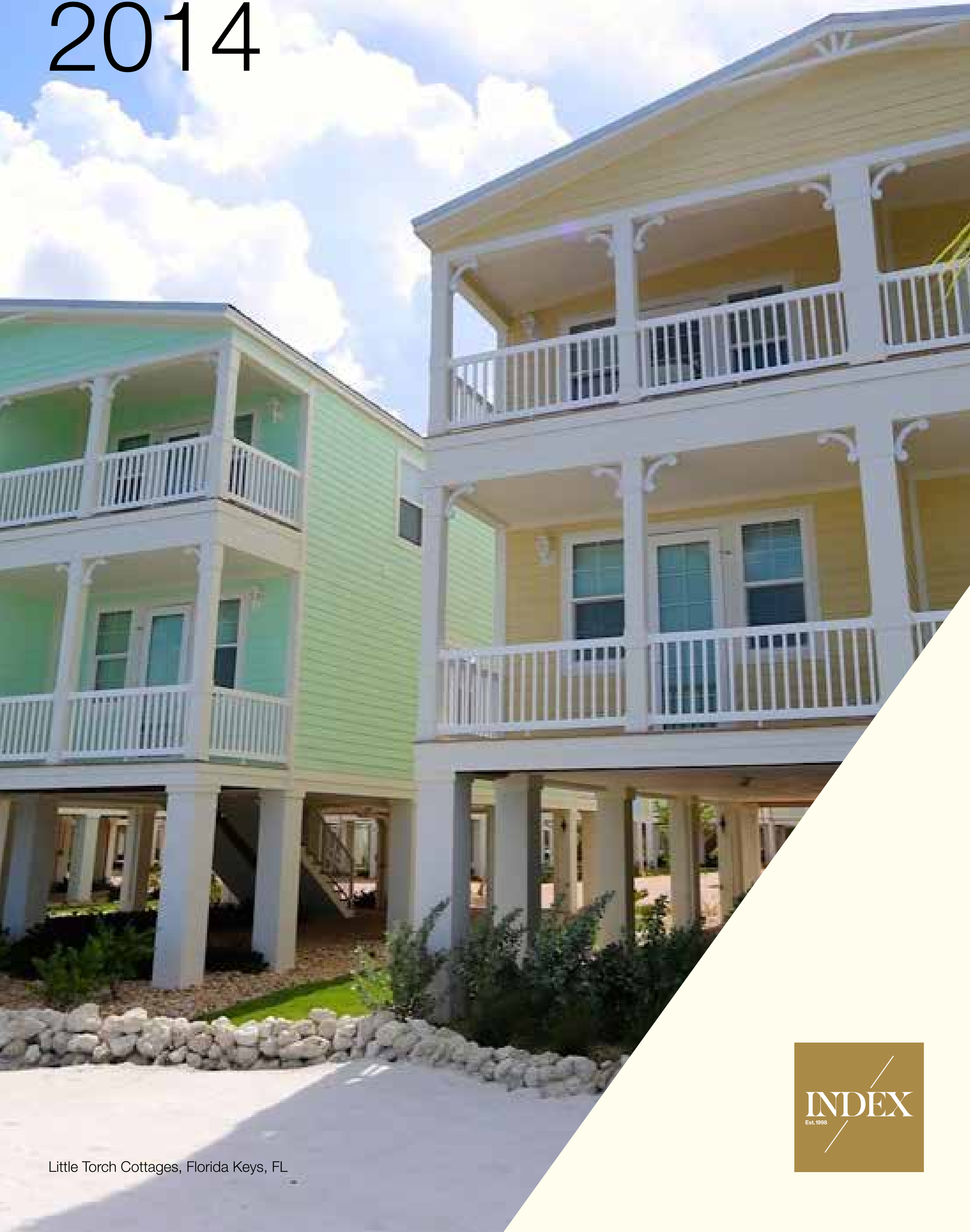
Annual Report and Consolidated Accounts for the Financial Year

2014

Index International AB (Publ)
556561-0770



Little Torch Cottages, Florida Keys, FL

The Annual Report includes

Directors' Report
Information about operations

Index International AB (publ), corp. ID no 556561-0770, is the parent company in the Group. The registered offices of Index International AB (publ) are based in Stockholm municipality in the County of Stockholm, with the street address Kungsträdgårdsgatan 18, 103 95 Stockholm.

The Board of Directors and Chief Executive Officer of Index International AB (publ) hereby submit the annual financial statements for the Group and parent company 2014.

OWNERSHIP CONDITIONS

Index International AB (publ) is a company that is 50 percent owned by Capstone Management AB (corp. ID no 556666-3000), with the remaining 50 percent owned by Samisa Management AB (corp. ID no 556666-2051).

OPERATIONS

The Group owns, manages and develops properties primarily in the Stockholm-Mälaren region. The Group also invests in, and provides financing through its sister group Index Enterprise LLC for property projects in the state of Florida, in the US. The Group's investments in property are therefore chiefly in its own subsidiaries, but also in associates and affiliated companies.

In addition to property, the Group has invested in a renewable energy facility that runs on biomass, situated in Ajax outside Toronto, in the Canadian province of Ontario.

The Group also has investments in the commercial airline industry in Florida.

Companies within the Group sell management services and asset management and financial services to their subsidiaries and to the sister groups Index Enterprise LLC and Index Equity Sweden AB.

SIGNIFICANT EVENTS IN 2014

In 2014, the Group continued to develop its core operations in Stockholm (Mälardalen valley) and in Florida, via its sister group Index Enterprise LLC. Our project portfolio for housing development has expanded, while the weighting between Stockholm and Florida has balanced out. At the end of 2014, we have an allocation of approximately 50 percent in Stockholm (Mälardalen valley) and 50 percent in Florida for the number of apartments under development.

EARNINGS AND POSITION 2014

The Group's earnings before tax amounted to SEK 110 million (SEK –4 million) and the balance sheet total was SEK 2,628 million (SEK 1,910 million). Earnings for 2014 were significantly affected by the strength of the US and Canadian dollars, which has generated a positive exchange rate effect of SEK 131 million. The exchange rate effect is attributable to loans in foreign currency for financing of the sister group's operations in Florida. Positive changes in the value of the company's investment properties have boosted earnings by SEK 33 million. This has generated a change in value of approx. 10 percent of existing investment properties. Increased expenses regarding the purchase of goods and services are due to revaluations of loans classified as inventories. Increased personnel expenses are due to the fact that the company has strengthened its organization in Sweden, the US and Canada by an average of 24 employees.

EQUITY/ASSETS RATIO

The equity/assets ratio amounted to 41.3 percent (51.3).

CASH FLOW

The company has entered a comprehensive expansion phase. Developing properties is a highly capital-intensive process. Cash flow for the company's investments is mainly derived from equity, bank borrowings, bond loans and rental income. The company achieves positive cash flow following occupancy. The company invests primarily in development properties, in which the company is involved in pursuing detailed zoning plans. The benefits of investing in projects at an early stage are that the company can thereby be part of the entire value chain. This creates higher profits but longer lead times.

LIQUIDITY

Consolidated cash and equivalents were SEK 132 million (SEK 102 million) at year-end. The company maintains a strong focus on liquidity monitoring. Rolling one-year forecasts and four-year forecasts are continually drawn up.

BOND

Index International AB (publ) issued a four-year bond loan of SEK 375 million. The bond loan runs up until May 22, 2018, with a variable interest rate of STIBOR 3 months plus 7 percent, and has been listed on the Nasdaq Stockholm since May 2014. The loan has mainly been used for investments within the core operations of the Group and its sister group Index Enterprise LLC: property investments in Sweden and Florida, and refinancing of a previously issued bond.

RESTRUCTURING

Index International AB (publ) divested the wholly-owned subsidiary Index Equity Sweden AB. Index Equity Sweden AB includes investments in areas such as brokerage, the travel industry and contact centers. The purpose of the sale was to refine operations within the Group, thus increasing the focus on strengthening and improving its core operations, such as housing and energy. The acquiring party was Index International AB (publ), holding company Capstone Management AB and Samisa Management AB. The sale was made at market value.

PREPARATIONS FOR IPO

Restructuring work has been carried out during 2014. The intention is to refine operations and clarify the Group's core values in connection with optimization of the Group's capital structure. Optimization of the capital structure is an important component with expansive operations. Conditions for an IPO are the subject of an ongoing investigation.

SALES

Centrum

The subsidiary Centrum 29:5 AB was sold at the beginning of the year, in accordance with the Group's business plan.

Galgvreten

In connection with the acquisitions mentioned below, the subsidiary Galgvreten 3:5 AB was also divested, which included an office building in central Enköping.

ACQUISITIONS

Norrtälje Port, Norrtälje municipality

The Group has acquired a public limited company with property holdings in Norrtälje Port, Norrtälje municipality.

Work has been initiated on a detailed zoning plan regarding the properties in Norrtälje, in partnership with Norrtälje municipality. The project aims to generate 500 tenant-owner apartments and is expected to be completed in stages during the period 2018–2021.

Kalmarsand, Håbo municipality

The Group has also acquired a public limited company with property holdings in Kalmarsand, Håbo municipality.

OTHER PROPERTY PROJECTS

Bryggårdsgärdet

A land allocation was obtained in 2014, which will involve continued work towards a detailed zoning plan covering roughly 300 tenant-occupied apartments in Norrtälje (Förrådet district).

POSITION IN THE MARKET

We believe we hold an excellent position as an independent company in the area of housing development. The markets in which we operate enjoy a stable underlying trend. We are of the opinion that this trend will continue in 2015.

EMPLOYEES

The number of employees in the Group in 2014 was 38 (14).

OTHER

Bjarne Borg, who was originally involved in establishing Index International AB (publ), was voted onto the company's Board of Directors as Chairman of the Board.

Rickard Haraldsson was appointed external CEO of the parent company Index International AB (publ).

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The power plant went into operation in March 2015 and is now generating electricity, which is being sold.

The detailed zoning plan for Förrådet, Norrtälje, has gained legal force. The project will be implemented in two districts and will in total develop around 300 tenant-occupied apartments, which are due to be completed in 2018.

Sport Hotels of Sweden AB has obtained a land allocation agreement and intends to purchase building rights within part of the property Akalla 4:1 in the City of Stockholm, provided the zoning plan is approved. In accordance with the land allocation agreement it is stated that the object shall be granted with a leasehold. The project covers both development of housing, and hotel and office properties.

SIGNIFICANT RISKS AND UNCERTAINTIES IN OPERATIONS

BUSINESS RISK

The property sector is particularly sensitive to macroeconomic factors such as general economic trends, growth, employment levels, levels of new construction starts, infrastructure changes, population growth, inflation and interest rates.

CURRENCY RISK

The company operates globally and is vulnerable to currency risks arising from various currency exposures. Currency risks arise in connection with business transactions, reporting of assets, liabilities and net investments abroad. It cannot be ruled out that the company's return may be affected by exchange rate fluctuations in foreign currencies.

INVESTMENT RISK

Investments made in the company also entail technical risks. These are associated with the technical management of items of property, plants and aircraft, and significant unforeseen expenses cannot be ruled out. In the event that such technical faults arise, they may cause a significant increase in the costs of investments and may therefore have a negative impact on the Group's return and financial position.

ANTICIPATED FUTURE DEVELOPMENT

The Group and its sister group have an overall, long-term objective of completing approximately 400 homes a year.

The market trend for housing in the Stockholm-Mälaren region remains extremely strong. Demand coupled with low interest rates expected to remain through 2015, promise a bright future for the Group.

In combination with current low interest rates, which are expected to remain at a low level throughout 2015, this makes the Group's future prospects very healthy.

CORPORATE GOVERNANCE REPORT

The corporate governance report is available as a separate part of Index International AB's (publ) 2014 annual report and does not constitute part of the formal financial statements.

Proposed appropriation of profits

The Board of Directors proposes that the available profit (SEK thousands):

retained earnings	416,105
profit for the year	60,031
	476,136
be distributed as follows	
to be carried forward	476,136

The earnings and position of the company and Group in other regards are presented in the following income statement, balance sheet and cash flow statement, with supplementary disclosures.

