

INVIK & CO. AB



INTERIM REPORT 2001
1 JANUARY – 30 SEPTEMBER

INTERIM REPORT 1 January – 30 September 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 September, 2001, the value of the Group's holdings of listed securities was MSEK 5,515. On 25 October, 2001, the value was MSEK 7,183, which gives a premium over the book value of the Group's portfolio of MSEK 4,202 on that date.

The long-term securities portfolio as at 30 September, 2001 consisted of shares in Tele2 AB ("Tele2"), Industriförvaltnings AB Kinnevik ("Kinnevik"), Modern Times Group MTG AB ("MTG"), Metro International S.A. ("Metro"), Transcom WorldWide S.A. ("Transcom"), 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.
- Transcom, 7,016,815 Series "A" shares and 1,486,508 Series "B" shares, equivalent to 22.0% of the votes and 13.5% of the share capital. After full conversion of convertible loan, 17.7% of the votes and 12.0% of the 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 36%, 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 14% over the same period. The price of Invik's shares has increased by some 1,720% since the first day of trading on 1 July, 1987, corresponding to an annual average appreciation of 23%.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 624 per share as at 30 September, 2001 and SEK 839 as at 25 October, 2001.

Invik's shares are listed on the Stockholm Stock Exchange's "O" list. The "B" share price paid on 30 September, 2001 was SEK 400 and on 25 October, 2001 it was SEK 570.

CONSOLIDATED EARNINGS

The result after financial items, in accordance with the acquisition method, amounted to MSEK 4.4, which may be compared with income of MSEK 107.3 for the corresponding period in the previous year. Income after tax amounted to MSEK 15.9 (73.3).

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 60.6 as at 30 September, 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 5,515.

The Group's net investments in securities during the period amounted to MSEK 114.9. Investments in fixed assets amounted to MSEK 57.8 during the period.

The Parent Company's equity ratio was 52% as at 30 September, 2001. If the premium over the book value of the long-term securities portfolio is also included, the equity ratio amounted to 70%. The corresponding equity ratios for the Group are 27% and 44% respectively.

OPERATIONS AND RESULTS OF SUBSIDIARIES AND ASSOCIATE COMPANIES

The year began 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 amounted to MSEK 0.6 (loss of MSEK 5.7).

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 34.9 (17.5).

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 3,580. Income after financial items amounted to MSEK 1.3 (14.8).

Fischer Partners Fondkommission AB - a wholly owned subsidiary of Invik since 3 September, 2001 - had a market share of 3.6% on the Stockholm Stock Exchange. The company is currently a market maker for 14 companies on the NGM list. Income after financial items amounted to MSEK 12.5 (61.1).

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, Metro, Transcom and MIC 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 271. At the close of the period the number of employees was 280, of whom 256 were in Sweden.

EARNINGS PER SHARE

Earnings per share amounted to SEK 2.0 (9.4).

The total number of shares in issue as at 30 September, 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 amounted to MSEK 4.3 (143.9). Liquid assets as at 30 September, 2001 amounted to MSEK 60.6, 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 371.8 and in fixed assets to MSEK 0.1.

The average rate of interest paid on the Parent Company's borrowing during the period was 4.8% (4.7).

FORECAST

No forecast is provided for the 2001 financial year as a whole.

Stockholm, 26 October, 2001

Thomas Jönsson
President

The preliminary publication date for the year-end communiqué for 2001 is 19 February 2002.

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 Sept		1 July – 30 Sept		Full year 2000
	2001	2000	2001	2000	
Net sales	619.0	600.5	229.2	212.9	817.4
Cost of goods and services supplied	-416.2	-504.7	-142.1	-180.3	-640.4
Gross income	202.8	95.8	87.1	32.6	177.0
Selling and administrative expenses	-232.6	-225.2	-88.0	-72.0	-329.5
Other operating revenues and expenses	-0.9	5.4	-0.5	0.9	5.5
Dividend income	80.5	38.1	72.2	11.4	42.7
Capital gains on securities sold	6.3	172.2	0.1	0.0	213.8
Operating income	56.1	86.3	70.9	-27.1	109.5
Net interest expense and other financial items	-51.7	21.0	-30.2	21.1	3.7
Income after financial items ¹⁾	4.4	107.3	40.7	-6.0	113.2
Minority share in income for the period	0.7	0.0	0.2	0.0	0.3
Tax paid	-12.7	-7.2	-4.0	-3.4	-7.0
Deferred tax	23.5	-26.8	9.7	1.5	-18.5
NET INCOME FOR THE PERIOD ²⁾	15.9	73.3	46.7	-7.9	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

