ANNUAL REPORT ORC GROUP HOLDING AB (PUBL)

2015

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ORC

CONTENT

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ADMINISTRATION REPORT /

The Board of Directors of Orc Group Holding AB (publ), corporate identity number 556873-5913, domiciled in Stockholm, hereby presents the annual report and consolidated annual report for the financial year from January 1, 2015, to December 31, 2015.

ABOUT ORC GROUP HOLDING AB

The object of Orc Group Holding AB's operations is to own and manage shares in subsidiaries. At the beginning of 2012, Orc Group AB (publ) was acquired for just over SEK 2 billion through a public tender offering directed to the shareholders, and formed the Orc Group Holding group (Orc). Orc Group Holding AB is 100% owned by Itiviti AB, (former Cidron Delfi Intressenter Holding AB), corporate identity number 556871-8141, which is in turn ultimately owned by Nordic Capital Fund VII and the management and key employees in Orc and CameronTec.

Orc is the global market leader in trading technology for listed derivatives. Successful market players depend on Orc to deliver next-generation solutions with the tools needed to maintain a lead in today's markets, characterized by fierce competition and rapid changes. Dedicated to long-term partnerships and continuous innovation that delivers results, Orc serves the needs of leading trading firms, market makers, banks and brokers worldwide. With 200 customer sites in more than 30 countries, access to over 150 trading venues and offices in each of the world's key financial centers, Orc offers true global capabilities. Combining our technology and financial industry expertise, including a solid understanding of risk management and regulatory issues, Orc also provides expert advice and services that help reduce complexity and cost, while enabling clients to stay fully focused on their core trading activities. For more information visit: orc-group.com

All amounts are stated in SEK k and figures in brackets refer to the comparison period 2014 unless otherwise specified.

KEY EVENTS DURING THE YEAR

In January 2015 Orc announced that an agreement had been signed to acquire 100% of the shares in Tbricks AB. The Tbricks group is consolidated as of January 1, 2015. The addition of Tbricks' advanced trading platform to Orc's connectivity network, electronic executive platform and global presence will extend the new group's offering and competitiveness. In the first quarter of 2015, intensive efforts to integrate the companies were completed and these operations are now fully integrated with Orc. The effects of the identified needs for restructuring, primarily of technology, personnel and offices, and the purchase price allocation were reported in Q1 2015. For the purchase price allocation, see Note 27 – Acquisition of subsidiaries.

In October 2015, Orc joined forces with CameronTec, the global standard in financial messaging infrastructure, with the goal of creating the most powerful trading and connectivity technology offering for capital markets. The merger took place through the acquisition of CameronTec Intressenter Top Holding AB by Orc Group Holding's parent company Itiviti AB (formerly Cidron Delfi Intressenter Holding AB) via a preferential rights issue. Operations in CameronTec were conducted separately from those of Orc Group Holding throughout 2015.

2015 saw continued growth in our business, with new clients and significant sales momentum across all geographical regions. In particular, the APAC region performed well, reflecting an increasing interest in pan-Asian trading among existing and new clients. Our reliable and flexible platform enables clients to capitalize on this trend, while remaining compliant in a diverse and complex regulatory environment. A certain share of new sales is not visible in the revenue figures, due to lead times between the order date and revenue recognition. Orc is continuing to invest in product development. The number of employees in the product and development organization at the end of the year was around 129 (100), representing close half of all employees in the company. Because the company has a higher number of developers in Russia, where the average salary is lower than in Sweden, the number of employees increased during the year with a maintained level of payroll costs.

KEY EVENTS AFTER THE BALANCE SHEET DATE

In February 2016 Orc announced that Orc Group and CameronTec Group were uniting their offerings and launching the new shared name Itiviti AB. Orc Group Holdings AB's parent company Cidron Delfi Intressenter Holding AB is the owner of both companies and is changing name to Itiviti AB. The motive for the combined offering is that Itiviti Group now has the capacity to reach interesting new market segments and meet expanding client requirements, and it is also a logical step in the process of optimizing marketing and delivery of products and services from the former Orc and CameronTec organizations.

In March 2016 Orc announced that Orc Group AB had acquired CameronTec Intressenter Top Holding AB. Payment will take place through an unconditional shareholder contribution from Itiviti AB (formerly Cidron Delfi Intressenter Holding AB). In connection with this, bank loans of SEK 220,000k in CameronTec Group will be repaid to Nordea. The loans will be repaid through the use of Itiviti's cash and credit facilities.

At the end of March 2016, the company changed name from Orc Group Holding AB to Itiviti Group Holding AB.

No other significant events took place after the balance sheet date.

OPERATING REVENUE, OPERATING EXPENSES AND EARNINGS

Operating revenue for the year was SEK 466,987k (395,767), which is equal to an increase of 18%. Adjusted for correction of the fair value of the acquired revenue in Tbricks of SEK 13,800k, the increase was SEK 85,020k, or 21%. Weakening of the Swedish krona against the US dollar and the euro explains SEK 43,000k of the increase. The remaining increase of SEK 42,020k is primarily attributable to the acquisition of Tbricks. The share of revenue from Professional Services has continued to grow, despite a challenging Q4, and amounted to SEK 15,137k (12,903).

Operating amounted to SEK -598,397k (-354,650), of which the period's amortization, depreciation and impairment losses of SEK -279,077k (-127,642) account for most of the cost increase. In the first quarter of 2015, an impairment loss on development costs of SEK -148,000k was recognized in the carrying amount of technology attributable to Orc's platform. The impairment loss was recorded in connection with the decision to mainly develop products based on Tbricks' trading platform going forward. The remaining value of SEK 203,780k will be amortized on a straight-line basis over the period in which the Orc platform is expected to continue generating revenue. This period is currently estimated at 5 years.

ADMINISTRATION REPORT
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After this period, essentially all revenue is expected to be generated by the new platform. Amortization/depreciation of SEK -131,077k (-127,642) is mainly related to Orc Group Holding AB's acquisition of Orc Group AB and Orc's acquisition of Tbricks. The increase of SEK 3,434k compared to the same period of last year is due primarily to the higher degree of work performed for own use and capitalized and the acquisition of Tbricks.

Operating expenses adjusted for amortization, depreciation and impairment losses, non-recurring items and foreign exchange effects amounted to SEK -288,525k (-233,132), an increase of SEK 55,393k, or 24%. Weakening of the Swedish krona, primarily against the US dollar, has aside from the eliminated foreign exchange remeasurements also resulted in higher operating expenses in 2015 compared to the same period of last year of approximately SEK 22,700k. In 2015 the Group had bad debt losses of around SEK 4,000k, and since the corresponding figure for 2014 was a positive amount of SEK 3,770k, this explains a large share of the cost increase. Personnel costs have risen by SEK 8,400k, mainly due to higher costs for sales commissions and, to a lesser extent, an increase of 45 in the average number of employees compared to the same period of last year. But because around 70 of these are based in Russia, the Group's average salary cost per employee has decreased compared to the previous year. The remaining increase is mainly explained by an increase in other external expenses for travel and IT-related expenses following the acquisition of Tbricks, as well as the internal global conference, in the second quarter. Non-recurring items amounting to SEK -27,167k (-1,091) consist of restructuring costs primarily attributable to employees and premises in connection with the rebranding of Orc.

Operating income including non-recurring items amounted to SEK -131,410k (41,117), net financial items to SEK -35,147k (-88,104) and income tax to SEK 39,382k (9,284). Net financial items included an unrealized foreign exchange difference of SEK 22,830k (-34,350) on the note loan. Income for the period was SEK –127,175k (-37,703).

CASH FLOW

Cash and cash equivalents for the period from January to December 2015 rose by SEK 34,829k, from SEK 100,131k to SEK 134,960k. Operating activities generated a cash flow of SEK 116,142k (126,865) after changes in working capital. The change in working capital of SEK 18,052k (18,989) is mainly attributable to additional prepaid income in connection with the acquisition of Tbricks, an increase in trade receivables and an increase in prepaid income due to a higher share of annual invoices that were invoiced before year-end 2015 compared to 2014. Cash flow from investing activities amounted to SEK -388,560k (-96,638) and consisted mainly of expenses for the acquisition of Tbricks of SEK -277,133k, capitalized development costs of SEK -83,929k (-84,554) client acquisition expenses of SEK -15,061k (-10,282). The acquired cash and cash equivalents of SEK 308,159k is attributable to the acquisition of Tbricks. As earlier, the Group had an unutilized overdraft facility of SEK 145,000k at the end of the period.

INVESTMENTS

Investments during the financial year consisted mainly of capitalized development costs and capitalized client acquisition expenses. Investments in intangible assets amounted to SEK 101,910k (95,192) and investments in property, plant and equipment amounted to SEK 8,820k (1,760).

EMPLOYEES

At the end of the financial year Orc had 269 employees (211). Orc's employees are organized in departments for development and product management, sales and marketing, service and support, as well as support functions in areas like finance and accounting and administration.

PARENT COMPANY

The Parent Company Orc Group Holding AB (publ) (556873-5913) is owned by Itiviti AB (formerly Cidron Delfi Intressenter Holding AB) (556871-8141), which is in turn ultimately owned by Nordic Capital

FINANCIAL INFORMATION IN SUMMARY

REFERS TO THE GROUP.

SEK THOUSAND	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014	JAN 1, 2013 – DEC 31, 2013
Revenue	466,987	395,767	426,667
Operating income	-131,410	41,117	21,306
Operating margin, %	-28%	10%	4%
Net financial items	-35,147	-88,104	-77,462
Income for the period	-127,175	-37,703	-44,311
Profit margin, %	-27%	-10%	-11%
Total assets	2,365,227	2,147,166	2,128,249
Cash and cash equivalents	134,960	100,131	69,305
Interest-bearing liabilities	540,665	559,651	1,130,212
Equity	1,445,793	1,262,161	645,984
Net debt	405,705	459,520	1,060,907
Equity/assets ratio, %	61%	59%	30%

ADMINISTRATION REPORT /

Fund VII and by the management and employees in the Orc Group and CameronTec Group.

Revenue in the Parent Company for the period from January to December 2015 amounted to SEK 3,375k (2,297). Operating income amounted to SEK -1,199k (-2,466), net financial items to SEK 40,960k (-50,533) and income after tax to SEK 31,003k (-41,350). Net financial items and income for the year consisted mainly of interest expenses on loans and financial expenses payable to the bank, as well as group contributions received of SEK 101,448k (105,234) and an unrealized foreign exchange difference of SEK 22,830k (-34,350) attributable to remeasurement of the note loan. Investments in property, plant and equipment and intangible assets for the period from January to December 2015 amounted to SEK - (-). At December 31, 2015, the Parent Company had cash and cash equivalents of SEK 3,534k (1,773).

Equity in the Parent Company at the end of the period amounted to SEK 1,271,346k (932,185). The increase is attributable to a shareholder contribution of SEK 308,159k in connection with the acquisition of Tbricks. Non-current and current liabilities amounted to SEK 974,406k (961,494) and have decreased mainly as a result of the foreign exchange difference on the note loan.

Orc Group Holding AB has not had any significant related party transactions other than transactions with group companies, payment of board fees and a loan to the Parent Company Itiviti AB which was converted into equity in November 2014. All transactions with related parties are carried out with the application of market-based principles. The nature and scope of related party transactions during the period are essentially the same as those for 2014.

RISKS AND UNCERTAINTIES

The most significant risks in the Orc Group Holding AB group have been assessed to lie in the company's ability to predict market needs and thereby adapt its technical solutions to these, the ability to attract and retain skilled employees, risks related to the IT infrastructure, foreign exchange risks and the risk for bad debt losses. In the Group's balance sheet the greatest risks are the values of the intangible assets, which are also affected by the company's ability to deliver according to the established business objectives and sales targets.

