

Proventus Capital Partners III AB (publ)

Org nr 556926-8021

INTERIM REPORT FOR THE PERIOD 1 JAN 2016 - 30 JUN 2016

The Board of Directors and Chief Executive Officer of Proventus Capital Partners III AB (publ) hereby present the interim report for the operations of the Group and parent company for the period 1 January 2016 – 30 June 2016.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000). Figures in parentheses refer to the previous year.

DIRECTORS' REPORT

OPERATIONS

Proventus Capital Partners III, which is a wholly owned subsidiary of Proventus Capital Management AB (corp. ID no. (556930-7027) operates a corporate lending business and engages in securities trading. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2013:561) and is managed by the parent company, Proventus Capital Management, which holds a license from the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2013:561). The license was granted on 18 June 2014.

The business is focused on direct loans to businesses and the acquisition of listed bonds and other fixed income securities. The Group's main currency is Swedish kronor (SEK). Any investments made in other currencies are normally hedged to Swedish kronor. The investments are made chiefly through the subsidiary company Proventus Capital Partners III KB.

The operations are funded with capital contributed by the owner and through profit-participating loans from primarily institutional investors. In addition, there exist undertakings to contribute capital to the subsidiary company Proventus Capital Partners III KB. The Group has total funding commitments of SEK 12,120 million. The funding available to the Group can be drawn by the company through individual capital contributions of five per cent of the overall commitment. At the end of the period SEK 6.7 billion had been contributed to the Group.

Profit-sharing with holders of profit participating certificates of the company is settled in Swedish kronor. The interim report is prepared in Swedish kronor.

One of Proventus Capital Partners' borrowers, Polestar Print Group, has had financial difficulties since autumn 2015. As part of its effort to secure its investment, Proventus Capital Partners took the decision in December 2015 to take over ownership and control of the company as a short-term measure. Despite attempts to strengthen Polestar's financial position through reorganisation of the company on 24 March 2016, Proventus Capital Partners has not succeeded in reversing the negative trend. In April 2016 the company applied for a corporate reorganisation and the management of the company was transferred to an external administrator. The company had invested around GBP 93 million in Polestar, including accrued interest. The investment was fully written down in the accounts in the second quarter in connection with the handing-over of the management of the company to the administrator.

RESULTS AND FINANCIAL POSITION

The investment activities were initiated in summer 2014.

The consolidated loss before profit-sharing for the first half of 2016 was SEK -880.6 (247.8) million. The accumulated profit before profit-sharing since 14 May 2014 is SEK 34.3 (403.6) million. The net loss for the period was SEK -92.5 (28.3) million in the Group and SEK -1.9 (0.0) million in the parent company.

The loan portfolio including accrued interest was SEK 4,942.0 (4,952.5) million at the end of the period.

The portfolio of listed bonds including accrued interest and futures contracts was SEK 827.0 (199.3) million at the end of the period.

Consolidated equity was SEK 672.2 (578.6) and equity in parent company was SEK 30.6 (24.5) million.

OUTLOOK

The company's target is to generate a ten per cent net annual return for the holders of profit participating certificates. Due to the composition of the portfolio and developments since it was launched, in addition to the current very low interest rates, we believe that the yield on the third fund will be somewhat less than 10 per cent, unless the market situation or general interest rate situation changes.

OTHER INFORMATION

The company's profit participating certificates are listed on Nordic Growth Market NGM AB.

The results of the operations during the period and the financial position at the end of the period are presented in the following income statement, balance sheet and notes. As this is the first interim report to be produced for the company and Group, there are no competitive figures from the same period in the year before.

CONSOLIDATED INCOME STATEMENT
SEK '000

	Note	1 Jan 2016 - 30 Jun 2016	1 Jan 2015 - 30 Jun 2015	1 Jan 2015 - 31 Dec 2015
Administrative expenses	2,3	<u>-45 766</u>	<u>-24 139</u>	<u>-46 331</u>
Operating loss		-45 766	-24 139	-46 331
Loss, discontinued operation	4	-121 862	-	-
Interest income and similar items	5,6	275 974	274 944	540 911
Interest expense and similar items	5,6	<u>-253 147</u>	<u>-185 510</u>	<u>-371 809</u>
Net financial income/expense		-99 035	89 434	169 102
Profit after financial items		-144 801	65 295	122 771
Group contributions received		59 958	-	-
Group contributions paid		<u>-7 646</u>	<u>-36 962</u>	<u>-67 356</u>
Profit/loss before tax		-92 489	28 333	55 415
Tax	7	<u>-</u>	<u>-</u>	<u>-</u>
Profit/loss for the period		<u>-92 489</u>	<u>28 333</u>	<u>55 415</u>

