Moderna Finance AB (publ.)

Registration Document

September 2008

Contents

1. Risk factors

General

Moderna Finance AB (publ.) (hereinafter referred to as "Moderna Finance", the "Company" the "Issuer", "Invik & Co." or "Invik") believes that the following factors may affect its ability to fulfill its obligations. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risk inherent in investing in its debt instruments but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any of its outstanding debts may occur for other reasons that do not currently exist, that are not presently considered material, or of which the Issuer is unaware. Prospective investors should base their decision about investing in any of the Issuers debt on their own independent review and such professional advice as they deem appropriate.

Risk relating to the Issuer

Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with Moderna Finance or otherwise fail to perform as agreed. Credit risk is found in all activities where profitability depends on the performance of a counterparty, issuer, lessee or borrower. Moderna Finance will be exposed to a credit risk that arises any time the Company's funds are committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off balance sheet.

Market risk

Moderna Finance is a financial companies group and such it is influenced by conditions on financial markets and the general economic trend in Sweden, the Nordic region and globally. Any decline in these financial markets is likely to have a significantly negative impact on Moderna Finance's operations.

A general decline in share prices is also likely to lead to a decline in assets under management in Moderna Finance's asset management operations, with a negative impact on management fees, since these are proportional to the assets. In addition, the return on capital attained in insurance operations is also likely to be negative impacted.

Interest rate risk

Interest rate risk arises from the Company's exposure, due to its financial obligations, to adverse movements in interest rates. All assets and liabilities are directly or indirectly affected by interest rates. Moderna Finance's interest exposure is affected by prevailing market rates and the interest margin (or "credit spread") paid by the Company. While market rates can rise and fall rapidly, the credit spread is less volatile. Changes in interest rates will have a delayed effect on revenues, since Moderna Finance's fixed-interest terms vary across the loan portfolio.

The interest rate level over time will also be an important factor in the development of the value of the properties and the return which investors can obtain. The interest rate level could also indirectly affect rent levels by having a negative impact on the revenue of the tenants, but rent level is also relevant when renewing or entering into new leases. In general, if interest rates fall, the fair value of the portfolio rises and vice versa.

Currency risk

Most of the Companies assets are denominated in Swedish kronor (SEK), Icelandic Kronur (ISK) and Euro (EUR). The Companies borrowings are mainly in ISK and SEK.
The Issuer seeks to hedge the currency risk by a matching of costs and revenues in the same currency in an effort to reduce exposure.

Liquidity and Refinancing risk

Moderna Finance is exposed to a liquidity risk that could materially affect Moderna Finance's operating results and financial position. Liquidity risk can be divided into funding risk and market liquidity risk. The definition of funding risk is the current or prospective risk to earnings and capital arising from Moderna Finance's inability to meet its liabilities when they come due without incurring unacceptable losses. Funding risk arises from the inability to manage unexpected decreases or changes in funding sources.

Market liquidity risk is the current or prospective risk to earnings and capital arising from Moderna Finance's inability to quickly unwind its positions either at current market rates or at a rate which would not be adversely affected by the unwinding to an extent which would result in unacceptable losses. Moderna Finance is particularly exposed to liquidity risk as its holdings are in real estate and is therefore relatively illiquid.

Operational risk

Operational risk is the risk of direct loss, indirect loss, or damage as a result of people's reputation, systems, inadequate or failed internal processes, or from external events.

Managing risk

Moderna Finance's guidelines and routines for the identification, monitoring and management of risk may prove to be insufficient. Measures taken to manage and limit various risks include setting limits for the maximum credit risk exposure per counter-party, limiting new open positions overnight by means of highly restrictive limits, securing lending whenever possible, actively working with reinsurance and daily checks of transactions and flows, etc.

Some of the methods deployed by Moderna Finance in managing risk are based on observations of market behavior in a historical perspective. This may mean that the methods are not reliable when it involves assessment of future risk exposure, which may be of a different nature and greater than that indicated by historical experience.

Other methods deployed in managing risk are based on the evaluation of information on markets, customers and other information that is generally known or available to Moderna Finance in some other manner. Such information may not always prove correct, updated and perhaps the evaluation does not always lead to a correct result.

Credit risk related to third parties

Moderna Finance is exposed to the risk that parties that owe the Company money, securities or other assets do not fulfill their undertakings. Customers, clearing organizations, stock exchanges and other players in the financial sector represent such parties. These parties may fail in their obligations to Moderna Finance due to a lack of liquidity, operational problems, bankruptcy or other reasons.

Key employees

Moderna Finance's financial performance depends on its ability to attract, motivate, and retain highly competent managers and specialists. The Company may be unable to attract and retain such people in the future.

Legal risk

Moderna Finance adheres to local law and rules in the countries where its business is conducted, including the Swedish Companies Act (SFS 2005:551). As a financial conglomerate, the Issuer is regulated by the Financial Supervisory Authorities in Sweden.

A close watch is kept on pending changes to legislation and rules applicable to Moderna Finance, and an assessment is made regarding the most suitable response in each case. The adoption of new regulations and legal or administrative procedures or amendment of the application of legislation may also result in costly adjustments and that Moderna Finance is compelled to pay fines or is prohibited from conducting certain operations that are subject to official approval. Changes to the applicable laws, or if the Company becomes subject to different laws, might have an impact on how it continues to conduct its business.

Reputational risk

Reputational risk is the risk that Moderna Finance will suffer a loss of revenue due to negative publicity regarding its business practices. This negative publicity may result from mistakes in conducting its business, from bad decisions, or from Moderna Finance or a related party not complying with general laws and regulations.

If the Issuer or its subsidiaries' reputation or credibility is negatively affected, owing to private or public discussion, the Company's ability to grow may be impaired and future earnings may be adversely affected.

IT

The IT systems may be vulnerable to disruptions that are beyond Moderna Finance's control. Possible disruptions could result from viruses, hackers, equipment failure, power failure, natural disasters or human error.

Internal controls

Operational risk relates to the inner workings of Moderna Finance, the competence of its employees, and the reliability of work processes and information systems. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes the risk of loss resulting from failure to comply with the laws which the Company is subject to. Moderna Finance is also exposed to incorrect analyses of investment options, which can have a negative impact on its financials.

Underwriting risk and provision risk

The two main risks arising in insurance operations are underwriting risk and provision risk. Management and assessment of these risks play a key role in all insurance business. The appropriate pricing of the risk accepted in an insurance contract is crucial for long-term profitability.

Tax

Moderna Finance could be affected by changes in tax legislation in any of the countries that the company operates in. The Issuer is not aware of any ongoing tax inspection concerning itself or its subsidiaries which may have a material impact on Moderna Finance's financial. An investigation of the Company's tax filings, as for any other company, may be initiated at a later stage in accordance with relevant regulations and affect Moderna Finance's prospects.

The Issuer and the tax authorities may potentially have different opinions on how various financial arrangements within the Company should be treated from a tax perspective. Moderna Finance is of the opinion that it is in compliance with the relevant tax regulations and practices and should not expect claims from tax authorities relating to treatment of income or any other financial issues.

2. Persons responsible

The Board of Directors, on behalf of the Issuer, Moderna Finance AB., hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 2 September 2008

On behalf of Moderna Finance AB., Corporation No. 556594-1787, Icelandic ID No. 440308-9960.

____
Guðmundur Ólason
Member of the Board of Directors

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Jóhannes Sigurðsson
Member of the Board of Directors

Manager

The Manager, Glitnir banki hf., Corporate Finance, Icelandic ID No. 550500-3530, registered office at Kirkjusandur 2, 155 Reykjavík, Iceland, has been the advisor to the Issuer in the preparation of this Registration Document. The Manager has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained in this document or any other information provided by the Issuer. The Manager does not accept any liability in relation to the information contained in this document or any other information provided by the Issuer.

Reykjavík, 2 September 2008

On behalf of the Manager

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Jóhannes Baldursson
Executive Vice President of Capital Markets Iceland DIV

Statutory auditors

Moderna Finance' Statutory Auditors at the time covered by the historical financial information was PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm Sweden and on their behalf Mr. Magnus Svensson Henryson, authorized Public Accountant, as the auditor in charge.

Moderna Finance's Statutory Auditors have not resigned or been removed from their positions during the period covered by the historical information. The Statutory auditor has reviewed Moderna Finance's unaudited interim consolidated financial statements for the first six months ended 30 June 2008, and audited Moderna Finance's annual financial statements, for each of the financial years ended 31 December 2006 and 31 December 2007, in accordance with IFRS.

3. References and glossary of terms and abbreviations

References to the "Issuer", "Moderna Finance", "Invik & Co.", "Invik" and the "Company" in this Registration document shall be construed as referring to Moderna Finance AB., corporation no. 556594-1787, Icelandic ID No. 440308-9960, Moderna Finance AB. is the legal name of the Issuer and its commercial name is Moderna Finance.

References to "OMX ICE" in this Registration Document shall be construed as referring to the OMX Nordic Exchange Iceland hf., unless otherwise clear from the context.

Reference to the "Manager" in this Registration Document shall be construed as referring to Glitnir banki hf., Corporate Finance division, Icelandic ID No. 550500-3530, unless otherwise clear from the context.

4. Documents on display

For the life of this Registration Document the following documents may be viewed and obtained from the Issuer's website www.modernafinance.se and certified copies thereof may be obtained at the registered office of the Issuer:

- The Articles of Association for Moderna Finance AB.
- The annual account of Invik & Co. AB for the operating year 2006.
- The annual account of Invik & Co. AB for the operating year 2007.
- The interim financial statements 1 January to 30 June 2008.

5. Notice to investors

This Registration Document is a part of a prospectus which concerns the admission to trading of securities issued by Moderna Finance AB., which are expected to be admitted to trading on OMX ICE. The listing is conducted in accordance with Icelandic law and regulations, including Act No. 108/2007 on Securities Transactions and Directive 2003/71/EC of European Parliament and of the Council 4 November 2003 (the "Prospectus Directive") which has been implemented by national law. The Registration Document is prepared pursuant to current legislation. OMX ICE has scrutinized and approved this prospectus, which is only published in English.

The Company complies with Icelandic law, regulations and OMX ICE rules regarding on-going information disclosure for bills issuers. Investors are advised to follow the news announcements and notifications concerning Moderna Finance, which will be published on Moderna Finance's website once the Registration Document has been issued.

The purchase of securities is inherently a risk investment. Each investor must base a decision to invest in securities issued by Moderna Finance on his own examination and analysis of the information presented in the Registration Document and the Securities Note. Investors are advised to study their legal position, including taxation issues that may be relevant to their transactions in Moderna Finance's securities. Investors are urged especially to acquaint themselves well with the discussion of risk provided in the "Risk factors" chapter of the Registration Document.

This Registration Document and any document forming a part of the Prospectus shall not be distributed and must not be mailed or otherwise distributed or sent in or into any country in which distribution would require any additional registration measures or other measures to be taken, other than as applicable under Icelandic law and regulations, or would be in conflict with any law or regulation in the respective country.

6. Information about the Issuer

Moderna Finance AB. (publ.), Corporation No. 556594-1787, Icelandic ID No. 440308-9960, Engelbrektsplan 1, P.O Box 2095, SE-103-13 Stockholm, telephone number +46 8 562 199 00, is a public limited liability company duly incorporated and existing under the laws of Sweden.

Moderna Finance AB. traces its origin back to 1985 when Industriförvaltnings AB Kinnevik split up its operations at the time and placed capital and finance operations in what was then the wholly owned subsidiary Invik & Co. AB. Subsequently, Kinnevik's shareholders were offered to subscribe for shares in Invik in conjunction with a new share issue in the Company. In 1987, following the purchase of Kinnevik shares from Korsnäs, Invik became the single largest shareholder in Kinnevik. This resulted in Kinnevik and Invik having a cross-shareholding ownership structure.

In February 2004, the Boards of Invik & Co. AB and Industriförvaltnings AB Kinnevik decided to merge the companies. The merger, which was completed in summer 2004, marked the end of the period of two holding companies with cross-share-holdings in the Stenbeck sphere and operations in both companies were again streamlined. What was then Invik & Co. AB was the company that remained after the merger, and following the merger the company changed its corporate identity to Investment AB Kennivik. In conjunction with this, the name of the wholly owned subsidiary Modern Finance Group AB was changed to Invik & Co. AB (Invik, the Issuer). The insurance, banking and asset management operations in old Invik were also transferred to Invik.

The current operations in banking, insurance, asset management and securities trading have gradually developed through the acquisition and the establishment of new operations. Banque Invik in Luxembourg was established in 1989. Insurance operations in Modern Insurances derive from Försäkrings AB Atlantica, which, following a series of share acquisitions, became a subsidiary of the Invik Group in 1994. Modern Insurances Life, Sweden's first profit distribution life insurance company, was established in 1999. In 1999, Aktie-Ansvar AB, one of Sweden's oldest fund managers, was incorporated into the Group.

In February 2005, the Board of Investment AB Kinnevik decided to propose to the Annual General Meeting to distribute all shares in Invik to Investment AB Kinnevik's shareholders and on 12 May 2005 the Annual General Meeting decided in favour of distribution of all shares in Invik to the existing shareholders on Investment AB Kinnevik.

On September 1, 2006 the shares of Invik was listed on OMX Nordic Exchange Stockholm AB.

On 26 April 2007 Investment AB Kinnevik announced that they had entered into an agreement regarding the purchase and sale of shares in Invik. Consequently, Milestone through its wholly owned Swedish subsidiary, Racon Holdings AB (Racon Holdings), announced a tender offer to all shareholders in Invik. On 2 July 2007 Milestone acquired Invik through a public offer to all shareholders and Invik's shares were delisted from the OMX Nordic Exchange Stockholm AB. on 17 August 2007. In December 2007 the arbitrators resolved on Racon Holding taking possession of the shares in advance. Invik is hereby a wholly-owned subsidiary to Racon Holdings.

On January 1, 2008, Invik & Co. AB acquired 100% of the shares in Sjóvá Almennar tryggingar hf. (Sjová) and 82% of the shares in Askar Capital hf. from the parent company Milestone ehf. The profit and loss figures and balance sheet is consolidated from that date in the accounts of the Invik Group.

As a way to highlight the new Group structure, Invik & Co. AB changed its name to Moderna Finance AB on May 27, 2008.

7. Description of Business

Moderna Finance is a Nordic financial group operating within the fields of insurance, banking and asset management. It's Articles of Association (Art. 2.) state that its business shall be to own and manage real estate and chattels and to, primarily within these business areas:

- conduct financial operations such banking operations, securities operations, insurance operations, operations related to mutual funds, finance operations, giving of investment advice and trading in money and bonds, with the necessary licenses or authorizations form authorities where relevant,
- own and manage real estate and chattels and to, primarily within the (above) business areas
- conduct business operations compatible with the above mentioned businesses

Moderna Finance operates its business in the Nordic region (all the Nordic countries) and the Benelux countries through local brands and has a head office in Stockholm. The diversified business model of Moderna Finance offers strong niche product range.

Moderna Finance runs insurance operations in all the Nordic countries, the Baltic countries and eastern Europe predominantly marketed under the brands of Modern Insurances Non-life and Life and Sjóvá Non-life and Life. Moderna Finance employs over 460 insurance professionals and total assets within the Insurance segment amounted to SEK 21.3 billion at the end of March 2008.

Moderna Finance has asset management operations in all the Nordic countries and the Benelux countries. Moderna Finance markets its asset management operations through the brands of Aktie-Ansvar, Banque Invik Wealth Management and Askar Capital. Invik has over SEK 34.5 billion in assets under management and employed 59 asset management professionals at the end of March 2008.

Moderna Finance has banking operations in Sweden, the United Kingdom, Iceland and Luxembourg primarily marketed under the brands of Banque Invik and Avant. Moderna Finance's banking operations are carried out by 139 professionals and include private banking, card operations as well as asset financing.

Moderna Finance is a financial conglomerate and as such regulated by the Swedish FSA and by Financial Supervisory Authorities in its respective markets.

Insurance	Asset Management	Banking
Moderna Non-Life	Aktie-Ansvar	Banque Invik
Moderna Life	Banque Invik	Avant
Sjóvá Non-Life	Askar Capital	
Sjóvá Life		

For Moderna Finance AB this is the breakdown of equity as of 30 June 2008:

(All amounts in SEK millions)

Share capital:	158
Other reserves:	3 985
Retained earnings:	64
Total equity attributable to the equity holders of the parent:	4 207
Minority interest	160
Total:	4 367

The issued capital has been fully paid up.

8. Organisational structure

At the date of issue of this Registration Document, Moderna Finance is the parent company of the following legal entities:

Moderna Insurances Non-Life AB
share 100%
is divided into six business areas, Bilsport & MC, which is Sweden's leading motorbike insurance brand, Atlantica Yacht, market leader in leisure boat insurance, private motor, Product direct, offering product insurances for home electronics in Europe, Privat lines, which offers competitive home insurance products and Commercial lines, offering company insurance for small and medium-sized businesses in Sweden.

Aktieansvar AB
share 100%
is a Swedish based fund management company managing seven funds with at total of SEK 18 billion in assets under management.

Banque Invik S.A.
share 100%
is a Luxembourg based bank with a branch office in Stockholm. The bank's primary operations involve card operations, asset management and corporate services.

Sjóvá Almennar tryggingar hf.
share 99,99%
Sjóva Almennar tryggingar hf. (Sjóvá) is one of the largest insurance companies in Iceland. It was established in 1989 through a merger between two insurance providers, founded in 1918 and 1943 respectively. At the end of 2007 Sjóvá employed 230 people. Sjóvá offers a full range of services

within non-life insurance coupled with life insurance and financial operation. Sjóvá offers non-life insurances in the segment Property and Casualty insurance where the company is a market leader in Iceland.

Askar Capital hf.
share 82,04%
Moderna Finance is the principal shareholder of Askar Capital, holding 82,04% of the share capital. Askar Capital is an Iceland based investment bank, regulated by the Icelandic FSA. The bank focuses on asset management, real estate investment advisory and risk and funding advisory.

MFG funds AB
share 100%
Is a holding company with a 16.7% interest in the Swedish listed investment bank D. Carnegie & Co. AB.

Invik Trading AB
share 100%
Is a dormant subsidiary

Atlantica AB
share 100%
Is a dormant subsidiary

L&H Eignarhaldsfelag hf.
share 100%
Is a dormant subsidiary

Netviq AB
share 100%
Is a dormant subsidiary

Since the sole business of the Issuer is to own these subsidiaries, it is the belief of the Issues that it is dependent on the subsidiaries to perform its business.

9. Administrative, management, supervisory bodies and senior management

Corporate governance

Corporate governance at Moderna Finance is defined as the framework by which the Company is directed and controlled and the means by which relationships among the Company's management, its board, its shareholders and other stakeholders are conducted. This framework is largely set out in the rules of procedure for the board of directors and the Company's internal policies and guidelines and is supplemented by the relevant provisions of the Swedish Companies Act (SFS 2005:551). The Company believes it is fully compliant with the Swedish Companies Act as well as its internal rules and intends to follow them with respect to its future structure and management. The Swedish Code of Corporate Governance applies only to companies listed at a regulated market. The Company's shares are not listed and therefore the Company does not adhere to the Swedish Code of Corporate Governance. The Issuer does not follow the code of corporate governance and deviates in the following areas:

- Rules on convening shareholders' meetings and making documents public in view of shareholder's meetings; Procedure to be followed at shareholders' meetings.
- Rules on appointment, role of and procedure for the work of board committees.
- Rules on composition of the board.
- Rules on disclosure of information on financial reporting and internal control.
- Rules on disclosure of information on corporate governance and compliance with the code of corporate governance.

Statutory bodies

The supreme authority in the affairs of Moderna Finance, within the limits established by its Articles of Association and by statutory law, rests with legitimate shareholders' meetings. Shareholders' meetings may be attended by shareholders, their representatives and/or their advisors. Furthermore, the directors of the board, the CEO and the auditor of the Company have full rights to speak at shareholders' meetings. At shareholders' meetings shares of class A carry ten votes and shares of class B carry one vote. Decisions at shareholders' meetings are taken by majority vote, unless there are provisions otherwise in the Company's articles of association or prescribed by law. The annual general meeting will be held before the end of June each year.

Board of directors

The board of directors is composed of seven members, all of whom are non-executive, to be elected at the company's annual general meeting for a term of one year. The eligibility of members of the board shall be subject to statutory law.

The board of Moderna Finance is the highest authority in the company's affairs between shareholders' meetings. The board of directors manages the company's general affairs and ensures that its organization and operation are at all times correct and appropriate and in line with the company's accounts and disposal of the company's property. Furthermore, the board of directors ensures that the handling of the company's funds is sufficiently supervised.

The board of directors elects a chairman of the board from its members if a chairman has not been elected by the general meeting. The board of directors shall each year establish rules of procedure for its work. The board appoints the CEO of the Company and decides on the terms of his employment. The board also establishes the CEO's working procedures, setting out in further detail the CEO's duties.

Board of directors and CEO

Karl E. Wernersson, Chairman of the Board
BA, born 1962.
Member of the Board of Moderna Finance (former Invik) since 2007. Other Board appointments: Chairman of the Board of Milestone ehf., Sjóvá-Almennar tryggingar hf., Askar Capital hf. and Lyf og heilsa hf.
Business address: Suðurlandsbraut 12, 108 Reykjavík.

Rickard von Horn
BSc Eng, born 1954.
Member of the Board of Moderna Finance (former Invik) since 2004, Member of the Board of old Invik during the period 1994–2004.
Business address: PO Box 2095, SE-103 13, Stockholm Sweden.

Mats Höglund
MSc. Pol. Sci., born 1948.
Member of the Board of Moderna Finance (former Invik) since 2006.
Other Board appointments: Member of the Board of Länsförsäkringar International försäkringsaktiebolag, Bliwa Livförsäkrings AB, Försäkringsaktiebolaget Assuransinvest MF and Solna Vikings.
Other positions: Auditor NTF and Senior Advisor CV Search.
Business address: PO Box 2095, SE-103 13, Stockholm Sweden.

Johan Klingspor
LL.M. and forest engineer, born 1953.
Member of the Board of Moderna Finance (former Invik) since 2004. Member of the Board of old Invik during the period 1997–2004 and deputy Board member during the period 1991–1997.
Other Board appointments: Member of the Board of Mellersta Sveriges Lantsbruksaktiebolag, Moderna Försäkringar Sak AB, Moderna Försäkringar Liv AB, Försäkringsaktiebolaget Assuransinvest MF och Aktie-Ansvar AB.
Business address: PO Box 2095, SE-103 13, Stockholm Sweden.

Guðmundur Ólason
BA. Pol. Sc., born 1972.
Member of the Board of Moderna Finance (former Invik) since 2007.
Other Board appointments: Member of the Board in Racon Holdings AB, Sjóvá-Almennar tryggingar hf., Lyf og heilsa hf. and Askar Capital hf.
Other positions: CEO of Milestone ehf.
Business address: Suðurlandsbraut 12, 108 Reykjavík

Jóhannes Sigurðsson
LL.M., born 1960.
Member of the Board of Moderna Finance (former Invik) since 2007.
Other Board appointments: Member of the Board in Racon Holdings AB and Askar Capital hf.
Other positions: Deputy CEO of Milestone ehf.
Business address: Suðurlandsbraut 12, 108 Reykjavík

Steingrímur Wernersson
Degree in pharmaceuticals from the University of Iceland and he holds an MBA from the University of Edinburgh. Born 1966
Member of the board of Moderna Finance since 2008
Other Board appointments: Member of the Board of Milestone ehf., Lyf og heilsa hf. and Askar Capital hf.
Business address: Suðurlandsbraut 12, 108 Reykjavík

Anders Fällman, President and CEO Moderna Finance AB.
LL.M., born 1962.
Anders has been employed since 2000.
Business address: PO Box 2095, SE-103 13, Stockholm Sweden.

Senor Management

Anders Fällman, President and CEO Moderna Finance AB.
LL.M., born 1962.
Other positions: Chairman of the Board in D. Carnegie & Co. AB
Anders has been employed since 2000.
Business address: PO Box 2095, SE-103 13, Stockholm Sweden.

Mattias Björk
CFO Moderna Finance AB.
LL.M., BSc Econ. Born 1975.
Matthias has been employed since 2002.
Business address: PO Box 2095, SE-103 13 Stockholm Sweden.

Lars Nordstrand
CEO Modern Insurances, Assuransinvest AB and Netviq AB
BSc Econ, born 1951.
Other positions: Member of the Board of Akademikerrådgivning I Sverige AB.
Lars has been employed since 1997.
Business address: Box 7830, 103 98 Stockholm Sweden.

Mikael Claesson
President of Modern Insurances Life.
Executive MBA, born 1966.
Other positions: Member of the Board of Akademikerrådgivning I Sverige AB.
Mikael has been employed since 2001.
Business address: Box 7830, 103 98 Stockholm Sweden.

Pierre Arens
President of Banque Invik
M.A., born 1961.
Pierre Arens has been employed since 2004.
Business address: 7, Avenue JP Pescatore, L-2012 Luxembourg

Stefan Carlenius
President of Aktie-Ansvar
BSc Econ, born 1966.
Stefan has been employed since 1992.
Business address: Box 55659, 102 15 Stockholm Sweden.

Þór Sigfússon
CEO Sjóvá-Almennar tryggingar hf.
MSc Econ, born 1964.
Other positions: Chairman of the Board of Arvakur hf. And the Federation of Icelandic Employers.
Þór has been employed since 2005.
Business address: Kringlan 5, 103 Reykjavík Iceland.

Tryggvi Þór Herbertsson
A special economic advisor for the Prime Minister in Iceland (on a sabbatical as the CEO of Askar Capital)
PHd. Economics, born 1963
Tryggvi has been employed since 2006
Business address: Stjórnarráðshúsið við Lækjartorg, 150 Reykjavik Iceland

In the Company's opinion there are no conflicts of private interest and or other duties between individual members of the board of directors of Moderna Finance, its managers, auditors and compliance personnel, on one hand, and the Company, on the other.

Audit Committee

The Audit committee shall according to the Company's rules have at least three members independent from the company and its management and one must be independent from the major shareholders. Its primary operation is to assist the board in the supervision of the following:

- Accounting and financial reporting processes and the integrity of the Company's financial statements;
- Considering the audit scope and procedures, including the qualifications, independence and performance of the external auditors;
- Internal control systems and risk management.

The members are:

- Mats Höglund
- Rickard von Horn
- Gudmundur Olason

The committee has the authority to conduct any investigation appropriate to fulfill its responsibilities.

Employees

Moderna Finance has 14 employees and the whole Group has 684 employees at the end of August 2008.

10. Major Shareholders

The largest shareholders of Moderna Finance as of 1 September 2008 are:

Racon holdings 2 AB	100 %

Racon holdings 2 AB is fully owned by Milestone ehf. Karl Emil Wernersson and Steingrímur Wernersson own directly or indirectly over 90,0% of issued shares in Milestone ehf.

11. Trend information

During the second quarter of 2008 impairment tests were performed on the book value of the shares in Askar Capital and the shares in Carnegie. The impairment tests resulted in a write down of the book value of Askar Capital of SEK 389 million and of the book value of the shares in Carnegie by SEK 450 million.

This has decreased the solvency capital of the Issuer, but not to the extent that materially changes the future prospects of the Issuer, and the Issuer sees is no further need for impairments.

12. Legal and arbitration proceedings

There have been no governmental, legal or arbitrational proceedings in the last 12 months which may have or have had significant effects on the Issuer and/or Group's financial position or profitability.

13. Selected financial information

2008, 1 January – 30 June:

Below is selected information from the reviewed interim report for the first half of 2008,
1 January to 30 June 2008.

(All amounts in SEK millions)

1 Jan. – 30 June Consolidated Income Statement	2008	2007	Pro forma (unaudited) 2007
Total revenues	707	1 111	2671
Total expenses	-2 679	-901	-1 626
Profit before financial items	-1 972	210	1 046
Total financial items	1 804	7	50
Profit before income tax	-169	217	1 095
Income tax and deferred tax	-374	-61	-235
Profit for the period	-543	156	860

1Jan. - 30 June Consolidated condensed Statement of Cash Flows	2008	2007
Cash flows from operating activities	-1 844	619
Cash flows from the period	-323	388
Cash and cash equivalent at beginning of the period	3 753	2 529
Translation differences in cash and cash equivalents	-66	71
Cash flow	-323	388
Cash and cash equivalent at end of the period	3 365	2 987

Consolidated Balance sheet	30.6.2008	31.12.2007	Pro forma (unaudited) 31.12.2007
Total assets	33 173	18 276	35 929
Total equity attributable to equity holders of the parent	4 207	1 936	7 505
Total equity	4 367	1 936	7 833
Total liabilities	28 806	16 340	28 096
Total equity and liabilities	33 173	18 276	35 929

The unaudited pro forma statements presented above have been prepared, by the accounting department of Moderna Finance, in order to illustrate the Group's financial position and results on the basis that the acquisition of Sjova and Askar Capital were completed on January 1, 2007. Moderna Finance acquired Sjova and Askar Capital from its parent company Milestone on January 1, 2008. Moderna Finance has been identified as the acquiring company and the acquisitions are accounted for using the purchase method of accounting. The acquisition analysis is preliminary as the investigation of fair values of the acquired companies' identifiable assets, liabilities and contingent liabilities has not yet been finalized. The pro forma balance sheet has been prepared as if the acquisitions were carried out on January 1, 2007, and the pro forma profit and loss account as if the acquisitions were carried out on January 1, 2007, with the assumptions stated below. Furthermore, the Sjova and Askar Capital accounts for the first six months 2007 and full year 2007 pro forma are not adjusted for changes in the structure of these groups that has taken place during 2007.

The pro forma statements are based on the audited annual reports of both Sjova and Askar Capital for the full year 2007 and the annual accounts of Moderna Finance for 2007. These accounts were prepared in accordance with IFRS.

Financial development during the second quarter of 2008:

Revenues
On a pro forma basis the total revenues, excluding income from associated companies and investment income, increased by 5% during the first six months of 2008. The total revenues, including income from associated companies and investment income, for the Group decreased by 74% during the first six months compared to the same period 2007. The decrease in total revenues during the period is primarily due to negative investment income and negative results in associated companies. The exposure on the securities markets in the insurance operations of the Group has lead to a negative investment income during the period. The negative result from associated companies is primarily due to investments made by the Icelandic insurance operations as a part of their asset management of assets covering the technical provisions and a write-down of the value of the shares in Carnegie. The net insurance premiums increased by 2% as compared to corresponding period 2007 on pro forma basis. The fee and commission income fell by 17% as compared to the first six months 2007 on pro forma basis due to lower performance fees and less activity in asset management operations. The operating interest income has increased by 63% on pro forma basis due to reduced equity exposure and increased cash deposits in the insurance operations, increased car leasing operations; higher interest rates in the countries were the Group has activities and the depreciation of the Icelandic Krona primarily against EUR, CHF and JPY.

Expenses
The total expenses for Moderna Finance increased during the first six months due to the purchase of the insurance company Sjova and the investment bank Askar Capital which were not part of the Group in 2007. On pro forma basis the total expenses increased by 65% compared to same period last year. The increase in operating interest expenses compared to pro forma figures is primarily due to increased portfolio in Moderna Finance's car leasing business, increase of certain of the banking business of Askar Capital and higher funding costs for the Group. The insurance claims on a pro forma basis improved slightly compared to the same period 2007 on pro forma basis and no major claims were incurred during the reporting period. The fee and commission expenses decreased compared to the first quarter 2007 on pro forma basis as a consequence of lower fee and commission income. Other operating expenses increased as a result of the ongoing projects to grow the existing business which has lead to an increase in number of employees and higher salary costs. In addition provisions have been made for loan assets during the first six months of 2008 which has lead to increased amortizations, depreciations and write-downs compared to the corresponding period 2007 on pro forma basis. The impairment of Carnegie shares and goodwill in Askar Capital totalling SEK 839 million is also recorded in this costline. A

cost cutting program has been initiated in the areas of the Group were the decrease in the securities markets and the lower turnover on the securities markets has had the most negative impact.

Financial expenses
In the financial expenses the interest income on the parent company's interest bearing assets has increased by SEK 32 million during the first six months of 2008 due to increased short term lending to related parties of the parent company as compared to 2007. The financial interest expenses in the business segments increased by 40% related to the insurance segment and from SEK 6 million to SEK 87 million related to the asset management segment. All interest income and expenses in the banking segment is deemed to be related to the operating activities. During the first six months of 2008 the Group had foreign exchange gains of SEK 1,954 million primarily as a result of the depreciation of the Icelandic Krona against the Euro and the Swedish Krona. Of the foreign exchange gain SEK 1,460 million were derived from the ISK denominated liabilities related to the purchase price of Askar Capital and Sjova that was settled at the end of the first quarter of 2008 thereby substantially reducing the foreign exchange exposure.

Net result for the period
The net result during the first six months of 2008 for Moderna Finance was SEK -543. The net result for the same period 2007 was 860 million on pro forma basis. The minority's share of the loss was SEK 33 million and primarily derived from the minority interest in Askar Capital as well as certain of the investment assets held by Sjova. Out of the total decrease in net result amounting to SEK -1.430 million, 2,055 million derives from decreased investment income and net income from associates. Higher net financial interest expense has impacted the result negatively by SEK 167 million, whereas changes in foreign exchange gains have contributed with 1,921 million. The income tax cost was SEK 374 million as compared to SEK 235 million on pro forma basis previous year. The write down of SEK 839 million on the Askar Capital and Carnegie shares were not tax deductible costs and the income from associated companies are net of tax. Earnings per share amounted to SEK -16.15. The number of shares outstanding as per end of the first six months was 31,577,423 of which 6,990,196 were Class A shares and 24,587,227 were Class B shares. The total numbers of votes for the issued shares were 94,489,187.

Balance sheet
Moderna Finance's total consolidated assets amounted to SEK 33,173 million (pro forma 35,929) at the end of the first six months of 2008. The decrease of the total assets against the pro forma figures is primarily a result of the depreciation of the Icelandic Krona against Swedish Krona and Euro, divestment of certain of the investments held by Sjova and write-down of Carnegie shares and goodwill allocated to Askar Capital. The equity of the Group amounted to SEK 4,367 million which increased as a part of the shareholder contribution of the liabilities of the purchase price of Sjova and Askar Capital at end of the first quarter 2008. In addition to the investments in the operating businesses, the Group has investments both directly and indirectly in assets such as real estate, bonds, listed securities and private equity investments in operating companies. These non-operating investments are made in the Insurance segment as part of the management of the technical provisions and in the Asset Management segment as products offered to asset management customers. In the segment Other Holdings the major assets are the shareholding in Carnegie and an associated company which has 200 pharmacies in Eastern Europe. The total interest bearing liabilities amounted to SEK 8,543 million (pro forma SEK 6,514 million at year end 2007). Of the interest bearing liabilities SEK 3,757 million (pro forma SEK 3,733 million at year end 2007) were attributable to liabilities for real estate investments. The Group has short term liabilities amounting to SEK 3.5 billion that have maturities during 2008. The Group is a financial conglomerate with a capital adequacy requirement set by the Swedish Finance Supervisory Authority. The total solvency requirements for the Group amounted at June 30, 2008 to SEK 963 million and the solvency capital of the Group amounted to SEK 1,696 million, representing a surplus of 76% compared to the regulatory minimum.

Cash flows
Most of the Group's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, the Group's working capital fluctuates considerably between periods. During the first six months of 2008, the working capital increased by SEK 2,527 million. Cash flow from operating activities was SEK -1,844 million.

There has been no significant change in the financial or trading position of the Group since the end of the last financial period.

2006 and 2007:

Below is selected financial information from the audited annual consolidated accounts for the year ending 31 December 2006 and 2007.

(All amounts in SEK millions)

1 Jan. - 31 December		
Consolidated Income Statement	**2007**	**2006**
Total revenues	1 992.2	1 907.0
Total expenses	(1 922.8)	(1 520.5)
Operating result	69.4	386.5
Financial income and expenses	10.2.	(3.7)
Profit before income tax	79.6	382.8
Income tax expense	(20.6)	-98
Profit for the year	59	359.2

1 Jan. - 31 December	**2007**	**2006**
Consolidated condensed Statement of Cash Flows		
Cash flows from operating activities	1 238.4	(975.7)
Cash flows from investing activities	(73.1)	(714.6)
Cash flows from financing activities	(62.8)	(46.4)
Cash flow for the year	1 102.6	(1 736.7)
Cash and cash equivalents at end of the year	3 753.3	2 528.7

Balance Sheet	**2007**	**2006**
Total assets	18 275.9	14 488.6
Equity	1 936.1	1 688.8
Total provisions and liabilities	16 339.8	12 799.8
Total equity, provisions and liabilities	18 275.9	14 488.6

Consolidated profit for the year 2007
Total revenues during the year 2007 rose 4% and amounted to SEK 1,992.2 million. This was primarily due to increased fee income for Invik Funds and increased interest income for Banque Invik. Lower investment income in the insurance business areas had a negative impact on revenue growth during the period. Operating profit decreased and totalled SEK 69.4 million.

Cash Flow
Most of ModernaFinance's assets consist of financial investments, lending and liquid funds. As a result, ModernaFinance's working capital fluctuates considerably between different time periods. During 2007, the change in working capital was an increase of SEK 909.1 million. Cash flow from operating activities before changes in working capital totalled SEK 329.4 million.

The Company's accounts for the years ending 31 December 2006 and 2007, respectively, have been audited and the annual accounts for these years have been endorsed without remarks by PricewaterhouseCoopers AB. the Company's independent accountants, and Mr. Magnus Svensson Henryson, an authorized public accountant was the auditor in charge. The Statutory auditors have reviewed Moderna Finance's unaudited interim consolidated financial statements for the six months ended 30 June 2008, prepared in accordance with IFRS.

APPENDIX

I. Moderna Finance's Articles of Association.

II. The annual account of Invik & Co. AB for the operating year 2006.

III. The annual account of Invik & Co. AB for the operating year 2007.

IV. The interim financial statements 1 January to 30 June 2008.

BOLAGSORDNING

Moderna Finance AB

§ 1

Bolagets firma är Moderna Finance AB. I de sammanhang lagen kräver skall firman följas av beteckningen (publ). Bolaget är publikt.

§ 2

Bolaget skall ha till föremål för sin verksamhet att äga och förvalta fast och lös egendom och att, företrädesvis inom de under a) – c) nedan angivna branscherna, bedriva handel med fast och lös egendom samt därtill att genom hel- och delägda företag

a) bedriva finansiell verksamhet, såsom bankrörelse, värdepappersrörelse, försäkringsrörelse, fondverksamhet, finansieringsverksamhet, investeringsrådgivning och penning- och obligationshandel, i förekommande fall med nödvändiga tillstånd eller auktorisationer från myndighet,

b) äga och förvalta fast och lös egendom och att, företrädesvis inom under a) ovan angivna branscher, bedriva handel med fast och lös egendom, samt

c) bedriva med ovan angiven verksamhet förenlig verksamhet.

§ 3

Styrelsen har sitt säte i Stockholm.

§ 4

Aktiekapitalet skall utgöra lägst 130.000.000 kronor och högst 520.000.000 kronor.

Antalet aktier skall vara lägst 26.000.000 och högs 104.000.000.

Aktier skall vara dels av serie A, dels av serie B. Aktier av serie A kan utges till ett antal av högst 17.272.000 aktier. Aktier av serie B kan utges till ett antal motsvarande högst hela aktiekapitalet.

Aktier av serie A medför rätt till 10 röster och aktier av serie B till 1 röst.

Ägare av aktier av serie A har rätt att påkalla omvandling av dessa till aktier av serie B. Omvandlingen skall påkallas hos styrelsen som omgående skall verkställa omvandlingen.

§ 5

Beslutar bolaget att ge ut nya aktier av serie A och serie B, mot annan betalning än apportegendom, skall ägare av serie A och serie B äga företrädesrätt att teckna nya aktier av samma aktieslag i förhållande till det antal aktier innehavaren förut äger (primär företrädesrätt). Aktier som inte tecknas med primär företrädesrätt skall erbjudas samtliga aktieägare till teckning (subsidiär företrädesrätt). Om inte sålunda erbjudna aktier räcker för den teckning som sker med subsidiär företrädesrätt skall aktierna fördelas mellan tecknarna i förhållande till det antal aktier de förut äger och i den mån detta inte kan ske, genom lottning.

Beslutar bolaget att ge ut aktier av endast serie A eller serie B, mot annan betalning än apportegendom, skall samtliga aktieägare, oavsett om deras aktier är av serie A eller serie B äga företrädesrätt att teckna nya aktier i förhållande till det antal aktier de förut äger.

Beslutar bolaget att ge ut teckningsoptioner eller konvertibler, mot annan betalning är apportegendom, skall vad som föreskrivs ovan om aktieägares företrädesrätt äga motsvarande tillämpning.

Vad som föreskrivs ovan i föregående stycken skall inte innebära någon inskränkning i möjligheten att fatta beslut om emission med avvikelse från aktieägarnas företrädesrätt.

Vid ökning av aktiekapitalet genom fondemission med utgivande av nya aktier skall nya aktier av serie A och serie B ges ut av respektive aktieslag i förhållande till det antal aktier av dessa slag som finns sedan tidigare. Därvid skall gamla aktier av ett visst aktieslag medföra rätt till nya aktier av samma aktieslag. Vad nu sagts skall inte innebära någon inskränkning i möjligheten att genom fondemission, efter erforderlig ändring av bolagsordningen, ge ut aktier av nytt slag.

§ 6

Styrelsen skall bestå av lägst tre och högst nio ledamöter med högs tre suppleanter.

§ 7

Kallelse till bolagsstämma även som andra meddelanden till aktieägarna skall ske genom kungörelse i Post- och Inrikes Tidningar och i Svenska Dagbladet.

Kallelse till årsstämma och annan bolagsstämma skall ske tidigast sex och senast fyra veckor före stämman och ifråga om extra bolagsstämma som inte skall behandla fråga om ändring i bolagsordningen tidigast sex veckor och senast två veckor före stämman.

För att få deltaga i bolagsstämma skall aktieägare anmäla sig hos bolaget senast kl. 15.00 den dag som anges i kallelsen till stämman. Denna dag får icke vara söndag, annan allmän helgdag, lördag, midsommarafton, julafton eller nyårsafton och icke infalla tidigare än femte vardagen före stämman.

Biträde åt aktieägare får medföras vid bolagsstämma endast om aktieägaren anmält biträde ifråga enligt föregående stycke.

§ 8

Bolaget skall ha högst tre revisorer, med högst samma antal revisorssuppleanter, eller registrerat revisionsbolag.

§ 9

Kalenderåret skall vara bolagets räkenskapsår.

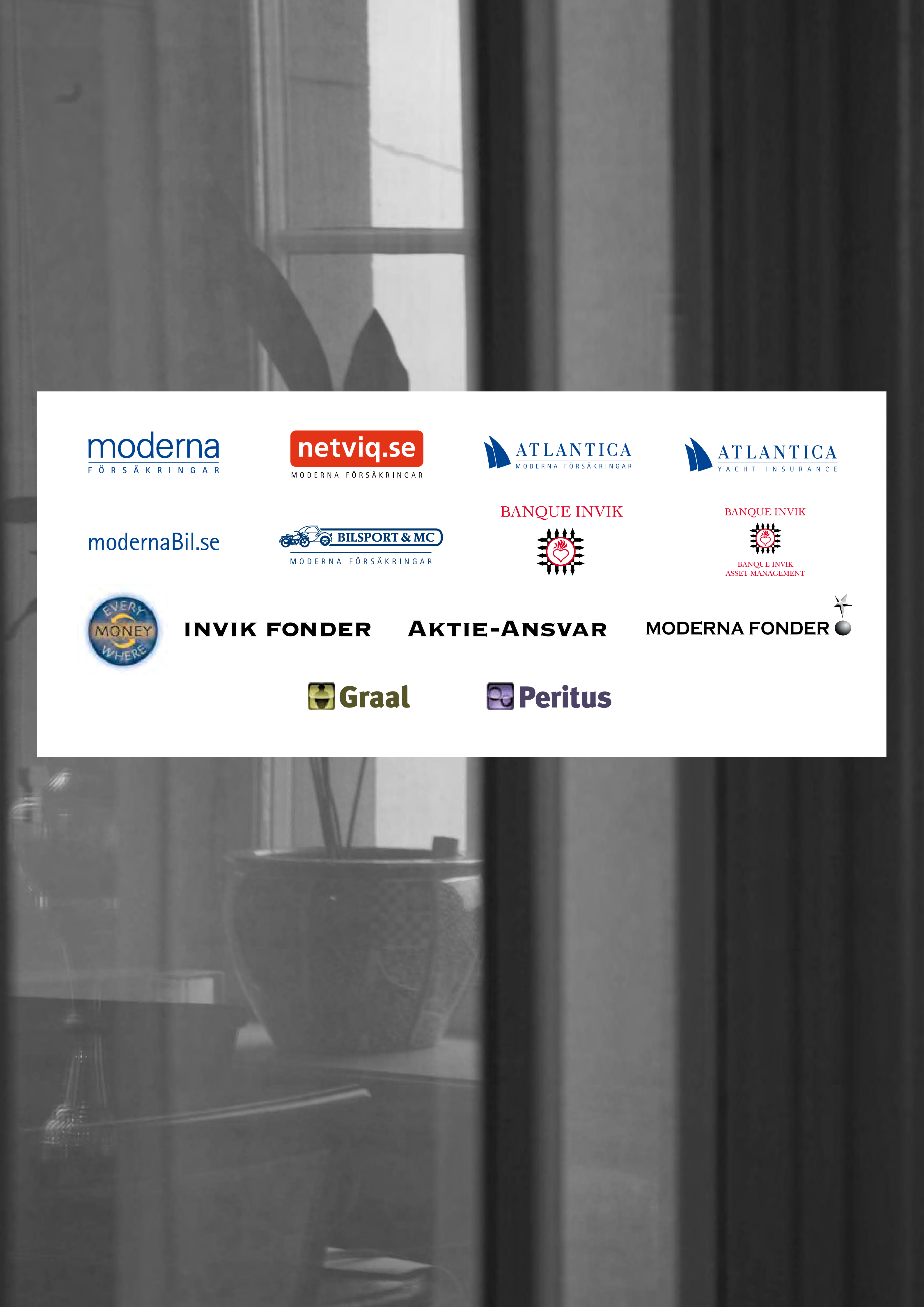
§ 10

Den aktieägare eller förvaltare som på avstämningsdagen är införd i aktieboken och antecknad i ett avstämningsregister enligt 4 kap. lagen (1998:1479) om kontoföring av finansiella instrument eller den som är antecknad på avstämningskonto enligt 4 kap. 18 § första stycket 6-8 nämnda lag skall antas vara behörig att utöva de rättigheter som följer av 4 kap. 39 § aktiebolagslagen (2005:551).

Denna bolagsordning fastställdes på extra bolagsstämman den 20 maj 2008.

INVIK & CO. AB

ANNUAL REPORT 2006



moderna FÖRSÄKRINGAR

netviq.se MODERNA FÖRSÄKRINGAR

ATLANTICA MODERNA FÖRSÄKRINGAR

ATLANTICA YACHT INSURANCE

modernaBil.se

BILSPORT & MC MODERNA FÖRSÄKRINGAR

BANQUE INVIK

BANQUE INVIK
BANQUE INVIK ASSET MANAGEMENT

EVERY MONEY WHERE

INVIK FONDER

AKTIE-ANSVAR

MODERNA FONDER

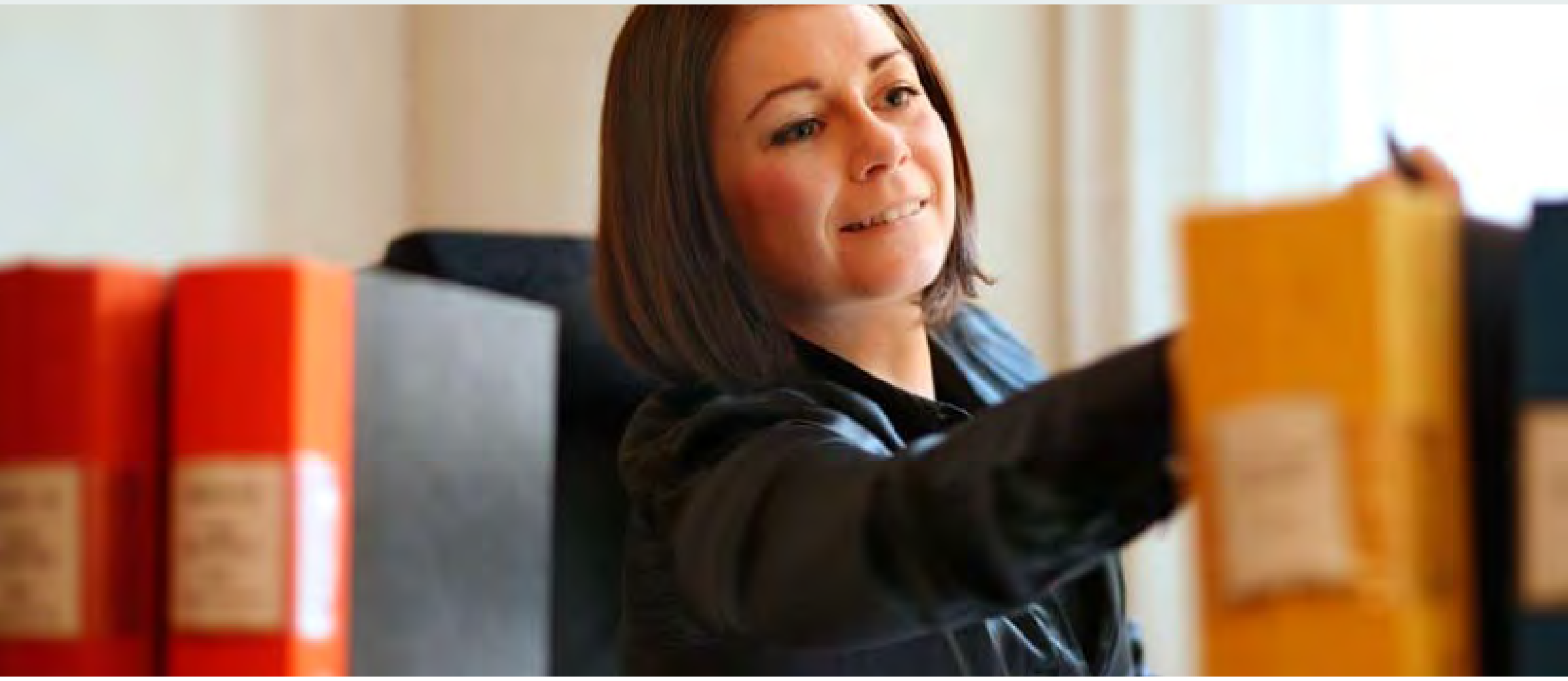
Graal

Peritus

CONTENTS

FINANCIAL CALENDAR

February 15, 2007	Year-end report for 2006
March 2007	Annual Report for 2006
April 25, 2007	Interim report for the period January 1 – March 31, 2007
May 10, 2007	Annual General Meeting
July 25, 2007	Interim report for the period January 1 – June 30, 2007
October 24, 2007	Interim report for the period January 1 – September 30, 2007
February 2008	Year-end report for 2007
March 2008	Annual Report for 2007



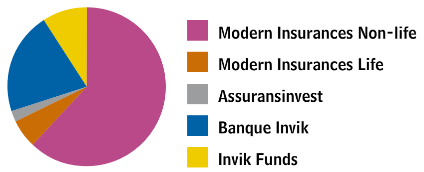
Invik in brief

Invik is a financial group with a broad product profile focusing on insurance, banking and fund management. Invik is active in a number of carefully selected segments in which the Group can create high growth and build long-term, successful companies, while consistently focusing on profitability. Group companies are distinguished by their constant efforts to seek new avenues for growth in profitable niches in the financial sector. Invik comprises five areas of business areas: Modern Insurances Non-life, with its direct insurance operations focusing on individuals and small companies; Modern Insurances Life, which offers life, pension and endowment insurance; Assuransinvest manages the remaining run-off portfolio; Banque Invik, a private bank based in Luxemburg with operations in asset management, card operations and corporate services; Invik Funds, pursuing fund operations in Aktie-Ansvar and Modern Funds. The Invik share is listed on the Stockholm Stock Exchange in the Mid Cap segment and is traded under the symbol INVKB.

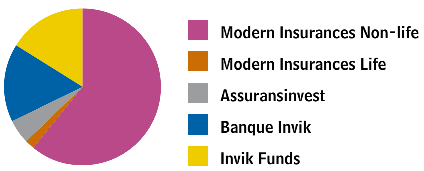
INVIK & CO. AB

FINANCIAL OVERVIEW	2006 Full year	2005 Full year	2004 Full year Pro forma	2003 Full year Pro forma	2002 Full year Pro forma
Total revenues, SEK million	1 907.0	1 393.0	1 049,9	815.3	675.8
Operating income, SEK million	386.5	217.5	99.0	84.5	8.2
Profit for the period, SEK million	284.8	156.1	71.0	62.4	-0.3
C/I-ratio	0.72	0.70	n/a	n/a	n/a
Return on equity, %	23.3%	12.9%	5.0%	-	-
Earnings per share after dilution, SEK	9.28	5.38	2.69	2.36	-0.01
Equity per share after dilution, SEK	63.05	56.32	53.64	-	-
Number of employees	308	233	175	132	105

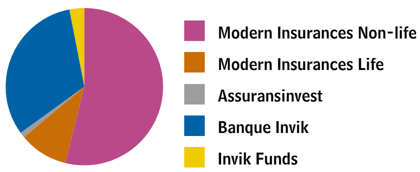
SHARE OF THE INVIK GROUP'S TOTAL REVENUES, 2006



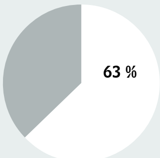
SHARE OF THE INVIK GROUP'S OPERATING INCOME, 2006



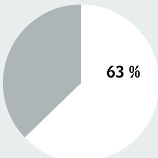
SHARE OF THE INVIK GROUP'S TOTAL NUMBER OF EMPLOYEES, 2006



MODERN INSURANCES NON-LIFE	2006	2005	2004
Total revenues	1222.0	970.4	748.5
Total expenses	-955.1	-816.7	-651.4
Operating income	266.9	153.7	97.1
Number of employees	166	121	103

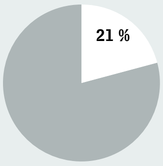


Share of Invik Group's total revenues in 2006

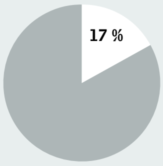


Share of Invik Group's operating income in 2006

BANQUE INVIK	2006	2005	2004
Total revenues	407.9	278.3	236.8
Total expenses	-335.7	-214.5	-198.4
Operating income	72.2	63.8	38.4
Number of employees	97	79	58

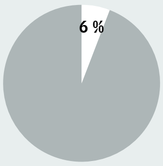


Share of Invik Group's total revenues in 2006

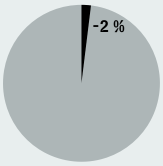


Share of Invik Group's operating income in 2006

MODERN INSURANCES LIFE	2006	2005	2004
Total revenues	108.6	63.5	33.7
Total expenses	-115.6	-75.8	-44.9
Operating income	-7.0	-12.3	-11.2
Number of employeesa	30	22	9

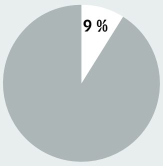


Share of Invik Group's total revenues in 2006

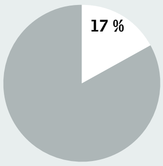


Share of Invik Group's operating income in 2006

INVIK FUNDS	2006	2005	2004
Total revenues	166.0	89.5	41.8
Total expenses	-94.2	-53.0	-24.5
Operating income	71.8	36.5	17.3
Number of employees	8	6	5

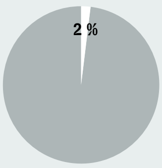


Share of Invik Group's total revenues in 2006

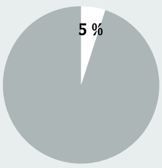


Share of Invik Group's operating income in 2006

ASSURANSINVEST	2006	2005	2004
Total revenues	39.2	19.3	-3.7
Total expenses	-16.2	-14.0	-19.0
Operating income	23.0	5.3	-22.7
Number of employees	2	0	0



Share of Invik Group's total revenues in 2006



Share of Invik Group's operating income in 2006

Continued strong growth

PRESIDENT'S COMMENTS

The year 2006 was characterized by strong growth and favorable profitability for all operations within Invik. During the year, the operations included in Invik at the exchange listing in 2005 were streamlined. Fischer Partners, Invik Kapitalförvaltning and the Swedish asset management operations in Banque Invik's Stockholm branch were sold. These sales were implemented because these operations were not deemed to have the same scalability and growth potential as other operations within Invik and because the synergies with other Invik units were relatively small. The streamlining of the Invik Group also contributed to strengthening the Group's capital structure and enabling continued investment in growth and increased profitability.

GROUP INCOME FOR THE FULL YEAR 2006

Total sales during the year increased by 37% to SEK 1,907.0 million. The sales increase was primarily attributable to improved investment income in Modern Insurances Non-life, increased interest income within Banque Invik and increased commission revenues within Invik Funds. Operating profit increased by 78% to SEK 386.5 million. All business areas reported increased operating income during the year. Modern Insurances Non-life and Modern Insurances Life's technical result improved, while the investment income was high. Invik Funds reported a doubling of operating income, primarily due to the successful management of Aktie-Ansvar's funds.

Continued focus on increased growth and profitability during 2006 resulted in further advances in Invik's different business areas:

- Premium revenues in Modern Insurances Non-life increased by more than 15% during the year, while operating profit increased by 74%, compared with the preceding year. The combined ratio for direct insurance operations in Modern Insurances Non-life improved from 91.3% to 89.6%.
- Modern Insurances Life's focus on increased growth resulted in a significant increase in market share for new sales of unit-linked insurance in Sweden, which increased from 3.9% to 6.6% during the year. The sales value of newly issued unit-linked insurance increased by 73% to SEK 6.3 billion during the year.

- Invik Funds launched the new hedge fund Graal Offensiv during the year, which together with the increased capital inflow to other funds resulted in an increase in the total fund volume of slightly more than SEK 6 billion to a fund volume of SEK 15.1 billion at year-end.
- Banque Invik's revenues increased by 47%, while operating profit increased by more than 13% during the year, which was in part due to increased growth in card operations. During 2006, card operations accounted for nearly half of Banque Invik's operating profit.

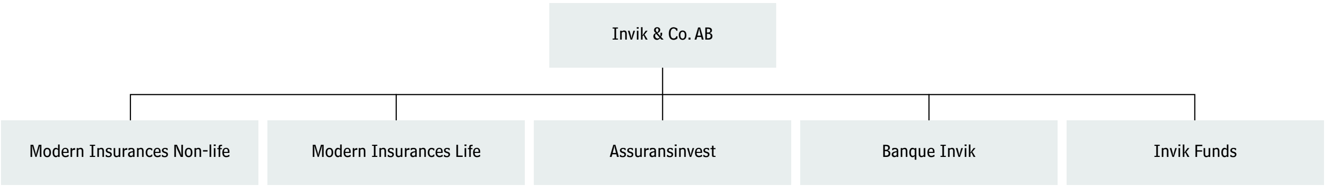
The increase in profits further strengthened Invik's balance sheet. Invik's financial position is very strong, and after the conversion of Kinnevik's convertible in January 2007, the Parent Company Invik has no external loans and substantial cash assets.

New capital adequacy regulations took effect during 2006 that allowed greater flexibility in internal and external allocation of Invik's capital base. Previous regulations for capital adequacy for financial company groups were replaced by rules for financial conglomerates that increase opportunities for acquisitions that optimize Invik's balance sheet and increase return on equity.

We thank all of our customers, business partners and employees for our success during the year and hope that we together can contribute to continued growth and profitability during 2007.

Anders Fällman
March 23, 2007

Organization



Focus and acquisitions

Invik was established in 1985 when Industriförvaltnings AB Kinnevik's operations at the time were split up into long-term industrial management and corporate development, as well as asset management and finance operations. The latter operations were placed with Invik, which was then a wholly owned subsidiary of Kinnevik, and Kinnevik's shareholders were offered to subscribe for shares in the new company. The Invik share had a market listing from 1987 to 1997 and was listed on the O-list of the Stockholm Stock Exchange from 1997 to 2004.

INVIK AND KINNEVIK MERGE

In July 2004, Invik & Co AB (the old Invik) merged with Industriförvaltnings AB Kinnevik (the old Kinnevik). Via the merger, the old Kinnevik was absorbed into the old Invik by means of a merger of joint stock companies pursuant to the Swedish Companies Act, and through which old Kinnevik shares were exchanged for new shares in old Invik. In August 2004, it was decided to change the name of the company from Invik & Co. AB to Investment AB Kinnevik (”Kinnevik”). Following the merger, the then subsidiary Modern Finance Group AB was reorganized as Invik & Co. AB (“Invik”). Subsequently, financial operations in the old Invik were transferred to Invik, which thereby arose as a new sub-group of Kinnevik.

A NEW INVIK EMERGES

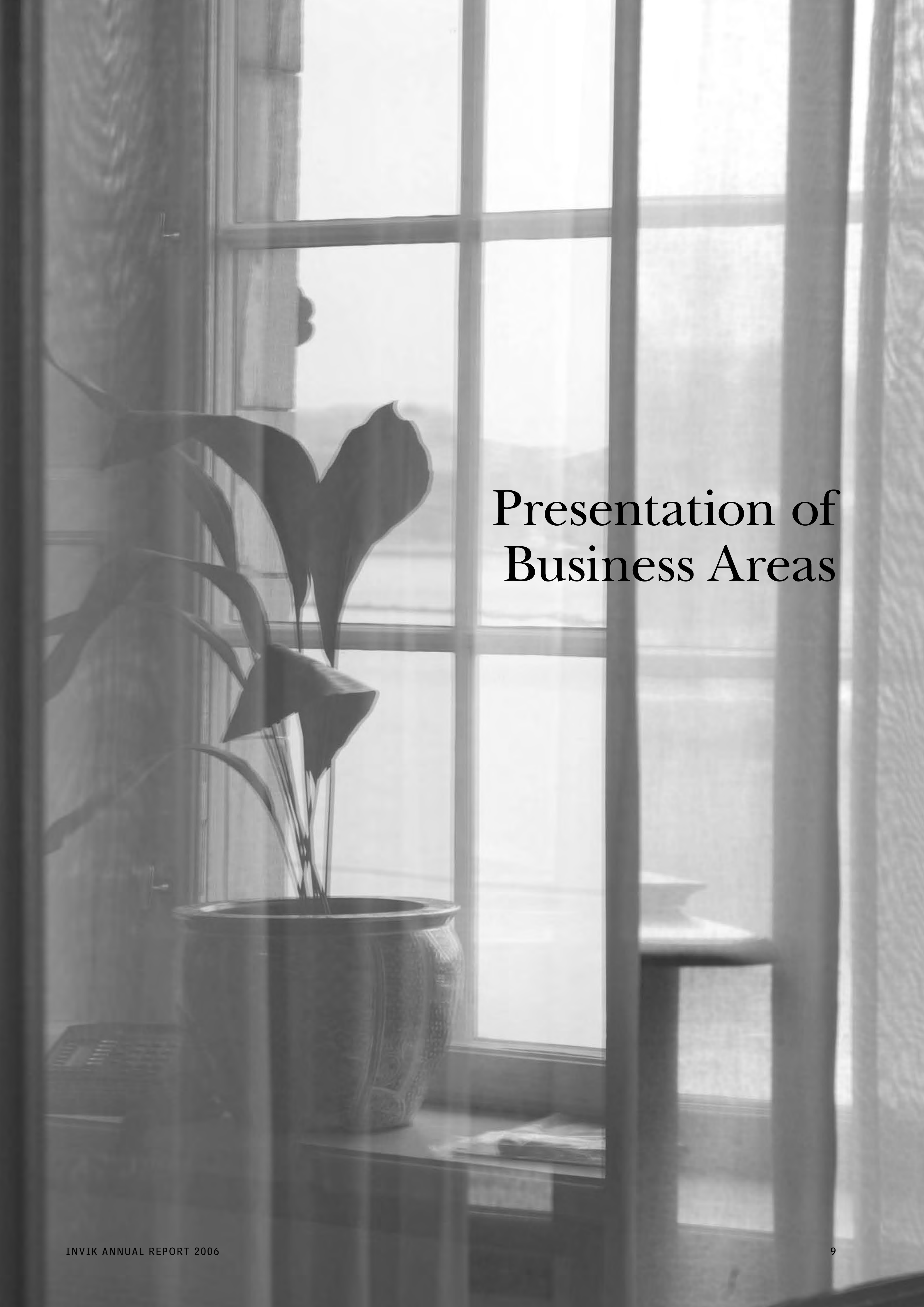
In February 2005, the Board of Kinnevik decided to seek the approval of the Annual General Meeting to distribute all shares in Invik to Kinnevik's shareholders. And, effective May 12, 2005, the Annual General Meeting of Kinnevik approved the distribution. Invik's Class B share has been listed on the MidCap list of the Stockholm Stock Exchange since September 1, 2005. Invik's Class A shares are not listed but continual conversion of Class A shares to Class B shares is permitted on request by Class A shareholders.

DEVELOPMENT OF OPERATIONS

The current operations within insurance, banking, fund and asset management have grown successively through acquisitions and the establishment of new operations in accordance with Invik's strategy. Insurance operations within Modern Insurances have their origin in the acquisition of the previously exchange-listed insurance company Atlantica in 1994. Through a restructuring of operations at the beginning of the decade, Modern Insurances Non-life was established, and portions of the historical operations were placed in run-off in what later became Försäkringsbolaget Assuransinvest MF. Modern Insurances Life was established in 2000 as part of the expansion of insurance operations, and in 2002, the company began to offer fund insurance. Invik Funds includes one of Sweden's oldest fund management companies Aktie-Ansvar AB, which was acquired in 1999. Banque Invik in Luxembourg was founded by Invik in 1989 and has since then developed through the start of new operations and supplementary acquisitions.

DIVESTMENT OF OPERATIONS

On January 3, 2006, the sale was completed of all shares in Invik Kapitalförvaltning AB, which conducted traditional asset management operations. The sale did not result in any significant gains or balance-sheet effects. The sale of Fischer Partners Fondkommission AB was completed on July 4, 2006. The purchase price of SEK 426 million consisted of SEK 380 million for the company's share capital and SEK 46 million for repayment of debts to Invik



Presentation of Business Areas

Favorable growth and new concepts

Modern Insurances Non-life reported favorable growth in 2006, and operating income were the best ever. Total premium revenues amounted to SEK 1,089 million, which was an increase of 15%, compared with 2005. Operating income increased by 74% to SEK 267 million. The strong stock market trend, new product launches and increased market focus contributed to all business areas developed favorably during the year. Modern Insurances Non-life's operations are divided into five business areas: *Motor*, which primarily consists of Sweden's leading motorcycle insurance, *Yacht*, with Atlantica, Sweden's largest insurer of leisure boats, *Product Insurance*, which offers extended warranties and product insurance for home electronics in Europe, *Private Lines*, with competitive offerings in home insurance, and *Commercial Lines*, which offers business insurance to small and medium-size companies in Sweden.

