ANNUAL REPORT 2015

SP TECHNICAL RESEARCH INSTITUTE OF SWEDEN

SP your Science Partner

CONTENTS

Cover: Blue silica gel backdrop – the contents of small bags that sometimes come with purchased clothing or shoes. A substance that absorbs moisture or is used for essential oils. Stock photo

FROM THE CEO

SUSTAINABILITY AND GROWTH FOR HIGHER ADDED VALUE

2015 was a good, important year, and we are continuing our journey of growth and our development as an innovation partner for business and society.

SP's mission is to promote sustainable growth in Sweden by boosting industrial competitiveness and renewal. However, we think that the institute sector is still too small in Sweden. As a result, we have had a clear growth strategy over the past years.

Our efforts to play a part in creating a sustainable society are paying off in the form of new knowledge and new solutions. This can span areas such as greater fire safety in busses to adaptation of food so that seniors can get the nutrition they need.

SP's cutting edge expertise and breadth enable us to meet social or industrial challenges in many areas for a large number of customers.

We boosted our sales for 2015 by 8 per cent to over SEK 1.6 billion, with 20 per cent of sales coming from international customers, and we work for more than 10,000 customers.

SOME MAJOR EVENTS

2015 was characterised by our efforts within the RISE group to create a stronger and more united institute sector. We strive to pool the expertise of today's institute groups to add more value for the business sector.

We also got the chance to test our ability to renew EU-funded research projects during the year in connection with the transition to the new research programme Horizon 2020. During the year we participated in over 120 EU projects, 14 of which were coordinated by the SP group.

We also got several new colleagues, given that we acquired Urban Water Management Sweden, a competency environment in water and sewerage, which is a key cornerstone of our built environment sector. 2015 was also the year SP took new steps toward innovation management, which is a boost we can provide clients who need effective guidance through the innovation process.

This also involves reaching out to clients in new ways. We launched twelve different innovation pods during the year where other industry players tell us about their challenges. This enables us to learn from the experience of others.

AN ATTRACTIVE EMPLOYER

SP is a knowledge-intensive business; our employees are our most important resource and the backbone of everything we do.

We are pleased to announce that we have advanced in popularity in career barometers for the third year in a row. SP has climbed the rankings for three years and is now in 8th place on the list of the most attractive technology employers. SP came in 6th place in the group of young, professionally active engineers.

We are proud of this and we believe that the cross-border and energising culture signalled by the SP Group formed the foundation for these results.

During the year we also employed an additional 153 people, making nearly 1,500 (1,367) people in the company in total.

INTERNAL WORK

SP has enabled all employees to play a part in developing our vision for the coming three-year period until 2017. Our vision – to be an internationally leading innovation partner – comes from our own employees.

Our strategy is based on collaboration and cooperation; helping each other along the way. We will be internationally competitive. We will develop new expertise, ensure high quality and work on sustainability issues. We will also build effective solutions for our operations in the future. A strong internal culture is required for this.

AN INTERNATIONALLY LEADING INNOVATION PARTNER

We need to be able to take on more roles in an increasingly complex innovation system to be able to develop as an internationally leading innovation partner and be internationally competitive.

For us, this means that we can do various things to complement what our customers can do on their own. We are also working on clarifying what the term innovation partner means to individuals so they can develop their own role in the process.

This also involves establishing more high-level competencies and applying generic competencies to more areas.

There is a great need for new, leading physical infrastructure such as test beds and laboratories. Overall, we are referring to the development of innovation infrastructure, consisting of people and physical infrastructure to add more value for Swedish business. SP already provides access to around 70 test and demonstration facilities and more are in the pipeline.

THE FUTURE

The future will bring plenty of challenges for us as a player in research and innovation.

Our customers operate on several markets, but SP cannot be physically present everywhere. We need to develop new working methods and networks to enable us to link our customers to knowledge around the world and to enable ourselves to be linked to new opportunities to build a financial foundation, new knowledge, new solutions and new partnerships with both Swedish and international industry.

In collaboration with our sister organisations within RISE, we will continue our efforts to be an internationally leading innovation partner.

John Rune Nielsen, Acting President and CEO

MANAGEMENT REPORT

The board of directors and chief executive officer of SP Technical Research Institute of Sweden AB (SP), company reg. no. 556464-6874, hereby present their management report and group financial statements for the 2015 financial year.

MANAGEMENT REPORT

All statements in the management report refer to both the group and parent company unless stated otherwise.

OPERATIONS

The owner's mandate to SP is to contribute to innovation, competitiveness and sustainable development in the business sector through applied research and development along with a broad offering of technical services. SP has also been given responsibility for all national physical and chemical metrology.

SP's customers include Swedish and foreign companies, industry bodies, R&D boards, government authorities and other public sector entities – basically all of society. The challenges SP faces are becoming increasingly complex and extend across a wide variety of technology fields. Projects and commissions normally involve various ways of supporting innovations and developing

and improving products, production and processes. SP conducts applied research, as well as different types of expert services such as systems analysis, technical studies, technical assessment, calculation, measurement, calibration, quality assurance and certification.

Within the framework of SP's technology-based line organisation we build strong, scientifically and technologically focused research and knowledge environments in our departments and subsidiaries. Competence and resources from these environments are brought together in our six business areas: Energy, Life Science, Built Environment, Transportation, Information & Communications Technology and Risk, Safety & Security. These business areas meet industrial and social challenges.

SP strives to respond to these needs with significant cross-disciplinary capacity that can offer customers competence at all stages, from research and development to use and recycling. Our core business is experimental technology, which involves using impact to systematically study and describe properties of materials, products and processes. Our close collaboration with universities, other higher education establishments and institutes of all kinds provides an important base for creating credible and attractive operations.

EXTERNAL ANALYSIS

The increasing pace of technical development, greater specialisation and globalisation with increasing attention to resource utilisation issues have led to transformative changes in the conditions for Swedish industry. The knowledge and technology contained in products continues to increase; production processes are becoming increasingly knowledge-intensive; and demands for understanding systems, resource efficiency and sustainability all continue to grow.

Issues related to sustainability, resource utilisation, climate impact, a secure energy supply, food, water and the environment remain significant challenges affecting the choices and priorities of business and society. Our systems are becoming increasingly complex, and issues related to risk and security demand greater attention. Focus on more effective innovation processes is increasing and this creates the conditions for new services from entities such as research institutes.

The general recovery on the global markets continued into 2015, but our customers still feel insecure about certain markets, e.g. China and the Mediterranean region. In 2015 economic developments in Russia continued to impact the Swedish export industry.

The economy slowly improved in 2015 for most of the industries with which we work, but there remains considerable uncertainty in some market segments. This is resulting in longer processes and a need for greater resources in order to obtain commissions from some of our customers. This impacted the group to a certain extent, but we were still able to compensate for this with greater activity and more customers in others, especially for our operations related to risk, transport, energy, the bioeconomy and life sciences, which continue to strengthen.

The most recent Research and Innovation Bill (2012) presented to Riksdagen, the Swedish parliament, contained added resources for research in Sweden. The Bill also included investment in industrial research institutes, increasing strategic competency funding for the period to 2016. This is an important initiative, providing new opportunities for long-term programmes to develop competence and for applied research.

The current greater focus on strategic innovation agendas and greater strategic innovation fields by Swedish authorities and research funding sources matches the offering of research institutes. In 2015, the SP group's presence in these fields was strong. SP actively participates in most of the 16 ongoing programmes and is running the largest individual programme, RE:Source, which aims to make Sweden a world leader in minimising and utilising waste by 2030.

The EU Framework Programme for Research and Innovation is also highly significant for Swedish participation in European research efforts. The new Horizon 2020 programme is of vital interest to Sweden, and its orientation matches SP's business areas well. The SP group has around 100 ongoing EU projects in FP7 and Horizon 2020. For example, SP has been approved for participation in 34 projects under the auspices of Horizon 2020 thus far, and as coordinator for three of them.

OBJECTIVES AND EFFECTIVENESS

The overall objective for the SP group established by our owner is for SP, as a part of the institute sector in Sweden, to be internationally competitive and promote sustainable growth in Sweden by strengthening industry competitiveness and renewal. As a part of this process, we are continuing to invest in competence development by participating in EU projects. For national metrology, the objective is to maintain high-class standards of sufficient scope and relevance. The owner's most recent assessment demonstrates that the overall objectives for our operations have been achieved.

The long-term financial objective is for operations to generate the results required to finance growth and investment in an international class research institute. The group-wide targets established by our owner for 2015 include a profit margin of 3.0 per cent and a 4.0 per cent return on equity. The results were a 1.5 per cent profit margin and a 2.6 per cent return on equity, meaning that the financial targets were not achieved due to low revenue for certain units.

EVENTS DURING THE YEAR

SP group sales have shown continuous growth for several years and this continued in 2015, when net sales grew by 8 per cent. To cope with this continued growth we increased the number of employees by 59 during the year, making a total annual workforce of 1,367.

In the fourth quarter, SP's President and CEO left the company to pursue other business and an acting CEO was appointed.

The year saw several strategic initiatives:
- SP has raised its visibility in Europe through its role as President of the European Association of Research and Technology Organisations (EARTO). SP remains active in EARTO in 2016, but not as president.
- SP enhanced its presence and promoted unity in the Öresund Region, mainly in order to strengthen collaboration between SP's operations in Sweden and Denmark. These efforts are expected to continue in 2016.

– Several meetings have been held with Fraunhofer on the management level to strengthen collaboration between the institutes. This initiative was focused on active safety in 2015, but will be broadened in 2016.
– Work on the EU's Knowledge Innovations Communities (KIC) gained momentum in 2015. SP is now participating in all KICs except the climate KIC. Work is in progress there as well to find links to our work. In several cases, we participate in collaboration with other RISE institutes.
– Competence platforms and collaboration projects have been a key engine driving the development of necessary competence and offerings within the group. In 2015, guidelines were created for the continuing development of these tools and 3 new competence platforms were started which are related to offshore, 3D printing and numeric validation.
– The acquisition of Urban Water Management AB was completed in January 2015. The business was integrated into the Building Technology and Mechanics business area, as a separate section, effective 1 February 2015. This expertise complements and reinforces our existing competence in the water sector.
– SP opened a new office at Medicinareberget in Biotech-huset in Gothenburg. This new office aims for a boost in life sciences, in particular additive production for medical applications.
– The group held a major leadership development programme in business development and collaborative culture.

The group's participation in EU-funded projects remained strong in 2015. During the year we participated in 121 EU projects, 14 of which were coordinated by the group. Horizon 2020 accounts for over 20 per cent of these. Total sales for the SP group's participation in EU projects were approximately €11.5 m, but it should be noted that the H2020 projects conceal underfunding corresponding to approximately €1.5 m in comparison to FP7. The focus has been and will continue to be on raising the quality of our applications, with the aim of achieving a success rate of at least 30 per cent (currently around 23 per cent) in general for all capital providers.

The SP group continues to count VINNOVA as the largest national capital provider for open research and innovation, followed by the Swedish Energy Agency, Formas (the Swedish Research Council), MISTRA (the Swedish Foundation for Strategic Environmental Research) and more, see the image below for details. The total funding granted by VINNOVA in 2015 was MSEK 100. The total for 2014 was MSEK 105. The largest individual investment was in strategic innovation programmes, RE:Source, which SP runs, related to resource management and the circular economy. The Swedish Energy Agency's funding is concentrated mainly on the Energy and Bioeconomy unit, as opposed to VINNOVA funding, which is spread out across much of the group.

SP GROUP FUNDING 2015

In 2015, the SP group worked in collaboration with the other RISE institutes on an opinion on the coming research bill which put the spotlight on several initiatives of particular importance for us to fulfil our role as an internationally leading innovation partner. These initiatives are based on the needs of the institutes as a key player in the innovation system to be able to provide innovation infrastructure (human and physical) for the business sector, especially SMF, to enhance our presence in European research initiatives and to raise collaboration with further education establishments nationally and internationally.

The SP group continues to develop its well-established collaboration with several further education establishments in Sweden and strategic, select further education establishments abroad. In 2015, around 70 employees were either adjunct professors or lecturers at one of Sweden's further education establishments. In addition, around 70 employees pursued doctoral studies in 2015. During the year 73 of our doctoral students completed either a doctorate or a licentiate, which is in line with previous years.

Our international collaborations are extensive. As well as our commissions, we also contribute to international research – for example, under the European framework programmes – and to other international research projects, and are involved in international industry bodies and standardisation.

SP is continuing to develop its position as an attractive employer and is ranked in 6th place in Universum's Career Barometer survey of the most attractive employers in Sweden for 2015. The Career Barometer is based on a survey of over 35,000 participants, around 12,000 of which have a university degree. This is strategically important to enable us to continue to successfully recruit skilled staff in the long term.

EQUALITY AND DIVERSITY

An important part of our work is making the most of the experiences and skills of both women and men and of people from different cultural backgrounds. Equality is a constant element in our recruitment and staff development, with the aim of greater diversity. We are striving for a more equal balance between the sexes in all personnel groups. To achieve this objective, we adapt conditions such as working hours to the individual's needs as far as possible. We conducted a salary survey during the year. Salary policy and systematic salary reviews support our efforts to maintain equal pay. Of all group employees, 35 per cent are women. In the parent company, 36 per cent of employees are women.

NET SALES AND PROFIT

Group net sales for the financial year totalled TSEK 1,601,830 (1,487,871). Operating profit for the year was TSEK 26,252 (31,847) and profit before tax was TSEK 23,659 (36,496). Earnings for the year were TSEK 17,138 (27,614). Total comprehensive income for the year was TSEK 17,867 (31,152).

Net sales for the parent for the financial year were TSEK 1,184,559 (1,078,288). Operating profit for the year was TSEK 6,417 (22,943) and profit after financial items was TSEK 7,188 (22,523). Earnings after tax for the year were TSEK 2,914 (6,564).

MULTI-YEAR REVIEW (GROUP)

	2015	2014	2013	2012	2011
Net sales (MSEK)	1,601.8	1,487.9	1,355.5	1,230.1	1,109.0
Profit/loss before tax, MSEK	23.7	36.5	44.0	51.7	54.4
Total employees (annualised)	1,367	1,308	1,219	1,099	1,018
Profit margin (%) [1, 4]	1.5	2.4	3.2	4.2	4.9
Return on equity (%) [2]	2.6	4.7	5.4	6.8	7.5
Investments (MSEK) [3]	93.8	217.8	270.6	104.9	83.6
Cash flow (MSEK)	5.6	-23.2	43.1	-78.5	29.9

Definitions

[1] Profit/loss before tax as a percentage of total income
[2] Total comprehensive income for the year as a percentage of average equity
[3] Gross investment excluding effects of business combinations
[4] The profit margin for 2015 when adjusted for revaluation of net post-retirement obligations is 1.5 per cent (2.7)

FINANCIAL POSITION

Cash and cash equivalents and investments in securities on the balance sheet date totalled TSEK 308,952 (303,375) for the group and TSEK 118,039 (84,890) for the parent.

INVESTMENTS

Group investments for the financial year totalled TSEK 93,766 (217,837) and comprise property, plant and equipment. Disposals of property, plant and equipment for the financial year totalled TSEK 764 (0). The change in group cash equivalents from business combinations totalled TSEK 0 (9,254).

Parent investments for the financial year totalled TSEK 67,213 (83,762), comprising property, plant and equipment of TSEK 64,213 (65,609) and financial assets of TSEK 3,000 (18,153). Disposals of property, plant and equipment for the financial year totalled TSEK 764 (0).

SUSTAINABILITY

ENVIRONMENT

The environment is an area that is very important to the SP group and has been for a very long time. This involves both the projects and commissions we perform for customers and stakeholders, which are almost always positive for the environment. Our projects impact the environment significantly more than our own direct environmental impact. But even our own environmental impact is a high priority of our organisation and we therefore work on an ongoing basis to reduce our own negative impact on the environment.

ENVIRONMENTAL IMPACT

The parent conducts activities requiring a permit under the Swedish Environmental Code. This permit primarily relates to fire technological testing and research that may impact the outdoor environment through the discharge of flue gases and process water. The supervisory authority is Västra Götaland County Council. The permit relating to the discharge of flue gases is valid until further notice. SP reports annually on its activities under the permit. ASTAZERO also conducts activities requiring a permit and SP Process Development conducts activities requiring a general duty to report under the Swedish Environmental Code. Electric cars have been introduced as a part of our environmental and sustainability efforts.

ENVIRONMENTAL MANAGEMENT AND ENVIRONMENTAL POLICY

To ensure structured and uniform working methods, SP has an environmental management system largely complying with ISO 1400 requirements. There are separate environmental policies and sustainability objectives (several of which can be categorised as environmental objectives) for SP as a whole and for each department and subsidiary. The environmental reviews conducted show that the material environmental aspects of group operations continue to be primarily travel and transportation, chemical management, production of waste and hazardous waste, and energy consumption in laboratory and office premises. Our environmental objectives are primarily designed to reduce impact from these aspects. This assessment is conducted annually. A sustainability index was also developed within SP in 2015. As a result, we are now focusing more on the sustainability index than on the individual sustainability objectives.

SP continuously implements measures aimed at improving energy efficiency, such as when making alterations to buildings and replacing windows. Energy efficiency is also an important consideration in all new construction. A system for reusing computers and mobile phones was implemented in the group during the year. Chemicals that are hazardous to the environment have been phased out using a recently implemented chemical management system. We have implemented measures in collaboration with contractors to reduce waste and get more people to choose vegetarian food in our staff cafeterias.

SUSTAINABILITY INDEX

The term sustainability encompasses several different areas. As a result, SP has developed a sustainability index that takes into account many different factors and provides an overall picture of SP's sustainability in a simple manner. The areas included in the index are "Services that make a difference", "Practice what you preach" and "Building trust".

In "Services that make a difference", we measure our impact by having project managers for projects with sales exceeding SEK 500,000 answer a survey that assesses how the project on the client's end impacts emissions, consumption of resources, energy efficiency, climate change management, collaboration, life cycle thinking, international cutting edge expertise, health and collaboration within SP, but also with others.

To get an idea of how we are doing in "Practice what you preach", we measure several environmental indicators, such as the number of kilometres travelled per employee, the weight of mixed waste per employee and energy used per employee. The work environment and skills development are also factored in here. The results of the annually recurring employee survey serve as the basis for this.

"Building trust" involves our relationships with our customers and inputs for calculating this part of the index are collected from our annually recurring customer survey.

The index can vary between 0 and 100. In 2013, the index was 61, in 2014 63 and in 2015 66. Our objective is to increase the index each year.

EXPECTED FUTURE DEVELOPMENT

The market is relatively difficult to assess due to the prevailing economic climate, and SP tracks developments in our operational fields closely. However, compared to the previous year the overall situation in our markets is significantly more positive as regards the services that we provide and the conditions for research funding, and this is reflected in a continuing increase in order inflow.

