xvivo Perfusion	144.9	117.1	144.9	117.1
Catella	12.7	94.4	–	–
Vigmed Holding	-13.2	-14.9	–	–
Bure Growth	–	–	-28.0	–
Short-term investments	-0.8	-21.3	-0.8	-21.3
Skanditek	–	–	0.2	–
Total	1,016.3	2,374.1	989.0	2,294.5

**Note 6 – Interest and
similar profit/loss items**

Operating profit includes no foreign exchange differences relating to current assets.

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Income from financial assets measured at fair value through comprehensive income in the Group and through profit or loss in the Parent Company				
Net exchange differences in financial receivables/ liabilities	4.3	-0.2	-0.5	-0.6
Interest income	2.5	3.3	7.4	8.4
Interest expense	-2.0	-6.9	-0.1	0.0
Total interest and similar profit/loss items	4.9	-3.8	6.9	7.8

Note 7 – Income taxes

At the beginning of 2016 the Bure Group had loss carryforwards amounting to SEK 709M, of which SEK 559M refers to the Parent Company. All losses are attributable to Sweden and are perpetual. The deferred tax asset based on loss carryforwards in the Group has been valued at SEK 8M (10), which is almost exclusively attributable to loss carryforwards in the subsidiaries that are expected to be offset against future profits. All loss carryforwards are fully available. The entry tax-deductible items consist mostly of non-taxable unrealized gains on listed financial assets.

SEK M	Group	
	2016	2015
Current tax	-5.2	-4.7
Deferred tax	11.0	-10.7
Total	5.8	-15.4
Items included in deferred tax		
Deferred tax assets:		
Taxed deficit	6.9	9.0
Temporary differences	0.7	1.0
Total	7.6	10.0
Deferred tax liabilities:		
Temporary differences	–	0.7
Total	0.0	0.7
Deferred tax, net	7.6	10.7
Composition of tax expense		
Reported profit before tax	1,169.6	2,958.2
Effect of associated companies, net	-2.3	-2.4
Reported profit before tax	1,167.3	2,955.8
Tax according to the applicable tax rate, 22.0% (22.0%)	-256.8	-650.3
Other non-deductible expenses	-1.1	-0.9
Non-taxable income	0.4	1.3
Tax-deductible items	247.6	642.5
Effect of changed tax rates	14.9	–
Utilisation of previously uncapitalised loss carryforwards	1.5	0.2
Effect of uncapitalised loss carryforwards	-2.0	-1.4
Effect of different tax rate in foreign country	0.7	-0.5
Reversal of previously capitalised loss carryforwards	0.0	-4.1
Adjustment of taxes for prior years	0.0	0.7
Other	0.6	-2.9
Total	5.8	-15.4
SEK M	Group	
	2016	2015
Gross change in deferred tax		
At beginning of year	10.0	16.6
Changed tax rate	0.0	0.0
Translation differences	-2.4	-6.6
At end of year	7.6	10.0

Note 8 – Leases

SEK M	Group		Parent Company	
	2016	2015	2016	2015
The period's lease payments (operating)				
Cars	3.2	3.8	0.1	0.1
Premises	13.8	17.8	2.0	1.9
Other equipment	2.4	2.6	0.1	0.1
Total	19.5	24.3	2.1	2.0

	Group			Parent Company		
	2017	2018–2023	> 2023	2017	2018–2023	> 2023
Contracted lease payments						
Operating leases						
Cars	2.4	4.5	–	0.1	0.1	–
Premises	13.1	12.7	–	1.9	1.9	–
Other equipment	1.8	4.3	–	0.0	0.0	–
Total	17.2	21.5	–	2.1	2.0	–
Finance leases						
Cars	0.5	0.4	–	–	–	–
Total	0.5	0.4	–	–	–	–

Note 9 – Fees to auditors

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Fees to PwC				
Auditing fees	1.9	1.9	0.4	0.4
Auditing Services aside from the audit	0.1	0.4	–	0.1
Consulting services	0.2	–	0.0	–
Fees for tax advice	0.1	0.2	0.1	0.2
Total fees to PwC	2.2	2.5	0.5	0.7
Fees to other auditors				
Auditing fees	0.2	0.2	–	–
Consulting services	0.3	0.1	–	–
Total fees to other auditors	0.6	0.4	–	–

Note 10 – Patents, licenses, etc.

SEK M	Group	
	2016	2015
Opening balance	18.6	21.3
The year's acquisitions	2.4	1.9
Disposals/reclassifications	0.0	-4.4
Translation differences	0.3	-0.2
Closing balance	21.3	18.6
Opening amortisation	-12.8	-13.2
Disposals/reclassifications	–	3.9
The year's amortisation	-2.4	-3.7
The year's impairment losses	-2.3	–
Translation differences	-0.2	0.2
Closing accumulated amortisation	-17.8	-12.8
Carrying amount	3.6	5.8

Note 11 – Goodwill

	Group	
SEK M	2016	2015
Opening balance	568.7	597.4
The year's acquisitions	–	–
Disposals/reclassifications	–	-15.5
Translation differences	14.0	-13.2
Closing balance	582.6	568.7
Opening amortisation	-93.7	-97.1
The year's acquisitions	–	–
Disposals/reclassifications	–	2.4
Translation differences	-1.0	1.0
Closing accumulated amortisation	-94.7	-93.7
Opening impairment losses	-377.6	-397.4
Disposals/reclassifications	–	11.1
The year's impairment losses	–	–
Translation differences	-9.1	8.7
Closing accumulated impairment losses	-386.7	-377.6
Carrying amount	101.2	97.3

The recoverable amount of the Group's goodwill items in 2016 has been determined based on calculations of value in use. These calculations are based on estimated future cash flows with consideration to financial budgets approved by management.