COMMERCIAL LINES

Price pressures on the market did not significantly affect Modern Insurances' Commercial Lines business area. Premium revenues increased during 2006 and amounted to SEK 485 million at year-end. This business area is focused on small and medium-size companies with low risk exposure and favorable claims results, as well as operations within concept transactions and product insurance. By concentrating on fewer and specially selected risks, the company is building expertise in these areas and strengthening its market position. The company's underwriting expertise was strengthened through external recruiting, and sales support to brokers was intensified.

During 2006, the existing IT platform was upgraded for commercial insurance. The system was based on the joint Winsure platform that many non-life operations are using. This system means that Modern Insurances is better prepared to satisfy the different needs among brokers for information and functionality.

Through better and increased communication, Modern Insurances wants to become an even more attractive partner for brokers. Personnel resources were increased to be able to offer faster response times and greater availability in conjunction with price requests and other inquiries. A smoother system and new, innovative solutions will facilitate continued volume increases and efficiency enhancement.

PRODUCT INSURANCE

Modern Insurances has become one of the leading players in product insurance segment. During the year, the marketing strategy for Product Insurance was changed, resulting in a decrease in business distributed through insurance brokers and a future focus on partnership agreements with the stores that sell the products. Since 2003, Modern Insurances has been working with the home electronics group Dixons/Elkjøp/El-Giganten, which is Europe's leading home electronics chain with operations in the Nordic countries and Central Europe. Modern Insurances provides insurance and has responsibility for customer service and claims processing of Elkjøp's product insurance in eight countries in Europe outside Sweden. Sales of home electronics showed very strong growth over the preceding year. Product development means that increasingly expensive and technically complex products are becoming more common, resulting in greater financial undertakings for the customer. An expanded service offering in which both credit solutions and insurance is included has thus become an increasingly important competitive factor.

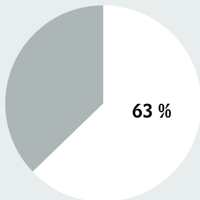
MODERN INSURANCES NON-LIFE

Nordic operations continued to grow strongly during the year, particularly in Finland and Sweden. One of the most important growth areas is Central Europe, where Modern Insurances was the first to offer product insurance. Establishment of operations in this market was particularly attractive, since insurance products for private persons are not as prevalent in this market as in the Nordic region. A dedicated, multi-lingual claims organization has been established for handling inquiries from all Nordic countries. In Europe, claims handling is initially being handled through local claims processing companies.

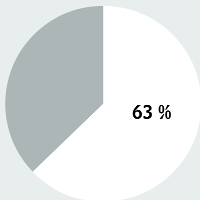
PRIVATE LINES

New launches and activities in the company's concept business contributed to profitable growth in the consumer segment during 2006 despite increased competition. Premium revenues amounted to SEK 393 million during the year. Few large claims and professional claims management resulted in the claims cost percentage for the year amounted to 96.6%. The portfolio growth was according to plan, with a net increase though brokers and within the concept business.

Customized consumer insurance products for external partners – branded solutions – have become an increasingly important part of the Private line's operations. Partnerships benefit both insurance companies and distributors, who are offered products customized for their members' needs. Modern Insurances has successful partnerships with such organizations as Villaägarna (homeowners), Företagarna (small business owners), Polisförbundet (Police Association) and a large number of trade unions within SACO (Swedish Academics Central Organization). With the launch of the concept motor product, the product offering to the company's business partners was expanded. To further strengthen the brand, a launch was prepared during the year of direct sales of home insurance on the Internet under the Modern Insurances name. This concept is a refinement of Modern Insurances' Internet company netviq. A new and more flexible insurance management system was implemented to support this sales channel.



Share of the Invik Group's total revenues in 2006



Share of the Invik Group's operating income in 2006

	2006	2005	2004
Total revenues	1222.0	970.4	748.5
Total expenses	-955.1	-816.7	-651.4
Operating income	266.9	153.7	97.1
Number of employees	166	121	103

YACHT

Long experience, committed and knowledgeable employees as well as reliable service are the success factors that have made Atlantica Sweden's leading insurance company for pleasure craft. The company continued to increase its market share during 2006, despite increased competition. The premium volume increased by about 10% and amounted to SEK 186.5 million at year-end. The launch of a completely new concept in the form of specially designed branded insurance marked Atlantica as the innovator in yacht insurance. The branded insurance for Uttern boats generated considerable attention in the industry during the year. Many players showed interest in this type of insurance, and the Uttern product will be followed by similar launches for Sea Ray, Yamaha, Ryds and Suzuki boats. For Atlantica, the establishment of branded insurance creates opportunities for expansion in an otherwise mature market and provides a cost-effective means of reaching a broader target group. Work to develop the concept business with more partners and more brands will continue during 2007.

The partnership between Atlantica and Sjöassistans/Stockholm Radio was further expanded during 2006. Since 2004, Stockholm Radio handles Atlantica's emergency claims handling outside of office hours, while Modern Insurances is the insurance issuer and Atlantica handles claims processing for Sjöassistans, which is part of the Viamare group. At the end of the year, a decision was taken to launch a product under the brand Sjöassistans Boat Insurance as a partnership between the parties and to be offered to Sjöassistans members.

MOTOR

Motor has long been the self-evident market leader in motorcycle insuran-

PERFORMANCE ANALYSIS – MODERN INSURANCES NON-LIFE – DIRECT INSURANCE *)

SEK million	Commercial		Private		Motor		Other		Total	
Technical result in insurance operations	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Premium earned (after ceded reinsurance)	205.2	195.1	316.5	277.5	188.8	168.3	3.2	2.0	713.7	642.8
Investment income from financial operations	14.1	11.3	16.2	10.3	13.0	9.5	0.2	0.1	43.4	31.2
Claims incurred (after ceded reinsurance)	-140.3	-133.7	-210.8	-201.3	-135.2	-135.6	-3.2	-1.9	-489.5	-472.5
Operating expenses	-39.5	-32.1	-92.4	-54.8	-36.3	-28.0	0.0	0.0	-168.1	-114.9
Technical result in insurance operations	39.5	40.6	29.5	31.6	30.4	14.2	0.1	0.2	99.5	86.6
Claims ratio, gross	69.5%	73.7%	77.9%	75.5%	71.0%	75.7%	99.6%	96.4%	72.9%	74.7%
Expense ratio, gross	15.0%	15.9%	18.7%	18.9%	17.5%	14.9%	0.3%	0.0%	16.7%	16.6%
Combined ratio, gross	84.4%	89.6%	96.6%	94.4%	88.6%	90.6%	99.9%	96.4%	89.6%	91.3%

*) The presentation does not include the business area's reinsurance operations, meaning Modern Re. Neither does the presentation include group amortization of intangible fixed assets of SEK 13.4 million annually.

ce in Sweden. Of the company's approximately 115,000 insured vehicles, most are motorcycles. The year 2006 was a record year in which Motor reported its greatest growth ever. Employee commitment and business knowledge, combined with a broad contact network within the industry, distinguish the company and guarantee satisfied and loyal customers. A new vehicle damage insurance was introduced by Motor. Of all customers purchasing vehicle insurance, most, 87%, also chose to purchase insurance for material damages from Motor. During 2006, 19,700 new motorcycle insurance policies were registered in Sweden, and Bilsport & MC sold 15,300 policies during the same period.

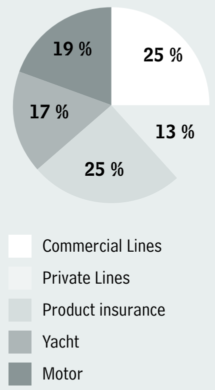
Premium income increased by nearly SEK 40 million to SEK 215 million, while the growth in the vehicle portfolio amounted to 15.5%. Claims expenses remained at a low level, which was mainly attributable to the company's careful risk assessment in combination with an active dialogue with insurance holders regarding measure to prevent damage.

CAR

A new motor concept was launched during the year in the form of Modern Car for the careful motorist. Modern Car has two branches, one that is focused on direct sales via the Internet and another focused on concept business with partners. Direct sales are targeted to owners of used cars. The basic concept is that old cars cost too much to insure with traditional insurance companies, since older cars decline in value. With the Internet as the primary communication and distribution channel, costs and premiums can be kept at competitive levels. The industry's focus on new cars provides an opening for a niche player such as Modern Car to develop a business that is profitable.

The other branch in Modern Insurances' car insurance consists of a concept insurance operation that was developed in cooperation with Modern Insurances' business partners. With car insurance as part of the product portfolio, such organizations as Civilekonomerna (economists) and Villaägarna (homeowners) can offer their members added value. The concept solutions can be matched to the business partner's requirements, contain discounts and other offerings thus enabling the product to be targeted to the desired customer group.

DISTRIBUTION PREMIUM REVENUES PER PRODUCT AREA



Success in growing markets

Modern Insurances Life entered the unit-link insurance market in 2002 and in short order established itself as an innovative and respected player. The company offers life and occupational insurance, based on a competitive unit-linked insurance offering to both companies and private persons. The company reported record sales in unit-linked insurance, with an increase in sales volume from SEK 1.7 billion to SEK 6.3 billion. Initiatives in group insurance operations resulted in increased premium income during 2006.

EVENTFUL YEAR

Modern Insurances Life had continued success in occupational insurance during 2006 and was selected as a supplier in a large number of tender processes conducted by the leading brokerage companies in the life and pension insurance sector. During the period up until the end of 2006, initiatives in the occupational insurance market successively increased the market share in the Swedish unit-linked insurance market, which from the end of 2005 to year-end 2006 amounted to 6.6%, compared with 3.9% in the corresponding period of the preceding year. Above all, market share was strengthened during the latter part of 2006 and amounted to 12.1% in the fourth quarter, compared with 3.9% during the same period of 2005. The market share during the fourth quarter of 2006 meant that Modern Insurances Life had the third largest sales value for newly issued unit-linked insurance of all companies in Sweden.

The shift in political power affected the life insurance market, since the increase in the income ceiling for the health insurance-entitling income that the social democratic government introduced in July was later revoked by the conservative government. The changes in legislation had substantial consequences for both group insurance, occupational insurance and private health insurance that resulted in increased competition in the health insurance market.

In autumn 2006, the prerequisites for endowment insurance were also changed as a result of the new government's view on pension insurance and a ruling by the Supreme Administrative Court on the terms for transfer rights.

One of the most important events in the Swedish insurance market was the fundamental changes in the ITP plan that were presented during the latter part of the year. This plan means that salaried employees in the private sector born after 1979 will be taken out of the previous defined-benefit plan and placed in a defined-contribution plan. In competition with twenty six other insurance companies, Modern Insurances Life, together with four other companies, was selected in February 2007 as a supplier of the new ITP plan's unit-linked insurance.

EFFECTIVE ADMINISTRATION

Modern Insurances has a unique administrative development model that is focused on building flexible systems that can be easily adapted to market requirements. In pace with the increase in sales and capital under management in unit-link insurance, the company is successively upgrading the IT platform to offer more effective and enhanced service levels for insurance brokers.

AT THE BROKER'S SERVICE

The complexity of pension and life insurance is so great that personal counseling is required to meet customers' needs. This is one of Modern Insurances' fundamental principles. Therefore the company does not sell directly to end customers, but

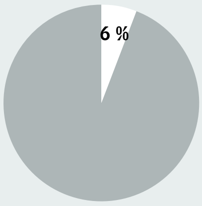
MODERN INSURANCES LIFE

instead works through partnerships with independent insurance brokers. During the year, Modern Insurances increased activities in marketing to further strengthen its presence around the country. Regional sales managers met with brokers locally. Major efforts were made to assist and support brokers in their daily work. In addition, training for assistants was increased. The increased efforts on the part of insurance brokers were very important for successful sales and motivated a review of the compensation structure. As one measure, a time-limited marketing subsidy for recurring unit-link insurance was introduced that resulted in more brokers choosing to work with Modern Insurances.

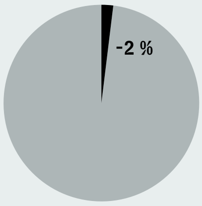
THREE CORNERSTONES

Unrestricted transfer rights, low charges and qualitative selected funds are the cornerstones on which Modern Insurances rests. Unrestricted transfer rights are self-evident in a free market. Customers must have the right to move their savings at any time without extra charges or obstacles within the limitations resulting from laws and ordinances. Modern Insurances' goal is to offer prices that are among the lowest in the market.

Qualitative selected funds are an important part of Modern Insurances' offering. The strategy is based on the fact that most customers prefer a limited number of high quality funds, which gives a better overview and greater opportunities for own management. Today, Modern Insurances offers four fund portfolios and nearly thirty high quality funds. The existing fund offering is reviewed regularly by Modern Insurances' fund management council, which takes decisions on which funds should be included in the offering and which should be removed. Among the funds in the portfolio that have been rated by the rating institute Morningstar, the average rating is 4.3 of 5 possible stars, and returns beat indexes year after year. 2006 was also a record year for Modern Insurances Life's four portfolios, which all exceeded their comparison indexes by about 20%. Aktie-Ansvar's Graal hedge fund was Modern Insurances' most popular again in 2006 and was recognized by fondmarknaden.se as Sweden's best hedge fund in 2006. The fund is focused on absolute return and has as its goal to provide a positive return, regardless of ups and downs in the market. The fund offering was expanded during the year with a number

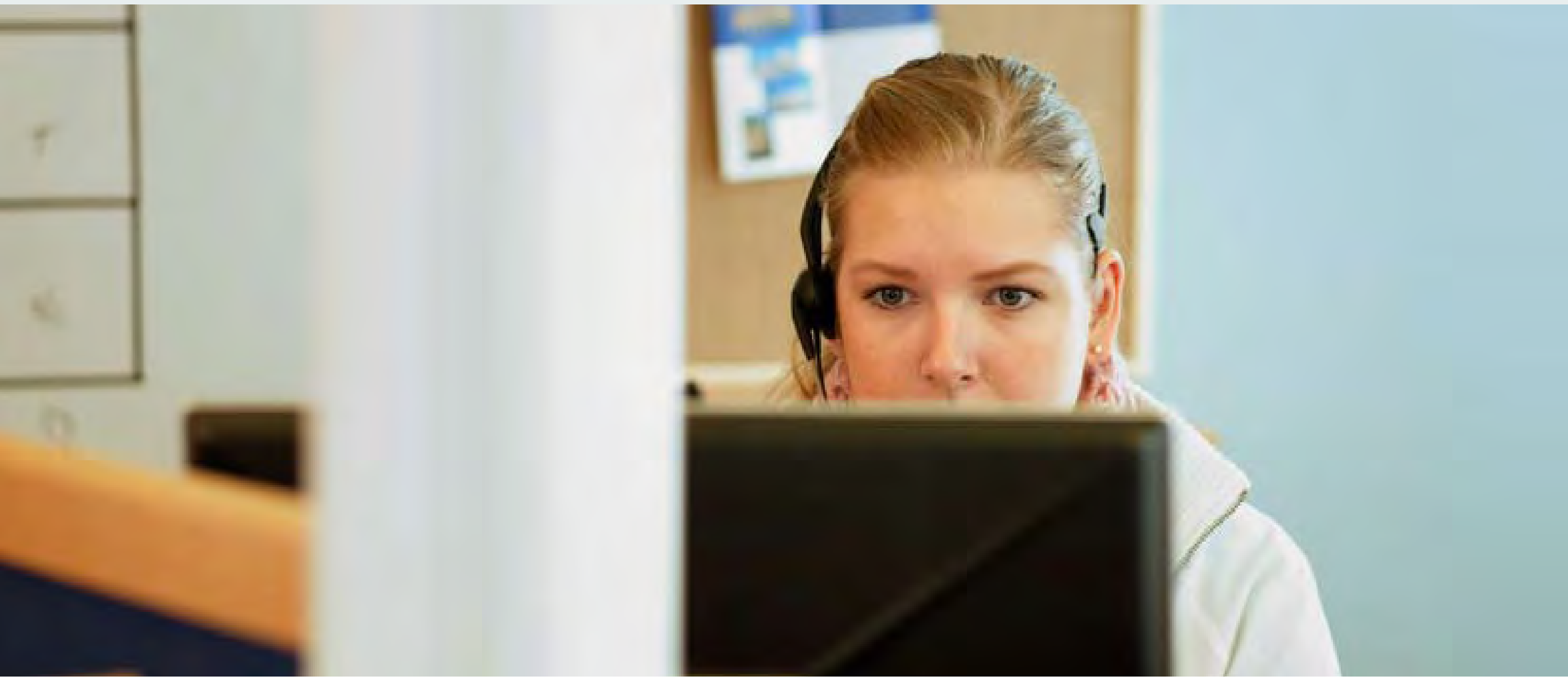


Share of the Invik Group's total revenues in 2006



Share of the Invik Group's operating income in 2006

	2006	2005	2004
Total revenues	108.6	63.5	33.7
Total expenses	-115.6	-75.8	-44.9
Operating income	-7.0	-12.3	-11.2
Number of employees	30	22	9



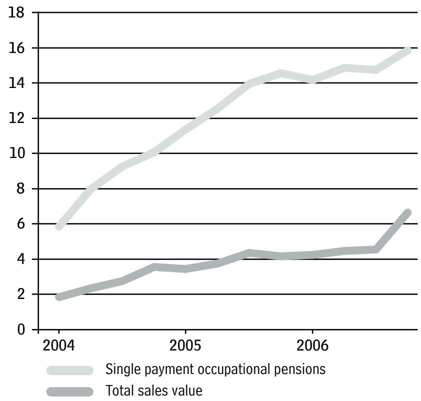
of new funds. This contributed to a broader spectrum of industries and regions. The new additions included Graal Offensiv, a leveraged investment by Graal that offers customers double return potential at slightly higher risk, plus FIM BRIC+ fund service.

OCCUPATIONAL PENSION AND GROUP LIFE INSURANCE

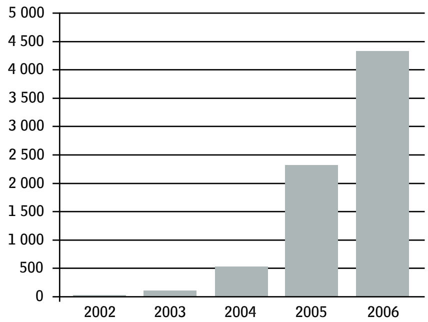
Despite increased competition, Modern Insurances Life achieved strong growth in the profitable occupational pension market. The company was successful in a number of important tenders during the year, with IKEA, Volvo and Svenskt Näringsliv as major players. The company was also selected for inclusion in the Maxplan concept, which is Max Matthiessen's pension plan for somewhat smaller companies.

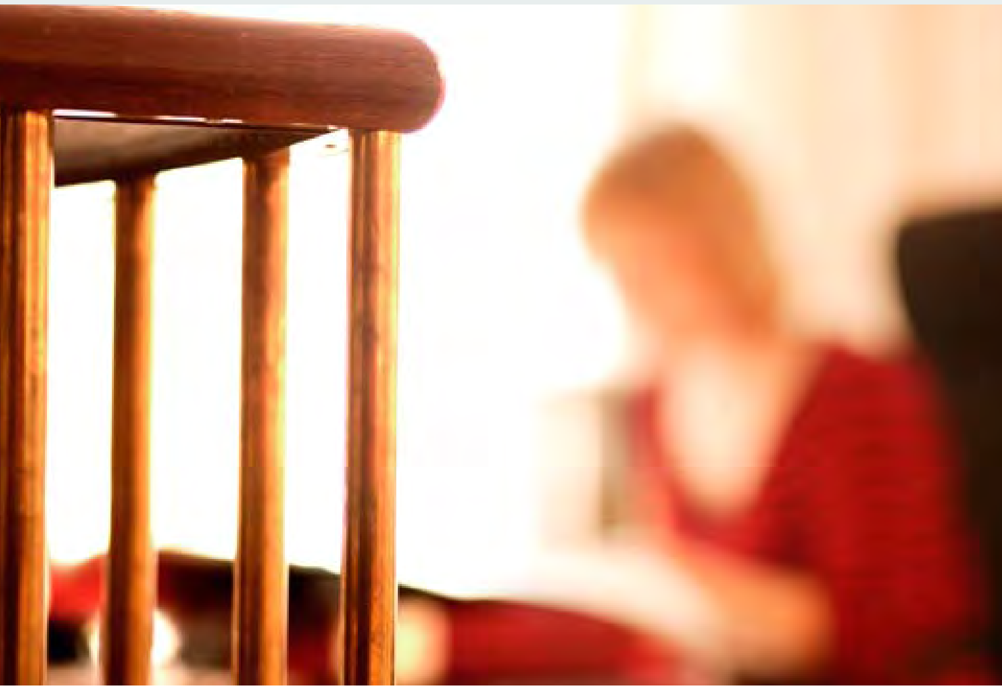
Modern Insurances' group insurance business continued to expand during 2006 with very favorable results. Since the start, the Norwegian market has accounted for the greatest growth, and the positive trend continued during the year. The investment in Norway was initially a deliberate strategy for Modern Insurances, since margins were better than in Sweden. The cooperation with the Norwegian retail employers' organization Handelsarbetsgivarna HSH provides the foundation for these operations, which step by step have become a profitable part of the company's business. The greatest growth can be attributed to the partnership with the insurance broker Norsk Forsikring. Together, the two partners have succeeded in creating an increasingly strong position in the Norwegian market, resulting in a sharp increase in the Norwegian premium volume.
The development of Modern Insurances' partnership with SACO, the Swedish Confederation of Professional Associations, continued during the year. At the beginning of 2006, Modern Insurances insured 80,000 SACO members in six trade unions, and a partnership with Sveriges Ingenjörer, the Swedish Association of Graduate Engineers, with nearly 120,000 members was initiated. Interest among the unions to further strengthen their member benefits is great, and work to develop the product offering for this group was intensified during the year.

MARKET SHARE OF NEW POLICIES IN THE SWEDISH UNIT-LINK INSURANCE MARKET, %



ASSETS UNDER MANAGEMENT, UNIT-LINKED INSURANCE, SEK MILLION





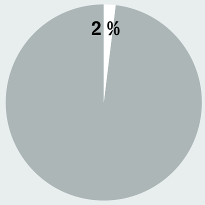
A year without changes

ASSURANSINVEST

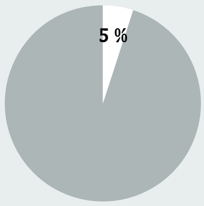
This business area within Modern Insurances consists of the subsidiary Försäkringsbolaget Assuransinvest MF. These operations primarily comprise remaining commitments relating to divested units within Commercial Lines, Private Lines, Transport, Shipping, Aviation, Marine Norway and assumed reinsurance. The run off of outstanding claims proceeded according to plan with a neutral technical result after reinsurers' share during 2006. During the year, some commutation took place of the reinsurance accepted without any impact on earnings for the company.

The upturn in the stock market during the year had a positive effect on capital return and contributed to strong operating profit during the year. Insurance liabilities in foreign currency were hedged in the same manner as in the preceding year via currency futures, which are reported in gross amounts in the balance sheet.

Assuransinvest reported operating income of SEK 23.0 million (5.3).



Share of the Invik Group's total revenues in 2006



Share of the Invik Group's operating income in 2006

	2006	2005	2004
Total revenues	39.2	19.3	-3.7
Total expenses	-16.2	-14.0	-19.0
Operating income	23.0	5.3	-22.7
Number of employees	2	0	0

More customers and smarter cards

Banque Invik S.A. is a Luxembourg-based bank with a branch in Stockholm. The bank's primary operations involve card operations, asset management and corporate services.

All units within Banque Invik showed strong growth in 2006. The factors underlying the favorable trend were primarily strong growth in both asset management and card operations. Total revenues increased by 47% during the year, in large part due to increased interest income in asset management and card operations. During the year, the bank's operating income developed positively and increased by 13%, compared with 2005.

ASSET MANAGEMENT

Banque Invik's asset management operations comprise advisory services for private banking customers, discretionary asset management, private banking and trust services. Asset management and private banking operations are conduced at the head office in Luxembourg and by the wholly owned subsidiary Banque Invik Asset Management. Operations focus on customers in Europe and the rest of the world. Private banking operations developed positively during the year, with increased revenues and improved profits. The inflow of customers continued during the year, with a clear increase in Central and Eastern Europe, where wealthy private individuals have begun to demand advisory services in established private banking centers, such as Luxembourg.

Banque Invik Asset Management

Banque Invik's Luxembourg-based subsidiary Banque Invik Asset Management offers customized asset management services and solutions for wealthy private customers. Operations began in 2005 and are targeted to the growing number of Scandinavians who are domiciled outside their home countries. The company has as its goal to become one of the leading Scandinavian asset managers in Luxembourg. Operations developed positively in 2006, and managed assets increased significantly.

Modern Treuhand

Under the name Modern Treuhand, Banque Invik offers what are called trust services, comprising services in incorporation, administration and accounting, primarily for holding companies.

The office in Luxembourg is the base for these operations, although operations are also conducted in Rotterdam in the Netherlands and Banque Invik's branch office in Stockholm. Via external partners, Modern Treuhand also offers services in such jurisdictions as Cyprus, Malta, Lichtenstein and the British Virgin Islands.

Demand for Modern Treuhand's services continued to increase during the year, and operating income also developed positively.

CARD OPERATIONS

Banque Invik offers a unique range of payment services and issues cards on licenses from Visa and MasterCard. The bank issues credit cards to wealthy customers, corporate cards and co-branded (profiled) cards for customers in consumer sales. Banque Invik also has extensive experience of prepaid cards with its own brands EveryWhereMoney and Cash2Home, as well as prepaid cards that are profiled with various partners. Private wealth increased generally among Banque Invik's customers during 2006, which resulted in higher usage and a significant increase in travel. As a result, profit increased in the credit-card segment targeted to wealthy private individuals. The positive trend for Internet sales also resulted

BANQUE INVIK

in larger transaction volumes and greater profit for credit card acquiring services during 2006.

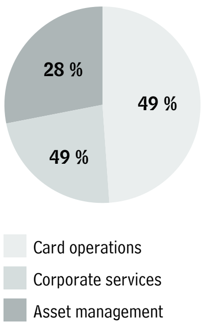
There is increased demand for discreet, flexible yet at the same time secure payment methods in an economic atmosphere that is becoming increasingly open. Costs for card fraud were limited to lower levels during 2006, despite increased transaction volumes.

CORPORATE SERVICES

Financial advisory services and treasury outsourcing

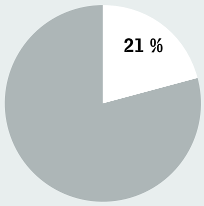
From the branch office in Stockholm, Banque Invik provides treasury outsourcing services for a growing number of international companies with registered offices primarily in the Nordic countries and Luxembourg. During 2006, the customer base and volumes increased. Banque Invik Treasury Outsourcing established itself as a niche player that offers operation of complete treasury departments for international companies. The unit has expertise in such areas as cash and risk management, as well as financing. Banque Invik also provides advisory services related to financing of corporations in Europe.

DISTRIBUTION OF OPERATING INCOME BY SEGMENT IN 2006

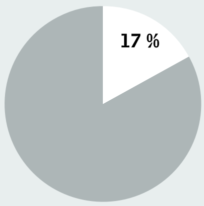


Corporate services

In addition to the services offered by the treasury department in Stockholm, the bank offers corporate services in Luxembourg that include traditional banking services for corporate customers around the world.



Share of the Invik Group's total revenues in 2006



Share of the Invik Group's operating income in 2006

	2006	2005	2004
Total revenues	407.9	278.3	236.8
Total expenses	-335.7	-214.5	-198.4
Operating income	72.2	63.8	38.4
Number of employees	97	79	58

High rating – aggressive launches

Invik Funds consists in part of the Swedish fund company Aktie-Ansvar and in part of Modern Funds, which is a self-managing SICAV in Luxembourg.

Aktie-Ansvar is one of Sweden's oldest fund companies and was founded in 1965. Since 1999, Aktie-Ansvar has been part of the Invik Group. Fund management is based on the conviction that know-how and a long-term approach is a combination that can lead to favorable results. Aktie-Ansvar's funds are among Sweden's leaders with respect to the combination of favorable risk-adjusted return and long-term stability.

The company is not dependent on any bank and can base its investments on a broad spectrum of analyses and information sources. Speculative investments are not in the company's interests. Instead, the focus is on companies with sound balance sheets and earnings and high direct returns.

ATTRACTIVE NEW ADDITIONS

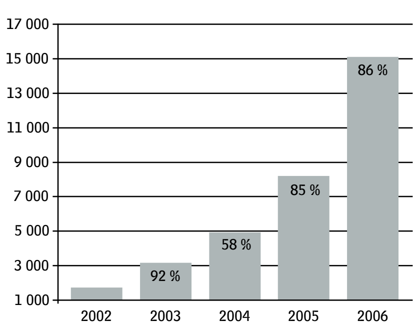
Since January 1, 2006, Aktie-Ansvar manages six funds on behalf of slightly more than 6,000 institutions, companies and private persons. Common to all Aktie-Ansvar funds is the ambition to provide a favorable risk-adjusted return. Aktie-Ansvar Sweden is an actively managed fund that invests in listed companies on the Stockholm Stock Exchange. Its selections are primarily based on fundamental analysis, and in determining the fund's composition, the shares primarily considered are those that are considered to have a low valuation relative to return and risk.

Aktie-Ansvar's actively managed European fund invests in the major European stock markets, with holdings that are well diversified without any large individual positions.

The goal for both Aktie-Ansvar Sweden and Aktie-Ansvar Europe is to achieve favorable growth in value with a lower level of risk than the average equities fund.

The short-term fixed income fund Aktie-Ansvar Avkastningsfond invests in interest-bearing securities. The goal is that the return should widely exceed the interest rate for a corresponding bank account.

MANAGED ASSETS, SEK MILLION



The Aktie-Ansvar FondSelect Global fund is a global fund of funds that invests in various international equities, fixed-income and hedge funds.

Aktie-Ansvar Graal is Aktie-Ansvar's most popular fund by far and one of Sweden's largest hedge funds. The objective of Graal is to provide a stable and positive return on invested capital, regardless of stock-market fluctuations.

Aktie-Ansvar Graal Offensiv, which was launched in the fourth quarter of 2006, uses borrowing and invests in Aktie-Ansvar Graal solely to achieve a leveraging effect. The outcome for Aktie-Ansvar Graal Offensiv corresponds to double the return from investments in Aktie-Ansvar Graal with adjustment for borrowing costs. No fees are charged in Graal Offensiv, only in Graal.

TOP-RANKED FUNDS

The year 2006 was an extremely strong one for Aktie-Ansvar. During the year, the company's managed fund volume increased by 91% from SEK 7,422 million to SEK 14,100 million, and net saving in Aktie-Ansvar's funds amounted to SEK 5,900 million during the year. The market share thus amounted to slightly more than 16%, placing the company in third place based on net savings in funds among Swedish fund companies and banks in Sweden. Only the large commercial banks SEB and

INVIK FUNDS

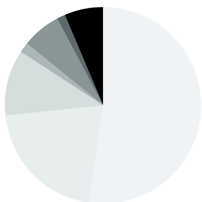
Handelsbanken succeeded in attracting greater investments. At the end of 2006, the three largest funds were Aktie-Ansvar Graal with SEK 7,900 million, Aktie-Ansvar Avkastningsfond with SEK 3,200 million and Aktie-Ansvar Sweden with 1,700 million in managed assets. All Aktie-Ansvar funds exceeded their comparison indexes in 2006.

The launch of the Graal Offensiv hedge fund was very successful and had slightly less than SEK 1,000 million in managed assets at year-end.

Aktie-Ansvar's funds have long been top-ranked by several independent valuation institutes, and this successful trend continued. At year-end, Aktie-Ansvar received the highest marks, five stars, for FondSelect and the Sweden fund from the fund valuation company Morningstar. The Avkastningsfond and the Europe fund received four stars in the same survey. In addition, the equity fund marketplace Fondmarknaden.se cited Aktie-Ansvar Graal as Sweden's Best Hedge Fund 2006, in large part due to Graal's high risk-adjusted return.

The most recent addition to Aktie-Ansvar's fund portfolio is Peritus, which was launched in partnership with Garantum Fondkommisssion during the spring of 2007. Peritus actively manages structured products and is the first fund of its kind in the Swedish market. The fund combines the advantages of Aktie-Ansvar's hedge funds with the best of Garantum's structured products.

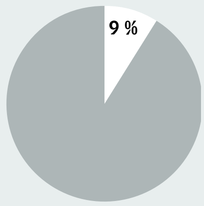
DISTRIBUTION OF MANAGED CAPITAL IN 2006



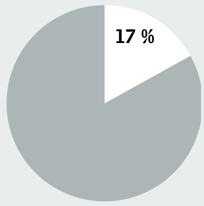
- Aktie-Ansvar Graal
- Aktie-Ansvar Avkastningsfond
- Aktie-Ansvar Sverige
- Aktie-Ansvar Europa
- Graal Offensiv
- Aktie-Ansvar FondSelect Global
- Modern Funds

MODERN FUNDS

The Invik Funds business area also includes the Modern Funds SICAV managed by Banque Invik. This investment fund is a Luxembourg-registered umbrella fund containing five index funds and an actively managed fund that is marketed in Sweden under the name Modern Funds. Managed assets in the fund amounted to SEK 964 million at December 31, 2006, which was a 34% increase during the year.

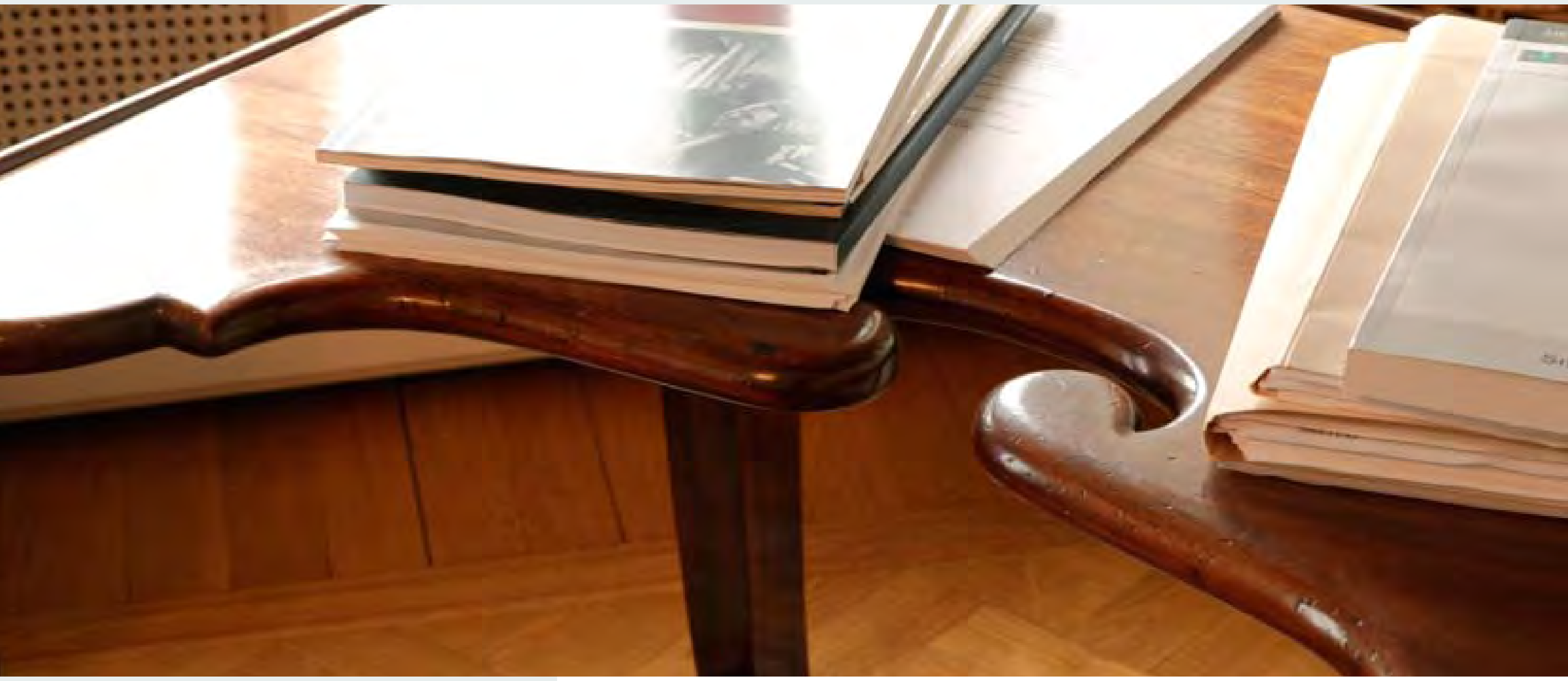


Share of the Invik Group's total revenues in 2006



Share of the Invik Group's operating income in 2006

	2006	2005	2004
Total revenues	166.0	89.5	41.8
Total expenses	-94.2	-53.0	-24.5
Operating income	71.8	36.5	17.3
Number of employees	8	6	5



DISCONTINUED OPERATIONS

Discontinued operations

On January 3, 2006, the sale was completed of all shares in Invik Kapitalförvaltning AB, which conducted traditional asset management operations in Sweden. The sale did not result in any significant effects on earnings or the balance sheet.

An agreement on the sale of Fischer Partners Fondkommission AB was reached on May 25, 2006, with the result that the company is reported as a discontinued operation for both the reporting period and the comparison period and in the balance sheet per December 31, 2006. The purchase price of SEK 426 million consisted of SEK 380 million for the company's share capital and SEK 46 million for repayment of debts to Invik.

The income statement and cash-flow analyses under discontinued operations includes Aktievik AB (previously Fischer Partners Holding AB), Fischer Partners Fondkommission AB, Invik Kapitalförvaltning Holding AB and OP Financial Services AB. In addition, Invik Kapitalförvaltning AB (now Humle Kapitalförvaltning AB) is included in the amounts for discontinued operations in the income statements and cash-flow analyses. Invik Kapitalförvaltning Holding AB, Invik Kapitalförvaltning AB and OP Financial Services AB are included under discontinued operations in the balance sheets. The previous subsidiary Fischer Partners Fondkommission AB and Invik Kapitalförvaltning AB were divested in July 2006 and January 2006, respectively, and OP Financial Services was liquidated during 2006. Discontinuation of the remaining operations is expected to take place in the beginning of 2007 with a neutral result for the Group.

All operations reported as discontinued operations showed a profit after tax of SEK 74.4 million (26.9), of which SEK 54 million was a capital gain from the sale of Fischer Partners.

Invik & Co. AB

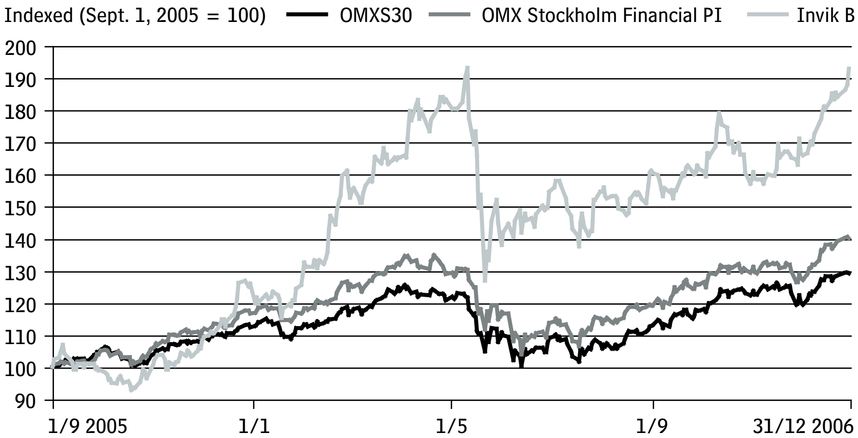
About the Invik share

THE INVIK SHARE

The Invik share was listed on the market from 1987 to 1997 and was traded from 1997 to 2004 on the Stockholm Stock Exchange O-List. In July 2004, Invik & Co. AB ("old Invik") and Industriförvaltnings AB Kinnevik ("old Kinnevik") merged. During February 2005, the Board of Kinnevik decided to propose to the Annual General Meeting a distribution of all shares in Invik to Kinnevik's shareholders and on May 12, 2005, the Annual General Meeting of Kinnevik resolved to do so. The distribution was carried out in August 2005 and Invik's Class B share had been listed in the Mid Cap segment on the Stockholm Stock Exchange since September 1, 2005 under the symbol INVKB. Since Invik's Class A share distribution of ownership did not permit an exchange listing there is a conversion provision in Invik's Articles of Association by which holders of Class A shares may request conversion of Class A shares to Class B shares. Invik's market capitalization, at full dilution of the convertible debenture loan, on the Stockholm Stock Exchange amounted at year-end 2006 to SEK 4.7 billion.

The diagram below illustrates the price trend for Invik's Class B share since listing on September 1, 2005, as well as the Stockholm Stock Exchange's OMXS30 Index and the OMXS Financials Index during the same period.

SHARE PRICE TREND



SHARE CAPITAL

The share capital in Invik amounts to SEK 132.3 million, distributed among 26,465,693 shares, of which 4,841,833 are Class A shares and 21,623,860 Class B shares. The quota value of the share is SEK 5. A Class A share carries ten votes and a Class B share one vote. The shares have equal rights to participation in the company's assets and earnings.

DISTRIBUTION OF CAPITAL AND VOTES BY CLASS OF SHARE AS OF YEAR-END 2005

	Numbers of shares	Share of capital	Share of votes
A-shares (10 votes)	4 841 833	18,29%	69,13%
B-shares (1 vote)	21 623 860	81,71%	30,87%
	26 465 693	100,00%	100,00%

CONVERTIBLE DEBENTURE LOAN 2005/2011

After an issue decision at the Annual General Meeting in Invik on March 29, 2006, Kinnevik subscribed for convertible debentures amounting to SEK 235.0 million in Invik. The two loans, which carry an annual interest of 3.5 % and mature for payment on December 30, 2011 if conversions has not occurred before then. Conversion, at a price of SEK 52, may be effected from December 1, 2006 through November

30, 2011. In accordance with the terms of one of the two convertible debenture loans, the convertible holder at conversion may choose whether the shares to be received at conversion shall be Class A or Class B. At full conversion, a total of 4,519,230 shares are issued, of which a maximum of 2,148,710 Class A shares, corresponding to 14.6% of the capital and not more than of 25.4% and not less than 6% of the votes in Invik after conversion. Share capital rises by SEK 22.6 million and the share premium reserve by SEK 212.4 million at full conversion.

OPTIONS PROGRAM

The options program in Invik decided by the Annual General Meeting of Kinnevik on May 12, 2005 was launched in September 2005. In accordance with the proposal presented at the Kinnevik Annual General Meeting, the Board of Invik decided to approve a cash bonus of a maximum of 62% of each participant's investment after tax. A condition for payment of the cash bonus is that the participant is employed within Invik at the payment date. On May 13, 2005, Invik issued to the wholly owned subsidiary Invik Trading AB a debenture with a nominal value of SEK 100 linked to 1,390,000 warrants. The warrants were offered to participants in the program at a price corresponding to the market price calculated in accordance with the Black & Scholes model. In determining this price, the value of the company's share was based on the average last paid price for the Invik Class B share during ten trading days in conjunction with the acquisition date. Since the warrants were conveyed at the market price, SEK 4.88 each, the program does not entail any significant expenses for Invik. Each warrant carries entitlement to subscription for one Class B share in Invik during the period from and including 20 days after the Invik shares was listed until May 12, 2008. The subscription price amounts to 115% of the Class B share's average last paid price on the Stockholm Stock Exchange from and including the sixth through and including the fifteenth trading day after the share's first day of trading, which corresponds to a subscription price of SEK 76.80 per share. During 2005, participants in the options program acquired warrants corresponding to 820,000 Class B shares in Invik. During 2006 67,500 warrants have been converted into Invik Class B shares.

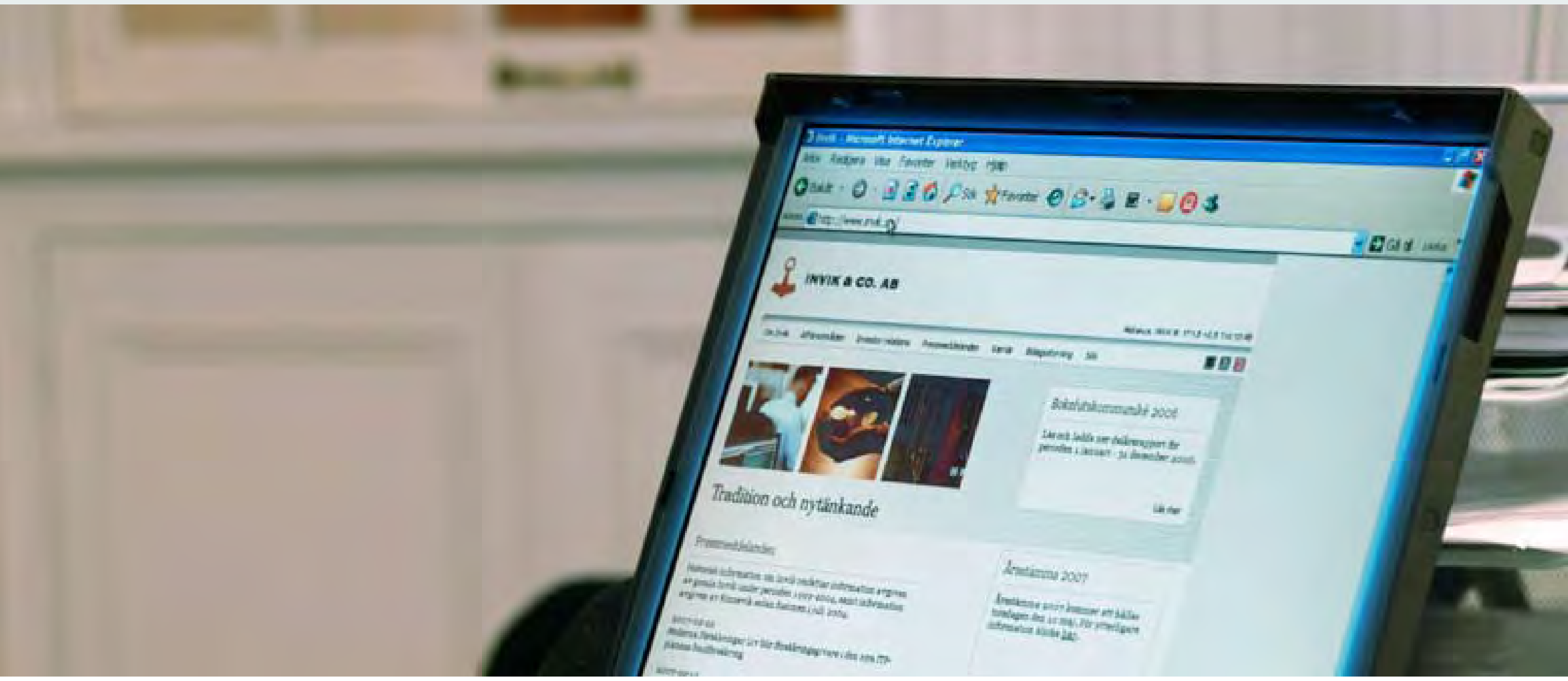
See page 33 of this Annual Report for the options holdings of the senior executives. Invik's expenses, including social security costs, for the bonus program amount to about SEK 8 million during the lifetime of the program.

DISTRIBUTION OF SHAREHOLDINGS

The shareholdings in Invik distributed by size of holding in accordance with the VPC ownership list at December 31, 2006 is provided below. At year-end, Invik had about 20,700 shareholders. The share of ownership by legal entities was 75%, corresponding to 70% of the votes.

DISTRIBUTION OF OWNERSHIP AT DECEMBER 30. 2006. DISTRIBUTION BY SIZE

	No of shareholders	Class A	Class B	Holding (%)	Voting (%)
1 – 500	18 488	58 171	1 657 249	6,48%	3,20%
501 – 1 000	1 125	24 639	848 349	3,30%	1,56%
1 001 – 5 000	822	47 132	1 730 542	6,72%	3,14%
5 001 – 10 000	103	53 500	711 778	2,89%	1,78%
10 001 – 15 000	28	50 380	287 850	1,28%	1,13%
15 001 – 20 000	19	13 870	320 427	1,26%	0,66%
20 001 –	115	4 594 141	16 067 665	78,07%	88,53%
Summa 2006-12-29	20 700	4 841 833	21 623 860	100,00%	100,00%



SHAREHOLDERS

The ownership structure at December 29, 2006 is shown below.

OWNERSHIP STRUCTURE AT DECEMBER 29, 2006 [1)]

Namn	Class A	Class B	Holding (%)	Votes (%)
Emesco Group	2 268 146	0	8,57%	32,38%
Jan H Stenbeck's estate	975 400	0	3,69%	13,93%
Klingspor family	566 819	172 413	2,79%	8,34%
Alecta Pensionsförsäkring [2)]	115 570	2 320 005	9,20%	4,96%
Swedbank Robur [2)]	0	2 518 162	9,51%	3,60%
von Horn family	241 086	30 397	1,03%	3,49%
Sapere Aude Trust	224 563	0	0,85%	3,21%
Fourth Pension Fund	0	1 312 700	4,96%	1,87%
Tryggingamidstödin Hf	0	1 175 000	4,44%	1,68%
Pictet & CIE [2)]	110 238	48 190	0,60%	1,64%
RBC Dexia[2)]	0	1 042 350	3,94%	1,49%
Hugo Stenbeck's foundation	83 955	17 000	0,38%	1,22%
SEB [2)]	1 050	712 675	2,70%	1,03%
JP Morgan [2)]	4 625	672 522	2,56%	1,03%
Nordea [2)]	0	651 468	2,46%	0,93%
DLG Aktiefond	0	546 316	2,06%	0,78%
Skandia [2)]	23 640	199 651	0,84%	0,62%
S I F	0	417 989	1,58%	0,60%
Aktie-Ansvar Fonder	0	394 300	1,49%	0,56%
Danckwardt-Lillieström, Björn	2 339	315 000	1,20%	0,48%
Other	224 402	9 077 722	35,15%	16,16%
Total	4 841 833	21 623 860	100,00%	100,00%

1) According to VPC at December 29, 2005 (owner grouped)
2) Own and/or on behalf of others

On January 16, 2007, a company in the Kinnevik Group requested a conversion to shares of all convertible debentures that Kinnevik owned in Invik. As a result of the conversion, Invik has issued interim shares corresponding to 2,148,710 new Class A shares and 2,370,520 new Class B shares to Kinnevik.

These new shares do not carry entitlement to dividends for the 2006 fiscal year but carry voting rights at the Annual General Meeting. The shares will remain interim shares until such time as they are registered by the Swedish Company Registration Office after the 2007 Annual General Meeting.

DIVIDEND

For the fiscal year 2006, the Board of Directors proposes an ordinary dividend of SEK 2.30 per share and an extra dividend of SEK 1.70 per share.

Corporate governance report

Corporate governance within Invik complies with Swedish and foreign legislation, the listing agreement with the Stockholm Stock Exchange and the rules and regulations issued by the relevant organizations. Invik is covered by the Swedish Code of Corporate Governance ("the Code") and complies with the provisions of the Code. The aim of the Code is to develop the governance of Swedish companies and promote confidence in the business community. The basic principle is to apply the Code by complying or explaining, that is, deviations from the Code are permitted, but an explanation must be supplied.

ORGANIZATION

Invik is a financial group with operations in insurance, banking and fund management. Its operations are organized in five business areas: Modern Insurances Non-life, Modern Insurances Life, Assuransinvest, Banque Invik, and Invik Funds. At Group level there are six senior executives: the President, Executive Vice President, who is also responsible for the three business areas within Modern Insurances, the Executive Vice President of Modern Insurances Life, the other business area managers and the Group Chief Financial Officer. All senior executives are based in Stockholm except the head of Banque Invik, who is based in Luxemburg, where the bank has its offices and conducts its business. In addition to Luxemburg, Banque Invik is active in Sweden through its branch office in Stockholm. The Group's Parent Company and other Swedish companies have offices in Stockholm. Modern Insurances also has offices in Gothenburg and Växjö.

SHAREHOLDER MEETINGS

Notification of the Annual General Meeting shall be made not earlier than six and not later than four weeks prior to the meeting. Notice of an Extraordinary General Meeting shall be made not earlier than four and not later than two weeks prior to the meeting. All those entitled to vote at the meeting may vote the full number of shares owned or represented. At the Annual General Meeting in May 2006 decision was taken on general principles for remuneration to senior executives. See Note. 11 in this Annual Report for a description of the remuneration terms for the senior executives and description of Invik's options program.

NOMINATION COMMITTEE FOR THE 2007 ANNUAL GENERAL MEETING

In accordance with the decision by the 2006 Annual General Meeting, a Nomination Committee was convened consisting of the major shareholders in Invik. It comprises Cristina Stenbeck representing Emesco AB and other shareholders, Magnus Bakke representing Swedbank Robur Funds, Tomas Nicolin for Alecta and Wilhelm Klingspor representing the Klingspor family. Combined, the Committee represents more than 50% of the votes in Invik. The composition of the Nomination Committee could change taking into account any changes in the largest shareholders' holdings during the nominating process.

Board member Cristina Stenbeck was appointed Chairman of the Nomination Committee, which deviates from the provisions of the Code. The other members of the Nomination Committee stated in motivating their decision on the selection of the Chairman of the Nomination Committee that it is in all shareholders' interests and a logical consequence of the fact that Cristina Stenbeck represents the company's largest shareholder.

The Nomination Committee will prepare a proposal regarding composition of the Board of Directors, fees for the Board of Directors and the auditors and a proposed meeting Chairman that will be presented to the 2007 Annual General Meeting for decision. Shareholders wishing to submit a proposal regarding representatives on Invik's Board may send them in writing to arsstamma@invik.se, or Company Secretary, Invik & Co. AB, Box 2095, SE-103 13 Stockholm.

BOARD OF DIRECTORS

Members of the Board of Directors are elected annually at the Annual General Meeting for the period until the closing of the next Annual General Meeting. The Articles of Association contain no restrictions regarding which Board members may be elected. According to the Articles of Association, the Board of Directors shall consist of not less than three and not more than nine member and not more than three deputy members. At the Annual General Meeting on May 11, 2006, Johan Klingspor, Helena Dyrssen, Rickard van Horn, Erik Mitteregger and Cristina Stenbeck were re-elected and Mia Brunell and Mats Höglund were newly elected as members of the Invik Board of Directors. Furthermore, the Annual General Meeting elected Johan Klingspor as Chairman of the Board of Directors. At the statutory meeting of the Board of Directors on May 11, Cristina Stenbeck was elected as Vice Chairman. On October 10, 2006, Helena Dyrssen chose to resign from the Board of Directors. Note 11 of this annual report contains a description of the terms of remuneration for the members of the Board of Directors. A majority of the Board members are independent in accordance with the requirements in the Stockholm Stock Exchange's rules. None of the Board members are employed by the company.

WORK OF THE BOARD OF DIRECTORS

Invik's Board of Directors has overall responsibility for management of the Group and for organizing its administration in accordance with the Swedish Companies Act. Moreover, the Board is responsible for ensuring that instructions governing the risks involved in the Group's operations are stipulated in writing for management and internal information purposes. Once annually, the Board adopts guidelines for the Board's work and the delegation of duties between the Board and the President. The guidelines specify the issues to be decided by the Board. These include approval of the Group's strategy and business plans, acquisitions and divestments above set limits, financial decisions of major significance and approval of significant changes in policies. The guidelines also stipulate that at least one Board meeting per quarter and an annual strategy meeting are to be held; that the President shall release interim reports following the approval of the Chairman and Vice Chairman, and that the Board shall publish the interim report for the first six months, the year-end report and the annual report. In addition, the guidelines include a description of all other issues that are to be decided at Board meetings, as well as instructions for the President and Executive Vice President. The Board has appointed Mattias Björk as the Company Secretary. The Company Secretary shall ensure that the guidelines, instructions and policies set by the Board are observed, and all Board members can turn to the Company Secretary for background information for their Board work. The Board has a set procedure for evaluating the results of its work and the work of the Board committees; and for the assessment of the functioning of working procedures and how they can be improved. The evaluation is carried out through each Board member completing a written questionnaire that is sent to the Chairman of the Nomination Committee.

During 2006, Invik's Board held twelve meetings. The members participated as follows. Three members participated in all twelve meetings. Two members participated in ten meetings. One member participated in nine meetings and one in eight meetings. Important issued given special consideration by the Board during 2006 included the sale of Fischer Partners and Invik Kapitalförvaltning, capital structure within Invik, strategy issues for Invik and each business area and the dividend proposal.

BOARD COMMITTEES

A Remuneration Committee and an Audit Committee were appointed within the Board. The Board also appoints a Chairman for each committee. The Audit Committee comprises Erik Mitteregger, Mia Brunell and Mats Höglund. Helena Dryssén was a member of the Audit Committee up until her resignation in the autumn of 2006. The Remuneration Committee comprises Johan Klingspor, Cristina Stenbeck and Mia Brunell. The Board appointed Erik Mitteregger as chairman of the Audit Committee and Johan Klingspor as chairman of the Remuneration Committee.

REMUNERATION COMMITTEE

The Remuneration Committee's assignment comprises issues involving salaries, pension benefits, bonus systems and other employment conditions for the President of Invik and for senior executives at the Group level within the Invik Group. As regards the President and Executive Vice President, the Remuneration Committee shall provide proposals to the Board for decisions, while in the case of other senior executives, the Remuneration Committee shall make decisions that are reported to the Board at the next ordinary Board meeting. The Remuneration Committee shall endeavor to meet twice annually and subsequently when required.

AUDIT COMMITTEE

The Audit Committee shall maintain contacts and enhance the efficiency of contacts with the Group's auditors, and exercise supervision of the routines for accounting and financial reporting as well as auditing in the Group. In addition, the Audit Committee shall procure auditing services ahead of decisions of the Annual General Meeting; monitor developments in auditing requirements; discuss significant issues linked to the Company's financial accounting; report significant observations to the Board; and, to the extent requested by the President, assist with a review of external reporting. As planned, the Audit Committee shall meet at least four times annually and subsequently as required. Minutes are to be kept of the Audit Committee meetings. The auditors elected at the Annual General Meeting shall orally and in writing present the results of their examination to the Audit Committee and the Board. The Audit Committee held four meetings during 2006.

AUDITOR

At the Annual General Meeting on March 29, 2005, the company's shareholders elected the audit firm PricewaterhouseCoopers AB with authorized public accountant Magnus Svensson Henryson as auditor in charge for the period up and until the end of the Annual General Meeting 2009. The auditor's independence is secured by means of the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit.

SUBSIDIARIES

The Group's President is Chairman of the Boards of all subsidiaries. The Board meetings shall regularly include each company's President, while Board meetings in Moderna Försäkringar Liv AB and Banque Invik S.A. shall also be attended by the Executive Vice President. The number of Board members varies and totals 5–8 in the larger subsidiaries, of whom 1–3 are normally external members. Several of the Boards of subsidiaries include representatives from other subsidiaries. Invik's Company Secretary acts as the Board's secretary in all subsidiaries.

Ongoing operations conducted in the Group's subsidiaries are governed by a substantial number of laws and regulations. In addition, the companies must observe the regulations and general recommendations issued by various supervisory authorities. Also, operations are to be conducted in accordance with the policies set by the Invik Board in various areas. According to the guidelines for each subsidiary governing the Board of Directors' work, a Board meeting must be held at least four times annually. The Boards in the individual subsidiaries are responsible for setting goals and strategies for the operations to be pursued. In addition, the Boards shall ensure

that written instructions are drawn up to control the risks inherent in operations and for internal information purposes. Also, the Boards, in accordance with applicable law, ordinance, regulations and general recommendations, are responsible for preparing applicable instructions and internal routines.

BUDGET PROCESS AND REPORTING

Budgets for the coming financial year are drawn up by each business area and are approved by the Invik Board of Directors in November/December. Based on the outcome during the first quarter of the subsequent year, each business area shall prepare a forecast for the remainder of the fiscal year, broken down by quarter and, for the following quarter by month. This will be repeated after the end of the second and third quarters. In addition, a long-term business plan is to be drawn up with focus on the future product range, which is dealt with by the Group Board at the Board's annual strategy meeting. Reports from each business area are presented monthly to the President of Invik and to members of each subsidiary Board. In line with the Group's reporting instructions, all monthly reporting is to be presented within 15 days after the end of the month. Reporting to Invik's Board of Directors is carried out not later than one week prior to the Board meeting and at least once each quarter.

COMPLIANCE AND TRUST

Market confidence in Invik is a key issue that is actively addressed by the Board. The Corporate Social Responsibility Policy adopted by the Board prescribes that the Group's operations shall be conducted in compliance with legislation, rules and regulations, and shall observe high ethical and moral standards. Furthermore, the policy states that the Group's employees shall act in such a manner so as to preserve Invik's good name and reputation and the level of trust placed in the Company. Within each business area, there is a Compliance Manager who is responsible for ensuring that Invik's operations are conducted in accordance with laws, regulations, other rules, as well as in accordance with internal instructions and policies. The Compliance Manager reports to the Board of the respective subsidiary prior to each Board meeting and to Invik's management. In important matters, the Compliance Manager also reports to Invik's Audit Committee and the Board of Directors.

PARENT COMPANY

The Group's Parent Company Invik & Co. AB is a holding company that does not pursue operations of its own. Thus, the Parent Company's operations consist primarily of the requisite intra-Group functions, as well as the ownership and management of shares in operating subsidiaries. The President and CFO are employed in the Parent Company as well as two other persons at the end of 2006.

INTERNAL CONTROL WITH RESPECT TO FINANCIAL REPORTING

Invik is covered by the Swedish Code of Corporate Governance ("the Code") and complies with the provisions of the Code, unless otherwise specifically noted. This report was therefore prepared in accordance with the Code and the guidelines issued by FAR, the Institute for the Accounting Profession in Sweden, and the Confederation of Swedish Enterprise, as well as the instructions that the Swedish Corporate Governance Board issued during 2006. This means that the report is limited to a description of how internal controls are organized with respect to financial reporting.

CONTROL ENVIRONMENT

The Board's work procedures and instructions of the President and the Board's committees are intended to ensure distinct roles and distribution of responsibility to support an efficient management of the operation's risks. Moreover, the Board has established a number of fundamental controls that are important in the work with internal control in the form of internal policies, duty specifications, guidelines, manuals and codes. Invik's management reports regularly to the Board based on specific routines. This is complemented by the reporting from the Audit Committee's work. Invik's management is responsible for the system of internal controls required to handle risks in daily operations. This includes guidelines for the affected employees so that they understand and perceive the importance of their respective roles in the efforts to maintain good internal control.

RISK ASSESSMENT AND CONTROL ACTIVITIES

During 2006, Invik adopted a model for assessing risk in business operations, which also includes bookkeeping errors and financial reporting. In addition, Invik has identified a number of items in the income statement and balance sheet in which the risk for significant errors are raised, for example, valuation of goodwill and technical reserves. Particular emphasis has been placed on formulating controls to prevent and detect faults in these areas.

INFORMATION AND COMMUNICATIONS

Significant guidelines and important manuals for financial reporting are updated and circulated continuously. There are formal as well as informal information channels to company management and the Board for significant information from employees. There are guidelines for external communications that ensure that Invik meets the high demands for correct information to the market.

FOLLOW-UP

The Board continuously evaluates the information provided by company management and the Audit Committee. The Audit Committee's work with following up the effectiveness of the company management's work in this area is of particular importance for the follow-up of internal control. This work includes ensuring that action is taken regarding the faults and the proposed measures that arise in the internal and external audits.

INTERNAL AUDIT

In addition, Invik has an independent audit function that is responsible for following up and evaluating the work with risk management and internal control. This work includes examining how specific guidelines are followed and to follow up on compliance with the provisions and general recommendation issued by various supervisory authorities. The independent audit function plans its work in collaboration with the Audit Committee and each subsidiary's Board and reports the results continuously to each subsidiary Board and subsequently to the Audit Committee. During 2006, the independent audit in those companies within Invik that are regulated by supervisory authorities was conducted by the external auditing firm KPMG, which reported to each subsidiary Board and to the Audit Committee.

This corporate governance report has not been reviewed by Invik's auditors.

Stockholm, March 23, 2007
The Board of Directors
Invik & Co. AB

Left to right: Erik Mitteregger, Mia Brunell, Anders Fällman, Johan Klingspor, Cristina Stenbeck, Mats Höglund and Rickard von Horn.

Board of Directors

Johan Klingspor, Chairman of the Board
LL.M. and Forest Ranger, born 1953.
Member of the Board of Invik since 2004. Member of the Board in old Invik during the period 1997–2004 and deputy Board member during the period 1991–1997.
Shareholdings: 93,445 Class A shares and 20,000 Class B shares.
Independent in relation to the Board, management and the Company's major shareholders.

Cristina Stenbeck, Vice Chairman
BA, born 1977.
Member of the Board of Invik since 2004. Member of the Board in old Invik during the period 2003–2004 and deputy Board member during the period 1997–2003.
Other appointments: Vice Chairman of Investment AB Kinnevik. Chairman of the Board of Emesco AB. Board member in Metro International S.A., Millicom International Cellular S.A., Modern Times Group MTG AB, Tele2 AB and Transcom WorldWide S.A.
Shareholdings:–
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Mia Brunell
Born 1965
Member of the Board of Invik since 2006.
Other appointments: President and CEO of Investment AB Kinnevik as from August 1, 2006.
Other Board appointments: Member of the Board of Metro International S.A., Tele2 AB, Transcom Worldwide S.A. and CTC Media, a Russian broadcast associate company of MTG.
Shareholdings: -
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Rickard von Horn
BSc Eng, born 1954.
Member of the Board of Invik since 2004. Member of the Board of old Invik during the period 1994–2004.
Other Board appointments: Member of the Board of Mellersta Sveriges Lantbruksaktiebolag.
Shareholdings: 31,454 Class A shares and 1,546 Class B shares.
Independent in relation to the Company, management and the Company's major shareholders.

