

Interim Report First Quarter 2015 Index International AB (publ)

January–March 2015

H. all

Monterey Pointe, Osceola, Fl

Summary of the First Quarter 2015

- Net sales increased with 9.56% to 16,977 ksek (15,495 ksek)
- Operating income decreased to –3,807 ksek (–701 kse
- Profit/Loss after tax amounted to 68,908 ksek (–15,579 ksek
- The equity/assets ratio amounted to 42,33% (48,50%)

KSEK – SEK in thousands	Jan–Mar Jan–Mar	2015 2014
Net sales	16,977	15,495
Operating income	-3,807	-701
Financial items, net	64,753	-13,864
Profit/Loss for the period	69,878	-16,232
Balance sheet total	2,726,888	1,984,812
Earnings per share	698,78	-162.32
Opearting margin, %	-22,42	-4.57
Equity/assets ratio, %	42.33	48.50

Significant Events during the Period

The defailed zoning plan for Förrådet, Norrtälje, is approved. The project will be implemented in two blocks and will totally consist of 300 rental apartments and are planned to be completed during 2018.

Sport Hotels of Sweden AB, which is owned to 33.3% of Index Internationa AB (publ), 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 that the zoning plan becomes legally binding.

Market Development

Market development in residentials in Greater Stockholm and Mälardalen remains very strong. In the first three months the price of condominiums increased with five percent.

Earnings and Positions, January-March 2015

Consolidated profit before tax amounted to SEK 68,908 million (–16Mkr) and the balance sheet total amounted to 2727 million (1985 million). The result for January to March 2015 were highly affected by the strong performance of the US dollar and has resulted in a positive currency effect of SEK 75 million. Currency effects are related to foreign currency lending for financing the sister group's operations in Florida. Rental income amounted to SEK 14.6 million (15.3). The parent company received dividend of SEK 137 million from a joint venture company. The dividend has previously been recognized as income in the group why it only appears in the parent company's income statement.

Equity/Assets Ratio

The equity/assets ratio amounted to 42,33% (48,5%)

Cash Flow

The Group is currently in an intensive expansion phase. Developing real estate is very capital intensive. Cash flow for the Group 's investments will mainly be from equity, bank loans, bonds and rental income. The Group obtains positive cash flow only when full leasehold has been achieved. The Group invests mainly in developing properties where the company is helping to achieve the zoning plan. The positive aspects to invest in projects at an early stage is that the company thereby can take part of the entire value chain. This provides higher profits but also longer lead times.

Liquidity

The Group's cash and cash equivalents for the period amounted to SEK 142 million (SEK 76 million). The company focuses strongly on liquidity monitoring. One-year and four-year forecasts are continually drawn up.

Significant risks and uncertainties in the business

Significant risks and uncertainties are described in the Annual report of 2014. No significant changes have occurred during this interim period.

Restructuring

In 2015 the Company continued its restructuring work. It is intended to streamline operations and clarify the group's core operation in conjunction with the optimization of the capital structure. With an expansive business the optimization of the capital structure is an important component. As part of this restructuring, Index International AB (publ) acquired Index Assurance LLC from its sister company, Index Enterprise LLC. The acquisition was made at market value.

Events after the reporting period

No significant events occurred after the reporting period.

Future prospects

The Group's prospects are good. The Groups has a project portfolio of about 3 000 residential units under development. This also includes the sister group's, Index Enterprise LLC, ongoing and future production in Florida, USA, financed by Index International (publ) AB.

Transactions with related parties

Related parties to the parent company's subsidiaries are Index Enterprise LLC Group, Index Equity Sweden AB Group and associated companies and joint ventures. The parent company's transactions with related companies have been mainly of a financial nature. Transactions have taken place on market terms.

