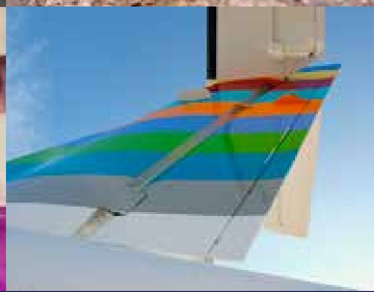
ANNUAL REPORT

THE BRAGANZA GROUP 2016







BRAGANZA

BRAGANZA GROUP 2016

BRAGANZA AB

The board and the managing director of Braganza AB hereby submit the annual report and consolidated group accounts for the financial year 2016.

Braganza AB is a private investment company owned by Per G. Braathen and his children. Braganza has its office in Stockholm. The Group consists primarily of direct investments within the aviation industry and travel related industries, managed through active ownership. A minor part of the Group assets is classified as financial investments.

Braganza as a group has a long history (1938) and was an active owner of the Norwegian airline company Braathens (SAFE) for more than 50 years, before SAS acquired Braathens in 2001. The current activities of Braganza began with a demerger in 2002 when the equity base was approximately MSEK 600 equivalent. During the following years, the Group has increased the equity base to approximately 1,6 billion SEK, focusing on industrial investments in the form of wholly or majority owned subsidiaries, developed through active and long-term ownership. Having been a Norwegian based company since 1938, Braganza became a Swedish holding company through a cross border merger in 2013.

THE GROUP

By year end 2016, the Group consists of the holding companies Braganza AB and Braganza II AB which in turn owns the main operating holding companies BRA (Braathens Aviation AB (publ)), Dyreparken Utvikling AS, Ticket Leisure Travel AB and Braathens Travel Group AS (Escape Travel). All Group companies are listed in note 24 to the Financial Statements.

FINANCIAL OVERVIEW OF THE MAIN OPERATING COMPANIES

Company		
BRAATHENS AVIATION	TURNOVER EBITDA FTE	2,571 MSEK -158 MSEK 854
TICKET	TURNOVER EBITDA FTE	5,759 MSEK 80 MSEK 336
DYREPARKEN	TURNOVER EBITDA FTE	438 MSEK 85 MSEK 307
BRAATHENS TRAVEL GROUP	TURNOVER EBITDA FTE	460 MSEK 7 MSEK 70

BRA (Braathens Aviation AB (publ)) is the holding company for the airline operations. In February 2016, BRA launched its new brand and a new IT system at the same time. Furthermore, BRA renewed its turbo-prop fleet during 2016 and replaced older aircraft with nine brand new ATR 72-600s (two aircraft were delivered late 2015). Operations have been affected in a negative way in relation to the before mentioned events, and 2016 ended with a loss. Cancellations, loss of consumer confidence and an organisation under stress urged for action and the board decided summer 2016, with a few exceptions, to replace the management team in BRA. A new management team were appointed, mainly internal recruitment, and lead by the new CEO Christian Clemens. Before joining BRA, Mr Clemens held various senior positions at a European level in TUI. BRA has its office in Stockholm and is today the second largest operator in the Swedish domestic market. Using Stockholm Bromma as a hub, passengers enjoy a broad domestic network, coordinated timetables allowing for efficient transfers and frequent flights.

Ticket includes Ticket Privatresor AB and Ticket Feriereiser AS. Ticket is the largest travel agency chain in Sweden and Norway, focusing on the leisure travel market. The head office is in Stockholm. The company sells leisure travel services from leading tour operators, cruise companies, airlines and hotels. Sales are carried out through aprroximately 70 Ticket shops, by phone, and online through ticket.se and ticket.no. Ticket has an online presence in Denmark and Finland through ticket.dk and ticket.fi. In Germany Ticket is selling online through airngo.de. Airngo is also present in Sweden, Norway, Denmark and Finland as an online only service.

Dyreparken Utvikling AS is the holding company for Dyreparken located in Kristiansand. Dyreparken maintains its position as the largest and most visited family attraction in Norway, celebrating 50 years in 2016. With its combination of zoo and amusement park, water park, evening shows and themed accommodation, Dyreparken has become a full-scale destination with more than one million visitors each year. The franchise agreement with Scandic was terminated by year end 2016 and the hotel has been rebranded Dyreparken Hotel and operates independently as of 2017. With a strong focus on innovation and unique themes, based on Norway´s best known children stories, Dyreparken appeals to people of all ages. Dyreparken plays an important role for animal protection and conservation worldwide, working closely with WAZA (World Association of Zoos and Aquariums) and EAZA (European Association of Zoos and Aquaria), to help save animals under threat of extinction.

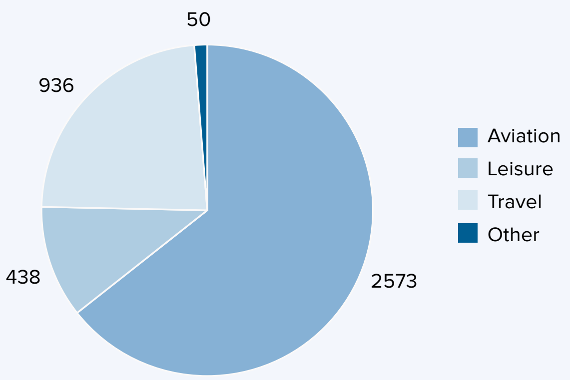
The tour operators in Braganza consist of two operating companies: Escape Travel AS in Norway and Escape Travel Sweden AB in Sweden. Escape Travel is the fourth largest tour operator in the Norwegian market after Ving, TUI and Apollo. Sabra Fokusreiser, a brand under Escape Travel AS, was sold to its main competitor Si-Reiser as of July 1st 2016. Escape Norway also stopped selling several low margin products during the first half of 2016, scaled back third-party distribution and reduced staff by 15%. This resulted in improved margins, lower costs and increased efficiency from the second half of 2016. Carpe Diem, a brand under Escape Travel AS, is market leader in Norway in the niche for individual holiday makers who want to travel as a group. Escape offers quality tours and cruises throughout the world based on scheduled flights. The company has a strong product range both for group and individual holidays, backed by 60 travel experts at our locations in Norway and Sweden. In August 2016, Escape Travel A/S in Denmark acquired a 20 per cent stake in Danish Signatours Travel Holding A/S. The company sells holidays via two brands; In-Italia and Hideaways. In-Italia is a bedbank covering almost 1400 properties in Italy. The brand sells accommodation online in Denmark, Sweden, Norway, Germany and France. From January 2017, In-Italia will also offer packages combining scheduled flights and accommodation. Hideaways is an online tour operator selling scheduled flights and hand-picked accommodation in 48 destinations in southern Europe. Hideaways distributes its products in Denmark and Sweden. Adding to the value of Signatours is an in-house property management and tour operating IT-system enabling scalable online growth. The head office is located in Copenhagen and a regional office in Sicily which is responsible for IT development and contracting.

In March 2016, the Danish based lessor Nordic Aviation Capital (NAC) acquired 100 % of Jetscape Inc., and as part of the transaction Braganza sold its holding of 11% to NAC. NAC was before the acquisition a leading lessor in the turboprop market, and with the acquisition of Jetscape, NAC has broadened its offer to include regional jet aircraft.

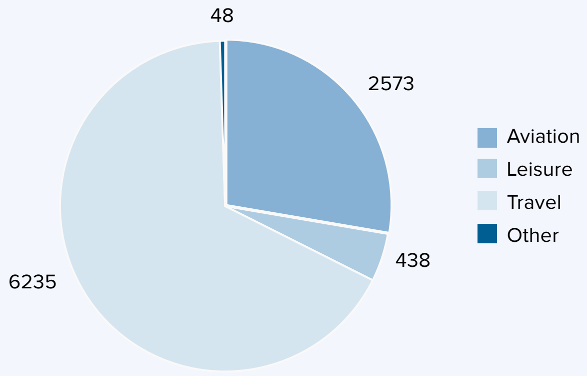
The remaining holding of 25 % in Ticket Biz was sold to BCD Travel in November 2016. BCD Group is a market leader in the travel industry. BCD Group employs over 12,500 people and operates in 110 countries with total sales of US$25.6 billion, including US$10 billion in partner sales.

ALLOCATION OF REVENUE BY OPERATING SEGMENTS

NET REVENUES - OPERATING SEGMENTS



GROSS REVENUES - OPERATING SEGMENTS



GOING CONCERN

In accordance with the Swedish Accounting Act, the board of directors confirms that the financial statements have been prepared under the assumption of a going concern.

Further information about the Group is available on the company's website: www.braganza.com.

RISK FACTORS

Political unrest and natural disasters such as earthquakes, floods and ash clouds, are typical operational risk factors for the tourism industry. An economic downturn in Scandinavia would also pose a significant risk.

Financial risk in the Group is primarily related to foreign currency and fuel prices, and particularly exposure to US dollar and EUR through BRA, where income is mainly in SEK. This risk is managed through ongoing currency and fuel price hedging, securing approximately 50% of the estimated requirements of BRA for the next 12 months. Hedging is done through forward contracts for jet fuel, while US dollar exposure is managed through forward contracts in dollars against the Swedish krona. Debt related to finance leases of six ATR 72-600 aircraft is secured long term with support of the Italian and French export finance institutions. Loans are denominated in EUR which historically correlates with SEK, and all EUR loans at year end are at fixed interest rates.

The Group is also exposed to currency risk through Escape Travel. Major suppliers are typically paid in US dollars or Euros, while income is mainly reported in NOK or SEK. This type of exposure is generally for less than six months. Escape Travel partially hedges such exposure in EUR or USD, defined as ad-hoc/short term, through forward contracts.

Credit and liquidity risk is assessed as low, as most products sold by Group companies are prepaid by the customer.

Dyreparken has covenants related to long term funding, and as of 31 December 2016 Dyreparken is in compliance with all such covenants.

