Annual Report and Consolidated Accounts for the Financial Year

2015

Index International AB (publ)
Corp. ID no 556561-0770

Norrtälje Torn

The Annual Report includes

1.
The Index Group

Highlights

The Group

Equity/assets ratio (%)

2015	47
2014	41
2013	51
2012	62
2011	58
2010	58
2009	52

Total assets

2015	2,353,760
2014	2,627,624
2013	1,909,880
2012	1,591,200
2011	1,524,841
2010	1,635,142
2009	991,640

Equity

2015	1,113,953
2014	1,084,495
2013	978,855
2012	982,495
2011	881,737
2010	950,708
2009	517,931

Parent Company

Equity/assets ratio (%)

2015	31
2014	30
2013	35
2012	53
2011	72
2010	72
2009	66

Total assets

2015	1,717,587
2014	1,606,420
2013	1,224,302
2012	832,469
2011	681,119
2010	754,059
2009	820,569

Equity

2015	538,618
2014	488,137
2013	428,105
2012	437,988
2011	491,124
2010	543,104
2009	544,271

Letter from the CEO

Full focus on residential property

Index has concluded yet another eventful year. In 2015, we divested the last portion of the property Hornsberg 10, one of our signature projects in Hornsberg, Stockholm. The project is an excellent display of how we want to operate, not only creating attractive apartments but also areas where people thrive. In 2015, we also started a new project, in many ways similar to Hornsberg; Norrtälje Harbor.

Successful projects starts with an ambitious and methodical work process stretching from the initial idea to the completed home. Location is key and to ensure we make the right choices, Index targets sites in areas where we are familiar with the local environment. The site is developed in close collaboration with the municipality and architects. In order to support both the development and future residential sales, we design a clear concept and a property brand targeted to future buyers. The goal is for everyone – residents, municipality and shareholders – to feel they made a good deal.

We have shown that our business model works. Since inception in 1998, we have taken over 3,000 residences from drawing board to housewarming, while Index Group's equity has grown to 1.1 billion. We have done it with a slim in-house organization focused on our key areas – intelligent acquisitions, creative real estate development and first-class property branding. To succeed in implementation, we collaborate with skilled partners.

To free up time and energy to devote ourselves to our core business residential development, Index Mills Road Energy Corporation in Canada was divested in early 2016. With high volume projects ongoing, an efficient specialist organization and well-developed partnerships, we are ready to gear up growth.

My colleagues and I look forward to an equally eventful 2016.

Stockholm in April 2016
Rickard Haraldsson
CEO

Index Portfolio

Total units under planning/zoning:

2015:	807
2014:	1,263
2013:	275
2012:	275

Total units in production:

2015:	313
2014:	131
2013:	265
2012:	464

Total units leased/sold

2015:	131
2014:	134
2013:	199
2012:	151

Sum total of units in portfolio:

2015:	1 300
2014:	1668
2013:	720
2012:	919

Company History and Milestones

2015

Kista, Stockholm
New innovative Sports Hotel property announced

Index Residence, Sweden
Property in Kista Äng acquired

Launching Index Living, Sweden
300 rental units in Norrtälje

2014

Index Senior Living, USA
Collaboration with Watercrest launched to develop senior care units

Launching Index Residence, Sweden
Major property in Norrtälje Harbour acquired. 500+ units to be developed

Launching Index Residence, USA
100 luxury condos in Ft. Lauderdale, Florida

2013

Florida, USA
First Index Living properties completed, Dakota and Bridgewater

2010

Launching Index Living, USA
Establishing Index in Florida

Hornsberg, Stockholm
Two joint ventures with Skanska result in 450 units sold

2009

Hornsberg, Stockholm
Part of property subdivided and sold off to Octapharma

2005

Hornsberg, Stockholm
Major property in central Stockholm acquired

2001

Enköping, Sweden
Acquisition of 900 residential units

1999

First major acquisitions
Alviks Strand and Mälarhöjdsparken

1998

Index founded
By Fredrik Alama & Bjarne Borg

The Essence of Index

We are a lean and dynamic real estate company creating high-end residential properties and delivering exceptional results.

Our uniqueness is our dual market strategy which allows us to adjust to the different cycles of North America and Sweden.

Norrtälje Torn

Executive Management Team

Rickard Haraldsson, CEO

Rickard re-joined the Index Group in November 2014, previously the CEO of Index in the period 2009–2013.

MBA from University of Southampton School of Management. BA (Hons) Business degree from University of Westminster.

Head of Corporate Finance Avanza, Grant Thornton Corporate Finance Stockholm and London.

Marie-Louise Alamaa, CFO

Marie-Louise joined Index Group in 2009 as CFO (CEO 2013–2014)

Previous experience includes nine years in the pharmaceutical industry as well as the Swedish tax authorities.

Peter Egli, CIO

Peter joined Index Group in August 2014.

He has an extensive experience in commercial real estate financing from both the domestic (Spintab, SBAB) as the international bank sector (Nord/LB, DnB).

Board of Directors

Bjarne Borg, Co-Founder and Chairman of the Board

Bjarne co-founded Index International AB together with Fredrik Alama in 1998. An entrepreneur at heart Bjarne launched his first business venture already at the age of 14.

He has founded several businesses and held positions as consultant, manager and board member in the fields of sales, accounting, tax, real estate/construction and general business up until launching Index. His strong analytical skills combined with his relentless attention to detail, has been crucial to the development of the company.

Arne Weinz, Member of the Board

Arne is a serial entrepreneur with a broad experience of serveral branches, particularly the Call Center-industry where he still is active as Chairman of GoExcellent Group.

Being CEO in two decades he has developed his own leadership philosophy that can be studied in his book “Den snabbaste vägen”. Born 1957 with a Master degree in Industrial Management and Engineering at Institute of Technology in Linköping (LiTH).

Brian Borg, Member of the Board

Brian has worked for various Index-owned companies for approximately ten years and is Member of the Board of Index International AB (publ) since 2013.

He has extensive experience of Real Estate Property Management.

Index Core Values

Ambitious

We are ambitious in everything we do. If we are more focused, have more knowledge and take challenges seriously, the rewards become greater – both for us and for the residents.

Energetic

Creative thinking only has real value when it is combined with decisiveness. This is how ideas are translated into complete houses that people can call "home".

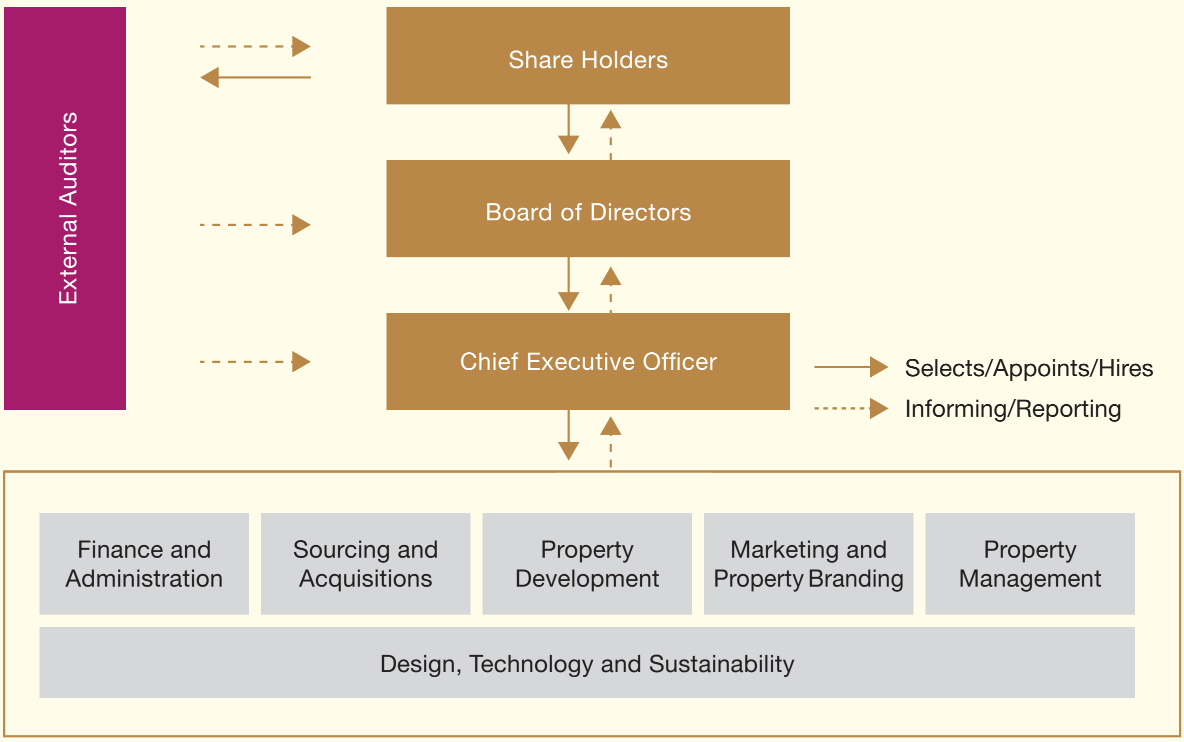
Imaginative

All projects start out as an idea in someone's head. Therefore, free and creative thinking – the ability to see beyond conventions and the expected – are fundamental qualities that lead to our development and growth. We believe in creative visualization – if anyone can dream it, we can realize it.

Innovative

All ideas are worthy of being challenged. We always consider the possibility of doing things differently – that there might be another way to think, do and build. Innovation and development are not the result of a giant leap, but of a million steps that ultimately lead to change.

Corporate Governance



The Index Way

Tried and tested, Index has consistently developed successful projects with reliable returns through sound investment policies and creative property development.

We believe in a passionate process of Intelligent Acquisitions, Creative Property Development, and first-class Project Branding. Combined with Excellence in Construction and Financial Stability this leads to sustainable residential areas very high in demand.

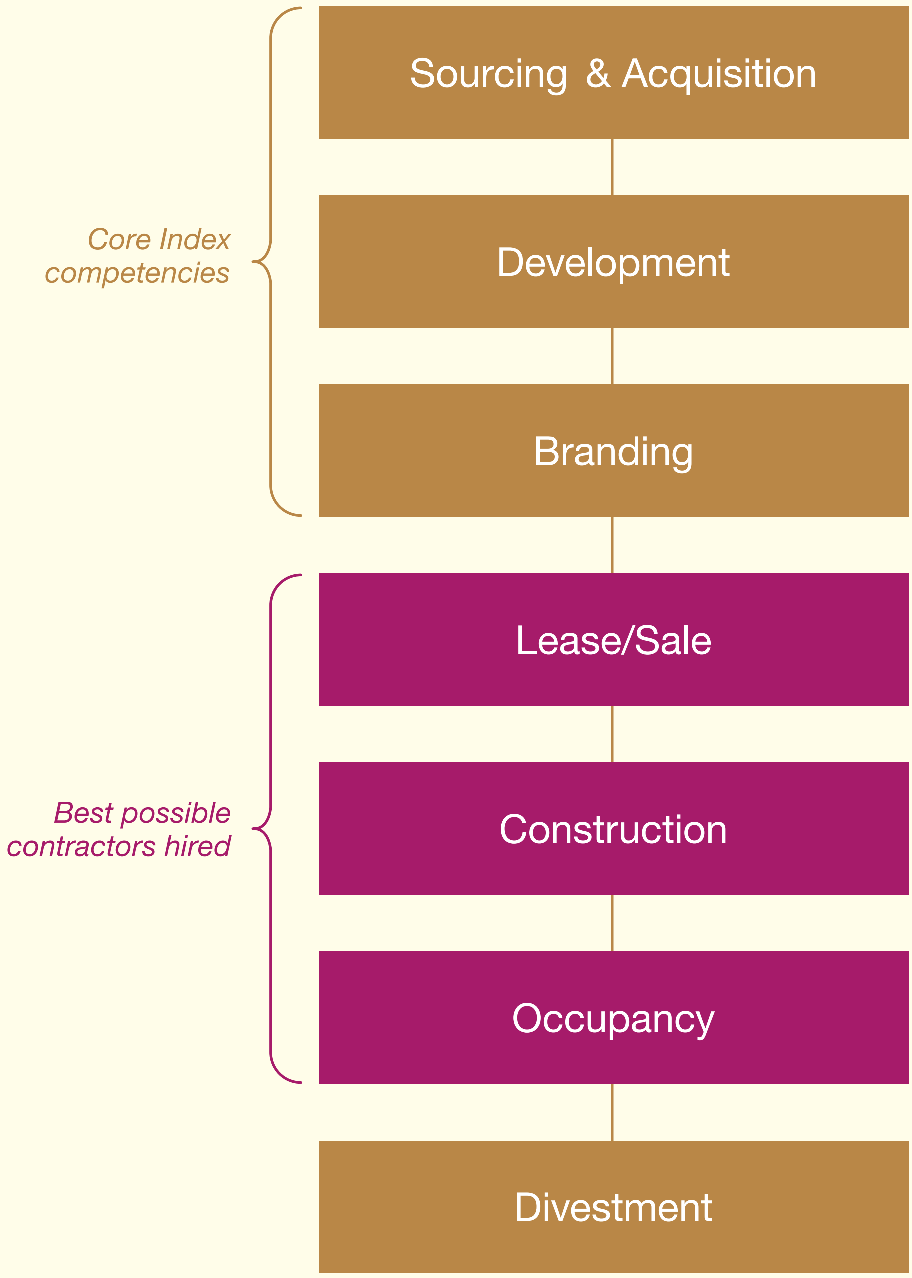
Successful Business Model

Clear and focused business model

The basis for the success of Index is an ambitious yet methodical process, all the way from initial idea to the final result.

