



## INTERIM REPORT THIRD QUARTER 2016

### Third quarter

- Net sales decreased by 9% to SEK 90.0 (98.7) million. Adjusted to fixed exchange rates, net sales decreased by 5%.
- Operating profit, decreased by 20% to SEK 25.8 (32.3) million.
- Profit before tax, excluding non-recurring items, decreased by 28% to SEK 16.5 (22.9) million.

### First nine months

- Net sales decreased by 3% to SEK 313.0 (322.6) million. Adjusted to fixed exchange rates, net sales were flat compared to the previous year.
- Operating profit, excluding non-recurring items, decreased by 13% to SEK 101.4 (117.2) million.
- Profit before tax, excluding non-recurring items, decreased by 17% to SEK 73.5 (88.9) million.
- The results reflect longer term investments being made in sales and marketing to support the launch of the new Ferobide product and grow sales of existing products.
- Diamorph AB (publ) acquired a further 10% of Diamorph Bearings AB from two of the minority shareholders for consideration of SEK 22.8 million.

Amounts in SEK millions (unless stated otherwise)	Q3 2016	Q3 2015	Δ%	Q1-Q3 2016	Q1-Q3 2015	Δ%	2015
Net sales	90.0	98.7	-5 <sup>1</sup>	313.0	322.6	0 <sup>1</sup>	431.5
Operating profit <sup>1</sup>	25.8	32.3	-20	101.4	117.2	-13	151.2
Operating profit margin, % <sup>1</sup>	28.7	32.7		32.4	36.3		35.0
Profit before tax <sup>1</sup>	16.5	22.9	-28	73.5	88.9	-17	113.5
Operating cash flow	34.1	40.4	-16	85.8	125.3	-32	160.9
Operating cash conversion, %	132	125		85	107		106
Earnings per share <sup>1</sup> (SEK)	0.24	0.33	-27	1.07	1.30	-18	1.67
Average number of shares ('000)	52,847	52,594		52,706	52,594		52,594
<sup>1</sup> Adjusted to fixed exchange rates or excluding non-recurring items - see adjusted performance measures on page 4							
Operating profit - reported	25.8	32.3		101.2	117.2		151.2
Profit before tax - reported	19.7	24.3		116.0	70.9		108.2
Earnings per share - reported (SEK)	0.29	0.35		1.72	1.04		1.65

# Operations

## Market

Broadly the softer market conditions noted in our more recent quarterly reports have persisted through the third quarter. However given the diversity of the markets we serve the picture is quite mixed and we continue to see opportunities in those markets.

Traditionally the third quarter is the quietest quarter in the year due to factory shutdowns during the summer and impacts from customer vacation especially in Europe; this was certainly the case in 2015 and is likely to also prove to be the case in 2016 so care should be taken when evaluating the quarterly sales performance.

In our second quarter report we noted that, aside from immediate impacts from exchange rate movements and reductions in long term UK interest rates, it was too early to assess the impact on the business of the outcome of the UK referendum on EU membership. This remains the position today and it will likely remain so until negotiations between the relevant parties are more advanced or complete. Whilst there may be an impact on business confidence from uncertainty surrounding the UK referendum result, it is quite difficult to separate this from other wider macroeconomic factors.

As noted previously we launched Ferobide, a new wear part product, in late 2015. It is being initially focused on the agricultural sector which we have noted previously is naturally conservative when it comes to adopting new technologies. Sales into this segment are also seasonal with less demand in the summer months within the northern hemisphere. Sales in the third quarter were SEK 0.4 million and therefore cumulatively sales in the first nine months of 2016 are now SEK 2.9 million. We remain cautiously optimistic about the prospects for this product.

## Sales

### Third quarter

Sales for the third quarter amounted to SEK 90.0 (98.7) million representing a decrease of 9% as reported. At fixed exchange rates sales decreased by 5% compared with the same period last year and by 22% compared with the second quarter of 2016. The relative performance of each business area is explained below.