Mats Höglund
MSc. Pol. Sci., born 1948.
Member of the Board of Invik since 2006.
Other Board appointments: Member of the Board of Bliwa Livförsäkrings AB and Solna Vikings.
Other positions: Auditor NTF and Senior Advisor CV Search.
Shareholdings: -
Independent in relation to the Company, management and the Company's major shareholders.

Erik Mitteregger
BSc Econ, born 1960.
Member of the Board of Invik since 2004.
Other Board appointments: Chairman of the Board of Aspiro AB. Member of the Board of Investment AB Kinnevik, Wise Group AB and Firefly AB.
Shareholdings: 3,500 Class A shares.
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Anders Fällman
President and CEO of Invik & Co.
LL.M., born 1962.
Employed since 2000.
Shareholdings: 1,618 Class A shares, 170,000 Class B shares and 200,000 warrants.

Auditor

PricewaterhouseCoopers AB
Magnus Svensson Henryson
Authorized Public Accountant, born 1969
Principal auditor of Invik since March 2005.

Senior executives

Anders Fällman, President and CEO
LL.M., born 1962.
Employed since 2000.
Shareholdings: 1,618 Class A shares, 170,000 Class B shares and 200,000 warrants

Lars Nordstrand, Executive Vice President
MD Modern Insurances
BSc Econ, born 1951.
Employed since 1997.
Shareholdings: 100,000 warrants

Mattias Björk
CFO Invik & Co.
LL.M., BSc Econ, born 1975.
Employed since 2002.
Shareholdings: 5,000 warrants

Pierre Arens
President of Banque Invik
M.A., born 1961.
Employed since 2004.
Shareholdings: 100,000 warrants

Stefan Carlenius
President of Aktie-Ansvar
BSc Econ, born 1966.
Employed since 1992.
Shareholdings: 800 Class B shares and 30,000 warrants

Mikael Claesson
Executive Vice President of Modern Insurances Life
Executive MBA, born 1966.
Employed since 2001.
Shareholdings: 50,000 warrants

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Board of Directors' report

OPERATIONS AND ORGANIZATION

Invik is a financial group with broad operations focusing on insurance, banking and fund management. Invik is active in carefully selected segments in which the Group can create favorable growth and establish long-term successful companies, always with the focus on profitability. The hallmark of the Group is that it seeks ways to crate growth in profitable niches in the financial sector. Invik comprises five business areas: Modern Insurances Non-life, with direct insurance for private persons and small companies; Modern Insurances Life offers life, pension and endowment insurance; Banque Invik, a private bank in Luxemburg, with operations in asset management, card operations and corporate services, and Invik Funds, which conducts fund operations in Sweden through Aktie-Ansvar and Modern Funds.

SIGNIFICANT EVENTS DURING THE YEAR

Invik divested Fischer Partners Fondkommission AB on July 4, 2006 to Glitnir banki hf. The purchase price was SEK 426 million, comprising SEK 380 million for the share capital of Fischer Partners and SEK 46 million for the repayment of liabilities to Invik. Fischer Partners is reported in the annual report as discontinued operations. On January 3, 2006, the divestment of Invik Kapitalförvaltning AB was completed which conducted traditional asset management. The sale did not result in any material effects on the income statement or balance sheet.

PROFIT AND FINANCIAL REVIEW

Condensed consolidated earnings (SEK million)	Jan-Dec 2006	Jan-Dec 2005
Total revenues	1 907.0	1 393.0
Total expenses	-1 520.5	-1 175.5
Operating income	386.5	217.5
Profit before income tax	382.8	211.9
Income tax expenses	-98.0	-55.8
Profit for the period	284.8	156.1
Profit for the period including discontinued operations	359.2	183.0
Earnings per share (SEK)	10.78	5.91
Earnings per share after dilution (SEK)	9.28	5.38

CONSOLIDATED PROFIT FOR THE FULL-YEAR 2006

Total revenues during the year rose 37% and amounted to SEK 1,907.0 million (1,393.0). The increase in revenues is attributable primarily to higher investment income from financial investments in Modern Insurances Non-Life, improved interest income in Banque Invik and higher commission income in Invik Funds. Operating income rose 78% and amounted to SEK 386.5 million (217.5). All business areas reported higher operating income during the year. The technical result both at Modern Insurances Non-Life and Life rose, parallel with a high return on capital. Invik Funds reported a doubling in operating income, generated primarily by commission income attributable to the successful management of the Aktie-Ansvar funds. Of the investment income in 2006, SEK 35 million represents an adjustment in the return attributable to previous periods.

EARNINGS PER SHARE

Earnings per share were SEK 10.78 (5.91). Earnings after dilution for the convertible debentures that were converted to 4,519,230 interim shares – plus outstanding warrants under the options program, which on full subscription provide rights to 752,500 shares – totaled SEK 9.28 (5.38). Earnings per share, including operations in the process of being wound up, totaled SEK 13.61 (6.93). During the year, 16,122 Invik Class A shares were converted to Class B shares and 67,500 Class B shares were issued based on warrants. The total number of shares outstanding at December 31, 2006 was 26,465,693, of which 4,841,833 were Class A and 21,623,860 Class B shares. After the end of the reporting period, subordinates debentures were converted to a total of 4,519,230 interim shares.

CASH FLOW

Most of Invik's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, Invik's working capital fluctuates considerably from one time to another. During the year, the change in working capital was SEK -943.3 million (780.5). Cash flow from operations before changes in working capital totaled SEK 422.6 million (243.4).

FINANCIAL POSITION

During December, the Swedish Financial Supervisory Authority concluded that Invik was a financial conglomerate. As a financial conglomerate, Invik will annually report the capital adequacy for the entire Group to the Swedish Financial Supervisory Authority, which will be presented in the interim report for the first quarter of 2007. At the end of the period, the Invik Group had convertible debentures in a nominal amount of SEK 235 million issued to Investment AB Kinnevik, which on full conversion provide entitlement to 4,519,230 shares in Invik & Co. AB. In January 2007, all convertible debentures were converted to shares. As a result of the conversion, Invik issued interim shares in the form of 2,148,710 new Class A and 2,370,520 Class B shares, respectively, to Kinnevik. These new shares do not give entitlement to any dividend for the 2006 fiscal year, but grant voting rights at the Annual General Meeting. The shares are interim shares until they have been registered by the Swedish Companies Registration Office following the 2007 Annual General Meeting. In addition, the Invik Group has current, interest-bearing receivables due from Kinnevik in the amount of SEK 100 million.

DISCONTINUED OPERATIONS

All operations reported as discontinued operations, meaning Fischer Partners Fondkommission AB, Aktievik AB and Invik Kapitalförvaltning Holding AB, reported a combined profit after tax of SEK 74.4 million (26.9) for the year, of which SEK 54 million is a capital gain from the sale of Fischer Partners. The discontinuation of the remaining former holding companies of Fischer Partners and Invik Kapitalförvaltning is expected to be completed in early 2007 with a neutral financial result for the Group.

PARENT COMPANY

The Parent Company's operating loss for 2006 was SEK 30.4 million (loss: 24.5). The Parent Company's loss before tax in 2006 amounted to SEK 8.0 million (14.6). The Parent Company's net investments in 2006 totaled SEK 38.3 million, of which investments in subsidiaries were SEK 38.2 million and investments in fixed assets totaled SEK 0.1 million (0.9). Apart from the convertible debentures of SEK 235 million that Invik has on the closing day issued to Kinnevik, Invik has no external loan liabilities. The Parent Company's net liabilities to subsidiaries totaled SEK 556 million, with cash and cash equivalents totaling SEK 18 million and external investments amounting to SEK 215 million at the end of the reporting period.

REMUNERATION PRINCIPLES

Remuneration to the President and other senior executives comprises basic salary, variable salary/bonus and benefits in the form of company car and pension. Variable salary/bonus for the President and Executive Vice President may amount to a maximum of six monthly salaries based on a number of goals established by the Board. These comprise partly quantified financial goals as well as qualitative goals. In certain of Invik's business areas, senior executives have individual incentive programs in which the variable portion was based on various criteria in which the earnings of the subsidiary was the most important.

Other senior executives within Invik comprise the four persons in addition to the President and Executive Vice President who are presented on pages 33 of this annual report and the formerly employed senior executives to whom remuneration was paid in 2006.

RISK MANAGEMENT & RISK CONTROL

The Group's operations expose it to a number of financial and operational risks. The Group's overall risk management principles to limit major financial risks encompass (i) management of risk taking through the issuance of policies and instructions (ii) matching of flows and exposure, and (iii) hedging of financial risks. Every operating company is governed by a set of regulations and policies designed to deal with risk management.

The Group's compliance function is responsible for the Group's and subsidiaries organization and control structure to ensure that all transactions occur in accordance with internal and external regulations. It is ensured that the companies comply with established instructions and mandates via ongoing reporting and reconciliation procedures. Reports are presented continuously to Invik's executive management and to the Board at its meetings. Risk management and risk control is described in more detail in Note 2.

OUTLOOK

Since Invik's future development is depends largely on financial market trends, the Board believes it is not meaningful to provide any forecasts for Invik's future profitability or growth. Invik is seeking to continue the development of the Group's operations by means of product development in existing operations and through the start-up or acquisition of new operations or divestment of operations that are not considered to have the same scalability and development potential as the other operations in Invik. Invik also sees considerable future potential in capitalizing on the expertise accumulated in the Group's various operations by means of geographic expansion of the existing product range. The expansion rate and the markets in question depend on the growth and profitability conditions expected to prevail in the future.

DIVIDEND POLICY

The Board's goal is that the dividend should correspond to about 30% of the Invik Group's earnings after tax. The Invik Group's future capital requirements as a result of organic growth and corporate acquisitions, variations in earnings as a result of changes in market conditions, and changes in capital adequacy and solvency rules may, however, limit the actual dividend paid in individual years. The Board's aim is eventually to raise the long-term dividend pay-out ratio since an attractive dividend policy is considered to be in the shareholders' interests.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board and the President propose that the retained earnings:

Retained earnings	SEK 1 025,0 million
Profit for the year	SEK 4,0 million
Total	**1 029,0 million**
be distributed as follows:	
Dividend to shareholders:	
SEK 4.00 per share (26,465,693 x 4.00), total	SEK 105,9 million
To be carried forward	SEK 923,2 million
Total	**1 029,0 million**

The Board of Directors proposes that the Annual General Meeting decide in favor of a ordinary cash dividend of SEK 2.30 (2.20) per share and, in addition, an extraordinary dividend of SEK 1.70 per share, which is justified on the basis of the capital gains attributable to the divestment of Fischer Partners Fondkommission and the favorable return on investments during the year. In the Board's opinion, the above proposed dividend is justifiable at both the company and Group level taking into account the demands that the nature of the business, scope and risks places on the size of the company's and Group's shareholders' equity and the Group's balance sheet requirements, liquidity and financial position in general.

To the best of the Board's and President's knowledge, the annual report has been prepared in compliance with generally accepted accounting principles for stock market companies. The information provided agrees with actual conditions and nothing of material significance has been omitted that could affect the view of the Group and Parent Company created by this annual report.

As stated above, the annual report and consolidated financial statements were approved for release by the Board on March 23, 2007. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to approval at the Annual General Meeting on May 10, 2007.

Johan Klingspor
CHAIRMAN

Cristina Stenbeck

Mia Brunell
VICE CHAIRMAN

Rickard von Horn

Mats Höglund

Erik Mitteregger

Anders Fällman
PRESIDENT

Our Auditor's report was submitted on March 23, 2007

PricewaterhouseCoopers AB

Magnus Svensson Henryson
AUTHORIZED PUBLIC ACCOUNTANT

Audit report

TO THE ANNUAL GENERAL MEETING OF INVIK & CO. AB, CORP. REG. NO. 556594

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of Invik & Co. AB for the year 2006. The company's annual accounts are included in the printed version on pages 36-81. The board of directors and the president are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president and significant estimates made by the board of directors and the president when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts has been prepared in accordance with the Annual Accounts Act and thereby give a true and fair view of the company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and the Annual Accounts Act and give a true and fair view of the Group's results of operations and financial position. The Board of Directors' Report is consistent with the other parts of the annual accounts and the consolidated accounts.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Stockholm, March 23, 2006

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Consolidated Income Statement

SEK million	NOTE	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
REVENUES					
Insurance premium revenue	4	1 234.1	1 066.7	-	-
Insurance premium ceded to reinsurers	4	-240.1	-205.8	-	-
Fee and commission income	5	436.3	299.7	-	-
Investment income	6	242.1	115.8	-	-
Interest income after loan loss provisions	7, 21	229.1	115.7	-	-
Other operating income	8	5.5	0.9	-	-
Total revenues		**1 907.0**	**1 393.0**	**-**	**-**
EXPENSES					
Insurance benefits, claims and loss adjustment expenses	9	-846.9	-783.9	-	-
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	9	107.0	154.8	-	-
Fee and commission expenses	5	-114.6	-97.0	-	-
Interest expenses	7	-190.1	-86.4	-	-
Depreciation, amortization and write-down of tangible and intangible assets	14, 15	-55.9	-36.7	-0.2	-0.1
Other operating expenses	10, 11, 16, 29, 37, 38	-420.0	-326.2	-30.2	-24.4
Total expenses		**-1 520.5**	**-1 175.4**	**-30.4**	**-24.5**
Operating income		**386.5**	**217.5**	**-30.4**	**-24.5**
Financial income and expenses	12	**-3.7**	**-5.6**	**22.4**	**39.1**
Profit before income tax		**382.8**	**211.9**	**-8.0**	**14.6**
Income tax expense	13,17	-98.0	-55.8	12.0	9.7
Profit for the year from continuing operations		**284.8**	**156.1**	**4.0**	**24.3**
Profit for the year from discontinued operations	31	**74.4**	**26.9**	**-**	**-**
Profit for the year		**359.2**	**183.0**	**4.0**	**24.3**

	2006	2005
Earnings per share for continuing operations before dilution (SEK)	10.78	5.91
Earnings per share for continuing operations after dilution (SEK)	9.28	5.38
Earnings per share for discontinued operations before dilution (SEK)	2.83	1.02
Earnings per share for discontinued operations after dilution (SEK)	2.38	0.90
Number of shares outstanding before dilution	26 465 693	26 398 193
Number of shares outstanding after dilution	31 372 900	30 917 423
Average number of shares outstanding before dilution	26 409 885	26 398 193
Average number of shares outstanding after dilution	31 317 091	29 827 855

Consolidated balance sheet

SEK million	NOTE	Group Dec. 31, 2006	Group Dec. 31, 2005	Parent Company Dec. 31, 2006	Parent Company Dec. 31, 2005
ASSETS					
Tangible assets	14	19.6	28.4	0.7	0.8
Intangible assets	14	436.5	559.1	-	-
Capitalized acquisition expenses unit-linked insurance	15	139.1	71.9	-	-
Shares in subsidiaries	36	-	-	1 708.2	1 645.8
Investment in associates	16	15.9	10.6	-	-
Deferred income tax assets	17	50.3	49.6	21.4	9.7
Investment securities – fair value through profit and loss	18, 19, 20	2 245.7	1 576.1	-	-
Investment assets – unit-linked	18	4 232.8	2 320.9	-	-
Derivative financial instruments	19, 20, 21	60.2	58.4	-	-
Loans and other receivables	20, 21	3 473.3	2 184.5	215.0	-
Interest-bearing receivables, Group companies		-	-	210.0	40.5
Interest-free receivables, Group companies		-	-	0.1	99.2
Other assets	24, 26	875.4	820.2	1.7	7.4
Trading securities		-	15.7	-	-
Cash and cash equivalents	20, 21	2 528.7	4 218.2	18.1	16.2
Total assets of discontinued operations	31	411.1	406.4	-	-
Total Assets		**14 488.6**	**12 319.9**	**2 175.2**	**1 819.6**
EQUITY					
Share capital	25	132.3	132.0	132.3	132.0
Share premium reserve and other additions		1 058.6	1 053.8	996.1	1 044.0
Other reserves		2.9	19.8	-	-
Retained earnings		135.7	5.5	29.0	4.7
Profit for the year		359.2	183.0	4.0	24.3
Total Equity		**1 688.8**	**1 394.1**	**1 161.4**	**1 205.0**
PROVISIONS AND LIABILITIES					
Insurance contracts	26	2 030.7	1 761.2	-	-
Liabilities related to unit-linked insurance contracts	27	4 327.9	2 324.8	-	-
Interest-bearing loans and borrowing	20, 28	232.1	305.1	227.9	226.7
Interest-bearing loans, Group companies		-	-	335.5	327.1
Interest-free loans, Group companies		-	-	24.3	44.9
Deposits from the public	20, 28	4 754.9	5 283.8	-	-
Derivative financial instruments	19	71.8	50.5	-	-
Deferred income tax liabilities	17	210.4	127.7	2.0	2.3
Current income tax liabilities		32.3	36.6	-	-
Other liabilities	29, 30	1 133.9	718.6	424.1	13.6
Total liabilities of discontinued operations	31	5.8	317.5	-	-
Total provisions and liabilities		**12 799.8**	**10 925.8**	**1 013.8**	**614.6**
Total Equity, Provisions and Liabilities		**14 488.6**	**12 319.9**	**2 175.2**	**1 819.6**
Assets pledged	32	**4 348.3**	**2 338.4**	**-**	**-**
Contingent liabilities	21, 32	**7 535.9**	**4 989.0**	**-**	**250.0**

Cash-flow statement

SEK million	NOTE	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
OPERATING ACTIVITIES					
Profit for the year		359.2	183.0	4.0	14.6
Adjustment for items not included in cash flow					
Depreciation/amortization and impairments		57.3	39.4	0.2	0.1
Loss associated with sale of subsidiaries		-69.7	-	-	-
Anticipated dividends from subsidiaries		-	-	-	-50.0
Share in earnings of associated companies		-5.3	-	-	-
Other		-0.9	0.2	-	-
Change in tax liability		89.4	57.0	-12.2	-
Cash flow from operating activities before changes in working capital		**430.0**	**279.6**	**-8.0**	**-35.3**
INCREASE (-)/DECREASE (+) OF ASSETS IN OPERATING ACTIVITIES:					
Trading securities		-	-5.0	-	-
Loans and other receivables		-1 838.4	-1 030.9	-	-
Investment securities at fair value		-648.4	-780.2	-	-
Investment assets – unit-link		-1 933.1	-1 785.6	-	-
Derivative financial instruments		-4.1	-23.3	-	-
Other assets		-422.7	-361.5	145.5	119.3
Change in working capital assets		**-4 846.7**	**-3 986.5**	**145.5**	**119.3**
INCREASE (+)/DECREASE (-) OF LIABILITIES IN OPERATING ACTIVITIES:					
Insurance contracts		269.5	453.7	-	-
Investment contracts, unit-link		2 003.1	1 781.1	-	-
Deposits from the public		401.2	2 583.8	-	-
Derivative financial instruments		23.6	16.7	-	-
Interest-bearing loans and borrowing		85.3	-62.7	-	-
Other liabilities		658.3	291.5	365.7	-108.1
Change in the operational liabilities		**3 441.0**	**5 064.1**	**365.7**	**-108.1**
Cash flow from operating activities		**-975.7**	**1 357.2**	**503.2**	**-24.1**
INVESTMENT ACTIVITIES					
Acquisitions of intangible assets		-107.6	-72.8	-	-
Sale of intangible assets		-	-	-	-
Acquisitions of tangible assets		-12.9	-19.0	-0.1	-0.9
Sale of tangible assets		-1.3	2.4	-	-
Acquisitions of financial fixed assets		-	-4.4	-	-
Sale of subsidiaries		-592.8	-	-	-
Investment in subsidiaries from other subsidiaries		-	-	-23.2	-
Investment in subsidiaries through capital contribution		-	-	-15.0	-174.0
Cash flow from investment activities		**-714.6**	**-93.8**	**-38.3**	**-174.9**
FINANCING ACTIVITIES					
Shareholder contribution		-	-	-	-
Change in interest-bearing receivables		-	-	-424.9	50.8
Change in long-tem liabilities		1.2	237.3	9.4	399.4
Dividend		-52.8	-235.0	-52.8	-235.0
Options program		5.2	-	5.2	-
Cash flow from financing activities		**-46.4**	**2.3**	**-463.1**	**215.2**
Cash flow for the year		**-1 736.7**	**1 265.7**	**1.8**	**16.2**
Cash and cash equivalents at beginning of the period		**4 370.9**	**3 006.3**	**16.3**	**0.1**
Translations differences in cash and cash equivalents		-105.5	98.9	-	-
Cash flow		-1 736.7	1 265.7	1.8	16.2
Cash and cash equivalents at end of the year		**2 528.7**	**4 370.9**	**18.1**	**16.3**

Information regarding the discontinued operation's share of cash flow is provided in Note 31.

SEK million	NOTE	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Paid and received interest, SEK million					
Paid interest		-218.9	-54.1	-10.1	-1.2
Received interest		259.0	63.0	6.1	1.5
Tax paid, SEK million					
Tax paid		-24.1	-15.0	-	-

Changes in equity

Changes in consolidated equity

SEK million	Share capital	Share premium reserve and other additions	Exchange-rate differences	Retained earnings & profit of the year	Total equity
Amount at December 31, 2004/January 1, 2005	**0.1**	**1 409.8**	**0.6**	**5.5**	**1 416.0**
Exchange-rate differences	-	-	19.2	-	19.2
Total change in transactions reported directly against equity	-	-	19.2	-	19.2
Bonus issue	131.9	-131.9	-	-	-
Convertible debenture equity portion	-	9.1	-	-	9.1
Employee stock options program – premiums paid	-	4.0	-	-	4.0
Deferred tax – convertible debenture	-	-2.2	-	-	-2.2
Cash dividend	-	-235.0	-	-	-235.0
Total other changes	131.9	-356.0	-	-	-224.1
Net profit for the period	-	-	-	183.0	183.0
Amount at December 31, 2005/January 1, 2006	**132.0**	**1 053.8**	**19.8**	**188.5**	**1 394.1**
Exchange-rate differences	-	-	-16.9	-	-16.9
Total change in transactions reported directly against equity	-	-	-16.9	-	-16.9
Employee stock options program – new share issue	0.3	4.8	-	-	5.1
Cash dividend	-	-	-	-52.8	-52.8
Total other changes	0.3	4.8	-	-52.8	-47.7
Net profit for the period	-	-	-	359.2	359.2
Amount at December 31, 2006	**132.3**	**1 058.6**	**2.9**	**494.9**	**1 688.7**

Changes in Parent Company equity

SEK million	Share capital	Share premium reserve and other additions	Exchange-rate differences	Retained earnings & profit of the year	Total equity
Amount at December 31, 2004/January 1, 2005	**0.1**	**1 400.0**	**-**	**4.7**	**1 404.8**
Bonus issue	131.9	-131.9	-	-	-
Convertible debenture equity portion	-	9.1	-	-	9.1
Employee stock options program – premiums paid	-	4.0	-	-	4.0
Deferred tax – convertible debenturev	-	-2.2	-	-	-2.2
Cash dividend	-	-235.0	-	-	-235.0
Total other changes	131.9	-356.0	-	-	-224.1
Net profit for the period	-	-	-	24.3	24.3
Amount at December 31, 2005/January 1, 2006	**132.0**	**1 044.0**	**-**	**29.0**	**1 205.0**
Employee stock options program – new share issue	0.3	4.8	-	-	5.1
Cash dividend	-	-23.8	-	-29.0	-52.8
Total other changes	0.3	-19.0	-	-29.0	-47.7
Net profit for the period	-	-	-	4.0	4.0
Amount at December 31, 2006	**132.3**	**1 025.0**	**-**	**4.0**	**1 161.3**

Note 1. Summary of accounting principles

GENERAL

The consolidated accounts for Invik & Co AB for 2006 were approved for publication by a Board decision on March 21, 2007. The balance sheet and income statements for the Group and Parent Company shall be adopted at the Annual General Meeting. The Group's primary operations are described in the Board of Directors Report.

The Parent Company, Invik & Co AB, Corporate Registration Number 556594-1787, is domiciled in Sweden, with its head office located at Skeppsbron 18, Box 2095, SE-103 13 Stockholm.

BASIS FOR PREPARATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that have been adopted by the European Commission, and the Swedish Financial Accounting Standards Council recommendation RR 30 (Supplementary Accounting Rules for Groups). The Parent Company's annual report was prepared in accordance with Swedish law and the application of the Swedish Financial Accounting Standards Council recommendation RR 32 (Reporting for Legal Entities). This means that IFRS valuation and disclosure rules have been applied with deviations as described in the section Parent Company's accounting principles.

Assets and liabilities are, as a rule, reported as gross in the accounting. Net accounting does occur in those instances where there is legal offsetting right of assets and liabilities, and these are intended to be divested jointly and at the same time.

NEW ACCOUNTING PRINCIPLES AND OTHER CHANGES

Receivables attributable to insurance operations and liabilities related to reinsurance contracts have been included effective December 31, 2005 under the balance sheet item other assets. These items are, by nature, similar to accounts receivable and other interest-free receivables, which makes it suitable to report them under the same balance sheet item. Sub-items are specified under the notes to the balance sheet items.

REVISED ACCOUNTING PRINCIPLES FOR 2006

During 2006, a number of new standards, changes and interpretations came into effect. These standards, changes and interpretations did not have any effect on the consolidated accounts upon their implementation other than expanded supplemental information in certain instances:

–changes to IAS 19 Employee Benefits,
–changes to IAS 39 Financial Instruments: Recognition and Measurement,
–changes to IAS 21 The Effects of Changes in Foreign Exchange Rates,
–IFRIC 4 Determining Whether an Arrangement Contains a Lease (effective 2006)

REVISED ACCOUNTING PRINCIPLES FOR 2007

During 2005, the standards and interpretations below were issued. These have not yet become effective and have not been applied in the preparation of the consolidated accounts for 2006. The standards, changes and interpretations listed below are not anticipated to have any effect on the consolidated accounts upon their implementation other than expanded supplemental information in certain instances:

- IFRS 7 Financial Instruments: Disclosures (effective 2007) and
- changes to IAS 1 Presentation of Financial Statements in terms of disclosures related to capital requirements and capital needs (effective 2007).

KEY ASSESSMENTS AND ASSUMPTIONS

In preparing annual and consolidated accounts, assessments and assumptions are made that impact accounting and supplementary disclosures. Below is a summary of key assessments by the Board and management for application of IFRS and assumptions and estimates that, by their nature, are difficult to assess.

The areas that involve a high degree of complex appraisal, or in which assumptions and estimates are of critical significance for the consolidated accounts, include the valuation of intangible assets and provisions relating to technical provisions. The value of intangible assets is tested by comparing the book value with the estimated current value of future cash flow for the various cash-generating operations. For provisions to technical reserves, accepted actuarial methods for calculating the size of reserves are used. These provisions are subject to annual testing by a specially retained outside actuary. The provision for unsettled claims shall cover anticipated future payments for all incurred claims, including claims that have not been reported to the insurance companies, known as Incurred But Not Reported (IBNR) provisions. The provisions are calculated by applying statistical methods and individual assessments of specific claims cases, and often by combining the two methods. These provisions are significant to an assessment of the company's reported profits and financial position since a deviation compared with actual future payments will lead to a run-off result being reported in the forthcoming year.

CONSOLIDATED ACCOUNTS

The consolidated financial statements are based on the balance sheets, income statements, cash-flow statements and supplementary disclosure for the Parent Company and all companies in which the Parent Company holds a controlling influence from the date on which such influence arises until its ceases. The consolidated financial statements have been prepared in accordance with the purchase method, which implies that the book value of the Parent Company's shares in subsidiaries is offset against the subsidiaries' share in untaxed reserves that existed in the companies at the various times of acquisition after the valuation of the fair value of the companies' net assets including contingent liabilities. Consolidated shareholders' equity includes only the portion of subsidiaries' shareholders' equity that arose after acquisition. The difference between the acquisition values of subsidiaries' shares and the fair value of subsidiaries' assets and liabilities at the time of acquisition that is not due to differences between the fair value and the book value of identifiable acquired net assets is reported as goodwill. This goodwill is not subject to ongoing amortization. Instead, its value is reviewed annually for impairment.

Intra-Group transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the need to write down the transferred asset. Where applicable, the accounting principles for subsidiaries have been changed to guarantee consistent application of the Group's principles. Funds under discretionary management and assets of mutual funds managed by Invik Group companies are not reported as assets in the consolidated accounts. Risks and benefits attributable to the ownership of funds subject to discretionary management accrue to the customers, who also have formal ownership of these funds. None of Invik's fund holdings are so substantial that the fund, according to regulations, is regarded as being controlled by Invik, with the result that the holding would be consolidated in accordance with IAS 27 Consolidated and Separate Financial Statements. However, Invik intends to monitor the accounting practice that develops in this area if consolidation becomes relevant. The savings part of the sale of unit-linked insurance policies is not reported in the consolidated accounts as premiums earned. On the other hand, since the life insurance company is formally the owner of the fund units, assets and liabilities relating to unit-linked insurance policies on the balance date are reported.

EFFECT OF ITEMS IN FOREIGN CURRENCY

Group companies' receivables and liabilities in foreign currencies are translated to SEK – the functional currency of the Group and the Parent Company – at year-end rates. Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date.

Goodwill and adjustments of fair value arising in conjunction with an acquisition of a foreign operation are treated as assets and liabilities in the operation and are translated at year-end rate.

Exchange-rate gains and losses that arise from such transactions and in the translation of monetary assets and liabilities in foreign currencies at closing date rates are reported in the income statement. Translation of non-monetary items such as shares valued at their fair value through profit and loss are reported as part of the fair value of the gain/loss. Assets and liabilities of subsidiaries operating in a functional currency other than the reporting currency are translated at the year-end rate, while revenue and expenses are translated at the average exchange rate. Exchange-rate differences are reported as a separate part of shareholders' equity.

SEGMENT REPORTING

Revenues and expenses are reported per operating segment. The segment organization reflects the internal organization and is based on differences in risks and opportunities. The primary basis of structural division is by function and the secondary basis is geographical. The accounting principles that apply for the Group are used.

Transfers or transactions between segments take place on the basis of normal commercial conditions that also apply to external parties.

EMPLOYEE BENEFITS

Most of the Group's pension commitments are defined-contribution or defined-benefit plans that include several employers. The Group has three defined-benefit plans that includes several employers – two in Sweden and one in Luxembourg. To date, the information that would make it possible to report the Group's proportion of its defined-benefit commitments, of plan assets and of the costs associated with the plans is not available. The Swedish plans are therefore reported as defined-contribution plans, which implies that premiums paid are reported as a cost. For information regarding the defined-benefit plan in Luxembourg, see Note 29 Pensions. Other pension plans are of the defined-contribution type. Pension costs for both the defined-benefits and defined-contribution plans are charged to earnings for the period to which they are attributable.

The warrants issued during 2005 in accordance with the options program were issued at their fair value and subsequent changes in value have no effect on the Group's earnings. The cash bonus that can be paid to those who acquired options in this program are distributed over the length of time of the program, based on anticipated outcome.

LOAN LOSSES AND PROVISIONS FOR BAD DEBT

The balance sheet shows net loan receivables after deduction of write-downs of individually identified loan losses and group-wise. Anticipated loan losses relating to guarantee commitments are reported on the liabilities side. Operating income is charged with actual and anticipated loan losses, after deduction of loss recoveries and with the net cost of fulfilling guarantees and other contingent liabilities. Provisions for anticipated loan losses are established after individual review of credits and guarantee commitments. Provisions are based on an assessment of the borrower's remaining ability to pay and a valuation of collateral received, taking into account possible costs for handling and sale. In the case of loan receivables for which no write-down impairment requirement is considered necessary, group-wise testing for credit losses is conducted after individual impairment testing. For homogenous groups of loan receivables, assessment and establishment of any necessary provisions is done at the group level.

TAXES

Total tax charged to net profit/loss for the year consists of current tax and deferred tax. Taxes are reported in the income statement except where the underlying transaction is reported directly under shareholders' equity, in which case the resulting tax effect is reported under shareholders' equity. Current tax is tax that is to be paid or received in reference to the current year as well as adjustments of current tax attributable to prior periods. Deferred tax is calculated according to the balance sheet method, based on temporary differences between the values of assets and liabilities for accounting purposes and their values for tax purposes. Calculation of the amounts is based on how temporary differences are expected to be resolved through the application of the tax rates and tax rules that have been established or announced as at the closing date. Temporary differences attributable to shares in subsidiaries are not taken into account in cases where the temporary differences are not expected to lead to taxation within the foreseeable future. Deferred tax assets in deductible temporary differences and loss carry-forwards are reported only insofar as they are likely to cause lower tax payments in the future.

REVENUE RECOGNITION

Revenue recognition for financial instruments and insurance-related instruments is described in a separate section, above. For information regarding revenue recognition for the insurance operations, refer to the section below entitled "Technical provisions." Commission income from asset management is recognized as revenue on a monthly basis in connection with the charging of fees to the fund. As regards variable management fees attributable to the management of the Graal hedge fund, any earned variable fees are recognized as revenue on a monthly basis. Reversal of these earned management fees is carried out in the following period, insofar as the ongoing development of the fund would not result in such compensation. Withdrawal of any variable management fee takes place at the close of the calendar year. Commissions and other compensation based on transactions are recognized as revenue after completion of the transaction.

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's share in the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill from the acquisition of subsidiaries is reported as intangible assets. Goodwill is tested for impairment annually to identify any possible need of write-down and is reported at its acquisition value less accumulated write-downs. Gains or losses on the divestment of a unit include the remaining reported value of the goodwill relating to the divested unit. Goodwill is distributed among cash-generating units when it is tested with respect to a possible need for impairment. Each of these cash-generating units comprises the Group's investment in each of the segments in which the operations are conducted.

Customer contracts and customer relations

Customer contracts and customer relations are reported at their assessed fair value at the time the Group assumed the risks and benefits relating to the subsidiaries in question. Customer contracts and customer relations have limited periods of applicability and are reported at their acquisition value less accumulated amortization. Straight-line amortization is applied to distribute the cost over their assessed period of applicability, as follows:

- Customer contracts and customer relationships relating to the non-life insurance business 6 years.
- Customer contracts and customer relationships relating to the life insurance business 30 years.

Software and similar licensing rights

Similar assets are reported at acquisition value for expenses incurred from acquisition or developing the assets reduced by a deduction for accumulated depreciation and impairments. Amortization is applied straight-line based on the assets' acquisition value and individually determined useful life. The residual value of assets and the useful life are tested each reporting date and adjusted as needed. The useful lives for existing computer programs and similar licensed rights is not deemed to exceed three years for more simple standard programs, and five years for other computer programs and licensing rights. Costs for the development and maintenance of software are expensed when they arise. Costs that are closely associated with the production of identifiable and unique software products that are controlled by the Group, that have probable financial benefits for more than one year and that exceed costs, are reported as intangible assets. Costs that are closely associated with the production of software include personnel costs for software development and a reasonable portion of attributable indirect costs.

DEFERRED ACQUISITION COSTS, UNIT LINK

Costs incurred in conjunction with the signing of unit-linked insurance contracts are capitalized and classified as intangible assets. These capitalized costs are written off over five years and are reported as amortization in the income statement. No fees are paid in conjunction with the signing of unit-linked contracts, which should be capitalized according to IFRS. Insofar as they occur, long-term capitalized, acquisition costs for unit-linked insurance are reported in a manner corresponding to the above.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at their acquisition value after deduction of accumulated depreciation and impairments. Depreciation is applied based on the assets' acquisition values and individually determined useful life. The assets' residual values and useful life are reviewed on each closing date and adjusted as necessary. The fixed assets are classified for calculation of depreciation based on their estimated useful life in the following groups:

- Computers and similar equipment three years
- Other machinery and equipment five years

Gains and losses on divestment are established by comparison between sales revenue and carrying value in the balance sheet.

The acquisition value includes expenses that are directly attributable to the acquisition of the asset. Additional expenses are added to the carrying value of the asset or are reported as a separate asset, depending on whichever alternative is suitable, only when it is likely that future financial benefits associated with the asset will accrue to Invik and that acquisition value of the asset can be measure in a reliable manner. All other forms or repairs and maintenance are reported as costs in the income statement in the period in which they arise.

Impairment

Assets that have an undefined period of utilization, such as goodwill arising on consolidation, are not depreciated but rather tested annually for impairment. Assets that are written off are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying value exceeds its recovery value. The recovery value is the higher of an asset's fair value, less the cost of sale and the value in use. To calculate the impairment requirement, assets are grouped in cash-generating units.

SHORT-TERM DEFERRED ACQUISITION COSTS

Expenses for acquisitions in conjunction with underwriting of insurance contracts that are considered to be of significant value to the Company are capitalized. Only external costs for distribution are subject to capitalization. Short-term deferred acquisition costs, meaning shorter than 12 months, are reported under other assets in the balance sheet. Their dissolution is reported in the income statement among commission expenses.

REPORTING OF ASSOCIATED COMPANIES

Companies in which the Group holds not less than 20% and not more than 50% of the voting rights, or otherwise holds a significant interest, are considered associated companies. Associated companies are reported in accordance with the proportion of equity method. Participations in the earnings of associated companies after net financial items are reported in the income statement under the heading "Other operating income." Differences between the acquisition price for the holding and the market value of the acquired net assets of associated companies are included in goodwill. Group surplus values relating to foreign associated companies are reported as assets denominated in the foreign currency. These values are translated according to the same principles as the associated companies' income statements and balance sheets. In accordance with Invik's accounting and valuation principles, associated companies' financial statements are adjusted before participations in earnings are calculated. Adjustment for internal gains arising from transactions with associated companies is made in conjunction with the calculation of the shares in earnings and equity. Such internal gains are dissolved as the asset in question is externally sold and/or the Invik Group's shareholding in the associated company is reduced. In the case of a reduction of the Group's share of the equity of an associated company acquired through a new issue, gains or losses are reported in the consolidated income statement under the heading "Other operating income".

FINANCIAL INSTRUMENTS

Financial assets or liabilities at fair value through profit and loss
This category includes the following financial assets and liabilities that are listed on an active market or for which a reliable assessment is deemed possible:

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS
- Trading securities
- Investment assets – unit link
- Derivatives, not hedge accounting
- Investment securities fair value through profit and loss (investment assets in insurance operations)

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS
- Liabilities related to short-selling
- Liabilities related to unit-linked investments contracts
- Derivatives, not hedge accounting
- Pension commitments
- Deposits in banking operations

Items are valued at fair value, translated through profit and loss. Realized and unrealized gains and losses due to changes in fair value are included in the income statement for the period during which they arise. Unrealized changes in value are reported in the income statement in net income from financial investments.

Loans, accounts receivable and other receivables
Loan receivables and other receivables are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market. The values are based on amortized cost, and the valuation is based on the effective rate method.

Other financial liabilities (excluding insurance policies)
Non-derivative financial liabilities that are not reported under Financial assets or liabilities at fair value through profit and loss are included in other financial liabilities. Costs in connection with the raising of loans are offset against and distributed over the term of the particular loan and included in the net interest expense. Valuation is at amortized cost, using the real rate method.

Valuation and reporting of financial instruments
The purchase and sale of financial instruments is reported as per the transaction date. All financial instruments are initially valued at their fair value plus transaction costs unless they are valued at fair value through profit and loss. Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred together with essentially all risks and rights associated with ownership of the instrument. The fair value of financial instruments traded on an active market is based on the market prices listed on the closing date. The listed market price used for the Group's financial assets and liabilities is the last paid price. The fair value of financial instruments that are not traded on an active market is established via the use of valuation techniques. The techniques used, such as calculation of discounted cash flows, are used to establish the fair value of remaining financial instruments. The fair value of currency futures is established through the use of market prices for currency futures on the closing date. The nominal value, less any assessed credits for customer receivables and accounts payables, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated, for information supplied in a note, by discounting the contractual future cash flow at the current market interest rate available to the Group for comparable financial instruments.

TECHNICAL PROVISIONS – INSURANCE OPERATIONS

The Group engages in contracts that transfer insurance risks and/or financial risks. For accounting purposes, the savings portion in unit-linked investment contracts are considered as financial instruments, and the reporting principles for such contracts are also dealt with in the section above on financial instruments. Only the risk portion of a unit-linked insurance policy is reported in the income statement as premium income. The portion pertaining to investment contracts is reported directly as an asset at fair value. For further information, see Note 18 Financial investments

Technical provisions – insurance policies, non-life insurance and reinsurance
Provisions for unearned premiums and residual risk involved in direct insurance excluding yacht and motor insurance are based on the actual distribution of premiums earned over time (pro rata temporis). For yacht and motor insurance, the provision for unearned premiums and remaining risks according to statistically calculated claims outcome (ristorno) is distributed over the year. If the levels of the premiums are considered insufficient to cover anticipated claims and operating costs, premium reserves are strengthened with a provi-

sion for residual risks. The provision for unsettled claims has been assessed and calculated based on available information concerning individual claims and claim trends. The provision for unsettled claims includes anticipated claim payouts and adjustment costs for all claims reported and not closed as well as assessments of Incurred But Not Reported (IBNR) losses.

Technical provisions – run-off
Provisions for unsettled claims have been assessed on the basis of available information on premium volume over the years for which the policies are signed. The reserve requirement is subsequently assessed on the basis of available industry statistics covering relationships between premiums and claims outcomes linked to the portfolio's similarities with other international reinsurance portfolios. Commutation during current years with a positive run-off result impacts the income statement only in cases in which the insurance risks outstanding are expected to be less than the technical provision in the reinsurance portfolio concerned. On each closing date, the size of the provisions is evaluated, whereby any changes in provision impact on the result for the period. The sizes of the technical provisions for reinsurance are to be tested annually using actuarial assessments.

Liabilities related to unit-linked investment contracts
Provisions correspond to the anticipated capital value of the related investment assets managed by the company on behalf of the policyholders. This generally implies that the provision is the total of the potential redemption value of all fund units for policyholders on the closing date. Any annual gains are reported among other revenue when they occur.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and other current investments maturing within three months.

INTEREST-BEARING LOANS AND BORROWING

Interest-bearing loans and borrowing is valued at amortized cost. Amortized cost value is determined based on the effective interest rate, which was calculated when the liability was assumed. This means that surplus and deficit values, like direct costs in conjunction with raising loans, are distributed over the period of the liability. Interest-bearing loans with fixed interest terms of less than three months are valued without discounting to a nominal amount.

DEPOSITS FROM THE PUBLIC

Deposits from the public are valued at amortized cost. The amortized value is determined based on the effective interest rate, which was calculated when the liability was assumed. This means that surplus and deficit values, like direct costs in conjunction with raising loans, are distributed over the period of the liability. Deposits from the public for fixed interest terms of less than three months are valued without discounting to a nominal amount.

LEASES

Leasing is classified in the consolidated account as either financial or operational leasing. Financial leasing occurs when the financial risks and benefits associated with ownership of an object is essentially transferred from the lessor to the lessee, regardless of whether legal ownership rights are held by the lessor or the lessee. Assets held in a financial leasing agreement are accounted for as fixed assets and commitments for future payments are accounted for as liabilities in the balance sheet. All other leasing contracts that do not fulfill the conditions for being classified as financial are considered operational leasing. Leasing fees, according to operational leasing contracts, are expensed straight-line over the leasing period, even if the payment schedule deviates from that period.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company follows recommendation RR 32:06 and the applied accounting principles do not deviate from the Group's principles for any material items in the income statement or balance sheet.

DISCONTINUED OPERATIONS

A discontinued operation is a separate operation or a geographic operational area that has either been divested or classified as a candidate for sale. Fixed assets and operational areas that are going to be divested are classified as assets for sale when a divestiture can occur immediately and is very likely. For this to be the case, the Board must have decided to divest the assets and activities to find a buyer and complete the plan have been initiated. In addition, the sale, under normal conditions, should have been completed within one year from when the asset was classified as being for sale. Fixed assets and operational areas for sale are valued at the lower of either the carrying amount or the fair value with deductions for sales expenses. When an operation is classified as discontinued, net earnings after tax are reported for the discontinued operation, and the calculated profit or loss after tax from the sale based on the actual value of assets with deductions for expenses incurred selling the operation, is reported separately in the income statement under the heading "Result from discontinued operations."

Previous financial periods are recalculated in the income statement, and income-statement notes, in accordance with the new classification. In the balance sheet, assets and liabilities are reported separately for the discontinued operations, beginning with the period during which the operation was classified as discontinued. Previous financial periods and balance-sheet notes are not recalculated.

Note 2. Risk management

The Group's operations expose it to a number of financial risks. The Group's overall risk management principles to limit major financial risks encompass (i) management of risk taking through the issuance of policies and instructions (ii) matching of flows and exposure, and (iii) hedging of risks through derivatives. For cases in which hedge accounting is applied by the Group or its subsidiaries, the Parent Company's finance department shall be contacted to ensure correct management. Every operating company is governed by a set of regulations and policies designed to deal with financial risk management.

The subsidiaries have a compliance function that is responsible for the control of the operations. The overall control of financial risks in the Invik Group is maintained by the Parent Company's finance department. To ensure that the companies comply with established instructions and mandates, reporting and follow-up procedures are reviewed ongoing. Reports are presented to Invik's executive management and to the Board at its meetings.

MARKET RISKS

FOREIGN CURRENCY RISK (note 22)

Most of the Group's assets are in SEK, the exception being Banque Invik, which is reported in EUR. The Group's borrowings are mainly denominated in SEK, with the exception of Banque Invik, which is funded in EUR. For assumed international reinsurance, there is exposure in USD relating to the technical provision.

The Group's policy on handling currency risks is to attempt to match costs and revenues in the same currency to reduce such exposure. The Group's operating revenues and operating expenses arise mainly in SEK and EUR, with most of the flows in the Swedish operations in SEK. When these flows do not sufficiently limit the risks, hedging transactions – involving derivative contracts, for example – are undertaken. Derivative contracts and, to some extent, investment assets in USD, have been used to hedge technical insurance provisions denominated in USD, against exchange-rate fluctuations. Currency forwards entered into with external clients have been mirrored through reverse derivative contracts with other financial institutions.

INTEREST RISK (note 20)

Invik's exposure to interest risk through the mismatch of fixed interest terms relating to lending/investment and to borrowing/liabilities is limited. Invik's policy is to maintain short fixed interest terms since the company believes that short fixed interest terms lead to lower interest expense over time. To limit interest risk, Invik endeavors to invest and lend at floating interest rates.

LIQUIDITY RISK (note 20 and 28)

Prudence in Invik's liquidity risk management implies maintaining sufficient liquid funds and saleable securities, available financing through sufficient levels of agreed credit lines and the option of closing market positions. Liquidity risks in Modern insurances is deemed to be limited since premiums are received in advance and large claims pay-outs are often known in sufficient time prior to the due date.

In order to reduce the remaining liquidity risk, the company's cash flow is subject to continuous analysis. The major portion of the company's assets is invested in securities that can be traded on a secondary market at short notice without affecting pricing to any significant extent. Investments are made in listed securities with favorable liquidity, which is the reason that liquidity risks are deemed to be limited.

CREDIT RISK (note 21)

The Group has no major concentration of credit risk. The Group has policies and guidelines established by the Board to reduce its credit risk to individuals. Counterparties to derivative contracts, financial investments and cash transactions are restricted to financial institutions of high credit-worthiness. Netting agreements are used in order to reduce exposure towards individual counterparties. These agreements entail that in the event of counter-party default, Invik can offset positive and negative remuneration values for contracts within the framework of the netting agreements. Modern Insurances' exposure to credit risk refers primarily to reinsurers, through reinsurance receivables and through the reinsurers' portion of unsettled claims. In order to limit these risks, the company has regulations for the choice of external reinsurance companies stimulating a certain credit rating for such companies.

INSURANCE RISKS (note 26)

The two main risks in the insurance operations are underwriting risk and provision risk. The management and assessment of these risks are key to all insurance operations. The right pricing of the risk assumed when insurance policies are extended is critical to long-term profitability. To limit these risks, the Board has established policies and instructions for underwriting. Other significant tools for managing risks include analyses of outcomes per insurance segments, run-off results and the correct pricing of risks.

The operation's risk portfolio is considered to be well-balanced. Risk-taking is limited mainly to non-proportional reinsurance with low self-retention levels, which protect both according to risk and per incident. For risk life products and certain segments in the non-life business proportional reinsurance is also used as a form of pool agreement. The reinsurance panel is comprised of larger international companies with primarily A-ratings or higher.

Note 3. Definitions

Expense ratio, gross
Operating expenses in relation to gross premiums earned, expressed as a percentage.

Equity per share before dilution
Equity according to the balance sheet divided by the number of shares outstanding.

Equity per share after dilution
Equity according to the balance sheet, supplemented by what would be added in the event of full conversion of outstanding convertible debenture loans, divided by the number of shares outstanding after full dilution.

Capital adequacy ratio
The capital base in relation to capital requirements calculated in the manner set by each supervisory organization, expressed as a percentage.

C/I ratio
Other operating expenses and depreciation/amortization and write-downs in relation to the total revenues, less interest expenses and fee and commission expenses. In the case of the Group, the C/I ratio is calculated with the exclusion of insurance operations.

Consolidation ratio
Consolidated capital in relation to gross premiums written.

Consolidation capital
Total equity, 72 % of untaxed reserves and surplus and deficit values in assets, less deferred tax assets plus deferred tax liabilities.

Liquidity ratio
Current assets in relation to current liabilities, expressed as a percentage.

Earnings per share before dilution
Profit for the period in relation to the average number of shares outstanding during the period.

Earnings per share after dilution
Profit for the period supplemented with interest expense after tax on convertible debenture loans charged to profit, in relation to the average number of shares outstanding during the period, after adjustment for dilution.

Return on equity after tax
Profit after tax in relation to average adjusted equity. A standard calculated tax rate of 28% is applied to business areas with the exception of Banque Invik, whose profit is charged with actual tax. Equity per business area includes allocated intangible assets including goodwill. The return figure is adjusted for the full year.

Operating margin
Pre-tax earnings as a percentage of total revenues.

Claims ratio, gross
Gross claims expenses before reinsurers' share in relation to gross premiums earned, expressed as a percentage.

Equity/assets ratio
Shareholders' equity, including minority holding, as a percentage of total assets.

Total yield, %
The sum of the yield and value changes, both realized and unrealized, in relation to the average fair value of investment assets, expressed as a percentage. Investment assets for which policyholders carry the investment risk (unit-linked insurance) are excluded. The yield figure is adjusted for the full year.

Combined ratio, gross
Total of operating expenses and gross claims expenses before reinsurers' share, in relation to gross premiums earned, expressed as a percentage.

Change in value of assets under management
Change in the value of investment assets for which the policyholders carry the investment risk in relation to average assets under management.
bär placeringsrisken i relation till genomsnittligt kapital under förvaltning.

Note 4. Premium revenues

SEK million	Group 2006	2005
NON-LIFE INSURANCE		
Insurance policies written		
- Premiums written	1 236.2	1 149.7
- Change in provisions for unearned premiums	-124.6	-201.5
Premium written	1 111.6	948.2
Reinsurance ceded		
- Premiums paid	-138.6	-110.1
- Change in provisions for unearned premiums	0.7	-0.7
Premiums for ceded reinsurance	-137.9	-110.8
Premium revenues on own account, non-life	973.7	837.4
LIFE INSURANCE		
Insurance policies written		
- Premium written	123.2	120.8
- Change in provisions for unearned premiums	-0.7	-2.3
Premium earned	122.5	118.5
Reinsurance ceded		
- Premiums paid	-102.8	-97.1
- Change in provisions for unearned premiums	0.6	2.1
Premiums for ceded reinsurance	-102.2	-95.0
Premium income on own account, life	20.3	23.5
Total premium revenues	**1 234.1**	**1 066.7**
Total premiums for reinsurance	**-240.1**	**-205.8**
Total premium revenues on own account	**994.0**	**860.9**

Note 5. Commissions, net

SEK million	Group 2006	2005
COMMISSION INCOME		
Foreign currency transactions	32.6	30.0
Credit cards	93.6	81.0
Loans	14.8	13.2
Asset management	33.5	51.4
Fund management	168.7	82.7
Reinsurance	44.1	32.3
Insurance administration	24.0	9.9
Redemption fees, unit-linked insurance	0.5	0.1
Other	24.5	-0.9
Total commission income	436.3	299.7
COMMISSION EXPENSES		
Acquisition of insurance contracts	-78.5	-76.5
Brokerage	-30.6	-17.1
Other	-5.5	-3.4
Total commission expenses	114.6	-97.0
Net commission	**321.7**	**202.7**

Note 6. Investment income

SEK million	Group 2006	2005
INSURANCE OPERATIONS		
Interest income	9.7	2.7
Exchange-rate gains/losses	-6.9	3.9
Dividends	18.9	34.7
Value gains financial instruments	221.5	74.6
Value losses financial instruments	-1.1	-
Total net income from insurance operations	242.1	115.9
OTHER		
Write-down of financial instruments	-	-0.2
Total net income, other	-	-0.2
Total investment income	**242.1**	**115.7**

Note 7. Net interest

SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
INTEREST INCOME				
Loans and other receivables	135.6	62.0	-	-
Changes in provisions for loan losses	-1.7	-2.6	-	-
Lending to credit institutions	90.4	55.7	-	-
Other interest income	4.8	0.6	-	-
Total interest income	229.1	115.7	-	-
Interest income from Group companies*)	-	-	0.1	0.6
Average interest-bearing assets**)	6 202.4	5 073.4	-	-
Average interest on interest-bearing assets**)	3.7%	2.3%	-	-
INTEREST EXPENSES				
Loans and other liabilities	0.9	-	-	-
Deposits from individuals	-182.0	-82.3	-	-
Other interest expenses	-9.0	-4.1	-	-
Total interest expenses	-190.1	-86.4	-	-
Interest expenses pertaining to Group companies*)	-	-	-9.9	-4.9
Average interest-bearing liabilities	4 840.0	3 918.0	-	-
Average interest on interest-bearing liabilities	3.9%	2.2%	-	-
Net interest income	**39.0**	**29.3**	**-**	**-**

All changes in value, including interest income, on financial instruments valued at fair value through profit and loss are classified under Investment income.

*) Parent Company costs for financing of operations are reported in financial income and expenses after operating income. The Parent Company's interest income and expenses attributable to interest-bearing receivables and liabilities within the Group are also reported net on this line.

**) Average interest-bearing liabilities are calculated excluding discontinued operations, as is average interest on interest-bearing assets.

Note 8. Other operating income

SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Share in earnings of associated companies	5.3	0.9	-	-
Other non-operating income	0.2	-	-	-
Total other operating income	**5.5**	**0.9**	**-**	**-**

Note 9. Insurance claims

SEK million	Group 2006	Group 2005
NON-LIFE INSURANCE		
Insurance claims		
- Insurance claims paid	-613.1	-541.1
- Change in provisions for claims incurred, known and unknown	-160.2	-146.1
- Exchange-rate differences	3.6	-54.6
Insurance claims before ceded reinsurance	-769.7	-741.8
Reinsurance		
- Reinsurer's portion of insurance claims paid	19.9	46.4
- Reinsurer's portion of changes in provisions for known and unknown claims	19.9	28.4
Reinsurer's portion of claims	39.8	74.8
Insurance claims on own account, non-life	-729.9	-667.0
LIFE INSURANCE		
Insurance claims		
- Insurance claims paid	-47.8	-38.0
- Change in provisions for known and unknown claims	-32.3	-52.2
- Exchange-rate differences	2.9	-
Insurance claims before ceded reinsurance	-77.2	-90.2
Reinsurance		
- Reinsurer's portion of insurance claims paid	42.7	34.0
- Reinsurer's portion of changes in provisions for known and unknown claims	27.0	46.0
- Exchange-rate differences	-2.5	-
Reinsurer's portion of claims	67.2	80.0
Insurance claims on own account, life	-10.0	-10.2
Total insurance claims	**-846.9**	**-832.0**
Total insurance claims, the reinsurer's portion	**107.0**	**154.8**
Total insurance claims on own account	**-739.9**	**-677.2**

Note 10. Other operating expenses

SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Personnel expenses	-267.7	-190.6	-20.7	-18.3
IT	-23.5	-22.2	-0.3	-0.3
Rent and premises costs	-17.1	-12.7	-1.3	-0.7
Communications and marketing	-35.5	-33.8	-	-
Direct credit card costs	-9.8	-15.5	-	-
Credit card fraud	-6.2	-2.7	-	-
Consultant fees	-11.6	-7.8	-3.2	-2.3
Bank fees	-1.5	-1.0	-	-
Central administrative expenses	-25.2	-27.0	-4.1	-2.5
Other expenses	-21.9	-13.0	-0.6	-0.3
Total other operating expenses	**-420.0**	**-326.2**	**-30.2**	**-24.4**

Note 11. Personnel

Average number of employees split by country and sex

	2006			2005		
	Men	Women	Total	Men	Women	Total
PARENT COMPANY						
Stockholm	3	2	5	3	2	5
GROUP						
Sweden	105	107	212	85	74	159
Luxembourg	30	42	72	24	32	56
Total average number of employees	**135**	**149**	**284**	**112**	**106**	**215**

Board of Directors, parent company and Group Management, split by sex

	2006			2005		
	Män	Kvinnor	Totalt	Män	Kvinnor	Totalt
Board members. elected by AGM	4	2	6	4	2	6
President	1	-	1	1	-	1
Other senior executives	7	-	7	6	-	6
Total average number of employees	**12**	**2**	**14**	**11**	**2**	**13**

Salaries, other remuneration and social security expenses

SEK million	2006	2005
PARENT COMPANY		
Salaries and other remuneration [1)]	14.3	13.5
Social security expenses	4.0	3.9
[1)] Of which, pension expense	2.0	1.5
GROUP		
Salaries and other remuneration		
- Companies in Sweden	129.5	102.1
- Companies abroad	56.0	41.7
Total, salaries and other remuneration [1)]	185.5	143.8
Social security expenses	42.0	32.7
[1)] Of which, pension expense	21.0	16.5

Remuneration for the Parent Company Board, President and other senior executives in Group management

	2006				2005			
SEK million	President	Other senior executives	Board Chairman	Other Board members	President	Other senior executives	Board Chairman	Other Board members
Salaries	6.2	10.8	0.4	1.1	5.7	12.2	0.4	1.0
Variable remuneration	3.4	16.1	-	-	3.0	12.9	-	-
Benefits	0.1	0.3	-	-	-	0.4	-	-
Pension expense	1.4	2.9	-	-	0.9	2.7	-	-
Social security expenses	3.1	7.9	0.1	0.4	2.8	5.3	0.1	0.3
Total remuneration	**14.2**	**38.0**	**0.5**	**1.5**	**12.5**	**33.5**	**0.5**	**1.4**

PRINCIPLES

Remuneration to the Board is decided by the Annual General Meeting to be distributed among the members plus travel expenses against invoice. After consultation with the Nomination Committee, the Board appoints the members and chairman of the Remuneration Committee. The Remuneration Committee's assignment comprises issues related to salaries, pension terms, bonus system and other employment terms for the President and any executive vice president in the Parent Company and for the business area managers in the Group. With regard to the business area managers, the Remuneration Committee shall decide on the aforementioned issues, after which such decisions shall be presented for the Board at the next Board meeting. With regard to the President and executive vice president, the Remuneration Committee considers the aforementioned issues for decision and provides the Board with decision documentation and a proposal for decision.

Remuneration to the President and other senior executives comprises basic salary, variable salary/bonus and benefits in the form of company car and pension. Variable salary/bonus for the President and executive vice president may amount to a maximum of six monthly salaries based on the achievement of a number of goals established by the Board. These comprise partly quantified financial goals as well as qualitative goals. In certain of Invik's business areas, senior executives have individual incentive programs in which the variable portion was based on various criteria in which the earnings of the subsidiary was the most important.

Other senior executives within Invik comprise the four persons in addition to the President and executive vice president who are presented on pages 33 of this annual report and the former senior executives to whom remuneration was paid in 2006.

In accordance with the decisions at General Meetings in 2005 and 2006 with regard to fees to the Board, Invik paid SEK 1.5 million (391) to the Board of Invik during the year, of which SEK 0.4 million (0.4) was paid to the Board Chairman based on the Board's decision.

REMUNERATION TO THE PRESIDENT, EXECUTIVE VICE PRESIDENT AND OTHER SENIOR EXECUTIVES

Salary and benefits of SEK 6.2 million and a bonus of SEK 3.4 million were paid to the Parent Company President Anders Fällman during the year. Pension payments of 20 % of fixed salary were made. The retirement age for the President is 65. In notice of termination by the employee or the company there is a right to salary during the notice period of 12 months. In notice of termination by the company, if the President has not secured employment within the notice period, salary and other benefits are paid for an additional six months. If the President has reached 55 years of age at the time of the notice of termination, the notice period can be extended an additional 12 months, or a total of 24 months. Severance pay is deducted for salary received from any new employment during the notice period. The normal pension commitments apply for other senior executives within the framework for general pension plans of a maximum of 20 % of fixed salary with entitlement to receive pension at age 65. Pension premiums are paid to insurance companies. In notice of termination from the company, the executive vice president is entitled to salary during a notice period of at least 12 months and not more than 24 months. The executive vice president is entitled to retire at the age of 62 for which reduced remuneration is paid. In notice of termination from the company, the other senior executives are entitled to salary during a notice period of at least six months and not more than 12 months. Severance pay is deducted for salary received from any new employment during the notice period, with certain exceptions in which the severance pay amounting to a maximum six month's salary is not subject to deduction for any new employment.

OPTIONS PROGRAM

The Invik options program decided by the Annual General Meeting of Kinnevik on May 12, 2005 was launched in September 2005. In accordance with the proposal presented at the Kinnevik Annual General Meeting, the Board of Invik decided to approve a cash bonus of a maximum of 62 % of each participant's investment after tax. A condition for payment of the cash bonus is that the participant is employed within Invik at the payment date. On May 13, 2005, Invik issued a debenture with a nominal value of SEK 100 linked to 1,390,000 warrants to the wholly owned subsidiary Invik Trading AB. The warrants were offered to participants in the program at a price corresponding to the market price calculated in accordance with the Black & Scholes model. In determining this price, the value of the company's share was based on the average last paid price for the Invik B share during ten trading days in conjunction with the acquisition date. Since the warrants were conveyed at the market price, SEK 4.88 each, the program does not entail any significant expenses for Invik. Each warrant carries entitlement to new subscribe for one B share in Invik during the period from and including 20 days after the Invik shares was listed until May 12, 2008. The subscription price amounts to 115 % of the B share's average last paid price on the Stockholm Stock Exchange from and including the sixth up to and including the fifteenth trading day after the share's first day of trading, which corresponds to a subscription price of SEK 76.80 per share. During 2005, participants in the options program acquired warrants corresponding to 820,000 B shares in Invik. During 2006, 67,500 Invik B shares were issued based on warrants. There were 752,500 warrants remaining in 2006. See page 33 of this Annual Report for the warrants holdings of the senior executives. Invik's expenses, including social security costs, for the bonus program is estimated to amount to about SEK 8 million during the duration of the program.

Note 12. Financial income and expenses

SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
FINANCIAL INCOME				
Interest income from subsidiaries	-	-	0.1	0.6
Other interest income	6.3	1.5	6.2	0.9
Dividends from subsidiaries	-	-	36.0	50.0
Total financial income	6.3	1.5	42.3	51.5
FINANCIAL EXPENSES				
Interest expenses from subsidiaries	-	-	-9.9	-4.9
Convertible interest	-9.5	-7.2	-9.5	-7.2
Other interest expenses	-0.5	-	-0.5	-0.4
Total financial expenses	-10.0	-7.2	-19.9	-12.5
Total financial income and expenses	**-3.7**	**-5.7**	**22.4**	**39.0**

Note 13. Tax expenses

SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Current tax	-11.8	-6.7	-	-
Adjustment of current tax for previous periods	1.2	-	-	-
Deferred tax (see Note 17)	-87.4	-49.1	12.0	9.7
Total	**-98.0**	**-55.8**	**12.0**	**9.7**

The effective tax on the Group's profit before tax differs from the Group's nominal tax rate due to the following items:

SEK million	Group 2006 Continuing operations	Group 2006 Discontinued operations *)	Group 2006 Total	Group 2005 Continuing operations	Group 2005 Discontinued operations *)	Group 2005 Total
Profit before tax	382.8	81.6	464.4	211.9	37.3	249.2
Less share in earnings of associated companies reported net after taxes	-5.3	-	-5.3	-4.4	-	-4.4
Effect of adjustment of current tax for previous periods	1.2	-	1.2	-	-	-
Tax calculated at a nominal tax rate of 28%	-105.7	-22.8	-128.5	-58.0	-10.4	-68.4
Effect of different nominal tax rate in Luxembourg	-1.3	-	-1.3	-1.4	-	-1.4
Effect of extra tax deductions in Luxembourg	6.0	-	6.0	-	-	-
Income not subject to tax	0.7	69.1	69.8	4.5	-	4.5
Expenses not deductible for tax purposes	-6.6	-53.5	-60.1	-0.9	-	-0.9
Tax loss carryforwards for which no deferred tax assets have been reported	7.7	-	7.7	-	-	-
Reported income tax expense	**-98.0**	**-7.2**	**-105.2**	**-55.8**	**-10.4**	**-66.2**

*) The divestment of Fischer Partners took place without any tax burden of sales gains since the shares were shares held for business purposes.

Note 14. Intangible and tangible assets

SEK million, Group 2006	Goodwill	Contractual customer relations	Other intagible fixed assets	Total intangible fixed assets	Buildings, property and plant	Equipment fixtures and fittings	Total tangible fixed assets
Opening acquisition value	481.4	88.2	22.4	592.0	0.4	112.5	112.9
Investments for year	-	-	12.9	12.9	-	12.8	12.8
Sales/scrapping for year	-	-	-	-	-	-11.1	-11.1
Reclassification from equipment	-	-	21.8	21.8	-	-23.9	-23.9
Decrease due to divested operations	-114.5	-	-3.3	-117.8	-	-35.7	-35.7
Other adjustments	-3.9	-	-	-3.9	-	-	-
Exchange rate differences	-3.6	-	-1.0	-4.6	-	-1.3	-1.3
Closing acquisition value	359.4	88.2	52.8	500.4	0.4	53.3	53.7
Opening accumulated amortization/depreciation	-	-18.3	-14.6	-32.9	-	-84.5	-84.5
Sales/scrapping for year	-	-	-	-	-	12.4	12.4
Amortization/depreciation for year	-	-13.7	-8.0	-21.7	-	-6.8	-6.8
Reclassification from equipment	-	-	-10.5	-10.5	-	11.5	11.5
Decrease due to divested operations	-	-	0.6	0.6	-	32.3	32.3
Exchange rate differences	-	-	0.6	0.6	-	1.0	1.0
Closing accumulated amortization/depreciation	-	-32.0	-31.9	-63.9	-	-34.1	-34.1
Closing residual value	**359.4**	**56.2**	**20.9**	**436.5**	**0.4**	**19.2**	**19.6**

SEK million, Parent Company 2006							
Opening acquisition value	-	-	-	-	-	0.9	0.9
Investments for year	-	-	-	-	-	0.4	0.4
Sales/scrapping for year	-	-	-	-	-	-0.3	-0.3
Exchange rate differences	-	-	-	-	-	-	-
Closing acquisition value	-	-	-	-	-	1.0	1.0
Opening accumulated amortization/depreciation	-	-	-	-	-	-0.1	-0.1
Sales/scrapping for year	-	-	-	-	-	-	-
Amortization/depreciation for year	-	-	-	-	-	-0.2	-0.2
Exchange rate differences	-	-	-	-	-	-	-
Closing accumulated amortization/depreciation	-	-	-	-	-	-0.3	-0.3
Closing residual value	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**

Other intangible assets consists in all material of software and information systems.