The first step is always to chose the right property. Local knowledge secures that the property has the right potential. In the next step we develop the property in close co-operation with local authorities and the architects. At the same time, an attractive brand concept is developed.

This process guides all our efforts and secures a powerful result to the benefit of all – residents, local authorities and shareholders.

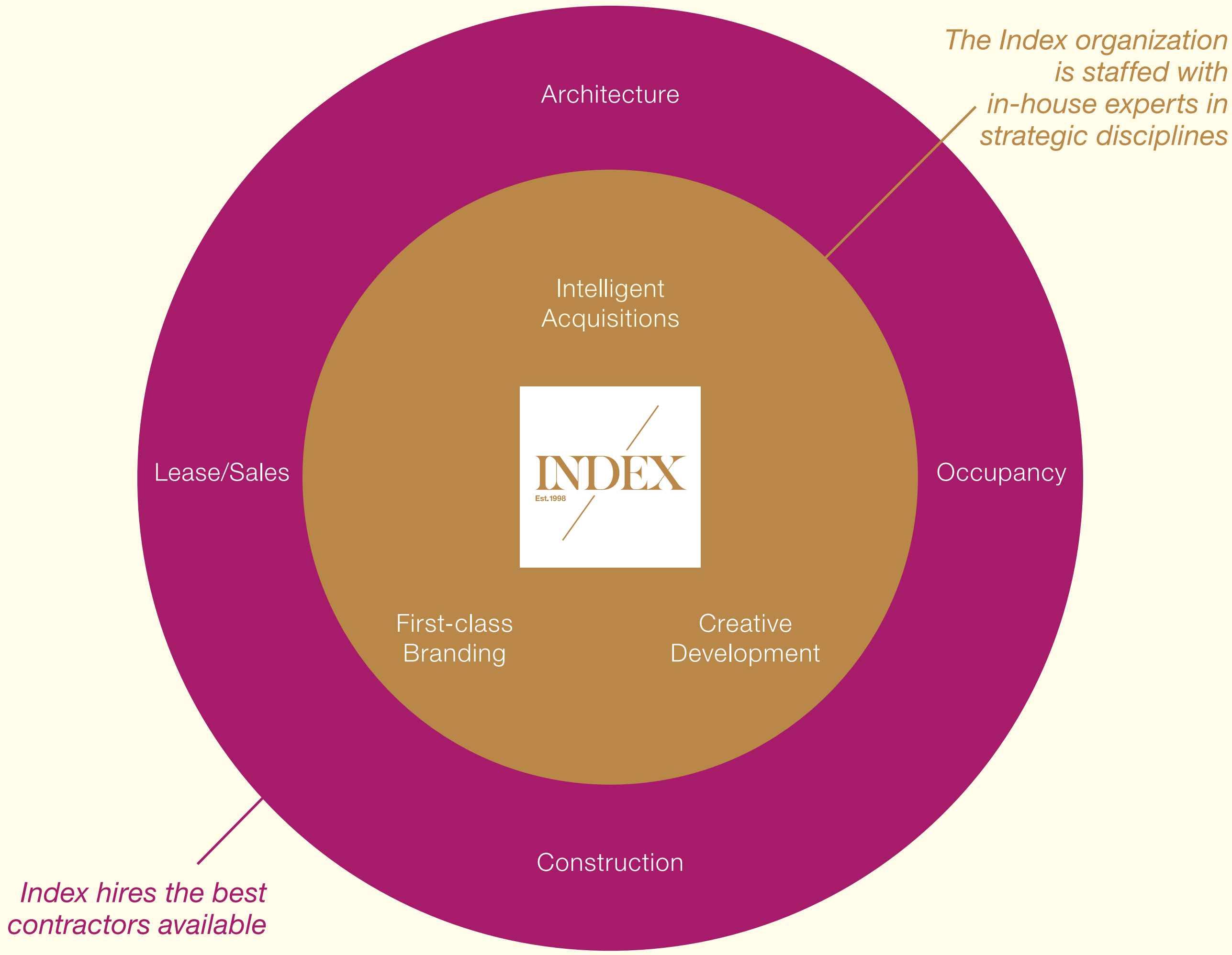


Dynamic Organisation

Our own experts and selected partners

Index has a tight and dynamic organization working with the best partners available on the market. Index does not have its own construction arm, but has systematically developed a newtwork of the best partners and contractors the market has to offer.

The model has proved itself over almost two decades, and gives Index the opportunity to develop specialist skills, while also enabling Index to easily gear up or down in order to meet changes in project volume. It keeps Index flexible while ensuring and maintaining the highest quality.



The Index Philosophy

As an employer, Index strives to attract and nurture a dedicated and professional Team of Experts. Our goal is to do that by empowering our staff with trust, by encouraging the individual to assume responsibility and by maintaining an inspiring work environment.

By hiring the best outside contractors available we will ensure that our projects aspire to the highest levels of quality and attractiveness.

As a partner, we aim to be the preferred choice. We always strive to treat our partners as we want to be treated ourselves – with reliability, honesty and respect.

Norrtälje Torn

An attractive workplace with

A strong and healthy culture with the individual in focus

Index aims to offer one of the most attractive workplaces in property development, where individuals feel that they are contributing and really make a difference. An open and creative work climate forms the basis for a strong commitment.

Both management and board work continuously to recognize and encourage employees to grow in their roles and gradually assume greater responsibility. Short decision making paths and an open work climate create good opportunities to influence both individual work and the company in general.

strong co-workers

Index is working in various ways to create an attractive environment, such as an inclusive leadership, delegation of responsibilities and authorities, collaborations and social activities.

Key words in the organization are creativity, development, collaboration and doing the utmost.

A prerequisite for a good working environment is that the employees feel good and are healthy. Therefore, Index is offering health insurance, health care contributions and group work out.

At the end of 2015 the group employed 35 people, whereof 9 women. Many stayed with Index for several years.

Sustainable property development

For Index, the environment and sustainability are integrated in property development. Social, environmental and economic aspects mesh to create sustainable long-term living environments. Care and accuracy throughout the entire process from idea to a complete home provides living environments of high quality.

With respect to each project's unique requirements, Index seeks to use the place as well as possible. To ensure a good living environment in a broader perspective, Index takes measures to create an attractive neighborhood, with courtyards, parks and services. If the site is close to water, Index strives to allow as many as possible to experience water. An understanding of the area and the residents' needs is a prerequisite for developing long-term sustainable properties. Keeping a dialogue with municipalities, partners and residents are important to gain knowledge and identify opportunities for the location at hand. Index also attach great importance to esthetic qualities to create a well-functioning and attractive everyday living environment.

Environmental considerations are taken into account in several ways. Requirements from government, municipalities and authorities form the basis, but Index strives higher. In collaboration with architects, building contractors and other partners, Index makes active choices in order for residential projects to become energy and resource efficient. This implementation involves taking into account environmental aspects during the design of the property as a whole, the design of the apartments, as well as in the choice of materials and appliances. Index is continuously working to reduce its environmental footprint. The goal is to create residential properties that minimize the environmental impact of the properties throughout their lifespan.

Index ambition to develop modern, sustainable living environments imposes that sustainability gets a growing priority. Index therefore intends to deepen dialogue with its various stakeholders with aim to develop and improve the sustainability efforts.

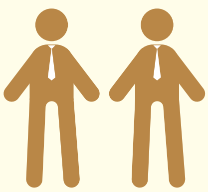
Our stakeholders

Customers

Index customers are mainly housing cooperatives and private individuals. Index usually has a representative in the condominium association board for a few years after a project is completed to ensure a good handover.

Suppliers

As a specialist organization Index cooperates with several suppliers, ranging from architects and construction companies to various types of other specialized consultants. In order to qualify, each partner has to meet specific criteria. Index strives to ensure that all partners have a clear picture of the overall project and that partnerships are characterized by open dialogue and high business ethics.



Co-workers

Index has a small highly committed specialist organization. An open dialogue, healthy employees and a good working environment is a prerequisite for Index success.

Community

The community's trust is necessary for Index to be able to realize its vision for individual projects and the company at large. Therefore Index strives to be perceived as transparent and sincere in its communication.

Owners

Index owners value a long-term sustainable business model.

2.
Index Residence

Our Vision

We build your dreams

What does your dream home look like? A large kitchen, a spacious terrace with views, a bathroom with a spa feeling or your own garden? Perhaps it's closer to work or closer to nature with the sea just outside your window? These are the kinds of dreams we know many people have. But don't let the dream stop there. At Index Residence, we help you dream bigger and dream better. We often say: "we build your dreams." Your home might have a tennis court and a gym, an office for telecommuting or a private boat mooring you can see from the balcony. These are innovative and visionary homes that cater to every aspect of life.

Norrtälje Torn

Our Strategy

New ways of living also bring new demands on the home

Everything we create and build begins with an understanding of how people – just like you – actually live. This knowledge extends far beyond location, layout, materials and furnishings. The spacious, social kitchen or the bathroom with the right atmosphere has become standard. At Index Residence, we see a weekday where people's work, leisure and interests increasingly flow together – with the home as the centre of it all. We are convinced that the way we live will become even more important in the future. And that new ways of living will bring new demands on the home.

Our Products

Homes in harmonious surroundings with built-in quality of life

All of our houses are newly constructed. Together with the country's leading architects, we are able to satisfy both dreams and needs right there on the drafting table. Index Residence finds and develops fantastic locations. Through smart and efficient construction, you get the kitchen, bathroom, terrace and the light you have dreamed of – and so much more. Quality of life is hard to describe, but once you step over the threshold in any of our houses, we are confident that you will experience it.

Västermalms Strand

“Important that it is always well thought through”

JONAS DAVIDSSON, HEAD OF PROPERTY DEVELOPMENT AT INDEX INTERNATIONAL AB

Creative project development with care

What is your work about?
My undertaking is to nurse projects from concept to completion. A lot of the project qualities are set out in the planning stage. To ensure that we get the quality-improving components we aim for in the project, we put in a lot of work at this stage

Since the possibilities to really make an impact decreases as the project progresses, it is important to set the right targets straight from start. We do not want to compromise or having to renounce the project qualities in later stages because the best solutions were not initially identified and worked out.

What does creative project development mean to you?
I believe we are always being creative. It is all about finding the right solutions for the specific project, and not just follow well-trodden paths. This applies to both architecture and construction engineering, and everything else affecting the living environment.

What does index partnerships with architects look like?
We are very involved and committed in our projects. At the same time we are well aware that we are not architects ourselves. They have very much competence so obviously we want exploit it. We are very keen on function but at the same time letting the architect provide the design.

If we have objections it is because the solutions are technically poor or do not add any perceived value. In joint consultation we work to find the best solutions.

