

INVIK & CO. AB

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FINANCIAL RESULTS FOR THE PERIOD 1 JANUARY – 30 JUNE 2003

- Consolidated income after financial items amounted to SEK 90.4 (–49.1) million for the first half of the year, including capital gains of SEK 90.6 (56.6) million on the sale of shares.
- Modern Finance Group reported income after financial items of SEK 50.0 (15.1) million for the first half of the year.
- The market value of the long-term securities portfolio increased during the first half of the year by SEK 1,461 million to SEK 5,657 million.
- The Parent Company's external loans amounted to SEK 1,520.7 million at the end of the period. Since the end of the first half of the year, external debt has been reduced by SEK 100 million following the sale of 325,000 Tele2 class B shares.

Anders Fällman, CEO and President of Invik & Co. AB, commented: "The company's net asset value developed very favourably during the first half of the year with the market value of the securities portfolio increasing by almost SEK 1,500 million."

"It is very encouraging that the aim of strengthening the cash flow and achieving a sustainable result for the operating businesses that at least corresponds to the Parent Company's administrative and interest costs was already achieved during the first half of the year. Modern Finance Group has reported income after financial items of SEK 50 million for the first half of the year, which is a considerable increase compared to last year. We remain focused on further increasing the profitability of the operating companies", he continues.

	30 June 2003	Value/Share	Share of	31 Dec
	(SEK million)	(SEK)	total assets	2002 (SEK
Net Asset Value			(%)	million)
Book value of listed securities	2,902.3	374	57	2,965.4
Surplus to book value of listed securities	2,754.6	355	30	1,231.0
Book value of Modern Finance Group	656.8	85	12	618.9
Book value of other assets	43.0	5	1	62.9
Net debt of Parent Company	–1,721.1	–222	–	–1,813.2
Net asset value	4,635.6	597	–	3,065.0
Market value of Invik				
(closing rate B-share)	2,983.7	385	–	2,009.8
Discount to net asset value	36%	–	–	34%

ADMINISTRATION

Invik & Co. AB is an investment 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. The subsidiaries are principally active in the areas of Banking, Insurance, Asset management and Securities trading.

The value of the Group's holdings of listed securities increased during the first half of the year by 35% to SEK 5,657 million as at 30 June 2003, representing a premium of SEK 2,755 million to the book value of the Group's portfolio. Following the sale of 325,000 Tele2 B shares in July, the value of the Group's holdings of listed securities was SEK 5,904 million as at 6 August 2003, representing a premium of SEK 3,036 million to the book value of the Group's portfolio.

The long-term securities portfolio as at 30 June 2003 consisted of the following listed shares:

- Tele2 AB ("Tele2"); 9,891,787 class A shares and 2,225,579 class B shares, equivalent to 29.5% of the votes and 8.2% of the capital.
- Industriförvaltnings AB Kinnevik ("Kinnevik"); 6,281,387 class A shares and 2,286,936 class B shares, equivalent to 35.0% of the votes and 13.6% of the capital.
- Modern Times Group MTG AB ("MTG"); 6,181,249 class A shares, equivalent to 30.0% of the votes and 9.3% of the capital.
- Metro International S.A. ("Metro"); 7,222,082 class A shares, equivalent to 12.9% of the votes and 6.6% of the capital.
- Transcom WorldWide S.A. ("Transcom"); 7,152,046 class A shares and 1,351,277 class B shares, equivalent to 20.4% of the votes and 12.3% of the capital.
- Millicom International Cellular S.A. ("MIC"); 313,473 shares, equivalent to 1.9% of the votes and capital.

Invik's net asset value has generated an annual return (excluding dividend), of 32% over its 18-year history calculated on the basis of the company's original net asset value of SEK 4 per share in 1985. This can be compared with the annual return of the "Affärsvärlden General Index" of 12% during the same period. The price of Invik's shares has increased by 1,648% since the first day of trading on 1 July 1987, equivalent to a compound annual growth rate of 20%.

The net asset value, calculated as the market value of listed securities plus the book value of other assets less liabilities, was SEK 597 per share as at 30 June 2003 and SEK 642 as at 6 August 2003.