THE GROUP

Sales and profits for the first quarter of 2015

Amounts in SEK millions	Q1 / 15	Q1 / 14
Net sales	17	15
Operating income		

Financial Statements Consolidated Income Statement in Summary

Amounts in SEK thousands	Note	2015-03-31	2014-03-31	2014-12-31
Operating income				
Net sales	5	14,911	15,326	56,572
Other operating income		2,066	169	16,371
Total		16,977	15,495	72,943
Operating expenses				
Purchase of goods and services		-5,217	-5,115	-51,455
Other external expenses		-10,620	-7,505	-27,921
Personnel costs		-2,813	-2,076	-13,381
Depreciation/amortization of property, plant and equipment and intangible fixed assets		-2,134	-1,459	-5,419
Write-downs of sold properties			-20	
Change in value of properties				32,560
			-21	52,500
Other operating expenses				-
Total operating expenses		-20,784	-16,196	-65,616
Operating income		-3,807	-701	7,327
Financial income		00.750	01 005	100 464
Financial income		90,752	21,395	183,464
Financial expenses		-25,999	-35,259	-79,018
Net financial items		64,753	-13,864	104,446
Investments in associates and joint ventures		14	_	-1,815
Result before tax		60,960	-14,565	109,958
Tax		7 948	-1 014	-8,428
Result for the period		68,908	-15,579	101,530
Other comprehensive income				
Exchange differences		1 065	-653	4,200
Exchange differences, non-controlling interests		-95	-	-90
Other comprehensive income for the year, net of tax		970	-653	4,110
Total comprehensive income for the year		69,878	-16,232	105,640
Result for the period attributable to:				
Parent company shareholders		69,275	-15,566	102,836
Non-controlling interests		-367	-13	-1,306
Total comprehensive income attributable to:				
Total comprehensive income attributable to: Parent company shareholders		70,340	-16,219	107,036

Consolidated Balance Sheet in Summary

Amounts in SEK thousands	Note 2015-03-31	2014-03-31	2014-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Consessions	10,839	11,527	11,011
Trademarks	-	6,371	_
Total Intangible assets	10,839	17,898	11,011
Property, plant and equipment			
Investment properties	461,742	442,500	461,742
Buildings and land	243,415	29,631	192,695
Equipment, tools, fixtures and fittings	2,991	4,005	2,984
Constructions in progress	681,799	359,916	650,675
Total property, plant and equipment	1,389,947	836,052	1,308,096
Non-current financial assets			
Investments in associates	14,288	34,125	12,560
Investments in joint ventures	12,273	12,826	12,273
Receivable from associates and joint ventures	48,451	92,224	44,388
Other non-current receivables	4 797,379	356,136	687,394
Financial assets available for sale	4 -	257,685	239,000
Total non-current financial assets	872,391	752,996	995,615
Deferred tax assets	947	7,272	904
Total non-current assets	2,274,124	1,614,218	2,315,626
CURRENT ASSETS			
Inventories			
Raw materials and consumables	65,974	197	54,868
Accounts receivables	11,293	8,701	3,580
Tax assets	4,171	2,735	1,975
Receivable associates	_	19,941	_
Other receivables	61,032	108,988	51,096
Financial assets available for sale	4 101,500	-	_
Prepaid expenses and accrued income	6,864	8,562	8,128
Cash and cash equivalents	141,930	75,968	132,351
Non-current assets held for sale	60,000	145,502	60,000
Total current assets	452,764	370,594	311,998
TOTAL ASSETS	2,726,888	1,984,812	2,627,624
	2,120,000	1,304,012	2,021,024