Our customers come from a wide range of industries and we are systematically increasing our flexibility as regards our customer base and research funding sources for each profit centre in the group. The impact of the economic cycle on our different customer segments and sectors varies greatly, but in general relatively high priority is given to research and innovation, to identifying new business opportunities and to meeting technical assessment needs. Our operations therefore continue to demonstrate positive growth within all our business areas.

We are continuing to perform well in the energy and environment sectors – including the bioeconomy, where demand for our biorefinery services is increasing. The Built Environment business area has an increasing focus on sustainable urban development and energy efficiency, which matches well the competencies and services within SP. In Life Science issues related to health, medicines, medical technology and sustainable chemistry are growing, while the prerequisites for research funding within the food production field are starting to return to a fairly satisfactory level.

We are also seeing the beginnings of an expected long-term increase in demand within mechanical engineering, while the area of climate change resilience remains unstable.

However, we generally assess the impact of the economic cycle on SP as low due to our high flexibility in performing commissions and a good balance of long-term research projects and shorter commissions.

The level of strategic competency funding established has brought new opportunities for collaboration with the business sector and with higher education establishments in order to develop strong research environments. However, the current level is still low compared with equivalent institutions in other European countries. The Research and Innovation Bill introduced in 2012 was highly important for SP. It has provided increased strategic competency funding to the RISE institutes and a number of strategic innovation investments are now being realised by sector authorities and business. These are investments that fit well with SP and where we plan to remain an important partner.

The new offices we have opened and the acquisitions we have made over the past years create new synergies, new customer segments and generally boost SP's competitiveness on an ongoing basis. Urban Water Management was acquired in 2015, which strengthens SP's competence in water and sewerage, which is related to urban development.

Group efforts to utilise our collaborative capabilities within research, services, investment, communications and administration will continue. Our initiative in respect of our six business areas – Energy, Built Environment, Information and Communications Technology (ICT), Transportation, Life Science and Risk, Safety and Security – has had a significant impact on SP's project portfolio, role development and new research fields. In each of these areas we are following a strategic agenda that is based on the external trends we see and face.

Our 2016 budget provides for continued planned growth in our operations. This means that we are planning recruitment throughout the group.

DIVIDEND POLICY

The company has no dividend policy since our owner does not require a dividend to be paid.

PROPOSED APPROPRIATION OF PROFIT

At the disposal of the Annual General Meeting	
Retained earnings	SEK 352,230,156
Profit/loss for the year	SEK 2,914,316
Total	**SEK 355,144,472**
The Board of Directors and Chief Executive Officer propose that the available profit and retained earnings be carried forward as follows	SEK 355,144,472
Total	**SEK 355,144,472**

For more details of the company's profit and financial position, refer to the following statements of income, financial position and cash flows and the subsequent additional information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN TSEK	NOTE	FINANCIAL YEAR 2015	2014
Net sales	6	1,601,830	1,487,871
Other operating income	7,14	14,030	7,361
		1,615,860	**1,495,232**
Other external costs	9	-432,445	-411,110
Staff expenses	10	-1,067,339	-984,512
Depreciation of property, plant and equipment	18	-89,824	-67,763
		-1,589,608	**-1,463,385**
Operating profit/loss		**26,252**	**31,847**
Income from financing activities	11,14	1,350	5,734
Expenses from financing activities	11,14	-3,943	-1,085
Financial items – net	11,14	**-2,593**	**4,649**
Profit/loss before tax		**23,659**	**36,496**
Income tax	13	-6,521	-8,882
Profit/loss for the year		**17,138**	**27,614**
Profit/loss and total comprehensive income for the year attributable to:			
Equity holders of the parent		15,326	25,010
Non-controlling interests		1,812	2,604
Other comprehensive income for the year *Items that cannot be reclassified to profit/loss*			
Revaluation of net post-retirement obligations		934	4,536
Tax effects of the above	13	-205	-998
Total comprehensive income for the year		**17,867**	**31,152**
Total other comprehensive income for the year attributable to:			
Equity holders of the parent		16,055	28,548
Non-controlling interests		1,812	2,604
Earnings per share based on profit for the year attributable to equity holders in the parent (SEK per share)			
Earnings per share before dilution	15	44.11	78.43
Earnings per share after dilution	15	44.11	78.43

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN TSEK	NOTE	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible assets	17		
Goodwill		2,890	2,890
Total intangible assets		**2,890**	**2,890**
Property, plant and equipment	18		
Property and land		217,477	226,353
Leasehold improvements		40,135	40,736
Property fixtures and fittings		23,418	24,043
Land developments		204,382	207,647
Land fixtures and fittings		44,696	45,836
Equipment, tools, fixtures and fittings		211,532	199,087
Construction in progress		7,263	2,023
Total property, plant and equipment		**748,903**	**745,725**
Financial assets			
Deferred tax assets	19	235	0
Other non-current receivables	21	257	257
Total non-current financial assets		**492**	**257**
Total non-current assets		**752,285**	**748,872**
Current assets			
Inventories	23		
Consumables		814	962
Current receivables			
Trade and other receivables	24	230,284	242,801
Current tax assets		31,909	31,696
Other receivables	25	5,279	17,385
Prepaid expenses and accrued income	26	208,700	190,428
Total current receivables		**476,172**	**482,310**
Cash and cash equivalents	27	308,952	303,375
Total current assets		**785,938**	**786,647**
TOTAL ASSETS		**1,538,223**	**1,535,519**

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

AMOUNTS IN TSEK	NOTE	31/12/2015	31/12/2014
EQUITY	29		
Equity attributable to equity holders in the parent			
Share capital		36,400	36,400
Other paid-in capital		72,446	72,446
Retained earnings including total comprehensive income for the year		532,776	518,396
		641,622	**627,242**
Non-controlling interests		55,016	52,044
Total equity		**696,638**	**679,286**
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	30	226,800	243,600
Other liabilities		5,000	5,000
Deferred tax liabilities	19	15,774	13,868
Post-retirement obligations	28	19,486	21,656
Total non-current liabilities		**267,060**	**284,124**
Current liabilities			
Borrowing from credit institutions	30	16,800	8,400
Advances from customers		337,004	346,627
Trade and other payables		53,634	72,068
Current tax liabilities		523	769
Other liabilities	31	79,353	73,623
Accruals and deferred income	32	87,211	70,622
Total current liabilities		**574,525**	**572,109**
TOTAL EQUITY AND LIABILITIES		**1,538,223**	**1,535,519**
Pledged assets	33	62,000	62,000
Contingent liabilities	34	0	0

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN TSEK	ATTRIBUTABLE TO EQUITY HOLDERS IN THE PARENT SHARE CAPITAL	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Starting balance at 1 January 2014	**36,400**	**72,446**	**494,691**	**603,537**	**42,590**	**646,127**
Acquired non-controlling interests					2,148	2,148
Profit/loss for the year			25,010	25,010	2,604	27,614
Other comprehensive income for the year			3,538	3,538		3,538
Share of injection attributable to non-controlling interests			-1,933	-1,933	1,933	
Transfer between equity holders in the parent and non-controlling interests			-2,789	-2,789	2,789	
Translation difference under equity			-121	-121	-20	-141
Starting balance at 1 January 2015	**36,400**	**72,446**	**518,396**	**627,242**	**52,044**	**679,286**
Profit/loss for the year			15,326	15,326	1,812	17,138
Other comprehensive income for the year			729	729		729
Share of injection attributable to non-controlling interests			-1,160	-1,160	1,160	
Translation difference under equity			-515	-515		-515
Ending balance at 31 December 2015	**36,400**	**72,446**	**532,776**	**641,622**	**55,016**	**696,638**

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CONSOLIDATED STATEMENT OF CASH FLOWS

		FINANCIAL YEAR	
AMOUNTS IN TSEK	**NOTE**	**2015**	**2014**
Cash flow from operating activities			
Operating income before financial items		26,252	31,847
Depreciation of property, plant and equipment	18	89,824	67,763
Other items not affecting liquidity	37	-634	2,648
Interest and dividends received		748	2,755
Interest expense		-3,943	-1,085
Income tax paid		-5,515	-14,811
Cash flow from operating activities		**106,732**	**89,117**
Cash flow from changes in working capital			
Increase/decrease in inventories/stocks		148	103
Increase/decrease in operating receivables		6,351	-24,393
Increase/decrease in operating payables		-6,252	18,709
Total changes in working capital		**247**	**-5,581**
Cash flow from operating activities		**106,979**	**83,536**
Cash flow from investing activities			
Acquisitions of property, plant and equipment	18	-93,766	-217,837
Disposals of property, plant and equipment	18	764	0
Effect on cash and cash equivalents of business combinations	38	0	9,254
Cash flow from investing activities		**-93,002**	**-208,583**
Cash flow from financial activities			
New borrowing		0	101,883
Repayment of liabilities to credit institutions		-8,400	0
Cash flow from financial activities		**-8,400**	**101,883**
Cash flow for the year		**5,577**	**-23,164**
Cash and cash equivalents at beginning of year	27	303,375	326,539
Cash and cash equivalents at year-end	27	308,952	303,375

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

INCOME STATEMENT – PARENT

AMOUNTS IN TSEK	NOTE	FINANCIAL YEAR 2015	2014
Net sales	6, 8	1,184,559	1,078,288
Other operating income	7, 14	12,166	7,267
		1,196,725	**1,085,555**
Other external costs	8, 9	-323,924	-311,218
Staff expenses	10	-803,254	-693,727
Depreciation of property, plant and equipment	18	-63,130	-57,667
		-1,190,308	**-1,062,612**
Operating profit/loss		**6,417**	**22,943**
Income from participations in group companies	20	0	-4,000
Interest income and similar items	12,14	1,215	4,087
Interest expenses and similar items	12,14	-444	-507
Profit/loss after financial items		**7,188**	**22,523**
Appropriations			
Differences between book depreciation and depreciation according to plan		1,100	-460
Provision for tax allocation reserve		-2,600	-4,000
Group contribution paid		-173	-8,840
Tax on profit/loss for the year	13	-2,601	-2,659
Profit/loss for the year [1)]		**2,914**	**6,564**

[1)] Comprehensive income matches profit/loss for the year.

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF FINANCIAL POSITION – PARENT

AMOUNTS IN TSEK	NOTE	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Property, plant and equipment	18		
Property and land		213,677	224,321
Equipment, tools, fixtures and fittings		140,983	135,260
Construction in progress		7,263	2,023
Total property, plant and equipment		**361,923**	**361,604**
Financial assets			
Participations in group companies	20	121,425	118,425
Other non-current receivables	21	257	257
Total non-current financial assets		**121,682**	**118,682**
Total non-current assets		**483,605**	**480,286**
Current assets			
Inventories	23		
Consumables		775	915
Current receivables			
Trade and other receivables		167,965	174,955
Receivables from group companies		19,575	21,223
Current tax assets		25,359	23,074
Other receivables	25	254	620
Prepaid expenses and accrued income	26	146,970	106,162
Total current receivables		**360,123**	**326,034**
Cash and bank balances	27	118,039	84,890
Total current assets		**478,937**	**411,839**
TOTAL ASSETS		**962,542**	**892,125**

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF FINANCIAL POSITION – PARENT (CONT.)

AMOUNTS IN TSEK	NOTE	31/12/2015	31/12/2014
EQUITY AND LIABILITIES			
Equity	29		
Restricted equity			
Share capital (364,000 A shares)		36,400	36,400
Statutory reserve		72,446	72,446
Total restricted equity		**108,846**	**108,846**
Non-restricted equity			
Retained earnings		352,230	345,666
Profit/loss for the year		2,914	6,564
Total non-restricted equity		**355,144**	**352,230**
Total equity		**463,990**	**461,076**
Untaxed reserves			
Accumulated excess depreciation		23,900	27,930
Tax allocation reserve		26,830	21,300
Total untaxed reserves		**50,730**	**49,230**
Provisions			
Provision for pensions	28	15,555	17,244
Current liabilities			
Advances from customers		196,473	188,437
Trade and other payables		35,951	43,491
Liabilities to group companies		86,442	33,107
Other liabilities	31	54,550	49,461
Accruals and deferred income	32	58,851	50,079
Total current liabilities		**432,267**	**364,575**
TOTAL EQUITY AND LIABILITIES		**962,542**	**892,125**
Pledged assets	33	45,000	45,000
Contingent liabilities	34	0	0

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF CHANGES IN EQUITY – PARENT

AMOUNTS IN TSEK	SHARE CAPITAL	RESTRICTED RE-SERVES	NON-RESTRICTED EQUITY	TOTAL EQUITY
Starting balance at 1 January 2014	**36,400**	**72,446**	**345,666**	**454,512**
Profit/loss for the year [1]			6,564	6,564
Starting balance at 1 January 2015	**36,400**	**72,446**	**352,230**	**461,076**
Profit/loss for the year [1]			2,914	2,914
Ending balance at 31 December 2015	**36,400**	**72,446**	**355,144**	**463,990**

[1] Comprehensive income matches profit/loss for the year.

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF CASH FLOWS – PARENT

		FINANCIAL YEAR	
AMOUNTS IN TSEK	**NOTE**	**2015**	**2014**
Cash flow from operating activities			
Operating income before financial items		6,417	22,943
Depreciation of non-current intangible assets and property, plant and equipment	18	63,130	57,667
Other items not affecting liquidity	37	-1,289	-14,943
Interest and dividends received		641	2,575
Interest expense		-444	-507
Income tax paid		-4,885	-9,273
Cash flow from operating activities before changes in working capital		**63,570**	**58,462**
Cash flow from changes in working capital			
Increase/decrease in inventories/stocks		140	68
Increase/decrease in operating receivables		-31,804	-17,403
Increase/decrease in operating payables		67,692	17,417
Total changes in working capital		**36,028**	**82**
Cash flow from operating activities		**99,598**	**58,544**
Investing activities			
Acquisitions of property, plant and equipment	18	-64,213	-65,609
Disposals of property, plant and equipment	18	764	0
Acquisitions of non-current financial assets	20	-3,000	-18,153
Cash flow from investing activities		**-66,449**	**-83,762**
Cash flow for the year		**33,149**	**-25,218**
Cash and cash equivalents at beginning of year	27	84,890	110,108
Cash and cash equivalents at year-end	27	118,039	84,890

The notes on pages 21 to 63 form an integral part of the annual report and financial statements.

NOTES

NOTE 1 GENERAL INFORMATION

The owner's mandate to SP is to contribute to growth, competitiveness and sustainable development in the business sector through applied research and development along with a broad offering of technical services. SP has also been given responsibility for all national physical and chemical metrology.

SP Technical Research Institute of Sweden AB is the parent company of a group that includes 13 wholly or partly owned subsidiaries. The government of Sweden, via RISE Research Institutes of Sweden AB, company reg. no. 556179-8520, owns all the shares in SP. Operations in the parent company are organised into ten technical departments and a group administrative unit. The company is domiciled in Borås, Sweden and its visiting address is Brinellgatan 4, Borås, Sweden.

Operations involving the certification of products and individuals in the subsidiary SITAC AB were integrated into the parent company SP with effect from 2009. The company, which we acquired in 1993 and is domiciled in Karlskrona, stopped all operational activities as of that date.

Our subsidiary SMP Svensk Maskinprovning AB, acquired in 1996 and based in Lomma, conducts operations involving testing, certification and inspection of products, machinery and vehicles throughout the country.

The subsidiary SIK – Institutet för Livsmedel och Bioteknik AB, the Institute for Food and Biotechnology, is based in Gothenburg and was acquired in 2004. As of 1 January 2015 SIK's operations were transferred into the parent company and are being run as a separate department, SP Food and Bioscience.

As of 1 January 2013 operations involving research and development in applied surface and colloid chemistry in our subsidiary YKI, Ytkemiska Institutet AB, the Institute for Surface Chemistry, were integrated into the parent company SP – forming part of the Chemistry, Materials and Surfaces department. The company, acquired in 2005 and domiciled in Stockholm, stopped all operational activities as of that date.

CBI Betonginstitutet AB, the Cement and Concrete Research Institute, is a 60 per cent owned subsidiary of SP that was acquired in 2008. The remaining 40 per cent is owned by the Swedish Research Institute for Cement and Concrete at the Royal Institute of Technology in Stockholm (company reg. no. 802006-1514). The company is domiciled in Stockholm with operations located in Stockholm, Borås and Lund. These operations include research, studies, testing, inspection, training and information.

Glafo AB is a 60 per cent owned subsidiary of SP acquired in 2008. The remaining 40 per cent is owned by Glafo, the Glass Research Association (company reg. no. 829500-6715). The company is domiciled in Växjö, Sweden where its operating facilities are located, which include research, investigative studies, testing, training and information within the field of glass.

JTI – Institutet för jordbruks- och miljöteknik AB, the Swedish Institute of Agricultural and Environmental Engineering, is a 60 per cent owned subsidiary of SP acquired in 2009. The remaining 40 per cent is owned by the Foundation for Agricultural and Environmental Engineering Research (company reg. no. 817600-6842). The company is domiciled in Uppsala with operations located in Uppsala, Skara and Lund. The Institute's activities encompass applied research, development and information dissemination within the areas of agricultural and environmental engineering.

The Danish subsidiary SP Sveriges Tekniska Forskningsinstitut A/S has been a 100 per cent owned subsidiary of SP since 2012. The company is domiciled in Copenhagen, Denmark, where all operations are also located. SP Denmark conducts research and technical assessment in the areas of EMC and climate change resilience.

SP Process Development AB is a 100 per cent owned subsidiary of SP, conducting operations within sustainable chemical processes, medicines and energy since February 2013. Operations are located in Södertälje, Sweden, where the company is also domiciled.

AstaZero AB has been a 61.33 per cent owned subsidiary of SP since 1 June 2013. The remaining 38.67 per cent is owned by Chalmers University of Technology (company reg. no. 556479-5598). The company is domiciled in Borås, Sweden. AstaZero AB conducts operations within transport and automotive safety.

SP Processum AB has been a 60 per cent owned subsidiary of SP since June 2013. The remaining 40 per cent is owned by the member companies forming the Processum Interest Group (company reg. no. 889601-5818). The company is domiciled in Örnsköldsvik, Sweden, where all operations are also located. Processum conducts research and innovation projects within the biorefinery field.

SP Fire Research AS has been a 70 per cent owned subsidiary of SP since 1 January 2014. The remaining 30 per cent is owned by SINTEF Holding AS (company reg. no. 946 296 171). The company is domiciled in Trondheim, Norway, where all operations are also located. SP Fire conducts applied research and technical assessment in the area of fire, risk, safety and security.

SP Energy Technology Center AB, a 100 per cent owned subsidiary, has conducted operations within energy technology since 23 December 2014, primarily within thermochemical conversion such as combustion, gasification and biorefinery technology and operations compatible with this. Operations are located in Piteå, Sweden where the company is also domiciled.