Annual impairment testing of goodwill

SEK million, cash-generating unit	Goodwill
Modern Insurances Non-life	83.9
Modern Insurances Life	59.7
Banque Invik	82.4
Aktie-Ansvar	133.3
Total	**359.4**

In impairment testing. the forecasted earnings trend and value-governing parameters of each cash-generating unit have been assessed and the expected recoverable amount has been calculated based different valuation models. In these calculations. discounts rates were utilized that depend on the risks in the particular operation. Growth in the next three years has been assessed based on Invik's internal long-term forecasts and long-term growth is expected to amount to the long-term inflation rate. depending on the various conditions of the different cash-generating units. The reasonableness of the expected recovery amount and assumptions made were tested against external analyst reports of the Invik Group. The testing did not identify any impairments.

Note 15. Deferred acquisition costs

SEK million, Group	Deferred acquisition costs for service contracts
Opening acquisition costs	92.4
Investments during the year	94.6
Closing acquisition costs	187.0
Opening accumulated depreciation	-20.5
Depreciation during the year	-27.4
Closing accumulated depreciation	-47.9
Closing residual value	**139.1**

Capitalized costs pertain external costs incurred for acquisition of investment contracts for unit-linked insurance agreements. Depreciation is written of over five years.

Note 16. Investments in associated companies

Group	Registered office	Number of shares	Book value. Group	Book value. in owning company	Share of capital	Share of earnings in associated companies for the year before tax
INSURANCE COMPANIES						
Modernac S/A.	Luxembourg	6 370	15.3	6.0	49%	5.3
OTHER ASSOCIATED COMPANIES						
Atlorenscheuerhof S/A.	Luxembourg	625	0.6	0.2	33%	-
Total			**15.9**	**6.2**		**5.3**

SEK million, Group	2006	2005
Value at beginning of the year	10.6	6.2
Change in accumulated shares in earnings	5.3	4.4
Total	**15.9**	**10.6**

SEK million, Group	Assets	Liabilities	Revenue	Profit after tax
INSURANCE COMPANIES				
Modernac S.A.	82.3	69.9	45.1	5.3
OTHER ASSOCIATED COMPANIES				
Altlorenscheuerhof S.A.	28.9	18.6	8.7	0.1
Total	**111.2**	**88.5**	**53.8**	**5.4**

Changes in value of investment in associated companies are recognized in other operating expenses.

Note 17. Deferred tax assets and tax liabilities

SEK million	Group			Parent Company
DEFERRED TAX ASSETS	**Tax loss carryforwards**	**Provisions for doubtful receivables**	**Total**	**Tax loss carryforwards**
Opening value, Janury 2006	**46.7**	**2.9**	**49.6**	**9.7**
Reported in profit and loss	4.1	-	4.1	11.7
Effect of divested operations	-	-2.9	-2.9	-
Exchange-rate differences	-0.5	-	-0.5	-
Closing value, December 31, 2006	**50.3**	**-**	**50.3**	**21.4**

SEK million	Group						Parent Company
DEFERRED TAX LIABILITIES	**Deferred tax on untaxed reserves**	**Financial instruments at fair value**	**Intangible assets. contractual customer relations**	**Issue of convertible debenture**	**Other temporary differences**	**Total**	**Issue of convertible debenture**
Opening value, January 1, 2006	**74.9**	**22.1**	**19.6**	**2.3**	**8.8**	**127.7**	**2.3**
Reported in profit and loss	36.4	60.1	-3.9	-0.3	-0.8	91.5	-0.3
Reclassifications	-	-	-	-	-8.0	-8.0	-
Exchange-rate differences	-0.8	-	-	-	-	-0.8	-
Closing value, December 31, 2006	**110.5**	**82.2**	**15.7**	**2.0**	**-**	**210.4**	**2.0**

Loss carryforwards are recognized as assets only to the extent that it is judged likely that the loss carryforward will be utilized. As of December 31, 2006, the Group recognized all loss carryforwards as an asset. The company deems it probable that the loss carryforwards will be utilized, considering the company's forecast for the earnings trend in individual operations and the assessment of the future application of the tax regulations in the relevant jurisdictions.

Deferred tax assets and liabilities are reported net only to the extent that a legal right of separation exists and the deferred taxes originate from the same tax authority.

Deferred taxes are calculated on all temporary differences applying the effective tax rate valid in each tax jurisdiction, which varies between 28 and 31 % for companies in the Invik group.

Note 18. Financial investments

Financial assets at fair value through profit and loss

SEK million, Group	Dec. 31. 2006	Of which expressed in the following foreign currencies SEK	EUR	USD
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Equity instruments - listed	619.0	616.2	2.8	-
Hedge fund – Graal	1 298.4	1 298.4	-	-
Short-term fixed income fund	183.9	183.9	-	-
Stock – unit link	60.6	60.6	-	-
Short-term interest-bearing securities - listed	82.6	76.2	2.6	3.8
Short-term interest-bearing securities - un-listed	1.2	-	1.2	-
Total other financial assets at fair value through profit and loss	**2 245.7**	**2 235.3**	**6.6**	**3.8**
INVESTMENT ASSETS - UNIT-LINK				
Assets for conditional refund				
Securities	21.2	21.2	-	-
Unit-linked funds				
Fund investments	4 211.6	4 211.6	-	-
Total investment assets – unit-link	**4 232.8**	**4 232.8**	**-**	**-**

Other financial assets at fair value and investment assets – unit-link are assets originally allocated to the category of assets valued at fair value through profit and loss.

Analysis of changes in financial investments

SEK million, Group	At fair value through P/L	Unit-linked investment assets
Opening balance, January 1, 2006	1 576.1	2 320.9
Reclassification	21.4	-21.4
Exchange-rate adjustments	0.4	-
Dividend	9.8	-
New share issue	0.2	-
Investments	1 295.1	1 670.7
Disposals	-835.1	-192.2
Restatement to fair value	177.8	454.8
Closing balance, December 31, 2006	**2 245.7**	**4 232.8**

Note 19. Derivatives

Derivatives with positive values, Dec. 31, 2006

SEK million, Group	Less than 3 months	>3 months < 1 year	> 1 year < 5 years	> 5 years	Total	Nominal amount
Currency forwards with positive values	21.0	36.2	-	-	57.2	280.6
Currency swaps with positive values	2.8	0.1	-	-	2.9	29.2
Total derivatives with positive values	**23.8**	**36.3**	**-**	**-**	**60.1**	**309.8**

Derivatives with negative values, Dec. 31, 2006

SEK million, Group	Less than 3 months	>3 months < 1 year	> 1 year < 5 years	> 5 years	Total	Nominal amount
Currency forwards with negative values	19.4	49.4	-	-	68.8	259.4
Currency swaps with negative values	2.9	0.1	-	-	3.0	29.1
Total derivatives with negative values	**22.3**	**49.5**	**-**	**-**	**71.8**	**288.5**

Description of the purpose of different derivative positions

The Bank has currency forward contracts with external customers. which corresponds to mirrored positions with other financial institutes. The Group has actuarial liabilities in the segment Assuransinvest portfolio. which are denominated in USD. These have been hedged financially through the signing of currency forward agreements for nominal USD 37.8 million. In the future. the intention is to allow these currency forwards to be maintained until the provisions have been settled. Currency forwards are valued at fair value in the balance sheet. The translation effects are reported under insurance benefits.

Note 20. Fixed-income investments

Issuers

December 31 SEK million, Group	2006 Financial investments	2006 Derivatives	2006 Cash and cash equivalents	2005 Financial investments	2005 Derivatives	2005 Cash and cash equivalents
Swedish Government	56.7	-	-	398.8	-	-
Swedish mortgage institutions	-	-	-	116.1	-	-
Other Swedish issuers						
Financial institutions	17.8	-	600.0	116.0	2.5	1 575.8
Non-financial institutions	-	57.3	-	279.0	55.0	-
Foreign governments	3.8	-	-	-	-	-
Other foreign issuers						
Financial institutions	-	2.9	1 928.7	-	0.9	2 642.4
Non-financial institutions	-	-	-	4.4	-	-
Total fixed-income investments	**78.3**	**60.2**	**2 528.7**	**914.4**	**58.4**	**4 218.2**

Interest-rate risks and terms

December 31, 2006 SEK million, Group	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
ASSETS					
Financial assets at fair value through profit and loss	74.5	-	-	3.8	78.3
Loans and other receivables	1 477.9	1 968.9	26.5	-	3 473.3
Cash and cash equivalents	2 525.3	3.4	-	-	2 528.7
Total interest-bearing assets	**4 077.7**	**1 972.3**	**26.5**	**3.8**	**6 080.3**
LIABILITIES					
Interest-bearing loans and borrowing	232.1	-	-	-	232.1
Deposits from the public	2 930.5	1 799.1	25.3	-	4 754.9
Total interest-bearing liabilities	**3 162.6**	**1 799.1**	**25.3**	**-**	**4 987.0**
Net interest-rate exposure	**915.1**	**173.2**	**1.2**	**3.8**	**1 093.3**

December 31, 2005 SEK million, Group	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Total assets	6 342.3	845.5	124.8	4.4	7 317.0
Total liabilities	4 537.5	776.2	48.5	226.7	5 588.9
Net interest-rate exposure	1 804.8	69.4	76.3	-222.3	1 728.1

A change in interest rates of 1% affects:					
Profit for year by	0.7	-0.8	-	-0.2	-0.3
Shareholders' equity by	0.7	-0.8	-	-0.2	-0.3

Loan receivables, cash and cash equivalents, and deposits from the public are subject to interest rates that are fixed for less than three months. For loans receivables with fixed interest terms less than twelve months, the interest becomes payable at the close of the fixed-interest period. Other items are capitalized every calendar year. For financial investments in interest-bearing coupon instruments, interest matures annually, and for discount instruments, on maturity.

Note 21. Credit risks and loan losses

Concentration of credit risks exposures

Type of exposure December 31 SEK million, Group	2006 Derivatives	2006 Loans and other receivables	2006 Cash and cash equivalents	2006 Loan commit-ments not used	2005 Derivatives	2005 Loans and other receivables	2005 Cash and cash equivalents	2005 Loan commit-ments not used
CONSUMERS								
Lending	-	617.3	-	115.2	-	639.9	-	198.0
Credit cards	-	275.6	-	2 085.5	-	225.5	-	1 515.5
Other credits	57.3	-	-	-	-	-	-	0.2
Bad debts	-	9.7	-	-	-	11.0	-	-
Provisions for loan losses		-9.7			-	-11.0	-	-
Total, consumers	57.3	862.9	-	2 200.7	-	865.5	-	1 713.6
COMPANIES								
Lending	-	2 207.1	-	286.2	-	1 290.3	-	120.9
Other credits	-	5.7	-	27.9	2.5	14.4	-	17.2
Bad debts	-	-	-	-	-	3.4	-	-
Provisions for loan losses					-	-3.4	-	-
Total companies	-	2 212.8	-	314.1	2.5	1 304.8	-	138.1
FINANCIAL INSTITUTIONS								
Exposures	2.9	367.5	2 528.6	87.9	55.9	14.2	4 218.2	429.0
Total credit risks	**60.2**	**3 473.2**	**2 528.6**	**2 602.7**	**58.4**	**2 184.5**	**4 218.2**	**2 280.7**

Geographical distribution December 31 SEK million, Group	2006 Derivatives	2006 Loans and other receivables	2006 Cash and cash equivalents	2006 Loan commit-ments not used	2005 Derivatives	2005 Loans and other receivables	2005 Cash and cash equivalents	2005 Loan commit-ments not used
Sweden	57.3	1 018.4	600.1	477.8	57.5	684.8	1 573.3	445.4
Rest of Europe	2.9	646.7	1 846.9	2 024.4	0.9	1 304.9	2 322.8	1 828.9
US	-	2.1	78.0	12.4	-	27.6	317.3	-
Other	-	1 806.0	3.6	88.1	-	167.1	4.9	6.4
Total credit risks	**60.2**	**3 473.2**	**2 528.6**	**2 602.7**	**58.4**	**2 184.5**	**4 218.2**	**2 280.7**

Loan losses

SEK million, Group	2006
Opening balance, January 1, 2006	-14.4
Provisions for possible loan losses	-1.7
Loan losses confirmed during period	0.3
Possible loan losses reversed during period	-0.3
Translation of items in foreign currencies and other adjustments	-0.3
Effect of divested operations	6.0
Closing balance, December 31, 2006	**-10.8**
Effect on operating profit/loss	**1.7**

Provisions for loan losses are reported net in the balance sheet under loans and other receivables.

Note 22. Concentration of foreign currency risks

December 31 SEK million, Group	2006 Total	2006 SEK	2006 EUR	2006 NOK	2006 USD	2006 Other currencies	2005 Total	2005 SEK	2005 EUR	2005 NOK	2005 USD	2005 Other currencies
ASSETS												
Tangible fixed assets	19.6	11.0	8.6	-	-	-	28.4	24.4	4.0	-	-	-
Intangible fixed assets	436.5	341.6	95.0	-	-	-	559.1	418.4	140.7	-	-	-
Deferred acquisition costs, unit-linked insurance	139.1	139.1	-	-	-	-	71.9	71.9	-	-	-	-
Investments in associated companies	15.5	15.4	0.1	-	-	-	10.6	10.5	0.1	-	-	-
Deferred income tax assets	50.3	42.5	7.8	-	-	-	49.6	32.0	17.6	-	-	-
Investment securities at fair value through profit and loss	2 224.5	2 214.1	6.6	-	3.8	-	1 576.1	1 565.2	6.5	-	4.4	-
Investment assets - unit-link	4 254.0	4 254.0	-	-	-	-	2 320.9	2 320.9	-	-	-	-
Derivative financial instruments	60.2	0.1	6.4	0.7	47.2	5.8	58.4	6.4	2.5	0.1	46.6	2.7
Loans and other receivables	3 473.3	903.8	530.7	79.7	496.2	1 462.8	2 184.5	638.7	355.6	85.6	485.8	618.7
Other assets	875.8	607.8	135.8	45.2	72.7	14.4	820.2	505.1	67.5	29.9	125.3	92.4
Trading securities							15.7	15.7	-	-	-	-
Cash and cash equivalents	2 528.7	782.8	917.0	38.1	786.5	4.4	4 218.2	1 702.5	677.9	134.2	1 538.4	165.3
Total assets	**14 077.5**	**9 312.2**	**1 708.0**	**163.7**	**1 406.4**	**1 487.4**	**11 913.6**	**7 311.8**	**1 272.4**	**249.8**	**2 200.5**	**879.1**
PROVISIONS AND LIABILITIES												
Insurance contracts	2 030.7	1 981.6	-	49.1	-	-	1 761.2	1 734.5	-	26.6	-	-
Insurance contracts – unit-link	4 327.9	4 327.9	-	-	-	-	2 324.8	2 324.8	-	-	-	-
Interest-bearing loans and borrowing	232.1	227.9	4.2	-	-	-	306.2	264.0	28.3	10.5	3.5	-
Deposits from the public	4 754.9	755.3	633.9	104.5	1 680.6	1 580.2	5 282.7	1 688.2	619.8	149.0	2 000.7	825.0
Derivative financial instruments	71.8	14.1	0.5	0.4	46.5	10.3	50.5	0.4	2.3	-	45.3	2.6
Deferred income tax liabilities	210.4	199.7	10.7	-	-	-	127.7	119.7	8.0	-	-	-
Current income tax liabilities	32.3	0.4	31.9	-	-	-	36.6	0.7	35.9	-	-	-
Other liabilities	1 133.9	979.9	67.0	0.3	79.7	7.0	718.6	202.1	324.4	27.7	89.6	74.8
Total provisions and liabilities	**12 794.0**	**8 486.8**	**748.2**	**154.3**	**1 806.8**	**1 597.5**	**10 608.3**	**6 334.3**	**1 018.7**	**213.8**	**2 139.1**	**902.4**
Net translation exposure in currency	**1 283.5**	**825.4**	**959.8**	**9.4**	**-400.4**	**-110.1**	**1 305.3**	**977.5**	**253.8**	**36.0**	**61.4**	**-23.3**
Obligations not included in balance sheet	2 602.7	505.8	1 059.5	57.1	718.4	261.9	2 280.7	555.6	928.8	35.0	585.1	176.3

An appreciation of 5% of the currency against the SEK affects:

	2006 Total	2006 SEK	2006 EUR	2006 NOK	2006 USD	2006 Other currencies	2005 Total	2005 SEK	2005 EUR	2005 NOK	2005 USD	2005 Other currencies
profit for year by		E/T	43.2	0.5	-20.0	-5.5		E/T	5.7	1.8	3.1	-1.2
shareholders' equity by		E/T	48.0	0.5	-20.0	-5.5		E/T	12.7	1.8	3.1	-1.2

Currency forwards were signed in January 2005 to hedge currency exposure in technical reserves pertaining to Försäkringsaktiebolaget Assuransinvest MF. Since as a result the currency exposure has been eliminated, the derivative and the relevant technical reserves are reported in SEK.

Note 23. Fair value

December 31 SEK million, Group	Book value 2006	Book value 2005	Fair value 2006	Fair value 2005
ASSETS				
Investments in associated companies	15.9	10.6	15.9	10.6
Investment securities at fair value through profit and loss	2 245.8	1 576.1	2 245.8	1 576.1
Investment assets - unit-link	4 232.8	2 320.9	4 232.8	2 320.9
Derivative financial instruments	60.2	58.4	60.2	58.4
Loans and other receivables	3 473.3	2 184.5	3 480.2	2 212.7
Trading securities	-	15.7	-	15.7
Cash and cash equivalents	2 528.7	4 218.2	2 528.7	4 218.2
Total assets	**12 556.8**	**10 384.5**	**12 563.6**	**10 412.6**
LIABILITIES				
Investment contracts, unit-link	4 327.9	2 324.8	4 327.9	2 324.8
Interest-bearing loans and borrowing	232.2	305.1	232.2	305.1
Deposits from the public	4 754.8	5 283.8	4 797.5	5 308.3
Derivative financial instruments	71.8	50.5	71.8	50.5
Total liabilities	**9 386.8**	**7 964.3**	**9 429.5**	**7 988.7**

Market-listed financial instruments are valued at the last paid price. Participations in funds are valued at the official NAV rate for each fund. Derivative instruments are valued applying generally accepted valuation models. in these cases Black & Scholes. Deposits. lending and borrowing are valued at discounted future cash flow. In cases in which the term is three months or less. it is assumed that the value corresponds to the loan’s nominal value. taking into account. however. provisions for loss risks.

Note 24. Other assets

December 31 SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Accrued interest income	114.5	104.1	0.1	-
Other accrued income	11.0	43.8	0.1	4.0
Prepaid expenses	44.9	28.2	1.3	1.1
Receivables pertaining to VAT	13.5	2.2	0.1	2.2
Receivables relating to insurance activities	306.0	205.9	-	-
Receivables relating to reinsurance contracts	263.7	208.3	-	-
Other interest-free current receivables	109.8	80.4	0.1	0.1
Other assets	12.0	147.3	-	-
Total other assets	**875.4**	**820.2**	**1.7**	**7.4**

Note 25 Share capital, earnings and dividend per share

Share capital

The share capital in Invik amounts to SEK 132.3 million. distributed among 26.465.693 shares. of which 4.841.833 are Class A shares and 21.623.860 Class B shares. The par value of the share is SEK 5. A Class A share carries ten votes and a Class B share one vote. The shares have equal rights to participation in the company's assets and earnings. The company does not own any treasury shares.

Convertible debenture loan 2005/2011

After an issue decision at the Annual General Meeting of Invik on March 29. 2005. Kinnevik subscribed for convertible debentures amounting to SEK 235.0 million in Invik. The two loans. which carry an annual interest of 3.5 % and mature for payment on December 30. 2011 to the extent conversions has not occurred. Conversion. at a price of SEK 52. may be effected from December 1. 2006 through November 30. 2011. In accordance with the terms of one of the two convertible debenture loans. the convertible holder at conversion may choose whether the shares to be received at conversion shall be Class A or Class B. At full conversion. a total of 4.519.230 shares are issued. of which a maximum of 2.148.710 Class A shares. corresponding to 14.6 % of the capital and not more than of 25.4 % and not less than 6.1 % of the votes in Invik after conversion. Share capital rises by SEK 22.6 million and the share premium reserve by SEK 212.4 million at full conversion. In January 2007. the companies in Invik requested conversion of all convertible debentures.

Options program

The Invik options program decided by the Annual General Meeting of Kinnevik on May 12. 2005 was launched in September 2005. In accordance with the proposal presented at the Kinnevik Annual General Meeting. the Board of Invik decided to approve a cash bonus of a maximum of 62 % of each participant's investment after tax. A condition for payment of the cash bonus is that the participant is employed within Invik at the payment date. On May 13. 2005. Invik issued a debenture with a nominal value of SEK 100 linked to 1.390.000 warrants to the wholly owned subsidiary Invik Trading AB. The warrants were offered to participants in the program at a price corresponding to the market price calculated in accordance with the Black & Scholes model. In determining this price. the value of the company's share was based on the average last paid price for the Invik B share during ten trading days in conjunction with the acquisition date. Since the warrants were conveyed at the market price. SEK 4.88 each. the program does not entail any significant expenses for Invik. Each warrant carries entitlement to new subscribe for one B share in Invik during the period from and including 20 days after the Invik shares was listed until May 12. 2008. The subscription price amounts to 115 % of the B share's average last paid price on the Stockholm Stock Exchange from and including the sixth up to and including the fifteenth trading day after the share's first day of trading. which corresponds to a subscription price of SEK 76.80 per share. During 2005. participants in the options program acquired warrants corresponding to 820.000 B shares in Invik. During 2006. 67.500 Invik B shares were issued based on warrants. There were 752.500 warrants remaining in 2006.

Earnings per share	2006	2005
Average number of outstanding shares (000s)		
- before dilution	26 409 885	26 398 193
- after dilution	31 317 091	29 827 855
Shareholders' portion of net profit attributable to continuing operations, SEK million	284.8	156.1
Shareholders' portion of net profit attributable to discontinued operations, SEK million	74.4	26.9
Shareholders' portion of net profit including discontinued operations, SEK million	359.2	183.0
Earnings per share for continuing operations before dilution	10.78	5.91
Earnings per share for discontinued operations before dilution	2.83	1.02
Earnings per share including discontinued operations before dilution	13.61	6.93
Earnings per share for continuing operations after dilution	9.28	5.38
Earnings per share for discontinued operations after dilution	2.38	0.90
Earnings per share including discontinued operations after dilution	11.66	6.28

Dividend per share

During the fiscal year. the dividend amounted to SEK 52.8 million (235.0). corresponding to SEK 2.00 (-) per share. An ordinary dividend for 2006 of SEK 2.30 per share and an extra dividend of SEK 1.70 per share. corresponding to a total cash dividend of SEK 4.00 per share. will be proposed to the Annual General Meeting to be held on May 10. 2007.

Note 26. Technical provisions

SEK million, Group	December 31. 2006 Life	Non-life	Assurans-invest	Total	December 31. 2005 Life	Non-life	Assurans-invest	Total
TECHNICAL PROVISIONS BEFORE CEDED REINSURANCE								
Unearned premiums	2.0	810.7	1.3	814.0	7.5	685.9	1.5	695.0
Provisions for life assurance	5.2	-	-	5.2	-	-	-	-
Provisions for claims incurred and reported	48.7	446.6	311.4	806.7	89.4	417.0	371.7	878.0
Provisions for claims incurred but not reported	106.4	255.9	15.6	377.9	16.7	127.4	11.7	155.8
Other technical provisions	-	26.0	0.9	26.9	-	31.5	0.9	32.4
Total	**162.3**	**1 539.2**	**329.2**	**2 030.7**	**113.6**	**1 261.7**	**385.9**	**1 761.2**
REINSURERS' SHARE OF TECHNICAL PROVISIONS								
Unearned premiums	1.9	4.9	1.0	7.8	6.0	3.9	1.2	11.1
Provisions for life assurance	3.9	-	-	3.9	-	-	-	-
Provisions for claims incurred and reported	42.9	-	16.3	59.2	80.4	-	-	80.4
Provisions for claims incurred but not reported	93.3	99.5	-	192.8	13.6	85.7	17.5	116.8
Total	**142.0**	**104.4**	**17.3**	**263.7**	**100.0**	**89.5**	**18.8**	**208.3**
TECHNICAL PROVISIONS AFTER CEDED REINSURANCE								
Unearned premiums	0.1	805.8	0.3	806.2	1.5	682.1	0.3	683.9
Provisions for life assurance	1.3	-	-	1.3	-	-	-	-
Provisions for claims incurred and reported	5.8	446.6	295.1	747.5	9.0	417.0	371.7	797.6
Provisions for claims incurred but not reported	13.1	156.4	15.6	185.1	3.1	41.7	-5.8	39.0
Other technical provisions	-	26.0	0.9	26.9	-	31.5	0.9	32.4
Total	**20.3**	**1 434.8**	**311.9**	**1 767.0**	**13.6**	**1 172.2**	**367.1**	**1 552.9**

The provision for unsettled claims has been assessed and calculated based on available information concerning individual claims and claim trends. The provision for unsettled claims includes anticipated claim payouts and adjustment costs for all claims reported and not settled as well as assessments of Incurred But Not Reported (IBNR) provisions. Calculations are based on a conservative analysis of the incurred, reported but unsettled claims and the reporting patterns for underwritten business that is the basis for IBNR claims.

Provision for unsettled claims pertaining to Assuransinvest are assessed on the basis of premium volume over the years for which the policies are signed and industry statistics covering relationships between premiums and claims outcomes. The size of the provision was confirmed by an external actuary as of December 31, 2006. Run-off of the international reinsurance portfolio is expected to require ten to fifteen years.
In the life insurance operations, provisions for unsettled claims in the group life operations are the assessed costs of incurred and reported and unreported claims. The calculation is based on actuarial assumptions and statistics. The information regarding Life stated above also includes the non-life/general insurance operations conducted in Modern Insurances Life.

Provisions for unearned premiums and residual risk involved in direct insurance excluding boat and motor insurance are based on the actual distribution of premiums earned over time (pro rata temporis). For boat and motor insurance, the provision for unearned premiums and remaining risks according to statistically calculated claims outcome (ristorno) is distributed over the year. For product insurance, the provision depends of the individual product segments assessed claims intensity during each contracts insurance period.

Description of terms and maturity for different insurance segments:	Main terms current insurance
Boat	12 months
Motor	12 months
Product	12-60 months
Consumer	12 months
Company	12 months
Group life	12 months

Note 27. Liabilities related to unit-linked insurance contracts

December 31 SEK million, Group	2006	2005
Provisions for conditional refund	21.2	-
Unit-link	4 306.7	2 324.8
Total investment contract	**4 327.9**	**2 324.8**

The liability corresponds to the value of the assets managed for the account of the policyholders. SEK 125.1 million of the total unit-linked insurance undertaking was uninvested at December 31, 2006. The undertaking has been reduced by management and risk fees amounting to SEK 53.2 million.

Note 28. Interest-bearing lending and borrowing

Lending final due date > 3 months	Currency	Maturity	Variable / fixed interest rate	Nominal amount	Nominal rate of interest	Effective rate of interest	Specific terms	Dec. 31. 2006	Dec. 31. 2005
Lending, companies	SEK	June 2007	Variable	100.0	Stibor+0.5%	Stibor+0.5 %	1)	100.0	200.0
Lending, companies	USD	July 2007	Fixed	14.9	4.90%	4.90%		102.6	152.5
Lending, private individuals	EUR	Nov 2007	Fixed	13.0	4.84%	4.84%		117.7	-
Lending, companies								268.4	672.2
Total								588.6	1 024.7

1) An amortization of SEK 50 million is made on the loans on March 31, 2007 and final amortization on June 30, 2007.

Borrowing final due date > 3 months	Currency	Maturity	Variable / fixed interest rate	Nominal amount	Nominal rate of interest	Effective rate of interest	Specific terms	Dec. 31. 2006	Dec. 31. 2005
Convertible debenture loan	SEK	Dec 2011	Fixed	235.0	3.50%	4.15%	2)	227.9	226.7
Borrowing, companies	USD	July 2007	Fixed	14.9	4.90%	4.90%		102.6	152.5
Other interest-baring loans								206.2	748.6
Total								536.7	1 127.8

2) At the end of the period. Invik had convertible subordinated debentures with a nominal value of SEK 235 million issued to Kinnevik. which. on full conversion. provide entitlement to 4.519.230 shares in Invik & Co. AB. The loans. which have a nominal annual interest rate of 3.5%. become due for payment on December 30. 2011. In January 2007. a company in the Kinnevik Group requested conversion of all convertible debentures

Note 29. Pensions

Most of the Group's pension commitments are defined-contribution or defined-benefit plans that include several employers. The Group has two defined-benefit plans that include several employers in Sweden and one defined-benefit plan (in Luxembourg) that encompasses Banque Invik. For the defined-benefit plans that include several employers. the information that would make it possible to report the Group's proportion of its defined-benefit commitments. of plan assets and of the costs associated with the plans is not available to date. The Swedish plans are therefore reported as defined-contribution plans. which implies that premiums paid are reported as a cost. Pension costs for both the Swedish defined-benefits and defined-contribution plans are charged to earnings for the period to which they are attributable.

The liability reported in the balance sheet regarding the defined-benefit plan in Luxembourg is the present value of the defined-benefit commitment on balance sheet date minus the fair value of the plan assets. adjusted for unrecognized actuarial gains/losses for service during pervious periods. The defined-benefit pension commitment is calculated annually by external insurance institutions by applying the projected unit credit method. The present value of the defined-benefit plan is established by discounting the estimated future cash flow of the present value.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumaptions exceeding the greater of 10 % of the value of the plan assets or 10 % of the defined-benefit commitment are expensed or recognized in revenue over the employees' estimated average remaining service.

Costs for service during previous periods is reported directly in the income statement

The return on plan assets is guaranteed at 4.0% on the basis of agreements with engaged insurance institutions.

The following amounts are reported in the income statement

Pension costs **SEK million, Group** Defined-benefit plan	**2006**	**2005**
Current service cost	-1.0	-1.0
Interest expense	-0.2	-0.3
Expected return on plan assets	0.2	0.2
Pension costs for defined-benefit plans	**-1.0**	**-1.1**
Pension costs for defined-contribution plans	**-20.0**	**-19.8**
Total pension costs	**-21.0**	**-20.9**

Pension costs are reported in the income statement under "Other operating expenses."

The following amounts are reported in the balance sheet

Pension obligations **31 december** **SEK million, Group**	**2006**	**2005**
Pension provisions, defined-benefit plans	1.7	1.4
Pension provisions, defined-contribution plans	0.4	0.7
Total pension obligations	**2.1**	**2.1**

Present value of funded defined-benefit pension obligations

31 december **SEK million, Group**	**2006**	**2005**
Present value of the defined-benefit obligations	6.0	5.4
Fair value of plan assets	4.1	3.3
Net value of defined-benefit plans	1.9	2.0
Unrecognized actuarial gains/losses	-0.2	-0.7
Provisions for defined-benefit plans, net	**1.7**	**1.4**

Specification of changes in defined-benefit provisions for the year

SEK million, Group	**2006**	**2005**
Pension provisions, January 1	**5.4**	**5.8**
Current service cost	1.0	1.0
Interest expense	0.2	0.3
Pensions paid	-	-1.9
Actuarial gains/losses	-0.3	-
Exchange-rate effects	-0.2	0.3
Pension provisions, December 31	**6.0**	**5.4**

Specification of change in fair value of plan assets for the year

SEK million, Group	2006	2005
Plan assets, January 1	**3.3**	**4.4**
Pensions paid	-	-2.2
Deposits	0.1	0.7
Expected return on plan assets	-	0.2
Actuarial gains/losses	-	0.1
Exchange-rate effects	0.6	0.2
Assets, December 31	**4.1**	**3.3**

Specification of changes in unrecognized actuarial gains/losses for the year

SEK million, Group	2006	2005
Unrecognized gains/losses, January 1	**-0.7**	**-0.8**
Deviation expected/actual pension liability	0.3	-
Deviation expected/actual return on plan assets	0.1	0.1
Unrecognized gains/losses, December 31	**-0.2**	**-0.7**

Assumptions

Discount rate	4.25%	4.00%
Expected return on plan assets	4.00%	4.00%
Expected increase in salaries	2.75%	2.75%
Increase in contribution ceiling	2.50%	2.50%

"Contribution ceiling" is the maximum income amount on which the pension provisions are calculated.

Note 30. Other liabilities

December 31 SEK million	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Provisions for disputes	8.1	5.8	-	-
Accrued interest expense	85.1	98.5	8.1	6.3
Accrued salaries, payment for vacation and other personnel-related liabilities	69.4	63.5	7.2	4.7
Other accrued expenses	70.5	53.8	1.3	1.3
Prepaid income	23.7	0.2	-	-
Liabilities to discontinued operations regarding credit balance in group account	406.3	-	406.3	-
Liabilities relating to VAT	11.0	12.6	-	-
Other interest-free current liabilities	439.8	297.8	1.3	0.6
Other liabilities	20.0	186.4	-	0.7
Total other liabilities	**1 133.9**	**718.6**	**424.2**	**13.6**

Note 31. Operations being discontinued

	Continuing operations		Discontinued operations		Total Group	
SEK million, income statement	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues	1 907.0	1 393.0	214.7	341.6	2 121.7	1 734.6
Operating expenses	1 520.5	1 175.5	185.8	304.3	1 706.3	1 479.8
Operating income	386.5	217.5	28.9	37.3	415.4	254.8
Financial items	-3.7	-5.6	52.7	-	49.0	-5.6
Profit before income tax	382.8	211.9	81.6	37.3	464.4	249.2
Income tax expense	-98.0	-55.8	-7.2	-10.4	-105.2	-66.2
Profit for the year	**284.8**	**156.1**	**74.4**	**26.9**	**359.2**	**183.0**
SEK million, balance sheet, December 31	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Fixed assets	595.2	659.4	-	15.7	595.2	675.1
Loans and other receivables	3 473.3	2 184.5	37.2	173.9	3 510.5	2 358.4
Cash and cash equivalents	2 528.7	4 218.2	-	152.7	2 528.7	4 370.9
Other assets	7 480.3	4 851.4	373.9	64.2	7 854.2	4 915.5
Total assets	**14 077.5**	**11 913.5**	**411.1**	**406.4**	**14 488.6**	**12 319.9**
Shareholders' equity	**1 283.5**	**1 305.2**	**405.3**	**88.9**	**1 688.8**	**1 394.1**
Deposits and borrowing	4 987.0	5 588.9	-	279.9	4 987.0	5 868.8
Other provisions and liabilities	7 807.0	5 019.4	5.8	37.6	7 812.8	5 057.0
Total provisions and liabilities	**12 794.0**	**10 608.3**	**5.8**	**317.5**	**12 799.8**	**10 925.8**
SEK million, cash-flow statement	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Cash flow from operating activities	-520.8	1 023.9	-455.0	333.3	-975.8	1 357.2
Cash flow from investment activities	-123.1	-93.5	-591.4	-0.3	-714.5	-93.8
Cash flow from financing activities	-46.4	2.3	-	-	-46.4	2.3
Cash flow for the year	**-690.3**	**932.7**	**-1 046.4**	**333.0**	**-1 736.7**	**1 265.7**
Cash and cash equivalents at beginning of the year	3 324.5	2 292.9	1 046.4	713.4	4 370.9	3 006.3
Exchange rate differences in cash and cash equivalents	-105.5	98.9	-	-	-105.5	98.9
Cash flow for the year	-690.3	932.7	-1 046.4	333.0	-1 736.7	1 265.7
Cash and cash equivalents at end of the year	**2 528.7**	**3 324.5**	**-**	**1 046.4**	**2 528.7**	**4 370.9**

The item "Discontinued operation" in the income statements and cash-flow statements for 2005 and 2006 include Aktievik AB (formerly Fischer Partners Holding AB), Fischer Partners Fondkommission AB, Invik Kapitalförvaltning Holding AB and OP Financial Services AB. In addition, Invik Kapitalförvaltning AB (now Humle Kapitalförvaltning AB) is included in the amounts for discontinued operations for 2005 in the income statements and cash-flow statements. Invik Kapitalförvaltning Holding AB, Invik Kapitalförvaltning AB and OP Financial Services AB are included in discontinued operations in the balance sheets. The former subsidiaries Fischer Partners Fondkommission AB and Invik Kapitalförvaltning AB were divested in July 2006 and January 2006 respectively, while other operations are being discontinued and are intended to be liquidated

Note 32. Pledged assets and contingent liabilities

Group

December 31, 2006 SEK million	Investment securities at fair value	Investment assets – unit-link	Loans and other receivables	Other assets	Total
PLEDGED ASSETS					
Assets included in policyholders' preferential rights	20.4	4 081.5	-	246.4	4 348.3
Total pledged assets	**20.4**	**4 081.5**	**-**	**246.4**	**4 348.3**
CONTINGENT LIABILITIES					
Credit facilities provided	-	-	2 586.5	-	2 586.5
Deposited securities	-	-	-	4 933.2	4 933.2
Third-party guarantee	-	-	16.2	-	16.2
Total contingent liabilities	**-**	**-**	**2 602.7**	**4 933.2**	**7 535.9**

December 31, 2005 SEK million	Investment securities at fair value	Investment assets – unit-link	Loans and other receivables	Other assets	Total
PLEDGED ASSETS					
Assets included in policyholders' preferential rights	13.6	2 299.5	-	25.3	2 338.4
Total pledged assets	**13.6**	**2 999.5**	**-**	**25.3**	**2 338.4**
CONTINGENT LIABILITIES					
Credit facilities provided	-	-	2 195.8	-	2 195.8
Deposited securities	-	-	-	2 776.5	2 776.5
Third-party guarantee	-	-	16.7	-	16.7
Total contingent liabilities	**-**	**-**	**2 212.4**	**2 776.5**	**4 989.0**

Parent Company

December 31 SEK million	2006	2005
CONTINGENT LIABILITIES		
Guarantees on behalf of subsidiaries	-	250.0
Total contingent liabilities	-	250.0

Note 33. Segment information, by function

SEK million, 2006	Modern Insurance Non-life	Modern Insurance Life	Assurans-invest	Banque Invik	Invik Funds	Head office and eliminations	Invik Group
Insurance premium revenue	1 088.6	148.5	-0.6	-	-	-2.4	1 234.1
Insurance premium ceded to reinsurers	-118.7	121.2	-0.2	-	-	-	-240.1
Fee and commission income	25.1	74.3	1.2	194.6	164.4	-23.3	436.3
Net investment income	207.8	0.7	33.6	-	-	-	242.1
Interest income after loan loss provisions	19.0	1.0	5.2	213.3	1.6	-11.0	229.1
Other operating income *)	0.2	5.3	-	-	-	-	5.5
Total revenues	**1 222.0**	**108.6**	**39.2**	**407.9**	**166.0**	**-36.7**	**1 907.0**
Insurance benefits, claims and loss adjustment expenses	-755.0	-107.1	15.2	-	-	-	-846.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	35.5	94.2	-22.7	-	-	-	107.0
Fee and commission expenses	-49.2	-29.2	-0.1	-6.4	-51.9	22.2	-114.6
Interest expenses	-1.1	0.3	-0.1	-190.3	-	1.1	-190.1
Depreciation, amortization and write-down of tangible and intangible assets	-19.3	-28.8	-	-7.3	-0.3	-0.2	-55.9
Other operating expenses	-166.0	-45.0	-8.5	-131.7	-42.0	-26.8	-420.0
Total expenses	**-955.1**	**-115.6**	**-16.2**	**-335.7**	**-94.2**	**-3.7**	**-1 520.5**
Operating income	**266.9**	**-7.0**	**23.0**	**72.2**	**71.8**	**-40.4**	**386.5**
Total assets	**2 986.3**	**4 867.5**	**584.0**	**5 635.9**	**317.2**	**97.7**	**14 488.6**
Total liabilities	**2 019.8**	**4 696.1**	**426.6**	**5 222.1**	**181.7**	**253.3**	**12 799.8**
Total tangible investments	**5.1**	**0.9**	**-**	**5.3**	**1.2**	**0.4**	**12.9**
Total intangible investments	**0.7**	**95.1**	**-**	**11.8**	**-**	**-**	**107.6**

SEK million, 2005	Modern Insurance Non-life	Modern Insurance Life	Assurans-invest	Banque Invik	Invik Funds	Head office and eliminations	Invik Group
Insurance premium revenue	948.7	118.6	-	-	-	-0.6	1066.7
Insurance premium ceded to reinsurers	-111.4	-95.1	0.6	-	-	-	-205.8
Fee and commission income	21.5	31.8	0.8	165.6	88.9	-8.9	299.7
Net investment income	101.01	4.3	16.2	-0.1	-	-5.5	115.8
Interest income after loan loss provisions	10.6	-	1.7	112.8	0.6	-10.1	115.7
Other operating income	0.1	4.0	-	-	-	-3.2	0.9
Total revenues	**970.4**	**63.5**	**19.3**	**278.3**	**89.5**	**-28.3**	**1393.0**
Insurance benefits, claims and loss adjustment expenses	-686.3	-90.3	-7.3	-	-	-	-783.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	74.4	80.0	0.5	-	-	-	154.8
Fee and commission expenses	-54.0	-22.5	-	-5.7	-23.4	8.7	-97.0
Interest expenses	-0.1	-0.4	-1.0	-95.3	-0.1	10.4	-86.4
Depreciation, amortization and write-down of tangible and intangible assets	-19.6	-13.0	-0.1	-3.9	-0.1	-0.1	-36.7
Other operating expenses	-131.0	-29.6	-6.2	-109.6	-29.4	-20.4	-326.2
Total expenses	**-816.7**	**-75.8**	**-14.0**	**-214.5**	**-53.0**	**-1.4**	**-1175.4**
Operating income	**153.7**	**-12.3**	**5.3**	**63.8**	**36.5**	**-29.7**	**217.5**
Total assets	**2 339.3**	**2 721.4**	**665.2**	**5 167.1**	**228.9**	**1 197.9**	**12 319.9**
Total liabilities	**1 613.8**	**2 571.2**	**551.2**	**4 756.4**	**104.8**	**1 328.4**	**10 925.8**
Total tangible investments	**11.6**	**0.8**	**-**	**3.5**	**0.1**	**0.9**	**16.9**
Total intangible investments	**-**	**60.5**	**-**	**8.3**	**-**	**-**	**68.8**

*) The item "Other operating income" includes the participations in the earnings of the associated company Modernac S.A. after tax.

Note 34. Segment information, geographically

SEK million, 2006	Sweden	Luxembourg	Eliminations	Invik Group
Insurance premium revenue	1 234.1	281.9	-281.9	1 234.1
Insurance premium ceded to reinsurers	-522.0	0.0	281.9	-240.1
Fee and commission income	290.0	147.8	-1.5	436.3
Net investment income	201.4	40.7	0.0	242.1
Interest income after loan loss provisions	20.4	221.7	-13.0	229.1
Other operating income	-	5.5	-	5.5
Total revenues	**1 223.8**	**697.6**	**-14.3**	**1 907.0**
Insurance benefits, claims and loss adjustment expenses	-846.9	-294.4	294.4	-846.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	401.4	0.0	-294.4	107.0
Fee and commission expenses	-134.1	-2.7	22.3	-114.6
Interest expenses	-0.9	-200.1	11.0	-190.0
Depreciation, amortization and write-down of tangible and intangible assets	-49.3	-4.5	-2.1	-55.9
Other operating expenses	-307.6	-95.4	-17.1	-420.0
Total expenses	**-937.4**	**-597.2**	**14.2**	**-1 520.5**
Operating income	**286.4**	**100.4**	**-**	**386.5**
Total assets	**11 441.1**	**6 062.1**	**-3 014.7**	**14 488.6**
Total liabilities	**8 545.0**	**5 546.5**	**-1 291.7**	**12 799.8**
Total tangible investments	**7.6**	**5.3**	**-**	**12.9**
Total intangible investments	**95.8**	**11.8**	**-**	**107.6**

SEK million, 2005	Sweden	Luxembourg	Eliminations	Invik Group
Insurance premium revenue	1 066.7	194.6	-194.6	1 066.7
Insurance premium ceded to reinsurers	-400.4	-	194.6	-205.8
Fee and commission income	175.7	147.8	-23.8	299.7
Net investment income	82.3	33.5	-	115.8
Interest income after loan loss provisions	13.9	103.1	-1.3	115.7
Other operating income	0.9	-	-	0.9
Total revenues	**939.1**	**479.0**	**-25.1**	**1 393.0**
Insurance benefits, claims and loss adjustment expenses	-772.8	-172.8	161.7	-783.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	316.5	-	-161.7	154.8
Fee and commission expenses	-91.5	-29.3	23.8	-97.0
Interest expenses	0.7	-88.4	1.3	-86.4
Depreciation, amortization and write-down of tangible and intangible assets	-33.0	-3.7	-	-36.7
Other operating expenses	-223.7	-102.5	-	-326.2
Total expenses	**-803.8**	**-396.7**	**25.1**	**-1 175.5**
Operating income	**135.3**	**82.3**	**-**	**217.5**
Total assets	**8 570.2**	**4 951.6**	**-1 201.9**	**12 319.9**
Total liabilities	**6 486.0**	**5 191.4**	**-751.6**	**10 925.8**
Total tangible investments	**13.4**	**3.5**	**-**	**16.9**
Total intangible investments	**60.5**	**8.3**	**-**	**68.8**

Note 35. Transactions with related parties

A summary of Invik's revenues. expenses. receivables and liabilities with closely related parties is presented below.

	Group		Parent Company	
SEK million	**2006**	**2005**	**2006**	**2005**
REVENUES EXCLUDING INTEREST INCOME				
Kinnevik	0.6	4.1	-	-
Metro	1.0	1.3	-	-
Modernac	1.0	-		
Millicom	-	5.2	-	-
MTG	7.4	3.6	-	-
Tele2	19.3	18.0	-	-
Transcom	3.2	3.3	-	-
Modern Holdings Inc	-	0.1	-	-
Total revenues excluding interest income	**32.5**	**35.6**	**-**	**-**

	Group		Parent Company	
SEK million	**2006**	**2005**	**2006**	**2005**
EXPENSES EXCLUDING INTEREST EXPENSES				
Kinnevik	3.8	1.0	1.6	1.0
MTG	-	2.0	-	-
Tele2	0.9	5.5	0.6	0.1
Transcom	0.3	1.8	-	-
Search Value	-	0.2	-	-
Audit Value Inc	-	0.3	-	-
Total expenses excluding interest expenses	**5.0**	**10.8**	**2.2**	**1.1**

	Group		Parent Company	
SEK million	**2006**	**2005**	**2006**	**2005**
INTEREST INCOME				
MTG	0.1	-	-	-
Millicom	1.7	2.9	-	-
Kinnevik	4.2	-	-	-
Tele2	89.6	40.2	-	-
Total interest income	**95.5**	**43.1**	**-**	**-**

	Group		Parent Company	
SEK million	**2006**	**2005**	**2006**	**2005**
INTEREST EXPENSE				
Kinnevik	8.2	6.3	8.2	6.3
Metro	-	0.8	-	-
Millicom	24.8	8.4	-	-
MTG	0.6	5.5	-	-
Tele2	73.1	37.3	-	-
Total interest expense	**106.7**	**58.3**	**8.2**	**6.3**

	Group		Parent Company	
SEK million, 31 december	**2006**	**2005**	**2006**	**2005**
ACCOUNTS RECEIVABLE AND OTHER NON INTEREST-BEARING RECEIVABLES				
Kinnevik	0.5	4.1	-	-
Metro	0.7	0.1	-	-
Millicom	7.4	6.9	-	-
MTG	0.6	0.1	-	0.1
Tele2	64.7	157.2	-	-
Transcom	-	0.1	-	-
Modernac	0.1	-	-	-
Total accounts receivable and other non-interest bearing receivables	**74.0**	**168.5**	**-**	**0.1**

	Group		Parent Company	
SEK million, 31 december	**2006**	**2005**	**2006**	**2005**
ACCOUNTS PAYABLE AND OTHER NON INTEREST-BEARING LIABILITIES				
Modernac	9.2	-	-	-
Kinnevik	8.4	10.5	8.4	6.3
Metro	0.2	1.2	-	-
Millicom	9.3	581.7	-	-
MTG	-	325.5	-	-
Tele2	0.1	124.4	0.1	-
Search Value	-	0.5	-	-
Altlorenscheuerhof	3.6	-	-	-
Audit Value Inc	3.9	5.1	-	-
Total accounts payable and other non interest-bearing liabilities	**34.7**	**1 048.9**	**8.5**	**6.3**

SEK million, 31 december	Group 2006	2005	Parent Company 2006	2005
INTEREST-BEARING RECEIVABLES				
Millicom	20.7	23.8	-	-
Kinnevik	100.0	-	-	-
Tele2	1 593.1	769.4	-	-
Total interest bearing receivables	**1 713.8**	**793.2**	**-**	**-**

SEK million, 31 december	Group 2006	2005	Parent Company 2006	2005
INTEREST-BEARING LIABILITIES				
MTG	9.6	-	-	-
Kinnevik	235.0	235.0	235.0	235.0
Millicom	462.2	23.8	-	-
Tele2	1 617.7	769.4	-	-
Total interest bearing liabilities	**2 324.5**	**1 028.2**	**235.0**	**235.0**

Refer also to Note 11 Personnel for information regarding transactions with senior executives.

Invik has, during 2005 and 2006, had transactions with the following related parties

RELATED COMPANIES	CLOSE RELATION
Altorenscheuerhof S.A.	An associated company to Invik Co. AB.
Investment AB Kinnevik (”Kinnevik”)	Parties related to Invik own shares in Kinnevik, that provide significant influence in Kinnevik.
Metro International S.A. (”Metro”)	Parties related to Invik own shares in Metro, that provide significant influence in Metro.
Millicom International Cellular S.A. (”Millicom”)	Parties related to Invik own shares in Millicom, that provide significant influence in Millicom.
Modern Holdings Inc. (”Modern Holdings”)	Parties related to Invik own shares in Modern Holdings, that provide significant influence in Modern Holdings.
Modern Times Group MTG AB (”MTG”)	Parties related to Invik own shares in MTG, that provide significant influence in MTG.
Modernac S.A. (“Modernac”)	An associated company to Invik & Co. AB.
Search Value Partners Ltd (“Search Value”)	Parties related to Invik own shares in Search Value, that provide significant influence in Search Value.
Tele2 AB (”Tele2”)	Parties related to Invik own shares in Tele2, that provide significant influence in Tele2.
Transcom WorldWide S.A. (”Transcom”)	Parties related to Invik own shares in Transcom, that provide significant influence in Transcom.

All transactions with related parties were conducted at “arm’s length,” that is, on market terms. In acquisitions and divestments, independent valuations were the basis for negotiations about the final purchase consideration. In the case of all agreements regarding goods and services, the price was compared with the current market price from independent suppliers to ensure that all agreements were carried out on market terms.

OPERATING AGREEMENTS WITH RELATED PARTIES

- Invik rents office premises from Kinnevik in Stockholm.
- Invik sells financial and other administrative services to Kinnevik, MTG, Tele2, Metro, Transcom and Millicom.
- Invik provides insurance policies and services to Kinnevik, MTG, Metro and Transcom.
- Invik purchases telephone services from Tele2 in a number of countries in which both companies conduct operations.
- Invik purchases customer-related services from Transcom.
- Invik purchases advertising services from MTG and Metro.
- Invik sells insurance policies to Modernac.
- Invik purchases recruitment services from Search Value.

ACQUISITION FROM AND DIVESTMENT TO RELATED PARTIES

See the Board of Directors’ Report for a presentation of the divestment of Invik Kapitalförvaltning AB to the employees.

FINANCIAL LOAN TRANSACTIONS WITH RELATED PARTIES

- In March 2005, Kinnevik subscribed for convertible subordinated debentures with a nominal value of SEK 235 million in Invik. The loan, which carries a nominal annual interest rate of 3.5 %, can be converted to shares from December 1, 2006 through November 30, 2011 at a price of SEK 52. At full conversion, the loan carries entitlement to 4,519,230 new shares. The fair value at December 31, 2005 was SEK 226 million.
- After distribution of Invik, Kinnevik owes a debt to Invik that amounted at December 31, 2006 to SEK 200 million. The loan is amortized semi-annually, starting with SEK 50 million. The loan carries an interest of six-month Stibor plus 0.50 % in margin.

Note 36. Shares and participations in subsidiaries

Parent Company

Swedish subsidiaries	Corp. reg. no.	Reg. office	Number	Capital. %	Book value
Atlantica AB	556593-7439	Stockholm	1 000	100.0	0.1
Aktievik AB	556563-3715	Stockholm	480 000	100.0	257.3
Invik Trading AB	556264-5274	Stockholm	1 000	100.0	0.1
Invik Kapitalförvaltning Holding AB	556544-8023	Stockholm	2 000 000	100.0	64.2
Aktie-Ansvar AB	556098-2232	Stockholm	10 000	100.0	150.5
Moderna Fonder AB	556569-7702	Stockholm	1 000	100.0	0.1
Försäkringsaktiebolaget Assuransinvest MF	557200-4330	Gothenburg	2 514 285	100.0	113.0
Moderna Försäkringar Liv AB	516401-6718	Stockholm	13 000	100.0	175.7
Moderna Försäkringar Sak AB	516406-0070	Stockholm	30 000	100.0	532.7
MF Bilsport & MC Specialförsäkring AB	556563-2774	Stockholm	1 000	100.0	2.9
netviq AB	556266-5801	Stockholm	1 000	100.0	0.1
Total book value of shares and participations in Swedish subsidiaries					**1 296.7**

Foreign subsidiaries	Corp. reg. no.	Reg. office	Number	Capital. %	Book value
Banque Invik S.A.		Luxembourg	1 880 000	100.0	311.5
Banque Invik Asset management S.A.		Luxembourg		100.0	
Inlux Norge AS		Norway		100.0	
Modern Funds Management Cy S.A.		Luxembourg		100.0	
Modern Processing S.A.		Luxembourg		100.0	
Modern Treuhand B.V.		The Netherlands		100.0	
Modern Treuhand S.A.		Luxembourg		99.9	
Modern Re S.A.		Luxembourg	49 999	100.0	100.0
Atlantica Yacht Insurance S.àr.l		Luxembourg		100.0	
Total book value of shares and participations in foreign subsidiaries					**411.5**
Total book value of shares and participations in subsidiaries					**1 708.2**

Note 37. Leasing

The Group had no financial leasing agreements at December 31. 2006. No variable fees of material value occur among the Group's operational leasing agreements. The agreements contain no restrictions. The predominant proportion of leasing agreements found in the Group refer to rental contracts for the office premises that each company has signed.

Costs for leasing (minimum leasing fees) in the Group in 2006 amounted to SEK 13.9 million (14.2 in 2005)

Costs for leasing (minimum leasing fees) in the Parent Company in 2006 amounted to SEK 0.5 million (0.4 in 2005)

SEK million	Group	Parent Company
FUTURE MINIMUM OPERATIONAL LEASING FEES:		
2007	11.4	0.4
2008	9.8	-
2009	7.2	-
2010	0.4	-
2011	-	-
2012 and later	-	-
Total future minimum operational leasing fees	**28.8**	**0.4**

Note 38. Fees to auditors

PricewaterhouseCoopers (PWC) was elected as auditors in Invik & Co AB for the period until the close of the Annual General Meeting 2009.

	Group		Parent Company	
SEK million	**2006**	**2005**	**2006**	**2005**
PwC				
Audit fee	3.6	3.8	0.6	0.8
Fees for other services	0.8	2.1	0.3	0.6
Total fees paid to PwC	**4.4**	**5.9**	**0.9**	**1.4**
Other auditing firms				
Audit fees	0.1	0.3	0.2	-
Fees for other services	2.2	0.1	1.0	-
Total fees other audit firms	**2.3**	**0.4**	**1.2**	**-**
Total fees to auditors	**6.7**	**6.3**	**2.1**	**1.4**

Note 39. Currency rates

Currency rates	**2006**	**2005**
SEK/EUR, year-end rate	9.0500	9.4300
SEK/EUR, average rate	9.2549	9.2849
SEK/NOK, year-end rate	1.0945	1.1760
SEK/NOK, average rate	1.1504	1.1601
SEK/USD, year-end rate	6.8700	7.9525
SEK/USD, average rate	7.3766	7.4775

Note 40. Capital adequacy

The Swedish Financial Supervisory Authority has deemed Invik to be holding company with financial operations. These financial operations in the Invik Group, excluding the insurance operations, were deemed to be a financial group of companies. The financial group of companies has certain capital adequacy requirements from the Swedish Financial Supervisory Authority which have limited Invik's scope for action regarding internal and external capital allocation. AT the end of December 2006, the Swedish Financial Supervisory Authority came to a new decision to the effect that the Invik Group was considered to be a financial conglomerate. As a financial conglomerate, Invik will annually report the capital adequacy, internal transactions and risk concentration to the Swedish Financial Supervisory Authority. The regulations for financial conglomerate also stipulate regulations for capital adequacy requirements, but as opposed to the regulations for financial groups of companies, the internal capital allocation is not limited to the same extent.

Note 41. Embedded value

INTRODUCTION

As a supplement to traditional financial reporting, Invik includes data regarding embedded value for Modern Insurances Life as of December 31, 2006. The presentation includes computations of the value of insurance policies sold during the past 12-month (VNB – Value of New Business) and an analysis of the change in embedded value between December 31, 2005 and December 31, 2006. The methodology and assumptions for embedded value reporting are in line with the European Embedded Value (EEV) principles as published by the CFO Forum in May 2004. We have also taken into account subsequently published supplements.

This presentation may include statements regarding Modern Insurances Life's future earnings, results and the financial position. By their nature, these statements entail inherent risk and uncertainty because they refer to future events and circumstances beyond the control of Modern Insurances Life including, for example, economic conditions, fluctuations in interest rates, amendments of standards governing capital requirements, tax regulations, customer behavior regarding policy renewals, lapse and paid-up rates and mortality rates that may affect reported values.

METHODOLOGY

The calculations cover the unit-linked business of Modern Insurances Life. As in the past, it excludes group and individual life and sickness business, although the results for these business areas are included in adjusted shareholders' equity in the same manner as in the annual report.

Embedded value provides a measure of the value of shareholders' interests in the covered business, following due consideration of the risks in the business. Embedded value comprises of adjusted net worth and the value of business in force (VBIF), including any expense overrun and the cost of capital (CoC).

Adjusted shareholders' equity consists of the market value of Modern Insurances Life AB's financial and tangible assets, calculated as the statutory reported shareholders' equity, including shareholder equity, allocated to group and individual business, minus reported deferred acquisition costs (DAC) and the reported liability for financial reinsurance agreements.

Modern Insurances Life has used a bottom-up market consistent approach to value the individual cash flows associated with each contract taking into account the cost of capital. In such a calculation, each cash flow is valued using a discount rate that takes into account the financial risks in the cash flow, in line with the prices of similar cash flows traded on financial markets. This means, for example, that a cash flow in ten years is valued in the same manner as a ten-year zero coupon bond. In practice, Modern Insurances Life has used the certainty equivalent approach.

This method is common in valuing cash flows on a market-consistent basis where the cash flows are independent or move linearly with market movements. After calculating a market-consistent embedded value, a fixed average discount rate is computed, which, when applied in a conventional embedded value model, provides the same result as the market-consistent model. This gives an average risk discount rate for the embedded value, which is also used in calculating VNB.

The discount rate makes no allowance for operational risks.

To be able to project expected future shareholder profits, cash flow streams for all revenues and costs for each individual contract are computed for the estimated remaining lifetime of the insurance policy, based on economic and operative assumptions as well as the policyholder's profile. Some of the key assumptions include financial undertakings, fund rebates, maintenance expenses, and frequency of policy renewals, lapse and paid-up rates. Future provisions to solvency capital are classified as expenses and the interest on the solvency capital as income.

According to the EEV principles, due consideration must be made for the time value of options and guarantees. In November 2005, Modern Insurances Life launched a product that included investment guarantees. Since sales volume and exposure are limited, the value of the guarantees is viewed as immaterial. No other products include guarantees.

The calculation of VNB is conducted on the sales date using the same assumptions and methodology as in the case of VBIF. New business has been defined as signed and paid and additional premiums, but not renewals of existing contracts during the period.

As in the past, the required capital is set at 1 % of the capital value of the insurance and to 0.3 % of the risk amount, which is slightly higher than the solvency requirements of the supervisory authority. In the market-consistent calculation, the cost of holding capital is based on the computed real costs. These consist of the tax effect on locked-in capital and reflect the cost for an investor of owning an asset indirectly via an investment in an insurance company instead of investing directly in the asset.

In other respects, no consideration is paid to corporate tax in the calculations. The effect of the existing reinsurance contacts has been included in the calculations, which, among other things, means that the future cost of outstanding financial reinsurance are included in the calculations of VBIF and VNB.

ECONOMIC ASSUMPTIONS

In setting the discount rate, market-consistent computations pursuant to the certainty equivalent approach are applied. All assets are assumed to provide a return that corresponds to the various risk-free rates of interest for various maturities, and all future cash flows are discounted using the same risk-free rate of interest. These rates are derived from the yield curve formed from Swedish swap rates at December 31, 2006.

The return assumption is based on yields on a 10-year Swedish government bill bond on the calculation date and an assumption that stocks provide 2.5% in return over time.

The financial assumptions used in the embedded value computation as at December 31, 2005 and December 31, 2006 are presented summarily below.

	December 31, 2006	December 31, 2005
Risk-free rate of interest	3.91%	3.36%
Return on bonds	3.91%	3.36%
Return on stocks	6.41%	5.86%
Inflation rate	2.00%	2.00%
Discount rate	5.81%	5.00%

OPERATING ASSUMPTIONS

Operating assumptions have been reviewed and set using best estimate assumptions.

Since Modern Insurances Life has had a short history, certain operating assumptions cannot be based on the company's historic results. When this is the case, for example for lapse rates, the assumptions were derived from general market experience. Assumptions regarding fees, fund rebates and policyholders' asset mix are reasonably based on information from the insurance portfolio.

Assumed future administration expenses represent expected long-term levels. Embedded value was previously charged with expense overrun. During 2006, actual costs were less than the anticipated costs and thus embedded value was not charged with any expense overrun in this year's calculation.

RESULTS

Embedded value (SEK million)	
VBIF (before CoC)	492.7
Cost of capital	-24.4
VBIF (after CoC)	468.3
Adjusted shareholders' equity (net worth)	60.9
Embedded value	529.2
VNB (before CoC)	141.6
Cost of capital	-10.0
VNB (after CoC)	
131.6	

Note that the calculation of VNB covers 2006 as a whole. The six-month report presented a VNB of SEK 69.6 million for the first six months of 2006. Calculated using the same assumptions as of December 31, 2006, the corresponding value is SEK 60.9 million, which means that the second six months provided a VNB of SEK 70.7 million.

SENSITIVITY ANALYSIS

Sensitivity analysis for existing business	VBIF	Change	%
Central basis	468.3	-	-
Discount rate, +1%	407.6	-60.7	-13.0%
Discount rate, -1%	540.3	72.1	15.4%
Risk-free rate of interest, -1%	456.9	-11.3	-2.4%
Decline in share value, -10%	432.9	-35.4	-7.6%
Reduction of administrative expenses, -10%	496.2	27.9	6.0%
Reduction assumptions underlying paid-up rates and lapses -10%	501.9	33.7	7.2%

Sensitivity for new business	VNB	Change	%
Central basis	131.6	-	-
Discount rate, +1%	105.4	-26.2	-19.9%
Discount rate, -1%	163.0	31.4	23.9%
Risk-free rate of interest, -1%	128.5	-3.1	-2.3%
Reduction of administrative expenses, -10%	147.3	15.7	11.9%
Reduction assumptions underlying paid-up rates and lapses, , -10%	151.7	20.1	15.3%

Discount rate, +1%/-1%

Although it is not immediately relevant, in a market-consistent valuation, the presentation here shows the impact of a change of one percentage point in the average discount rate. The purpose is to be able to adjust the value when operations are assigned an alternative risk.

1% reduction in the risk-free rate of interest

The change in the risk-free rate of interest affects the future return and discount rates in the same manner as in the case of a market-consistent valuation.

10% decrease in equities capital value

This sensitivity analysis reflects the effect of an immediate fall in capital at valuation for the business in-force. It is assumed that, following the decline, policyholders' individual accounts are rebalanced so that the asset mix is the same as before. This sensitivity analysis is done solely for business in-force.

10 decrease in administrative expenses

In this test it is assumed that annual administrative expenses are cut by 10%.

10% decrease in lapse rates and paid-up rates

This sensitivity analysis shows the impact of a 10% decline in the assumption underlying policy renewal, lapse and paid-up rates.

The sensitivity analyses used are in line with those by the CFO Forum in the publication "Additional Guidelines on European Embedded Value Disclosures."

ANALYSIS OF CHANGE IN EMBEDDED VALUE

(SEK million)	Total
Embedded value (December 31, 2005)	301.6
Expected return	18.6
Additional new business in 2006	131.6
Impact on real outcome in 2006	21.2
Changes in assumptions	29.8
Change in methodology and accounting	-11.1
Embedded value result	190.1
Result of other insurance operations	9.7
Capital injections	27.9
Embedded value change	227.6
Embedded value (December 31, 2006)	529.2

During the period, Modern Insurances Life's shareholders' equity was increased by a capital contribution totaling SEK 27.9 million. In addition, the insurance policies not included in the embedded value analysis provided a surplus of SEK 9.7 million.

With this valuation, the model has been refined in respect of flows in financial reinsurance. This provides a negative result of SEK 11.1 million.

