

Effects of transition to International Financial Reporting Standards (IFRS) for Hemfosa Sverige AB and Hemfosa Tetis AB

The financial statements of the two Groups Hemfosa Sverige AB and Hemfosa Tetis AB, which previously reported consolidated statements in accordance with RR 1:00, were recalculated according to International Financial Reporting Standards (IFRS) as per January, 1, 2011 prior to the consolidation with Hemfosa Fastigheter AB. This attachment describes the transition to IFRS for the two separate groups.

The accounting principles presented in Note 1 have been adopted in the transition to IFRS of the financial statements for the financial year 2012, the prior year 2011 and for the opening balance on January, 1, 2011. The transition of the opening balance includes revaluation of certain assets and liabilities to meet IFRS principles. The effects of the transition to IFRS in financial statements of the two Groups are explained in the following text and tables.

RECONCILIATION OF EQUITY IN HEMFOSA SVERIGE AB

The changes to certain items in the statement of financial position due to the transition to IFRS are commented below.

- a) According to the Group's accounting principles the investment properties are measured at fair value in the statement of financial position as from the transition to IFRS. According to previous accounting principles the investment properties were recognized at cost.

The adjusted principle effects the carrying amount on the investment properties with MSEK 334 on January, 1, 2011, with MSEK 1 098 on December, 31, 2011 and with MSEK 1 938 on December 31, 2012. The unrealized change in value is recognized in the consolidated statement of profit and loss after the profit from property management, and increases the profit before tax in 2011 with MSEK 1 133 and in 2012 with MSEK 1 886.

In accordance with the Group's accounting principles, no deferred tax has been reported since the date of the conversion to IFRS as this instead reduces the property value at the acquisition date. The effect of this in the transition to IFRS is a decrease of deferred tax liabilities and a decrease of the fair value of investment properties of MSEK 32 on January 1, 2011, MSEK 110 on December 31, 2011 and on December 31, 2012.

- b) In accordance with the Group's accounting principles derivatives are measured at fair value as from the transition to IFRS. The effect from this is a new item in the statement of financial position of MSEK 30 as per January 1, 2011, MSEK 104 as per December 31, 2011 and MSEK 122 as per December 31, 2012. The valuation of derivatives is recognized in the statement of profit and loss after the profit from property management and is decreasing the profit before tax with MSEK 104 in 2011 and MSEK 122 in 2012.
- c) In accordance with the Group's accounting principles, results from joint ventures are recognized to its fair value. Adjustments have been made to the result from Söderport Holding AB, which have affected the shares in joint ventures with MSEK 21 on January 1, 2011, MSEK -76 on December 31, 2011 and with MSEK -56 on December 31, 2012. Other joint ventures results were not affected by the IFRS adjustment. Shares in profit from joint ventures from previous years have affected the retained earnings.

- d) The changes above have affected the deferred tax liabilities as displayed in the table below. The deferred tax is based on a tax rate of 26,3% for 2011 and 22,0% for 2012.

MSEK	Note	Jan 1	Dec 31	Dec 31
		2011	2011	2012
Investment property	A	64	217	337
Derivatives	B	9	-27	-28
Increase of deferred tax liabilities		73	190	309

The effect on the consolidated statement of profit and loss compared to the previous reported tax cost was an increase for 2011 of MSEK 300 and for 2012 MSEK 420.

- e) The effects of the described adjustments on retained earnings are displayed below:

MSEK	Note	Jan 1	Dec 31	Dec 31
		2011	2011	2012
Investment property	A	270	880	1 601
Derivatives	B	22	-77	-95
Result in joint ventures	C	21	-76	-56
Total adjustments in equity		313	727	1 450
Attributable to the owners of the Parent company		313	727	1 450

BRIDGE FOR TRANSITION TO IFRS FOR HEMFOSA SVERIGE AB

The consolidated statement of financial position below displays the effects of transition to IFRS for Hemfosa Sverige AB.

MSEK	Note	Previous principles	Effects of transition to IFRS	IFRS	Previous principles	Effects of transition to IFRS	IFRS	Previous principles	Effects of transition to IFRS	IFRS
		January, 1, 2011	January, 1, 2011	January, 1, 2011	December, 31, 2011	December, 31, 2011	December, 31, 2011	December, 31, 2012	December, 31, 2012	December, 31, 2012
ASSETS										
Investment property	a)	7 605	334	7 939	11 656	1 098	12 754	11 633	1 938	13 571
Shares in joint ventures	c)	14	21	35	122	21	143	338	-56	282
Receivables from joint ventures		278		278	278	-98	181	-		-
Other non-current receivables		78		78	70		70	48		48
Total non-current assets		7 975	355	8 330	12 127	1 021	13 148	12 019	1 882	13 901
Total current assets		402	0	402	395	0	394	313	0	313
TOTAL ASSETS		8 377	355	8 732	12 522	1 021	13 542	12 332	1 882	14 214
EQUITY AND LIABILITIES										
Equity										
Share capital		10		10	10		10	10		10
Other contributed capital		-			11		11	4		4
Retained earnings incl. profit for the year	e)	189	313	502	331	727	1 058	441	1 450	1 891
Equity attributable to the owners of the parent company		199	313	512	352	727	1 079	455	1 450	1 905
Non-controlling interest		-	-	-	-	-	-	0	-	0
Total equity		199	313	512	352	727	1 079	455	1 450	1 905
Liabilities										
Non-current interest-bearing liabilities		7 791		7 791	11 034		11 034	7 518		7 518
Derivatives	b)	-	-30	-30	-	104	104	-	122	122
Deferred tax liabilities	d)	74	73	147	193	190	383	161	309	470
Total non-current liabilities		7 865	43	7 908	11 227	294	11 521	7 679	431	8 109
Total current liabilities		313	0	313	942	0	942	4 199	0	4 199
Total liabilities		8 178	43	8 221	12 169	294	12 463	11 878	431	12 308
Total equity and liabilities		8 377	356	8 733	12 521	1 021	13 542	12 333	1 882	14 214

RECONCILIATION OF THE RESULT FOR HEMFOSA SVERIGE AB

The transition to IFRS has affected specific items in the consolidated statement of profit and loss as displayed in the table below.

