


interim report

january–march

2006



31 May 2006

All data in this interim report are prepared in accordance with IFRS

JANUARY–MARCH:

- Skandia is a member of the Old Mutual Group. As a result of Old Mutual's acquisition and the subsequent low free float, Skandia's shares will be delisted from the Stockholm Stock Exchange. The last day of trading in Skandia shares at the Stock Exchange will be 5 June 2006, but as previously announced, trading will continue through an alternative marketplace.
- Total premiums and deposits increased by 50% to SEK 40,555 million (27,022). New sales of unit-linked assurance increased by 22% to SEK 3,303 million (2,702) and mutual fund deposits increased by 77% to SEK 13,273 million (7,478).
- Revenues rose 16% to SEK 4,347 million (3,756).
- Expenses rose 18% to SEK -3,968 million (-3,370).
- Profit before tax for the period was SEK 379 million (386).
- Profit before tax for unit-linked assurance was SEK 572 million (582).
- Profit before tax for mutual funds increased to SEK 25 million from a loss of SEK -16 million.
- Profit after tax for the period, including the result for discontinued operations, was SEK 336 million (423).
- Funds under management rose by 8% since 31 December 2005 to SEK 612 billion.
- Earnings per share before and after dilution were SEK 0.32 (0.41).
- Return on shareholders' equity was 11% (13%) .
- Cash flow from operating activities, excluding changes in deposits and lending in the bank operation, was SEK 0.3 billion (0.5).

First quarter IFRS result

I am pleased to report that the company shows strong growth during the first quarter of 2006.

Total premiums and deposits increased by 50% to SEK 40,555 million (27,022). As reported earlier in the month, unit-linked assurance new sales increased by 22 % to SEK 3,303 million and mutual fund deposits increased by 77% to SEK 13,273 million. Particularly good progress was made in the UK in unit-linked assurance where our team took advantage of the arrival of A-day and increased new sales of pension products by nearly 100% and there was a huge jump in mutual fund deposits in the Europe and Latin America division.

Funds under management rose by 8% to SEK 612 billion, due to net inflows from clients of SEK 21,409 million, together with the impact of favourable markets.

Revenues rose 16% to SEK 4,347 million (3,756), mainly due to a 33% rise in fees from customers. Expenses rose 18% to SEK -3,968 million (-3,370), mainly due to higher commissions in connection to the rise in new sales.

Profit before tax was at a similar level to 2005 at SEK 379 million (386). After tax profits were lower as net tax decreased, mainly due to a lower net contribution from policyholder tax in the UK. A lower after tax profit in combination with a higher shareholders' equity led to a reduction in return on shareholders' equity from 13% to 11%.

*) Livförsäkringsaktiebolaget Skandia is not consolidated and is therefore not included in the interim report. All comparison figures pertain to the corresponding period in 2005, unless indicated otherwise.

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Skandia's financial reports:

Skandia's published financial reports are available on Skandia's website: www.skandia.com. Reports can also be ordered by phone: +46-8-788 25 00.

Old Mutual's financial reports:

Old Mutual's published financial reports are available on Old Mutual's website: www.oldmutual.com.

Within unit-linked assurance, profit before tax amounted to SEK 572 million (582). Higher revenues arising from asset based charges were offset by higher commissions expenses which grew as a result of the increase in new sales for unit-linked assurance. The 2005 result included the last effects of the exceptional demand in Germany (SEK 80 million). There was a reduction in investment income within unit-linked assurance compared to first quarter 2005 which was positively affected by first time application of IFRS. Administration expenses grew considerably more slowly, by 10%, than the increase in new sales of 22% for unit-linked assurance. These expenses are also lower than the two previous quarters.

Good growth in profits of mutual funds has been experienced due to the gradual maturing of the businesses, particularly within the divisions Europe & Latin America and UK & Offshore. Profit was SEK 25 million compared to a loss of SEK -16 million during first quarter 2005.

Within the operating divisions, the Nordic business profits were up 22% to SEK 289 million, with expenses being tightly managed. Market share in Sweden for unit-linked assurance was stable with new sales growing 10%. We expect increased competition in the future with an increase in a number of niche players in the market.

