

INVIK & CO. AB



INTERIM REPORT 2001

1 JANUARY – 30 JUNE

INTERIM REPORT 1 January – 30 June 2001

MANAGEMENT

The Invik Group consists of the Parent Company, Invik & Co. AB, and a number of operating subsidiaries. The Parent Company is a holding company whose activities include managing a long-term securities portfolio consisting mainly of major investments in a small number of listed companies in which Invik is seeking active management participation mainly through board representation. The subsidiaries are principally active in Finance and Insurance. In addition there are certain other business activities, principally a small brewery.

On 30 June, 2001, the value of the Group's holdings of listed securities was MSEK 8,150. On 7 August, 2001, the value was MSEK 7,927, which gives a premium over the book value of the Group's portfolio of MSEK 5,040 on that date.

The long-term securities portfolio as at 30 June, 2001 consisted of shares in Tele2 AB ("Tele2"), Industriförvaltnings AB Kinnevik ("Kinnevik"), Modern Times Group MTG AB ("MTG"), Metro International S.A. ("Metro"), and Millicom International Cellular S.A. ("MIC").

- Tele2, 9,642,608 Series "A" shares and 3,172,196 Series "B" shares, equivalent to 24.0% of the votes and 8.9% of the share capital.
- Kinnevik, 6,216,387 Series "A" shares and 2,286,936 Series "B" shares, equivalent to 32.3% of the votes and 13.5% of the share capital.
- MTG, 6,381,249 Series "A" shares, equivalent to 30.9% of the votes and 9.6% of the share capital. After full conversion of outstanding subordinated debentures, 30.5% of the votes and 9.2% of the share capital.
- Metro, 7,214,582 Series "A" shares, equivalent to 18.9% of the votes and 9.5% of the share capital.
- MIC, 940,418 shares and an option on 186,520 shares. The total holding is equivalent to 2.3% of the votes and share capital.

During Invik's sixteen-year history, the appreciation of its net asset value corresponds to an annual return of 41%, 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 on the "Affärsvärlden" composite index of 16% over the same period. The price of Invik's shares has increased by some 3,400% since the first day of trading on 1 July 1987, corresponding to an annual average appreciation of 29%.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 968 per share as at 30 June, 2001 and SEK 939 as at 7 August, 2001.

Invik's shares are listed on the Stockholm Stock Exchange's "O" list. The "B" share price paid on 30 June, 2001 was SEK 780 and on 7 August, 2001 it was SEK 700.

CONSOLIDATED EARNINGS

The result after financial items, in accordance with the acquisition method, was a loss of MSEK 36.3, which may be compared with income of MSEK 113.2 for the corresponding period in the previous year. The loss after tax amounted to MSEK 30.8 (income 81.2).

The consolidated income above does not include the Parent Company's interest in the earnings of associate companies.

The result according to the equity method is stated in a note.

FINANCIAL POSITION AND INVESTMENTS

The Group's liquid assets, excluding funds within the banking and insurance operations, i.e. liquid funds and unutilised credit facilities, amounted to MSEK 314.6 as at 30 June, 2001, compared with MSEK 407.6 at the year-end. Other than this, assets consist principally of listed securities that are immediately realisable. The Group's long-term holdings of listed securities had a total market value of MSEK 8,150.

The Group's net investments in securities during the period amounted to MSEK 114.8. Investments in fixed assets amounted to MSEK 35.7 during the period.

The Parent Company's equity ratio was 55% as at 30 June, 2001. If the premium over the book value of the long-term securities portfolio is also included, the equity ratio amounted to 80%. The corresponding equity ratios for the Group are 30% and 59% respectively.

OPERATIONS AND RESULTS OF SUBSIDIARIES AND ASSOCIATE COMPANIES

The year has begun with further growth within all product areas. Moderna Försäkringar now has more than 100,000 private policyholders, and its corporate insurance unit has increased its market share. As a result of higher premiums and other measures to improve profitability the claims ratio is now moving in the right direction. The aviation insurance business was transferred to InterHannover as of 1 March.

However, the favourable result of the core business was pulled down by the need to add to the reserve for the industrial and marine insurance book, which is being phased out. The overall result after financial items was a loss of MSEK 7.1 (MSEK 2.9)

Banque Invik S.A. once again began the year with a favourable earnings trend coupled with continued growth in all areas of business. The prevailing uncertainty on the stock market only had a marginal impact on the business. Assets under management and the number of clients investing in Moderna Fonder's Index Funds are increasing steadily. The bank's income after financial items amounted to MSEK 24.4 (6.8).