Invik's shares have been listed on Stockholmsbörsen since 1997. The last traded price for the class A shares on 30 June 2003 was SEK 376, and SEK 415 on 6 August 2003. The last traded price for the class B shares on 30 June 2003 was SEK 384.50 and SEK 418 on 6 August 2003.

CONSOLIDATED RESULT

Consolidated income after financial items, in accordance with the acquisition method of accounting, amounted to SEK 90.4 (-49.1) million for the first half of the year. Net income was SEK 71.3 (-40.2) million.

Consolidated income after financial items for the second quarter, in accordance with the acquisition method of accounting, was SEK 15.1 (-52.4) million and net income was SEK 16.6 (-36.4) million.

The consolidated result above does not include the Parent Company's interest in the earnings of associate companies. The consolidated result in accordance with the equity interest method of accounting is shown in a note to the consolidated income statement.

FINANCIAL POSITION AND INVESTMENTS

The Group's liquidity reserve, comprising liquid funds and approved but undrawn credits excluding funds in the banking and insurance operations, amounted to SEK 26.3 million at 30 June 2003, compared to SEK 197.1 million at 31 December 2002. The Group's other assets consisted largely of securities in listed companies that are realisable on the stock market. The Group's long-term holdings of listed securities had a total market value of SEK 5,657 (4,093) million as at 30 June.

The Group's net sales of securities during the first six months of the year amounted to SEK 153.3 (20.2) million. Investments in intangible and tangible fixed assets amounted to SEK 9.4 (28.0) million during the period.

The Group's equity to assets ratio was 22.9% (26.8%) as at 30 June. Adjusted for the surplus to book value of the long-term securities portfolio, the equity to assets ratio was 47.8% (32.8%).

OPERATIONS AND RESULTS OF SUBSIDIARIES

PORTFOLIO MANAGEMENT

During the first quarter, a total of 600,000 Tele2 class B shares were sold on the stock market. The capital gain of SEK 90.6 million arising from the sale is stated as income from sales of securities in the consolidated income statement. The proceeds of the sale have been used to reduce the Parent Company's external loans.

In July, an additional 325,000 Tele2 class B shares were sold on the stock market. In accordance with the new tax rules effective from 1 July 2003, the capital gain on this sale is not liable to taxation and will be stated in the Group's income statement for the third quarter. The proceeds of the sale have been used to repay some of the Parent Company's external loans.

The associate companies Tele2, Kinnevik, MTG, Metro, Transcom and MIC are all listed companies and publish their own interim reports. The income after financial items for Portfolio management amounted to SEK 44.2 (-59.3) million for the first half of the year.

MODERN FINANCE GROUP

The measures to improve the profitability of Modern Finance Group have started to pay off. The growth strategy to provide attractive niche products within profitable segments is proving to be successful. The Group's companies have succeeded in strengthening their positions despite the weak financial markets.

Modern Finance Group reported income after financial items of SEK 50.0 (15.1) million for the first half of the year.

BANKING

The persistently volatile financial markets and the general economic downturn are reflected in lower revenue at Banque Invik during the first half of 2003 compared to the same period last year. Lower interest margins and reduced revenue on currency transactions, together with the divestment of the Stockholm branch's asset management business to Modern Privat Kapitalförvaltning MPK AB at the beginning of the year all contributed to the 28% decline in revenue. Banque Invik's cost-cutting programme has continued according to plan, and during the first half-year operating costs were reduced by 17% on the corresponding period last year.

Despite the uncertain economic climate, the credit card business has continued to make good progress with higher turnover than for the same period last year.

Modern Treuhand has developed according to plan with increased turnover and a positive operating result. The business expanded into The Netherlands during the first half of 2003.

The liquidity ratio in the Bank was 52% and the capital adequacy ratio was 251% as at 30 June 2003.

The Banking business reported income after financial items of SEK 33.3 (16.0) million for the first half of the year. This figure includes non-recurring items of SEK 5.2 (–19.5) million.

INSURANCE

Moderna Försäkringar AB reported continued strong growth for the first half of the year with the addition of 22,000 new policyholders, an annual increase of SEK 91 million in premiums and a positive trend in the result of its insurance operations. With a claims cost ratio of 58.4% and a total cost ratio of 86.9%, the non-life insurance business reported the best ratios in the sector for the fourth consecutive year. Income after financial items amounted to SEK 11.2 (1.3) million.