In the UK & Offshore division, continued buoyant equity markets and a steady inflow to funds under management generated higher revenues and contributed to improvements in both unit-linked assurance and mutual funds. The profit before tax increased by 20% to SEK 348 million (291). Mutual fund deposits were up sharply by 59%.

In the Europe & Latin America division, the SEK 80 million profit from the exceptional demand in Germany last year meant that earnings were much lower in 2006, although we are happy that the trend will be positive from here onwards. Excluding the one-off effect in 2005, the German operation improved its result before taxes by 12% in local currency. In mutual funds deposits were up very sharply, the loss a year earlier was reversed and a profit was reported for the quarter.

Shareholders' equity increased to SEK 12.9 billion, with the impact of a lower effect from the elimination of treasury shares, the issue of option-related shares and the result for the period all contributing to this positive development. Net cash flow from operating activities for the period was positive.

We are now 80 days into our 100 day review of Skandia, and the work to integrate the company into Old Mutual is proceeding according to plan. We are looking forward to providing all investors with full EV information on the Old Mutual basis, as well as addressing many of the strategic issues we face, on 20 June.

Julian Roberts
Chief Executive

Result for the period before tax

The result before tax amounted to SEK 379 million (386). The result before tax for unit-linked assurance remained at a stable level and was SEK 572 million (582). However, the result for unit-linked assurance in the first quarter of 2005 was favourably affected in the amount of SEK 80 million by a change in deferred acquisition costs (DAC) attributable to the sharp rise in sales in Germany at year-end 2004. Revenues for unit-linked assurance increased by 17% while expenses rose 23% compared with the same period last year. Commission expenses increased at a higher rate due to the increase in sales. Result improvements were achieved in the mutual funds business segment, moving from a loss of SEK -16 million in the first quarter of 2005 to a profit of SEK 25 million for the first quarter of 2006, thanks to a 48% rise in revenue. All divisions are contributing to the improvement in mutual fund business. The result of the banking business was down slightly compared with the same period last year, mainly due to higher costs in connection with increased volumes and investments in connection with adoption of the Basel II regulations. The result for other businesses was SEK 16 million (24). The result for joint-group functions was SEK -320 million (-301), of which structural costs accounted for SEK -137 million (-40).

Revenues

Total revenues rose 16% to SEK 4,347 million (3,765). Of this amount, fees from customers accounted for SEK 3,507 million (2,628), an increase of 33%. The trend from previous quarters remains, and a continued rise in net inflows in funds under management, together with growth in the value of funds, has resulted in an increase in fund-based fees in both unit-linked assurance and mutual funds. Fund-based fees accounted for 55% of total fees, compared with 49% in the same quarter a year ago. Premium-based fees from unit-linked assurance business rose 14%. Premium-based fees, and in certain countries also fund-based fees, are charged in the initial years of a contract. These fees are deferred and recognised over the life of the respective contracts. The increase primarily in premium-based fee revenue also entailed an increase in deferred fee income.

Premiums attributable to risk insurance rose 22% to SEK 851 million (699), mainly due to an increase in life assurance, but also in healthcare insurance and the risk element of unit-linked assurance. Higher interest rates led to negative changes in value in the bond portfolio within life assurance, but at the same time a positive impact on technical reserves. Also, there was a reduction in investment income within unit-linked assurance compared to first quarter 2005 which was positively affected by first time application of IFRS. The decrease in net interest income in the banking operation has been offset by higher commission revenue from securities trading.

Expenses

Total expenses rose 18%, mainly due to an increase in commissions and administrative expenses.

Claims incurred in life assurance and risk insurance decreased slightly compared with a year ago. Commissions rose 30%, to SEK -1,769 million (-1,362), due to an increase in new sales of unit-linked assurance and a rise in mutual fund deposits. This also led to a 26% increase (excluding last year's one-time effect of SEK 80 million) in the change in deferred acquisition costs and accrued commission expense, to SEK 572 million (454).

