

**Ancoria Insurance Public Limited**  
**(formerly Akelius Insurance Public Limited)**

for the year ended 31 December 2008

**Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

**FINANCIAL STATEMENTS  
for the year ended 31 December 2008**

<b>Contents</b>	<b>Page</b>
General information	3
Report of the Board of Directors	4 - 5
Independent auditors' report	6 - 7
Income statement	8
Balance sheet	9
Cash flow statement	10
Statement of changes in equity	11
Notes to the financial statements	12 - 41

# **Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

## **GENERAL INFORMATION**

### **Directors**

Ioannis Loizou - Chairman  
Sievert Larsson - Director  
Charalambos Kyritsis - Director

### **Company Secretary**

Maria Konomou Tzirtzipi

### **Registered office**

36, Laodikias Street  
2028 Strovolos  
Nicosia

### **Legal advisers**

Georghios Colocassides  
Foyen Advokastfirma

### **Bankers**

Skandinaviska Enskilda Banken  
Danske Bank  
UBS AG  
Credit Suisse  
Plusgirot  
Bank of Cyprus Public Company Ltd  
Marfin Popular Bank Public Company Ltd  
FBME Ltd

### **Actuary**

Michael Bell

### **Independent Auditors**

Ernst & Young Cyprus Limited  
Certified Public Accountants and Registered Auditors  
36, Byron Avenue  
Nicosia Tower Centre  
P.O. Box 21656  
Nicosia 1511

# **Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

## **REPORT OF THE BOARD OF DIRECTORS**

The Directors present their report together with the audited financial statements of Ancoria Insurance Public Limited (the "Company") for the year ended 31 December 2008.

### **Change of name**

On 24 April 2008, the Company changed its name from Akelius Insurance Public Limited to Ancoria Insurance Public Limited.

### **Principal activities**

The Company's principal activity during the year continued to be life insurance business outside Cyprus, which included the sale of both life insurance contracts and investment contracts.

### **Results and financial position**

The results of the Company for the year ended 31 December 2008 are set out on page 8 of the financial statements. The financial position of the Company is set out in the balance sheet on page 9 of the financial statements.

The net profit for the year amounted to SEK21.859 thousand (2007: SEK65.757 thousand). After the addition of the retained earnings brought forward of SEK35.074 thousand (2007: SEK94.387 thousand) and the payment of a dividend amounting to SEK30.030 thousand (2007: SEK125.070 thousand), the balance in retained earnings carried forward is SEK26.903 (2007: SEK35.074 thousand).

The Company's results are considered satisfactory under the current market conditions.

### **Dividends**

In accordance with a resolution of the Board of Directors on 3 April 2008 which was approved at the Annual General Meeting on 8 May 2008, the Company paid a final dividend for the year ended 31 December 2007 of SEK2,73 per share, amounting in total to SEK30.030 thousand (2007: final dividend for the year ended 31 December 2006 of SEK125.070 thousand).

### **Branches**

The Company does not operate through a branch.

### **Principal risks and uncertainties**

The principal risks that the Company faces and the action it takes to address these risks are set out in note 22 to the financial statements.

### **Future developments**

Notwithstanding factors beyond the Company's control, the Board is continuing to aim to increase the level of policyholders' funds under management, and its profitability.

# **Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

## **REPORT OF THE BOARD OF DIRECTORS (continued)**

### **Share capital**

As a result of the introduction of the Euro as the new official currency of the Republic of Cyprus as of 1 January 2008, the Company's authorised share capital was converted into Euro, from £1.500.000 divided into 15.000.000 shares of a nominal value of £0,10 each, to €2.550.000 divided into 15.000.000 shares of a nominal value of €0,17 each.

The decrease in the issued share capital of SEK89.000 arising as a result of the conversion was posted to a special reserve account called "Difference from the conversion of share capital into Euro".

The immediate parent of Ancoria Insurance Public Limited as of 31 December 2008, holding 96,12% of its issued share capital, was "The Sievert Larsson Scholarship Foundation", a foundation registered in Bahamas.

### **Events after the Balance Sheet date**

There were no significant events after the Balance Sheet date.

### **Board of Directors**

The directors of the Company at the date of this report are listed on page 3. The directors were in office for the whole year, except for Mr. Charalambos Kyritsis who was appointed on 17 March 2009.

In accordance with article 84 of the Company's Articles of Association, Mr. Sievert Larsson retires by rotation and being eligible, offers himself for re-election.

In accordance with article 89 of the Company's Articles of Association, Mr. Charalambos Kyritsis also retires by rotation and being eligible, offers himself for re-election.

During the year there have been no significant changes in the distribution of responsibilities or the compensation of the Company's Board of Directors.

### **Independent auditors**

The independent auditors of the Company, Ernst & Young Cyprus Limited have signified their willingness to continue in office. A resolution for reappointing them and authorising the directors to set their remuneration will be proposed at the Annual General Meeting of the Company.

By order of the Board

Maria Konomou - Tzirtzipi  
Company Secretary

30 March 2009

# **Independent Auditors' Report**

## **To the members of Ancoria Insurance Public Limited**

### **Report on the Financial Statements**

We have audited the financial statements of Ancoria Insurance Public Limited (the "Company") on pages 8 to 41, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Ancoria Insurance Public Limited as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

## **Report on Other Legal Requirements**

Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 4 to 5 is consistent with the financial statements.