1) Refers to the discount rate before tax. The discount rate for the comparison year was 8.8 per cent.

SEK M	Goodwill	Growth forecast period	Terminal growth rate	EBIT forecast period	Discount rate ¹
Mercuri International	101.2	4.9%	2.0%	9.4%	8.8%
Group AB					

The valuations that have provided the basis for the value testing do not represent fair market value, but are instead estimated in accordance with IAS 36 to determine the recoverable amount of cash-generating units. Based on the above, the goodwill values in the table can be considered well founded. The forecast period is five years. The recoverable amount exceeds the carrying amount. If, for example, the growth or EBIT assumption should change by one percentage point, Bure's goodwill values could be lower than their reported carrying amounts. A sensitivity analysis of significant variables for goodwill has the following effects on the estimated value:

Mercuri International Group AB Variable	Change, %-points	Effect on value
Growth, terminal period	-1%	-46 Mkr
Discount rate	1%	-66 Mkr

The recoverable amount exceeds the carrying amount even with consideration to the above changes. The growth assumption is based on an assessment of general economic development in combination with industry-specific assumptions.

Note 12 – Buildings, land and land improvements

	Group	
SEK M	2016	2015
Opening balance	6.9	7.1
Sales/reclassifications	-5.3	–
Translation differences	0.1	-0.3
Closing balance	1.6	6.9
Opening depreciation	-4.9	-5.0
Sales/reclassifications	4.5	–
The year's depreciation	-0.1	-0.2
Translation differences	0.0	0.2
Closing accumulated depreciation	-0.5	-4.9
Carrying amount	1.1	1.9

There are no future commitments for property investments. There are no finance leases connected to properties in the Group.

Note 13 – Equipment, tools, fixtures and fittings

The reported values do not include any equipment financed through lease contracts. There are no contracts outstanding concerning acquisition of equipment.

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	279.1	342.6	10.1	7.7
The year's acquisitions	4.2	5.4	0.2	2.4
Disposals/Reclassifications	-6.5	-67.7	–	0.0
Translation differences	1.6	-1.3	0.0	–
Closing balance	278.3	279.1	10.2	10.1
Opening depreciation	-78.9	-134.5	-5.3	-4.5
Disposals/Reclassifications	4.8	66.3	–	0.0
The year's depreciation	-10.2	-12.0	-0.8	-0.7
Translation differences	-1.4	1.2	–	–
Closing accumulated depreciation	-85.7	-78.9	-6.0	-5.3
Carrying amount	192.6	200.1	4.2	4.8

Note 14 – Acquisitions and divestitures

Acquisitions in 2016

Bure Growth acquired shares in Life Genomics AB, which offers genetic tests to the healthcare sector and the public. The investment amounted to SEK 7M and the holding is 28.1 per cent.

Bure acquired 2.75 million shares in Cavotec for SEK 55.1M and increased its holding from 13.1 per cent to 16.6 per cent.

Bure acquired 4.6 million shares in Lauritz.com for SEK 68.9M, which corresponds to a holding of 11.3 per cent.

Bure acquired 0.07 million shares in MedCap for SEK 11.2M and increased its holding from 20.0 per cent to 22.7 per cent.

Acquisitions in 2015

In January Bure Financial Services acquired on additional 0.3 million shares in Catella for a value of SEK 3.1M. Bure's total holding in Catella amounts to 8.8 million shares, which is equal to 10.7 per cent of the number of shares and 11.1 per cent of the number of votes in the company. Catella is classified as non-current securities.

In March and December Bure acquired on additional 2.0 million shares in Cavotec for a value of SEK 56.4M. Bure's total holding in Cavotec amounts to 10.2 million shares, which is equal to 13.1 per cent of the total number of shares in the company.

In November Bure Growth acquired additional shares in BioLamina and thereby increased the holding from 17.0 per cent to 20.3 per cent. BioLamina is classified as an investment accounted for using the equity method.

Since the 2015 Annual General Meeting, Bure has repurchased 1,501,000 shares for a total of SEK 76.6M, which is equal to 2.1 per cent of the total number of shares outstanding. The shares have been repurchased at an average price of SEK 51.06 each.

Divestitures in 2015

In June Bure sold 5,404,140 shares in PartnerTech for a total of SEK 189.1M to Scanfil Oyj, which submitted a public tender offer for the company. The purchase consideration exceeded the value of the shares in PartnerTech by SEK 52.4M at 31 December 2014. The exit gain amounted to SEK 22.7M.