The launch of Moderna Försäkringar Liv's capital and pension insurance products in partnership with Aktie-Ansvar and Moderna Fonder has aroused a strong interest on the market with a premium growth of SEK 31 million. The Group life business has continued to expand and reported just over 5,000 new customers and the continuation of low claims costs during the first half of the year. The establishment of the unit-linked insurance business requires high marketing and distribution costs, and the business will therefore report a loss during the build-up phase. The result after financial items amounted to SEK –2.1 (–1.5) million.

The remainder of the Insurance business in Sweden and Luxembourg reported income after financial items of SEK 4.5 (9.9) million.

The Insurance business as a whole reported income after financial items of SEK 9.6 (5.7) million for the first half of the year, including goodwill amortizations of SEK 4.0 (4.0) million.

ASSET MANAGEMENT

The MPK-Group is engaged in discretionary asset management activities through Modern Privat Kapitalförvaltning MPK AB and mutual fund management through Aktie-Ansvar AB. The stock market stabilised during the second quarter, and the general index rose by 16%, which had a positive effect on the general business climate. A programme has been put in place at MPK Kapitalförvaltning in order to reduce the annual cost base by approximately SEK 3 million.

Total assets under management at the MPK Group increased during the period to reach SEK 5,700 million by the end of the first half of the year, at which time MPK Kapitalförvaltning had around 2,200 clients and Aktie-Ansvar around 5,500 clients.

The Asset management business reported income after financial items of SEK 2.9 (1.2) million for the first half of the year.

SECURITIES TRADING

Fischer Partners is engaged in stockbroking and securities trading. The company is one of Scandinavia's leading brokerage houses within electronic share trading, and is a member of the stock exchanges in Stockholm, Helsinki, Copenhagen and Oslo, and of Eurex, the German derivatives market. Fischer Partners has gradually increased its market share on all markets of which it is a member. The market share on Stockholmsbörsen was 5.42% (3.43%) during the first six months, which made Fischer Partners to the sixth largest operator. Brokerage commissions for the first half of 2003 were 10% higher than for the corresponding period in 2002. Measures to cut costs, in combination with higher brokerage revenue, contributed to the improvement in the result.

The Securities trading business reported income after financial items of SEK 4.2 (–7.8) million for the first half of the year.

OTHER BUSINESSES

Gamla Stans Bryggeri AB has improved its result, although it is still unsatisfactory. The restaurant business has been leased to Pontus Frithiof by the Sea AB since May 2002 on the basis of a profit-sharing agreement with Invik. Various measures are being examined for improving the result of the Other businesses.

Other businesses reported income after financial items of SEK –2.9 (–4.9) million for the first half of the year.

EARNINGS PER SHARE

Earnings per share amounted to SEK 9.19 (–5.18) for the first half of the year. Pursuant to the resolution passed at the Annual General Meeting on 15 May, holders of 344,634 class A shares registered to reclassify their class A shares as class B shares. The number of class A shares following the reclassification is 3,408,699 and the number of class B shares is 4,351,301. The total number of outstanding shares in Invik remains unchanged at 7,760,000.

PARENT COMPANY

Income after financial items amounted to SEK 46.2 (–49.8) million. The liquidity reserve amounted to SEK 26.3 million as at 30 June 2003, compared to SEK 181.2 million as at 31 December 2002. The Parent Company's net sale of shares totalled SEK 153.3 million during the first half of the year. Net investment in shares during the same period in 2002 amounted to SEK 13.3 million. Capital expenditure amounted to SEK 0.5 (2.4) million during the first half of the year.

The Parent Company's external loans amounted to SEK 1,520.7 million as at 30 June 2003, of which SEK 432.3 million were current liabilities. The corresponding amounts as at 31 December 2002 were SEK 1,736.3 million and SEK 1,311.3 million respectively. Following the sale of Tele2 class B shares in July 2003, a further SEK 100 million of the Parent Company's external loans has been repaid.