Ongoing uncertainty in the international financial markets and the consequences of the global economic recession are associated with a risk for continued cancellations of existing customer contracts, lower sales of new customer contracts and increased credit risks. Another significant risk factor to be taken into account is the risk for a further decrease in liquidity and volatility in the international derivatives markets, which would most likely have a negative impact on Orc's customers and could therefore also affect new sales, cancellation of customer contracts and credit risks. See also Note 26 – Financial risk management and financial instruments.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Detailed information about remuneration to senior executives is provided in Note 8 – Employees. There are no option/warrant programs for senior executives or other employees. The management and a number of key employees in the Group have been offered the opportunity to buy shares in Itiviti AB at market value. This has consequently not resulted in any costs in the accounts.

FUTURE OUTLOOK

In 2015 Orc carried out mergers with two companies (Tbricks in January and CameronTec via Orc's parent company is October), which was followed up with the launch of Itiviti in February 2016. Orc has entered the new year with high expectations for the three combined offerings, which give clients unique opportunities for success in the capital markets, at a lower cost and with higher quality.

CORPORATE GOVERNANCE REPORT

Orc has chosen to present its corporate governance report separately from the annual report. The corporate governance report and the auditor's statement are published on orc-group.com.

APPROPRIATION OF EARNINGS AND PROPOSED DIVIDEND

ORC GROUP HOLDING AB

FUNDS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:	SEK
Share premium reserve	1,374,206,261
Accumulated deficit	-140,037,611
Income for the year	31,003,218
Total	1,265,171,868

THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER PROPOSE THAT THESE FUNDS BE ALLOCATED AS FOLLOWS:	SEK
A shareholder dividend of SEK 0 per share, totaling	–
To be carried forward to new account	1,265,171,868
Total	1,265,171,868

STATEMENT OF ASSURANCE

The Board of Directors and Chief Executive Officer hereby give their assurance that the consolidated accounts and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company and the Group, and that the administration report gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company and describes the significant risks and uncertainties to which the Group companies are exposed.

STOCKHOLM, APRIL 13, 2016

PER E. LARSSON, Board Chairman

FREDRIK NÄSLUND, Board member

CHRISTIAN FRICK, Board member

TORBEN MUNCH, CEO

Our auditor's report was submitted on April 15, 2016

Ernst & Young AB

ERIK SANDSTRÖM, Authorized Public Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME /

SEK THOUSANDS	NOTE	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
OPERATING REVENUE	5		
System revenue		451,850	382,864
Professional Services		15,137	12,903
Operating revenue		466,987	395,767
OPERATING EXPENSES	6		
Cost of goods sold		-19,217	-18,751
Other external expenses	10, 14	-113,868	-76,913
Personnel costs	8	-266,164	-223,113
Work performed by the company for its own use and capitalized	6, 15	83,929	84,554
Amortization, depreciation and impairment losses	9	-279,077	-127,642
Foreign exchange differences	11	-4,000	7,215
Operating expenses		-598,397	-354,650
Operating income		-131,410	41,117
FINANCIAL ITEMS	12		
Financial income		23,061	40,995
Financial expenses		-58,208	-129,099
Net financial items		-35,147	-88,104
Income after financial items		-166,557	-46,987
Income tax expense	13	39,382	9,284
Income for the year		-127,175	-37,703
OTHER COMPREHENSIVE INCOME			
Items that can be reclassified subsequently to profit or loss			
Translation differences	11	2,648	7,653
Total other comprehensive income		2,648	7,653
Comprehensive income for the year		-124,527	-30,050
Income for the year attributable to owners of the Parent Company		-127,175	-37,703
Comprehensive income for the year attributable to owners of the Parent Company		-124,527	-30,050

CONSOLIDATED BALANCE SHEET /

SEK THOUSANDS	NOTE	DEC 31, 2015	DEC 31, 2014
ASSETS			
Non-current assets			
Intangible assets	15		
Goodwill		1,280,547	1,094,181
Other intangible assets		582,168	546,003
Capitalized development costs		160,946	246,047
Property, plant and equipment	16		
Equipment		15,633	11,583
Financial assets	17, 18	3,214	1,956
Deferred tax assets	13	9,348	393
Total non-current assets		2,051,856	1,900,163
Current assets			
Trade receivables	17, 20	76,121	42,678
Prepaid tax	13	1,920	1,435
Other current assets	17, 21	100,370	102,759
Cash and cash equivalents	17, 28	134,960	100,131
Total current assets		313,371	247,003
TOTAL ASSETS		2,365,227	2,147,166
EQUITY AND LIABILITIES	22		
Equity			
Share capital		6,175	6,175
Other contributed capital		1,682,365	1,374,206
Reserves		2,378	-270
Retained earnings/accumulated deficit		-117,950	-80,247
Income for the year		-127,175	-37,703
Total equity		1,445,793	1,262,161
Non-current liabilities			
Deferred tax liabilities	13	140,069	153,784
Non-current liabilities	23	540,665	559,651
Other provisions	23	1,314	1,136
Total non-current liabilities		682,048	714,571
Current liabilities			
Trade payables	17, 24	12,351	11,810
Tax liabilities	13	6,333	5,270
Other current liabilities	17, 25	218,702	153,354
Total current liabilities		237,386	170,434
TOTAL EQUITY AND LIABILITIES		2,365,227	2,147,166
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets	30	2,183,050	1,839,150
Contingent liabilities		None	None

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DECEMBER 31, 2015

SEK THOUSANDS	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RESERVES*	RETAINED EARNINGS INCL. INCOME FOR THE YEAR	TOTAL
	ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Opening balance, January 1, 2015	6,175	1,374,206	-270	-117,950	1,262,161
Income for the year	–	–	–	-127,175	-127,175
Other comprehensive income	–	–	2,648	–	2,648
Comprehensive income for the year	–	–	2,648	-127,175	-124,527
Transactions with owners					
Shareholder contribution	–	308,159	–	–	308,159
Total transactions with owners	–	308,159	–	–	308,159
Closing balance, December 31, 2015	6,175	1,682,365	2,378	-245,125	1,445,793

* Reserves refer entirely to translation differences attributable to foreign operations.

DECEMBER 31, 2014

SEK THOUSANDS	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RESERVES*	RETAINED EARNINGS INCL. INCOME FOR THE YEAR	TOTAL
	ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Opening balance, January 1, 2014	5,746	731,156	-7,923	-80,247	648,732
Income for the year	–	–	–	-37,703	-37,703
Other comprehensive income	–	–	7,653	–	651,132
Comprehensive income for the year	–	–	7,653	-37,703	613,429
Transactions with owners					
Set-off issue	429	643,050	–	–	–
Total transactions with owners	429	643,050	–	–	–
Closing balance, December 31, 2014	6,175	1,374,206	-270	-117,950	1,262,161

* Reserves refer entirely to translation differences attributable to foreign operations.

CONSOLIDATED CASH FLOW STATEMENT /

SEK THOUSANDS	NOTE	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
OPERATING ACTIVITIES			
Operating income		-131,410	41,117
Adjustments for non-cash items			
Amortization/depreciation		279,077	127,642
Capital loss on the sale of non-current assets		295	631
Other non-cash items	29	3,662	-7,203
Interest received		128	262
Interest paid, etc.		-50,055	-48,533
Income tax paid		-3,607	-6,040
Cash flow from operating activities before changes in working capital		98,090	107,876
CHANGES IN WORKING CAPITAL			
Change in trade receivables		-24,456	24,281
Change in other operating receivables		14,589	-276
Change in trade payables		727	-189
Change in operating liabilities		27,192	-4 827
Cash flow from operating activities		116,142	126,865
INVESTING ACTIVITIES			
Investments in intangible assets	15	-101,910	-95,192
Acquisition of subsidiaries	27	-277,133	-
Disposal of subsidiaries		-	101
Investments in property, plant and equipment	16	-8,820	-1,760
Change in financial assets		-697	213
Cash flow from investing activities		-388,560	-96,638
FINANCING ACTIVITIES			
Shareholder contributions received		308 159	-
Cash flow from financing activities		308 159	-
Change in cash and cash equivalents		35,741	30,227
Cash and cash equivalents at beginning of year		100,131	69,305
Translation differences in cash and cash equivalents		-912	599
Cash and cash equivalents at end of year		134,960	100,131

PARENT COMPANY INCOME STATEMENT

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SEK THOUSANDS	NOTE	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
OPERATING REVENUE			
Net sales	7	3,375	2,297
Operating revenue		3,375	2,297
OPERATING EXPENSES			
Other external expenses	10	-476	-1,287
Personnel costs	8	-4,098	-3,476
Operating expenses		-4,574	-4,763
Operating income		-1,199	-2,466
FINANCIAL ITEMS	12		
Financial income		124,278	105,235
Financial expenses		-83,318	-155,768
Net financial items		40,960	-50,533
Income after financial items		39,761	-52,999
Income tax expense	13	-8,758	11,649
Income for the year		31,003	-41,350
Other comprehensive income			
Translation differences		–	–
Total other comprehensive income		–	–
Comprehensive income for the year		31,003	-41,350

PARENT COMPANY BALANCE SHEET

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SEK THOUSANDS	NOTE	DEC 31, 2015	DEC 31, 2014
ASSETS			
Non-current assets			
Financial assets			
Shares in group companies	19	2,008,604	1,700,446
Non-current receivables from group companies	7	72,838	78,590
Deferred tax assets	13	25,974	34,732
Total non-current assets		2,107,416	1,813,768
Current assets			
Current receivables from group companies	7	134,676	78,052
Other current assets	21	126	85
Cash and bank	17, 28	3,534	1,773
Total current assets		138,336	79,910
TOTAL ASSETS		2,245,752	1,893,678
EQUITY AND LIABILITIES	22		
Equity			
Restricted equity			
Share capital		6,175	6,175
Non-restricted equity			
Share premium reserve		1,374,206	1,374,206
Accumulated deficit		-140,038	-406,846
Income for the year		31,003	-41,350
Total equity		1,271,346	932,185
Non-current liabilities			
Liabilities to group companies	7, 23	422,889	391,206
Other non-current liabilities	23	540,665	559,652
Total non-current liabilities		963,554	950,858
Current liabilities			
Other current liabilities	17, 25	10,852	10,636
Total current liabilities		10,852	10,636
TOTAL EQUITY AND LIABILITIES		2,245,752	1,893,678
Memorandum items			
Pledged assets	30	2,008,604	1,700,446
Contingent liabilities		None	None

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

DECEMBER 31, 2015	RESTRICTED EQUITY	NON-RESTRICTED EQUITY			
SEK THOUSANDS	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED DEFICIT	INCOME FOR THE YEAR	TOTAL
Opening balance, January 1, 2015	6,175	1,374,206	-406,846	-41,350	932,185
Appropriation of income from previous year	–	–	-41,350	41,350	–
Income for the year	–	–	–	31,003	31,003
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income	–	–	-41,350	72,353	31,003
Transactions with owners					
Shareholder contributions	–	–	308,159	–	308,159
Total transactions with owners	–	–	308,159	–	308,159
Closing balance, December 31, 2015	6,175	1,374,206	-140,037	31,003	1,271,346

DECEMBER 31, 2014	RESTRICTED EQUITY	NON-RESTRICTED EQUITY			
SEK THOUSANDS	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED DEFICIT	INCOME FOR THE YEAR	TOTAL
Opening balance, January 1, 2014	5,746	731,156	-374,349	-32,497	330,056
Appropriation of income from previous year	–	–	-32,497	32,497	–
Income for the year	–	–	–	-41,350	-41,350
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income	–	–	-32,497	-8,853	-41,350
Transactions with owners					
Set-off issue	429	643,050	–	–	643,050
Total transactions with owners	429	643,050	–	–	643,050
Closing balance, December 31, 2014	6,175	1,374,206	-406,846	-41,350	932,185

PARENT COMPANY CASH FLOW STATEMENT /

SEK THOUSANDS	NOTE	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
OPERATING ACTIVITIES			
Operating income		-1,199	- 2,466
Interest paid	12	-47,652	-46,126
Interest received	12	–	–
Adjustments for non-cash items			
Income tax paid		0	-1
Cash flow from operating activities before changes in working capital		-48,851	-48,593
CHANGES IN WORKING CAPITAL			
Change in trade receivables		-1,001	-1,919
Change in operating liabilities		78	-1,862
Cash flow from operating activities		-49,774	-52,374
INVESTING ACTIVITIES			
Cash flow from investing activities		–	–
FINANCING ACTIVITIES			
Group contributions received		51,536	53,914
Cash flow from financing activities		51,536	53,914
Change in cash and cash equivalents		1,762	1,540
Cash and cash equivalents at beginning of year		1,773	234
Exchange rate differences in cash and cash equivalents		–	-1
Cash and cash equivalents at end of year		3,534	1,773

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NOTE 1.
CORPORATE INFORMATION

Orc Group Holding AB (publ) and its subsidiaries (together the Group) is a leading global provider of technology and services for securities trading to the financial industry and conducts development, sales and support services through a market presence in all major financial centers.

