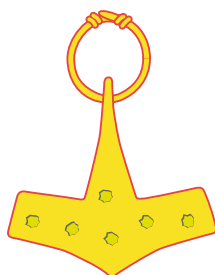


# **INVIK & CO. AB**



**INTERIM REPORT 2002**

**1 JANUARY – 30 JUNE**

## **INTERIM REPORT 1 January – 30 June 2002**

### **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, 2002, the value of the Group's holdings of listed securities was MSEK 4,093. On 5 August, 2002, the value was MSEK 3,681, which gives a premium over the book value of the Group's portfolio of MSEK 344 on that date.

The long-term securities portfolio as at 30 June, 2002 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, 9,891,787 class A shares and 2,925,579 class B shares, equivalent to 24.4% of the votes and 8.7% of the equity.
- Kinnevik, 6,281,387 class A shares and 2,286,936 class B shares, equivalent to 32.7% of the votes and 13.6% of the equity.
- MTG, 6,181,249 class A shares, equivalent to 30.0% of the votes and 9.3% of the equity. After full conversion of convertible loan stock, this corresponds to 29.6% of the votes and 8.9% of the equity.
- Metro, 7,222,082 class A shares, equivalent to 12.9% of the votes and 6.6% of the equity. After full conversion of convertible loan stock, this corresponds to 11.4% of the votes and 5.4% of the equity.
- Transcom, 7,152,046 class A shares and 1,351,277 class B shares, equivalent to 22.4% of the votes and 13.4% of the equity. After full conversion of convertible loan stock, this corresponds to 18.0% of the votes and 11.9% of the equity.
- MIC, 940,418 shares, equivalent to 1.9% of the votes and equity.

During Invik's seventeen-year history, the appreciation of its net asset value corresponds to an annual return of 31%, 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 13% over the same period. The price of Invik's shares has increased by some 1,130% since the first day of trading on 1 July, 1987, corresponding to an annual average appreciation of 18%.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 387 per share as at 30 June, 2002 and SEK 334 as at 5 August, 2002.

Invik's shares are since 1 July, 2002 listed on the Stockholm Stock Exchange Attract 40-list. The B share price paid on 30 June, 2002 was SEK 270 and on 5 August, 2002 it was SEK 220.

### **CONSOLIDATED EARNINGS**

The loss after financial items, in accordance with the acquisition method, amounted to MSEK 49.1 which may be compared with loss of MSEK 36.3 for the corresponding period in the previous year. The loss after tax amounted to MSEK 40.2 (loss of 30.8).

The consolidated income above does not include the Parent Company's interest in the earnings of associated 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 31.4 as at 30 June, 2002, compared with MSEK 104.5 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 4,093.

The Group's net investments in securities during the period amounted to MSEK -20.2. Investments in fixed assets amounted to MSEK 28.0 during the period.

The Parent Company's equity ratio was 51% as at 30 June, 2002. If the premium over the book value of the long-term securities portfolio is also included, the equity ratio amounted to 58%. The corresponding equity ratios for the Group are 27% and 33% respectively.

### **OPERATIONS AND RESULTS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

Moderna Försäkringar reports strong growth for the first half of 2002, with 15,000 new customers and profits that remain healthy for the insurance business, despite depressed financial returns. The damages frequency and the compensation costs ratio were both lower than last year. The compensation costs ratio was 52.9%, and the total costs ratio was 81.7%. The industrial and marine portfolio, currently under development, also performed well. The result before tax amounted to MSEK 1.3 (loss of 7.1).

Moderna Försäkringar Liv AB launched the first capital and pension insurance products in May in partnership with Modern Funds and MPK Kapitalförvaltning AB. The group life insurance activities reported a premium volume of MSEK 56 and a compensation cost ratio of 56.8%.

Modern Re S.A., acquired in 2001, saw a very favourable compensation cost development for the first half of the year and reported a result before tax of MSEK 10.9.

Banque Invik S.A. offers qualified advisory services regarding asset management to wealthy private individuals. Furthermore, Banque Invik offers financial advisory services to companies, provides credit card services and operates fund management. The Bank 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. Moderna Fonder today offers 11 European Index Funds whereof 7 are share index funds and 4 are interest index funds. Assets under management and the number of clients investing in Moderna Fonder's Index Funds are increasing continuously. The Bank's income after financial items amounted to MSEK 16.0 (24.4).