Consolidated Balance Sheet in Summary, continued

Amounts in SEK thousands	Note	2015-03-31	2014-03-31	2014-12-31
EQUITY				
Equity attributable to Parent company shareholders				
Share capital		10,000	10,000	10,000
Reserves		5,052	5,360	10,213
Retained earnings including comprehensive income for the year		1,137,647	943,744	1,062,146
Non-controlling interests		1,674	3,519	2,136
Total equity		1,154,373	962,623	1,084,495
LIABILITIES				
Non-current liabilities				
Borrowings	4	644,818	330,807	581,908
Bond loan	4	368,356	268,163	367,838
Derivatives		19,176	-	10,591
Other non-current liabilities		21,628	12,801	21,628
Deferred tax liabilities		136,606	126,324	115,437
Other provisions		117,500	-	117,500
Total long-term liabilities		1,308,084	738,095	1,214,902
Current liabilities				
Borrowings	4	18,721	117,572	26,166
Accounts payable		57,850	54,487	52,297
Current tax liabilities		34,878	19	11,580
Liabilities to associates		346	2,429	136,816
Derivatives		-	5,472	-
Other current liabilities		123,388	78,624	52,623
Accrued expenses and deferred income		29,249	25,491	48,746
Total current liabilities		264,432	284,094	328,227
TOTAL EQUITY AND LIABILITIES		2,726,888	1,984,812	2,627,624

For information in regards to pledged assets and contingent liabilities, see note 6–7.

Consolidated Statement of Changes in Equity in Summary

Attributable to Parent company shareholders

Amounts in SEK thousands	Share Capital	Restricted reserves	Non-restricted reserves	Total	Non- controlling interests	Total equity
Opening balance 1 January 2014	10,000	6,013	959,310	975,323	3,532	978,855
Profit/Loss for the period		_	-15,566	-15,566	-13	-15,579
Other comprehensive income	_	-653	-	-653	-	-653
Closing balance 31 March 2014	10,000	5,360	943,744	959,104	3,519	962,623
Opening balance 1 januari 2015	10,000	10,213	1,062,146	1,082,359	2,136	1,084,495
Profit/Loss for the period		_	69,275	69,275	-367	68,908
Other comprehensive income	_	-5,161	6,226	1,065	-95	970
Closing balance 31 March 2015	10,000	5,052	1,137,647	1,152,699	1,674	1,154,373

2015-03-31

2014-03-31

Note

Consolidated Cash Flow Statement in Summary

Amounts in SEK thousands

Closing balance, cash and cash equivalents	141,930	75,968	132,351
Opening balance, cash and cash equivalents Exchange effect in cash and cash equivalents	132,351	-801	101,724 7,503
Changes in cash and cash equivalents			
Total cash flow from financing activities	-19,350	59,794	341,200
Dividends paid	-	-	600
Repayment of debt	-139,184	-1,882	-86,994
Raised debt	119,834	61,676	427,594
Cash flows from financing activities			
Total cash flows from investing activities	35,335	-92,297	-265,665
Change in other financial non-current assets	52,993	-35,603	-176,090
Change in receivables in associated companies	922	-	188,966
Sale of associated companies	-	-495	500
Investments in associated companies and joint ventures	-420	-1,996	-1,220
Investments in subsidiaries	_	-316	-49,977
Sales of tangible fixed assets		483	104,019
Investments in tangible fixed assets Sales of investments in group companies	-18,160	2,250	-332,003
Cash flows from investing activities	-18,160	-56,620	-332,663
Cash flows from operating activities	-7,511	7,548	-52,411
Total cash hows nom changes in working capital	10,290	22,002	20,411
Change in current liabilities Total cash flows from changes in working capital	3,804 10,298	31,214 22,832	31,010 26,411
Change in current receivables	-11,855	-8,381	17,781
Change in inventories and work in progress	-2,247	-1	-22,380
Cash flows from changes in working capital			
Net cash flow from operating activities before changes in working capital	2,787	-15,284	-78,822
	-880	685	-5,977
Interest received	9,760	8,654	5,582
Interest paid	–13,596	–17	-60,892
Income from investments in group companies	-	-2,250	-2,830
Other non-cash items	-55,577	-9,271	-99,337
Unrealized changes in values	_	21	-32,560
	2,134	1,459	5,419
Depreciation/amortization			