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	-92 489	28 333	55 415
Other comprehensive income	<u>197</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>-92 292</u>	<u>28 333</u>	<u>55 415</u>
Attributable to:			
Equity holders of the parent	-1 706	-	-
Minority interest	<u>-90 586</u>	<u>28 333</u>	<u>55 415</u>
	<u>-92 292</u>	<u>28 333</u>	<u>55 415</u>

CONSOLIDATED BALANCE SHEET
SEK '000

ASSETS	<u>Note</u>	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>	<u>31 Dec 2015</u>
Non-current assets				
Non-current financial assets	8	<u>4 941 971</u>	<u>4 952 471</u>	<u>4 172 348</u>
Total non-current assets		4 941 971	4 952 471	4 172 348
Current assets				
Current receivables				
Trade receivables		1 680	-	12
Receivables from Group companies		1 335	1 279	4 764
Other current receivables		701	311	491
Short-term investments	10	826 953	199 307	629 922
Prepaid expenses and accrued income		<u>2 331</u>	<u>76</u>	<u>2 333</u>
		833 000	200 973	637 522
Cash and cash equivalents		276 110	82 084	84 365
Assets available for sale		<u>-</u>	<u>-</u>	<u>2 736 044</u>
Total current assets		1 109 110	283 057	3 457 931
TOTAL ASSETS		<u>6 051 081</u>	<u>5 235 528</u>	<u>7 630 279</u>

CONSOLIDATED BALANCE SHEET
SEK '000

EQUITY AND LIABILITIES	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
Equity				
Restricted equity				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		500	500	500
Non-restricted equity				
Retained earnings		764 177	549 797	616 756
Profit/loss for the period		-92 489	28 333	55 415
		671 688	578 130	672 171
Total equity		672 188	578 630	672 671
Non-current liabilities				
Liabilities to credit institutions	11	0	0	-
Other non-current liabilities	12	5 274 613	4 558 836	5 279 107
Total non-current liabilities		5 274 613	4 558 836	5 279 107
Current liabilities				
Trade payables		236	89	531
Liabilities to Group companies		11 254	55 844	75 763
Other liabilities		88 083	38 021	4 669
Accrued expenses and deferred income		4 707	4 108	3 769
Liabilities available for sale		-	-	1 593 769
Total current liabilities		104 280	98 062	1 678 501
TOTAL EQUITY AND LIABILITIES		6 051 081	5 235 528	7 630 279
Pledged assets				
Pledged assets	14	50 000	-	733 686
Total pledged assets		50 000	-	733 686
Contingent liabilities				
Other contingent liabilities	15	740 801	294 265	674 278
Total contingent liabilities		740 801	294 265	674 278

Consolidated statement of changes in equity, SEK '000

	Share capital	Retained earnings	Minority interest	Total equity
Opening balance, 1 January 2015	500	8 994	206 688	216 182
Comprehensive income				
Profit for the period			28 333	28 333
Other comprehensive income				
Total other comprehensive income	-	-	28 333	28 333
Transactions with holders of profit participating loans				
Contributions			320 000	320 000
Dividends paid			-885	-885
Total transactions with holders of profit participati	-	-	319 115	319 115
Transactions with shareholders				
Issue of new shares				0
Shareholder contributions received		15 000		15 000
Total transactions with shareholders	-	15 000	-	15 000
Closing balance, 30 June 2015	500	23 994	554 136	578 630
Opening balance, 1 January 2016	500	26 994	645 177	672 671
Comprehensive income				
Loss for the period		-1 903	-90 586	-92 489
Other comprehensive income		197		197
Total other comprehensive income	-	-1 706	-90 586	-92 292
Transactions with holders of profit participating loans				
Net deposit from owners			128 000	128 000
Issue of new shares				
Shareholder contributions repaid			-21 760	-21 760
Dividends paid			-19 411	-19 411
Total transactions with holders of profit participati	-	-	86 829	86 829
Transactions with shareholders				
Issue of new shares				
Shareholder contribution received		6 000		6 000
Shareholder contribution repaid		-1 020		-1 020
Dividends paid				0
Total transactions with shareholders	0	4 980	-	4 980
Closing balance, 30 June 2016	500	30 268	641 420	672 188