Administrative expenses rose by 10%, mainly due to higher personnel costs in all divisions. Administrative expenses also include SEK -137 million (-40) in structural costs. The increase is mainly attributable to costs associated with the bid process and costs for the integration with the Old Mutual Group. Administrative expenses during the first quarter of 2005 included a SEK -105 million charge for Value Added Tax. Compared to the fourth quarter of 2005, administrative expenses decreased by 11%.

Result for the period after tax

The result for the period after tax was SEK 336 million (423) and included SEK -8 million (-) pertaining to discontinued operations, attributable to American Skandia. After tax profits were lower as net tax decreased, mainly due to a lower net contribution from policyholder tax in the UK. Earnings per share were SEK 0.32 (0.41) before and after dilution. A policyholder tax is charged to policyholders in the form of fees. In the company's income statement this is reported under "Policyholder tax charge". The group's combined tax charge, including the policyholder tax, increased to SEK -1,368 million (-599). The increase is mainly attributable to an increase in policyholder taxes in the UK as a result of the favourable growth in the value of funds under management.

Balance sheet and shareholders' equity

Total assets increased to SEK 593 billion, compared with SEK 551 billion at the start of the year, mainly due to an increase in unit-linked assets and volume growth in the banking operation.

Shareholders' equity increased and amounted to SEK 12.9 billion, compared with SEK 12.1 billion at the start of the year. Borrowings, including financial reinsurance, decreased from SEK 3.7 billion as per 31 December 2005 to SEK 3.6 billion on 31 March 2006. Elimination of certain fund holdings of shares in Skandia Insurance Company Ltd (publ.) has decreased shareholders' equity as per 31 March 2006 by SEK 11 million compared with SEK 247 million as per 31 December 2005.

Cash flow

Cash flow from operating activities, excluding changes in deposits and lending in the banking operation, amounted to SEK 0.3 billion (0.5). Cash flow from investing activities was SEK 0.7 billion (0.2). Payments pertaining to American Skandia and structural costs are expected to be made during 2006.

Premiums and deposits

Skandia's total premiums and deposits increased sharply during the period, to SEK 40,555 million (27,022). This represents an increase of 50%. For unit-linked assurance, premiums and deposits rose 40%, to SEK 26,454 million (18,878). The largest increases were posted by the UK & Offshore division and Europe & Latin America division at 44% and 54%, respectively. As announced on 10 May 2006, new sales of unit-linked assurance increased by 22%, to SEK 3,303 million (2,702). Mutual fund deposits increased by 77% to SEK 13,273 million (7,478).

Funds under management

Unit-linked funds under management continue to develop favourably and increased by 8%, to SEK 456,409 million, compared with SEK 422,770 million at the start of the year. The net inflow of unit-linked assurance business was SEK 15,252 million (10,745). Changes in value amounted to SEK 28,055 million (7,886) and currency effects amounted to SEK -6,166 million (7,925).

Funds under management for mutual fund business also increased, to SEK 155,905 million, compared with SEK 143,279 million at the start of the year. The net inflow amounted to SEK 6,157 million (3,584). Changes in value (net after fees) amounted to SEK 8,763 million (1,709).

Results per division

The result before tax for the UK & Offshore division improved to SEK 348 million (291). Continued buoyant equity markets and a steady inflow of funds under management generated higher revenues and contributed to improvements in both unit-linked assurance and mutual funds. Fund-based fees rose 50% in the division. Bankhall also showed an improvement, from SEK 3 million to SEK 19 million.

The lower result before tax for the Europe & Latin America division is due primarily to the one-off effect of SEK 80 million a year earlier in Germany, and to the fact that the first quarter of 2006 was charged with certain one-time costs mainly related to Spain. Excluding the one-off effect in 2005, the German operation improved its result before taxes by 12% in local currency. In mutual funds, the loss a year earlier was reversed and a profit was reported for the quarter.

The result for the Nordic division increased to SEK 289 million (236), mainly due to an improvement in unit-linked assurance, where revenues rose 26% and expenses by 16%. The result for mutual fund business improved, while earnings of the banking operation were down slightly. The result for Private Healthcare and Group Insurance decreased to SEK -3 million (21), mainly due to the dissolution of a reserve during the first quarter a year earlier and slightly higher claim costs.