In the first quarter of 2015, Bure sold 44,446 shares in Mycronic for SEK 0.7M in connection with the exercise of warrants. In November an additional 7,800,000 shares were sold for SEK 499M, which resulted in an exit gain of SEK 394M.

Note 15 – Other non-current and current receivables

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Other non-current receivables				
Non-current receivables, interest-bearing	5.4	14.1	4.6	11.3
Non-current receivables, non interest-bearing	16.2	22.8	0.9	8.6
Total other non-current receivables	21.6	36.9	5.5	19.9
Other current receivables				
Current receivables, interest-bearing	3.7	4.3	3.7	4.3
Current receivables, non interest-bearing	9.1	8.1	0.2	2.0
Total other current receivables	12.8	12.4	3.9	6.3

Note 16 – Prepaid expenses and accrued income

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Accrued interest income	0.5	0.5	0.5	0.5
Accrued income	9.3	8.3	3.2	–
Other accrued income	0.0	0.4	–	1.3
Prepaid expenses	9.5	10.0	0.5	0.6
Other items	0.2	0.2	0.6	–
Total	19.4	19.3	4.8	2.5

Note 17 – Provisions

	Group		
SEK M	2016	2015	
Opening provisions	30.1	33.1	
Provisions during the year			
Mercuri International Group	4.6	3.0	
Total	4.6	3.0	
Utilised/dissolved during the year			
Mercuri International Group	-5.2	-4.9	
Total	-5.2	-4.9	
Translation differences	1.6	-1.1	
Closing provisions	31.0	30.1	
	2017	2018	>2018
Pension provisions	0.8	–	23.7
Restructuring reserve	0.0	–	1.2
Other provisions	2.7	–	2.6
Total	3.5	–	27.5

Note 18 – Accrued expenses and deferred income

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Accrued vacation pay	8.4	6.9	0.7	0.7
Accrued social security expenses	13.0	11.9	2.1	1.7
Deferred income	2.4	4.9	–	–
Other accrued expenses	54.7	48.8	7.0	6.8
Total	78.4	72.4	9.7	9.1

Note 19 – Pledged assets

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Shares in subsidiaries and associates	73.0	114.1	–	–
Blocked bank accounts	0.4	0.3	–	–
Total pledged assets	73.4	114.4	–	–

Note 20 – Contingent liabilities

Contingent liabilities in the Group amounted to SEK 0.4M (1.4) and pertained to surety and guarantee commitments furnished by the subsidiaries.

There is no contingent consideration in the Group that has not already been capitalised. Bure has no remaining commitments to acquire additional shares in subsidiaries.

Note 21 – Financial instruments

Financial risks – objectives and policies

Price risk

The Group is exposed to a number of different financial risks through its operations. Bure is an investment company with an important overall objective that is regulated in the Parent Company's finance policy. The Parent Company shall be essentially free from debt, and the subsidiaries shall have independent financing to ensure their financial autonomy from the Parent Company and other group companies. Consequently, the subsidiaries shall also be able to independently manage their own liquidity risk. A separate finance policy has been established for each individual subsidiary. The policy document provides guidelines for management of cash, surplus liquidity, debt financing and handling of currency and interest rate risk.

Price risk on shares refers to the risk for possible changes in the value of shares listed on an exchange. Based on the market value of listed holdings of SEK 5 757 on 31 December 2016, a change of 1 per cent in the price of listed portfolio companies would affect the Group's profit before tax by SEK 58M.

Currency risk

Currency risk refers to the risk that the Group's commercial flows (transaction risk) will be affected by exchange rate fluctuations. Transaction risk in the Group is limited, since nearly all income is matched by expenses in the same currency. Because the Bure Group has investments outside Sweden via its subsidiaries, the Group's statements of financial position and comprehensive income are exposed to translation risk arising on the translation of the financial statements of foreign subsidiaries. This risk is normally not hedged. The most significant currency aside from the SEK is the EUR. A change of +/-5 per cent in the EUR rate would have an impact on the subsidiaries' profit before tax of SEK +/-1 Mkr.

Interest rate risk

The Group is exposed to interest rate risk through changes in the interest rate on assets and liabilities with variable interest due to movements in market interest rates. Fixed interest liabilities are also exposed to interest rate risk, but to a significantly lesser degree since the interest rate changes when the loans mature and are extended on new terms. A change of 1 per cent in the interest rate for the Group would have an estimated short-term impact on consolidated profit before tax of SEK 7M. Interest rate risk in borrowings can be maintained at a desired level through the use of derivatives such as swaps, forwards and options. At present, there are no hedges of interest rate risk.

Credit risk

Credit risk is the risk that Bure's counterparties will be unable to meet their payment obligations and that any collateral furnished will not cover the amount due, thereby causing Bure to incur a financial loss. Bure's policy is to carry out a credit assessment of all customers with which it does business. The maximum credit exposure on the balance sheet date was SEK 6M. There are no significant concentrations of credit risk in the Group.