The modified assumptions account for SEK 29.8 million of the increase in embedded value. The key assumption that has been changed is the assumption regarding variable fund rebates. As in the embedded value report for the first six months of 2006, the fund rebate assumption has been adjusted from having been the actual fund rebate received during the measurement period to an estimate of future revenues consistent with the other assumptions in the model. This adjustment of the fund rebate assumption has had a positive impact on embedded value of SEK 59.8 million. In addition, the assumption regarding paid-up rates has been adjusted upwards, with a negative impact of SEK 27.0 million on embedded value. The increase in market interest rates used in the model had a negative impact of SEK 10.1 million on embedded value.

The effect of the actual outcome in 2006 is SEK 21.2 million. This is largely because policyholders' return was substantially higher in 2006 compared with the assumptions. This affected fees, portfolio provisions and fund rebates in 2006 as well as in the future, entailing an increase in embedded value of SEK 22.1 million. The actual outcome of the paid-up rate exceeded the assumptions in the model as of December 31, 2005, negatively impacting embedded value by SEK 11.0 million.

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Annual General Meeting

INVIK ANNUAL GENERAL MEETING 2007

TIME AND PLACE

The Annual General Meeting will be held on Thursday, May 10, 9:30 a.m. at the Skandia Theater, Drottningsgatan 82, Stockholm. The doors open at 8:30 a.m. and registration is until 9:30 a.m. when the doors are closed.

WHO IS ENTITLED TO ATTEND?

Shareholders who wish to participate in the Meeting shall:

- be listed in the share register maintained by VPC AB on Friday, May 4, 2007
- provide notice of intention to participate not later than Friday, May 4, at 3:00 p.m.

HOW DO YOU REGISTER YOUR HOLDING?

The shares in the register maintained by VPC can be listed in the name of the owners or a nominee. Shareholders whose shares are registered in the name of a nominee must, to be able to participate in the Meeting, temporarily reregister the shares in own name. Shareholders who desire such re-registration must inform the nominee in adequate time prior to May 4, 2007.

HOW DO I REGISTER?

Notification shall be mad to the company in accordance with one of the following alternatives:

- via the Company's website www.invik.se
- by telephone +46 (0)433-74756
- in writing to the address:
  Invik & Co AB, Box 2095
  SE-103 13 Stockholm

THE NOTIFICATION SHOULD CONTAIN THE FOLLOWING:

- Name
- Personal identification/ Corporate Registration Number
- Address and telephone number
- Shareholding
- Any assistants

If participation is by proxy, this document should be forwarded in conjunction with the notification to participate in the Annual General Meeting. The notification must be received by the Company not later than Friday, May 4, 2007.

NOMINATION COMMITTEE PRIOR TO ANNUAL GENERAL MEETING

A Nomination Committee was formed during the autumn, comprising Cristina Stenbeck representing Emesco AB with many shareholders, Magnus Bakke representing Robur, Tomas Nicolin representing Alecta and Wilhelm Klingspor representing the Klingspor family. Combined, the Nomination Committee represents more than 50% of the votes in Invik. Information about the Nomination Committee's work is provided on Invik's website www.invik.se. The Nomination Committee will proposed the composition of the Board of Directors which will be presented for approval at the 2007 Annual General Meeting.

Shareholders who wish to submit proposals regarding representatives on Invik's Board can do so in writing as follows:

E-mail: arstamma@invik.se
Letter: Company Secretary,
Box 2094, SE-10313 Stockholm

FINANCIAL REPORTING

First Quarter Interim Report
April 25, 2007

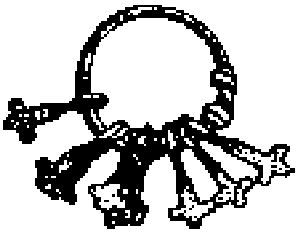
Second Quarter Interim Report
July 25, 2007

Third Quarter Interim Report
October 24, 2007

Year-end Report 2007
February 2008

2007 Annual Report
March 2008

Annual General Meeting
May 2008



Thor's hammers made of iron from Innvik in Nordfjord, Norway. The Viking age*

CONNECTIONS...

Thor, the god of thunder, protected mankind from violence and the 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, but it is also the name of a particular arctic town in the Northwest Territories.

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. The Sanskrit word vis derives from the same root meaning home or dwelling. The word is also related to the Latin vicus, meaning a neighborhood or town quarter, and from this Latin origin derives English words such as the word vicinity. In Old Norse vik refers to dwellings along a creek, bay or inlet, and the people who lived in these became known as Vikingar or Vikings. The word was also used in Old English or Anglo-Saxon as wic or wik originally meaning camp, but later becoming the word for town.

It appears in Dutch in a similar way as wijk meaning neighborhood in a town. The widespread use of vik (also spelled wick, wijk and wich) can be seen in many town names that have one of these forms of vik as a suffi x; Anvik, Noorvik (Alaska); Inuvik, Aklavik (Canada); Gactwick, Norwich (England); Rikswijk, Waalwijk (Netherlands); Vikevik, Narvik (Norway); Prestwick (Scotland); Studsvik, Valvik (Sweden).

*Bergens University Museum

INVIK & CO. AB

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INVIK & CO. AB

ANNUAL REPORT 2007

moderna
FÖRSÄKRINGAR

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LIV & PENSION

ATLANTICA
MODERNA FÖRSÄKRINGAR

ATLANTICA
YACHT INSURANCE

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BILSPORT & MC
MODERNA FÖRSÄKRINGAR

aktieansvar

BANQUE INVIK

BANQUE INVIK
ASSET MANAGEMENT

BANQUE INVIK
CARDS

BANQUE INVIK
TRUST SERVICES

EVERY MONEY WHERE

INVIK FONDER

ASKAR CAPITAL

SJÓVÁ

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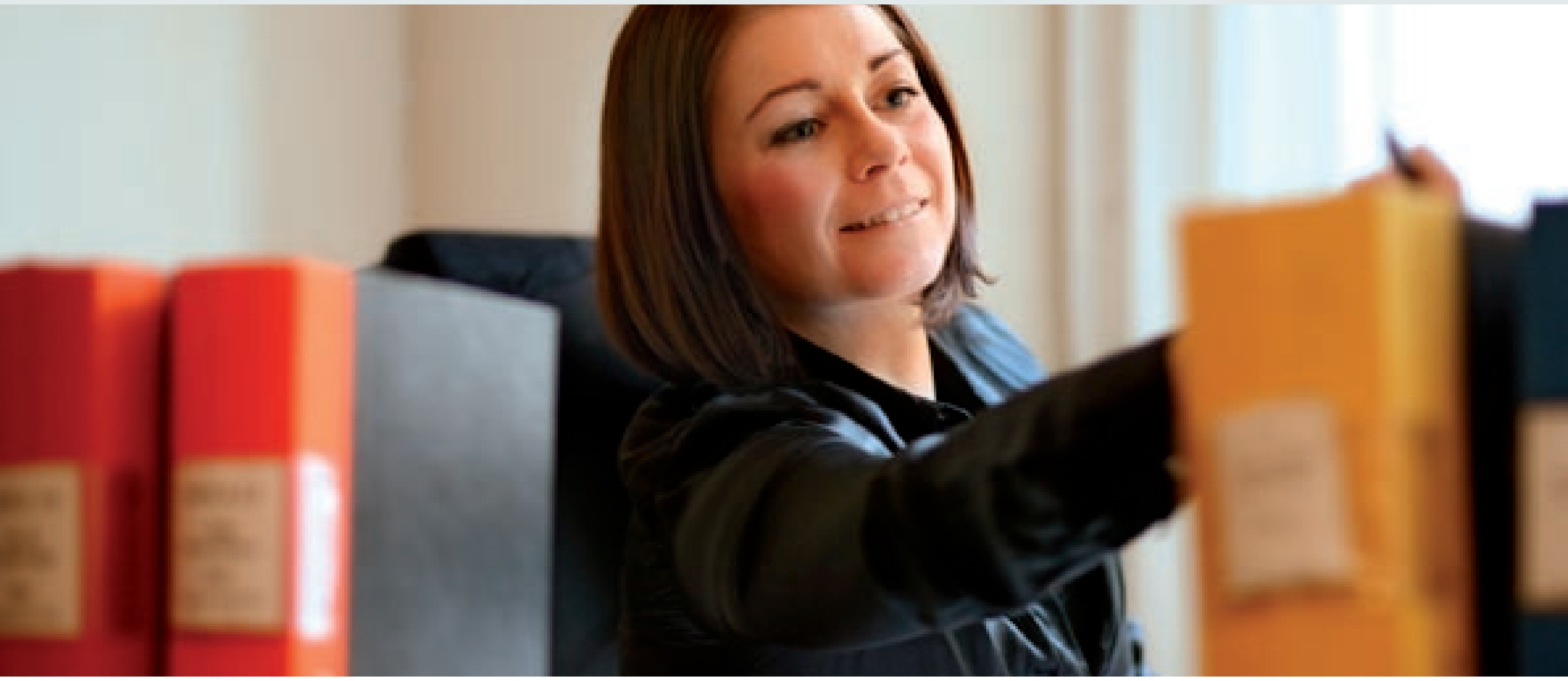


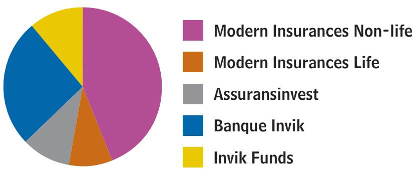
Invik in brief

Invik is a financial group with a broad product profile focusing on insurance, banking and fund management. Invik is active in a number of carefully selected segments in which the Group can create high growth and build long-term, successful companies, while consistently focusing on profitability. Group companies are distinguished by their constant efforts to seek new avenues for growth in profitable niches in the financial sector. Invik comprises five areas of business areas: Modern Insurances Non-life, with its direct insurance operations focusing Invik in brief on individuals and small companies; Modern Insurances Life, which offers life, pension and endowment insurance; Assuransinvest manages the remaining run-off portfolio; Banque Invik, a private bank based in Luxemburg with operations in asset management, card operations and corporate services; Invik Funds, pursuing fund operations in Aktie-Ansvar. The Invik share was listed on the OMX Nordic Exchange Stockholm until July 2007 when Milestone ehf. acquired Invik through a public offer to all shareholders.

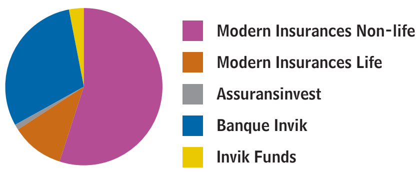
INVIK & CO. AB

FINANCIAL OVERVIEW	2007 Full-year Actual	2006 Full-year Actual	2005 Full-year Pro forma	2004 Full-year Pro forma	2003 Full-year Pro forma
Total revenues, SEK million	1992,0	1907,0	1393,0	1049,9	815,3
Operating income, SEK million	69,4	386,5	217,5	99,0	84,5
Profit for the period, SEK million	59,0	284,8	156,1	71,0	62,4
C/I-ratio	0,6	0,7	0,7	n/a	n/a
Return on equity, %	4,3%	23,3%	12,9%	5,0%	-
Earnings per share after dilution	1,89	9,28	5,38	2,69	2,36
Equity per share after dilution	61,82	63,05	56,32	53,64	-
Number of employees	349	308	233	175,0	132,0

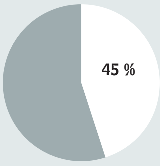
SHARE OF THE INVIK GROUP'S TOTAL REVENUES, 2007



SHARE OF THE INVIK GROUP'S TOTAL NUMBER OF EMPLOYEES, 2007

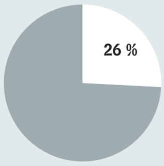


MODERN INSURANCES NON-LIFE	2007	2006	2005
Total revenues	916,7	929,1	970,4
Total expenses	-839,3	-660,4	-816,7
Operating income	77,4	268,7	153,7
Number of employees	190	166	121



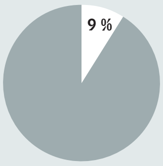
Share of Invik Group's total revenues in 2007

BANQUE INVIK	2007	2006	2005
Total revenues	523,7	407,9	278,3
Total expenses	-419,8	-335,7	-214,5
Operating income	103,9	72,2	63,8
Number of employees	103	97	79



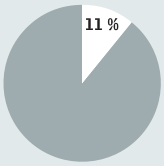
Share of Invik Group's total revenues in 2007

MODERN INSURANCES LIFE	2007	2006	2005
Total revenues	176,2	108,7	63,5
Total expenses	-200,6	-115,7	-75,8
Operating income	-24,4	-7	-12,3
Number of employees	39	30	22



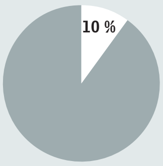
Share of Invik Group's total revenues in 2007

INVIK FUNDS	2007	2006	2005
Total revenues	224,9	166,0	89,5
Total expenses	-128,6	-94,2	-53
Operating income	96,3	71,8	36,5
Number of employees	10	8	6



Share of Invik Group's total revenues in 2007

ASSURANSINVEST	2007	2006	2005
Total revenues	194,1	331,5	19,3
Total expenses	-337,8	-310,5	-14
Operating income	-143,7	21	5,3
Number of employees	2	2	0



Share of Invik Group's total revenues in 2007

A year of change

PRESIDENT'S COMMENTS

During 2007 we saw both continued favorable growth in our operations as well as changes in our ownership structure. The growth in operations was especially strong through increases in market positions for our fund management operations in Invik Funds and the unit linked insurance business in Modern Insurances Life. In April last year Milestone ehf., a private Icelandic financial group, made a cash tender offer to acquire Invik. In July the offer was completed and Invik was delisted from the OMX Nordic Exchange Stockholm on Aug. 17, 2007. Following our time as a privately held company we have focused on continued growth through both organic and acquired growth. In December Invik decided to acquire certain financial assets from Milestone consisting of Sjova, the largest insurance company on Iceland, Askar Capital, an Icelandic investment bank, and related businesses. The acquisition will be completed during 2008 and following this acquisition Invik is now double the size as it was prior to the acquisition by Milestone in 2007.

GROUP INCOME FOR THE FULL YEAR 2007

Total sales during the year increased to almost SEK 2 billion and the growth was primarily attributable to the strong growth in Invik Funds and Banque Invik. The insurance premiums increased during the year while lower investment income in the insurance segments had a negative impact on both the revenue growth and profitability during the year. The operating income was lower than previous year due to substantially lower investment income and reserve strengthening in discontinued insurance operations.

Continued focus on increased growth during the year resulted in further advances in Invik's different business areas:

- Premium revenues in Modern Insurances Non-life increased by 18% during the year. The combined ratio for direct insurance operations in Modern Insurances Non-life remained at a healthy 88.5%.

• Modern Insurances Life's sales of unit-linked insurance products amounted to SEK 11.8 billion during 2007, an increase of 86% compared to the corresponding period in the preceding year.

• In terms of sales, Modern Insurances Life was the third largest company during the fourth quarter of 2007, with a market share of 12.3% (12.1). On a rolling 12-month basis, a market share of 13.5% was recorded, compared to 6.6% for the corresponding period in 2006, making Modern Insurances Life the third largest unit-link insurance company in Sweden in terms of new sales.

• Combined fund assets in Invik Funds amounted to more than SEK 18.4 billion at 31 December 2007, a 30% increase compared to the same date in 2006.

• During the year Graal, the Swedish hedge fund of Aktie-Ansvar, became the largest hedge fund in Sweden and exceeded SEK 10 billion in assets under management.

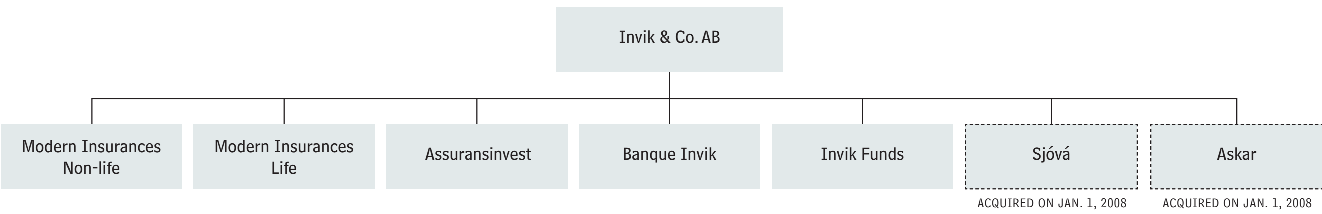
• During the fourth quarter Banque Invik completed the transfer of promotorship of The Modern Funds to Capinordic AS.

• Banque Invik entered into a joint venture agreement with alphyra group limited ("alphyra"), owner of Payzone, Europe's largest cash acceptance network, to provide card based money transfer services from Europe.

We thank all of our customers, business partners and employees for our success during the year and hope that we together can contribute to continued growth and profitability during the coming years.

Anders Fällman
xxxx

Organization



Acquisitions in 2008

In December 2007 Invik entered into an agreement to acquire certain financial assets from its parent company Milestone. The assets represent all of the operating companies other than Invik in the Milestone Group.

Following the acquisition of the assets from Milestone the new Invik Group will consist of the following segments: Insurance, Banking and Asset Management.

SJÓVÁ

Sjóvá is one of the largest insurance companies in Iceland with a 34% domestic market share. It was established in 1989 through a merger between two insurance providers, founded in 1918 and 1943 respectively. At the end of 2007 Sjóvá employed 230 people. Sjóvá offers a full range of services within non-life insurance coupled with life insurance and financial operation. The company is headquartered in Reykjavík but service to customers far and near is provided through a network of nearly 60 agents around the country. The Sjóvá brand is a household name with strong recognition in Iceland. Sjóvá's operations consist of three segments;

PROPERTY AND CASUALTY INSURANCE (NON-LIFE)

Sjóvá offers non-life insurances in the segment Property and Casualty insurance where the company is a market leader in Iceland. Property and motor-related insurances represent the largest categories in terms of premiums.

LIFE INSURANCE

Sjóvá is the largest life insurance company in Iceland. The company provides mostly unit linked insurances, i.e. the risk is borne by the counterparty.

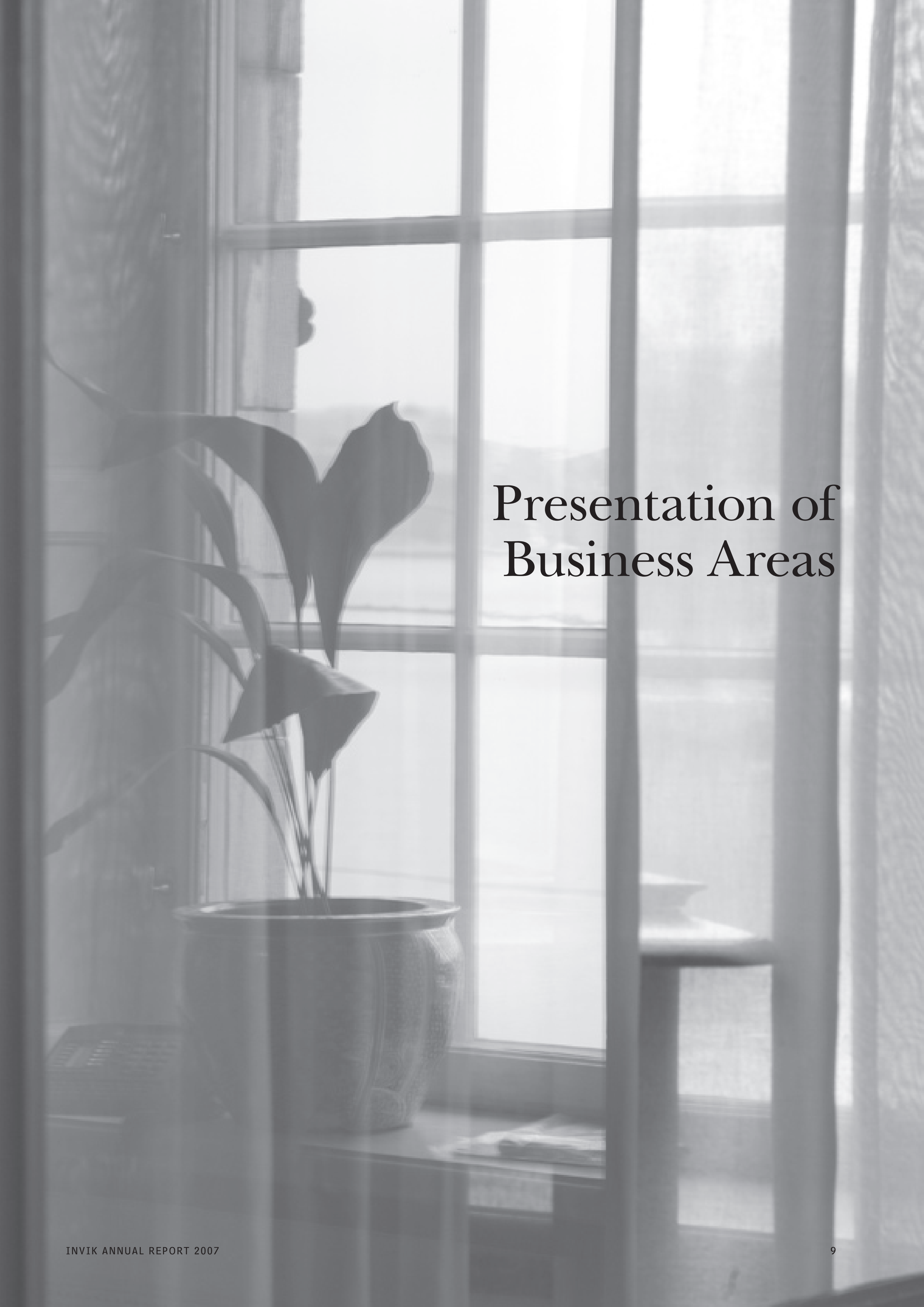
FINANCIAL OPERATIONS

Sjóvá's financial operations invest in listed securities, real estate, mezzanine debt instruments, bonds and secured loans.

ASKAR CAPITAL

Invik will become the principal shareholder of Askar Capital, holding 82% of the share capital. Askar Capital is an Iceland based investment bank regulated by the Icelandic FSA which strategically positions itself in alternative investments in niche and emerging markets. The bank focuses on asset management, real estate investment advisory and risk and funding advisory. Askar Capital offers customized solutions to its clientele, with special focus on structured products, real estate, private equity and debt management products. The bank's investors include institutional investors, large municipalities and high net worth individuals. At the end of the 2007 Askar and its subsidiaries had 82 people employed.

Avant Asset Financing is a subsidiary of Askar Capital and offers individuals and companies in Iceland auto loans and leases, emphasizing first-class service.



Presentation of Business Areas

Continued strong growth

Modern Insurances Non-Life has been very successful in 2007. Despite increased competition, not least from large European companies establishing themselves on the Swedish market, the company was able to report an increase in market shares and good profitability levels. The total premiums earned within Moderna Insurances Non-life increased by 18 % during the year and amounted to SEK 980 million. The company also reported satisfactory key ratios for 2007, with a combined ratio of 88.5 %.

Modern Insurances Non-Life is divided into six business areas; Bilsport & MC, which is Sweden's leading motorbike insurance brand, Atlantica Yacht, market leader in leisure boat insurance, Private Motor, which offers motor insurance for ordinary cars, Product Direct, offering product insurances for home electronics in Europe, Private Lines, which offers competitive home insurance products, and Commercial Lines, offering company insurance for small and medium-sized businesses in Sweden.

COMMERCIAL LINES

Despite increased competition and falling premium levels, Modern Insurances Commercial Lines managed to increase sales in its core operations by increasing its focus.

During the year, the business area has refined its operations. The business area focuses on small and medium-sized companies with a low risk profile. Successful initiatives within the concept insurance segment, with tailor-made insurance solutions for specific groups, have also contributed to our success. The company's focus on quality underwriting and risk management, combined with competent claims handling continues to ensure high levels of profitability.

In 2007, Modern Insurances Non-life has again opened up the opportunity to make agreements through traditional tenders. At the same time, a new tariff was introduced, which meant that the business area was able to offer greater capacity and increased competitiveness. The Commercial Lines portfolio reported staisfactory key ratios, with a combined ratio of just over 80 %.

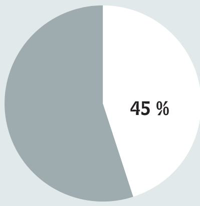
After a year of consolidating, business area Commercial Lines has created a strong foundation for the efficient handling of growing volumes. One important step was the implementation of a new, more flexible insurance administration system, which shortens lead-times and offers support to underwriters, brokers and partners.

PRODUCT DIRECT

Modern Insurances Non-life is today one of the country's leading suppliers of product insurance. The company work closely in cooperation with Dixon, the leading home electronics chain in Europe, with brands such as Elkjöp, Gigantti, Markantalo, Pc-City, Elgiganten and Electro World. Modern Insurances Non-life offers product insurances to the chain's customers and handles both customer services and claims adjusting in eight countries in Scandinavia and Central Europe. The home electronics industry is growing steadily, not least in the new European countries.

As home electronics products get more and more advanced, customers are placing ever higher demands on service and support. A complete product insurance policy therefore becomes a natural part of the purchase of new electronic products. Insurance is often combined with financing to provide a comprehensive solution, something which has become very popular. The operations covers all Nordic countries and three Central European countries.

MODERN INSURANCES NON-LIFE



Share of the Invik Group's total revenues in 2007

	2007	2006	2005
Total revenues	916,7	929,1	970,4
Total expenses	-839,3	-660,4	-816,7
Operating income	77,4	268,7	153,7
Number of employees	190	166	121

PRIVATE LINES

Concept-agreements are steadily becoming a more important part of Modern Insurances Non-life' s operation and business. These concepts are based on Modern Insurances Non-life and the customer working closely together and include product content, offering, sales and follow-up. The aim is to develop a unique insurance solution, adapted to the customer's wishes, which benefits both parties. The customers of the business area Private Lines today include both private individuals and a number of large unions and associations. This segment has strongly contributed to the fact that the business area, despite increased competition, was able to continue to grow, with maintained profitability, and managed to increase its insurance portfolio by 15% during the year.

The claims for 2007 remained at a satisfactory level. This is much thanks to Modern Insurances Non-life's pronounced strategy to keep its customers informed and updated about claim prevention measures. Paying attention to details with regards policy conditions, and fast, professional and nationwide claims adjusting have also contributed to the low claims figures.

ATLANTICA YACHT

Long experience, enthusiastic and knowledgeable employees and many years of working in partnership with the boating industry are some of the factors that have made Atlantica Sweden's leading provider of insurance for pleasure boats. Atlantica continued to grow during the year and increased its market share, which is now 27.8%. In 2007, the premium volume increased by 12.2%, to almost SEK 200 million.

Atlantica's unique concept with specially developed brand insurances was well received by the market in 2007. Different solutions have been developed for specific manufacturers of boats, like Uttern, Sea Ray, Yamaha, Ryds and Suzuki. Atlantica is the main partner for the Swedish boating industry when it comes to specialised brand insurances and the business area sees continued opportunities for growth in the future. In 2008, the company plans to start offering

boat insurances on the Norwegian leisure craft market. Initially, this will be done through the brand insurances developed for Yamaha and Ryds. The dealerships marketing Yamaha and Ryds will also market and sell Atlantica's brand insurances – a new concept on the Norwegian market.

BILSPORT & MC

Bilsport & MC has been Sweden's leading provider of motorcycle insurance for a number of years and has a market share of just over 36%. In total, the company insures around 123,000 vehicles, most of which are motorcycles. In 2007, around 17,000 new motorcycle vehicles were registered in Sweden. 12,000 of these are now insured with Bilsport & MC. Premiums earned for the year amounted to SEK 244 million. The claims result for the year stayed at a low level, which can mainly be explained by the company's careful risk selection and an active dialogue with policyholders around claim prevention measures. This contributes to a low claims frequency, leading to the company being able to maintain the customers' premium levels.

In 2008, a new product, Security Supplement, will be launched. It complements the basic policy and includes cover for a number of events, making this a unique product on the market. This product is yet more proof of Bilsport & MC's ability to develop its business and strengthen its position as market leader.

PRIVATE MOTOR

The new business area, Private Motor, was launched in 2007, with the aim to find a niche on the market, achieving profitability with small resources. This resulted in the establishing of a good value, comprehensive car insurance product, aimed solely at owners of used cars. With the Internet as its main marketing and sales

PERFORMANCE ANALYSIS – MODERN INSURANCES NON-LIFE – DIRECT INSURANCE *)

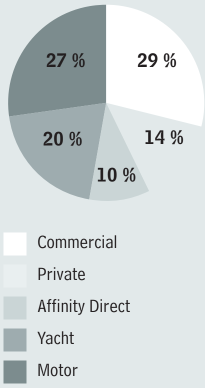
SEK million	Commercial		Private		Motor		Other		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Premium revenue, gross	281.6276.3	316.5	277.5	188.8	168.3	3.2	2.0	713.7	642.8	
Claims incurred, gross	-152.3-135.4	16.2	10.3	13.0	9.5	0.2	0.1	43.4	31.2	
Reass. provision revenue	16.3	18.2	-210.8	-201.3	-135.2	-135.6	-3.2	-1.9	-489.5	-472.5
Operating expenses excl. reass. provision	-73.6	-66.7	-92.4	-54.8	-36.3	-28.0	0.0	0.0	-168.1	-114.9
Claims ratio, gross	54.1%	49.0%	72.0%	65.3%	75.7%	71.0%	100%	99.6%	67.9%	61.5%
Expense ratio, gross	26.1%	24.1%	17.0%	20.0%	21.0%	17.5%	0%	0.3%	20.7%	20.7%
Combined ratio, gross	80.2%	73.2%	89.0%	85.4%	96.6%	88.6%	100%	99.9%	88.6%	82.2%

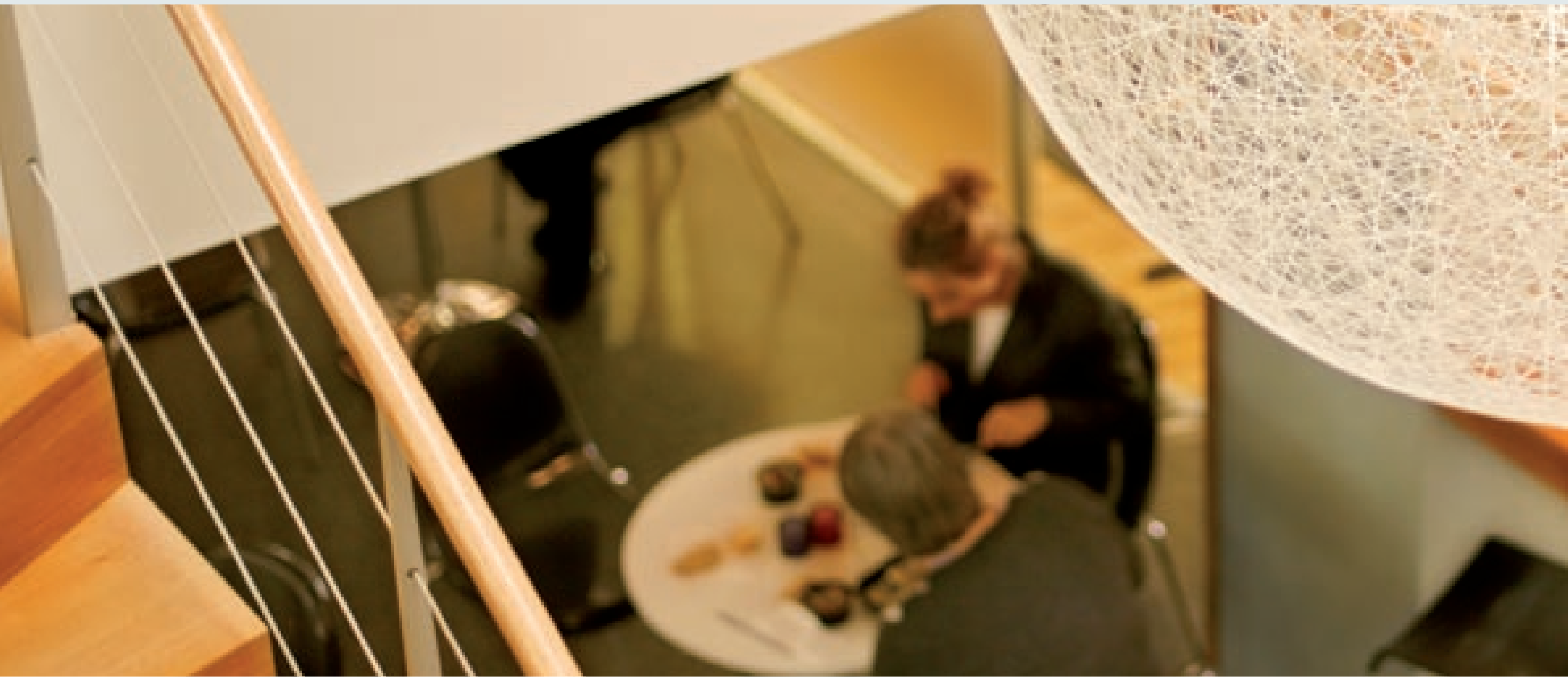
*) The presentation does not include the business area's reinsurance operations, meaning Modern Re. Neither does the presentation include group amortization of intangible fixed assets of SEK 13.4 million annually.

channel, Private Motor can keep costs down and thereby offer competitive premiums. 12,000 policies were sold and premium turnover reached SEK 25 million.

Since the end of 2006, business area Private Lines' customers are also able to sign for car insurance - an additional product offering which has given a positive return in 2007, with a premium volume amounting to slightly more than SEK 61 million.

DISTRIBUTION PREMIUM REVENUES PER PRODUCT AREA





5 years of steady growth

Modern Insurances Life celebrated its fifth anniversary in 2007. Just in time for the celebrations, the company was selected as one of five fund insurance providers for the new ITP-plan. This can be seen as an acknowledgement that the company is now established on the market. Modern Insurances Life offers life insurance and pension plans with a carefully selected and competitive range of funds, as well as low fees. In combination with a successful group insurance operation, this has led to a strong rate of growth during 2007. Measured in running 12-month periods, the company reported a market share of 13.5% for new sales of fund insurance policies, which makes it the third largest and fastest growing fund insurance company in Sweden. The sales value amounted to SEK 11,758 million, compared to 4,923 million in 2006. The managed assets amounted to SEK 6,712 million, compared to 4,328 million in 2006.

CHOSEN IN THE TENDER PROCESS AND BY EMPLOYEES

the new ITP-plan is a pension plan for all privately employed salaried employees born 1979 and after. The most important difference between the former benefit-based plan is that the new plan is premium based.

The tender process for the ITP-agreement was this year's major event on the insurance market. The agreement has led to a radical change of the whole industry.

MORE CONTACT WITH THE END-CUSTOMER

The life insurance market is changing. This is accentuated by the new ITP-agreement where the allocation of the pension funds is now managed by the individual employee with the consequence rendering increasing demand for service and information from the insurance companies. Modern Insurances Life has therefore adaped both its working practises and its communication channels to be able to handle enquiries from a larger number of end-customers who now contact the company directly. Examples are higher capacity of the customer services function, and a new customer website with information about the company and its fund offering.

THE BROKERS ARE STILL IMPORTANT

Due to the complexity and importance of the allocation of the life insurance funds, Modern Insurances Life believes taht personal advice from an insurance broker is important in order to ensure that the individual person makes the right decision about her pension. This belief is comfirmed by in the market where an increasing number of businesses choose to pay for employees to be given this advice. Therefore, insurance brokers an an integral part of Modern Insurances Life's business model.

BEST IN CLASS FUND OFFERING

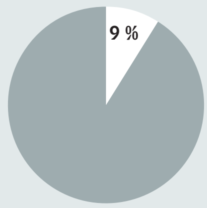
Modern Insurances Life focuses on offering customers a select range of funds that are of high quality with strong historic return.

Modern Insurances Life is continuously reviewing the fund offering to ensure that they always offer good quality funds. Today, the company offers 27 funds from 15 different fund companies. These are all funds that are among the best in their respective categories, when it comes to historic returns and rating.

The average Morningstar rating for funds selected by Modern Insurances Life is just over four stars. This is the highest rating among the fund insurance platforms currently available on the market.

During the year, Wassum has

MODERN INSURANCES LIFE



Share of the Invik Group's total revenues in 2007

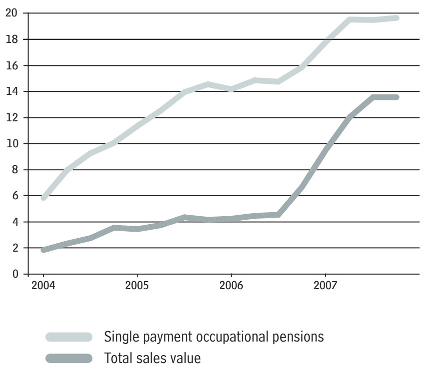
graded the range of funds available within the framework of the new ITP-plan. Wassum has also graded the default choices offered by the available insurance providers. In both these categories, Modern Insurances Life received the highest grade.

FOCUS ON HEALTH AND GROUP INSURANCE

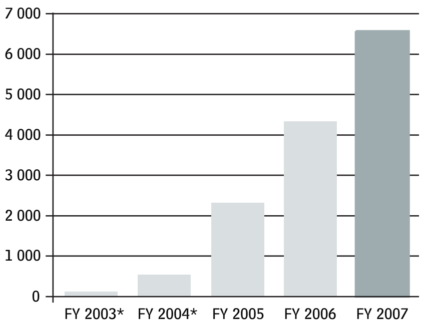
During 2007, there has been structural changes in Sweden to the unemployment benefit fund, Swe: A-kassan), with reduced amounts of money paid out through the unemployment fund and raised fees. As a result of these changes, Modern Insurances Life has seen an increased interest from different organisations for various types of member benefits, such as insurance solutions for health and unemployment.

Today, Modern Insurances Life has successful group life operations in Sweden and Norway and has begun the development of new health and healthcare insurances with the aim to become an important player on the health market within the group insurance segment.

MARKET SHARE OF NEW POLICIES IN THE SWEDISH UNIT-LINK INSURANCE MARKET, %



ASSETS UNDER MANAGEMENT, UNIT-LINKED INSURANCE, SEK MILLION

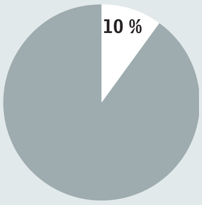


	2007	2006	2005
Total revenues	176,2	108,7	63,5
Total expenses	-200,6	-115,7	-75,8
Operating income	-24,4	-7	-12,3
Number of employees	39	30	22

ASSURANSINVEST

A year without changes

This business area consists of the subsidiary Försäkringsaktiebolaget Assuransinvest MF. At the end of the year, the company acquired the run-off portfolio comprising broker-distributed product insurance from Modern Insurances Non-life. The business area segmentation has been restated for the portfolio transfer with effect from January 1, 2006. In connection with the portfolio transfer an actuarial review was made of the provisions. Following the actuarial review a reserve strengthening was made which negatively affected the profit for the year. Additionally, operations comprise remaining undertakings within accepted reinsurance and divested parts of direct insurance. The run-off of outstanding claims in the accepted reinsurance proceeded as scheduled and operations reported a positive technical result. The weak trend in financial markets during the end of the year adversely affected capital return and contributed to weak operating profit during the period. Assuransinvest reported an operating loss of SEK 143.7 million (21.0).



Share of the Invik Group's total revenues in 2007

	2007	2006	2005
Total revenues	194,1	331,5	19,3
Total expenses	-337,8	-310,5	-14
Operating income	-143,7	21	5,3
Number of employees	2	2	0

Wealth Management and Cards

Banque Invik S.A. is a Luxembourg based bank with a branch office in Stockholm. The bank's primary operations involve card operations, asset management and corporate services. All units within Banque Invik showed growth in 2007. Total revenues increased by 28% during the year, in large part due to increased fee and interest income in asset management and in card operations. During the year, the bank's operating income increased by 44% compared to 2006.

WEALTH MANAGEMENT

Banque Invik's wealth management operations comprise advisory services for private banking customers, discretionary asset management, private banking and trust services. Asset management and private banking operations are conducted at the head office of Banque Invik in Luxembourg and in the dedicated wholly owned subsidiary Banque Invik Asset Management.

The Wealth Management operations are being tailored to bring individualized answers to the increasingly global needs of active high net worth individuals in Northern and Central Europe.

Private banking operations developed positively during the year 2007, with increased intake of customers, higher revenues and improved profitability. In this segment, the net interest income increased by 72% compared to 2006, next to foreign exchange income also contributing strongly in 2007. The inflow of customers continued during the year, with a clear increase of customers from Central and Eastern Europe, where wealthy private individuals demand flexible tailor-made advisory services in established private banking centers, such as Luxembourg. At year-end, total AUM were at Euro 1 163 million (1 163).

BANQUE INVIK ASSET MANAGEMENT

Banque Invik's Luxembourg-based subsidiary Banque Invik Asset Management offers customized asset management services and solutions for wealthy private customers. Operations began in 2005 and are targeted to the growing number of Scandinavians who are domiciled outside their home countries. The company has as its goal to become one of the leading Scandinavian asset managers in Luxembourg. Operations developed positively in 2007, with increased assets under management.

TRUST SERVICES

Banque Invik offers to its customer base a large range of fiduciary and trust services, comprising incorporation of companies, provision of directorship and domiciliation down to daily administration and accounting services. The office in Luxembourg is the base for these operations, although operations are also conducted in Rotterdam, covering the Netherlands and the Dutch Antilles. Banque Invik's branch office in Stockholm serves as extended platform for customer contacts in this field. With selected external partners, Banque Invik also offers trust services in such jurisdictions as Cyprus, Malta, Liechtenstein and the British Virgin Islands. Demand for tailor-made Trust set-ups continued to increase during the year, and operating income contributed positively to the income.

CARD OPERATIONS

Banque Invik offers a unique range of payment services and issues cards on licenses from Visa and MasterCard. The bank issues credit cards to high net worth individuals, corporate cards and co-branded cards for customers in consumer sales. Banque Invik also has extensive experience

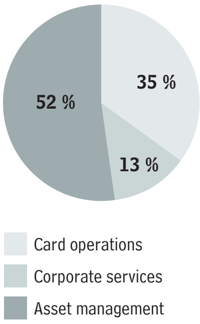
BANQUE INVIK

of prepaid cards with its own brands EveryWhereMoney and Cash2Home, as well as prepaid cards that are profiled with various partners. In 2007, Banque Invik entered into a joint venture agreement with Alphyra Group Limited, owner of Payzone Europe's largest cash acceptance network, to provide card based money transfer services.

Private wealth increased among Banque Invik's customers during 2007, which resulted in higher usage of the cards. In April 2007, the Bank entered into a partnership with Quintessentially to launch an exclusive credit card 'Capitol Q' including Quintessentially's services. This service offers dedicated personal concierge services, providing help and preferential benefits relating to travel, hotels, restaurants, nightlife, tickets, events and access to select areas all across the world. As a result, awareness and profits increased in the credit-card segment targeted to wealthy private individuals.

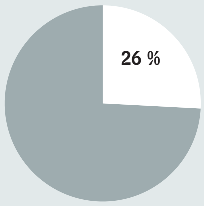
The positive trend for Internet sales and the advantage of a Luxembourg incorporation of an e-commerce hub also resulted in an increase of the transaction volumes for credit card acquiring, contributing positively to the profit for Banque Invik in 2007. Costs for card fraud were limited to lower levels during 2007, despite strongly increased transaction volumes.

DISTRIBUTION OF OPERATING INCOME BY SEGMENT IN 2007



CORPORATE SERVICES

Banque Invik provides financial advise and services to a growing number of international companies with registered offices primarily in the Nordic countries and Luxembourg. During 2007, the customer base and volumes increased. The unit has expertise in such areas as cash and risk management, as well as financing. Banque Invik also provides advisory services related to financing of corporations in Europe.



Share of the Invik Group's total revenues in 2007

	2007	2006	2005
Total revenues	523,7	407,9	278,3
Total expenses	-419,8	-335,7	-214,5
Operating income	103,9	72,2	63,8
Number of employees	103	97	79

Strong growth and stable returns

Fundamental analysis, and in determining the fund's composition, the shares primarily considered are those considered to have a low valuation relative to return and risk. Aktie-Ansvar's actively managed European fund invests in the major European stock markets, with well diversified holdings without any large individual positions. The goal for both Aktie-Ansvar Sweden and Aktie-Ansvar Europe is to achieve favorable growth in value with a lower level of risk than the average equities fund. The short-term fixed income fund Aktie-Ansvar Avkastningsfond invests in interest-bearing securities. The goal is a return widely exceeding the interest rate for a corresponding bank account.

Invik Funds consists of the Swedish fund company Aktie-Ansvar, founded in 1965, one of Sweden's oldest fund companies. Since 1999, Aktie-Ansvar has been part of the Invik Group. Fund management is based on the conviction that know-how and a long-term approach is a combination that can lead to favorable results. Aktie-Ansvar's funds are among Sweden's leaders with respect to the combination of favorable risk-adjusted return and long-term stability. The company is not dependent on any bank and can base its investments on a broad spectrum of analyses and information sources. Speculative investments are not in the company's interests. Instead, the focus is on companies with sound balance sheets and earnings and high direct returns.

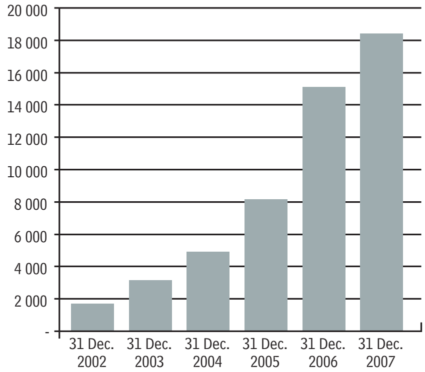
ATTRACTIVE NEW ADDITIONS

Since January 1, 2007, Aktie-Ansvar manages seven funds on behalf of slightly more than 8,000 institutions, companies and private persons. Common to all Aktie-Ansvar funds is the ambition to provide a favorable risk-adjusted return.

Aktie-Ansvar Sweden is an actively managed fund that invests in listed companies on the Stockholm Stock Exchange.

The Aktie-Ansvar FondSelect Global fund is a global fund of funds that invests in various international equities, fixed-income and hedge funds.

MANAGED ASSETS, SEK MILLION



Aktie-Ansvar Graal is Aktie-Ansvar's most popular fund by far and Sweden's largest hedge fund. The objective of Graal is to provide a stable and positive return on invested capital, regardless of stock-market fluctuations.

Aktie-Ansvar Graal Offensiv, which was launched in the fourth quarter of 2006, uses borrowing and invests in Aktie-Ansvar Graal solely to achieve a leveraging effect. The outcome for Aktie-Ansvar Graal Offensiv corresponds to double the return from investments in Aktie-Ansvar Graal with adjustment for borrowing costs. No fees are charged in Graal Offensiv, only in Graal.

The most recent addition to Aktie-Ansvar's fund portfolio is Peritus, which was launched in partnership with Garantum Fondkommisssion during the spring of 2007. Peritus actively manages structured products and is the first fund of its kind on the Swedish market.

TOP-RANKED FUNDS

The year 2007 was extremely strong for Aktie-Ansvar. During the year, the company's managed fund volume increased by 30% from SEK 14,100 million to SEK 18,400 million, and net saving in Aktie-Ansvar's funds amounted to SEK 4,400 million during the year. The market share thus amounted to slightly more than 17%, placing the company in third place based on net

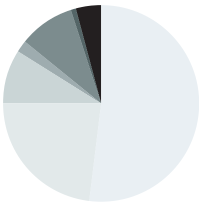
INVIK FUNDS

savings in funds among Swedish fund companies and banks in Sweden. Only the large commercial bank SEB and and the fund management company Skagen succeeded in attracting greater investments. At the end of 2007, the three largest funds were Aktie-Ansvar Graal with SEK 9,600 million, Aktie-Ansvar Avkastningsfond with SEK 4,300 million and Aktie-Ansvar Graal Offensiv with 1,700 million in managed assets. Aktie-Ansvar's funds have long been top-ranked by several independent valuation institutes, and this successful trend continued. At year-end, Aktie-Ansvar received the highest marks, five stars, for FondSelect and the Sweden fund from the fund valuation company Morningstar. In addition, Aktie-Ansvar Graal managed to yield a positive return for the sixth consecutive year while the Swedish stock market fell some 6%.

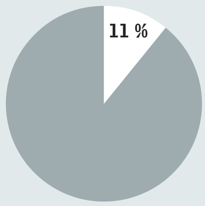
MODERN FUNDS

During the year the Invik Funds business area also included the Modern Funds SICAV managed by Banque Invik. The investment fund was a Luxembourg-registered umbrella fund containing five index funds and one actively managed fund. During the fourth quarter of 2007 the sponsorship of the fund was sold to Capinordic Funds.

DISTRIBUTION OF MANAGED CAPITAL IN 2007



- Aktie-Ansvar Graal
- Aktie-Ansvar Return Fund
- Aktie-Ansvar Sweden
- Aktie-Ansvar Europe
- Graal Offensiv
- Aktie-Ansvar FondSelect
- Aktie-Ansvar Peritus



Share of the Invik Group's total revenues in 2007

	2007	2006	2005
Total revenues	224,9	166,0	89,5
Total expenses	-128,6	-94,2	-53
Operating income	96,3	71,8	36,5
Number of employees	10	8	6

Board of Directors

Karl E. Wernersson, Chairman of the Board
BA, born 1962.
Member of the Board of Invik since 2007.
Other Board appointments: Chairman of the Board of Milestone ehf., Sjóvá-Almennar tryggingar hf. and Lyf og heilsa hf.
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Johan Klingspor
LL.M. and Forest Ranger, born 1953.
Member of the Board of Invik since 2004. Member of the Board in old Invik during the period 1997–2004 and deputy Board member during the period 1991–1997.
Other Board appointments: Member of the Board of Mellersta Sveriges Lantbruksaktiebolag.
Independent in relation to the Board, management and the Company's major shareholders.

Rickard von Horn
BSc Eng, born 1954.
Member of the Board of Invik since 2004. Member of the Board of old Invik during the period 1994–2004.
Independent in relation to the Company, management and the Company's major shareholders.

Mats Höglund
MSc. Pol. Sci., born 1948.
Member of the Board of Invik since 2006.
Other Board appointments: Member of the Board of Länsförsäkringar International försäkringsaktiebolag, Bliwa Livförsäkrings AB, Försäkringsaktiebolaget Assuransinvest MF and Solna Vikings.
Other positions: Auditor NTF and Senior Advisor CV Search.
Independent in relation to the Company, management and the Company's major shareholders.

Guðmundur Ólason
BA. Pol. Sc., born 1972.
Member of the Board of Invik since 2007.
Other Board appointments: Member of the Board in Racon Holdings AB, Sjóvá-Almennar tryggingar hf., Lyf og heilsa hf. and Merlin A/S.
Other positions: CEO of Milestone ehf.
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Jóhannes Sigurðsson
LL.M., born 1960.
Member of the Board of Invik since 2007.
Other Board appointments: Member of the Board in Racon Holdings AB.
Other positions: Deputy CEO of Milestone ehf.
Independent in relation to the Company and management and dependent in relation to the Company's major shareholders.

Anders Fällman
President and CEO of Invik & Co.
LL.M., born 1962.
Employed since 2000.

Auditor

PricewaterhouseCoopers AB
Magnus Svensson Henryson
Authorized Public Accountant, born 1969
Principal auditor of Invik since March 2005.

Senior executives

Anders Fällman
President and CEO
LL.M., born 1962.
Employed since 2000.

Mattias Björk
CFO
LL.M., BSc Econ, born 1975.
Employed since 2002.

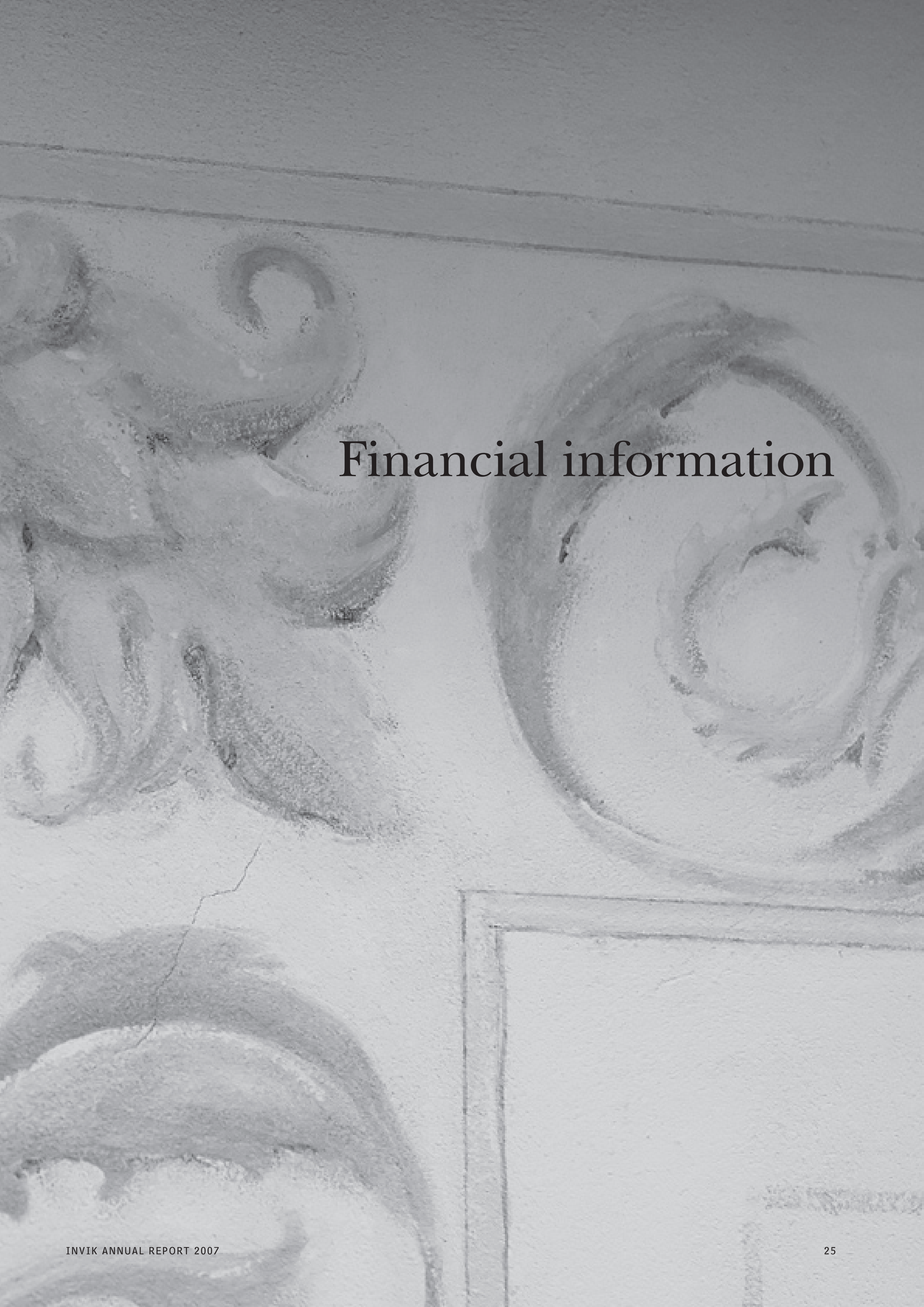
Lars Nordstrand
CEO Modern Insurances
BSc Econ, born 1951.
Employed since 1997.

Mikael Claesson
President of Modern Insurances Life
Executive MBA, born 1962.
Employed since 2001.

Pierre Arens
President of Banque Invik
M.A., born 1961.
Employed since 2004.

Stefan Carlenius
President of Aktie-Ansvar
BSc Econ, born 1966.
Employed since 1992.

CONTENTS – FINANCIAL INFORMATION



Financial information

Board of Directors' report

OPERATIONS AND ORGANIZATION

Invik is a financial group with broad operations focusing on insurance, banking and fund management. Invik is active in carefully selected segments in which the Group can create favorable growth and establish long-term successful companies, always with the focus on profitability. The hallmark of the Group is that it seeks ways to crate growth in profitable niches in the financial sector. Invik comprises five business areas: Modern Insurances Non-life, with direct insurance for private persons and small companies; Modern Insurances Life offers life, pension and endowment insurance; Banque Invik, a private bank in Luxemburg, with operations in asset management and card operations, and Invik Funds, which conducts fund operations in Sweden through Aktie-Ansvar.

SIGNIFICANT EVENTS DURING THE YEAR

The board of Directors of Invik announced on April 26 that a wholly owned Swedish subsidiary of the Icelandic investment company Milestone ehf. ("Milestone") had made a cash tender offer to acquire the Company for SEK 253 per each Class A share and SEK 230 per each Class B share ("the Offer"). The Board of Directors of the Company unanimously recommended the Offer. Milestone announced that they had entered into agreements to purchase 5,700,774 Class A shares and 2,387,520 Class B shares in the Company. The share purchase agreements, as well as the Offer to the shareholders of the Company, were conditional upon the approval of relevant financial supervisory authorities. The Offer was not conditional upon a certain acceptance level.

The Board of Directors in the Company filed, as a consequence of the acquisition by Milestone ehf. of shares in the Company representing 99.0% of the voting rights and 97.9% of the share capital, for a delisting of the Company's Class B share. The last day of trading of the Company's Class B share on the exchange was August 17, 2007. The remaining outstanding shares has been acquired during the year through a compulsory acquisition process where Milestone was awarded advance title to the shares on December 7, 2007 whereby Milestone is the owner of 100% of the share capital and votes of the Company.

In September a subsidiary of the Company, MFG Fonder AB previously Moderna Fonder AB, acquired 3 800 000 shares in D. Carnegie & Co AB. and entered into option agreements to buy another 3 800 000 shares in D. Carnegie & Co AB.

CONSOLIDATED PROFIT FOR THE FULL-YEAR 2007

Total revenues during the year rose 4% and amounted to SEK 1,992.2 million (1,907.0). This was primarily due to increased fee income for Invik Funds and increased interest income for Banque Invik. Lower investment income in the insurance business areas had a negative impact on revenue growth during the period.

Operating profit decreased and totalled SEK 69.4 million (386.5).

The profit decrease during the period was largely attributable to negative investment income following the poor market development at the end of the year.

EARNINGS PER SHARE

Earnings per share amounted to SEK 1.89 (10.78). Earnings after dilution totalled SEK 1.89 (9.28). The total number of shares outstanding at 31 December 2007 was 31,577,423 of which 6,990,196 were Class A and 24,587,227 were Class B shares, corresponding to 94,489,187 votes.

CASH FLOW

Most of Invik's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, Invik's working capital fluctuates considerably between different time periods. During 2007, the change in working capital was an increase of SEK 909.1 million (decrease: 943.3). Cash flow from operating activities before changes in working capital totalled SEK 329.4 million (422.6).

FINANCIAL POSITION

Invik & Co. AB is the reporting unit for a financial conglomerate consisting of the businesses within the Invik Group. The Invik financial conglomerate had a capital base as of December 31, 2007 of SEK 1 575 million and total capital requirements of SEK 452.7 million. The parent company had no external financial indebtedness as per year end.

DISCONTINUED OPERATIONS

No operations were regarded as discontinued during 2007, with the exception of the discontinuation of former holding companies of Fischer Partners and Invik Kapitalförvaltning which had a profit neutral result. For 2006, operations reported as discontinued operations, meaning Fischer Partners Fondkommission AB, Aktievik AB and Invik Kapitalförvaltning Holding AB, reported a combined profit after tax of SEK 74.4 million (26.9) for the year, of which SEK 54 million is a capital gain from the sale of Fischer Partners.

PARENT COMPANY

The Parent Company's operating loss during 2007 amounted to SEK 30.2 million (loss: 30.4). The Parent Company's profit before tax amounted to SEK 150.7 million (loss:8.0), while profit after tax amounted to SEK 159.3 million (4.0). Earnings included dividends from subsidiaries amounting to SEK 181.0 million.
The Parent Company has no external debts, while cash, cash equivalents and current bank investments amounted to SEK 16.8 on the closing date. Invik's subsidiary, MFG Fonder AB, acquired shares and options in Carnegie during the third and fourth quarter, which corresponds to an ownership of 10.2% of Carnegie.

REMUNERATION PRINCIPLES

Remuneration to the President and other senior executives comprises basic salary, variable salary/bonus and benefits in the form of company car and pension. Variable salary/bonus for the President and other senior executives may amount to a maximum of six monthly salaries based on a number of goals established by the Board. These comprise partly quantified financial goals as well as qualitative goals. In one of Invik's business areas, a senior executive has an individual incentive program in which the variable portion was based on the earnings of the subsidiary were the most important. Other senior executives within Invik comprise the five persons in addition to the President and are presented on pages [33] of this annual report.

RISK MANAGEMENT & RISK CONTROL

The Group's operations expose it to a number of financial and operational risks. The Group's overall risk management
principles to limit major financial risks encompass (i) management of risk taking through the issuance of policies and instructions (ii) matching of flows and exposure, and (iii) hedging of financial risks. Every operating company is governed by a set of regulations and policies designed to deal with risk management. The Group's compliance function is responsible for the Group's and subsidiaries organization and control structure to ensure that all transactions occur in accordance with internal and external regulations. It is ensured that the companies comply with established instructions and mandates via ongoing reporting and reconciliation procedures. Reports are presented continuously to Invik's executive management and to the Board at its meetings.

OUTLOOK

Since Invik's future development is depends largely on financial market trends, the Board believes it is not meaningful to provide any forecasts for Invik's future profitability or growth. Invik is seeking to continue the development of the Group's operations by means of product development in existing operations and through the start-up or acquisition of new operations or divestment of operations that are not considered to have the same scalability and development potential as the other operations in Invik. Invik also sees considerable future potential in capitalizing on the expertise accumulated in the Group's various operations by means of geographic expansion of the existing product range. The expansion rate and the markets in question depend on the growth and profitability conditions expected to prevail in the future.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board and the President propose that no dividend is made for the financial year 2007.
earnings:

Retained earnings	SEK 1 057,3 million
Profit for the year	SEK 159,3 million
Total	**1 216,6 million**

be distributed as follows:

To be carried forward	SEK 1 216,6 million
Total	**1 216,6 million**

The Board of Directors proposes that the Annual General Meeting decide on no dividend for the financial year 2007 (in 2007: SEK4.30 per share). In the Board's opinion, the above proposed dividend is justifiable at both the company and Group level taking into account the demands that the nature of the business, scope and risks places on the size of the company's and Group's shareholders' equity and the Group's balance sheet requirements, liquidity and financial position in general. To the best of the Board's and President's knowledge, the annual report has been prepared in compliance with generally accepted accounting principles for stock market companies. The information provided agrees with actual conditions and nothing of material significance has been omitted that could affect the view of the Group and Parent Company created by this annual report. As stated above, the annual report and consolidated financial statements were approved for release by the Board on [XXXXX], 2008. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to approval at the Annual General Meeting on [XXXX], 2008.