Disputes

The status of disputes that Skandia is involved in is described in the 2005 Annual Report on page 82. A ruling in the suit filed by a consumer organisation in Austria against Skandia's subsidiary in Austria, Skandia Leben, has been made in favour of the consumer organisation. The ruling has been appealed by Skandia Leben. The reserve provision of approximately EUR 0.2 million remains. No material changes have taken place with respect to ongoing disputes.

Post-balance sheet events

At Skandia's Annual General Meeting on 27 April 2006, all directors were re-elected. The accounting firm KPMG Bohlin AB was elected as Skandia's auditor. The Annual General Meeting resolved to distribute SEK 0.40 (0.35) per share to the shareholders. Old Mutual plc declared that it waived its right at this Annual General Meeting to the share dividend for 2005 for all of its shares in Skandia.

Reporting of embedded value

As previously announced, this report includes no information about embedded value (EV). In connection with Old Mutual's acquisition of Skandia, work was started on the adaptation of reporting and calculation of Skandia's embedded value to Old Mutual's principles. The effects on embedded value of these adaptations will be presented in connection with Old Mutual's Capital Market Day on 20 June 2006 in London.

Other financial information

As a result of Old Mutual's acquisition, Skandia's shares will be delisted from the Stockholm Stock Exchange. The last day of trading in Skandia shares on the Stockholm Stock Exchange will be on 5 June 2006. In connection with the delisting, Skandia will announce alternative trading opportunities for the remaining shares. Following this, Skandia will no longer publish any interim reports. As a consolidated member of the Old Mutual Group, Skandia will be included in the financial reports published by Old Mutual. Old Mutual will publish an interim report for the second quarter on 14 September 2006.

Consolidated Income Statement

SEK million	Note	2006 3 mos.	2005 3 mos.	2005 12 mos.
REVENUE				
Fee income		3,507	2,628	11,992
Change in deferred fee income (DFI) and fee income receivable (FIR)		-412	-324	-1,424
Net premiums earned		851	699	3,154
Net investment income		37	360	1,463
Net interest income, banking		232	257	1,055
Share of profit/loss of associates		8	2	3
Other income		124	134	515
Total revenue		4,347	3,756	16,758
EXPENSES				
Net claims incurred		-561	-585	-2,943
Commission expenses		-1,769	-1,362	-6,278
Change in deferred acquisition costs (DAC) and accrued commission expense (ACE)		572	534	2,395
Administrative expenses	1	-1,932	-1,764	-7,723
Other expenses		-186	-111	-551
Write-down of goodwill	2	-4	0	-1,135
Financing costs		-88	-82	-385
Total expenses		-3,968	-3,370	-16,620
Result before tax		379	386	138
Policyholder tax charge		1,333	636	2,502
Taxes	3	-1,368	-599	-2,760
Result from continuing operations		344	423	-120
Result from discontinued operations	4	-8	-	-645
Result for the period		336	423	-765
Attributable to:				
Equity holders of the parent company		332	421	-775
Minority interest		4	2	10
Earnings per share:^{*)}				
Continuing and discontinued operations				
Basic		0.32	0.41	-0.76
Diluted		0.32	0.41	-0.76
Continuing operations				
Basic		0.33	0.41	-0.13
Diluted		0.33	0.41	-0.13
Discontinued operations				
Basic		-0.01	0.00	-0.63
Diluted		-0.01	0.00	-0.63
Weighted number of shares, thousands ^{*)}				
Basic		1,027,958	1,024,322	1,024,722
Diluted		1,029,646	1,029,732	1,030,619
Number of shares, end of period, thousands ^{*)}				
Basic		1,030,763	1,024,393	1,025,154
Diluted		1,032,450	1,029,804	1,031,050

^{*)} For definitions please see page 13.

1) Administrative expenses

Personnel expenses	-1,112	-940	-4,067
Other administrative expenses	-941	-905	-4,155
Provision for restructuring costs	5	-	2
Depreciation	-47	-97	-269
Expense recharges	163	178	766
Total	-1,932	-1,764	-7,723

2) Includes a write-down of goodwill in Bankhall, totalling SEK 0 (0) million as per March 2006 and SEK -1,135 million as per Dec. 2005.