Age structure of trade receivables SEK M	2016				2015			
	Trade receivables	Reserves	Net receivable	Secured by collateral	Trade receivables	Reserves	Net receivable	Secured by collateral
Not yet due	63.3	–	63.3	–	65.3	–	65.3	–
Past due 1– 30 days	12.0	–	12.0	–	17.0	–	17.0	–
Past due 31– 60 days	3.9	–	3.9	–	7.1	–	7.1	–
Past due 61– 90 days	3.2	–	3.2	–	2.2	–	2.2	–
Past due 91–180 days	2.0	–	2.0	–	5.9	–	5.9	–
Past due >180 days	1.8	-2.6	-0.7	–	2.9	-4.0	-1.1	–
Total	86.2	-2.6	83.7	–	100.3	-4.0	96.3	–

Specification of reserve for doubtful debts SEK M

	2016	2015
Opening balance	4.0	2.9
The year's provisions	0.7	1.9
Written-off amount	-2.0	-0.5
Reversal of unutilised reserves	-0.2	-0.3
Foreign exchange effects	0.1	0.0
Total	2.6	4.0

Provisions to the reserve for doubtful debts are made after individual assessment of each customer's ability to pay.

Liquidity risk is the risk that the Group will be unable to finance loan payments and other liquidity flows as they fall due either with its own funds or with new financing. In order to maintain sufficient liquidity, Bure maintains a liquidity reserve that is at least adequate to cover one year's forecasted liquidity requirement and other liquidity needs in the existing company structure. The liquidity reserve consists of available cash and cash equivalents and short-term investments. That portion of the liquidity reserve that exceeds the liquidity requirement as defined above may according to Bure's policy be invested over a longer investment horizon, distributed to the shareholders or used in buyback programmes.

Group maturity structure for external liabilities at 31 December 2016

Interest-bearing liabilities	<1 months	<3 months	3–12 months	1–5 year	> 5 year	Total
Bank overdraft facilities	–	–	–	4.3	–	4.3
Other borrowings	–	–	1.1	25.4	–	26.5
Total	–	–	1.1	29.6	–	30.8
Non interest-bearing liabilities	<1 months	<3 months	3–12 months	1–5 year	> 5 year	Total
Trade payables	0.5	14.2	–	–	–	14.6
Other external liabilities	–	22.1	1.4	–	0.3	23.8
Total	0.5	36.3	1.4	–	0.3	38.5

Fair value and carrying amount of financial assets and liabilities

The fair value of all financial assets and liabilities has been calculated in accordance with IFRS 13. Fair value is assessed to be equal to carrying amount for trade receivables and other receivables, other current receivables, cash and cash equivalents, trade payables and other liabilities, and borrowing. Carrying amount less impairment losses comprises an approximate fair value for trade receivables and payables. For non-current interest-free liabilities, fair value has been calculated by discounting future cash flows by the applicable market interest rates with regard to the maturity of the liability.

The Group's financial assets and liabilities are measured in accordance with the following hierarchy:

Level 1: According to quoted prices in active markets for identical assets and liabilities.

Level 2: According to directly or indirectly observable market inputs for the asset or liability that are not included in Level 1.

Level 3: According to inputs for the asset or liability that are not observable in the market.

Fair value hierarchy	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
SEK M								
Financial assets								
Financial assets at fair value through profit or loss	5,548.3	–	–	5,548.3	4,393.0	–	–	4,393.0
Investments accounted for using the equity method	–	–	88.2	88.2	–	–	80.9	80.9
Other non-current securities	208.9	–	–	208.9	209.3	–	–	209.3
Other non-current receivables	0.9	–	20.7	21.6	8.6	–	28.3	36.9
Short-term investments	284.5	–	–	284.5	70.7	–	–	70.7
Total financial assets	6,042.5	–	108.8	6,151.4	4,681.6	–	109.2	4,790.8
Financial liabilities								
Liabilities to credit institutions	–	–	5.1	5.1	–	–	32.3	32.3
Other non-current liabilities	0.9	–	–	0.9	8.6	–	–	8.6
Accrued expenses and deferred income	–	–	78.4	78.4	–	–	72.4	72.4
Prepayments from customers	–	–	11.7	11.7	–	–	14.0	14.0
Total financial liabilities	0.9	–	95.1	96.0	8.6	–	118.7	127.3

**Note 22 - Classification
of financial assets and
liabilities**

Group, SEK M	At fair value through profit or loss	Loans and receivables	Financial assets held for sale	Other financial liabilities
Financial assets				
Financial assets at fair value through profit or loss	–	–	5,548.3	–
Investments reported according to the equity method	–	–	88.2	–
Other non-current securities	–		208.9	–
Other non-current receivables	–	21.6		–
Trade receivables	–	83.7	–	–
Other current receivables	–	12.8	–	–
Short-term investments	284.5	–	–	–
Cash and bank	–	685.3	–	–
Total financial assets	284.5	803.3	5,845.3	–
Financial liabilities				
Liabilities to credit institutions	–	–	–	5.1
Other non-current liabilities	–	–	–	0.9
Accrued expenses and deferred income	–	–	–	78.4
Prepayments from customers	–	–	–	11.7
Trade payables	–	–	–	14.6
Total financial liabilities	–	–	–	110.7