Orc Group Holding AB (publ), corporate identity number 556873-5913, is a public limited company registered in Sweden and domiciled in Stockholm. The address to the head office is Kungsgatan 36, SE-103 95 Stockholm. The company has a listed note loan on Nasdaq Stockholm.

The Board of Directors has approved the annual report on April 13, 2016, and it will be put before the Annual General Meeting for adoption on April 29, 2016.

NOTE 2.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most important accounting policies that have been applied in this consolidated annual report are described below. The same accounting policies have been applied as in the most recently published annual report for both the Group and the Parent Company, unless otherwise stated below.

BASIS OF PRESENTATION

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied. RFR 1 specifies the additions to the IFRS disclosures required beyond those pursuant to the Swedish Annual Accounts Act.

As a consequence of Orc's working methods, where there is a high degree of overlap between sales and support and between sales and development activities, Orc presents income/loss in accordance with the principles for an income statement classified by cost type.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments measured at fair value through profit of loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions, and those that are of significance for the consolidated financial statements are presented in Note 4 – Critical accounting estimates and assumptions.

The accounts of the Parent Company are presented in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. For more information about the Parent Company, see also Note 3 – Accounting policies of the Parent Company.

The financial statements are presented in Swedish kronor (SEK) and are rounded off to the nearest SEK thousand unless otherwise stated.

NEW AND CHANGED STANDARDS THAT ARE APPLIED BY THE GROUP

In the annual report for 2015, the Group and the Parent Company have for the first time applied the new and revised standards and interpretations that are effective for annual periods beginning on or after January 1, 2015. None of the new and revised standards and interpretations that are effective for annual periods beginning on or after January 1, 2015, have had any material impact on the financial statements of the Group or the Parent Company.

NEW STANDARDS AND INTERPRETATIONS THAT HAVE NOT BEEN APPLIED BY THE GROUP

A number of new and revised IFRSs are not yet effective and have not been applied early in the preparation of the financial statements of the Group or the Parent Company. None of the other new or revised standards or IFRIC interpretations that had been published as of December 31, 2015, are expected to have any material impact on the financial statements of the Group or the Parent Company.

STANDARDS, REVISIONS AND INTERPRETATIONS THAT HAVE NOT BEEN APPROVED BY THE EU

None of the other new or revised standards or IFRIC interpretations that had not yet been approved by the EU at December 31, 2015, are expected to have any material impact on the financial statements of the Group or the Parent Company with the exceptions below.

IFRS 15 Revenue from Contracts with Customers replaces all previously issued standards and interpretations dealing with revenue with a single principles-based model to be applied to all contracts with customers. The core principle is that revenue is recognized when the promised goods or services have been transferred to the customer, i.e. when the customer has control over them. Revenue is recognized as control is passed, either over time or at a point in time. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The EU has not yet approved the standard and there is no decision as to when or how the standard will be applied. In the coming year a study will be started to assess how IFRS 15 will affect the financial statements of the Group and the Parent Company.

IFRS 16 Leases replaces IAS 17 Leases with effect from 1 January 2019. At present, there is no information about when the EU will approve the standard, for which reason no decision has been made as to when or how the standard will be applied. No evaluation of the effects of the standard has yet been started.

CHANGED ACCOUNTING POLICIES

In the third quarter of 2015, Orc decided to change its accounting policy for treatment of recognized commissions, see also under "Capitalized expenses for sales commissions". The motive for the change is to better reflect to cost of acquiring future revenue in the Group.

BASIS OF CONSOLIDATION

The consolidated financial statements include the Parent Company and its subsidiaries, i.e. companies in which the Parent Company has a controlling influence. Subsidiaries are consolidated from the date on which the Parent Company assumes control and until the date when such control ceases. The Group's assessment is that control exists if the Group has the power to govern the financial and operating policies in the holding. This normally accompanies a shareholding of more than 50%, but can also arise through de facto control, i.e. that circumstances where the size of the Group's voting rights in relation to the size and spread of the other shareholders' voting rights give the Group the opportunity to govern the financial and operating policies.

The financial statements of the subsidiaries cover the same reporting period as those of the Parent Company and their financial statements are prepared according to the same accounting policies. Companies that are acquired during the year are included in the consolidated accounts only with values arising from the date on which the controlling influence passes to the Group, while companies sold during the year are included until the date on which the influence ceases. All intra-group revenue, expenses, gains or losses arising from transactions between companies covered by the consolidated financial statements are eliminated in full.

In the consolidated financial statements, current assets consist of amounts that are expected to be recovered within 12 months from the closing date. An asset that is recovered more than 12 months from the closing date is classified as non-current. Current liabilities consist of amounts that are expected to be settled within 12 months from the closing date. A liability that is settled more than 12 months from the closing date is classified as non-current. When the criteria for assets and liabilities are not met, these are derecognized from the balance sheet.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method of accounting. The purchase consideration for the acquisition of a subsidiary consists of the fair value of assets acquired and liabilities assumed from the former owner of the acquiree and those shares issued by the Group. The purchase consideration also includes the value of all assets or liabilities that are a result of an agreement for contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at the acquisition date fair value. For each business combination, the Group elects whether to measure non-controlling interests in the acquiree at fair value or at the proportionate share in the carrying amount of the acquiree's identifiable net assets. For business combinations achieved in stages (step acquisitions), the acquisition date fair value of any previously held equity interests are remeasured at fair value and value changes are recognized in profit or loss. Costs resulting from the acquisition are recognized as administrative expenses when they arise.

Goodwill is initially measured at cost and represents the difference between the fair value of purchase consideration given in connection with an acquisition, the amount of any non-controlling interests, and the net value of identifiable net assets acquired and liabilities assumed. If the fair value of consideration transferred is lower than the Group's share in the fair value of the acquiree's net assets, the difference is recognized in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses. For impairment testing, goodwill arising on acquisitions is allocated from the acquisition date to the cash-generating units in the Group that are expected to benefit from the acquisition, regardless of whether the acquiree's assets and liabilities are allocated to these units.

DISPOSAL OF SUBSIDIARIES

When the Group no longer has control, each remaining holding is measured at fair value on the date when the Group has lost control. The change in carrying amount is recognized through profit or loss. The fair value is used as the initial recognized value and provides a basis for continued accounting for the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the disposed entity that have previously been recognized in other comprehensive income are reported as if the Group had directly disposed of the attributable assets or liabilities. As a result, amounts that were previously recognized in other comprehensive income may be reclassified to profit or loss.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount will be substantially recovered through a sales transaction and the sale is highly probable. They are measured at the lower of carrying amount and fair value less costs to sell.

SEGMENT REPORTING

The Group has only one operating segment which is attributable to Orc's operations, and which makes up the Group as a whole. These operations consist of the Group's development, sales and support of products under the Orc brand and all directly related revenue and expenses. The products and services in Orc are of a similar nature, cater to a similar category of customers, are distributed in a similar manner and have a similar production process. The products are sold worldwide, mainly through wholly owned subsidiaries whose operations consist primarily of sales and support activities, and in certain cases also development. Operating segments are reported in a manner that is consistent with the internal reports that are submitted to the chief operating decision-maker, which in the Group has been identified by the Board of Directors, who makes the strategic decisions.

GEOGRAPHICAL MARKET

In a breakdown of net sales and non-current assets by geographical market EMEA refers to customers in Europe, the Middle East and Africa, APAC refers to customers in the Asia Pacific region and Americas refers to customers in the USA, Canada, Mexico and Brazil.

TRANSLATION OF FOREIGN CURRENCY

The consolidated financial statements are presented in SEK, which is also the functional currency of the Parent Company. The subsidiaries use the local currency of their respective countries as the functional currency.

TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are translated to the functional currency at the rate of exchange ruling on the transaction date. Receivables and liabilities in foreign currency are translated at the closing day rate of exchange.

Foreign exchange gains and losses that are attributable to borrowings are recognized in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognized in the item "Foreign exchange differences" in the income statement.

TRANSLATION OF FOREIGN SUBSIDIARIES

The balance sheets of foreign subsidiaries are translated to SEK at the closing day rate of exchange and all items in the income statement are translated at the average rate during the year. Any translation differences thus arising are recognized in other comprehensive income. Goodwill and other surplus values arising on the acquisition of foreign operations are treated as assets of this operation and are translated to SEK at the closing day rate of exchange.

REVENUE RECOGNITION

Revenue is recognized in the income statement when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. The Group's revenue consists of system revenue, professional services and other revenue.

SYSTEM REVENUE

RECURRING REVENUE

The Group's total revenue consists mainly of revenue from software licenses where the software itself as well as service, support and upgrades are included in the licensing fee. A minor share of recurring revenue is attributable to network rental. The majority of sales are billed quarterly in advance and revenue is recognized over the quarter to which the billing refers.

UPFRONT LICENSES

For a limited share of software licenses, Orc instead receives an initial payment upon delivery, with a recurring annual support and maintenance fee. Revenue on the initial payment is recognized on the billing date. Support and maintenance fees attributable to upfront licenses are recognized on a straight-line basis over the period in question and are reported as recurring revenue.

PROFESSIONAL SERVICES

Professional Services consists of revenue from consulting services, training and hardware sales relating to the Group's core operations, i.e. technology sales. Consulting revenue refers to service and support that is sold beyond that which is included in the license agreement, as well as other consulting services. Revenue from consulting and training operations is recognized in the period in which the work is performed, while revenue from hardware sales is recognized when the significant risks and rewards of ownership of the product have been transferred to the buyer.

OTHER REVENUE

Other revenue consists mainly of revenue that is not attributable to the Group's core operations, such as second hand leasing of premises. The majority of sales are billed quarterly in advance and revenue is recognized over the quarter to which the billing refers.

INTEREST INCOME

Interest income is recognized when earned based on the established values of financial assets. Interest income is included in financial income in the income statement.

DIVIDENDS RECEIVED

Dividends received are recognized when the company's right to receive payment has been established.

LEASES AS LESSEE

The determination of whether a contract is, or contains, a lease is based on the substance of the contract. An assessment is made based on whether fulfillment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. Leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases. For operating leases, the lease payments are recognized in the income statement over the term of the lease according to the pattern of benefit. Orc only has operating lease commitments relating to leases for properties and equipment for these properties.

EMPLOYEE BENEFITS

SALES COMMISSIONS

Sales commissions to employees are payable on new sales and renewal of contracts with recurring revenue, and are based on the annualized value of sold licenses. Commissions are paid quarterly in arrears for new sales and on an annual basis for the renewed portion. Quarterly sales commissions are recognized in payroll expenses during the year. Expenses for sales commissions on new sales are recognized as amortization over the term of the contract with the customer, which is normally 12 months. This means that the company pays the sales commission upon completion of the sale, while the related revenue and expense is recognized over the term of the contract, normally 12 months thereafter. Commission levels are adjusted on an annual basis.

POST-EMPLOYMENT BENEFITS

A defined contribution pension plan is a pension plan in which the Group pays a fixed contribution to a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are pension plans other than defined contribution plans. The Group has only defined contribution pension plans for which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations when the contributions have been paid. The contributions are recognized as personnel costs when they fall due for payment. Prepaid contributions are recognized as assets to the extent that the Group may benefit from a cash refund or a reduction in future payments.