On 21 March 2016 the board of directors and CEO approved the annual report and consolidated financial statements for publication.

The consolidated income statement and statement of financial position will be presented for adoption at the AGM on 21/04/2016.

All amounts in these notes are stated in SEK thousands (TSEK) unless stated otherwise. Figures in parentheses refer to the previous year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparing the reports

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1. Supplementary accounting policies for groups, has been applied.

The consolidated financial statements were prepared using the cost method. Assets and liabilities are measured at historical cost except for certain financial assets and liabilities measured at fair value. Non-current assets and liabilities substantially consist of amounts expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and liabilities substantially consist of amounts expected to be recovered or paid within twelve months of the balance sheet date.

The significant accounting policies used in preparing these consolidated and parent financial statements are stated below. These policies have been consistently applied to all the years presented unless otherwise stated.

The parent company financial statements were prepared in compliance with the Swedish Annual Accounts Act and RFR 2, Accounting for legal entities. Cases where the parent applies different accounting policies to the group are specified separately at the end of this note.

Preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates. Management is also required to make certain judgements when applying the group accounting policies. Information about areas that are complex or involve a high proportion of assumptions and estimates or areas where accounting estimates are of key significance for the consolidated financial statements are stated in note 4.

New and revised standards adopted by the group

The following standards are being applied by the group for the first time for the financial year starting on 1 January 2014 and are deemed to have an impact on the consolidated financial statements.

IFRS 10 "Consolidated Financial Statements" is based on existing principles, identifying control as the decisive factor for determining whether or not a business is to be consolidated. The standard provides further guidance to help determine control in situations when this assessment is difficult. The introduction of IFRS 10 has had no material impact on the consolidated financial statements.

IFRS 11 "Joint Arrangements" focuses on the rights and obligations of the parties in a joint arrangement, rather than the legal form of the joint arrangement. There are two types of joint arrangement: joint operations and joint ventures. Joint arrangements arise when one party in a joint operation has a direct right to the assets and responsibility for the liabilities of a joint arrangement. In such an arrangement the assets, liabilities, revenue and costs are reported based on the holder's share of these. A joint venture is a joint arrangement through which the parties that have a joint controlling influence over the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised using the equity method; the proportional method is no longer permitted. The introduction of IFRS 11 has had no material impact on the consolidated financial statements.

IFRS 12 "Disclosure of Interest in Other Entities" covers disclosure requirements for all types of participations in other companies, such as subsidiaries, joint arrangements, associated companies and non-consolidated structured entities. Other standards, revisions and interpretations that enter into force for the financial year commencing 1 January 2014 have no material impact on the consolidated financial statements.

New standards and interpretations that have not yet been adopted by the group

A number of new standards and interpretations enter into force for financial years starting after 1 January 2015 and were not applied when preparing these financial statements. None of these are anticipated to have a material impact on the consolidated financial statements except as stated below:

IFRS 9 "Financial Instruments" concerns the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 that concern the classification and measurement of financial instruments. IFRS 9 maintains a mixed approach to measurement, but simplifies this approach in certain respects. There will be three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is to be classified depends on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be recognised at fair value through profit or loss, but there is also an option of reporting the instrument on initial recognition at fair value through other comprehensive income. No reclassification to profit or loss will then take place on disposal of the instrument. IFRS 9 also introduces a new model for calculating credit loss provision that is based on expected credit losses. In the case of financial liabilities, the classification and measurement are not changed except where a liability is recognised at fair value through profit or loss based on the fair value option. Changes in value attributable to changes in own credit risk are then recognised in other comprehensive income. IFRS 9 reduces the requirements for application of hedge accounting in that the 80–125 criterion is replaced by a requirement concerning the financial relationship between a hedging instrument and the hedged item and the fact that the hedge ratio must be the same as is used in the risk management. The hedge documentation is also slightly changed compared with that produced under IAS 39. The standard is to be applied to financial years commencing on or after 1 January 2018. Earlier application is permitted. The group has not yet assessed the effects of the introduction of the new standard.

IFRS 15 "Revenue from Contracts with Customers" regulates how revenue is to be reported. The principles on which IFRS 15 are based are designed to provide users of financial reports with more useful information on the company's revenue. The expanded disclosure obligation means that information must be provided concerning the type of revenue, the settlement date, uncertainties associated with revenue recognition and cash flow attributable to the company's customer contracts. Under IFRS 15, revenue is to be recognised when control over the goods or services sold passes to the customer and the customer is able to use or enjoy the rewards associated with the goods or services.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts along with the associated SIC and IFRIC interpretations. IFRS 15 enters into force on 1 January 2018. Earlier application is permitted. The group has not yet assessed the effects of the introduction of the new standard.

No other IFRS standards or IFRIC interpretations that have not yet entered into force are expected to have any material impact on the group.

2.2 Consolidated financial statements

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) where the group controls financial and operational strategies in a way that is normally consistent with power over more than half the voting rights. The existence and effects of potential voting rights which can currently be utilised or converted are taken into account in the assessment of whether the group has control over another company. Subsidiaries are consolidated with effect from the date that control is transferred to the group. They are deconsolidated on the date that control ceases.

Business combinations for the group are accounted for using the acquisition method. The cost of an acquisition comprises the fair value of assets transferred, liabilities the group incurred or assumed in regard to the previous owners, and equity instruments issued at the transfer date. Identifiable acquired assets and assumed liabilities in a business combination are measured initially at their transfer-date fair value. For each business combination, the group determines whether non-controlling interests in the acquired business are reported at fair value or at the proportionate share of the carrying amount of the identifiable net assets of the acquired business.

Transaction expenses attributable to the acquisition are recognised as incurred.

Goodwill is initially recognised as the amount whereby the total cost and possible fair value of the non-controlling interest exceeds the fair value of the net identifiable assets acquired and assumed liabilities. If the cost is lower than the fair value of the net assets of the business acquired, the difference is recognised immediately in the income statement.

Intra-group transactions and balances are eliminated, as are revenues and costs on intra-group transactions. Gains or losses arising from intra-group transactions and that are reported as assets are also eliminated. The accounting policies for subsidiaries have been amended where necessary to ensure consistent application of group policies.

(b) Changes in ownership of a subsidiary with no change in controlling interest

Transactions with non-controlling interest holders that do not lead to loss of control are reported as equity transactions – that is, as transactions with owners in their role as owner. For acquisitions from non-controlling interest holders, the difference between fair value of the consideration paid and the proportionate acquired share of the carrying amount of the identifiable net assets of the acquired business is recognised as equity. Gains and losses from disposals to non-controlling interest holders are also reported in equity.

(c) Associated companies

Associated companies are those companies where the group has significant influence but not control, which generally applies to holdings with between 20 and 50 per cent of voting rights. Participations in associated companies are recognised using the equity method. In applying the equity method the acquisition is initially measured at cost and the carrying amount is increased or decreased thereafter to reflect the group's proportionate share of the associated company's profit or loss after the transaction date. The group's carrying amount for participations in associated companies include goodwill identified at the acquisition date.

The group's proportionate share of profit or loss arising after the acquisition date is recognised in the income statement and the share of changes in other comprehensive income after the acquisition date is reported in other comprehensive income with a corresponding change in the carrying amount of the asset. When the group's share of an associated company's losses equal or exceed its participation in the associated company, including any unsecured receivables, the group does not recognise additional losses unless the group has assumed legal or informal obligations or made payments in the associated company's stead.

At the balance sheet date the company measures whether there is objective evidence that the participation in the associated company is impaired. In such a case, the group calculates the impairment loss as the difference between the recoverable amount of the associated company and its carrying amount, and this is reported in the statement of income as "Profit (loss) on participations in associated companies".

Gains and losses from 'upstream' and 'downstream' transactions between the group and its associated companies are reported in the consolidated financial statements only to the extent they correspond to unrelated companies' holdings in associated companies. Unrealised losses are eliminated, unless the transaction represents evidence that the asset is impaired. The accounting policies applied to associated companies have been amended where necessary to ensure consistent application of group policies.

Dilution gains or losses on participations in associated companies are recognised in the income statement.

2.3 Segment reporting

Operating segments are reported in agreement with the internal reporting structure as provided to the chief operating executive within SP Technical Research Institute of Sweden AB. The chief operating executive is the function responsible for allocation of resources and assessment of the operating segments' profit or loss. For the group, this function has been identified as SP's executive management making strategic decisions.

2.4 Foreign currency translation

Functional currency and presentation currency

The parent uses Swedish krona (SEK) as its functional currency.

The presentation currency for the group and parent is Swedish krona (SEK).

Group companies

The profits and financial position of all group companies that have a different functional currency to the presentation currency, which are SP Fire Research AS in Norway and SP Sveriges Tekniska Forskningsinstitut A/S in Denmark, are translated to the group's presentation currency as follows:

(a) assets and liabilities for each of the statements of financial position are translated at the closing rate on the balance sheet date;

(b) revenue and costs for each of the income statements are translated at an average exchange rate (provided this average exchange rate represents a reasonable approximation of the cumulative effect of the rates applicable on the transaction date, otherwise revenue and costs are translated at the rate on the transaction date), and

(c) all translation differences that arise are reported under other comprehensive income.

Goodwill and adjustments of fair value that arise on the acquisition of a foreign business are treated as assets and liabilities of this business and are translated at the closing rate on the balance sheet date.

Translation differences are recognised in other comprehensive income.

Transactions and balance sheet entries

Foreign currency-denominated transactions are translated to the functional currency at the exchange rates prevailing on the date of the transaction. Exchange gains and losses arising from the settlement of these transactions and when translating foreign currency-denominated monetary assets and liabilities at the closing rate on the balance sheet date are recognised in the income statement as follows. Exchange rate differences for operating receivables or liabilities are recognised net in operating income, while exchange rate differences for financial receivables and liabilities are recognised net as financial items.

2.5 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the purchase consideration exceeds SP's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company as well as the fair value of non-controlling interests in the acquired company. For impairment testing purposes, goodwill acquired in a business combination is distributed to cash-generating units or groups of cash-generating units that are expected to benefit from synergies as a result of the acquisition. Each unit or group of units to which goodwill has been distributed corresponds to the lowest level in the group at which the goodwill in question is monitored internally. Goodwill is monitored at operating segment level.

Goodwill is tested for impairment annually or more often if events or changes in circumstances indicate a possible reduction in value. The carrying amount for goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is recognised immediately as a cost and is not reversed. As a first choice, the impairment loss is distributed to goodwill and then the other assets of the unit are impaired proportionately.

2.6 Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation, except in regard to construction in progress for which depreciation has not been commenced. The cost comprises expenses that are directly attributable to the acquisition of the asset. Construction in progress consists of new construction and extensions to current buildings and land.

Additional expenses are added to the asset's carrying amount or recognised as a separate asset, according to what is most appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the group and the cost of the asset can be measured reliably. The carrying amount for the replaced part is derecognised in the statement of financial position. All other forms of repair and maintenance are recognised as expenses in the income statement in the period they arise.

Land is not depreciated. Depreciation of other assets is linear in order to allocate their cost down to their estimated residual value over their useful life, as follows:

Buildings	25–50 years
Leasehold improvements	35 years
Property fixtures and fittings	35 years
Land developments	35 years
Land fixtures and fittings	35 years
Equipment, tools, fixtures and fittings	5 years

The residual values and useful life of all assets are tested annually at the end of each reporting period and adjusted as necessary. In the event that an asset's carrying amount exceeds its estimated recoverable amount an impairment loss is immediately applied to the asset to the level of its recoverable amount.

Any gain or loss arising on disposal is calculated as the difference between the proceeds of the sale and the asset's carrying amount, and is recognised as other operating income or other operating expense in the income statement.

2.7 Impairment of non-financial non-current assets

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). Impairment losses are recognised in the income statement. All property, plant and equipment for which impairment losses have previously been applied are tested at the period end to determine whether a reversal should be made.

2.8 Financial instruments

2.8.1 Classification

The group classifies its financial assets and liabilities into the following categories: financial assets available for sale; financial assets at fair value through profit or loss; trade receivables and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial instruments that are available for trading. Financial assets at fair value through profit or loss are investments in securities such as fixed income funds which are recognised as cash and cash equivalents in the statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These are included in current assets unless the item has a settlement date more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Cash and cash equivalents are also included in this category. Trade receivables are amounts to be paid by customers for services performed in our ongoing operations. If payment is expected in less than one year (or during a normal operating cycle if this is longer), these are classified as current assets. If not, they are reported as non-current assets.

Trade receivables are recognised at their amortised cost, less any reservations for loss in value. The carrying amount of trade receivables – after any impairments – is presumed to correspond to their fair value, since these items are current by nature.

Cash and cash equivalents include cash and bank balances, and other investments in securities with an original maturity of three months or less from the acquisition date.

Other financial liabilities

Group trade payables and other current and non-current liabilities are classified as other financial liabilities.

2.8.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date; that is, the date the group commits to purchasing or selling the asset. Financial instruments are measured initially at fair value plus transaction costs, which applies to all financial instruments that are not recognised at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, while attributable transaction costs are recognised in the income statement. Financial assets are derecognised in the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the group has transferred substantially all the risks and rewards associated with ownership. Financial liabilities are derecognised in the statement of financial position when the contractual obligation has been discharged or otherwise terminated.

Financial assets at fair value through profit or loss are recognised after the acquisition date at fair value. Trade receivables and other financial liabilities are initially recognised after the acquisition date at amortised cost applying the effective interest method.

Gains or losses due to changes in fair value for the category of financial assets at fair value through profit or loss (investments in securities), are reported in the income statement in the period in which they arise and are reported as part of financial income. Dividend income from investments in securities in the category financial assets at fair value through profit or loss is recognised as financial income when the right to receive payment has been established.

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

2.9 Inventories

Inventories consist essentially of office materials. Inventories are recognised at the lower of either cost or net realisable value. Cost is determined using the first in, first out principle (FIFO). Appropriate provision is made for obsolescence following individual assessment.

2.10 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired from suppliers as part of ongoing operations. If payment is due in less than one year (or during a normal operating cycle if this is longer), these are classified as current liabilities. If not, they are reported as non-current liabilities.

Trade payables are recognised at amortised cost. The carrying amount of trade payables is presumed to correspond to their fair value, since these items are current by nature.

2.11 New borrowing

New borrowing is initially recognised at fair value, net after transaction costs. Thereafter new borrowing is recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the income statement and distributed across the loan term, applying the effective interest method.

2.12 Current and deferred tax

Tax expense for the period includes current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items reported as other comprehensive income or directly as equity. In such cases the tax is also reported in other comprehensive income or equity. Current tax expense is calculated based on the applicable tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised using the balance sheet liability method, for all temporary differences that arise between the taxable amount of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised when it arises from a transaction that is the first reporting of an asset or liability that is not a business combination and which at the transaction date does not affect reported or taxable income. Deferred income tax is calculated by applying the tax rates (and regulations) that are enacted or have been announced as of the balance sheet date and are expected to apply when the affected deferred tax asset is sold or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that future taxable surpluses will be available against which the temporary differences can be utilised.

2.13 Employee benefits

Post-retirement obligations

The group maintains various retirement plans. These retirement plans are normally financed through payments to insurance companies or nominee registered funds, where payments are determined based on periodic actuarial calculations. The group maintains both defined benefit plans and defined contribution plans. Defined contribution retirement plans are those where the group pays fixed contributions to a separate legal entity. The group has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient resources to pay all the benefits to employees that are related to their service in the current or previous periods. Defined benefit plans are pension plans that do not qualify as defined contribution plans. The essence of defined benefit plans is that the pension entitlement (amount) the employee receives after retirement is specified, usually based on factors such as age, salary history and duration of employment.

The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the reporting period end less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries applying the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield rates for high quality corporate bonds issued in the same currency as that in which the benefits will be paid and with comparable maturities to the pension provisions under consideration.

Actuarial gains and losses resulting from experienced-based adjustments and re-measurements in the actuarial assumptions are recognised in other comprehensive income in the period they arise.

Past-service costs are recognised immediately in the income statement, unless changes to the retirement plan are conditional upon the employee remaining in service for a set period (vesting period). In such cases the past-service cost is allocated linearly over the vesting period.

The group's main defined benefit plan is the ITP plan, secured by contributions paid to Alecta. For the 2015 and 2014 financial years the group has not had access to information enabling us to present this plan as a defined benefit plan. The plan is therefore reported as a defined contribution plan.

For defined contribution plans the group pays contributions into public and privately administered pension plans on a mandatory, contractual or voluntary basis.

The group has no further payment obligations beyond paying these contributions. The contributions are recognised as staff expenses when due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or reduction of future payments can flow to the group.

Short-term benefits

The company's short-term benefits consist of salaries, social security contributions, paid holiday and paid sickness absences. Short-term benefits are recognised as an expense and a liability when a legal or constructive obligation to pay a benefit is established.

Termination pay

Termination pay is paid when the company decides to end an employment relationship before its normal end date or when an employee accepts an offer to voluntarily resign in exchange for termination pay. If the termination pay does not give the Company any future economic rewards, a liability and an expense are recognised when the Company has a legal or constructive obligation to pay termination pay. The termination pay is measured at the best estimate of the amount that would be required to settle the obligation at the balance sheet date.

2.14 Revenue recognition

Revenues include the fair value of the consideration received or receivable for services performed within the group. The group recognises revenues when the amount of the revenue can be reliably measured, when it is probable that future economic benefits will flow to the company and the specific criteria are met for each of the group operations as described below.

Sales of services

Group revenues are essentially income from services performed and from research and development projects.

Percentage of completion method for research and development projects

The time needed to complete a project varies from several months to several years. These projects are performed both on account and on a fixed price basis. The outcome of a fixed price commission can be reliably calculated when the total commission revenues can be measured reliably, when it is probable that future economic benefits attributable to the commission will flow to the group, and when the stage of completion and the total expenses as of the balance sheet date can be measured reliably. An on account commission can be reliably calculated when it is probable that future economic benefits attributable to the commission will flow to the group and the expenses attributable to the commission can be identified and measured reliably.

All project-based commissions are reported using the percentage of completion method. This means that commission revenues and expenses are recognised in relation to the stage of completion of the commission on the balance sheet date. The stage of completion of the commission is determined by assessing the relationship of hours worked as of the balance sheet date and estimated total hours to complete. When it is probable that the total commission expenses will exceed the total commission revenues, the anticipated loss is recognised immediately as a cost. The group recognises as an asset all receivables from clients for commissions in progress for which commission expenses and recognised profits (after deducting recognised losses) exceed the billed amount. Progress billing amounts that have not been paid by the customer and amounts withheld by the client are included in trade receivables. The group recognises as liabilities all liabilities to clients of commissions in progress where the billed amount exceeds commission expenses and recognised profits (after deducting recognised losses).