CONSOLIDATED CASH FLOW STATEMENT
SEK '000

		1 Jan 2016 - <u>30 Jun 2016</u>	1 Jan 2015 - <u>30 Jun 2015</u>	1 Jan 2015 - <u>31 Dec 2015</u>
	<u>Note</u>			
Cash flow from operating activities	13			
Cash flow from operations		608 539	16 323	248 596
Interest paid		-163 479	-7 457	-7 458
Interest paid		-	-35 167	-
Cash flow from operating activities		445 060	-26 301	241 138
Investing activities				
Increase/Decrease in short-term investments		-322 928	-119 106	-460 340
Increase in non-current financial assets		-901 674	-2 109 816	-2 629 112
		-1 224 602	-2 228 922	-3 089 452
Financing activities				
Decrease in liabilities to credit institutions		-	-699 034	-699 034
Group contributions paid		-14 352	-9 926	-20 514
Shareholder contributions received		6 000	15 000	18 000
Shareholder contribution repaid		-1 020	-	-
Deposit, owners		128 000	320 000	384 000
Withdrawal, owners		-21 760	-	-
Dividend, owners		-20 320	-886	-926
Increase in non-current liabilities		894 739	2 695 000	3 234 000
		971 287	2 320 154	2 915 526
Cash flow for the period		191 745	64 931	67 212
Cash and cash equivalents at beginning of period		84 365	17 153	17 153
Cash and cash equivalents at end of period		276 110	82 084	84 365

PARENT COMPANY INCOME STATEMENT
SEK '000

	Note	<u>1 Jan 2016</u> <u>30 Jun 2016</u>	<u>1 Jan 2015</u> <u>30 Jun 2015</u>	<u>1 Jan 2015 -</u> <u>31 Dec 2015</u>
Administrative expenses	2,3	<u>-24 397</u>	<u>-23 298</u>	<u>-42 520</u>
Operating loss		-24 397	-23 298	-42 520
Profit/loss from shares in Group companies		-765 944	242 731	473 678
Interest income and similar items	5,6	9 878	11 003	21 179
Interest expense and similar items	5,6	<u>726 248</u>	<u>-193 483</u>	<u>-384 981</u>
Net financial income/expense		-29 818	60 251	109 876
Profit/loss after financial items		-54 215	36 953	67 356
Group contribution received		59 958	-	-
Group contributions paid		<u>-7 646</u>	<u>-36 962</u>	<u>-67 356</u>
Profit/loss before tax		-1 903	-9	0
Tax	7	<u>-</u>	<u>-</u>	<u>-</u>
Profit/loss for the period		<u>-1 903</u>	<u>-9</u>	<u>0</u>

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	-1 903	-9	0
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net after tax	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>-1 903</u>	<u>-9</u>	<u>0</u>

PARENT COMPANY BALANCE SHEET
SEK '000

ASSETS	<u>Note</u>	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>	<u>31 Dec 2015</u>
Non-current assets				
Interests in Group companies	9	5 777 720	4 319 900	4 878 000
Other securities held as non-current assets	8	<u>196 468</u>	<u>215 577</u>	<u>202 701</u>
Total non-current assets		5 974 188	4 535 477	5 080 701
Current assets				
Current receivables				
Trade receivables		37	-	12
Receivables from Group companies		1 335	404 737	638 194
Other current receivables		204	-	180
Prepaid expenses and accrued income		<u>2 331</u>	<u>76</u>	<u>2 333</u>
		3 907	404 813	640 719
Cash and cash equivalents		<u>10 271</u>	<u>10 681</u>	<u>8 850</u>
Total current assets		14 178	415 494	649 569
TOTAL ASSETS		5 988 366	4 950 971	5 730 270

PARENT COMPANY BALANCE SHEET
SEK '000

EQUITY AND LIABILITIES	<u>Note</u>	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>	<u>31 Dec 2015</u>
Equity				
Restricted equity				
Share capital (5,000 shares with a quotient value of SEK		500	500	500
		500	500	500
Non-restricted equity				
Retained earnings		31 974	23 994	26 994
Profit for the period		-1 903	-9	0
		30 071	23 985	26 994
Total equity		30 571	24 485	27 494
Non-current liabilities				
Other non-current liabilities	12	5 274 613	4 558 836	5 279 107
Total non-current liabilities		5 274 613	4 558 836	5 279 107
Current liabilities				
Trade payables		149	89	291
Liabilities to Group companies		675 935	360 696	417 090
Other liabilities		3 141	3 107	3 247
Accrued expenses and deferred income		3 957	3 758	3 041
Total current liabilities		683 182	367 650	423 669
TOTAL EQUITY AND LIABILITIES		5 988 366	4 950 971	5 730 270
Pledged assets				
Pledged assets		-	-	-
Total pledged assets		-	-	-
Contingent liabilities				
Other contingent liabilities	15	88 801	35 265	2 390
Total contingent liabilities		88 801	35 265	2 390