SHORT-TERM BENEFITS

Short-term employee benefits are calculated without discounting and recognized as an expense during the period when the related employee services are rendered. A provision is recognized for the expected cost of bonus payments if, and only if, the Group has a legal or constructive obligation to make such payments as a result of services rendered by the employees and a reliable estimate of the expected obligation can be made.

TERMINATION BENEFITS

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The Group recognizes termination benefits at the earlier of the following: when the Group can no longer withdraw the offer of benefits; and when the company recognizes costs for a restructuring and which entails payment of termination benefits. In cases where the company makes an offer to encourage voluntary redundancy, termination benefits are calculated based on the number of employees who are expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

VARIABLE REMUNERATION

Certain employees have agreements for variable remuneration. The Group recognizes a liability and an expense for bonuses, based on a formula that takes into account a number of company-specific targets that have been set by the Board. The Group recognizes a provision when there is a legal obligation or a constructive obligation arising from past practice.

INTANGIBLE ASSETS

The Group's intangible assets consist of goodwill, other intangible assets and capitalized development costs.

GOODWILL

Goodwill is tested for impairment at least annually or more often if circumstances or changes in conditions indicate that the carrying value may be impaired. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Impairment losses are recognized immediately as an expense and may not be reversed.

OTHER INTANGIBLE ASSETS

The item "Other intangible assets" includes intangible assets identified on the acquisition of Orc, and consist of customer relationships, customer contracts, technology and trademarks/brands. The historical cost of these items is their fair value on the acquisition date. The assets are subsequently stated at cost less accumulated amortization and impairment losses. The useful life of intangible assets is classified as either indefinite or definite. Intangible assets with definite useful lives are amortized over their estimated useful lives and are tested for impairment if events or circumstances indicate that their value may not be recoverable. Intangible assets with indefinite useful lives are not amortized and their recoverable value is calculated annually. The useful lives of Orc's trademarks/brands have been classified as indefinite and these assets are not amortized. The useful lives of Orc's customer relationships and customer contracts have been estimated at 9 years and the useful life of technology at 3-10 years, which is amortized on a straight-line basis.

CAPITALIZED DEVELOPMENT COSTS

Costs for development of software are expensed as incurred. The main principle is that research and development costs for existing market connections and customer applications are expensed as incurred. Costs for the development of new products are capitalized as intangible assets in the Group only when they meet the following criteria:

- › it is probable that the future economic benefits attributable to the asset will flow to the Group,
- › the cost of the asset can be measured reliably,
- › the company has the intention and ability to complete the asset,
- › the company has adequate technical, financial and other resources to complete development and to use or sell the asset, and
- › the cost of completing the intangible asset can be measured reliably.

Other development costs that do not meet the above criteria are expensed as incurred. Development costs that have been previously expensed are not recorded as assets in subsequent periods. Significant documents for verification of capitalizations can include business plans, budgets, actual outcomes and assessments of future outcomes.

The historical cost of an internally generated intangible asset is the sum of the costs arising from the date on which the intangible asset first meets the criteria stated above until the asset is completed and ready for use. The directly attributable costs that are capitalized as part of the technology include costs for employees and external consulting services, as well as a reasonable share of indirect costs, mainly costs for premises. These intangible assets are recognized in "Capitalized development costs". Internal work on assets capitalized as intangible assets is recognized under the heading of "Work performed by the company for its own use and capitalized" in the income statement and is a cost reduction in the consolidated income statement.

Internally generated intangible assets in the Group are amortized on a straight-line basis over the useful life of the asset, 7-10 years, from the date on which the asset is ready for use. Internally generated intangible assets are stated at cost less accumulated amortization and impairment losses. These are tested for impairment when events or circumstances indicate that the value may not be recoverable.

CAPITALIZED EXPENSES FOR SALES COMMISSIONS

The commission expenses that arise at the time of the sale and are directly attributable to the costs of obtaining the customer contract are recognized as intangible assets in the balance sheet. The contracts that are signed with a customer have a fixed term (normally 12 months) and are amortized on a straight-line basis over the term of the contract. The investment in the form of paid sales commissions is recognized in investing activities in the cash flow statement. The change affects the following lines in the income statement and balance sheet:

SEK THOUSANDS	1 JAN, 2015 - 31 DEC, 2015	1 JAN, 2014 - 31 DEC, 2014
Personnel costs	15,061	10,282
Amortization/depreciation and impairment	-11,775	-6,824
Income tax expense	-723	-761
Income for the period	2,563	2,697

SEK THOUSANDS	31 DEC, 2015	31 DEC, 2014	31 DEC, 2013
Other intangible assets	10,266	6,981	3,523
Total assets	10,266	6,981	3,523
Retained earnings	5,445	2,748	2,748
Income for the period	2,563	2,697	-
Deferred tax liabilities	2,258	1,536	775
Total equity and liabilities	10,266	6,981	3,523

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The historical cost includes costs that can be directly attributed to the acquisition. Subsequent expenditure is added to the carrying amount of the asset or recorded as a separate asset, according to what is 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 estimated reliably. The carrying amount for the replaced portion is derecognized from the balance sheet. All other types of repairs and maintenance are accounted for as costs in the income statement in the period in which they arise.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Servers	60 months
Other computers and IT equipment	36 months
Other equipment	60 months

Capitalized costs for improvement of rented premises are depreciated over the term of the lease.

The carrying amounts of the Group's assets are reviewed at each balance sheet date to look for any indication that an asset may be impaired. If there is an indication of impairment, the asset's recoverable amount is calculated and an impairment loss is recognized to adjust the asset's value accordingly. The depreciation methods and useful lives of property, plant and equipment are also reviewed yearly. If a significant change has taken place, this is regarded as a changed accounting estimate and is recognized in the income statement in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Gains and losses on disposal are estimated through a comparison between the proceeds from the sale and the carrying amount, and are stated in the income statement on the line "Other income" or "Other external expenses".

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are classified in one of the following sub-groups: Financial assets and liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification on initial recognition.

Orc Group Holding AB classifies all of its financial instruments as loans and receivables and financial liabilities measured at amortized cost. On initial acquisition, these two categories are recognized at fair value including transaction costs that are directly attributable to the acquisition.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Assets in this category are subsequently measured at amortized cost less impairment losses. Gains and losses are recognized in the income statement when the loan or receivable is derecognized from the balance sheet or until the value of the financial asset is written down. Trade receivables are initially recognized at the billed amount. Provisions for doubtful debts are made when it is no longer probable that the full amount of the receivable will be recovered. Doubtful debts are not written off in full until the loss is confirmed. Assets in this category are recognized as financial assets, trade receivables, other current assets and cash and cash equivalents.

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Financial liabilities in this category are recognized at amortized cost, where historical cost is measured at the fair value of the liability on the acquisition date. For borrowings, this corresponds to the amount received less any transaction costs. Non-current liabilities, trade payables and other current liabilities belong to this category.

OTHER ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS

The purchase or sale of a financial instrument is recognized on the trade date, i.e. the date on which Orc commits to buy or sell the asset or liability. A financial instrument is derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and Orc has transferred substantially all of risks and rewards of ownership. Other financial liabilities are measured at amortized cost.

RELATED PARTY TRANSACTIONS

Related parties are companies that directly or indirectly have a significant influence over Orc Group Holding AB. Subsidiaries and associated companies are also defined as related parties. Related physical persons are defined as Board members, key management personnel and close family members to these individuals. Disclosures are made if related party transactions lead to the transfer of resources, services or obligations between related parties, regardless of whether payment is made. This information includes disclosures about the nature of the related party relationship and about the effects of this relationship on the financial reports. All related party transactions are carried out with the application of market-based principles.

INCOME TAX AND DEFERRED TAX

Income taxes in the consolidated income statement consist of current tax and deferred tax. Deferred tax is calculated on the basis of temporary differences between the tax base of an asset or liability in a company and its carrying amount in the Group. Deferred tax is primarily attributable to appropriations in the Swedish companies and deferred tax liabilities attributable to acquisitions. The Group has capitalized loss carryforwards and expects to be able to utilize these against future operating profits.

CASH FLOW STATEMENT

The cash flow statement analyzes the Group's and the Parent Company's incoming and outgoing payment flows during the period classified according to operating activities, investing activities and financing activities. This analysis is useful in assessing the Group's ability to generate cash and cash equivalents.

The cash flow statement is presented in accordance with the indirect method, whereby net incoming and outgoing payment flows in operating activities are adjusted for:

› the period's change in trade receivables and trade payables and other operating assets and liabilities,
› non-cash items such as amortization, depreciation, provisions and deferred taxes, and
› all other items whose cash flow effects are attributed to investing or financing activities.

Cash and cash equivalents in the cash flow statement include highly liquid short-term investments that can be easily converted into a known amount, are exposed to insignificant risk and have a maximum maturity of 3 months.

NOTE 3. ACCOUNTING POLICIES OF THE PARENT COMPANY

The differences between the accounting policies of the Group and the Parent Company are motivated by limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act and the taxation rules that permit a different accounting treatment for legal entities than for the Group. The Parent Company applies RFR 2, Accounting for Legal Entities, in accordance with BFNAR 2012:3. Below is a description of the most significant differences between the accounting policies applied in the Group and in the Parent Company.

UNTAXED RESERVES AND DEFERRED TAXES

Tax laws in Sweden allow companies to defer payment of taxes through allocations to untaxed reserves in the balance sheet via the income statement item "Appropriations". The Parent Company can consequently recognize untaxed reserves in the balance sheet and appropriations in the income statement. In Orc Group Holding AB, the appropriations are accounted for as part of net financial items. In the consolidated balance sheet, these are treated as temporary differences, i.e. are divided between a deferred tax liability and equity. In the consolidated income statement, allocations to or reversal of untaxed reserves are divided between deferred tax and profit or loss for the year.

GROUP COMPANIES

In the Parent Company, shares in group companies are stated at historical cost less impairment.

GROUP CONTRIBUTIONS

Group contributions are accounted for in accordance with the alternative rule in RFR 2, which means that group contributions that a parent company receives from a subsidiary are recognized as appropriations and are stated in the income statement on the line "Financial income". Group contributions that a parent company pays to a subsidiary are recognized as appropriations and are stated in the income statement on the line "Financial expenses".

PRESENTATION OF THE BALANCE SHEET AND INCOME STATEMENT AND TERMINOLOGY

The presentation of the income statement and balance sheet, including terminology, differ between the Group and the Parent Company, since the Group complies with IAS 1 and the Parent Company complies with Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that can be considered reasonable under the prevailing circumstances. The results of these estimates and assumptions are then used to assess the reported values of assets and liabilities that are not clearly determinable from other sources. Actual outcomes may differ from these estimates and assumptions.

In preparing Orc Group Holding AB's consolidated accounts, the Board and CEO have come to the conclusion that valuation of goodwill, intangible assets, loss carryforwards, measurement of trade receivables, the conditions for capitalization of development costs and estimation of the useful lives of intangible assets are the critical areas where other estimates and assumptions could have an impact on the Group's results and financial position. See also Note 15 – Intangible assets and Note 27 – Acquisition of subsidiaries.

NOTE 5.
REPORTING BY GEOGRAPHICAL AREA

The principles for Orc's reporting by geographical area are described in Note 2 – Summary of significant accounting policies. The breakdown of revenue by geographical area is based on the regions where the customers are active. The breakdown of non-current assets by geographical area is based on the countries where Orc's subsidiaries are domiciled.

REVENUE BY GEOGRAPHICAL AREA*

GROUP

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
Sweden	41,379	28,538
EMEA (excl. Sweden)	255,120	215,583
Americas	78,817	66,515
APAC	105,471	85,131
Fair value adjustment according to purchase price allocation	-13,800	-
Total	466,987	395,767

Of total revenue, system revenue accounts for SEK 451,850k (382,864) and Professional Services for SEK 15,137k (12,903).

