

# Interim Report

JANUARY– JUNE 2007

- Book value of the properties has increased from SEK 1,211.0 m to SEK 1,476.3 m during the period
- Net turnover amounted to SEK 17.0 m (6.8) for the period January-June
- The result after tax amounted to SEK -20.2 m (-42.2) for the period January-June
- Earnings per share amounted to SEK -3.54 (-17.00) for the period January-June
- Achieved lettings mean that Ruric will report a positive result after financial items as from year-end 2007
- The most extensive phase in the replacement construction work for the Russian military within the Moika/Glinki project has been completed and, after the close of the period, the military's acceptance has been received for the building provided and a formal inauguration ceremony in the presence of the top military command has been conducted
- Ruric has presented the company's high aspiration levels for St Petersburg's city administration ahead of upcoming tender processes for major property development projects that are under the city's auspices



*Ruric's building 15/16 at Apraksin Dvor*

## Description of Ruric AB

### Business concept, overall goal and strategy

The company's business concept is to acquire, develop, let and manager real estate in St Petersburg, Russia with a focus on commercial premises of the highest class in attractive locations that thereby contribute positively to the business of the tenants.

The company has the goal of becoming a leading real estate company in the St Petersburg region within its segment.

The strategy is to identify real estate with great potential in the central parts of St Petersburg, create suitable acquisition structures and acquire and renovate at the best price. After renovations, commercial premises of the highest class (principally premises for offices and shops) are offered to tenants that are looking for the best possible premises in attractive locations and are willing to pay for it.

The acquisition strategy is focused on objects where Ruric can supply significant added value and is carried out by means of Ruric benefiting from the lack of information on the local real estate market and an inefficient capital market in order to identify and carry out acquisitions at attractive prices. That is made possible through a strong local presence and good links to the market players and authorities.

### Financial goal

Ruric has a goal of generating a return on equity of at least 20 percent at a conservative level of borrowing as well as to obtain a yield from the real estate stock (rental income minus operating expenses in relation to investment) of at least 15 percent.

## Real estate stock

Ruric owned seven properties in central St Petersburg at the close of the period, of which three are completed, extension work is continuing to the existing property in one, and in the other three, planning and design and/or renovation/rebuilding is ongoing. During the period, the real estate stock has developed as shown below:

	SEK m
<b>Opening balance</b>	<b>1,211.0</b>
Acquisitions	0.0
Investments in own properties	263.4
Divestments	0.0
Changes in value	0.0
Changes in exchange rates	1.9
<b>Closing balance</b>	<b>1,476.3</b>

The real estate book value increased by SEK 265.3 m net during the period consisting of net investments and changes in exchange rates.

### Acquisitions

No acquisitions have been carried out during the period.

### Work continuing within own stock

During the interim period, SEK 263.4 m was invested in renovation and rebuilding work, of which approx. SEK 129 m consisted of replacement construction work as well as planning and design within the Moika/Glinki project and approx. SEK 80 m within Apraksin Dvor 15/16 and 33. Most of the remaining part was used for the extension of Griffon House, at ul. Dostoyevskovo 19/21.

### Divestment

An agreement was entered into during the period concerning divestment of the property at ul. Dostoyevskovo 19/21 for a preliminary sum of USD 25 m. Occupation shall take place at the earliest on 31 August, which is the earliest date that the extension of the property is expected to be completed. Ruric is responsible for letting the newly produced part, and settlement takes place accordingly on the basis of an agreed purchase price corresponding to a 10% yield to the purchaser.

### Changes in value

The fundamental factors that govern the value of properties – rental levels and yield requirements which are themselves governed by demand – have all moved in a positive direction during the interim period. Transactions on the market involving completed commercial objects are still however so uncommon that valuation institutions need a longer time in order to demonstrate general changes in market values. However it can be noted that a bid was received from an international real estate

investor concerning the purchase of Ruric's completed office buildings at a yield level of 9%, which was refused. The valuation of Ruric's stock is based on a yield of 10-12%.