A concept that you continously highlight is care. What do you mean by that?
It is about creating a living environment that is perceived as being attended to down to the smallest detail. This is achieved through methodical work from start to completion. It does not mean it will always be exclusive, but it will be well thought out. We care about all the details and all the apartments. It results in high quality throughout, especially in a sense which is not evident atfirst glance.

Jonas Davidsson is Head of Property Development at Index International AB. He has worked with projects such as Västermalms Strand in Hornsberg, Stockholm and with Index projects in Norrtälje.

“Index has control of its projects, but is still very convenient to work with”

JONAS BJÖRKMAN, ARCHITECT SAR / MSA AT ARKIPOL

Easier to solve key issues early on

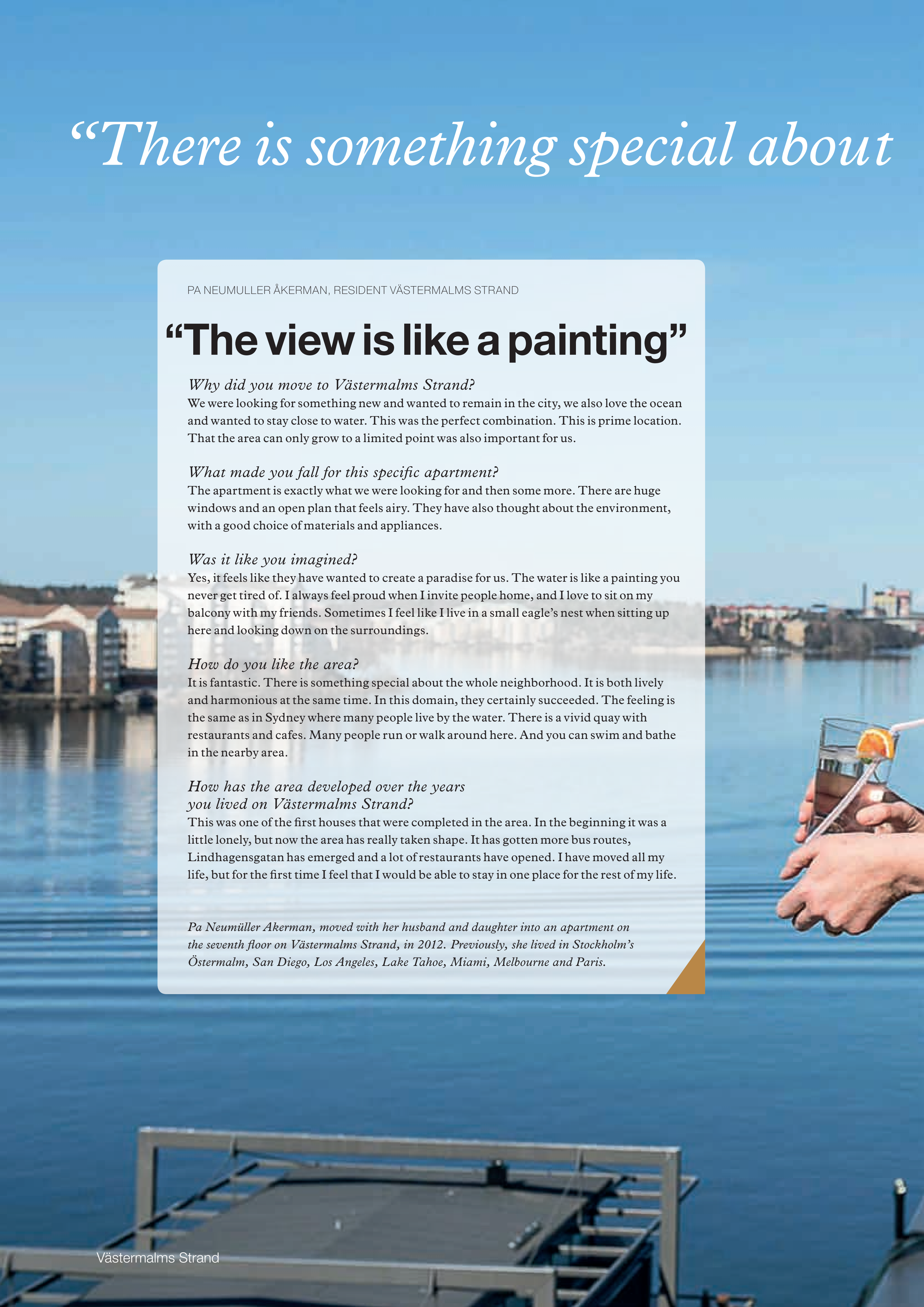
What is it like to work for Index?
They are in control of their projects, but are still very convenient to work with. They want to solve key issues early on to facilitate the work that comes later on. Some may certainly think that is hard, but as an architect, I think it’s very good. It does everything so much easier later on. When the construction has started more parties will be involved, and then it’s valuable to be able to provide clear information and planning.

How do you create an attractive environment?
It is achieved throughout the planning process. Index is involved not only in their own neighborhoods but presents its views on most things in the surroundings like parks, kindergartens, shops etc. They are very committed and have an outspoken ambition to create good living environments in a long term perspective.

Players are constantly entering the housing market. What impact will that have?
It gives a greater diversity. For niche players, branding and standing by your vision is very important. Today, everyone that is fairly skilled work with clearly formulated concepts. To stand out, you need to do more, which we see happening now.

What are the trends in residential properties today?
Prices are paramount, hence we see great demand for compact apartments. Other than that, the market is much more diversified today than 20 years ago with more materials and more opportunities. People still want to have bright apartments with large windows, a demand we strive to meet. Airy apartments with high ceilings is also appreciated and valued. No one likes 2.40 meters, so we always strive for 2.50 meters or more.

Jonas Bjorkman is architect SAR/MSA at Arkipol. He has worked on Indexs´ projects such as Västermalms Strand and Västermalms-terassen, as well as with Norrtälje Juvelen and Norrtälje Torn.



"There is something special about

PA NEUMULLER ÅKERMAN, RESIDENT VÄSTERMALMS STRAND

"The view is like a painting"

Why did you move to Västermalms Strand?
We were looking for something new and wanted to remain in the city, we also love the ocean and wanted to stay close to water. This was the perfect combination. This is prime location. That the area can only grow to a limited point was also important for us.

What made you fall for this specific apartment?
The apartment is exactly what we were looking for and then some more. There are huge windows and an open plan that feels airy. They have also thought about the environment, with a good choice of materials and appliances.

Was it like you imagined?
Yes, it feels like they have wanted to create a paradise for us. The water is like a painting you never get tired of. I always feel proud when I invite people home, and I love to sit on my balcony with my friends. Sometimes I feel like I live in a small eagle's nest when sitting up here and looking down on the surroundings.

How do you like the area?
It is fantastic. There is something special about the whole neighborhood. It is both lively and harmonious at the same time. In this domain, they certainly succeeded. The feeling is the same as in Sydney where many people live by the water. There is a vivid quay with restaurants and cafes. Many people run or walk around here. And you can swim and bathe in the nearby area.

How has the area developed over the years you lived on Västermalms Strand?
This was one of the first houses that were completed in the area. In the beginning it was a little lonely, but now the area has really taken shape. It has gotten more bus routes, Lindhagensgatan has emerged and a lot of restaurants have opened. I have moved all my life, but for the first time I feel that I would be able to stay in one place for the rest of my life.

Pa Neumüller Akerman, moved with her husband and daughter into an apartment on the seventh floor on Västermalms Strand, in 2012. Previously, she lived in Stockholm's Östermalm, San Diego, Los Angeles, Lake Tahoe, Miami, Melbourne and Paris.

the entire area”

3.
Greater Stockholm, Sweden

/Case Study: Hornsberg

Creative property development at its finest

Index goes full circle with a development that started in 2005.

– Index was one of the initial developers in western Kungsholmen, which today has become one of Stockholm's most popular residential areas. We are so proud to have taken an early position and for having been the leading developer in the area, says Rickard Haraldsson, CEO of Index International.

– The Hornsberg property is an excellent example of what we call Creative Property Development, something we at Index are very good at, explains Rickard Haraldsson.

2005 Index Acquires the original lot from pharmaceutical company from Biovitrum for approximately 500 million SEK.

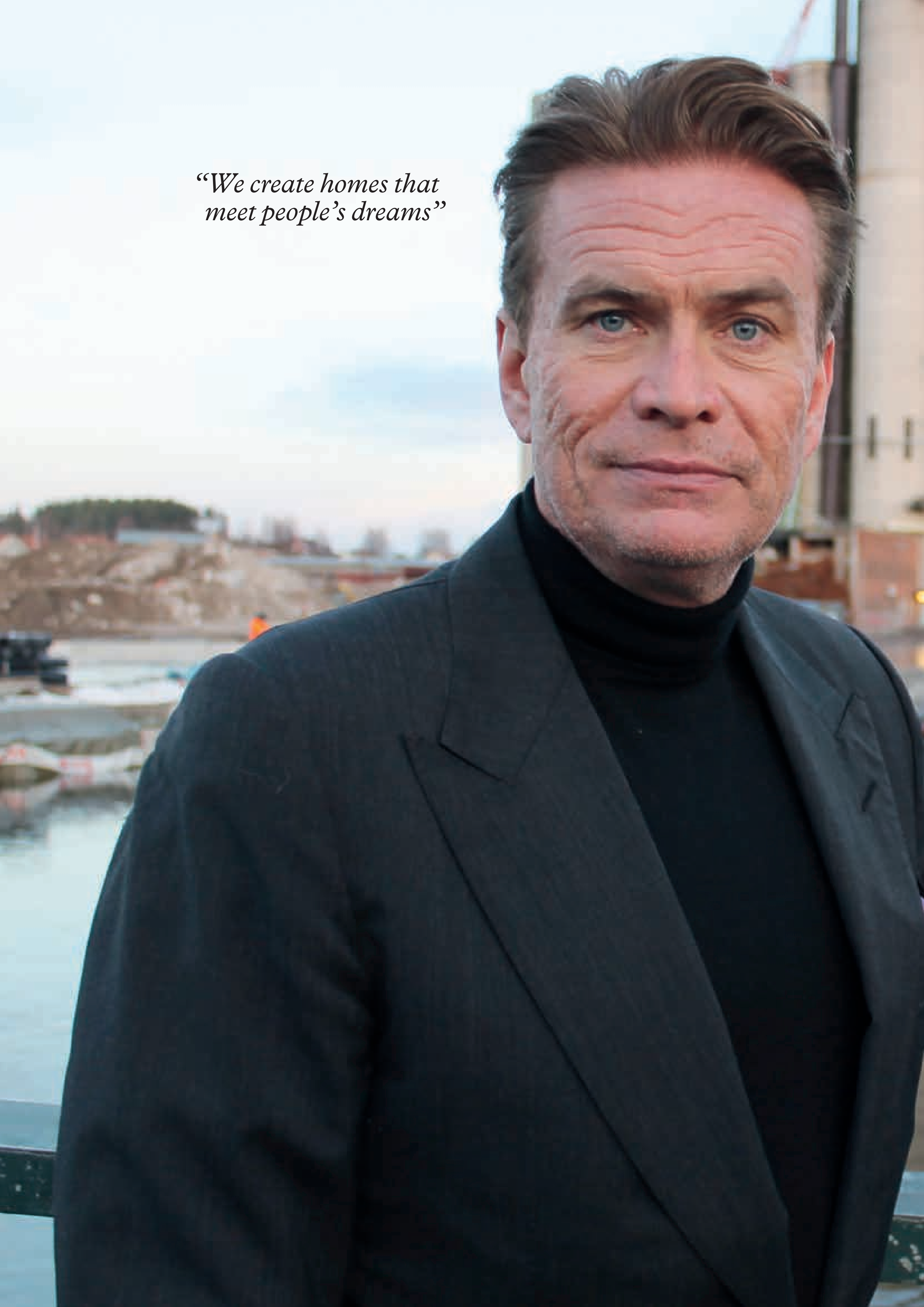
2009 The main pharmaceutical facility is sold to Octapharma for 100 million SEK.

2010–2012 Three condominium projects consisting of a total of 689 units, most with excellent sea view and all of very high standard, are constructed and sold. Total value estimated to approximately 4 billion SEK.