Parent Company, SEK M	At fair value through profit or loss	Loans and receivables	Financial assets held for sale	Other financial liabilities
Financial assets				
Shares in group companies	–	–	85.3	–
Financial assets at fair value through profit or loss	–	–	5,548.3	–
Other non-current receivables	–	5.5	–	–
Receivables from group companies	–	308.7	–	–
Other current receivables	–	3.9	–	–
Short-term investments	284.5	–	–	–
Cash and bank	–	588.0	–	–
Total financial assets	284.5	906.1	5,633.6	–
Financial liabilities				
Other non-current liabilities	–	–	–	0.9
Accrued expenses and deferred income	–	–	–	9.7
Trade payables	–	–	–	1.6
Total financial liabilities	–	–	–	12.2

Note 23 – Earnings per share

Bure reports earnings per share in accordance with IAS 33, Earnings Per Share. Earnings per share are reported both before and after dilution.

Earnings per share are calculated by dividing net profit/loss by the weighted average number of shares outstanding during the year. In the Group, profit attributable to owners of the Parent Company is used for calculation of earnings per share.

In the event of a negative result, the net loss is divided only by the weighted average number of shares outstanding.

Specification of applied parameters	2016	2015
Profit for the year in the Parent Company, SEK M	1,086.1	2,828.5
Consolidated profit for the year, SEK M	1,173.1	2,940.4
Average number of shares outstanding ¹	69,332,710	70,041,657
Basic earnings per share in the Parent Company, SEK ²	15.66	40.38
Basic earnings per share in the Group, SEK ²	16.92	41.98

1) Excluding 1,501,000 repurchased shares for 2015.

2) No dilutive effect at 31 December 2016 or 31 December 2015.

Note 24 – Equity

According to the Articles of Association, the share capital shall amount to no less than SEK 300,000,000 and no more than SEK 1,200,000,000.

Information about changes in equity is provided below.

	2016			2015		
	No. of shares	Quota value	Share capital	No. of shares	Quota value	Share capital
Number of registered shares						
Registered number at 1 January	70,833,710	7.56	535,518,034	76,081,510	7.04	535,518,034
Cancellation of treasury shares	-1,501,000	–	-11,347,882	-5,247,800	7.04	-36,937,904
Bonus issue	–	–	11,347,882	–	–	36,937,904
Registered number at 31 December	69,332,710	7.72	535,518,034	70,833,710	7.56	535,518,034

Description and reporting of repurchase of treasury shares

Bure's 2016 AGM authorised the Board of Directors to acquire treasury shares in a maximum number of up to 10 per cent of the total number of shares outstanding.

At 31 December 2016 the repurchase mandate had not been utilised.

Share dividend

The 2015 AGM approved an ordinary dividend to the shareholders of SEK 1.00 per share and an extraordinary dividend of SEK 1.00 per share. The total amount distributed was SEK 138.7M.

Restricted and non-restricted equity

According to Swedish law, shareholders' equity must be divided into non-restricted and restricted equity, of which restricted equity is not available for distribution to the shareholders. Restricted equity in the Parent Company consists of the share capital, statutory reserve and revaluation reserve. In Bure's case, the statutory reserve consists of capital contributed in connection with the company's formation. The statutory reserve also includes former share premium reserve, which must be transferred to the statutory reserve in accordance with the new Swedish Companies Act.

Non-restricted equity includes retained earnings and net profit for the year, which are available for distribution to the shareholders.

Consolidated equity consists of the share capital, other contributed capital, other reserves and retained earnings including profit for the year.

Other contributed capital in the Group refers to capital contributed by the shareholders. Other reserves include translation reserve, which consists of foreign exchange differences arising on translation of the financial statements of foreign operations. Retained earnings including profit for the year include profits earned in the Parent Company and its subsidiaries.

Reserves

Other reserves at 31 December 2016 amounted to SEK -78.5M (-80.8). Translation differences affected the reserve in an amount of SEK 2.4M (-7.9) during the year.

Note 25 – Financial position

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Cash and cash equivalents	685.3	1,036.4	588.0	969.5
+ Interest-bearing investments	3.8	15.0	3.8	15.0
+ Current interest-bearing receivables	3.7	4.3	201.1	201.9
+ Non-current interest-bearing receivables	5.4	14.1	4.6	11.3
Interest-bearing assets	698.1	1,069.9	797.6	1,197.7
- Current interest-bearing liabilities	4.3	31.3	–	–
- Non-current interest-bearing liabilities	25.4	22.0	–	–
Interest-bearing liabilities	29.6	53.3	–	–
Net loan receivable at end of year	668.5	1,016.6	797.6	1,197.7

Note 26 – Events after the end of the reporting period

The Board of Directors proposes that the 2017 AGM approve an ordinary dividend of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share, which is equal to a total distribution of SEK 138.7M.