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA**

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Sweden	2,032,508	1,891,470
EMEA (excl. Sweden)	4,137	4,550
Americas	1,871	1,560
APAC	778	233
Total non-current assets	2,039,294	1,897,813

* No individual customer accounts for more than 10% of revenue.
** Non-current assets excluding deferred tax assets and financial assets.
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NOTE 6.
DEVELOPMENT COSTS

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
Capitalized development costs	83,929	84,554
Non-capitalized development costs	27,234	16,660
Total development costs	111,163	101,214

Of total development costs for the financial year of SEK 111,163k (101,214), SEK 83,929k (84,554) has been capitalized as development costs. Amortization of capitalized development costs amounted to SEK 21,028k (30,057). See Note 15 – Intangible assets.

NOTE 7.
RELATED PARTY TRANSACTIONS

Information about fees and other remuneration to the Board and senior executives is provided in Note 8 – Employees. All related party transactions are carried out on market-based terms. Aside from transactions with subsidiaries, related party transactions have taken place only with Neonet (of which 15% is owned by Itiviti AB) and CameronTec (which is owned by Nordic Capital Fund VII) during 2014 and 2015 up to December when Orc Group Holding's parent company acquired CameronTec. Purchases from CameronTec amounted to SEK 5,522k (5,359) and sales to CameronTec amounted to SEK - (-). Purchases from Neonet amounted to SEK - (-) and sales to Neonet amounted to SEK 167k (167).

PURCHASES AND SALES BETWEEN THE PARENT COMPANY AND GROUP COMPANIES

Of Orc Group Holding's, the Parent Company's, purchases for the year, SEK 1,918k (-) referred to purchases from other group companies. Of the Parent Company's sales during the year, SEK 3,375k (2,297) referred to sales to other group companies. See also Note 19 – Shares in group companies. There are also intra-group transactions recognized as interest expenses on intra-group loans for a total of SEK -31,684k (-71,088), see also Note 12 – Financial items. Orc Group Holding AB has paid a group contribution to the Parent Company Itiviti AB (formerly Cidron Delfi Intressenter Holding AB) of SEK -3,752k (40,734).

Non-current receivables from group companies in the balance sheet refer to group contributions from the Parent Company Itiviti AB of SEK 72,837k (78,590). Current receivables from group companies in the balance sheet refer to group contribution from the subsidiary Orc Group AB of SEK 134,676k (78,052).

NOTE 8.
EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES

GROUP	JAN 1, 2015 – DEC 31, 2015		JAN 1, 2014 – DEC 31, 2014	
	TOTAL	OF WHOM, WOMEN	TOTAL	OF WHOM, WOMEN
Sweden	114	22	117	22
Of which, Parent Company	1	0	1	0
Australia	5	1	5	1
Hong Kong	24	3	23	4
Italy	8	1	7	1
Russia	57	14	3	1
UK	28	4	23	4
USA	33	5	36	4
Other countries	1	0	2	2
Total	270	50	217	39

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	GROUP		PARENT COMPANY	
SEK THOUSANDS	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
Board and executive management*	32,372	23,608	2,694	2,126
Other employees	185,660	154,570	–	–
Total salaries and other remuneration	218,032	178,178	2,694	2,126
Social security expenses	38,054	31,090	930	815
Pension costs**	14,287	14,586	423	479
Total social security expenses	52,342	45,676	1,353	1,294
Total salaries, other remuneration and social security expenses	270,374	223,191	4,047	3,420

* Of which, variable salaries and sales commissions of SEK 7,984k (7,571) in the Group and SEK 589k (570) in the Parent Company.
** Of which, SEK 1,927k (2,647) refers to the executive management in the Group and SEK 423k (479) in the Parent Company

DECISION-MAKING AND PREPARATORY PROCESS

Decisions regarding board fees are resolved on by the Annual General Meeting. Decisions regarding remuneration to the CEO are made by the Board. The CEO decides on other remuneration to the executive management.

SALES COMMISSIONS, VARIABLE SALARY AND BONUS

The members of Orc Group Holding AB's executive management that have sales responsibility, as well as employees in the sales organization, receive compensation in the form of sales commissions based on the attainment of predetermined individual sales targets. See also under the heading "Sales commissions" in Note 2. The other members of Orc Group Holding AB's executive management, as well as certain managers and specialists, are covered by a variable salary program. This program is based on a combination of the attainment of predetermined financial targets for the Group as established by the Board. For the period from January 1, 2015, to Dec 31, 2015, a total of SEK 38,098k (26 399) has been expensed for sales commissions, variable salaries and bonuses.

SHARE PROGRAMS

The management is participating in a Management Incentive Program and a number of key employees have been offered the opportunity to take part in a Key Employee Incentive Program. These individuals thus hold shares in the company's Parent Company, Itiviti AB (formerly Cidron Delfi Intressenter Holding AB). The shares have been purchased on market-based terms.

DEFINED CONTRIBUTION PENSION PLANS

The Group has only pension plans of the defined contribution type. Orc Group Holding AB's employees in Sweden are covered by a traditional pension plan. The pension cost refers to the cost that has affected income for the year, i.e. SEK 14,287k (14,586).

SPECIFICATION OF BOARD FEES

At December 31, 2015, Orc Group Holding AB's Board of Directors consisted of 3 men (3). Board fees for each of the Board members, including deputies, are shown in the specification below. All board fees have been charged to Orc Group Holding AB.

SPECIFICATION OF SALARIES AND OTHER REMUNERATION FOR THE EXECUTIVE MANAGEMENT

	JAN 1, 2015 – DEC 31, 2015			JAN 1, 2014 – DEC 31, 2014		
SEK THOUSANDS	SALARY	VARIABLE SALARY AND SALES COMMISSIONS	PENSION	SALARY	VARIABLE SALARY AND SALES COMMISSIONS	PENSION
Board Chairman Per E. Larsson	522	–	–	392	–	–
Board member Fredrik Näslund	75	–	–	75	–	–
Board member Christian Frick	75	–	–	75	–	–
Deputy member Daniel Berglund	–	–	–	–	–	–
CEO Torben Munch	3,933	2,198	3	3,943	1,656	3
Other members, 10 individuals (11)	17,352	7,984	1,927	19,123	5,915	2,474
Total	22,190	10,182	1,930	23,608	7,571	2,477

During the period from January 1 to December 31, 2015, the executive management of Orc consisted of Torben Munch, CEO, Tony Falck, Chief Financial Officer, Troels Philip Jensen, Chief Operating Officer, Jesper Alfredsson, President Americas, Christine Blinke, Chief Marketing Officer, Greg Chambers, President Asia Pacific, Joakim Hassila, Chief Technology Officer, Håkan Färdig, VP Human Resources, Lee Griggs, President EMEA, Jonas Hansbo, Chief Strategy Officer, and Aleksey Dukhnyakov, VP of Engineering.

TERMS OF EMPLOYMENT FOR THE CEO TORBEN MUNCH

As of September 1, 2012, Torben Munch is CEO of Orc Group Holding AB. The employment contract for the CEO includes an agreement granting the CEO termination benefits equal to 6 monthly salaries in the event of termination by the company. If the CEO chooses to end his employment, there is a notice period of 6 months. Variable salary is payable to the CEO in a maximum amount equal to 75% of fixed salary. The variable salary component is based on the attainment of financial and personal targets and is established by the Board. Pension is payable to the CEO pursuant to Danish law and for 2015 amounted to SEK 0.3k (0.3).

TERMS OF EMPLOYMENT FOR OTHER SENIOR EXECUTIVES

Among the other members of the executive management, there are agreements for termination benefits for Jesper Alfredsson, Tony Falck and Håkan Färdig. In the event of termination by the company, this individuals are entitled to deductible termination benefits equal to 6 fixed monthly salaries. The agreement for Troels Jensen is in accordance with Danish law plus a mutual notice term of 5 months, no termination benefits. All members of the executive management have a term of notice of 6 months. Variable salary is payable in an amount equal to 0 – 50% of fixed salary and is based on the attainment of financial and personal targets. The outcome is decided by the CEO. Pension is payable according to the company's policy, but may never exceed the amount that is deductible pursuant to Swedish law.

NOTE 9.
AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

GROUP

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
Amortization and impairment of capitalized development costs*	-169,025	-30,057
Amortization and impairment of other intangible assets*	-104,016	-87,602
Depreciation of property, plant and equipment	-6 033	-9,983
Total amortization, depreciation and impairment losses	-279,077	-127,642

* Impairment losses for the year amounted to SEK -148,000k (-) and referred to impairment losses on consolidated values for capitalized development costs.

NOTE 10.
OTHER EXTERNAL EXPENSES

Other external expenses consist largely of marketing and insurance expenses. Other external expenses also include auditing fees. Costs for premises for 2015 include restructuring charges of approximately SEK 2,063k, SEK 5,833k of the consulting expenses and SEK 1,918k of the marketing expenses 2015 consist of expenses in connection with the acquisition of Tbricks.

GROUP

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
Costs for premises	-37,171	-30,664
Telecom expenses	-23,035	-18,695
Bad debt losses	-4,006	3,770
Travel and conferences	-16,838	-9,117
Consulting expenses	-16,997	-10,961
Other external expenses	-15,821	-11,246
Total other external expenses	-113,868	-76,913

AUDITING FEES

The following compensation has been paid to the Parent Company's auditors and auditing firms for auditing assignments, auditing services outside the scope of the audit, tax advice and other services. Other auditors refer to appointed auditors, other than in the Parent Company, in other group companies.

GROUP

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
To the Parent Company's auditors (EY)		
Auditing services	-369	-420
Auditing services outside the scope of the audit	-258	-19
Tax advice	0	0
Other services	0	0
To other auditors		
Auditing services	-253	-209
Tax advice	0	-20
Other services	0	-21
Total	-880	-689

The Parent Company's auditing fees have been charged to Orc Group AB.

NOTE 11.
FOREIGN EXCHANGE DIFFERENCES

EXCHANGE RATES (AGAINST SEK)

	AVERAGE RATE JANUARY-DECEMBER 2015	CLOSING DAY RATE DEC 31, 2015	AVERAGE RATE JANUARY-DECEMBER 2014	CLOSING DAY RATE DEC 31, 2014
USD	8.44	8.35	6.86	7.81
EUR	9.36	9.14	9.10	9.52
GBP	12.90	12.38	11.29	12.14
DKK	1.25	1.22	1.22	1.28
AUD	6.34	6.09	6.19	6.37
CHF	8.77	8.43	7.49	7.91
CAD	6.60	6.03	6.21	6.72
HKD	1.09	1.08	0.88	1.01
INR	0.13	0.13	0.11	0.12
JPY	0.070	0.069	0.065	0.062

FOREIGN EXCHANGE DIFFERENCES IN OPERATING INCOME

GROUP

SEK THOUSANDS	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
Attributable to operating activities	– 4,000	7,215
Total foreign exchange differences in operating income	– 4,000	7,215
Foreign exchange difference on note loan*	22,830	-34,350
Total foreign exchange differences affecting income after financial items	18,830	-27,135

* Financial items include an unrealized foreign exchange loss on the note loan of SEK 22,830k (-34,350), which is due to the fact that the loan is denominated in EUR and the presentation currency is SEK.

FOREIGN EXCHANGE DIFFERENCES IN EQUITY

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Change related to translation differences in foreign subsidiaries	2,648	7,653
Total change in foreign exchange differences in equity	2,648	7,653

Foreign exchange differences in equity correspond to the items in Orc Group Holding AB's comprehensive income. Orc Group Holding AB reports no tax effects on foreign exchange differences.

NOTE 12.
FINANCIAL ITEMS

GROUP

SEK THOUSANDS	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
Financial income		
Foreign exchange gain on note loan	22,830	–
Interest income and other financial income	231	263
Group contributions*	–	40,732
Total financial income	23,061	40,995
Financial expenses		
Foreign exchange loss on note loan	–	-34,350
Interest expenses on shareholder loans	–	-40,838
Group contributions*	-3,752	–
Interest expenses and other financial expenses	-54,456	-53,911
Total financial expenses	-58,208	-129,099
Net financial items	-35,147	-88,104

* The group contribution received from Orc Group Holding's parent company Itiviti AB (formerly Cidron Delfi Intressenter Holding AB) amounted to SEK -3,752k (40,732).