2015 The remaining property, Hornsberg 10 (14 900 m^2 commercial offices) is sold for 420 million SEK.

Västermalms Strand

"We create homes that meet people's dreams"



FREDRIK ALAMA

Putting the heart into the place

"Everything starts with a vision for the place and a feeling that we really want to do this. If you start like that you will also have the margins on your side," says Fredrik Alama. "We're looking at probably 15 possible deals before accepting to enter into a project."

Tell us how index goes about finding new projects?

"We often buy old industrial land at great locations and most preferably near water with enough space at least a hundred apartments. We never buy completed zoning rights, we are zoning experts and want to create something totally new to a broad audience. "

Why does index emphasize the importance of knowing the local market?

"It is obviously important to know which opportunities you should invest in and which ones you should pass, but it is also incredibly important to understand the area and the people who will live there. Take Norrtälje for example, I've wanted to do something in that area since I was 20 years old. Now, together with the municipality we have created a fantastic project that will attract many people – both from Norrtälje and its surroundings, but also from further away."

Is it possible to recognize a project Index has created?

"We create homes that meet people's dreams and needs. It is possible to recognize our projects, although they on may look completely different on the surface. Common for all our project is that they are designed to take the utmost care of the place. Moreover, we always work with contemporary architecture, which today involves large windows, good balconies and substantially generous ceiling height. With today's property prices, a lot of people demand efficient spaces, something that can be created with smart layouts but where we also work a lot on rethinking common spaces and the surrounding area in general. We are noticing results and that people really appreciate the difference – new properties is more popular than older houses. It is all about design, shape and place".

Fredrik Alama is the founder and, together with Bjarne Borg, the principal owner of Index International AB. He made his first property acquisitions in his twenties and for several years worked as a real estate agents, acquiring a good understanding of the needs and dreams people have for their living.

Photo: Linnea Wiström / Norrtelje Tidning


Norrtälje
Stockholm

Our projects

Here is a selection of Index projects in Sweden

Norrtälje Juvelen. Under construction.

Västermalms Strand. Completed and sold 2012.

Playce, Kista. Under development.

4.
Florida, USA

/Case Study: Dakota

US-project goes full circle

Index has made significant investments in the Florida market, and created a concept called The Smart Choice for residents looking for luxury homes in attractive locations.

– The Dakota was our initial investment in Florida in 2010 and has now completed the full circle from development to production and leasing to final divestment.

– The Dakota is proof from the Florida property market that the properties Index develop are very attractive, both from a residential and investment point of view, says Rickard Haraldsson, CEO of Index International.

2010 The lot is acquired for 4 million USD.

2013 Index constructs 190 luxury apartments with private balconies in a comfortable resort style, with pool, spa, gym and club house as popular features.

2014 Reaches full occupancy after only three months.

2016 Property sold for 42 million USD.

The Dakota, Florida

BJARNE BORG

Strong network behind US success

How come Index decided to enter into Florida?
We went into the market just after the financial crisis in 2008, having noticed a substantial gap in the market. There was a great need for rental apartments which were not being met due to difficulties to get funding. A big advantage for us is that we are able to make quick decisions when we see a business opportunity. And that's what we did here.

How popular are rental apartments in Florida?
They are more popular than they are common. It was the same after the crash, and so it remains. At that time people had a hard time getting mortgages, today there are many people who want the flexibility you get when you rent.

How is business?
It has actually exceeded all expectations. We have had better returns, higher rents, letting and sales have been faster and we have not had any negative surprises in either the planning stage or in construction costs. The reason for this success is that we during 20 years have built up a strong network of partners, builders and banks, and that we have great knowledge of the local market.

How is the market in Florida today?
Every day nearly 1,000 people move to Florida, resulting in Florida recently becoming the third largest US state with a population of 20 million. Everyone knows of the amazing climate, but more important is that Florida does not have state income tax. Many companies therefore choose to locate their headquarters here. The largest group moving into Florida is people at the age of 18–34, far from the traditional image of "blue-haired" ladies.

What is the next step?
We will continue to develop our project and property portfolio in the US. Next step for us is to, just like in Sweden, own and operate our projects with in-house expertise. This way, we get more control over the entire process, from product to marketing and branding which allows us to achieve the quality and hence the results we are aiming for – while building a strong brand.

Bjarne Borg is Chairman of the board, founder, and together with Fredrik Alama, principal owner of Index International AB. An entrepreneur at heart, Bjarne launched his first business venture already at the age of 14 and has since worked in several business areas and positions. Since a few years he resides in Florida and runs Index International's operations in the U.S.

"Our investments in the US has developed beyond all of our expectations"

Lake Nona, Florida

Our projects

Here is a selection of Index projects in Florida

The Dakota. Completed in 2013. Sold in 2016.

The Bridgewater. Completed in 2014. Sold 2016.

The Riverwalk Pointe. Under lease.

The Annual Report includes

5. Financial Report

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 2015.

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. This investment was sold during the first quarter 2016.

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 2015
In 2015, the Group continued to develop its core operations in Stockholm (Mälardalen valley) and in Florida, through the sister group Index Enterprise LLC. At the end of 2015, 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 2015
The Group's earnings before tax amounted to SEK –17 million (SEK 110 million) and the balance sheet total was SEK 2,354 million (SEK 2,628 million). Earnings for 2015 were affected by a positive exchange rate effect of SEK 8,8 million. The exchange rate effect is attributable to loans in foreign currency for financing of the sister group's operations in Florida.

Following an offer received for the real estate in Gunnebo, the value of the company's investment properties has decreased the earnings by SEK 10 million. This has generated a change in value of approx. 10 percent of existing investment properties. Due to the fact that the company has strengthened its organization in Sweden and Canada, the personnel expenses have increased as compared to last year.

EQUITY/ASSETS RATIO
The equity/assets ratio amounted to 47.3 percent (41.3).

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 a detailed building plan. 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 186 million (SEK 132 million) at year-end. The company maintains a strong focus on liquidity monitoring. Rolling eight-year forecasts and four-year forecasts are continually drawn up.

RESTRUCTURING
In 2015 the Company continued its restructuring work. It is intended to streamline operations and clarify the group's core operation, property development. Optimization of the capital structure is an important component of the business operations.

SALES
Index Investment LLC
As part of that restructuring, Index International AB (publ) sold the subsidiary Index Investment LLC, in June 2015.

Kungsholmen 10
In September 2015, the Group sold the property Hornsberg 10 in Kungsholmen, Stockholm. The sale includes a total of 14,900 square meters including office and commercial space. This is Index last divestment in the area of Hornsberg.

Index Projekt AB
Index Projekt AB and its subsidiaries were sold during the last quarter of 2015.

ACQUISITIONS
Index International US Holding LLC
Index International has through Index International US Holding LLC acquired the Index Assurance LLC and Vector Finance LLC from its sister company index Enterprise LLC. The acquisition was made at market value.

OTHER PROPERTY PROJECTS
Bryggårdsgärdet (Juvelen)
The detailed zoning plan for Juvelen Norrtälje, received final approval force in the first quarter of 2015. The project will be implemented in two blocks and will totally consist of 303 rental apartments and occupancy in February 2017. The project planned to be completed during 2018.

Norrtälje Hamn, Norrtälje kommun

The land Index owns in Norrtälje Harbour will be included in four detailed zoning plans. The local plan for the first two quarters is expected to receive final approval in the second quarter of 2016. The local plan for the last quarter is expected to get final approval in the turn of the year 2019/2020. The demolition of the old industrial area has commenced and only one silo remains for demolition in preparation for the production of 500 new condominiums.

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 2016.

EMPLOYEES

The number of employees in the Group in 2015 was 35 (38).

COMMUNICATION

Efforts to develop the communication strategy and brand platform for the Group has commenced. The work includes updating the logo and creative work of communication in the digital and mobile media. During the spring of 2016, the Group will launch a new website.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Index Energy Mills Road Corporation

Index International AB (publ) clarifies focus on residential development in Sweden and has sold 100 % of the shares in Index Energy Mills Road Corporation, active in renewable energy in Ontario, Canada, to Index Energy Sweden AB. The sale was made to a sister company. This restructuring work is a central part in clarifying the company's core business as a residential developer. The sale was made in accordance with the terms of the Company's outstanding bonds, which means that the bondholders' agent was informed of the sale and it was carried out at market value, based on a third party valuation. The estimated positive capital gain for the Group at the date of sale on 31 st March 2016 amounted to SEK 152 million. The sale also means that the Group's equity ratio in Q1 2016 improves. The sale affects the parent company's results in 2015 with an impairment loss of 220 million. The parent company loss is not a long term impairment but rather, reflects a short-term snapshot at the time of divestment. Index Energy Mills Road Corporation has not yet reached full production and is undergoing commissioning. This restructuring will improve the power company's refinancing opportunities when the production reached full capacity and then also shorten the payback period for the debts towards Index International AB (publ).

Index Housing

Furthermore, Index International AB (publ) has entered a joint venture, which will focus on exclusive villa project with unique design.

Nokon Bostad

Index International AB and AB Building Nokon created a joint venture which will be named Nokon Bostad. Index owns 33 percent and Nokon 66 percent. Initially, the new company gets a housing portfolio of approximately 230 apartments in Gnesta, Nyköping and Trosa.

Other

In accordance with the Board's decision, a dividend of SEK 28 million was paid on January 21, 2016.

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, 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's prospects are good. The Swedish project portfolio amounts to 1,300 residential units. The Group has a project portfolio of about 2,800 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.

The housing market development in Stockholm and Mälardalen is still very strong. In combination with the low interest rates, which remain to consist during 2016, the Group's prospects are good.

CORPORATE GOVERNANCE REPORT

The corporate governance report is available as a separate part of Index International AB's (publ) 2015 annual report and does not constitute part of the formal financial statements.

Proposed appropriation of profits

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

retained earnings	447,736,574
profit for the year	78,881,684
	526,618,258
distributed calculation carried forward	526,618,258

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	2015	2014
Operating income			
Net sales	5, 6	43,594	56,572
Other operating income	10	15,405	16,371
Total		**58,999**	**72,943**
Operating expenses			
Purchase of goods and services		–21,239	–51,455
Other external expenses	8, 41	–27,511	–27,921
Personnel expenses	9, 42	–21,049	–13,381
Depreciation/amortization of property, plant and equipment and intangible fixed assets	20, 22	–3,477	–5,419
Change in value of property	21	–9,795	32,560
Result from participations in group companies	11	8,459	–
Result from participations in associates and joint venture	12	31,821	–1,815
Total operating expenses		**–42,791**	**–67,431**
Operating profit/loss		**16,208**	**5,512**
Financial income	14	233,759	183,464
Financial expenses	14	–267,387	–79,018
Net financial items	14, 19	–33,628	104,446
Profit before tax		**–17,420**	**109,958**
Income taxes	18	75,969	–8,428
Profit/loss for the year		**58,549**	**101,530**
Other comprehensive income			
Items that may later be reversed in the income statement:			
Exchange differences		616	4,200
Exchange differences, non-controlling interests		–	–90
Other comprehensive income for the year, net of tax		**616**	**4,110**
Total comprehensive income for the year		**59,165**	**105,640**
Profit for the year attributable to:			
Parent company shareholders		59,378	102,836
Non-controlling interests		–829	–1,306
Total comprehensive income attributable to:			
Parent company shareholders		59,994	107,036
Non-controlling interests		–829	–1,396

Consolidated Statement of Financial Position

Amounts in SEK thousands	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Intangible assets	20		
Concessions		10 323	11,011
Trademarks		277	–
Total intangible assets		**10 600**	**11,011**
Property, plant and equipment			
Investment properties	21	77,209	461,742
Buildings and land	22	–	7,252
Equipment, tools, fixtures and fittings	22	2,129	2,984
Construction in progress	22	642,298	650,675
Total property, plant and equipment		**721,636**	**1,122,653**
Non-current financial assets			
Investments in associates	15	751	12,560
Interests in joint ventures	16	2,941	12,273
Receivables from associates and joint ventures	26	–	44,388
Other non-current receivables	23, 26	991,914	687,394
Financial assets available for sale	26	7,500	239,000
Total non-current financial assets		**1,003,106**	**995,615**
Deferred tax assets	24	–	904
TOTAL NON-CURRENT ASSETS		**1,735,342**	**2,130,183**
CURRENT ASSETS			
Inventories	26, 30	299,260	240,311
Trade receivables	26, 28	10,358	3,580
Tax assets		62	1,975
Other receivables	26, 29	44,100	51,096
Financial assets available for sale	26	15,000	–
Prepaid expenses and accrued income	31	7,307	8,128
Derivatives	26	6,924	–
Cash and cash equivalents	26, 32	186,407	132,351
Non-current assets held for sale	33	49,000	60,000
Total current assets		**618,418**	**497,441**
TOTAL ASSETS		**2,353,760**	**2,627,624**

Consolidated Statement of Financial Position, cont.