Karl E. Wernersson
CHAIRMAN

Johan Klingspor

Guðmundur Ólason

Rickard von Horn

Mats Höglund

Jóhannes Sigurðsson

Anders Fällman
PRESIDENT

Our Auditor's report was submitted on xxxxxxxxxxxxxx
PricewaterhouseCoopers AB

Magnus Svensson Henryson
AUTHORIZED PUBLIC ACCOUNTANT

Audit report

TO THE ANNUAL GENERAL MEETING OF INVIK & CO. AB, CORP. REG. NO. 556594

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of Invik & Co. AB for the year 2007. The company's annual accounts are included in the printed version on pages XX-XX. The board of directors and the president are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president and significant estimates made by the board of directors and the president when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts has been prepared in accordance with the Annual Accounts Act and thereby give a true and fair view of the company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and the Annual Accounts Act and give a true and fair view of the Group's results of operations and financial position. The Board of Directors' Report is consistent with the other parts of the annual accounts and the consolidated accounts.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Stockholm, XXXXXX, 2008

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Consolidated Income Statement

		Group		Parent Company	
SEK million	**NOTE**	**2007**	**2006**	**2007**	**2006**
REVENUES					
Insurance premium revenue	5	1 389.8	1 234.1	-	-
Insurance premium ceded to reinsurers	5	-293.3	-240.1	-	-
Fee and commission income	6	567.1	436.3	-	-
Investment income	7	7.9	242.1	-	-
Interest income after loan loss provisions	8, 34	297.6	229.1	-	-
Other operating income	9, 20	23.2	5.5	-	-
Total revenues		**1 992.2**	**1 907.0**	**-**	**-**
EXPENSES					
Insurance benefits, claims and loss adjustment expenses	10	-1 074.8	-846.9	-	-
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	10	168.0	107.0	-	-
Fee and commission expenses	6	-151.9	-114.6	-	-
Interest expenses	8	-247.2	-190.1	-	-
Depreciation, amortization and write-down of tangible and intangible assets	17, 18	-84.4	-55.9	-0.2	-0.2
Other operating expenses	11, 12, 13, 14, 20, 30	-532.5	-420.0	-30.0	-30.2
Total expenses		**-1 922.8**	**-1 520.5**	**-30.2**	**-30.4**
Operating result		**69.4**	**386.5**	**-30.2**	**-30.4**
Financial income and expenses	15	**10.2**	**-3.7**	**180.9**	**22.4**
Profit before income tax		**79.6**	**382.8**	**150.7**	**-8.0**
Income tax expense	16,21	-20.6	-98.0	8.6	12.0
Profit for the year from continuing operations		**59.0**	**284.8**	**159.3**	**4.0**
Profit for the year from discontinued operations	32	**-**	**74.4**	**-**	**-**
Profit for the year		**59.0**	**359.2**	**159.3**	**4.0**

	2007	2006
Earnings per share for continuing operations before dilution (SEK)	1.89	10.78
Earnings per share for continuing operations after dilution (SEK)	1.89	9.28
Earnings per share for discontinued operations before dilution (SEK)	-	2.83
Earnings per share for discontinued operations after dilution (SEK)	-	2.38
Number of shares outstanding before dilution	31 577 423	26 465 693
Number of shares outstanding after dilution	31 577 423	31 372 900
Average number of shares outstanding before dilution	31 234 124	26 409 885
Average number of shares outstanding after dilution	31 288 688	31 317 091

Consolidated balance sheet

SEK million	NOTE	Group		Parent Company	
		Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
ASSETS					
Tangible assets	17	28.2	19.6	0.3	0.7
Intangible assets	17	458.6	436.5	-	-
Capitalized acquisition expenses unit-linked insurance	18	352.4	139.1	-	-
Shares in subsidiaries	19	-	-	1 531.8	1 708.2
Investment in associates	20	28.5	15.9	-	-
Deferred income tax assets	21	31.8	50.3	3.5	21.4
Investment securities – fair value through profit and loss	22, 23, 34	2 377.3	2 245.7	-	-
Investment assets – unit-linked	22	6 573.0	4 232.8	-	-
Derivative financial instruments	23, 34	43.0	60.2	-	-
Loans and other receivables	29, 34	3 815.3	3 473.3	10.0	215.0
Interest-bearing receivables, Group companies		-	-	508.6	210.0
Interest-free receivables, Group companies		-	-	118.2	0.1
Other assets	25, 27	814.4	875.4	0.9	1.7
Cash and cash equivalents	34	3 753.3	2 528.7	16.8	18.1
Total assets of discontinued operations	32	-	411.1	-	-
Total Assets		**18 275.9**	**14 488.6**	**2 190.1**	**2 175.2**
EQUITY					
Share capital	26	157.9	132.3	157.9	132.3
Share premium reserve and other additions		1 180.5	1 034.8	1 322.6	1 025.0
Other reserves		24.0	2.9	-	-
Retained earnings		573.7	518.7	159.3	4.0
Total Equity		**1 936.1**	**1 688.8**	**1 639.8**	**1 161.4**
PROVISIONS AND LIABILITIES					
Insurance contracts	27	2 405.6	2 030.7	-	-
Liabilities related to unit-linked insurance contracts	28	6 712.5	4 327.9	-	-
Interest-bearing loans and borrowing	29, 34	241.7	232.1	-	227.9
Interest-bearing loans, Group companies		-	-	464.0	335.5
Interest-free loans, Group companies		-	-	68.1	24.3
Deposits from the public	29, 34	6 159.3	4 754.9	-	-
Derivative financial instruments	23	70.6	71.8	-	-
Deferred income tax liabilities	21	191.0	210.4	-	2.0
Current income tax liabilities		43.5	32.3	0.1	-
Other liabilities	30, 31	515.6	1 133.9	18.1	424.1
Total liabilities of discontinued operations	32	-	5.8	-	-
Total provisions and liabilities		**16 339.8**	**12 799.8**	**550.3**	**1 013.8**
Total Equity, Provisions and Liabilities		**18 275.9**	**14 488.6**	**2 190.1**	**2 175.2**

Assets pledged	33	**8 233.1**	**4 348.3**	**-**	**-**
Contingent liabilities	33, 34	**7 173.4**	**7 535.9**	**-**	**-**

Cash-flow statement

SEK million	NOTE	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
OPERATING ACTIVITIES					
Profit for the year		59.0	359.2	159.3	4.0
Adjustment for items not included in cash flow					
Depreciation/amortization and impairments		84.4	57.3	0.2	0.2
Loss associated with sale of subsidiaries		-	-69.7	-	-
Insurance provisions		27.8	-	-	
Pension provisions		19.9	-	-	-
Share in earnings of associated companies		-1.5	-5.3	-	-
Unrealized gain financial instruments		98.3	-	-	
Other		-	-0.9	-	-
Change in tax liability		41.4	89.4	-8.6	-12.2
Cash flow from operating activities before changes in working capital		**329.3**	**430.0**	**150.9**	**-8.0**
INCREASE (-)/DECREASE (+) OF ASSETS IN OPERATING ACTIVITIES:					
Loans and other receivables		-154.2	-1 838.4	-	-
Investment securities at fair value		-223.7	-648.4	-	-
Investment assets – unit-link		-2 319.0	-1 933.1	-	-
Derivative financial instruments		23.4	-4.1	-	-
Other assets		448.3	-422.7	4.0	145.5
Change in working capital assets		**-2 225.3**	**-4 846.7**	**4.0**	**145.5**
INCREASE (+)/DECREASE (-) OF LIABILITIES IN OPERATING ACTIVITIES:					
Insurance contracts		55.0	269.5	-	-
Investment contracts, unit-link		2 384.6	2 003.1	-	-
Deposits from the public		1 153.7	401.2	-	-
Derivative financial instruments		-3.3	23.6	-	-
Interest-bearing loans and borrowing		229.8	85.3	-	-
Other liabilities		-685.4	658.3	-434.1	365.7
Change in the operational liabilities		**3 134.4**	**3 441.0**	**-434.1**	**365.7**
Cash flow from operating activities		**1 238.4**	**-975.7**	**-279.2**	**503.2**
INVESTMENT ACTIVITIES					
Acquisitions of intangible assets		-45.9	-107.6	-	-
Sale of intangible assets		-	-	-	-
Acquisitions of tangible assets		-17.2	-12.9	-	-0.1
Sale of tangible assets		0.8	-1.3	0.4	-
Acquisitions of financial fixed assets		-10.8	-	-	-
Sale of subsidiaries		-	-592.8	-	-
Investment in subsidiaries from other subsidiaries		-	-	-	-23.2
Acquired cash by fusion		-	-	405.3	-
Investment in subsidiaries through capital contribution		-	-	-100.0	-15.0
Cash flow from investment activities		**-73.1**	**-714.6**	**305.7**	**-38.3**
FINANCING ACTIVITIES					
Shareholder contribution		-	-	-	-
Change in interest-bearing receivables		-	-	-93.6	-424.9
Change in long-tem liabilities		-	1.2	128.6	9.4
Dividend		-108.2	-52.8	-108.2	-52.8
Employee stock options program - new share issue		45.4	5.2	45.4	5.2
Cash flow from financing activities		**-62.8**	**-46.4**	**-27.8**	**-463.1**
Cash flow for the year		**1 102.6**	**-1 736.7**	**-1.3**	**1.8**
Cash and cash equivalents at beginning of the period		**2 528.7**	**4 370.9**	**18.1**	**16.3**
Translations differences in cash and cash equivalents		122.0	-105.5	-	-
Cash flow		1 102.6	-1 736.7	-1.3	1.8
Cash and cash equivalents at end of the year		**3 753.3**	**2 528.7**	**16.8**	**18.1**

Information regarding the discontinued operation's share of cash flow is provided in Note 31.

SEK million	NOTE	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Paid and received interest, SEK million					
Paid interest		-241.0	-218.9	-24.0	-10.1
Received interest		292.5	259.0	9.4	6.1
Tax paid, SEK million					
Tax paid		-7.4	-24.1	-	-

Changes in equity

Changes in consolidated equity

SEK million	Share capital	Share premium reserve and other additions	Exchange-rate differences	Retained earnings & profit of the year	Total equity
Amount at December 31, 2005/January 1, 2006	**132.0**	**1 053.8**	**19.8**	**188.5**	**1 394.1**
Exchange-rate differences	-	-	-16.9	-	-16.9
Total change in transactions reported directly against equity	-	-	-16.9	-	-16.9
Net profit for the period	-	-	-	359.2	359.2
Total recognised income for the period	**-**	**-**	**-16.9**	**359.2**	**342.3**
Employee stock options program - new share issue	0.3	4.8	-	-	5.1
Cash dividend	-	-23.8	-	-29.0	-52.8
Total transactions with share holders	**0.3**	**-19.0**	**-**	**-29.0**	**-47.7**
Amount at December 31, 2006/January 1, 2007	**132.3**	**1 034.8**	**2.9**	**518.7**	**1 688.7**
Exchange-rate differences	-	-	21.1	-	21.1
Total change in transactions reported directly against equity	-	-	21.1	-	21.1
Net profit for the period	-	-	-	59.0	59.0
Total recognised income for the period	**-**	**-**	**21.1**	**59.0**	**80.1**
Employee stock options program - new share issue	3.0	42.5	-	-	45.5
Convertible debenture	22.6	205.4			228.0
Deferred tax - Convertible debenture		2.0			2.0
Cash dividend	-	-104.2	-	-4.0	-108.2
Total transactions with share holders	**25.6**	**145.7**	**-**	**-4.0**	**167.3**
Amount at December 31, 2007	**157.9**	**1 180.5**	**24.0**	**573.7**	**1 936.1**

Changes in Parent Company equity

SEK million	Share capital	Share premium reserve and other additions	Exchange-rate differences	Retained earnings & profit of the year	Total equity
Amount at December 31, 2005/January 1, 2006	**132.0**	**1 044.0**	**-**	**29.0**	**1 205.0**
Net profit for the period	-	-	-	4.0	4.0
Total recognised income for the period	**-**	**-**	**-**	**4.0**	**4.0**
Employee stock options program - new share issue	0.3	4.8	-	-	5.1
Cash dividend	-	-23.8	-	-29.0	-52.8
Total transactions with share holders	**0.3**	**-19.0**	**-**	**-29.0**	**-47.7**
Amount at December 31, 2006/January 1, 2007	**132.3**	**1 025.0**	**-**	**4.0**	**1 161.3**
Group contribution incl tax effects	-	68.1	-	-	68.1
Equity by fusion	-	83.8	-	-	83.8
Total change in transactions reported directly against equity	-	151.9	-	-	151.9
Net profit for the period	-	-	-	159.3	159.3
Total recognised income for the period	**-**	**-**	**-**	**159.3**	**159.3**
Employee stock options program - new share issue	3.0	42.5	-	-	45.5
Convertible debenture	22.6	205.4			228.0
Deferred tax - Convertible debenture		2.0			2.0
Cash dividend	-	-104.2	-	-4.0	-108.2
Total transactions with share holders	**25.6**	**145.7**	**-**	**-4.0**	**167.3**
Amount at December 31, 2007	**157.9**	**1 322.6**	**-**	**159.3**	**1 639.8**

Note 1. Summary of accounting principles

GENERAL

The consolidated accounts for Invik & Co AB for 2007 were approved for publication by a Board decision on May [XX], 2008. The balance sheet and income statements for the Group and Parent Company shall be adopted at the Annual General Meeting. The Group's primary operations are described in the Board of Directors Report. The Parent Company, Invik & Co AB, Corporate Registration Number 556594-1787, is domiciled in Sweden, with its head office located at Engelbrektsplan 1, Box 2095, SE-103 13 Stockholm.

BASIS FOR PREPARATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that have been adopted by the European Commission, and the Swedish Financial Accounting Standards Council recommendation RR 30:06 (Supplementary Accounting Rules for Groups). The Parent Company's annual report was prepared in accordance with Swedish law and the application of the Swedish Financial Accounting Standards Council recommendation RR 32:06 (Reporting for Legal Entities). This means that IFRS valuation and disclosure rules have been applied with deviations as described in the section Parent Company's accounting principles. Assets and liabilities are, as a rule, reported as gross in the accounting. Net accounting does occur in those instances where there is legal offsetting right of assets and liabilities, and these are intended to be divested jointly and at the same time. The valuation of assets and liabilities in Group accounts have been made using the historic cost method except for financial assets and liabilities, including derivative instruments, that have been valued at fair value through profit and loss.

NEW ACCOUNTING PRINCIPLES AND OTHER CHANGES

Depreciation period for up-front commissions in Modern Insurances Life has been adjusted following a revaluation of the expected duration of the sold unit-linked contracts. The adjustment has been made with effect from start of the third quarter 2007. The adjustment has had a positive effect on the operating profit of SEK 10.8 million.

Following the discontinuation of brokered affinity insurances an adjustment has been made on the segmentation split between Modern Insurances Non-life and Assuransinvest. The adjustment results in that the brokered affinity business is included in the Assuransinvest segment with effect from January 1, 2006.

REVISED ACCOUNTING PRINCIPLES FOR 2007

During 2007, the standards and interpretations below were issued. These have been applied in the preparation of the consolidated accounts for 2007. The standards, changes and interpretations listed below do not have any effect on the consolidated accounts other than expanded supplemental information in certain instances:

- IFRS 7 Financial Instruments: Disclosures (effective 2007) and
- Changes to IAS 1 Presentation of Financial Statements in terms of disclosures related to capital requirements and capital needs (effective 2007).

KEY ASSESSMENTS AND ASSUMPTIONS

In preparing annual and consolidated accounts, assessments and assumptions are made that impact accounting and supplementary disclosures. Below is a summary of key assessments by the Board and management for application of IFRS and assumptions and estimates that, by their nature, are difficult to assess. The areas that involve a high degree of complex appraisal, or in which assumptions and estimates are of critical significance for the consolidated accounts, include the valuation of intangible assets, being goodwill, and provisions relating to technical provisions. The value of intangible assets is tested by comparing the book value with the estimated current value of future cash flow for the various cash generating operations. Key assesments are projected future cash flows, growth and discount rates. Please refer to note 17 for details on the assmuptions and reported value of goodwill. For provisions to technical reserves, accepted actuarial methods for calculating the size of reserves are used such as . These provisions are subject to annual testing by a specially retained outside actuary. The provision for unsettled claims shall cover anticipated future payments for all incurred claims, including claims that have not been reported to the insurance companies, known as Incurred But Not Reported (IBNR) provisions. The provisions are calculated by applying statistical methods and individual assessments of specific claims cases, and often by combining the two methods. These provisions are significant to an assessment of the company's reported profits and financial position since a deviation compared with actual future payments will lead to a run-off result being reported in the forthcoming year.

CONSOLIDATED ACCOUNTS

The consolidated financial statements are based on the balance sheets, income statements, cash-flow statements and supplementary disclosure for the Parent Company and all companies in which the Parent Company holds a controlling influence from the date on which such influence arises until its ceases. The consolidated financial statements have been prepared in accordance with the purchase method, which implies that the book value of the Parent Company's shares in subsidiaries is offset against the subsidiaries' share in untaxed reserves that existed in the companies at the various times of acquisition after the valuation of the fair value of the companies' net assets including contingent liabilities. Consolidated shareholders' equity includes only the portion of subsidiaries' shareholders' equity that arose after acquisition. The difference between the acquisition values of subsidiaries' shares and the fair value of subsidiaries' assets and liabilities at the time of acquisition that is not due to differences between the fair value and the book value of identifiable acquired net assets is reported as goodwill. This goodwill is not subject to ongoing amortization. Instead, its value is reviewed annually for impairment. Intra-Group transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the need to write down the transferred asset. Where applicable, the accounting principles for subsidiaries have been changed to guarantee consistent application of the Group's principles. Funds under discretionary management and assets of mutual funds managed by Invik Group companies are not reported as assets in the consolidated accounts. Risks and benefits attributable to the ownership of funds subject to discretionary management accrue to the customers, who also have formal ownership of these funds. None of Invik's fund holdings are so substantial that the fund, according to regulations, is regarded as being controlled by Invik, with the result that the holding would be consolidated in accordance with IAS 27 Consolidated and Separate Financial Statements. However, Invik intends to monitor the accounting practice that develops in this area if consolidation becomes relevant. The savings part of the sale of unit-linked insurance policies is not reported in the consolidated accounts as premiums earned. On the other hand, since the life insurance company is formally the owner of the fund units, assets and liabilities relating to unit-linked insurance policies on the balance date are reported.

REPORTING OF ASSOCIATED COMPANIES

Companies in which the Group holds not less than 20% and not more than 50% of the voting rights, or otherwise holds a significant interest, are considered associated companies. Associated companies are initially valued at fair value. Associated companies are reported in accordance with the proportion of equity method. Participations in the earnings of associated companies after net financial items are reported in the income statement under the heading "Other operating income." Differences between the acquisition price for the holding and the market value of the acquired net assets of associated companies are included in goodwill. Group surplus values relating to foreign associated companies are reported as assets denominated in the foreign currency. These values are translated according to the same principles as the associated companies' income statements and balance sheets. In accordance with Invik's accounting and valuation principles, associated companies' financial statements are adjusted before participations in earnings are calculated. Adjustment for internal gains arising from transactions with associated companies is made in conjunction with the calculation of the shares in earnings and equity. Such internal gains are dissolved as the asset in question is externally sold and/or the Invik Group's shareholding in the associated company is reduced. In the case of a reduction of the Group's share of the equity of an associated company acquired through a new issue, gains or losses are reported in the consolidated income statement under the heading "Other operating income".

EFFECT OF ITEMS IN FOREIGN CURRENCY

Group companies' receivables and liabilities in foreign currencies are translated to SEK – the functional currency of the Parent Company and the reporting currency of the Group – at year-end rates. Transactions in foreign currencies are translated to the reporting currency at the exchange rate prevailing on the transaction date. Goodwill and adjustments of fair value arising in conjunction with an acquisition of a foreign operation are treated as assets and liabilities in the operation and are translated at year-end rate. Exchange-rate gains and losses that arise from such transactions and in the translation of monetary assets and liabilities in foreign currencies at closing date rates are reported in the income statement. Translations of non-monetary items such as shares valued at their fair value through profit and loss are reported as part of the fair value of the gain/loss. Assets and liabilities of subsidiaries operating in a functional currency other than the reporting currency are translated at the year-end rate, while revenue and expenses are translated at the average exchange rate. Exchange-rate differences are reported as a separate part of shareholders' equity.

SEGMENT REPORTING

Revenues and expenses are reported per operating segment. The segment organization reflects the internal organization and is based on differences in risks and opportunities. The primary basis of structural division is by function and the secondary basis is geographical. The accounting principles that apply for the Group are used. Transfers or transactions between segments take place on the basis of normal commercial conditions that also apply to external parties.

EMPLOYEE BENEFITS

Pensions

Most of the Group's pension commitments are defined contribution or defined-benefit plans that include several employers. The Group has three defined-benefit plans that includes several employers – two in Sweden and one in Luxembourg. To date, the information that would make it possible to report the Group's proportion of its defined-benefit commitments, of plan assets and of the costs associated with the plans is not available. The Swedish plans are therefore reported as defined contribution plans, which implies that premiums paid are reported as a cost. For information regarding the defined benefit plan in Luxembourg, see Note 30 Pensions. Other pension plans are of the defined-contribution type. Pension costs for both the defined benefits and defined-contribution plans are charged to earnings for the period to which they are attributable.

Options Program

The warrants issued during 2005 in accordance with the options program were issued at their fair value and subsequent changes in value have no effect on the Group's earnings. The cash bonus that can be paid to those who acquired options in this program are distributed over the length of time of the program, based on anticipated outcome.

LOAN LOSSES AND PROVISIONS FOR BAD DEBT

The balance sheet shows net loan receivables after deduction of write-downs of individually identified loan losses and group-wise. Anticipated loan losses relating to guarantee commitments are reported on the liabilities side. Operating income is charged with actual and anticipated loan losses, after deduction of loss recoveries and with the net cost of fulfilling guarantees and other contingent liabilities. Provisions for anticipated loan losses are established after individual review of credits and guarantee commitments. Provisions are based on an assessment of the borrower's remaining ability to pay and a valuation of collateral received, taking into account possible costs for handling and sale. In the case of loan receivables for which no write-down impairment requirement is considered necessary, group-wise testing for credit losses is conducted after individual impairment testing. For homogenous groups of loan receivables, assessment and establishment of any necessary provisions is done at the group level.

TAXES

Total tax charged to net profit/loss for the year consists of current tax and deferred tax. Taxes are reported in the income statement except where the underlying transaction is reported directly under shareholders' equity, in which case the resulting tax effect is reported under shareholders' equity. Current tax is tax that is to be paid or received in reference to the current year as well as adjustments of current tax attributable to prior periods. Deferred tax is calculated according to the balance sheet method, based on temporary differences between the values of assets and liabilities for accounting purposes and their values for tax purposes. Calculation of the amounts is based on how temporary differences are expected to be resolved through the application of the tax rates and tax rules that have been established or announced as at the closing date. temporary differences attributable to shares in subsidiaries are not taken into account in cases where the temporary differences are not expected to lead to taxation within the foreseeable future. Deferred tax assets in deductible temporary differences and loss carry forwards are reported only insofar as they are likely to cause lower tax payments in the future.

REVENUE RECOGNITION

Revenue recognition for financial instruments and insurance related instruments is described in a separate section, below. For information regarding revenue recognition for the insurance operations, refer to the section below entitled "Technical provisions." Commission income from asset management is recognized as revenue on a monthly basis in connection with the charging of fees to the fund. As regards variable management fees attributable to the management of the Graal hedge fund, any earned variable fees are recognized as revenue on a monthly basis. Reversal of these earned management fees is carried out in the following period, insofar as the ongoing development of the fund would not result in such compensation. Withdrawal of any variable management fee takes place at the close of the calendar year. Commissions and other compensation, such as credit card income and and foreign currency transaction commission, based on transactions are recognized as revenue after completion of the transaction.

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's share in the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill from the acquisition of subsidiaries is reported as intangible assets. Goodwill is tested for impairment annually to identify any possible need of write down and is reported at its acquisition value less accumulated write-downs. Gains or losses on the divestment of a unit include the remaining reported value of the goodwill relating to the divested unit. Goodwill is distributed among cash generating units when it is tested with respect to a possible need for impairment. Each of these cash-generating units comprises the Group's investment in each of the segments in which the operations are conducted.

Customer contracts and customer relations

Customer contracts and customer relations are reported at their assessed fair value at the time the Group assumed the risks and benefits relating to the subsidiaries in question. Customer contracts and customer relations have limited periods of applicability and are reported at their acquisition value less accumulated amortization. Straight-line amortization is applied to distribute the cost over their assessed period of applicability, as follows:
• Customer contracts and customer relationships relating to the non-life insurance business 6 years.
• Customer contracts and customer relationships relating to the life insurance business 30 years.

Software and similar licensing rights

Similar assets are reported at acquisition value for expenses incurred from acquisition or developing the assets reduced by a deduction for accumulated depreciation and impairments. Amortization is applied straight-line based on the assets' acquisition value and individually determined useful life. The residual value of assets and the useful life are tested each reporting date and adjusted as needed. The useful lives for existing computer programs and similar licensed rights is not deemed to exceed three years for more simple standard programs, and five years for other computer programs and licensing rights. Costs for the development and maintenance of software are expensed when they arise. Costs that are closely associated with the production of identifiable and unique software products that are controlled by the Group, that have probable financial benefits for more than one year and that exceed costs, are reported as intangible assets. Costs that are closely associated with the production of software include personnel costs for software development and a reasonable portion of attributable indirect costs.

DEFERRED ACQUISITION COSTS, UNIT LINK

Costs incurred in conjunction with the signing of unit-linked insurance contracts are capitalized and classified as intangible assets. These capitalized costs are written off over five years and are reported as amortization in the income statement. No fees are paid in conjunction with the signing of unit-linked contracts, which should be capitalized according to IFRS. Insofar as they occur, long-term capitalized, acquisition costs for unit-linked insurance are reported in a manner corresponding to the above.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at their acquisition value after deduction of accumulated depreciation and impairments. Depreciation is applied based on the assets' acquisition values and individually determined useful life. The assets' residual values and useful life are reviewed on each closing date and adjusted as necessary. The fixed assets are classified for calculation of depreciation based on their estimated useful life in the following groups:
• Computers and similar equipment three years
• Other machinery and equipment five years Gains and losses on divestment are established by comparison between sales revenue and carrying value in the balance sheet.

The acquisition value includes expenses that are directly attributable to the acquisition of the asset. Additional expenses are added to the carrying value of the asset or are reported as a separate asset, depending on whichever alternative is suitable, only when it is likely that future financial benefits associated with the asset will accrue to Invik and that acquisition value of the asset can be measure in a reliable manner. All other forms or repairs and maintenance are reported as costs in the income statement in the period in which they arise.

Impairment

Assets that have an undefined period of utilization, such as goodwill arising on consolidation, are not depreciated but rather tested annually for impairment. Assets that are written off are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying value exceeds its recovery value. The recovery value is the higher of an asset's fair value, less the cost of sale and the value in use. To calculate the impairment requirement, assets are grouped in cash-generating units.

SHORT-TERM DEFERRED ACQUISITION COSTS

Expenses for acquisitions in conjunction with underwriting of insurance contracts that are considered to be of significant value to the Company are capitalized. Only external costs for distribution are subject to capitalization. Short-term deferred acquisition costs, meaning shorter than 12 months, are reported under other assets in the balance sheet. Their dissolution is reported in the income statement among commission expenses.

FINANCIAL INSTRUMENTS

Financial assets or liabilities at fair value through profit and loss

This category refers to assets that are "designated" as defined under IFRS. Assets and liabilities are designated to be reported at fair value through profit and loss since they are manged and evaluated on a fair value basis in accordance with Invik Group investment policies, and includes the following financial assets and liabilities that are listed on an active market or for which a reliable assessment is deemed possible:

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

- Trading securities
- Investment assets – unit link
- Derivatives, not hedge accounting
- Investment securities fair value through profit and loss (investment assets in insurance operations)

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

- Liabilities related to short-selling
- Liabilities related to unit-linked investments contracts
- Derivatives, not hedge accounting
- Deposits in banking operations

Items are valued at fair value, translated through profit and loss. Realized and unrealized gains and losses due to changes in fair value are included in the income statement for the period during which they arise. Unrealized changes in value are reported in the income statement in net income from financial investments. Invik has no assets held for trading as defined under IFRS.

Loans, accounts receivable and other receivables

Loan receivables and other receivables are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market. The values are based on amortized cost, and the valuation is based on the effective interest rate method.

Other financial liabilities (excluding insurance policies)

Non-derivative financial liabilities that are not reported under Financial assets or liabilities at fair value through profit and loss are included in other financial liabilities. Costs in connection with the raising of loans are offset against and distributed over the term of the particular loan and included in the net interest expense. Valuation is at amortized cost, using the effective interest rate method.

Valuation and reporting of financial instruments

The purchase and sale of financial instruments is reported as per the transaction date. All financial instruments are initially valued at their fair value plus transaction costs unless they are valued at fair value through profit and loss. Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred together with essentially all risks and rights associated with ownership of the instrument. The fair value of financial instruments traded on an active market is based on the market prices listed on the closing date. The listed market price used for the Group's financial assets and liabilities is the last paid price. The fair value of financial instruments that are not traded on an active market is established via the use of valuation techniques. The techniques used, such as calculation of discounted cash flows, are used to establish the fair value of remaining financial instruments. The fair value of currency futures is established through the use of market prices for currency futures on the closing date. The nominal value, less any assessed credits for customer receivables and accounts payables, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated, for information supplied in a note, by discounting the contractual future cash flow at the current market interest rate available to the Group for comparable financial instruments.

TECHNICAL PROVISIONS – INSURANCE OPERATIONS

The Group engages in contracts that transfer insurance risks and/or financial risks. For accounting purposes, the savings portion in unit-linked investment contracts are considered as financial instruments, and the reporting principles for such contracts are also dealt with in the section above on financial instruments. Only the risk portion of a unit-linked insurance policy is reported in the income statement as premium income. The portion pertaining to investment contracts is reported directly as an asset at fair value. For further information, see Note 18 Financial investments

Technical provisions – insurance policies, non-life insurance and reinsurance

Provisions for unearned premiums and residual risk involved in direct insurance excluding yacht and motor insurance are based on the actual distribution of premiums earned over time (pro rata temporis). For yacht and motor insurance, the provision for unearned premiums and remaining risks according to statistically calculated claims outcome (ristorno) is distributed over the year. If the levels of the premiums are considered insufficient to cover anticipated claims and operating costs, premium reserves are strengthened with a provision for residual risks. The provision for unsettled claims has been assessed and calculated based on available information concerning individual claims and claim trends. The provision for unsettled claims includes anticipated claim payouts and adjustment costs for all claims reported and not closed as well as assessments of Incurred But Not Reported (IBNR) losses.

Technical provisions – run-off
Provisions for unsettled claims have been assessed on the basis of available information on premium volume over the years for which the policies are signed. The reserve requirement is subsequently assessed on the basis of available industry statistics covering relationships between premiums and claims outcomes linked to the portfolio's similarities with other international reinsurance portfolios. Commutation during current years with a positive run-off result impacts the income statement only in cases in which the insurance risks outstanding are expected to be less than the technical provision in the reinsurance portfolio concerned. On each closing date, the size of the provisions is evaluated, whereby any changes in provision impact on the result for the period. The sizes of the technical provisions for reinsurance are to be tested annually using actuarial assessments.

Liabilities related to unit-linked investment contracts
Provisions correspond to the anticipated capital value of the related investment assets managed by the company on behalf of the policyholders. This generally implies that the provision is the total of the potential redemption value of all fund units for policyholders on the closing date. Any annual gains are reported among other revenue when they occur.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and other current investments maturing within three months.

INTEREST-BEARING LOANS AND BORROWING

Interest-bearing loans and borrowing is valued at amortized cost. Amortized cost value is determined based on the effective interest rate, which was calculated when the liability was assumed. This means that surplus and deficit values, like direct costs in conjunction with raising loans, are distributed over the period of the liability. Interest-bearing loans with fixed interest terms of less than three months are valued without discounting to a nominal amount.

DEPOSITS FROM THE PUBLIC

Deposits from the public are valued at amortized cost. The amortized value is determined based on the effective interest rate, which was calculated when the liability was assumed. This means that surplus and deficit values, like direct costs in conjunction with raising loans, are distributed over the period of the liability. Deposits from the public for fixed interest terms of less than three months are valued without discounting to a nominal amount.

LEASES

Leasing is classified in the consolidated account as either financial or operational leasing. Financial leasing occurs when the financial risks and benefits associated with ownership of an object is essentially transferred from the lessor to the lessee, regardless of whether legal ownership rights are held by the lessor or the lessee. Assets held in a financial leasing agreement are accounted for as fixed assets and commitments for future payments are accounted for as liabilities in the balance sheet. All other leasing contracts that do not fulfill the conditions for being classified as financial are considered operational leasing. Leasing fees, according to operational leasing contracts, are expensed straight-line over the leasing period, even if the payment schedule deviates from that period.

DISCONTINUED OPERATIONS

A discontinued operation is a separate operation or a geographic operational area that has either been divested or classified as a candidate for sale. Fixed assets and operational areas that are going to be divested are classified as assets for sale when a divestiture can occur immediately and is very likely. For this to be the case, the Board must have decided to divest the assets and activities to find a buyer and complete the plan have been initiated. In addition, the sale, under normal conditions, should have been completed within one year from when the asset was classified as being for sale. Fixed assets and operational areas for sale are valued at the lower of either the carrying amount or the fair value with deductions for sales expenses. When an operation is classified as discontinued, net earnings after tax are reported for the discontinued operation, and the calculated profit or loss after tax from the sale based on the actual value of assets with deductions for expenses incurred selling the operation, is reported separately in the income statement under the heading "Result from discontinued operations." Previous financial periods are recalculated in the income statement, and income-statement notes, in accordance with the new classification. In the balance sheet, assets and liabilities are reported separately for the discontinued operations, beginning with the period during which the operation was classified as discontinued. Previous financial periods and balance sheet notes are not recalculated.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company follows recommendation RR 32:06 and the applied accounting principles do not deviate from the Group's principles for any material items in the income statement or balance sheet.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

The amendment to IFRS 2 Vesting conditions and cancellations proposes that vesting conditions should be restricted to service conditions and performance conditions. The amendment is still subject to the endorsement of the EU but will if endorsed become madatory for the Group from 2009 financial statements. The Group has not yet determined the potential effect of the interpretation on the consolidated financial statements.

IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group´s 2009 financial statements, will require the disclosure of segment information based on the internal reports. Currently the Group presents segment information in respect of its business and geographical segments (see note 6). Under the management approach, the Group will present segment information in respect of Banking, Insurance and Asset Management.

IAS 1 Presentation of Financial Statements (revised in 2007) replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. IAS 1 (Revised 2007) sets the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The main change in revised IAS 1 is a requirement to present all non-owner changes in equity (changes in equity not resulting from transactions with owners in their capacity as owners) in one or two statements: either in a single statement of comprehensive income, or in an income statement plus in a statement of comprehensive income. Unlike under current IAS 1, it is not permitted to present components of comprehensive income in the statement of changes in equity. IAS 1 (revised in 2007), which becomes mandatory for the Group's 2009 financial statements if endorsed by the EU, is expected to impact the presentation of the Group's income statement and statement of changes in equity.

Revised IAS 23 Borrowing cost removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. If endorsed by the EU, the revised IAS 23 will become mandatory for the Group's 2009 financial statements and will have no effect on the Group's accounting policies.

IFRS 3 Business Combinations (revised in 2008) and amended IAS 27 Consolidated and Separate Financial Statements introduce changes to the accounting for business combinations and for non-controlling (minority) interest. The most significant changes from IFRS 3 (2004) and IAS 27 (2003) are the following:

- IFRS 3 (2008) applies also to business combinations involving only mutual entities and to business combinations achieved by contract alone;
- The definition of a business combination has been revised to focus on control;
- The definition of a business has been amended;
- Transaction costs incurred by the acquirer in connection with the business combination do not form part of the business combination transaction;
- Acquisitions of additional non-controlling equity interests after the business combination are accounted for as equity transactions;
- Disposals of equity interests while retaining control are accounted for as equity transactions;
- New disclosures are required.

IFRS 3 (revised in 2008) and amended IAS 27 will become mandatory for the Group's 2010 Financial Statements, if endorsed by the EU. The carrying amounts of any assets and liabilities that arose under business combinations prior to the application of IFRS 3 (revised in 2008) are not adjusted while most of the amendments to IAS 27 must be applied retrospectively. The Group has not yet determined the potential effect of IFRS 3 (revised in 2008) and amended IAS 27 on the consolidated financial statements.

IFRIC 11 IFRS 2 Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group´s 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.

IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group´s 2008 financial statements, is not expected to have any effect on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group´s 2009 financial statements, is not expected to have a material impact on the consolidated financial statements.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contribution in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Group´s 2008 financial statements if endorsed by the EU, with retrospective application required. The Group has not yet determined the potential effect of the interpretation on the consolidated financial statements.

Note 2. Definitions

Expense ratio, gross
Operating expenses in relation to gross premiums earned, expressed as a percentage.

Equity per share before dilution
Equity according to the balance sheet divided by the number of shares outstanding.

Equity per share after dilution
Equity according to the balance sheet, supplemented by what would be added in the event of full conversion of outstanding convertible debenture loans, divided by the number of shares outstanding after full dilution.

Capital adequacy ratio
The capital base in relation to capital requirements calculated in the manner set by each supervisory organization, expressed as a percentage.

C/I ratio
Other operating expenses and depreciation/amortization and write-downs in relation to the total revenues, less interest expenses and fee and commission expenses. In the case of the Group, the C/I ratio is calculated with the exclusion of insurance operations.

Consolidation ratio
Consolidated capital in relation to gross premiums written.

Consolidation capital
Total equity, 72 % of untaxed reserves and surplus and deficit values in assets, less deferred tax assets plus deferred tax liabilities.

Liquidity ratio
Current assets in relation to current liabilities, expressed as a percentage.

Earnings per share before dilution
Profit for the period in relation to the average number of shares outstanding during the period.

Earnings per share after dilution
Profit for the period supplemented with interest expense after tax on convertible debenture loans charged to profit, in relation to the average number of shares outstanding during the period, after adjustment for dilution.

Return on equity after tax
Profit after tax in relation to average adjusted equity. A standard calculated tax rate of 28% is applied to business areas with the exception of Banque Invik, whose profit is charged with actual tax. Equity per business area includes allocated intangible assets including goodwill. The return figure is adjusted for the full year.

Operating margin
Pre-tax earnings as a percentage of total revenues.

Claims ratio, gross
Gross claims expenses before reinsurers' share in relation to gross premiums earned, expressed as a percentage.

Equity/assets ratio
Shareholders' equity, including minority holding, as a percentage of total assets.

Total yield, %
The sum of the yield and value changes, both realized and unrealized, in relation to the average fair value of investment assets, expressed as a percentage. Investment assets for which policyholders carry the investment risk (unit-linked insurance) are excluded. The yield figure is adjusted for the full year.

Combined ratio, gross
Total of operating expenses and gross claims expenses before reinsurers' share, in relation to gross premiums earned, expressed as a percentage.

Change in value of assets under management
Change in the value of investment assets for which the policyholders carry the investment risk in relation to average assets under management.

Note 3. Segment information, by function

SEK million, 2007	Modern Insurance Non-life	Modern Insurance Life	Assurans-invest	Banque Invik	Invik Funds	Head office and eliminations	Invik Group
Insurance premium revenue	980.1	228.2	183.9	-	-	-2.4	1 389.8
Insurance premium ceded to reinsurers	-113.6	-179.4	-0.4	-	-	-	-293.3
Fee and commission income	23.1	126.0	1.8	223.9	221.1	-28.7	567.1
Net investment income	4.2	-0.2	0.6	-	-	5.1	7.9
Interest income after loan loss provisions	22.9	1.0	8.3	279.1	3.8	-17.4	297.6
Other operating income *)	0.1	2.4	-	20.7	-	-	23.2
Total revenues	**916.7**	**176.2**	**194.1**	**523.7**	**224.9**	**-43.5**	**1 992.2**
Insurance benefits, claims and loss adjustment expenses	-613.3	-159.9	-301.6	-	-	-	-1 074.8
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	40.3	135.6	-7.9	-	-	-	168.0
Fee and commission expenses	-47.2	-53.1	3.8	-5.4	-78.2	28.3	-151.9
Interest expenses	-0.1	-3.7	-	-246.3	-	2.7	-247.2
Depreciation, amortization and write-down of tangible and intangible assets	-23.5	-50.0	-	-10.5	-0.3	-0.2	-84.4
Other operating expenses	-195.5	-69.5	-32.2	-157.6	-50.1	-27.6	-532.5
Total expenses	**-839.3**	**-200.6**	**-337.8**	**-419.8**	**-128.6**	**3.2**	**-1 922.8**
Operating income	**77.4**	**-24.3**	**-143.7**	**103.9**	**96.4**	**-40.2**	**69.4**
Total assets	**2 725.5**	**7 683.9**	**759.0**	**7 032.1**	**283.3**	**-207.9**	**18 275.9**
Total liabilities	**1 827.8**	**7 400.2**	**748.2**	**6 545.6**	**139.3**	**-321.4**	**16 339.8**
Total tangible investments	**5.3**	**0.9**	**-**	**11.0**	**-**	**-**	**17.2**
Total intangible investments	**18.6**	**269.6**	**-**	**17.7**	**-**	**-**	**305.9**

SEK million, 2006	Modern Insurance Non-life	Modern Insurance Life	Assurans-invest	Banque Invik	Invik Funds	Head office and eliminations	Invik Group
Insurance premium revenue	830.4	148.5	257.5	-	-	-2.4	1 234.1
Insurance premium ceded to reinsurers	-118.7	121.2	-0.2	-	-	-	-240.1
Fee and commission income	25.1	74.3	1.2	194.6	164.4	-23.3	436.3
Net investment income	178.9	0.7	62.5	-	-	-	242.1
Interest income after loan loss provisions	13.2	1.0	10.5	213.3	1.6	-11.0	229.1
Other operating income	0.2	5.3	-	-	-	-	5.5
Total revenues	**929.1**	**108.6**	**331.5**	**407.9**	**166.0**	**-36.7**	**1 907.0**
Insurance benefits, claims and loss adjustment expenses	-475.7	-107.1	-264.1	-	-	-	-846.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	35.5	94.2	-22.8	-	-	-	107.0
Fee and commission expenses	-54.8	-29.2	5.6	-6.4	-51.9	22.2	-114.6
Interest expenses	-0.6	0.3	-0.1	-190.3	-	1.1	-190.1
Depreciation, amortization and write-down of tangible and intangible assets	-19.2	-28.8	-0.1	-7.3	-0.3	-0.2	-55.9
Other operating expenses	-145.5	-45.0	-29.1	-131.7	-42.0	-26.8	-420.0
Total expenses	**-660.4**	**-115.6**	**-310.5**	**-335.7**	**-94.2**	**-3.7**	**-1 520.5**
Operating income	**268.7**	**-7.0**	**21.0**	**72.2**	**71.8**	**-40.4**	**386.5**
Total assets	**2 986.3**	**4 867.5**	**584.0**	**5 635.9**	**317.2**	**97.7**	**14 488.6**
Total liabilities	**2 019.8**	**4 696.1**	**426.6**	**5 222.1**	**181.7**	**253.3**	**12 799.8**
Total tangible investments	**5.1**	**0.9**	**-**	**5.3**	**1.2**	**0.4**	**12.9**
Total intangible investments	**0.7**	**95.1**	**-**	**11.8**	**-**	**-**	**107.6**

*) The item "Other operating income" includes the participations in the earnings of the associated company Modernac S.A. after tax.

Note 4. Segment information, geographically

SEK million, 2007	Sweden	Luxembourg	Eliminations	Invik Group
Insurance premium revenue	1 392.2	253.5	-255.9	1 389.8
Insurance premium ceded to reinsurers	-549.3	0.0	255.9	-293.3
Fee and commission income	374.1	168.6	6.2	567.1
Net investment income	7.9	-6.5	6.5	7.9
Interest income after loan loss provisions	37.5	294.8	-34.7	297.6
Other operating income	2.5	24.8	-4.2	23.2
Total revenues	**1 264.9**	**753.5**	**-26.2**	**1 992.2**
Insurance benefits, claims and loss adjustment expenses	-1 074.8	-354.5	354.5	-1 074.8
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	522.5	0.0	-354.5	168.0
Fee and commission expenses	-174.8	73.7	-50.8	-151.9
Interest expenses	-9.5	-262.4	24.6	-247.2
Depreciation, amortization and write-down of tangible and intangible assets	-74.0	-8.1	-2.4	-84.4
Other operating expenses	-379.4	-125.6	-27.5	-532.5
Total expenses	**-1 189.9**	**-676.8**	**-56.1**	**-1 922.8**
Operating income	**75.0**	**76.6**	**-82.3**	**69.4**
Total assets	**13 989.3**	**7 123.1**	**-2 843.5**	**18 275.9**
Total liabilities	**10 980.6**	**6 794.1**	**-1 441.5**	**16 339.8**
Total tangible investments	**6.2**	**11.0**	**-**	**17.2**
Total intangible investments	**288.2**	**17.7**	**-**	**305.9**

SEK million, 2006	Sweden	Luxembourg	Eliminations	Invik Group
Insurance premium revenue	1 234.1	281.9	-281.9	1 234.1
Insurance premium ceded to reinsurers	-522.0	0.0	281.9	-240.1
Fee and commission income	290.0	147.8	-1.5	436.3
Net investment income	201.4	40.7	0.0	242.1
Interest income after loan loss provisions	20.4	221.7	-13.0	229.1
Other operating income	-	5.5	-	5.5
Total revenues	**1 223.8**	**697.6**	**-14.3**	**1 907.0**
Insurance benefits, claims and loss adjustment expenses	-846.9	-294.4	294.4	-846.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	401.4	0.0	-294.4	107.0
Fee and commission expenses	-134.1	-2.7	22.3	-114.6
Interest expenses	-0.9	-200.1	11.0	-190.0
Depreciation, amortization and write-down of tangible and intangible assets	-49.3	-4.5	-2.1	-55.9
Other operating expenses	-307.6	-95.4	-17.1	-420.0
Total expenses	**-937.4**	**-597.2**	**14.2**	**-1 520.5**
Operating income	**286.4**	**100.4**	**-**	**386.5**
Total assets	**11 441.1**	**6 062.1**	**-3 014.7**	**14 488.6**
Total liabilities	**8 545.0**	**5 546.5**	**-1 291.7**	**12 799.8**
Total tangible investments	**7.6**	**5.3**	**-**	**12.9**
Total intangible investments	**95.8**	**11.8**	**-**	**107.6**

Note 5. Premium revenues

SEK million	Group 2007	2006
NON-LIFE INSURANCE		
Insurance policies written		
- Premiums written	1 317.4	1 236.2
- Change in provisions for unearned premiums	-117.1	-124.6
Premium written	1 200.3	1 111.6
Reinsurance ceded		
- Premiums paid	-255.1	-138.6
- Change in provisions for unearned premiums	113.3	0.7
Premiums for ceded reinsurance	-141.8	-137.9
Premium revenues on own account, non-life	1 058.5	973.7
LIFE INSURANCE		
Insurance policies written		
- Premium written	189.5	123.2
- Change in provisions for unearned premiums	-	-0.7
Premium earned		122.5
Reinsurance ceded		
- Premiums paid	-151.5	-102.8
- Change in provisions for unearned premiums	-	0.6
Premiums for ceded reinsurance	-151.5	-102.2
Premium income on own account, life	38.0	20.3
Total premium revenues	**1 389.8**	**1 234.1**
Total premiums for reinsurance	**-293.3**	**-240.1**
Total premium revenues on own account	**1 096.5**	**994.0**

Note 6. Net commissions

SEK million	Group 2007	2006
COMMISSION INCOME		
Foreign currency transactions	40.9	32.6
Credit cards	111.3	93.6
Loans	10.1	14.8
Asset management	31.4	33.5
Fund management	228.4	168.7
Reinsurance	45.1	44.1
Insurance administration	78.4	24.0
Redemption fees, unit-linked insurance	-	0.5
Other	21.5	24.5
Total commission income	567.1	436.3
COMMISSION EXPENSES		
Acquisition of insurance contracts	-96.9	-78.5
Brokerage	-49.9	-30.6
Other	-5.1	-5.5
Total commission expenses	-151.9	114.6
Net commission	**154.3**	**321.7**

Note 7. Investment income

SEK million	Group 2007	2006
INSURANCE OPERATIONS*		
Interest income	4.0	9.7
Exchange-rate gains/losses	-1.5	-6.9
Dividends	26.2	18.9
Value gains financial instruments	112.1	221.5
Value losses financial instruments	-132.9	-1.1
Total net income from insurance operations	7.9	242.1
OTHER		
Write-down of financial instruments	-	-
Total net income, other	-	-
Total investment income	**7.9**	**242.1**

*All assets are classified as designated to be valued at fair value through profit and loss

Note 8. Net interest

SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
INTEREST INCOME				
Loans and other receivables	170.2	135.6	-	-
Changes in provisions for loan losses	1.2	-1.7	-	-
Lending to credit institutions	111.1	90.4	-	-
Other interest income	15.2	4.8	-	-
Total interest income	297.6	229.1	-	-
Interest income from Group companies*)	-	-	5.2	0.1
Average interest-bearing assets**)	6 908.0	6 202.4	-	-
Average interest on interest-bearing assets**)	4.3%	3.7%	-	-
INTEREST EXPENSES				
Loans and other liabilities	-12.9	0.9	-	-
Deposits from individuals	-234.3	-182.0	-	-
Other interest expenses	-	-9.0	-	-
Total interest expenses	-247.2	-190.1	-	-
Interest expenses pertaining to Group companies*)	-	-	-15.5	-9.9
Average interest-bearing liabilities**)	5 694.0	4 840.0	-	-
Average interest on interest-bearing liabilities**)	4.3%	3.9%	-	-
Net interest income	**50.4**	**39.0**	**-**	**-**

All changes in value, including interest income, on financial instruments valued at fair value through profit and loss are classified under Investment income.

*) Parent Company costs for financing of operations are reported in financial income and expenses after operating income. The Parent Company's interest income and expenses attributable to interest-bearing receivables and liabilities within the Group are also reported net on this line.

**) Average interest-bearing liabilities and average interest on interest-bearing assets are calculated excluding discontinued operations.

Note 9. Other operating income

SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Share in earnings of associated companies	-1.5	5.3	-	-
Realization gain sale of associated company	10.4	-	-	
Result from sale of promotorship	14.0	-	-	
Other non-operating income	0.3	0.2	-	-
Total other operating income	**23.2**	**5.5**	**-**	**-**

Note 10. Insurance claims

SEK million	Group 2007	Group 2006
NON-LIFE INSURANCE		
Insurance claims		
- Insurance claims paid	-768.2	-613.1
- Change in provisions for claims incurred, known and unknown	-177.7	-160.2
- Exchange-rate differences	3.8	3.6
Insurance claims before ceded reinsurance	-942.2	-769.7
Reinsurance		
- Reinsurer's portion of insurance claims paid	62.8	19.9
- Reinsurer's portion of changes in provisions for known and unknown claims	-5.9	19.9
Reinsurer's portion of claims	56.9	39.8
Insurance claims on own account, non-life	-885.2	-729.9
LIFE INSURANCE		
Insurance claims		
- Insurance claims paid	-49.6	-47.8
- Change in provisions for known and unknown claims	-82.8	-32.3
- Exchange-rate differences	-	2.9
Insurance claims before ceded reinsurance	-132.4	-77.2
Reinsurance		
- Reinsurer's portion of insurance claims paid	48.8	42.7
- Reinsurer's portion of changes in provisions for known and unknown claims	62.3	27.0
- Exchange-rate differences	-	-2.5
Reinsurer's portion of claims	111.1	67.2
Insurance claims on own account, life	-21.3	-10.0
Total insurance claims	**-1 074.6**	**-846.9**
Total insurance claims, the reinsurer's portion	**168.0**	**107.0**
Total insurance claims on own account	**-906.6**	**-739.9**

Note 11. Other operating expenses

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
Personnel expenses	-331.4	-267.7	-17.3	-20.7
IT	-32.9	-23.5	-0.3	-0.3
Rent and premises costs	-19.3	-17.1	-0.7	-1.3
Communications and marketing	-48.0	-35.5	-	-
Direct credit card costs	-6.2	-9.8	-	-
Credit card fraud	-4.0	-6.2	-	-
Consultant fees	-23.2	-11.6	-11.4	-3.2
Bank fees	-1.9	-1.5	-	-
Central administrative expenses	-32.5	-25.2	1.3	-4.1
Other expenses	-33.1	-21.9	-1.7	-0.6
Total other operating expenses	**-532.5**	**-420.0**	**-30.1**	**-30.2**

Note 12. Personnel

Average number of employees split by country and gender

	2007			2006		
	Men	Women	Total	Men	Women	Total
PARENT COMPANY						
Stockholm	3	2	5	3	2	5
GROUP						
Sweden	117	123	240	105	107	212
Luxembourg	36	46	82	30	42	72
Total average number of employees	**153**	**169**	**322**	**135**	**149**	**284**

Board of Directors, parent company and Group Management, split by sex

	2007			2006		
	Men	Women	Total	Men	Women	Total
Board members. elected by AGM	5	-	5	4	2	6
President	1	-	1	1	-	1
Other senior executives	4	-	4	7	-	7
Total average number of employees	**10**	**-**	**10**	**12**	**2**	**14**

Salaries, other remuneration and social security expenses

SEK million	2007	2006
PARENT COMPANY		
Salaries and other remuneration [1]	13.6	14.3
Social security expenses	3.6	4.0
[1] Of which, pension expense	2.5	2.0
GROUP		
Salaries and other remuneration		
- Companies in Sweden	155.8	129.5
- Companies abroad	75.5	56.0
Total, salaries and other remuneration [1]	231.3	185.5
Social security expenses	47.5	42.0
[1] Of which, pension expense	31.1	21.0

Remuneration for the Parent Company Board, President and other senior executives in Group management

	2007						2006					
SEK million	Salaries	Variable renumeration	Benefits	Pension expense	Social security expense	Total renumeration	Salaries	Variable renumeration	Benefits	Pension expence	Social security expense	Total renumeration
President	6.3	-	0.1	1.5	2.1	10.0	6.2	3.4	0.1	1.4	3.1	14.2
Parent Company Board:												
M Brunell	0.1	-	-	-	-	0.1	0.1	-	-	-	-	0.1
V Carlund	-	-	-	-	-	-	0.1	-	-	-	-	0.1
H Dyrssen	-	-	-	-	-	-	0.2	-	-	-	0.1	0.3
M Höglund	0.3	-	-	-	0.1	0.4	0.1	-	-	-	-	-
J Klingspor	0.3	-	-	-	0.1	0.4	0.4	-	-	-	0.1	0.5
A Lundius	-	-	-	-	-	-	-	-	-	-	-	-
E Mitteregger	0.2	-	-	-	0.1	0.3	0.2	-	-	-	0.1	0.3
C Stenbeck	0.1	-	-	-	0.1	-	0.2	-	-	-	0.1	0.3
R Von Horn	0.2	-	-	-	0.1	0.3	0.2	-	-	-	0.1	0.3
Other senior executives in Group management:	8.8	23.4	0.2	4.2	8.2	44.8	9.3	16	0.2	2.8	7.4	35.8
Number of members						4						6

PRINCIPLES

Remuneration to the Board is decided by the Annual General Meeting to be distributed among the members plus travel expenses against invoice. After consultation with the Nomination Committee, the Board appoints the members and chairman of the Remuneration Committee. The Remuneration Committee's assignment comprises issues related to salaries, pension terms, bonus system and other employment terms for the President and any executive vice president in the Parent Company and for the business area managers in the Group. With regard to the business area managers, the Remuneration Committee shall decide on the aforementioned issues, after which such decisions shall be presented for the Board at the next Board meeting. With regard to the President and executive vice president, the Remuneration Committee considers the aforementioned issues for decision and provides the Board with decision documentation and a proposal for decision.

Remuneration to the President and other senior executives comprises basic salary, variable salary/bonus and benefits in the form of company car and pension. Variable salary/bonus for the President may amount to a maximum of six monthly salaries based on the achievement of a number of goals established by the Board. These comprise partly quantified financial goals as well as qualitative goals. In one of Invik's business areas, a senior executive has an individual incentive programs in which the variable portion was based on the earnings of the subsidiary.

Other senior executives within Invik comprise the five persons in addition to the President who are presented as enior executives in this annual report and the former senior executives to whom remuneration was paid in 2006.

In accordance with the decisions at General Meetings in 2006 and 2007 with regard to fees to the Board, Invik paid SEK 1.7 million (1.5) to the Board of Invik during the year, of which SEK - million (0.4) was paid to the Board Chairman based on the Board's decision.

REMUNERATION TO THE PRESIDENT, EXECUTIVE VICE PRESIDENT AND OTHER SENIOR EXECUTIVES

Salary and benefits of SEK 6.4 million (6.3) and a bonus of SEK 0.0 million (3.4) were paid to the Parent Company President Anders Fällman during the year. Pension payments of 20 % of fixed salary were made. The retirement age for the President is 65. In notice of termination by the employee or the company there is a right to salary during the notice period of 12 months. In notice of termination by the company, if the President has not secured employment within the notice period, salary and other benefits are paid for an additional six months. If the President has reached 55 years of age at the time of the notice of termination, the notice period can be extended an additional 12 months, or a total of 24 months. Severance pay is deducted for salary received from any new employment during the notice period. The normal pension commitments apply for other senior executives within the framework for general pension plans of a maximum of 20 % of fixed salary with entitlement to receive pension at age 65. Pension premiums are paid to insurance companies. In notice of termination from the company, the other senior executives are entitled to salary during a notice period of at least six months and not more than 12 months. Severance pay is deducted for salary received from any new employment during the notice period, with certain exceptions in which the severance pay amounting to a maximum six month's salary is not subject to deduction for any new employment.

OPTIONS PROGRAM

The Invik options program decided by the Annual General Meeting of Kinnevik on May 12, 2005 was launched in September 2005. In accordance with the proposal presented at the Kinnevik Annual General Meeting, the Board of Invik decided to approve a cash bonus of a maximum of 62 % of each participant's investment after tax. A condition for payment of the cash bonus is that the participant is employed within Invik at the payment date. On May 13, 2005, Invik issued a debenture with a nominal value of SEK 100 linked to 1,390,000 warrants to the wholly owned subsidiary Invik Trading AB. The warrants were offered to participants in the program at a price corresponding to the market price calculated in accordance with the Black & Scholes model. In determining this price, the value of the company's share was based on the average last paid price for the Invik B share during ten trading days in conjunction with the acquisition date. Since the warrants were conveyed at the market price, SEK 4.88 each, the program does not entail any significant expenses for Invik. Each warrant carried entitlement to new subscribe for one B share in Invik during the period from and including 20 days after the Invik shares was listed until May 12, 2008. The subscription price amounted to SEK 76.80 per share. During 2005, participants in the options program acquired warrants corresponding to 820,000 B shares in Invik. During 2007 all of the outstanding warrants were exercised and converted into shares.

Note 13. Leasing

The Group had no financial leasing agreements at December 31. 2007. No variable fees of material value occur among the Group's operational leasing agreements. The agreements contain no restrictions. The predominant proportion of leasing agreements found in the Group refer to rental contracts for the office premises that each company has signed.

Costs for leasing (minimum leasing fees) in the Group in 2007 amounted to SEK 13.5 million (13.9 in 2006)

Costs for leasing (minimum leasing fees) in the Parent Company in 2007 amounted to SEK 0.7 million (0.5 in 2006)

SEK million	Group	Parent Company
FUTURE MINIMUM OPERATIONAL LEASING FEES:		
2008	15.2	1.6
2009	12.4	-
2010	10.4	-
2011	3.9	-
2012	3.9	-
2013 and later	7.7	-
Total future minimum operational leasing fees	**53.5**	**1.6**

Note 14. Fees to auditors

PricewaterhouseCoopers (PWC) was elected as auditors in Invik & Co AB for the period until the close of the Annual General Meeting 2009.

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
PwC				
Audit fee	7.6	3.6	0.9	0.6
Fees for other services	1.0	0.8	0.7	0.3
Total fees paid to PwC	**8.6**	**4.4**	**1.6**	**0.9**
Other auditing firms				
Audit fees	0.1	0.1	-	0.2
Fees for other services	0.2	2.2	0.1	1.0
Total fees other audit firms	**0.3**	**2.3**	**0.1**	**1.2**
Total fees to auditors	**8.9**	**6.7**	**1.7**	**2.1**

Note 15. Financial income and expenses

SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
FINANCIAL INCOME				
Interest income from subsidiaries	-	-	5.2	0.1
Other interest income	10.6	6.3	10.6	6.2
Dividends from subsidiaries	-	-	181.0	36.0
Total financial income	10.6	6.3	196.8	42.3
FINANCIAL EXPENSES				
Interest expenses from subsidiaries	-	-	-15.5	-9.9
Convertible interest	-0.1	-9.5	-0.1	-9.5
Other interest expenses	-0.3	-0.5	-0.3	-0.5
Total financial expenses	-0.4	-10.0	-15.9	-19.9
Total financial income and expenses	**10.2**	**-3.7**	**180.9**	**22.4**

Note 16. Tax expenses

SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Current tax	-45.0	-11.8	-	-
Adjustment of current tax for previous periods	-	1.2	-	-
Deferred tax (see Note 21)	24.5	-87.4	8.5	12.0
Total	**-20.5**	**-98.0**	**8.5**	**12.0**

The effective tax on the Group's profit before tax differs from the Group's nominal tax rate due to the following items:

SEK million	Group 2007 Total	Group 2006 Continuing operations	Group 2006 Discontinued operations *)	Group 2006 Total
Profit before tax	79.6	382.8	81.6	464.4
Less share in earnings of associated companies reported net after taxes	1.5	-5.3	-	-5.3
Effect of adjustment of current tax for previous periods	-	1.2	-	1.2
Tax calculated at a nominal tax rate of 28%	-22.7	-105.7	-22.8	-128.5
Effect of different nominal tax rate in Luxembourg	-2.8	-1.3	-	-1.3
Effect of extra tax deductions in Luxembourg	5.7	6.0	-	6.0
Income not subject to tax	0.8	0.7	69.1	69.8
Expenses not deductible for tax purposes	-2.2	-6.6	-53.5	-60.1
Tax loss carryforwards for which no deferred tax assets have been reported	0.6	7.7	-	7.7
Reported income tax expense	**-20.5**	**-98.0**	**-7.2**	**-105.2**

*) The divestment of Fischer Partners in 2006 took place without any tax burden of sales gains since the shares were shares held for business purposes.

Note 17. Intangible and tangible assets

SEK million, Group 2007	Goodwill	Contractual customer relations	Other intangible assets	Total intangible assets	Buildings, property and plant	Equipment fixtures and fittings	Total tangible fixed assets
Opening acquisition value	359.4	88.2	52.8	500.4	0.4	53..3	53.7
Investments for year	-	-	44.9	44.9	-	17.2	17.2
Sales/scrapping for year	-	-	-	-	-	-1.2	-1.2
Reclassification from equipment	-	-	-	-	-	-	-
Decrease due to divested operations	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Exchange rate differences	4.0	-	1.8	5.8	-	1.8	1.8
Closing acquisition value	363.4	88.2	99..5	551.1	0.4	71.1	71.5
Opening accumulated amortization/depreciation	-	-32.0	-31.9	-63.9	-	-34.1	-34.1
Sales/scrapping for year	-	-	-	-	-	0.5	0.5
Amortization/depreciation for year	-	-13.7	-14.6	-28.3	-	-8.4	-8.4
Reclassification from equipment	-	-	-	-	-	-	-
Decrease due to divested operations	-	-	-	-	-	-	-
Exchange rate differences	-	-	-0.4	-0.3	-	-1.2	-1.2
Closing accumulated amortization/depreciation	-	-45.7	-46.8	-92.5	-	-43.2	-43.2
Closing residual value	**363.4**	**42.5**	**52.7**	**458.6**	**0.4**	**27.8**	**28.2**

SEK million, Parent Company 2007							
Opening acquisition value	-	-	-	-	-	1.0	1.0
Investments for year	-	-	-	-	-	0.4	0.4
Sales/scrapping for year	-	-	-	-	-	-0.4	-0.4
Exchange rate differences	-	-	-	-	-	-	-
Closing acquisition value	-	-	-	-	-	1.0	1.0
Opening accumulated amortization/depreciation	-	-	-	-	-	-0.3	-0.3
Sales/scrapping for year	-	-	-	-	-	0.2	0.2
Amortization/depreciation for year	-	-	-	-	-	-0.2	-0.2
Exchange rate differences	-	-	-	-	-	-	-
Closing accumulated amortization/depreciation	-	-	-	-	-	-0.3	-0.3
Closing residual value	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**

Other intangible assets consists in all material of software and information systems.

Annual impairment testing of goodwill

SEK million, cash-generating unit	Goodwill	Projected growth	Discount rate
Modern Insurances Non-life	83.9	7%	13,5%
Modern Insurances Life	59.7	n/a*	5,77%
Banque Invik	86.4	8%	12%
Aktie-Ansvar	133.3	9%	11%
Total	**363.4**		

* Tested for impairment using the embedded vaule of Modern Insurances Life

In the impairment test of goodwill the forecasted earnings trend and value-governing parameters of each cash-generating unit have been assessed and the expected recoverable amount has been calculated based cash flow to equity valuation models. In these calculations, growth in the next five years has been assessed based on Invik's internal long-term forecasts and long-term growth is expected to amount to an estimated inflation rate of 2 %. The discount rate has been assessed based on the internal required return on equity for the different types of cash generating units depending on their business specific risk. The reasonableness of the expected recovery amount and assumptions made were tested against external analyst reports of the Invik Group. The testing did not identify any impairments. A reasonlable change in assumptions regarding growth and discount rate did not identify impairments.

Note 18. Deferred acquisition costs

SEK million, Group	Deferred acquisition costs for investment contracts
Opening acquisition costs	187.0
Investments during the year	261.0
Closing acquisition costs	447.9
Opening accumulated depreciation	-47.9
Depreciation during the year	-47.7
Closing accumulated depreciation	-95.6
Closing residual value	**352.3**

Capitalized costs pertain external costs incurred for acquisition of investment contracts for unit-linked insurance agreements. Depreciation is written of over ten years.

Note 19. Shares and participations in subsidiaries

Parent Company

Swedish subsidiaries	Corp. reg. no.	Reg. office	Number	Capital %	Book value
Atlantica AB	556593-7439	Stockholm	1 000	100.0	0.1
Invik Trading AB	556264-5274	Stockholm	1 000	100.0	0.1
Aktie-Ansvar AB	556098-2232	Stockholm	10 000	100.0	150.5
MFG Fonder AB	556569-7702	Stockholm	1 000	100.0	0.1
Försäkringsaktiebolaget Assuransinvest MF	557200-4330	Gothenburg	2 514 285	100.0	113.0
Moderna Försäkringar Liv AB	516401-6718	Stockholm	13 000	100.0	320.7
Moderna Försäkringar Sak AB	516406-0070	Stockholm	30 000	100.0	532.7
MF Bilsport & MC Specialförsäkring AB	556563-2774	Stockholm	1 000	100.0	2.9
netviq AB	556266-5801	Stockholm	1 000	100.0	0.1
Total book value of shares and participations in Swedish subsidiaries					**1 120.2**

Foreign subsidiaries	Reg. office	Number	Capital %	Book value
Banque Invik S.A.	Luxembourg	1 880 000	100.0	311.5
Banque Invik Asset management S.A.	Luxembourg		100.0	
Inlux Norge AS	Norway		100.0	
Modern Processing S.A.	Luxembourg		100.0	
Modern Treuhand B.V.	The Netherlands		100.0	
Modern Treuhand S.A.	Luxembourg		99.9	
Modern Re S.A.	Luxembourg	49 999	100.0	100.0
Atlantica Yacht Insurance S.àr.l	Luxembourg		100.0	
Total book value of shares and participations in foreign subsidiaries				**411.5**
Total book value of shares and participations in subsidiaries				**1531.7**

Note 20. Investments in associated companies

Group	Registered office	Number of shares	Book value. Group	Book value in owning company	Share of capital	Share of earnings in associated companies for the year before tax
INSURANCE COMPANIES						
Modernac S.A.	Luxembourg	6 370	17.6	6.1	49%	2.3
OTHER ASSOCIATED COMPANIES						
Smart Transfer Ltd.	Ireland	1 499 216	10.4	14.2	48,5%	-3.8
Total			**28.0**	**20.3**		**-1.5**

SEK million, Group	2007	2006
Value at beginning of the year	15.9	10.6
Sale of associated company	-0.6	-
Acquisition of associated company	14.2	-
Change in accumulated shares in earnings	-1.5	5.3
Total	**28.0**	**15.9**

SEK million, Group	Assets	Liabilities	Revenue	Profit after tax
INSURANCE COMPANIES				
Modernac S.A.	110.9	80.5	30.8	4.7
OTHER ASSOCIATED COMPANIES				
Smart Transfer Ltd.	11.2	16.6	1.2	-16.6
Total	**122.1**	**97.1**	**32.0**	**-11.9**

Changes in value of investment in associated companies are recognized in other operating income.

Note 21. Deferred tax assets and tax liabilities

SEK million	Group				Parent Company		
DEFERRED TAX ASSETS	**Tax loss carryforwards**	**Financial instrument at fair value**	**Pension obligation**	**Total**	**Tax loss carryforwards**	**Pension Obligations**	**Total**
Opening value, Janury 2007	**50.3**	**-**	**-**	**50.3**	**21.4**	**-**	**21.4**
Reported directly against equity	-26.2	-	-	-26.2	-26.2	-	-26.2
Reported in profit and loss	-0.2	3.0	3.5	6.3	4.8	3.5	8.3
Exchange-rate differences	1.4	-	-	1.4	-	-	-
Closing value, December 31, 2007	**25.3**	**3.0**	**3.5**	**31.8**	**-**	**3.5**	**3.5**

SEK million	Group					Parent Company	
DEFERRED TAX LIABILITIES	**Deferred tax on untaxed reserves**	**Financial instruments at fair value**	**Intangible assets. contractual customer relations**	**Issue of convertible debenture**	**Total**	**Issue of convertible debenture**	**Total**
Opening value, January 1, 2007	**110.5**	**82.2**	**15.7**	**2.0**	**210.4**	**2.0**	**2.0**
Reported in profit and loss	15.1	-29.2	-3.9	-0.2	-18.2	-0.2	-0.2
Reported directly against equity	-	-	-	-1.8	-1.8	-1.8	-1.8
Exchange-rate differences	0.6	-	-	-	0.6	-	-
Closing value, December 31, 2007	**126.2**	**53.0**	**11.8**	**-**	**191.0**	**-**	**-**

Loss carryforwards are recognized as assets only to the extent that it is judged likely that the loss carryforward will be utilized. As of December 31, 2007, the Group recognized all loss carryforwards as an asset. The company deems it probable that the loss carryforwards will be utilized, considering the company's forecast for the earnings trend in individual operations and the assessment of the future application of the tax regulations in the relevant jurisdictions.