Sales of high temperature materials amounted to SEK 60.7 (61.4) million representing a decrease of 1% as reported. At fixed exchange rates sales increased by 3% compared with the same period last year but decreased by 11% compared with the second quarter of 2016. The increase compared to the same period last year is driven by sales of our ceramic conveyor rollers and improved sales of fire protection products.

Sales of wear parts and bearings amounted to SEK 29.3 (37.3) million representing a decrease of 21% as reported. At fixed exchange rates sales decreased by 18% compared with the same period last year and by 38% compared with the second quarter of 2016. Although good growth has been delivered by the rail business, the decrease in sales compared to the same period last year was experienced quite broadly across the product range and not only within the rotor vane product line that has more recently been experiencing challenges within the oil and gas sector.

### First nine months

Sales in the first nine months amounted to SEK 313.0 (322.6) million, representing a decrease of 3% as reported. At fixed exchange rates sales were flat compared to the same period last year. The relative performance of each business area is explained below.

Sales of high temperature materials were flat as reported at SEK 196.4 (195.9) million. At fixed exchange rates sales increased by 3% compared to the same period last year. Demand for our ceramic conveyor roller products has remained very healthy through the first nine months. Within our fire protection business, whilst sales have continued to grow in the USA, demand within the UK has been influenced by reductions in government building insulation incentives after the general election in Spring 2015.

Sales of wear parts and bearings amounted to SEK 116.6 (126.7) million representing a decrease of 8% as reported. At fixed exchange rates sales decreased by 5% compared to the same period last year. Good growth in our rail and marine businesses, supplemented by the sales of the Ferobide product line referred to above, has been more than offset by reduced sales of high performance engineered component product lines and in particular rotor vane product sales where the pace of customer expenditure in the oil and gas industry has had a marked impact.

# Financial performance

## Revenues and profits

### *Revenue and operating profit performance*

As described above, sales for the third quarter amounted to SEK 90.0 (98.7) million, representing a decrease of 9% as reported or 5% at fixed exchange rates. Sales in the first nine months were SEK 313.0 (322.6) million, representing a decrease of 3% as reported, but at fixed exchange rates sales were flat compared to the previous year.

Gross profit amounted to SEK 49.5 (54.0) million in the third quarter and SEK 175.2 (180.9) million in the first nine months. The gross profit margin was 55.0% (54.7%) in the third quarter and 56.0% (56.1%) in the first nine months. The gross margin performance is quite consistent with the previous periods.

Operating expenses in the third quarter amounted to SEK 23.7 (21.7) million representing an increase of 9% as reported. Operating expenses in the first nine months amounted to SEK 73.8 (63.7) million representing an increase of 16% as reported. At fixed exchange rates operating expenses increased by 11% and 17% in the third quarter and first nine months respectively. This continues to reflect investments that are being made to support the launch of the Ferobide product and the strengthening of the sales and marketing teams to support growth of other existing product lines.

Operating profit before non-recurring items therefore decreased to SEK 25.8 (32.3) million in the third quarter and to SEK 101.4 (117.2) million in the first nine months. Overall operating profit margins decreased to 29% (33%) in the third quarter and to 32% (36%) in the first nine months as the sales performance has not been sufficient to offset the investments in operating expenses referred to above.

No non-recurring expenses were incurred in the third quarter. Non-recurring expenses of SEK 0.2 (-) million were incurred in the first nine months relating to the acquisition of 10% of Diamorph Bearings AB in the second quarter of 2016.

### *Financing items and profits before tax*

Net financial items amounted to expenses of SEK 6.1 (8.0) million in the third quarter and income of SEK 14.8 (expenses of 46.3) million in the first nine months. The changes in net financial items arise from a combination of reductions in underlying financing charges and changes in non-recurring financing items.

