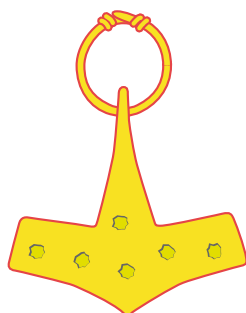


**INVIK & CO. AB**



**ANNUAL REPORT  
2003**

## **ANNUAL GENERAL MEETING**

The Annual General Meeting will take place at 9.30 a.m. on Thursday 13 May 2004 at Brasserie by the Sea, Tullhus 2, Skeppsbron, Stockholm. Shareholders who wish to participate in the AGM shall:

- have their names entered in the register of shareholders maintained by VPC AB by no later than Monday 3 May 2004.
- notify the company of their wish to participate by no later than 3.00 p.m. on Friday 7 May 2004.

Notice shall be given via Invik's homepage, [www.invik.se](http://www.invik.se), by phone +46-433 74756 or by post to the following address:

Invik & Co. AB  
Box 2095  
103 13 STOCKHOLM

When giving notice of participation, the shareholder should state name, personal identification number/company registration number, address, telephone number, shareholdings and any advisors attending. Shareholders who wish to be represented by a representative shall submit a written power of attorney giving authorization to a specific person together with the notice of participation. Written notifications should be marked "Bolasstämma/AGM". Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name in order to be entitled to participate in the AGM. Shareholders wishing to re-register must inform the asset manager a sufficient number of working days before 3 May 2004.

## **FINANCIAL INFORMATION**

Invik & Co. AB publishes the following information each year:

- Year-end Release, in February
- Annual Report, in March
- Interim Report January–March, in April
- Interim Report January–June, in August
- Interim Report January–September, in October

# **INVIK & CO. AB**

## **ANNUAL REPORT 2003**

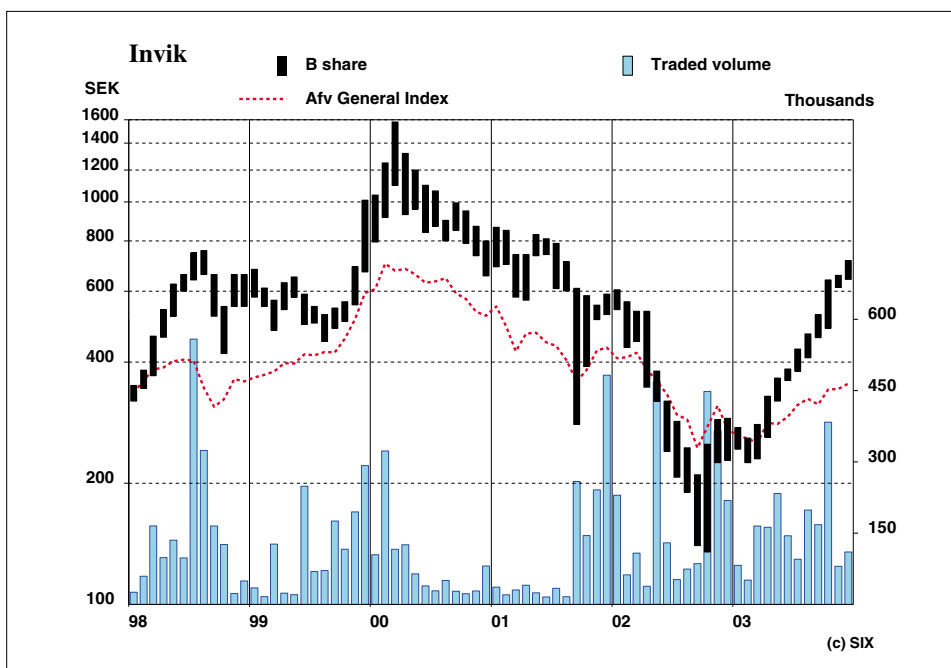
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## THE INVIK SHARE

Invik's shares have been listed since 1987 and on Stockholmsbörsen's "O" list since 1997. The closing transaction price for the series A shares on 30 December 2003 was SEK 690 and the closing transaction price for series B shares was SEK 710. Based on the first day the shares were quoted, 1 July 1987, the B share price has increased by 3,127 %, which corresponds to a compound annual growth of 23 %.

Invik's Articles of Association stipulate that the principal object of the company's operations shall be to generate profit for the shareholders. This includes, in addition to the direct return in the form of dividend, appreciation in the value of the company. As far as the return is concerned, the growth in value is the most important factor. In this context, it is the company's policy to pay only small, regular cash dividends.



*The highest and lowest transaction price each month for Invik's series B shares between 1998 and 2003, as well as the Affärsvärlden General Index and turnover for the same period.*

Invik owns a long-term portfolio of securities in a small number of listed companies. As a long-term investor, Invik believes it is of great importance to own series A shares since this enables the company to exercise significant co-influence over the running of the companies. Invik's shares obtained a listing on Stockholmsbörsen's Attract 40 list in 2003. Since 1 January 2004, Invik's shares have returned to being traded on Stockholmsbörsen's "O" list with the code INVK. One trading block consists of 25 shares.

There are no convertibles or options on Invik's shares. Invik does not own any of its own shares. The Board has no authority to buy back, sell or issue shares, options or the like. As far as the Board is aware, Invik has no shareholder agreements or shareholder associations.

## SHAREHOLDERS

The below table states the number of shares in Invik owned by the ten largest shareholders and their share of the capital and votes at 30 December 2003. As at 30 December 2003 the number of shareholders was 11,318. Foreign investors' holdings amounted to 2,587,948 shares corresponding to 33.4 % of the capital and 35.7 % of the votes.

Shareholder	A shares	B shares	Interest as % of	
			Capital	Votes
Emesco Group	1,100,230	–	14.18%	28.62%
Jan Hugo Stenbeck's estate	477,000	–	6.15%	12.41%
Kinnevik Group	391,430	–	5.04%	10.18%
Morgan Stanley*	365,665	175,796	6.98%	9.97%
Klingspor family	301,750	157,325	5.92%	8.26%
Sapere Aude Trust	224,563	–	2.89%	5.84%
Nordea Funds*	106,951	456,366	7.26%	3.97%
von Horn family	94,868	12,208	1.38%	2.50%
Pictet & CIE*	60,643	20,803	1.05%	1.63%
SEB*	4,409	453,306	5.90%	1.29%
Other shareholders	281,190	3,075,497	43.25%	15.33%
Total	3,408,699	4,351,301	100.00%	100.00%

\* For own and others account.

## INVIK & CO.

The below table states the ownership structure in Invik by size of ownership classes based on the shareholders records at 30 December 2003.

Ownership classes	Number of shareholders			Interest as % of	
		A shares	B shares	Capital	Votes
1–500	10,740	46,301	354,776	5.17%	2.13%
501–1,000	245	19,235	163,280	2.35%	0.93%
1,001–5,000	202	47,512	356,645	5.21%	2.16%
5,001–10,000	41	54,580	242,341	3.83%	2.05%
10,001–15,000	21	138,426	128,089	3.43%	3.93%
15,001–20,000	7	22,754	103,391	1.63%	0.86%
20,001–	62	3,079,891	3,002,779	78.38%	87.94%
Total	11,318	3,408,699	4,351,301	100.00%	100.00%

## HISTORICAL BACKGROUND

Invik has been engaged in its present business activities since 1985. The company was formed following the split of the operations of Industriförvaltnings AB Kinnevik into a long-term industrial management and corporate development services group, and an investment and financial services group that was merged into Invik – at the time a wholly-owned subsidiary of Kinnevik. Kinnevik's shareholders were then invited to subscribe to shares in Invik.

Through Invik's holding in Kinnevik and Invik's other shareholdings, Invik received shares in Millicom, Tele2, MTG, Metro and Transcom in the form of dividends paid between 1990 and 2001.

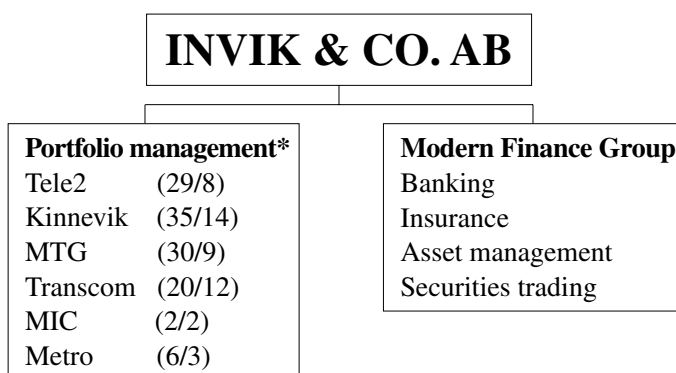
Invik's subsidiaries within the banking, insurance, asset management and securities trading sector have gradually developed and expanded over the years since the formation of the company in 1985.

## OPERATIONS AND ORGANIZATION

Invik & Co. AB is an investment holding company. The Invik Group consists of the parent company Invik & Co. AB and more than ten operating subsidiaries. Operationally, the business is conducted through two business areas:

- Management of the long-term securities portfolio is organized within Portfolio Management. The long-term securities portfolio consists primarily of large holdings in a small number of listed companies in which Invik seeks to exert co-influence by board representation and other means. In addition the parent company has some small holdings in unlisted companies.
- The banking, insurance, asset management and securities trading activities are conducted through Modern Finance Group and consists of:
  - A banking business, which is conducted through Banque Invik S.A.,
  - An insurance business, which is conducted through the subsidiaries Moderna Försäkringar AB, Moderna Försäkringar Sak AB, Moderna Försäkringar Liv AB, netviq AB, Modern Re S.A. and MF Bilspport & MC Specialförsäkring AB,
  - Asset management, which is conducted through Modern Privat Kapitalförvaltning MPK AB and Aktie-Ansvar AB, and
  - Securities trading, in which Fischer Partners Fondkommission AB is engaged in stock broking and trading.

The overall structure of the business in 2003 is illustrated in the chart below:



The figures in brackets indicate the votes/capital owned in each company as at 31 December 2003.

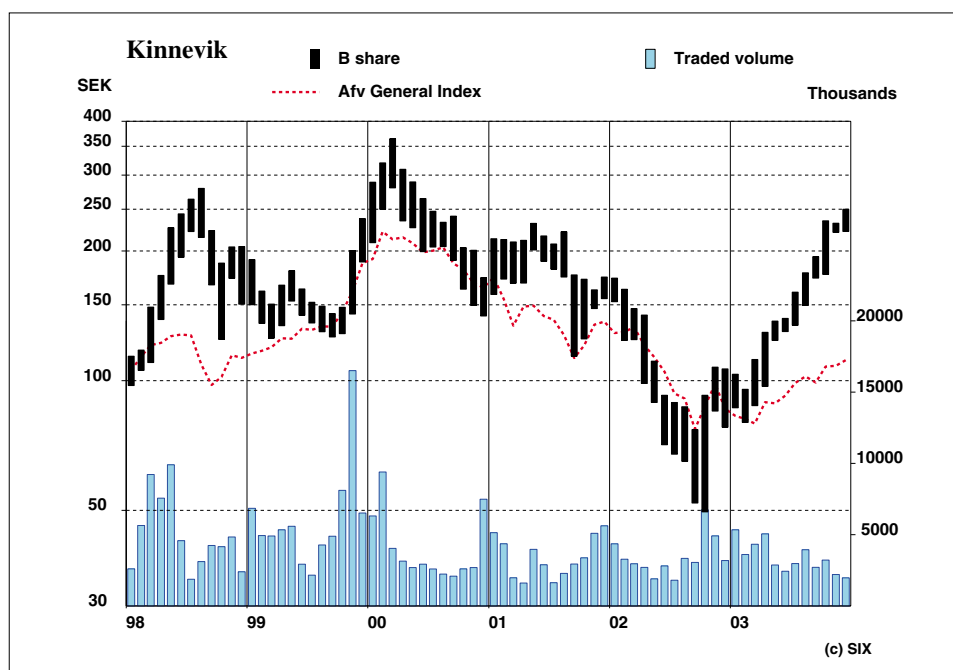
# PORTFOLIO MANAGEMENT

## INDUSTRIFÖRVALTNINGS AB KINNEVIK

The market value of Invik's holding in Kinnevik amounted to SEK 2,022 million at 31 December 2003. The holding corresponds to 35.0 % of the votes and 13.6 % of the capital. On 11 February 2004 the market value was SEK 2,418 million. Kinnevik's series A and series B shares are listed on Stockholmsbörsen's "A" list.

The market value of Kinnevik's holdings of listed shares amounted to SEK 18,952 million at the year-end. The portfolio of listed shares is dominated by Tele2 AB, in which Kinnevik controls 25.5 % of the votes and owns 20.4 % of the capital. Other equity holdings consist mainly of Modern Times Group MTG AB, Millicom International Cellular S.A., Invik & Co. AB, Metro International S.A., Transcom WorldWide S.A., Cherryföretagen AB, AcandoFrontec AB, Radio P4 Hele Norge ASA and Viking Telecom AB.

In addition to the list portfolio, Kinnevik owns and runs a number of wholly owned subsidiaries. Korsnäs is Kinnevik's largest business area, with its main production facilities located in Gävle, where it has an annual capacity of 700,000 tonnes of pulp.



*The highest and lowest transaction price each month for Kinnevik's series B shares between 1998 and 2003, as well as the Affärsvärlden General Index and turnover for the same period.*



## **INVIK & CO.**

Korsnäs has long had a purposeful strategy of concentrating on high value added products. Paperboard has evolved into the largest product area, with liquid packaging board being used for packaging drinks, and white kraft board for the outer layer in corrugated board packaging. Korsnäs is one of Europe's leading producers of sack and kraft paper of high quality. More than one-third of the sack paper produced is converted by Korsnäs Packaging into sacks, paper bags and other types of packaging at wholly or part owned sack factories in Europe.

Following the sale of forestland to Sveaskog in 2002, the total acreage owned by Korsnäs is 424,000 hectares, of which 324,000 hectares are productive forest land. At the beginning of December 2003, the boards of Korsnäs and Kinnevik approved a plan for restructuring the ownership of Korsnäs's forestland in Sweden. Korsnäs and Stora Enso will sell their Swedish forestland to Bergvik Skog AB, a newly formed, minority-owned company.

Kinnevik's net turnover amounted to SEK 5,660 (6,110) million. Its income after financial items was SEK 3,325 (loss 3,946) million.

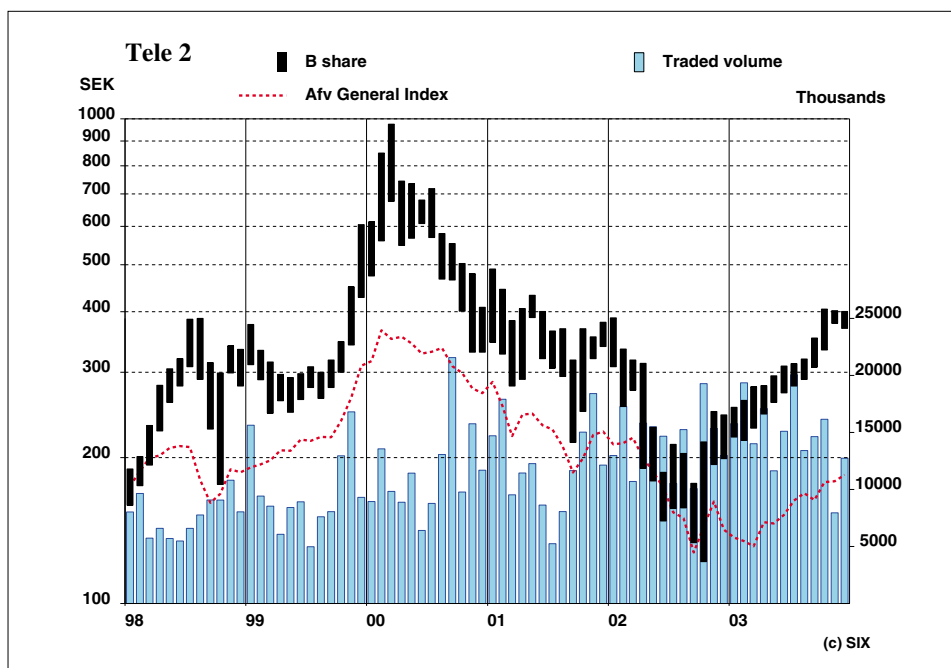
## **TELE2 AB**

The market value of Invik's holding of shares in Tele2 amounted to SEK 4,489 million at 31 December 2003. The holding corresponds to 29.4 % of the votes and 8.0 % of the capital. As of 11 February 2004, the market value was SEK 4,407 million. In 1996, Kinnevik distributed shares in Tele2 to its shareholders. Tele2's series A and series B shares are listed on Stockholmsbörsen's Attract 40 list and on Nasdaq in the USA.