No new external valuations relating to investment properties have been obtained during the period. An internal assessment has been carried out, which does not result in any changes in value in the income statement. Investment properties have nevertheless increased in value by SEK 44.9 m, consisting of SEK 43.0 m in investments, primarily in Griffon House, and SEK 1.9 m in changes in exchange rates.

#### Property portfolio

The total building area of the holdings will amount to approx. 260,000 m<sup>2</sup> after completed rebuilding and renovation, of which slightly more than 200,000 m<sup>2</sup> is estimated to be lettable area.

The original plans concerning areas within Apraksin Dvor and Moika/Glinki have been adjusted somewhat, downwards for the former and upwards for the latter.

Address	Lettable area <sup>1)</sup> m <sup>2</sup>	Est. rental value SEK m <sup>3)</sup>	Completion
Fontanka 13	2,976	13.8	Completed
9-aya V.O. Linia 34	6,464	19.3	Completed
Sredny Prospekt 36/40	4,943	16.5	Completed
Ul. Dostoyevskovo 19/21 phase 1	2,957	7.7	Completed
Ul. Dostoyevskovo 19/21 phase 2	2,960	12.3	Q3 2007
Apraksin Dvor 15/16/33 (65% owned)	12,275	53.0	Q4 2006 - Q3 2007
Fontanka 57	23,200	90.0	2009
ul. Glinki 2/ Moika 96	150,000	<sup>2)</sup>	2011
<b>Total</b>	<b>205,775</b>		

<sup>1)</sup> after planned rebuilding and extension

<sup>2)</sup> part of the area (apartments) will be sold

<sup>3)</sup> estimated from SEK 7.00/USD

#### Completed areas

During the reporting period, building 33 with 1,383 m<sup>2</sup> lettable area has been completed in the Apraksin Dvor district. The area is fully let to a trading company which is moving in during the third quarter. The rent amounts to 715 USD/m<sup>2</sup> on average per year. In connection with the month-end June/July, 9,873 m<sup>2</sup> of building 15/16 was also completed and final negotiations are ongoing with potential tenants that are moving in during the third quarter 2007. The average rent is estimated at 600-700 USD/m<sup>2</sup> per year. A minor portion of building 15/16 consists of a fire station that the city has yet to relocate according to the original plan, which delays the completion of the area.

Proforma, as all rental income and direct real estate expenses are estimated on a yearly basis and property tax has started being charged, the yield on the completed buildings held for investment purposes is 15.3%. Achieved lettings means that Ruric will report a positive result after financial items as from year-end 2007.

#### Other

Governor Valentina Matvienko has in meetings with the company's management confirmed that Ruric is considered an important partner in the development of the city by virtue of its proven capability of implementing complex real estate development projects. This confirmation of our status as a significant real estate investor has great importance in the Russian business environment. Notwithstanding a relatively short presence in the city, Ruric is generally regarded as a leading player which gives rise to opportunities of evaluating very large investment projects. The chairman of the board of directors Nils Nilsson's meeting with Vladimir Putin in June is a further affirmation of our high standing.

At the Annual General Meeting on 23 April 2007, the income statement and balance sheet were adopted as well as the consolidated income statement and consolidated balance sheet. It was resolved, in accordance with the proposal of the board of directors, that the result should be carried forward. The entire board was re-elected.

The head office in Stockholm has moved to a new address, Hovslagargatan 5 B.

## COMMENTS ON THE FINANCIAL DEVELOPMENT

### Rental income

The rental income that includes the buildings at the 9-aya V.O. Linia 34 (Magnus) and Sredny Prospekt 36/40 (Gustaf) addresses, all of the existing building at the ul. Dostoyevskovo 19/21 (Grifon) address, and completed parts of Apraksin Dvor 15/16 amounted to SEK 17.0 m (6.8) during the first half-year. For the reporting period April-June, the rental income amounted to SEK 9.3 m (3.3). The property at Fontanka 13 (Oscar) that was mainly completed at year-end has generated its first rental income from the first tenant, IBM, during the reporting period. After the close of the reporting period, an agreement was signed with both Jones Lang LaSalle and Statoil. Occupation is expected to take place in September-October.