Note 27 – Participations in group companies, the year's change

The divestiture in 2016 is the result of a fusion of dormant subsidiaries. Impairment losses in 2016 refer to the holding Bure Growth.

SEK M	Parent Company	
	2016	2015
Opening balance	1,384.2	1,364.6
Acquisitions/additions	10.4	19.6
Write-up	0.2	–
Divestiture	-205.5	–
Closing balance	1,189.3	1,384.2
Opening impairment losses	-1,281.2	-1,281.2
Divestiture	205.1	–
Impairment losses	-28.0	–
Closing accumulated impairment losses	-1,104.1	-1,281.2
Carrying amount	85.3	103.0

Note 28 – Shares in group companies

Portfolio company SEK M	No. of shares	% of capital/ votes	Carrying amount in Parent Com- pany	Corporate ID number	Domicile
Bure Financial Services AB	50,000	100.0	0.1	556943-6420	Stockholm
Bure Growth AB	50,000	100.0	2.0	556935-7550	Stockholm
Mercuri International Group AB	998,500	99.1	54.9	556518-9700	Stockholm
Investment AB Bure	1,000	100.0	28.0	556561-0390	Stockholm
Total portfolio companies			84.9		
Other companies					
Skanditek Aktiebolag	8,000	100.0	0.4	556541-9065	Stockholm
Total Other companies			0.4		
Total			85.3		

**Note 29 – Financial assets
at fair value through
profit or loss**

SEK M	No. of shares	% of capital/votes	Carrying amount in Parent Company	Carrying amount in Group	Corporate ID number	Domicile
Cavotec SA	12,998,970	16.6	279.5	279.5	CH-501.3.015.724-3	Lugano, Schweiz
Lauritz.com Group A/S	4,595,333	11.3	37.0	37.0	DK 37 62 75 42	Söborg, Danmark
MedCap AB	3,041,017	22.7	105.5	105.5	556617-1459	Stockholm
Mycronic AB	29,317,163	29.9	2,873.1	2,873.1	556351-2374	Stockholm
Vitrolife AB	4,709,790	21.7	1,822.7	1,822.7	556354-3452	Göteborg
Xvivo Perfusion AB	4,891,483	20.7	430.5	430.5	556561-0424	Göteborg
Carrying amount			5,548.2	5,548.2		

Other financial information

SEK M	Assets	Liabilities excl. equity	Revenue	EBIT
Cavotec SA	2,334	947	2,003	116
Lauritz.com Group A/S	639	559	279	41
MedCap AB	628	319	896	17
Mycronic AB	2,755	1,343	2,319	691
Vitrolife AB	1,250	230	856	249
Xvivo Perfusion AB	349	33	138	3

**Note 30 – Investments accounting for
using the equity method**

SEK M	No. of shares	% of capital/votes	Carrying amount in Parent Company	Carrying amount in Group	Corporate ID number	Domicile
Dipylon Medical AB ¹	20,138	36.1	0.0	0.0	556241-3749	Stockholm
RushRail AB	449	30.3	0.0	0.0	556674-1228	Stockholm
Valot Group AB	35,000	35.0	0.0	0.0	556784-4005	Stockholm
Fondbolaget Fondita Ab ²	654	20.1	–	46.9	0899688-5	Helsingfors
Idevall & Partners Holding AB ²	660,000	33.0	–	1.6	559018-1193	Stockholm
Life Genomics AB ³	106,924	28.1	–	5.7	556993-1891	Göteborg
BioLamina AB ³	447,419	20.3	–	19.6	556764-1872	Stockholm
Others	–	–	–	14.4		–
Carrying amount			0.0	88.2		

1) The number of shares includes shares held by the subsidiary Skanditek Aktiebolag. Skanditek Aktiebolag holds 2,269 shares in Dipylon Medical.

2) The shares are owned by the subsidiary Bure Financial Services AB.

3) The shares are held by the subsidiary Bure Growth AB.

**Note 31 – Related party
transactions**

Bure's related parties are the members of the Board and companies closely related to them, Bure's subsidiaries, associated companies and the management in the Parent Company.

In 2016 the Board Chairman has provided consulting services to Bure under a contract.

For salaries and compensation to senior executives, see Note 35. Aside from fees from the Parent Company, non-executive Board members in the Parent Company have not received fees from subsidiaries in the Group.

Purchases and sales between the Parent Company and group companies are insignificant in scope.

Profit in the Parent Company includes intra-group interest income SEK 5.0M (5.6) and interest expenses of SEK 0.0M (0.0).