Consolidated statement of changes in equity, SEK '000

	Share capital	Retained earnings	Total equity
Opening balance, 1 January 2015	500	8 994	9 494
Comprehensive income			
Loss for the period		-9	-9
Other comprehensive income			
Total other comprehensive income		-9	-9
Transactions with shareholders			
Shareholder contributions received		15 000	15 000
Total transactions with shareholders		15 000	15 000
Closing balance, 30 June 2015	500	23 985	24 485
Opening balance, 1 January 2016	500	26 994	27 494
Comprehensive income			
Loss for the period		-1 903	-1 903
Other comprehensive income			
Total other comprehensive income		-1 903	25 591
Transactions with shareholders			
Shareholder contributions received		6 000	6 000
Shareholder contribution repaid		-1 020	-1 020
Total transactions with shareholders	0	4 980	4 980
Closing balance, 30 June 2016	500	30 071	30 571

PARENT COMPANY CASH FLOW STATEMENT
SEK '000

	1 Jan 2016 - <u>30 Jun 2016</u>	1 Jan 2015 - <u>30 Jun 2015</u>	1 Jan 2015 - <u>31 Dec 2015</u>
	<u>Note</u>		
Cash flow from operating activities	13		0
Cash flow from operations	136 534	-9 953	-26 829
Interest paid	-163 479	-7 457	-7 458
Interest paid	30 465	3 341	33 810
	<u>3 520</u>	<u>-14 069</u>	<u>-477</u>
Cash flow from operating activities			
Investing activities			
Increase, shares in Group companies	-899 720	-2 693 900	-3 252 000
Decrease in non-current financial assets	12 253	8 927	20193
	<u>-887 467</u>	<u>-2 684 973</u>	<u>-3 231 807</u>
Financing activities			
Group contributions paid	-14 352	-9 926	-20 515
Shareholder contributions received	6 000	15 000	18 000
Shareholder contribution repaid	-1 020	-	-
Increase in non-current liabilities	1 078 000	2 695 000	3 234 000
Decrease in non-current liabilities	-183 260	-	-
	<u>885 368</u>	<u>2 700 074</u>	<u>3 231 485</u>
Cash flow for the period	1 421	1 032	-799
Cash and cash equivalents at beginning of period	8 850	9 649	9 649
Cash and cash equivalents at end of period	10 271	10 681	8 850

NOTES TO THE ACCOUNTS AND ACCOUNTING PRINCIPLES

Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting in respect of the Group and in accordance with the Swedish Annual Accounts Act and the provisions of Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board in respect of the parent company. In other respects, the accounting principles and bases of assessment used are the same as in the last annual report.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at closing rates. Currency futures used to hedge short-term investments are stated at fair value with changes in value recognised through profit or loss as interest income and similar items. The following exchange rates have been used in translating assets and liabilities:

EUR 9.4164 (9.2173); USD 8.4813 (8.2389); NOK 100 = 100.8135 (104.3487); GBP 11.3917 (12.9527)

Note 2 Administrative expenses

Intercompany purchases and sales:

Administrative expenses include expenses for administered services and office expenses in the amount of SEK 10.4 (9.3) million billed by Proventus Capital Management AB in the first half of 2016. Proventus Capital Partners III AB paid Group contributions to the parent company in the amount of SEK 7.6 (37.0) million and received Group contributions of SEK 60.0 (-) million.

Note 3 Employees and staff costs

Group company / Parent company

	30 Jun 2016		
	Women	Men	Total
Number of employees	5	6	11
	CEO/Board	Other employees	Total
Remuneration	-	5 756	5 756
Retirement benefit costs	-	1 362	1 362
Other social security contributions	-	2 170	2 170
	-	9 288	9 288
	30 Jun 2015		
	Women	Men	Total
Number of employees	4	6	10
	CEO/Board	Other employees	Total
Remuneration	-	5 413	5 413
Retirement benefit costs	-	848	848
Other social security contributions	-	1 071	1 071
	-	7 332	7 332

The subsidiary company Proventus Capital Partners III KB had no employees during the period. All pensions in the Group company/parent company are defined contribution pensions.