Other properties underwent renovation and rebuilding work and did not as yet contain any lettable area.

### Real estate expenses

Direct real estate expenses and non-activated real estate expenses for central project management, legal administration, marketing of premises, management fees etc. amounted to SEK -8.2 m (-7.6) during the interim period. The principles for cost apportionment have been revised as a consequence of completion of investment properties. Corresponding adjustments have been made for the reference periods.

### Net operating income

Net operating income for completed investment properties amounted to SEK 12.6 m (0.2) during the interim period. The improvement is due to the fact that more buildings are completed and let.

### Other operating expenses

Other operating expenses mainly referred to expenses for central administration that include expenses for group management as well as other central functions including personnel expenses. These expenses amounted to SEK 8.7 m (20.7) during the interim period. The different is mainly accounted for by significantly lower costs for external consultants and legal advice.

### Operating result

The operating result for the interim period amounted to SEK 0.0 m (-21.7) and to SEK -2.3 m (-15.5) for the reporting period.

### Net financial income/expense

Net financial income and expenses amounted to SEK -15.3 m (-17.6) for the interim period. During the period, activated interest expenses amounted to SEK 20.7 m (5.1). Changes in exchange rates that impacted the income statement amounted to SEK 0.3 m (-0.4).

### Result after financial items

The result after financial items amounted to SEK -15.3 m (-39.3) during the interim period and to SEK -7.2 m (-26.4) for the reporting period.

### Taxes

Tax expenses amounted to SEK -4.9 m (-3.2) during the interim period and are attributable to the Russian operations. In Russia, it is not permissible to seek tax relief by providing and receiving group contributions.

### Cash flow, liquidity and financial position

The cash flow during the interim period amounted to SEK 12.1 m (393.2), whereof SEK 14.3 m (-33.4) was from operating activities. The equity ratio amounted to 54.0 (44.0) percent at the close of the period, whereof the debt ratio is less than the maximum according to the bond terms. Equity amounted to SEK 1,031.5 m (643.9). Liquid funds amounted to SEK 165.0 m (152.9) and interest-bearing liabilities amounted to SEK 732.6 (730.8). Investments during the period of SEK 401.2 m in total have been financed by a preferential issue of SEK 399 m net after issue expenses and through cash holdings.



### Interest-bearing liabilities

Ruric's financing consists of two bond loans and liability concerning financial leasing of a Russian property. The bond loans are listed at NGM (Nordic Growth Market).

During the second quarter 2005, a bond loan raised SEK 226 m for the Company, with a repayment date of 28 April 2008. The nominal amount is SEK 250 m. The loan ran without coupon interest until 28 April 2006. From 29 April 2006 until the repayment date, the loan runs with a coupon interest of 9.0% per annum, with interest due dates 29 April 2007 and 29 April 2008.

A further bond loan raised SEK 410 m for the Company during the second quarter 2006, with a repayment date of 16 November 2010. The nominal amount is SEK 451.5 m. The loan ran without coupon interest until 16 November 2006. From 17 November 2006 until the repayment date, the loan runs with a coupon interest of 8.5% per annum, with interest due dates 16 November 2007, 16 November 2008, 16 November 2009 and 16 November 2010.

Currently, discussions are being carried on with a number of banks regarding refinancing of the completed real estate portfolio, on significantly more favourable terms. The loan is expected to be ready for disbursement during the fourth quarter.

### **Personnel and organisation**

The group had 54 employees at the end of the period, 52 in the Russian subsidiary company in St Petersburg, and 2 at the parent company's head office in Stockholm.

In Russia, Ruric has elected to work with two separate organisations, one unit for management that handles letting, administration, finance and law, as well as one unit for project management and site supervision with responsibility for the Group's very extensive real estate projects. This has been assessed as significantly more cost-efficient and offers the Company substantially enhanced control over its undertakings compared with external solutions.