The Parent Company's external loans include a loan of SEK 100 million from Industriförvaltnings AB Kinnevik. This loan is short term and provided on market conditions. Collateral has been provided in the form of listed shares.

The average rate of interest paid by the Parent Company during the first half of the year was 5.0% (4.9%).

BOARD OF DIRECTORS

At the Annual General Meeting on 15 May 2003 the shareholders voted in favour of the Board's proposal to pay a cash dividend of SEK 3 per share to Invik's shareholders. Johan Björkman, Rickard von Horn, Lars-Johan Jarnheimer, Johan Klingspor and Wilhelm Klingspor were re-elected to the Board. Cristina Stenbeck was elected as a full member of the Board, having served as a deputy member since 1997. Viveca Ax:son Johnson was also elected to the Board. At a statutory Board meeting following the AGM, Johan Björkman was re-elected as Chairman and Cristina Stenbeck was elected as Vice Chairman of the Board.

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 on Interim Reports. The Council's new recommendations, which came into effect on 1 January 2003, have been applied in this report. The application of the new recommendations has not had any effect on the stated opening equity position. Otherwise, the same accounting principles have been used in preparation of this interim report as were used in the preparation of the 2002 annual report.

Stockholm, 7 August 2003

Anders Fällman

President and Chief Executive Officer

The preliminary publication date for the interim report for the period January – September is 23 October 2003. This interim report has not been subject to specific examination by the company's auditors.

FOR FURTHER INFORMATION, PLEASE VISIT WWW.INVIK.SE OR CONTACT:

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CONSOLIDATED INCOME STATEMENT

Acquisition accounting method (SEK million)	2003	2002	2003	2002	2002
	1 Jan – 30 June		1 April – 30 June		Full year
Net sales	487.1	468.3	276.2	257.1	983.3
Cost of goods and services	-327.1	-268.4	-192.1	-146.3	-571.5
Gross income	160.0	199.9	84.1	110.8	411.8
Selling and administrative expenses	-174.8	-220.8	-89.3	-114.3	-626.9
Other operating revenue and expenses	26.2	2.0	22.2	1.9	3.4
Income from sale of securities	90.6	56.6	0.0	25.8	-184.6
Dividend income	18.4	8.6	9.2	4.3	17.1
Operating income	120.4	46.3	26.2	28.5	-379.2
Net financial items	-30.0	-95.4	-11.1	-80.9	-108.3
Income after financial items ¹⁾	90.4	-49.1	15.1	-52.4	-487.5
Current tax	-3.5	-3.8	-1.9	1.4	-12.0
Deferred tax	-15.6	12.0	3.4	14.2	42.6
Minority interest	0.0	0.7	0.0	0.4	1.6
NET INCOME FOR THE PERIOD ²⁾	71.3	-40.2	16.6	-36.4	-455.3
¹⁾ Income after financial items according to the equity accounting method	159.4	-108.1	78.0	-55.7	-1,069.5
²⁾ Net income for the period according to the equity accounting method	56.5	-164.4	39.1	-70.7	-1,121.9
Earnings per share before/after dilution, SEK	9.19	-5.18	2.14	-4.69	-58.71
Total number of shares before/after dilution	7,760,000	7,760,000	7,760,000	7,760,000	7,760,000

REVIEW OF THE GROUP (SEK million)	2003	2002	2003	2002	2002
	1 Jan – 30 June		1 April – 30 June		Full year
Net sales by business area					
Portfolio management	5.8	1.3	2.7	0.8	9.8
Banking	109.7	151.6	55.2	80.7	295.5
Insurance	274.8	211.0	166.6	128.0	491.4
Asset management	22.4	39.8	12.2	19.0	68.1
Securities trading	80.3	69.1	41.7	31.0	149.2
Other businesses	1.8	1.3	1.3	0.8	2.7
Eliminations	-7.7	-5.8	-3.5	-3.2	-33.4
Total	487.1	468.3	276.2	257.1	983.3
Income after financial items by business area					
Portfolio management	44.2	-59.3	-21.8	-62.6	-330.3
Banking	33.3	16.0	26.4	10.6	23.4
Insurance	9.6	5.7	8.3	6.9	-2.8
Asset management	2.9	1.2	2.8	4.0	-100.1
Securities trading	4.2	-7.8	1.9	-9.4	-67.7
Other businesses	-2.9	-4.9	-2.0	-1.9	-10.0
Eliminations	-0.9	-	-0.5	-	-
Total	90.4	-49.1	15.1	-52.4	-487.5