ACCOUNTS – 2016

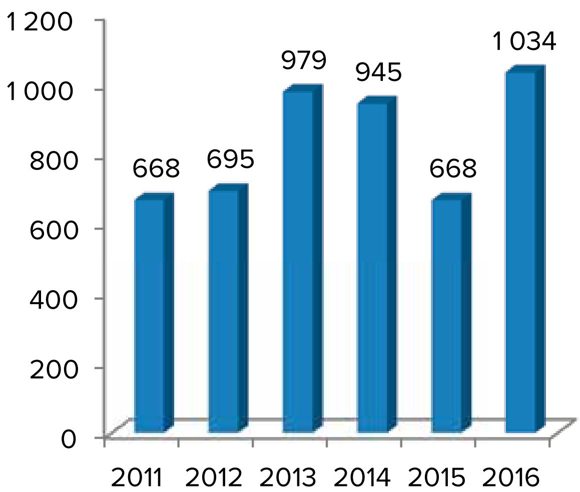
2016 GROUP	2015 GROUP	2016 PARENT COMPANY	2015 PARENT COMPANY
Net revenue 3 996 MSEK	Net revenue 4 292 MSEK	Net revenue 12 MSEK	Net revenue 13 MSEK
EBITDA -29 MSEK	EBITDA 232 MSEK	EBITDA -20 MSEK	EBITDA -19 MSEK
Operating profit -155 MSEK	Operating profit 381 MSEK	Operating profit -20 MSEK	Operating profit -19 MSEK
Net financial 125 MSEK	Net financial -24 MSEK	Net financial 121 MSEK	Net financial 141 MSEK
EBT -29 MSEK	EBT 356 MSEK	Profit/(loss) 101 MSEK	Profit/(loss) 138 MSEK

The consolidated financial statements for 2016 shows a negative profit before depreciation and financial items (EBITDA) of MSEK -155, compared to MSEK 381 for 2015. The parent company's result before tax for 2016 was MSEK 101, including dividend received from group companies, which is eliminated in the group accounts.

At 31 December 2016, the Group had an equity base of MSEK 1,674. The parent company's equity was MSEK 1,226 as of 31 December 2016. The parent company has distributable reserves of MSEK 1,180. The Board confirms that the going concern assumption is valid and that the accounts have been prepared on a going concern basis.

Dyreparken and BRA are the only companies within the Group with interest bearing debt at year end 2016. The Group's cash position at 31 December 2016 was MSEK 1,034. The parent company's cash position at 31 December 2016 was MSEK 540. The development in the Group's cash position over the last five years is shown below in MSEK.

CASH AND CASH EQUIVALENTS – GROUP



Cash and cash equivalents

Figures for 2011-2012 have been converted from NOK to SEK using the currency rates at the relevant balance sheet dates

WORKING CONDITIONS AND ENVIRONMENT

The working environment is considered good. Except for one serious accident with one of our employees, with a fatal outcome in Dyreparken, there have been no reported serious injuries or serious accidents in the Group in 2016. There have been no reported cases of discrimination. The Group had a total of 1,609 FTEs in 2016. Historically, the companies in the Group have had a majority of female employees, and equality is sought in areas where this is deemed relevant. The parent company had five employees on a part time basis by year end.

The Group has significant airline operations through BRA. The business contributes to greenhouse gas emissions. However, it is focused on reducing emissions through efficient utilization of the fleet and the use of modern technology. Renewal of the aircraft fleet is an important step in the Group's environmental commitment.

OUTLOOK FOR 2017

In the coming years, the Group will continue to develop its investment activities, focusing on industrial investments and active ownership. The Group enters 2017 with a strong balance sheet and businesses that are well positioned for future growth. The intensive competitive environment in several of the businesses means that the general growth expectations for 2017 is relatively modest compared to 2016.

PROPOSED APPROPRIATION OF 2016 PROFIT

The board of directors propose the following appropriation of the available profit	1 179 651 TSEK
Proposed dividend	10 000 TSEK
To be carried forward	**1 169 651 TSEK**

The board of directors proposes that the ordinary General Meeting in 2017 distribute a dividend of MSEK 10, which is deemed to be justifiable taking into account the nature and risk of the business as well as the equity and cash position.

Please refer to the income statements, balance sheets, cash flow statements and supplementary disclosures regarding the Group's and the parent company's profits and financial position in other respects.

MORE ABOUT TICKET

Braganza acquired a minority stake in Ticket Travel Group in 2009. In May 2010, a takeover of Ticket was completed through a public offering valuing the group at MSEK 254. The Stockholm based company was then delisted from the Stock Exchange, and Braganza chose to split the company into two; Ticket Leisure Travel and Ticket Corporate Travel. The corporate travel entity changed subsequently name to Ticket Biz. The split made sense due to a lack of synergies and a need to reduce group overhead.

Braganza saw growth potential in leisure travel. Ticket was a well-known brand in Sweden and Norway with approximately 70 high-street or mall-based travel agencies and an online presence dating back to 2008.

In corporate travel, Braganza believed big players needed to consolidate, and in December 2015, after four years of Braganza ownership, 75 % of Ticket Biz was sold to the global travel management group BCD Travel. In 2016, the remaining 25 % stake in Ticket Biz was acquired by BCD Travel.

Time is the friend of a good business. This has been true for Ticket Leisure Travel since 2010. Agencies were refurbished both to the benefit of customers and employees. Fresh talent with a proven track record in online travel was hired. It turned out in the recruitment process that headquarters in Stockholm and a local owner was attractive as very few big players have such presence or ownership. Significant resources have been invested in developing the online sales channels, focusing on functionality, user friendliness and geographical reach. Ticket was an early adopter of the omnichannel approach to distribution, an integration of physical (offline) and digital (online) channels to offer the best customer experience. Six years later, Ticket has doubled sales and increased earnings fivefold.

In 2016 sales were solid with an online growth of 19 per cent accounting for half of the turnover. Offline sales were in line with the year before. Total sales for the year came in at SEK 5.8 billion, an 8 per cent increase from 2015. Operating profit was SEK 78 million, up 20 per cent from a year earlier, thanks to the growth in sales and increased ancillary sales which improved margins.

MAJOR TICKET ONLINE MILESTONES:

March 2011:	Ticket launched its online business in Denmark
January 2013:	Ticket launched its online business in Finland
September 2014:	The no-frills online brand Airngo launched in Germany
December 2014:	Airngo launched in Sweden and Norway
May 2015:	Airngo launched in Denmark and Finland

Braganza views the market outlook for Ticket as favourable. The ability to manage both online and offline sales, providing service close to the customer regardless of sales channel, gives Ticket a unique position. This drives both customer growth and loyalty in competitive markets.

BRAGANZA AB
CONSOLIDATED INCOME STATEMENT 1.1 – 31.12

Amounts in TSEK	Notes	2016	2015
Gross revenue		9 293 858	10 636 708
Net Revenue		3 958 199	4 274 511
Other operating income	3	38 174	16 990
Total revenue		**3 996 373**	**4 291 501**
Cost of goods sold		-456 550	-553 275
Employee benefits expense	4, 5	-1 221 736	-1 242 879
Other operating expenses	3, 4	-2 346 973	-2 263 263
Total operating expenses		**-4 025 259**	**-4 059 417**
EBITDA		**-28 886**	**232 084**
Depreciation and amortisation expenses	6, 7	-159 206	-126 983
Income from divestment of operations	8	33 445	275 415
Operating profit / (loss)		**-154 647**	**380 516**
Income from investments in associates	9	1 224	1 815
Other interest income		13 264	14 036
Other financial income	10	165 692	51 996
Other interest expense		-19 527	-20 065
Other financial expenses	10	-35 186	-72 094
Net financial income / (loss)		**125 467**	**-24 312**
Profit / (loss) before income tax		**-29 180**	**356 204**
Income tax expense	11	38 276	-30 274
Net profit / (loss)		**9 096**	**325 931**
Attributable to:			
Braganza shareholders		1 831	322 033
Non-controlling interests		7 265	3 898

BRAGANZA AB
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

Amounts in TSEK	Notes	2016	2015
Brands and other intangible assets		332 387	297 207
Goodwill		32 071	47 164
Total intangible assets	6	**364 458**	**344 371**
Properties and land		617 676	439 185
Aircraft, engines and similar		1 186 923	134 950
Construction in progress and pre-payments		-	214 091
Equipment		99 886	91 435
Total tangible assets	7, 12	**1 904 484**	**879 660**
Deferred tax asset	11	71 787	25 967
Investments in associates	9	7 993	1 753
Long term investments	13	81 751	223 695
Long term receivables	14	168 008	123 748
Total financial assets		**329 539**	**375 163**
Total non-current assets		**2 598 481**	**1 599 194**
Finished goods		57 734	49 373
Accounts receivable		95 779	104 126
Other receivables	15	207 954	463 113
Prepayments and accrued income	16	192 630	177 505
Total receivables		**496 363**	**744 745**
Cash and cash equivalents	17	1 034 022	667 893
Total current assets		**1 588 120**	**1 462 010**
Total assets		**4 186 601**	**3 061 204**

BRAGANZA AB
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER

Amounts in TSEK	Notes	2016	2015
Issued capital	18	46 086	46 086
Additional paid in capital		3 771	3 771
Total restricted equity		**49 857**	**49 857**
Free reserves		1 596 058	1 262 757
Profit for the year		1 831	322 033
Total accumulated profits		**1 597 889**	**1 584 790**
Non-controlling interests		**26 450**	**11 711**
Total equity	22	**1 674 196**	**1 646 358**
Pension obligations	5	4 786	3 809
Deferred tax liability	11	47 642	20 274
Total provisions		**52 428**	**24 084**
Liabilities to financial institutions	19	1 040 860	190 333
Other long term liabilities	20	15 658	50 132
Total other non-current liabilities		**1 056 518**	**240 465**
Liabilities to financial institutions	19	133 847	87 953
Accounts payable		344 477	258 765
Income tax payable	11	662	671
Public duties payable		45 559	36 410
Other short term liabilities		58 514	28 457
Accrued expenses and deferred income	20	820 399	738 041
Total current liabilities		**1 403 459**	**1 150 297**
Total Liabilities		**2 512 405**	**1 414 846**
Total equity and liabilities		**4 186 601**	**3 061 204**