### **The Parent Company**

The Parent Company comprises the central management in Stockholm with overall responsibility for operational management as well as financing and reporting. The number of employees in the parent company amounts to 2 people at the close of the reporting period.

The parent company's turnover for the reporting period amounted to SEK 0.1 m (0.0) The result after financial items amounted to SEK -18.4 m (-44.5).

Liquid funds amounted to SEK 118.0 m (123.3) at the close of the reporting period.

### **The share and the owners**

The principal owners since the founding of the company in 2004 are Cancale Förvaltnings AB, E. Öhman J:or AB and East Capital with a combined voting strength of 57.7 % as at 30 June 2007.

2007-06-30	Shares			% of total	Votes	
	A-series	B-series	Total shares		number	% of total
Capital Group		823 933	823 933	13.25%	823 933	6.46%
Swedbank Robur Fonder		782 681	782 681	12.59%	782 681	6.14%
Morgan Stanley		572 480	572 480	9.21%	572 480	4.49%
Ohman J:or AB	240 000	101 333	341 333	5.49%	2 501 333	19.62%
Länsförsäkringar		300 227	300 227	4.83%	273 561	2.15%
Nordea		297 895	297 895	4.79%	297 895	2.34%
Deutsche Bank AG		251 844	251 844	4.05%	251 844	1.98%
East Capital Holding AB	245 333		245 333	3.94%	2 453 330	19.25%
Cancale Förvaltnings AB	240 000		240 000	3.86%	2 400 000	18.83%
Bear, Sterns & Co		166 666	166 666	2.68%	166 666	1.31%
<b>10 largest</b>	<b>725 333</b>	<b>3 297 059</b>	<b>4 022 392</b>	<b>64.68%</b>	<b>10 523 723</b>	<b>82.56%</b>
<b>Other shareholders</b>		<b>2 196 501</b>	<b>2 196 501</b>	<b>35.32%</b>	<b>2 223 167</b>	<b>17.44%</b>
<b>All shareholders</b>	<b>725 333</b>	<b>5 493 560</b>	<b>6 218 893</b>	<b>100.00%</b>	<b>12 746 890</b>	<b>100.00%</b>
<b>Number of shareholders</b>	<b>3</b>	<b>1 198</b>	<b>1 201</b>			

## Events after the close of the period

- Ruric has raised SEK 125 m through the utilization of warrants.
- The Oscar property is fully let after contracts were signed with Statoil, Jones Lang LaSalle, an international real estate company and, preliminary, a Russian bank, among others. Rental levels are in the interval 650-750 USD/m<sup>2</sup> per year. The Gustaf property is fully let after an agreement was signed with a German company for the final remaining area. In the case of the Magnus property, negotiations are being conducted for the final remaining area of approx. 1000 m<sup>2</sup>.
- The Moika/Glinki project:
  - The majority of the company's undertakings according to the investment agreement have been fulfilled by virtue that the replacement construction work, for the move of the Russian railway troop's university to a new base in the city of Petrodvorets, has been completed and formally handed over to the Russian military which has taken it into use. Accordingly, Ruric now gains access to the Moika/Glinki property and plans to begin its own development before the end of the year. During winter 2007-2008, the Company will complete the remaining undertaking in the agreement in the form of construction of apartments for the military at another location.
  - A draft with expanded construction volume, of about 200,000 m<sup>2</sup> has been produced and will be submitted to the city of St Petersburg during September for approval.
  - Negotiations are being conducted with potential co-investors with relevant experience from similar projects.

## Accounting principles - Transition to IFRS 2007

Ruric AB has changed over to the new accounting principles, IFRS, as from 1 January 2007. This is a requirement for companies that have shares or debt instruments listed on a statutory market place. Ruric has bond loans listed at NGM. The transition to IFRS is reported according to IFRS 1, "First time adoption of IFRS". IFRS 1 requires that comparative information is restated in accordance with the standards that apply during the period in question. The transitional effects of the new accounting principles are reported in Appendix A, following the financial statements below.