Modern Privat Kapitalförvaltning AB provides asset management services based on fundamental analysis of a high standard combined with a high level of personal service. The assets under management amounted to MSEK 4,730. Income after financial items amounted to MSEK 2.2 (7.2).

Fischer Partners Fondkommission AB, in which Invik has a 50% interest, had a market share of 3.5% on the Stockholm Stock Exchange. The company is currently a market maker for 19 companies on the NGM list. Income after financial items amounted to MSEK 11.6 (59.2).

Gamla Stans Bryggeri AB, the brewing business, reports a further loss. The business has been reorganized during the year and costs reduced.

The associate companies Tele2, Kinnevik, MTG, MIC, and Metro are listed on the stock market and publish their own interim reports.

PERSONNEL

The average number of employees in the Group during the period was 191. At the close of the period the number of employees was 203, of whom 178 were in Sweden.

EARNINGS PER SHARE

The loss per share amounted to SEK 4.0 (income of 10.5).

The total number of shares in issue as at 30 June, 2001 was 7,760,000, of which 3,753,333 were Series "A" shares and 4,006,667 Series "B" shares.

PARENT COMPANY

The result after financial items was a loss of MSEK 34.0 (profit of 147.7). Liquid assets as at 30 June, 2001 amounted to MSEK 314.6, which may be compared with MSEK 407.6 at year-end. The Parent Company's net investments in shares during the period amounted to MSEK 142.2 and in fixed assets to MSEK 0.0.

The average rate of interest paid on the Parent Company's borrowing during the period was 4.7% (4.6%).

EVENTS AFTER THE REPORT DATE

Korsnäs Re. A.S. of Luxembourg was acquired for MEUR 16.2 on 2 July, 2001. This will have a positive effect on financial operations, particularly for the non-life and life insurance areas within Moderna Försäkringar AB.

FORECAST

At the time of the previous report on 27 April, 2001, the result at 30 June was estimated to be in the region of MSEK 200 following the receipt of the shares in Transcom WorldWide S.A. distributed by Industriförvaltning AB Kinnevik. Distribution is now expected to take place in the third quarter of 2001.

The subsequent result for 2001 is expected to be approximately MSEK 200.

Stockholm, 8 August, 2001

Thomas Jönsson
President

The preliminary publication date for the interim report for the January-September 2001 period is 26 October, 2001.

As of 1 January, 2001, the Swedish Financial Accounting Standards Council's Recommendation RR20 Interim Reports has been applied. In other respects, the Group's accounts are made up in accordance with previously applied accounting principles.

This interim report has not been subject to specific examination by the company's auditors.

CONSOLIDATED INCOME STATEMENT

Acquisition method * (SEK million)	1 Jan–30 June		1 April–30 June		Full year
	2001	2000	2001	2000	2000
Net sales	389.8	387.6	212.1	193.7	817.4
Cost of goods and services supplied	-274.1	-324.4	-146.0	-175.2	-640.4
Gross income	115.7	63.2	66.1	18.5	177.0
Selling and administrative expenses	-144.6	-153.2	-76.6	-66.0	-329.5
Other operating revenues and expenses	-0.4	4.5	-0.3	-1.1	5.5
Dividend income	8.3	26.7	2.2	24.6	42.7
Capital gains on securities sold	6.2	172.2	6.2	0.9	213.8
Operating income	-14.8	113.4	-2.4	-23.1	109.5
Net interest expense and other financial items	-21.5	-0.1	-9.9	4.2	3.7
Income after financial items ¹⁾	-36.3	113.3	-12.3	-18.9	113.2
Minority share in income for the period	0.5	0.0	0.3	0.0	0.3
Tax paid	-8.7	-3.8	-4.9	-1.1	-7.0
Deferred tax	13.7	-28.3	5.8	10.5	-18.5
NET INCOME FOR THE PERIOD ²⁾	-30.8	81.2	-11.1	-9.5	88.0

*The income statement and balance sheet are prepared according to the earlier accounting principles.