3) Includes current tax, deferred tax and policyholder tax.

4) Result for the period from discontinued operations

American Skandia market timing *	-8	-	-681
Skandia Asset Management (SAM) supplementary purchase price	-	-	36
Total	-8	0	-645
* Of which: Settlement of market timing investigation	-	-	-673
Legal and other costs pertaining to the sale of American Skandia	-8	-	-196
Result before tax	-8	0	-869
Deferred tax pertaining to market timing	-	-	188
Result after tax	-8	0	-681

Income Statement – business segments

SEK million	Unit-linked assurance		Mutual funds		Life assurance		Banking		Other businesses		Joint functions		Eliminations		Total	
	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos	2006 3 mos	2005 3 mos
REVENUE																
Fee income	2,495	1,970	765	476	14	14	126	93			174	134	-67	-59	3,507	2,628
Change in deferred fee income and fee income receivable	-370	-322	-42	-4		2									-412	-324
Net premiums earned	389	344			292	214			170	141					851	699
Net investment income	62	216	23	28	-23	114	3	-9	2	16	99	117	-129	-122	37	360
Net interest income, banking							232	257							232	257
Share of profit/loss of associates					1	1			7	1					8	2
Other income	3	3	2	6	-1	1	4	1	101	117	15	6			124	134
Total revenue	2,579	2,211	748	506	283	346	365	342	280	275	288	257	-196	-181	4,347	3,756
EXPENSES																
Net claims incurred	-182	-175			-255	-320			-124	-90					-561	-585
Commission expenses	-1,512	-1,212	-287	-175	-7	-12	-18	-9	-14	-12	-1		70	58	-1,769	-1,362
Change in deferred acquisition costs (DAC) and accrued commission expense	531	533	37	-2					4	3					572	534
Administrative expenses	-806	-734	-299	-243	-14	-14	-250	-221	-127	-150	-435	-402	-1		-1,932	-1,764
Other expenses	-6	-7	-171	-99		1	-8	-6	-1						-186	-111
Write-down of goodwill											-4	-			-4	-
Interest expenses	-32	-34	-3	-3			-10	-10	-2	-2	-168	-156	127	123	-88	-82
Total expenses	-2,007	-1,629	-723	-522	-276	-345	-286	-246	-264	-251	-608	-558	196	181	-3,968	-3,370
Result before tax ¹⁾	572	582	25	-16	7	1	79	96	16	24	-320	-301	0	0	379	386

¹⁾ Excluding the result of discontinued operations, totalling SEK -8 million (-).

Results per division

SEK million	Result before tax ¹⁾	
	2006	2005
	3 mos.	3 mos.
UK & Offshore ³⁾	348	291
Europe & Latin America ³⁾	102	190
Nordic	289	236
Asia Pacific	-19	-16
Group functions ²⁾	-341	-315
Total	379	386

¹⁾ Excluding result from discontinued operations, totalling SEK -8 million as per March 2006 and SEK - million as per March 2005.

²⁾ Group functions include joint-group expenses, joint-group financial result and unallocated result for business segments.

³⁾ Starting in 2006, Switzerland is included in the Europe & Latin America division. Comparative figures have been recalculated accordingly.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In preparation of the consolidated financial statements, Chapter 7 of the Swedish Annual Accounts Act for Insurance Companies and the Swedish Financial Supervisory Authority's guidelines FFFS 2005:34, Chapters 7 and 8, have also been applied. The accounting policies and calculation methods used in preparing this interim report are the same as those used in the 2005 Annual Report.