## Future reporting dates

Interim Report January-September 2007	30 November 2007
Year-end Report January-December 2007	28 February 2008
Interim Report January-March 2008	30 May 2008
Interim Report January-June 2008	29 August 2008

This Interim Report has not been the subject of examination by the company's auditor.

Stockholm, 31 August 2007  
Russian Real Estate Investment Company AB (publ)

The Board of Directors

## For additional information

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*Ruric's business concept is to acquire, develop, let, manage, and divest real estate in St Petersburg, Russia, with a focus on commercial premises of the highest quality in attractive locations that can thereby contribute positively to the business of the tenants. The company has the vision of becoming a leading real estate company in central St Petersburg.*

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<b>Consolidated income statement</b>					
<b>SEK m</b>	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Dec</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
Rental income	9.3	3.3	17.0	6.8	16.6
Real estate expenses	-4.3	-4.9	-8.2	-7.6	-30.5
<b>Operating surplus</b>	<b>5.0</b>	<b>-1.6</b>	<b>8.8</b>	<b>-0.8</b>	<b>-13.9</b>
Depreciation of equipment	0.0	-0.1	-0.1	-0.2	-0.3
Other operating expenses	-7.3	-13.8	-8.7	-20.7	-20.3
Changes in value real estate	0.0	0.0	0.0	0.0	154.6
<b>Operating profit/loss</b>	<b>-2.3</b>	<b>-15.5</b>	<b>0.0</b>	<b>-21.7</b>	<b>120.1</b>
Financial income	1.2	1.1	1.9	1.7	3.8
Financial expenses	-6.1	-12	-17.2	-19.3	-36.6
<b>Profit/loss after financial items</b>	<b>-7.2</b>	<b>-26.4</b>	<b>-15.3</b>	<b>-39.3</b>	<b>87.3</b>
Taxes	-2.1	-1,6	-4,9	-3.2	-45.5
<b>Profit/loss after tax</b>	<b>-9.3</b>	<b>-28.0</b>	<b>-20.2</b>	<b>-42.5</b>	<b>41.8</b>
Earnings per share, SEK	-1.50	-11.20	-3.54	-17.00	11.71
Earnings per share incl. dilution, SEK	n.a	n.a	n.a	n.a	9.80
Number of shares at the close of the period	6,218,893	4,055,800	6,218,893	4,055,800	4,664,170
Average number of shares	5,700,652	3,537,200	5,182,411	3,018,600	3,569,826
Average number of shares, incl. dilution	6,230,320	4,150,800	5,709,409	3,632,200	4,264,664

<b>Consolidated balance sheet</b>					
<b>MSEK</b>			<b>30-06-2007</b>	<b>30-06-2006</b>	<b>31-12-2006</b>
<b>Fixed assets</b>					
Investment property			510.6	10.9	474.0
Real estate projects			965.7	505.6	737.0
Equipment			6.2	2.3	2.3
Shares and participations			-	-	-
Deferred tax claims			3.9	1.8	1.6
Other long-term receivables			202.9	17.8	44.6
<b>Total fixed assets</b>			<b>1,689.3</b>	<b>538.4</b>	<b>1,259.5</b>
<b>Current assets</b>					
Current receivables			55.4	40.9	50.6
Liquid funds			165.0	545.6	152.9
<b>Total current assets</b>			<b>220.4</b>	<b>586.5</b>	<b>203.5</b>
<b>TOTAL ASSETS</b>			<b>1,909.7</b>	<b>1,124.9</b>	<b>1,463.0</b>
<b>EQUITY AND LIABILITIES</b>					
Equity			1,031.5	426.6	643.9
Deferred tax liabilities			49.2	0.1	43.4
Interest-bearing liabilities			732.6	662.9	730.8
Accounts payable			17.6	18.7	8.8
Other liabilities			38.0	4.6	2.6
Accrued expenses and deferred income			40.8	12.0	33.5
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>1,909.7</b>	<b>1,124.9</b>	<b>1,463.0</b>