CONSOLIDATED BALANCE SHEET	2003	2002	2002
Acquisition accounting method (SEK million)	30 June	30 June	31 Dec
ASSETS			
Fixed assets			
Goodwill	44.2	139.6	53.0
Other intangible assets	5.0	8.1	4.6
Tangible assets	23.9	29.7	25.1
Financial assets ³⁾	2,982.5	3,482.4	3,064.1
Total fixed assets	3,055.6	3,659.8	3,146.8
Current assets			
Inventories and securities	16.8	35.3	29.3
Current receivables	657.2	620.9	466.1
Current investments	3,916.1	3,771.0	3,581.5
Cash and bank balances	568.5	313.2	395.3
Total current assets	5,158.6	4,740.4	4,472.2
TOTAL ASSETS	8,214.2	8,400.2	7,619.0
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Restricted equity	1,190.4	1,131.4	1,161.5
Unrestricted equity	690.6	1,113.5	672.5
Total equity ⁴⁾	1,881.0	2,244.9	1,834.0
Minority interest	0.0	2.8	0.6
Provisions	124.1	113.6	83.7
Long-term liabilities			
Interest-bearing liabilities	1,659.9	1,842.8	460.0
Current liabilities			
Interest-bearing liabilities	3,279.1	3,344.5	4,535.7
Non interest-bearing liabilities	1,270.1	851.6	705.0
Total current liabilities	4,549.2	4,196.1	5,240.7
Total liabilities	6,209.1	6,038.9	5,700.7
TOTAL EQUITY, PROVISIONS AND LIABILITIES	8,214.2	8,400.2	7,619.0
³⁾ Financial assets according to the equity accounting method	3,993.9	5,201.1	4,186.1
⁴⁾ Total equity according to the equity accounting method	2,892.4	3,963.6	2,955.9

SHAREHOLDERS' EQUITY (SEK million)	2003 1 Jan – 30 June	2002 30 June	2002 Full year
Opening balance	1,834.0	2,318.8	2,318.8
Translation differences	-1.0	-10.4	-6.2
Dividend	-23.3	-23.3	-23.3
Profit/loss for the period	71.3	-40.2	-455.3
Closing balance	1,881.0	2,244.9	1,834.0

CONSOLIDATED STATEMENT OF CASH FLOW (SEK million)	2003 1 Jan – 30 June	2002 30 June	2002 Full year
Cash flow from operations before change in working capital	31.9	-39.9	-183.0
Change in working capital	235.6	-175.8	100.0
Total cash flow from operations	267.5	-215.7	-83.0
Investing activities	144.0	-6.7	198.2
Financing activities	-238.3	237.8	-17.7
Cash flow for the period	173.2	15.4	97.5
Liquid funds, opening balance	395.3	297.8	297.8
Liquid funds, closing balance	568.5	313.2	395.3

FINANCIAL HIGHLIGHTS	2003 30 June	2002 30 June	2002 31 Dec
Equity, SEK million	1,881	2,245	1,834
Balance sheet total, SEK million	8,214	8,400	7,619
Net asset value, SEK million	4,636	3,001	3,065
Equity to assets ratio I, %	22.9	26.8	24.1
Equity to assets ratio II, %	47.8	32.8	34.6
Debt/equity ratio, multiple	2.6	2.6	2.7
Data per share, (SEK)			
Market price	384.5	270.0	259.0
Net asset value	597.0	387.0	395.0
Market price/net asset value %	64	70	66

Definitions

Net asset value	Equity, adjusted for surplus value/deficit in the long-term securities portfolio without regard to tax effects.
Equity to assets ratio I	Equity, plus minority interest, divided by total assets.
Equity to assets ratio II	Net asset value, plus minority interest, divided by total assets, adjusted for surplus value/deficit in holdings of publicly traded securities.
Debt/equity ratio	Interest-bearing liabilities divided by equity (including minority interests in equity).