Tele2, which was formed in 1993, is the leading alternative pan-European telecommunications company, offering fixed and mobile telephony, data communication and Internet services to more than 20 million customers in 23 countries.

Tele2 has successfully challenged the "old" telecom monopolies in Europe by offering consumers telecom services the lowest price on the market. Tele2's approach has been to build a strong brand image, to market simple, user-friendly products and to invest in high quality customer service rather than invest heavily in infrastructure. A high degree of flexibility and cost-consciousness have transformed Tele2 from a regional, Scandinavian telecom company into the fastest growing and most cost-effective telecom operator in Europe.

Early in 2003, Tele2 acquired Alpha Telecom, Great Britain's leading provider of pre-paid, fixed net telephony. In October, Tele2 further stepped up its presence in this sector by making a full-scale move onto the British market, primarily by offering fixed network telephony to consumers. Tele2 also launched six GSM networks on the fast-growing Russian market, as well as increasing its equity interest in five of its



*The highest and lowest transaction price each month for Tele2's series B shares between 1998 and 2003, as well as the Affärsvärlden General Index and turnover for the same period.*

Russian mobile telephony businesses. Tele2 also launched fixed network services in Belgium and Portugal and 3G services in Luxembourg. In France, Tele2 launched ADSL services during the second half of the year, and in Switzerland it was awarded a GSM license.

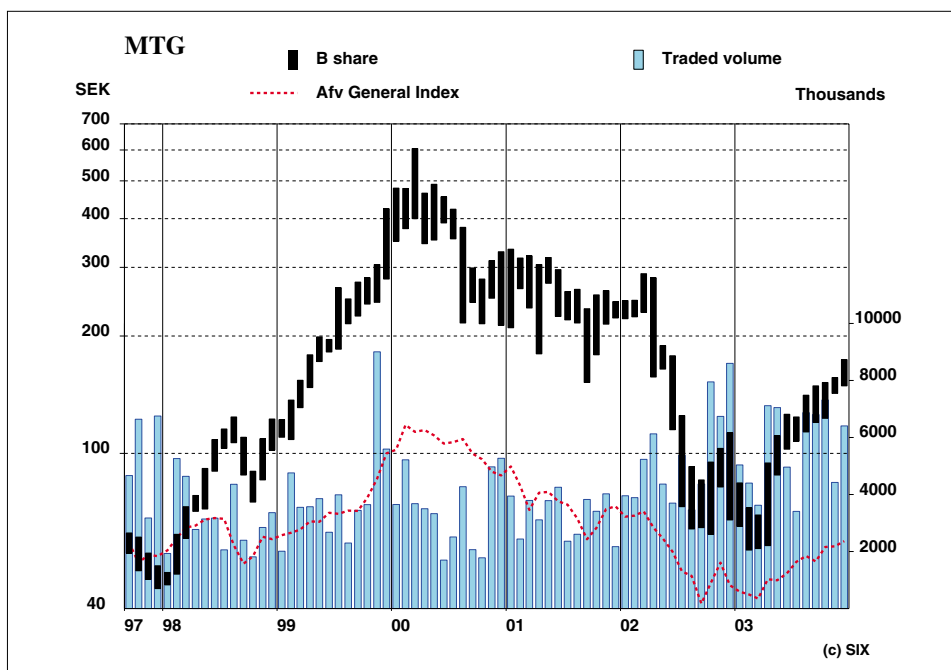
The year's net turnover amounted to SEK 36,911 (31,282) million and income after financial items amounted to SEK 1,267 (796) million.

#### MODERN TIMES GROUP MTG AB

The market value of Invik's holding of shares in MTG amounted to SEK 921 million at 31 December 2003. The holding corresponds to 9.3 % of the capital and 30.0 % of the votes. On 11 February 2004, the market value was SEK 1,060 million. MTG's series A and series B shares are listed on Stockholmsbörsen's Attract 40 list.

17 years ago, Kinnevik established the first commercial TV channel in Sweden and Scandinavia when it launched TV3, which marked the beginning of what is now MTG. The shares in MTG were distributed to Kinnevik's shareholders in 1997.

MTG is an international media enterprise with most of its business in Scandinavia, the Baltic states and Russia. MTG's subsidiaries are active in more than 30 countries. MTG is



*The highest and lowest transaction price each month for MTG's series B shares between 18 September 1997 and December 2003, as well as the Affärsvärlden General Index and turnover for the same period.*

the largest commercial and pay TV operator in the Nordic and Baltic countries, and the largest commercial radio broadcaster in northern Europe.

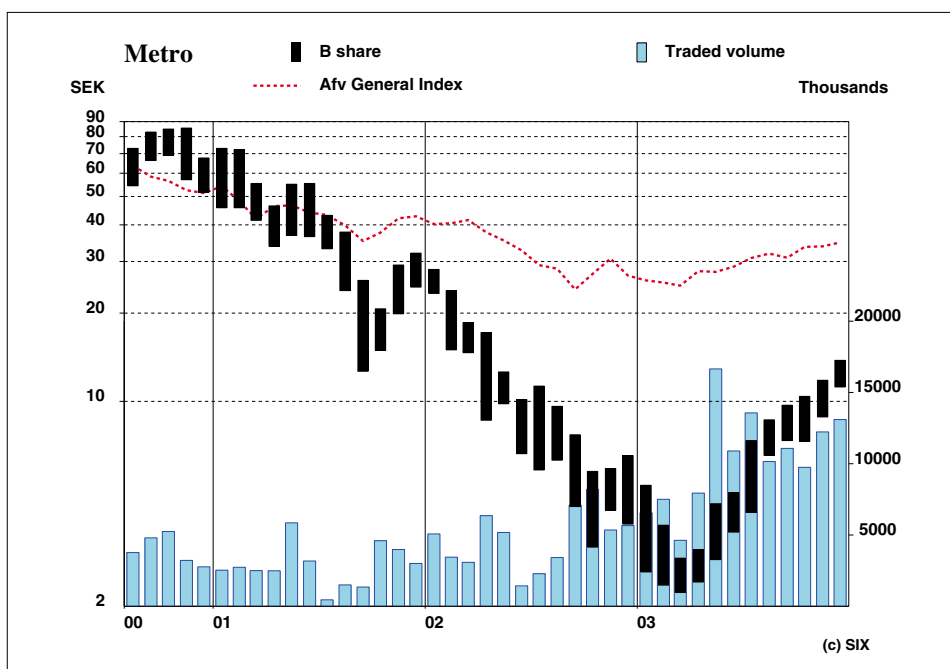
Viasat Broadcasting broadcasts 20 own-produced TV-channels, including TV3 and TV1000, both leading entertainment channels, and 25 third-party channels in a total of fourteen countries. Viasat's successful Scandinavian TV format has been effectively exported to the Baltic countries, following which it has been introduced to new growth markets in Russia, Hungary, Moldavia, Poland, Rumania, Bulgaria and Belarus. Viasat Broadcasting has a balanced mix of revenue sources, with approximately half of its revenue coming from subscriptions and interactive services, and half from advertising sales.

MTG is also the largest commercial radio broadcaster in northern Europe and holds stakes in the leading commercial radio networks in Sweden (RIX FM), Norway (P4 Radio Hele Norge), and Finland (Radio Nova). Modern Studios comprises MTG's content production, distribution and rights management business, including Strix Television, the leading reality TV company, and Sonet Film, market leader in film production and distribution of Swedish feature films.

TV-Shop is the Group's home shopping business. It is one of Europe's largest home shopping channels, and CDON.com is the leading retailer of CDs, DVDs, electronic games and books in Scandinavia.

SDI Media is active in 19 countries in translating, subtitling and dubbing for TV, video, film and DVD. It is global market leader and has a 60 % share of the global market for translating DVD films.

Net turnover increased by 5 % to SEK 6,311 (6,023) million and income after financial items increased to SEK 375 (28) million.



*The highest and lowest transaction price each month for Metro's series B shares between August 2000 and December 2003, as well as the Affärsvärlden General Index and turnover for the same period.*

#### METRO INTERNATIONAL S.A.

The market value of Invik's holding of shares in Metro amounted to SEK 189 million on 31 December 2003. The holding corresponds to 2.8 % of the capital and 5.5 % of the votes. On 11 February 2004 the market value was SEK 201 million. Metro's series A and series B shares are listed on Stockholmsbörsen's Attract 40 list.

Metro is the world's largest daily newspaper and is published in 34 editions in 16 countries in Europe, North and South America and Asia. There are also two franchise papers in South Korea. The newspapers are distributed free, with income being generated from sales of advertising space. Metro attracts a readership of 13.0 million a day and 27.5 million per week (TNS Gallup, November 2003).

Metro launched editions in three more cities in Spain during the year, and another franchise paper in South Korea. During the year, a 34.1 % interest in Metro France was sold to TF1, France's leading TV company.

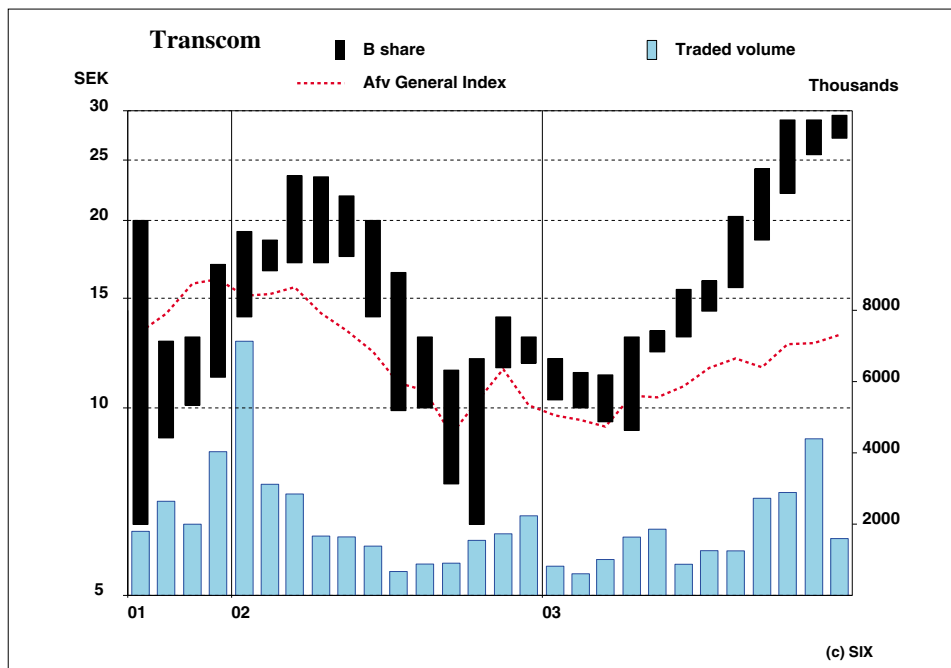
Net turnover for 2003 increased to USD 204 (143) million and the result after financial items was USD –13 (–81) million.

#### TRANSCOM WORLDWIDE S.A.

The market value of Invik's shares in Transcom amounted to SEK 240 million on 31 December 2003. The holding corresponds to 19.8 % of the votes and 11.9 % of the capital. On 11 February 2004 the market value was SEK 300 million. Transcom's series A and series B shares are listed on Stockholmsbörsen's "O" list.

Transcom WorldWide is a fast-growing company in outsourcing, and provides services from 35 call centres in 19 countries where it has more than 8,200 employees.

Transcom provides solutions in Customer Relationship Management (CRM) for companies in such sectors as telecommunication and e-commerce, travel and tourism, retailing, financial services and utilities industries. Transcom offers its customers an extensive range of relationship management services, including handling incoming



*The highest and lowest transaction price each month for Transcom's series B shares between September 2001 and December 2003, as well as the Affärsvärlden General Index and turnover for the same period.*

## **INVIK & CO.**

and outgoing calls, interactive voice messaging, internet services, and handling of communications via e-mail and fax. Additionally, Transcom can offer more advanced services such as legal counselling, debt collection and sales force management and supervision. The services are tailored for each individual customer and vary from single applications to complex programs at regional or international level in up to 38 languages.

The acquisition of CIS's debt collection business from Kinnevik in March, which will broaden the range of products and services in Europe, was the most important event of the year for Transcom. The company has local debt collection activities in the Nordic countries and Germany, and CIS will share its capacity with Transcom in all countries, providing scope for synergies. As a result of the acquisition Transcom has established its collection services in France and now intends to expand its business rapidly and cost-effectively into other European countries.

During the year Transcom opened new call centres in Poland and Portugal. Several key customers have selected Transcom as their supplier including Scandinavian Airlines' low-cost airline Snowflake, B2 Bredband (broadband supplier), Durion in Holland, which supplies green energy, Cigna Life Assurance and Citibank Espana in Spain, Dun & Bradstreet, Olivetti Tecnost, Fortum and ONCF. During 2003, Transcom also opened its new international sales and marketing centre in Barcelona.

Net turnover amounted to EUR 286 (229) million and income after financial items was EUR 14 (5) million.

## **MILLICOM INTERNATIONAL CELLULAR S.A.**

The market value of Invik's holding of shares in MIC amounted to SEK 160 million on 31 December 2003. This holding corresponds to 1.9 % of the votes and capital. On 11 February 2004 the market value was SEK 176 million. The shares are listed on Nasdaq in the USA and on the Luxembourg Stock Exchange. Preparations are being made to have the shares listed in Stockholm.

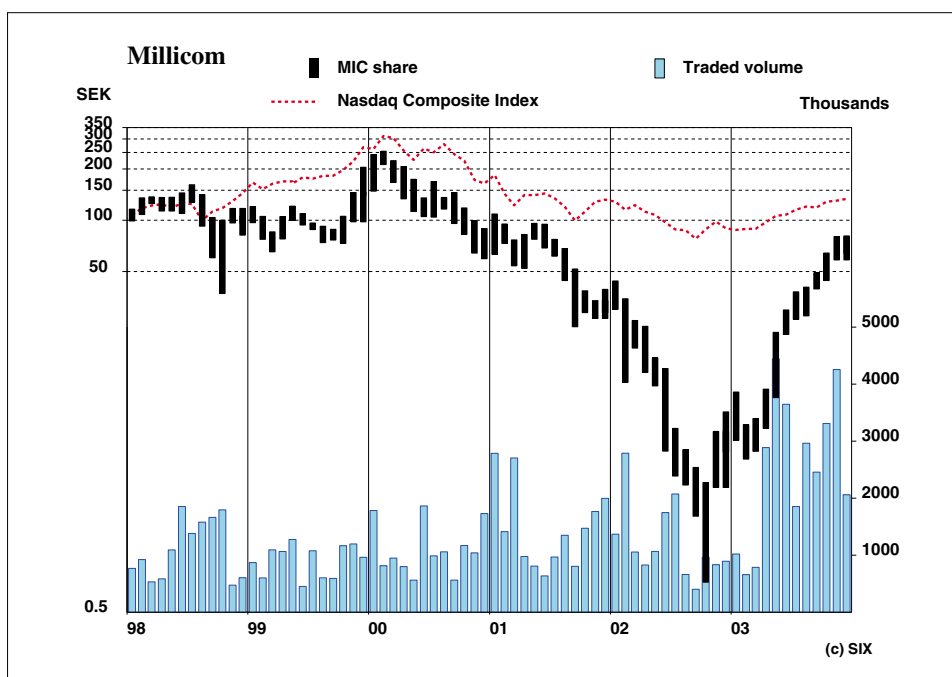
MIC is a leading provider of mobile telephony services with its focus on emerging markets in Asia, Latin America and Africa where economic development is creating a demand for improved communication services. MIC's strategy is to establish itself on new markets at an early stage by means of license agreements, preferably with local partners. The company aims to be the price leader on all markets by offering customers prepaid mobile telecom services at the lowest possible price. MIC also provides high-speed data communication in five countries.