Underlying net financing expenses were SEK 9.3 (9.4) million in the third quarter and SEK 27.9 (28.3) million in the first nine months, representing a decrease of 1% related to the continued amortisation of the bank loan in the Hob Certec business.

Non-recurring financial income totalled SEK 3.2 (1.4) million in the third quarter and SEK 42.7 (expenses of 18.0) million in the first nine months. They mainly comprise exchange gains and losses on third party and intercompany financing balances and changes in the fair value of derivative financial instruments. Significant gains arose on intercompany balances as GBP weakened against SEK in early 2016 both in the run up to and subsequent to the UK referendum on EU

membership. In the first nine months of 2015, the opposite exchange rate movement was experienced.

Adjusted profits before tax (adjusted to remove the effect of non-recurring financing items) therefore decreased by 28% to SEK 16.5 (22.9) million in the third quarter and by 17% to SEK 73.5 (88.9) million in the first nine months.

### *Taxes*

Income taxes amounted to a charge of SEK 3.9 (4.9) million in the third quarter and SEK 23.2 (14.2) million in the first nine months of 2016. As for the net financial expenses the tax charge comprises tax on the underlying business performance as well as non-recurring tax items.

The underlying tax charge was SEK 3.3 (4.6) million in the third quarter and SEK 14.7 (17.8) million in the first nine months, the decrease largely due to a decrease in underlying profits before tax. The underlying tax charge continues to represent an effective tax rate of 20% (20%) of adjusted profits before tax.

Non-recurring tax charges totalled SEK 0.6 (0.3) million in the third quarter and SEK 8.5 (credits of 3.6) million in the first nine months. These relate to tax effects on non-recurring financing items and other non-recurring tax items.

### *Earnings per share*

After allowing for the profits after tax attributable to minority interests adjusted earnings per share (adjusted for non-recurring financing and tax items) decreased by 27% to SEK 0.24 (0.33) per share in the third quarter and by 18% to SEK 1.07 (1.30) in the first nine months.

## Cash flow and financial position

Net cash flow from operating activities before changes in working capital amounted to SEK 3.6 (13.7) million in the third quarter and SEK 54.9 (80.9) million in the first nine months. The decrease in the first nine months is mainly explained by a combination of the decrease in operating profit referred to above and an increase in tax payments. Cash tax payments in 2015 were reduced by a number of factors including deductions for foreign exchange losses whilst cash tax payments in the third quarter of 2016 have been increased by charges for foreign exchange gains.

Changes in working capital increased cash flow by SEK 9.4 (7.5) million in the third quarter and decreased cash flow by SEK 11.5 (increased by 6.5) million in the first nine months. Changes in working capital are mostly influenced by the phasing of sales.

Cash outflows from investing activities were SEK 11.9 (2.4) million in the third quarter and SEK 41.7 (20.8) million in the first nine months. Cash outflows in the third quarter partly related to investments in tangible and intangible fixed assets of SEK 3.8 (2.2) million, including investments to our innovation centre in Manchester to support our medium to longer term growth ambitions. They also reflected the set aside of SEK 8.1 (5.9) million of cash under a pledge agreement with

a minority shareholder of Diamorph Bearings AB. In the previous year this was offset by the disposal of SEK 5.7 million of marketable securities.

The cash outflow from investment activities in the first nine months further includes SEK 19.0 million relating to the acquisition of 10% of Diamorph Bearings AB in the second quarter, although in the first quarter of the previous year the cash flow included the final payment of SEK 14.4 million relating to the acquisition of the Tenmat business. In both nine month periods, cash outflows include payments of GBP 230,000 into the Tenmat defined benefit pension scheme.

Cash flows from financial activities amounted to an outflow of SEK 1.8 (1.9) million in the third quarter and SEK 5.5 (5.6) million in the first nine months. This relates to the continued amortisation of the bank loan in the Hob Certec business.