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands		Financial year	
	Note	2014	2013
Operating income			
Net sales	5, 6	56,572	64,304
Other operating income	10	16,371	381
Total		**72,943**	**64,685**
Operating expenses			
Purchase of goods and services		–51,455	–20,052
Other external expenses	8, 41	–27,921	–21,681
Personnel expenses	9, 42	–13,381	–6,767
Depreciation/amortization of property, plant and equipment and intangible fixed assets	20, 22	–5,419	–5,794
Change in value of property	21	32,560	–29,700
Other operating expenses	10	–	–51
Total operating expenses		–65,616	–84,045
Operating result		**7,327**	**–19,360**
Financial income	14	183,464	78,200
Financial expenses	14	–79,018	–65,221
Net financial items	14	104,446	12,979
Investments in associates and joint ventures	12	–1,815	2,671
Result before tax		**109,958**	**–3,710**
Income taxes	18	–8,428	–1,207
Result for the year		**101,530**	**–4,917**
Other comprehensive income			
Items that may later be reversed in the income statement:			
Exchange differences		4,200	1,936
Exchange differences, non-controlling interests		–90	–
Other comprehensive income for the year, net of tax		**4,110**	**1,936**
Total comprehensive income for the year		**105,640**	**–2,981**
Result for the year attributable to:			
Parent company shareholders		102,836	–4,726
Non-controlling interests		–1,306	–191
Total comprehensive income attributable to:			
Parent company shareholders		107,036	–2,790
Non-controlling interests		–1,396	–191

Consolidated Statement of Financial Position

Amounts in SEK thousands	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	20		
Concessions		11,011	11,699
Trademarks		–	7,282
Total intangible assets		**11,011**	**18,981**
Property, plant and equipment			
Investment properties	21	461,742	441,500
Buildings and land	22	192,695	30,473
Equipment, tools, fixtures and fittings	22	2,984	3,340
Construction in progress	22	650,675	303,036
Total property, plant and equipment		**1,308,096**	**778,349**
Non-current financial assets			
Investments in associates	15	12,560	33,834
Investments in joint ventures	16	12,273	11,786
Receivables from associates and joint ventures	26	44,388	90,773
Other non-current receivables	23, 26	687,394	327,984
Financial assets available for sale	26	239,000	257,685
Total non-current financial assets		**995,615**	**722,062**
Deferred tax assets	24	904	2,508
TOTAL NON-CURRENT ASSETS		**2,315,626**	**1,521,900**
CURRENT ASSETS			
Inventories	26, 30	54,868	196
Trade receivables	26, 28	3,580	10,587
Tax assets		1,975	2,018
Receivables from associates	26	–	19,514
Other receivables	26, 29	51,096	99,755
Prepaid expenses and accrued income	31	8,128	8,672
Cash and cash equivalents	26, 32	132,351	101,724
Non-current assets held for sale	33	60,000	145,514
Total current assets		**311,998**	**387,980**
TOTAL ASSETS		**2,627,624**	**1,909,880**

Consolidated Statement of Financial Position, cont.

Amounts in SEK thousands	Note	Dec 31, 2014	Dec 31, 2013
EQUITY			
Equity attributable to parent company shareholders			
Share capital	34	10,000	10,000
Reserves		10,213	6,013
Retained earnings including comprehensive income for the year		1,062,146	959,310
Non-controlling interests		2,136	3,532
Total equity		**1,084,495**	**978,855**
LIABILITIES			
Non-current liabilities			
Borrowings	3, 35	581,908	281,528
Bond loan	3, 35	367,838	267,542
Derivatives	3, 26, 27	10,591	
Other non-current liabilities	3, 36	21,628	2,907
Deferred tax liabilities	24	115,437	126,169
Other provisions	43	117,500	–
Total non-current liabilities		**1,214,902**	**678,146**
Current liabilities			
Borrowings	3, 35	26,166	111,346
Trade payables	3	52,297	37,569
Current tax liabilities		11,580	43
Liabilities to associates	26	136,816	2,379
Derivatives	3, 26, 27	–	10,870
Other liabilities	3, 37	52,623	64,033
Accrued expenses and deferred income	38	48,746	26,640
Total current liabilities		**328,227**	**252,880**
TOTAL EQUITY AND LIABILITIES		**2,627,624**	**1,909,880**

For information with regard to pledged assets and contingent liabilities, see Notes 39–40.

Consolidated Statement of Changes in Equity

Attributable to parent company's shareholders

Amounts in SEK thousands	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2013 in accordance with IFRS		**10,000**	**4,077**	**964,037**	**978,114**	**4,382**	**982,496**
Result for the year		–	–	–4,726	–4,726	–191	–4,917
Other comprehensive income		–	1,936	–	1,936	–659	1,277
Total comprehensive income		**–**	**6,013**	**–4,726**	**–65**	**–850**	**–915**
Closing balance December 31, 2013		**10,000**	**6,013**	**959,310**	**975,323**	**3,532**	**978,855**
Opening balance January 1, 2014		**10,000**	**6,013**	**959,310**	**975,323**	**3,532**	**978,855**
Result for the year		–	–	102,836	102,836	–1,306	101,530
Other comprehensive income		–	4,200	–	4,200	–90	4,110
Total comprehensive income		**–**	**4,200**	**102,836**	**107,036**	**–1,396**	**105,640**
Closing balance December 31, 2014		**10,000**	**10,213**	**1,062,146**	**1,082,359**	**2,136**	**1,084,495**
Closing balance December 31, 2014		**10,000**	**10,213**	**1,062,146**	**1,082,359**	**2,136**	**1,084,494**

Consolidated Statement of Cash Flows

Amounts in SEK thousands	Note	Financial year 2014	2013
Cash flow from operating activities			
Result after financial items		111,773	–6,381
Depreciation/amortization		5,419	5,794
Unrealized changes in values	21	–32,560	29,700
Other non-cash items	44	–99,337	–7,732
Income from investments in Group companies	14	–2,830	–36,979
Interest paid		–60,892	–267
Interest received		5,582	23,252
Income taxes		–5,977	163
Cash flow from operating activities before changes in working capital		**–78,822**	**7,550**
Cash flow from changes in working capital			
Decrease in inventories and work in progress		–22,380	51
Increase in current receivables		17,781	–65,926
Increase in current liabilities		31,010	55,234
Total changes in working capital		**26,411**	**–10,641**
Cash flow from operating activities		**–52,411**	**–3,091**
Investing activities			
Purchase of property, plant and equipment	22	–332,663	–213,730
Sale of investments in Group companies	15	104,819	36,979
Investment in subsidiaries		–49,977	–6,244
Acquisitions/investments in associates and joint ventures	16, 17	–1,220	–9,090
Sales of associates		500	–
Change in loans to associates		188,966	20,285
Increase in other non-current receivables	23	–176,090	–162,825
Cash flow from investing activities		**–265,665**	**–334,625**
Financing activities			
Borrowings		427,594	271,172
Repayment of debt		–86,994	–
Dividend received		600	–
Cash flow from financing activities		**341,200**	**271,172**
Decrease/increase in cash and cash equivalents			
Opening balance, cash and cash equivalents		101,724	170,324
Exchange rate differences in cash and equivalents		7,503	–2,056
Closing balance, cash and equivalents	32	132,351	101,724

Income Statement, Parent Company

Amounts in SEK thousands	Note	2014	2013
Operating income			
Net sales	6, 7	2,242	1,371
Total operating income		**2,242**	**1,371**
Operating expenses			
Purchase of goods and services		–190	–527
Other external expenses	8	–16,170	–19,118
Personnel expenses	9	–5,254	–2,059
Depreciation/amortization of property, plant and equipment	22	–90	–79
Total operating expenses		**–21,704**	**–21,784**
Operating result		**–19,462**	**–20,413**
Result from investments in Group companies	11	1,100	–7,469
Result from investments in associates	12	1,931	–
Result from other securities and receivables that are non-current assets	13	97,246	–27,307
Other interest income and similar result items	14	122,254	56,411
Interest expenses	14	–63,267	–25,876
Result after financial items		**139,802**	**–24,654**
Result before tax		**139,802**	**–24,654**
Appropriations	17	–68,220	–
Tax on earnings for the year	18	–11,551	3,250
Result for the year		**60,031**	**–21,404**

No items reported as other comprehensive income in the parent company, therefore total comprehensive income equals profit/loss for the period.

Balance Sheet, Parent Company

Amounts in SEK thousands	Note	Dec 31, 2014	Dec 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment			
Building equipment	22	–	31
Equipment, tools, fixtures and fittings	22	880	854
Non-current financial assets			
Investments in Group companies	25	248,315	248,415
Receivables from Group companies	26	668,804	547,499
Investments in associates		180	50
Investments in joint ventures		12,032	12,032
Receivables from associates and joint ventures	26	922	67,319
Other non-current receivables	23, 26	540,825	241,976
Total non-current financial assets		**1,471,078**	**1,117,291**
Total non-current assets		**1,471,958**	**1,118,176**
Current assets			
Current receivables			
Trade receivables	26	499	459
Receivables from Group companies	26	93,458	75,681
Tax assets		–	13
Other receivables	26, 29	3,591	3,792
Prepaid expenses and accrued income	31	2,009	1,671
Total current receivables		**99,557**	**81,617**
Cash and bank balances	26, 32	34,905	24,509
Total current assets		**134,462**	**106,126**
TOTAL ASSETS		**1,606,420**	**1,224,302**

Balance Sheet, Parent Company cont.

Amounts in SEK thousands	Note	Dec 31, 2014	Dec 31, 2013
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	34	10,000	10,000
Statutory reserve		2,000	2,000
Total restricted equity		**12,000**	**12,000**
Non-restricted equity			
Retained result		416,105	437,510
Result for the year		60,031	–21,404
Total non-restricted equity		476,136	416,105
Total equity		**488,136**	**428,105**
Untaxed reserves		**17,500**	**–**
Provisions			
Other provisions	27	10,591	10,870
Non-current liabilities			
Bond loan	35	367,838	275,000
Liabilities to Group companies	26	527,502	456,251
Total non-current liabilities		**923,432**	**742,122**
Current liabilities			
Trade payables	26	739	1,114
Liabilities to Group companies	26	12,546	24,387
Liabilities to associates	26	136,503	2,118
Current tax liabilities		11,490	–
Other liabilities	26, 37	29,116	23,752
Accrued expenses and deferred income	38	4,458	2,673
Total current liabilities		**194,852**	**54,074**
TOTAL EQUITY AND LIABILITIES		**1,606,420**	**1,224,302**
Pledged assets	39	**1,482**	**442**
Contingent liabilities	40	**464,068**	**537,707**

Changes in Shareholders' Equity, Parent Company

Amounts in SEK thousands	Note	Restricted equity Share capital	Statutory reserve	Non-restricted equity Retained earnings	Total equity
Opening balance at January 1, 2013	33	**10,000**	**2,000**	**425,987**	**437,987**
Comprehensive income					
Comprehensive income for the year		–	–	–21,404	–21,404
Total comprehensive income		**–**	**–**	**–21,404**	**–21,404**
Transactions with shareholders					
Group contributions paid		–	–	–4,567	–4,567
Group contributions received		–	–	19,339	19,339
Tax effect of Group contributions		–	–	–3,250	–3,250
Opening balance at January 1, 2014		**10,000**	**2,000**	**416,105**	**428,105**
Comprehensive income					
Comprehensive income for the year		–	–	60,031	60,031
Total comprehensive income		**–**	**–**	**60,031**	**60,031**
Closing balance at December 31, 2014		**10,000**	**2,000**	**476,136**	**488,136**

Statement of Cash Flows, Parent Company

Amounts in SEK thousands	**Note**	**Financial year 2014**	**2013**
Cash flow from operating activities			
Operating result after financial items		139,802	–24,654
Adjustments for items not included in cash flow	44	–152,326	–2,024
Interest received		1,766	–120
Interest paid		–48,832	12,375
Income tax paid		–	–
Cash flow from operating activities before changes in working capital		**–59,590**	**–14,423**
Cash flow from changes in working capital			
Increase/decrease in current receivables		–17,954	8,597
Increase in current liabilities		–10,147	3,434
Total changes in working capital		**–28,101**	**12,032**
Cash flow from operating activities		**–87,691**	**–2,391**
Investing activities			
Investments in property, plant and equipment	22	–116	–102
Investments in subsidiaries	25	–	–222,714
Sales of subsidiaries		1,200	–
Investments in associates and joint ventures	15, 16	–180	–1,040
Sales of associates		1,981	–
Change in investments in financial fixed assets		–196,736	–70,695
Cash flow from investing activities		**–193,851**	**–294,551**
Financing activities			
Borrowings	26	318,552	275,000
Repayment of debt		–26,615	
Group contributions received		–	19,340
Group contributions paid		–	–4,568
Cash flow from financing activities		**291,937**	**289,772**
Cash flow for the year		**10,395**	**–7,171**
Opening balance, cash and cash equivalents		24,509	31,680
Closing balance, cash and equivalents	32	34,904	24,509

Notes

Note 1 General information

Index International AB (publ), corp. ID no 556561-0770, is the parent company in the Index Group. The registered offices of Index International AB (publ) are based in Stockholm, with the address Kungsträdgårdsgatan 18, Box 7744, 103 95 Stockholm, Sweden.

Operations in the parent company comprise Group-wide functions, the organization for the CEO and administrative functions. Organization of projects and property management comes under the subsidiaries of the Group. No properties are directly owned by the parent company.

The Index Group manages and develops properties. In addition to property, the Group has an investment in a renewable energy facility that runs on biomass, situated in Ajax outside Toronto, in the province of Ontario. The Group also has investments in the commercial airline industry in Florida.

These consolidated financial statements and annual accounts were approved for publication by the Board of Directors on April 24, 2015.

All amounts are stated in SEK thousands, unless otherwise indicated. Figures in brackets relate to the previous year.

Note 2 Summary of key accounting policies

Details of the most significant accounting policies applied when these consolidated financial statements were prepared are given below. These policies have been applied consistently for all the years presented, unless otherwise indicated.

2.1 Basis for preparation of reports

The consolidated financial statements for the Index Group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) that have been adopted by the EU.