Revenue from services performed

The group performs commissions for customers on account. These are characterised by charging per unit of time commenced or per operation performed. These commissions are generally short in nature, which means that they are invoiced on account to the customer.

Rental income

Rental income received for rental of excess office space is recognised linearly during the tenancy period.

Interest income

Interest income is recognised as revenue allocated over the term using the effective interest method.

2.15 Leasing

Operating leases are where the lessor retains substantially all the risks and advantages of ownership. Payments made during the lease period (after deducting any incentives provided by the lessor) are charged to the income statement on a straight-line basis over the lease period.

Group leases are for rental of office premises and vehicle rental, which are classified as operating leases.

2.16 Accounting policies for the parent

The annual accounts for the parent company were prepared in accordance with Swedish Annual Accounts Act and RFR 2, Accounting for legal entities. The parent applies different accounting policies to the group in the cases specified below.

Format of income statement and statement of financial position

The income statement and statement of financial position follow the format specified in the Swedish Annual Accounts Act. There are therefore differences compared to the consolidated statements, primarily as regards financial income and expenses, reporting comprehensive income and provisions.

Participations in subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognised at cost less any impairments. Dividends received are recognised as financial income. Dividends that exceed the comprehensive income of the subsidiary for the period or that cause the carrying amount of the net assets of the participation in the consolidated statements to be lower than the carrying amount of the shares are an indication that these may be impaired.

Where there is an indication that shares in a subsidiary or associated company have decreased in value, the recoverable amount is calculated. If this is less than the carrying amount, an impairment is recognised. Impairments are reported in "Profit (loss) from participations in group companies" and "Profit (loss) from participations in associated companies" respectively.

Post-retirement obligations

Most of the parent's post-retirement obligations are insured through policies issued by insurance companies. Other post-retirement obligations have not been insured through such policies. The capital value of these is the present value of the future obligations and is calculated using actuarial assumptions. The capital value is recognised under provisions in the statement of financial position. Changes to the interest portion of the pension liability are recognised as a financial expense. Other pension expenses are charged to operating profit.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 Financial risks

The group is exposed to various financial risks in its operations: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The group applies common risk management for all departments. Essentially, therefore, the description in this note also applies to the parent company.

Risk management is the responsibility of the group's CFO, following policies established by the board of directors. The board of directors establishes a comprehensive financial policy for risk management that is divided into separate sections for each specific consideration, such as currency risk, interest rate risk, credit risk and liquidity risk and investing of excess liquidity.

Market risk

(i) Currency risk

The group operates primarily in Sweden, so the group's currency risk is limited. Exchange rate differences recognised in the income statement totalled a net figure of TSEK 1,892 in 2015 (3,522).

(ii) Interest rate risk

The group's interest rate risk arises from long-term borrowing. The borrowing is subject to variable interest with a fixed interest margin and exposes the group to interest rate risks in respect of the fair value of the borrowing – see also note 30. The group holds no significant interest-bearing financial assets, and therefore group profits and cash flow from operating activities attributable to financial assets are essentially independent of changes in market interest rates.

Credit risk

Credit risk or counterparty risk is the risk that a counterparty in a financial transaction does not fulfil its obligations when due. Credit risk is managed at group level and arises from bank balances, trade receivables and investments in securities such as holdings in fixed income funds and index-linked bonds (reported as cash and cash equivalents in the statement of financial position). The group accepts only banks and financial institutions with a credit rating of AAA/Aaaa/AAA or higher.

The predominant financial risk for the group is credit risk in outstanding trade receivables. This risk is managed by means of continuous active credit monitoring and credit checks on both existing and new customers. Group credit control involves referral to a credit rating agency to conduct a credit check before credit is given. Existing customers are also assessed with regard to their current payment position and history. Where a credit check or payment history indicates difficulties, the group generally does not provide any credit but instead offers other alternatives such as performing the commission only after advance payment is received.

The group recognised credit losses of TSEK 527 for 2015 (822). The group has no significant concentrations of credit risks.

Liquidity risk

Liquidity risk is the risk that the group lacks cash or cash equivalents for payment of its obligations in regard to financial liabilities. Liquidity risk is managed cautiously, by ensuring the group maintains sufficient cash and cash equivalents on hand. As of 31 December 2015 group liquidity was TSEK 308,952 (303,375), which includes bank balances and investments in securities such as holdings in fixed income funds. These assets comply with the requirement in the group financial policy that the group's cash and cash equivalents are to be invested in assets that provide adequate security with reasonable returns over time. Financial investments are only to be made after thorough risk assessment, and the investment shall have a low credit risk and high liquidity.

The table below analyses the group's financial liabilities, classified according to the remaining term at the balance sheet date. Amounts stated in the table are contractual undiscounted cash flows.

Since the group's liquidity is good, this means that investments can largely be self-financed. Future liquidity requirements are closely monitored through ongoing plans and forecasts.

3.2 Capital risk management

The group is publicly owned and therefore must follow governmental owner directives. Among other things, this means that no dividend is paid.

Total capital is calculated as equity in the consolidated statement of financial position and totalled TSEK 696,638 as of 31 December 2015 (679,286).

3.3 Estimating fair value

The carrying amount, after any impairments, of trade receivables and other receivables and of trade payables and other liabilities is presumed to correspond to their fair value, since these items are current in nature. The fair value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date. The quoted market price used for group financial assets is the current bid price. The financial assets measured at fair value in the group are investments in securities (including fixed income funds and similar), which are recognised as cash and cash equivalents in the statement of financial position. These instruments are all at level 1 in the fair value hierarchy. Level 1 refers to financial instruments traded on an active market, the fair value of which is based on quoted market prices on the balance sheet date. A market is regarded as active if quoted prices from a stockbroker, industry group, pricing service or supervisory authority are readily and regularly available and these prices represent actual and regularly occurring market transactions at arm's length. The quoted market price used for group financial assets is the current bid price.

AT 31 DECEMBER 2015	LESS THAN 3 MONTHS	3–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
New borrowing	0	243,600	0	5,000	0
Trade payables	53,634				
Other liabilities	79,353				

AT 31 DECEMBER 2014	LESS THAN 3 MONTHS	3–12 MONTHS	1–2 YEARS	2–5 YEARS	MORE THAN 5 YEARS
New borrowing	0	8,400	243,600	5,000	0
Trade payables	72,068				
Other liabilities	73,623				

NOTE 4 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly assessed and are based on historical experience and other factors, including expectations about future events that are considered reasonable in the present circumstances.

Significant accounting estimates and assumptions for accounting purposes

Preparing these financial reports requires the board of directors and the executive management to make estimates and apply certain assumptions. These estimates and assumptions affect both the income statement and the statement of financial position, and other reported information such as contingent liabilities. Considerations that involve significant estimates and assumptions are:

- Impairment testing of tangible assets and other assets. This measurement is carried out regularly and when preparing consolidated financial statements at the year-end closing.
- Goodwill impairment testing. The recoverable amount of cash-generating units has been established by calculating value in use. These calculations require certain estimates to be made.
- Measurement of provisions for doubtful trade receivables. Provisions are made in compliance with established criteria and considering the payment capacity of each customer.
- Measurement of deferred tax assets for loss carryforwards. This measurement is based on the group's ability to utilise the carryforwards against future taxable income.
- Measurement of identifiable assets and liabilities related to business combinations.
- Measurement of pension liability. Reasonable possible variation in actuarial assumptions has no significant impact on the size of the liability.

NOTE 5 SEGMENT INFORMATION

AMOUNTS IN TSEK

Income and profitability by segment 1 January – 31 December 2015

SEGMENT	REVENUES FROM EXTERNAL CUSTOMERS	REVENUES FROM OTHER SEGMENTS	TOTAL REVENUES	OPERATING EXPENSES	DEPRE-CIATION	OPERATING PROFIT/LOSS
Certification	88,259	1,293	89,552	-81,501	-17	8,034
Electronics	105,558	748	106,306	-100,765	-4,424	1,117
Energy & Bioeconomy	165,004	11,616	176,620	-159,066	-6,304	11,250
Fire Research	113,841	326	114,167	-101,244	-3,254	9,669
Food & Bioscience	87,709	4,870	92,579	-98,751	-1,618	-7,790
Sustainable Built Environ-ment	138,206	1,445	139,651	-132,480	-2,934	4,237
Chemistry and Materials Technology	180,900	4,810	185,710	-173,318	-8,210	4,182
Building Technology & Mechanics	92,163	2,186	94,349	-83,606	-3,110	7,633
Measurement Technology	117,939	7,469	125,408	-114,539	-4,540	6,329
Calibration & Verification	51,034	824	51,858	-42,213	-812	8,833
Group-wide	30,053	78,049	108,102	-128,205	-27,907	-48,010
SMP	74,536	1,243	75,779	-66,817	-662	8,300
SIK	30	0	30	-187	-2	-159
YKI	0	0	0	-4	0	-4
CBI	86,245	1,670	87,915	-83,574	-1,223	3,118
Glafo	10,834	4,217	15,051	-13,177	-477	1,397
JTI	48,677	539	49,216	-50,809	-1,491	-3,084
SP Denmark	9,253	2,253	11,506	-12,015	-828	-1,337
SP Process Development	68,115	4,100	72,215	-62,947	-9,185	83
Processum	21,886	3,359	25,245	-23,917	-74	1,254
AstaZero	45,180	2,905	48,085	-29,299	-11,417	7,369
SP Fire Research AS	53,223	2,271	55,494	-55,054	-787	-347
ETC	27,215	2,597	29,812	-25,086	-548	4,178
Eliminations	0	-138,790	-138,790	138,790	0	0
SP group	**1,615,860**	**0**	**1,615,860**	**-1,499,784**	**-89,824**	**26,252**
Income from financing activities						1,350
Expenses from financing activities						-3,943
Profit/loss before tax						**23,659**

Income and profitability by segment 1 January – 31 December 2014 (TSEK)

SEGMENT	REVENUES FROM EXTERNAL CUSTOMERS	REVENUES FROM OTHER SEGMENTS	TOTAL REVENUES	OPERATING EXPENSES	DEPRE-CIATION	OPERATING PROFIT/LOSS
Fire Research	109,331	546	109,877	-97,883	-3,142	8,852
Certification	84,527	1,496	86,023	-77,803	-107	8,113
Electronics	105,831	4,695	110,526	-97,550	-3,878	9,098
Energy Technology	210,945	13,137	224,082	-204,114	-6,603	13,365
Chemistry and Materials Technology	175,585	6,887	182,472	-165,580	-8,625	8,267
Building Technology & Mechanics	85,036	452	85,488	-74,993	-3,196	7,299
Measurement Technology	118,126	5,177	123,303	-117,511	-4,258	1,534
Calibration & Verification	50,000	908	50,908	-42,745	-847	7,316
Wood Technology	85,689	751	86,440	-81,758	-1,732	2,950
Group-wide	24,271	85,862	110,133	-132,150	-25,277	-47,294
SMP	69,376	1,823	71,199	-62,202	-661	8,336
SIK	95,668	5,226	100,894	-99,491	-1,619	-216
YKI	0	0	0	-3	0	-3
CBI	86,911	2,353	89,264	-82,978	-1,128	5,158
Glafo	11,207	3,105	14,312	-12,325	-84	1,903
JTI	50,393	640	51,033	-49,074	-1,472	487
SP Denmark	7,016	1,743	8,759	-11,722	-799	-3,762
SP Process Development	49,029	5,616	54,645	-51,948	-2,827	-130
Processum	25,457	3,409	28,866	-27,296	-3	1,567
AstaZero	10,794	1,795	12,589	-10,343	-1,000	1,246
SP Fire Research	40,040	1,000	41,040	-42,489	-505	-1,954
ETC	0	0	0	-285	0	-285
Eliminations	0	-146,621	-146,621	146,621	0	0
SP group	**1,495,232**	**0**	**1,495,232**	**-1,395,622**	**-67,763**	**31,847**
Income from financing activities						5,734
Expenses from financing activities						-1,085
Profit/loss before tax						**36,496**

NOTE 6 BREAKDOWN OF NET SALES

AMOUNTS IN TSEK

GROUP	2015	2014
Strategic competency funding from RISE AB	245,116	220,936
National metrology funding from Vinnova	26,133	28,053
Funding from government authorities	210,643	228,870
EU funding	73,623	84,591
Funding from state-owned enterprises	3,380	4,740
Business sector	1,042,935	920,681
Group total	**1,601,830**	**1,487,871**

The group has a large number of customers with individual sales that rarely exceed MSEK 10.

PARENT	2015	2014
Strategic competency funding from RISE AB	214,759	175,475
National metrology funding from Vinnova	26,133	28,053
Funding from government authorities	143,309	136,497
EU funding	65,937	72,913
Funding from state-owned enterprises	2,679	3,909
Business sector	731,742	661,441
Total for the parent	**1,184,559**	**1,078,288**

NOTE 7 OTHER OPERATING INCOME

AMOUNTS IN TSEK

GROUP	2015	2014
Rental income	3,903	2,831
Exchange rate differences on operating receivables and liabilities	1,290	1,333
Other income	8,837	3,197
Group total	**14,030**	**7,361**

PARENT		
Rental income	5,953	4,150
Exchange rate differences on operating receivables and liabilities	1,155	1,202
Other income	5,058	1,915
Total for the parent	**12,166**	**7,267**

NOTE 8 INTRA-GROUP SALES AND PURCHASES

The parent billed subsidiaries a total of TSEK 26,058 (36,212) for group-wide services. The parent purchased services from group companies totalling TSEK 24,810 (26,064) in respect of technical consulting services.

NOTE 9 AUDITORS' REMUNERATION

The audit engagement refers to auditing of the annual accounts and bookkeeping, the administration by the board of directors and the chief executive and other tasks falling to the company auditor, as well as advice and other assistance occasioned by observations during the audit or in performing such other tasks. Anything else is classed under other assignments.

AMOUNTS IN TSEK

GROUP	2015	2014
KPMG		
Audit engagement	1,500	0
Auditing services outside the audit engagement		0
Tax advice	89	0
Other services	0	0
Öhrlings PricewaterhouseCoopers		
Audit engagement	642	2,148
Auditing services outside the audit engagement	0	0
Tax advice	0	160
Other services	387	384
Group total	**2,618**	**2,692**

PARENT	2015	2014
KPMG		
Audit engagement	1,190	0
Auditing services outside the audit engagement	0	0
Tax advice	89	0
Other services	0	0
Öhrlings PricewaterhouseCoopers		
Audit engagement	340	1,524
Auditing services outside the audit engagement	0	0
Tax advice	0	160
Other services	387	286
Total for the parent	**2,006**	**1,970**

NOTE 10 EMPLOYEE BENEFITS

AMOUNTS IN TSEK

GROUP	2015	2014
Salaries and remuneration to the board of directors and chief executive	14,456	15,424
Salaries and remuneration to other employees	681,683	636,234
Social security contributions	234,764	213,212
Pension expenses	85,343	73,821
Group total	**1,016,246**	**938,691**

Average number of employees (all employed in Sweden with the exception of 8 (9) employees in Denmark and 34 (33) employees in Norway)

	2015	2014
Men	889	850
Women	478	458
Group total	**1,367**	**1,308**

PARENT	2015	2014
Salaries and remuneration to the board of directors and chief executive	3,422	3,574
Salaries and remuneration to other employees	523,414	452,165
Social security contributions	177,773	153,265
Pension expenses	65,302	52,438
Total for the parent	**769,911**	**661,442**

Average number of employees (all employed in Sweden)	2015	2014
Men	658	619
Women	373	302
Total for the parent	**1,031**	**921**

The board of directors has 12 members (10) and 50 per cent (60) are men. The group's executive management comprises 5 people (6) and 40 per cent (33) are men.

Information regarding remuneration and employment terms for boards of directors and chief executives

Board fees for the parent were paid in the amount of SEK 40,000 (160,000) for the board chair and SEK 20,000 (80,000) for each of the other members. Fees for participation in remuneration and audit committees were paid in the amount of SEK 0 (20,000) for committee chairs and SEK 10,000 (10,000) for members.

No board fees were paid for participation in the board of directors of the subsidiary SITAC (0).

Board fees for the board of directors of the subsidiary SMP were paid in the amount of SEK 53,400 (53,400) for the board chair and SEK 24,000 (24,000) for each other member.

Board fees for the board of directors of the subsidiary SIK were paid in the amount of SEK 0 (39,960) for the board chair and SEK 0 (16,650) for each other member.

No board fees were paid for participation in the board of directors of the subsidiary YKI (0).

Board fees for the board of directors of the subsidiary CBI were paid in the amount of SEK 65,000 (65,000) for the board chair and SEK 22,250 (0) each for two other members.

Board fees for the board of directors of the subsidiary Glafo were paid in the amount of SEK 53,400 (53,400) for the board chair and SEK 22,250 (22,250) for one other member.

Board fees for the board of directors of the subsidiary JTI were paid in the amount of SEK 53,400 (53,400) for the board chair and SEK 22,250 (22,500) for each other member.

No board fees were paid for participation in the board of directors of the subsidiary SPDK (0).

Board fees for the board of directors of the subsidiary SPPD were paid in the amount of SEK 66,750 (66,600) for the board chair and SEK 22,250 (22,200) for the other members.

Board fees for the board of directors of the subsidiary AstaZero were paid in the amount of SEK 80,000 (110,000) for the board chair, SEK 60,000 (60,000) each for two members and SEK 40,000 (0) for each other member.

No board fees were paid for participation in the board of directors of the subsidiary SP Processum (0).

Board fees for the board of directors of the subsidiary SP Fire were paid in the amount of SEK 0 (0) for the board chair and SEK 20,940 (21,000) for each other member.

Board fees for the board of directors of the subsidiary SP ETC were paid in the amount of SEK 53,400 (0) for the board chair and SEK 22,250 (0) for each other member.

No board fees were paid to employee representatives on the Swedish boards of the parent and subsidiaries, or to any board chair, vice chair or board member who is an employee of the parent or of any subsidiary. Board chairs, vice chairs and other members of the boards of the parent and subsidiaries were paid no remuneration or other benefits other than the board fees as determined at the annual general meeting. No pension or severance pay is paid in respect of board work to any chair, vice chair or other board member in the parent company or subsidiaries.

Salary and other taxable remuneration paid to Maria Khorsand, chief executive officer of the parent company and of the group, totalled SEK 3,064,333 (2,959,200). Pension expenses for the year were SEK 1,364,338 (651,000).