Cash flow for the period therefore amounted to a cash outflow of SEK 0.7 (inflow of 16.9) million in the third quarter and a cash outflow of SEK 3.8 (inflow of 61.0) million in the first nine months. After adjusting for exchange rate differences, cash and cash equivalents at the end of the period amounted to SEK 189.9 (164.3) million.

#### *Net debt*

Net debt at the end of the period amounted to SEK 330.8 (361.9) million, an increase of SEK 1.6 (reduction of 55.2) million during the period.

## Equity and number of shares

The parent company's share capital at September 30, 2016 consisted of SEK 1,105,608 (1,100,313) divided into 52,846,841 (52,593,751) shares with a quota value of SEK 0.0209 (0.0209). The increase in share capital since the start of the year relates to the directed share issue approved at the 2016 AGM in May.

Group equity at September 30, 2016 amounted to SEK 435.3 (503.4) million, a decrease of SEK 80.3 (increase of 118.2) million during the first nine months of the year. In addition to the net profit of SEK 92.8 (56.7) million reported for the period, foreign exchange losses of SEK 123.3 (gains of 61.5) million arose primarily on GBP denominated net assets within the business. As a result mainly of significant changes to long term UK interest rates after the UK's referendum on EU membership, actuarial losses (net of tax) of SEK 31.0 (-) million were estimated to have arisen on the Tenmat defined benefit scheme and these were reflected in the second quarter results. Further movements in group equity in the first nine months of 2016 related to the directed share issue noted previously (SEK 3.8 million) and the transaction with two shareholders to acquire 10% of Diamorph Bearings AB for total consideration of SEK 22.8 million.

## Acquisition of shares in Diamorph Bearings AB

In April 2016, Diamorph AB (publ) acquired a further 10% of Diamorph Bearings AB from two of the minority shareholders for consideration of SEK 22.8 million in a combination of cash and a promissory loan note. At the 2016 AGM in May, a directed share issue was approved which cancelled the promissory loan note. Diamorph AB (publ) now controls 90% of Diamorph Bearings AB.

In May 2016, the remaining minority shareholder in Diamorph Bearings AB issued a notice to exercise a put option requiring Diamorph Bearings AB to redeem his 10% shareholding for cash. Redemption of the shares is expected to take place in the first quarter of 2017 and thereafter Diamorph AB (publ) will control 100% of Diamorph Bearings AB. Further information regarding the put option is set out in note 4 of the Annual Report for 2015.

## Employees

As of September 30, 2016 the Diamorph group had 266 (263) employees.

## Parent Company

The Parent Company's net revenue amounted to SEK 0.3 (0.6) million in the third quarter and SEK 1.3 (2.6) million in the first nine months. The operating loss amounted to SEK 1.0 (0.8) million in the third quarter and SEK 3.3 (1.0) million in the first nine months. Cash and cash equivalents at the end of the period amounted to SEK 21.9 (5.9) million.

## Risks and uncertainties

The risk assessment is unchanged to the risk situation presented in the Annual Report for 2015.

## Accounting principles

The accounting policies are unchanged since the last annual report, except that a new accounting policy is now required in respect of warrants issued and granted to employees as approved at the 2016 AGM in May. Following the requirements of IFRS2, the warrants are being accounted for as equity-settled share-based payment arrangements. Although there are specific circumstances in which the company may become obligated to repurchase the warrants for cash consideration, this is not assessed to be a probable outcome and hence no liability has been recognised on the balance sheet. Following the requirements of IAS33, there is currently no difference between the calculation of diluted and undiluted earnings per share.

For a detailed description of the other existing accounting policies applied by the Group and the Parent Company in this report see the Annual Report for fiscal year 2015, page 26.