PARENT COMPANY

SEK THOUSANDS	JAN 1, 2015 – DEC 31, 2015	JAN 1, 2014 – DEC 31, 2014
Financial income		
Foreign exchange gain on note loan	22,830	–
Group contributions*	101,448	105,235
Interest income and other financial income	0	0
Total financial income	124,278	105,235
Financial expenses		
Foreign exchange loss on note loan	–	-34,350
Interest expenses on shareholder loans	-31,684	-71,088
Interest expenses and other financial expenses	-51,634	-50,330
Total financial expenses	-83,318	-155,768
Net financial items	40,960	-50,533

* Group contributions paid to Orc Group Holding's parent company Itiviti AB (formerly Cidron Delfi Intressenter Holding AB) amounted to SEK -3,752k (40,734) and group contributions received from Orc Group AB amounted to SEK 105,200k (64,500).

NOTE 13.
INCOME TAX EXPENSE

SEK THOUSANDS	GROUP JAN 1, 2015 – DEC 31, 2015	GROUP JAN 1, 2014 – DEC 31, 2014	PARENT COMPANY JAN 1, 2015 – DEC 31, 2015	PARENT COMPANY JAN 1, 2014 – DEC 31, 2014
Current tax attributable to:				
– income for the year	-7,138	-7,387	–	–
– prior years	224	817	–	–
Total current tax	-6,914	-6,570	–	–
Deferred tax attributable to:				
– intangible assets	43,848	5,782	–	–
– other temporary differences	-893	-1,577	–	–
– changes in untaxed reserves	10,174	–	–	–
– loss carryforwards	-6,833	11,649	-8,758	11,649
Total deferred tax	46,296	15,854	-8,758	11,649
Total reported tax expense	39,382	9,284	-8,758	11,649

The income tax expense on consolidated income before tax differs from the theoretical amount that would have resulted through use of a weighted average tax rate for income in the consolidated companies according to the following:

RECONCILIATION OF CURRENT TAX RATE

SEK THOUSANDS	GROUP JAN 1, 2015 – DEC 31, 2015	GROUP JAN 1, 2014 – DEC 31, 2014	PARENT COMPANY JAN 1, 2015 – DEC 31, 2015	PARENT COMPANY JAN 1, 2014 – DEC 31, 2014
Income before tax:	-166,557	-46,987	39,761	-52,999
Income tax calculated according to applicable tax rate in Sweden 22 %	36,642	10,337	-8,747	11,659
Effect on tax rate of;				
Difference in tax rates	-279	-850	–	–
Non-taxable income	736	95	–	–
Non-deductible expenses	-2,880	-1,124	-11	-10
Previously unrecognized loss carryforwards	4,880	9	–	–
Tax attributable to prior years	224	817	–	–
Tax expense/tax revenue	39,382	9,284	-8,758	11,649

DEFERRED TAX ASSETS

	GROUP		PARENT COMPANY	
SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014	DEC 31, 2015	DEC 31, 2014
Deferred tax attributable to accrued expenses and prepaid income	834	393	–	–
Deferred tax assets attributable to loss carryforwards	8,515	–	25,974	34,732
Total deferred tax assets	9,348	393	25,974	34,732

DEFERRED TAX LIABILITIES

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Deferred tax liabilities on untaxed reserves in Swedish companies	8,435	18,609
Deferred tax attributable to intangible assets	160,542	174,172
Deferred tax attributable to loss carryforwards	–25,974	–34,732
Deferred tax attributable to other temporary differences	–2,933	–4,265
Total deferred tax liabilities	140,069	153,784

The Parent Company has no deferred tax liabilities.

For loss carryforwards with an unlimited life, a deferred tax asset is recognized if the company expects to be able to utilize the loss carryforward. There are no recognized deferred tax assets with a limited life. There are no unvalued loss carryforwards and no loss carryforwards with a limited life.

NOTE 14.
LEASES

Property leases of an operating nature are summarized as follows:

PREMISES AND RELATED EQUIPMENT

GROUP

SEK THOUSANDS	JAN 1, 2015 - DEC 31, 2015	JAN 1, 2014 - DEC 31, 2014
Payments falling due:		
within 1 year	29,319	23,233
within 1-5 years	68,913	65,910
later than 5 years	20,230	10,400
Total	118,461	99,543

Expensed lease payments in the Group amounted to SEK 38,293k (24,582) including non-recurring costs of SEK 2,063k in connection with the acquisition of Tbricks. The Parent Company has not entered into any lease agreements. There are no lease agreements with variable payments.

NOTE 15.
INTANGIBLE ASSETS

GROUP DEC 31, 2015

SEK THOUSANDS	CUSTOMER RELATIONSHIPS	TECHNOLOGY	TRADEMARKS	OTHER INTANGIBLE ASSETS	CAPITALIZED DEVELOPMENT COSTS	GOODWILL
Opening cost	445,105	231,000	120,000	355	327,948	1,094,181
The year's investments	15,061	–	–	2,920	83,929	–
Acquisition of companies	34,100	79,400	8,700	–	–	186,366
Impairment losses	–	–	–	–	-238,459	–
Translation differences	–	–	–	–	–	–
Closing accumulated cost	494,266	310,400	128,700	3,275	173,418	1,280,547
Opening amortization and impairment losses	-151,457	-99,000	–	–	-81,902	–
The year's impairment losses	–	–	–	–	90,459	–
The year's amortization	-61,826	-40,940	-1,088	-162	-21,028	–
Translation differences	–	–	–	–	–	–
Closing accumulated amortization and impairment losses	-213,283	-139,940	-1,088	-162	-12,471	–
Closing carrying amount	280,983	170,460	127,612	3,113	160,947	1,280,547

GROUP DEC 31, 2014

SEK THOUSANDS	CUSTOMER RELATIONSHIPS	TECHNOLOGY	TRADEMARKS	OTHER INTANGIBLE ASSETS	CAPITALIZED DEVELOPMENT COSTS	GOODWILL
Opening cost	434,823	231,000	120,000	–	243,393	1,094,181
The year's investments	10,282	–	–	355	84,555	–
Acquisition of companies	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–
Closing accumulated cost	445,105	231,000	120,000	355	327,948	1,094,181
Opening amortization and impairment losses	-96,856	-66,000	–	–	-51,845	–
The year's amortization	-54,601	-33,000	–	–	-30,057	–
Translation differences						
Closing accumulated amortization and impairment losses	-151,457	-99,000	–	–	-81,902	–
Closing carrying amount	293,648	132,000	120,000	355	246,046	1,094,181

All intangible assets above are tested for impairment annually. Capitalized development costs amount to SEK 160,947k (246,046) and refer to costs for the development of new and existing products that are expected to generate future financial benefits. Goodwill amounts to SEK 1,280,547k (1,094,181) and is attributable to Orc Group Holding's acquisition of Orc Group and Orc's acquisition of Tbricks. Goodwill refers to intangible assets that do not independently meet the criteria for capitalization, such as technology that is not identifiable, customer lists, customer relationships and market shares. The closing carrying amount for other intangible assets refers mainly to customer relationships including customer contracts, technology trademarks. Assets with a definite useful life are amortized on a straight-line basis for Orc over a period of 9 years for customer contracts and 3-10 for technology. Aside from goodwill, assets with an indefinite useful life consist of trademarks. As long as operations continue and costs are regularly incurred to maintain the value of trademarks, their useful lives are considered indefinite.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS ATTRIBUTABLE TO BUSINESS COMBINATIONS

In connection with Orc Group Holding AB's acquisition of Orc Group at the beginning of January 2012 (the acquisition date) and Orc's acquisition of the Tbricks group, the above intangible assets were identified. The Group consists of one cash-generating unit, Orc, for which impairment testing shall be carried out for the intangible assets that have an indefinite useful life, primarily goodwill of SEK 1,280,547k (1,094,181). The recoverable amount of the cash-generating units has been determined based on value in use. If value in use is lower than the carrying amount, this is an indication of impairment.

The main assumptions used by the executive management in impairment testing of the intangible assets were EBITDA in accordance with the budget for 2016 and levels in the established strategy and business plan for a time period of an additional 9 years supplemented with a perpetual growth factor of 2% (2%). EBITDA is dependent on estimated revenue, which is based on Orc's long-term forecast of net sales per year and estimated expenses, taking into account the ongoing investments necessary to achieve the forecasted net sales. Future cash flows were discounted by a discount factor of 9.1% before tax (8.8% after tax). The discount factor has been determined based on the risk-free interest rate (10-year bond and average three-year interest) and the risk associated with the specific asset. No reasonable changes in the significant assumptions would give rise to any indication of impairment. A change in the discount factor by +/- 0.5 % would affect the estimated value in use for the cash-generating unit by approximately SEK +/- 245,000k (268,000). A change in the future sales by +/- 10% per year would affect the estimated value in use for the cash-generating unit by approximately SEK +/- 106,000k (111,000).

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

EQUIPMENT

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Opening cost	31,150	43,150
The year's investments	8,820	1,760
Acquisition of subsidiaries	5,650	-
The year's disposals	-530	-18,469
Translation differences	220	4,709
Closing accumulated cost	45,310	31,150
Opening accumulated depreciation and impairment losses	-19,617	-24,021
Acquisition of subsidiaries	-4,269	-
The year's disposals	275	14,896
The year's depreciation	-6,033	-7,210
Translation differences	-34	-3,282
Closing accumulated depreciation and impairment losses	-29,677	-19,617
Closing carrying amount	15,633	11,533

NOTE 17.
FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

GROUP DEC 31, 2015

ASSETS IN THE BALANCE SHEET

SEK THOUSANDS	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Financial assets	3,214	-	3,214
Trade receivables	76,121	-	76,121
Other current assets*	86,849	-	86,849
Cash and bank	134,960	-	134,960
Total financial assets	301,144	-	301,144

* Other current assets in the consolidated balance sheet amounting to SEK 100,369k (102,759) include non-financial assets for a total of SEK 13,520k (21,262).
** Carrying amount corresponds to fair value.

LIABILITIES IN THE BALANCE SHEET

SEK THOUSANDS	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Non-current liabilities	540,665	-	540,665
Trade payables	12,351	-	12,351
Other current liabilities*	44,207	-	44,207
Total financial liabilities	597,223	-	597,223

* Other current liabilities in the consolidated balance sheet amounting to SEK 218,702k include non-financial liabilities for a total of SEK 174,495k.
** Carrying amount corresponds to fair value.

GROUP DEC 31, 2014

ASSETS IN THE BALANCE SHEET

SEK THOUSANDS	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Financial assets	1,956	-	1,956
Trade receivables	42,678	-	42,678
Other current assets*	81,497	-	81,497
Cash and bank	100,131	-	100,131
Total financial assets	226,262	-	226,262

* Other current assets in the consolidated balance sheet amounting to SEK 102,759k include non-financial assets for a total of SEK 21,262.
** Book value corresponds to fair value.

LIABILITIES IN THE BALANCE SHEET

SEK THOUSANDS	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Non-current liabilities	559 601	-	559 601
Trade payables	11 810	-	11 810
Other current liabilities*	39 741	-	39 741
Total financial liabilities	611 152	-	611 152

* Other current liabilities in the consolidated balance sheet amounting to SEK 153,354k include non-financial liabilities for a total of SEK 113,613k.
** Carrying amount corresponds to fair value.

PARENT COMPANY DEC 31, 2015

ASSETS IN THE BALANCE SHEET

SEK THOUSANDS	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Other current assets	3,957	-	3,957
Cash and bank	3,534	-	3,534
Total financial assets	7,491	-	7,491

LIABILITIES IN THE BALANCE SHEET

SEK THOUSANDS	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Non-current liabilities*	963,554	-	963,554
Other current liabilities	10,852	-	10,852
Total financial liabilities	974,406	-	974,406

* Non-current liabilities in the Parent Company's balance sheet of SEK 963,554k consist of a note loan of SEK 540,665k and a liability to Orc Group AB of SEK 422,889k.
** Book value corresponds to fair value.