BRAGANZA AB
CONSOLIDATED CASH FLOW STATEMENT 1.1 – 31.12

Amount in TSEK	Notes	2016	2015
Cash flow from operating activities			
Operating profit / (loss)		-154 647	380 516
Interest received		13 264	15 140
Interest paid		-19 527	-20 065
Other financial income net		130 505	-20 099
Income tax payable		-1 063	-4 708
Gain (-) / loss from disposal of non-current assets		-91 788	-4 657
Gain (-) / loss from disposal of operations		-33 443	-275 415
Depreciation and amortisation expenses	6, 7	151 874	125 820
Impairment of non-current assets	6	7 339	4 782
Changes in finished goods		-9 963	-486
Changes in accounts receivable		7 979	-17 940
Changes in accounts payable		90 865	12 774
Difference between recognized pension cost and actual payments		977	-2 818
Changes in other accruals		372 583	-332 137
Currency adjustments operating activities		-3 209	4 975
Net cash flow from operating activities		**461 746**	**-134 317**
Cash flow from investing activities			
Proceeds from disposal of tangible non-current assets		843	15 439
Proceeds from disposal of operations		24 816	609 602
Purchase of tangible non-current assets	7	-156 858	-329 431
Purchase of intangible assets	6	-66 052	-66 871
Proceeds from disposal of intangible assets		613	2 218
Net proceeds from disposal of shares		239 402	41 060
Acquisition of subsidiary, net of cash acquired		-	-17 598
Change in long term receivables		-45 330	-68 468
Currency adjustments investing activities		1 070	-643
Net cash flow from investing activities		**-1 495**	**185 309**
Cash flow from financing activities			
Proceeds from recent borrowings/down payments		-69 840	-259 158
Changes in bank overdraft		32 417	-22 369
Equity proceeds		3 410	-
Dividends		-31 471	-76 048
Currency adjustments financing activities		-28 638	29 922
Net cash flow from financing activities		**-94 122**	**-327 653**
Net change in cash and cash equivalents		**366 129**	**-276 661**
Cash and cash equivalents at 01.01	17	**667 893**	**944 554**
Cash and cash equivalents at 31.12	17	**1 034 022**	**667 893**

BRAGANZA AB
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER

	Share capital	Additional paid in capital	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at 1 January, 2015	**46 086**	**3 771**	**1 380 532**	**1 430 389**	**9 774**	**1 440 163**
Profit for the year			322 033	**322 033**	3 898	**325 931**
Change in carrying amount for assets and liabilities						
Translation differences			-42 545	**-42 545**	-1 226	**-43 771**
Total change in carrying amount	-		-42 545	**-42 545**	-1 226	**-43 771**
Transactions with owners:						
wPurchase from (-)/ Sales to (+) non-controlling interests					83	**83**
Payment of dividends			-75 230	-75 230	-818	**-76 048**
Total transactions with owners	**-**		**-75 230**	**-75 230**	**-735**	**-75 965**
Equity at December 31, 2015	**46 086**	**3 771**	**1 584 790**	**1 634 647**	**11 711**	**1 646 358**
Equity at 1 January, 2016	**46 086**	**3 771**	**1 584 790**	**1 634 647**	**11 711**	**1 646 358**
Profit for the year			1 831	**1 831**	7 265	**9 096**
Change in carrying amount for assets and liabilities						
Translation differences			45 575	**45 575**	1 228	**46 803**
Total change in carrying amount	**-**		**45 575**	**45 575**	**1 228**	**46 803**
Transactions with owners:						
Purchase from (-)/ Sales to (+) non-controlling interests			-4 479	**-4 479**	7 889	**3 410**
Payment of dividends			-29 828	**-29 828**	-1 643	**-31 471**
Total transactions with owners	**-**		**-34 307**	**-34 307**	**6 246**	**-28 061**
Equity at December 31, 2016	**46 086**		**1 601 660**	**1 647 746**	**26 450**	**1 674 196**

NOTE 1. ABOUT THE BRAGANZA GROUP

Braganza is a privately held investment company based in Stockholm. Braganza is owned by Per G. Braathen and his immediate family. For many years, Braganza owned the airline Braathens (SAFE). Investments in the airline industry, tourism, leisure and distribution of tourism products account for the majority of the investment portfolio. Braathens Aviation, Kristiansand Dyrepark, Ticket, and Braathens Travel Group are the company's largest single investments. A greater proportion of the industrial business is located in Sweden.

Braganza's wholly owned aviation business in Sweden is organised through Braathens Aviation Group AB (publ). The airline is rebranded to BRA, short for Braathens Regional Airlines and consists of the previous brands Malmö Aviation and Sverigeflyg (including various sub-brands). BRA is a regional airline that operates from Stockholm's city-airport, Bromma. The airline operates both jet aircraft and turbo-props. BRA transports approximately two million passengers annually and has been named Sweden's best domestic airline for several successive years.

Kristiansand Dyrepark (Zoo and Amusement Park) was established more than 50 years ago, and has evolved into the largest and foremost leisure park in Norway, including a water park and overnight accommodation. Dyreparken is a full-service holiday resort including the pirate themed accommodation Abra Havn, which has capacity to accommodate 1000 guests.

Ticket is among the largest leisure travel agencies in the Nordic region, with approximately 70 stores. The company sells leisure travel from all leading tour operators, in addition to cruises, airline tickets and hotel accommodation. Ticket assists and advises the customer through easy access to a wide range of travel products.

Escape Travel is a tour operator focusing on the Nordic region. In Norway Escape Travel is the fourth largest tour operator.

NOTE 2 ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Swedish Accounting Act (1995:1554) and generally accepted accounting principles in Sweden by the Accounting Committee BFNAR 2012:1 (“K3”).

PRESENTATION

The income statement is presented by nature. The group distinguishes between gross and net revenue in the income statement. Gross revenue in the travel segment represents the gross purchase value (paid by the ultimate customer) of travels arranged on behalf of customers. Net revenue represents the fee expected to be received from customers based on the arrangements made. There are no significant differences between gross and net revenue in other segments of the Group.

The cash-flow statement is based on the indirect method. Cash includes cash in hand and bank-deposits.

BASIS FOR CONSOLIDATION

The Group’s consolidated financial statements comprise Braganza AB and companies in which Braganza AB has a controlling interest. A controlling interest is normally obtained when the Group owns more than 20-50% of the shares in the company and can exercise control over the company. Non-controlling interest are included in the Group’s equity. Transactions between group companies have been eliminated in the consolidated financial statements. Identical accounting principles have been applied for both parent and subsidiaries.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

An associate is an entity in which the Group has a significant influence but does not exercise control of the management of its finances and operations, normally when the Group owns 20%-50% of the company. The consolidated financial statements include the Group’s share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases.

When the Group’s share of a loss exceeds the Group’s investment in an associate, the amount carried in the Group’s balance sheet is reduced to zero and further losses are not recognized unless the Group has an obligation to cover any such loss.

USE OF ESTIMATES

Management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Sweden. The most critical judgments and sources of potential uncertainty related to the preparation of the consolidated financial statements are detailed below.

Provisions for estimated costs of periodic overhaul and maintenance of aircraft are recognized except for less extensive/ongoing maintenance performed at least each year which is expensed as incurred. To some extent, the calculation of future maintenance costs is based on assumptions and estimates. No provision will be recognized for new aircraft and scheduled maintenance will be capitalized at the time for such maintenance and depreciated until next scheduled maintenance.

The group recognizes deferred tax assets to the extent it is probable that taxable profit will be generated. Judgement by management is required to determine which deferred tax assets can be recognized, based on the expected timing, level of future taxable profits and future tax planning strategies.

At each reporting date, the group considers if there are indications of reduced values of tangible and intangible assets. A value is considered reduced when the recoverable amount is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require use of estimates.

A customer loyalty program has been established. Bonus points can be used as payment for future ticket purchases etc. A current liability is recognized at the time of sale of tickets. The previous year’s utilization of bonus points has been used to calculate the liability of the customer loyalty program and is in the balance sheet recognized at fair value.

FOREIGN CURRENCY TRANSLATION

Presentation of subsidiaries in foreign currency

The Group’s reporting currency is SEK. This is also the parent company’s functional currency. The balance sheet figures of subsidiaries with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period while the income statement figures are translated at the transaction exchange rate. The yearly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognized in equity. When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary are recognized in the income statement.

Translation of foreign currency transactions and balances
Transactions in foreign currency are translated at the rate applicable on the transaction date.

Presentation in the income statement
Profit and loss effects arising from translation of balance sheet items related to operating activities, such as accounts receivables and accounts payable, are presented as operating activities. Translation of balance sheet items related to the financing of the group, such as long term loan and bank accounts, are presented as finance cost/income. Gains and losses from financial instruments, including hedge accounting, are recognized in the income statement when due. Until the due date, these instruments are kept off balance sheet. Financial instruments used for hedging purposes, but not regarded as a hedge accounting relationship, are presented at fair value. All changes in fair value of financial instruments, except those kept off balance sheet, are recognized as financial cost/income in the income statement. The use of financial instruments is explained in more detail in the notes to the consolidated financial statements.

SEGMENT REPORTING

For management and reporting purposes, the Group has identified four reporting segments. These segments consist of Aviation, Travel, Leisure and Other and comprise the basis for the primary segment reporting. Segment figures are presented in accordance with Swedish GAAP. Please see separate note.