Stockholm, 31 May 2006
Julian Roberts
Chief Executive

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

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CONSOLIDATED BALANCE SHEET

SEK billion	Note	2006 31 March	2005 31 Dec.
ASSETS			
Intangible assets			
Goodwill		0.5	0.6
Other intangible assets		0.2	0.1
Reinsurers' share of insurance provisions		1.0	0.9
Reinsurers' share of linked investment contracts		1.2	0.2
Deposits held with cedents	2	3.6	3.7
Deferred acquisition costs	1	19.7	19.3
Deferred tax asset		0.8	0.5
Surplus in defined benefit pension plans		0.7	0.7
Property and equipment		0.5	0.5
Investment properties	2	0.0	0.0
Loans and advances	2	56.1	51.4
Investments in associates	2	0.1	0.1
Other investments	2	21.3	22.9
Investments for the benefit of policyholders		456.4	422.8
Assets, consolidated mutual funds	3	17.3	15.8
Current tax asset		0.4	0.4
Other receivables		6.0	4.0
Other prepayments and accrued income		4.4	4.6
Cash and bank		3.0	2.1
TOTAL ASSETS		593.2	550.6
EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent		12.8	12.0
Minority interest		0.1	0.1
Total equity		12.9	12.1
Liabilities			
Subordinated loans	4	0.8	0.8
Insurance provisions	5	16.5	16.6
Liability for linked investment contracts		459.2	423.0
Liabilities consolidated mutual funds	3	17.3	16.0
Deposits received from reinsurers		0.1	0.1
Provisions for pensions		0.2	0.3
Deferred tax liability		4.0	3.0
Deferred fee income	6	16.7	16.6
Other provisions		1.1	1.1
Deposits and borrowings from the public		47.7	45.5
Other interest bearing liabilities	4	3.1	3.3
Current tax liabilities		0.4	0.8
Derivative liability		0.3	0.2
Other payables		9.7	7.8
Other accruals and deferred income		3.2	3.4
TOTAL EQUITY AND LIABILITIES		593.2	550.6

NOTES TO THE BALANCE SHEET

Note	SEK billion	2006 31 March	2005 31 Dec.
1	Deferred acquisition costs (DAC)		
	Opening balance	19.3	16.3
	Capitalisation of acquisition costs	1.3	4.7
	Amortisation of deferred acquisition costs	-0.7	-2.6
	Deferred acquisition costs in divested companies	-	-
	Impairment of deferred acquisition costs	0.0	0.0
	Exchange differences	-0.2	0.9
	Closing balances	19.7	19.3
	Of which, unit-linked assurance	19.0	18.6
	Of which, mutual funds	0.7	0.7
2	Investments		
	Unit-linked assurance	15.2	13.0
	Mutual funds	0.4	0.4
	Life assurance	11.6	11.8
	Banking	52.5	50.2
	Other businesses and group functions	1.4	2.7
	Total	81.1	78.1
3	Pertains to consolidation of funds in which the ownership exceeds 50%. For additional explanation, please refer to the accounting policies according to IFRS in the Skandia Annual Report 2005.		
4	Subordinated loans and other interest-bearing liabilities		
	Subordinated loans	0.8	0.8
	Bonds, non-banking	2.3	2.3
	Financial reinsurance	0.5	0.6
	<i>Financing</i>	3.6	3.7
	Bonds in bank	0.0	0.0
	Other financial liabilities	0.3	0.4
	Total	3.9	4.1
	Change in bonds		
	Opening balance	2.3	2.2
	New debt issued	0.0	0.5
	Repurchases and maturities	0.0	-0.4
	Currency conversion	0.0	0.0
	Closing balances	2.3	2.3
5	Insurance provisions		
	Unit-linked assurance	3.9	4.0
	Life assurance	11.6	11.8
	Other businesses	1.0	0.8
	Total	16.5	16.6
6	Deferred fee income (DFI)		
	Opening balance	16.6	14.7
	Capitalisation of fees	1.0	3.6
	Amortisation of deferred fees	-0.7	-2.6
	Exchange differences	-0.2	0.8
	Closing balances	16.7	16.6
	Of which, unit-linked assurance	15.9	15.8
	Of which, mutual funds	0.8	0.8
7	Restructuring reserves (SEK million)		
	Balance per 31 December 2004	391	
	Utilisation of restructuring reserve	-203	
	Reversed provision	-2	
	Reclassification	-54	
	Exchange differences	4	
	Balance per 31 December 2005	136	
	Utilisation of restructuring reserve	-13	
	Reversed provision	-5	
	Reclassification	0	
	Exchange differences	-1	
	Balance per 31 March 2006	117	