MIC is at present a part owner of 16 companies in 15 countries, which together represent a market of 482 million people. By the end of 2003, the number of

subscribers had reached 5.7 million (4.0), an increase of 42 % during the previous 12-month period. On a pro rata basis in relation to MIC's equity interests, the number of subscribers was 4.0 (2.8) million an increase by 45%.

The rollout of GSM networks in Latin America and the allocation of GSM frequencies in Pakistan in the fourth quarter reflected part of MIC's strategy of establishing GSM networks in all countries where it is active as a means of benefiting from all possible product and procurement synergies. Thanks to the low cost and the greater number of more versatile functions obtainable with the GSM technology, MIC has the capacity to markedly increase its subscriber base in 2004.

Net turnover amounted to USD 647 (605) million. Operating income amounted to USD 160 (21) million. The company's income after financial net amounted to USD 246 (–340) million.



*The highest and lowest transaction price each month for Millicom's shares between 1998 and 2003, as well as the Nasdaq Composite Index and turnover for the same period.*

# MODERN FINANCE GROUP

## **BANKING**

The banking division comprises a wholly owned subsidiary, Banque Invik S.A., whose registered office is in Luxembourg. Banque Invik has been engaged in banking since 1989. The business is conducted partly through the head office in Luxembourg, as well as at the branch in Stockholm, which was established in 1996.

The business concept is to function as a banque privée in line with the continental model for such institutions. The bank advises high net worth individuals in financial matters including asset management – Private Banking, financial advisory services to corporations – Corporate Finance Advisory & Treasury, issuing of credit cards – Credit Card Issuing, advising and management of investment funds – Investment Funds Management, and domiciliation and corporate administrative services – Trust Services.

### **Private Banking**

Private Banking services are provided at the head office in Luxembourg. The business has a growing portfolio of international clients, both private and corporate, which receive personal service and advisory asset management services.

Banque Invik engages in currency trading and securities trading on client account without taking any positions on its own account. Banque Invik has a very prudent credit policy and all lending is required to be fully secured with cash, securities and/or guarantees. Banque Invik's asset management unit has been marketing a range of funds that are managed by outside portfolio managers under the umbrella name of Master Portfolio since 1993.

The stock market recovered during the year and revenue from securities trading gradually increased. Foreign exchange fees have, on the other hand, declined on the previous year as a result of less activity among customers. As Banque Invik's mainly has deposit clients the low level of interest rates caused margins to narrow during the year. Customer fund on deposit rose by 32 % in 2003, and off-balance sheet investments in the bank's custody increased by 94 %.

### **Credit Card Issuing**

The issue of credit cards is a combination of financing and mediation of payments. Banque Invik is a member of the VISA and Mastercard/Eurocard organizations in Europe. The bank's cards are primarily intended for wealthy private individuals, not only its own private banking clients but also those of other banks. The cards are issued in several currencies to cardholders dispersed throughout the world.

This business made steady progress during the year. Costs have been cut and the average transaction volume per issued card is above the average for VISA and Mastercard/Eurocard in Europe.



### **Corporate Finance Advisory & Treasury**

Corporate Finance & Treasury provides financial advisory services for the corporate sector without drawing on Banque Invik's balance sheet. The business is conducted at the head office in Luxembourg and at the branch in Stockholm. Thanks to the dedicated and experienced personnel, and the low overhead costs, these services can be provided on competitive terms.

The corporate finance advisory and treasury unit had another successful year, with higher revenue for the fourth consecutive year.

### **Investment Funds Management**

Banque Invik manages through a subsidiary The Modern Funds SICAV, a Luxembourg-registered umbrella fund that includes a number of index funds, which are marked in Sweden under the Moderna Fonder name.

Moderna Fonder has been particularly successful in attracting investors within the PPM pension-saving plan. Thanks to the more bullish climate on the stock market, volumes rose during the year. A decision has been made to concentrate the marketing of the index funds on the Swedish market, where two equity index funds – Sverige Topp 30 and Europa Topp 100 – and three fixed income funds – Sverige Ränta, Sverige Obligation and Europa Ränta – are now offered to savers. The assets under management in these funds increased by 59 % during the year.

Apart from Modern Fund's index funds, the Luxembourg-registered Our Fund is also managed by Banque Invik. Our Fund invests exclusively in listed companies belonging to Our Group.

### **Trust Services**

The bank provides services in company formation, administration and accounting, mainly for holding companies, under the Modern Treuhand name. The business is largely conducted in Luxembourg, but a new venture was set up in the Netherlands during the year. Administrative services are also provided by the branch in Stockholm.

Revenue and the number of companies administered rose rapidly during the year, not least in the newly opened branch in the Netherlands. A co-operation with an external partner has also been established in Belgium during the year.

Overall, Banque Invik improved its result in relation to previous year. However, total turnover declined by 16 % due to lower net interest and the sale of the Private Banking business in Stockholm at the end of 2002.

The income after financial items of the Banking business, including wholly owned subsidiaries, amounted to SEK 63.1 (23.4) million. This figure includes items affecting comparability of SEK 15.1 (–13.9) million.

The bank's summary income statement and key ratios for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Income after financial net	15.4	23.4	63.1
Net income for the year	10.2	11.6	47.1
Balance sheet total	3,115	2,846	3,426
Capital adequacy ratio <sup>1)</sup>	208%	235%	267%
Liquidity ratio <sup>2)</sup>	52%	47%	54%
Number of employees	40	37	34

<sup>1)</sup> Risk exposure in relation to the capital base in relation to legal requirements.

<sup>2)</sup> Liquid funds divided by current liabilities.

## INSURANCE

The Insurance business consists primarily of Moderna Försäkringar Sak (non-life), Moderna Försäkringar Liv (life) and the re-insurance business conducted through Luxembourg-based Modern Re S.A.

Moderna Försäkringar has in recent years been transformed from a widely diversified insurance company with its emphasis on industrial and marine insurance to a group of niche companies concentrating on insurance for private individuals, organizations and small firms.

Moderna Försäkringar Sak is market leader in insurance of pleasure boats with a market share of 25 %. The business, which is conducted under the Atlantica name, is mainly for active boat-owners. In the motor insurance segment, the business is conducted on similar lines under the Bilsport & MC brand name, and insurance is only offered to motorcycle and motorcar enthusiasts on the basis of far-reaching loss-prevention requirements and age-related product concepts. The company has more than 30% of the motorcycle insurance market in Sweden. Consumer insurance is distributed via brokers and in association with unions and corporations. Branding and group concepts are key elements of the distribution strategy. On the corporate side, the fastest growing segment is product insurance, in which the market share is more than 35 %, and group insurance. Parallel to this, the online insurance broker for small firms' insurance – known as BrokerLine – was successful in 2003.

The non-life reported strong growth in 2003 with more than 130,000 new policyholders and a positive earnings trend. An explicit focus on profitable customer and product segments, together with strict underwriting and commercially sound loss adjusting, improved profitability considerably.

Moderna Försäkringar Liv's unit-linked insurance business, which concentrates primarily on the occupational pensions market, progressed in 2003 and since its inception in 2002 it has reached a market share of new sale of 1.0 %. New sales amounted to more than SEK 155 million. The group life business noted further growth and attracted more than 7,000 new policyholders, while keeping its claims

# **INVIK & CO.**

costs low during the period. The company consolidated its position on the Norwegian market when it signed a long-term agreement with Handels- og Servicenæringens Hovedorganisasjon on employee group life insurance. As the newly started unit-linked business incurred heavy marketing and distribution costs, it will be loss-making during the build-up period. The result before tax was a loss of SEK 5.5 (loss 4.6) million.

The reinsurance business within Modern Re S.A. reported pre-tax income of SEK 8.5 (7.0) million.

Summary ratios for the non-life insurance business for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Premium revenue	344.5 <sup>1)</sup>	447.4	532.4
Non-life insurance technical result <sup>2)</sup>	0.2	11.3	34.4
Income before tax	8.4	10.8	38.2
Operating cost ratio <sup>3)</sup>	73.8%	81.7%	89.5%
Operating cost ratio <sup>4)</sup>	29.5%	22.7%	22.9%
Gross claims ratio <sup>5)</sup>	44.3%	59.0%	66.6%
Solvency ratio, % <sup>6)</sup>	199%	104%	106%
Number of employees	50	59	71

<sup>1)</sup> Premium income excluding run-off for 2001

<sup>2)</sup> Defined as premium income+investment income–net claims–operating expense

<sup>3)</sup> Defined as claims costs+operating expense divided by premium revenue

<sup>4)</sup> Defined as operating expense divided by premium revenue

<sup>5)</sup> Defined as claims costs divided by premium revenue

<sup>6)</sup> Defined as equity+untaxed reserves+premium over book value of assetse divided by net premium revenue

Summary result including depreciation of goodwill of insurance operations for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Net turnover	345.7	491.4	707.5
Income/loss after financial net	–7.5	–2.8	33.1

## ASSET MANAGEMENT

Modern Privat Kapitalförvaltning MPK Holding AB ("MPK Holding"), a wholly owned subsidiary of Invik & Co. AB, is the parent company of the MPK group ("MPK Group"), which is engaged in asset management activities through Modern Privat Kapitalförvaltning AB ("MPK") and fund management activities through Aktie-Ansvar AB ("Aktie-Ansvar"). MPK's total assets under management amounted to SEK 7,336 million at the end of the year. More than 7,600 clients make use of MPK's discretionary and fund management services.

MPK offers asset management services based on advanced fundamental analysis. The company's approach is characterized by a high degree of personal service. Its 2,000 clients include private individuals, companies, institutions, trusts and religious groups. The value of the assets under management increased by 42 % during the year from SEK 3,207 million to SEK 4,541 million.

Aktie-Ansvar is engaged in fund management through five funds: Aktie-Ansvar Sverige, Aktie-Ansvar Avkastningsfond, Aktie-Ansvar Europa, FondSelect (fund of funds) and the Graal hedge fund. Assets under management increased by 92 % during the year from SEK 1,452 million to SEK 2,795 million. Net savings (investments less redemptions) in 2003 amounted to SEK 1,134 (916) million. The fund company had some 5,600 clients at the year-end, when the three largest funds were Ansvar Avkastningsfond, SEK 1,065 million; Graal, SEK 969 million; and Aktie-Ansvar Sverige, SEK 659 million. All the funds, which were ranked by Morningstar, were awarded five stars (highest ranking) at the year-end.

Graal noted the highest risk-adjusted return (Sharpe ratio) of any Swedish hedge fund that has been on the market since Graal's inception on 30 June 2002. The return since inception (18 months) was 25.1 %, the standard deviation 3.98 % and the Sharpe ratio 3.04 %. In January 2004, Graal was nominated as Sweden's best hedge fund of the year in 2003 by Privata Affärer (an investor magazine).

In December Per Molin was appointed CEO of MPK Holding. He is at present head of Nordea's discretionary asset management unit in Luxembourg. Lars Nordstrand, Moderna Försäkringar's CEO, will be acting CEO of MPK Holding until Molin takes over in the spring of 2004.

The strong performance of the stock market in the second half of the year has stimulated growing interest in the MPK Group's asset management services and a strong earnings trend. The MPK Group's income after financial net amounted to SEK 9.8 (loss 100.1) million. The comparative figure for 2002 includes a SEK 95.4 million write-down in the value of goodwill.

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Asset Management's summary result, including write-downs and depreciation at Group level for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Net turnover	80.3	68.1	54.2
Income/loss after financial net	-5.2	-100.1	9.8
Number of employees	34	34	28
Equity ratio	14.7%	15.1%	21.8%
Capital adequacy ratio <sup>1)</sup>	9.7%	10.4%	15.4%

<sup>1)</sup> Risk exposure in relation to the capital base in relation to legal requirements.

## SECURITIES TRADING

Fischer Partners is engaged in stock broking and securities trading. Fischer Partners is a leading broker within electronic share trading and is a member of the Stockholm, Helsinki and Copenhagen stock exchanges. After a weak start of 2003, the market improved in March, and performed strongly for the rest of the year in terms of both volume and prices. Fischer Partners successively raised its market share during the year and its share of Stockholmsbörsen's turnover was 5.7 % (4.1). Its shares of the Helsinki, Copenhagen and Oslo stock markets' turnover were 5.1 % (2.5), 2.7 % (2.5) and 0.9 % (0.1) respectively. With these market shares, Fischer Partners ranked fifth and fourth in order of size on the Stockholm and Helsinki stock exchanges respectively. Competition on the online broking market has intensified, but Fischer Partners has continued to expand in all customer segments and markets. Fischer Partners' clients are mainly Swedish and foreign institutions and active private investors.

Securities Trading's income after financial items amounted to SEK 23.7 (loss 67.6) million. The comparative figures for 2002 include items affecting comparability of SEK -58.0 million.

Summary result of the Securities trading business for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Net turnover	201.9	149.2	183.3
Income/loss after financial net	15.1	-67.6	23.7
Number of employees	73	62	63
Capital adequacy ratio <sup>1)</sup>	28%	18%	20%

<sup>1)</sup> Risk exposure in relation to the capital base in relation to legal requirements.

## OTHER BUSINESSES

Other businesses previously consisted of a brewery and a restaurant. The brewing business conducted by Gamla Stans Bryggeri AB was wound up in the autumn. Pontus Frithiof by the Sea AB and Brasserie by the Sea AB run a restaurant business in Tullhus 2, where Invik is the landlord. Consequently, Invik no longer has any operative business in the Other activities segment, and the business area will not be stated separately in coming financial reports.

Summary result for Other businesses for 2001-2003 (SEK million):

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Net turnover	26.3	2.7	3.8
Loss after financial items	-7.2	-10.0	-8.0
Number of employees	31	7	1

# DIRECTORS' ANNUAL REPORT

## OBJECTIVE

The object of Invik's business activities is to generate profit for the shareholders by achieving a sustainable increase in net asset value and by increasing the operating profit and the cash flow of the businesses within the Modern Finance Group.

During Invik's 18-year history, the appreciation in the net asset value (excluding dividends) has been equivalent to an annual return of 34 %, calculated on the basis of the company's original net asset value of SEK 4 per share in 1985. This may be compared with an annual return, according to the Affärsvärlden General Index, of 12 % during the same period.

## ORGANIZATION

Invik & Co. AB (publ) (Reg. No. 556047-9742) is an investment holding company. The Group consists of the parent company, Invik & Co. AB, and more than ten operating subsidiaries. The parent company manages a long-term securities portfolio, consisting of large holdings in a number of listed companies. The subsidiaries are primarily active in banking, insurance, asset management and securities trading.

## OPERATIONS IN 2003

Anders Fällman was appointed as CEO of Invik & Co. AB with effect from 1 January 2003.

During the year, Invik divested 925,000 of its Tele2 series B shares, generating proceeds of SEK 252 million that were used to reduce the Group's debt equity ratio.

Invik participated in the refinancing of Metro, and exercised subscription rights to acquire 7,327,278 Series A shares in Metro's new share issue.

The remaining parts of the brewing business were wound up in the autumn of 2003.

In November 2003, Lars Nordstrand was appointed as acting CEO for MPK until Per Molin takes over in the spring of 2004.