2014-12-31

Parent Company Income Statement

Amounts in SEK thousands	Note	2015-03-31	2014-03-31	2014-12-31
Operating income				
Net sales	5	152	171	2,242
Total operating income		152	171	2,242
Operating expenses				
Purchases of goods and services		-	-52	–190
Other external expenses		-5,637	-5,395	-16,170
Personnel costs		-1,983	-742	-5,254
Depreciation/amortization of property, plant and equipment		-17	_	-90
Total operating expenses		-7,637	-6,189	-21,704
Operating result		-7,485	-6,018	-19,462
Result from investments in group companies		919	_	1,100
Result from investments in associates and joint ventures		137,037	-	1,931
Result from other securities and receivables accounted for as fixed assets		-307	-11,639	97,246
Other interest income and similar result items		97,573	29,808	122,254
Interest expenses		-10,076	-20,485	-63,267
Result after financial items		217,661	-8,334	139,802
Result before tax		217,661	-8,334	139,802
Appropriations		836	-	-68,220
Tax on earnings for the period		-19,732	-293	-11,551
Result for the period		198,766	-8,627	60,031

In the parent company, there are no items reported as other comprehensive income and therefore total comprehensive income equals result for the period.

Parent Company Balance Sheet

Amounts in SEK thousands	Not	2015-03-31	2014-03-31	2014-12-31
ASSETS				
Non-current assets				
Property, plant and equipment	5			
Building equipment		-	31	-
Equipment, tools, fixtures and fittings		877	915	880
Non-current financial assets				
Investments in group companies		281,969	248,415	248,315
Receivables from group companies		774,787	533,179	668,804
Investments in associates		180	50	180
Investments in joint ventures		12,452	13,072	12,032
Receivables from associates and joint vetures		_	67,814	922
Other non-current receivables		602,767	290,148	540,825
Total non-current financial assets		1,672,155	1,152,678	1,471,078
Total non-current assets		1,673,032	1,153,624	1,471,958
Current assets				
Current receivables				
Trade receivables		489	108	499
Receivables from group companies		105,605	70,813	93,458
Tax assets		-	78	-
Other receivables		4,056	4,526	3,591
Prepaid expenses and accrued income		227	1,949	2,009
Total current receivables		110,377	77,474	99,557
Cash and cash equivalents		11,013	8,386	34,905
Total current assets		121,390	85,860	134,462
		1,794,422	1,239,484	

Parent Company Balance Sheet, continued.

Amounts in SEK thousands	Note 2015-03-31	2014-03-31	2014-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	10,000	10,000	10,000
Statutory reserve	2,000	2,000	2,000
Total restricted equity	12,000	12,000	12,000
Non-restricted equity			
Non-restricted reserves	476,137	415,066	416,105
Result for the period	198,766	-8,627	60,031
Total non-restricted equity	674,903	406,439	476,136
Total Equity	686,903	418,439	488,136
Provisions			
Other provisions	19,176	5,471	10,591
Untaxed reserves	17,500	-	17,500
Non-current liabilities			
Bond loan	368,356	275,000	367,838
Liabilities to group companies	534,895	462,081	527,502
Total non-current liabilities	939,927	742,552	923,432
Current liabilities			
Trade payables	1,126	2,021	739
Liabilities to group companies	40,374	23,925	12,546
Liabilities to associates	-	2,168	136,503
Tax liabilities	31,205	-	11,490
Other liabilities	93,583	41,119	29,116
Accrued expenses and deferred income	1,304	2,259	4,458
Total current liabilities	167,592	71,492	194,852
TOTAL EQUITY AND LIABILITIES	1,794,422	1,232,484	1,606,420

For information in regards to pledged assets and contingent liabilities, see note 6–7.