Amounts in SEK thousands	Note	Dec 31, 2015	Dec 31, 2014
EQUITY			
Equity attributable to parent company shareholders			
Share capital	34	10,000	10,000
Reserves		10,829	10,213
Retained earnings including comprehensive income for the year		1,093,124	1,062,146
Non-controlling interests		–	2,136
Total equity		**1,113,953**	**1,084,495**
LIABILITIES			
Non-current liabilities			
Borrowings	3, 35	379,190	581,908
Bond loan	3, 35	369,909	367,838
Derivatives	3, 26, 27	73,986	10,591
Other non-current liabilities	3, 36	1,628	21,628
Deferred tax liabilities	24	73,097	115,437
Other provisions	43	120,662	117,500
Total non-current liabilities		**1,018,472**	**1,214,902**
Current liabilities			
Borrowings	3, 35	13,414	26,166
Trade payables	3, 26	77,515	52,297
Current tax liabilities		25,581	11,580
Liabilities to associates	26	–	136,816
Derivatives	3, 26, 27	1,410	–
Other liabilities	3, 37	86,241	52,623
Accrued expenses and deferred income	38	17,174	48,746
Total current liabilities		**221,335**	**328,227**
TOTAL EQUITY AND LIABILITIES		**2,353,760**	**2,627,624**

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, 2014 in accordance with IFRS		**10,000**	**6,013**	**959,310**	**975,323**	**3,532**	**978,855**
Profit/loss 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**
Opening balance January 1, 2015		**10,000**	**10,213**	**1,062,146**	**1,082,359**	**2,136**	**1,084,495**
Profit/loss for the year		–	–	59,378	59,378	–829	58,549
Other comprehensive income		–	616	–	616	–	616
Total comprehensive income		**–**	**10,829**	**59,378**	**59,944**	**–829**	**–59,165**
Dividends paid		–	–	–28,400	–28,400	–	–28,400
Disposal of the subsidiaries		–	–	–	–	–1,307	–1,307
Total distributions		**–**	**–**	**–28,400**	**–28,400**	**–1,307**	**–29,707**
Closing balance December 31, 2015		**10,000**	**10,829**	**1,093,124**	**1,113,953**	**–**	**1,113,953**

Consolidated Statement of Cash Flows

Amounts in SEK thousands		Financial year	
	Note	2015	2014
Cash flow from operating activities			
Profit/loss after financial items		–17,420	111,773
Depreciation/amortization		3,477	5,419
Unrealized changes in values	21	9,795	–32,560
Other non-cash items	44	28,802	–99,337
Income from participations in Group companies	14	–23,049	–2,830
Interest paid		–49,313	–60,892
Interest received		32,998	5,582
Income taxes		–1,215	–5,977
Cash flow from operating activities before changes in working capital		**–15,925**	**–78,822**
Cash flow from changes in working capital			
Decrease in inventories and work in progress		2,400	–22,380
Decrease in current receivables		239	17,781
Increase in current liabilities		13,962	31,010
Total changes in working capital		**16,601**	**26,411**
Cash flow from operating activities		**676**	**–52,411**
Cash flow from investing activities			
Purchase in tangible fixed assets		–282	–
Purchase of property, plant and equipment	22	–101,921	–332,663
Sale of participations in Group companies		422,004	104,819
Investment in subsidiaries		–	–49,977
Acquisitions/investments in associates and joint ventures	15, 16	–620	–1,220
Sales of associates		–	500
Result from associates and joint ventures		254,800	–
Change in loans to associates		922	188,966
Increase in other non-current receivables	23	–158,131	–176,090
Cash flow from investing activities		**416,772**	**–265,665**
Cash flow from financing activities			
Loans raised		108,851	427,594
Repayment of loans		–434,352	–86,994
Dividend received		–28,400	600
Cash flow from financing activities		**–353,901**	**341,200**
Decrease/increase in cash and cash equivalents			
Opening balance, cash and cash equivalents		132,351	101,724
Exchange rate differences in cash and equivalents		–9,491	7,503
Closing balance, cash and equivalents	32	**186,407**	**132,351**

Income Statement, Parent Company

Amounts in SEK thousands	Note	2015	2014
Operating income			
Net sales	6, 7	1,897	2,242
Total operating income		**1,897**	**2,242**
Operating expenses			
Purchase of goods and services		–15	–190
Other external expenses	8	–17,803	–16,170
Personnel expenses	9	–10,566	–5,254
Depreciation/amortization of property, plant and equipment	22	–70	–90
Total operating expenses		**–28,454**	**–21,704**
Operating profit/loss		**–26,557**	**–19,462**
Result from participations in Group companies	11	–208,174	1,100
Result from participations in associates	12	244,300	1,931
Gain from other securities and receivables that are non-current assets	13, 19	–2,121	97,246
Other interest income and similar profit/loss items	14, 19	169,204	122,254
Interest expenses	14, 19	–94,910	–63,267
Profit/loss after financial items		**81,742**	**139,802**
Profit before tax		**81,742**	**139,802**
Appropriations	17	10,696	–68,220
Tax on earnings for the year	18	–13,557	–11,551
Profit/loss for the year		**78,881**	**60,031**

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, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	22	824	880
Non-current financial assets			
Participations in Group companies	25	58,932	248,315
Receivables from Group companies	26	722,548	668,804
Participations in associates		–	180
Interests in joint ventures		2,332	12,032
Receivables from associates and joint ventures	26	–	922
Other non-current receivables	23, 26	792,293	540,825
Total non-current financial assets		**1,576,105**	**1,471,078**
Total non-current assets		**1,576,829**	**1,471,958**
Current assets			
Current receivables			
Trade receivables	26	1,487	499
Receivables from Group companies	26	89,478	93,458
Other receivables	26, 29	4,387	3,591
Prepaid expenses and accrued income	31	2,478	2,009
Total current receivables		**97,830**	**99,557**
Cash and bank balances	26, 32	42,828	34,905
Total current assets		**140,658**	**134,462**
TOTAL ASSETS		**1,717,587**	**1,606,420**

Balance Sheet, Parent Company cont.

Amounts in SEK thousands	Note	Dec 31, 2015	Dec 31, 2014
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 profit/loss		447,737	416,106
Profit/loss for the year		78,881	60,031
Total non-restricted equity		**526,618**	**476,137**
Total equity		**538,618**	**488,137**
Untaxed reserves		**35,200**	**17,500**
Provisions			
Other provisions	27	6,443	10,591
Non-current liabilities			
Bond loan	35	369,909	367,838
Liabilities to Group companies	26	661,968	527,502
Total non-current liabilities		**1,031,877**	**895,340**
Current liabilities			
Trade payables	26	949	739
Liabilities to Group companies	26	31,459	12,546
Liabilities to associates	26	–	136,503
Current tax liabilities		21,112	11,490
Other liabilities	26, 37	42,808	29,116
Accrued expenses and deferred income	38	9,121	4,458
Total current liabilities		**105,449**	**194,852**
TOTAL EQUITY AND LIABILITIES		**1,717,587**	**1,606,420**
Pledged assets	39	**1,040**	**1,482**
Contingent liabilities	40	**617,818**	**573,188**

Changes in Shareholders' Equity, Parent Company

Amounts in SEK thousands	Note	Restricted equity		Non-restricted equity	
		Share capital	Statutory reserve	Retained earnings	Total equity
Opening balance at January 1, 2014	34	**10,000**	**2,000**	**416,106**	**428,106**
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**	**476,137**	**488,137**
Opening balance at January 1, 2015		**10,000**	**2,000**	**476,137**	**488,137**
Comprehensive income					
Paid dividends				–28,400	–28,400
Comprehensive income for the year		–	–	78,881	78,881
Total comprehensive income		**–**	**–**	**50,481**	**50,481**
Closing balance at December 31, 2015		**10,000**	**2,000**	**526,618**	**538,618**

Statement of Cash Flows, Parent Company

Amounts in SEK thousands	Note	Financial year 2015	2014
Cash flow from operating activities			
Operating profit/loss after financial items		81,742	139,802
Adjustments for items not included in cash flow	44	135,303	–152,326
Interest received		10,735	1,766
Interest paid		–32,130	–48,832
Income tax paid		–3,935	–
Cash flow from operating activities before changes in working capital		**191,715**	**–59,590**
Cash flow from changes in working capital			
Increase/decrease in current receivables		1,727	–17,954
Increase/decrease in current liabilities		–5,428	–10,147
Total changes in working capital		**–3,701**	**–28,101**
Cash flow from operating activities		**188,014**	**–87,691**
Investing activities			
Investments in property, plant and equipment	22	–14	–116
Sales of subsidiaries		12,500	1,200
Investments in associates and joint ventures	15, 16	–620	–180
Repayment of shareholder contributions		10,500	–
Sales of associates		–	1,981
Change in investments in financial fixed assets		–46,778	–196,736
Cash flow from investing activities		**–24,412**	**–193,851**
Financing activities			
Loans raised	26	21,715	318,552
Repayment of loans		–148,993	–26,615
Dividend received		–28,400	–
Cash flow from financing activities		**–155,678**	**291,937**
Cash flow for the year		**7,924**	**10,395**
Opening balance, cash and cash equivalents		34,904	24,509
Closing balance, cash and equivalents	32	42,828	34,904

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 is provided by 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.

These consolidated financial statements and annual accounts were approved for publication by the Board of Directors on April 25, 2016.

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 as seen 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.

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 that of the Group, 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

New and revised accounting principles

None of the new and revised standards and interpretations to be applied for the first time to financial years beginning 1 January 2015 have had any material impact on the Group.

New and amended accounting principles not yet adopted

Below are the new and amended standards and interpretations that have been published but didn't come into effect any later than 1 January 2015. None of these have been applied in advance. No new or amended IFRS or IFRIC interpretations that are mandatory for periods beginning January 1, 2016 or later and have been approved by the EU are expected to have a material impact on the consolidated accounts. The IASB has published several new and amended accounting policies that have not yet been approved by the EU but that may affect the Group's accounting given a future consent. Index hereby recognizes these principles but does not intend, in cases where the opportunity is given, apply these accounting policies prematurely.

- IFRS 9 Financial Instruments was published in full in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 brings together all aspects of the accounting for financial instruments (except for macro hedges); classification, measurement, impairment and hedge accounting. Classification and measurement: The categories for the classification of financial assets in IAS 39 are replaced by two categories, those measured at fair value or accrued cost of acquisition.

  The impairment model in IAS 39 assumed incurred losses based on IFRS 9 on expected losses, which requires a more contemporary recognition of credit losses. Hedge accounting has improved in IFRS 9 so that the effects of how a company manages risks associated with its financial instruments is reflected clearly in financial reporting. The standard must be applied retrospectively and are required to apply for fiscal years beginning January 1, 2018 or later but is available for early adoption. The Group has not yet evaluated the impact of the introduction of the standard.

- IFRS 15 Revenue from Contracts with Customers, published by the IASB in May 2014, a comprehensive, principles-based standard for all revenue-accounting, regardless type of transaction or industry that replaces all previously issued standards and interpretations dealing with revenue recognition. The standard must be applied retrospectively and are required to apply for fiscal years beginning January 1, 2018 or later but is available for early adoption. The Group has not yet evaluated the impact of the introduction of standard.

- IFRS 16 Leases, published by the IASB in January 2016 and will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities relating to all the leases, with some exceptions, are recognized in the balance sheet. The accounts of the lessor will essentially be unchanged. The standard is mandatory to apply for fiscal years beginning January 1, 2019 or later. Early application is permitted. The EU has not yet adopted the standard. The Group has not yet assessed the impact of IFRS 16.