## THE LONG-TERM SECURITIES PORTFOLIO

The market value of the long-term securities portfolio increased during the year by 91 % to SEK 8,020 million as at 31 December 2003. The book value of the shares in the long-term securities portfolio amounted to SEK 4,515.3 (4,186.0) million. The increase of book value is explained by the interest in the earnings of associated companies.

The long-term securities portfolio consisted as at 31 December 2003 of the following listed shares:

- Industriförvaltnings AB Kinnevik ("Kinnevik"): 6,281,387 series A shares and 2,286,936 series B shares, corresponding to 35.0 % of the votes and 13.6 % of the capital.

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- Tele2 AB (“Tele2”): 9,891,787 series A shares and 1,900,579 series B shares, corresponding to 29.4 % of the votes and 8.0 % of the capital.
- Modern Times Group MTG AB (“MTG”): 6,181,249 series A shares, corresponding to 30.0 % of the votes and 9.3 % of the capital.
- Transcom Worldwide S.A. (“Transcom”): 7,152,046 series A shares and 1,351,277 series B shares, corresponding to 19.8 % of the votes and 11.9 % of the capital.
- Metro International S.A. (“Metro”): 14,549,360 series A shares, corresponding to 5.5 % of the votes and 2.8 % of the capital.
- Millicom International S.A. (“MIC”): 313,472 shares, corresponding to 1.9 % of the votes and capital.

### **CONSOLIDATED RESULT**

The consolidated income after financial items for the year amounted to SEK 602.0 (loss 1,069.5) million. The result includes income from sales of securities of SEK 48.3 (loss of 227.0) million and interests in the earnings of associated companies amounting to SEK 591.4 (loss 522.5) million, of which Kinnevik accounted for SEK 435.9 (loss 554.7) million, MTG for SEK 26.6 (loss 6.7) million, Tele2 for SEK 81.4 (46.3) million and Transcom for SEK 19.5 (10.0) million. Income after tax amounted to SEK 751.0 (loss 1,121.9) million.

### **FINANCIAL POSITION AND INVESTMENTS**

The Group’s liquidity reserve, excluding funds in the banking and insurance operations, (i.e. liquid funds and approved but undrawn credits) amounted at 31 December 2003 to SEK 34.2 million, which may be compared with SEK 197.1 million at 31 December 2002. In addition, the assets consisted largely of securities in listed companies that are realisable on the stock market. The Group’s holdings of listed securities had a total market value of SEK 8,020 (4,196) million on 31 December 2003.

The Group’s net sales of securities during the year amounted to SEK 234.7 (246.4) million. Investments in intangible and tangible fixed assets during the year amounted to SEK 18.2 (48.3) million.

The Group’s closing equity ratio was 34.2 % (33.8). Taking into account the premium over the book value of the portfolio of listed securities, the equity ratio was 50.8 % (34.6).

### **PROSPECTS FOR THE FUTURE**

The core business of Invik is to own and administer the long-term securities portfolio. Invik shall also have a cash flow that is generated by the companies in the Modern



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Finance Group. The focus of these companies for 2004 will remain on the cash flow and they will make efforts to strengthen their market positions.

### ENVIRONMENTAL IMPACT

In 2003, Gamla Stans Bryggeri AB was engaged in brewing activities that were subject to a notification obligation under the terms of the Environmental Code. The brewing of beer had a negligible effect on the external environment, since the waste produced is similar to that produced by households. The business was wound up in the autumn, and the Invik Group no longer has any businesses that are required by the Environmental Code to submit notifications or applications for permits.

### RESEARCH AND DEVELOPMENT

Invik did not engage in any research and development activities in 2003.

### EARNINGS PER SHARE

Earnings per share amounted to SEK 96.78 (loss 144.57). The total number of shares in issue at 31 December 2003 amounted to 7,760,000, of which 3,408,699 were series A shares and 4,351,301 were series B shares.

### KEY RATIOS

The Invik Group's assets largely consist of listed securities. It is therefore natural to value shares in Invik on the basis of their underlying asset value and changes in it.

The key ratios below are based on the consolidated accounts in accordance with the equity accounting method.

	1999	2000	2001	2002	2003
<b>Income statement (SEK million)</b>					
Net turnover	708	817	856	983	1,186
Income/loss after financial net	422	2,768	-270	-1,069	602
Net income/loss for the year	372	2,641	-71	-1,122	751
<b>Balance sheet (SEK million)</b>					
Equity	2,360	4,473	4,337	2,956	3,590
Balance sheet total	5,460	10,044	10,587	8,741	10,509
<b>Asset value (SEK million)</b>	12,733	7,829	6,960	3,065	7,144
<b>Key ratios</b>					
Equity ratio I (%)	43.2	44.5	41.0	33.8	34.2
Equity ratio II (%)	80.4	58.4	52.7	34.6	50.8
Debt-equity ratio (multiple)	1.1	1.1	1.3	1.7	1.6
Risk capital ratio (%)	44.6	45.5	42.2	34.8	35.0

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<b>Data per share (SEK)</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Listed price 31/12	1,010	770	579	259	710
Asset value 31/12	1,641	1,009	897	395	921
Equity 31/12	304	576	559	381	463
Income/loss after tax	49.35	340.34	-9.15	-144.57	96.78
Dividend	3.00	6.00	3.00	3.00	5.00 <sup>1)</sup>

<sup>1)</sup> For 2003 the proposed dividend is stated.

### Definitions

<b>Asset value</b>	Equity after adjustment for premium over/discount under book value of listed securities without taking tax effects into account.
<b>Equity ratio I</b>	Equity including minority interests divided by balance sheet total.
<b>Equity ratio II</b>	Asset value divided by balance sheet total after adjustment for premium over/discount under book value of listed securities.
<b>Debt-equity ratio</b>	Interest-bearing liabilities divided by equity (including minority interests in equity).
<b>Risk capital ratio</b>	Sum of equity (including minority interests in equity) and deferred tax liability divided by balance sheet total
<b>Earnings per share</b>	The year's income/loss divided the average number of shares in issue.

### CALCULATION OF ASSET VALUE

Invik's net asset value is defined as the consolidated equity adjusted for premiums over/discounts to the on book value of the long-term portfolio of listed securities, without taking into account tax effects. The market value of the other holdings is assumed to equal the book value.

The closing net asset value amounted to SEK 7,144 million, which corresponds to SEK 921 per share.

<b>SEK million</b>	<b>Market value</b>	<b>Book value</b>	<b>Asset value</b>
Stated equity			3,590
Kinnevik	2,022	1,311	711
Tele2	4,489	2,705	1,784
MTG	921	308	613
MIC	160	44	116
Metro	189	17	172
Transcom	240	82	158
<b>Asset value before tax</b>			<b>7,144</b>
Asset value per share (SEK)			921

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The asset value at 31 December 2003 is based on the following listed prices (closing rate) (SEK):

Kinnevik A	236	Kinnevik B	236
Tele2 A	380	Tele2 B	384
MTG A	149		
Metro A	13,0		
Transcom A	28,0	Transcom B	29,3
MIC	509 (Translation rate: USD 1 = SEK 7.275)		

The asset value on 11 February 2004 amounted to SEK 956 per share.

### PARENT COMPANY

The income after financial items amounted to SEK 84.0 (loss 377.9) million. Closing liquid reserves amounted to SEK 34.2 million, which may be compared with SEK 181.2 million at 31 December 2002. The parent company's net sales of shares during the year amounted to SEK 168.1 (212.3) million, and investments in fixed assets amounted to SEK 2.2 (2.7) million.

On 31 December 2003, the parent company's non-group liabilities amounted to SEK 1,538.4 million, of which SEK 107.5 million were current liabilities. The corresponding amounts for 31 December 2002 were SEK 1,736.3 million and SEK 1,311.3 million respectively.

The average cost of interest paid by the parent company during the year was 4.7 % (5.0).

### COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

As of 1 January 2005, all listed companies in the EU are to start reporting in accordance with the International Financial Reporting Standards (IFRS). For Invik, the changeover has taken place gradually over a number of years through the implementation of the recommendations issued by the Swedish Financial Accounting Standards Council, which are based on IFRS. Starting from 1 July 2003, the equity accounting method is used for the accounting of associated companies, which is assessed to be the one recommendation that, all in all, has the greatest effects to Invik's stated result and financial position.

During 2003, Invik has investigated the areas of accounting with remaining differences between Swedish GAAP and IFRS. In Invik's opinion, the areas that have an impact on Invik's accounts are mainly the reporting of financial instruments and insurance instruments. It is worth noting that the standards that are to apply to these areas are not yet fully confirmed and that Invik is carefully monitoring the development. Moreover, the number of supplementary notes could well increase even further.

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The recommendation RR 29 Employee benefits came into effect on 1 January 2004 and will for Invik's part mainly entail an increase in supplementary information. Measures will continue this year on the implementation of the remaining recommendations.

It is Invik's assessment that the Group has made considerable progress in its preparations for the full transition to IFRS and that Invik will start reporting in accordance with IFRS on 1 January 2005.

### **BOARD PROCEDURES**

Invik & Co. AB's Board held eight minuted meetings in 2003, including the statutory meeting. The Board comprises seven members appointed by the Annual General Meeting. Each year, the Board adopts a set of procedures for its activities. These require that a Board meeting be held at least once a quarter and that the CEO release interim reports after having obtained the approval of the Chairman and Vice Chairman and the Board releases the year end financial statement. The procedures also state that the Board members are to receive written documentation at least one week before each meeting, that all Group companies are to have at least two joint signatories, and that decisions on the acquisition or divestment of shares are to be taken by the Board. The procedures also include a description of all other matters that are to be decided at Board meetings and an instruction for the CEO. The company's auditors report to the Board each year on their examination and give their assessment of the internal control system.

### **PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS**

The Group's unrestricted equity amounts to SEK 798.4 million.

The following funds are at the disposal of the Annual General Meeting:

	SEK
Retained earnings	723,113,493
Net income for the year	126,398,000
	<hr/>
	849,511,493

The Board and the CEO propose that the unappropriated earnings at the disposal of the Annual General Meeting be dealt with as follows:

	SEK
Dividend to shareholders SEK 5 per share	38,800,000
To be carried forward	810,711,493
	<hr/>
	849,511,493

# CONSOLIDATED INCOME STATEMENT

for the period 1 January – 31 December (SEK million)

		2003	2002
Net turnover	Note 2	1,186.0	983.3
Cost of services provided and goods sold		–841.0	–571.5
<b>Gross income</b>		<b>345.0</b>	<b>411.8</b>
Selling expenses		–60.3	–170.7
Administrative expenses		–331.3	–456.2
Other operating income		129.4	5.1
Other operating expenses		–15.3	–1.7
Income from stocks and other securities	Note 4	48.3	–227.0
Interest in earnings of associated companies		591.4	–522.5
<b>Operating income/loss</b>	Note 3, 8, 28, 29	<b>707.2</b>	<b>–961.2</b>
<b>Income/loss from financial items</b>			
Interest income and similar items	Note 5	2.0	22.7
Interest expenses and similar items	Note 6	–107.2	–131.0
<b>Income/loss after financial items</b>	Note 2	<b>602.0</b>	<b>–1,069.5</b>
Tax on income/loss for the year	Note 7	149.0	–54.0
Minority share in income/loss for the year		0.0	1.6
<b>NET INCOME/LOSS FOR THE YEAR</b>		<b>751.0</b>	<b>–1,121.9</b>
Earnings/loss per share			
before/after dilution, SEK		96.78	–144.57
Number of shares before/after dilution		7,760,000	7,760,000

# CONSOLIDATED CASH FLOW ANALYSIS INDIRECT METHOD for the period 1 January – 31 December (SEK million)

	2003	2002
<b>Operations</b>		
Operating income/loss	707.2	–961.2
Adjustments		
Depreciations, write-downs and retirements	29.4	136.6
Income from/loss on stocks and other securities	–48.3	227.0
Andelar i intressebolags resultat före skatt	–557.0	539.6
Exchange rate differences	–0.4	–6.3
Interest and similar items	–74.5	–108.3
Paid income tax	–13.9	–12.0
Minority shares in the net income for the year	0.0	1.6
	42.5	–183.0
<b>Change in working capital</b>		
Change in inventories, goods and securities	–14.1	–11.2
Change in current receivables	–58.0	143.4
Change in current investments	–383.7	393.7
Change in current liabilities	385.3	–425.9
<b>Cash flow from current operations</b>	<b>–28.0</b>	<b>–83.0</b>
<b>Investment activities</b>		
Acquisition of intangible and tangible fixed assets	–18.2	–48.3
Acquisition of financial fixed assets	–16.9	–111.6
Sales of financial fixed assets	251.6	358.1
<b>Cash flow from investment activities</b>	<b>216.5</b>	<b>198.2</b>
<b>Financing activities</b>		
Change in minority interest	0.0	–1.6
Increase in long-term liabilities	195.7	7.2
Dividend	–23.3	–23.3
<b>Cash flow from financial activities</b>	<b>172.4</b>	<b>–17.7</b>
Change in cash and cash equivalents	360.9	97.5
Exchange rate differences, cash and cash equivalents	0.0	–
Cash and cash equivalents at beginning of year	395.3	297.8
<b>Cash and cash equivalents at end of the year</b>	<b>756.2</b>	<b>395.3</b>

# CONSOLIDATED BALANCE SHEET

as at 31 December (SEK million)

<b>Assets</b>		<b>2003</b>	<b>2002</b>
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill	Note 8	38.6	53.0
Other intangible assets	Note 9	1.6	4.6
Total intangible assets		40.2	57.6
<b>Tangible assets</b>			
Buildings	Note 10	4.3	4.6
Machinery	Note 11	–	–
Equipment	Note 12	21.1	20.5
Total tangible assets		25.4	25.1
<b>Financial assets</b>			
Shares in associated companies	Note 14	4,440.0	4,049.7
Other securities held as fixed assets	Note 15	75.3	136.3
Investment assets		115.3	0.0
Total financial assets		4,630.6	4,186.0
<b>Total fixed assets</b>		<b>4,696.2</b>	<b>4,268.7</b>
<b>Current assets</b>			
Inventories and securities	Note 16	15.0	29.3
<b>Current receivables</b>			
Accounts receivable		91.0	20.9
Receivable from associated companies		–	0.4
Other receivables	Note 17	234.8	218.2
Prepaid expenses and accrued income	Note 18	166.6	184.8
Total current receivables		492.4	424.3
<b>Investments</b>			
Lending in banking business		2,992.4	2,069.8
Investment assets		1,557.0	1,553.5
Total investments	Note 19	4,549.4	3,623.3
Cash and cash equivalents		756.2	395.3
<b>Total current assets</b>		<b>5,813.0</b>	<b>4,472.2</b>
<b>TOTAL ASSETS</b>		<b>10,509.2</b>	<b>8,740.9</b>

<b>Equity, Provisions and Liabilities</b>		<b>2003</b>	<b>2002</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		7.8	7.8
Statutory reserves		2,783.5	2,481.4
Total restricted equity		2,791.3	2,489.2
<b>Non-restricted equity</b>			
Non-restricted reserves		47.4	1,588.6
Net income/loss for the year		751.0	-1,121.9
Total non-restricted equity		798.4	466.7
<b>Total equity</b>	Note 20	<b>3,589.7</b>	<b>2,955.9</b>
Minority interest		–	0.6
<b>Provisions</b>			
Provisions for pensions		2.5	0.1
Provisions for deferred taxes	Note 7	39.6	83.6
<b>Total provisions</b>		<b>42.1</b>	<b>83.7</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions	Note 30	1,406.3	460.0
Total long-term liabilities		1,406.3	460.0
<b>Current liabilities</b>			
Bank overdraft facilities	Notes 21, 30	44.7	549.3
Other liabilities to credit institutions	Note 30	214.3	1,005.2
Accounts payable		13.7	13.5
Borrowing in banking business		3,875.1	2,977.3
Actuarial insurance liabilities		681.5	351.9
Liabilities to associated companies		108.0	3.9
Other liabilities	Note 22	436.8	274.7
Accrued expenses and prepaid income	Note 23	97.0	64.9
Total current liabilities		5,471.1	5,240.7
<b>Total liabilities</b>		<b>6,877.4</b>	<b>5,700.7</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>10,509.2</b>	<b>8,740.9</b>
Pledged assets	Note 24	4,047.1	4,211.8
Contingent liabilities	Note 25	24.0	146.8
Off balance sheet commitments	Note 26	2,182.2	1,754.7



**EQUITY GROUP****(SEK million)****EQUITY ACCOUNTING METHOD**

	<b>Share capital</b>	<b>Re- stricted reserves</b>	<b>Non- restricted reserves</b>	<b>Total equity</b>
Opening balance before change in accounting principle	7.8	1,122.4	1,188.6	2,318.8
Impact of change in accounting principle		2,552.8	–534.3	2,018.5
Adjusted opening balance, 1 January 2002	7.8	3,675.2	654.3	4,337.3
Dividend			–23.3	–23.3
Transfer between restricted and non-restricted capital		–955.3	955.3	0.0
Translation differences		–238.5	2.3	–236.2
Net loss			–1,121.9	–1,121.9
<b>Equity, 31 December 2002</b>	<b>7.8</b>	<b>2,481.4</b>	<b>466.7</b>	<b>2,955.9</b>
Opening balance before change in accounting principle	7.8	1,153.7	672.5	1,834.0
Impact of change in accounting principle		1,327.7	–205.8	1,121.9
Adjusted opening balance, 1 January 2003	7.8	2,481.4	466.7	2,955.9
Dividend			–23.3	–23.3
Transfer between restricted and non-restricted capital		391.3	–391.3	0.0
Translation differences		–89.2	–4.7	–93.9
Net income			751.0	751.0
<b>Equity, 31 December 2003</b>	<b>7.8</b>	<b>2,783.5</b>	<b>798.4</b>	<b>3,589.7</b>

Cumulative translation differences that have been taken direct against equity amounted to SEK 31.2 million, SEK –205,0 million and SEK –298.9 million at 31 December 2001, 2002 and 2003.