Modern Privat Kapitalförvaltning AB provides asset management services based on fundamental analysis combined with a high level of personal service. Aktie-Ansvar AB has under management the top ranked funds Ansvar Equity Fund Sweden and Equity Ansvar Europe. OP Financial Services AB is a financial consultant. MPK has some SEK 4.5 billion under management. Income after financial items amounted to MSEK 1.2 (2.2).

Fischer Partners is a stockbroker and trading company. It is one of Scandinavia's leading brokers for electronic customer trading and is a member of the Stockholm, Helsinki, Copenhagen and Oslo Stock Exchanges. Fischer Partners' customers are primarily foreign and Swedish institutions and active private individuals. The result before allocations and tax was MSEK 2.8 (11.6).

Gamla Stans Bryggeri AB, the brewing and restaurant business, reports a further loss. The restaurant business has been conducted since May 2002 under the name Pontus by the Sea.

The associated 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 226. At the close of the period the number of employees was 221, of whom 194 were in Sweden.

#### **EARNINGS PER SHARE**

The loss per share amounted to SEK 5.20 (loss of 4.00).

The total number of shares in issue as at 30 June, 2002 was 7,760,000, of which 3,753,333 were class A shares and 4,006,667 class B shares.

#### **PARENT COMPANY**

The loss after financial items amounted to MSEK 49.8 (loss of 34.0). Liquid assets as at 30 June, 2002 amounted to MSEK 31.4, which may be compared with MSEK 104.5 at year-end. The Parent Company's net investments in shares during the period amounted to MSEK 13.3 and in fixed assets to MSEK 2.4.

The average rate of interest paid on the Parent Company's borrowing during the period was 4.9% (4.7).

Stockholm, 6 August 2002

Thomas Jönsson  
President

The preliminary publication date for the interim report for the January – September 2002 period is 25 October 2002.

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 Apr-30 June		Full year 2001
	2002	2001	2002	2001	
Net sales	468.3	389.8	257.1	212.1	856.4
Cost of goods and services supplied	-268.4	-274.1	-146.3	-146.0	-569.7
<b>Gross income</b>	<b>199.9</b>	<b>115.7</b>	<b>110.8</b>	<b>66.1</b>	<b>286.7</b>
Selling and administrative expenses	-220.8	-144.6	-114.3	-76.6	-375.2
Other operating revenues and expenses	2.0	-0.4	1.9	-0.3	22.3
Dividend income	8.6	8.3	4.3	2.2	106.0
Capital gains on securities sold	56.6	6.2	25.8	6.2	27.5
<b>Operating income</b>	<b>46.3</b>	<b>-14.8</b>	<b>28.5</b>	<b>-2.4</b>	<b>67.3</b>
Net interest expense and other financial items	-95.4	-21.5	-80.9	-9.9	-59.5
<b>Income after financial items <sup>1)</sup></b>	<b>-49.1</b>	<b>-36.3</b>	<b>-52.4</b>	<b>-12.3</b>	<b>7.8</b>
Minority share in income for the period	0.7	0.5	0.4	0.3	1.0
Tax paid	-3.8	-8.7	1.4	-4.9	-12.7
Deferred tax	12.0	13.7	14.2	5.8	41.9
<b>NET INCOME FOR THE PERIOD <sup>2)</sup></b>	<b>-40.2</b>	<b>-30.8</b>	<b>-36.4</b>	<b>-11.1</b>	<b>38.0</b>

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

<sup>1)</sup> Income after financial items according to the equity method

	-108.1	-255.6	-55.7	-52.7	-270.0
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<sup>2)</sup> Net income for the period according to the equity method