## **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Cyprus Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

## **Ernst & Young Cyprus Limited**

Certified Public Accountants and Registered Auditors

Nicosia

30 March 2009

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## INCOME STATEMENT

for the year ended 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

	Notes	2008 SEK	2007 SEK
Gross premiums	13, 19	142.329	259.448
Reinsurers' share of gross premiums	13	(1)	(4)
<b>Net premiums</b>		<u>142.328</u>	<u>259.444</u>
Fee income	20	49.322	67.876
Investment income		109.552	73.283
Net realised and unrealised (losses)/gains on investments		(1.415.825)	223.185
Other income		15.645	21.886
Foreign exchange gains		5.132	635
Profit from disposal of investment in subsidiary		-	1.718
<b>Other revenues, income and expenses</b>		<u>(1.236.174)</u>	<u>388.583</u>
<b>Total revenues, income and expenses</b>		<u>(1.093.846)</u>	<u>648.027</u>
Benefits for surrenders, cancellations and withdrawals of insurance contracts	13	(400.068)	(344.312)
Death claims	13	(21.644)	(30.454)
Death expenses		(486)	(370)
Net change in insurance contract liabilities	13	<u>1.396.478</u>	<u>(56.667)</u>
<b>Net insurance contract benefits and claims</b>		974.280	(431.803)
Net change in investment contract liabilities	15	230.915	(40.264)
Fee expense	20	(49.322)	(67.876)
Interest, bank charges and withholding taxes		(8.898)	(5.910)
Portfolio managers' fees		(354)	(618)
Other operating and administrative expenses	3	<u>(27.069)</u>	<u>(28.965)</u>
<b>Total benefits, claims and other income/(expenses)</b>		<u>1.119.552</u>	<u>(575.436)</u>
<b>Profit before tax</b>		25.706	72.591
Income tax expense	4	<u>(3.847)</u>	<u>(6.834)</u>
<b>Net profit for the year</b>		<u>21.859</u>	<u>65.757</u>
Basic and diluted earnings per share (SEK)	6	<u>1,99</u>	<u>5,98</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## BALANCE SHEET

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

	<i>Notes</i>	<i>2008</i> <i>SEK</i>	<i>2007</i> <i>SEK</i>
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and bank balances	7	163.060	265.416
Money market instruments	8	1.075.697	911.915
Equity instruments	8	1.727.978	3.355.089
Bonds	8	54.661	204.930
Derivative financial assets	8	1.516	5.054
Promissory notes	8	23.879	23.914
Other receivables	9	10.988	13.335
Amounts due from related parties	10	4.175	7.322
		<u>3.061.954</u>	<u>4.786.975</u>
<b>Other assets</b>			
Income tax receivable	4	3.734	10.175
Property, plant and equipment	11	29.851	14.276
Intangible assets	12	1.069	414
		<u>34.654</u>	<u>24.865</u>
<b>TOTAL ASSETS</b>		<u><u>3.096.608</u></u>	<u><u>4.811.840</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	17	15.453	15.542
Difference from the conversion of share capital into Euro		89	-
Share premium		88.409	88.409
Property revaluation reserve		17.802	4.174
Retained earnings		26.903	35.074
<b>Total equity</b>		<u>148.656</u>	<u>143.199</u>
<b>Liabilities</b>			
Insurance contract liabilities	13	2.444.420	3.840.898
Liabilities to policyholders	14	21.526	35.348
Deferred tax liability	4	2.587	631
Investment contract liabilities	15	473.490	776.676
Derivative financial liabilities	8	-	2.940
Other creditors and accrued charges	16	2.276	2.365
Amounts due to related parties	10	3.269	263
Income tax payable	4	379	7.250
Bank overdrafts	7	5	2.270
<b>Total liabilities</b>		<u>2.947.952</u>	<u>4.668.641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3.096.608</u></u>	<u><u>4.811.840</u></u>

Ioannis Loizou - Chairman

Sievert Larsson - Director

**Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

**CASH FLOW STATEMENT**

**for the year ended 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

	<i>Note</i>	<i>2008 SEK</i>	<i>2007 SEK</i>
<b>Cash flows from operating activities</b>			
Cash (used in)/from operating activities	18	(64.094)	51.772
Interest paid		(487)	(87)
Income taxes paid		<u>(3.593)</u>	<u>(7.635)</u>
<b>Net cash flows (used in)/from operating activities</b>		<u>(68.174)</u>	<u>44.050</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	12	(887)	(377)
Purchase of property, plant and equipment	11	(1.000)	(285)
Proceeds from disposal of subsidiary		<u>-</u>	<u>2.918</u>
<b>Net cash flows (used in)/from investing activities</b>		<u>(1.887)</u>	<u>2.256</u>
<b>Cash flows from financing activities</b>			
Payment of dividends	5	<u>(30.030)</u>	<u>(125.070)</u>
<b>Net cash flows used in financing activities</b>		<u>(30.030)</u>	<u>(125.070)</u>
Net decrease in cash and cash equivalents		(100.091)	(78.764)
Cash and cash equivalents at 1 January	7	<u>263.146</u>	<u>341.910</u>
<b>Cash and cash equivalents at 31 December</b>	7	<u>163.055</u>	<u>263.146</u>

## Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

	<i>Note</i>	<i>Issued capital SEK</i>	<i>Share premium SEK</i>	<i>Difference from the conversion of share capital into Euro SEK</i>	<i>Property revaluation reserve SEK</i>	<i>Retained earnings SEK</i>	<i>Total SEK</i>
At 1 January 2007		15.542	88.409	-	4.156	94.387	202.494
Deferred tax		-	-	-	18	-	18
Total income and expense for the year recognised directly in equity		-	-	-	18	-	18
Net profit		-	-	-	-	65.757	65.757
Total recognised income and expense for the year		-	-	-	18	65.757	65.775
Dividends paid		-	-	-	-	(125.070)	(125.070)
<b>At 31 December 2007</b>		15.542	88.409	-	4.174	35.074	143.199
Property revaluation		-	-	-	15.484	-	15.484
Deferred tax		-	-	-	(1.856)	-	(1.856)
Total income and expense for the year recognised directly in equity		-	-	-	13.628	-	13.628
Net profit		-	-	-	-	21.859	21.859
Total recognised income and expense for the year		-	-	-	13.628	21.859	35.487
Dividends paid	5	-	-	-	-	(30.030)	(30.030)
Difference from conversion of share capital into Euro	17	(89)	-	89	-	-	-
<b>At 31 December 2008</b>		<u>15.453</u>	<u>88.409</u>	<u>89</u>	<u>17.802</u>	<u>26.903</u>	<u>148.656</u>

# **Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

### **1. Corporate information**

Ancoria Insurance Public Limited (“the Company”) was incorporated in Cyprus on 5 June 1987 as a private company limited by shares. On 23 November 1998 the Company became public through the issue of a statement in lieu of a prospectus. The registered office of the Company is located at 36 Laodikias Street, 2028 Strovolos, Nicosia.

On 24 April 2008, the Company changed its name from Akelius Insurance Public Limited to Ancoria Insurance Public Limited.

The immediate parent of the Company is “The Sievert Larsson Scholarship Foundation”, a foundation registered in Bahamas, which holds 96,12% of the total issued shares.

The principal activity of the Company is to carry on life insurance business outside Cyprus, which includes the sale of both life insurance contracts containing significant insurance risk and investment contracts containing insignificant insurance risk.

The financial statements of Ancoria Insurance Public Limited for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 30 March 2009.

### **2.1 Basis of preparation**

The financial statements of Ancoria Insurance Public Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The financial statements are presented in Swedish Kronor (SEK), which is the Company’s functional and presentation currency. The amounts are rounded to the nearest thousand. The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings and financial assets and financial liabilities measured at fair value.

### **2.2 Changes in accounting policies and adoption of new/revised IFRS**

The Company has adopted the following new and amended IFRS and IFRIC Interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company.

*Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments*

*IFRIC 11, IFRS 2: Group and Treasury Share Transactions*

*IFRIC 12: Service Concession Arrangements*

*IFRIC14, IAS19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.3 Standards and interpretations that are issued but not yet effective**

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

**Issued by the IASB and adopted by the EU**

*IFRS 8: Operating Segments*

*Improvements to IFRSs (2007)*

*Amendments to IFRS 1 and IAS 27: Cost of an Investment in a subsidiary, JV or associate*

*Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation*

*Amendments to IAS 1: Presentation of Financial Statements: A Revised Presentation*

*Amendment to IFRS 2: Share Based Payment – Vesting Conditions and Cancellations*

*Amendment to IAS 23: Borrowing Costs*

*IFRIC 13: Customer Loyalty Programmes*

**Issued by the IASB but not yet adopted by the EU**

*Revisions to IFRS 3: Business Combinations and Amendments to IAS 27, Consolidated and Separate Financial Statements*

*Revisions to IFRS 1, First Time Adoption of IFRS*

*Amendments to IFRS 7: Disclosures for Fair Value Measurement and Liquidity Risk*

*Amendments to IAS 39 and IFRIC 9: Embedded Derivatives*

*IFRIC 15: Agreements for the Construction of Real Estate*

*IFRIC 16: Hedges of a Net Investment in a Foreign Operation*

*Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items*

*IFRIC 17: Distribution of Non-Cash Assets to Owners*

*IFRIC 18: Transfer of Assets from Customers*

The above are expected to have no significant impact on the Company's financial statements when they become effective, other than certain changes to the presentation of its financial statements, as required by the published Amendments to IAS 1 that are applicable in 2009.

The main revisions to IAS 1 are the introduction of a new statement of comprehensive income and expense recognised in profit or loss together with our comprehensive income and the requirements to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet.

**2.4 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Insurance contract liabilities and investment contract liabilities*

Actuarial estimates are made in respect of the liabilities arising from death claims, based on standard mortality tables that reflect historical mortality experience. Estimates are also made as to future investment income arising from assets backing the life insurance and investment contracts, based on current market returns as well as expectations about future economic and financial developments and for changes in the level of administration expenses.

Estimates for future deaths, investment returns and administration expenses are used to calculate the liability over the term of the contract (note 21). At each reporting date, these estimates are reassessed for adequacy and adjustments are reflected as changes to the liability.

**2.5 Summary of significant accounting policies**

The accounting policies followed in respect of items that are considered material for the results and the financial position of the Company are stated below.

**(a) Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

**(b) Consolidation of special purpose entities**

The Company does not consolidate special purpose entities that are part of the assets that belong to unit-linked funds, where the policyholders exercise control of such entities in accordance with the rules of the relevant fund.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(c) Financial assets and financial liabilities**

Investments are classified as financial assets at fair value through profit or loss, or loans receivable.

All regular way purchases and sales of financial assets and financial liabilities are recognised on the date on which the Company commits to purchase or sell the investment.