The consolidated financial statements have been prepared in accordance with the cost method, except with regard to valuations of investment properties, available-for-sale financial assets and financial assets and liabilities (derivative instruments) measured at fair value via profit/loss. Details of the most significant accounting policies applied when these consolidated financial statements were prepared are given below. These policies have been applied consistently for all the years presented, unless otherwise indicated.

The parent company's financial statements have been prepared in accordance with RFR 2 Accounting for legal entities and the Swedish Annual Accounts Act. In cases where the parent company applies accounting policies that differ from those of the Group, this is stated separately at the end of this note. The transition to accounting in accordance with RFR 2 has not had any effect on the parent company's equity.

Preparing financial reports in accordance with IFRS requires the use of a number of critical accounting estimates. Furthermore, management is required to make certain assessments in the application of the Group's accounting policies, see Note 4.

New standards, amendments and interpretations applied by the Group

The following standards have been applied by the Group for the first time for the financial year beginning January 1, 2014, and have a material impact on the Group's financial reports:

IFRS 10 Consolidated Financial Statements is based on existing policies, as it identifies control as the deciding factor in establishing whether a company should be included in the consolidated financial statements. The standard provides additional guidance to assist in the establishment of control when it is difficult to assess.

IFRS 11 Joint Arrangements focuses on the rights and obligations that parties in a joint arrangement have, rather than on the legal form of joint arrangements. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise when one party in a joint operation has a direct right to the assets and obligations for the liabilities in a joint arrangement. In such an arrangement, assets, liabilities, income and expenditure are reported based on the holder's share of these. A joint venture is a joint arrangement through which the parties that have a joint controlling interest over the arrangement have rights to the net assets of that arrangement. Joint ventures are reported in accordance with the equity method; the proportional method is no longer permitted.

IFRS 12 Disclosure of Interests in Other Entities covers disclosure requirements for all forms of holdings in other companies, such as subsidiaries, joint arrangements, associates and unconsolidated structured companies.

IFRIC 21 Levies clarifies the reporting of an obligation to pay a tax or levy that is not income tax. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy.

Other standards, amendments and interpretations that enter into force for the financial year beginning January 1, 2014, have no material impact on the Group's financial reports.

Standards, amendments and interpretations of existing standards that have not yet entered into force and that have not been applied in advance by the Group

When preparing the consolidated financial statements as per December 31, 2014, a number of standards and interpretations were published which have not yet entered into force and which are applicable to the Group. To follow is a preliminary assessment of the effects of the standards that are considered to be of relevance to the Group:

IFRS 9 Financial Instruments concerns the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 retains a combined measurement approach but simplifies this approach in some respects. There will be three measurement categories for financial assets; amortized cost, fair value through other comprehensive income and fair value through profit/loss. How an instrument is classified depends on the company's business model and the nature of the instrument. Investments in equity instruments will be recognized at fair value through profit/loss, but there is also an opportunity, on initial recognition, to recognize the instrument at fair value through other comprehensive income. No reclassification to the income statement will then occur on divestment of the instrument. IFRS 9 is also introducing a new model for calculating credit loss reserves based on expected credit losses. The classification and measurement does not change for financial liabilities except in cases where a liability is recognized at fair value through profit/loss based on the fair value alternative. Changes in value to attributable to changes in an entity's own credit risk will in such cases be recognized in other comprehensive income. IFRS 9 reduces requirements for the application of hedge accounting as the 80-125 percent criterion is replaced by the requirement for a financial relationship between the hedging instrument and hedged item, and for the hedge ratio to be the same as that used in risk management. The hedging documentation has also been amended slightly compared with what was produced under IAS 39. The standard will be applied for the financial year beginning January 1, 2018. Early application is permitted. The Group has not yet evaluated the effects of introducing the standard.

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IFRS 15 Revenue from cContracts with cCustomers specifies how to recognize income. The principles upon which IFRS 15 is based will provide users of financial reports with more relevant information regarding the company's income. The extended disclosure obligation involves the submission of information regarding the nature, amount, timing and uncertainty of income and cash flows arising from a contract with a customer. According to IFRS 15, income should be recognized when control over the sold good or service is passed to the customer, and the latter has the opportunity to use and obtain benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts, and associated SIC and IFRIC interpretations. IFRS 15 enters into force on January 1, 2017. Early application is permitted. The Group has yet to evaluate the effects of introducing the standard.

None of the other IFRS or IFRIC interpretations that have yet to enter into force are expected to have any material impact on the Group.

2.2 Consolidated financial statements

Subsidiaries

Subsidiaries are all companies (including structured companies) over which the Group has a controlling interest. The Group controls a company when it is exposed to, or entitled to a variable return from its holdings in the company, and is able to affect the return through its interest in the company. Subsidiaries are included in the consolidated accounts from the point at which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts from the point at which the controlling interest ceases.

The acquisition method is used for recognition of the Group's business combinations. The purchase price for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related expenses are expensed as they arise. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

For each acquisition – i.e. on a case by case basis – the Group decides whether the non-controlling interests in the acquired company will be recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets.

Acquisition-related expenses are expensed as they are incurred.

If the business combination is carried out in several stages, the previous shares of equity in the acquired company are revalued at their fair value at the acquisition date. Any profit or loss arising from such revaluation is recognized in earnings.

Each conditional purchase consideration that is to be transferred by the Group is recognized at fair value at the point of acquisition. Subsequent changes to the fair value of a conditional purchase consideration classified as an asset or liability are recognized in accordance with IAS 39 either in profit/loss or in other comprehensive income. Conditional purchase considerations classified as equity are not revalued and subsequent adjustments are recognized in equity.

Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. Where appropriate, the accounting policies for subsidiaries have been amended to ensure consistent application of the Group's policies.

Associates and joint ventures

Associates are all the companies where the Group has a significant, but not controlling interest, which generally applies to shareholdings that comprise between 20% and 50% of the votes. Joint ventures are those companies for which the Group, via partnership agreements with one or more parties, has a joint controlling interest over the management of the company. Investments in associates and joint ventures are reported in accordance with the equity method. When applying the equity method, the investment is initially measured at cost and the carrying amount is thereafter increased or reduced to reflect the Group's share of profit or loss after the acquisition date.

The Group's share of earnings arising after the acquisition is recognized in the income statement and its share of changes in other comprehensive income after the acquisition is recognized in other comprehensive income with the corresponding change in the holding's carrying amount. When the Group's share in an associate/joint venture's losses amounts to or exceeds its holdings, including any unsecured receivables, the Group does not recognize additional losses unless the Group has assumed legal or informal commitments or made payments on behalf of the associate/joint venture.

At the end of each reporting period, the Group assesses whether there is any objective evidence of impairment for the investment in associates/joint ventures. If such is the case, the Group calculates the impairment amount as the difference between the associate/joint venture's recoverable amount and the carrying amount and recognizes the amount under "Share of profits of associates and joint ventures" in the income statement.

Gains and losses from "upstream" and "downstream transactions" between the Group and its associates/joint ventures are only recognized in the Group's financial reports to the extent that they correspond to unrelated companies' investments in associates/joint ventures. Unrealized losses are eliminated, unless the transaction constitutes evidence of impairment of the transferred asset. Where appropriate, applied accounting policies in associates/joint ventures have been amended to ensure consistent application of the Group's policies.

2.3 Foreign currency translation

Functional and presentation currency

The various units within the Group utilizehave the local currency as their functional currency, since the local currency has been defined as the currency of the primary economic environment in which the entity predominantly operates. In the consolidated accounts, the SEK (Swedish krona) is used, which is the parent company's functional currency and the Group's presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency applying the exchange rates prevailing on the transaction date. Exchange gains and losses arising on the payment of such transactions and from the translation of monetary assets and liabilities in foreign currencies at the exchange rate on the balance sheet date are recognized in operating profit/loss in the income statement.

Translation of foreign subsidiaries

The earnings and financial position of all Group companies with a functional currency different from the presentation currency are translated into the Group's presentation currency. Assets and liabilities for each balance sheet are translated from their functional currency to the Group's presen-

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tation currency, SEK, at the exchange rate prevailing on the balance sheet date. Income and expenses for each income statement are translated into SEK at the average exchange rate prevailing on each transaction date. Translation differences arising on the translation of foreign operations are recognized in other comprehensive income.

2.4 Intangible assets

Concessions

Intangible assets consist of concessions. Concessions have been acquired through business combinations (in Canada) and are reported at fair value on the acquisition date. Concessions have a determinable useful life and are carried at cost less amortization. Amortization is applied on a straight-line basis over the useful life of 20 years.

Trademarks

Trade marks have been acquired through business combinations and reported at fair value on the acquisition date. Trademarks have a determinable useful life and are carried at cost less accumulated amortization. Amortization is applied on a straight-line basis to distribute the cost of trademarks over their assessed useful life of 5 years.

2.5 Property, plant and equipment

Investment properties

Investment properties are held to generate rental income and increases in value. Investment properties in the Group are initially recognized at cost, including directly attributable transaction expenses. After initial recognition, investment properties are recognized at fair value. Fair value is based primarily on prices in an active market and is the amount for which an asset could be exchanged between informed parties who are independent of one another and who have an interest in the transaction taking place. To determine the properties' fair value, a market assessment of all properties is performed in connection with the end of each reporting period. Note 20 provides a more detailed description of the grounds for index International's assessment of the investment properties.

Changes in the fair value of the investment properties are recognized as changes in value in the income statement.

Additional expenditure is capitalized only when it is likely that future economic benefits associated with the asset will be received by the Group, the expense can be measured reliably and the measure relates to the exchange of an existing identified component or the introduction of a new one. Other repair and maintenance expenses are expensed as incurred in the period in which they arise.

Other non-current assets

Other non-current assets are recognized at cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the asset. No depreciation is applied for land improvements.

Additional expenditure is added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be measured reliably. The carrying amount for a replaced component is derecognized from the balance sheet. All other forms of repairs and maintenance are expensed in the income statement in the period in which they arise.

Each component of a non-current asset with a significant cost in relation to the combined cost of the asset is depreciated separately. No depreciation is applied for and construction in progress. Depreciation of other assets is applied on a straight-line basis as follows:

Building equipment	4 years
Equipment, tools, fixtures and fittings	5 years

The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other operating income and other operating expenses in the income statement.

2.6 Impairment of non-financial fixed assets

Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is applied in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less selling expenses or its value in use, whichever is higher. In assessing impairment needs, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Assets other than financial assets, for which impairment has previously been applied, should be tested in connection with each balance sheet date to determine whether a reversal should be applied.

2.7 Non-current assets held for sale

Non-current assets classified as held for sale when their carrying amount will mainly be recovered through a sale transaction and a sale is considered highly probable. They are recognized at their carrying amounts or at fair value less selling expenses, whichever is lower.

2.8 Financial instruments – general

Numerous balance sheet items include financial instruments and these are described under 2.8–2.14.

2.8.1 Classification

The Group classifies its financial assets and liabilities in the following categories: Financial assets and liabilities at fair value through the income statement, loan and trade receivables and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets and liabilities at fair value through the income statement

Financial assets and liabilities at fair value through the income statement are financial instruments held for trade. Derivative instruments are classified as held for trade unless they are designated as hedges. The Group classifies derivative instruments (currency options) in this category.

Loan receivables and trade receivables

Loan receivables and trade receivables are financial assets that are not derivatives, with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items maturing later than 12 months after the balance sheet date, which are classified as

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fixed assets. The Group's "loan receivables and trade receivables" consist of receivables from associates, other non-current receivables, trade receivables, cash, and cash equivalents (see Notes 2.8 and 2.9), as well as the financial instruments reported under other receivables.

Financial assets available for sale
Financial assets available for sale are assets that are not derivatives and where the assets are identified as available for sale or not classified in any of the other categories. They are included in fixed assets if they are to be settled more than 12 months after the balance sheet date. The Group's "financial assets available for sale" consist of additional purchase prices relating to sales of properties.

Other financial liabilities
The Group's non-current and current liabilities to credit institutions, other non-current liabilities, trade payables, liabilities to associates and the share of other current liabilities that relates to financial instruments are classified as other financial liabilities.

2.8.2 Recognition and measurement

Acquisitions and disposals of financial assets are recognized on the transaction date, the date on which the Group commits to acquire or dispose of the asset. Financial instruments are initially recognized at fair value plus transaction expenses, which applies for all financial assets not recognized at fair value via the income statement. Financial assets valued at fair value via the income statement are initially recognized at fair value, while attributable transaction expenses are recognized in the income statement. Financial assets are derecognized from the balance sheet when the rights to receive cash flows from the instrument have expired or been transferred and the Group has relinquished virtually all of the risks and rewards associated with ownership. Financial liabilities are derecognized from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished.

Subsequent to acquisition, financial assets and liabilities valued at fair value through the income statement are carried at fair value. Subsequent to acquisition, loan receivables, trade receivables and other financial liabilities are recognized at amortized cost applying the effective interest method.

Gains and losses arising from changes in the fair value of financial assets and liabilities valued at fair value through the income statement are recognized as profit in the period in which they arise and are included in net finance items since they derive from financing activities.