Deferred tax assets and liabilities are reported net only to the extent that a legal right of separation exists and the deferred taxes originate from the same tax authority.

Deferred taxes are calculated on all temporary differences applying the effective tax rate valid in each tax jurisdiction, which varies between 28 and 31 % for companies in the Invik group.

Note 22. Financial investments

Financial assets at fair value through profit and loss

SEK million, Group	Dec. 31, 2007	Dec. 31, 2006
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Equity instruments - listed	710.0	619.0
Hedge fund – Graal	1 142.3	1 277.2
Equity fund - Peritus	268.6	21.2
Short-term fixed income fund	45.4	183.9
Stock – unit link	47.3	60.6
Short-term interest-bearing securities - listed	157.9	82.6
Short-term interest-bearing securities - un-listed	5.8	1.2
Total other financial assets at fair value through profit and loss	**2 377.3**	**2 245.7**
INVESTMENT ASSETS - UNIT-LINK		
Assets for conditional refund		
Securities	16.2	21.2
Unit-linked funds		
Fund investments	6 556.8	4 211.6
Total investment assets – unit-link	**6 573.0**	**4 232.8**

In all material aspects financial assets are designated as valued at fair value through profit and loss.

Analysis of changes in financial investments

SEK million, Group	At fair value through P/L	Unit-linked investment assets
Opening balance, January 1, 2006	2 224.5	4 254.0
Dividend	26.2	35.1
Investments	1 802.9	2 320.8
Disposals	-1 667.5	-
Restatement to fair value	-8.8	-36.9
Closing balance, December 31, 2006	**2 377.3**	**6 573.0**

Note 23. Derivatives

Derivatives with positive values, Dec. 31, 2007

SEK million, Group	Less than 3 months	>3 months < 1 year	> 1 year < 5 years	> 5 years	Total	Nominal amount
Currency forwards with positive values	15.9	17.9	-	-	33.8	2 876.0
Currency swaps with positive values	8.9	0.3	-	-	9.2	1 368.3
Total derivatives with positive values	**24.8**	**18.2**	**-**	**-**	**43.0**	**4 244.3**

Derivatives with negative values, Dec. 31, 2007

SEK million, Group	Less than 3 months	>3 months < 1 year	> 1 year < 5 years	> 5 years	Total	Nominal amount
Currency forwards with negative values	15.5	17.6	-	-	33.1	2 875.4
Currency swaps with negative values	6.5	-	-	-	6.5	840.9
Equity options with negative values		**31.0**			**31.0**	**490.8**
Total derivatives with negative values	**22.0**	**48.6**	**-**	**-**	**70.6**	**4 207.1**

Description of the purpose of different derivative positions

Bank Invik has currency forward contracts with external customers, which corresponds to mirrored positions with other financial institutes. The Group has actuarial liabilities in the segment Assuransinvest portfolio which are denominated in USD. These have been hedged financially through the signing of currency forward agreements for nominal USD 33.0 million as at December 31, 2007. In the future the intention is to allow these currency forwards to be maintained until the provisions have been settled. Currency forwards are valued at fair value in the balance sheet. The translation effects are reported under insurance benefits.

Note 24. Fair value

December 31 SEK million, Group	Book value 2007	Book value 2006	Fair value 2007	Fair value 2006
ASSETS				
Fair value through profit and loss				
Investment securities at fair value through profit and loss	2 377.3	2 245.8	2 377.3	2 245.8
Investment assets - unit-link	6 573.0	4 232.8	6 573.0	4 232.8
Derivative financial instruments	43.0	60.2	43.0	60.2
Loans and receivables				
Loans and other receivables	3 815.5	3 473.3	3 825.3	3 480.2
Cash and cash equivalents	3 753.3	2 528.7	3 753.3	2 528.7
Total assets	**16 562.1**	**12 540.8**	**16 571.9**	**12 547.7**
LIABILITIES				
Fair value through profit and loss				
Derivative financial instruments	70.6	71.8	70.6	71.8
Investment contracts, unit-link	6 712.5	4 327.9	6 712.5	4 327.9
Loans				
Interest-bearing loans and borrowing	241.7	232.2	241.7	232.2
Deposits from the public	6 159.3	4 754.8	6 168.0	4 797.5
Total liabilities	**13 184.1**	**9 386.8**	**13 192.8**	**9 429.5**

Market-listed financial instruments are valued at the last paid price. Participations in funds are valued at the official NAV rate for each fund. Derivative instruments are valued applying generally accepted valuation models, in these cases Black & Scholes. Deposits, lending and borrowing are valued at discounted future cash flow. In cases in which the term is three months or less, it is assumed that the value corresponds to the loan's nominal value. Taking into account, however, provisions for loss risks.

Note 25. Other assets

December 31 SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Accrued interest income	88.0	114.5	-	0.1
Other accrued income	9.1	11.0	-	0.1
Prepaid expenses	26.6	44.9	0.4	1.3
Receivables pertaining to VAT	4.8	13.5	-	0.1
Receivables relating to insurance activities	193.1	306.0	-	-
Receivables relating to reinsurance contracts	380.7	263.7	-	-
Other interest-free current receivables	106.7	109.8	0.5	0.1
Other assets	5.4	12.0	-	-
Total other assets	**814.4**	**875.4**	**0.9**	**1.7**

Note 26 Share capital, earnings and dividend per share

Share capital

The share capital in Invik amounts to SEK 132.3 million. distributed among 31 577 423 shares. of which 6 990 196 are Class A shares and 24 587 227 Class B shares. The quota value of the share is SEK 5. A Class A share carries ten votes and a Class B share one vote. The shares have equal rights to participation in the company's assets and earnings. The company does not own any treasury shares.

Convertible debenture loan 2005/2011

After an issue decision at the Annual General Meeting of Invik on March 29. 2005. Kinnevik subscribed for convertible debentures amounting to SEK 235.0 million in Invik. The two loans, which carry an annual interest of 3.5 % and mature for payment on December 30. 2011 to the extent conversions has not occurred. Conversion, at a price of SEK 52, may be effected from December 1, 2006 through November 30, 2011. In accordance with the terms of one of the two convertible debenture loans the convertible holder at conversion may choose whether the shares to be received at conversion shall be Class A or Class B. At full conversion, a total of 4.519.230 shares are issued, of which a maximum of 2.148.710 Class A shares corresponding to 14.6 % of the capital and not more than of 25.4 % and not less than 6.1 % of the votes in Invik after conversion. Share capital rises by SEK 22.6 million and the share premium reserve by SEK 212.4 million at full conversion. In January 2007 all convertible debentures were converted into shares.

Options program

The Invik options program decided by the Annual General Meeting of Kinnevik on May 12. 2005 was launched in September 2005. In accordance with the proposal presented at the Kinnevik Annual General Meeting the Board of Invik decided to approve a cash bonus of a maximum of 62 % of each participant's investment after tax. A condition for payment of the cash bonus is that the participant is employed within Invik at the payment date. On May 13. 2005, Invik issued a debenture with a nominal value of SEK 100 linked to 1.390.000 warrants to the wholly owned subsidiary Invik Trading AB. The warrants were offered to participants in the program at a price corresponding to the market price calculated in accordance with the Black & Scholes model. In determining this price the value of the company's share was based on the average last paid price for the Invik B share during ten trading days in conjunction with the acquisition date. Since the warrants were conveyed at the market price. SEK 4.88 each the program does not entail any significant expenses for Invik. Each warrant carries entitlement to new subscribe for one B share in Invik during the period from and including 20 days after the Invik shares was listed until May 12. 2008. The subscription price amounts to 115 % of the B share's average last paid price on the Stockholm Stock Exchange from and including the sixth up to and including the fifteenth trading day after the share's first day of trading, which corresponds to a subscription price of SEK 76.80 per share. During 2005, participants in the options program acquired warrants corresponding to 820.000 B shares in Invik. During 2007, all outstanding warrants were exercised and corresponding amount of shares were issued.

Earnings per share	2007	2006
Average number of outstanding shares		
- before dilution	31 234 124	26 409 885
- after dilution	31 288 688	31 317 091
Shareholders' portion of net profit attributable to continuing operations, SEK million	59.0	284.8
Shareholders' portion of net profit attributable to discontinued operations, SEK million	-	74.4
Shareholders' portion of net profit including discontinued operations, SEK million	59.0	359.2
Earnings per share for continuing operations before dilution	1.89	10.78
Earnings per share for discontinued operations before dilution	-	2.83
Earnings per share including discontinued operations before dilution	1.89	13.61
Earnings per share for continuing operations after dilution	1.89	9.28
Earnings per share for discontinued operations after dilution	-	2.38
Earnings per share including discontinued operations after dilution	1.89	11.66

Dividend per share

No dividend has been proposed to the Annual General Meeting for 2008. During the fiscal year the dividend amounted to SEK 108.9 million (52.8) corresponding to SEK 4.00 (2.00) per share.

Note 27. Technical provisions

SEK million, Group	December 31. 2007 Life	Non-life	Assurans-invest	Total	December 31. 2006 Life	Non-life	Assurans-invest	Total
TECHNICAL PROVISIONS BEFORE CEDED REINSURANCE								
Unearned premiums	3.3	693.4	216.1	912.7	2.0	810.7	1.3	814.0
Provisions for life assurance	4.0	-	-	4.0	5.2	-	-	5.2
Provisions for claims incurred and reported	92.8	678.2	358.2	1 129.2	48.7	446.6	311.4	806.7
Provisions for claims incurred but not reported	161.2	103.9	12.2	277.3	106.4	255.9	15.6	377.9
Other technical provisions	-	41.3	41.1	82.3	-	26.0	0.9	26.9
Total	**261.2**	**1 516.8**	**627.6**	**2 405.6**	**162.3**	**1 539.2**	**329.2**	**2 030.7**
REINSURERS' SHARE OF TECHNICAL PROVISIONS								
Unearned premiums	2.5	-0.9	0.8	2.3	1.9	4.9	1.0	7.8
Provisions for life assurance	2.5	-	-	2.5	3.9	-	-	3.9
Provisions for claims incurred and reported	80.3	57.8	44.6	182.7	42.9	-	16.3	59.2
Provisions for claims incurred but not reported	137.9	-	-	137.9	93.3	99.5	-	192.8
Total	**223.2**	**56.8**	**45.3**	**325.3**	**142.0**	**104.4**	**17.3**	**263.7**
TECHNICAL PROVISIONS AFTER CEDED REINSURANCE								
Unearned premiums	0.8	694.3	215.3	910.4	0.1	805.8	0.3	806.2
Provisions for life assurance	1.5	-	-	1.5	1.3	-	-	1.3
Provisions for claims incurred and reported	12.4	620.4	313.7	946.6	5.8	446.6	295.1	747.5
Provisions for claims incurred but not reported	23.3	103.9	12.2	139.4	13.1	156.4	15.6	185.1
Other technical provisions		41.3	41.1	82.3	-	26.0	0.9	26.9
Total	**38.0**	**1 460.0**	**582.3**	**2 080.3**	**20.3**	**1 434.8**	**311.9**	**1 767.0**

The provision for unsettled claims has been assessed and calculated based on available information concerning individual claims and claim trends. The provision for unsettled claims includes anticipated claim payouts and adjustment costs for all claims reported and not settled as well as assessments of Incurred But Not Reported (IBNR) provisions. Calculations are based on a conservative analysis of the incurred, reported but unsettled claims and the reporting patterns for underwritten business that is the basis for IBNR claims.

Provision for unsettled claims pertaining to Assuransinvest are assessed on the basis of premium volume over the years for which the policies are signed and industry statistics covering relationships between premiums and claims outcomes. The size of the provision was confirmed by an external actuary as of December 31, 2007. Run-off of the international reinsurance portfolio is expected to require ten to fifteen years.

In the life insurance operations, provisions for unsettled claims in the group life operations are the assessed costs of incurred and reported and unreported claims. The calculation is based on actuarial assumptions and statistics. The information regarding Life stated above also includes the non-life/general insurance operations conducted in Modern Insurances Life.

Provisions for unearned premiums and residual risk involved in direct insurance excluding boat and motor insurance are based on the actual distribution of premiums earned over time (pro rata temporis). For boat and motor insurance, the provision for unearned premiums and remaining risks according to statistically calculated claims outcome (ristorno) is distributed over the year. For product insurance, the provision depends of the individual product segments assessed claims intensity during each contracts insurance period.

Description of terms and maturity for different insurance segments:	Main terms current insurance
Boat	12 months
Motor	12 months
Product	12-60 months
Consumer	12 months
Company	12 months
Group life	12 months

Note 28. Liabilities related to unit-linked insurance contracts

December 31 SEK million, Group	2007	2006
Provisions for conditional refund	16.2	21.2
Unit-link	6 696.3	4 306.7
Total investment contract	**6 712.5**	**4 327.9**

The liability corresponds to the value of the assets managed for the account of the policyholders. SEK 139.5 million of the total unit-linked insurance undertaking was uninvested at December 31, 2007.

Note 29. Interest-bearing lending and borrowing

December 31 SEK million, Group Loans and receivables	2007	2006
Repayments in 2008	3 761.1	3 307.9
Repayments in 2009	-	4,7
Repayments in 2010	19.8	-
Repayments in 2011	0.6	121.0
Repayments in 2012	0.9	0.7
Subsequent repayments	33.1	-
Total	**3 815.5**	**3 473.3**

Loans and receivables	2007	2006
EUR	564,9	517.8
SEK	741.2	884.2
CHF	6.5	111,1
JPY	45.1	-
USD	404.2	497.6
GBP	61.6	109.8
NOK	108.0	79.7
HRK	1 815.0	1 231.4
DKK	0.2	0.9
CZK	5.0	-
Other	63.8	2.0
Total	**3 815.5**	**3 473.3**

December 31 SEK million, Group Interest bearing debts and deposits/ liabilities to customer	2007	2006
Repayments in 2007	-	4 733.8
Repayments in 2008	6 215.9	4.6
Repayments in 2009	65.5	-
Repayments in 2010	71.4	20.7
Repayments in 2011	37.2	227.9
Repayments in 2012	11.0	-
Subsequent repayments	-	-
Total	**6 401.0**	**4 987.0**

Interest bearing debts and Deposits/liabilities to customer Dec. 31, 2007	Carrying amount	Year of maturity	Nominal interest rate
EUR	1033.8	2008	4.40%
SEK	987.6	2008	4.50%
SEK	237.5	2008-2012	n/a
CHF	21.5	2008	4.00%
JPY	54.0	2008	1.50%
USD	1745.6	2008	4.90%
GBP	288.5	2008	6.00%
NOK	155.5	2008	5.25%
HRK	1815.0	2008	7.80%
DKK	19.3	2008	4.15%
CZK	4.6	2008	3.60%
Other	38.1	2008	3.60%
Total	6 401.0		

Interest bearing debts and Deposits/liabilities to customer Dec. 31, 2006	Carrying amount	Year of maturity	Nominal interest rate
EUR	613.0	2007	3.60%
SEK	932.8	2007	3.00%
SEK	227.9	2011	3.50%
CHF	2.1	2007	2.50%
JPY	10.7	2007	1.00%
USD	1 681.7	2007	5.25%
GBP	156.5	2007	4.50%
NOK	104.5	2007	3.00%
HRK	1 231.4	2007	6.20%
DKK	16.1	2007	3.70%
Other	10.3	2007	n/a
Total	4 987.0		

Note 30. Pensions

Most of the Group's pension commitments are defined-contribution or defined-benefit plans that include several employers. The Group has two defined-benefit plans that include several employers in Sweden and one defined-benefit plan (in Luxembourg) that encompasses Banque Invik. For the defined-benefit plans that include several employers the information that would make it possible to report the Group's proportion of its defined-benefit commitments of plan assets and of the costs associated with the plans is not available to date. The Swedish plans are therefore reported as defined-contribution plans, which implies that premiums paid are reported as a cost. Pension costs for both the Swedish defined-benefits and defined-contribution plans are charged to earnings for the period to which they are attributable.

The liability reported in the balance sheet regarding the defined-benefit plan in Luxembourg is the present value of the defined-benefit commitment on balance sheet date minus the fair value of the plan assets adjusted for unrecognized actuarial gains/losses for service during pervious periods. The defined-benefit pension commitment is calculated annually by external insurance institutions by applying the projected unit credit method. The present value of the defined-benefit plan is established by discounting the estimated future cash flow of the present value.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumaptions exceeding the greater of 10 % of the value of the plan assets or 10 % of the defined-benefit commitment are expensed or recognized in revenue over the employees' estimated average remaining service.

Costs for service during previous periods is reported directly in the income statement

The return on plan assets is guaranteed at 4.0% on the basis of agreements with engaged insurance institutions.

The following amounts are reported in the income statement

Pension costs **SEK million, Group** Defined-benefit plan	**2007**	**2006**
Current service cost	-0.8	-1.0
Interest expense	-0.3	-0.2
Expected return on plan assets	0.2	0.2
Pension costs for defined-benefit plans	**-0.9**	**-1.0**
Pension costs for defined-contribution plans	**-28.2**	**-20.0**
Total pension costs	**-29.1**	**-21.0**

Pension costs are reported in the income statement under "Other operating expenses."

The following amounts are reported in the balance sheet

Pension obligations **December 31** **SEK million, Group**	**2007**	**2006**
Pension provisions, defined-benefit plans	1.6	1.7
Pension provisions, defined-contribution plans	18.3	0.4
Total pension obligations	**19.9**	**2.1**

Present value of funded defined-benefit pension obligations

December 31 **SEK million, Group**	**2007**	**2006**
Present value of the defined-benefit obligations	7.2	6.0
Fair value of plan assets	5.8	4.1
Net value of defined-benefit plans	1.4	1.9
Unrecognized actuarial gains/losses	0.1	-0.2
Provisions for defined-benefit plans, net	**1.5**	**1.7**

Specification of changes in defined-benefit provisions for the year

SEK million, Group	**2007**	**2006**
Pension provisions, January 1	**6.0**	**5.4**
Current service cost	0.8	1.0
Interest expense	0.3	0.2
Pensions paid	0.2	-
Actuarial gains/losses	-0.4	-0.3
Exchange-rate effects	0.3	-0.2
Pension provisions, December 31	**7.2**	**6.0**

Specification of change in fair value of plan assets for the year

SEK million, Group	2007	2006
Plan assets, January 1	**4.1**	**3.3**
Pensions paid	0.2	-
Deposits	1.1	0.1
Expected return on plan assets	0.2	-
Actuarial gains/losses	-	-
Exchange-rate effects	0.2	0.6
Assets, December 31	**5.8**	**4.1**

Specification of changes in unrecognized actuarial gains/losses for the year

SEK million, Group	2007	2006
Unrecognized gains/losses, January 1	**-0.2**	**-0.7**
Deviation expected/actual pension liability	0.3	0.3
Deviation expected/actual return on plan assets	-	0.1
Unrecognized gains/losses, December 31	**0.1**	**-0.2**

Assumptions

Discount rate	5.25%	4.25%
Expected return on plan assets	4.00%	4.00%
Expected increase in salaries	2.75%	2.75%
Increase in contribution ceiling	2.50%	2.50%

"Contribution ceiling" is the maximum income amount on which the pension provisions are calculated.

Note 31. Other liabilities

December 31 SEK million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Provisions for disputes	-	8.1	-	-
Provisions for pensions	19.9	-	10.0	-
Accrued interest expense	77.1	85.1	-	8.1
Accrued salaries, payment for vacation and other personnel-related liabilities	84.4	69.4	4.9	7.2
Other accrued expenses	81.0	70.5	1.2	1.3
Prepaid income	75.7	23.7	-	-
Liabilities to discontinued operations regarding credit balance in group account	-	406.3	-	406.3
Liabilities relating to VAT	6.5	11.0	0.4	-
Other interest-free current liabilities	157.0	439.8	-	1.3
Other liabilities	14.0	20.0	1.5	-
Total other liabilities	**515.6**	**1 133.9**	**18.0**	**424.2**

Note 32. Operations being discontinued

	Continuing operations		Discontinued operations		Total Group	
SEK million, income statement	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Revenues	1 992.2	1 907.0	-	214.7	1 992.2	2 121.7
Operating expenses	-1 922.8	-1 520.5	-	-185.8	-1 922.8	-1 706.3
Operating income	69.4	386.5	-	28.9	69.4	415.4
Financial items	10.2	-3.7	-	52.7	10.2	49.0
Profit before income tax	79.6	382.8	-	81.6	79.6	464.4
Income tax expense	-20.6	-98.0	-	-7.2	-20.6	-105.2
Profit for the year	**59.0**	**284.8**	**-**	**74.4**	**59.0**	**359.2**
SEK million, balance sheet, December 31	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Fixed assets	839.1	595.2	-	-	839.1	595.2
Loans and other receivables	3 815.5	3 473.3	-	37.2	3 815.5	3 510.5
Cash and cash equivalents	3 753.3	2 528.7	-	-	3 753.3	2 528.7
Other assets	9 868.0	7 480.3	-	373.9	9 868.0	7 854.2
Total assets	**18 275.9**	**14 077.5**	**-**	**411.1**	**18 275.9**	**14 488.6**
Shareholders' equity	**1 936.1**	**1 283.5**	**-**	**405.3**	**1 936.1**	**1 688.8**
Deposits and borrowing	6 401.0	4 987.0	-	-	6 401.0	4 987.0
Other provisions and liabilities	9 938.8	7 807.0	-	5.8	9 938.8	7 812.8
Total provisions and liabilities	**16 339.8**	**12 794.0**	**-**	**5.8**	**16 339.8**	**12 799.8**
SEK million, cash-flow statement	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Cash flow from operating activities	1 238.5	-520.8	-	-455.0	1 238.5	-975.8
Cash flow from investment activities	-73.1	-123.1	-	-591.4	-73.1	-714.5
Cash flow from financing activities	-62.8	-46.4	-	-	-62.8	-46.4
Cash flow for the year	**1 102.6**	**-690.3**	**-**	**-1 046.4**	**1 102.6**	**-1 736.7**
Cash and cash equivalents at beginning of the year	2 528.7	3 324.5	-	1 046.4	2 528.7	4 370.9
Exchange rate differences in cash and cash equivalents	122.0	-105.5	-	-	122.0	-105.5
Cash flow for the year	1 102.6	-690.3	-	-1 046.4	1 102.6	-1 736.7
Cash and cash equivalents at end of the year	**3 753.3**	**2 528.7**	**-**	**-**	**3 753.3**	**2 528.7**

The item "Discontinued operation" in the income statements and cash-flow statements for 2006 include Aktievik AB (formerly Fischer Partners Holding AB), Fischer Partners Fondkommission AB, Invik Kapitalförvaltning Holding AB and OP Financial Services AB. Invik Kapitalförvaltning Holding AB, Invik Kapitalförvaltning AB and OP Financial Services AB are included in discontinued operations in the balance sheets. The former subsidiaries Fischer Partners Fondkommission AB and Invik Kapitalförvaltning AB were divested in July 2006 and January 2006 respectively, while other operations are being discontinued and are intended to be liquidated

Note 33. Pledged assets and contingent liabilities

Group

December 31, 2007 SEK million	Investment assets – unit-link	Loans and other receivables	Other assets	Total
PLEDGED ASSETS				
Assets included in policyholders' preferential rights	8 153.9	-	-	8 153.9
Derivative contracts	-	-	77.9	77.9
Letters of credits	-	-	1.3	1.3
Total pledged assets	**8 153.9**	**-**	**79.2**	**8 233.1**
CONTINGENT LIABILITIES				
Credit facilities provided	-	2 502.7	-	2 502.7
Deposited securities	-	-	4 653.9	4 653.9
Letters of credits	-	-	1.3	1.3
Third-party guarantee	-	15.5	-	15.5
Total contingent liabilities	**-**	**2 518.2**	**4 655.2**	**7 173.4**

December 31, 2006 SEK million	Investment assets – unit-link	Loans and other receivables	Other assets	Total
PLEDGED ASSETS				
Assets included in policyholders' preferential rights	4 101.9	-	246.4	4 348.3
Total pledged assets	**4 101.9**	**-**	**246.4**	**4 348.3**
CONTINGENT LIABILITIES				
Credit facilities provided	-	2 586.5	-	2 586.5
Deposited securities	-	-	4 933.2	4 933.2
Third-party guarantee	-	16.2	-	16.2
Total contingent liabilities	**-**	**2 602.7**	**4 933.2**	**7 535.9**

Parent Company

December 31 SEK million	2007	2006
CONTINGENT LIABILITIES		
Guarantees on behalf of subsidiaries	-	-
Total contingent liabilities	-	-

Note 34. Financial risks

The Group's operations expose it to a number of financial risks. The Group's overall risk management principles to limit major financial risks encompass (i) management of risk taking through the issuance of policies and instructions (ii) matching of flows and exposure, and (iii) hedging of risks through derivatives. For cases in which hedge accounting is applied by the Group or its subsidiaries, the Parent Company's finance department shall be contacted to ensure correct management. Every operating company is governed by a set of regulations and policies designed to deal with financial risk management.

The subsidiaries have a compliance function that is responsible for the control of the operations. The overall control of financial risks in the Invik Group is maintained by the Parent Company's finance department. To ensure that the companies comply with established instructions and mandates, reporting and follow-up procedures are reviewed ongoing. Reports are presented to Invik's executive management and to the Board at its meetings.

MARKET RISKS

Market risk is the risk that changes in market prices, such as foreign exchen rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's strategy on the management of market risk is driven by the Group's investment objective. the Group's market risk is managed on a daily basis by the employees in accordance with policies and procedures in place. The Group's overall market positions are monitored on a monthly basis by the management.

FOREIGN CURRENCY RISK

Most of the Group's assets are in SEK, the exception being Banque Invik, which is reported in EUR. The Group's borrowings are mainly denominated in SEK, with the exception of Banque Invik, which is funded in EUR. For assumed international reinsurance, there is exposure in USD relating to the technical provision.

The Group's policy on handling currency risks is to attempt to match costs and revenues in the same currency to reduce such exposure. The Group's operating revenues and operating expenses arise mainly in SEK and EUR, with most of the flows in the Swedish operations in SEK. When these flows do not sufficiently limit the risks, hedging transactions, involving derivative contracts for example, are undertaken. Derivative contracts and, to some extent, investment assets in USD, have been used to hedge technical insurance provisions denominated in USD, against exchange-rate fluctuations. Currency forwards entered into with external clients have been mirrored through reverse contracts with other financial institutions.

CONCENTRATION OF FOREIGN CURRENCY RISKS

December 31 SEK million, Group	2007 Total	SEK	EUR	NOK	USD	Other currencies	2006 Total	SEK	EUR	NOK	USD	Other currencies
ASSETS												
Tangible fixed assets	28.2	11.3	16.9	-	-	-	19.6	11.0	8.6	-	-	-
Intangible fixed assets	458.9	347.3	111.6	-	-	-	436.5	341.6	95.0	-	-	-
Deferred acquisition costs, unit-linked insurance	352.4	352.4	-	-	-	-	139.1	139.1	-	-	-	-
Investments in associated companies	28.1	17.7	10.4	-	-	-	15.5	15.4	0.1	-	-	-
Deferred income tax assets	31.8	9.2	22.6	-	-	-	50.3	42.5	7.8	-	-	-
Investment securities at fair value through profit and loss	2 377.3	2 366.4	7.2	-	3.7	-	2 224.5	2 214.1	6.6	-	3.8	-
Investment assets - unit-link	6 572.8	6 572.8	-	-	-	-	4 254.0	4 254.0	-	-	-	-
Derivative financial instruments	43.0	2.5	7.6	-	25.4	7.5	60.2	0.1	6.4	0.7	47.2	5.8
Loans and other receivables	3 815.6	721.0	579.1	108.0	404.2	2 003.2	3 473.3	903.8	530.7	79.7	496.2	1 462.8
Other assets	814.5	531.1	107.8	88.1	66.4	21.0	875.8	607.8	135.8	45.2	72.7	14.4
Cash and cash equivalents	3 753.3	1 347.4	1 368.7	63.7	912.3	61.1	2 528.7	782.8	917.0	38.1	786.5	4.4
Total assets	**18 275.9**	**12 279.1**	**2 231.9**	**259.8**	**1 412.0**	**2 092.8**	**14 077.5**	**9 312.2**	**1 708.0**	**163.7**	**1 406.4**	**1 487.4**
PROVISIONS AND LIABILITIES												
Insurance contracts	2 405.6	1 782.0	35.3	222.2	231.3	134.8	2 030.7	1 981.6	-	49.1	-	-
Insurance contracts – unit-link	6 712.5	6 712.5	-	-	-	-	4 327.9	4 327.9	-	-	-	-
Interest-bearing loans and borrowing	588.2	267.1	120.4	-	3.1	197.6	232.1	227.9	4.2	-	-	-
Deposits from the public	5 812.8	984.9	886.5	155.5	1 742.5	2 043.3	4 754.9	755.3	633.9	104.5	1 680.6	1 580.2
Derivative financial instruments	70.6	31.0	7.5	-	25.3	6.9	71.8	14.1	0.5	0.4	46.5	10.3
Deferred income tax liabilities	191.0	179.8	11.2	-	-	-	210.4	199.7	10.7	-	-	-
Current income tax liabilities	43.5	5.0	38.5	-	-	-	32.3	0.4	31.9	-	-	-
Other liabilities	515.5	314.2	87.6	21.3	59.8	32.6	1 133.9	979.9	67.0	0.3	79.7	7.0
Total provisions and liabilities	**16 339.8**	**10 276.4**	**1 187.0**	**399.0**	**2 062.0**	**2 415.2**	**12 794.0**	**8 486.8**	**748.2**	**154.3**	**1 806.8**	**1 597.5**
Net translation exposure in currency	**1 935.4**	**2 002.7**	**1 044.2**	**-139.2**	**-789.2**	**-322.4**	**1 283.5**	**825.4**	**959.8**	**9.4**	**-400.4**	**-110.1**

An appreciation of 5% of the currency against the SEK affects:

profit for year by	E/T	E/T	36.5	-5.0	-27.6	11.3	E/T	E/T	0.5	-20.0	-5.5	-1.2
shareholders' equity by	E/T	E/T	36.5	-5.0	-27.6	11.3	E/T	E/T	0.5	-20.0	-5.5	-1.2

Currency forwards were signed in January 2005 to hedge currency exposure in technical reserves pertaining to Försäkringsaktiebolaget Assuransinvest MF. Since as a result the currency exposure has been eliminated, the derivative and the relevant technical reserves are reported in SEK.

INTEREST RISK

Invik's exposure to interest risk through the mismatch of fixed interest terms relating to lending/investment and to borrowing/liabilities is limited. Invik's policy is to maintain short fixed interest terms since the company believes that short fixed interest terms lead to lower interest expense over time. To limit interest risk, Invik endeavors to invest and lend at floating interest rates.

FIXED-INCOME INVESTMENTS

Issuers

December 31 SEK million, Group	2007 Financial investments	2007 Derivatives	2007 Cash and cash equivalents	2006 Financial investments	2006 Derivatives	2006 Cash and cash equivalents
Swedish Government	106.1	-	-	56.7	-	-
Swedish mortgage institutions	-	-	-	-	-	-
Other Swedish issuers						
Financial institutions	309.5	10.1	540.6	17.8	-	600.0
Non-financial institutions	-	26.1	-	-	57.3	-
Foreign governments	-	-	-	3.8	-	-
Other foreign issuers						
Financial institutions	27.6	4.8	3 212.8	-	2.9	1 928.7
Non-financial institutions	-	2.0	-	-	-	-
Total fixed-income investments	**443.2**	**43.0**	**3 753.4**	**78.3**	**60.2**	**2 528.7**

Interest-rate risks and terms

December 31, 2007 SEK million, Group	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
ASSETS					
Financial assets at fair value through profit and loss	436.3	6.9	-	-	443.2
Loans and other receivables	1 581.8	2 209.7	21.2	2.9	3 815.6
Cash and cash equivalents	3 753.3	-	-	-	3 753.3
Total interest-bearing assets	**5 771.4**	**2 216.6**	**21.2**	**2.9**	**8 012.1**
LIABILITIES					
Interest-bearing loans and borrowing	369.1	55.4	163.7	-	588.2
Deposits from the public	3 696.6	2 094.8	21.4	-	5 812.8
Total interest-bearing liabilities	**3 162.6**	**1 799.1**	**25.3**	**-**	**6 401.0**
Net interest-rate exposure	**2 608.8**	**417.5**	**-4.1**	**2.9**	**1 611.1**

December 31, 2006 SEK million, Group	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Total assets	6 342.3	845.5	124.8	4.4	7 317.0
Total liabilities	4 537.5	776.2	48.5	226.7	5 588.9
Net interest-rate exposure	1 804.8	69.4	76.3	-222.3	1 728.1

A change in interest rates of 1% affects:					
Profit for year by	0.7	-0.8	-	-0.2	-0.3
Shareholders' equity by	0.7	-0.8	-	-0.2	-0.3

Loan receivables, cash and cash equivalents, and deposits from the public are subject to interest rates that are fixed for less than three months. For loans receivables with fixed interest terms less than twelve months, the interest becomes payable at the close of the fixed-interest period. Other items are capitalized every calendar year. For financial investments in interest-bearing coupon instruments, interest matures annually, and for discount instruments, on maturity.

LIQUIDITY RISK

Prudence in Invik's liquidity risk management implies maintaining sufficient liquid funds and saleable securities, available financing through sufficient levels of agreed credit lines and the option of closing market positions. Liquidity risks in Modern insurances is deemed to be limited since premiums are received in advance and large claims pay-outs are often known in sufficient time prior to the due date.

In order to reduce the remaining liquidity risk, the company's cash flow is subject to continuous analysis. The major portion of the company's assets is invested in securities that can be traded on a secondary market at short notice without affecting pricing to any significant extent. Investments are made in listed securities with favorable liquidity, which is the reason that liquidity risks are deemed to be limited.

December 31, 2007 **The breakdown by contractual maturity of assets and liabilities**	**On demand**	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**No stated maturity**	**Group elim.**	**Total**
Assets:								
Tangible assets						28		28
Intangible assets						187	272	459
Activated acquisition expense unit-linked insurance						352		352
Investment in associates						20	8	28
Deferred income tax asset					3	28		32
Investment securities - fair value thruogh profit and loss	1 963	414						2 377
Investment assets - unit-linked						6 573		6 573
Derivative financial instruments		25	18					43
Loans and other receivables	825	737	2 210	21	3		20	3 816
Reinsurance contracts						325		325
Other assets	186	284				19		489
Cash and cash equivalents	3 750	3						3 753
Total Assets:	**6 724**	**1 463**	**2 228**	**21**	**6**	**7 532**	**300**	**18 276**
Liabilities:								
Derivative financial instruments		53	18					71
Insurance contracts		560	828	766	252			2 406
Liabilities relating to unit-linked insurance contracts	1 242	272	4 021	1 085	93			6 712
Interest bearing loans and borrowings	4	18	55	164				242
Deposit from the public	3 731	313	2 095	21				6 159
Tax liabilities			5			83	147	234
Other liabilities	165	324			10	17		516
Total Liabilities:	**5 142**	**1 540**	**7 021**	**2 036**	**355**	**100**	**147**	**16 340**

December 31, 2006 The breakdown by contractual maturity of assets and liabilities	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	No stated maturity	Group elim.	Total
Assets:								
Tangible assets						20		20
Intangible assets						155	281	437
Activated acquisition expense unit-linked insurance						139		139
Investment in associates						7	9	16
Deferred income tax asset				29			21	50
Investment securities - fair value thruogh profit and loss	1 655	570				21		2 246
Investment assets - unit-linked								4 233
Derivative financial instruments		24	36					60
Loans and other receivables	885	299	2 243	26			19	3 473
Reinsurance contracts		45	65	123	13	17		264
Other assets	208	383	21					612
Cash and cash equivalents	2 505	20	3					2 529
Total Assets:	**5 252**	**1 342**	**2 369**	**179**	**13**	**4 592**	**331**	**14 078**
Liabilities:								
Derivative financial instruments		22	49					72
Insurance contracts		435	671	538	57	329		2 031
Liabilities relating to unit-linked insurance contracts	2 509	191	503	1 043	81			4 328
Interest bearing loans and borrowings	4				228			232
Deposit from the public	2 712	218	1 799	25				4 755
Tax liabilities		1	2			97	143	243
Other liabilities	81	427	429	76		21		1 134
Total Liabilities:	**5 407**	**1 295**	**3 453**	**1 683**	**367**	**447**	**143**	**12 794**

CREDIT RISK

The Group has no major concentration of credit risk. The Group has policies and guidelines established by the Board to reduce its credit risk to individuals. Counterparties to derivative contracts, financial investments and cash transactions are restricted to financial institutions of high credit-worthiness. Netting agreements are used in order to reduce exposure towards individual counterparties. These agreements entail that in the event of counter-party default, Invik can offset positive and negative remuneration values for contracts within the framework of the netting agreements. Modern Insurances' exposure to credit risk refers primarily to reinsurers, through reinsurance receivables and through the reinsurers' portion of unsettled claims. In order to limit these risks, the company has regulations for the choice of external reinsurance companies stimulating a certain credit rating for such companies.

CREDIT RISKS AND LOAN LOSSES

Concentration of credit risks exposures

Type of exposure December 31 SEK million, Group	2007 Derivatives	2007 Loans and other receivables	2007 Cash and cash equivalents	2007 Loan commit-ments not used	2006 Derivatives	2006 Loans and other receivables	2006 Cash and cash equivalents	2006 Loan commit-ments not used
CONSUMERS								
Lending	-	664.8	-	198.4	-	617.3	-	115.2
Credit cards	-	92.1	-	393.2	-	275.6	-	2 085.5
Other credits	-	-	-	-	57.3	-	-	-
Bad debts	-	5.4	-	-	-	9.7	-	-
Provisions for loan losses	-	-5.4	-	-		-9.7		
Total, consumers	-	756.9	-	591.6	57.3	862.9	-	2 200.7
COMPANIES								
Lending	-	2 975.0	-	297.2	-	2 207.1	-	286.2
Other credits	28.1	5.7	-	7.0	-	5.7	-	27.9
Bad debts	-	-	-	-	-	-	-	-
Provisions for loan losses	-	-	-	-				
Total companies	28.1	2 980.7	-	304.2	-	2 212.8	-	314.1
FINANCIAL INSTITUTIONS								
Exposures	14.9	77.9	3 753.3	1 622.3	2.9	367.5	2 528.6	87.9
Total credit risks	**43.0**	**3 815.5**	**3 753.3**	**2 518.2**	**60.2**	**3 473.2**	**2 528.6**	**2 602.7**

Geographical distribution December 31 SEK million, Group	2007 Derivatives	2007 Loans and other receivables	2007 Cash and cash equivalents	2007 Loan commit-ments not used	2006 Derivatives	2006 Loans and other receivables	2006 Cash and cash equivalents	2006 Loan commit-ments not used
Sweden	34.3	393.6	540.6	273.4	57.3	1 018.4	600.1	477.8
Rest of Europe	8.7	2 940.4	3 205.6	2 151.5	2.9	646.7	1 846.9	2 024.4
US	-	24.1	4.9	11.9	-	2.1	78.0	12.4
Other	-	457.4	2.3	81.3	-	1 806.0	3.6	88.1
Total credit risks	**43.0**	**3 815.5**	**3 753.3**	**2 518.2**	**60.2**	**3 473.2**	**2 528.6**	**2 602.7**

Loan losses

SEK million, Group	2007
Opening balance, January 1, 2007	-10.8
Provisions for possible loan losses	-1.2
Loan losses confirmed during period	6.0
Possible loan losses reversed during period	-
Translation of items in foreign currencies and other adjustments	0.5
Effect of divested operations	-
Closing balance, December 31, 2007	**-5.6**
Effect on operating profit/loss	**1.2**

Provisions for loan losses are reported net in the balance sheet under loans and other receivables.

December 31 The carrying amount of financial asset represents the maximum credit exposure. The maximum credit exposure at the reporting date was:	2007	2006
Assets:		
Cash and cash equivalents	3 753.3	2 528.7
Investment securities - fair value through profit and loss	2 377.3	2 245.7
Investment assets - unit-linked	6 573.0	4 232.8
Derivative financial instruments	43.0	60.2
Loans and other receivables	3 815.3	3 473.3
Insurance assets	325.3	263.7
Other assets	489.1	611.7
Total Assets	**17 376.3**	**13 416.1**

INSURANCE RISKS

The two main risks in the insurance operations are underwriting risk and provision risk. The management and assessment of these risks are key to all insurance operations. The right pricing of the risk assumed when insurance policies are extended is critical to long-term profitability. To limit these risks, the Board has established policies and instructions for underwriting. Other significant tools for managing risks include analyses of outcomes per insurance segments, run-off results and the correct pricing of risks.

The operation's risk portfolio is considered to be well-balanced. Risk-taking is limited mainly to non-proportional reinsurance with low self-retention levels, which protect both according to risk and per incident. For risk life products and certain segments in the non-life business proportional reinsurance is also used as a form of pool agreement. The reinsurance panel is comprised of larger international companies with primarily A-ratings or higher.

Note 35. Transactions with related parties

A summary of Invik's revenues. expenses. receivables and liabilities with closely related parties is presented below.

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
REVENUES EXCLUDING INTEREST INCOME				
Kinnevik	0.9	0.6	-	-
Metro	0.7	1.0	-	-
Modernac	39.6	1.0	-	
MTG	3.0	7.4	-	-
Tele2	5.2	19.3	-	-
Transcom	1.6	3.2	-	-
Total revenues excluding interest income	**50.8**	**32.5**	**-**	**-**

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
EXPENSES EXCLUDING INTEREST EXPENSES				
Kinnevik	0.6	3.8	0.6	1.6
Tele2	1.9	0.9	0.3	0.6
Transcom	1.5	0.3	-	-
Metro	0.5	-	0.1	-
Modernac	67.3	-	-	-
Total expenses excluding interest expenses	**71.7**	**5.0**	**1.0**	**2.2**

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
INTEREST INCOME				
Milestone	0.8	-	-	-
MTG	-	0.1	-	-
Millicom	1.0	1.7	-	-
Kinnevik	0.8	4.2	-	-
Tele2	58.8	89.6	-	-
Total interest income	**61.5**	**95.5**	**-**	**-**

	Group		Parent Company	
SEK million	**2007**	**2006**	**2007**	**2006**
INTEREST EXPENSE				
Kinnevik	0.1	8.2	0.1	8.2
Audit Value	0.1	-	-	-
Millicom	9.7	24.8	-	-
MTG	0.1	0.6	-	-
Tele2	61.9	73.1	-	-
Total interest expense	**71.9**	**106.7**	**0.1**	**8.2**

	Group		Parent Company	
SEK million, 31 december	**2007**	**2006**	**2007**	**2006**
ACCOUNTS RECEIVABLE AND OTHER NON INTEREST-BEARING RECEIVABLES				
Kinnevik	-	0.5	-	-
Metro	-	0.7	-	-
Millicom	-	7.4	-	-
MTG	-	0.6	-	-
Tele2	-	64.7	-	-
Modernac	87.7	0.1	-	-
Total accounts receivable and other non-interest bearing receivables	**87.7**	**74.0**	**-**	**-**

	Group		Parent Company	
SEK million, 31 december	**2007**	**2006**	**2007**	**2006**
ACCOUNTS PAYABLE AND OTHER NON INTEREST-BEARING LIABILITIES				
Modernac	14.7	9.2	-	-
Kinnevik	-	8.4	-	8.4
Metro	-	0.2	-	-
Millicom	-	9.3	-	-
Tele2	-	0.1	-	0.1
Altlorenscheuerhof	-	3.6	-	-
Audit Value Inc	-	3.9	-	-
Total accounts payable and other non interest-bearing liabilities	**14.7**	**34.7**	**-**	**8.5**

	Group		Parent Company	
SEK million, 31 december	**2007**	**2006**	**2007**	**2006**
INTEREST-BEARING RECEIVABLES				
Milestone	200.7	-		
Millicom	-	20.7	-	-
Kinnevik	-	100.0	-	-
Tele2	-	1 593.1	-	-
Total interest bearing receivables	**200.7**	**1 713.8**	**-**	**-**

	Group		Parent Company	
SEK million, 31 december	**2007**	**2006**	**2007**	**2006**
INTEREST-BEARING LIABILITIES				
MTG	-	9.6	-	-
Kinnevik	-	235.0	-	235.0
Millicom	-	462.2	-	-
Tele2	-	1 617.7	-	-
Total interest bearing liabilities	**-**	**2 324.5**	**-**	**235.0**

Refer also to Note 11 Personnel for information regarding transactions with senior executives.

Invik has, during 2007 and 2006, had transactions with the following related parties

RELATED COMPANIES	CLOSE RELATION
Investment AB Kinnevik (”Kinnevik”)	Parties that were related to Invik until July 2007 own shares in Kinnevik, that provide significant influence in Kinnevik.
Metro International S.A. (”Metro”)	Parties that were related to Invik until July 2007 own shares in Metro, that provide significant influence in Metro.
Milestone ehf. (”Milestone”)	The ultimate parent company of Invik & Co. AB.
Millicom International Cellular S.A. (”Millicom”)	Parties that were related to Invik until July 2007 own shares in Millicom, that provide significant influence in Millicom.
Modern Times Group MTG AB (”MTG”)	Parties that were related to Invik until July 2007 own shares in MTG, that provide significant influence in MTG.
Modernac S.A. (“Modernac”)	An associated company to Invik & Co. AB.
Tele2 AB (”Tele2”)	Parties that were related to Invik until July 2007 own shares in Tele2, that provide significant influence in Tele2.
Transcom WorldWide S.A. (”Transcom”)	Parties that were related to Invik until July 2007 own shares in Transcom, that provide significant influence in Transcom.

All transactions with related parties were conducted at "arm's length," that is, on market terms. In acquisitions and divestments, independent valuations were the basis for negotiations about the final purchase consideration. In the case of all agreements regarding goods and services, the price was compared with the current market price from independent suppliers to ensure that all agreements were carried out on market terms.

OPERATING AGREEMENTS WITH RELATED PARTIES

- Invik rented office premises from Kinnevik in Stockholm during 2007.
- Invik sells financial and other administrative services to Kinnevik, MTG, Tele2, Metro, Transcom and Millicom.
- Invik provides insurance policies and services to Kinnevik, MTG, Metro and Transcom.
- Invik purchases telephone services from Tele2 in a number of countries in which both companies conduct operations.
- Invik purchases customer-related services from Transcom.
- Invik purchases advertising services from MTG and Metro.
- Invik sells insurance policies to Modernac.

ACQUISITION FROM AND DIVESTMENT TO RELATED PARTIES

Invik sold the shareholding in Altlorenscheuerhof S.A. to Kinnevik during 2007 for a sales price of EUR 1.1 million.

FINANCIAL LOAN TRANSACTIONS WITH RELATED PARTIES

- In March 2005, Kinnevik subscribed for convertible subordinated debentures with a nominal value of SEK 235 million in Invik. The loan, which carrieed a nominal annual interest rate of 3.5 %, could be converted to shares from December 1, 2006 through November 30, 2011 at a price of SEK 52. In January 2006 the debentures were fully converted into shares.
- After distribution of Invik, Kinnevik owes a debt to Invik that amounted at December 31, 2006 to SEK 200 million. The loan was fully repaid during 2007.

Note 36. Currency rates

Currency rates	2007	2006
SEK/EUR, year-end rate	9.4735	9.0500
SEK/EUR, average rate	9.2481	9.2549
SEK/NOK, year-end rate	1.1875	1.0945
SEK/NOK, average rate	1.1546	1.1504
SEK/USD, year-end rate	6.4675	6.8700
SEK/USD, average rate	6.7607	7.3766

Note 37. Capital adequacy

The Swedish Financial Supervisory Authority has deemed Invik to be a financial conglomerate. As a financial conglomerate, Invik will annually report the capital adequacy, internal transactions and risk concentration to the Swedish Financial Supervisory Authority. The regulations for financial conglomerate also stipulate regulations for capital adequacy requirements.

Capital adequacy	2007	2006
Capital base	1574.8	1458.8
Capital requirement	452.7	368.3
Excess capital	1122.1	1090.4
Capital adequacy ratio	3.48	3.96

Note 38. Subsequent events

SJOVA

Invik acquired all of the shares in the Icelandic insurance company Sjóvá-Almennar tryggingar hf. (Sjóvá) from Milestone on January 1, 2008. Sjóvá offers a broad range of life and non-life insurance products and is the market leader on the Icelandic market. The company has 221 employees and reported ISK 22 713 million in total revenue for 2007.

The total cost price for 100% of the shares and votes in Sjóvá was SEK 3 535.6 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated as goodwill. This allocation is subject to change should the due diligence Invik is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the Invik Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

PRELIMINARY ACQUISITION ANALYSIS SJOVA

SEK million	Invik Group
Cost price	
Purchase price of shares, 100%	3 535
Book value of equity	972
Excess of cost over book value, allocated as goodwill	**2 563**

ASKAR

Invik acquired 82.04% of the shares in the Icelandic investment bank Askar Capital hf. from Milestone on January 1, 2008. Askar offers services within asset management, capital markets, and real estate investment advice. Customers are mainly corporations, institutional investors and municipalities. Asset financing for retail customers is carried out in the subsidiary Avant ehf. The company has 95 employees and reported ISK 2 274 million in total revenue for 2007.

The total cost price for 82.04% of the shares and votes in Askar was SEK 1 698.0 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated as goodwill. This allocation is subject to change should the due diligence Invik is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the Invik Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

PRELIMINARY ACQUISITION ANALYSIS ASKAR

SEK million	Invik Group
Cost price	
Purchase price of shares, 82%	1 698
Book value of equity	1 094
Share of equity excl. Minority intrests (82,04%)	897
Excess of cost over book value, allocated as goodwill	**801**

The below table presents the assets and liabilities of Sjóvá and Askar as per the acquisition date.

CONSOLIDATED BALANCE SHEET AS AT JANUARY 1, 2008

SEK million	Sjóvá	Askar
Assets:		
Cash and cash equivalents	853	250
Securities	1 705	238
Investments in associates companies	910	174
Derivatives	61	29
Trade and other receivables	890	506
Loans	258	1 871
Reinsurance assets	101	0
Investment property	4 943	78
Operating assets	273	15
Intangible assets	220	366
Deferred tax asset	28	20
Total assets	**10 241**	**3 547**
Equity:		
Share capital	54	60
Other reserves	13	1 122
Retained earnings	905	(88)
Total equity attributable to equity holders of the parent	**972**	**1 094**
Minority interest	131	0
Total equity	**1 103**	**1 094**
Liabilities:		
Derivatives	65	42
Trade and other payables	1 945	382
Technical provision	2 422	0
Technical provision for life-assurance policies	331	0
Borrowings	4 244	2 028
Deferred income tax liability	129	1
Total liability	**9 137**	**2 454**
Total equity and liabilities	**10 241**	**3 547**

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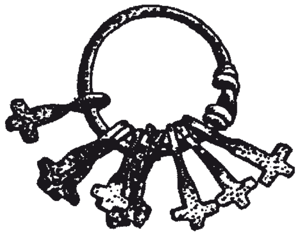


Thor's hammers made of iron from Innvik in Nordfjord, Norway. The Viking age*

CONNECTIONS...

Thor, the god of thunder, protected mankind from violence and the 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, but it is also the name of a particular arctic town in the Northwest Territories.

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. The Sanskrit word vis derives from the same root meaning home or dwelling. The word is also related to the Latin vicus, meaning a neighborhood or town quarter, and from this Latin origin derives English words such as the word vicinity. In Old Norse vik refers to dwellings along a creek, bay or inlet, and the people who lived in these became known as Vikingar or Vikings. The word was also used in Old English or Anglo-Saxon as wic or wik originally meaning camp, but later becoming the word for town.

It appears in Dutch in a similar way as wijk meaning neighborhood in a town. The widespread use of vik (also spelled wick, wijk and wich) can be seen in many town names that have one of these forms of vik as a suffi x; Anvik, Noorvik (Alaska); Inuvik, Aklavik (Canada); Gactwick, Norwich (England); Rikswijk, Waalwijk (Netherlands); Vikevik, Narvik (Norway); Prestwick (Scotland); Studsvik, Valvik (Sweden).

*Bergens University Museum

MODERNA

INTERIM REPORT

1 JANUARY – 30 JUNE 2008

INTERIM REPORT | 1 JANUARY – 30 JUNE 2008

FINANCIAL RESULTS FOR THE FIRST SIX MONTHS 2008:

- Total revenues, excluding interest in associated companies and investment income, amounted to SEK 1,829 million (pro forma 2007: 1,739), corresponding to an increase of 5%. Including the result in associated companies and the investment income the total revenues amounted to SEK 707 million (1,111).
- Profit after tax amounted to SEK -543 million (156), on pro forma basis the profit decreased by SEK 1,403 million from SEK 860 million.
- Profit per share before dilution amounted to SEK -16.15 (5.05).
- The Group's total assets amounted to SEK 33,173 million (18,276) and the equity attributable to the parent company shareholders amounted to SEK 4,207 million (1,936).

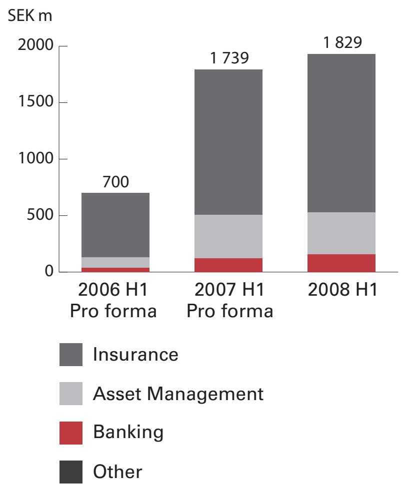
HIGHLIGHTS DURING THE FIRST SIX MONTHS 2008:

- The insurance premium for the Group amounted to SEK 1,250 million (673), corresponding to an increase of 86%. On pro forma basis the increase of premiums was 1%.
- The total revenues for the Banking business amounted to SEK 152 million (90), corresponding to an increase of 69%. On pro forma basis the increase in revenues was 13%.
- The total assets under management within the MODERNA Group decreased to SEK 25.4 billion from SEK 32.7 billion, pro forma corresponding to a decrease of 22% since year end 2007.
- MODERNA increased its equity interest in D. Carnegie & Co. AB ("Carnegie") to 17.6% on March 10, 2008. The CEO of MODERNA Anders Fällman was re-elected as chairman of Carnegie on April 7, 2008.
- In April 2008 the indirect ownership of the shares in Icelandair and certain real estate and private equity projects held as investment assets within the insurance segment were divested. The sale of these investments did not result in any significant capital gain or loss for the group.
- On June 4 the parent company of the group changed name from Invik & Co. AB to Moderna Finance AB and the new name of the group is MODERNA.

FINANCIAL RESULTS FOR THE SECOND QUARTER 2008:

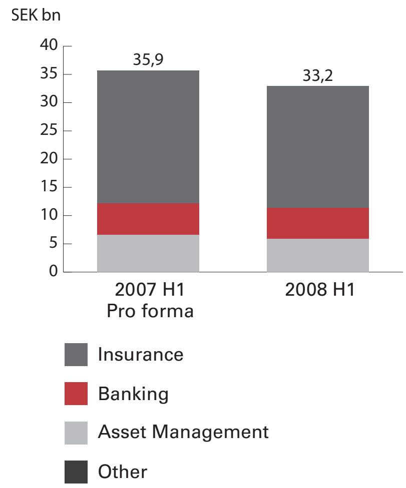
- Total revenues, excluding interest in associated companies and investment income, amounted to SEK 758 (529) million. Total revenues, including interest in associated companies and investment income, amounted to SEK -172 million (597), the decrease was due to decreases in the value of securities and losses in associated companies.
- Profit after tax amounted to SEK -1,677 million (74), on pro forma basis the profit decreased from SEK 352 million.
- Profit per share amounted to SEK -53.11 (2.34).

Revenue by Business Segment*



* Excl: Income from associated companies and investment income.

Total assets by Business Segment



ACQUISITION OF SJÓVÀ AND ASKAR

- MODERNA acquired the insurance company Sjova and the investment bank Askar Capital, on January 1, 2008. The figures in this report are for the comparative periods presented excluding Sjova and Askar unless specifically stated to be pro forma figures. The pro forma figures presented in this report has not been audited by auditors of MODERNA.
- The acquisition price of ISK 54 billion for Sjova and Askar was determined following an independent valuation made by external valuation firm. The purchase price was paid by issuance of a loan note in ISK on January 1, 2008. On March 31, 2008 the loan note was settled in full through an unconditioned shareholder contribution of SEK 4.1 billion to MODERNA.
- During the second quarter of 2008 impairment tests were performed on the book value of the shares in Askar and the shares in Carnegie. The impairment tests resulted in a write down of the book value of Askar of SEK 389 million and of the book value of the shares in Carnegie by SEK 450 million.

COMMENTS FROM THE PRESIDENT AND CEO:

"The work on creating a Nordic financial service group started in January 2008 through the acquisition of the Icelandic insurance company Sjova and the investment bank Askar, together with their investments and associated companies. During the second quarter the work on streamlining the acquired businesses has been in focus. A number of investments have been divested from MODERNA to Milestone, such as the ownership in Icelandair and the Icelandic petrol station company N1. The group changed its name from Invik to MODERNA in June to reflect the new composition of the group as a Nordic financial service group. The development of our insurance business was positive during the first six months with gross insurance premiums increasing by 10% on pro forma and fixed exchange rate basis. The geographical expansion in the Nordic area continued at the end of the period through the recruitment of employees to the Norwegian branch of Modern Insurances. The second quarter was challenging for the financial sector and we were negatively affected by the securities market in the Nordic region and our investment assets, decreased in value. As a consequence of the negative development in the securities market we are adopting our subsidiaries' investment profiles to the new market conditions and we are implementing cost saving activities in the entities most affected by the reduced activities in the securities markets. During the remainder of the year we are focusing on activities that will drive our future growth and implementing cost cutting measures to improve our profitability", commented Anders Fällman, President and CEO Moderna Finance AB.

About MODERNA Group

MODERNA is a Nordic financial group operating within the fields of insurance, banking and asset management. MODERNA operates its business in the Nordic region and the Benelux countries through well known local brands with its head office in Stockholm. The diversified business model of MODERNA offers a strong niche product range.

MODERNA runs insurance operations in the Nordic countries and within certain product areas in Eastern Europe predominantly marketed under the brands of Modern Insurances Non-life and Life and Sjóvá Non-life and Life. MODERNA employs over 464 insurance professionals and total assets within the Insurance segment amounted to SEK 21.7 billion at the end of the period.

MODERNA has asset management operations in the Nordic countries, the Benelux countries as well as several niche markets around the world. MODERNA markets its asset management operations through the brands of Aktie-Ansvar, Banque Invik Wealth Management and Askar Capital. MODERNA has over SEK 25.4 billion in assets under management and has 104 employees in the asset management operations.

MODERNA has banking operations in Sweden, Iceland and Luxembourg primarily marketed under the brands of Banque Invik and Avant. MODERNA's banking operations are carried out by 104 professionals and include Corporate banking, card operations as well as asset financing.

MODERNA has in addition to the financial operations certain holdings in e.g. Carnegie and pharmacies in Eastern Europe that together are classified as the segment Other Holdings.

MODERNA is a financial conglomerate and as such regulated by the Swedish FSA and by Financial Supervisory Authorities in its respective markets.

Financial development during the first six months

REVENUES

On a pro forma basis the total revenues, excluding income from associated companies and investment income, increased by 5%. The total revenues, including income from associated companies and investment income, for the group decreased by 74% during the first six months compared to the same period last year. The decrease in total revenues during the period is primarily due to negative investment income and negative results in associated companies. The exposure on the securities markets in the insurance operations of the group has lead to a negative investment income during the period. The negative result from associated companies is primarily due to investments made by the Icelandic insurance operations as a part of their asset management of assets covering the technical provisions and a write-down of the value of the shares in Carnegie. The net insurance premiums increased by 2% as compared to corresponding period last year on pro forma basis. The fee and commission income fell by 17% as compared to the first six months 2007 on pro forma basis due to lower performance fees and less activity in asset management operations. The operating interest income has increased by 63% on pro forma basis due to reduced equity exposure and increased cash deposits in the insurance operations, increased car leasing operations; higher interest rates in the countries were the group has activities and the depreciation of the Icelandic Krona primarily against EUR, CHF and JPY.

EXPENSES

The total expenses for MODERNA increased during the first six months due to the purchase of the insurance company Sjova and the investment bank Askar Capital which were not part of the group during the last year. On pro forma basis the total expenses increased by 65% compared to same period last year. The increase in operating interest expenses compared to pro forma figures is primarily due to increased portfolio in our car leasing business, increase of certain of the banking business of Askar Capital and higher funding costs for the group. The insurance claims on a pro forma basis improved slightly compared to same period previous year on pro forma basis and no major claims were incurred during the reporting period. The fee and commission expenses decreased compared to the first quarter 2007 on pro forma basis as a consequence of lower fee and commission income. Other operating expenses increased as a result of the ongoing projects to grow the existing business which has lead to an increase in number of employees and higher salary costs. In addition provisions have been made for loan assets during the first six months of the year which has lead to increased amortizations, depreciations and write-downs compared to the corresponding period previous year on pro forma basis. The impairment of Carnegie shares and goodwill in Asker Capital totalling SEK 839 million is also recorded in this costline. A cost cutting program has been initiated in the areas of the group were the decrease in the securities markets and the lower turnover on the securities markets has had the most negative impact.

FINANCIAL EXPENSES

In the financial expenses the interest income on the parent company's interest bearing assets has increased by SEK 32 million due to increased short term lending to related parties of the parent company as compared to last year. The financial interest expenses in the business segments increased by 40% related to the insurance segment and from SEK 6 million to SEK 87 million related to the asset management segment. All interest income and expenses in the banking segment is deemed to be related to the operating activities. During the first six months the group had foreign exchange gains of SEK 1,954 million primarily as a result of the depreciation of the Icelandic Krona against the Euro and the Swedish Krona. Of the foreign exchange gain SEK 1,460 million were derived from the ISK denominated liabilities related to the purchase price of Askar and Sjova that was settled at the end of the first quarter thereby substantially reducing the foreign exchange exposure.

NET RESULT FOR THE PERIOD

The net result during the first six months for MODERNA was SEK -543. The net result for the same period 2007 was 860 million on pro forma basis. The minority's share of the loss was SEK 33 (pro forma -4) million and primarily derived from the minority interest in Askar Capital as well as certain of the investment assets held by Sjova. Out of the total decrease in net result amounting to SEK -1.430 million, 2,055 million derives from decreased investment income and net income from associates. Higher net financial interest expense has impacted the result negatively by SEK 167 million, whereas changes in foreign exchange gains have contributed with 1,921 million. The income tax cost was SEK 374 million as compared to SEK 235 million on pro forma basis previous year. The write down of SEK 839 million on the Askar Capital and Carnegie shares were not tax deductible costs and the income from associated companies are net of tax.

Earnings per share amounted to SEK -16.15 (SEK 5.05). The number of shares outstanding as per end of the first six months was 31,577,423 of which 6,990,196 were Class A shares and 24,587,227 were Class B shares. The total numbers of votes for the issued shares were 94,489,187.

BALANCE SHEET

MODERNA's total consolidated assets amounted to SEK 33,173 million (pro forma 35,929) at the end of the first six months. The decrease of the total assets against the pro forma figures is primarily a result of the depreciation of the Icelandic Krona against Swedish Krona and Euro, divestment of certain of the investments held by Sjova and write-down of Carnegie shares and goodwill allocated to Askar Capital. The equity of the Group amounted to SEK 4,367 million (1,936) which increased as a part of the shareholder contribution of the liabilities of the purchase price of Sjova and Askar at end of the first quarter 2008.

In addition to the investments in the operating businesses the Group has investments both directly and indirectly in assets such as real estate, bonds, listed securities and private equity investments in operating companies. These non-operating investments are made in the Insurance segment as part of the management of the technical provisions and in the Asset Management segment as products offered to asset management customers. In the segment Other Holdings the major assets are the shareholding in Carnegie and an associated company which has 200 pharmacies in Eastern Europe.

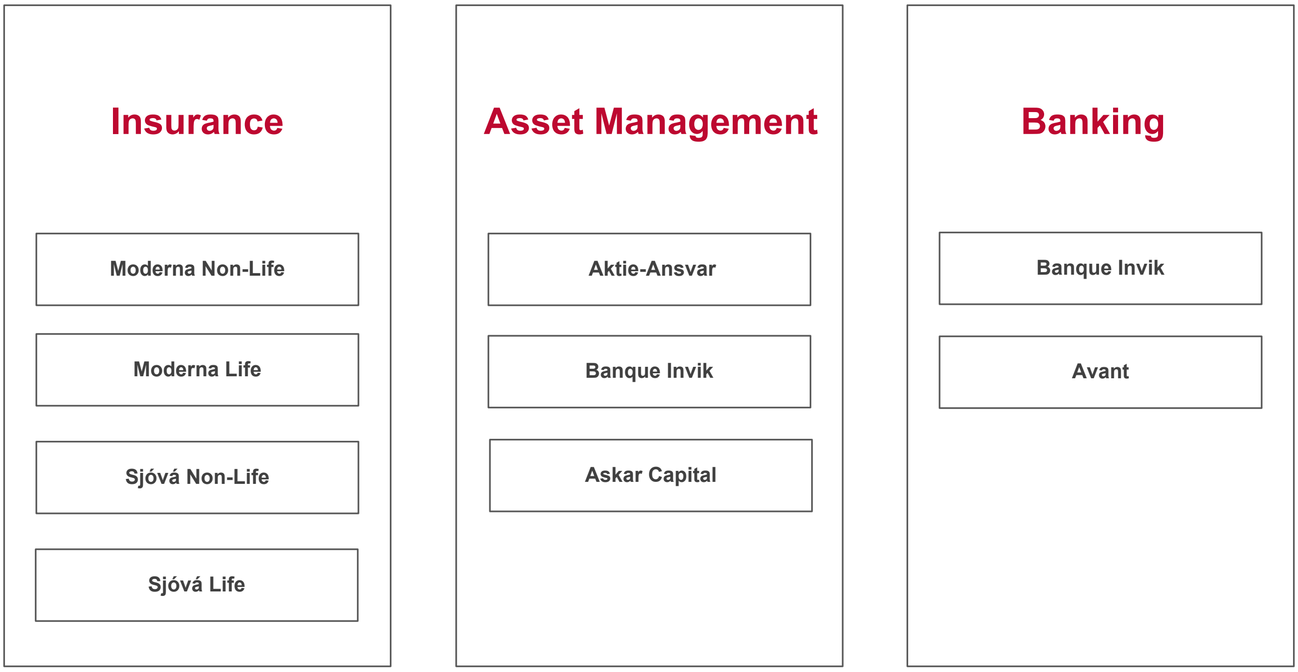
The total interest bearing liabilities amounted to SEK 8,543 million (pro forma SEK 6,514 million at year end 2007). Of the interest bearing liabilities SEK 3,757 million (pro forma SEK 3,733 million at year end) were attributable to liabilities for real estate investments. The group has short term liabilities amounting to SEK 3.5 billion that have maturities during 2008. The Group is a financial conglomerate with a capital adequacy requirement set by the Swedish Finance Supervisory Authority. The total solvency requirements for the Group amounted at June 30, 2008 to SEK 963 million and the solvency capital of the Group amounted to SEK 1,696 million, representing a surplus of 76% compared to the regulatory minimum.