*Financial assets and liabilities at fair value through profit or loss*

This category of financial assets and financial liabilities has two subcategories, financial assets and financial liabilities held-for-trading and financial assets and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial asset or financial liability is classified as held-for-trading if it is: (a) acquired or incurred principally for the purpose of sale or repurchase in the near future; (b) part of a portfolio of separately identifiable financial instruments that have been commonly managed and for which there is evidence of a recent pattern of short term profit taking; or (c) a derivative financial instrument.

All other financial assets or financial liabilities are classified at fair value through profit or loss upon initial recognition, when they are collectively managed, their performance is assessed according to their fair value in accordance with the verified risk or investment management strategy and the information regarding this group of financial assets or financial liabilities is provided internally to the administrative officers of the Company.

The Company's strategy is to manage investments acquired to cover its insurance and investment contracts liabilities on the basis of their fair values.

All financial assets and financial liabilities are initially recognised at their fair value excluding transaction costs.

Financial assets and liabilities at fair value through profit or loss are subsequently measured at fair value, based on market prices for listed securities. The fair value of unlisted securities is estimated using appropriate models and valuation methods and/or on the basis of the investee's financial results, condition and prospects compared to those of similar companies for which quoted market prices are available. Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss are recognised in the income statement.

Derivative financial instruments are classified as held for trading. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. These instruments are initially recorded at fair value. Subsequent to initial recognition, these are remeasured at fair value. Fair value adjustments and realized gains and losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(c) Financial assets and financial liabilities (continued)**

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment, plus transaction costs directly attributable to the acquisition.

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method less any provision for impairment. Amortisation of premiums or discounts and any impairment losses are taken to the income statement.

**(d) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

For loans and receivables, carried at amortised cost, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a variable interest rate was used, the discounted rate for measuring the impairment loss is the current effective interest rate. Impairment loss is recorded in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

**(e) Derecognition of financial assets**

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(e) Derecognition of financial assets (continued)**

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**(f) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

**(g) Product classification**

*Insurance contracts*

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependant on both the probability of an insured event and the magnitude of its potential effect. An insurance risk of 5% or more on the contract balance is considered significant.

Once a contract has been classified as an insurance contract, it remains an insurance contract until expiry or until all of the rights and obligations under the contract have been fulfilled even if the insurance risk reduces significantly during this period.

*Investment contracts*

Any contracts not considered insurance contracts, where the insurance risk is insignificant, are classified as investment contracts. Deposits collected, surrenders, cancellations, withdrawals and death benefits under investment contracts are not accounted for through the income statement, but are accounted for directly through the balance sheet as a movement in the investment contract liability, with only the net movement recorded in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(h) Life insurance contract liabilities**

The provision for life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each life contract.

For liabilities of unit-linked policies, the unitised fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked funds.

The liabilities are derecognised when the contracts are discharged or are cancelled.

**(i) Investment contract liabilities**

Investment contracts are carried at fair value based on a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each contract.

For liabilities of unit-linked policies, the unitised fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked funds.

The liabilities are derecognised when the contracts are discharged or are cancelled.

**(j) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment in value.

The cost of computer software represents the consideration paid for their acquisition.

Amortisation commences when the asset is ready for use and is provided on a straight-line basis over the estimated useful life of the asset which is 3 years.

The carrying values of computer software are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**(k) Other receivables**

Other receivables are stated net of specific provisions for doubtful debts that may arise during the ordinary conduct of the Company's business. Bad debts are written off to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(l) Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment in value.

The cost of property, plant and equipment represents the consideration paid for their acquisition as well as any directly attributable costs of bringing the assets to working condition for their intended use.

Following initial recognition at cost, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses. Fair value is determined by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The valuation is carried out by independent qualified valuers. Any surplus on revaluation is credited to the property revaluation reserve net of the related deferred tax.

Any revaluation deficit directly offsetting a previous surplus for the same asset is directly offset against the surplus in the property revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Revaluations are performed on a regular basis ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the following annual rates:

Buildings	3%
Computer equipment	20%
Furniture and other equipment	10%
Motor vehicles	25%

Land is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(l) Property, plant and equipment (continued)**

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

Costs incurred for the modification or improvement of the freehold buildings of the Company are capitalised and depreciated using the rates referred to above to the extent that future economic benefits are expected to flow to the Company.

Costs incurred for the maintenance and repair of buildings and other property, plant and equipment are charged to the income statement as incurred.

**(m) Income tax**

Provision is made for income tax in accordance with the fiscal regulations and rates which apply in Cyprus.

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is also recognised in equity.

**(n) Retirement benefit costs**

The costs of the defined contribution scheme, in the form of contributions to a Provident Fund are calculated as a fixed percentage of the employees' emoluments and are charged to the income statement as incurred.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**2.5 Summary of significant accounting policies (continued)**

**(o) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Premiums*

Premiums are accounted for in the period in which they are received and units are allocated, less cancellations.

*Interest*

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

*Dividends*

Revenue is recognised when the shareholders' right to receive the payment is established.

*Fee income*

Insurance and investment contract policyholders are charged for policy administration services, investment management services and for surrenders. The fee is recognised as revenue in the period when the related services are performed.

*Realised gains and losses recorded in the income statement*

Realised gains and losses on the sale of financial assets, other than those at fair value through profit or loss, are calculated as the difference between net sales proceeds and the original or amortised cost. Realised gains and losses are recognised in the income statement when the sale transaction occurs.

**(p) Death claims, surrenders, cancellations and withdrawals**

Death claims are recorded on the date of death. Surrenders, cancellations and withdrawals are recorded on the date of the notifications received.