2.8.3 Offsetting of financial instruments

Financial assets and liabilities are offset and recognized at the net amount in the balance sheet only when there is a legal right to offset the recognized amounts and an intention to settle them on a net basis, or to simultaneously realize the asset and settle the liability. The legal right should not be dependent on future events, and it must be legally binding on the company and the counterparty, both in the normal course of operations and in the event of defaulted payment, insolvency or bankruptcy.

2.8.4 Impairment of financial instruments

Assets recognized at amortized cost
(Loan receivables and trade receivables)
At the end of each reporting period, the Group assesses whether there is any objective evidence of impairment for a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and written down only if there is objective evidence of a need for impairment as a result of one or more events occurring after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment amount is recognized in the consolidated income statement under other external expenses or net financial items, depending on what financial asset is impaired. If the need for impairment decreases in a subsequent period and the decrease can be related objectively to an event occurring after the recognition of the impairment, the reversal of the previously recognized impairment is recognized in the income statement under "other external expenses" or net financial items, depending on what financial asset is impaired.

Assets classified as financial assets available for sale
At the end of each reporting period, the Group assesses whether there is any objective evidence of impairment for a financial asset or group of financial assets. If there is such evidence regarding a debt instrument, the cumulative loss – calculated as the difference between cost and current fair value, less any previous impairment recognized in the income statement – is removed from equity and recognized in the income statement. If the fair value of a debt instrument available for sale increases in a subsequent period and this increase can be related objectively to an event occurring after the recognition of the impairment, the impairment is reversed through the income statement.

2.9 Derivatives

Derivatives are financial instruments recognized in the balance sheet on the transaction date and measured at fair value, both initially and in subsequent revaluations. The gain or loss arising on remeasurement is recognized in the income statement when the requirements for hedge accounting are not met.

The fair value of a derivative instrument is classified as a non-current asset or liability when the hedged item's remaining maturity is more than 12 months and,, as a current asset or liability, when the hedged item's remaining maturity is less than 12 months.

2.10 Inventories

Inventories of financial instruments are measured at fair value. Stocks of raw materials and supplies are recognized at cost or net realizable value, whichever is lower. Cost is determined applying the first-in, first-out method.

2.11 Trade receivables

Trade receivables are financial instruments comprising amounts due from customers for goods and services sold in the ordinary course of operations. If payment is expected within a year or less, they are classified as current assets. If not, they are recognized as non-current assets.

Trade receivables are initially recognized at fair value and subsequently at amortized cost applying the effective interest method, less any provision for impairment.

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2.12 Cash and cash equivalents

Cash and cash equivalents are financial instruments and include, in both the balance sheet and the statement of cash flows, cash and bank balances.

2.13 Trade payables

Trade payables are financial instruments and concern obligations to pay for goods and services acquired from suppliers in the ordinary course of operations. Accounts payable are classified as current liabilities if they fall due within a year. If not, they are recognized as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently at amortized cost applying the effective interest method.

2.14 Liabilities to credit institutions

Liabilities to credit institutions are financial instruments and are initially recognized at fair value, net of transaction expenses. Borrowings are subsequently recognized at amortized cost and any difference between the proceeds received (net of transaction expenses) and the redemption value is recognized in the income statement over the period of the borrowings applying the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

2.15 Borrowing expenses

General and specific borrowing expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that by necessity take a substantial period of time to complete for their intended use or sale, are recognized as part of these assets' cost. Capitalization ceases when all activities required to prepare the asset for its intended use or sale have substantially been completed.

Financial income arising when specifically borrowed capital is temporarily invested pending its use to finance the asset, offsets the loan expenses that could be capitalized. All other borrowing expenses are expensed as they are incurred.

2.16 Provisions

Provisions are measured at the present value of the amount expected to be required to settle the obligation. Here, a discount rate before tax is applied that reflects a current market assessment of the time-dependent value of money and the risks associated with the obligation. The increase in the provision attributable to the passage of time is recognized as an interest expense.

2.17 Current and deferred tax

The tax expense for the period comprises current and deferred tax. The current tax expense is calculated on the basis of the tax regulations enacted or substantively enacted on the closing date in the countries where the parent company and its subsidiaries operate and generate taxable income.

Deferred tax is recognized, in accordance with the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined applying tax rates that have been enacted or substantially enacted by the balance sheet date and that are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets on loss carryforwards are recognized to the extent that it is probable that future taxable profit will be available against which the carryforwards can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities, where the deferred tax assets and tax liabilities are attributable to taxes levied by the same tax authority and relate to either the same taxable entity or different taxable entities and there is an intention to settle the balance through net payments.

2.18 Employee benefits

Pension obligations

The Group only has defined-contribution pension plans. A defined-contribution pension plan is one under which the Group pays fixed fees into a separate entity. The Group has no legal or informal obligations to pay further fees if this legal entity does not hold sufficient assets to pay all employee benefits relating to employees' service in the current period or prior periods.

For defined-contribution plans, the Group pays fees to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The fees are recognized as personnel expenses when they fall due for payments ar due. Prepaid fees are recognized as an asset to the extent that cash repayment or a reduction of future payments can benefit the Group.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to terminate employees according to a detailed formal plan without the possibility of revocation. In the event that the company has made an offer to encourage voluntary redundancy, severance pay is based on the number of employees expected to accept the offer. Benefits that mature more than 12 months after the end of the reporting period are discounted to their present value.

2.19 Income recognition

Income comprises the fair value of the payment received or to be received for the sale of goods and services sold as part of the Group's operating activities, and rental income. The Group's income consists primarily of rental income from property, aviation income, income from a bio gas plant and the sale of investment properties. Income is recognized net of VAT and discounts and after eliminating intra-Group sales.

Income from the sale of goods is recognized when the risks and rewards of ownership of the goods have passed to the buyer, which normally occurs in connection with delivery, and when the income and associated expenses can be reliably estimated and it is probable that the economic benefits associated with the sale of the units will accrue to the Group.

Notes

Service income
The Group sells various forms of services externally, such as property advice, administration and services in connection with financing. Income from sales of services is recognized in the period in which the services are performed.

Property income
Lease agreements are classified in their entirety as operational lease agreements in accordance with Note 2.19 below, which is why the income reported by the Group mainly pertains to rental income. Property income and rent discounts are recognized on a straight-line basis in the income statement based on the terms of the lease. Rent paid in advance is recognized as deferred property income. In cases where no further action is required on Index International's behalf, income from the early termination of leases is recognized as income in the period in which the compensation is received.

Income from property sales
Index International recognizes income and expenses from acquisitions and sales of properties at the point in time at which the risks and benefits have been transferred to the buyer, which normally coincides with the date on which the buyer takes possession of the property. In determining the date on which the income is recognized, agreements between the parties regarding the risks and benefits, and commitments with regard to on-going administration are taken into account. Circumstances beyond the seller and/or buyer's control that may affect the outcome of the transaction are also taken into account. The criteria for income recognition are applied to each transaction individually.
On the sale of investment properties through one of the Group's joint ventures to a tenant-owner association, 50 percent of the income is recognized when index International sells the investment property to the joint venture, and the remaining 50 percent is recognized when the investment property is transferred to the tenant-owner association.

2.20 Leasing

Index International is the lessee
The Group holds leases relating to photocopiers and rental of office premises.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operational leases. Payments made during the lease period are expensed on a straight-line basis in the income statement across the lease period. All leases in the Group are classified as operational leases.

Index International AB is the lessor
Leases where, to all intents and purposes, all of the risks and rewards associated with ownership accrue to the lessor are classified as operational leases. Based on this, all of the Group's leases are classified as operational leases. Properties leased under operational leases are included in the item "Investment properties".

2.21 Statement of cash flows

The statement of cash flows is prepared using the indirect method. This entails operating result being adjusted for transactions not giving rise to the receipt or disbursement of any payments during the period and for any income or expenses attributable to cash flows from investing or financing activities.

2.22 Share capital

Ordinary shares are classified as equity.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief executive decision maker. The chief executive decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. Index International has identified a single operating segment, which is the Group as a whole. The assessment is based on the Group's management team constituting the "chief executive decision maker", which monitors the Group as a whole, since no division, geographically or in terms of business area/product category, etc. is applicable. Financial reporting is based on a Group-wide functional organization and management structure.

2.24 Parent company accounting policies

The parent company's annual accounts have been prepared in accordance with the Annual Accounts Act (AAA) and the Swedish Financial Reporting Board's recommendation RFR 2 for legal entities.

The parent company applies accounting policies other than those applied by the Group in the cases listed below.

Presentation formats
The income statement and balance sheet follow the presentation format set out in the Annual Accounts Act. The statement of changes in equity also follows the consolidated format but must include the columns specified in AAA. In addition, this entails a difference in terminology, compared with the consolidated accounts, primarily with regard to financial income and expenses and equity.

Investments in subsidiaries
Participations in subsidiaries are carried at cost less any impairment. Cost includes acquisition-related expenses and any additional consideration.

Where there is an indication that participations in subsidiaries have decreased in value, an estimate of the recoverable value is made. If this is lower than the carrying amount, impairment is recognized. Impairment is recognized under "Income from participations in Group companies".

Leases
All leases, whether financial or operational, are classified as operational leases.

Financial instruments
IAS 39 is not applied for the parent company and financial instruments are measured at cost.

Group contributions
In accordance with the alternative rule, group contributions that the parent company receives from or pays to subsidiaries are recognized as appropriations.

Notes

Note 3 Financial risk management

3.1 Financial risk factors

Through its operations, the Group is exposed to a variety of financial risks: market risk (currency risk and interest rate risk in cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial results. The Group uses derivative instruments such as currency options to hedge certain risk exposures. Financial and risk management are administered by the company's finance department on directives from the owners and the Board of Directors. The parent company is largely responsible for the Group's loan financing, currency and interest rate risk management and serves as an internal bank in connection with Group companies' financial transactions.

a) Market risk

(I) Currency risk

The Group operates globally and is vulnerable to currency risks arising from various currency exposures, primarily with regard to USD (US dollars) and CAD (Canadian dollars). Currency risk arises primarily through the reported assets and liabilities, as well as net investments in foreign operations.

Transaction risk

Transaction risk is the risk that consolidated net income and cash flow will be affected due to the value of recognized assets and liabilities being denominated in foreign currencies and commercial flows in foreign currencies changing as a consequence of fluctuations in exchange rates. The Group makes most of its purchases and sales in each Group company's local currency and the Group therefore has no significant currency risk in its commercial flows. Transaction risk arises primarily from the Group's borrowing and lending in USD and CAD.

In 2014, exchange rate differences recognized in the income statement amounted to SEK 135,443 thousand (negative SEK 27,094 thousand).

Of these, SEK 4,110 thousand (SEK 1,936 thousand) concern translation differences from subsidiaries in the US and Canada.

Translation risk

The Group is exposed to a risk when translating foreign subsidiaries' net assets into the consolidation currency, Swedish kronor (SEK). Foreign subsidiaries are located in the US and Canada. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, CAD and USD.

The Group has analyzed its sensitivity to changes in the CAD and USD.

Had the SEK weakened/strengthened by 10 percent against the USD with all other variables remaining constant, net income as per December 31, 2014 would have been SEK 2,949 thousand higher/lower (SEK 2,065 thousand higher/lower).

Had the SEK weakened/strengthened by 10 percent against the CAD with all other variables remaining constant, net income as per December 31, 2014 would have been SEK 8,578 thousand higher/lower (SEK 11,251 thousand higher/lower).

(ii) Interest rate risk

The Group holds interest-bearing financial assets and liabilities whose changes linked to market interest rates affect earnings and cash flow from operations. Interest rate risk is the risk that changes in market interest rates will affect the Group's net earnings negatively. The Group's interest rate risk arises primarily through long-term borrowings that mainly have variable interest rates. Borrowings at variable interest rates expose the Group to interest rate risk with regard to cash flows partially offset by loans and bank balances with variable interest rates. Borrowings at fixed interest rates expose the Group to interest rate risk relating to fair value. In 2014 and 2013, the Group's borrowing and lending was denominated in SSEK, USD and CAD. The Group does not use derivative instruments to manage the interest rate risk in its borrowings.

Liabilities to credit institutions at variable interest amounted to SEK 303,479 thousand (SEK 392,874 thousand) on the balance sheet date and consolidated cash and cash equivalents amounted to SEK 132,351 thousand (SEK 101,724 thousand). A change in working capital by +/– 2 percent would entail an effect on net interest of SEK +/- 11,898 thousand (SEK 7,343 thousand).