CHANGE IN EQUITY

SEK million	2006	2005
	31 March	31 Dec.
Opening balance, shareholders' equity	12,132	12,384
Dividend ²⁾	-	-362
New issue ³⁾	114	18
Change in surplus value of owner-occupied properties		7
Share-based payments	52	9
Recognition of actuarial gains and losses from post-employment defined benefit plans	-	127
Sales and purchases of treasury shares held to cover investment contracts ⁴⁾	236	277
Change in minority in discontinued operations	-	4
Translation differences	-13	433
Result for the year	336	-765
Closing balance	12,857	12,132

¹⁾ Please refer to the accounting policies according to IFRS in the Skandia Annual Report 2005.

²⁾ Distributable earnings will decrease in May 2006 by SEK 7 million as a result of the dividend of SEK 0.40 per share to Skandia's shareholders that was approved by the Annual General Meeting, excluding the shareholder Old Mutual plc, which waived its right to the dividend at the Annual General Meeting.

³⁾ New share issue in connection with stock option programme.

⁴⁾ Certain funds in which Skandia has invested for the benefit of policyholders are consolidated. These funds may have invested in Skandia shares. In such case, these are to be eliminated against shareholders' equity. The effect of purchases and sales of shares in Skandia that have taken place during the period, together with the changes in the share price, makes up an explanatory item in the change in shareholders' equity.

EQUITY

SEK million	Unit-linked		Life assurance		Total	
	2006	2005	2006	2005	2006	2005
	31 Mar.	31 Dec.	31 Mar.	31 Dec.	31 Mar.	31 Dec.
Equity	9,981	9,575	891	881	10,872	10,456
Equity, mutual funds					617	586
Equity, banking					2,455	2,395
Equity, other businesses					-1,526	-1,474
Equity, group functions, eliminations					439	169
Equity					12,857	12,132
Number of shares for the benefit of policyholders, thousands					225	5,204

PER-SHARE DATA ¹⁾

	2006	2005	2005	Moving
	3 mos.	3 mos.	12 mos.	12 mos.
Earnings per share before dilution, SEK ²⁾	0.33	0.41	-0.13	2006 March
Earnings per share after dilution, SEK ²⁾	0.33	0.41	-0.13	-0.20

SOLVENCY ¹⁾

SEK billion	Parent company	
	2006	2005
	3 mos.	12 mos.
Capital base	11.5	11.6
Solvency margin	0.9	1.0

¹⁾ For definitions, see page 13.

²⁾ Key ratios are calculated excluding discontinued operations.

STATEMENT OF CASH FLOWS

SEK billion	2006 3 mos.	2005 3 mos.	2005 12 mos.
Cash flow from operating activities before changes in lending/deposits to and from the public and investments in banking operations ¹⁾	0.3	0.5	0.5
Change in lending/deposits to and from the public and investments in banking operations	-0.3	-0.4	-0.7
Cash flow from operating activities	0.0	0.1	-0.2
Cash flow from investing activities	0.7	0.2	1.6
Cash flow from financing activities ¹⁾	0.2	-0.1	-1.4
Net cash flow for the period ²⁾	0.9	0.2	0.0
Cash and cash equivalents at the start of the period	2.1	2.0	2.0
Exchange rate differences in cash and cash equivalents	0.0	0.1	0.1
Cash and cash equivalents at the end of the period	3.0	2.3	2.1
¹⁾ The group's financing includes financial reinsurance. The decrease/increase of the financial reinsurance liability was previously included in the cash flow from operating activities, but is now included in cash flow from financing activities.			
Net cash flow relating to financial reinsurance liabilities:	-0.1	-0.1	-0.5
²⁾ Net cash flow from discontinued operations:			
	0.0	0.0	0.1

STOCK OPTIONS

During the first quarter of 2006, 424,400 A options and 3,584,000 B options from the 2003 programme were subscribed by Skandia employees. In connection with this, Skandia Umbrella Trust subscribed for 252,513 A options and 1,347,975 B options to cover social security costs. The subscription price was SEK 20.33 per share, and Skandia thus received SEK 114,029 thousand. All A options expire on 1 June and all B options have been subscribed by employees. No options from the 2003 programme are outstanding.