# INCOME STATEMENT PARENT COMPANY

for the period 1 January – 31 December (SEK million)

		2003	2002
Net turnover		1.4	7.1
Cost of goods sold		0.0	–1.3
<b>Gross income</b>		<b>1.4</b>	<b>5.8</b>
Administrative expenses		–49.5	–57.9
<b>Operating loss</b>	Notes 3, 27, 28	<b>–48.1</b>	<b>–52.1</b>
<b>Income/loss from financial items</b>			
Result from participation in Group companies		31.1	–
Income/loss from stocks and other securities	Note 4	174.5	–244.0
Dividend from associated companies		34.3	17.1
Interest income and similar items	Note 5	11.1	18.7
Interest expenses and similar items	Note 6	–118.9	–117.6
<b>Income/loss after financial items</b>		<b>84.0</b>	<b>–377.9</b>
Tax on income for the year	Note 7	42.4	41.3
<b>NET INCOME/LOSS FOR THE YEAR</b>		<b>126.4</b>	<b>–336.6</b>

# CASH FLOW ANALYSIS PARENT COMPANY

## INDIRECT METHOD

for the period 1 January – 31 December (SEK million)

	2003	2002
<b>Operations</b>		
Operating loss	–48.1	–52.1
Adjustments		
Depreciation and retirements	0.9	0.9
Dividends from associated companies	34.3	17.1
Interest and similar items	–78.9	–98.9
	–91.8	–133.0
<b>Change in working capital</b>		
Change in intra-group balances	–43.9	131.0
Change in current receivables	29.7	–10.9
Change in current liabilities	–10.5	3.5
<b>Cash flow from current operations</b>	<b>–116.5</b>	<b>–9.4</b>
<b>Investment activities</b>		
Acquisition of intangible and tangible fixed assets	–2.2	–2.7
Acquisition of financial fixed assets	–127.0	–128.7
Sales of financial fixed assets	295.1	341.1
<b>Cash flow from investment activities</b>	<b>165.9</b>	<b>209.7</b>
<b>Financing activities</b>		
Change in long-term liabilities	–164.5	–36.2
Dividend	–23.3	–23.3
<b>Cash flow from financing activities</b>	<b>–187.8</b>	<b>–59.5</b>
Change in cash and cash equivalents	–138.4	140.8
Cash and cash equivalents at beginning of year	172.6	31.8
<b>Cash and cash equivalents at end of year</b>	<b>34.2</b>	<b>172.6</b>

**BALANCE SHEET** PARENT COMPANY

as at 31 December (SEK million)

<b>Assets</b>		<b>2003</b>	<b>2002</b>
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Buildings	Note 10	3.9	4.2
Equipment	Note 12	2.7	1.2
Total tangible assets		6.6	5.4
<b>Financial assets</b>			
Shares in subsidiary companies	Note 13	991.5	910.5
Shares in associated companies	Note 14	2,376.8	2,654.6
Other securities held as fixed assets	Note 15	222.6	21.4
Deferred tax receivables	Note 7	3.4	41.9
Total financial assets		3,594.3	3,628.4
<b>Total fixed assets</b>		<b>3,600.9</b>	<b>3,633.8</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		1.5	–
Receivables from Group companies		177.1	202.9
Other receivables	Note 17	8.9	40.0
Prepaid expenses and accrued income	Note 18	2.4	2.5
Total current receivables		189.9	245.4
Cash and cash equivalents		34.2	172.6
<b>Total current assets</b>		<b>224.1</b>	<b>418.0</b>
<b>TOTAL ASSETS</b>		<b>3,825.0</b>	<b>4,051.8</b>

<b>Equity and Liabilities</b>		<b>2003</b>	<b>2002</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		7.8	7.8
Share premium reserve		990.2	990.2
Statutory reserves		59.2	59.2
Total restricted equity		1,057.2	1,057.2
<b>Non-restricted equity</b>			
Retained earnings		723.1	1,168.2
Net income/loss for the year		126.4	-336.6
Total non-restricted equity		849.5	831.6
<b>Total equity</b>	Note 20	<b>1,906.7</b>	<b>1,888.8</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions		1,406.3	425.0
Total long-term liabilities		1,406.3	425.0
<b>Current liabilities</b>			
Bank overdraft facilities	Note 21	58.0	549.3
Other liabilities to credit institutions		0.0	762.0
Accounts payable		2.1	0.7
Liabilities to Group companies		333.7	403.4
Liabilities to associated companies		107.5	0.0
Other liabilities	Note 22	4.2	15.1
Accrued expenses and prepaid income	Note 23	6.5	7.5
Total current liabilities		512.0	1,738.0
<b>Total liabilities</b>		<b>1,918.3</b>	<b>2,163.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,825.0</b>	<b>4,051.8</b>
Pledged assets	Note 24	1,947.7	2,339.6
Contingent liabilities	Note 25	37.0	68.8

# EQUITY PARENT COMPANY

per 12-31 (SEK million)

	Share capital	Premium reserve	Statutory reserve	Non-restricted equity	Total equity
Opening balance, 1 January 2002	7.8	990.2	59.2	1,193.8	2,251.0
Dividend				-23.3	-23.3
Group contribution				-2.3	-2.3
Net loss for the year				-336.6	-336.6
<b>Equity, 31 December 2002</b>	<b>7.8</b>	<b>990.2</b>	<b>59.2</b>	<b>831.6</b>	<b>1,888.8</b>
Opening balance, 1 January 2003	7.8	990.2	59.2	831.6	1,888.8
Dividend				-23.3	-23.3
Group contribution				289.7	289.7
Tax on group contribution				-80.9	-80.9
Shareholder contribution				-294.0	-294.0
Net income for the year				126.4	126.4
<b>Equity, 31 December 2003</b>	<b>7.8</b>	<b>990.2</b>	<b>59.2</b>	<b>849.5</b>	<b>1,906.7</b>

# NOTES TO THE FINANCIAL STATEMENTS

Parent company and Group  
(SEK million)

## **Note 1 Accounting and valuation principles**

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### **General**

This annual report has been prepared in accordance with the Annual Accounts Act, recommendations issued by the Swedish Financial Accounting Standards Council and the statements issued by the Acute Group, pursuant to which the accounting and valuation principles listed below are applied.

The principles used for the accounting treatment of associated companies by Swedish listed investment consistent and asset management companies are no longer consistent with Stockholmsbörsen's registration agreement, following the amendments that came into effect on 1 September 2003. As of 1 July 2003, therefore, associated companies are reported in the consolidated financial statements in accordance with RR13 and with the equity accounting method. The new principle has been applied retroactively in accordance with RR5 and has altered opening equity by SEK 1,121.9 (2,018.5) million. The application of the equity accounting method means that the net income for the year is SEK 565.5 higher (666.6 lower) million than it would have been if the acquisition accounting method had been used.

In 2003, six new standards issued by the Swedish Financial Accounting Standards Council came into effect. The application of the new standards has not had any material effect on the result or the financial position.

### **Principles of consolidation**

The consolidated financial statements relate to the parent company and all companies in which the parent company controls more than 50 % of the votes or exercises controlling influence.

The consolidated financial statements have been prepared in accordance with the purchase method in accordance with the recommendations in the Annual Accounts Act and standards issued by the Swedish Financial Accounting Standards Council. This means that the value in the parent company's books of shares in subsidiary companies is netted off against the acquisition value of the subsidiaries, i.e. their equity (including the capital interest in untaxed reserves), after a market valuation of these companies' net assets, at the time of the respective acquisition. Consequently, only the proportion of each subsidiary's equity that has been generated since the acquisition is included in the consolidated equity. The difference between the acquisition value of the subsidiary companies' shares and the market value of the assets and liabilities in their accounts at

the time of acquisition that is not due to differences between market and book values of net assets is stated as goodwill and depreciated on a straight-line basis over their estimated economic life, normally between five and ten years.

The current method is used for translating the income statements and balance sheets of autonomous foreign businesses into Swedish kronor. The accounts of businesses that are integrated into the parent company are translated using the monetary method. The current method means that all assets, provisions and liabilities are translated at closing date exchange rates and that all income statement items are translated at average rates. Currency differences arising are taken direct to equity. In principle, the monetary method involves the translation of monetary assets and liabilities at closing date exchange rates and of non-monetary items and the corresponding items in the income statement at investment date exchange rates. All operating foreign subsidiaries have been classified as autonomous.

### **Associated companies**

Interests in associated companies are stated using the equity accounting method. Associated company are companies in which the Group controls a minimum of 20 % and a maximum of 50 % of the votes or otherwise exercises significant influence.

According to the equity accounting method, the book value in the consolidated accounts of shares in associated companies corresponds to the Group's share of the associated company's equity and any residual value on the excess value or deficit arising on the acquisition calculation. In the consolidated income statement, "Interest in earnings of associated companies" consists of the Group's interest in the associated company's stated result after financial net and after adjustment for any depreciation or reversal of acquired excess value or deficit. The Group's interest in the stated taxes of associated companies is included in the Group's tax expense. Goodwill in respect of listed associated companies is depreciated over 20 years in view of the long-term character the investments in these companies. Goodwill in respect of other associated companies is depreciated over five years. Dilution effects resulting from issues and conversions that change the Group's equity interest are also stated in the consolidated income statement under "Interest in earnings of associated companies". The accounts of associated companies are adjusted before calculation of the interest in their earnings in accordance with Invik's accounting and valuation principles.

### **Revenue recognition**

Revenue from service operations is recognized at the time the service is rendered to the customers, and after the deduction of discounts and elimination of intra-group revenue. Dividends are recognized in revenue when the right to receive the dividend is considered to be secure. Capital gains/losses are defined as the selling price less sales costs after deduction of the adjusted acquisition value.

### **Pension costs**

The Group's pension plans are in all essentials premium-determined. The costs of pensions are taken against the result for the period they are incurred.



## **Leasing**

Leases are classifieded in the consolidated financial statements as financial leases or operational leases. A financial lease is a contract that entails the lessee to a material extent enjoying all economic benefits and bearing all economic risks associated with the asset regardless of whether or not the lessee retains the legal right of ownership of the asset. For financial leases, the leasing asset is reported as a fixed asset and the obligation for future payments as a liability in the lessee's balance sheet. An operational lease is a lease that does not fulfil the conditions for financial leases. For operational leases, the rental expense is stated in the lessee's accounts distributed equally over the period during which the asset is used, even if the payments are made according to some other schedule.

## **Borrowing costs**

Borrowing costs are taken against the result for the period they are incurred.

## **Tax**

The parent company and the Group apply the Swedish Financial Accounting Standards Council's Standard RR9 Income tax. The total tax charged against the year's result consists of actual tax and deferred tax. Taxes are taken into the income statement except when the underlying transaction is taken direct against equity, in which case the related tax effect is stated in equity. Actual tax is the tax that is to be paid or received in respect of the year in question together with an adjustment to the actual tax relating to earlier periods. Deferred tax is estimated using the balance sheet method on the basis of timing differences between the book and fiscal values of assets and liabilities. The amounts are calculated on the basis of how the timing differences are expected to be levelled out by the application of tax rates and rules that have been approved or announced as of the closing date. Timing differences attributable to shares in subsidiary companies are not taken into account in those cases where the timing differences are not expected to give rise to taxation within the foreseeable future. Untaxed reserves in the consolidated financial statements are divided into a deferred tax liability and restricted equity. Deferred tax receivables in deductible timing differences and loss carry forwards are stated only to the extent that it is likely that they will give rise to lower tax payments in the future.

## **Intangible and tangible fixed assets**

Intangible and tangible fixed assets are stated at acquisition value after deduction of accumulated depreciation according to plan. Depreciation is provided linearly over the estimated economic lives of the assets as shown in the table below. When there are indications that the value of an asset has declined, a review is made of the asset's book value. In cases where the book value exceeds the estimated recoverable value of the asset, its value is immediately written down to its recoverable value.

### Financial fixed assets

Financial fixed assets are valued at acquisition value except in the case of shares in associated companies, which are stated using the equity accounting method (see under Associated companies). If it is judged that the value has declined, the book value is written down.

	Group	Parent company
Goodwill	5-20 years	–
Other intangible fixed assets	5 years	–
Machinery and equipment	3–5 years	5 years
Buildings	20–50 years	20 years

### Establishment of actual value

The actual value of listed securities is based on the latest listed market price as of the closing date. The actual value of other financial instruments is determined using the methods that in each individual case can be expected to give the best estimate of the actual value. In the case of assets and liabilities with durations of less than one year, the nominal value after adjustment for interest and premiums is assumed to provide a reasonable approximation of the actual value.

### Receivables and liabilities

In the valuation of receivables and liabilities a provision has been made for risk of loss based on individual review.

### Inventories

Inventories are valued at the lower of acquisition value and actual value. The necessary provisions are made for obsolescence.

### Foreign currency effects

Receivables and liabilities denominated in foreign currencies are translated at closing date exchange rates. The difference between acquisition value and closing date value is taken into the result. If currencies have been hedged, valuations are based on the hedging rate.