Notes

b) Credit risk

Credit risk is managed at the Group level, with the exception of credit risk associated with outstanding receivables. Each Group company is responsible for monitoring and analyzing the credit risk of each new customer before offering standard terms of payment and delivery. Credit risk arises through cash and cash equivalents, derivative instruments and bank deposits, as well as outstanding receivables and agreed transactions. Loans to related companies pose a risk if the counterparty no longer can or will meet its obligations or otherwise declines to do so. Were such a situation to arise, this could have a negative impact on the Group's return and financial position. In cases where no independent credit assessment is made, a risk assessment is made of the customer/tenant's creditworthiness in which his/her financial position is taken into account, as well as previous experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Board of Directors/management. The application of credit limits is followed up on a regular basis. No credit limits were exceeded during the reporting period, and management does not anticipate any losses due to non-payment by these counterparties.

c) Liquidity risk

Liquidity risk is the risk that the Group will lack cash and cash equivalents with which to pay its commitments with regard to financial liabilities. The objective of the company's liquidity management is to minimize the risk of the Group lacking sufficient cash and cash equivalents to meet its commercial commitments. Cash flow forecasts are prepared regularly by the Group's finance department, reporting to management. The finance department carefully monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient cash in hand to meet the needs of the current operations. The finance department also ensures that the Group maintains sufficient scope in unutilized agreed credit facilities so that the Group does not breach loan limits/terms (where applicable) on any of its credit facilities. Surplus liquidity in the Group's operating companies, exceeding the part required to meet working capital needs, is transferred to the parent company.

The Group has no unutilized credit facilities. Other future liquidity stress involves payment of trade payables and other current liabilities, and loan amortization.

The table below analyzes the Group's non-derivative financial liabilities and net settled derivative instruments, divided by the time remaining until the contractual maturity as per the balance sheet date. Derivative instruments comprising financial liabilities are included in the analysis if their contractual maturities are essential in understanding the timing of future cash flows. The amounts shown in the table are the contractual undiscounted cash flows.

Notes

As per December 31, 2014 (SEK thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loan	–	–	367,838	–
Liabilities to credit institutions	26,166	29,924	79,755	472,229
Other non-current liabilities	–	21,628	–	–
Trade payables	52,297	–	–	–
Liabilities to associates	136,816	–	-	–
Derivatives	–	–	10,591	–
Other current liabilities	52,623	–	–	–
Total	**267,902**	**51,552**	**458,184**	**472,229**

As per December 31, 2013 (SEK thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loan	–	–	267,542	–
Liabilities to credit institutions	111,346	6,236	27,725	247,567
Other non-current liabilities	–	–	–	2,907
Trade payables	37,569	–	–	–
Liabilities to associates	2,379	–	–	–
Derivatives	10,870	–	–	–
Other current liabilities	64,033	–	–	–
Total	**226,197**	**6,236**	**295,267**	**250,474**

3.2 Capital risk management

The Group's objective regarding capital structure is to secure the Group's ability to continue its operations so that it can continue to generate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to keep capital expenses down.

The Group assesses capital on the basis of the debt/equity ratio. This key figure is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as net debt plus equity.

(SEK thousand)	31 December 2014	31 December 2013
Total borrowing (Note 34)	608,074	392,874
Less: cash and cash equivalents (Note 31)	–132,351	–101,724
Net debt	475,723	291,150
Equity	1,082,286	978,855
Total capital	**1,558,009**	**1,270,005**
Debt/equity ratio	**30.53%**	**22.93%**

3.3 Calculation of fair value

The carrying value, less impairment, of trade and other receivables and trade and other payables are assumed to approximate their fair value because these items are short-term in nature.

The table below shows financial instruments measured at fair value, based on their classification in the fair value hierarchy. The different Levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices) (Level 2).
- Data for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3)

Notes

The following table shows the Group's financial assets and liabilities measured at fair value as per 31 December 2014.

(SEK thousand)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through the income statement	–	–	–	–
– Derivative instruments held for trading: Currency options	–	–	–	–
– Financial assets available for sale	–	–	239,000	239,000
Total assets	**–**	**–**	**239,000**	**239,000**
Liabilities				
Financial liabilities at fair value through the income statement	–	–	–	–
– Non-current assets held for sale: Currency options	–	10,591	–	10,591
Total liabilities	**–**	**10,591**	**–**	**10,591**

The following table shows the Group's financial assets and liabilities measured at fair value as per 31 December 2013.

(SEK thousand)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through the income statement				
– Non-current assets held for sale: Currency options	–	–	–	–
– Financial assets available for sale	–	–	257,685	257,685
Total assets	**–**	**–**	**257,685**	**257,685**
Liabilities				
Financial liabilities at fair value through the income statement				
– Derivative instruments held for trading: Currency options	–	10,870	–	10,870
Total liabilities	**–**	**10,870**	**–**	**10,870**

Fair value of financial instruments traded in active markets is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or supervisory body are readily and regularly available and those prices represent actual and regularly occurring market transactions at arm's length. The quoted market price used for the Group's financial assets is the current bid price. The Group has no financial instruments classified in Level 1.

The fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Here, as much market data as possible is used where available and company-specific data is used as little as possible. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument is included in Level 2. The Group's financial instruments included in Level 2 consist of currency options.

In cases where one or more significant inputs not based on observable market data, the relevant instruments are classified Level 3. The following table shows the changes in fair value for financial assets available for sale:

	31 December 2014	31 December 2013
Opening balance	257,685	272,509
Transfers to Level 3	–18,685	21,300
Gains and losses recognized in the income statement (see Note 14)		–36,124
Closing balance	**239,000**	**257,685**

In the table, fair value is based on forecast net profit from fixed income from sales of newly constructed tenant-owner properties (to tenant-owner associations), against contracting expenses for the construction projects. The forecasts for the projects are based largely on fixed income and expenses, providing a minimal margin of error for their outcomes.

Notes

Note 4 Significant estimates and assessments

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

Significant estimates and assessments for accounting purposes
The Group makes estimates and assumptions concerning the future. The resulting estimates for accounting purposes will, by definition, seldom equal the actual outcomes. The estimates and assumptions entailing a significant risk of substantial adjustments to the carrying values of assets and liabilities over the ensuing financial year are outlined below.

Valuation of investment properties
Investment properties are to be recognized at fair value, which is determined by management based on the properties' market value. Significant assessments have thus been made regarding aspects including the cost of capital and direct yield requirements, which are based on the valuers' empirical assessments of the market's return requirements for comparable properties. Estimates of cash flow for operating, maintenance and administrative expenses are based on actual expenses, but also on experience from comparable properties. Future investments have been assessed based on the actual needs that exist. Note 20, Change in value of investment properties provides detailed information on the assessments and assumptions in other regards.

Distinction between business combinations and asset acquisitions
When a company is acquired, this constitutes either an acquisition of a business or an acquisition of assets. An acquisition of assets exists where the acquisition relates to property, with or without leases, but not including the organization and processes required to conduct the management operations. Other acquisitions are business combinations. In connection with each individual acquisition, management assesses which criteria are. For 2014 and 2013, the assessment is that only asset acquisitions were implemented.

Valuation of tax loss carryforwards
Each year, the Group tests deferred tax assets related to tax loss carryforwards for impairment. In addition, the Group assesses whether it is appropriate to capitalize new deferred tax assets for the year's tax loss carryforwards. Deferred tax assets are only recognized for tax loss carryforwards that can likely be utilized against future taxable surpluses and against taxable temporary differences

Note 5 Segment information

Group-wide information
The following is a breakdown of income from all products and services:

	2014	2013
Analysis of income by income type:		
– Sales of goods	–	33
– Income from property rents	55,012	62,372
– Income from services	1,560	1,899
Total	**56,572**	**64,304**

The Group has its registered offices in Sweden. Income from external customers in Sweden amounts to SEK 54,311 thousand (SEK 60,626 thousand) and total income from external customers in other countries amounted to SEK 2,261 thousand (SEK 3,678 thousand).

Total fixed assets other than financial instruments and deferred tax assets (there are no assets in connection with post-employment benefits or rights under insurance contracts), that are located in Sweden amount to SEK 825,029 thousand (SEK 750,773 thousand) and the total of such assets located in other countries amounts to SEK 802,299 thousand (SEK 349,862 thousand).

Income of approximately SEK 9,557 thousand (SEK 7,883 thousand) pertains to a single external customer. This income relates to rental of premises.

Notes

Note 6 Distribution of net sales

Net sales are distributed by type of income as follows:

Group	2014	2013
Sales of goods	–	33
Income from properties	55,012	62,372
Sales of services	1,560	1,899
Group total	**56,572**	**64,304**

Parent company	2014	2013
Sales of services	2,065	1,371
Property rents	177	–
Parent company total	**2,242**	**1,371**

Note 7 Parent company sales to and purchases from Group companies

Over the year, the parent company invoiced subsidiaries SEK 652 thousand (800 thousand) for Group-wide services. The parent company has purchased services from Group companies amounting to SEK 100 thousand (SEK 75 thousand) relating to management fees to the Company's owners.

Note 8 Remuneration to the auditors

Group	2014	2013
PwC		
Audit assignment	1,173	1,102
Audit activities other than audit assignment	20	98
Tax consultancy	785	452
Other services	1,125	477
Group total	**3,103**	**2,129**

Parent company	2014	2013
PwC		
Audit assignment	940	919
Audit activities other than audit assignment	20	98
Tax consultancy	785	397
Other services	1,125	477
Parent company total	**2,870**	**1,891**

Notes

Note 9 Employee benefits, etc.

Group	2014	2013
Salaries and other benefits	15,320	7,086
Social security contributions	1,896	1,499
Pension expenses – defined-contribution plans	1,095	626
Group total	**18,311**	**9,211**

Salaries, other benefits and social security contributions	2014 Salaries and other benefits (including bonuses)	2014 Social security contributions (of which pension expenses)	2013 Salaries and other benefits (including bonuses)	2013 Social security contributions (of which pension expenses)
Members of the Board of Directors, CEO and other senior positions	3,555	510 (381)	3,888	820 (395)
Other employees	11,765	1,386 (714)	3,198	679 (231)
Group total	**15,320**	**1,896 (1,095)**	**7,086**	**1,499 (626)**

Gender distribution in the Group (including subsidiaries), members of the Board of Directors and other senior executives

	2014		2013	
	Number on balance sheet date	Of whom, women	Number on balance sheet date	Of whom, women
Members of the Board of Directors	44	19	38	16
CEO and other senior positions	4	1	4	1
Group total	**48**	**20**	**42**	**17**

Parent company	2014	2013
Salaries and other benefits	3,505	1,481
Social security contributions	1,132	457
Pension expenses – defined-contribution plans	469	215
Parent company total	**5,105**	**2,153**

Salaries, other benefits and social security contributions	2014		2013	
	Salaries and other benefits (including bonuses)	Social security contributions (of which pension expenses)	Salaries and other benefits (including bonuses)	Social security contributions (of which pension expenses)
Members of the Board of Directors, CEO and other senior executives	1,580	510 (294)	1,311	438 (206)
Other employees	1,925	622 (174)	170	19 (9)
Parent company total	**3,505**	**1,132 (469)**	**1,481**	**457 (215)**

Average number of employees, geographical breakdown by country	2014		2013	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Sweden	7	5	2	2
Total parent company	**7**	**5**	**2**	**2**
Subsidiaries				
Sweden	5	1	6	2
US	11	4	–	–
Canada	15	3	6	1
Total subsidiaries	**31**	**8**	**12**	**3**
Group total	**38**	**13**	**14**	**5**

Notes

Gender distribution among members of the Board of Directors and other senior executives in the Parent Company

	2014		2013	
	Number on balance sheet date	**Of whom, men**	**Number on balance sheet date**	**Of whom, men**
Members of the Board of Directors	3	3	3	2
CEO and other senior executives	2	1	1	–
Parent company total	**5**	**4**	**4**	**2**

Remunerations and other benefits

Guidelines
The Chairman and members of the Board of Directors are paid fees in accordance with a decision by the Annual General Meeting.

Remuneration to the CEO and other senior executives consists of basic salary. Other senior executives are those who, together with the President constitute Group management.

Other benefits to the CEO and other senior executives are paid as part of their total remuneration.

Terms for the CEO and other senior executives
For the company's CEO and other senior executives, no severance pay is payable. The period of notice is three months.

Pensions
For Group employees entitled to pension under their employment contracts, Index pays pension premiums according to a fixed percentage plan. The percentage plan is divided as follows:

– 4.8 percent of salary up to 7.5 base amounts
– 31.6 percent of salary exceeding 7.5 base amounts

Index has an agreement with an insurance and pension advisory company whereby employees can themselves choose how their pension should be invested.

Remuneration to other senior executives
Salary and remuneration to the account for SEK 1,130 thousand (1,249 thousand) and remuneration to the Board of Directors SEK 250 thousand (100 thousand) of the companies' total salaries and remunerations.