PARENT COMPANY DEC 31, 2014

ASSETS IN THE BALANCE SHEET

SEK THOUSANDS	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Other current assets	2,956	-	2,956
Cash and bank	1,773	-	1,773
Total financial assets	4,729	-	4,729

LIABILITIES IN THE BALANCE SHEET

SEK THOUSANDS	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	CARRYING AMOUNT**
Non-current liabilities*	950 858	-	950 858
Other current liabilities	10 636	-	10 636
Total financial liabilities	961 494	-	961 494

* Non-current liabilities in the Parent Company's balance sheet of SEK 950,858k consist of a note loan of SEK 559,601k and a liability to Orc Group AB of SEK 391,206k.
** Book value corresponds to fair value.

Fair value is measured according to a fair value hierarchy that categorizes the inputs used in valuation. This fair value hierarchy is divided into three levels, in conformity with the levels found in IFRS 13 Fair Value Measurement: Disclosure.

The three levels are:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.
Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These can also include inputs other than quoted prices that are observable for the asset or liability, for example interest rates, yield curves, volatility and credit spreads.
Level 3: Inputs that are unobservable inputs for the asset or liability. At this level, the fair value of the asset of liability is measured taking into account all information about market participant assumptions, including risk assumptions.

For all of the items above, with the exception of borrowings, the carrying amount is an approximation of fair value, for which reason these items are not divided into levels according to the fair value hierarchy. The fair value of the note loan measured according to level 2 at December 31, 2015, was SEK 538,000k (SEK 516,000k) based on the cash trading price, and the carrying amount was SEK 540,665k (559,601).

NOTE 18.
FINANCIAL ASSETS

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Rent deposits paid	3,214	1,956
Total financial assets	3,214	1,956

NOTE 19.
SHARES IN GROUP COMPANIES

GROUP COMPANY	CORPORATE ID NUMBER	DOMICILE	NO. OF SHARES	HOLDING, %	BOOK VALUE
Orc Group AB	556313-4583	Stockholm	23,505,275	100	2,004,992
Promyzer	556632-7580	Stockholm	114,800	100	3,612
Total, SEK thousands					2,008,604

PARENT COMPANY

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Opening balance	1,700,446	1,700,446
Acquisition of subsidiaries	308,159	–
Impairment losses on subsidiaries	–	–
Closing balance	2,008,604	1,700,446

OTHER GROUP COMPANIES	CORPORATE ID NUMBER	DOMICILE	NO. OF SHARES	HOLDING, %
Orc Netherlands B.V.	34294350	Amsterdam	18,000	100
Orc Software East AB	556472-1685	Stockholm	1,000	100
Orc Germany GmbH	hrb 502 15	Frankfurt	25,000	100
Orc Software HK Ltd	773 037	Hong Kong	10,000	100
Orc USA Inc.	52-231 99 50	Delaware	100,000	100
Orc Canada Inc.	BN 860708734RC0001	Montréal	100	100
Orc Software K.K.	0104-01-082806	Tokyo	200	100
Orc Software Ltd.	390 61 49	London	10,000	100
Orc Australia Pty Ltd	91 454 045	Sydney	20,000	100
Orc Italy S.r.l.	130 89 980 158	Milano	10,000	100
Orc Software AB	556510-5367	Stockholm	1,190	100
Orc Technologia Financiera E Servicos Ltda	15.081.166/0001-57	São Paulo	600,0000	100
Orc Denmark ApS	35248102	Frederiksberg	80	100
Orc Saint Petersburg branch	556472-1685	Saint Petersburg	–	100
Tbricks AB	556319-6400	Stockholm	1,000	100
Tbricks Switzerland AG	27-2426052	Zurich	1,000	100
Tbricks Ltd	2426052	London	100	100
Tbricks Inc	27-2426052	Delaware	2,000	100

All of the above companies are sales offices with the exception of Orc's Saint Petersburg branch, which is a development office.

NOTE 20.
TRADE RECEIVABLES

Because the Group's trade receivables are subject to customary payment conditions, the carrying amount recognized in the balance sheet corresponds to fair value. Trade receivables have an average contractual credit period of 30 days.

AGE ANALYSIS

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Not yet due	17,525	15,121
Due within 1–30 days	57,534	26,384
Due within 31–90 days	1,770	1,725
Due after >90 days	3,702	975
Total	80,531	44,205

PROVISIONS FOR DOUBTFUL DEBTS

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Provision at beginning of year	-1,527	-5,862
Change in provisions for doubtful debts	-1,769	2,512
Confirmed losses from prior years	-1,287	-
Decrease in provisions due to sale of companies	173	1,823
Provision at end of year	-4,410	-1,527

TOTAL TRADE RECEIVABLES

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Outstanding trade receivables	80,531	44,205
Provisions for doubtful debts	-4,410	-1,527
Total trade receivables	76,121	42,678

CONCENTRATION OF CREDIT RISK – THE 10 LARGEST CLAIMS

	NO. OF CUSTOMERS	DEC 31, 2015 SHARE OF TOTAL TRADE RECEIVABLES AT END OF YEAR	NO. OF CUSTOMERS	DEC 31, 2014 SHARE OF TOTAL TRADE RECEIVABLES AT END OF YEAR
Exposure < SEK 2m	3	7%	6	21%
Exposure SEK 2–4m	4	13%	4	25%
Exposure > SEK 4m	3	30%	0	0%
Total	10	50%	10	46%

Of total trade receivables at December 31, 2015, 38% (45) referred to receivables in US dollars, 43% (39) to receivables in euros and 19% (16) to receivables primarily in Swedish kronor and Canadian dollars.

CREDIT RISKS

The Orc Group Holding AB group's customers, which include investment banks, banks, brokerage firms and trading firms, generally represent a financially solid segment with a subsequent lower risk for bad debt losses than companies in general. However, the remaining uncertainty in the international financial markets and repercussions of the global economic recession are creating a higher level of credit risk than normal. Efforts to collect trade receivables and shorten payment periods will therefore continue to be a prioritized area. The majority of customers pay in advance, on a quarterly or even longer basis. In 2015 the Group had bad debt losses of approximately SEK 4,000K, compared to 2014 when the Group had a positive effect of SEK 3,770K due to recovery of bad debt losses, which is equal to -0.8% (0.9) of operating revenue. Provisions for doubtful debts amounted to SEK 4,410k (1,527) at December 31, 2015.

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NOTE 21.
OTHER CURRENT ASSETS

GROUP

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
VAT receivable	–	2,051
Prepaid rents and insurance premiums	4,803	5,278
Other prepaid expenses	8,717	15,984
Accrued income	2,005	-
Receivables from the Parent Company	76,590	78,590
Other receivables	8,254	855
Total other current assets	100,369	102,759

PARENT COMPANY

SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014
Receivables to group companies	3,957	2,956
Total other current assets	3,957	2,956

NOTE 22.
EQUITY

EQUITY IN THE PARENT COMPANY

NO. OF SHARES/SEK	NO. OF SHARES	SHARE CAPITAL	SHARE PREMIUM RESERVE
Opening balance, January 1, 2015	6,174,898	6,174,897	1,374,206,261
Closing balance, December 31, 2015	6,174,898	6,174,898	1,374,206,261

NO. OF SHARES/SEK	NO. OF SHARES	SHARE CAPITAL	SHARE PREMIUM RESERVE
Opening balance, January 1, 2014	5,745,912	5,745,912	731,156,261
Set-off issue	428,986	428,986	643,050,000
Closing balance, December 31, 2014	6,174,898	6,174,898	1,374,206,261

The average number of shares for the period amounted to 6,174,898 (5,811,729).

All shares have a quota value of SEK 1.

Shares have been issued in two classes, common shares and preference shares, all of which carry one vote per share. Preference shares have priority over common shares in payment of the company's available funds for distribution of profits.

The set-off issue in 2014 was of class B and granted 1 vote per share. The price per share was SEK 1,500. Payment for the new shares was made in connection with subscription through set-off by the subscriber Itiviti AB's receivable from the company of SEK 643,479,180. The purpose of the set-off issue was to strengthen the company's capital structure.

PROPOSED DIVIDEND

The Board of Directors has decided to propose to the Annual General Meeting that no dividend be paid for 2015.

NOTE 23.
NON-CURRENT LIABILITIES

SEK THOUSANDS	GROUP DEC 31, 2015	GROUP DEC 31, 2014	PARENT COMPANY DEC 31, 2015	PARENT COMPANY DEC 31, 2014
Shareholder loans	-	-		-
Liability to subsidiary	-	-	422,889	391,206
Note loan	540,665	559,601	540,665	559,665
Total non-current liabilities	540,665	559,601	963,554	950,871

Other provisions of SEK 1,314k (1,136) consist of a provision for termination benefits in Italy and Hong Kong in accordance with local legislation.

Maturity structure of the Group's non-current liabilities;

SEK THOUSANDS	GROUP DEC 31, 2015	GROUP DEC 31, 2014	PARENT COMPANY DEC 31, 2015	PARENT COMPANY DEC 31, 2014
Within 1 year	-	-	-	-
Within 2-4 years	540,665	559,601	540,665	559,601
Within 4-5 years	-	-	-	-
Later than 5 years	-	-	-	-

The note loan refers to a EUR 60m five-year Senior Secured High Yield bond with a coupon rate of 8.5% that was placed in November 2012. The Parent Company has pledged its shares in the subsidiary Orc Group AB as security for the note holders and the bank that is furnishing the overdraft facility for Orc (see Note 25 – Other current liabilities). The amount of SEK 540 665k (559,601) includes capitalized borrowing costs of SEK 7,435k (11,329). There are two covenants linked to the note loan. The Interest cover Ratio (EBITDA/Financial expenses) must be no less than 2 times and the Consolidated Net Leverage Ratio (Net debt/EBITA) must be less than or equal to 3. At year-end Orc was within the framework of these covenants.

Non-current liabilities in the Parent Company's balance sheet of SEK 963,554k (950,858) consist of a note loan of SEK 540,665k (559,652) and a liability to Orc Group AB of SEK 422,889k (391,206). The loans to Orc Group AB are denominated in SEK and carry annual interest at a rate of 8% (8), where the interest is calculated by compounding the nominal amount daily by the interest amount. There are no pledged assets linked to these loans. The loans are subordinate to the note loan and the company's overdraft facility.

The carrying amounts of the long-term loans are on par with fair value, since the fixed interest rates on the loans are within the framework of the market return requirement for loans with corresponding terms at December 31, 2015.

NOTE 24.
TRADE PAYABLES

Because the Group's trade payables are subject to customary payment conditions, their carrying amounts in the balance sheet correspond to fair value.

NOTE 25.
OTHER CURRENT LIABILITIES

SEK THOUSANDS	GROUP DEC 31, 2015	GROUP DEC 31, 2014	PARENT COMPANY DEC 31, 2015	PARENT COMPANY DEC 31, 2014
Advance billing	142,541	92,152	-	-
Accrued interest	9,015	9,436	9,015	9,436
Accrued personnel costs	31,954	21,461	850	339
Personnel-related taxes	11,653	9,814	354	287
Restructuring charges	3,968	6,088	-	-
Liabilities to the Parent Company	6,100	50	-	-
Other accrued expenses	10,033	8,409	530	342
Other current liabilities	3,438	5,943	103	232
Total other current liabilities	218,702	153,353	10,852	10,636

There is a Super Senior Revolving Credit Facility in the group company Orc Group AB. The credit facility amounts to SEK 145,000k and has a term of 4.5 years med starting in November 2012. At December 31, 2015, SEK - (-) of the facility had been utilized. The restructuring charges for 2015 and 2014 consist mainly of payroll costs and costs for premises.

NOTE 26.
FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's core operations consist of technology sales. These operations are exposed to risks in financial instruments such as cash and cash equivalents and short-term investments. The Group also has other financial instruments such as trade receivables and trade payables that arise in the ordinary course of business. The main risks arising from these instruments are:

- Foreign exchange risk related to cash flows in foreign currencies.
- Interest rate risk related to cash and cash equivalents and short-term investments.
- Credit risk related to financing activities.
- Liquidity risk.