## Adjusted performance measures

Diamorph provides adjusted figures for key performance measures in addition to those reported under IFRS. The definitions of the adjusted measures are set out in notes 28 and 29 in the Annual Report for 2015 and are unchanged except that the way sales growth at fixed exchange rates is calculated has been expanded to additionally include adjustments for the effect of changes in US dollar and Euro exchange rates on the consolidated GBP results of the Tenmat business. The way changes in operating expenses at fixed exchange rates is calculated has been similarly expanded and also adjusted to remove the effect of unrealised gains and losses on forward exchange rates used for hedging purposes. Both of these changes have been made in order to more fairly demonstrate the underlying position given that GBP exchange rates have recently been quite markedly impacted by uncertainty following the UK referendum on EU membership.

## Approval and audit

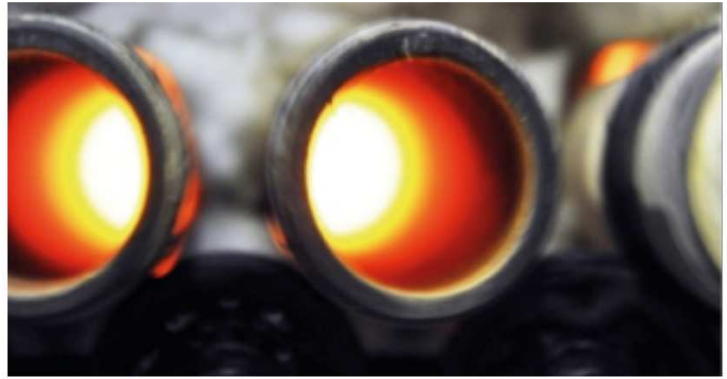
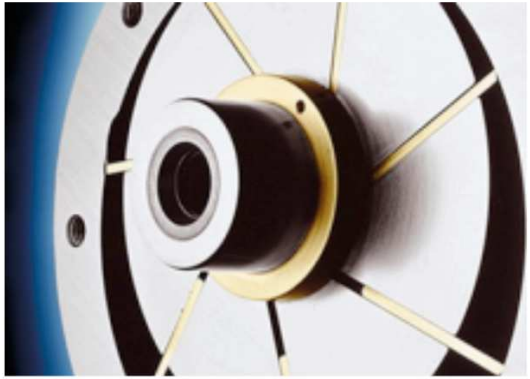
The interim financial statements were approved by the board of directors on November 29, 2016.

The interim financial statements have not been audited.

Stockholm November 29, 2016.

Gordon MacLeman

CEO



# Group income statement

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
Net sales	90.0	98.7	313.0	322.6	431.5
Cost of goods sold	-40.5	-44.7	-137.8	-141.7	-190.5
<b>Gross profit</b>	<b>49.5</b>	<b>54.0</b>	<b>175.2</b>	<b>180.9</b>	<b>241.0</b>
<i>Operating expenses</i>					
Sales	-14.0	-12.8	-42.6	-37.4	-52.5
Admin	-7.3	-6.5	-23.7	-20.2	-28.6
R&D	-2.4	-2.4	-7.5	-6.7	-9.3
Other operating income	-	-	-	0.6	0.6
Operating expenses	-23.7	-21.7	-73.8	-63.7	-89.8
<b>Operating profit before non-recurring items</b>	<b>25.8</b>	<b>32.3</b>	<b>101.4</b>	<b>117.2</b>	<b>151.2</b>
Non-recurring items	-	-	-0.2	-	-
<b>Operating profit</b>	<b>25.8</b>	<b>32.3</b>	<b>101.2</b>	<b>117.2</b>	<b>151.2</b>
<i>Financial items</i>					
Financial income	0.1	0.1	0.1	0.1	0.2
Financial expenses	-9.4	-9.5	-28.0	-28.4	-37.9
Non-recurring financial charges	3.2	1.4	42.7	-18.0	-5.3
Net financial	-6.1	-8.0	14.8	-46.3	-43.0
<b>Profit before income tax</b>	<b>19.7</b>	<b>24.3</b>	<b>116.0</b>	<b>70.9</b>	<b>108.2</b>
Income taxes	-3.9	-4.9	-23.2	-14.2	-18.6
<b>Profit for the period</b>	<b>15.8</b>	<b>19.4</b>	<b>92.8</b>	<b>56.7</b>	<b>89.6</b>
<b>Consolidated statement of comprehensive income</b>					
Profit for the period	15.8	19.4	92.8	56.7	89.6
<i>Other comprehensive profit / loss for the period</i>					
Actuarial loss / profit, net after tax	-	-	-31.0	-	17.3
Exchange rate differences	-3.8	-14.8	-123.3	61.5	25.8
Other comprehensive profit / loss for the period	-3.8	-14.8	-154.3	61.5	43.1
<b>Total comprehensive profit / loss for the period</b>	<b>12.0</b>	<b>4.6</b>	<b>-61.5</b>	<b>118.2</b>	<b>132.7</b>
<i>Profit for the period attributable to:</i>					
Parent Company shareholders	15.3	18.4	90.7	54.7	86.7
Non-controlling interests	0.5	1.0	2.1	2.0	2.9
<i>Total comprehensive profit / loss attributable to:</i>					
Parent Company shareholders	11.3	3.6	-64.1	115.6	129.5
Non-controlling interests	0.7	1.0	2.6	2.6	3.2