  None of the published IFRS or IFRIC interpretations that have not yet been approved by the European Commission, have been considered as relevant for the Group's accounting.

Notes

2.2 Consolidated financial statements

Subsidiaries
Subsidiaries are all companies (including structured companies) in 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 within the operating result with the corresponding change in the holding's carrying amount. When the Group's share in an associate/joint venture's losses amount to or exceed 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 utilize 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 presentation 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.

Notes

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
Trademarks 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 21 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	50 years
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.

Notes

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 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.

Notes

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. The property projects, where the intention is to sell them after completion are classified as inventories of residential units. The acquisition value includes expenses for land acquisition and project/property and expenditures for new construction or renovation. Inventories of residential units is reported continuously in the balance sheet at the lower of cost and net realizable value, ie realizable value (market value) after deducting the estimated costs of completion and direct selling expenses.

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.

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.

Notes

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 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.

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 profit/loss 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.

Notes

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.

Participations 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.

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 2015, exchange rate differences recognized in the income statement amounted to SEK 8,758 thousand (negative SEK –135,443 thousand). Of these, SEK 4,603 thousand (SEK 4,110 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.

Notes

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, 2015 would have been SEK 457 thousand higher/lower (SEK 2,949 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, 2015 would have been SEK 11,984 thousand higher/lower (SEK 8,578 thousand higher/lower). Correspondingly, equity would have been affected by +– SEK 3,737 thousand if the Swedish krona had weakened/strengthened by 10% compare to USD and by +– SEK 3,274 thousand if the Swedish krona had weakened/strengthened by 10% compare to CAD.

(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 2015 and 2014, 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 389,285 thousand (SEK 605,154 thousand) on the balance sheet date and consolidated cash and cash equivalents amounted to SEK 186,407 thousand (SEK 132,351 thousand). A change in working capital by +/– 2 percent would entail an effect on net interest of SEK +/– 7,784 thousand (SEK 11,898 thousand).

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 in regards 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, 2015 (SEK thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loan	–	–	369,909	–
Liabilities to credit institutions	13,414	50,055	30,165	298,970
Other non-current liabilities	–	1,628	–	–
Trade payables	77,515	–	–	–
Derivatives	1,410	–	11,957	62,029
Other current liabilities	86,241	–	–	–
Total	**178,580**	**51,683**	**412,031**	**360,999**

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**

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 2015	31 December 2014
Total borrowing (Note 35)	762,513	975,912
Less: cash and cash equivalents (Note 31)	–186,407	–132,351
Net debt	576,106	843,561
Equity	1,113,953	1,082,286
Total capital	**1,690,059**	**1,925,920**
Debt/equity ratio	**34,09 %**	**43,80 %**

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 2015.

(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	–	6 924	–	6,924
– Financial assets available for sale	–	–	22,500	22,500
Total assets	**–**	**6 924**	**22,500**	**29,424**
Liabilities				
Financial liabilities at fair value through the income statement	–	–	–	–
– Derivative instruments held for trading: Currency options	–	75,396	–	75,396
Total liabilities	**–**	**75,396**	**–**	**75,396**

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				
– Non-current assets held for sale: 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				
– Derivative instruments held for trading: Currency options	–	10,591	–	10,591
Total liabilities	**–**	**10,591**	**–**	**10,591**

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 2015	31 December 2014
Opening balance	239,000	257,685
Transfers to Level 3	–239,000	–18,685
Gains and losses recognized in the income statement (see Note 14)	22,500	–
Closing balance	**22,500**	**239,000**

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 as well as 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 entail a significant risk of substantial adjustments to the carrying values of assets and liabilities over the ensuing financial year are outlined below.

Valuation of shares in group companies
When evaluating the value of shares in group companies forecasted cash flows for each of the subsidiaries is being used as the valuation is based on management's best estimate of the present value and future cash flows, there is a risk that unforeseen circumstances ahead may give rise to adjustments to record the carrying values.

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 2015 and 2014, the assessment is that only asset acquisitions were implemented.

Valuation of tax loss carryovers
Each year, the Group tests deferred tax assets related to tax loss carryovers for impairment. In addition, the Group assesses whether it is appropriate to capitalize new deferred tax assets for the year's tax loss carryovers. Deferred tax assets are only recognized for tax loss carryovers 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:

	2015	2014
Analysis of income by income type:		
– Sales of goods	8	–
– Income from property rents	42,085	55,012
– Income from services	16,907	1,560
Total	**58,999**	**56,572**

The Group has its registered offices in Sweden. Income from external customers in Sweden amounts to SEK 38,887 thousand (SEK 54,311 thousand) and total income from external customers in other countries amounted to SEK 20,112 thousand (SEK 2,261 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 50,701 thousand (SEK 825,029 thousand) and the total of such assets located in other countries amounts to SEK 681,536 thousand (SEK 802,299 thousand).

Income of approximately SEK 8,600 thousand (SEK 9,557 thousand) pertains to a single external customer. This income relates to the rental of real estate.

Notes

Note 6 Distribution of net sales

Net sales are distributed by type of income as follows:

Group	2015	2014
Sales of goods	8	–
Income from properties	42,085	55,012
Sales of services	16,907	1,560
Group total	**58,999**	**56,572**

Parent company	2015	2014
Sales of services	1,897	2,065
Real estate rents	–	177
Parent company total	**1,897**	**2,242**

Note 7 Parent company sales to and purchases from Group companies

Over the year, the parent company invoiced subsidiaries SEK 587 thousand (652 thousand) for Group-wide services. The parent company has purchased services from Group companies amounting to SEK 100 thousand (SEK 100 thousand) relating to management fees to the Company's owners.

Note 8 Remuneration to the auditors

Group	2015	2014
PwC		
Audit assignment	1,456	1,173
Audit activities other than audit assignment	53	20
Tax consultancy	330	785
Other services	604	1,125
Group total	**2,443**	**3,103**

Parent company	2015	2014
PwC		
Audit assignment	830	940
Audit activities other than audit assignment	53	20
Tax consultancy	89	785
Other services	604	1,125
Parent company total	**1,576**	**2,870**

Notes

Note 9 Employee benefits, etc.

Group	2015	2014
Salaries and other benefits	27,781	15,320
Social security contributions	3,839	1,896
Pension expenses – defined-contribution plans	1,695	1,095
Group total	**33,315**	**18,311**

Salaries, other benefits and social security contributions	2015 Salaries and other benefits (including bonuses)	2015 Social security contributions (of which pension expenses)	2014 Salaries and other benefits (including bonuses)	2014 Social security contributions (of which pension expenses)
Members of the Board of Directors, CEO and other senior positions	5,889	1,207 (119)	3,555	510 (85)
Other employees	21,892	2,632 (111)	11,765	1,386 (51)
Group total	**27,781**	**3,839 (230)**	**15,320**	**1,896 (135)**

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

	2015 Number on balance sheet date	2015 Of whom, women	2014 Number on balance sheet date	2014 Of whom, women
Members of the Board of Directors,	39	s19	44	19
CEO and other senior positions	4	1	4	1
Group total	**43**	**20**	**48**	**20**

Parents Company	2015	2014
Salaries and other benefits	6,952	3,505
Social security contributions	2,371	1,132
Pension expenses – defined – contribution plans	947	468
Parent company total	**10,270**	**5,105**

Salaries, other benefits and social security contributions	2015 Salaries and other benefits (including bonuses)	2015 Social security contributions (of which pension expenses)	2014 Salaries and other benefits (including bonuses)	2014 Social security contributions (of which pension expenses)
Members of the Board of Directors, CEO and other Senior executives	3,043	1,075 (119)	1,580	510 (294)
Other employees	3,909	1,296 (167)	1,925	622 (173)
Parent company	**6,952**	**2,371 (286)**	**3,505**	**1 ,132 (468)**

Average number of employees, geographical by country	2015 Average number of employees	2015 Of whom, women	2014 Average number of employees	2014 Of whom, women
Sweden	7	5	7	5
ITotal parent company	**7**	**5**	**7**	**5**
Subsidiaries				
Sweden	3	1	5	1
US	–	–	11	4
Canada	25	3	15	3
Total subsidiaries	**28**	**4**	**31**	**8**
Group total	**35**	**9**	**38**	**13**

Notes

Gender distribution among members of the Board of Directors and other senior executives in the Parent Company	2015 Number on balance sheet day	2015 Of who, men	2014 Number on balance sheet day	2014 Of who, men
Members of the Board of Directors	3	3	3	2
CEO and other senior executive	2	1	2	–
Parent company total	**5**	**4**	**5**	**4**

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 1,378 thousand (1,130 thousand) and remuneration to the Board of Directors SEK 200 thousand (250 thousand) of the companies' total salaries and remunerations.

Remuneration and other benefits in 2015	Basic salary/ Board fees	Pension expenses	Total
CEO Rickard Haraldsson	1,378	254	1,632
President US Bjarne Borg	2,095	–	2,095
Deputy CEO Marie-Louise Alamaa	1,320	237	1,557
Member of the Board of Directors Brian Borg	75		75
Member of the Board of Directors Arne Wise	125	–	125
Other senior executives (2 individual)	752	12	764
TOTAL	**5,745**	**503**	**6,248**

Notes

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	1,789
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**

Note 10 Other operating income

	Group	
Other operating income	**2015**	**2014**
Sales of fixed assets	–	376
Insurance compensation	6	43
Reversal of impairment, inventories	2,431	–
Management fees	12,564	15,031
Other	404	921
Total other operating income	**15,405**	**16,371**

Note 11 Profit from participations in Group companies

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Disposals of shares	8,459	–	12,159	1,100
Impairment of shares	–	–	–220,333	–
Total profit from participations in Group companies	**8,459**	**–**	**–208,174**	**1,100**

Note 12 Profit from participations in associates

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Impairment of shares in associates	–	–2,684	–	–
Profit/loss on disposal of associates	–	–277	–	1,931
Profit from share of equity in associates	31,821	1,146	244,300	–
Total profit/loss on participations in associates and joint ventures	**31,821**	**–1,815**	**244,300**	**1,931**

Notes

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

	Parent company	
	2015	**2014**
Exchange rate difference non-current receivables	–1,311	107,113
Impairment of receivables	–810	–9,867
Total profit/loss from other securities and receivables that are non-current assets	**–2,121**	**97,246**

Note 14 Financial income and expenses / Interest income and expense

	Group		Parent company	
Financial income/interest income	**2015**	**2014**	**2015**	**2014**
Interest income on bank deposits	435	154	–	134
Interest income on lending	61,487	43,974	113,972	89,224
Exchange rate effect on current receivables	71,689	27,723	36,933	27,723
Exchange rate effect on non-current receivables	81,849	103,610	–	–
Profit/loss from derivatives	14,151	–	14,151	–
Change in fair value of derivative instruments – currency options	4,148	5,173	4,148	5,173
Profit/loss from participations in Group companies	–	2,830	–	–
Total financial income/interest income	**233,759**	**183,464**	**169,204**	**122,254**

	Group		Parent company	
Financial expenses/interest expenses	**2015**	**2014**	**2015**	**2014**
Interest expenses on liabilities to owners	–7,080	–3,212	–6,034	–2,037
Interest expenses on liabilities to the Group	–	–	–16,989	–13,544
Interest expense on bond loan	–26,741	–46,369	–26,741	–46,369
Interest expenses, other	–21,605	–12,112	–591	–
Exchange rate effect on current receivables	–68,965	–	–40,213	–
Exchange rate effect on non-current receivables	–75,815	–	–	–
Profit/loss from derivatives	–4,342	–	–4,342	–
Change in fair value of derivative instruments – currency options	–62,029	–	–	–
Impairment of receivables	–810	–9,867	–	–
Other financial expenses	–	–7,458	–	–1,317
Total financial expenses/interest expenses	**–267,387**	**–79,018**	**–94,910**	**–63,267**
Total financial items – net	**–33,628**	**104,446**	**74,294**	**58,987**

Note 15 Investments in associates

	2015	**2014**
Opening cost	10,967	57,373
Purchasing/shareholder contributions	620	180
Disposal of holdings	–	–46,586
Reclassifications	–10,787	–
Closing accumulated acquisition values	**800**	**10,967**