### Exchange rates

When translating foreign subsidiaries' and associated companies' income statements and balance sheets into Swedish kronor, the following exchange rates have been used:

Currency	Closing day rate		Average rate	
	2003	2002	2003	2002
EUR	9.0940	9.1925	9.1250	9.1698
USD	7.2750	8.8250	8.0894	9.8287

**Note 2 Review of the Group**

	<b>Net turnover</b>	
	<b>2003</b>	<b>2002</b>
<b>Portfolio management</b>		
External	<b>11.4</b>	9.8
Internal	<b>0.9</b>	0.0
Total Portfolio management	<b>12.3</b>	9.8
<b>Banking</b>		
External	<b>245.8</b>	295.5
Internal	<b>1.7</b>	0.0
Total Banking	<b>247.5</b>	295.5
<b>Insurance</b>		
External	<b>707.0</b>	490.8
Internal	<b>0.5</b>	0.6
Total Insurance	<b>707.5</b>	491.4
<b>Asset management</b>		
External	<b>37.7</b>	55.7
Internal	<b>16.5</b>	12.4
Total Asset management	<b>54.2</b>	68.1
<b>Securities trading</b>		
External	<b>180.3</b>	147.1
Internal	<b>3.0</b>	2.1
Total Securities trading	<b>183.3</b>	149.2
<b>Other businesses, external</b>	<b>3.8</b>	2.7
Group adjustments	<b>-22.6</b>	-33.4
<b>Total</b>	<b>1,186.0</b>	983.3
<b>Geographical breakdown</b>		
	<b>Net turnover</b>	
Luxembourg	<b>264.5</b>	300.8
Sweden	<b>921.5</b>	682.5
	<b>1,186.0</b>	983.3

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	<b>Income/loss after financial items</b>	
	<b>2003</b>	<b>2002</b>
Portfolio management	<b>-90.6</b>	-389.8
Banking	<b>63.1</b>	23.4
Insurance	<b>33.1</b>	-2.8
Asset management	<b>9.8</b>	-100.1
Securities trading	<b>23.7</b>	-67.7
Other businesses	<b>-8.0</b>	-10.0
Associated companies	<b>591.4</b>	-522.5
Group adjustments	<b>-20.5</b>	-
	<b>602.0</b>	-1,069.5

**Geographical breakdown**

Luxembourg	<b>68.5</b>	7.4
Sweden	<b>533.5</b>	-1,076.9

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Portfolio management	<b>650.1</b>	680.5	<b>2,028.0</b>	2,338.4
Banking	<b>3,529.8</b>	2,950.4	<b>3,299.4</b>	2,799.7
Insurance	<b>1,485.9</b>	1,016.9	<b>930.5</b>	587.8
Asset management	<b>353.7</b>	240.9	<b>338.7</b>	233.2
Securities trading	<b>1,098.6</b>	602.2	<b>1,016.0</b>	537.2
Other businesses	<b>5.4</b>	27.1	<b>42.8</b>	10.9
Associated companies	<b>4,440.0</b>	4,049.7	-	-
Group eliminations	<b>-1,054.3</b>	-826.8	<b>-778.0</b>	-806.5
	<b>10,509.2</b>	8,740.9	<b>6,877.4</b>	5,700.7

**Geographical breakdown**

Luxembourg	<b>3,859.9</b>	3,254.2	<b>3,509.5</b>	3,046.5
Sweden	<b>3,263.6</b>	2,263.8	<b>4,145.9</b>	3,460.7
Associated companies	<b>4,440.0</b>	4,049.7	-	-
Group eliminations	<b>-1,054.3</b>	-826.8	<b>-778.0</b>	-806.5
	<b>10,509.2</b>	8,740.9	<b>6,877.4</b>	5,700.7

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	<b>Depreciation</b>		<b>Investments</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Portfolio management	-2.8	-3.2	2.2	2.7
Banking	-4.5	-2.6	3.0	0.0
Insurance	-16.1	-18.3	9.2	42.9
Asset management	-2.7	-7.9	2.7	0.9
Securities trading	-3.3	-4.8	1.1	1.8
Other businesses	0.0	0.0	0.0	0.0
	-29.4	-36.8	18.2	48.3

**Note 3 Depreciation of intangible and tangible fixed assets**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Goodwill	15.3	16.8	-	-
Other intangible fixed assets	3.4	4.1	-	-
Buildings and land	0.3	0.5	0.3	0.3
Machinery	-	0.7	-	-
Equipment	10.4	14.7	0.6	0.3
	29.4	36.8	0.9	0.6
	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Distribution of depreciation</b>				
Cost of services and goods supplied	1.4	2.9	-	-
Selling expenses	3.0	12.9	-	-
Administrative expenses	14.4	18.4	0.9	0.6
Other operating expenses	10.6	-	-	-
Other interest expenses	-	2.6	-	-
	29.4	36.8	0.9	0.6

**Note 4 Income/loss from stocks and other securities**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Capital gains	48.3	17.5	174.5	59.9
Capital losses	-	-151.8	-	-151.8
Write-downs	-	-92.7	-	-152.1
	48.3	-227.0	174.5	-244.0

**Note 5 Interest income and similar items**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Interest income	<b>2.0</b>	15.8	<b>9.9</b>	12.7
Exchange rate differences	–	2.2	<b>1.2</b>	6.0
Capital gains	–	3.2	–	–
Other financial income	–	1.5	–	–
	<b>2.0</b>	22.7	<b>11.1</b>	18.7
of which income from Group companies			<b>9.5</b>	17.4

**Note 6 Interest expenses and similar items**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Interest expenses	<b>72.1</b>	93.0	<b>81.9</b>	99.6
Exchange rate differences	<b>0.9</b>	12.4	<b>2.2</b>	5.3
Write-downs	<b>28.1</b>	19.5	<b>28.1</b>	9.7
Other financial expenses	<b>6.1</b>	6.1	<b>6.7</b>	3.0
	<b>107.2</b>	131.0	<b>118.9</b>	117.6
of which expenses to Group companies			<b>10.4</b>	12.7

**Note 7 Tax on income/loss for the year and deferred tax liabilities**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Distribution of tax</b>				
Current tax	<b>–13.9</b>	–12.0	–	–
Deferred tax	<b>162.9</b>	–42.0	<b>42.4</b>	41.3
	<b>149.0</b>	–54.0	<b>42.4</b>	41.3
Stated income/loss before tax	<b>602.0</b>	–1,069.5	<b>84.0</b>	–377.9
Income tax at statutory rate, 28 %	<b>–168.6</b>	299.5	<b>–23.5</b>	105.8
Tax expenses for previous years	–	–3.4	–	–
Unstated deferred tax receivables				
Income from stocks and other securities	<b>–13.8</b>	–63.6	<b>21.5</b>	–68.3
Operating deficit	–	–5.0	–	–

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Tax effects of non-deductible expenses				
Amortization of goodwill	<b>-3.5</b>	-4.1	-	-
Write-down of goodwill	-	-27.2	-	-
Write-down in value of shares	<b>-7.9</b>	-	<b>-7.9</b>	-
Other expenses	<b>-2.1</b>	-13.1	<b>-2.1</b>	-1.0
Tax effect of non-taxable income				
Interest in income/loss before tax of associated companies	<b>156.0</b>	-151.1	-	-
Dividend income, etc	<b>9.6</b>	4.8	<b>18.3</b>	4.8
Other revenue	<b>10.6</b>	-	-	-
Effect of new tax law on sales of shares held as part of business	<b>54.3</b>	-	<b>36.1</b>	-
Stated tax in respect of associated companies	<b>114.8</b>	-84.6	-	-
Effect of foreign tax rates	<b>-0.4</b>	-6.2	-	-
<hr/>				
Tax on income/loss for the year as stated in the income statement	<b>149.0</b>	-54.0	<b>42.4</b>	41.3
<b>Deferred tax liabilities</b>				
Shares in associated companies	-	54.3	-	36.1
Untaxed reserves	<b>123.7</b>	115.8	-	-
<hr/>				
Total deferred tax liabilities	<b>123.7</b>	170.1	-	36.1
Tangible fixed assets	<b>1.0</b>	-	-	-
Holdings of securities	<b>2.4</b>	1.6	-	-
Accounts receivable	<b>3.8</b>	5.4	-	-
Tax loss carry forwards	<b>76.9</b>	79.6	<b>3.4</b>	78.0
<hr/>				
Total deferred tax receivables	<b>84.1</b>	86.6	<b>3.4</b>	78.0
Total net deferred tax receivables/liabilities	<b>39.6</b>	83.6	<b>-3.4</b>	-41.9

Over and above the stated tax receivables, the company has further loss carry forwards of SEK 35.3 million, corresponding to nominal tax receivables of SEK 10.6 million that are not valued in the balance sheet.

**Note 8 Goodwill**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
<b>Accumulated acquisition value</b>		
Opening acquisition value	<b>242.7</b>	211.7
Investments	<b>5.7</b>	36.6
Sales and retirements	<b>-4.8</b>	-5.6
	<b>243.6</b>	242.7
<b>Accumulated depreciation</b>		
Opening depreciation	<b>189.7</b>	81.8
Sales and retirements	–	-5.6
Depreciation for the year	<b>15.3</b>	16.9
Write-downs for the year	–	96.6
	<b>205.0</b>	189.7
Closing residual value according to plan	<b>38.6</b>	53.0

The write-downs in 2002 were stated in the income statement as an administrative cost. Of the total in 2002 SEK 95.4 million related to the asset management business and SEK 1.2 million to the insurance business.

**Note 9 Other intangible fixed assets**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Accumulated acquisition value</b>				
Opening acquisition value	<b>24.6</b>	29.7	–	5.0
Investments	<b>0.5</b>	1.8	–	–
Sales and retirements	<b>-0.1</b>	-6.9	–	-5.0
	<b>25.0</b>	24.6	–	–
<b>Accumulated depreciation</b>				
Opening depreciation	<b>20.0</b>	22.8	–	5.0
Sales and retirements	–	-6.9	–	-5.0
Depreciation for the year	<b>3.4</b>	4.1	–	–
	<b>23.4</b>	20.0	–	–
Closing residual value according to plan	<b>1.6</b>	4.6	–	–

Other intangible fixed assets include computer programs, licences and capitalised development costs.



**Note 10 Buildings**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Accumulated acquisition value</b>				
Opening acquisition value	5.7	4.9	5.3	2.7
Investments	–	2.6	–	2.6
Sales and retirements	–	–1.8	–	–
	5.7	5.7	5.3	5.3
<b>Accumulated depreciation</b>				
Opening depreciation	1.1	1.7	1.1	0.9
Sales and retirements	–	–1.0	–	–
Depreciation for the year	0.3	0.4	0.3	0.2
	1.4	1.1	1.4	1.1
Closing residual value according to plan	4.3	4.6	3.9	4.2

The tax assessment value of buildings in Sweden amounts to SEK 0.4 (0.4) million.

**Note 11 Machinery**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
<b>Accumulated acquisition value</b>		
Opening acquisition value	–	8.4
Investments	–	–
Sales and retirements	–	–8.4
	–	–
<b>Accumulated depreciation</b>		
Opening depreciation	–	7.0
Sales and retirements	–	–7.7
Depreciation for the year	–	0.7
	–	–
Closing residual value according to plan	–	–

## Note 12 Equipment

	Group		Parent company	
	2003	2002	2003	2002
<b>Accumulated acquisition value</b>				
Opening acquisition value	115.4	128.3	27.0	27.5
Investments	12.0	7.3	2.2	–
Sales and retirements	–7.2	–20.2	–0.4	–0.5
Translation differences	–0.3	–	–	–
	119.9	115.4	28.8	27.0
<b>Accumulated depreciation</b>				
Opening depreciation	94.9	98.9	25.8	25.7
Sales and retirements	–6.5	–18.7	–0.3	–0.2
Depreciation for the year	10.4	14.7	0.6	0.3
	98.8	94.9	26.1	25.8
Closing residual value according to plan	21.1	20.5	2.7	1.2

## Note 13 Shares in subsidiary companies

	Reg No	Domicile	Holding %	No of shares	Book value
<b>Swedish companies</b>					
Americas Cup Café AB	556569-7686	Stockholm	100	1,000	0.1
Assuransinvest AIA AB <sup>1)</sup>	556051-6238	Stockholm	100	295,384	89.8
Bryggvik by the Sea AB <sup>2)</sup>	556024-5341	Stockholm	100	20,000	2.4
e-Village Nordic AB	556050-1644	Stockholm	100	5,000	0.6
Fischer Partners Holding AB <sup>3)</sup>	556563-3715	Stockholm	100	480,000	110.6
Invik Trading AB	556264-5274	Stockholm	100	1,000	0.1
Krogvik AB	556248-7966	Stockholm	100	10,000	0.1
MF Bilspport & MC					
Specialförsäkring AB	556563-2774	Stockholm	100	1,000	2.9
Modern Finance Group AB	556594-1787	Stockholm	100	1,000	0.2
Modern Privat Kapitalförvaltning					
MPK Holding AB <sup>4)</sup>	556544-8023	Stockholm	100	2,000,000	62.4
Moderna Fonder AB	556569-7702	Stockholm	100	1,000	0.1
Moderna Försäkringar AB <sup>5)</sup>	557200-4330	Göteborg	100	2,514,285	275.6
Moderna Försäkringar Liv AB	516401-6718	Stockholm	100	13,000	43.0

**INVIK & CO.**

	<b>Reg No</b>	<b>Domicile</b>	<b>Holding %</b>	<b>No of shares</b>	<b>Book value</b>
Moderna Försäkringar					
Sak AB	516406-0070	Stockholm	100	30,000	105.0
netviq AB	556266-5801	Stockholm	100	1,000	0.1
Total Swedish companies					693.0
<b>Foreign companies</b>					
Banque Invik S.A. <sup>6)</sup>		Luxembourg	100	360,000	104.4
Invik International S.A.		Luxembourg	100	500,000	44.9
Modern Re S.A.		Luxembourg	100	50,000	149.2
Total foreign companies					298.5
<b>Total parent company</b>					<b>991.5</b>
<b>Subsidiary</b>					
1) Erasmus AB	556079-1427	Göteborg	100.0	1,000	–
<b>2) Subsidiaries</b>					
Gamla Stans Bryggeri AB	556503-2884	Stockholm	100.0	1,000	–
Gefle Borg Bryggeri AB	556489-9689	Gävle	99.0	1,736,000	–
<b>3) Subsidiary</b>					
Fischer Partners					
Fondkommission AB	556242-7277	Stockholm	100.0	42,000	–
<b>4) Subsidiaries</b>					
Aktie-Ansvar AB	556098-2232	Stockholm	100.0	10,000	–
Modern Privat					
Kapitalförvaltning MPK AB	556544-8015	Stockholm	100.0	50,000	–
OP Financial Services AB	556550-4296	Stockholm	100.0	4,000	–
<b>Subsidiary</b>					
5) Atlantica AB	556593-7439	Stockholm	100.0	1,000	–
<b>6) Subsidiaries</b>					
Inlux Netherlands B.V.		The Netherlands	100.0		–
Inlux Norge AS		Norway	100.0		–
Modern Funds Management Cy S.A.		Luxembourg	100.0		–
Modern Treuhand S.A.		Luxembourg	99.9		–
Modern Processing S.A.		Luxembourg	100.0		–
<b>Holdings of shares in subsidiaries</b>					
Opening balance, 1 January 2003					910.5
Shareholders' contribution					75.0
Acquired shares					33.6
Transferred to shares in associated companies					–9.9
Liquidation					–17.7
Closing balance, 31 December 2003					991.5

**Note 14 Shares in associated companies**

	Reg No	Domicile	Percentage of capital votes		No of shares	Market value	Book value
Parent company							
Industriförvaltnings AB							
Kinnevik	556001-9035	Fagersta	13.6	35.0	8,568,323	2,022	829.7
Modern Times Group							
MTG AB	556309-9158	Stockholm	8.9	28.8	5,948,691	886	248.5
NC Intressenter AB	556519-8719	Stockholm	42.2	42.2	10,540	—	9.9
Tele2 AB	556410-8917	Stockholm	7.9	27.9	10,724,469	4,083	1,194.2
Transcom WorldWide S.A.		Luxembourg	11.9	19.8	8,503,323	240	94.5

**Total parent company** 7,231 **2,376.8**

**Group**

Industriförvaltnings AB							
Kinnevik	556001-9035	Fagersta	13.6	35.0	8,568,323	2,022	1,310.8
Modern Times Group							
MTG AB	556309-9158	Stockholm	9.3	30.0	6,181,249	921	307.9
NC Intressenter AB	556519-8719	Stockholm	42.2	42.2	10,540	–	24.4
Tele2 AB	556410-8917	Stockholm	8.0	29.4	11,792,366	4,489	2,705.7
Transcom WorldWide S.A.		Luxembourg	11.9	19.8	8,503,323	240	82.2
Modernac S.A.		Luxembourg	49.0	49.0	6,370	–	6.1
Other associated companies							2.9

**Total Group** 7,672 **4,440.0**

**Holding of shares in associated companies**

Opening balance on 1 January 2003 based on purchase method	2,927.8
Effect of using equity accounting method	1,121.9

Opening balance on 1 January 2003 based on equity accounting method	4,049.7
Transferred from other companies	2.9
Transferred from Group companies	5.2
Sales of shares	–203.4
Interest in earnings of associated companies	591.4
Interest in tax expense of associated companies	114.3
Dividends received	–34.3
Translation differences	–85.8

Closing balance, 31 December 2003 4,440.0

The market value of the listed shares is based on series A and B prices paid on 31 December 2003.