Old Mutual acquired a majority of the shares in Skandia on 26 January 2006. From this date, all outstanding stock options may be used to subscribe for Skandia shares. This also means that all options will expire within not more than 6 months from this date.

For further information on the stock option programmes for the years 2000–2003, please refer to the 2005 Annual Report.

EXCHANGE RATES

SEK	2006 31 Mar.	2005 31 Dec.	2005 30 Sept.	2005 30 June	2005 31 Mar.
EUR Closing rate	9.43	9.39	9.32	9.45	9.15
EUR Average rate	9.38	9.28	9.22	9.16	9.09
GBP Closing rate	13.52	13.66	13.67	14.00	13.31
GBP Average rate	13.65	13.56	13.45	13.36	13.10

Average rates indicate the average rates for the period 1 January through the respective book-closing dates in 2006 and 2005.

Glossary

Acquisition costs: Acquisition costs include all costs, internal as well as external, that arise in connection with the sale of unit-linked assurance and mutual fund savings products. Acquisition costs are to be capitalised (deferred acquisition costs) and amortised according to a schedule that corresponds to the product's economic life.

Capital base: For a life assurance operation, the capital base consists of shareholders' equity, untaxed reserves and certain subordinated loans, less goodwill and other intangible assets.

Fee income: Revenues derived from the policyholders are charged in the form of fees over the entire lifetime of contracts in force. These fees are charged in various forms – usually based on the value of the underlying funds in the contract (fund-based fees), or initially during the early years of a contract based on the size of the premiums paid in (premium-based fees). Fees paid in to Skandia initially upon the sale of a contract are distributed over a period of time. Such fees are treated as deferred income which is dissolved and recognised as revenue over the life of the contract.

Funds under management: Customers' invested assets in unit-linked assurance and mutual funds.

Net effect of policyholder tax: The net sum of income and expenses in the income statement attributable to policyholder tax.

Number of shares outstanding: In calculations of key ratios and information on the number of shares, consideration has not been given to shares that can be considered to have been repurchased due to consolidation of certain fund holdings. As stated in the accounting policies, Skandia consolidates funds in which the company's ownership stake is more than 50%. The shares in Skandia owned by these funds are formally to be considered as treasury shares. Skandia does not treat these shares as treasury shares, since they make up part of the investment assets for which the policyholders bear the investment risk. A technical reduction of the number of shares would not give a true and fair view of the key ratios per share in Skandia. They have therefore not reduced the number of shares outstanding in calculations of key ratios per share. Information on the number of shares in funds that are consolidated is provided in connection with the table showing capital employed. The change in the number of shares outstanding is due to the fact that Skandia issues new shares when employees exercise their stock options to subscribe for new shares.

Premiums and deposits: Inflows from customers. Pertains to premiums for insurance contracts and deposits toward financial contracts (unit-linked assurance and mutual fund savings products), but not deposits in bank accounts. Corresponds to the previously reported sales figures.

Premiums earned: Written premium attributable to the period, i.e., premiums written less outward reinsurance premiums, adjusted for the unearned portion of premiums.

Result before tax (IFRS): Result before company tax, revenues and expenses related to the policyholder tax, and result from discontinued operations.

Solvency margin: The solvency margin is the minimum permissible level of the capital base by law. The solvency margin is calculated based on the nature and scope of business.

Surrenders: Premature termination of savings due to full repurchase, partial repurchase, premium reduction, conversion to paid-up policy status or transfer.

Underlying profit before tax (IFRS): Profit before tax excluding the write-downs of Bankhall goodwill, structural costs, restructuring costs and provision for VAT.

Key ratios

Earnings per share: Result for the period attributable to the parent company's shareholders, divided by the average number of shares outstanding during the period. The dilutive effect is only calculated if the key ratio deteriorates.

Return on shareholders' equity (IFRS): Result for the period attributable to the parent company's shareholders, excluding profit/loss from discontinued operations, in relation to average shareholders' equity, excluding minority interests during the period.