Opening impairment	–	–27,270
Impairment for the year	–	–2,684
Reversal of impairment	–	29,954
Closing accumulated impairment	**–**	**–**

Notes

Opening changes in share of equity	1 593	3,731
Reversal of change in share of equity	–1 622	–4,179
Changes in share of equity in associates	–20	2,041
Closing change in share of equity	**–49**	**1,593**
Closing carrying amount	**751**	**12,560**

Listed below are the associates considered by the Board of Director to be significant for the Group as per December 31, 2015. 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, 2014 and 2015:

Name	Registration country	Assets	Liabilities	Income	Earnings	Holding %
2015						
Sport Hotels AB	Sweden	4,237	1,985	–	–118	33%
Total		**4,237**	**1,985**	**–**	**–118**	

* 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 %
2014						
Sport Hotels AB	Sweden	1,726	1,985	–	–29	30%
Index Aviation LLC	US	14,573	8,514	–	–527	50%
Intercoastal Park LLC	US	–	–	–	–	50%
Total		**16,299**	**9,575**	**–**	**–556**	

Note 16 Interests in joint ventures

	2015	2014
Opening cost	11 836	11,786
Purchasing/shareholder contributions	–10 500	–
Reclassifications	197	50
Closing accumulated acquisition values	**1,533**	**11,836**
Opening cost	437	–
Changes in share of equity in associates	971	437
Closing change in share of equity	**1,408**	**437**
Closing carrying amount	**2,941**	**12,273**

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 %
2015							
Fröjden AB	443	63,815	13,959	–	57,412	–10,275	50%
Västermalms Strand Holding AB	–	12,739	219	13,122	2,559	3,734	50%
Total	**443**	**76,554**	**14,178**	**13,122**	**59,971**	**–14,009**	

Notes

Name	Fixed assets	Current assets	Current liabilities	Non-current liabilities	Income	Expenses	Holding %
2014							
Fröjden AB	233,543	90,139	998	–	233,002	–158	50%
Västermalms Strand Holding AB	135,500	160,961	1	11,979	2,036	–2,557	50%
Total	**369,043**	**251,100**	**999**	**11,979**	**235,038**	**–2,715**	

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

Not 17 Appropriations

	Parent company	
	2015	**2014**
Change in tax allocation reserve	–17,700	–17,500
Group contributions paid	28,396	–50,720
Total	**10,696**	**–68,220**

Note 18 Income taxes/tax on earnings for the year

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Current tax:				
Current tax on earnings for the year	–13,394	–17,267	–11,868	–11,551
Tax adjustment from prior years	–3,735		–1,689	
Total current tax	**–17,129**	**–17,267**	**–13,557**	**–11,551**
Deferred tax (see Note 24)	93,098	8,839	–	–
Total deferred tax	**93,098**	**8,839**	**–**	**–**
Income taxes	**75,969**	**–8,428**	**–13,557**	**–11,551**

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	
	2015	**2014**	**2015**	**2014**
Profit before tax	–17,420	109,958	81,742	139,802
Income tax calculated according to national rates applicable to profits in the countries concerned	7,134	–22,224	–17,983	–30,756
Tax effects of:				
• Non-taxable income	274,048	22,638	58,751	729
• Non-deductible expenses	–171,998	–3,524	–56,530	–2,432
• Transfer to tax allocation reserve	–	–	3,894	3,850
• Tax losses for which no deferred tax asset is recognized	–30,828	–20,369	–	–
• Utilization of loss not previously recognized	1,348	15,522	–	17,058
• Tax adjustment from prior years	–3,735	–	–1,689	–
Tax expense	**75,969**	**–8,428**	**–13,557**	**–11,551**

The weighted tax rate for the Group is 40.9 percent (20.2 percent) and for the parent company 22.0 percent (22 percent).

Notes

Note 19 Exchange differences

Exchange differences are recognized in the income statement as follows:

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Net financial items	8,758	131,333	–4,591	134,836
Total exchange rate differences in income statement	**8,758**	**131,333**	**–4,591**	**134,836**

Note 20 Intangible assets

Group	**Concessions**	**Trademarks**	**Total**
The 2014 financial year			
Opening carrying amount	11,699	7,282	18,982
Depreciation/amortization	–688	–3,489	–4,177
Disposal	–	–3,793	–3,794
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	–	–3,793	–3,793
Closing carrying amount	**11,011**	**–**	**11,011**
The 2015 financial year			
Opening carrying amount	11,011	–	11,011
Purchasing/conversion	–	282	281
Depreciation/amortization	–688	–5	–693
Closing carrying amount	**10,323**	**277**	**10,600**
As per December 31, 2014			
Cost	13,764	18,933	32,697
Accumulated amortization	–3,441	–14,863	–18,304
Disposal/reversal	–	–3,793	–3,793
Closing carrying amount	**10,323**	**277**	**10,600**

Note 21 Investment properties

Group	
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**
The 2015 financial year	
Opening carrying amount	461,742
Investment in existing properties	48,436
Non-current assets held for sale	11,000
Reclassification	–3,174
Adjustment fair value investment properties	–9,795
Disposal	–431,000
Closing carrying amount at December 31, 2015	**77,209**

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 2015, fair value is determined based on external appraisers. Independent consulting firms FS Fastighetsstrategi AB/Real Advisor AB have been engaged as external appraisers.

Fair value is calculated for each individual property by means of a 10-year cash flow model or through a comparative analysis of similar objects in the area. 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, 2015, %	
– Norrtälje	6.5
– Västervik and environs	9.1
– Ajax, Durham, Ontario	10.0

Valuation assumptions, weighted average, December 31, 2015	
– Inflation assumption	2.0 %
– Interest applied in calculating residual value	9.1 %
– Dividend yield requirement, residual value	7.1 %
– Long-term vacancy rate	5.6 %
– Operating and maintenance expenses, year 1	SEK 400 / m2
– Market rent level	SEK 737 / m2
Ajax, Durham, Ontario	
– Dividend yield requirement, residual value	8.7 %
– Operating and maintenance expenses, year 1	SEK 11 kr / m2
– Market rent level	SEK 276 / 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 2015	+1%	–1%
Discount rate, SEK thousands	–9,312	14,986
Rental value, SEK thousands	137	–137

Notes

Note 22 Property, plant and equipment

Group	Buildings and land	Equipment, tools, fixtures and fittings	Construction in progress	Total
As per January 1, 2014				
Opening carrying amount	30,473	3,340	303,036	336,849
Cost	187,472	1,741	313,829	503,042
Reclassifications	–210,687	–776	–5,201	–216,664
Translation differences	–	–	38,926	38,926
Depreciation/amortization	–6	–1,321	85	–1,242
Closing carrying amount	**7,252**	**2,984**	**650,675**	**660,911**
As per December 31, 2014				
Cost	10,524	7,700	650,675	668,899
Accumulated Depreciation/amortization	–3,272	–4,716	–	–7,989
Carrying amount	**7,252**	**2,984**	**650,675**	**660,911**
The 2015 financial year				
Opening carrying amount	7,252	2,984	650,675	660,911
Purchases	–	74	72,521	72,595
Sales and disposals	–28	–346	–3,823	–4,197
Reclassifications	–7,224	–17	–2,226	–9,467
Translation differences	–	–	–74,849	–74,849
Depreciation/amortization	–	–566	–	–566
Closing carrying amount	**–**	**2,129**	**642,298**	**644,427**
As per December 31, 2015				
Cost	3,272	7,410	642,298	652,980
Accumulated amortization	–3,272	–5,281	–	–8 553
Carrying amount	**–**	**2,129**	**642,298**	**644,427**

Construction in progress per December 31, 2015 consists primarily of investments in a biogas facility in Canada. During the year, the Group capitalized borrowing expenses of SEK 13,835 thousand (SEK 10,523 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 49,000 thousand and relate to the properties Gunnebo 1:109 and 1:110. See Note 33 for further details regarding the divestment.

Notes

Parent company	Permanent equipment, service facilities etc. in buildings	Equipment, tools, fixtures and fittings	Total
The 2014 financial year			
Opening carrying amount	31	854	885
Purchases	–	116	116
Depreciation/amortization	31	–90	–90
Closing carrying amount	**0**	**880**	**880**
As per December 31, 2015			
Cost	31	1,749	1,780
Accumulated amortization	–31	–869	–900
Carrying amount	**0**	**880**	**880**
The 2015 financial year			
Opening carrying amount	–	880	880
Purchases	–	14	14
Depreciation/amortization	–	–70	–70
Closing carrying amount	**0**	**824**	**824**
As per December 31, 2015			
Cost	–	1,763	1,763
Accumulated amortization	–	–939	–939
Carrying amount	**0**	**824**	**824**

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, 2015	December 31, 2014
Restricted cash and cash equivalents	61,946	67,196
Promissory note to Equity Group	193,382	81,981
Promissory note to Enterprise Group	650,092	524,237
Promissory notes to others	86,494	13,980
Group total	**991,914**	**687,394**

Parent company	December 31, 2015	December 31, 2014
Promissory note to Equity Group	193,382	81,981
Promissory note to Enterprise Group	598,370	455,640
Promissory notes to others	541	3,204
Parent company total	**792,293**	**540,825**

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.

Notes

Note 24 Deferred tax

	Group		Parent company	
	December 31, 2015	**December 31, 2014**	**December 31, 2014**	**December 31, 2013**
Deferred tax expense relating to temporary differences	–8 308	–15,728	–	–
Deferred tax income related to temporary differences	101 406	24,567	–	–
Total deferred tax in the income statement	**93,098**	**8,839**	**–**	**–**

Deferred tax assets and liabilities are distributed as follows:	Group	
Deferred tax assets	**December 31, 2015**	**December 31, 2014**
Deferred tax assets to be utilized after more than 12 months	–	–
Deferred tax assets to be utilized within 12 months	–	904
Total deferred tax assets	**–**	**904**
Deferred tax liabilities		
Deferred tax liabilities to be utilized after more than 12 months	–67,709	–112,430
Deferred tax liabilities to be used within 12 months.	–5,388	–3,007
Total deferred tax liabilities	**–73,097**	**–115,437**
Deferred tax liabilities/assets (net)	**–73,097**	**–114,533**

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, 2014	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**
Recognized in the income statement	–84 300	–12 387	2,685	–94,002
Recognized in the shareholders equity	51,055	–	607	51,662
December 31, 2015	**60,618**	**4,436**	**8,043**	**73,097**

Deferred tax assets	**Tax loss carryforwards**	**Other**	**Total**
January 1, 2014	2,508	–	2,508
Recognized in the income statement	–1,904	300	–1,604
December 31, 2014	**604**	**300**	**904**
Recognized in the income statement	–604	–300	–904
December 31, 2015	**–**	**–**	**–**

Deferred tax assets are recognized for tax loss carryovers 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 33,846 thousand (36,000 thousand), in respect of losses amounting to SEK 127,721 thousand (137,199 thousand), which can be utilized against future taxable profits. Loss carryovers do not expire at any given time.