REVENUE RECOGNITION

Revenues from the sale of goods are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred. Revenues from the sale of services are recognized when the service has been provided and the group has obtained a right to receive the payment.

AVIATION

Passenger revenue
Passenger revenue is recognized as revenue when the transport has been carried out. The value of valid tickets sold but not used at the reporting date is reported as short-term liability in the balance sheet. This liability is reduced either when transportation is carried out or when the passenger requests a refund.

Other revenue
Other revenue comprises sales of ticket-related products and services, such as baggage fees and freight revenues. Some of these products and services are considered earned when the transport is carried out and accordingly recognized in the same manner as passenger revenue. Other products and services are immediately recognized upon a sale in the income statement.

Customer loyalty program
A customer loyalty program has been established. Within the program the passengers acquire bonus points based on their bought flights. Bonus points can be used as payments for future travels. A short term liability is recognized when a sale is made. The liability is based on all passengers and an average market price for tickets sold is derived. Last year's use of loyalty points is then used as the basis for calculating a liability related to the customer loyalty program.

TRAVEL

Income from distributed sale
Revenues from mediated sales are recognized in the income statement at the time the work attributable to the transaction has been performed. Revenues are recognized at the fair value of the consideration received or expected to be received, less any discounts. Ticket sales are partly distributed by the Group acting as a sales agent where the Group performs a reservation service for the customer, and partly sales in the Group's own name acting as an organizer of the actual journey being sold, also known as "package tours".

Revenues from services for group and conference business are recognized in the income statement when the outcome of the services provided can be measured reliably. This is normally the day of departure. If there is significant uncertainty regarding the payment, associated costs or the acceptance of the service provided no revenue is recognized. Revenues are recognized at the fair value of the consideration received or expected to be received, less any discounts.

HEDGE ACCOUNTING

The Group seeks to reduce the risk related to fluctuations in fuel prices and currency rates. The Group uses financial instruments such as foreign exchange forward contracts. Financial instruments used as a part of a hedge accounting are kept off balance sheet until the due date of the instrument. The due date of the instrument is set to match the secured transaction.

INCOME TAX

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, except for:

- temporary differences related to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures that the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognized deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Current and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

BALANCE SHEET CLASSIFICATION

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are capitalized and depreciated linearly over the estimated useful life. Assets recognized in the balance sheet based on a financial lease agreement are depreciated over the expected leasing period. All significant assets are disaggregated to the extent necessary to ensure correct depreciation costs.

Depreciation is calculated using the straight-line method over the estimated useful life, as further specified in the notes to the consolidated financial statements.

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognized as a change in an estimate.

The cost of current maintenance, except for extensive aircraft maintenance described below, are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is impaired to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

Provisions are made for estimated costs of scheduled overhaul and maintenance of aircraft except for less extensive/ongoing maintenance performed at least each year which is expensed as incurred. The provision for overhaul and maintenance is based on cost estimates and historical data. The cost is allocated between the periods covered by the maintenance on a straight-line basis. Differences between the provision and actual costs when the maintenance/overhaul is performed are recognized in the income statement. The provision is presented as "Other long term liabilities" in the balance sheet. No provision will be recognized for new aircraft and scheduled maintenance will be capitalized at the time for such maintenance and depreciated up until next scheduled maintenance.

The Group capitalizes prepayments on purchase of aircraft. The prepayments are classified as tangible assets in the balance sheet. When the aircraft are delivered, prepayments are included in acquisition cost of the aircraft and reclassified as aircraft in the balance sheet.

LEASING

Finance leases

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognized at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest rate in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The depreciation period will normally follow the underlying contract. If it is not reasonably certain that the company will assume ownership when the term of the lease expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

Operating leases
Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement in a straight line during the contract period.

Deposits made at the inception of operating leases are carried at amortized cost. The difference between the nominal value of a deposit paid, carried at less than market interest and its fair value, is considered as additional rent, payable to the lessor and is expensed on a straight-line basis over the lease term.

In 2016, the Group entered into several new operating leases. These operating leases include, among other things, conditions/clauses on the physical condition of the aircraft when returned and how the lessor is to be compensated based on when in the service/check and maintenance interval the aircraft is at the time of return. The cost of final compensation to the lessor for used service/check and maintenance will be estimated and will start being provided for when the lease term is nearing its end. No provision for compliance with return conditions has been made in 2016 for these operational leases since the size of the cost and the date of payments are currently considered uncertain.

INTANGIBLE ASSETS

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through a business combination are recognized at their fair value. Capitalized intangible assets are recognized at cost less any amortisation and impairment losses.

Intangible assets, which have a defined economic life, are amortised over their economic life and tested for impairment if there are any indications of reduced value. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate. Intangible assets without any defined economic life are not depreciated, but are instead tested for impairment at least once a year.

Development costs
Development costs related to IT/software are capitalized if a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs are amortized over its useful life.

Goodwill
The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognized as goodwill. For investment in associates, goodwill is included in the investment's carrying amount.

Goodwill is recognized at cost in the balance sheet, minus any accumulated impairment losses, and amortised. Goodwill is amortised over five years unless otherwise specified.

Assets and liabilities acquired in a business combination are carried at their fair value in the Group's balance sheet. The non-controlling interest is calculated on the basis of the minority's share of these assets and liabilities.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

If the fair value of the equity exceeds the acquisition cost in a business combination, the difference ("negative goodwill") is recognized as income immediately on the acquisition date.

At each reporting date, the group considers if there are indications of reduced value of the goodwill. Goodwill is evaluated as a part of a cash generating unit. A value is considered reduced if the recoverable amount of the assets of the cash generating unit is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations.

Patents and licences
Amounts paid for patents and licences are capitalized and amortised on a straight-line basis over the expected useful life.

Software
Expenses related to the purchase of new software are capitalized as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is normally depreciated over the expected useful

life. Costs incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

Brands
Brands are either capitalized as part of an acquisition, or separate purchases of brands. Brands are not depreciated. The value of brands which are capitalized as part of an acquisition is determined by comparing renting cost for brands for similar businesses, using international databases as a basis. A discount for maintaining the brand is applied, and a DCF analysis gives the value of the brand, less any impairment losses. Purchased brands are capitalized at cost, less any impairment losses.

At each reporting date, the group considers if there are indications of reduced values of the brands. Brands are evaluated as a part of a cash generating unit. A value is considered reduced if the recoverable amount of the assets of the cash generating unit is less than book value. The recoverable amounts of cash generating units are determined based on value-in-use calculations.

SUBSIDIARIES AND INVESTMENT IN ASSOCIATES

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued at cost, less any impairment losses. Impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statements of the provider. If dividends / group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

INVENTORIES

Inventories are recognized at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is calculated by using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable and other current receivables are recognized in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

SHORT TERM INVESTMENTS

Short term investments (securities traded at an open market) are valued at market value. Dividends and other distributions are recognized as other financial income.

EMPLOYEE BENEFITS

Employee benefits in the form of salaries, bonuses, paid holiday, paid sick leave etc. and pensions are recognized as they are vested. Pensions and other post-employment benefits are classified as defined contribution or defined benefit plans.

Defined contribution plans
For defined contribution plans, the Group pays set contributions to a separate independent legal entity and does not have any obligation to pay further contributions. Expenses are charged against group earnings as the benefits are vested, which normally coincides with the time when premiums are paid.

Defined benefit plans
The Group's net obligation concerning defined benefit plans is calculated by estimating the future benefit the employees have earned through their employment in both current and previous periods; this benefit is discounted to a present value and the fair value of any assets under management is deducted. Changes in the pension obligations due to changes in pension plans are recognized over the estimated average remaining service period.

GOVERNMENT GRANTS

Grant income is recognized when there is 1) entitlement to the grant, 2) virtual certainty that it will be received and 3) sufficient measurability of the amount. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants relating to purchases of non-current assets are deducted from the cost of the respective asset. The amount of depreciation and amortization is based on the cost of purchase after deduction of such grants.

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are recognized in the annual accounts if the probability that the cost will be incurred is more than 50 % and the liability can be estimated reliably. The liability is recognized based on the best estimate of the future settlement. If the probability is regarded less than 50 % information about the contingent liability is disclosed.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

EVENTS AFTER THE REPORTING PERIOD

New information on the company's financial position at the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position at the end of the reporting period but which will affect the company's financial position in the future are disclosed if material.

PARENT COMPANY – ACCOUNTING PRINCIPLES

The differences between the group's and the parent company's accounting principles are explained below.

Subsidiaries
Interests in subsidiaries are recognized at cost. Dividends from subsidiaries are recognized as income when the right to receive dividend is deemed to be certain and can be calculated in a reliable manner.

Group contribution
Group contributions received and paid are recognized as appropriations in the income statement.

Taxes
Untaxed reserves, including deferred tax liability, are recognized in the parent company. In the consolidated financial statements, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.

NOTE 3. OTHER OPERATING INCOME AND EXPENSES

(Amounts in SEK 1000)

Other operating income consists of:

	2016	2015
Gain on sale of fixed assets	-	4 862
Currency translation gain on operational receivables and payables	25 860	8 751
Other (described below)	12 314	3 377
Total	**38 174**	**16 990**

Other income consists of market contribution and release of liability for tickets, bonus points, agent commissions and other accruals.