<b>Consolidated change in equity</b>					
<b>SEK m</b>	<b>Apr-Jun 2007</b>	<b>Apr-Jun 2006</b>	<b>Jan-Jun 2007</b>	<b>Jan-Jun 2006</b>	<b>Jan-Dec 2006</b>
<b>Equity at the start of the period</b>	657.3	216.7	643.9	229.6	229.6
Preferential rights issue	404.2	248.9	404.2	248.9	401.0
Issue expenses	-5.2	-2.8	-5.2	-2.8	-6.5
Warrants	0.0	0.0	0.0	0.0	3.0
Currency translation differences	-15.5	-8.2	8.8	-6.6	-25.0
<b>Profit/loss for the period</b>	<b>-9.3</b>	<b>-28.0</b>	<b>-20.2</b>	<b>-42.5</b>	<b>41.8</b>
<b>Equity at the close of the period</b>	<b>1,031.5</b>	<b>426.6</b>	<b>1,031.5</b>	<b>426.6</b>	<b>643.9</b>

<b>Consolidated cash flow statement</b>					
<b>SEK m</b>	<b>Apr-Jun 2007</b>	<b>Apr-Jun 2006</b>	<b>Jan-Jun 2007</b>	<b>Jan-Jun 2006</b>	<b>Jan-Dec 2006</b>
<b>Operating activities</b>					
Profit/loss after financial items	-7.2	-26.4	-15.3	-39.3	87.3
Adjustment for items not included in the cash flow	-19.1	9.8	-9.8	14.4	-122.6
Taxes paid	2.4	-2.2	-1.4	-3.6	-3.6
<b>Cash flow from operating activities before change in working capital</b>	<b>-23.9</b>	<b>-18.8</b>	<b>-26.5</b>	<b>-28.5</b>	<b>-38.9</b>
<b>Changes in working capital</b>					
Change in operating receivables	-17.4	-19.2	-4.8	-28.0	-38.2
Change in operating liabilities	40.6	18.2	45.6	23.1	18.1
<b>Total change in working capital</b>	<b>23.2</b>	<b>-1.0</b>	<b>40.8</b>	<b>-4.9</b>	<b>-20.1</b>
<b>Cash flow from operating activities</b>	<b>-0.7</b>	<b>-19.8</b>	<b>14.3</b>	<b>-33.4</b>	<b>-59.0</b>
<b>Investing activities</b>					
Acquisition of participations	0.0	0.0	0.0	0.0	0.0
Acquisition of tangible fixed assets	-159.1	-205.0	-242.9	-234.2	-732.2
Sale of tangible fixed assets	0.0	0.0	0.0	0.0	11.9
Investments in other financial assets	-139.4	58.5	-158.3	1.9	-27.7
Increase in short-term investments	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-298.5</b>	<b>-146.5</b>	<b>-401.2</b>	<b>-232.3</b>	<b>-748.0</b>
<b>Financing activities</b>					
Preferential rights issue	399.0	248.9	399.0	248.9	394.5
Warrant settlement	0.0	0.0	0.0	0.0	3.0
Change in long-term borrowing	0.0	410.0	0.0	410.0	410.0
<b>Cash flow from financing activities</b>	<b>399.0</b>	<b>658.9</b>	<b>399.0</b>	<b>658.9</b>	<b>807.5</b>
<b>Cash flow for the period</b>	<b>99.8</b>	<b>492.6</b>	<b>12.1</b>	<b>393.2</b>	<b>0.5</b>
Opening liquid funds	65.2	53.0	152.9	152.4	152.4
<b>Liquid funds at the close of the period</b>	<b>165.0</b>	<b>545.6</b>	<b>165.0</b>	<b>545.6</b>	<b>152.9</b>