Remuneration and other benefits in 2014

	Basic salary/Board fees	**Pension expenses**	**Total**
CEO (November 2014–December 2014) Rickard Haraldsson	315	64	379
Chairman of the Board (January 2014–October 2014) Arne Weinz	125	–	125
CEO (January 2014–October 2014) Marie-Louise Alamaa	815	193	1,008
Deputy CEO (November 2014-December 2014) Marie-Louise Alamaa	200	36	236
President US (January 2014–December 2014) Bjarne Borg	1,714	75	1,790
Member of the Board of Directors (January 2014–December 2014) Brian Borg	125	–	125
Other senior executives (1 individual)	261	13	273
TOTAL	**3,555**	**381**	**3,936**

Notes

Remuneration and other benefits in 2013

	Basic salary/Board fees	Pension expenses	Total
Chairman of the Board (January 2013–August 2013) Rickard Haraldsson	723	125	848
Chairman of the Board (August 2013–December 2013) Arne Weinz	100	–	100
CEO (August 2013-December 2013) Marie-Louise Alamaa	320	81	401
Member of the Board of Directors (January 2013–August 2013) Marie-Louise Alamaa	480	135	615
Member of the Board of Directors (August 2013-December 2013) Brian Borg	359	13	373
Other senior executives (three individuals)	1,906	40	1,947
Total	**3,888**	**395**	**4,283**

Note 10 Other operating income and other operating expenses

	Group		Parent company	
Other operating income	**2014**	**2013**	**2014**	**2013**
Sales of fixed assets	376	–	–	–
Insurance compensation	43	171	–	–
Reversal of impairment, inventories	–	–	–	–
Management fees	15,031	–	–	–
Other	921	211	–	–
Total other operating income	**16,371**	**381**	**–**	**–**

	Group		Parent company	
Other operating expenses	**2014**	**2013**	**2014**	**2013**
Sales of fixed assets	–	–	–	–
Other	–	–51	–	–
Total other operating expenses	**–**	**–51**		

Note 11 Result from investments in Group companies

	Parent company	
	2014	**2013**
Disposals of shares	1,100	–
Impairment of shares	–	–7,469
Total profit from investments in Group companies	**1,100**	**–7,469**

Note 12 Result from investments in associates

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Impairment of shares in associates	–2,684	–	–	–
Result on disposal of subsidiaries	–277	–	1,931	–
Result from share of equity in associates	1,146	2,671	–	–
Total profit/loss on investments in associates and joint ventures	**–1,815**	**2,671**	**1,931**	**–**

Notes

Note 13 Result from other securities and receivables that are non-current assets

	Parent company	
	2014	2013
Exchange rate difference non-current receivables	107,113	–27,257
Impairment of receivables	–9,867	–50
Total result from other securities and receivables that are non-current assets	**97,246**	**–27,307**

Note 14 Financial income and expenses / Interest income and expense

	Group		Parent company	
Financial income/interest income	**2014**	**2013**	**2014**	**2013**
Interest income on bank deposits	154	161	134	120
Interest income on lending	43,974	39,713	89,224	62,237
Exchange rate effect on current receivables	27,723	–	27,723	–8,293
Exchange rate effect on non-current receivables	103,610			
Change in fair value of derivative instruments – currency options	5,173	1,347	5,173	1,347
Result from investments in Group companies	2,830	36,979	–	–
Total financial income/interest income	**183,464**	**78,200**	**122,254**	**55,411**

The strong development of the USD and CAD in 2014 entailed major exchange rate effects on the Index Group's loans to the sister companies in Canada and the US.

	Group		Parent company	
Financial expenses/interest expenses	**2014**	**2013**	**2014**	**2013**
Interest expenses on liabilities to owners	–3,212	–15,151	–2,037	–959
Interest expenses on liabilities to the Group	–	–	–13,544	–12,541
Interest expense on bond loan	–46,369	–12,375	–46,369	–12,375
Interest expenses, other	–12,112			
Exchange rate effect on current receivables	–	–5,610	–	–
Exchange rate effect on non-current receivables	–	–23,420	–	–
Change in fair value of derivative instruments – currency options	–	–8,665	–	–
Impairment of receivables	–9,867			
Other financial expenses	–7,458	–	–1,317	–1
Total financial expenses/interest expenses	**–79,018**	**–65,221**	**–63,267**	**–25,876**
Total financial items – net	**104,446**	**12,979**	**58,987**	**29,535**

Notes

Note 15 Investments in associates

	2014	2013
Opening cost	57,373	49,192
Purchasing/shareholder contributions	180	8,050
Disposal of holdings	–46,586	
Reclassifications	–	131
Closing accumulated acquisition values	**10,967**	**57,373**
Opening impairment	–27,270	–27,270
Impairment for the year	–2,684	–
Reversal of impairment	29,954	–
Closing accumulated impairment	**–**	**–27,270**
Opening changes in share of equity	3,731	2,010
Reversal of change in share of equity	–4,179	–
Changes in share of equity in associates	2,041	1,721
Closing change in share of equity	**1,593**	**3,731**
Closing carrying amount	**12,560**	**33,834**

Listed below are the associates considered by the Board of Director to be significant for the Group as per December 31, 2014. The share capital of the associates listed below consists solely of ordinary shares owned directly by the Group. The countries where such companies have been incorporated or registered are also the countries in which they conduct their main operations. Nature of investments in associates, 2013 and 2014:

Name	Registration country	Assets	Liabilities	Income	Earnings	Holding %
2014						
Sport Hotels AB	Sweden	1,726	1,061	–	–29	30%
Index Aviation LLC	US	14,573	8,514	–	–527	50%
Intercoastal Park LLC	US	–	–	–	–	50%
		14,573	**8,514**		**–556**	

* At the date of signing of the Annual Report, financial data have not been received for inclusion.

Name	Registration country	Assets	Liabilities	Income	Earnings	Holding %
2013						
Gyllene Ratten Holding AB	Sweden	28,557	28,458	–	–58	50%
Code Right AB	Sweden	20,936	3,138	–	–148	20%
Soldig Software AB	Sweden	8	–	–	–5	43%
Magnusson Mäkleri AB	Sweden	11,183	2,201	12,462	33	20%
Luccibello Travel AB	Sweden	7,202	3,908	5,603	244	30%
GoExcellent Holding AB	Sweden	101,302	80,428	21,603	–6,350	30%
Index Aviation LLC	US	2,967	2,722	–	–342	50%
Intercoastal Park LLC	US	–	–	–	–	50%
		172,155	**120,855**	**39,668**	**–6,626**	

Notes

Note 16 Investments in joint ventures

	2014	2013
Opening cost	11,786	10,796
Purchasing/shareholder contributions	–	1,040
Reclassifications	50	–50
Closing accumulated acquisition values	**11,786**	**11,786**
Changes in share of equity in associates	437	–
Closing change in share of equity	**437**	**–**
Closing carrying amount	**12,223**	**11,786**

The Group has a 50 percent holding in Fröjden AB and Västermalms Strand Holding AB, which constitute holdings in joint ventures. The following total items are associated with index International's holdings in joint ventures:

Name	Fixed assets	Current assets	Current liabilities	Non-current liabilities	Income	Expenses	Holding %
2014							
Fröjden AB	233,543	90139	998	–	233,002	–158	50%
Västermalms Strand Holding AB	135,500	160,961	1	11,979	2,036	–2,557	50%
Total							

Name	Fixed assets	Current assets	Current liabilities	Non-current liabilities	Income	Expenses	Holding %
2013							
Fröjden AB	543	10,118	1,821	–	–	–70	50%
Västermalms Strand Holding AB	102,970	28,443	3,767	127,548	925	–2,975	50%
Total	**103,513**	**38,561**	**5,588**	**127,548**	**925**	**–3,045**	

There are no contingent liabilities arising from the Group's interests in these joint ventures.

Not 17 Appropriations

	Parent company	
	2014	2013
Change in tax allocation reserve	–17,500	
Group contributions paid	–50,720	–
Total	**–68,220**	**–**

Notes

Note 18 Income taxes/tax on earnings for the year

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Current tax:				
Current tax on earnings for the year	–17,267	–	–11,551	3,250
Total current tax	**–17,267**	**–**	**–11,551**	**3,250**
Deferred tax (see Note 24)	8,839	–1,270	–	–
Total deferred tax	**8,839**	**–1,270**	**–**	**–**
Income taxes	**–8,428**	**–1,270**	**–11,551**	**3,250**

Income tax on the profit differs from the theoretical amount that would arise applying the effective tax rate to the profits of the consolidated companies as follows:

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Profit before tax	109,958	–3,710	139,802	–24,654
Income tax calculated according to national rates applicable to profits in the countries concerned	–22,224	1,053	–30,756	5,424
Tax effects of:				
• Non-taxable income	22,638	6,426	729	0
• Non-deductible expenses	–3,524	–7,487	–2432	–2,251
• Transfer to tax allocation reserve	–	–	3,850	
• Tax losses for which no deferred tax asset is recognized	–20,369	–1,372	–	–
• Utilization of loss not previously recognized	15,522	109	17,058	76
Tax expense	**8,428**	**–1,270**	**–11,551**	**3,250**

The weighted tax rate for the Group is 20.2 percent (28.4 percent) and for the parent company 22.0 percent (22 percent).

Note 19 Exchange differences

Exchange differences are recognized in the income statement as follows:

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
Net financial items	131,333	–32,495	134,836	–32,867
Total exchange rate differences in income statement	**131,333**	**–32,495**	**134,836**	**–32,867**

Notes

Note 20 Intangible assets

Group	Concessions	Trademarks	Total
As per January 1, 2013			
Cost	13,764	18,651	32,415
Accumulated amortization	–1,376	–7,282	–8,658
Group changes	–	–447	–447
Opening carrying amount	**12,388**	**10,922**	**23,310**
The 2013 financial year			
Opening carrying amount	12,388	10,922	23,310
Purchasing/conversion	–	–	–
Depreciation/amortization	–688	–3,640	–4,328
Impairment	–	–	–
Closing carrying amount	**11,699**	**7,282**	**18,982**
As per December 31, 2013			
Cost	13,764	18,651	32,415
Accumulated amortization	–2,065	–11,369	–13,433
Closing carrying amount	**11,699**	**7,282**	**18,982**
The 2014 financial year			
Opening carrying amount	11,699	7,282	18,981
Purchasing/conversion	–	–	–
Depreciation/amortization	–688	–3,489	–4,177
Disposals		–3,793	–3,793
Impairment	–	–	–
Closing carrying amount	**11,011**	**–**	**11,011**
As per December 31, 2014			
Cost	13,764	18,651	32,415
Accumulated amortization	–2,753	–14,858	–17,611
Disposal/reversal		–3,793	–3,793
Closing carrying amount	**11,011**	**–**	**11,011**

Note 21 Investment properties

Group

The 2013 financial year	
Opening carrying amount	599,853
Non-current assets held for sale	–144,500
Adjustment fair value investment properties	–29,700
Other investment	15,847
Closing carrying amount at December 31, 2013	**441,500**
The 2014 financial year	
Opening carrying amount	441,500
Non-current assets held for sale	–60,000
Reclassification	30,742
Adjustment fair value investment properties	32,560
Other investment	16,940
Closing carrying amount at December 31, 2014	**461,742**

Notes

Fair value of investment properties

Index International reports its properties at fair value in the balance sheet, which corresponds to the properties' market value. Changes in market values are recognized as changes in value in the income statement. At year-end 2014, fair value is determined based on external appraisers. Independent consulting firms FS Fastighetsstrategi AB/Real Advisor AB have been engaged aAs external appraisers.

Fair value is calculated for each individual property by means of a 10-year cash flow model. The most significant variables in the model, which are crucial for the estimated fair value, are the dividend yield requirement and estimated real growth, i.e. inflation assumptions. Other important variables are net operating income and the long-term vacancy rate. The dividend yield is determined based on factors including the market risk rate for property investments at any given time. This is based on a number of factors such as market interest rates. Debt/equity ratio, inflation expectations and required return on capital. However, even property-specific conditions affect the dividend yield requirement. The dividend yield requirement is the property's net operating income in relation to its fair value.

The level of future annual inflation is assessed at 2 percent. The discount rate applied is the established dividend yield rate plus the inflation rate.

Discount rate on valuation, December 31, 2014, %	
– Stockholm	7.3–8.5
– Västervik and environs	9.1
– Ajax, Durham, Ontario	10.0

Valuation assumptions, weighted average, December 31, 2014	
– Inflation assumption	2.0%
– Interest applied in calculating residual value	8.19%
– Dividend yield requirement, residual value	6.19%
– Long-term vacancy rate	5.04%
– Operating and maintenance expenses, year 1	SEK 412/m2
– Market rent level	SEK 1,461/m2

Net operating income is the difference between property income and operating and maintenance expenses (property expenses before property administration). The starting point is the current forecast for net operating income based on the outcome for the preceding year. However, income and/or operating and maintenance expenses for a particular year may be influenced by factors not common to the longer-term lifetime of the property. Where this is the case for the forecast in question, the amount for the individual year is normalized.

Cash flow for operating, maintenance and administrative expenses is based on actual expenses and on experience from comparable properties. Net operating income is the difference between property income and operating and maintenance expenses (property expenses before property administration). Investments have been assessed based on the needs that exist.

When all variables are determined based on the above description, a calculation is made of the present value of the next 10 years' net operating income in the cash flow model. In addition, the present value of the residual value based on the tenth year's net operating income is calculated in this model. Any adjustments in the value of ongoing projects and land with unutilized building rights are then applied.

Following deductions for deferred taxes, the revaluation is recognized under "Change in value of investment properties" in the income statement.

All fair value valuations of investment properties have been made using significant unobservable inputs (Level 3). There has been no change in valuation method between periods, and hence no transfer between the fair value levels. For an explanation of the fair value levels, see Note 3.3.