**(q) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

**(r) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

---

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 2.5 Summary of significant accounting policies (continued)

#### (s) Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of cash at bank and in hand.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (t) Equity Movements

##### *Ordinary Share Capital*

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Any difference between the issue price of share capital and the nominal value is recognised as share premium.

##### *Dividends on Ordinary Share Capital*

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders.

Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the balance sheet date are dealt with as an event after the balance sheet date.

### 3. Operating and administrative expenses

	2008	2007
	SEK	SEK
Staff salaries and employer contributions	10.862	11.253
Directors' remuneration	1.124	1.322
Consultancy fees	788	2.403
Marketing costs	3.087	4.527
Auditors' remuneration	638	842
Commissions to agents	660	-
Commissions to Ancoria AB	1.229	-
Depreciation and amortisation	1.140	1.258
Other	7.541	7.360
	<u>27.069</u>	<u>28.965</u>

The Company makes contributions to a defined contribution retirement benefit plan. The Company's contributions to the plan for the year amounted to SEK484 (2007: SEK470) in respect of staff and SEKNIL (2007: SEK21) in respect of Directors. These amounts are included in staff salaries and in Directors' remuneration respectively.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 4. Income tax

	2008 SEK	2007 SEK
<b>Income statement</b>		
Income tax - current year	3.707	7.145
Income tax - prior year	40	(319)
Deferred tax	100	8
Income tax expense as reported in the income statement	<u>3.847</u>	<u>6.834</u>
<b>Balance sheet</b>		
<i>Current assets</i>		
Income tax receivable	<u>3.734</u>	<u>10.175</u>
<i>Current liabilities</i>		
Income tax payable	<u>379</u>	<u>7.250</u>
<i>Deferred tax liability</i>		
Balance 1 January	631	641
Movement for the year – charged to income statement	100	8
– charged to equity	<u>1.856</u>	<u>(18)</u>
Balance 31 December	<u>2.587</u>	<u>631</u>
Difference between tax capital allowances on property, plant and equipment and accounting depreciation	125	25
Revaluation of land and buildings (reported in equity)	<u>2.462</u>	<u>606</u>
	<u>2.587</u>	<u>631</u>

Income tax expense represents a provision for Cyprus income tax at the greater of the statutory tax rate of 10% on the taxable income for the year and 1,5% on the gross insurance contract premiums.

A reconciliation of the income tax expense applicable to the accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2008 and 2007 is as follows:

	2008 SEK	2007 SEK
Accounting profit before tax	<u>25.706</u>	<u>72.591</u>
Income tax at 10%	2.571	7.259
Tax effect of:		
Income not taxable	(374)	(172)
Expenses not allowed for tax purposes	1.610	66
Prior year taxes	40	(319)
	<u>3.847</u>	<u>6.834</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 5. Dividends paid

	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
SEK2,73 per share (2007: SEK11,37 per share)	<u>30.030</u>	<u>125.070</u>

In accordance with a resolution of the Board of Directors on 3 April 2008 which was approved at the Annual General Meeting on 8 May 2008, the Company paid a final dividend for the year ended 31 December 2007 of SEK2,73 per share, amounting in total to SEK30.030 thousand (2007: final dividend for the year ended 31 December 2006 of SEK125.070 thousand).

### 6. Basic and diluted earnings per share

	<i>2008</i>	<i>2007</i>
Net profit attributable to shareholders (SEK'000)	<u>21.859</u>	<u>65.757</u>
Weighted average number of shares in issue	<u>11.000.000</u>	<u>11.000.000</u>
Basic and diluted earning per share (SEK)	<u>1,99</u>	<u>5,98</u>

At 31 December 2008 and 2007 there were no potentially dilutive financial instruments outstanding.

### 7. Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement comprise:

	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
Cash in hand	2	2
Bank balances	163.058	265.414
Bank overdrafts	<u>(5)</u>	<u>(2.270)</u>
	<u>163.055</u>	<u>263.146</u>

Bank overdrafts which are denominated in Swedish Kronor carry interest at 5% to 6% per annum (2007: 5% to 6%) calculated on daily balances, and are repayable on demand. These overdrafts are secured by different investment portfolios.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 8. Financial assets and liabilities

#### Financial assets

	<i>Financial assets at fair value through profit or loss</i>			<i>Total SEK</i>
	<i>Held for trading SEK</i>	<i>Other SEK</i>	<i>Loans receivable SEK</i>	
<b>2008</b>				
Money market instruments	-	1.075.697	-	1.075.697
Equity securities	-	1.727.978	-	1.727.978
Bonds	-	54.661	-	54.661
Derivative financial assets	1.516	-	-	1.516
Promissory notes	-	-	23.879	23.879
	<u>1.516</u>	<u>2.858.336</u>	<u>23.879</u>	<u>2.883.731</u>

	<i>Financial assets at fair value through profit or loss</i>			<i>Total SEK</i>
	<i>Held for trading SEK</i>	<i>Other SEK</i>	<i>Loans receivable SEK</i>	
<b>2007</b>				
Money market instruments	-	911.915	-	911.915
Equity securities	-	3.355.089	-	3.355.089
Bonds	-	204.930	-	204.930
Derivative financial assets	5.054	-	-	5.054
Promissory notes	-	-	23.914	23.914
	<u>5.054</u>	<u>4.471.934</u>	<u>23.914</u>	<u>4.500.902</u>

The promissory notes represent receivables from Akelius Finans Public Ltd, which was a related company until 31 December 2005, amounting to SEK110 (2007: SEK145) and from Larsson Investment Funds Ltd, a related company, amounting to SEK23.769 (2007: 23.769). Interest income on these receivables amounted to SEK1.465 (2007: SEK437).