	-287.4	204.4	-31.8	-6.9	2,768.5
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²⁾ Net income for the period according to the equity method

	-349.9	99.5	-42.4	-26.8	2,640.8
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CONSOLIDATED BALANCE SHEET	30 September		31 Dec
Acquisition method (SEK million)	2001	2000	2000
ASSETS			
Fixed assets			
Goodwill	140.3	109.0	105.0
Other intangible assets	8.3	14.1	12.1
Tangible assets	37.4	35.1	28.5
Financial assets ³⁾	3,452.9	3,151.9	3,268.7
Total fixed assets	3,638.9	3,310.1	3,414.3
Current assets			
Inventories	40.6	1.5	1.3
Current receivables	659.9	730.6	610.2
Investments	4,008.3	3,077.9	3,719.0
Cash and bank balances	254.1	163.4	145.2
Total current assets	4,962.9	3,973.4	4,475.7
TOTAL ASSETS	8,601.8	7,283.5	7,890.0
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Restricted equity	1,110.5	1,056.7	1,116.4
Unrestricted equity	1,198.8	1,240.5	1,203.0
Total equity ⁴⁾	2,309.3	2,297.2	2,319.4
Minority interest	4.4	3.1	3.1
Provisions	149.1	97.6	89.8
Long-term liabilities			
Interest-bearing liabilities	1,866.6	1,294.5	1,361.8
Current liabilities			
Interest-bearing liabilities	3,544.2	2,910.3	3,525.2
Non-interest-bearing liabilities	728.2	680.8	590.7
Total current liabilities	4,272.5	3,591.1	4,115.9
Total liabilities	6,139.0	4,885.6	5,477.7
TOTAL EQUITY, PROVISIONS AND LIABILITIES	8,601.8	7,283.5	7,890.0
³⁾ Financial assets according to the equity method	5,410.2	3,249.1	5,422.3
⁴⁾ Total equity according to the equity method	4,266.6	2,394.4	4,473.0

CHANGE TO GROUP EQUITY

(SEK million)

	1 Jan – 30 Sept	
	2001	2000
Opening balance as per balance sheet December 31	2,319.4	2,250.4
Exchange rate differences	20.5	-3.3
Dividend	-46.5	-23.2
Profit/loss for the period	15.9	73.3
Closing balance	2,309.3	2,297.2

CASH FLOW ANALYSIS

(SEK million)

	1 Jan – 30 Sept		Full year
	2001	2000	2000
Cash flow from current operations	-54.1	-72.2	-68.4
Change in working capital	-200.0	-172.1	-163.7
Total cash flow from current operations	-254.1	-244.3	-232.1
Cash flow from investment operations	-173.3	-350.8	-448.7
Cash flow from financing operations	536.3	653.1	720.6
Change in liquid funds	108.9	58.0	39.8
Liquid funds at opening of year	145.2	105.4	105.4
Liquid funds at close of period	254.1	163.4	145.2

FINANCIAL HIGHLIGHTS

	30 September		31 Dec
	2001	2000	2000
Equity, SEK million	2,309	2,297	2,319
Balance sheet total, SEK million	8,602	7,284	7,890
Net asset value, SEK million	4,843	9,919	7,829
Equity ratio I %	26.9	31.6	29.4
Equity ratio II %	43.5	66.6	58.5
Debt/equity ratio, multiple	2.6	2.1	2.3
Data per share, SEK ¹⁾			
Market price	400	894	770
Net asset value	624	1,278	1,009
Earnings after taxes	2.0	9.4	11.3
Market price/net asset value %	64	70	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 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 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 inuit, inupiak, inuktitut, inuttut, inuvialukton, and inuinaqtun. Inuvik means the people's 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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