The retirement age for the chief executive of the parent is 65. The chief executive is covered by a defined contribution retirement plan with retirement benefits corresponding to 30 per cent of current monthly salary. Notice of termination is 6 months for Maria Khorsand and 6 months for the company. Upon termination by the company special severance pay corresponding to 18 months' regular salary is payable in addition to the notice period. This remuneration is to be paid on a monthly basis and is based on current regular monthly salary. In the event of taking up other employment or receiving other earned income, the severance pay will be reduced by an amount corresponding to the new income over the 24-month period. No special severance pay is due if employment is terminated by Maria Khorsand. Maria Khorsand resigned as CEO, effective 31 December 2015 and was succeeded by Acting CEO John Rune Nielsen.

The retirement age for the chief executives of the Swedish subsidiaries is 65. Pension is then paid in accordance with the ITP Pension Plan. Notice of termination for the chief executives of the subsidiaries by the company is 6 months.

No bonuses or similar remuneration are payable to the chief executives of the parent or subsidiaries, nor to the deputy chief executives of the parent. The parent and subsidiaries have not provided loans, security or other guarantees in favour of members of the board of directors, chief executives or deputy chief executives. There are no incentive programmes for employees of either the parent or the subsidiaries. Guidelines for remuneration to senior executives are dealt with by the company's remuneration committee.

NOTE 11 FINANCIAL INCOME AND EXPENSES

AMOUNTS IN TSEK GROUP	2015	2014
Income from financing activities:		
Interest income on bank balances	477	940
Interest income on investments in securities measured at fair value through profit or loss	0	307
Profit on disposal of investments in securities measured at fair value through profit or loss	271	1,508
Net change in value of investments in securities measured at fair value through profit or loss	0	790
Foreign currency account differences	602	2,189
Income from financing activities	**1,350**	**5,734**
Expenses from financing activities:		
Interest expenses on pension provisions	512	529
Interest expense	3,431	556
Expenses from financing activities	**3,943**	**1,085**
Financial items, group – net	**-2,593**	**4,649**

NOTE 12 INTEREST INCOME AND SIMILAR ITEMS, AND INTEREST EXPENSES AND SIMILAR ITEMS

AMOUNTS IN TSEK PARENT	2015	2014
Interest income and similar items:		
Interest income on bank balances	435	403
Interest income on investments in securities measured at fair value through profit or loss	0	99
Profit on disposal of investments in securities measured at fair value through profit or loss	206	978
Net change in value of investments in securities measured at fair value through profit or loss	0	589
Exchange rate differences	0	1,095
Foreign currency account differences	574	923
Interest income and similar items	**1,215**	**4,087**
Interest expenses and similar items:		
Interest expenses on pension provisions	415	422
Interest expense	29	85
Interest expenses and similar items	**444**	**507**
Financial items, parent – net	**771**	**3,580**

NOTE 13 INCOME TAX, TAX ON PROFIT FOR THE YEAR AND TAX ON OTHER COMPREHENSIVE INCOME

The differences between recognised tax expenses and estimated tax expense based on applicable tax rates are as follows:

AMOUNTS IN TSEK

GROUP	2015	2014
Profit/loss before tax	23,659	36,496
Income tax estimated according to the group's applicable tax rate of 22% (22%)	5,205	8,029
Non-taxable income	-14	-2
Non-allowable expenses	619	746
Additional taxable income	45	76
Utilised as tax loss carryforwards, net	311	913
Reversal of impairment loss on shares	0	-880
Additional tax for 2014 tax year, net	355	0
Tax expense, group	**6,521**	**8,882**

GROUP/OTHER COMPREHENSIVE INCOME	2015	2014
Revaluation of net post-retirement obligations	934	4,536
Tax effect 22 % (22 %)	-205	-998
Tax expense, group	**205**	**998**

PARENT	2015	2014
Profit/loss before tax	5,515	9,223
Income tax estimated according to the applicable tax rate of 22 % (22 %)	1,213	2,029
Non-taxable income	-9	-1
Non-allowable expenses	487	574
Additional taxable income	30	57
Additional tax for 2014 tax year	880	0
Tax expense, parent	**2,601**	**2,659**

The weighted average tax rate for the group and the parent is 22 per cent (22 per cent).

Deferred tax assets are recognised as tax loss carryforwards to the extent that it is probable that they can be utilised against future taxable profit. The group has accumulated tax loss carryforwards totalling TSEK 19,004 (16,522), with deferred tax being recognised at TSEK 1,068 (0) of the total tax loss carryforward.

NOTE 14 EXCHANGE RATE DIFFERENCES

AMOUNTS IN TSEK

GROUP	**2015**	**2014**
Other operating income	1,290	1,333
Income from financing activities	602	2,189
Total exchange rate differences	**1,892**	**3,522**

PARENT	**2015**	**2014**
Other operating income	1,155	1,202
Interest income and similar items	574	2,018
Total exchange rate differences	**1,729**	**3,220**

NOTE 15 EARNINGS PER SHARE

AMOUNTS IN TSEK	**2015**	**2014**
Profit or loss attributable to equity holders in the parent	16,055	28,548
Weighted average outstanding shares before dilution	**364,000**	**364,000**
Weighted average outstanding shares after dilution	**364,000**	**364,000**
Earnings per share (SEK)	44.11	78.43

NOTE 16 DIVIDEND PER SHARE

The group is publicly owned and therefore must follow governmental owner directives. Among other things, this means that no dividend is paid.

NOTE 17 INTANGIBLE ASSETS

AMOUNTS IN TSEK	
GROUP	**GOODWILL**
Financial year 2014	
Starting carrying amount	0
From business combinations	2,890
Depreciation	0
Ending carrying amount	**2,890**
At 31 December 2014	
Cost	2,890
Accumulated depreciation	0
Carrying amount	**2,890**
Financial year 2015	
Starting carrying amount	2,890
From business combinations	0
Depreciation	0
Ending carrying amount	**2,890**
At 31 December 2015	
Cost	2,890
Accumulated depreciation	0
Carrying amount	**2,890**

The goodwill is attributable to the company's acquisition of the Norwegian subsidiary SP Fire Research AS. The recoverable amount for the company was established based on calculations of value in use. The calculations are based on estimated future cash flows before tax based on financial budgets approved by the company management and covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2 per cent. The growth rate does not exceed the long-term growth rate for the Norwegian market.

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

AMOUNTS IN TSEK

GROUP	PROPERTY AND LAND	LEASEHOLD IMPROVEMENTS	PROPERTY FIXTURES AND FITTINGS	LAND DEVELOPMENTS	LAND FIXTURES AND FITTINGS	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	CONSTRUCTION IN PROGRESS	TOTAL
At 1 January 2014								
Cost	326,306					853,706	213,858	1,393,870
Accumulated depreciation	-98,678					-700,813		-799,491
Carrying amount	**227,628**					**152,893**	**213,858**	**594,379**
Financial year 2014								
Starting carrying amount	227,628					152,893	213,858	594,379
Purchases	10,381	14,422	8,512	73,548	16,235	94,739		217,837
Through business combination						1,158		1,158
Rebooked from construction in progress/reclassifications	600	26,393	15,577	134,692	29,732	4,841	-211,835	0
Disposals and sales								0
Depreciation	-12,256	-79	-46	-593	-131	-54,658		-67,763
Translation differences						114		114
Ending carrying amount	**226,353**	**40,736**	**24,043**	**207,647**	**45,836**	**199,087**	**2,023**	**745,725**
At 31 December 2014								
Cost	337,287	40,815	24,089	208,240	45,967	954,558	2,023	1,612,979
Accumulated depreciation	-110,934	-79	-46	-593	-131	-755,471	0	-867,254
Carrying amount	**226,353**	**40,736**	**24,043**	**207,647**	**45,836**	**199,087**	**2,023**	**745,725**
Financial year 2015								
Starting carrying amount	226,353	40,736	24,043	207,647	45,836	199,087	2,023	745,725
Purchases	4,028	609	76	2,599	154	81,266	5,240	93,972
Through business combination	0					0		0
Rebooked from construction in progress/reclassifications	0	0	0	0	0	0	0	0
Disposals and sales						-764		-764
Depreciation	-12,904	-1,210	-701	-5,864	-1,294	-67,851		-89,824
Translation differences						-206		-206
Ending carrying amount	**217,477**	**40,135**	**23,418**	**204,382**	**44,696**	**211,532**	**7,263**	**748,903**
At 31 December 2015								
Cost	341,315	41,424	24,165	210,839	46,121	996,515	7,263	1,667,642
Accumulated depreciation	-123,838	-1,289	-747	-6,457	-1,425	-784,983	0	-918,739
Carrying amount	**217,477**	**40,135**	**23,418**	**204,382**	**44,696**	**211,532**	**7,263**	**748,903**

PARENT	PROPERTY AND LAND	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	CONSTRUC-TION IN PROGRESS	TOTAL
At 1 January 2014				
Cost	322,445	723,622	2,623	1,048,690
Accumulated depreciation	-96,971	-598,057	0	-695,028
Carrying amount	**225,474**	**125,565**	**2,623**	**353,662**
Financial year 2014				
Starting carrying amount	225,474	125,565	2,623	353,662
Purchases	10,381	55,228	0	65,609
Through business combination	0	0	0	0
Rebooked from construction in progress/reclassifications	600	0	-600	0
Depreciation	-12,134	-45,533	0	-57,667
Ending carrying amount	**224,321**	**135,260**	**2,023**	**361,604**
At 31 December 2014				
Cost	333,426	778,850	2,023	1,114,299
Accumulated depreciation	-109,105	-643,590	0	-752,695
Carrying amount	**224,321**	**135,260**	**2,023**	**361,604**
Financial year 2015				
Starting carrying amount	224,321	135,260	2,023	361,604
Purchases	1,930	52,090	5,240	59,260
Through business combination	0	4,953	0	4,953
Rebooked from construction in progress/reclassifications	0	0	0	0
Disposals and sales	0	-764		-764
Depreciation	-12,574	-50,556	0	-63,130
Depreciation	**213,677**	**140,983**	**7,263**	**361,923**
Ending carrying amount				
At 31 December 2015				
Cost	335,356	835,893	7,263	1,178,512
Accumulated depreciation	-121,679	-694,910	0	-816,589
Carrying amount	**213,677**	**140,983**	**7,263**	**361,923**

NOTE 19 DEFERRED TAX

AMOUNTS IN TSEK

GROUP	2015	2014
Deferred tax expense for temporary differences	-1,671	-4,126
Total deferred tax in the income statement	**-1,671**	-4,126

Deferred tax assets and tax liabilities are broken down as follows:

Deferred tax assets to be recovered after more than 12 months

GROUP	2015	2014
Starting carrying amount	0	2,065
Change for the year	235	-2,065
Ending carrying amount	**235**	**0**

Deferred tax liabilities to be recovered after more than 12 months

GROUP	2015	2014
Starting carrying amount	13,868	11,807
Change for the year	1,906	2,061
Ending carrying amount	**15,774**	**13,868**
Deferred tax assets (+)/tax liabilities (-), net	**-15,539**	**-13,868**

Changes in deferred tax assets and tax liabilities for the year, without considering set-offs taken within a single tax jurisdiction, are stated below:

GROUP	2015	2014
Deferred tax assets		
Tax base of tax loss carryforwards	235	-2,065
Total deferred tax assets	**235**	**-2,065**

Deferred tax assets in the group refer to tax loss carryforwards. The deferred tax asset is reversed when there is a change in the tax base of the tax loss carryforwards for the group companies.

GROUP	2015	2014
Deferred tax liabilities		
Untaxed reserves in accumulated excess depreciation and the tax allocation reserve	1,906	2,061
Total deferred tax liabilities	**1,906**	**2,061**

Deferred tax liabilities in the group refer to untaxed reserves. The deferred tax liability in untaxed reserves is reversed when there is a change in the the tax base of the untaxed reserves for the group companies.

NOTE 20 PARTICIPATIONS IN GROUP COMPANIES

AMOUNTS IN TSEK

PARENT	2015	2014
Starting cost	118,425	100,272
Investments	3,000	18,153
Rebooked from participations in associated companies	0	0
Ending carrying amount	**121,425**	**118,425**

The parent holds shares in the following subsidiaries:

NAME	CORPORATE REGISTRATION NUMBER	DOMICILE	SHARE OF EQUITY	NUMBER OF SHARES	CARRYING AMOUNT 2015	CARRYING AMOUNT 2014
SITAC AB	556469-0120	Karlskrona	100%	5,000	600	600
SMP Svensk Maskinprovning AB	556529-6836	Lomma	100%	5,000	11,079	11,079
SIK – Swedish Institute for Food and Biotechnology	556536-9369	Gothenburg	100%	50,000	16,272	16,272
YKI, Ytkemiska Institutet AB	556558-0338	Stockholm	100%	1,000	13,500	13,500
CBI Cement and Concrete Research Institute	556352-5699	Stockholm	60 %	3,000	4,539	4,539
Glafo AB, the Glass Research Institute	556111-6855	Växjö	60 %	600	2,400	2,400
JTI – Institutet för jordbruks- och miljöteknik AB	556772-8026	Uppsala	60 %	300	6,000	6,000
SP Sveriges Tekniska Forskningsinstitut A/S, SP in Denmark	34224080	Copen-hagen	100%	500	592	592
SP Process Development AB	556196-9204	Stockholm	100%	5,000	500	500
AstaZero AB	556802-4946	Borås	61.33 %	61,330	52,550	49,550
SP Processum AB	556641-7357	Örnsköldsvik	60 %	600	240	240
SP Fire Research AS	982,930,057	Trondheim	70 %	910,000	7,903	7,903
SP ETC	556992-6651	Piteå	100%	2,000	5,250	5,250
Total carrying amount					**121,425**	**118,425**

All subsidiaries are consolidated. Share of voting rights matches shares of equity.
The total holding for non-controlling interests on the balance sheet date amounts to TSEK 55,016.

Summary financial information for subsidiaries with material non-controlling interests

Financial information is summarised below for subsidiaries with non-controlling interests that are material to the group. The information shows amounts before intra-group eliminations.

Summary information from statement of financial position 2015

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Non-current assets	4,351	1,260	2,973	323,676	860	1,601
Current assets	46,638	11,551	31,721	54,411	13,134	35,917
Total assets	**50,989**	**12,811**	**34,694**	**378,087**	**13,994**	**37,518**
Non-current liabilities	0	0	0	5,000	0	0
Current liabilities	28,039	4,837	21,024	281,420	10,716	32,725
Total liabilities	**28,039**	**4,837**	**21,024**	**286,420**	**10,716**	**32,725**
Net assets	**22,950**	**7,974**	**13,670**	**91,667**	**3,278**	**4,793**

Summary information concerning profit and comprehensive income for 2015

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Revenues	87,915	15,051	49,216	48,085	25,245	55,494
Profit/loss for the year	1,653	782	-926	41	570	178
Total comprehensive income for the year	1,653	782	-926	41	570	178
Total comprehensive income attributable to non-controlling interests [1)]	889	403	-792	886	345	81

Summary statement of cash flows for 2015

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Cash flow from operating activities	3,828	1,644	-1,588	15,458	1,129	965
Change in working capital	-3,082	-113	4,865	5,339	1,500	8,199
Cash flow from investing activities	-1,949	-1,368	-567	-9,496	-876	-1,452
Cash flow from financial activities	0	0	0	-5,400	0	0
Decrease/increase in cash and cash equivalents	-1,203	163	2,710	5,901	1,753	7,712
Cash and cash equivalents at beginning of year	19,333	8,322	18,802	15,608	4,799	5,399
Cash and cash equivalents at year-end	18,130	8,485	21,512	21,509	6,552	13,111

Summary information from statement of financial position 2014

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Non-current assets	3,625	369	3,662	325,596	58	1,158
Current assets	43,044	10,773	32,268	38,389	14,162	31,634
Total assets	46,669	11,142	35,930	363,985	14,220	32,792
Non-current liabilities	0	0	0	248,600	0	0
Current liabilities	26,325	4,334	19,417	30,759	11,998	27,637
Total liabilities	26,325	4,334	19,417	279,359	11,998	27,637
Net assets	20,344	6,808	16,513	84,626	2,222	5,155

Summary information concerning profit and comprehensive income for 2014

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Revenues	89,264	14,312	51,033	12,589	28,866	41,039
Profit/loss for the year	2,882	1,083	195	826	902	-2,005
Total comprehensive income for the year	2,882	1,083	195	826	902	-2,005
Total comprehensive income attributable to non-controlling interests [1)]	1,617	601	173	319	494	-602

[1)] Comprehensive income matches profit/loss for the year

Summary statement of cash flows for 2014

Name	CBI	GLAFO	JTI	ASTAZERO	PROCESSUM	SP FIRE
Cash flow from operating activities	5,499	1,704	1,973	1,826	1,333	-2,455
Change in working capital	-5,349	654	10,181	22,253	-6,585	-7,813
Cash flow from investing activities	-1,215	-274	-128	-115,362	-60	-519
Cash flow from financial activities	0	0	0	106,883	0	0
Decrease/increase in cash and cash equivalents	-1,065	2,084	12,026	15,600	-5,312	-10,787
Cash and cash equivalents at beginning of year	20,398	6,238	6,776	8	10,111	16,186
Cash and cash equivalents at year-end	19,333	8,322	18,802	15,608	4,799	5,399

During the year participations in subsidiaries were written up/down as follows:

	2015	2014
Write-down of shares in SP Sveriges Tekniska Forskningsinstitut A/S (SP Denmark)	0	-4,000
Net write-ups and write-downs	**0**	**-4,000**

NOTE 21 OTHER NON-CURRENT RECEIVABLES

AMOUNTS IN TSEK

GROUP	2015	2014
Starting cost	257	257
Investments for the year	0	0
Sales for the year	0	0
Ending carrying amount	**257**	**257**

PARENT	2015	2014
Starting cost	257	257
Investments for the year	0	0
Sales for the year	0	0
Ending carrying amount	**257**	**257**

No non-current receivables are due for payment or impaired.

The group did not reclassify any other non-current receivables measured at amortised cost as assets measured at fair value, in either 2015 or 2014.

The maximum exposure to credit risk as of the balance sheet date is the carrying amount in the statement of financial position.

NOTE 22 FINANCIAL INSTRUMENTS BY CATEGORY

AMOUNTS IN TSEK

GROUP	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	TOTAL
31/12/2015			
Assets in the statement of financial position			
Other non-current receivables			257
Trade and other receivables		230,284	230,284
Other receivables		5,279	5,279
Cash and cash equivalents*	308,952		308,952
Total	**308,952**	**235,563**	**544,772**

31/12/2015	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities in the statement of financial position		
Borrowing from credit institutions	243,600	243,600
Trade and other payables	53,634	53,634
Other liabilities	84,353	84,353
Total	**381,587**	**381,587**

*) For bank balances and investments in securities (cash and cash equivalents) the group accepts only banks and financial institutions with a credit rating of AAA/Aaaa/AAA or higher.

See note 30 for disclosures on fair values.