**Note 15 Other securities held as fixed assets**

Parent company	Reg No	Domicile	Percentage of capital	votes	shares	Market value	Book value
Moderna Fonder							
Sverige Topp 30		Stockholm	–	–	22,000	1.9	2.2
Metro International S.A.		Luxembourg	2.8	5.5	14,549,360	189.1	197.4
Millicom International Cellular S.A.		Luxembourg	1.9	1.9	313,473	159.7	11.9
Modern Funds S.A.		Luxembourg	–	–	54,736	3.9	4.7
Radio Components Sweden AB	556573-3846	Stockholm	18.7	18.7	2,174,855	0.0	0.0
Shared Services S.A.		Luxembourg	14.3	14.3	100	0.0	0.0
Modern Holdings Inc.		Delaware, USA	4.3	4.3	646,548	–	6.4

**Total parent company** **222.6**

**Group**

Moderna Fonder							
Sverige Topp 30		Stockholm	–	–	22,000	1.9	2.2
Metro International S.A.		Luxembourg	2.8	5.5	14,549,360	189.1	16.9
Millicom International Cellular S.A.		Luxembourg	1.9	1.9	313,473	159.7	43.6
Modern Funds S.A.		Luxembourg	–	–	54,736	3.9	4.7
Radio Components Sweden AB	556573-3846	Stockholm	18.7	18.7	2,174,855	0.0	0.0
Shared Services S.A.		Luxembourg	14.3	14.3	100	0.0	0.0
Modern Holdings Inc.		Delaware, USA	4.3	4.3	646,548	–	6.4
Other shares				–	–	–	1.5

**Total Group** **75.3**

**Holdings of other securities held as fixed assets**

Opening balance, 1 January 2003	136.3
Participations acquired	37.1
Participations sold	–67.0
Transferred to shares in associated companies	–2.9
Write-downs	–28.2
Translation differences	0.0

Closing balance, 31 December 2003 **75.3**

The market values of the listed shareholdings are based on the series A and B prices paid on 31 December 2003.

**Note 16 Inventories and securities**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
Raw materials	–	0.8
Securities	<b>15.0</b>	28.5
	<b>15.0</b>	29.3

**Note 17 Other current receivables**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Receivables from insurance companies	<b>94.5</b>	119.3	–	–
Fund sales in course of settlement	<b>103.8</b>	27.1	–	–
Other current receivables	<b>36.5</b>	71.8	<b>8.9</b>	40.0
	<b>234.8</b>	218.2	<b>8.9</b>	40.0

**Note 18 Prepaid expenses and accrued income**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Credit card expenses	<b>110.1</b>	101.9	–	–
Prepaid commissions	<b>6.2</b>	18.2	–	–
Other prepaid expenses	<b>12.7</b>	23.9	<b>2.4</b>	1.4
Accrued income	<b>37.6</b>	40.8	–	1.1
	<b>166.6</b>	184.8	<b>2.4</b>	2.5

**Note 19 Short-term investment assets**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
Interbank market	<b>2,074.1</b>	1,568.5
Lending market	<b>1,985.0</b>	1,771.9
Fixed income securities	<b>463.0</b>	228.3
Shares and convertible loans	<b>27.3</b>	54.6
	<b>4,549.4</b>	3,623.3

### Note 20 Equity

On 31 December 2003, the share capital consisted of 7,760,000 (7,760,000) each having a par value of 1 krona, of which 3,408,699 (3,753,333) were Series A shares and 4,351,301 (4,006,667) were Series B shares. Each Series A share carries ten votes and each Series B shares one vote.

### Note 21 Bank overdraft facilities

	Group		Parent company	
	2003	2002	2003	2002
Credit limits granted	85.5	573.0	58.0	558.0
Undrawn facility	-40.8	-23.7	-33.4	-8.7
Drawn credit	44.7	549.3	24.6	549.3

### Note 22 Other current liabilities

	Group		Parent company	
	2003	2002	2003	2002
Liabilities to insurance companies	145.1	106.8	-	-
Advances from policy-holders	45.6	44.6	-	-
Fund liabilities in course of settlement	174.3	15.6	-	-
Other current liabilities	71.8	107.7	4.2	15.1
	436.8	274.7	4.2	15.1

### Note 23 Accrued expenses and prepaid income

	Group		Parent company	
	2003	2002	2003	2002
Accrued interest expenses	13.9	10.0	5.5	6.5
Other accrued expenses	57.3	41.8	1.0	1.0
Prepaid commission	10.5	12.9	-	-
Prepaid income	15.3	0.2	-	-
	97.0	64.9	6.5	7.5

**Note 24 Pledged assets**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>For own liabilities</b>				
In respect of Liabilities to credit institutions				
Shares in associated companies	<b>2,691.8</b>	3,123.0	<b>1,890.3</b>	2,339.6
Other securities held as fixed assets	<b>5.1</b>	–	<b>57.4</b>	–
Customers' repledged securities	<b>220.0</b>	211.8	–	–
<b>For own contingent liabilities</b>				
In respect of Securities clearing				
Lending to credit institutions	<b>92.0</b>	138.0	–	–
Customers' repledged securities	–	23.3	–	–
<b>For other commitments</b>				
In respect of Borrowed securities				
Lending to credit institutions	<b>179.1</b>	91.6	–	–
Customers' repledged securities	<b>859.1</b>	624.1	–	–
	<b>4,047.1</b>	4,211.8	<b>1,947.7</b>	2,339.6

**Note 25 Contingent liabilities**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Guarantees for Group companies	<b>10.8</b>	68.8	<b>37.0</b>	68.8
Securities clearing agreements	<b>0.0</b>	36.0	–	–
Other contingent liabilities	<b>13.2</b>	42.0	–	–
	<b>24.0</b>	146.8	<b>37.0</b>	68.8

**Note 26 Off balance sheet commitments**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
Unutilized part of credit card limit	<b>1,398.7</b>	1,400.6
Borrowed securities	<b>783.5</b>	354.1
	<b>2,182.2</b>	1,754.7



**Note 27 Average number of employees, salaries, other remuneration and social insurance costs**

	<b>2003</b>		<b>2002</b>	
	<b>No of</b>	<b>whereof</b>	<b>No of</b>	<b>whereof</b>
	<b>employees</b>	<b>male</b>	<b>employees</b>	<b>male</b>
<b>Parent company</b>				
Sweden	<b>4</b>	<b>50 %</b>	4	50 %
<b>Subsidiaries</b>				
Sweden	<b>186</b>	<b>74 %</b>	192	66 %
Luxembourg	<b>26</b>	<b>46 %</b>	26	46 %
<b>Group</b>	<b>216</b>	<b>70 %</b>	222	64 %

The parent company's Board consists of two women and five men. The boards of the Group's operative subsidiaries consist in total of three women and 15 men.

As the parent company only has four employees no sick leave statistics are provided.

**Salaries and other remuneration and social insurance costs**

	<b>2003</b>		<b>2002</b>	
	<b>Salaries</b>	<b>Social</b>	<b>Salaries</b>	<b>Social</b>
	<b>and other</b>	<b>insurance</b>	<b>and other</b>	<b>insurance</b>
	<b>remuneration</b>	<b>costs</b>	<b>remuneration</b>	<b>costs</b>
<b>Parent company</b>	<b>15.7</b>	<b>7.2</b>	16.9	8.6
of which pension expenses		<b>(2.6)</b>		(3.0)
<b>Subsidiaries</b>	<b>142.9</b>	<b>57.4</b>	121.9	49.9
of which pension expenses		<b>(13.7)</b>		(15.0)
<b>Group</b>	<b>158.6</b>	<b>64.6</b>	138.8	58.5
of which pension expenses		<b>(16.3)</b>		(18.0)

Of the parent company's pension expense, SEK 0.6 (1.8) million relate to the Board and CEO. The corresponding amount at Group level is SEK 2.8 (4.5) million.

**Salaries and other remuneration by country, Board members, CEO, Vice President and other employees**

	<b>2003</b>		<b>2002</b>	
	<b>Board, CEO and VP</b>	<b>Other employees *</b>	<b>Board, CEO and VP</b>	<b>Other employees *</b>
<b>Parent company</b>				
Sweden	<b>6.2</b>	<b>9.5</b>	10.8	6.1
<b>Subsidiaries</b>				
Sweden	<b>18.4</b>	<b>97.6</b>	8.9	84.3
Luxembourg	<b>8.4</b>	<b>18.5</b>	9.0	19.7
<b>Group total</b>	<b>33.0</b>	<b>125.6</b>	28.7	110.1

\* Other employees includes former CEO:s and Vice Presidents.

**Principles**

The Board fee is decided upon by the AGM and allotted among the members together with travel expenses paid against account. Compensation to the CEO and other senior management personnel is determined by the Board and consists of basic salary, normal benefits and pension. Compensation to the CEO for 2003 was determined by the Board on the basis of the Remuneration Group's recommendation.

By other senior management personnel is meant the parent company's former Vice President, the CEO:s of Banque Invik S.A., Moderna Försäkringar AB, Fischer Partners Fondkommission AB and Modern Privat Kapitalförvaltning MPK AB plus individuals who previously held such positions and received compensation in 2002 and 2003. Compensation to other senior management personnel is decided by the Board after consultation with the CEO. The Remuneration Group consists of the Chairman and Vice Chairman of the Board.

**Board fee**

Pursuant to the decision of the AGM on fees to the Board, a sum of SEK 1,450,000 (1,430,000) has been paid, of which the Chairman received SEK 250,000 (250,000) and other members of the Board SEK 200,000 (200,000) each. Other Parent company Board members have received fees of SEK 55,000 (55,000) from subsidiaries of Invik. Over and above this neither the Chairman nor any other members have received any fees or benefits.

**Compensation to CEO and senior management personnel (SEK thousands)**

	2003			2002		
	CEO	Former CEO:s	Other senior management personnel	CEO	Former CEO:s	Other senior management personnel
Fixed salary	2,937	8,750	8,599	–	14,437	6,476
Variable salary	1,800	0	8,182	–	0	845
Benefits	12	145	407	–	141	360
Total remuneration	4,749	8,895	17,188	–	14,578	7,681
Social insurance cost	1,567	4,822	7,545	–	7,568	3,328
Of which pension costs	599	1,902	1,889	–	2,783	1,437

The parent company's present CEO took up his appointment on 1 January 2003 and drew salary and benefits from Invik & Co. AB in 2003. The two former CEO:s of the parent company received salary and other benefits in 2003 and 2002. The retirement age for the CEO is 65 and pension premiums amounting to 20 % of the fixed salary are paid to an insurance company nominated by the CEO. Over and above this there are no pension commitments. In the event of his employment being terminated by the company, the CEO is entitled to salary for a period of notice of 12 months, should this occur before the age of 55, with the option to extend by six months should no new employment be obtained, and for a period of notice of 24 months should his employment be terminated after the age of 55. Severance pay is netted off against any salary received from any new employment during the period of notice.

Compensation has been paid to other senior management personnel as specified in the table above. Bonuses are paid to other senior management personnel in some cases based on performance and in some cases as a proportion of a company's result. Pension premiums based on a proportion of the fixed salary are paid to outside insurance companies on behalf of other senior management personnel. In the event of their employment being terminated by the company, these personnel are entitled to salary for a period of notice of between 12 and 24 months. None of the other senior management personnel are entitled to severance pay.

**Note 28 Remuneration of auditors**

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Audit				
PricewaterhouseCoopers	<b>4.5</b>	2.7	<b>0.4</b>	0.3
Other	<b>0.2</b>	0.2	–	–
Contracts other than auditing				
PricewaterhouseCoopers	<b>2.8</b>	1.2	<b>1.7</b>	0.4
	<b>7.5</b>	4.1	<b>2.1</b>	0.7

**Note 29 Related party transactions**

<b>Related party</b>	<b>Relationship</b>
Emesco AB (Emesco)	Parties related to Invik own shares in Emesco that give a significant influence over Emesco.
Industriförvaltnings AB Kinnevik (Kinnevik)	An associated company of Invik, see Note 14.
Audit Value Inc. (Audit Value)	Parties related to Invik own shares in Audit Value that give a significant influence over Audit Value.
Inlux S.A. (Inlux)	Parties related to Invik own shares in Inlux that give a significant influence over Inlux.
Metro International S.A. (Metro)	Parties related to Invik own shares in Metro that give a significant influence over Metro.
Millicom International Cellular S.A. (MIC)	Parties related to Invik own shares in MIC that give a significant influence over MIC.
Modern Times Group MTG AB (MTG)	An associated company of Invik, see Note 14.
Jan Hugo Stenbeck's unsettled estate (JHS)	JHS owns shares in Invik that give a significant influence over Invik.
Tele2 AB (Tele2)	An associated company of Invik, see Note 14.

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Transcom WorldWide S.A. (Transcom)	An associated company of Invik, see Note 14.
Modern Holdings Inc. (Modern Holdings)	Parties related to Invik own share in Modern Holdings that give a significant influence over Modern Holdings.
Shared Value Ltd. (Shared Value)	Parties related to Invik own shares in Shared Value that give a significant influence over Shared Value.
NC Intressenter AB	An associated company of Invik, see Note 14.

All transactions with related parties have taken place on an arms-length basis. In the case of acquisitions and divestments, negotiations on the final price were based on outside valuations. In connection with all contracts relating to goods and services, prices are compared with relevant prices on the market from independent suppliers in order to ensure that all contracts are entered into on arms-length conditions.

### **Business transactions with related parties**

- Invik rents office premises, prior to June 2003 bought travel services from Kinnevik and prior to 31 March 2003 bought debt collection and related services from CIS Credit International Services AB, a subsidiary of Kinnevik.
- Invik buys telephony from Tele2 in Sweden and Luxembourg.
- Invik buys customer-relationship services from Transcom and, with effect from April 2003, debt collection services from CIS Collection AB, a subsidiary of Transcom.
- Invik buys information services from Shared Value and internal auditing services from Audit Value.
- Invik sells banking, insurance, financing and other administrative services to Inlux, Kinnevik, Metro, Millicom, MTG, Tele2, and Transcom.
- In 2002, Invik, together with related companies, participated in the sponsoring of “Victory Challenge”, the America’s Cup challenger.
- Invik has a factoring agreement with Inlux relating to its credit card business.

### **Financial loan transactions with related parties**

- Modern Holdings has issued loan notes for SEK 6.4 million, including accrued interest, to Invik. The loan carries interests of 10 %, and it stated under Other receivables in Invik’s balance sheet.
- In June 2003 Invik received a loan of SEK 100 million from Kinnevik. The loan is short term and carries interest at a rate of Stibor +2.5 %. Collateral has been

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provided in the form of listed shares. As of 31 December 2003 the amount of the loan liability was SEK 78.3 million including accrued interest. It is stated under Liabilities to associated companies in Invik's balance sheet.

- As of 31 December 2003 Invik has a loan of SEK 29.2 million from NC Intressenter. The loan carries interest at a rate of Stibor +0.5%. The loan is stated under liabilities to associated companies in Invik's balance sheet.