# Group balance sheet

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	2015
<b>ASSETS</b>			
<i>Fixed assets</i>			
Intangible assets	678.9	778.7	756.3
Tangible assets	72.2	69.1	69.3
Financial assets	-	-	6.3
<b>Total fixed assets</b>	<b>751.1</b>	<b>847.8</b>	<b>831.9</b>
<i>Current assets</i>			
Inventories	32.9	29.4	30.5
Accounts receivable	67.5	63.6	64.2
Other receivables	3.6	4.7	5.3
Restricted cash	22.6	14.0	13.7
Cash and cash equivalents	189.9	164.3	194.3
<b>Total current assets</b>	<b>316.5</b>	<b>276.0</b>	<b>308.0</b>
<b>TOTAL ASSETS</b>	<b>1067.6</b>	<b>1123.8</b>	<b>1139.9</b>
<b>EQUITY</b>			
<i>Equity</i>	435.3	503.4	515.6
<b>Total equity</b>	<b>435.3</b>	<b>503.4</b>	<b>515.6</b>
<b>LIABILITIES</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	494.9	518.8	516.3
Pension liability	31.0	15.5	-
Deferred tax liability	18.4	32.2	31.4
Other non-current financial liabilities	6.6	4.3	6.6
<b>Total long-term liabilities</b>	<b>550.9</b>	<b>570.8</b>	<b>554.3</b>
<i>Current liabilities</i>			
Interest-bearing liabilities	25.8	7.4	7.2
Accrued interest	2.5	2.5	11.3
Accounts payable	24.6	22.7	26.2
Other liabilities and provisions	28.5	17.0	25.3
<b>Total current liabilities</b>	<b>81.4</b>	<b>49.6</b>	<b>70.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1067.6</b>	<b>1123.8</b>	<b>1139.9</b>