Other operating expenses consists of:

	2016	2015
Aviation related costs	(1 520 271)	(1 460 237)
Cost of leases	(198 156)	(165 812)
Marketing costs	(158 943)	(132 988)
IT costs	(96 290)	(94 196)
External consultants, advisors etc.	(37 947)	(48 766)
Cost of travel	(5 356)	(47 988)
Hotel accommodation	(18 575)	(15 103)
Other	(311 434)	(298 172)
Total	**(2 346 973)**	**(2 263 263)**

NOTE 4. SALARY AND PERSONNEL COSTS, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES AND AUDITOR'S FEES

(Amounts in SEK 1000)

	Total for all employees	
Salary and personnel costs:	**2016**	**2015**
Salaries	823 409	848 301
Payroll tax	244 040	247 173
Pension costs	89 795	92 890
Other benefits	64 647	55 509
Capitalized wage expenses	(154)	(994)
Total	**1 221 736**	**1 242 879**

Average number of employees by gender and country

	2016	**2016**	**2016**	**2015**	**2015**	**2015**
	Female	Male	Total	Female	Male	Total
Sweden	670	461	1 131	736	487	1 223
Norway	322	149	471	306	164	470
Spain	4	2	6	-	-	-
Denmark	-	1	1	-	1	1
Liechtenstein	-	-	-	-	-	-
Total	**996**	**613**	**1 609**	**1 042**	**652**	**1 694**
	62 %	38 %		62 %	38 %	

Management and board remuneration

	2016	**2015**
Salary and bonus	13 963	12 800
Other benefits	180	212
Total	**14 143**	**13 012**

There is no severance pay agreement.

Distribution of senior management	**2016**	**2015**
Women:		
Members of board	-	-
Other senior management	1	1
Men:		
Members of board	7	7
Other senior management	4	4
Total	**12**	**12**

Auditor

Specification of auditor's fees 2016 (ex VAT)

Group	**Statutory audit fee**	**Other assurance services**	**Tax advisory fee**	**Other non-audit services**	**Total 2016**
Deloitte	-2 992	-490	-239	-170	-3 889
Other auditors	-	-	-	-227	-227
Total	**-2 992**	**-490**	**-239**	**-396**	**-4 116**

Specification of auditor's fees 2015 (ex VAT)

Group	**Statutory audit fee**	**Other assurance services**	**Tax advisory fee**	**Other non-audit services**	**Total 2015**
Deloitte	-2 920	-299	-274	-294	-3 787
Other auditors	-	-	-	-	-
Total	**(2 920)**	**(299)**	**(274)**	**(294)**	**(3 787)**

NOTE 5. PENSIONS

(Amounts in SEK 1000)

	2016	2015
Service cost	(1 634)	(2 305)
Interest cost	-	-
Return on pension plan assets	-	-
Social security tax	(138)	(126)
Net pension costs, defined pension plans	(1 771)	(2 431)
Pension cost defined contribution plans	**-88 024**	**-90 459**
Total net pension cost	**(89 795)**	**(92 890)**

	2016	2015
Accrued pension obligations at 31.12	11 741	12 097
Estimated effect of future salary increase	-	-
Estimated pension obligations at 31.12	11 741	12 097
Pension plan assets (at market value) at 31.12	5 723	5 213
Unrecognised effects of actuarial gains/ losses	(2 483)	(2 301)
Social security tax	-	-
Currency adjustments	715	(774)
Net benefit obligations	4 250	3 809
Hereof recognized as Other long term receivables	535	-
Hereof recognized as Pension obligations	4 786	3 809
Actuarial assumptions:		
Discount rate	3 %	3 %
Salary increase	2,50 %	2,50 %
Return on plan assets	3,30 %	3,30 %
Average turnover	0 %	0 %

The actuarial assumptions are based on assumptions of demographical factors normally used within the insurance industry. The main pension schemes in the group are defined contribution plans, or similar schemes, and such pension costs are current accounted for in the income statement.

NOTE 6. INTANGIBLE ASSETS

(Amounts in SEK 1000)

	Brands and other intangible assets	Goodwill	Total
1 January – 31 December 2016			
Balance as of 1 January 2016	297 207	47 164	344 371
Additions	66 052	-	66 052
Additions from purchase of companies	-	-	-
Disposals	(613)	-	(613)
Disposals from sale of companies	-	-	-
Amortisation	(22 369)	(18 556)	(40 926)
Impairment loss	(7 339)	-	(7 339)
Currency translation differences	(551)	3 463	2 912
Balance as of 31 December 2016	**332 387**	**32 071**	**364 458**
As of 31 December 2016			
Cost of acquisition	432 211	322 467	754 678
Accumulated amortisation and impairment losses	**(99 824)**	(290 396)	**(390 220)**
Balance as of 31 December 2016	**332 387**	**32 071**	**364 458**

	Brands and other intangible assets	Goodwill	Total
1 January – 31 December 2015			
Balance as of 1 January 2015	253 509	66 044	319 554
Additions	66 871	-	66 871
Additions from purchase of companies	-	15 554	15 554
Disposals	(2 218)	-	(2 218)
Disposals from sale of companies	(7 678)	(16 683)	(24 361)
Amortisation	(11 672)	(15 665)	(27 337)
Impairment loss	(1 164)	-	(1 164)
Currency translation differences	(441)	(2 086)	(2 528)
Balance as of 31 December 2015	**297 207**	**47 164**	**344 371**
As of 31 December 2015			
Cost of acquisition	365 188	327 492	692 680
Accumulated amortisation and impairment losses	(67 981)	(280 327)	(348 309)
Balance as of 31 December 2015	297 207	**47 164**	**344 371**

Depreciation of intangible assets:
Brands are tested for impairment on a yearly basis. Other intangible assets are depreciated according to their estimated economic useful life.

Goodwill for each acquisition	Useful economic life	Useful economic life
Dyreparken/Kaptein Sabeltann	15 418	20 years
Dyreparken Hotell AS	10 160	5 years
Sabra Tours	4 336	5 years
Two Travel AS	2 157	5 years
Total	**32 070**	

Goodwill regarding “Kaptein Sabeltann” is related to the concept for a limited number of years.

NOTE 7. TANGIBLE ASSETS

(Amounts in SEK 1000)

	Properties and land	Aircraft, engines and similar[1]	Pre-payments	Equipment	Total
1 January – 31 December 2016					
Balance as of 1 January 2016	439 184	134 950	214 091	91 435	879 661
Additions	24 893	1 111 171	(214 091)	30 937	952 910
Additions from purchase of companies	143 429	-	-	-	143 429
Disposals	(1 113)	-	-	-	(1 113)
Disposals from sale of companies	-	-	-	-	-
Amortisation	(29 880)	(54 645)	-	(26 417)	(110 942)
Impairment loss	-	-	-	-	-
Currency translation differences	41 162	(4 553)	-	3 930	40 540
Balance as of 31 December 2016	**617 675**	**1 186 923**	**-**	**99 886**	**1 904 484**
As of 31 December 2016					
Cost of acquisition	1 001 077	1 497 370	-	270 622	2 769 069
Accumulated amortisation and impairment losses	(383 402)	(310 447)	-	(170 735)	(864 584)
Balance as of 31 December 2016	**617 675**	**1 186 923**	**-**	**99 886**	**1 904 484**

	Properties and land	Aircraft, engines and similar[1]	Pre-payments	Equipment	Total
1 January – 31 December 2015					
Balance as of 1 January 2015	489 247	180 068	289 957	87 005	1 046 277
Additions	17 943	11 452	214 091	29 431	272 918
Additions from purchase of companies	3 364	-	-	5 745	9 109
Disposals	(1 506)	(12 536)	-	705	(13 337)
Disposals from sale of companies	-	-	(289 957)	(3 471)	(293 428)
Amortisation	(29 920)	(42 822)	-	(25 740)	(98 482)
Impairment loss	-	-	-	-	-
Currency translation differences	(39 944)	(1 211)	-	(2 241)	(43 396)
Balance as of 31 December 2015	**439 185**	**134 950**	**214 091**	**91 435**	**879 660**
As of 31 December 2015					
Cost of acquisition	743 984	388 398	214 091	241 433	1 587 905
Accumulated amortisation and impairment losses	(304 799)	(253 448)	-	(149 998)	(708 245)
Balance as of 31 December 2015	**439 185**	**134 950**	**214 091**	**91 434**	**879 660**

[1] The balance sheet item includes leasing assets held under finance leases with carrying amounts amounting to 1 086 509. See note 12 for more information.

	Properties and land	Aircraft, engines and similar[1]	Pre-payments	Equipment
Depreciation method	Straight line	Straight line	NA	Straight line
Expected useful economic life	25 – 100 years	5 – 15 years	NA	3 – 10 years

NOTE 8. SIGNIFICANT TRANSACTIONS AND EVENTS

(Amounts in SEK 1000)

Braganza, through its wholly owned subsidiary Bramora AS, acquired in July 2016 all shares in Kristiansand Hotell AS. Kristiansand Hotell AS is a special purpose vehicle and its only asset is the hotel property adherent to Dyreparken. The Braganza group controls with this transaction all properties and management companies dealing with accommodation in relation to Dyreparken.

75 % of Ticket Biz was on 30 November 2015 sold to BCD Travel. The remaining holding of 25 % was sold to BCD Travel in 2016. Through the acquisition, Ticket Biz will benefit from being part of a global organisation with a presence in more than 110 countries and 11.000 employees.

Braganza's holding in Neqst 1 and 2 was sold from Braganza II AB to Bramora Ltd in June 2016. Bramora Ltd is ultimately owned by Per G. Braathen and his immediate family.

From February to December 2016, Braathens Aviation AB (publ) took delivery of six brand new ATR 72-600 on finance lease.

Braganza's holdings in Jetscape was sold in March 2016 to Nordic Aviation Captial (NAC), and profit is accounted for as financial income.