Equity securities include shares, units in mutual funds and other similar instruments.

Investments include an amount of SEK89.713 thousand (2007: SEK107.574 thousand) representing investments of shareholders' funds and SEK712.142 thousand (2007: SEK587.120 thousand) representing investments of non-linked funds.

All other investments are linked to insurance and investment contracts and the relevant investment risk is borne by the policyholders.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 8. Financial assets and liabilities (continued)

#### Financial assets (continued)

*Financial assets at fair value through profit or loss*

	<i>Derivative financial assets SEK</i>	<i>Money market instruments SEK</i>	<i>Equity securities SEK</i>	<i>Bonds SEK</i>	<i>Total SEK</i>
<b>2008</b>					
Listed on European stock exchanges	1.516	1.075.697	1.572.215	54.661	2.704.089
Listed on USA stock exchanges	-	-	135.250	-	135.250
Listed on Japanese stock exchanges	-	-	20.513	-	20.513
	<u>1.516</u>	<u>1.075.697</u>	<u>1.727.978</u>	<u>54.661</u>	<u>2.859.852</u>
<b>2007</b>					
Listed on European stock exchanges	5.054	911.915	3.175.275	204.930	4.297.174
Listed on USA stock exchanges	-	-	172.068	-	172.068
Listed on Japanese stock exchanges	-	-	7.746	-	7.746
	<u>5.054</u>	<u>911.915</u>	<u>3.355.089</u>	<u>204.930</u>	<u>4.476.988</u>

The movement in financial assets is summarised as follows:

	<i>Financial assets at fair value through profit or loss</i>			
	<i>Held for trading SEK</i>	<i>Other SEK</i>	<i>Loans receivable SEK</i>	<i>Total SEK</i>
<b>2008</b>				
1 January	5.054	4.471.934	23.914	4.500.902
Additions	1.516	1.163.431	-	1.164.947
Disposals	(5.054)	(1.364.954)	(35)	(1.370.043)
Fair value losses recorded in the income statement	-	(1.412.075)	-	(1.412.075)
31 December	<u>1.516</u>	<u>2.858.336</u>	<u>23.879</u>	<u>2.883.731</u>
<b>2007</b>				
1 January	16.260	4.730.450	145	4.746.855
Additions	5.054	2.745.456	23.769	2.774.279
Disposals	(16.260)	(2.948.369)	-	(2.964.629)
Fair value losses recorded in the income statement	-	(55.603)	-	(55.603)
31 December	<u>5.054</u>	<u>4.471.934</u>	<u>23.914</u>	<u>4.500.902</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 8. Financial assets and liabilities (continued)

#### Financial assets (continued)

Analysis of financial assets held per currency is summarised as follows:

	<i>Financial assets at fair value through profit or loss</i>		<i>Loans receivable SEK</i>	<i>Total SEK</i>
	<i>Held for trading SEK</i>	<i>Other SEK</i>		
<b>2008</b>				
Euro	-	186.754	-	186.754
Swedish Kronor	1.516	2.498.058	23.879	2.523.453
Swiss Francs	-	7.555	-	7.555
British Pounds	-	1.249	-	1.249
Danish Kronor	-	2.055	-	2.055
Norwegian Kronor	-	5.782	-	5.782
United States Dollars	-	135.250	-	135.250
Japanese Yen	-	632	-	632
Other	-	21.001	-	21.001
	<u>1.516</u>	<u>2.858.336</u>	<u>23.879</u>	<u>2.883.731</u>
<b>2007</b>				
Euro	-	217.516	-	217.516
Swedish Kronor	5.054	4.054.869	23.914	4.083.837
Swiss Francs	-	4.131	-	4.131
British Pounds	-	89	-	89
Danish Kronor	-	6.084	-	6.084
Norwegian Kronor	-	9.432	-	9.432
United States Dollars	-	172.068	-	172.068
Japanese Yen	-	3.191	-	3.191
Other	-	4.554	-	4.554
	<u>5.054</u>	<u>4.471.934</u>	<u>23.914</u>	<u>4.500.902</u>

#### Financial liabilities

	<i>Financial liabilities at fair value through profit or loss</i>		<i>Total SEK</i>
	<i>Held for trading SEK</i>	<i>Other SEK</i>	
<b>2007</b>			
Derivative financial liabilities	<u>2.940</u>	<u>-</u>	<u>2.940</u>
	<u>2.940</u>	<u>-</u>	<u>2.940</u>

There were no derivative financial liabilities as of 31 December 2008.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 8. Financial assets and liabilities (continued)

#### Financial liabilities (continued)

The movement in these financial liabilities is summarised as follows:

	<i>Financial liabilities at fair value through profit or loss</i>		
	<i>Held for trading SEK</i>	<i>Other SEK</i>	<i>Total SEK</i>
<b>2008</b>			
1 January	2.940	-	2.940
Disposals	(2.940)	-	(2.940)
31 December	<u>-</u>	<u>-</u>	<u>-</u>
<b>2007</b>			
1 January	10.815	64.610	75.425
Additions	2.940	-	2.940
Disposals	(10.815)	(64.610)	(75.425)
31 December	<u>2.940</u>	<u>-</u>	<u>2.940</u>

All the above financial liabilities are denominated in Swedish Kronor.