¹⁾ Income after financial items according to the equity method

	-255.6	211.3	-52.7	42.8	2,768.5
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²⁾ Net income for the period according to the equity method

	-307.5	126.3	-82.8	-58.0	2,640.8
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CONSOLIDATED BALANCE SHEET Acquisition method (SEK million)	30 June		31 Dec.
	2001	2000	2000
ASSETS			
Fixed assets			
Goodwill	125.9	80.1	105.0
Other intangible assets	9.6	15.3	12.1
Tangible assets	28.2	36.8	28.5
Financial assets ³⁾	3,389.9	2,895.2	3,268.7
Total fixed assets	3,553.6	3,027.4	3,414.3
Current assets			
Inventories	1.0	3.3	1.3
Current receivables	642.6	539.0	610.2
Investments	3,185.6	2,338.8	3,719.0
Cash and bank balances	129.1	96.5	145.2
Total current assets	3,958.3	2,977.6	4,475.7
TOTAL ASSETS	7,511.9	6,005.0	7,890.0
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Restricted equity	1,110.5	1,056.7	1,116.4
Unrestricted equity	1,136.5	1,255.0	1,203.0
Total equity ⁴⁾	2,247.0	2,311.7	2,319.4
Minority interest	4.0	3.4	3.1
Provisions	76.3	99.1	89.8
Long-term liabilities			
Interest-bearing liabilities	1,594.7	675.6	1,361.8
Current liabilities			
Interest-bearing liabilities	2,980.3	2,240.3	3,525.2
Non-interest-bearing liabilities	609.6	674.9	590.7
Total current liabilities	3,589.9	2,915.2	4,115.9
Total liabilities	5,184.6	3,590.8	5,477.7
TOTAL EQUITY, PROVISIONS AND LIABILITIES	7,511.9	6,005.0	7,890.0
³⁾ Financial assets according to the equity method	5,383.4	2,999.3	5,422.3
⁴⁾ Total equity according to the equity method	4,240.5	2,494.3	4,473.0

CHANGE TO GROUP EQUITY

(SEK million)

	1 Jan–30 June	
	2001	2000
Opening balance as per balance sheet December 31	2,319.4	2,250.4
Exchange rate differences	4.9	3.3
Dividend	–46.5	–23.2
Profit/loss for the period	–30.8	81.2
Closing balance	2,247.0	2,311.7

CASH FLOW ANALYSIS

(SEK million)

	1 Jan–30 June		Full year
	2001	2000	2000
Cash flow from current operations	–32.1	–39.2	–68.4
Change in working capital	–21.4	74.6	–163.7
Total cash flow from current operations	–53.5	35.4	–232.1
Cash flow from investment operations	–148.9	–78.5	–448.7
Cash flow from financing operations	186.3	34.2	720.6
Change in liquid funds	–16.1	–8.9	39.8
Liquid funds at opening of year	145.2	105.4	105.4
Liquid funds at close of period	129.1	96.5	145.2

FINANCIAL HIGHLIGHTS

	30 June		31 Dec.
	2001	2000	2000
Equity, SEK million	2,247	2,312	2,319
Balance sheet total, SEK million	7,512	6,005	7,890
Net asset value, SEK million	7,510	12,320	7,829
Equity ratio I %	30.0	38.6	29.4
Equity ratio II %	58.8	77.0	58.5
Debt/equity ratio, multiple	2.3	1.6	2.3
Data per share, SEK ¹⁾			
Market price	780	914	770
Net asset value	968	1,588	1,009
Earnings after taxes	–4.0	10.5	11.3
Market price/net asset value %	81	58	76

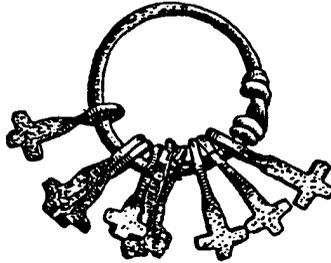
¹⁾ The number of outstanding shares was 7,760,000.

Definitions

Net asset value Equity, adjusted for surplus value/deficit in the long-term securities portfolio without regard to tax effects.

Equity ratio I Equity, plus minority interest, divided by the balance sheet total.

Equity ratio II Net asset value, plus minority interest, divided by the balance sheet total, adjusted for surplus value/deficit in holdings of publicly traded securities.



*Thor's hammers made of iron, dating from the days of the Vikings and discovered at Innvik, Nordfjord, Norway.**

Connections..

Thor, the god of thunder, protected mankind from violence and 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 hands. 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 faith.

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 the Inuit, Inupiak, Inuktitut, Inuttut, Inuvialukton, and Inuinaqtun. Inuvik means the people place – or town. Inuvik can refer to any settlement. 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.

**Bergens University Museum*

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