The tables below shows Invik's turnover, purchases, receivables and liabilities to related parties for the fiscal years 2002 and 2003. Deposits and lending in Banque Invik's banking business are not stated separately for related parties.

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Net turnover</b>				
Kinnevik	<b>6.0</b>	49.4	–	–
Inlux	<b>3.8</b>	4.4	<b>0.5</b>	–
Metro	<b>1.8</b>	6.0	–	–
MIC	<b>16.0</b>	12.9	–	–
MTG	<b>7.7</b>	3.4	–	–
Tele2	<b>81.1</b>	146.5	–	–
Transcom	<b>4.1</b>	1.3	–	–
	<b>120.5</b>	223.9	<b>0.5</b>	–

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Costs</b>				
Kinnevik	<b>–4.3</b>	–7.3	<b>–2.5</b>	–1.3
Metro	<b>–0.1</b>	–0.5	<b>0.0</b>	–
MIC	<b>–12.0</b>	–8.6	<b>–0.4</b>	–
MTG	<b>–3.6</b>	–0.1	<b>–0.4</b>	–
Shared Value	<b>–1.3</b>	–	<b>–1.3</b>	–
Tele2	<b>–69.5</b>	–116.0	<b>–0.1</b>	–
Transcom	<b>–0.2</b>	–3.4	–	–
	<b>–91.0</b>	–135.9	<b>–4.7</b>	–1.3

	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Interest income</b>				
Modern Holdings	<b>0.4</b>	0.6	<b>0.4</b>	0.6
NC Intressenter	<b>0.4</b>	–	<b>0.4</b>	–
	<b>0.8</b>	0.6	<b>0.8</b>	0.6

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	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Interest expense</b>				
Kinnevik	-3.3	—	-3.3	—
NC Intressenter	-0.3	—	-0.3	—
	-3.6	—	-3.6	—
	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Receivables from related parties</b>				
Kinnevik	0.2	0.2	—	—
Inlux	39.2	—	—	—
Metro	1.3	0.1	—	—
Modern Holdings	4.7	6.0	4.7	6.0
MIC	2.5	—	—	—
MTG	0.8	—	—	—
Tele2	2.0	—	—	—
Transcom	0.1	0.1	—	—
	50.8	6.4	4.7	6.0
	<b>Group</b>		<b>Parent company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Liabilities to related parties</b>				
Audit Value	0.2	—	—	—
Kinnevik	78.3	—	78.3	—
Modern Holdings	0.2	—	—	—
MIC	2.8	0.0	—	—
MTG	1.3	3.8	—	—
Tele2	4.3	0.1	—	—
Transcom	0.0	—	—	—
NC Intressenter	29.2	—	29.2	—
	116.3	3.9	107.5	—

### **Note 30 Financial instruments**

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Invik is mainly exposed to market risks in the form of currency and interest rate risks. In the case of currency risks, the Group's aim is to match revenue and expense items in the same currency and for the capital employed in each company to be financed in the same currency. As of 31 December 2003 there were no outstanding forward contracts or other derivative instruments, except for a liability of SEK 100 million that related to derivate contracts between Invik & Co. AB and a Swedish credit institution and a maximum of SEK 100,000 relating to the day-to-day trading by Fischer Partners Fondkommission.

The Group's operating revenue and expense arise largely in kronor and euro, with most of the flows in the Swedish business being in kronor.

Most of the Group's assets are denominated in kronor, except for Banque Invik, whose accounts are kept in euro. The Group arrange most of its borrowing in kronor, except for Banque Invik and the Finnish operations of Fischer Partners Fondkommission, which are financed in Euro.

Invik's main interest risk is caused by fluctuations in Stibor. As of 31 December 2003, all of Invik's liabilities to credit institutions, totalling SEK 1,665.3 million, were exposed to Stibor-based interest rate changes. The Group has no borrowing at fixed rates of interest for longer than six months. Invik's policy is to raise short-duration loans as the view of the company is that short duration financing leads to a lower interest over time. The Group's liabilities to credit institutions have durations of up to two years, but the intention is to regularly lengthen them in order to match the Group's borrowing requirements.

Each operational subsidiary is governed by rules and policies that regulate financial risk. The subsidiaries have a compliance foundation with responsibility for controlling the business.

Overall control of the Invik Group's financial risks is maintained by the company's finance department, which ensures by means of regular reporting and reconciliation that the companies comply with established instructions and mandates. Reports are submitted to the companies' managements and boards prior to each board meeting.



**Note 31 Income statement and balance sheet broken down into Modern Finance Group and rest of the Group**

# **CONSOLIDATED INCOME STATEMENT**

**for 2003 (SEK million)**

	<b>Modern Finance Group</b>	<b>Invik Group excl MFG</b>	<b>Invik Group incl MFG</b>
Net turnover	1,192.5	-6.5	1,186.0
Cost of services provided and goods sold	-855.7	14.7	-841.0
<b>Gross income</b>	<b>336.8</b>	<b>8.2</b>	<b>345.0</b>
Selling expenses	-48.1	-12.2	-60.3
Administrative expenses	-281.4	-49.9	-331.3
Other operating revenue	137.6	-8.2	129.4
Other operating expenses	-13.3	-2.0	-15.3
Capital gains/losses on sales of securities	-	48.3	48.3
Interest in earnings of associated companies before tax	-	591.4	591.4
<b>Operating income</b>	<b>131.6</b>	<b>575.6</b>	<b>707.2</b>
<b>Result from financial income and expenses</b>			
Interest income and similar items	0.7	1.3	2.0
Interest expenses and similar items	-2.6	-104.6	-107.2
<b>Result after financial income and expenses</b>	<b>129.7</b>	<b>472.3</b>	<b>602.0</b>

# CONSOLIDATED BALANCE SHEET

as at 31 December 2003 (SEK million)

	Modern Finance Group	Invik Group excl MFG	Invik Group incl MFG
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill	37.7	0.9	38.6
Other intangible assets	1.6	–	1.6
Total intangible assets	39.3	0.9	40.2
<b>Tangible assets</b>			
Buildings	0.4	3.9	4.3
Machinery	–	–	–
Equipment	18.4	2.7	21.1
Total tangible assets	18.8	6.6	25.4
<b>Financial assets</b>			
Shares in associated companies	10.5	4,429.5	4,440.0
Other securities held as fixed assets	0.3	75.0	75.3
Investment assets	115.3	–	115.3
Total financial assets	126.1	4,504.5	4,630.6
<b>Total fixed assets</b>	<b>184.2</b>	<b>4,512.0</b>	<b>4,696.2</b>
<b>Current assets</b>			
Inventories and securities	15.0	–	15.0
<b>Current receivables</b>			
Accounts receivable	88.6	2.4	91.0
Receivable from associated companies	207.0	–	–
Other receivables	232.5	2.3	234.8
Prepaid expenses and accrued income	164.2	2.4	166.6
Total current receivables	692.3	7.1	492.4
<b>Investments</b>			
Lending in banking business	2,986.4	6.0	2,992.4
Investment assets	1,557.0	–	1,557.0
Total investments	4,543.4	6.0	4,549.4
Cash and cash equivalents	753.9	2.3	756.2
<b>Total current assets</b>	<b>6,004.6</b>	<b>15.4</b>	<b>5,813.0</b>
<b>TOTAL ASSETS</b>	<b>6,188.8</b>	<b>4,527.4</b>	<b>10,509.2</b>

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<b>Equity, Provisions and Liabilities</b>	<b>Modern Finance Group</b>	<b>Invik Group excl MFG</b>	<b>Invik Group incl MFG</b>
<b>Equity</b>	824.1	2,765.6	3,589.7
Minority interest	–	–	–
<b>Provisions</b>			
Provisions for pensions	2.5	0.0	2.5
Provisions for deferred taxes	43.7	–4.1	39.6
<b>Total provisions</b>	<b>46.2</b>	<b>–4.1</b>	<b>42.1</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions	–	1,406.3	1,406.3
Total long-term liabilities	–	1,406.3	1,406.3
<b>Current liabilities</b>			
Liabilities to associated companies	0.5	107.5	108.0
Other interest bearing short-term liabilities	4,110.5	23.6	4,134.1
Accounts payable	9.0	4.7	13.7
Inter-group liabilities Invik	–	207.0	–
Other short-term non-interest bearing liabilities	1,108.7	9.6	1,118.3
Accrued expenses and prepaid income	89.8	7.2	97.0
Total current liabilities	5,318.5	359.6	5,471.1
<b>Total liabilities</b>	<b>5,318.5</b>	<b>1,765.9</b>	<b>6,877.4</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>6,188.8</b>	<b>4,527.4</b>	<b>10,509.2</b>

Stockholm 12 February 2004

Johan Björkman  
*Chairman*

Cristina Stenbeck  
*Vice Chairman*

Rickard von Horn

Viveca Ax:son Johnson

Lars-Johan Jarnheimer

Johan Klingspor

Wilhelm Klingspor

Anders Fällman  
*President*

Our Audit Report concerning these financial statements was issued on 13 February 2004

Pål Wingren  
*Authorized public accountant*

Ulf Pettersson  
*Authorized public accountant*

# AUDITOR'S REPORT

**To the Annual General Meeting of the shareholders of  
Invik & Co. AB (publ), Reg No 556047-9742**

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the Board and President of Invik & Co. AB for 2003. The Board and the President have responsibility for the accounting records and the administration. Our responsibility is to express our opinion on the annual report, the consolidated financial statements and the administration on the basis of our audit.

Our audit has been performed in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and carry out the audit to obtain reasonable assurance that the annual report and the consolidated financial statement are free of material error. An audit involves examining, on a test basis, evidence supporting the amounts and other disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board and the President as well as evaluating the totality of the information in the annual report and the consolidated financial statements. As a basis for our opinion regarding the discharge from liability, we have examined significant decisions, measures taken and circumstances of the company in order to determine whether any member of the Board or the President is liable to pay compensation to the company. We have also examined whether any member of the Board or the President has contravened the Swedish Companies Act, the Annual Accounts Act or the company's articles in any other way. We consider that our audit provides reasonable grounds for our statements set out below.

The annual report and the consolidated financial statements are made up in accordance with the Annual Accounts Act and thus provide a true and fair picture of the company's and the group's result and financial position in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the parent company and consolidated income statements and balance sheets, deal with the parent company's unappropriated earnings in accordance with the proposal in the report of the directors, and discharge the Board and the President from liability for the fiscal year.

Stockholm 13 February 2004

Pål Wingren

*Authorized public accountant*

Ulf Pettersson

*Authorized public accountant*

## BOARD OF DIRECTORS

### Honorary member

Bo von Horn Landowner. Born 1923. Shares in Invik: 68,750 Series A.

### Directors

Johan Björkman Chairman. M.A. (Econ). Born 1944. Member since 1998. Other board appointments: Chairman of Ljungberg Gruppen AB, Nordstjernan AB and Skanditek Industriförvaltning AB. Member of AB Persson Invest. Shares in Invik: 2,500 Series A.

Cristina Stenbeck Vice Chairman. Born 1977. Member since 2003, deputy member since 1997. Other board appointments: Chairman of Emesco AB. Vice Chairman of Metro International S.A. and Industriförvaltnings AB Kinnevik. Member of Modern Times Group MTG AB, Millicom International S.A., Tele2 AB, and Transcom Worldwide S.A. Shares in Invik: 0.

Rickard von Horn Graduate engineer. Born 1954. Member since 1994. Other board appointments: Member and CEO of Viking Telecom AB. Shares in Invik: 14,129 Series A and 146 Series B.

Lars-Johan Jarnheimer Graduate economist. Born 1960. Member since 2001. President and CEO Tele2 AB. Other board appointments: Member of Modern Times Group MTG AB, Millicom International Cellular S.A. and Arvid Nordquist Handels AB. Shares in Invik: 0.

Viveca Ax:son Johnson Born 1963. Member since 2003. Other board appointments: Vice Chairman of Nordstjernan AB. Member of Vålinge Holding AB. Shares in Invik: 300 Series A.

Johan Klingspor Ll. B. Master forest ranger. Born 1953. Member since 1997. Shares in Invik: 40,500 Series A and 100 Series B.

Wilhelm Klingspor Master forest ranger. Born 1962. Member since 1991. Other board appointments: Member of Industriförvaltnings AB Kinnevik. Shares in Invik: 42,334 Series A and 47,117 Series B.

BOARD OF DIRECTORS AND PRESIDENT



*From left: Viveca Ax:son Johnson, Rickard von Horn, Johan Klingspor, Johan Björkman, Wilhelm Klingspor, Lars-Johan Jarnheimer, Cristina Stenbeck and Anders Fällman*

## MANAGEMENT

Anders Fällman	President since January 2003. Shares in Invik: 11,500 Series A and 8,500 Series B.
Lars Nordstrand	President of Moderna Försäkringar AB since 1999, Acting president Modern Privat Kapitalförvaltning MPK AB since November 2003. Shares in Invik: 0.

## AUDITORS

### Auditors

Pål Wingren	Authorized public accountant. Born 1949. PricewaterhouseCoopers. Auditor since 1985.
Ulf Pettersson	Authorized public accountant. Born 1959. Pricewaterhousecoopers. Auditor since 2001.

### Deputy Auditors

Gunnar Källhed	Authorized public accountant. Born 1954. PricewaterhouseCoopers. Deputy auditor since 1998.
Magnus Svensson Henryson	Authorized public accountant. Born 1969. PricewaterhouseCoopers. Deputy auditor since 2001.



## ADDRESSES

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**Modern Privat Kapitalförvaltning  
MPK AB**

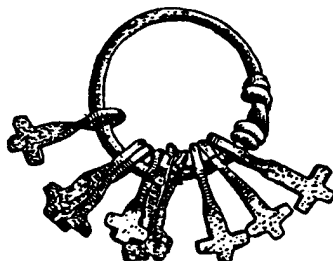
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*Thor's hammers made of iron from Innvik in Nordfjord, Norway. The Viking age.\**

### **Connections...**

*Thor, the god of thunder, protected mankind from violence and the powers of evil in the heathen times. His weapon was a short-shafted hammer and ring that Thor would hurl at his victim and which always returned back into his hand. Copies of this hammer were used as a protective force against lightning and have been discovered in chimney brickwork and rafters of dwellings dating from the days of the Vikings. The use of protective amulets in the form of hammers was a widespread practice. After the victory of Christianity, the power of the hammer was replaced by that of the cross in popular faiths.*

*In the Eskimo languages, the word for person or human is inu. Various Eskimo groups use inu as part of their names for themselves – such as inuit, inuplak, inuktit, inuttut, inuvialukton and inuinaqtun. Inuvik means the people's place – or town. Inuvik can refer to any settlement, but it is also the name of a particular arctic town in the Northwest Territories.*

*Vik is a word that can be found around the world from India to Alaska and is always associated with family, home or dwelling place. The ancient Indo-European word wika meant clan or extended family; and from that origin, many of the European languages from Sanskrit to Old Norse have some form of the word. The Sanskrit word vis derives from the same root meaning home or dwelling. The word is also related to the Latin vicus, meaning a neighbourhood or town quarter, and from this Latin origin derives English words such as the word vicinity. In Old Norse vik refers to dwellings along a creek, bay or inlet, and the people who lived in these became known as Vikingar or Vikings. The word was also used in Old English or Anglo-Saxon as wic or wik originally meaning camp, but later becoming the word for town. It appears in Dutch in a similar way as wijk meaning neighbourhood in a town.*

*The widespread use of vik (also spelled wick, wijk and wich) can be seen in many town names that have one of these forms of vik as a suffix: Anvik, Noorvik (Alaska); Inuvik, Aklavik (Canada); Gactwick, Norwich (England); Rikswijk, Waalwijk (Netherlands); Vikevik, Narvik (Norway); Prestwick (Scotland); Studsvik, Valvik (Sweden).*

\*Bergens University Museum

## **INVIK & CO. AB**

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