GROUP	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	TOTAL
31/12/2014			
Assets in the statement of financial position			
Other non-current receivables			257
Trade and other receivables		242,801	242,801
Other receivables		17,385	17,385
Cash and cash equivalents*	303,375		303,375
Total	**303,375**	**260,186**	**563,818**

31/12/2014	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities in the statement of financial position		
Borrowing from credit institutions	252,000	252,000
Trade and other payables	72,068	72,068
Other liabilities	78,623	78,623
Total	**402,691**	**402,691**

*) For bank balances and investments in securities (cash and cash equivalents) the group accepts only banks and financial institutions with a credit rating of AAA/Aaaa/AAA or higher.

See note 30 for disclosures on fair values.

PARENT	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	TOTAL
31/12/2015			
Assets in the statement of financial position			
Other non-current receivables			257
Trade and other receivables		167,965	167,965
Receivables from group companies		19,575	19,575
Other receivables		254	254
Cash and cash equivalents*	118,039		118,039
Total	**118,039**	**187,794**	**306,090**

31/12/2014	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities in the statement of financial position		
Trade and other payables	35,951	35,951
Liabilities to group companies	86,442	86,442
Other liabilities	54,550	54,550
Total	**176,943**	**176,943**

*) For bank balances and investments in securities (cash and cash equivalents) the group accepts only banks and financial institutions with a credit rating of AAA/Aaaa/AAA or higher.

See note 30 for disclosures on fair values.

PARENT	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	TOTAL
31/12/2014			
Assets in the statement of financial position			
Other non-current receivables			257
Trade and other receivables		174,955	174,955
Receivables from group companies		21,223	21,223
Other receivables		620	620
Cash and cash equivalents*	84,890		84,890
Total	**84,890**	**196,798**	**281,945**

31/12/2014	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities in the statement of financial position		
Trade and other payables	43,491	43,491
Liabilities to group companies	33,107	33,107
Other liabilities	49,461	49,461
Total	**126,059**	**126,059**

*) For bank balances and investments in securities (cash and cash equivalents) the group accepts only banks and financial institutions with a credit rating of AAA/Aaaa/AAA or higher.

See note 30 for disclosures on fair values.

NOTE 23 INVENTORIES

AMOUNTS IN TSEK

GROUP	2015	2014
Consumables	814	962
Total	814	962

PARENT	2015	2014
Consumables	775	915
Total	**775**	**915**

NOTE 24 TRADE RECEIVABLES

AMOUNTS IN TSEK

GROUP	2015	2014
Trade and other receivables	231,293	243,461
Less provisions for doubtful receivables	-1,009	-660
Trade receivables – net	**230,284**	**242,801**

At 31 December 2015 secure trade receivables totalled TSEK 230,284 (242,801).

At 31 December 2015 trade receivables totalling TSEK 46,048 (39,282) were past due, though no impairment was considered necessary. The past due trade receivables relate to a number of customers who have not previously had payment difficulties.

The age analysis of these trade receivables is as follows:

	2015	2014
Less than 3 months	39,747	37,239
3 to 6 months	6,301	2,043
Total past due trade receivables	**46,048**	**39,282**

Provisions for doubtful trade receivables totalled TSEK 1,009 at 31 December 2015 (660). Individually measured receivables determined to be impaired relate primarily to a number of independent customers where payment has not been made despite debt collection action. No specific reason for these doubtful receivables has been identified. It is judged that some of these receivables are expected to be recovered. The age analysis of provisions for doubtful trade receivables is as follows:

	2015	2014
3 to 6 months	0	18
More than 6 months	1,009	642
Total impaired trade receivables	**1,009**	**660**

Changes in provisions for doubtful receivables are as follows:

	2015	2014
At 1 January	660	380
Provisions for doubtful receivables	349	280
At 31 December	**1,009**	**660**

Allocations for the various reversals of provisions for doubtful receivables are included in the income statement under external costs. The maximum exposure to credit risk on the balance sheet date is the carrying amount of trade receivables as identified above. The company has no security or other guarantees for outstanding trade receivables on the balance sheet date.

NOTE 25 OTHER RECEIVABLES

AMOUNTS IN TSEK

GROUP	2015	2014
Loans to employees	60	53
VAT receivables	504	5,430
Various settlements	201	432
Relating to acquired operations	0	3,250
Relating to post-retirement obligations	4,489	8,081
Other items	25	139
Group total	**5,279**	**17,385**

PARENT	2015	2014
Loans to employees	29	49
Various settlements	201	432
Other items	24	139
Total for the parent	**254**	**620**

NOTE 26 PREPAID EXPENSES AND ACCRUED INCOME

AMOUNTS IN TSEK

GROUP	2015	2014
Work in progress, not yet invoiced	169,208	154,842
Sale and leaseback	15,007	15,689
Prepaid contractor expense	0	0
Prepaid rent expense	9,967	8,433
Other items	14,518	11,464
Group total	**208,700**	**190,428**

PARENT	2015	2014
Work in progress, not yet invoiced	132,252	90,934
Prepaid rent expense	6,414	6,377
Other items	8,304	8,851
Total for the parent	**146,970**	**106,162**

NOTE 27 CASH AND CASH EQUIVALENTS/CASH AND BANK BALANCES

AMOUNTS IN TSEK

The following items are reported in the statement of financial position and the statement of cash flows as cash and cash equivalents:

GROUP	2015	2014
Current bank deposits	80,461	66,147
Cash and bank balances	228,491	237,228
Group total	**308,952**	**303,375**

PARENT	2015	2014
Current bank deposits	55,645	20,436
Cash and bank balances	62,394	64,454
Total for the parent	**118,039**	**84,890**

NOTE 28 POST-RETIREMENT OBLIGATIONS

Defined benefit pension plans

Professional employees in Sweden hold ITP 2 plan defined benefit pension plans for retirement and survivors that are insured through policies with Alecta. The opinion of the Swedish Financial Reporting Board (UFR 10, Classification of ITP Plans Financed via Insurance with Alecta) states that these are defined benefit pension plans involving multiple employers. The company does not have access to information that enables reporting of its proportional share of the plan's obligations, plan assets and costs for the financial years 2015 and 2014, and consequently the plan cannot be reported or recognised as a defined benefit plan. The ITP 2 pension plan insured through Alecta is therefore reported as a defined contribution plan. Premiums for defined benefit retirement and survivor's pension are calculated individually, based on factors such as salary history, previous earned pension and anticipated remaining duration of employment. Anticipated contributions for the next reporting period for the ITP 2 plans insured with Alecta total MSEK 53.8 for 2016. For 2015 these contributions totalled MSEK 48.5 and for 2014 were MSEK 43.7. The group's share of the total contributions to the plan are a negligible portion of the total contributions paid into the plan.

The collective funding ratio consists of the market value of all Alecta plan assets as a percent of the estimated insurance obligation calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. Alecta's collective funding ratio is normally allowed to range between 125 per cent and 155 per cent. If Alecta's collective funding ratio is below 125 per cent or exceeds 155%, measures must be taken to create the conditions for the funding ratio to return to the normal range. If the funding ratio is low, one measure may be to raise the agreed price for new policies and increases in existing benefits. In the case of a high funding ratio, one measure could be to introduce premium reductions. At year-end 2015 Alecta's surplus in the form of its collective funding ratio was 153 per cent (at 31 December 2014: 144 per cent).

AMOUNTS IN TSEK

GROUP	2015	2014
Obligations in the statement of financial position for defined benefit pension plans	19,486	21,656
Total liability in the statement of financial position	**19,486**	**21,656**
Recognised in financial expenses in regard to defined benefit pension plans	512	529
Recognised in other comprehensive income in regard to revaluation of defined benefit pension plans	-934	-4,536

Changes to the defined benefit obligation for the year are as follows:

GROUP	2015	2014
At start of year	21,656	25,996
Paid remuneration	-1,748	-860
Interest costs	512	529
Acquired pension obligation	0	527
Revaluations, losses(+)/gains(-) due to experienced-based adjustments	-934	-4,536
At year-end	**19,486**	**21,656**

At the most recent valuation date, the present value of the defined benefit obligations was TSEK 19,486 (21,656) attributable to persons covered by the plan and who are retired. No accrual to this defined benefit pension plan has therefore taken place.

The main actuarial assumptions applied are as follows:

GROUP	2015	2014
Discount rate, %	2.5	2.5
Inflation	1.5	1.5

PARENT	2015	2014
Obligations in the statement of financial position for defined benefit pension plans	15,555	17,244
Total liability in the statement of financial position	**15,555**	**17,244**
Recognised in operating profit in regard to revaluation of defined benefit pension plans	-805	-3,424
Recognised in financial expenses in regard to defined benefit pension plans	415	422

Changes to the defined benefit obligation for the year are as follows:

PARENT	2015	2014
At start of year	17,244	20,859
Paid remuneration	-1,299	-613
Interest costs	415	422
Revaluations, losses(+)/gains(-)	-805	-3,424
At year-end	**15,555**	**17,244**

At the most recent valuation date, the present value of the defined benefit obligations was TSEK 15,555 (17,244) attributable to persons covered by the plan and who are retired.

The main actuarial assumptions applied are as follows:

GROUP	2015	2014
Discount rate, %	2.5	2.5
Inflation	1.5	1.5

NOTE 29 SHARE CAPITAL AND OTHER PAID-IN CAPITAL

AMOUNTS IN TSEK	NUMBER OF SHARES (THOUSAND)	SHARE CAPITAL	OTHER PAID-IN CAPITAL	TOTAL
At 1 January 2014	364,000	36,400	72,446	108,846
At 31 December 2014	364,000	36,400	72,446	108,846
At 31 December 2015	364,000	36,400	72,446	108,846

NOTE 30 NEW BORROWING

Borrowing from credit institutions/ bank loans

The bank loan taken out in the subsidiary AstaZero is due to be repaid in full on 30 December 2016 at an amount of TSEK 226,800 following quarterly repayments of TSEK 4,200 starting from 30 September 2015. The company plans to enter into an agreement with the bank to extend the loan. As a result, the loan is recognised as non-current.

The loan incurs variable interest at a fixed interest margin of STIBOR 3-months plus a margin of 1.35 per cent. Security has been provided for the bank loan in the form of a TSEK 17,000 floating charge (note 33). SP has also issued a letter of support. The main result of this is that SP's ownership of its subsidiary AstaZero will remain unchanged and that SP will provide financial support to the company when needed.

Since the loan terms are based on variable interest and no material difference is expected in the group's creditworthiness as of 31 December 2015 compared with that date on which the loan was taken out, the fair value of the borrowing corresponds to its book value.

NOTE 31 OTHER LIABILITIES

AMOUNTS IN TSEK

GROUP	2015	2014
Property tax	1,127	1,226
Payroll tax	19,748	17,358
Tax on returns	52	78
VAT liability	18,552	17,447
Employee withholding	17,591	16,339
Social security contributions	18,564	16,156
Other items	3,719	5,019
Group total	**79,353**	**73,623**

PARENT	2015	2014
Property tax	1,075	1,186
Payroll tax	15,513	12,601
Tax on returns	42	63
VAT liability	9,815	11,400
Employee withholding	13,696	11,780
Social security contributions	13,661	11,815
Other items	748	616
Total for the parent	**54,550**	**49,461**

NOTE 32 ACCRUALS AND DEFERRED INCOME

AMOUNTS IN TSEK

GROUP	2015	2014
Accrued staff expense – holiday pay liability and accrued salary	73,479	63,354
Other items	13,732	7,268
Group total	**87,211**	**70,622**

PARENT	2015	2014
Accrued staff expense – holiday pay liability and accrued salary	54,481	46,039
Other items	4,370	4,040
Total for the parent	**58,851**	**50,079**

NOTE 33 PLEDGED ASSETS

AMOUNTS IN TSEK		
GROUP	**2015**	**2014**
Real estate mortgages	45,000	45,000
Floating charges	17,000	17,000
Group total	**62,000**	**62,000**

PARENT	**2015**	**2014**
Real estate mortgages	45,000	45,000
Total for the parent	**45,000**	**45,000**

NOTE 34 CONTINGENT LIABILITIES

AMOUNTS IN TSEK		
GROUP	**2015**	**2014**
Guarantee obligations	2,492	0
Group total	**2,492**	**0**

PARENT	**2015**	**2014**
Guarantee obligations	802	0
Total for the parent	**802**	**0**

NOTE 35 RELATED PARTY DISCLOSURES

The Swedish government via RISE Research Institutes of Sweden AB owns all the shares in SP and has controlling influence over the group.

The following transactions took place with related parties in the form of billing to publicly owned companies. All sales relate to remuneration for applied research or technical assessment.

AMOUNTS IN TSEK		
GROUP	**2015**	**2014**
Remuneration from publicly owned companies	3,380	4,740
Group total	**3,380**	**4,740**

PARENT	**2015**	**2014**
Remuneration from publicly owned companies	2,679	3,909
Total for the parent	**2,679**	**3,909**

Outstanding trade receivables and trade payables to related companies totalled the amounts below at the balance sheet date.

GROUP	2015	2014
Outstanding trade receivables	238	1,080
Outstanding trade payables	299	0

PARENT	2015	2014
Outstanding trade receivables	205	868
Outstanding trade payables	265	0

NOTE 36 OPERATING LEASES

Commitments relating to operating leases
The group and parent lease office and laboratory premises as well as various types of vehicles, machinery and office equipment under cancellable or non-cancellable operating leases.

Future lease charges for non-cancellable operating leases are due for payment as follows:

AMOUNTS IN TSEK

GROUP	2015	2014
Within one year	41,626	52,543
Between one and five years	88,422	191,429
Later than five years	64,653	0
Group total	**194,701**	**243,972**
Cost of operating leases for the year	54,293	50,198

PARENT	2015	2014
Within one year	14,631	28,365
Between one and five years	41,169	104,572
Later than five years	61,329	0
Total for the parent	**117,129**	**132,937**
Cost of operating leases for the year	28,505	18,155

NOTE 37 STATEMENT OF CASH FLOWS

Other items not affecting liquidity

AMOUNTS IN TSEK

GROUP	2015	2014
Other comprehensive income	934	4,536
Change in post-retirement obligations	-2,170	-4,867
Foreign currency account differences	602	2,189
Change in value of investments in securities measured at fair value through profit or loss	0	790
Group total	**-634**	**2,648**

PARENT	2015	2014
Changes to provision for pensions	-1,690	-3,615
Foreign currency account differences	574	923
Change in value of investments in securities measured at fair value through profit or loss	0	589
Group contribution paid	-173	-8,840
Income from participations in group companies	0	-4,000
Total for the parent	**-1,289**	**-14,943**

NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

Maria Khorsand resigned as CEO, effective 31 December 2015 and was succeeded by Acting President and CEO John Rune Nielsen. No other significant events occurred after the balance sheet date.

Certification of financial statements by board of directors

The board of directors and chief executive officer hereby certify that these consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a fair representation of the group's financial position and performance. The financial statements were prepared in accordance with good accounting practice and provide a fair representation of the parent's financial position and performance.

The management report for the group and parent provide a fair representation of operations in the group and parent, their financial position and performance and describes the material risks and uncertainties facing the parent and the group companies.

Stockholm, 21 March 2016

Pia Sandvik
Board Chair

Anne Andersson

Hasse Johansson

Linda Ikatti

Magnus Naesman

Richard Reinius

Olof Sandén

Anna-Karin Stenberg

Anna Hultin Stigenberg

Marie Westrin

Fredrik Winberg

Sven Wird

John Rune Nielsen
Acting CEO

Our audit report was submitted on 30 March 2016
KPMG AB

Johan Kratz
Authorised Public Accountant

AUDITORS' REPORT

To the annual general meeting of SP Sveriges Tekniska Forskningsinstitut AB (SP Technical Research Institute of Sweden), company reg. no. 556464-6874

AUDITOR'S REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

We have conducted an audit of the annual report and consolidated financial statements of SP Sveriges Tekniska Forskningsinstitut AB (SP Technical Research Institute of Sweden) for 2015. The company's annual report and consolidated financial statements can be found on pages 5 to 63 of the printed version of this document.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The board of directors and the chief executive officer are responsible for preparing an annual report that provides a fair presentation in accordance with the Swedish Annual Accounts Act and consolidated financial statements that provide a fair presentation in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU, and for such internal control as the board of directors and chief executive officer consider necessary for the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the annual report and consolidated financial statements based on our audit. We performed the audit in accordance with International Auditing Standards and generally accepted accounting practice in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free from material misstatement.

An audit entails various procedures for obtaining audit evidence about amounts and other information in the annual report and consolidated financial statements. The auditor selects the procedures to perform, including assessing the risks of material misstatement in the annual report and consolidated financial statements, whether these are due to fraud or error. In making those risk assessments, the auditor considers all aspects of internal control that are relevant to the company's preparation and fair presentation of the annual report and consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board of directors and the chief executive officer, as well as evaluating the overall presentation of the annual report and consolidated financial statements.

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

OPINION

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and its financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the group's financial position as of 31 December 2015 and its financial performance and cash flows for the year in accordance with International Financial Reporting

Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. The management report is consistent with the other sections of the annual report and the consolidated financial statements.

We therefore recommend that the annual general meeting of shareholders adopt the income statement and statement of financial position for the parent company and for the group.

OTHER DISCLOSURES

The annual report and consolidated financial statements for the year 2014 were audited by a different auditor who submitted an auditors' report dated 27 March 2015 with unchanged opinions in the Auditor's report on the annual report and consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual report and consolidated financial statements, we have also audited the proposed appropriations of the company's profit or loss and the administration of the board of directors and the chief executive officer of SP Sveriges Tekniska Forskningsinstitut AB for 2015.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The board of directors is responsible for the proposal for appropriations of the company's profit or loss, and the board of directors and the chief executive officer are responsible for administration under the Swedish Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted accounting practice in Sweden.

As a basis for our opinion on the board of directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual report and consolidated financial statements we examined material decisions, actions taken and circumstances of the company in order to determine whether any member of the board of directors or the chief executive officer has any liability to the company. We also examined whether any member of the board of directors or the chief executive officer has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the articles of association.

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

OPINION

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the management report and that the members of the board of directors and the chief executive officer be discharged from liability for the financial year.

Borås, 30 March 2016

KPMG AB

Johan Kratz
Authorised Public Accountant

RISK ASSESSMENT

The following section is divided into two parts. The first part describes risks and consequences of current risks and the second part describes the measures taken as a result of the identified risks.

CURRENT RISKS IN SP's OPERATIONS

Economic cycle

SP's revenues and results are affected by the willingness of the business and public sectors to invest in research, development and expansion. Naturally, the general economic cycle also has a significant impact. One characteristic of SP is that its operations are spread across a wide range of industries, sectors, research funding bodies and customers. This has been further enhanced by the establishment and acquisition of new subsidiaries.