Sensitivity analysis

The parameters that significantly affect the value of a property are the discount rate and rental value. The discount rate includes assumptions such as interest rate levels, debt/equity ratio, inflation assumptions, requirements on the return on invested capital, the location of the property, tenant structure, etc. The rental value reflects the market situation in terms of what tenants are willing to pay for space in the properties. To illustrate how a 1-percent change in these parameters affects the calculated fair value; the following sensitivity analysis can be performed:

Change in 2014	**+1%**	**–1%**
Discount rate, SEK million	–40.7	42.6
Rental value, SEK million	4.3	–4.3

Notes

Note 22 Property, plant and equipment

Group	Buildings and land	Equipment, tools, fixtures and fittings	Construction in progress	Total
As per January 1, 2013				
Cost	35,911	5,538	99,372	140,822
Accumulated depreciation/amortization	–2,948	–2,880	–	–5,828
Carrying amount	**32,963**	**2,658**	**99,372**	**134,993**
The 2013 financial year				
Opening carrying amount	32,963	2,658	99,372	140,822
Purchases	400	1,200	212,130	213,730
Translation differences	–2,349	–4	–8,380	–10,733
Depreciation/amortization	–541	–513	–85	–1,140
Closing carrying amount	**30,473**	**3,341**	**303,036**	**342,679**
As per December 31, 2013				
Cost	33,739	6,735	303,122	343,596
Accumulated Depreciation/amortization	–3,266	–3,395	–85	–6,746
Carrying amount	**30,473**	**3,340**	**303,036**	**336,850**
The 2014 financial year				
Opening carrying amount	30,473	3,340	303,036	336,849
Purchases	187,472	1,741	313,829	503,042
Reclassifications	3,266	–	–5,201	–1,935
Translation differences	–	–	38,925	38,925
Depreciation/amortization	–6	–1,321	85	–1,242
Closing carrying amount	**192,695**	**2,984**	**650,674**	**846,353**
As per December 31, 2014				
Cost	192,701	7,700	650,675	851,076
Accumulated amortization	–6	–4,716	–	–4,722
Carrying amount	**192,695**	**2,984**	**650,675**	**846,354**

Construction in progress per December 31, 2014 consists primarily of investments in a biogas facility in Canada. During the year, the Group capitalized borrowing expenses of SEK 10,523 thousand (SEK 19,906 thousand) on qualifying assets in the form of construction in progress. Capitalized interest was determined by applying interest attributable to borrowing secured directly for investment in a qualifying asset.

Property, plant and equipment transferred to the disposal group classified as held for sale amounted to SEK 60,000 thousand and relate to the properties Gunnebo 1:109 and 1:110. See Note 32 for further details regarding the disposal group held for sale.

Notes

Parent company	Permanent equipment, service facilities etc. in buildings	Equipment, tools, fixtures and fittings	Total
As per January 1, 2013			
Cost	–	1,562	1,562
Accumulated amortization	–	–700	–700
Carrying amount	**–**	**862**	**862**
The 2013 financial year			
Opening carrying amount	–	862	862
Purchases	31	71	102
Depreciation/amortization	–	–79	-79
Closing carrying amount	**31**	**854**	**885**
As per December 31, 2013			
Cost	31	1,633	1,664
Accumulated amortization	–	–779	–779
Carrying amount	**31**	**854**	**885**
The 2014 financial year			
Opening carrying amount	31	854	885
Purchases	–	116	116
Depreciation/amortization	–31	–90	–121
Closing carrying amount	**0**	**880**	**880**
As per December 31, 2014			
Cost	31	1,749	1,780
Accumulated amortization	–31	–869	–900
Carrying amount	**0**	**880**	**880**

Notes

Note 23 Other non-current receivables

Other non-current receivables include restricted cash and cash equivalents which are deposited as collateral in Canada. Cash and cash equivalents corresponding to CAD 10,000 thousand are held in an interest-bearing account until maturity on July 15, 2018, in the event of "default" on the credit for construction for the power plant from the National Bank of Canada.

Group	December 31, 2014	December 31, 2013
Restricted cash and cash equivalents	67,196	61,055
Promissory note to Equity Group	81,981	30,071
Promissory note to Enterprise Group	524,237	229,987
Promissory notes to others	13,980	6,871
Group total	**687,394**	**327,984**

Parent company	December 31, 2014	December 31, 2013
Promissory note to Equity Group	81,981	–
Promissory note to Enterprise Group	455,640	229,687
Promissory notes to others	3,204	12,289
Parent company total	**540,825**	**241,976**

The carrying amount for other non-current receivables corresponds to fair value.

* "Other owner groups" refers to other subsidiaries included in another group, outside the Group in which Index International AB (publ) is the parent company.

Note 24 Deferred tax

	Group		Parent company	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Deferred tax expense relating to temporary differences	–15,728	–6,763	–	–
Deferred tax income related to temporary differences	24,567	5,556	–	–
Total deferred tax in the income statement	**8,839**	**–1,207**	**–**	**–**

Deferred tax assets and liabilities are distributed as follows:

	Group	
Deferred tax assets	December 31, 2014	December 31, 2013
Deferred tax assets to be utilized after more than 12 months	–	–
Deferred tax assets to be utilized within 12 months	904	2,508
Total deferred tax assets	**904**	**2,508**

Deferred tax liabilities		
Deferred tax liabilities to be utilized after more than 12 months	–112,430	–123,114
Deferred tax liabilities to be used within 12 months.	–3,007	–3,055
Total deferred tax liabilities	**–115,437**	**–126,169**
Deferred tax liabilities/assets (net)	**–114,533**	**–123,661**

Notes

Changes in deferred tax assets and liabilities during the year, recognized in the income statement without taking into account offsets made within the same tax jurisdiction, are shown below:

Deferred tax liabilities	Temporary differences, properties	Fair value of investment properties	Other	Total
January 1, 2013	103,156	27,068	30	130,254
Recognized in the income statement	–3,097	–2,599	1,611	–4,085
December 31, 2013	**100,059**	**24,469**	**1,641**	**126,169**
Recognized in the income statement	–6,196	–7,646	–3,110	–10,732
December 31, 2014	**93,863**	**16,823**	**4,751**	**115,437**

Deferred tax assets	Tax loss carryforwards	Other	Total
January 1, 2013	7,518	283	7,801
Recognized in the income statement	–5,009	–283	–5,292
December 31, 2013	**2,508**	**–**	**2,508**
Recognized in the income statement	–1,904	300	–1,604
December 31, 2014	**604**	**300**	**904**

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable that they can be utilized against future taxable profits. The Group did not recognize deferred tax assets amounting to 1,746 thousand (1,372 thousand), in respect of losses amounting to SEK 7,937 thousand (6,235 thousand), which can be utilized against future taxable profits. Loss carry-forwards do not expire at any given time.

Note 25 Investments in Group companies

Parent company	December 31, 2014	December 31, 2013
Opening cost	361,159	138,445
Shareholder contributions		222,714
Disposal	–100	
Closing accumulated cost	**361,059**	**361,159**
Opening impairment	–112,144	–105,275
Impairment for the year		–7,469
Closing accumulated impairment	**–112,144**	**–112,144**
Closing carrying amount	**248,315**	**248,415**

The parent company has holdings in the following subsidiaries:

Name	Corporate identity number	Domicile	Share of equity	Number of shares	Carrying amount December 31, 2014	Carrying amount December 31, 2013
Dalringen Förvaltning AB	556400-4694	Stockholm	100%	20,000	200	200
Index Projekt AB	556632-5907	Stockholm	66.68%	3,334	333	333
Djurgårdsbrunns Tennis AB	556708-0204	Stockholm	100%	1,000	100	100
Index Equity Sweden AB	556671-1601	Stockholm	100%	1,000	–	100
Loftahammar Projekt AB	556743-5374	Stockholm	100%	1,000	110	110
Opalo Holding AB	556697-2906	Stockholm	100%	1,000	20,836	20,836
Index Asset Management AB	556711-6586	Stockholm	100%	1,000	122	122
Index Investment LLC		US	100%	1	–	–
Index Energy Mills Road Corp		Canada	70%	70	226,614	226,614
Textile Real Estate Corp		Canada	100%	100	–	–
Index Waste Management Corp		Canada	100%	100	–	–
Index Environmental Corp		Canada	70%	700	–	–
Index Development Canada Corp		Canada	100%	100	–	–
Total					**248,315**	**248,415**

Notes

Note 26 Financial instruments per category

Group Balance sheet assets	Assets at fair value through the income statement	Loan receivables and trade receivables	Financial assets available for sale	Total
December 31, 2014				
Financial assets available for sale		–	239,000	239,000
Receivables from associates and joint ventures	–	44,388	–	44,388
Other non-current receivables	–	687,394	–	687,394
Inventories	54,682	–	–	54,682
Trade receivables	–	3,580	–	3,580
Other receivables	–	51,096	–	51,096
Cash and cash equivalents	–	132,351	–	132,351
Total	**54,682**	**918,809**	**239,000**	**1,212,491**
December 31, 2013				
Financial assets available for sale	–	–	257,685	257,685
Receivables from associates and joint ventures	–	90,773	–	90,773
Other non-current receivables	–	327,984	–	327,984
Trade receivables	–	10,587	–	10,587
Other receivables	–	99,014	–	99,014
Cash and cash equivalents	–	101,724	–	101,724
Total	**–**	**630,082**	**257,685**	**887,767**

Group Liabilities in the balance sheet	Liabilities at fair value through the income statement	Other financial liabilities	Total
December 31, 2014			
Borrowings	–	608,074	608,074
Bond loan	–	367,838	367,838
Other non-current liabilities	–	21,628	21,628
Trade payables	–	52,297	52,297
Liabilities to associates	–	136,816	136,816
Derivatives	10,591	–	10,591
Other liabilities	–	52,623	52,623
Total	**10,591**	**1,239,276**	**1,249,867**
December 31, 2013			
Borrowings	–	392,874	392,874
Bond loan	–	267,542	267,542
Other non-current liabilities	–	2,907	2,907
Trade payables	–	37,569	37,569
Liabilities to associates	–	2,379	2,379
Derivatives	10,870	–	10,870
Other liabilities	–	58,045	58,045
Total	**10,870**	**761,316**	**772,186**

Notes

Parent company	Loan receivables and trade receivables
Balance sheet assets	
December 31, 2014	
Non-current receivables from Group companies	668,804
Receivables from associates and joint ventures	922
Other non-current receivables	540,826
Trade receivables	499
Current receivables from Group companies	93,458
Other receivables	3,591
Cash and bank balances	34,905
Total	**1,343,005**
December 31, 2013	
Non-current receivables from Group companies	547,499
Receivables from associates and joint ventures	67,319
Other non-current receivables	241,976
Trade receivables	459
Current receivables from Group companies	75,681
Other receivables	3,322
Cash and bank balances	24,509
Total	**960,765**

Parent company	Other financial liabilities
Liabilities in the balance sheet	
December 31, 2014	
Bond loan	367,838
Non-current liabilities to Group companies	527,502
Liabilities to associates	136,503
Trade payables	739
Current liabilities to Group companies	12,546
Other liabilities	29,116
Total	**1,074,244**
December 31, 2013	
Bond loan	275,000
Non-current liabilities to Group companies	456,251
Liabilities to associates	2,118
Trade payables	1,144
Current liabilities to Group companies	24,387
Other liabilities	23,752
Total	**782,652**

Notes

Note 27 Derivatives

	December 31 2014		December 31, 2013	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swap		10,591		
Currency options	–			10,870
	10,591			**10,870**
Current portion	**–**	**–**	**–**	**10,870**

Derivative instruments are classified as current assets or current liabilities since the maturities of the derivatives are less than 12 months.

Interest rate swaps
The nominal amount for outstanding interest rate swaps at December 31, 2014 was SEK 375,000 thousand
Gains and losses on currency options are recognized in net financial items (see Note 14).

Note 28 Trade receivables

Group	December 31, 2014	December 31, 2013
Trade receivables	3,753	11,218
Less: provision for doubtful receivables	–173	–631
Trade receivables – net	**3,580**	**10,587**

Group	December 31, 2014	December 31, 2013
SEK	1,985	7,586
CAD	1,595	3,001
Trade receivables by currency	**3,580**	**10,587**

An age analysis of these receivables is provided below:

	December 31, 2014	December 31, 2013
1–30 days	2,834	–
31–60 days	427	2,338
> 61 days	319	118
Total overdue trade receivables	**3,580**	**2,456**

Changes in the provision for doubtful receivables are as follows:

	December 31, 2014	December 31, 2013
As per January 1, 2014	–631	–717
Provision for doubtful receivables	–	–
Receivables written off during the year as uncollectable	362	–
Unused amounts reversed	96	86
As per December 31	**–173**	**–631**

Provisions to and reversals of provisions for doubtful accounts receivable included in other external expenses in the income statement.
No collateral or other guarantees existed for the trade receivables outstanding on the balance sheet.