FOREIGN EXCHANGE RISK
Foreign exchange risk is the risk for a change in the value of a financial instrument due to changes in foreign exchange rates. Orc Group Holding AB's presentation currency is SEK, but the Group has operations in countries worldwide. This exposes the Group to foreign exchange risk, since unfavorable changes in exchange rates can have a negative effect on income and equity. Foreign exchange risks arise through both cash flow exposure and balance sheet exposure.

FOREIGN EXCHANGE RISK – CASH FLOW EXPOSURE
Operating revenue and expenses are also affected by movements in foreign exchange rates. These movements have a direct effect on the income and expense item itself. Most of Orc Group Holding AB's billing of customers in the Nordic region takes place in Swedish kronor. Customers outside the Nordic countries are billed mainly in US dollars and euros, but there is also some billing in Australian and Canadian dollars, Danish and Norwegian kronor, Japanese yen and British pounds. All in all, operating revenue consist of approximately 43% euros, 37% US dollars, 7% Swedish kronor and 13% other currencies, primarily Australian dollars and British pounds.

Operating expenses, excluding amortization/depreciation and impairment losses, consist of approximately 33% Swedish kronor, 18% US dollars, 17% British pounds, 15% Hong Kong dollars, 7% rubles, 3% euros and 7% other currencies. The Group thus has significant exposure in US dollars and euros, where revenue exceeds expenses, and in British pounds, where expenses exceed revenue, since customers in the UK are billed primarily in US dollars. With the current ratio between revenue and expenses, this means that the aggregate impact of a 1% change in the value of the Swedish krona against all other currencies would have an effect on operating income for the period of SEK 1,687k (2,293), which is equal to 1% (5). Orc's policy is to not continuously hedge its foreign currency exposure. This policy is reviewed regularly and may be changed if the need arises.

FOREIGN EXCHANGE RISK – BALANCE SHEET EXPOSURE
Assets and liabilities in foreign currency are revalued at every balance sheet date. Fair value changes arising from revaluation of operating balance sheet items are recognized in the income statement, and during the period led to a cost of SEK -4,000k (7,215). As a result of the placement of EUR 60,000k in November 2012, the Orc Group Holding AB group has increased its exposure to the euro. The total revaluation effect of the note loan during the period amounted to SEK 22,830k (-34,350).

INTEREST RATE RISK
Interest-rate risk is the risk for variations in the value and in interest income/expenses for a financial instrument due to changes in market interest rates. Orc Group Holding AB's risks arising from changes in interest expenses are limited, since the interest rates for the long-term loans (the note loan and shareholder loans) are fixed. The fixed interest rate thus leads to a predictable interest expense over the term of the loans. Interest rate risks in the interest flow are thereby related primarily to movements in market interest rates on cash and cash equivalents, which at December 31, 2015, amounted to SEK 134,960k (100,131).

CREDIT RISK (COUNTERPARTY RISK)
Credit risk is the risk that a counterparty will be unable to fulfill its obligations in a financial instrument transaction, and will thereby cause a loss to the other party. The Orc Group Holding AB group's customers, which include investment banks, banks, brokerage firms and trading firms, generally represent a financially solid segment with a subsequent lower risk for bad debt losses than companies in general, see also Note 20 – Trade receivables. Impairment losses are recognized on receivables when there is objective evidence that the Group will not receive the amount due according to the original terms of the contract. A provision is then made for the difference between the carrying amount of the asset and the present value of future cash flows, discounted by the original effective interest rate. The financially solid nature of the Orc Group's customers means that credit risk is limited, which is also reflected in the relatively low costs for confirmed bad debt losses. For the period under review these amounted to SEK -4,000k (3,770), which is equal to -0,8% (0.9) of operating revenue.

LIQUIDITY RISK
Liquidity risk is the risk that Orc Group Holding AB will have difficulty fulfilling obligations that are associated with financial liabilities. Orc Group Holding AB's business model, in which customer billing normally takes place quarterly in advance, significantly reduces this risk. Furthermore, there is an overdraft facility of SEK 145,000k in the subsidiary Orc Group AB that can be used as needed. The Group's main financing at present consists of the bond, which matures in September 2017. The Group's current liquidity is good.

The table below analyzes the Group's financial liabilities, grouped according to the time remaining until the contractual due date on the balance sheet date. The amounts stated in the table are the contractual undiscounted cash flows.

MATURITY ANALYSIS AT DECEMBER 31, 2015

SEK THOUSANDS	WITHIN 1 YEAR	2-3 YEARS	4-5 YEARS	>5 YEARS
Shareholder loans	–	–	–	–
Note loan	46,589	590,806	–	–
Trade payables	12,351	–	–	–
Other current liabilities	218,702	–	–	–
Summa:	277,642	590,806	–	–

The note loan of EUR 60m will be repaid in November 2017.

MATURITY ANALYSIS AT DECEMBER 31, 2014

SEK THOUSANDS	WITHIN 1 YEAR	2-3 YEARS	4-5 YEARS	>5 YEARS
Shareholder loans	–	–	–	–
Note loan	46,547	93,094	614,013	–
Trade payables	11,810	–	–	–
Other current liabilities	162,734	–	–	–
Total:	221,091	93,094	614,013	–

The note loan of EUR 60m will be repaid in November 2017.

The Group has currently not entered into any financial hedge arrangements.

OBJECTIVES, POLICIES AND ROUTINES FOR CAPITAL MANAGEMENT

Orc Group Holding AB has substantial equity. The objective for the Group is to maintain a sound equity and debt structure. The equity/assets ratio is 61% (59).

NOTE 27.
ACQUISITION OF SUBSIDIARIES

In January 2015, Orc Group announced that an agreement had been signed to acquire 100% of the shares in Tbricks AB. The Tbricks group was consolidated as of January 1, 2015. The combination of Tbricks' advanced trading platform and Orc's electronic trading, professional services and global presence strengthened the new group's offering and competitiveness. he effect of the identified needs for restructuring, primarily of technology, personnel and offices, and the purchase price allocation was recognized as an expense in 2015. The Tbricks group's financial results for 2014 show revenue of SEK 45,000k and EBITDA of SEK 2,000k. The purchase consideration adjusted for the net liability amounted to SEK 292,846k. The operations in Tbricks were integrated with Orc in early 2015, for which reason it is not possible to follow Tbricks separately in 2015.

The goodwill of SEK 186,366k that arose through the business combination is attributable to acquired customer relationships (which are non-separable) and synergy effects that are expected to arise through the merger of operations in Orc Group and the Tbricks group. No portion of the reported goodwill is expected to be deductible from income taxation. Acquisition-related expenses of SEK 4,541k are included in other external expenses in the consolidated balance sheet for the financial year 2015. The fair values of acquired identifiable intangible assets of SEK 122,200k (including trademarks and licenses) are preliminary pending final valuation of these assets.

The table below provides a summary of the purchase consideration paid for the Tbricks group and the preliminary purchase price allocation:

SEK THOUSANDS	
Carrying amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	31,026
Technology	79,400
Trademarks	8,700
Customer relationships	34,100
Deferred tax assets	6,153
Property, plant and equipment	1,381
Prepaid income	13,800
Current receivables	11,013
Deferred tax liabilities	-29,920
Current liabilities	-33,860
Total identifiable net assets	121,793
Goodwill	186,366
Purchase consideration (the acquisition has been financed with a shareholder contribution from Itiviti AB)	308,159
Cash and cash equivalents acquired	-31,026
Acquisition of subsidiary	277,133

No subsidiaries were acquired during 2014.

NOTE 28.
CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT FACILITIES

Cash and cash equivalents comprise cash in hand and at bank and other highly liquid short-term investments that are exposed to insignificant risk for value fluctuations and can be readily converted into cash. An investment is normally classified as cash and cash equivalents only if it has an original maturity of less than 3 months.

SEK THOUSANDS	GROUP DEC 31, 2015	GROUP DEC 31, 2014	PARENT COMPANY DEC 31, 2015	PARENT COMPANY DEC 31, 2014
Cash and bank	134,960	100,131	3,534	1,773
Total cash and cash equivalents	134,960	100,131	3,534	1,773

The company earns customary interest on bank balances according to a variable interest rate. Orc also has a bank overdraft facility of SEK 145,000k available that is currently unutilized and has been unutilized since the repayment of SEK 65,000k in February 2013.

NOTE 29.
OTHER NON-CASH ITEMS

Other non-cash items consist of foreign exchange differences in the operations of SEK 3,662k (-7,203).

NOTE 30.
EVENTS AFTER THE BALANCE SHEET DATE

In February 2016 Orc announced that Orc Group and CameronTec Group were uniting their offerings and launching the new shared name Itiviti AB. Orc Group Holdings AB's parent company Cidron Delfi Intressenter Holding AB is the owner of both companies and has changed name to Itiviti AB. The motive for the combined offering is that Itiviti Group now has to the capacity to reach interesting new market segments and meet wider needs among the clients, and it is also a logical step in the process of optimizing the marketing and delivery of products and services from the former Orc and CameronTec organizations.

In March 2016 Orc announced that Orc Group AB had acquired CameronTec Intressenter Top Holding AB. Payment will take place through an unconditional shareholder contribution from Itiviti AB (formerly Cidron Delfi Intressenter Holding AB). In condition with this, bank loans of SEK 220,000k in CameronTec Group will be repaid to Nordea. The loans will be repaid though the use of Itiviti's cash and overdraft facilities.

At the end of March 2016 the company changed name to Itiviti Group Holding AB.

No other significant events after the balance sheet date have been reported.

NOTE 31.
PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK THOUSANDS	DEC 31, 2015	DEC 31, 2014	DEC 31, 2015	DEC 31, 2014
For own provisions and liabilities				
For liabilities to credit institutions				
Net assets/shares in subsidiaries	2,183,050	1,839,150	2,008,604	1,700,446
Other pledged assets	–	–	–	–
Total pledged assets	2,183,050	1,893,150	2,008,604	1,700,446

In connection with placement of the bond, the existing overdraft facility in the subsidiary Orc Group AB was renegotiated and extended and now amounts to SEK 145,000k with a term of 4.5 years. The Parent Company has pledged its shares in the subsidiary Orc Group AB as security to the note holders and the bank that is furnishing the overdraft facility. The Parent Company also stands as guarantor for Orc Group AB's overdraft facility.

AUDITOR'S REPORT /

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF ORC GROUP HOLDING AB, CORPORATE IDENTITY NUMBER 556873-5913

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Orc Group Holding AB for the year 2015.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Orc Group Holding AB for the year 2015.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINIONS

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

Stockholm 15 April 2016

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

DEFINITIONS /

MARGINS

Operating margin – Operating income as a percentage of revenue.
Profit margin – Income for the year as a percentage of revenue.

CAPITAL STRUCTURE

Equity – Equity at the end of the year.
Interest-bearing liabilities – Non-current and current interest-bearing liabilities.
Equity/assets ratio – Equity as a percentage of total assets.

CASH FLOW AND LIQUIDITY

Cash and cash equivalents – Cash and bank balances and short-term investments.
Cash flow before investments – Cash flow from operating activities.
Cash flow after investments – Cash flow from operating activities less investments in non-current assets.

EMPLOYEES

Average number of employees – Average number of employees for the year based on headcounts at the beginning and end of the year.

N.B. The English text is a translation of the Swedish text. In case of discrepancy between the Swedish and the English text the Swedish version shall prevail.

Orc is the global market leader in trading technology for listed derivatives. Building on our commitment to long term partnerships and technology innovation that delivers results, Orc serves the trading and electronic execution needs of clients worldwide.

Leading trading firms, market makers, banks and brokers depend on Orc to provide robust solutions that deliver concrete value, ensuring that they achieve their business goals in the world's increasingly dynamic and competitive markets.

With nearly 200 customer sites in more than 30 countries, access to over 150 trading venues and offices in each of the world's key financial centers, we offer true global capabilities.

Combining our technology and financial industry expertise, including a solid understanding of regulatory issues, Orc also provides expert advice and services that help reduce complexity and cost, while enabling clients to stay focused on value creation in their core business.

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