### 9. Other receivables

	<i>2008 SEK</i>	<i>2007 SEK</i>
Interest receivable	8.888	7.785
Other	<u>2.100</u>	<u>5.550</u>
	<u>10.988</u>	<u>13.335</u>

All the above amounts are receivable within 12 months from the balance sheet date.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 10. Related party balances and disclosures

	2008 SEK	2007 SEK
<b>Amounts due from:</b>		
Ancoria Sverige AB	99	-
Ancoria Fund Administration Ltd	32	4.810
Larsson Fund Management (Bahamas) Ltd	3.346	2.512
Larsson Investments Funds Ltd	698	-
	<u>4.175</u>	<u>7.322</u>
<b>Amounts due to:</b>		
Ancoria Fund Administration Ltd	<u>3.269</u>	<u>263</u>
	<u>3.269</u>	<u>263</u>

Ancoria Sverige AB, Ancoria Fund Administration Ltd, Larsson Fund Management Ltd and Larsson Investments Funds Ltd are related parties as they are entities under common control with the Company.

The balances receivable from and payable to the related companies are of an operational nature, carry no interest and are repayable on demand.

In addition to the above, promissory notes amounting to SEK23.769 are receivable from Larsson Investment Funds Ltd (note 8). An amount of SEK20.841 was repaid on 30 January 2009 and an amount of SEK2.928 is repayable on 30 January 2012. The notes carry interest at 5,745% per annum until 31 January 2008 and thereafter at a rate of 6% per annum until maturity. The interest is compounded annually on the outstanding principal amount.

During the year, commission amounting to SEK1.229 was paid to Ancoria Sverige AB, who acts as a representative of the Company in Sweden.

#### *Key Management Personnel:*

The Company enters into transactions with its directors and other key management personnel in the normal course of business.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Details of significant transactions carried out during the year with directors and key management personnel are as follows:

	2008 SEK	2007 SEK
<i>Sale of investment and insurance contracts:</i>		
Non executive directors	-	44
Executive directors	27.678	7.425
Other key management personnel	1.185	28
	<u>28.863</u>	<u>7.497</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 10. Related party balances and disclosures (continued)

	2008 SEK	2007 SEK
<i>Directors' emoluments:</i>		
Salaries and directors' fees	1.080	1.236
Employer's contributions for social insurance etc.	44	41
Employer's contributions for retirement benefit plan	-	21
	<u>1.124</u>	<u>1.298</u>
Non executive director fees	-	24
Total fees and emoluments of directors	<u>1.124</u>	<u>1.322</u>
<i>Other key management personnel emoluments:</i>		
Salaries and other short term benefits	2.667	2.607
Employer's contributions for social insurance etc.	195	183
Employer's contributions for retirement benefit plan	146	126
	<u>3.008</u>	<u>2.916</u>

### 11. Property, plant and equipment

	<i>Freehold land and buildings SEK</i>	<i>Computer Equipment SEK</i>	<i>Furniture and other equipment SEK</i>	<i>Motor vehicles SEK</i>	<i>Total SEK</i>
<b>2008</b>					
<b>Cost or valuation</b>					
At 1 January	14.106	8.127	4.081	550	26.864
Additions	215	757	28	-	1.000
Revaluation	<u>14.087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14.087</u>
At 31 December	<u>28.408</u>	<u>8.884</u>	<u>4.109</u>	<u>550</u>	<u>41.951</u>
<b>Depreciation</b>					
At 1 January	1.043	7.658	3.337	550	12.588
Charge for the year	353	390	165	-	908
Revaluation	<u>(1.396)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.396)</u>
At 31 December	<u>-</u>	<u>8.048</u>	<u>3.502</u>	<u>550</u>	<u>12.100</u>
<b>Net book value</b>					
At 31 December	<u>28.408</u>	<u>836</u>	<u>607</u>	<u>-</u>	<u>29.851</u>
<b>2007</b>					
<b>Cost or valuation</b>					
At 1 January	14.106	7.954	3.969	550	26.579
Additions	<u>-</u>	<u>173</u>	<u>112</u>	<u>-</u>	<u>285</u>
At 31 December	<u>14.106</u>	<u>8.127</u>	<u>4.081</u>	<u>550</u>	<u>26.864</u>
<b>Depreciation</b>					
At 1 January	694	7.208	3.080	439	11.421
Charge for the year	<u>349</u>	<u>450</u>	<u>257</u>	<u>111</u>	<u>1.167</u>
At 31 December	<u>1.043</u>	<u>7.658</u>	<u>3.337</u>	<u>550</u>	<u>12.588</u>
<b>Net book value</b>					
At 31 December	<u>13.063</u>	<u>469</u>	<u>744</u>	<u>-</u>	<u>14.276</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

---

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 11. Property, plant and equipment (continued)

At 31 December 2008, a revaluation of freehold land and buildings was carried out by an independent qualified valuer.

If no revaluation had taken place, the net book value of the freehold land and buildings at cost less accumulated depreciation, would have been SEK8.139 (2007: SEK8.434).

The value of land (at valuation) included in freehold land and buildings amounted to SEK9.145 (2007: SEK4.569), whereas the historic cost of land amounted to SEK1.815 (2007: SEK1.815).

Depreciation of property, plant and equipment is included under "Other operating and administrative expenses" in the income statement.