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Key ratios	2015-03-3	2014-03-31	2014-12-31		
Return on equity					
Return on total equity in %	2.2	4 –0.73	4.25		
Return on equity in %	5.2	8 –1.51	10.31		
Return on total equity in % (Parent cor	mpany) -0.4	2 -0.49	-1.21		
Return on equity in % (Parent compar	ny) 31.6	9 –1.99	28,64		
EBITDA, SEK in thousands	-1,67	3 758	12,746		
Profit/Loss					
Operating income in SEK thousands	-3,80	7 –701	7,327		
Operating margin in %	-25,5	3 -4.57	12,95		
Key ratio – financial positio	n				
Cash liquidity in %	17	1 130	95		
Solidity i %	42.3	3 48.5	41.27		
Equity in SEK thousands	1,154,37	3 962,623	1,084,495		
Equity per share, SEK	11,54	4 9,626	10,845		
Key ratio definitions					
Cash liquidity in %	Current assets divided by current liabilities				
Solidity in %	Equity divided by total capital				
Return on total equity in %	Profit/Loss after financial items and interest expense devided by total equity				
Return on equity in %	Profit/Loss after financial items divided by non-restricted equity				
Operating income in SEK millions	Profit/Loss before financial items				
Operating margin in %	Operating income divided by net sales				
Net profit margin in %	Profit/Loss after financial items divided by net sales				



Not 1 General information

Index International AB (publ), corporate identity number 556561-0770 is parent company in Index-Group. Index International AB (publ) is headquartered in Stockholm with address Kungsträdgårdsgatan 18, Box 7744, 103 95 Stockholm, Sweden.

The operations of the Parent Company consists of group functions and organization with CEO and administrative functions. Organization of projects and management of real estate is headed by subsidiaries of the Group. No properties is owned directly by the parent company.

Index Group manages and develops real estate. In addition to real estate, the Group has an investment in a power plant fueled by biomass, a so-called co-generation power plant located in Ajax outside of Toronto, Province of Ontario. The Group also has investments in commercial flight industry in Florida. Both of these investments are included in the restructuring plan and planned for sale in the near future.

On May 29, 2015 this Interim report was approved by the Board of directors for publication.

This report has not been reviewed by the Index International's auditors.

All amounts are reported in thousands of Swedish kronor (ksek) unless otherwise stated.

Note 2 Basis for establishing of the reports

Index International AB applies IFRS (International Financial Reporting Standards) as adopted by the European Union. This report is prepared in accordance with IAS 34, Interim Financial Reporting. The interim report has been prepared in accordance with Annual Accounts Act (AAA) chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read in conjunction with the annual report for the fiscal year ended December 31, 2014.

Note 3 Accounting principles

The accounting policies are consistent with the principles applied in the previous financial year. See full accounting principles described in the Annual Report for 2014.

Note 4 Financial instruments – Fair value

Information on fair value of lending and borrowing

The carrying amount and fair value of long-term borrowing and lending are as follows:

		Booked value			Fair value		
	2015-03-31	2014-03-31	2014-12-31	2015-03-31	2014-03-31	2014-12-31	
Oth non-curr rec.	797,379	356,136	687,394	797,379	356,136	687,394	
Borrowing	644,818	-330,807	-581,908	-644,818	-330,807	-581,908	
Bond loan	-368,356	-275,000	-367,838	-368,356	-275,000	367,838	
Total long-term lending and borrowing	-215,795	-249,671	-262,352	-215,795	-249,671	-262,352	

The fair value of current borrowings equal to its carrying amount, as the impact of discounting is not significant. Fair value is based on discounted cash flows using a rate based on the borrowing rate of 9% and are classified in Level 2 of the fair value hierarchy.

Calculating fair value

The table below analyzes financial instruments carried at fair value, based on the 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)
- Other observable data for the asset or liability other than quoted prices included in Level 1, either directly (ie as prices) or indirectly (ie derived from prices) (level 2).
- Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table shows the Group's financial assets and liabilities measured at fair value as of March 31, 2015.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
- Financial assets held for sale	-	_	101,500	101,500
Total assets	_	_	101,500	101,500

Liabilities

Financial liabilities at fair value through income statement				
- Derivatives held for trading: Currency Option	-	19,176	-	19,176
Total liabilities	-	19,176	-	19,176

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

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
- Derivatives held for trading: Currency Option	_	_	-	-
– Financial assets held for sale	_	_	257,685	257,685
Total assets	-	-	257,685	257,685

Liabilities

Financial liabilities at fair value through income statement				-
- Derivatives held for trading: Currency Option	-	5,472	-	5,472
Total liabilities	-	-5,472	-	5,472

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

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
- Financial assets held for sale	-	-	239,000	239,000
Total assets	-	-	239,000	239,000
Liabilities				

Total liabilities	-	10,591	-	10,591
- Derivatives held for trading: Currency Options	-	10,591	-	10,591
Financial liabilities at fair value through income statement				



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

Fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined using valuation specialists. The Group uses (as far as possible) market data where it is available and company-specific information is used as little as possible. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Consolidated financial instruments are included in level 2 consists of currency options.