Note 4 Loss, discontinued operation

	Group	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Result from discontinued operation	-1 102 221	-
Value change as regards the participation loan debentures attributable to the written down operations	980 359	-
Total	<u><u>-121 862</u></u>	<u><u>0</u></u>

Note 5 Interest income, interest expense and similar items

	Group	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Interest income and similar items		
Interest income and change in value of loans and bonds	250 521	199 354
Foreign exchange gain	180	648
Other financial income	25 273	74 942
Total	<u><u>275 974</u></u>	<u><u>274 944</u></u>
Interest expense and similar items		
Change in value, profit participating certificates	-244 604	-182 483
Interest expense	-3 608	-1 509
Foreign exchange loss	-4 935	-1 518
Total	<u><u>-253 147</u></u>	<u><u>-185 510</u></u>

	Parent company	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Interest income and similar items		
Other interest income	9 392	10 908
Foreign exchange gain	117	95
Other financial income	369	-
Total	<u><u>9 878</u></u>	<u><u>11 003</u></u>
Interest expense and similar items		
Change in value, profit participating certificates	735 756	-182 483
Interest expense	-9 393	-10 908
Foreign exchange loss	-115	-92
Total	<u><u>726 248</u></u>	<u><u>-193 483</u></u>

Note 6 Investor reporting

The issued profit participating certificates entitle the holder to a return as of the first issue date, 14 May 2014. The Group conducted no operations prior to 14 May 2014, which means that the full reported profit is shared in accordance with agreements with the investors.

SEK '000	<u>1 Jan 2016</u>	<u>1 Jan 2015</u>	<u>14 May 2014</u>
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>	<u>30 Jun 2016</u>
Interest income and change in value of bonds	250 521	199 354	786 865
Loss, discontinued operation	-121 862	-	-121 862
Other income	25 273	74 942	208 127
Foreign exchange loss, other interest expense	-8 363	-2 379	-15 339
Administrative expenses	-45 766	-24 139	-115 689
Profit before profit-sharing	<u>99 803</u>	<u>247 778</u>	<u>742 102</u>
Share of profit, profit participating certificates	-244 604	-182 483	-707 836
Profit before tax and Group contributions	<u><u>-144 801</u></u>	<u><u>65 295</u></u>	<u><u>34 266</u></u>

Note 7 Tax

The tax profit is adjusted in the parent company through Group contributions at year-end. No tax has therefore been calculated on the profit, as the size of the Group contribution is determined at year-end.

Note 8 Non-current financial assets

	Group	
	30 Jun 2016	30 Jun 2015
Other securities held as non-current assets	4 892 908	4 868 998
Accrued interest	49 063	83 473
Total	<u>4 941 971</u>	<u>4 952 471</u>

	Parent company	
	30 Jun 2016	30 Jun 2015
Other securities held as non-current assets	196 015	215 080
Accrued interest	453	497
Total	<u>196 468</u>	<u>215 577</u>

Other securities held as non-current assets refer to direct loans to businesses. At the end of the period the portfolio comprised 17 commitments. The portfolio will be expanded with additional loans in the second half of 2016. The loan maturities will vary and are estimated at three to five years or more.

Note 9 Interests in Group companies

				Parent company	
	Regd office	Corp. ID no.	Equity interest	30 Jun 2016	30 Jun 2015
				Carrying amount	Carrying amount
Proventus Capital Partners III KB	Stockholm	969736-8125	89,44%	5 777 720	4 319 900

The parent company is both a general partner and a partner of the limited partnership.

	30 Jun 2016	30 Jun 2015
Cost at beginning of year	4 878 000	1 626 000
Capital contributions	1 084 000	2 693 900
Capital contribution repaid	-184 280	-
Cost at end of period	<u>5 777 720</u>	<u>4 319 900</u>

Note 10 Short-term investments

Group	30 Jun 2016		2015-06-30	
	Cost	Fair value	Cost	Fair value
Derivatives	-	43 699	-	14 452
Bonds	828 192	773 525	164 031	183 868
Accrued interest	1 284	9 728	402	987
	<u>829 476</u>	<u>826 952</u>	<u>164 433</u>	<u>199 307</u>

The holdings were valued at market value.