Notes

Note 25 Participations in Group companies

Parent company	December 31, 2015	December 31, 2014
Opening cost	361,159	361,159
Förvärv	8	–
Shareholder contributions	31,283	–
Disposal	–341	–100
Closing accumulated cost	**392,009**	**361,059**
Opening impairment	–112,744	–112,744
Impairment for the year	–230,333	–
Closing accumulated impairment	**–333,077**	**–112,744**
Closing carrying amount	**58,932**	**248,315**

The parent company has holdings in the following subsidiaries:

Name	Corporate identity number	Domicile	Share of equity	Number of shares	Carrying amount December 31, 2015	Carrying amount December 31, 2014
Dalringen Förvaltning AB	556400-4694	Stockholm	100 %	20,000	200	200
Index Projekt AB	556632-5907	Stockholm	66.68 %	3,334	–	333
Djurgårdsbrunns Tennis AB	556708-0204	Stockholm	100 %	1,000	100	100
Index Equity Sweden AB	556671-1601	Stockholm	100 %	1,000	–	–
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 International US Holding		US	100 %	1,000	31,283	–
Index Energy Mills Road Corp		Canada	70 %	70	6,281	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					**58,932**	**248,315**

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, 2015				
Financial assets available for sale	–	–	22,500	22,500
Other non-current receivables	–	991,914	–	991,914
Residential units under development	242,372	–	–	242,372
Securities	56,888	–	–	56,888
Trade receivables	–	10,358	–	10,358
Other receivables	–	44,100	–	44,100
Derivatives	6,924	–	–	6,924
Cash and cash equivalents	–	186,407	–	186,407
Total	**306,184**	**1,232,779**	**22,500**	**1,561,463**

Notes

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**

Group **Liabilities in the balance sheet**	**Liabilities at fair value through the income statement**	**Other financial liabilities**	**Total**
December 31, 2015			
Borrowings	–	392,604	392,604
Bond loan	–	369,909	369,909
Other non-current liabilities	–	1,628	1,628
Trade payables	–	77,515	77,515
Derivatives	75,396	–	75,396
Other liabilities	–	86,241	86,241
Total	**75,396**	**927,897**	**1,003,293**
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**

Parent company **Balance sheet assets**	**Loan receivables and trade receivables**
December 31, 2015	
Non-current receivables from Group companies	722,548
Receivables from associates and joint ventures	–
Other non-current receivables	792,293
Trade receivables	1,847
Current receivables from Group companies	89,478
Other receivables	4,387
Cash and bank balances	42,828
Total	**1,653,021**
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**

Notes

Parent company

Liabilities in the balance sheet	Other financial liabilities
December 31, 2015	
Bond loan	369,909
Non-current liabilities to Group companies	661,968
Liabilities to associates	–
Trade payables	949
Current liabilities to Group companies	31,459
Other liabilities	42,808
Total	**1,107,093**
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**

Note 27 Derivatives

	December 31 2015		December 31, 2014	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swap	–	73,986	–	10,591
Currency options	6,924	1,410	–	–
	6,924	**75,396**		**10,591**
Current portion	**6,924**	**1,410**	**–**	**–**

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, 2015 was SEK 375,000 thousand respectively 60,000 kcad. Gains and losses on currency options are recognized in net financial items (see Note 14).

Note 28 Trade receivables

Group	December 31, 2015	December 31, 2014
Trade receivables	10,358	3,753
Less: provision for doubtful receivables	–	–173
Trade receivables – net	**10,358**	**3,580**

Notes

Group	December 31, 2015	December 31, 2014
SEK	2,240	1,985
USD	1,671	–
CAD	6,447	1,595
Trade receivables by currency	**10,358**	**3,580**

An age analysis of these receivables is provided below:

	December 31, 2015	December 31, 2014
1–30 days	7,452	2,834
31–60 days	496	427
> 61 days	2,410	319
Total overdue trade receivables	**10,358**	**3,580**

Changes in the provision for doubtful receivables are as follows:

	December 31, 2015	December 31, 2014
As per January 1	–173	–631
Provision for doubtful receivables	–460	–
Receivables written off during the year as uncollectable	633	362
Unused amounts reversed	–	96
As per December 31	**–**	**–173**

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.

Note 29 Other receivables

Group	December 31, 2015	December 31, 2014
Promissory note receivables	41,040	40,563
Deposit on aircraft, PC-24	–	5,859
Deposit	631	–
Other receivables	2,429	4,674
Group total	**44,100**	**51,096**

Parent company	December 31, 2015	December 31, 2014
Promissory note receivables	3,310	3,338
Other receivables	1,077	253
Parent company total	**4,387**	**3,591**

Note 30 Inventories

	December 31, 2015	December 31, 2014
Residential units under development	242,372	185,443
Raw materials and consumables	137	186
Inventories of financial instruments	56,751	54,682
Total	**299,260**	**240,311**

The inventory of financial instruments is measured at fair value. Impairment of securities, recognized as an expense in the income statement, amounted to 0 SEK (SEK 33,374 thousand).

Notes

Note 31 Prepaid expenses and accrued income

Group	December 31, 2015	December 31, 2014
Prepaid insurance premiums	140	235
Prepaid rent expenses	–	353
Prepaid sponsorship agreements	2,080	1,560
Deposit accounts	3,675	4,174
Other prepaid expenses	1,208	1,556
Other accrued income	204	250
Group total	**7,307**	**8,128**

Parent company	December 31, 2015	December 31, 2014
Prepaid insurance premiums	129	26
Prepaid sponsorship agreements	2,080	1,560
Other prepaid expenses	269	173
Other accrued income	–	250
Parent company total	**2,478**	**2,009**

Note 32 Cash and cash equivalents/cash and bank balances

Group	December 31, 2015	December 31, 2014
Bank balances	186,407	132,351
Group total	**186,407**	**132,351**

Parent company	December 31, 2015	December 31, 2014
Bank balances	42,828	34,905
Total	**42,828**	**34,905**

	December 31, 2015	December 31, 2014
Restricted cash and cash equivalents	61,946	67,196
Total	**61,946**	**67,196**

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 2016. 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, 2015	December 31, 2014
Investment properties	49,000	60,000
Other non-current receivables		
Total assets	**49,000**	**60,000**

Notes

Note 34 Share capital and other capital contributions

	Number of shares (thousands)	Share capital
As per January 1, 2014	100,000	10,000,000
Series A shares	–	–
Series B shares	–	–
As per December 31, 2014	**100,000**	**10,000,000**
Class A shares	–	–
Class B shares	–	–
December 31, 2015	**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.

Note 35 Borrowings

Group	December 31, 2015	December 31, 2014
Non-current		
Bond loan	369,909	367,838
Liabilities to credit institutions	379,190	581,908
Total non-current borrowings	**749,099**	**949,746**
Current		
Liabilities to credit institutions	13,414	26,166
Total current borrowings	13,414	26,166
Total borrowing	**762,513**	**975,912**

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 379,190 thousand (SEK 581,908 thousand) have maturities up to and including December 31, 2017 and carry an average interest rate of 3,64 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Bond loan	369,909	367,838	375,000	375,000
Liabilities to credit institutions	379,190	581,908	379,190	581,908
Total non-current borrowings	**749,099**	**949,746**	**754,190**	**956,908**

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.

Notes

Note 36 Other non-current liabilities

Group	December 31, 2015	December 31, 2014
Loan, Vassen Fastighets AB	–	20,000
Other loans	1,608	1,608
Deposition rent	–	–
Other deposition	20	20
Group total	**1,628**	**21,628**

Note 37 Other liabilities

Group	December 31, 2015	December 31, 2014
Liability to owners	60,369	45,510
VAT	16	1,577
Social security contributions and employee withholding taxes	667	451
Deposition	3,999	293
Other borrowings	861	902
Revers Vassen fast. AB	20,000	–
Other items	329	3,890
Group total	**86,241**	**52,623**

Parent company	December 31, 2015	December 31, 2014
Liability to owners	41,513	28,042
Social security contributions and employee withholding taxes	434	167
Other borrowings	861	907
Parent company total	**42,808**	**29,116**

Note 38 Accrued expenses and deferred income

Group	December 31, 2015	December 31, 2014
Prepaid rental income	905	8,388
Accrued operating expenses	811	228
Vacation pay liability	1,112	606
Liability for social security contributions	1,361	543
Accrued construction expenses, IEMRC	–	29,210
Other accrued expenses	12,985	9,771
Group total	**17,174**	**48,746**

Parent company	December 31, 2015	December 31, 2014
Accrued operating expenses	3,334	–
Vacation pay liability	530	248
Liability for social security contributions	694	213
Other accrued expenses	4,563	3,997
Parent company total	**9,121**	**4,458**

Notes

Note 39 Pledged assets

Group	December 31, 2015	December 31, 20134
Property mortgages	394,053	319,935
Cash and cash equivalents	61,946	67,196
Share pledge	242	1,723
Group total	**456,241**	**388,854**

Parent company	December 31, 2015	December 31, 2014
Share pledge	1,040	1,482
Parent company total	**1,040**	**1,482**

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

Note 40 Contingent liabilities

Parent company	December 31, 2015	December 31, 2014
General guarantee commitment for subsidiaries' loans	60,000	276,500
General guarantee commitment for other companies' loans	557,818	296,688
Parent company total	**617,818**	**464,068**

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 1,379 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, 2015	December 31, 2014
Within a year	1,773	1,838
Later than one year but within five years	4,155	3,486
Later than five years	1	1
Group total	**5,929**	**5,325**

The Group's operational lease expenses during the financial year amounted to SSEK 1,771 thousand (SEK 1,829 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, 2015	December 31, 2014
Within a year	3,728	24,881
Later than one year but within five years	876	80,962
Later than five years	–	39,657
Group total	**4,604**	**145,500**

The company leases premises to tenants under various agreements that expire between 2016 and 2017.

Notes

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	2015	2014
Recognized in the income statement regarding:		
Expenses for defined-contribution plans	1,925	1,095
Total income statement	**1,925**	**1,095**

Note 43 Other provisions

Other provisions

	2015	2014
Additional purchase consideration		
Vassen Fastigheter AB	117,500	117,500
Guarantee commitment, Hornsberg 10	3,162	–
Total	**120,662**	**117,500**

On December 5, 2014, the group acquired 100 percent of the share capital in Fastighets AB Insjövassen with the properties Norrtälje Brännäset 8, Norrtälje Brännäset 16 anf Norrtälje Pråmen 1. The property and purchase price is based on the zoning plan. 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.

On September 23, 2015 the Group sold 100% of the share capital in Kungsholmen AB 10 including property Hornsberg 10 at a price of SEK 417,000 thousand. In connection to this sale the group has a guarantee committmen amounting to 3 162 ksek. These guarantees are set for 4 years and includes the rental guarantee on vacant areas and guarantees for parking.

Note 44 Other non-cash items

Group	December 31, 2015	December 31, 2014
Impairment of receivable	810	9,867
Unrealized changes in the value of current investments	57,881	–279
Purchase price of the housing projekt	–19,338	–
Share of equity in associates	–1,256	–
Rental income received but not settled	–61,922	–44,128
Rental expenses paid but not settled	59,768	61,693
Other impairment and exchange rate changes	–7,141	–126,490
Group total	**28,802**	**–99,337**

Parent company	December 31, 2015	December 31, 2014
Depreciation of property, plant and equipment	70	90
Gain/loss on disposals of subsidiaries and associates	–12,159	–3,031
Impairment of receivable	810	9,867
Impairment of shares in subsidiaries	220,333	–
Unrealized change in current investments	–2,078	–279
Unrealized exchange rate differences	4,591	–133,885
Interest income received	–113,972	–89,358
Interest expenses paid	37,708	64,270
Parent company total	**135,303**	**–152,326**

Notes

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.

(a) Sales of services	2015	2014
Sales of services:		
• Index Equity AB	415	86
• Index Enterprise LLC	12,881	15,031
Total	**13,296**	**15,117**

(b) Purchases of services	2015	2014
Purchases of services:		
• Key individuals in senior positions (consultancy expenses marketing)	3,620	662
• Key individuals in senior positions (consultancy expenses property management)	939	939
• Key individuals in senior positions (consultancy expenses other)	72	–
Total	**3,692**	**1,602**

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:	**2015**	**2013**
Salaries and other current benefits	5,744	3,555
Other non-current receivables	622	381
Total	**6,366**	**3,939**

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

Note 46 Loans to related parties

(d) Loans to related parties	2015	2014
Loans to companies with significant influence over the company (net)		
Opening balance	754,047	420,948
Loans secured during the year	306,754	382,963
Amortized amount	–79,441	–87,749
Interest income	66,635	76,684
Interest received	–29,069	–5,393
Closing balance	**1,018,926**	**754,047**

Notes

Note 47 Loans from related parties

(d) loans from related parties	2015	2014
Loans from companies with significant influence over the company (net)		
Opening balance	182,891	43,336
Loans secured during the year	43,081	156,190
Amortized amount	–170,622	–19,015
Interest expenses	7,506	3,902
Interest paid	–2,346	–1,522
Closing balance	**61,230**	**182,891**

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 25, 2016 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 25, 2016

Bjarne Borg
Chairman of the Board

Rickard Haraldsson
External CEO

Brian Borg
Board member

Arne Weinz
Board member

My audit report was submitted on April 25, 2016

Arne Engvall
Authorized Public Accountant

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