In cases where one or more significant inputs not based on observable market data, the instrument is classified in level 3. Following table shows the changes in fair value of financial assets held for sale:

(SEK in thousands)	2015-03-31	2014-03-31	2014-12-31
Opening balance	239,000	257,685	257,685
Transfer to level 3	-137,037	-	-18,685
Gains and losses recognized in the income statement	-463	-	_
Closing balance	101,500	257,685	239,000

The real value in the table is based on the forecast net profit of fixed revenues from sales of newly built condominiums (to the condominium association), the costs of the works in construction projects. Forecasts of projects based largely on fixed income, and expenses, resulting in a minimal margin of error for its results.

15



Note 5 Segment information

Group-wide information

A breakdown of the revenues from all products and services as follows:

	2015-03-31	2014-03-31	2014-12-31
Analysis of revenue by revenue source:			
– Sale of goods	_	-	_
– Property rents	14,575	15,320	55,392
– Sale of services	2,402	175	17,551
Total	16,977	15,495	72,943

The Group is headquartered in Sweden. Revenues from external customers in Sweden amounts to 15,060 ksek (Jan–Mar 2014: 14,329 ksek and Jan–Dec 2014: 55,462 ksek) and total revenue from external customers in other countries amounted to 1,917 ksek (Jan–Mar 2014: 997 ksek and Jan–Dec 2014: 17,481 ksek).

Total non-current assets other than financial instruments and deferred tax assets (there are no assets related to post-retirement benefits or rights under insurance contracts), which are located in Sweden amounts to 599,059 ksek (2014-03-31: 686,589 ksek and 2014-12-31: 781,899 ksek) and the total of such assets located in other countries amounted to 828,288 ksek (2014-03-31: 471,997 ksek and 2014-12-31: 801,041 ksek).

Revenues of approximately 2,290 ksek (Jan–Mar 2014: 2,389 ksek and Jan–Dec 2013: 7,883 ksek) relates to a single external customer. These revenues are attributable to rental of premises.

Note 6 Pledged assets

Group	2015-03-31	2014-03-31	2014-12-31
Real estate mortgages	319,935	396,804	319,935
Restricted cash	69,155	59,352	67,196
Pledged shares	1,723	2,326	1,723
Total Group	390,813	458,482	388,854
Parent company	2015-03-31	2014-03-31	2014-12-31
Pledged shares	1,040	2,522	1,040
Total parent company	1,040	2,522	1,040

Real estate mortgages and share pledges are pledged as collateral for the Group's interest-bearing liabilities.



Note 7 Contingent liabilities

Parent company	2015-03-31	2014-03-31	2014-12-31
General guarantees for subsidiary loans	272,300	244,969	274,400
General guarantees for other company loans	428,473	281,537	189,668
Total parent company	700,773	526,507	464,068

The Group's parent company has a guarantee for mortgage loans with property Hornsberg 10, a total of 272,300 ksek (Jan–Mar 2014: 233,450 ksek and Jan–Dec 2014: 274,400 ksek). Of total liabilities includes construction loans 428,473 ksek (Jan–Mar 2013: 156,657 ksek and Jan–Dec 2013: 189,668 ksek) for projects in Florida, US.

Note 8 Events post reporting date

Upcoming reporting dates

- August 31, 2015: Interim report for period January–June 2015
- November 27, 2015: Interim report for period January-September 2015

Stockholm, 29 May 2015

Bjarne Borg Chairman of the Board

Arne Weinz Board member

Jourder

Rickard Haraldsson CEO

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Brian Borg Board member