## Group changes in equity

Amounts in Swedish Krona (SEK) millions	Equity attributable to Parent Company shareholders	Non-controlling interests	Total Equity
<b>Opening balance as per 2016-01-01</b>	<b>493.3</b>	<b>22.3</b>	<b>515.6</b>
Profit for the period	90.7	2.1	92.8
<i>Other comprehensive income</i>			
Actuarial loss on defined benefit pension schemes	-39.5	-	-39.5
Tax on actuarial loss on defined benefit pension schemes	8.5	-	8.5
Exchange rate differences	-123.8	0.5	-123.3
<i>Transactions with shareholders</i>			
Share issue	3.8	-	3.8
Share-based payments	0.2	-	0.2
Purchase of non-controlling interest	-11.4	-11.4	-22.8
<b>Balance on 2016-09-30</b>	<b>421.8</b>	<b>13.5</b>	<b>435.3</b>
<b>Opening balance as per 2015-01-01</b>	<b>365.9</b>	<b>19.3</b>	<b>385.2</b>
Profit for the period	54.7	2.0	56.7
<i>Other comprehensive income</i>			
Exchange rate differences	60.9	0.6	61.5
<b>Balance on 2015-09-30</b>	<b>481.5</b>	<b>21.9</b>	<b>503.4</b>
<b>Opening balance as per 2015-01-01</b>	<b>365.9</b>	<b>19.3</b>	<b>385.2</b>
Profit for the period	86.7	2.9	89.6
<i>Other comprehensive income</i>			
Actuarial gain on defined benefit pension schemes	22.8	-	22.8
Tax on actuarial gain on defined benefit pension schemes	-5.5	-	-5.5
Exchange rate differences	25.5	0.3	25.8
<i>Transactions with shareholders</i>			
Revaluation of put option over non-controlling interests	-2.1	-0.2	-2.3
<b>Balance on 2015-12-31</b>	<b>493.3</b>	<b>22.3</b>	<b>515.6</b>

## Group cash flow

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
<i>Cash flow from operations</i>					
Operating profit	25.8	32.3	101.2	117.2	151.2
<i>Adjustments for items not included in cash flow :</i>					
Depreciation & amortisation	2.7	2.8	8.0	8.2	11.2
Interest received	0.1	0.1	0.1	0.1	0.2
Interest paid	-17.7	-17.8	-35.6	-35.8	-36.1
Tax paid	-7.3	-3.7	-18.8	-8.8	-12.9
Cash flow from operations before change in working capital	3.6	13.7	54.9	80.9	113.6
Changes in working capital	9.4	7.5	-11.5	6.5	8.5
<b>Cash flow from operations</b>	<b>13.0</b>	<b>21.2</b>	<b>43.4</b>	<b>87.4</b>	<b>122.1</b>
<i>Cash flow from investment activities</i>					
Payments relating to acquisition of subsidiaries	-	-	-	-14.4	-14.4
Transfer of restricted cash relating to acquisition of subsidiaries	-8.1	-5.9	-8.1	-5.9	-5.9
Acquisition of non-controlling interest	-	-	-19.0	-	-
Payment to defined benefit pension scheme	-	-	-2.7	-2.9	-2.9
Investments in tangible and intangible fixed assets	-3.8	-2.2	-11.9	-6.6	-10.0
Disposal of marketable securities	-	5.7	-	9.0	9.0
Total cash flow from investment activities	-11.9	-2.4	-41.7	-20.8	-24.2
<b>Free cash flow for the period</b>	<b>1.1</b>	<b>18.8</b>	<b>1.7</b>	<b>66.6</b>	<b>97.9</b>
<i>Cash flow from financial activities</i>					
Amortisation of loans	-1.8	-1.9	-5.5	-5.6	-7.4
Total cash flow from financial activities	-1.8	-1.9	-5.5	-5.6	-7.4
<b>Cash flow for the period</b>	<b>-0.7</b>	<b>16.9</b>	<b>-3.8</b>	<b>61.0</b>	<b>90.5</b>
Cash and cash equivalents at beginning of period	190.5	148.4	194.3	104.2	104.2
Exchange rate differences	0.1	-1.0	-0.6	-0.9	-0.4
<b>Cash and cash equivalents at end of period</b>	<b>189.9</b>	<b>164.3</b>	<b>189.9</b>	<b>164.3</b>	<b>194.3</b>