MSEK	Note	Dec 31	Dec 31
		2011	2012
Depreciation	C	98	129
Share of profit of joint ventures	C	-76	-56
Changes in the value of properties, realised	A	-39	22
Changes in the value of properties, unrealised	A	1 149	1 897
Changes in the value of derivatives	B	-104	-122
Tax	D	-301	-420
Total effect on the profit of the year		727	1 450

RECONCILIATION OF EQUITY HEMFOSA TETIS AB

The changes to certain items in the statement of financial position due to the transition to IFRS are commented below.

- a) According to the Group's accounting principles the investment properties are measured at fair value in the statement of financial position as from the transition to IFRS. According to previous accounting principles the investment properties were recognized at cost.

The adjusted principle affects the carrying amount on the investment properties with 133 MSEK on December, 31, 2011 and with MSEK 254 on December, 31, 2012. The unrealized change in value is recognized in the consolidated statement of profit and loss after the profit from property management and increases the profit before tax in 2011 with MSEK 129 and in 2012 with MSEK 231.

- b) In accordance with the Group's accounting principles derivatives are measured at fair value as from the transition to IFRS. The effect from this is a new item in the statement of financial position of MSEK 8 as per December 31, 2011 and MSEK 13 as per December, 31, 2012. The valuation of derivatives is recognized in the statement of profit and loss after the profit from property management and is decreasing the profit before tax with MSEK 8 in 2011 and MSEK 13 in 2012.
- c) The changes above have affected the deferred tax liabilities as displayed in the table below. The deferred tax is based on a tax rate of 26,3% for 2011 and 22,0% for 2012.

MSEK	Note	Nov 30	Dec 31	Dec 31
		2011	2011	2012
Investment property	A	-	33	57
Derivatives	B	-	-2	-4
Increase of deferred tax liabilities		-	31	53

The effect on the Consolidated statement of profit and loss compared to the previous reported tax cost was an increase for 2011 of MSEK 33 and for 2012 MSEK 64.

- d) The effects of the described adjustments on retained earnings are displayed below:

MSEK	Note	Nov 30	Dec 31	Dec 31
		2011	2011	2012
Investment property	A	-	99	198
Derivatives	B	-	-6	-10
Total adjustments in equity		-	93	188
Attributable to the owners of the Parent company		-	93	188

BRIDGE FOR TRANSITION TO IFRS FOR HEMFOSA TETIS AB

The consolidated statement of financial position below displays the effects of transition to IFRS for Hemfosa Tetis AB.

MSEK	Note	Previous principles	Effects of transition to IFRS	IFRS	Previous principles	Effects of transition to IFRS	IFRS	Previous principles	Effects of transition to IFRS	IFRS
		November, 30, 2011			December, 31, 2011			December, 31, 2012		
ASSETS										
Investment property	a)	2 213	0	2 213	2 195	133	2 328	2 194	254	2 448
Total non-current assets		2 213	0	2 213	2 195	133	2 328	2 194	254	2 448
Total current assets		89	0	89	133	0	133	130	0	130
TOTAL ASSETS		2 302	0	2 302	2 328	133	2 461	2 324	254	2 578
EQUITY AND LIABILITIES										
Equity										
Share capital		12		12	12		12	12		12
Other contributed capital		-		-	-		-	-		-
Retained earnings incl. profit for the year	e)	81		81	70	93	163	72	188	260
Equity attributable to the owners of the parent company		93	0	93	82	93	175	84	188	272
Total equity		93	0	93	82	93	175	84	188	272
Liabilities										
Non-current interest-bearing liabilities		2 092		2 092	2 092		2 092	2 150		2 150
Derivatives	b)	-		-	-	8	8	-	13	13
Deferred tax liabilities	d)	-		-	-	31	31	4	53	58
Total non-current liabilities		2 092	0	2 092	2 092	39	2 131	2 154	66	2 221
Total current liabilities		117	0	117	154	0	154	86	0	86
Total liabilities		2 209	0	2 209	2 246	39	2 285	2 240	66	2 307
Total equity and liabilities		2 302	0	2 302	2 328	132	2 460	2 324	254	2 579

RECONCILIATION OF THE RESULT FOR HEMFOSA TETIS AB

The transition to IFRS has affected specific items in the consolidated statement of profit and loss as displayed in the table below.

MSEK	Not	Dec 31	Dec 31
		2011	2012
Depreciation	A	3	23
Changes in the value of properties, realized	A	1	-1
Changes in the value of properties, unrealized	A	129	232
Changes in the value of derivatives	B	-8	-13
Tax	D	-32	-53
Total effect on the profit of the year		93	188