Portfolio composition

30 Jun 2016	Nominal value, local currency	Average price	Fair value, local currency	Exchange rate	Fair value, SEK
Bonds (USD)	55 602	74,31%	41 320	8,4813	350 447
Bonds (EUR)	28 700	85,00%	24 395	9,4164	229 713
Bonds (NOK)	274 000	70,00%	191 800	100,8135	193 360
					<u>773 521</u>

2015-06-30	Nominal value, local currency	Average price	Fair value, local currency	Exchange rate	Fair value, SEK
Bonds (USD)	20 102	95,50%	19 197	8,2389	158 166
Bonds (EUR)	3 300	84,50%	2 789	9,2173	25 702
					<u>183 868</u>

Note 11 Liabilities to credit institutions

Group

	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Drawn overdraft facility with SEB	0	0
	<u>0</u>	<u>0</u>

The subsidiary had an overdraft facility of SEK 500 million. The credit is used for short-term funding of new deals before new capital is raised from the holders of profit participating certificates

Note 12 Other non-current liabilities

Profit participating certificates

The holders of profit participating certificates have undertaken to provide funding of up to SEK 10,780 million. The owners' contributions under the same agreement is SEK 1,340 million. The capital can be accessed on ten days' notice in instalments of five per cent of the total undertaking.

The lenders bear the same risk as the shareholders in the company and the return is dependent on the outcome of the company's portfolio management activities. The loans have no guaranteed return or guaranteed right to repayment. The loans have no guaranteed return or guaranteed right to repayment. The return is contingent on the realisation of profits and is settled quarterly if the conditions for payment under the terms of the loans have been met, see also the information under "Accounting principles".

Return profit participating loans

SEK	Maturity	<u>30 Jun 2016</u>		<u>2015-06-30</u>	
		Nominal value	Market value	Nominal value	Market value
Profit participating certificates	2014-2024	5 745 740	5 274 613	4 312 000	4 558 836
Unrealised gain			-471 127		246 836
Realised gain			198 604		35 125
Total gain profit participating loans			<u>-272 523</u>		<u>281 961</u>

The profit participating loans are listed on NGM Nordic Growth Market.

Note 13 Cash flow from operating activities

	Group		Parent company	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Profit/loss before tax	-92 489	28 333	-1 903	-9
<i>Adjustments for non-cash items, etc.</i>				
Unrealised gain/loss on currency futures	186 560	-57 140	-	-
Unrealised gain/loss on short-term investments	26 122	-19 786	-	-
Unrealised gain/loss on non-current financial assets	1 238 330	-108 768	0	0
Group contribution paid	7 646	36 962	7 646	36 962
Group contribution received	-59 958	0	-58 402	-
Interest expense recognised in period	-66	182 484	-66	182 484
Interest income recognised in period	-690 719	-59 666	-735 690	-497
Decrease/Increase in current receivables	-1 877	1 619	-48	1 619
Decrease/Increase in receivables, Group companies	-168 523	-	-	-
Decrease/Increase in liabilities, Group companies	162 964	23 357	924 329	-219 374
Decrease/Increase in current liabilities	549	-11 072	668	-11 138
Cash flow from operations	608 539	16 323	136 534	-9 953

Note 14 Pledged assets

	Group	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Pledged cash collateral for currency contracts	50 000	-
	50 000	-

Note 15 Contingent liabilities

	Group	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Funding commitments made to existing borrowers.	652 000	259 000
Contingent liability in the capacity of general partner of Proventus Capital Partners III KB	88 801	35 265
	740 801	294 265

	Parent company	
	<u>30 Jun 2016</u>	<u>30 Jun 2015</u>
Contingent liability in the capacity of general partner of Proventus Capital Partners III KB	88 801	35 265
	88 801	35 265

Note 16 Related-party transactions

Proventus Capital Partners III AB (publ) is owned by Proventus Capital Management AB (corp. ID no. 556930-7027), which is the parent company of the Group.

The parent company provides services to the company, for which it receives a management fee that is based on total capital. The fee is billed on a quarterly basis, including VAT. The fee, which is included in administrative expenses, was SEK 10.4 (9.3) million in the first half of 2016. Proventus Capital Partners III AB paid Group contributions of SEK 7.6 (37.0) million to the parent company and received Group contributions from the parent company in the amount of SEK 59.9 (-) million.

Stockholm, 26 August 2016

Anders Thelin
Chairman

Daniel Sachs
Chief Executive Officer

Gabriella Sahlman

Åsa Hansdotter

Lars Åberg

This interim report has been reviewed by the company's auditor.



Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information of Proventus Capital Partners III AB as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 26 august 2016

Öhrlings PricewaterhouseCoopers

Peter Clemedtson
Authorized Public Accountant