Changes in strategic competency funding

SP receives strategic competency funding that is allocated to SP by its owner, RISE. Strategic competency funding for 2016 is MSEK 256.6 and for 2015 MSEK 232.6. RISE distributes the funding to the institutes according to a model that is based mainly on the institutes' turnover. This funding is used to develop competence and as supplementary financing for the group's research projects, and is significant funding for the group.

There is a risk that political decisions could reduce the strategic competency funding allocated to RISE, and thus to its institutes. This risk is limited because, in principle, the funding is allocated to RISE through government bills on research, which are usually effective for a four-year period.

There is also a risk of changes to SP's strategic competency funding resulting from changes to RISE's allocation model.

Customer and commission structure

The size of SP's commissions varies from several thousand Swedish kronor to projects involving tens of millions. Larger projects secure capacity utilisation over lengthy periods. At the same time, this increases vulnerability when a large project is concluded, since we must then find new work for a number of researchers and engineers. It is therefore important f or our financial stability to also have many smaller commissions from a wide range of customers.

Competition

SP operates in competitive markets. In an increasing number of areas the fiercest competition is from Nordic and European institutes which have attractive offerings based on a high level of public funding. We see an increase in the establishment of European institutes in Sweden.

Fixed price commissions

A large proportion of the group's commissions and projects are conducted as fixed price work, which means there is a risk of incorrectly estimating the time and other costs required to complete the commission.

Employees

Staff mobility between academia, business and institutes is a natural part of SP's operations. Nonetheless, this must be kept at a level that does not harm the business.

Brand and image

Our brand is estimated to be harmed the most in relation to deficiencies in research projects or expert assignments, or as a result of incorrect conduct in various situations.

Environmental risk

SP conducts activities requiring a permit under the Swedish Environmental Code in regard to discharge of flue gases and process water from fire research testing. The permit is issued by Västra Götaland County Council and is valid until further notice. SP reports annually in accordance with the provisions of the permit.

Contracts and disputes

All business activities involve a risk of legal disputes. Commissions and projects are usually tendered for on the basis of standardised general terms and conditions.

Growth strategy

Our growth strategy is based on a long-term, systematic strategy process that involves the board of directors, group executive management, the senior executives group, all of our employees and strategically selected customers.

All growth over a level which, in financial terms, can be compared with price indices for our services, raises risks. In a research institute, growth leads to greater resources in the form of the number of employees and infrastructure including premises. SP's growth strategy is based on developing stronger cross-disciplinary collaboration between more leading competencies and areas of competence as well as greater collaboration with external research and innovation organisations.

Greater risk arises with respect to order inflow due to higher project acquisition needs. This may involve changed physical conditions for new projects (e.g. searchability, new calls for proposals), but may also impact customer relationships as SP becomes active in new areas. The latter can cause some degree of competitive debate and brand impact through misunderstandings about areas of competence and depth vs. breadth.

Growth raises risk in terms of staff training and building a common culture that supports our strategies. Growth also results in risks in relation to advance planning and the scope of infrastructure, such as lab space, office space, IT systems and HR & financial processes. Not only are there risks associated with overcapacity, but also with failing to meet the needs of employees.

FINANCIAL RISK

Through its business SP is exposed to various types of financial risk. Financial risk refers to variations in group profits and cash flows due to changes in interest rates, exchange rates and credit risk.

Growth and liquidity risk

There is a risk of SP being unable to finance its growth and being unable to meet its obligations when financing needs increase. Liquidity risk arises as a result of events that make it difficult for SP to meet its obligations. When considering this, the total financial risk for the company often depends on two components: the debt/equity ratio and the variability of the return on total capital.

Capital needs increase as a result of the above, but also as a result of investments to meet growth. Investments items include lab and office premises, equipment, IT investments and acquisitions.

Interest rate risk

Interest rate risk refers factors such as to how changes in interest rates will affect the group's net financial items and the value of financial instruments as market rates change. The subsidiary AstaZero has meant an increase in the group's investments in fixed assets and its liabilities to credit institutions, with the result that interest rate risk and liquidity risk are higher than previously.

Currency risk

The group is primarily exposed to currency risk from possible changes to anticipated and contracted cash flows from receipts and payments made in currencies other than the Swedish krona. The predominant foreign currency is the euro.

Credit risk

Credit risk occurs when the group, at any time, holds significant amounts of outstanding trade receivables, which represents offering credit to customers. As of 31 December 2015, trade receivables were TSEK 230,284.

MEASURES TAKEN AS A RESULT OF THE RISKS IDENTIFIED TO REDUCE THE IMPACT ON OPERATIONS AND THUS PROFITS

Dependence on economic cycles

SP strives for high flexibility in terms of capital providers and business in our research commissions, and in the application and development of generic competencies for a larger number of companies and industries. Active roll development for individual customers is also employed to avoid dependence on economic cycles. The breadth of the customer base is a key component in reducing the group's dependence on individual sectors and on economic cycles.

Changes in strategic competency funding

The management of SP and RISE are in continuous dialogue on strategic competency funding and its allocation. Within the scope of the ongoing restructuring process, this is one of the most important issues discussed to reduce any negative effects of major changes.

Customer and commission structure

Group-wide billing for 2015 went to more than 10,000 separate customers. Billing to the ten largest customers amounted to approximately 18 per cent of total sales. SP is thus not dependent on any particular few customers and there is little risk that the loss of individual customers would have a major impact.

Competition

Decisive competitive factors alongside price include customer relationship management, competence, equipment and infrastructure, delivery time and supplementary services. The ability to work in open innovation and conduct innovation management is expected to increasingly serve as a competitive advantage. SP is competitive because of its collective resources, which allow different areas of competence to work together to increase customer benefit.

We counter competition by developing leading competency both in scientific excellence and excellence in cross-disciplinary research. We develop competence to fill necessary roles and raise competitiveness and value creation in relevant, industry-specific innovation systems, and focus increasingly on developing stronger relationships with our customers. Given that the institute sector is relatively small in Sweden, there is a need for the entire RISE group to grow. Given that this benefits the entire sector, it should be more advantageous to focus on increased collaboration with supplementary and partially overlapping competencies than on eliminating any competition. There is competition with academia to a certain extent, but this competition arises mostly when people have not clearly understood the difference between the role of the institutes and the role of academia. There are also excellent opportunities to develop collaboration in this area instead of focusing on competition.

Fixed price commissions

This risk is managed by conducting tendering on a systematic basis with estimates beforehand and costing afterwards, and by having decisions regarding tendering taken in accordance with established delegation. For longer commissions we conduct regular assessments of hours worked and other expenses. The group's operational system, with procedures and tools for management, follow-up and control, supports effective performance of commissions and projects. Larger projects may only be led by project managers with the requisite educational background and experience.

Work environment

SP complies with laws and regulations regarding the work environment and there are work environment procedures in place. Risk assessments are conducted for all testing equipment, key systems and individual commissions. Risk assessments are documented in a well developed system.

Employees

In 2015 the rate of individuals taking up employment was 10.7 per cent, while 8.7 per cent left the group. SP invests continually in training, skills development and healthcare for the purpose of attracting and retaining the employees we want. Ongoing surveys conducted show that employees largely enjoy a good level of job satisfaction. SP is able to offer employees the opportunity to take part in large, sophisticated international projects, which is attractive to young researchers. Each year SP earmarks resources specifically for recruitment and induction activities.

Brand and image

To prevent incidents occurring that could damage our brand there is a clear set of common values and a well-developed process-oriented management system, ensuring uniform working methods and approaches. External communications are managed according to documented guidelines and procedures. A number of selected business managers and experts trained in media to the greatest extent are available for contacts with the mass media.

IT and data security

SP maintains a high level of IT security, including anti-hacking and anti-virus measures, and we have clear rules on the disclosure of information both internally and externally. Our systems for backup are well developed and secure. IT operations are managed according to an established IT policy and using set guidelines, procedures and standards in our management system. Proper application is ensured by means of internal and external audits.

Environmental risk

SP has an environmental management system complying with the majority of requirements in ISO 14001. Significant environmental aspects for the company include travel and transportation, managing chemicals and the production of waste. Environmental objectives are set in order to reduce this environmental footprint.

Contracts and disputes

This risk is reduced by drawing up contracts with comprehensive terms and conditions for each commission and project. Commissions and projects are usually tendered for on the basis of standardised general terms and conditions. The use of different terms of supply requires approval from the group's chief financial officer or chief business development officer.

The company maintains liability insurance in accordance with industry practice for all companies within the group. In addition, the group maintains insurance for added costs and loss of contribution margin in the event that buildings or equipment are damaged, stolen or otherwise become unusable.

SP manages contract-related risks by developing our legal processes (procedures, contract platforms etc.), our internal legal capacity and external relationships with counsel.

Growth strategy

In a research institute, growth results in greater resources in the form of the number of employees and infrastructure including premises.

Risks in infrastructure capacity and costs are managed via standard forecast and follow-up, and by working toward flexible and scalable solutions. In practice this results in a careful accumulation of employee capacity in supporting functions (central and line). SP strives to minimise risks in rental agreements with options for expansion and gradually develops increased compatibility and scalability in IT systems.

New employees receive extensive orientation centrally and at their unit or subsidiary. SP employs systematic leadership development to develop its common culture and values.

FINANCIAL RISK

Financial risk is managed within the framework of a group-wide policy established by the board of directors for management of financial assets and liabilities. The CFO is responsible for financial risk management, supported by the finance function within the parent company.

Growth and liquidity risk

Historically, SP has turned out to be a group with little impact from sensitivity to economic cycles. The group has a stable albeit small operating profit. Changes in current receivables and liabilities are influential factors. This is something that SP puts a lot of energy into as a group and manages well.

Working capital needs increase as the business becomes larger. This is something SP has analysed and is also working on influencing via streamlined invoicing, shorter payment periods and longer payment terms with suppliers.

Capital needs increase as a result of the above, but also as a result of other investments to meet growth.

Investments items include lab and office premises, equipment, IT investments and acquisitions.

The following must be covered on an ongoing basis: operating profit and depreciation/amortisation, existing capital, cash pool including subsidiaries (possible overdraft facility).

We do not consider loans to be very relevant except for special projects or similar uses.

The group has a strong balance sheet and an excellent equity/assets ratio. It is important to note that we have limiting working capital, but well-functioning operations. We ensure delivery in our operations with strong leadership, systematic follow-up and responsible employeeship.

We track our risk exposure and changes in risks carefully with periodic reports and forecasts for administration and management containing reporting on the extent to which we have met objectives and expected performance. In addition, SP has solid internal processes to manage this.

Interest rate risk

In accordance with the financial policy established by the board, the group's cash and cash equivalents are invested in assets that provide adequate security with reasonable returns over time. These investments must also be highly liquid, so cash is deposited in accounts with Swedish banks or invested in fixed income and equity-related financial instruments and in products with controlled and predictable risk levels. The subsidiary AstaZero has meant an increase in the group's investments in fixed assets and its liabilities to credit institutions, with the result that interest rate risk and liquidity risk are higher than previously. This risk is deemed to be relatively low at present due to hedging of financing and contracted future revenue from customers.

Currency risk

Risk management in this case is designed to minimise the impact on profit of changes in currency exchange rates. The predominant foreign currency is the euro. The group covers this risk primarily through natural coverage, in that payments and receipts are managed in a euro account. Regular assessments of inflows and outflows of foreign currencies are carried out in order to maintain adequate currency levels.

Credit risk

SP's credit risk is limited by applying a clear policy for the group's credit control, through advance payments, progress billing and by avoiding customers with poor payment capacity. SP has established procedures for credit checks, payment reminders, dunning and debt collection. Bad debt losses for 2015 totalled TSEK 527 (822 in 2014).

2015 CORPORATE GOVERNANCE REPORT

Corporate governance at SP Technical Research Institute of Sweden is based on Swedish legislation, the governmental ownership policy and other guidelines issued by the owner. The Swedish Corporate Governance Code is part of this framework. On certain matters the government has determined there is cause to explain certain general departures from the Code in regard to publicly owned companies, as required by the principles of the Code. This is primarily due to the Code being mainly intended for companies with diversified ownership.

OWNER

Since 2 November 2009 SP has been wholly owned by the Swedish government through RISE Research Institutes of Sweden AB. The overall objective for management is long-term value creation. This brings requirements of efficiency, profitability, capability to grow, and sustainable environmental and social responsibility.

The owner's mandate to SP is to contribute to growth, competitiveness and sustainable development in the business sector as part of the institutional structure, through applied research and development along with a broad offering of technical services. SP has also been given responsibility for all national physical and chemical metrology.

To clarify the government's view of certain ownership issues and to achieve administrative uniformity within group companies, the government has issued specific guidelines for its public ownership policy – including in regard to external financial reporting and employment terms for senior executives. The government has also identified a number of highly important policy issues where publicly owned companies must act in an exemplary manner. This includes issues relating to equality, diversity and the environment.

It is SP's express objective that it will meet the owner's requirements regarding effective and well-functioning management of operations. This means that SP applies the regulations and principles included in the government ownership policies, including compliance with the Swedish Corporate Governance Code.

ANNUAL GENERAL MEETING

The government's ownership policy states that the annual general meeting is to be held within four months of the end of the financial year, i.e. by 30 April. SP's annual general meeting is regularly held in April. Notice of the annual general meeting is posted to the shareholder and advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the company's website. When the notice is published, information concerning the notice is also published in the newspaper Dagens Nyheter. The invitation to the annual general meeting is also published on the SP website and via personal mailings. In accordance with the government's ownership policy, the meeting is also open to the public. The annual general meeting 2015 was held on 15 April at the World Trade Center in Stockholm.

Various matters were dealt with at the meeting as required by the Swedish Companies Act, the company's articles of association and government's ownership policy. In connection with the meeting the company arranged SP Day, at which various parts of the group's operations were presented. Attendees included individuals from higher education establishments, research councils, research foundations, governmental authorities, regional governments, businesses and industry associations. SP's auditor-in-charge, board of directors, group executive management and a number of managers from our departments and subsidiaries also attended.

The board of directors is appointed by the annual general meeting, which also appoints one of the members as board chair. Board members are elected for a one-year period of office. Supplementary members may also be elected at an extraordinary general meeting when necessary. The board of directors also includes three members, each with a personal deputy, who are appointed by the employee union organisations.

The AGM appoints one or two authorised accountants with or without deputies or a registered accounting firm as auditors.

The meeting also determines how the members of the nominating committee are to be appointed and certain guidelines for the nomination process.

NOMINATION PROCESS

Nominating committee

Essentially the same board of directors for SP as for RISE was elected at SP's AGM on 15 April 2015. For this reason, no nominating committee proposals were submitted at the meeting.

Election of auditors

Since SP is a wholly owned subsidiary of RISE Research Institutes of Sweden AB, the principal of selecting the same auditing firm and auditor-in-charge as the parent is applied.

BOARD OF DIRECTORS

Members

The articles of association stipulate that the board must have a minimum of five and a maximum of nine members, provided that they are elected by the annual general meeting. In the period up to the AGM on 15 April the board consisted of seven AGM-elected members. The AGM resolved that the board shall consist of nine AGM-elected members for the period until the next annual general meeting, one of whom is appointed the board chair. The meeting resolved to elect eight new members and re-elect one member (Olof Sandén).

Of the nine AGM-elected board members, five are men and four are women. Throughout the year the board of directors also included three members appointed by employee union organisations, each with a personal deputy.

The chief executive officer is not a member of the board of directors, but normally attends all board meetings. In addition, officers of the company participate as secretary and present information.

None of the board members or related natural persons or legal entities hold shares or other financial instruments in the company. Of the AGM-elected board members, all are considered independent of the company and its management with the exception of Olof Sandén, CEO of RISE Research Institutes of Sweden AB.

Work plan

Within the framework of the Swedish Companies Act, the articles of association and the owner's directives, the board of directors is responsible for the company's organisation and for administration of the company's affairs.

The board establishes a work plan annually. This regulates the delegation of responsibilities between the board and chief executive officer, the frequency and forms of board meetings, financial reporting, assessment of the board's work and of the chief executive.

The matters to be dealt with by the board follow the Swedish Companies Act, the government's ownership policy and the Code. In addition to appointing the chief executive officer, the primary tasks of the board are to establish the strategic direction of the company, to approve acquisitions, major investments and significant changes in the organisation, and to establish central policies. Additionally, the board is to ensure the quality of the financial reporting, including by monitoring financial performance, as well as management of operational and financial risks in the company.

The board obtains quarterly financial reports and at each board meeting the company and group financial position and reporting are considered.

Under the work plan, the board chair is to ensure that the work of the board is conducted effectively and that the board fulfils its obligations. The chair is to organise and lead the board's work and maintain regular contact with the chief executive, and is to ensure that the board obtains satisfactory information as a basis for decisions.

The work of the board in 2015

The board held seven regular board meetings during the year. One of these meetings was held on the phone. An extraordinary board meeting was held on the phone as well.

The entire board was present at the regular meetings, but one member was absent at two meetings.

ATTENDANCE AT REGULAR BOARD MEETINGS:

NAME	NUMBER OF MEETINGS
(Members until AGM 15 April 2015)	
Jan-Eric Sundgren (chair)	2
Per Lindberg	2
Karin Markides	2
Michael Oredsson	2
Annika Ramsköld	2
Olof Sandén	2
Mats Williamson	1
Anne Andersson (employee representative)	2
Linda Ikatti (employee representative)	1
Magnus Naesman (employee representative)	2
Lazaros Tsantaridis (employee representative), deputy	2
Mats Lidbeck (employee representative), deputy	1
Christina Stålhandske (employee representative), deputy	2

NAME	NUMBER OF MEETINGS
(Members after AGM 15 April 2015)	
Pia Sandvik (chair)	5
Hasse Johansson	4
Richard Reinius	5
Olof Sandén	5
Anna-Karin Stenberg (new as of November 2015)	–
Anna Hultin Stigenberg	5
Ulf Säter	1
Marie Westrin	5
Fredrik Winberg	5
Sven Wird	5
Anne Andersson (employee representative)	5
Linda Ikatti (employee representative)	5
Magnus Naesman (employee representative)	5
Lazaros Tsantaridis (employee representative), deputy	5
Mats Lidbeck (employee representative), deputy	4
Christina Stålhandske (employee representative), deputy	4

Board work followed the established annual plan.

The primary matters considered at the meetings were as follows.

February
- year-end report (phone meeting)

March
- annual report and financial statements, sustainability report
- audit report
- review of need for internal audit function
- report on research and innovation in the SP group
- review of employment terms for senior executives in line with issued guidelines
- owner’s directives to subsidiaries

April
- inaugural board meeting after AGM
- decisions on the board’s work plan and instructions for the CEO
- adoption of plan for next year’s board meetings

June	–	review and discussion of company and group strategy
	–	assessment of the board's work
August	–	interim report (phone meeting)
September	–	staff development, competency issues
	–	risk assessment
	–	financial and investment policy
November	–	budget and business plan for the parent and group

During the year the board revised and established the work plan and instructions for the board of directors and chief executive. Management and control of the group was discussed and clarified. This included issuing owner's directives to subsidiaries.