CASH FLOWS

Most of the Group's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, the Group's working capital fluctuates considerably between periods. During the first six months of 2008, the working capital increased by SEK 2,527 million (decreased 359). Cash flow from operating activities was SEK -1,844 million (619).

Business segments

The MODERNA Group comprises three operational business segments: Insurance, Banking and Asset Management. The business segment Insurance consists of Modern Insurances Non-life, Life and Run-off and Sjova Non-life and Life. The business segment Banking consists of Banque Invik and the car leasing business of Avant. The business segment Asset Management consists of Aktie-Ansvar funds, Banque Invik Wealth Management and Askar Capital. In addition there are certain other assets held in the segment Other Holdings which primarily includes the shareholding in Carnegie, the parent company Moderna Finance AB, retail pharmacy investments in Eastern Europe.



INSURANCE SEGMENT

Income Statement

SEK million	Non-life H1 2008	Non-life Pro forma (unaudited) H1 2007	Life H1 2008	Life Pro forma (unaudited) H1 2007	Run-off H1 2008	Run-off Pro forma (unaudited) H1 2007	Total H1 2008	Total Pro forma (unaudited) H1 2007
Insurance premium	984	941	178	176	89	119	1 252	1 235
Reinsurers share of insurance premium	-87	-103	-121	-109	0	0	-209	-213
Investment income	-430	797	5	25	-24	34	-449	856
Net income from associates	-744	50	-9	3	1	0	-753	53
Fee and commission income	28	18	73	56	0	1	101	74
Interest income	71	8	2	1	10	8	83	17
Other revenue	176	164	3	8	0	0	179	171
Total revenues	**-2**	**1 874**	**130**	**158**	**77**	**162**	**204**	**2 193**
Insurance claims	-717	-676	-113	-99	-90	-145	-920	-920
Reinsurers share of insurance claims	35	33	84	72	0	-5	119	100
Fee and commission expense	-22	-25	-33	-22	2	2	-54	-44
Operating interest expenses	-43	0	0	-2	0	0	-43	-2
Amortization, depreciations and write-downs	-126	-58	-24	-30	0	0	-150	-88
Other operating expenses	-258	-262	-44	-46	-12	-24	-313	-331
Total expenses	**-1 132**	**-987**	**-130**	**-127**	**-100**	**-172**	**-1 361**	**-1 285**
Profit before financial items	**-1 134**	**887**	**0**	**31**	**-23**	**-10**	**-1 156**	**908**
Interest income	86	140	7	7	0	0	93	147
Interest expenses	-162	-118	-4	-1	0	0	-166	-119
Net foreign exchange gain/loss	552	6	0	0	0	0	552	6
Total financial items	**476**	**28**	**3**	**7**	**0**	**0**	**479**	**34**
Profit before income tax	**-658**	**-915**	**3**	**38**	**-23**	**-10**	**-678**	**943**
Income tax and deferred tax	23	-195	-4	-9	7	2	26	-202
Profit for the period	**-634**	**720**	**-1**	**29**	**-17**	**-8**	**-652**	**741**

Balance sheet

SEK million	Non-life June 30, 2008	Non-life Pro forma (unaudited) Dec. 31, 2007	Life June 30, 2008	Life Pro forma (unaudited) Dec. 31, 2007	Run-off June 30, 2008	Run-off Pro forma (unaudited) Dec. 31, 2007	Total* June 30, 2008	Total* Pro forma (unaudited) Dec. 31, 2007
Total assets	12 120	14 264	8 826	8 644	709	759	21 396	23 585
Total equity	2 752	3 753	645	790	-22	11	3 375	4 553
Total liabilities	9 368	10 511	8 181	7 855	732	748	18 021	19 032

* Total figure includes eliminations of SEK 260 (82) million in total assets and liabilities

Key ratios

	Sjova Non-life H1 2008	Sjova Non-life H1 2007	Modern Insurances Non-life H1 2008	Modern Insurances Non-life H1 2007	Total Non-life H1 2008	Total Non-life H1 2007
Cost ratios - gross	20.4%	20.9%	22.0%	23.6%	21.3%	22.1%
Cost ratios - net	21.1%	22.8%	22.8%	25.2%	22.1%	24.9%
Claims ratio - gross	78.1%	83.4%	73.7%	64.7%	75.7%	74.8%
Claims ratio - net	83.0%	88.6%	76.0%	68.8%	79.2%	78.8%
Combined ratios - gross	98.4%	104.3%	95.7%	88.3%	96.9%	97.0%
Combined ratios - net	**104.1%**	**111.4%**	**98.9%**	**94.0%**	**101.2%**	**103.7%**
Retention ratio	92.5%	91.5%	90.0%	86.1%	91.1%	89.0%
Claims reserve ratio - gross	363.4%	290.9%	116.2%	83.0%	200.7%	183.2%

NON-LIFE INSURANCE OPERATIONS

The operational development for the Insurance segment was strong during the first six months with improving key ratios for the non-life insurance operations and an increased in gross premiums 5% compared to corresponding period last year on pro forma basis. Adjusting for the negative translation effect on premiums earned in our Sjova caused by the depreciation of ISK against SEK, total growth in premiums amounted to 10% in Non-life on a pro forma and fixed exchange rate basis. The claims ratio improved in the Icelandic non-life insurance operations and the gross combined ratio for the Insurance non-life operations was 97% (97%). The premiums written in Moderna Insurances increased by 14% during the first six months. The increased premium has led to a reduction in the cost ratio due to economies of scale but at the same time a high claims ratio due to the establishment of new non-life business products which has a higher claims ratio such as car inurance and also a higher portion of product insurance business compared to previous periods. During the year a number of initiatives have taken place to enhance our future growth that has incurred operating expenses affecting the comparability between the periods. Adjusting for these costs of SEK 7.5 million the gross combined ratio for Modern Insurances amounted to 94% during the period. The expansion into Norway was initiated through the establishment of a branch of Modern Insurances and the recruitment of the insurance team that will build up the operations in Oslo, Norway. The insurance operation in Norway is expected to be operational from year end 2008. In June the Swedish insurance operations made an expansion into the commercial fleet motor insurance segment through a recruitment of a team of specialist employees which will build up the new business. The net income from securities was negative as a result of the deteriorating financial markets during the first six months. Further the income from associated companies to the insurance business amounted to SEK -744 (50) million which primarily consists of participation in associated companies owning listed securities that have decreased in value. During the first six months foreign exchange results on derivative contracts has been positive and amounted to SEK 552 million.

LIFE INSURANCE OPERATIONS

The majority of the life insurance operation is sales of unit-linked insurance in Sweden. As the unit-linked operation is in a build up phase the operation is loss making. An embedded value calculation on the Swedish insurance business is presented as a note to these financial statements. Due to the negative development on the financial markets in 2008 the value of Embedded Value fell from SEK 993 million to SEK 925 million at the end of the period. The value of new business amounted to SEK 58 (117) million during the first six months. Total annual premium equivalent ("APE"), calculated as all recurring premium contracts and 10% of single premiums, amounted to 385 (606) million and value new business ("VNB") margin fell to 15% (19%).

RUN OFF INSURANCE OPERATIONS

The run-off operation includes discontinued product areas of the Swedish insurance operations. The premiums in this segment are expected to be discontinued within a five year period. The technical result for the run-off operations was slightly negative but no major claims were recorded during the period.

BANKING SEGMENT

Income Statement

SEK million	H1 2008	Pro forma (unaudited) H1 2007
Net income from associates	-7	10
Fee and commission income	77	73
Interest income	81	51
Other revenue	1	0
Total revenues	**152**	**134**
Fee and commission expense	-2	-2
Operating Interest expenses	-89	-38
Amortization, depreciations and write-downs	-8	-6
Other operating expenses	-68	-62
Total expenses	**-166**	**-108**
Profit before financial items	**-14**	**26**
Net foreign exchange gain/loss	15	1
Total financial items	**15**	**1**
Profit before income tax	**1**	**27**
Income tax and deferred tax	-3	-5
Profit for the period	**-2**	**22**

Balance sheet

SEK million	June 30 2008	Pro forma (unaudited) Dec. 31, 2007
Total assets	5 406	5 459
Total equity	364	499
Total liabilities	5 042	4 959

The financial development for the Banking business was positive with an increase of total revenues of 13% compared to the first six months 2007 on pro forma basis. The slowdown in the Icelandic economy has lead to an increased provision for possible loan losses on the car leasing portfolio which negatively affects the profitability. The depreciation of the Icelandic Krona during the year has had a positive effect on the interest income since a majority of the car leasing portfolio is denominated in foreign currencies. At the same time the currency depreciation has lead to reduced credit quality in the portfolio. The car leasing portfolio had gross lending of SEK 1.7 billion at the end of the period. The profitability of the banking segment was negatively affected by a write down of the goodwill in the Banking segment that was allocated to the car leasing business in Avant. During the period MODERNA performed an impairment test of Askar Capital Group which supported the value of goodwill on Avant. The focus on the Banking business is furthering the development of the credit card activities with new geographical areas and innovative card solutions.

ASSET MANAGEMENT SEGMENT

Income Statement

SEK million	H1 2008	Pro forma (unaudited) H1 2007
Investment income	33	14
Net income from associates	25	0
Fee and commission income	140	242
Interest income	226	143
Other revenue	3	0
Total revenues	**427**	**399**
Fee and commission expense	-36	-56
Operating Interest expenses	-203	-113
Amortization, depreciations and write-downs	-393	-1
Other operating expenses	-120	-102
Total expenses	**-752**	**-271**
Profit before financial items	**-325**	**127**
Interest expenses	-87	-6
Net foreign exchange gain/loss	-58	-4
Total financial items	**-144**	**-10**
Profit before income tax	**-469**	**117**
Income tax and deferred tax	-2	-28
Profit for the period	**-471**	**89**

Balance sheet

SEK million	June 30 2008	Pro forma (unaudited) Dec. 31, 2007
Total assets	5 455	6 597
Total equity	1 116	1 959
Total liabilities	4 339	4 638

The development of the Asset Management operations was effected by the decrease in the Nordic Stock exchange indexes with the total value of assets under management amount to SEK 25.4 billion, a reduction of 22% from the SEK 32.7 billion as at year end 2007. The assets under management were split accordingly at the end of the period: The fund management company Aktie-Ansvar SEK 13.5 billion, Banque Invik 8.8 billion and Askar Capital 3.2 billion. The revenues for the Asset Management operations increased by 7% compared to the first six months 2007 on a pro forma basis. The fee and commission income decreased due to decreased assets under management, reduced trading activities in securities and lower retrocession fees on managed portfolios. The interest income increased due to increased lending volumes in the Askar Capital trading department and increased interest margin on deposits made by Banque Invik. The impairment test on Askar Capital during the period lead to a write down of goodwill allocated to Askar Capital of SEK 389 million.

OTHER HOLDINGS AND PARENT COMPANY

In the segment Other Holdings the participation in retail pharmacy investments in Eastern Europe and the participation in Carnegie are presented. The Parent Company's loss before financial expenses during the first six months amounted to SEK 25 million (loss: 18). The Parent Company's profit after tax amounted to SEK 762 million (168). During the period a write down of the book value of the participation in Carnegie was made which negatively affected profit after tax by SEK 450 million. Profits included foreign exchange gain of SEK 1,458 million arising from the purchase of Sjova and Askar by a loan note denominated in Icelandic Krona on January 1, 2008. The loan note was given as an unconditioned shareholder contribution to MODERNA at the end of the first quarter. The Parent Company has issued short term bills during the first six months of nominal value ISK 2 510 million (SEK 187 million) that were sold to institutional investors.

Financial statement

Consolidated Income Statement

SEK million	Notes	1 Jan. - 30 June 2008	1 Jan. - 30 June 2007	1 Jan. - 30 June Pro forma (unaudited) 2007	1 Apr. - 30 June 2008	1 Apr. - 30 June 2007	1 Apr. - 30 June Pro forma (unaudited) 2007	1 Jan. - 31 Dec. 2007	1 Jan. - 31 Dec. Pro forma (unaudited) 2007
Insurance premium	5	1 250	673	1 234	646	394	684	1 390	2 528
Reinsurers share of insurance premium	5	-209	-159	-213	-105	-96	-128	-293	-406
Investment income	4	-416	143	870	-466	67	262	3	825
Net income from associates	16	-706	13	63	-119	1	55	9	-304
Fee and commission		299	301	362	150	160	190	567	677
Operating interest income		311	141	190	33	72	116	313	723
Sale of goods and services		-	-	-	-	-	-	-	267
Other revenue	6	178	-	165	34	-	133	14	209
Total revenues		**707**	**1 111**	**2 671**	**172**	**597**	**1 312**	**2 003**	**4 520**
Insurance claims	7	-920	-486	-920	-456	-274	-504	-1 075	-1 952
Reinsurers share of insurance claims	7	119	95	100	44	53	63	168	190
Fee and commission expenses		-80	-78	-86	-46	-41	-46	-152	-166
Operating interest expenses		-286	-115	-119	-145	-59	-48	-248	-70
Depreciation, amortization, write-downs	15	-1 001	-47	-95	-967	-26	-73	-84	-335
Other operating expenses	8, 9	-512	-271	-506	-250	-152	-292	-533	-1 064
Cost of goods sold		-	-	-	-	-	-	-	-149
Total expenses		**-2 679**	**-901**	**-1 626**	**-1 821**	**-499**	**-900**	**-1 923**	**-3 430**
Profit before financial items		**-1 972**	**210**	**1 046**	**-1 648**	**98**	**413**	**80**	**974**
Interest income		105	7	145	97	4	105	-	0
Interest expenses		-255	-	-128	-137	-	-75	-	-601
Net foreign exchange gain (loss)		1 954	-	33	-67	-	14	-	-27
Total financial expenses		**1 804**	**7**	**50**	**-107**	**5**	**44**	**-**	**-627**
Profit before income tax		**-169**	**217**	**1 095**	**-1 755**	**103**	**457**	**80**	**347**
Income tax and deferred tax		-374	-61	-235	78	-30	-105	-21	-29
Profit for the period		**-543**	**156**	**860**	**-1 677**	**74**	**352**	**59**	**317**
Attributable to the minority		33	0	-4	33	-	-3	-	-13
Attributable to shareholders of the parent company		**-510**	**156**	**856**	**-1 644**	**74**	**349**	**59**	**304**
Earnings per share, SEK		-16.15	5.05	-	-53.11	2.34	-	1.89	-
Earnings per share after dilution, SEK		-16.15	5.04	-	-53.11	2.34	-	1.89	-
Number of shares		31 577 423	31 577 423	-	31 577 423	31 577 423	-	31 577 423	-
Number of shares after dilution		31 577 423	31 686 552	-	31 577 423	31 686 552	-	31 577 423	-
Average number of shares		31 577 423	30 890 824	-	31 577 423	31 465 308	-	31 236 945	-
Average number of shares after dilution		31 577 423	30 999 953	-	31 577 423	31 574 437	-	31 236 945	-

Consolidated Balance Sheet

SEK million	Notes	30 June 2008	31 Dec. 2007	Pro forma (unaudited) 31 Dec 2007
Assets				
Cash and cash equivalents		3 368	3 753	4 829
Securities	10	3 146	2 378	3 989
Derivatives	11	151	43	90
Trade and other receivables	12	1 528	485	2 175
Loans	13	7 944	3 816	5 944
Securities - unit link		7 141	6 573	6 904
Reinsurance assets	19	507	325	426
Investment and Development property	14	4 560	-	5 021
Investments in associates	16	1 648	28	1 197
Operating assets		74	28	316
Intangible assets	17	2 608	459	4 601
DAC - investment contracts		403	352	352
Income and deferred tax assets		94	36	84
Total assets		**33 173**	**18 276**	**35 929**
Equity				
Share capital		158	158	158
Other reserves		3 985	1 204	5 466
Retained earnings		64	574	1 882
Total equity attributable to equity holders of the parent		**4 207**	**1 936**	**7 505**
Minority interest		160	-	328
Total equity		**4 367**	**1 936**	**7 833**
Liabilities				
Derivatives	11	347	71	178
Trade and other payables	18, 16	1 576	516	2 998
Insurance contracts	19	4 490	2 406	4 828
Insurance contracts - unit link		7 238	6 712	7 044
Deposits from the customers	21	5 837	6 159	6 159
Borrowings related to investment properties	20	3 757	-	3 733
Other borrowings	22	4 645	242	2 714
Subordinated loans	23	141	-	67
Current and deferred income tax liability		775	234	375
Total liabilities		**28 806**	**16 340**	**28 096**
Total equity and liabilities		**33 173**	**18 276**	**35 929**

Income Statement of Parent company

	1 Jan. -30 June		1 Apr. - 30 June	
SEK million	**2008**	**2007**	**2008**	**2007**
Operating expenses	-25	-18	-18	-16
Total expenses	**-25**	**-18**	**-18**	**-16**
Profit before financial items	**-25**	**-18**	**-18**	**-16**
Dividends from subsidiaries	118	181	118	181
Impairment of subsidiaries	-389	-	-389	-
Interest income	39	7	26	4
Interest expenses	-36	-7	-24	-4
Net foreign exchange gain (loss)	1 458	-	-2	-
Total financial items	**1 190**	**181**	**-271**	**181**
Profit before income tax	**1 165**	**163**	**-289**	**166**
Income tax and deferred tax	-403	5	4	6
Profit for the period	**762**	**168**	**-285**	**171**

Balance sheet of Parent company

SEK million	30 June 2008	31 Dec 2007
Assets:		
Cash and cash equivalents	-	17
Shares in subsidiaries	6 968	1 532
Trade, receivables and other assets	23	119
Loans	1 730	519
Operating assets	2	0
Deferred tax assets	4	4
Total assets	**8 726**	**2 190**
Equity:		
Share capital	158	158
Other reserves	4 374	265
Retained earnings	1 217	1 057
Net profit for the year	762	159
Total equity	**6 511**	**1 640**
Liabilities:		
Trade and other payables	300	86
Other borrowings	1 511	464
Current tax liability	404	0
Total liabilities	**2 215**	**550**
Total equity and liabilities	**8 726**	**2 190**

Consolidated Statement of Changes in Equity

SEK million	Share capital	Other reserves	Retained earnings	Equity holders of the parent	Minority interests	Total equity
Year 2007						
Equity as at 1.1.2007	132	1 037	519	1 688		1 688
Translation differences		21		21		21
Transactions recognised directly in equity		**21**		**21**		**21**
Profit for the year			59	59		59
Total recognised income for the year		**21**	**59**	**80**		**80**
Dividends		-104	-4	-108		-108
New issue - stock options employee program	3	45		48		48
New issue - convertible debenture	23	205		228		228
Total Shareholders Transactions	**26**	**146**	**-4**	**168**		**168**
Equity as at 31.12.2007	**158**	**1 204**	**574**	**1 936**		**1 936**
Year 2008						
Equity as at 1.1. 2008	158	1 204	574	1 936		1 936
Translation differences		-1 328		-1 328	-134	-1 462
Transactions recognised directly in equity		**-1 328**		**-1 328**	**-134**	**-1 462**
Profit for the year			-510	-510	-33	-543
Total recognised income for the year		**-1 328**	**-510**	**-1 838**	**-167**	**-2 005**
Shareholders contribution		4 109		4 109		4 109
Acquisition of minority interest				0	327	327
Minority investment in subsidiaries				0		0
Total Shareholders Transactions		**4 109**		**4 109**	**327**	**4 436**
Equity as at 30.06.2008	**158**	**3 985**	**64**	**4 207**	**160**	**4 367**

Consolidated condensed Statement of Cash Flows

SEK million	1 Jan. -30 June 2008	2007
Cash flow from operating activities before changes in working capital	684	261
Changes in working capital assets	-3 276	-1 941
Changes in working capital liabilities	749	2 300
Cash flow from operating activities	**-1 844**	**619**
Cash flow from investment activities	-86	-169
Cash flow from financing activities	1 607	-63
Cash flow from the period	**-323**	**388**
Cash and cash equivalent at beginning of the period	3 753	2 529
Translation differences in cash and cash equivalents	-66	71
Cash flow	-323	388
Cash and cash equivalent at end of the period	**3 365**	**2 987**

Notes to the financial statement

Note 1 Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure and is divided into four segments: Insurance, Banking, Asset management and Other Holdings. The Insurance segment comprises the operations of the Icelandic insurance group of companies with Sjóvá-Almennar tryggingar hf. ("Sjova") as the Parent company, and the Swedish insurance group of companies with primarily Moderna Försäkringar Sak AB, Moderna Försäkringar Liv AB and Försäkringsaktiebolaget Assuransinvest MF. The Banking segment comprises the banking operations of the Luxembourg bank Banque Invik S.A. and the car leasing company Avant hf. The Asset management segment comprises the asset management operations of Banque Invik S.A., fund business of Aktie-Ansvar and Askar Capital hf. ("Askar"). The segment Other Holdings consists of retail pharmacy investments in Eastern Europe and a participation in Carnegie.

Sjova and Askar are part of the consolidated income statement and balance sheet from 1 January 2008.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Income statement

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007
Insurance premium	984	941	431	178	176	124	89	118	118	1 252	1 235	674	0	0	0
Reinsurers share of insurance premium	-87	-103	-60	-121	-109	-99	-0	-0	-0	-209	-212	-160	0	0	0
Investment income	-430	797	105	5	25	4	-24	34	34	-449	856	143	0	0	0
Net income from associates	-744	50	0	-9	3	3	1	0	0	-753	53	3	-6	10	10
Fee and commission income	28	18	12	73	56	56	0	1	1	101	74	69	77	73	70
Interest income	71	8	8	2	0	0	10	8	8	83	17	17	81	51	10
Other revenue	176	164	0	3	7	0	0	0	0	179	171	0	1	0	0
Total revenues	**-2**	**1 874**	**497**	**130**	**158**	**88.2**	**76**	**162**	**162**	**204**	**2 193**	**747**	**152**	**134**	**90**
Insurance claims	-717	-676	-250	-113	-99	-91	-90	-145	-145	-920	-920	-486	0	0	0
Reinsurers share of insurance claims	35	33	24	84	72	76	0	-5	-5	119	100	95	0	0	0
Fee and commission expense	-22	-25	-25	-33	-22	-22	2	2	2	-54	-44	-44	-2	-2	-2
Operating Interest expenses	-43	0	0	0	-2	-2	0	0	0	-43	-2	-2	-89	-38	-6
Depreciations, amortizations and write-downs	-126	-58	-11	-24	-30	-30	0	0	0	-150	-88	-41	-8	-6	-4
Other operating expenses	-258	-262	-94	-44	-46	-34	-12	-24	-24	-313	-331	-152	-68	-62	-46
Total expenses	**-1 131**	**-987**	**-356**	**-130**	**-127**	**-103**	**-100**	**-172**	**-172**	**-1 361**	**-1 285**	**-631**	**-166**	**-108**	**-58**
Profit before financial items	**-1 133**	**887**	**141**	**0**	**31**	**-15**	**-23**	**-10**	**-10**	**-1 157**	**908**	**116**	**-14**	**26**	**32**
Dividends group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	86	140	0	7	7	0	0	0	0	93	147	0	0	0	0
Interest expenses	-162	-118	0	-4	-1	0	0	0	0	-166	-119	0	0	0	0
Net foreign exchange gain/loss	552	6	0	0	0	0	0	0	0	552	6	0	15	1	0
Total financial income/ expenses	**476**	**28**	**0**	**3**	**7**	**0**	**0**	**0**	**0**	**479**	**34**	**0**	**15**	**1**	**0**
Profit before income tax	**-658**	**915**	**141**	**3**	**38**	**-15**	**-23**	**-10**	**-10**	**-678**	**943**	**116**	**1**	**27**	**32**
Income tax and deferred tax	23	-195	-39	-4	-9	1	7	2	2	26	-202	-37	-3	-6	-7
Profit for the period	**-634**	**720**	**102**	**-1**	**29**	**-14**	**-17**	**-8**	**-8**	**-652**	**741**	**80**	**-2**	**21**	**26**
Minority	17	0	0	0	0	0	0	0	0	17	0	0	1	1	0
Profit after minority	**-617**	**720**	**102**	**-1**	**29**	**-14**	**-17**	**-8**	**-8**	**-634**	**741**	**80**	**-1**	**22**	**26**

Balance sheet

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007
Total assets	12 120	14 264	2 726	8 826	8 644	7 684	709	759	759	21 396	23 585	11 087	5 406	5 459	3 395
Total equity	2 752	3 753	898	645	790	284	-22	11	11	3 375	4 553	1 192	364	499	104
Total liabilities	9 368	10 511	1 828	8 181	7 855	7 400	732	748	748	18 021	19 032	9 895	5 042	4 959	3 290

Income statement

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007	H1 2008	Pro forma (unaudited) H1 2007	H1 2007
Insurance premium	0	0	0	0	0	0	0	0	0	-1	-1	-1	1 250	1 234	673
Reinsurers share of insurance premium	0	0	0	0	0	0	0	0	0	0	0	0	-209	-212	-160
Investment income	33	14	0	20	0	0	0	0	0	-20	0	0	-416	870	143
Net income from associates	25	0	0	0	0	0	0	0	0	29	0	0	-706	63	13
Fee and commission income	140	242	179	0	0	0	0	0	0	-19	-27	-17	299	362	301
Interest income	226	143	127	0	0	0	0	0	0	-78	-20	-13	311	190	141
Other revenue	3	0	0	0	0	0	0	0	0	-6	-6	0	178	165	0
Total revenues	**427**	**399**	**305**	**20**	**00**	**0**	**0**	**0**	**0**	**-96**	**-55**	**-31**	**707**	**2 672**	**1 111**
Insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	-920	-920	-486
Reinsurers share of insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	119	100	95
Fee and commission expense	-36	-56	-48	0	0	0	0	0	0	12	17	17	-80	-86	-78
Operating Interest expenses	-203	-113	-113	0	0	0	0	0	0	49	35	6	-286	-119	-115
Depreciations, amortizations and write-downs	-393	-1	-1	-450	0	0	0	0	0	0	0	0	-1 001	-95	-47
Other operating expenses	-120	-102	-57	-1	0	0	-25	-18	-18	15	6	2	-512	-506	-270
Total expenses	**-752**	**-272**	**-219**	**-451**	**0**	**0**	**-25**	**-18**	**-18**	**76**	**57**	**24**	**-2 679**	**-1 626**	**-901**
Profit before financial items	**-325**	**127**	**86**	**-432**	**0**	**0**	**-25**	**-18**	**-18**	**-20**	**2**	**-7**	**-1 972**	**1 046**	**210**
Dividends group	0	0	0	0	0	0	118	181	181	-118	-181	-181	0	0	0
Impairment subsidiaries	0	0	0	0	0	0	-389	0	0	389	0	0	0	0	0
Interest income	0	0	0	3	0	0	39	7	7	-31	-11	0	105	144	7
Interest expenses	-87	-6	0	-26	-5	0	-36	-7	-7	60	9	7	-255	-128	0
Net foreign exchange gain/loss	-58	-4	0	-9	30	0	1 458	0	0	-4	0	0	1 954	33	0
Total financial income/expenses	**-144**	**-10**	**0**	**-32**	**25**	**0**	**1 190**	**181**	**181**	**296**	**-183**	**-175**	**1 804**	**49**	**7**
Profit before income tax	**-469**	**117**	**86**	**-463**	**25**	**0**	**1 165**	**163**	**163**	**276**	**-181**	**-181**	**-169**	**1 095**	**217**
Income tax and deferred tax	-2	-28	-23	3	-5	0	-403	5	5	5	0	0	-374	-235	-61
Profit for the period	**-471**	**89**	**64**	**-460**	**21**	**0**	**762**	**168**	**168**	**281**	**-181**	**-181**	**-543**	**860**	**156**
Minority	13	-5	0	0	0	0	0	0	0	1	0	0	33	-4	0
Profit after minority	**-458**	**84**	**64**	**-460**	**21**	**0**	**762**	**168**	**168**	**282**	**-181**	**-181**	**-510**	**856**	**156**

Balance sheet

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Pro forma Dec. 31, 2007	Dec. 31, 2007
Total assets	5 455	6 597	4 551	1 879	1 055	589	8 726	2 190	2 190	-9 689	-2 956	-3 536	33 173	35 929	18 276
Total equity	1 116	1 959	533	44	316	5	6 511	1 640	1 640	-7 042	-1 462	-1 538	4 367	7 506	1 936
Total liabilities	4 339	4 638	4 019	1 835	739	584	2 215	550	550	-2 647	-1 494	-1 998	28 806	28 424	16 340

Income statement

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007
Insurance premium	517	462	195	90	105	81	40	118	118	647	685	394	0	0	0
Reinsurers share of insurance premium	-40	-58	-32	-65	-70	-64	0	0	0	-105	-128	-96	0	0	0
Investment income	-465	223	40	0	8	4	-5	23	23	-470	254	67	0	-4	0
Net income from associates	-147	53	0	-5	1	1	0	0	0	-153	55	1	-3	0	0
Fee and commission income	21	9	7	39	32	32	0	1	1	59	41	39	39	36	35
Interest income	-60	-34	3	1	0	0	5	5	5	-53	-28	8	28	34	5
Other revenue	34	134	0	2	5	0	0	0	0	35	139	0	1	0	0
Total revenues	**-141**	**789**	**212**	**61**	**81**	**53**	**41**	**147**	**147**	**-39**	**1 018**	**413**	**64**	**65**	**39**
Insurance claims	-368	-297	-73	-49	-63	-58	-40	-143	-143	-456	-503	-274	0	0	0
Reinsurers share of insurance claims	7	21	12	37	49	48	0	-7	-7	44	63	53	0	0	0
Fee and commission expense	-12	-15	-15	-22	-11	-11	1	2	2	-32	-24	-24	-1	-1	-1
Operating Interest expenses	-2	13	0	-6	4	-2	0	0	0	-7	17	-2	-48	-24	-3
Depreciations, amortizations and write-downs	-119	-51	-6	-12	-17	-17	0	0	0	-132	-68	-23	-5	-5	-2
Other operating expenses	-119	-143	-43	-19	-31	-19	-7	-21	-21	-144	-194	-83	-32	-29	-24
Total expenses	**-612**	**-471**	**-124**	**-70**	**-69**	**-59**	**-46**	**-169**	**-169**	**-728**	**-710**	**-352**	**-85**	**-59**	**-30**
Profit before financial items	**-753**	**318**	**88**	**-9**	**12**	**-6**	**-5**	**-22**	**-22**	**-768**	**308**	**61**	**-20**	**6**	**10**
Dividends group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	86	144	0	7	3	0	0	0	0	93	147	0	0	0	0
Interest expenses	-83	-73	0	-2	1	2	0	0	0	-85	-72	2	0	1	0
Net foreign exchange gain/loss	-10	2	0	0	0	0	0	0	0	-10	2	0	2	1	0
Total financial income/expenses	**-6**	**74**	**0**	**5**	**4**	**2**	**0**	**0**	**0**	**-2**	**78**	**2**	**2**	**2**	**0**
Profit before income tax	**-759**	**392**	**88**	**-4**	**16**	**-4**	**-5**	**-22**	**-22**	**-770**	**386**	**62**	**-18**	**8**	**10**
Income tax and deferred tax	119	-90	-24	-1	-2	1	2	6	6	121	-87	-18	1	-3	-3
Profit for the period	**-640**	**301**	**64**	**-5**	**14**	**-3**	**-2**	**-16**	**-16**	**-649**	**299**	**45**	**-17**	**5**	**6**
Minority	17	0	0	0	0	0	0	0	0	17	0	0	1	1	0
Profit after minority	**-623**	**301**	**64**	**-5**	**14**	**-3**	**-2**	**-16**	**-16**	**-632**	**299**	**45**	**-16**	**6**	**6**

Income statement

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007	Q2 2008	Pro forma (unaudited) Q2 2007	Q2 2007
Insurance premium	0	0	0	0	0	0	0	0	0	-1	-1	-1	646	684	393
Reinsurers share of insurance premium	0	0	0	0	0	0	0	0	0	0	0	0	-105	-128	-96
Investment income	7	12	0	17	0	0	0	0	0	-20	0	0	-466	262	67
Net income from associates	29	0	0	-21	0	0	0	0	0	29	0	0	-119	55	1
Fee and commission income	59	135	96	0	0	0	0	0	0	-8	-21	-9	150	190	160
Interest income	130	88	65	0	0	0	0	0	0	-71	23	-7	33	116	72
Other revenue	3	0	0	0	0	0	0	0	0	-6	-6	0	34	134	0
Total revenues	**228**	**234**	**161**	**-4**	**0**	**0**	**0**	**0**	**0**	**-77**	**-5**	**-16**	**172**	**1 313**	**597**
Insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	-456	-503	-274
Reinsurers share of insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	44	63	53
Fee and commission expense	-18	-31	-25	0	0	0	0	0	0	6	9	9	-46	-47	-41
Operating Interest expenses	-144	-71	-57	0	0	0	0	0	0	54	31	3	-145	-48	-59
Depreciations, amortizations and write-downs	-380	0	-1	-450	0	0	0	0	0	0	0	0	-967	-73	-26
Other operating expenses	-64	-59	-31	-1	0	0	-18	-15	-15	9	7	1	-250	-292	-152
Total expenses	**-607**	**-160**	**-114**	**-451**	**0**	**0**	**-18**	**-15**	**-15**	**69**	**46**	**12**	**-1 821**	**-900**	**-499**
Profit before financial items	**-379**	**74**	**47**	**-456**	**0**	**0**	**-18**	**-15**	**-15**	**-8**	**41**	**-4**	**-1 648**	**-413**	**98**
Dividends group	0	0	0	0	0	0	118	181	181	-118	-181	-181	0	0	0
Impairment subsidiaries	0	0	0	0	0	0	-389	0	0	389	0	0	0	0	0
Interest income	0	0	0	2	0	0	26	4	4	-24	-47	0	97	105	4
Interest expenses	-55	-4	0	-14	-3	0	-24	-4	-4	41	5	4	-137	-76	2
Net foreign exchange gain/loss	-51	-1	0	-1	12	0	-2	0	0	-4	0	0	-67	15	0
Total financial income/expenses	**-107**	**-5**	**0**	**-13**	**9**	**0**	**-271**	**181**	**181**	**284**	**-222**	**-178**	**-107**	**43**	**5**
Profit before income tax	**-486**	**69**	**47**	**-469**	**9**	**0**	**-289**	**166**	**166**	**276**	**-181**	**-181**	**-1 755**	**457**	**103**
Income tax and deferred tax	4	-18	-14	-56	-2		4	4	4	5	0	1	78	-105	-30
Profit for the period	**-482**	**52**	**34**	**-525**	**8**	**0**	**-285**	**170**	**170**	**281**	**-181**	**-181**	**-1 677**	**352**	**74**
Minority	14	-4	0	0	0		0	0	0	1	0	0	33	-3	0
Profit after minority	**-486**	**48**	**34**	**-525**	**8**	**0**	**-285**	**170**	**170**	**282**	**-181**	**-181**	**-1 644**	**349**	**74**

Note 2 Basis for pro forma statements

The unaudited pro forma statements presented in this financial report have been prepared in order to illustrate the MODERNA Group's financial position and results on the basis that the acquisition of Sjova and Askar were completed on January 1, 2007. The pro forma figures presented in this report have not been audited by the auditors of MODERNA. MODERNA acquired Sjova and Askar from its parent company Milestone on January 1, 2008. MODERNA has been identified as the acquiring company and the acquisitions are accounted for using the purchase method of accounting. The acquisition analysis is preliminary as the investigation of fair values of the acquired companies' identifiable assets, liabilities and contingent liabilities has not yet been finalized. The pro forma balance sheet has been prepared as if the acquisitions were carried out on January 1, 2007, and the pro forma profit and loss account as if the acquisitions were carried out on January 1, 2007, with the assumptions stated below. Furthermore, the Sjova and Askar accounts for the first six months 2007 and full year 2007 pro forma are not adjusted for changes in the structure of these groups that has taken place during 2007.

The pro forma statements are based on the audited annual reports of both Sjova and Askar for the full year 2007 and the annual accounts of MODERNA for 2007. These accounts were prepared in accordance with IFRS.

The acquisitions are accounted for using the purchase method of accounting and MODERNA has been identified as the acquiring company. The acquisition price paid for MODERNA of Sjova and Askar amounted to ISK 54 bn as per January 1, 2008. In the pro forma accounts the purchase price as per January 1, 2007 is assumed to amount to the corresponding SEK value of the purchase price on the basis of the SEK/ISK exchange rate as per January 1, 2008. As a consequence, when preparing the consolidated accounts for the new MODERNA Group the acquisition values for the shares of Sjova is SEK 3,535 million and for Askar SEK 1,698 million. The purchase price allocation has not yet been finalized why in the pro forma statement the preliminary purchase price allocation presented in Note 3 has been used as a basis for the pro forma in the financial statements.

The final acquisition analysis might deviate from the one used in the pro forma statements should that MODERNA identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

The pro forma statement should be read together with other information provided in this financial report, as well as the audited annual accounts and notes to the accounts of each company within the group. The pro forma financial information is not necessarily indicative of the result that would have been attained if, for example, the transaction or event had taken place at a different date.

Note 3 Preliminary purchase analysis of Sjova and Askar

SJOVA

MODERNA acquired all of the shares in the Icelandic insurance company Sjóvá from Milestone on January 1, 2008. The final ownership approval from the Icelandic FSA was received in April 2008. Sjóvá offers a broad range of life and non-life insurance products and is one of the market leaders on the Icelandic market. The company has 221 employees and reported ISK 22,713 million in total revenue for 2007.

The total cost price for 100% of the shares and votes in Sjóvá was SEK 3,536 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated to goodwill as presented in the below table.

Preliminary acquisition analysis Sjova

SEK million	MODERNA Group
Excess of cost over book value	
Purchase price of shares, 100%	3 535
Book value of equity	972
Excess of cost over book value, allocated as goodwill	**2 563**

This allocation is subject to change should the purchase price allocation analysis MODERNA is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

ASKAR

MODERNA acquired all of the shares in the Icelandic investment bank Askar Capital ehf. from Milestone on January 1, 2008. Askar offers services within asset management, capital markets, and real estate investment advice. Customers are mainly corporations, institutional investors and municipalities. Asset financing for retail customers is carried out in the subsidiary Avant ehf. The company has 95 employees and reported ISK 2,274 million in total revenue for 2007.

The total cost price for 82.04% of the shares and votes in Askar was SEK 1,698 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated to goodwill as presented in the below table.

Preliminary acquisition analysis Askar

SEK million	MODERNA Group
Excess of cost over book value	
Purchase price of shares, 82%	1 698
Book value of equity	1 094
Share of equity excl. Minority intrests (82,04%)	897
Excess of cost over book value, allocated as goodwill	**801**

This allocation is subject to change should the purchase price allocation analysis MODERNA is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

The below table presents the assets and liabilities of Sjova and Askar as per the acquisition date. The total revenue for Sjova during the first half of 2008 was SEK -450 million (including a loss from associates of 746 million) and for Askar SEK 190 million. The profit before tax for Sjova during the first half of 2008 was SEK -632 million and for Askar SEK -141 million excluding impairment of 389 million.

Consolidated Balance Sheet as at 31 December 2007

SEK million	Sjóvá	Askar
Assets:		
Cash and cash equivalents	853	250
Securities	1 705	238
Investments in associates companies	910	174
Derivatives	61	29
Trade and other receivables	890	506
Loans	258	1 871
Reinsurance assets	101	0
Investment property	4 943	78
Operating assets	273	15
Intangible assets	220	366
Deferred tax asset	28	20
Total assets	**10 241**	**3 547**
Equity:		
Share capital	54	60
Other reserves	13	1 122
Retained earnings	905	-88
Total equity attributable to equity holders of the parent	**972**	**1 094**
Minority interest	131	0
Total equity	**1 103**	**1 094**
Liabilities		
Derivatives	65	42
Trade and other payables	1 945	382
Technical provision	2 422	0
Technical provision for life-assurance policies	331	0
Borrowings	4 244	2 028
Deferred income tax liability	129	1
Total liability	**9 137**	**2 454**
Total equity and liabilities	**10 241**	**3 547**

Note 4 Investment income

Investment income is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Gain/loss on the sale of shares	-169	5	408
Gain/loss on the sale of other securities and derivatives	25	73	151
Dividend	42	33	52
Change in fair value of investment properties	-85	-	66
Change in fair value of shares	-229	51	84
Change in fair value of other securities and derivatives	0	-18	108
Net income from securities and derivatives	**-416**	**143**	**870**

Note 5 Insurance premium

Insurance premium is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Premiums written	1 543	865	1 562
Reinsurer's share	-287	-198	-268
Change in the gross provision for unearned premiums	-293	-192	-328
Change in the provision for unearned premiums, reinsurer's share	78	38	56
Net insurance premium	**1 041**	**514**	**1 022**

Note 6 Other revenue

Other revenue is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Rental	122	-	165
Other revenue	55	-	0
Total other revenue	**177**	**-**	**165**

Note 7 Insurance claims

Insurance claims are specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Claims paid	-800	-401	-824
Claims paid, reinsurer's share	88	40	102
Change in the provision for claims	-121	-86	-96
Change in the provision for claims, reinsurer's share	32	54	-2
Net insurance claims	**-801**	**-391**	**-820**

Note 8 Operating expenses

Operating Expenses specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Salaries and salary-related expenses	-264	-149	-268
Other operating expenses	-248	-122	-239
Total operating expenses	**-512**	**-271**	**-507**

Note 9 Salary and related expenses

Salaries and related expenses are specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Salaries and remuneration	-193	-102	-185
Defined contribution pension plan expense	-25	-17	-27
Other salary-related expenses	-46	-30	-56
Salaries and salary-related expenses total	**-264**	**-149**	**-268**
Average number of full time equivalent employees	684	326	567

Note 10 Securities

Securities are specified as follows:

	Fair value 30 June 2008	Fair value 31 Dec 2007
Listed securities:		
Total listed shares	321	1 187
Affiliated shares	79	-
Bonds	1 061	158
Total Listed securities	**1 461**	**1 345**
Unlisted securities:		
Unlisted shares	212	0
Unlisted bonds	148	4
Total unlisted securities	**360**	**4**
Other securities		
Hedge fund	769	1 142
Equity fund	60	269
Fixed income fund	25	45
Stock Unit Link	41	47
Bank deposits	0	2
Other securities	512	0
Total other securities	**1 407**	**1 505**
Total securities		
Total securities	3 228	2 855
Thereof derivatives	-82	-477
Fair value of securities at end of period	**3 146**	**2 378**

Note 11 Derivatives

Net assets in derivatives are specified as follows:

	Fair value 30 June 2008	Fair value 31 Dec 2007
Equity derivatives - receivable	82	477
Equity derivatives - payable	-195	-508
Net position of equity derivatives	**-113**	**-31**
Net position of other derivatives	-83	3
Net position of derivatives	**-196**	**-28**
Derivatives - assets in the balance sheet	151	43
Derivatives - liabilities in the balance sheet	-347	-71
Net position of derivatives	**-196**	**-28**

Note 12 Trade and other receivables

Trade and other receivables are specified as follows:

	30 June 2008	31 Dec 2007
Insurance receivables	604	249
Trade receivables	3	5
Prepaid expenses	90	168
Sale of shares receivables	158	-
Other receivables	411	44
DAC Insurance contracts	-	19
Receivables on related parties	264	-
Allowance for bad debt	-2	-
Total trade and other receivables	**1 528**	**485**

Note 13 Loans

Loans are specified as follows:

	30 June 2008	31 Dec 2007
Leasing contracts	1 543	-
Loans to related parties	956	-
Other loans	5 535	3 821
Provision on loans	-90	-5
Tottal loans	**7 944**	**3 816**

Repayments of loans are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2008	4 829	3 761
Repayments in 2009	952	-
Repayments in 2010	376	20
Repayments in 2011	284	1
Repayments in 2012	251	1
Subsequent repayments	1 252	33
Total loans	**7 944**	**3 816**

Note 14 Investment and Development property

Investment properties are specified as follows:

	30 June 2008	31 Dec 2007
Investment property		
Acquisitions through business combination	3 396	-
Acquisitions	-	-
Change in fair value	-83	-
Sales	-	-
Exchange rate difference	-212	-
Balance at end of period	**3 101**	**-**
Investment property under development		
Acquisitions through business combination	1 776	-
Acquisitions	375	-
Sales	-544	-
Exchange rate difference	-148	-
Balance at end of period	**1 459**	**-**
Investment property total	**4 560**	-

Note 15 Impairment

During the period indications of a need for an impairment test on goodwill allocated to Askar Capital and the participation in Carnegie was observed and impairment tests performed on these assets. Below are details of the impairment tests and the impairments made. Out of the total impairment of SEK 839 million the write down of goodwill allocated to Askar Capital amounted to SEK 389 million and the write down of the participation in Carnegie amounted to SEK 450 million. The write down on Askar Capital is allocated to the Asset Management segment and the write down on the participation in Carnegie is allocated to the segment Other Holdings.

IMPAIRMENT ON PARTICIPATION IN CARNEGIE

The impairment test of the participation in Carnegie was triggered by a fall in the price of the publicly traded Carnegie share below book value. An impairment test based on the value-in-use of the participation in Carnegie was made using the management of Moderna's assumptions for expected future sales growth in the business areas Securities, Investment Banking, Asset Management and Private Banking. The valuation of the business area Max Matthiessen assumes that the values of equity and goodwill reported by Carnegie are the best estimates of the higher of market value or value in use due to the recent acquisition of this business area by Carnegie. The discount rate used in the impairment test was depending on the business area 14-16%.

IMPAIRMENT ON ASKAR CAPITAL

The impairment test on Askar Capital hf. was done using a value-in-use discounted cash flow model on the expected cash flows from each cash generating unit in the operations of Askar Capital for the coming five years and using an expected perpetual growth rate at the end of the forecast period. The assumptions used in the impairment test were based on the management's expectations on the projected development of the operations of the group. The discount rate used in the impairment test was 22.3% and the forecasted perpetual growth rate was 4%.

Note 16 Associates

The carrying amounts of the Group's investments in associates and share of profit (loss) are specified as follows:

	Share 2008-06-30	Share of profit (loss) Jan-June 2008	Carrying amounts 2008-06-30	
D. Carnegie & Co. AB	17.6%	32	1 320	
Máttur ehf.	0.0%	-84	-	
Skeggi ehf.	49.5%	-200	-38	*
Þáttur International ehf.	48.8%	-447	-194	*
Askar Apple ehf	49.0%	12	49	
Port West	43.6%	10	75	
Top Investment Group B.V.	49.5%	0	51	
Other companies	n/a	-29	152	
Associates companies total		**-706**	**1 415**	

* Negative carrying amounts are booked as liabilities under "Trade and other payables".

Note 17 Intangible assets

The Group's intangible assets are specified as follows:

	Goodwill	Customer relation-ships	Other intangible assets	Total
Gross carrying amount				
Balance at 1 January 2007	363	88	99	551
Acquisitions through business combination	3 657	-	16	3 691
Sales during the year	-145			-145
Acquisitions during the year			25	25
Exchange rate difference on translation	-1 010	-	-5	-1 015
Balance at 30 June 2008	**2 883**	**88**	**136**	**3 107**
Amortisation and impairment losses				
Balance at 1 January 2007	0	-46	-47	-93
Amortisation		-7	-10	-17
Write-down	-389	-		-389
Balance at 30 June 2008	**-389**	**-53**	**-57**	**-499**
Carrying amounts				
31.12.2007	363	43	53	459
30.6.2008	2 494	35	79	2 608

Note 18 Trade and other payables

Trade and other payables are specified as follows:

	30 June 2008	31 Dec 2007
Trade payables	146	13
Insurance payables	236	137
Payables on related parties	80	-
Liabilities to associates	232	-
Other payables	882	365
Total trade and other payables	**1 576**	**516**

Note 19 Insurance contracts

The insurance contracts are specified as follows:

	30 June 2008	31 Dec 2007
Insurance contracts (total):		
Claims reported and loss adjustment expenses	2 451	1 129
Claims incurred but not reported	426	360
Claims outstanding, total	2 877	1 489
Bonuses and premium provisions	60	-
Life assurance provision	23	4
Provision for unearned premiums	1 530	913
Insurance contracts, total	**4 490**	**2 406**
Reinsurers' share:		
Claims reported and loss adjustment expenses	231	183
Claims incurred but not reported	170	138
Claims outstanding, total	401	321
Life assurance provision	17	2
Provision for unearned premiums	88	2
Reinsures' share, total	**506**	**325**

Own insurance contracts (net):		
Claims reported and loss adjustment expenses	2 221	947
Claims incurred but not reported	256	222
Claims outstanding, total	2 477	1 168
Bonuses and premium provisions	60	0
Life assurance provision	5	2
Provision for unearned premiums	1 443	910
Own insurance contracts (net), total	**3 985**	**2 080**

Note 20 Borrowings related to investment properties

Borrowings for Investment properties are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Please specify per each currency:				
Bank loan	CHF	4.1%	35	-
Bank loan	EUR	6.3%	3 458	-
Bank loan	GBP	11.2%	35	-
Bank loan	ISK	6.6%	66	-
Bank loan	JPY	2.1%	15	-
Bank loan	SEK	6.1%	14	-
Bank loan	USD	10.7%	103	-
Other loans	SGD	N/A	31	-
Borrowings for Investment and Development properties			**3 757**	

Repayment of borrowings for Investment and Development properties are specified as follows:

	31 March 2008	31 Dec 2007
Repayments in 2008	158	-
Repayments in 2009	82	-
Repayments in 2010	22	-
Repayments in 2011	2 088	-
Repayments in 2012	1 326	-
Repayments in 2013	39	-
Subsequent repayments	42	-
Borrowings for Investment and Development properties	**3 757**	

Note 21 Deposits from the customers

Customer deposits are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Please specify per each currency:				
Customer deposits	EUR	3.9%	1 023	1 033
Customer deposits	CHF	2.2%	21	21
Customer deposits	JPY	1.0%	0	54
Customer deposits	GBP	5.2%	282	288
Customer deposits	SEK	4.3%	924	988
Customer deposits	USD	2.1%	1 259	1 746
Customer deposits	NOK	5.5%	116	156
Customer deposits	HRK	8.0%	2 167	1 815
Customer deposits	DKK	3.7%	7	19
Customer deposits	CZK	3.5%	19	5
Customer deposits	SGD	6.0%	6	-
Customer deposits	CAD	4.8%	2	-
Customer deposits	Other	N/A	11	34
Total customer deposits			**5 837**	**6 159**

Note 22 Other borrowings

Other borrowings are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Bank loan	ISK	19.0%	299	-
Bank loan	CHF	4.0%	477	-
Bank loan	EUR	7.8%	192	-
Bank loan	GBP	9.4%	16	-
Bank loan	JPY	2.3%	436	-
Bank loan	SEK	6.3%	1 007	-
Bank loan	USD	5.9%	85	-
Bank loan	NOK	3.8%	2	-
Bank loan	DKK	4.0%	1	-
Money Market loans	ISK	18.9%	357	-
Money Market loans	EUR	17.9%	166	-
Money Market loans	SEK	10.6%	46	-
Money Market loans	CHF	5.9%	26	-
Money Market loans	USD	12.9%	12	-
Money Market loans	GBP	2.1%	42	-
Central bank	ISK	15.5%	911	-
Other borrowings	ISK	12.7%	314	-
Financial reinsurance	SEK	N/A	256	238
Total other borrowings			**4 645**	**238**

Repayment of Other borrowings are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2008	3 360	74
Repayments in 2009	676	64
Repayments in 2010	371	52
Repayments in 2011	48	37
Repayments in 2012	185	11
Repayments in 2013	5	-
Other Borrowings	**4 645**	**238**

Note 23 Subordinated loans

Subordinated loans are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec 2007
Subordinated loans	ISK	9.9%	141	-
Total subordinated loans			**141**	**-**

Repayment of Subordinated loans are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2011	52	-
Repayments in 2012	89	-
Subordinated loans	**141**	**-**

Note 24 Solvency analysis

	2008-06-30	2007-12-31
Insurance sector		
Solvency requirement	461	345
Banking sector		
Capital requirement	502	108
MODERNA total		
Total solvency requirement	963	453
Total solvency capital	1 696	1 575

Note 25 Pledged assets

	Carrying amount 2008-06-30	Carrying amount 2007-12-31
Pledged assets	13 189	8 233
Pledged shares	1 598	-
Total pledged assets	**14 787**	**8 233**

Note 26 Contingent liabilities

	Carrying amount 2008-06-30	Carrying amount 2007-12-31
Guarantees	10	15
Credit commitments	2 356	2 503
Deposited securities	3 121	4 654
Letter of credits	0	1
Total Obligations and Contingent liabilities	**5 487**	**7 173**

Note 27 Related party transactions

MODERNA has during the first six months effectuated certain transactions with related parties. The transactions were primarily the acquisition of Sjova and Askar that were purchased from the shareholder of MODERNA. The transactions with the related parties during the first six months were done at market terms. The shares in Sjova are pledged by MODERNA for liabilities held by related parties. During the second quarter the participation in Máttur ehf, an investment company holding primarily shares in Icelandair and the petrol station company N1, and the participation in an associated company holding UK retail private equity investments and real estate property in Macau was sold to Milestone ehf. The sale of the assets to Milestone during the second quarter did not result in any significant capital gain or loss for MODERNA. As per the end of the reporting period the total loans and other receivables on Milestone or Milestone related parties from MODERNA amounted to SEK 2,825 million and the total liabilities for MODERNA to Milestone or Milestone related parties amounted to SEK 437 million.

Note 28 Embedded value

INTRODUCTION

As a supplement to the traditional financial reporting, Moderna Finance is reporting Embedded value for Modern Insurances Life as of June 30, 2008. The presentation includes computations of the value of insurance policies sold during the past six months (VNB – Value of New Business) and an analysis of the change in Embedded value between December 31, 2007 and June 30, 2008. The methodology and assumptions for Embedded value reporting are in line with the European Embedded Value (EEV) principles as published by the CFO Forum in May 2004. We have also taken into account subsequently published supplements.

This presentation may include statements regarding Modern Insurances Life's future earnings, results and the financial position. By their nature, these statements entail inherent risk and uncertainty because they refer to future events and circumstances beyond the control of Modern Insurances Life including, for example, economic conditions, fluctuations in interest rates, amendments of standards governing capital requirements, tax regulations, customer behaviour regarding policy repurchase, lapse and paid-up rates and mortality rates that may affect reported values.

METHODOLOGY

The calculations cover the unit-linked business of Modern Insurances Life. As in the past, it excludes group life and sickness business, including waivers of premiums and individual life insurance policies, although the profit after tax for these business areas are included in adjusted shareholders' equity in the same manner as in the annual report.

Embedded value provides a measure of the value of shareholders' interests in the covered business, after sufficient allowance has been made for the aggregate risks in that business. Embedded value comprises of adjusted shareholders' equity and the value of business in force (VBIF), including any expense overrun and the cost of holding capital (CoC).

Adjusted shareholders' equity consists of the market value of Modern Insurances Life AB's financial and tangible assets, calculated as the statutory reported shareholders' equity, including the shareholder equity that is allocated to group and individual business, reduced by reported deferred acquisition costs (DAC).

Modern Insurances Life has used a bottom-up market consistent approach to value the individual cash flows associated with each contract taking into account the cost of capital. In such a calculation, each cash flow is valued using a discount rate that takes into account the financial risks in the cash flow, in line with the prices of similar cash flows traded on financial markets. This means, for example, that a cash flow in ten years is valued in the same manner as a ten-year zero coupon bond. In practice, Modern Insurances Life has used the certainty equivalent approach. This method is common in valuing cash flows on a market-consistent basis where the cash flows are independent or move linearly with market movements. After calculating a market-consistent Embedded value, a fixed average discount rate is computed, which, when applied in a conventional Embedded value model provides the same result as the market-consistent model. This gives an average discount rate for the Embedded value, which is also used in calculating VNB.

The discount rate makes no allowance for operational risks.

To be able to project expected future shareholder profits, cash flow streams for all revenues and costs for each individual contract are computed for the estimated remaining lifetime of the insurance policy, based on economic and operative assumptions as well as the policyholder's profile. Some of the key assumptions include economic assumptions, fund retrocessions, maintenance expenses, and policy repurchases, lapse and paid-up rates. Future provisions to solvency capital are classified as expenses and the interest on the solvency capital as income.

According to the EEV Principles, due consideration must be made for the time value of options and guarantees. Modern Insurances Life has a product that includes investment guarantees. Since sales volume and exposures are limited, the value of the guarantees is viewed as immaterial. No other products include guarantees.

The calculation of VNB is conducted on the time of sale using the same assumptions and methodology as in the case of VBIF. New business has been defined as signed and paid new policies and additional premiums, but not renewals, of existing contracts during the period.

As in the past, the required capital is set at 1% of the capital value of the insurance plus 0.3% of the risk amount, which is slightly higher than the solvency requirements of the supervisory authority. In the market-consistent calculation, the cost of holding capital is based on the actual costs. These consist of the tax effect on locked-in capital and reflect the cost for an investor of owning an asset indirectly via an investment in an insurance company instead of investing directly in the asset.

In other respects, no consideration is paid to corporate tax in the calculations.

Adjusted shareholders' equity is calculated as shareholders' equity reduced by deferred acquisition costs. Previous Embedded value calculations presented by Modern Insurance Life also included an adjustment to the equity for the liability in the existing financial reinsurance. The adjusted shareholders' equity amounts in this calculation to SEK -201.8 million. In the calculation as of December 31, 2007 the adjusted shareholders' equity amounted to SEK 81 million but if calculated using the method applied in this report the shareholders' equity would have amounted to SEK 146.6 million. The effect of the amended method for calculating shareholders' equity has through this amendment been moved from VBIF to adjusted shareholders' equity.

ECONOMIC ASSUMPTIONS

In setting the discount rate, market-consistent computations pursuant to the certainty equivalent approach are applied. All assets are assumed to provide a return that corresponds to the various risk-free rates of interest for various maturities, and all future cash flows are discounted using the same risk-free rate of interest. These rates have been set based on the yield-curve of the Swedish swap rates as per June 30, 2008.

The return assumption is based on yields on a 10-year Swedish Government bond at the calculation date and an assumption that shares yield 2.5% more in return over time.

The financial assumptions used in the Embedded value computation as at December 31, 2007 and June 30, 2008 are presented summarily below.

	2008-06-30	2007-12-31
Risk free rate	4.53%	4.07%
Investment return on fixed income assets	4.53%	4.07%
Investment return on equity	7.03%	6.57%
Inflation rate	2.00%	2.00%
Risk discount rate	6.26%	5.77%

OPERATING ASSUMPTIONS

Operating assumptions have been reviewed and set using best estimate assumptions

Modern Insurances Life's observed historic results are in line with the operating assumptions in this embedded value calculation. Originally the assumptions were derived from general market experience.

Assumptions regarding fees, fund retrocessions and policyholders' asset mix are based on information on the actual insurance portfolio as at the reporting date. Amended from the previous calculations an assumption that the volatility of the underlying assets are affecting the variable fund retrocession fees have been included in the calculations.

Assumed future administration expenses represent expected long-term levels.

RESULTS

Embedded value (SEK million)	
VBIF (before CoC)	1 176.4
Cost of capital	–49.3
VBIF (after CoC)	1 127.1
Adjusted net worth	-201.8
Embedded value	925.3
VNB (before CoC)	64.9
Cost of capital	–7.1
VNB (after CoC)	57.8

Note that the VNB is calculated for new business during the first six months 2008.

SENSITIVITY ANALYSIS

Sensitivities of in-force business	VBIF	Change	%
Central basis	1 127.1	-	-
1% increase in risk discount rate	1 003.5	-123.6	-11.0%
1% decrease in risk discount rate	1 274.2	+147.1	+13.1%
1% reduction in interest rate environment	1 100.2	-26.9	-2.4%
10% decrease in equity capital values	1 062.0	-65.1	-5.8%
10% decrease in maintenance expenses	1 191.6	+64.5	+5.7%
10% decrease in lapse rates and paid-up rates	1 203.1	+76.0	+6.7%

Sensitivities of in-force business	VBIF	Change	%
Central basis	57.8	-	-
1% increase in risk discount rate	39.4	-18.4	-31.8%
1% decrease in risk discount rate	80.2	+22.4	+38.7%
1% reduction in interest rate environment	53.8	-4.1	-7.0%
10% decrease in maintenance expenses	69.0	+11.2	+19.4%
10% decrease in lapse rates and paid-up rates	72.7	+14.9	+25.8%
10% decrease in lapse rates and paid-up rates	1 203.1	+76.0	+6.7%

Discount rate, +1%/-1%

Although it is not directly relevant, in a market-consistent valuation, the presentation here shows the impact of a change of one percentage point in the average discount rate. The purpose is to be able to adjust the value when operations are assigned an alternative risk.

1% reduction in the risk-free rate of interest

The change in the risk-free rate of interest affects the future return and discount rates in the same manner as in the case of a market-consistent valuation. The change has not affected the policyholders assets.

10% decrease in equities capital value

This sensitivity analysis reflects the effect of an immediate fall in capital at valuation for the business in-force. It is assumed that, following the decline, policyholders' individual accounts are rebalanced so that the asset mix is the same as before. This sensitivity analysis is done solely for business in-force.

10 decrease in administrative expenses

In this test it is assumed that annual administrative expenses are cut by 10%.

10% decrease in lapse rates and paid-up rates

This sensitivity analysis shows the impact of a 10% decline in the assumption underlying policy renewal, lapse and paid up rates

The sensitivity analyses used are in line with those by the CFO Forum in the publication "Additional Guidelines on European Embedded Value Disclosures".

ANALYSIS OF THE EMBEDDED VALUE

	Total
Embedded Value (2007-12-31)	**992.9**
Contribution by H1 2008 new business	57.8
Other changes	-125.4
Embedded value result	-67.6
Capital contribution	0.0
Embedded value change	-67.6
Embedded Value (2008-06-30)	925.3

The Other changes in embedded value calculation consist of the following changes:

The return on opening balance of EEV and the profit during the period	76.6
Change in assumption on laps rates	-62.6
Change in policyholders' asset mix and the fund fees	-41.4
Change in methodology regarding financial reinsurance	23.2
Change in deferred acquisition costs	-50.6
Actual return on assets	-48.0
Actual lapse rate during the period	-12.2
Change in assumption on fees	-12.6
Other changes	2.2
Total Other changes	-125.4

RISKS AND UNCERTAINTIES

Earnings for portions of MODERNA's operations depend, to varying degrees, on trends in the financial and real estate markets, and a negative change in valuations of financial instruments that MODERNA or customers of MODERNA hold could have a negative impact on MODERNA's earnings. Turbulence on the credit markets can have a negative effect on MODERNA's performance during 2008. The acquisition of Sjova and Askar that was finalized during the first quarter of the year has expanded the MODERNA business, total assets and liabilities and therefore also the Group's exposure to the risks associated with these types of financial businesses. A summary of risks and uncertainty factors is presented in MODERNA's 2007 Annual Report.

ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with the International Financial Reporting Standards recommendation IAS 34. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.1. The accounting principles are unchanged compared with the principles that were applied in the Annual Report for 2007 with certain additions made due to the incorporation of Sjova and Askar to the group. The most significant addition due to the acquisition of Sjova and Askar are the following:

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any changes therein recognized in profit or loss. External, independent valuation companies, having appropriate recognized profession qualifications and recent experience in the location and category of property being valued, values of the Group's investment property portfolio twice every year. The fair value are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudent and without compulsion. Development property is measured at the cost of the development.

Associates

The shares of profit or loss from associated companies are in the consolidated accounts included among the total revenues due to the nature of the investments held by the associated companies.

The majority of the associated companies are holding companies owning investment assets or real estate investments that are similar in nature to assets held by subsidiaries of the group and therefore it is deemed to best reflect the business of the group to include the share of profit or loss from associated companies in total revenues.

MODERNA acquired Sjova and Askar from its parent company Milestone on January 1, 2008. MODERNA has been identified as the acquiring company and each acquisition is accounted for using the purchase method of accounting in accordance with IFRS 3. The purchase price allocation is preliminary until the complex work of establishing fair values of the acquired companies' identifiable assets, liabilities and contingent liabilities has been finalized. During the first quarter 2008 the presentation of the business segment was amended to reflect the new composition of the Group following the acquisition of Sjova and Askar. From January 1, 2008 MODERNA has significant influence in Carnegie and therefore the ownership in D. Carnegie & Co. AB is classified as an associated company. The participation of profits is based on the forecast for profit for the period made by investment analysts following the company. Any deviations of the actual result of Carnegie are adjusted in the following financial report by MODERNA.

The rounding off of figures may mean that some amounts do not tally when totaled in accounts and tables.

AFFIRMATION

The Board of Directors and President hereby affirm that the interim report provides a fair overview of the operations, financial position and results of the Company and the Group and describes material risks and uncertainty factors to which the Company and the Group are exposed.

Stockholm, August 25, 2008

Karl Wernersson Chairman	Steingrimur Wernersson Director	Johannes Sigurdsson Director	
Gudmundur Ólason Director	Johan Klingspor Director	Rickard von Horn Director	Mats Höglund Director

Anders Fällman
President & CEO

REVIEW REPORT

We have reviewed the interim report for the period January 1 to June 30, 2008 for Moderna Finance AB (Publ). The board of directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, August 25, 2008
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

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