Notes

Note 29 Other receivables

Group	December 31, 2014	December 31, 2013
Promissory note receivables	40,563	79,882
Tenant owner association, Rönnen 8, Stockholm	–	11,570
Deposit on aircraft, PC-24	5,859	
Other receivables	4,674	8,303
Group total	**51,096**	**99,755**

Parent company	December 31, 2014	December 31, 2013
Promissory note receivables	3,338	3,310
Other receivables	253	482
Parent company total	**3,591**	**3,792**

Note 30 Inventories

	December 31, 2014	December 31, 2013
Raw materials and consumables	186	196
Inventories of financial instruments	54,682	–
Total	**54,868**	**196**

The inventory of financial instruments is measured at fair value. Impairment of securities, recognized as an expense in the income statement, amounted to SEK 33,374 thousand.

Note 31 Prepaid expenses and accrued income

Group	December 31, 2014	December 31, 2013
Prepaid insurance premiums	235	211
Prepaid rent expenses	353	345
Prepaid sponsorship agreements	1,560	1,560
Deposit accounts	4,174	3,772
Other prepaid expenses	1,556	2,198
Other accrued income	250	586
Group total	**8,128**	**8,672**

Parent company	December 31, 2014	December 31, 2013
Prepaid insurance premiums	26	28
Prepaid sponsorship agreements	1,560	1,560
Other prepaid expenses	173	83
Other accrued income	250	–
Parent company total	**2,009**	**1,671**

Notes

Note 32 Cash and cash equivalents/cash and bank balances

Group	December 31, 2014	December 31, 2013
Bank balances	132,351	101,724
Group total	**132,351**	**101,724**

Parent company	December 31, 2014	December 31, 2013
Bank balances	34,905	24,509
Total	**34,904**	**24,509**

	December 31, 2014	December 31, 2013
Restricted cash and cash equivalents	67,196	61,055
Total	**67,196**	**61,055**

For 2013, restricted cash and cash equivalents are detailed in Note 22.

Note 33 Non-current assets held for sale

The assets and liabilities relating to the properties Gunnebo 1:109 and 1:110 have been presented as held for sale following the approval of senior management and shareholders. The intention is to sell the properties during 2015. The decision is based on the owners' intention to focus on other property investment projects and their desire to free up capital for that purpose.

Assets in disposal group classified as held for sale:

	December 31, 2014	December 31, 2013
Investment properties	60,000	144,500
Other non-current receivables		1,014
Total assets	**60,000**	**145,514**

Note 34 Share capital and other capital contributions

	Number of shares (thousands)	Share capital
As per January 1, 2013	100,000	10,000,000
Series A shares	–	–
Series B shares	–	–
As per December 31, 2013	**100,000**	**10,000,000**
Class A shares	–	–
Class B shares	–	–
December 31, 2014	**100,000**	**10,000,000**

The share capital consists of 5,000 class A shares and 95,000 class B shares. The shares have voting rights of 10 votes per class A share and one vote per class B share. All shares issued by the parent company are fully paid.

Notes

Note 35 Borrowings

Group	December 31, 2014	December 31, 2013
Non-current		
Bond loan	367,838	267,542
Liabilities to credit institutions	581,908	281,528
Total non-current borrowings	**949,746**	**549,070**
Current		
Liabilities to credit institutions	26,166	111,346
Total current borrowings	26,166	111,346
Total borrowing	**975,912**	**660,416**

Bond loan

The corporate bond of SEK 375,000 thousand was issued on May 22, 2014 and matures on May 22, 2018. No amortization of the principal applies and the loan carries a variable interest rate of 3-month Stibor plus 7 percent, payable quarterly. The terms of the bond loan shows that the proportion of equity is not permitted to fall below 35 percent of total assets. Other terms of the bond include certain transfers of value outside the Group or the index Enterprise LLC Group being limited. However, such transfers of value are permitted if the equity/assets ratio amounts to at least 40 percent and as long as the total transfers do not exceed SEK 30,000 thousand or 50 percent of the Group's total annual profit for the previous financial year, whichever is highest.

Liabilities to credit institutions

Liabilities to credit institutions of SEK 581,908 thousand (SEK 281,528 thousand) have maturities up to and including December 28, 2016 and carry an average interest rate of 4.63 percent which is payable quarterly. Credit associated with liabilities to credit institutions can be terminated with 2 months' notice, and the variable interest rate is determined by the creditors taking general interest rates into account. The interest rate may be changed with immediate effect. Assets pledged for liabilities to credit institutions consist of property mortgages.

The carrying amount and fair value of non-current borrowings are as follows:

	Carrying amount		**Fair value**	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Bond loan	367,838	267,542	375,000	275,000
Liabilities to credit institutions	581,908	281,528	581,908	281,528
Total non-current borrowings	**949,746**	**549,070**	**956,908**	**556,528**

The fair value of non-current borrowing corresponds to its carrying value, as the discount effect is insignificant. Fair value is based on discounted cash flows using a rate based on the borrowing rate of 9 percent and classified in Level 2 of the fair value hierarchy, see Note 3.3.

Note 36 Other non-current liabilities

Group	December 31, 2014	December 31, 2013
Loan, Vassen Fastighets AB	20,000	–
Other loans	1,608	1,608
Deposition rent	–	1,279
Other deposition	20	20
Group total	**21,628**	**2,907**

Notes

Note 37 Other liabilities

Group	December 31, 2014	December 31, 2013
Liability to owners	45,510	39,301
VAT	1,577	3,007
Social security contributions and employee withholding taxes	451	211
Deposition	293	240
Other borrowings	902	20,606
Other items	3,890	668
Group total	**52,623**	**64,033**

Parent company	December 31, 2014	December 31, 2013
Liability to owners	28,042	22,621
Social security contributions and employee withholding taxes	167	91
Other borrowings	907	1,040
Parent company total	**29,116**	**23,752**

Note 38 Accrued expenses and deferred income

Group	December 31, 2014	December 31, 2013
Prepaid rental income	8,388	19,830
Accrued interest expenses	–	–
Accrued operating expenses	228	3,996
Vacation pay liability	606	290
Liability for social security contributions	543	192
Accrued construction expenses, IEMRC	29,210	
Other accrued expenses	9,771	2,332
Group total	**48,746**	**26,640**

Parent company	December 31, 2014	December 31, 2013
Accrued operating expenses	–	517
Vacation pay liability	248	115
Liability for social security contributions	213	73
Other accrued expenses	3,997	1,968
Parent company total	**4,458**	**2,673**

Note 39 Pledged assets

Group	December 31, 2014	December 31, 2013
Property mortgages	319,935	396,804
Cash and cash equivalents	67,196	61,055
Pledged shares	1,723	1,286
Group total	**388,854**	**459,145**

Parent company	December 31, 2014	December 31, 2013
Share pledge	1,482	1,482
Parent company total	**1,482**	**1,482**

Property mortgages and share pledges are pledged as collateral for the Group’s interest-bearing liabilities.

Notes

Note 40 Contingent liabilities

Parent company	December 31, 2014	December 31, 2013
General guarantee commitment for subsidiaries' loans	274,400	234,650
General guarantee commitment for other companies' loans	189,668	303,057
Parent company total	**464,068**	**537,707**

The Group's parent company has a guarantee commitment for mortgage loans on the Hornsberg 10 property, totaling SEK 274,400 thousand (SEK 234,650 thousand).

Note 41 Leases

Operational leasing

The Group holds leases relating to photocopiers and rental of office premises. Index International also acts as the lessor in the leasing of properties.

The Group intends to continue with its lease contracts and associated service agreements and existing contracts will most likely be extended at the end of the agreement period. The greatest lease expense for the Group is the lease contract for office space amounting to SEK 1,379 thousand (SEK 1,370 thousand) per year.

Future minimum lease fees under non-cancellable operational leases applicable at the close of the reporting period will mature for payment as follows:

Group	December 31, 2014	December 31, 2013
Within a year	1,838	1,512
Later than one year but within five years	3,486	2,433
Later than five years	1	–
Group total	**5,325**	**3,945**

The Group's operational lease expenses during the financial year amounted to SSEK 1,829 thousand (SEK 1,450 thousand). The parent company has no leases.

Operational leases where a Group company is the lessor

Future minimum lease fees relating to non-cancellable operational leases are as distributed as follows:

Group	December 31, 2014	December 31, 2013
Within a year	24,881	38,308
Later than one year but within five years	80,962	65,725
Later than five years	39,657	41,195
Group total	**145,500**	**145,228**

The company leases premises to tenants under various agreements that expire between 2015 and 2030.

Note 42 Post-employment employee benefits

The Group has only defined-contribution pension plans. The amounts recognized in the income statement are as follows:

Group	2014	2013
Recognized in the income statement regarding:		
Expenses for defined-contribution plans	1,095	626
Total income statement	**1,095**	**626**

Notes

Note 43 Other provisions

Other provisions

	2014	2013
Additional purchase consideration		
Vassen Fastigheter AB	117,500	–
Total	**117,500**	**–**

On December 5, 2014, the Group acquired 100 percent of the share capital in Fastighets AB Insjövassen at a price of SEK 162,500 thousand, of which SEK 45,000 thousand was paid on the date on which the buyer took possession of the property. The assets of the acquired company totaled SEK 4,641 thousand. The book value of the assets, the properties Norrtälje Brännäset 8, Norrtälje Brännäset 16 and Norrtälje Pråmen 1, amounted to SEK 4,541 thousand. The assumed liabilities totaled SEK 4,541 thousand and involve current liabilities to the parent company. At the time of acquisition, equity amounted to SEK 100 thousand. The Group's recognized surplus value of SEK 157,901 thousand relates to buildings and land. The agreed property value and the purchase consideration are based on an assumption regarding detailed planning for the properties. According to the agreement on the additional purchase consideration, the Group will gradually pay the additional purchase consideration as detailed planning for the properties takes legal effect.

Note 44 Other non-cash items

Group	December 31, 2014	December 31, 2013
Impairment of receivable	9,867	–
Unrealized changes in the value of current investments	–279	–
Share of equity in associates	–	3,171
Rental income received but not settled	–44,128	267
Rental expenses paid but not settled	61,693	–23,252
Other impairment and exchange rate changes	–	12,082
Group total	**27,153**	**–7,732**

Parent company	December 31, 2014	December 31, 2013
Depreciation of property, plant and equipment	90	79
Result on disposals of subsidiaries and associates	-3,031	–
Impairment of shares in subsidiaries and associates		7,470
Impairment of receivable	9,867	–
Unrealized change in current investments	–279	2,682
Unrealized exchange rate differences	–133,885	–
Interest income received	–89,358	120
Interest expenses paid	64,270	–12,375
Parent company total	**–152,326**	**–2,024**

Note 45 Transactions with related parties

Index International AB (publ) is owned 50 percent by Capstone Management AB and 50 percent by Samisa Management AB. These companies are considered to have significant influence over the Group. Related companies are all companies owned by these persons, including the Index Equity Group and the Index Enterprise Group. Other related parties are senior executives of the Group, that is, the Board of Directors and management, and their family members.

Notes

(a) Sales of services	2014	2013
Sales of services:		
• Index Equity AB	86	–
• Index Enterprise LLC	15,031	–
Total	**15,117**	**–**

(b) Purchases of services	2014	2013
Purchases of services:		
• Key individuals in senior positions (consultancy expenses marketing)	662	690
• Key individuals in senior positions (consultancy expenses property management)	939	803
Total	**1,602**	**1,493**

The services are sold to/purchased by related parties on normal commercial terms and on a commercial basis

(c) Remuneration to other senior executives

The following transactions have taken place with related parties:	**2014**	**2013**
Salaries and other current benefits	3,555	3,888
Termination benefits	–	–
Post-employment benefits	–	–
Other non-current receivables	381	395
Share-based payments	–	–
Total	**3,939**	**4,283**

For disclosures on remuneration to senior executives, see Note 9.

Note 46 Loans to related parties

(d) Loans to related parties	2014	2013
Loans to companies with significant influence over the company (net)		
Opening balance	420,948	140,441
Loans secured during the year	382,963	263,496
Amortized amount	–87,749	–
Interest income	76,684	17,011
Interest received	–5,393	–
Closing balance	**754,047**	**420,948**

Notes

Note 47 Loans from related parties

(d) loans from related parties	2014	2013
Loans from companies with significant influence over the company (net)		
Opening balance	43,336	23,295
Loans secured during the year	156,190	38,642
Amortized amount	–19,015	–20 ,097
Interest expenses	3,902	1,496
Interest paid	–1,522	–
Closing balance	**182,891**	**43,336**

Loans to/from related parties apply over an extended period with the possibility of full repayment on demand. On demand, the total loan amount (incl. interest) is to be repaid within 30 days. The longest-term loan matures on June 1, 2018. The interest rate is fixed at a reference rate plus 7 percent. The interest rate is generally between 6 and 15 percent.

The consolidated financial statements will be submitted to the Annual General Meeting on April 24, 2015 for adoption.

The Board of Directors and the CEO certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's position and results.

The Directors' Report for the Group and parent company provides a fair review of the development of the Group and the parent company's operations, position and results and describes significant risks and uncertainty factors faced by the parent company and the companies within the Group.

Stockholm, April 24, 2015

My audit report was submitted on April 24, 2015
Arne Engvall
Authorized Public Accountant

Stockholm, April 24, 2015

Bjarne Borg
Chairman of the Board

Rickard Haraldsson
External CEO

Brian Borg
Board member

Arne Weinz
Board member

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