## Parent Company income statement

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
Net sales	0.3	0.6	1.3	2.6	3.8
Cost of goods sold	-	-	-	-	-
<b>Gross profit</b>	<b>0.3</b>	<b>0.6</b>	<b>1.3</b>	<b>2.6</b>	<b>3.8</b>
<i>Operating expenses</i>					
Sales	-0.4	-0.4	-1.4	-1.1	-1.8
Admin	-0.9	-1.0	-3.0	-2.5	-5.1
Operating expenses	-1.3	-1.4	-4.4	-3.6	-6.9
<b>Operating loss before non-recurring items</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-3.1</b>
Non-recurring items	-	-	-0.2	-	-
<b>Operating loss</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-3.3</b>	<b>-1.0</b>	<b>-3.1</b>
<i>Financial Items</i>					
Financial income	9.2	9.1	27.6	28.1	37.7
Financial expenses	-9.3	-9.4	-28.4	-28.1	-37.4
Net financial	-0.1	-0.3	-0.8	-	0.3
<b>Profit/loss before income tax</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-4.1</b>	<b>-1.0</b>	<b>-2.8</b>
Income taxes	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-4.1</b>	<b>-1.0</b>	<b>-2.8</b>

## Parent Company balance sheet

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	2015
<b>ASSETS</b>			
<i>Fixed assets</i>			
Tangible assets	-	-	-
Financial assets	709.1	684.5	684.9
<b>Total fixed assets</b>	<b>709.1</b>	<b>684.5</b>	<b>684.9</b>
<i>Current assets</i>			
Other receivables	2.4	41.3	52.2
Cash and cash equivalents	21.9	5.9	5.0
<b>Total current assets</b>	<b>24.3</b>	<b>47.2</b>	<b>57.2</b>
<b>TOTAL ASSETS</b>	<b>733.4</b>	<b>731.7</b>	<b>742.1</b>
<b>EQUITY</b>			
<i>Equity</i>	221.2	223.3	221.5
<b>Total equity</b>	<b>221.2</b>	<b>223.3</b>	<b>221.5</b>
<b>LIABILITIES</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	494.9	493.1	493.6
<b>Total long-term liabilities</b>	<b>494.9</b>	<b>493.1</b>	<b>493.6</b>
<i>Current liabilities</i>			
Accrued interest	2.4	2.4	11.2
Accounts payable	0.1	0.1	0.2
Other liabilities and provisions	14.8	12.8	15.6
<b>Total current liabilities</b>	<b>17.3</b>	<b>15.3</b>	<b>27.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>733.4</b>	<b>731.7</b>	<b>742.1</b>

## Parent Company cash flow

Amounts in Swedish Krona (SEK) millions	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
<i>Cash flow from operations</i>					
Operating loss	-1.0	-0.8	-3.3	-1.0	-3.1
<i>Adjustments for items not included in cash flow :</i>					
Interest received	17.5	17.5	35.0	35.0	35.0
Interest paid	-17.5	-17.5	-35.0	-35.0	-35.0
Cash flow from operations before change in working capital	-1.0	-0.8	-3.3	-1.0	-3.1
Changes in working capital	-0.5	-1.0	39.2	-5.0	-3.8
<b>Cash flow from operations</b>	<b>-1.5</b>	<b>-1.8</b>	<b>35.9</b>	<b>-6.0</b>	<b>-6.9</b>
<i>Cash flow from investment activities</i>					
Acquisition of non-controlling interest	-	-	-19.0	-	-
Disposal of marketable securities	-	5.7	-	9.0	9.0
Total cash flow from investment activities	-	5.7	-19.0	9.0	9.0
<b>Cash flow for the period</b>	<b>-1.5</b>	<b>3.9</b>	<b>16.9</b>	<b>3.0</b>	<b>2.1</b>
Cash and cash equivalents at beginning of period	23.4	2.0	5.0	2.9	2.9
<b>Cash and cash equivalents at the end of the period</b>	<b>21.9</b>	<b>5.9</b>	<b>21.9</b>	<b>5.9</b>	<b>5.0</b>

## Calendar

Year end report 2016

28 February 2017

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