Note 32 – Dividends received

SEK M	Group		Parent Company	
	2016	2015	2016	2015
Catella	5.3	1.8	–	–
Cavotec	3.4	4.1	3.4	4.1
Mycronic	117.3	148.5	117.3	148.5
Vitrolife	11.3	7.1	11.3	7.1
Cindra	–	–	–	0.5
Valot	0.7	1.0	0.7	1.0
Dividends from short-term investments	0.7	0.1	0.7	0.1
Total	138.7	162.5	133.4	161.3

Note 33 – Average number of employees

	2016		2015	
	No. of employees	of whom, women	No. of employees	of whom, women
Parent Company	6	1	6	1
Subsidiaries	256	129	274	126
Total Group	262	130	280	127
Parent Company				
Sweden	6	1	6	1
Subsidiaries				
Sweden	49	29	49	27
Denmark	–	–	4	2
United Kingdom	14	4	18	7
Finland	36	11	44	19
Germany	28	8	27	8
France	46	20	48	20
USA	11	7	12	6
China	30	17	30	17
Other countries	42	19	42	20
Total Group	262	116	280	127

Note 34 – Salary, other compensation and social security expenses

Pension costs are stated including payroll tax.

SEK M	2016			2015		
	Salary and other comp.	Social security expenses	Pension costs	Salary and other comp.	Social security expenses	Pension costs
Parent Company	13.8	5.6	1.5	15.8	4.8	2.2
Subsidiaries	182.5	39.1	12.9	198.4	40.8	17.1
Total Group	196.3	44.7	14.4	214.2	45.6	19.3

Note 35 – Compensation to senior executives

1) Other benefits refer to company car benefits.

	Basic annual salary/ Board fees		Variable comp./bonus		Other benefits ¹		Pension costs		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Board Chairman	0.8	0.8	–	–	–	–	–	–	0.8	0.8
Other Board members	1.7	1.5	–	–	–	–	–	–	1.7	1.5
CEO	2.8	2.5	2.2	2.2	0.1	0.1	0.6	0.8	5.8	5.6
Other senior executives	3.0	2.9	1.9	1.9	–	–	0.6	0.6	5.5	5.4
	8.3	7.7	4.1	4.1	0.1	0.1	1.2	1.4	13.7	13.3

Board of Directors

The 2016 AGM resolved that Board fees would be paid in a total amount of SEK 2,450,000 (2,300,000), of which SEK 800,000 (800,000) to be paid to Patrik Tigerschiöld, the Board Chairman, and SEK 275,000 (250,000) to each of the other Board members, including Hans Biörck, Carl Björkman, Bengt Engström, Charlotta Falvin, Sarah McPhee and Mathias Uhlén. The Board consisted of a total of seven members during 2016 (7). No special fees have been paid for work on the Board's committees. The Board chairman received consultancy fees of SEK 2.5M during 2016.

Chief Executive Officer

The CEO Henrik Blomquist had a contractual annual salary of SEK 2,8M. Bonuses have been paid in an amount of SEK 2,2M (excluding social security expenses) for 2016. Pension premiums are of the defined contribution type and correspond to 30 per cent of pension-qualifying salary, which consists of basic salary. The retirement age for the CEO is 65 years. Bonuses may be paid in a maximum amount of 100 per cent of annual salary. Bonus payments are not pension-qualifying. The CEO has the right to a term of notice of 12 months in the event of termination by the company and 12 months in the event of his resignation. The CEO is entitled to termination benefits equal to 12 monthly salaries in the event of termination by the company. Termination benefits are not payable in the event of retirement. Decisions regarding the salary and benefits of the CEO are made by the Board of Directors.

Other senior executives

Other senior executives refer to the CFO and one investment manager. The pension premiums are of the defined contribution type and correspond to a maximum of 22.9 per cent of annual salary. The pension cost refers to the cost excluding payroll tax that has been charged to the year's profit. The retirement age for other senior executives is 65 years. Bonuses for other senior executives may be paid in a maximum amount of 60 – 100 per cent of annual salary. Other senior executives have a term of notice of 3 – 6 months in the event of termination by the company and 3 – 6 months in the event of their own resignation. Termination benefits are not payable in the event of retirement. Decisions regarding the salary of other senior executives are made by the CEO after consultation with the Board of Directors.

Variable compensation (bonus)

In 2016 Bure had a variable compensation system for all employees in which the maximum variable salary component was 40 – 100 per cent of basic salary. 80 per cent of the bonus was based on quantitative targets related to Bure's net asset value and share price performance, and the year's focus regarding the portfolio companies. The remaining 20 per cent was based on discretionary assessment.

For information about the preparatory and decision-making process applied by the company, see the administration report.

Information about the senior executives' holdings of shares:

Henrik Blomquist, CEO, 44,766 shares.

Max Jonson, CFO, 15,234 shares.

Fredrik Mattsson, Investment Manager, 47,965 shares.

Note 36 – Gender distribution among senior executives

In the subsidiaries, 20 per cent (13) of the board members, presidents and senior executives are women.

Parent Company	2016	2015
Total no. of women on Board of Directors	2	2
Total no. of women in management	–	–
Total no. of men on Board of Directors	5	5
Total no. of men in management	5	5
Total no. of people on Board of Directors	7	7
Total no. of people in management	6	6

Note 37 – Proposed appropriation of profit

The company's annual report will be submitted for adoption by the Annual General Meeting on 3 May 2017.