<b>Group key ratios</b>				<b>30-06-2007</b>	<b>30-06-2006</b>	<b>31-12-2006</b>
<i>Real estate related key ratios</i>						
Lettable area, m2 <sup>1)</sup>				29,670	3,100	18,300
Book value real estate				1,476.3	516.5	1,211.0
Occupancy ratio, area, %				76.5	100.0	77.1
<i>Financial ratios</i>						
Equity ratio, %				54.0%	37.9%	44.0%
Liabilities/Assets, %				46.0%	62.1%	56.0%
Interest coverage ratio, times				0.11	neg	neg
Debt/equity ratio, times				0.7	1.6	1.1
Return on equity, %				-2.41	-13.10	9.65
<i>Data per share and share data</i>						
Number of shares at the close of the period	6,218,893	4,055,800		6,218,893	4,055,800	4,664,170
Average number of shares	5,700,652	3,537,200		5,182,411	3,018,600	3,569,826
Average number of shares, incl. dilution	6,230,320	4,150,800		5,709,409	3,632,200	4,264,664
Earnings per share, SEK	-1.63	-7.92		-3.90	-14.08	11.71
Equity per share at the close of the period, SEK	166	105		166	105	138
Dividend, SEK	0	0		0	0	0
<i>Employees</i>						
Average number of employees	53	11		52	10	25
Number of employees at the end of the period	54	11		54	11	44

## Definitions

### Return on equity

Profit/loss after tax in relation to average equity.

### Loan-to-value ratio real estate

Interest-bearing liabilities concerning real estate in relation to the book value of the real estate.

### Earnings per share

The profit/loss for the period in relation to the average number of shares.

### Interest coverage ratio

The profit/loss after financial items plus financial expenses divided by financial expenses.

### Debt/equity ratio

Interest-bearing liabilities in relation to equity.

### Equity ratio

Reported equity in relation to reported total assets at the close of the period.

### Equity per share

Reported equity in relation to the number of shares at the close of the period.

## APPENDIX A

### Transition to IFRS 2007

Ruric AB has changed over to the new accounting principles, IFRS, as from 1 January 2007. This is a requirement for companies that have shares or debt instruments listed on a statutory market place. Ruric has bond loans listed at NGM. The transition to IFRS is reported according to IFRS 1, "First time adoption of IFRS". IFRS 1 requires that comparative information is restated in accordance with the standards that apply during the period in question. This interim report has been prepared according to IFRS.

From Ruric's perspective, the most significant change is that the investment property is included in the balance sheet at current market value. Changes in value are reported in the income statement. Write-down of properties disappears. The valuation of the properties has largely been carried out by an external valuation company. Another consequence of this is that the reassessment made earlier is reversed, as real estate projects are reported at acquisition value with allowance for investments made.

### Reclassification of foreign subsidiaries

Ruric's non-Swedish subsidiaries have been classified as independent foreign operations. In accordance with IAS 21, "Effects of changed exchange rates", this means that the *current method* is used on translation of the balance sheet.

The effect of the IFRS-transition and the exchange rate method on Equity and Real Estate is shown below:

Equity	01-01-2006	30-06-2006	31-12-2006
<b>Equity previous principles</b>	<b>222.1</b>	<b>425.1</b>	<b>681.7</b>
Translation differences current exchange rate	7.0	1.0	-18.7
Reversal appreciation fund			-138.8
Revaluation, real estate	0.6	0.6	157.3
- taxes	-0.1	-0.1	-37.6
<b>Equity IFRS</b>	<b>229.6</b>	<b>426.6</b>	<b>643.9</b>

Real estate	01-01-2006	30-06-2006	31-12-2006
Real estate previous principles	281.2	514.9	1,254.9
Reassessment at current exchange rate	7.0	1.0	-18.7
Reassessment reversal			-182.0
Reclassification to investment property	-10.2	-10.3	-317.2
Real estate projects new principles	278.0	505.6	737.0
Reclassification from real estate projects	10.2	10.3	317.2
Changes in value real estate	0.6	0.6	156.8
Investment property new principles	10.8	10.9	474.0
<b>Total real estate</b>	<b>288.8</b>	<b>516.5</b>	<b>1,211.0</b>