NOTE 9. INVESTMENTS IN ASSOCIATED COMPANIES

(Amounts in SEK 1000)

A specification of investments in associated companies follow below:

	2016	2015
Book value as of 1.1.	1 753	4 788
Additions	4 776	-
Disposals	-	(3 153)
Profit/(loss)	1 224	1 815
Dividends	-	(1 104)
Currency and other adjustments	239	(593)
Book value as of 31.12.	**7 993**	**1 753**

Specification of profit/(loss)

	2016	2015
Share of profit/(loss) from associates	1 224	1 815
Elimination of internal gains/losses	-	-
Net profit/(loss) from associates	**1 224**	**1 815**

	Location	Owner-ship 1)	Equity as of 31.12.	Profit/(loss) 2016
Peer Gynt AS, org nr 965 407 375	Nord-Fron	50,0 %	7 580	1 956
Signatours A/S	Copenhagen	20,0 %	9 590	(2 370)

1) Ownership equalling the percentage of voting shares

	Acquision cost	Acqusition cost	Equity at acqusition date
Peer Gynt AS	5 000	2008	10 000
Signatours AS	3 713	June 2016	2 392

NOTE 10. OTHER FINANCIAL INCOME AND EXPENSES

(Amounts in SEK 1000)

Other financial income

	2016	2015
Gain from sale of shares	92 058	2 555
Changes in value of equity investments	-	-
Gain on foreign exchange	71 352	31 382
Other financial income	2 282	18 058
Total other finance income	**165 692**	**51 996**

Other financial expenses

	2016	2015
Loss /changes in value of equity investments	-	(5 148)
Loss on foreign exchange	(32 462)	(47 155)
Other financial expenses	(2 723)	(19 791)
Total other finance expenses	**(35 186)**	**(72 094)**

NOTE 11. TAXES

(Amounts in SEK 1000)

	2016	2015
Income tax expense		
Tax payable	662	671
Changes in deferred tax	(38 782)	29 596
Adjustments for prior years	(157)	7
Total income tax expense (+) / tax income (-)	**(38 276)**	**30 274**
Changes in deferred tax		
Changes recognized in profit and loss	(38 782)	29 596
Changes due to business combinations	7 879	13 786
Other	(3 620)	(8 424)
Currency adjustments	(621)	(481)
Total changes in deferred tax	**(35 144)**	**34 477**
Profit before tax	29 180	(356 204)
Tax rate 22%	**(6 420)**	**78 365**
Effect of unrecognized timing differences and tax loss	2 334	1 616
Revaluation of unrecognized timing differences and tax loss prior years	(12 500)	950
Adjustments for prior years	(123)	-
Permanent differences	(23 957)	(53 647)
Share of net profit from associates	499	(490)
Effect of change in tax rate	(170)	1 285
Effect of different tax rates	1 613	2 803
Other	449	(608)
Income tax expense (+) / tax income (-)	**(38 276)**	**30 274**
Temporary differences		
Deferred tax assets		
Pensions	-	45
Inventory	305	294
Intangible assets	-	211
Tangible assets	9 669	5 798
Accounts receivables and other receivables	204	73
Provisions and short term debt	6	4
Gains and losses	134	159
Tax loss carried forward	63 857	35 439
Deferred tax assets	**74 174**	**42 024**
Deferred tax liabilities		
Intangible assets	21 389	14 797
Tangible assets	25 189	10 046
Accounts receivables	-	118
Gains and losses	802	947
Untaxed reserves	1 063	1 063
Other differences	161	(6 052)
Deferred tax liabilities	**48 605**	**20 920**
Net deferred tax assets (-liability)	25 569	21 104
Hereof not recognized in the balance sheet	1 423	15 411
Net deferred tax assets (-liability)	24 146	5 693
Hereof recognized as deferred tax asset	71 787	25 967
Hereof recognized as deferred tax liability	47 642	20 274

NOTE 12. LEASES

(Amounts in SEK 1000)

Finance leases

	2016	2015
Aircraft, engines, property, plant and similar	1 086 509	-
Balance as of 31 December	**1 086 509**	**-**

Minimum finance lease payments

	2016	2015
Next year	100 360	-
Between year 1 and 5	401 197	-
After year 5	488 945	
Total minimum finance lease payments	**990 502**	**-**

Present value of minimum finance lease payments

- Whereof short term debt	100 360	-
- Whereof long term debt	890 142	-

Operating leases

	Lease payments		Durability
	2016	2015	
Aircraft, engines, property, plant and similar	198 157	177 470	1-4 years
Equipment	2 160	794	1-3 years
Other	3 726	5 435	
Lease expenses	**204 043**	**183 699**	

NOTE 13. LONG TERM INVESTMENTS

(Amounts in SEK 1000)

Long term investments

Company	Book value	Share
Musti ja Mirri Group	55 667	5,5 %
Domain Ventures Partners	19 136	10 %
Hallingdal Feriepark AS	5 270	4 %
Other	1 677	
Total	**81 751**	

Individual valuation is made for each investment. Estimated market values exceeds book values for all investments.

Changes during the year	2016	2015
Book value 1 January	223 695	208 618
Additions	5 270	56 513
Disposals	(147 345)	(35 351)
Impairment loss		(5 148)
Currency translation differences	131	(938)
Book value as of 31 December	**81 751**	**223 695**

NOTE 14. LONG TERM RECEIVABLES

(Amounts in SEK 1000)

Long term receivables consist of:

	2016	2015
Loan to Musti ja Mirri Group	79 514	71 592
Loan to Bramora LTD	28 214	-
Deposits	49 972	26 487
Other	10 308	25 669
Total	**168 008**	**123 748**

NOTE 15. TRANSACTIONS WITH RELATED PARTIES

Loans from shareholders are disclosed in note 20. Bramora Ltd's purchases of Neqst 1 and 2 of 28 MSEK, is a transaction between the same beneficial owners.

By year end, Braganza had provided Bramora Ltd with a vendor note for the sale of Neqst 1 and 2. In addition, Braganza has provided Bramora Ltd with a short term loan of 5,9 MUSD which has been repaid in May 2017. It is considered to be in the best commercial interest of the Braganza group to provide Bramora Ltd with these loans as this has made it possible to start the renewal process of the turbo-prop fleet in Braathens Aviation and to further focus Braganza as an industrial investment company.

Three ATR 72-600 are on an operating lease from the Bramora group to Braathens Aviation. Terms and conditions related to the leases are considered to be at arms-length distance.

NOTE 16. PREPAYMENTS AND ACCRUED INCOME

(Amounts in SEK 1000)

Prepayments and accrued income consist of:

	2016	2015
Prepaid expenses	62 084	51 031
Accrued income	90 453	86 377
Other short term receivables	40 093	40 097
Total	**192 630**	**177 505**
Hereof:		
Due within 1 year	192 130	177 505
Due above 1 year	500	-

NOTE 17. CASH AND CASH EQUIVALENTS

(Amounts in SEK 1000)

Cash and cash equivalents consists of:

	2016	2015
Bank deposits	1 034 022	667 893
Total	**1 034 022**	**667 893**
Whereof restricted	20 080	74 251

NOTE 18. SHARE CAPITAL

(Amounts in SEK 1000)

Shareholders as of 31 December

	Number of shares	In percent
Per G. Braathen	238 876	52 %
Eline B. Braathen	73 998	16 %
Ida P. Braathen	73 998	16 %
Peer G. Braathen	73 998	16 %
Total	**460 870**	**100 %**

NOTE 19. INTEREST BEARING DEBT

(Amounts in SEK 1000)

The Group's interest bearing debt has the following characteristics:

	Short term		Long term	
	2016	**2015**	**2016**	**2015**
Interest bearing debt by type loan				
Loan from financial institutions	43 103	87 953	192 355	190 333
Bond	-	-	-	-
Finance leases, note 12	90 744	-	848 505	-
Total	**133 847**	**87 953**	**1 040 860**	**190 333**
Time to maturity				
Due between year 1 and 5			568 271	190 333
Due after year 5			472 589	-
Total			**1 040 860**	**190 333**

Secured debt		
Debt secured by collateral	-	278 252
Type of security		
Aircraft, engines and similar	-	-
Property and plant	433 543	418 370
Inventory	23 231	14 507
Other	-	-
Total book value of security	**456 774**	**432 877**

There are financial covenants linked to the long-term debt in Dyreparken, which is in compliance with all such covenants by year end.

The jet-fleet renewal program is assumed financed by export development banks, and long term capital lease debt is expected to further increase in the coming years. A new and revised delivery schedule is under discussion with Bombardier and the first Cseries is expected to be delivered 2020.

NOTE 20. OTHER LONG TERM LIABILITIES AND ACCRUED EXPENSES AND DEFERRED INCOME

(Amounts in SEK 1000)

Other long term liabilities consist of:

	2016	2015
Loans from Shareholders	14 540	43 710
Deposits	-	4 570
Other	1 118	1 852
Total other long term liabilities	**15 658**	**50 132**
Time to maturity		
Due between year 1 and 5	12 871	47 481
Due after year 5	2 787	2 651
Total	**15 658**	**50 132**

Accrued expenses and deferred income consist of:

	2016	2015
Tickets sold not used	264 580	240 480
Liabilities arising from customer loyalty programs	-	-
Salaries and other employee benefits	206 391	174 482
Other prepayments from customers	234 988	217 693
Other	114 440	105 387
Total accrued expenses and deferred income	**820 399**	**738 041**

NOTE 21. GUARANTEE LIABILITIES AND PLEDGED ASSETS

(Amounts in SEK 1000)

The pledged assets for the group consist of:

	2016	2015
Aircraft	1 086 509	-
Chattel mortgages	50 700	72 350
Deposits	65 054	28 658
Restricted cash	20 080	70 180
Travel Guarantees	-	2 000
Property and plant	433 543	418 370
Inventory	23 231	14 507
Other	10 209	-
Total	**1 689 327**	**606 065**

Other pledged assets, see note 20.

In the ordinary course of business the Group has given the following guarantees:

	2016	2015
Travel insurance	155 089	146 867
Rental guarantees	7 224	13 513
Kammarkollegiet Sweden	-	-
Guarantee commitments	-	-
Bank Guarantees	9 395	5 613
RGF Norway	-	-
Guarantee commitment PRI	-	-
Total	**171 708**	**165 993**

Commonly used representations and warranties applies with regards to the disposal of Arken Zoo Holding and Ticket Biz in 2015. No contractual claims have been made by the purchasers.