The board also continued its work on group strategy and discussed the forms and continued work of the SP group's six business areas. Other important matters included the continued development of AstaZero and the development of the EMC Chamber AWITAR. The board also discussed RISE's work on reviewing the legal structure within the RISE group.

The group's work on staff development and competence maintenance was also discussed. A review of operational and financial risks was conducted.

Audit committee

The board has established an audit committee from among its members, the task of which is to prepare matters for possible decisions by the board or the AGM. The committee is also to deal with matters delegated by the board. The committee is to report to the board on the matters considered, so that the board is fully informed concerning these no later than at the subsequent board meeting.

The audit committee's tasks related to auditing include monitoring the company's financial reporting and the effectiveness of its internal control and risk management activities. The committee is also to keep informed regarding the audit of the annual report and consolidated financial statements and is to establish ongoing dialogue and cooperation with the company's auditors.

During the year the remuneration and audit committee comprised Richard Reinius serving as the chair, Anna Hultin Stigenberg and Olof Sandén.

As proposed by the board, the 2015 AGM decided that when determining remuneration and terms of employment for senior executives, the company shall apply the guidelines concerning terms of employment for persons in senior management positions in publicly owned companies that were adopted by the Swedish government on 20 April 2009.

Assessment of the work of the board and chief executive

The board conducts an annual assessment of its work in regard to procedures, the working climate and the provision of and need for particular competence. This assessment is carried out under the leadership of the board chair and following procedures established in the work plan. The board also conducts an annual assessment of the chief executive's performance.

The 2015 assessment was conducted by each board member individually responding to a questionnaire. The results were compiled and used as a basis for a joint discussion led by the board chair at the November board meeting. The assessment found that the board's work, and the board's dialogue with the chief executive, is functioning very well. The members are satisfied with the way the board's work is conducted, the level of commitment is high and the board receives good quality information and documentation for decision-making.

Remuneration to the board of directors

At the 2015 AGM fees for the chair and members of the board were set. Fees for the chair were set at SEK 40,000 per year and for other members at SEK 20,000 per year. No fees are paid to the member employed by the owner RISE Research Institutes of Sweden AB or to employee representatives on the board.

Serving on the remuneration and audit committee is remunerated with fees of SEK 20,000 per year for the chair and SEK 10,000 per year for the other members. No fees are paid to the member employed by the owner RISE Research Institutes of Sweden AB.

EXTERNAL AUDIT

Auditors

The auditors' task is to independently audit the administration by the board of directors and chief executive officer and the annual report and financial statements on behalf of the owner.

Accountancy firm KPMG AB was elected as auditor for the period up to the 2016 AGM.

The firm has appointed authorised public accountant Johan Kratz as auditor-in-charge. Johan Kratz (born 1963) is an authorised public accountant who holds an MBA and is a partner at KPMG AB.

Services outside the audit provided to the company by KPMG AB over the year totalled TSEK 89 in value.

The board's dialogue with the auditors

As reported above, the board of directors has appointed an audit committee to monitor company financial reporting and the effectiveness of the company's internal control and risk management. The committee is also to keep informed regarding the audit of the annual report and consolidated financial statements and is to establish ongoing dialogue and cooperation with the company's auditors.

The auditors attend and report to the board meeting in March when the annual accounts are approved and also participate in at least one other board meeting annually to deal with auditing matters, including the quality of the company's internal control. The company's nine-month interim report is also reviewed by the auditors.

The board has established guidelines for which services other than the audit the company may procure from the auditors.

EXECUTIVE MANAGEMENT

The chief executive officer is responsible for the daily management of the company. Within the framework established by the board of directors, the chief executive leads company operations and keeps the board chair up to date with developments in operations.

The chief executive is to organise the company's management so as to achieve appropriate governance and control over operations. The responsibilities of the chief executive are regulated in detail in the work plan established by the board.

The executive management during the year comprised the President and CEO, two deputy CEOs, the Chief Financial Officer, the Director of Human Resources and the Corporate Communications Director. As of 01/01/2016, the executive management comprised the Acting President, and CEO, the Deputy CEO, the Chief Financial Officer, the Director of Human Resources and the Corporate Communications Director. The reason for this is that CEO Maria Khorsand resigned effective 31 December 2015 and was replaced by John Rune Nielsen as Acting President and CEO.

John Rune Nielsen, born 1968, PhD, Deputy CEO at SP Technical Research Institute of Sweden since 2016, previously Deputy CEO and Chief Business Development Officer at SP AB since 2011, Department manager at SP AB 2003–2011, assistant department manager at SP AB 2000–2003, section manager at SP AB 1997–2000, researcher at SP AB 1996, doctoral student NTNU/ Sintef AS 1993–1996, consultant at Reinertsen Engineering AS 1992–1993.

Maria Khorsand, born 1957, MSc California State University Fullerton, CEO of SP Technical Research Institute of Sweden since 2007. Various previous director-level positions at Ericsson (1987–2004), OMX Technology (2004–2005) and Dell Sweden AB (2006). Board member of the Knowledge Foundation, SOS Alarm Sverige AB and Beijer Electronics AB. Maria Khorsand resigned on 31 December 2015.

Margaret Simonson McNamee, born 1965, PhD, Deputy CEO and Technical Director of SP Technical Research Institute of Sweden since 2014. Various previous managerial positions at SP AB 1999–2014, researcher at SP AB 1995–1999. Research assistant and later doctoral student at Chalmers University of Technology 1986–1995.

Per-Gunnar Asbjörnsen, born 1969, graduate in economics. Chief Financial Officer (CFO) of SP Technical Research Institute of Sweden since 2014. Previously CFO at Stena Recycling AS in Norway 1996–2012. Senior Business Controller at Stena Recycling International AB 2013. Economist at Norwegian America Line 1994–1995.

Anita Olson, born 1956, BA Behavioural Science, Director of Human Resources at SP Technical Research Institute of Sweden since 2008. HR Director at SP AB 1993–2008, HR Director at Statens Provningsanstalt (Government Testing Institute) 1989–1993.

Ewa Woldenius, born 1965, BSc Marketing, Corporate Communications Director at SP Technical Research Institute of Sweden since 2012. Previously Marketing Communications & PR Manager at Volvofinans Bank AB 2008–2012, Marketing Manager at Volvofinans Konto AB 1999–2008.

The officers above report to the chief executive, as do the heads of department within the parent company. The group's executive management is represented on the boards of each of the subsidiaries. The executive management can draw on the assistance of corporate functions for Finance, HR, Communications, Sales and Quality/Environmental Management Systems.

No members of the executive management or any related natural persons or legal entities hold any shares or other financial instruments in SP. The executive management also has no substantial shareholdings in or part ownership of any company with which SP has significant business links.

Remuneration to management

Matters related to remuneration and benefits to the chief executive and other senior executives are dealt with in the remuneration committee as described above. Members of senior management receive no benefits other than their fixed salary.

Taxable remuneration and benefits and pension expenses for the board chair, board members, chief executive and other senior executives are reported in note 10 to the financial statements.

THE BOARD'S REPORT ON INTERNAL CONTROL

This report has been prepared in compliance with the Code, the guidance provided by FAR (the professional institute for the accountancy sector in Sweden) and the Confederation of Swedish Enterprise, and the application instruction issued by the Swedish Corporate Governance Board on 5 September 2006.

Control environment

The basis for our internal control over financial reporting is the control environment, comprising organisation, decision processes, authority and responsibility, which is documented and communicated in steering documents such as policies, guidelines, instructions, manuals and job descriptions. All steering documents are readily available on the company intranet.

The board of directors establishes annually a work plan, which regulates the delegation of duties between the board of directors and the chief executive, and regulates financial reporting to the board. The board also establishes comprehensive policies, such as an investment policy.

The group has a flat, decentralised organisational structure in which departments and subsidiaries are assigned clear targets and the authority to take independent decisions to develop their operations in close contact with their markets. This delegation of decision-making is documented in an authorisation procedure that provides clear instructions to managers at all levels in the organisation. This document establishes responsibilities and authority in regard to tendering, order confirmation, project contracts, investments and monetary limits for approval of expenses. The delegation procedure is complemented by accounting and reporting instructions.

The group has established a number of ethical values to function as a framework for employees and to promote good judgement and uniform behaviour. Competency requirements are assessed and addressed continuously through recruitment, training and staff development.

Control activities

Suitable control activities are designed at company, department and section level to manage the material risks regarding financial reporting that were identified by the risk assessment. These control activities include both general and more detailed controls designed to prevent, uncover and correct faults or discrepancies. Great importance is placed on ensuring that controls are performed correctly and on time.

General IT controls are designed for the systems that support processes affecting internal control over financial reporting. These include automatic controls that manage authorisations and approval rights, as well as manual controls such as duality in both day-to-day bookkeeping and closing entries.

Information and communication

Significant guidelines, manuals, etc. of significance for financial reporting are updated and communicated to the appropriate employees continually. The documentation is readily available on the company intranet. Information meetings are held regularly in various forums to ensure that the contents of these documents are understood and observed correctly. There are both formal and informal information paths to the board of directors and executive management for material information from our employees. Guidelines are also in place to ensure the company lives up to high demands for correct information in external communications.

Follow-up and improvement

The company follows up compliance with steering documents and control activities. Company information and communication paths are also followed up to ensure these are appropriate, accessible and known.

The financial and business system is configured to ensure that budgeting, accounting and follow-up are conducted uniformly at section and department level and centrally at company level. Discrepancies are analysed and followed up. A monthly review of the departments' and the companies’ financial performance takes place every month at management meetings. Any discrepancies are analysed and discussed. Internal closings are analysed every month. On a quarterly basis, before company interim reporting, a review is conducted with all project managers to ensure the value of all work in progress for each project.

At each board meeting the directors are provided with financial reports at company and group levels with comments, analyses and forecasts. These reports are compiled by the company’s finance staff; as well as outcome, budget and previous year comparison, they include order inflow, order backlog and various key ratios.

The board continually assesses the information provided by senior management to ensure that action is taken in regard to any shortcomings and suggested actions arising from internal control and the external audit.

To provide the board with a basis for setting internal management and control levels, during 2015 SP continued a review and analysis of existing management processes and internal controls. These efforts are expected to result in an assessment and verification of the steering documents and guidelines on which group operational management is based.

This project is to add value by clarifying roles and responsibilities and through improved process effectiveness, increased risk awareness and better documentation for decision-making, and by enhancing security in financial reporting and follow-up.

Internal audit

The company has no internal audit function. The board has concluded that the follow-up reported above is sufficient to ensure that internal control is effective. The board of directors tests annually whether an internal audit function in needed.

Stockholm, 21 March 2016

Pia Sandvik	Anna Hultin Stigenberg
Hasse Johansson	Richard Reinius
Olof Sandén	Anna-Karin Stenberg
Marie Westrin	Fredrik Winberg
Sven Wird	Anne Andersson
Linda Ikatti	Magnus Naesman

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the annual general meeting of SP Sveriges Tekniska Forskningsinstitut AB (SP Technical Research Institute of Sweden), company reg. no. 556464-6874

It is the board of directors' responsibility to publish the corporate governance report for 2015, which can be found on pages 71 to 78, and to ensure it is prepared in compliance with the Swedish Annual Accounts Act.

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

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual report and the consolidated financial statements.

Borås, 30 March 2016

KPMG AB

Johan Kratz
Authorised Public Accountant

SP's BOARD OF DIRECTORS

Pia Sandvik (born 1964), board chair. Board Chair of RISE Research Institutes of Sweden AB. CEO of Länsförsäkringar Jämtland. Former rector at Luleå University of Technology. MSc Engineering (mechanical engineering) Linköping University, PhD and senior lecturer in quality technology. Board member of Länsförsäkringar AB, the Swedish Foundation for Strategic Research and Akademiska Hus, and member of the Business Executives Council of the Royal Swedish Academy of Engineering Sciences (IVA).

Hasse Johansson (born 1949), board member. Board Member of RISE Research Institutes of Sweden AB. Johansson Teknik & Form AB. Master of Science Electrical Engineering, Chalmers University of Technology. Board chair of Dynamate Industrial Services AB, Vicura AB, Uniter AB, Lindholmen Science Park and Vinnova. Board member of Electrolux AB, Fouriertransform AB, Calix Group AB, Klippan Group AB and Skyllbergs Bruk AB. Member of the Business Executives Council of the Royal Swedish Academy of Engineering Sciences, Department I.

Richard Reinius (born 1967), board member, chair of audit committee. Board Member of RISE Research Institutes of Sweden AB. MSc Business and Economics, Stockholm School of Economics. Company Manager, Ministry of Enterprise, Energy and Communications. Former company analyst, Ministry of Enterprise, Energy and Communications and before that equity analyst, CSFB, London. Board member of AB Bostadsgaranti, Fouriertransform AB and Apoteksgruppen i Sverige Holding AB.

Olof Sandén (born 1962) vice board chair. CEO of RISE Research Institutes of Sweden AB. Degrees and previous experience, summary: MSc from Chalmers/ETH Zurich. Previously Senior Vice President Bactiguard, Executive Vice President Elekta, Trade Secretary at Business Sweden and Consultant with Boston Consulting Group. Other board appointments: Swedish ICT Research AB, co-opted onto the boards of Swerea AB, Innventia AB, Produal Oy of Helsinki and Micropos Medical AB. Other appointments: Advisory Board, Wistrands Advokater.

Anna-Karin Stenberg (born 1956), board member. Board Member of RISE Research Institutes of Sweden AB. Vice president head of corporate control TeliaSonera. Previous CFO Praktikertjänst AB, CFO Vattenfall Nordic, Business Controller Atlas Copco, Business controller ABB, within corporate research and other areas. MSc Business and Economics with international specialisation, Linköping University. Member of nominating committee for Skandia's delegates.

Anna Hultin Stigenberg (born 1963), member of board and member of audit committee. Board Member of RISE Research Institutes of Sweden AB. Principal R&D Expert, AB Sandvik Coromant. MSc Engineering in metallurgy and materials science, PhD in materials science. Board Member of Arcam AB and Chair of the Programme Committee for Materials Research of the Swedish Foundation for Strategic Research. Chair of the nominations committee for the board of EIT KIC Raw Materials eV.

Marie Westrin (born 1958), board member. Board Member of RISE Research Institutes of Sweden AB. VP, Head of Product Quality, GF Technology, Ericsson AB. MSc Engineering in engineering physics and electrical engineering, specialisation in computer engineering (Linköping University). Honorary PhD, Linköping University. Regular member of the board of the Institute of Technology at Linköping University.

Fredrik Winberg (born 1949), board member. Board Member of RISE Research Institutes of Sweden AB. Own consulting business. Former CEO of Cementa, Marketing Manager of Heidelbergcement Northern Europe, co-founder of Biteam AB, Stockholm and Oxeon AB in Borås. MSc Business and Economics. Board chair of Swedish Building Material Producers Association and board deputy of the Confederation of Swedish Enterprise. Member of the Business Executives Council of the Royal Swedish Academy of Engineering Sciences (IVA).

Sven Wird (born 1951), board member. Board Member of RISE Research Institutes of Sweden AB. S Wird Consulting AB. Former Senior Vice President, Group Technology, Holmen AB. Master of Science Chemistry, Chalmers University of Technology. Board member of Melodea Ltd.

Anne Andersson (born 1958), board member and SACO employee representative. Board member and board SACO employee representative of RISE Research Institutes of Sweden AB. Researcher and Project Manager in Photometrics and Radiometrics, SP Measurement Technology, board member since 2010. PhD in Physics, Chalmers. Other board appointments: None

Linda Ikatti (born 1972), board member and Unionen employee representative. Unionen personal deputy of RISE Research Institutes of Sweden AB. Building Physics Test Engineer at SP Sustainable Built Environment and Local President of Unionen at SP. Engineering studies at Sven Erikssongymnasiet in Borås, university studies in chemistry at the University of Borås. Board member (deputy) of Borås Stad Textile Fashion AB, deputy at Borås West District Council (stadsdelsnämnd Väster).

Magnus Naesman (born 1955), board member and SACO employee representative. Senior consultant, CBI Cement and Concrete Research Institute. MSc Engineering, KTH Royal Institute of Technology in Stockholm, Civil Engineering Roads and Hydro Construction. Former Manager WP väg AB, Technical Consultant and Designer BLOCO AB and SWECO AB. Board member of CBI Cement and Concrete Research Institute.

Deputies

Mats Lidbeck (born 1961), Unionen personal deputy. Board member and board Unionen employee representative of RISE Research Institutes of Sweden AB. Management Systems Auditor in SP Certification, Quality, Environment, Emissions Permits. BSc Forest Management, BSc Engineering Measurement and Quality Technology. Local Vice President for Unionen at SP, Member of Unionen’s regional board, Sjuhall.

Ulf Nordberg (f. 1959), SACO personal deputy. Senior project manager at JTI – Institutet för jordbruks och miljöteknik AB. MSc Engineering, Luleå University of Technology Civil Engineering. Empolyee representative deputy of JTI AB. Board member of the Academics Club at JTI.

Lazaros Tsantaridis (born 1959), SACO personal deputy. Researcher and project manager at SP Sustainable Built Environment and deputy chair of the SACO association at SP. PhD, KTH Royal Institute of Technology in Stockholm. Board member of Greek Culture House Foundation Stockholm (Stiftelsen Grekiska Kulturhuset Stockholm).

SP Technical Research Institute of Sweden is a leading international research institute with around 1,500 employees. The group includes the parent company and several subsidiaries. Together, they create a powerful group of research and development institutes aimed at innovation and sustainable development of industry and society.

We have chosen to focus on six business areas in order to add value to the sustainable development of industry and society: the Built Environment, Information & Communications Technology, Life Science, Transportation, Risk, Safety & Security, and Energy. The combined strength of our six business areas enables us to contribute effectively to industrial competitiveness and help to tackle the major challenges faced by society.
Further information is available at www.sp.se

THE SP GROUP INCLUDES:

SP Technical Research Institute of Sweden
www.sp.se

AstaZero
www.astazero.com

CBI Cement and Concrete Research Institute
www.cbi.se

Glafo, The Glass Research Institute
www.glafo.se

JTI – Swedish Institute of Agricultural and Environmental Engineering
www.jti.se

SMP Svensk Maskinprovning
www.smp.nu

SP Energy Technology Center
www.sp.se/etc

SP Fire Research, Norway

SP Process Development
www.sp.se/sppd

SP Processum
www.processum.se

SP Technical Research Institute of Sweden, Denmark
www.sp.se/dk

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