The following funds are at the disposal of the AGM according to the Parent Company balance sheet:

Retained earnings	SEK 5,200,219,878
Profit for the year	SEK 1,086,086,511
	SEK 6,286,306,389

The Board proposes that the profits be appropriated as follows:

To be paid to the shareholders as an ordinary dividend of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share, for a total of	SEK 138,665,420
To be carried forward to new account	SEK 6,147,640,969

It is the Board's assessment that the proposed dividend is justifiable in view of the demands imposed by the operations' nature, scope and risks on the amount of equity in the Parent Company and the Group, as well as the consolidation requirements, liquidity and financial position in general.



Auditor's report

To the general meeting of the shareholders of Bure Equity AB (publ), corporate identity number 556454-8781

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Bure Equity AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 32-71 in this document.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped

us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<i>Valuation of financial instruments</i>	
Bure's assets consist mainly of listed shares. For most financial instruments as Bure is a part of an active market with market prices exists.	We have tested and evaluated the design and effectiveness of Bures controls regarding pricing and monitoring of the pricing of financial instruments.
To a lesser extent there are holdings where the valuation is based on other market data than market prices in the same instrument.	For those instruments that are listed, we evaluated Bures controls for the collection of prices from external sources and we have conducted testing of prices by reconciliation against external sources.
In a portfolio of financial instruments as Bures there are normally several valuation issues that needs to be established to ensure an proper valuation of listed and unlisted financial instruments in accordance with IFRS	For those instruments that are not listed, we evaluated the models and the market data Bure used for the valuation. We have also conducted testing of the valuation of unlisted instruments against independent data sources.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

[The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.]

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

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

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.



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

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Stockholm the 15 March 2017
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Definitions

Basic earnings per share	Profit/loss after tax divided by the average number of shares outstanding during the year. For the Group, net profit less the non-controlling interests' share in profit for the year.
Diluted earnings per share	Profit after tax divided by the average number of shares outstanding during the year after dilution. For the Group, net profit less non-controlling interests' share in profit for the year. The average number of shares after full dilution is calculated according to the rules in IFRS, IAS 33 Earnings per Share.
Direct return	Dividend proposed to the AGM and extra dividends paid during the year divided by the share price at 31 December.
EBIT	Operating profit before goodwill impairment and amortisation of excess values arising on consolidation plus amortisation/depreciation of non-current assets.
Equity/asset ratio	Equity in relation to total assets. As of the transition to IFRS on 1 January 2005, non-controlling interests are included in total equity.
Equity per share	Equity divided by the number of shares outstanding. As of the transition to IFRS on 1 January 2005, non-controlling interests are included in total equity.
Growth	Increase in net sales in relation to net sales for the previous year. The key figure thus includes both organic and acquisition-driven growth.
IRR	Internal Rate of Return.
Market capitalisation	Share price multiplied by the total number of shares outstanding.
Net asset value	The market value of Bure's listed holdings (valued at fair values) plus the book value of unlisted holdings and cash and cash equivalents.
Net loan liability	Same definition as net loan receivable, but is used when interest-bearing liabilities exceed interest-bearing assets.
Net loan receivable	Financial interest-bearing assets minus interest-bearing liabilities.
Return on equity	Profit/loss after tax divided by average equity.
Share buyback	For several years, Swedish companies have been permitted to repurchase up to 10 per cent of their own outstanding shares, provided that this is approved by the Annual General Meeting within the framework of non-restricted equity.
Total return	The total of the year's share price growth and reinvested dividends divided by the share price at the beginning of the year.

Shareholder information

Financial calendar 2017

Interim report January – March	27 April
Annual General Meeting	3 May
Interim report January – June	17 August
Interim report January – September	9 November

Distributionspolicy

Bure's annual report is sent by mail to all persons who so request. Interim reports are distributed only in digital form.

To subscribe, visit <http://www.bure.se/investors/>

Investor relations / Shareholder contact

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Annual General Meeting of Bure Equity AB (publ)

The Annual General Meeting will be held on 3 May 2017, at 4:00 p.m. at IVA's Conference Centre, Wallenbergsalen, Grev Turegatan 16, in Stockholm. The doors will open at 3:00 p.m. Coffee will be served prior to the meeting.

Participation

Shareholders who wish to participate in the AGM must be entered in the register of shareholders maintained by Euroclear Sweden AB no later than 26 April 2017.

In order to participate in the AGM, shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names with Euroclear Sweden AB.

Shareholders must notify their nominees well in advance to ensure that an entry is made in the register of shareholders by 26 April 2017.

Notification

Notice of participation must be received by Bure no later than 12:00 p.m. on 26 April 2017 via

Mail: Bure Equity AB, Nybrogatan 6, SE-114 34 Stockholm

E-mail: arsstamma@bure.se

Phone: +46 (0)8 614 00 20

Fax: +46 (0) 8 614 00 38

The notification should include the shareholder's name, personal/corporate identity number, address, telephone number and special mention if the shareholder wishes to be accompanied by an assistant (no more than two).

Shareholders who wish to be represented by a proxy must submit a dated form of proxy. The original proxy document must be sent to the company at the above address well in advance of the AGM. Persons representing a legal entity must enclose a copy of the registration certificate or other appropriate document.

An entrance card will be sent by mail after 26 April 2017.

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