Braathens Aviation AB (publ) became in February 2016 a guarantor of the operating leases between Braathens Regional Airways (lessee) and subsidiaries of Bramora Ltd (lessor) regarding three ATR 72-600.

NOTE 22. ACQUISITIONS AND DISPOSALS OF BUSINESSES

(Amounts in SEK 1000)

	Acquisitions		Divestments	
	2016	**2015**	**2016**	**2015**
Other intangible assets	-	15 554	-	40 680
Tangible assets	143 429	9 109	-	289 826
Financial assets	-	-	-	1 776
Current assets	1 440	4 683	-	76 090
Total assets	**144 869**	**29 346**	**-**	**408 373**
Non-current liabilities	38 154	2 396	-	-
Current liabilities	23 290	4 512	-	108 307
Total liabilities	**61 444**	**6 907**	**-**	**108 307**

25 % of Ticket Biz was in November 2016 sold to BCD Travel, and the holdings in Neqst 1 and 2 was sold to Bramora Ltd in June 2016. The hotel property adherent to Dyreparken was acquired in July 2016. The franchise contract with Scandic was terminated by year end and the hotel has been rebranded as Dyreparken Hotel.

NOTE 23. OPERATING SEGMENTS

(Amounts in SEK 1000)

The group has four reportable segments which are the strategic business units of the group.
All transactions between the segments are, according to the groups transfer pricing guidelines, based on the armslength principle.

Allocation between segments in 2016	**Aviation**	**Travel**	**Leisure**	**Other**	**Total**
External gross revenue	2 573 590	6 234 666	437 921	47 681	9 293 858
Net revenue	2 537 570	935 052	437 921	47 657	3 958 199
Other operating income	36 039	618	-	1 517	38 174
Total external revenues	**2 573 609**	**935 670**	**437 921**	**49 174**	**3 996 373**
Internal revenues	-	-	-	1 026	1 026
Total revenues	**2 573 609**	**935 670**	**437 921**	**50 200**	**3 997 399**
Cost of goods sold	-	(390 133)	(51 715)	(15 728)	(457 576)
Employee benefits expense	(750 996)	(268 070)	(168 082)	(34 588)	(1 221 736)
Other operating expenses	(1 977 696)	(197 339)	(130 830)	(41 109)	(2 346 973)
EBITDA	**(155 083)**	**80 128**	**87 294**	**(41 225)**	**(28 886)**

Geografical areas	**Norway**	**Sweden**	**Other**	**Total**
Gross revenue	2 393 754	6 898 767	1 337	9 293 858
Net revenue	1 031 585	2 925 278	1 336	3 958 199
Other operating income	347	36 908	920	38 174
Total external revenues	**1 031 931**	**2 962 185**	**2 256**	**3 996 373**
Internal revenues	1 026	(0)	-	1 026
Total revenues	**1 032 957**	**2 962 185**	**2 256**	**3 997 399**

Allocation between segments in 2015	**Aviation**	**Travel**	**Leisure**	**Other**	**Total**
External gross revenue	2 663 437	7 535 473	396 980	40 819	10 636 708
Net revenue	2 663 436	1 173 276	396 980	40 819	4 274 511
Other operating income	5 918	10 064	136	872	16 990
Total external revenues	**2 669 354**	**1 183 340**	**397 116**	**41 691**	**4 291 501**
Internal revenues	-	-	-	955	955
Total revenues	**2 669 354**	**1 183 340**	**397 116**	**42 646**	**4 292 456**
Cost of goods sold	-	(490 381)	(51 553)	(12 296)	(554 230)
Employee benefits expense	(710 681)	(345 867)	(144 718)	(41 613)	(1 242 879)
Other operating expenses	(1 861 286)	(274 798)	(104 632)	(22 547)	(2 263 263)
EBITDA	**97 388**	**72 294**	**96 212**	**(33 810)**	**232 084**

Geografical areas	**Norway**	**Sweden**	**Other**	**Total**
Gross revenue	2 616 234	8 003 012	17 463	10 636 708
Net revenue	1 052 416	3 207 123	14 973	4 274 512
Other operating income	1 947	11 797	3 246	16 990
Total external revenues	**1 054 362**	**3 218 920**	**18 220**	**4 291 502**
Internal revenues	955	-	-	955
Total revenues	**1 055 317**	**3 218 920**	**18 220**	**4 292 456**

NOTE 24. SUBSIDIARIES

Subsidiaries directly or indirectly controlled as of 31 December

Company	Acquisition/ incorporation date	Company no.	Location	Country	Share ownership 2016	Share ownership 2015
Braganza AS	2013	912 414 353	Oslo	Norway	100 %	100 %
Braathens Travel Group AB	2010	556445-4170	Stockholm	Sweden	100 %	100 %
Ticket Leisure Travel AB	2010	556428-9592	Stockholm	Sweden	98 %	100 %
Ticket Business Travel AB	2010	556276-9041	Stockholm	Sweden	0 %	25 %
Dyreparken Utvikling AS	2001	990 903 700	Kristiansand	Norway	95 %	95 %
Kristiansand Hotell AS	2016	980 406 563	Kristiansand	Norway	100 %	0 %
Wayday Travel AS	2007	991 353 305	Oslo	Norway	96 %	91 %
Braganza II AB	1999	556575-4438	Stockholm	Sweden	100 %	100 %
Arken Zoo Holding AB	2006	556747-5651	Stockholm	Sweden	0 %	96 %
Escape Travel Sweden II AB	2005	556747-4860	Stockholm	Sweden	0 %	100 %
Braathens Group AB	2007	556727-6224	Stockholm	Sweden	100 %	100 %
Braathens Aviation AS	1989	955 309 847	Oslo	Norway	100 %	100 %
Formentera AS	1997	978 666 259	Oslo	Norway	100 %	100 %
Bramora AS	2005	988 030 635	Oslo	Norway	100 %	100 %
Breibukt Holding AS	2006	989 332 619	Oslo	Norway	100 %	100 %
Braathens Aviation AB	2007	556747-6592	Malmö	Sweden	100 %	100 %
Braathens IT AS	2002	884 729 432	Lysaker	Norway	100 %	100 %
LG Braathens Rederi AS	2004	887 434 972	Oslo	Norway	51 %	51 %
Braconda AS	2003	986 007 423	Oslo	Norway	100 %	100 %
Braathens Travel Group AS	2002	984 686 625	Oslo	Norway	95 %	95 %
Scenorama AS	2008	992 958 650	Oslo	Norway	91 %	100 %
Escape Travel AS	2004	987 239 557	Oslo	Norway	100 %	100 %
Stay AS	2008	986 572 155	Oslo	Norway	94 %	78 %
JK Safaris Scandinavia AB	2011	556706 7821	Stockholm	Sweden	100 %	100 %
Escape Travel A/S	2011	15742100-33	Copenhagen	Denmark	100 %	100 %
Ticket Commercial Ltd	2012	7110286	London	UK	100 %	100 %
Braathens Domains Ltd	2012	7110139	London	UK	100 %	100 %
Escape Travel Sweden AB	2012	556739 8382	Gothenburg	Sweden	75 %	75 %
Braganza Group 2 AB	2013	556938-7524	Stockholm	Sweden	100 %	100 %
Bramora AB	2013	556938-7367	Stockholm	Sweden	100 %	100 %
Bralanta AB	2013	556938-7375	Stockholm	Sweden	100 %	100 %
Braconda AB	2013	556938-7516	Stockholm	Sweden	100 %	100 %
Ludv. G. Braathens Rederi AB	2013	556938-7508	Stockholm	Sweden	100 %	100 %
Bradana AS	2014	945 736 755	Oslo	Norway	100 %	100 %
BraDana Danmark A/S	2014	15706295	Rønde	Denmark	100 %	100 %
Braathens IT Solutions AB	2007	556747-6477	Stockholm	Sweden	100 %	100 %

NOTE 25. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2016, no events have occurred that would have affected the financial statements in a significant way.

BRAGANZA AB

The board and managing director of Braganza AB hereby submit the annual report for the financial year 1 January 2016 - 31 December 2016.

Administration Report

Accounting principles
The Annual Report is prepared in accordance with BFNAR 2012: 1 Annual Report (“K3”).

Proposal for the appropriation of profits

The following profits are available for appropriation at the annual general meeting:

Profit brought forward	1 078 445 458
Profit for the year	101 205 465
Sum	**1 179 650 923**

The board and managing director proposes that	
dividends be paid to the shareholders	10 000 000
the following be carried forward	1 169 650 923
Sum	**1 179 650 923**

The board of directors proposes that the ordinary General Meeting in 2017 distribute a dividend of MSEK 10, which is deemed to be justifiable taken into account the nature and risk of the business, equity and cash position.