<b>Consolidated income statement</b>						
SEK m	Previous principles Jan-Jun 2006	Adjustment	IFRS Jan-Jun 2006	Previous principles Jan-Dec 2006	Adjustment	IFRS Jan-Dec 2006
Rental income	6.8		3.5	16.6		16.6
Real estate expenses	-23.6		-23.6	-43.0		-43.0
<b>Operating surplus</b>	<b>-16.8</b>		<b>-16.8</b>	<b>-26.4</b>	<b>0.0</b>	<b>-26.4</b>
Profit/loss from sale of real estate				1.2	-1.2	0.0
Changes in value	0.0		0.0	0.0	154.6	154.6
Depreciation	-0.9	0.7	-0.2	-3.0	2.7	-0.3
Other operating expenses	-4.7		-4.7	-7.8		-7.8
<b>Operating profit/loss</b>	<b>-22.4</b>	<b>0.7</b>	<b>-21.7</b>	<b>-36.0</b>	<b>156.1</b>	<b>120.1</b>
Financial income	1.7		1.7	3.8		3.8
Financial expenses	-19.3	0.0	-19.3	-36.6		-36.6
<b>Profit/loss after financial items</b>	<b>-40.0</b>	<b>0.7</b>	<b>-39.3</b>	<b>-68.7</b>	<b>156.1</b>	<b>87.4</b>
			0.0			0.0
Taxes	-3.1	-0.1	-3.2	-7.9	-37.6	-45.5
<b>Profit/loss after tax</b>	<b>-43.1</b>	<b>0.6</b>	<b>-42.5</b>	<b>-76.7</b>	<b>118.5</b>	<b>41.8</b>

<b>Consolidated balance sheet</b>						
SEK m	Previous principles 30 Jun 2006	Adjustment	IFRS 30 Jun 2006	Previous principles 31 Dec 2006	Adjustment	IFRS 31 Dec 2006
<b>Fixed assets</b>						
Investment property	0.0	10.9	10.9	0.0	474.0	474.0
Properties/real estate projects	514.9	-9.3	505.6	1,254.9	-517.9	737.0
Equipment	2.3		2.3	2.3		2.3
Shares and participations	0.0		0.0	0.0		0.0
Deferred tax claims	1.8		1.8	1.6		1.6
Other long-term receivables	17.8		17.8	44.6		44.6
<b>Total fixed assets</b>	<b>536.8</b>	<b>1.6</b>	<b>538.4</b>	<b>1,303.4</b>	<b>-43.9</b>	<b>1,259.5</b>
<b>Current assets</b>						
Current receivables	40.9		40.9	50.7		50.7
Liquid funds	545.6		545.6	152.9		152.9
<b>Total current assets</b>	<b>586.5</b>	<b>0.0</b>	<b>586.5</b>	<b>203.5</b>		<b>203.5</b>
<b>TOTAL ASSETS</b>	<b>1,123.3</b>	<b>1.6</b>	<b>1,124.9</b>	<b>1,506.9</b>	<b>-43.9</b>	<b>1,463.0</b>
<b>EQUITY AND LIABILITIES</b>						
Equity	425.1	1.5	426.6	681.7	-37.8	643.9
Deferred tax liabilities	0.0	0.1	0.1	49.5	-6.1	43.4
Interest-bearing liabilities	662.9		662.9	730.8		730.8
Accounts payable	18.7		18.7	8.8		8.8
Other liabilities	4.6		4.6	2.6		2.6
Accrued expenses and deferred income	12.0		12.0	33.5		33.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,123.3</b>	<b>1.6</b>	<b>1,124.9</b>	<b>1,506.9</b>	<b>-43.9</b>	<b>1,463.0</b>

<b>Equity reconciliation</b>			
<b>Equity previous principles</b>	<b>425.1</b>		<b>681.7</b>
IAS 40 Investment property		0.5	-19.1
IAS 21 Effects of changed exchange rates		1.0	-18.7
Total adjustment of equity		1.5	-37.8
<b>Equity according to IFRS</b>			<b>426.6</b>
			<b>643.9</b>