	-164.4	-307.5	-70.7	-82.8	-70.8
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<b>CONSOLIDATED BALANCE SHEET</b> <b>Acquisition method (SEK million)</b>	<b>30 June</b>		<b>31 Dec</b>
	<b>2002</b>	<b>2001</b>	<b>2001</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	139.6	125.9	129.9
Other intangible assets	8.1	9.6	6.9
Tangible assets	29.7	28.2	34.0
Financial assets <sup>3)</sup>	3,482.4	3,389.9	3,496.8
<b>Total fixed assets</b>	<b>3,659.8</b>	<b>3,553.6</b>	<b>3,667.6</b>
<b>Current assets</b>			
Inventories and securities	35.3	1.0	18.1
Current receivables	620.9	642.6	567.7
Investments	3,771.0	3,185.6	4,017.0
Cash and bank balances	313.2	129.1	297.8
<b>Total current assets</b>	<b>4,740.4</b>	<b>3,958.3</b>	<b>4,900.6</b>
<b>TOTAL ASSETS</b>	<b>8,400.2</b>	<b>7,511.9</b>	<b>8,568.2</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	1,131.4	1,110.5	1,130.2
Unrestricted equity	1,113.5	1,136.5	1,188.6
<b>Total equity <sup>4)</sup></b>	<b>2,244.9</b>	<b>2,247.0</b>	<b>2,318.8</b>
Minority interest	2.8	4.0	2.2
Provisions	113.6	76.3	127.8
<b>Long-term liabilities</b>			
Interest-bearing liabilities	1,842.8	1,594.7	1,580.0
<b>Current liabilities</b>			
Interest-bearing liabilities	3,344.5	2,980.3	3,894.1
Non-interest-bearing liabilities	851.6	609.6	645.3
<b>Total current liabilities</b>	<b>4,196.1</b>	<b>3,589.9</b>	<b>4,539.4</b>
<b>Total liabilities</b>	<b>6,038.9</b>	<b>5,184.6</b>	<b>6,119.4</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>8,400.2</b>	<b>7,511.9</b>	<b>8,568.2</b>
<sup>3)</sup> Financial assets according to the equity method	5,201.1	5,383.4	5,515.3
<sup>4)</sup> Total equity according to the equity method	3,963.6	4,240.5	4,337.3

## CHANGE TO GROUP EQUITY

(SEK million)	1 Jan – 30 June	
	2002	2001
Opening balance as per balance sheet December 31	2,318.8	2,319.4
Exchange rate differences	-10.4	4.9
Dividend	-23.3	-46.5
Profit/loss for the period	-40.2	-30.8
<b>Closing balance</b>	<b>2,244.9</b>	<b>2,247.0</b>

## CASH FLOW ANALYSIS

(SEK million)	1 Jan – 30 June		Full year
	2002	2001	2001
Cash flow from current operations	-39.9	-32.1	-86.9
Change in working capital	-175.8	-21.4	158.1
<b>Total cash flow from current operations</b>	<b>-215.7</b>	<b>-53.5</b>	<b>71.2</b>
Cash flow from investment operations	-6.7	-148.9	-171.8
Cash flow from financing operations	239.4	186.3	250.6
<b>Change in liquid funds</b>	<b>17.0</b>	<b>-16.1</b>	<b>150.0</b>
Liquid funds at opening of year	296.2	145.2	147.8
<b>Liquid funds at close of period</b>	<b>313.2</b>	<b>129.1</b>	<b>297.8</b>

## FINANCIAL HIGHLIGHTS

	30 June		31 Dec
	2002	2001	2001
Equity, SEK million	2,245	2,247	2,319
Balance sheet total, SEK million	8,400	7,512	8,568
Net asset value, SEK million	3,001	7,510	6,960
Equity ratio I, %	26.8	30.0	27.1
Equity ratio II, %	32.8	58.8	52.7
Debt/equity ratio, multiple	2.6	2.3	2.6
<b>Data per share, SEK <sup>1)</sup></b>			
Market price	270	780	579
Net asset value	387	968	897
Earnings after taxes	-5.2	-4.0	4.9
Market price/net asset value %	70	81	65

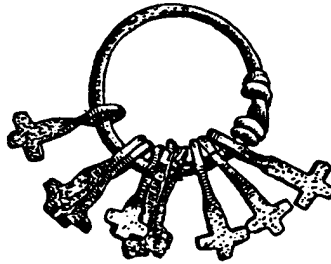
<sup>1)</sup> The number of outstanding shares was 7,760,000.

### 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 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. 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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