Please refer to the following income statement, balance sheet, cash flow statement and additional information regarding the company’s profits and financial position in general. All amounts are in thousand Swedish kronor unless otherwise indicated

BRAGANZA AB – PARENT COMPANY

(Amount in TSEK)

INCOME STATEMENT	**Note**	**2016**	**2015**
Net sales		12 082	12 698
Revenue		**12 082**	**12 698**
Other external costs	1	-27 934	-28 032
Personnel costs	2	-3 834	-3 962
Operating expenses		**-31 768**	**-31 994**
Operating profit		**-19 686**	**-19 296**
Result from financial investments			
Result from participations in group companies	6	100 586	145 427
Result from long-term securities		413	-
Other interest income and similar items	3	64 522	36 607
Interest expense and similar items	4	-31 917	-41 326
Financial items		**133 604**	**140 708**
Profit/ after financial items		**113 918**	**121 412**
Received group contribution		-	24 373
Submitted group contribution		-12 713	7 600
Tax on profit for the year	5	**-**	**-**
NET PROFIT FOR THE YEAR		**101 205**	**138 155**

BALANCE SHEET

(Amount in TSEK)

ASSETS	Note	2016	2015
Fixed assets			
Financial assets			
Shares in group companies	6	804 869	812 820
Receivables from group companies		256 191	144 091
Other long-term securities	7	51 264	51 264
Other long-term receivables		73 147	65 881
Total financial assets		**1 185 471**	**1 074 056**
Total fixed assets		**1 185 471**	**1 074 056**
Current assets			
Current receivables			
Receivables from group companies		5 458	35 887
Other receivables		54 269	331 596
Total current receivables		**59 727**	**367 453**
Other short-term investments		**-**	**-**
Cash and bank balances		**540 471**	**143 453**
Total current assets		**600 198**	**510 936**
TOTAL ASSETS		**1 785 669**	**1 584 992**

BALANCE SHEET

(Amount in TSEK)

EQUITY AND LIABILITIES	Note	2016	2015
Equity			
Restricted equity			
Share capital (2 000 shares)		46 086	46 086
Total restricted equity		**46 086**	**46 086**
Non-restricted equity			
Profit brought forward		1 078 446	970 291
Profit for the year		101 205	138 155
Total non-restricted equity		**1 179 651**	**1 108 446**
Total equity		**1 225 737**	**1 154 532**
Untaxed reserves	8	**2 374**	**2 374**
Liabilities			
Long-term liabilities			
Liabilities to group companies		244 221	316 523
Other long-term liabilities		11 759	41 058
Total long-term liabilities		**255 980**	**357 581**
Current liabilities			
Accounts payable – trade		430	521
Liabilities to group companies		299 955	67 973
Other short-term debt		435	257
Income tax liability		-	138
Accrued expenses and deferred income		757	1 616
Total current liabilities		**301 577**	**70 505**
TOTAL EQUITY AND LIABILITIES		**1 785 668**	**1 584 992**

CHANGE IN EQUITY

(Amounts in SEK 1000)

	Share capital	Retained earnings	Profit for the year	Total equity
Equity at 1 January, 2015	**46 086**	**991 776**	**53 515**	**1 091 377**
Appropriation of profits as resolved by the annual general meeting		53 515	-53 515	-
Profit for the year			138 155	138 155
Change in carrying amount for assets and liabilities				
Total change in carrying amount	**-**	**-**	**-**	**-**
Transactions with owners:				
Payment of dividends		-75 000		-75 000
Total transactions with owners	**-**	**-75 000**	**-**	**-75 000**
Equity at December 31, 2015	**46 086**	**970 291**	**138 155**	**1 154 532**
Equity at 1 January, 2016	**46 086**	**970 291**	**138 155**	**1 154 532**
Appropriation of profits as resolved by the annual general meeting		138 155	-138 155	-
Profit for the year			101 205	101 205
Change in carrying amount for assets and liabilities				
Total change in carrying amount	**-**	**-**	**-**	**-**
Transactions with owners:				
Payment of dividends		-30 000	-	-30 000
Total transactions with owners	**-**	**-30 000**	**-**	**-30 000**
Equity at December 31, 2016	**46 086**	**1 078 446**	**101 205**	**1 225 737**

CASH FLOW STATEMENT 1.1 – 31.12

(Amount in TSEK)

	2016	2015
Cash flows from operating activities		
Profit/loss after financial items	113 918	121 412
Capital gain/loss assignable to the investing activities	8 000	-94 310
Income tax paid	-138	-1 567
Cash flows from operating activities before changes in working capital	**121 780**	**25 535**
Changes in working capital		
Changes in current receivables	307 756	-348 512
Changes in current liabilities	231 210	-23 998
Cash flows from operating activities	**660 746**	**-346 975**
Cash flows from investing activities		
Disposal of subsidiaries	-	177 048
Payment for reduction of reserve fund	-	71 449
Acquisition of subsidiaries	-48	-44 483
Disposal of other long-term securities		-51 264
Cash flow after investing activities	**48**	**152 390**
Cash flows from financing activities		
Group contribution received / paid	-12 713	16 743
Paid dividend	-30 000	-75 000
Submitted shareholders' contribution	-	-32 000
Changes in non-current receivables	119 366	144 345
Changes in non-current liabilities	-101 604	71 582
Cash flow from financing activities	**-263 680**	**125 670**
Cash flow of the year	***397 018***	***-68 915***
Cash & cash equivalents at beginning of period	**143 453**	**212 368**
CASH & CASH EQUIVALENTS AT END OF YEAR	**540 471**	**143 453**

NOTES

(Amount in TSEK)

NOTE 1. DISCLOSURE OF AUDIT FEE AND COST REIMBURSEMENTS

	2016	2015
Deloitte AB		
Statutory audit fee	260	250
Other assurance services	-	-
Tax advisory fee	-	-
Other non-audit services		
Total	**260**	**255**

NOTE 2. PERSONNELL

Average number of employees, distribution between men and woman	2016	2015
Women	-	-
Men	1	1
Total	**1**	**1**

Distribution senior management	2016	2015
Women:		
- The board of directors	-	-
- Senior management and managing director	2	2
Men:		
- The board of directors	7	7
- Senior management and managing director	3	3
Total	**12**	**12**

Salaries and remunerations	2016	2015
The board and managing director	1 384	755
Other employees	1 665	2 482
Total salaries and remunerations	**3 049**	**3 237**
Social security charges according to law and union contract	771	624
Pension costs	-	-
Total salaries, remunerations, social security charges and pension costs	**3 820**	**3 861**

NOTE 3. OTHER INTEREST INCOME AND SIMILAR ITEMS

	2016	2015
Interest income	13 050	16 113
Dividends	237	370
Capital gains from sales	-	4 500
Exchange differences	51 235	15 624
Total	**64 522**	**36 607**

NOTE 4. INTEREST EXPENSE AND SIMILAR ITEMS

	2016	2015
Interest expense	-13 957	-9 247
Capital losses from sales	-	-
Exchange differences	-17 960	-32 079
Total	**-31 917**	**-41 326**

NOTE 5. TAX

	2016	2015
Components of tax on profit for the year :		
Current tax	-	-
Total	**-**	**-**
Profit before tax	101 205	138 155
Tax rate 22 %	-22 265	- 30 394
Tax effect of:		
Permanent differences	-1 767	- 9
Permanent differences	24 032	30 403
Total	**-**	**-**

NOTE 6. SHARES IN GROUP COMPANIES

	2016	2015
Acquisition value brought forward	812 820	890 253
Investments	48	-
Disposals	-	-82 826
Impairment of shares in Bradana AS	-8 000	-
Payment for reduction of reserve fund	-	-71 449
Increase of share capital through debt conversion	-	44 842
Submitted shareholders' contribution	-	32 000
Residual value carried forward	**804 869**	**812 820**

Directly controlled	Corporate identity number	Location	Number of shares	Share ownership	Book value
Braganza AS	912414353	Oslo	99 510	100 %	15 183
Braathens Aviation AS	955308847	Oslo	1 312 400	100 %	29 564
Wayday Travel AS	991353305	Oslo	9 600	96 %	6 327
Braganza II AB	556575-4438	Stockholm	2 000	100 %	357 626
Bramora AS	988030635	Oslo	10 000	100 %	28 191
Breibukt Holding AS	989332619	Oslo	937 800	100 %	11 422
Braathens Travel Group AB	556445-4170	Stockholm	35 725 596	100 %	208 978
Dyreparken Utvikling AS	990903700	Kristiansand	940 000	94 %	89 793
Formentera AS	978668259	Oslo	6 000	100 %	20 943
Bradana AS	945736755	Oslo	4 600	100 %	36 842
Sum					**804 869**

Result from participations in group companies	2016	2015
Impairment of shares in Bradana AS	- 8 000	-
Gain from sale of shares	-	101 910
Dividend	108 586	43 517
Total	**100 586**	**145 427**

NOTE 7. OTHER LONG-TERM SECURITIES

	2016	2015
Book value brought forward	-	-
Shares in Musto ja Mirri Group	51 264	51 264
Dividend	-	-
Total	**51 264**	**51 264**

NOTE 8. UNTAXED RESERVES

	2016	2015
Tax allocation reserve 2013	2 374	2 374
Total	**2 374**	**2 374**

NOTE 9. PROPOSAL FOR THE APPROPRIATIONS OF PROFITS

The following profits are available for appropriation at the annual general meeting:

Profit brought foward	1 078 445 458
Profit for the year	101 205 465
Sum	**1 179 650 923**

The board proposes a dividends to be paid to the shareholders of 30 000 000 SEK and to be carried forward 1 149 650 923 SEK.

NOTE 10. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2016	2015
Pledged assets	None	None
Contingent liabilities	None	None

NOTE 11. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2016 no events have occurred that would have affected the financial statements in a significant way.

Stockholm 2016

Per G. Braathen
Managing Director

Björn Fröling

Gunnar Grosvold

Geir Stormorken

Gudleik Njå

Jon Risfelt

Vagn O. Sørensen

Our audit report was submitted on 2017

Deloitte AB

Torbjörn Svensson
Authorized public accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Braganza AB corporate identity number 556930-1541

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Braganza AB for the financial year 2016-01-01 - 2016-12-31.

In our opinion, the annual accounts and consolidated 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 and the group as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated

accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Braganza AB for the financial year 2016-01-01 - 2016-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö 13.06.2017

Deloitte AB

Signature on Swedish original

Torbjörn Svensson
Authorized public accountant

BRAGANZA AB
P.O. BOX 61
GÅRDSFOGDEVÄGEN 16
KSE-16126 BROMMA

BRAGANZA AS
P.O. BOX 700, SKØYEN
KARENSLYST ALLÉ 2
N-0214 OSLO