### 12. Intangible assets

	<i>Computer Software</i>	
	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
<b>Cost</b>		
At 1 January	5.209	4.832
Additions	887	377
At 31 December	<u>6.096</u>	<u>5.209</u>
<b>Amortisation</b>		
At 1 January	4.795	4.704
Charge for the year	232	91
At 31 December	<u>5.027</u>	<u>4.795</u>
<b>Net book value</b>		
At 31 December	<u>1.069</u>	<u>414</u>

Amortisation of intangible assets is included under "Other operating and administrative expenses" in the income statement.

**Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**13. Insurance contract liabilities**

The movement during the year in the life insurance contract liabilities is as follows:

	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
At 1 January	<u>3.840.898</u>	<u>3.784.231</u>
Gross premiums	142.329	259.448
Reinsurers' share of gross premiums	(1)	(4)
Investment income	84.376	53.993
Realised and unrealised (losses)/gains on investments	(1.164.043)	180.868
Foreign exchange gains	3.844	-
	<u>(933.495)</u>	<u>494.305</u>
Surrenders, cancellations and withdrawals	(400.068)	(344.312)
Death claims	(21.644)	(30.454)
Fees and commissions deducted	(40.873)	(55.000)
Interest, bank charges and withholding taxes	(7.372)	(4.781)
Foreign exchange losses	-	(336)
Portfolio managers' fees	(240)	(451)
Transfer from/(to) shareholders' funds	7.214	(2.304)
	<u>(462.983)</u>	<u>(437.638)</u>
(Decrease)/increase during the year	<u>(1.396.478)</u>	<u>56.667</u>
At 31 December	<u><u>2.444.420</u></u>	<u><u>3.840.898</u></u>

**14. Liabilities to policyholders**

	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
Insurance contracts	18.033	29.403
Investment contracts	3.493	5.945
	<u><u>21.526</u></u>	<u><u>35.348</u></u>

These represent liabilities for cancelled policies, withdrawals and death claims, payable within 10 days of a valid request by a policyholder.

**Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)**

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**15. Investment contract liabilities**

The movement during the year in the investment contract liabilities is as follows:

	<i>2008</i> <i>SEK</i>	<i>2007</i> <i>SEK</i>
At 1 January	<u>776.676</u>	<u>1.011.398</u>
Deposits from policyholders	109.307	195.093
Investment income	17.442	12.640
Realised and unrealised (losses)/gains on investments	(240.620)	42.343
Foreign exchange gains	<u>795</u>	<u>-</u>
	<u>(113.076)</u>	<u>250.076</u>
Surrenders, cancellations and withdrawals	(177.104)	(462.950)
Death claims	(4.474)	(7.130)
Fees and commissions deducted	(8.449)	(12.876)
Interest, bank charges and withholding taxes	(1.524)	(1.119)
Foreign exchange losses	-	(78)
Portfolio managers' fees	(50)	(106)
Transfer from/(to) shareholders funds	<u>1.491</u>	<u>(539)</u>
	<u>(190.110)</u>	<u>(484.798)</u>
Decrease during the year	<u>(303.186)</u>	<u>(234.722)</u>
At 31 December	<u><u>473.490</u></u>	<u><u>776.676</u></u>

**16. Other creditors and accrued charges**

	<i>2008</i> <i>SEK</i>	<i>2007</i> <i>SEK</i>
Commissions payable	570	-
Portfolio managers' fees payable	33	59
Professional fees payable	419	820
Audit fees payable	678	566
Employer's contributions to social insurance and medical scheme payable	266	209
Employees' deductions for PAYE payable	81	98
VAT payable	102	363
Other	<u>127</u>	<u>250</u>
	<u><u>2.276</u></u>	<u><u>2.365</u></u>

All the above amounts are payable within 12 months from the balance sheet date.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 17. Share capital

	2008 SEK	2007 SEK
<i>Authorised</i>		
15.000.000 ordinary shares of €0,17 each	<u>21.685</u>	<u>21.685</u>
<i>Issued and fully paid</i>		
11.000.000 ordinary shares of €0,17 each (2007: CY£0,10)	<u>15.453</u>	<u>15.542</u>

As a result of the introduction of the Euro as the new official currency of the Republic of Cyprus as of 1 January 2008, the Company's authorised share capital was converted into Euro, from £1.500.000 divided into 15.000.000 shares of a nominal value of £0,10 each, to €2.550.000 divided into 15.000.000 shares of a nominal value of €0,17 each.

The decrease in the issued share capital of SEK89.000 arising as a result of the conversion was posted to a special reserve account called "Difference from the conversion of share capital into Euro".

### 18. Net cash generated from operating activities

	<i>Note</i>	2008 SEK	2007 SEK
<b>Net profit before income tax</b>		25.765	72.591
Investment income and realised gains			
on investments		(100.127)	(303.739)
Foreign exchange gain		(5.685)	(635)
Net unrealised fair value loss on bonds and shares		1.401.813	211.375
Finance costs		487	86
Purchase of derivative financial liabilities	8	-	2.940
Purchase of equity securities	8	(790.847)	(1.504.615)
Purchase of bonds	8	(10.500)	(357.617)
Purchase of money market instruments	8	(363.600)	(888.278)
Purchase of promissory notes	8	-	(23.769)
Proceeds from sale of investments		1.372.983	2.964.629
Dividend income		47.297	40.543
Interest income		62.207	32.672
Other investment income		50	66
<i>Non cash items</i>			
Amortisation of intangible assets	12	232	91
Depreciation of property, plant and equipment	11	908	1.167
Profit on disposal of subsidiary		-	(1.718)
<i>Changes in working capital</i>			
Decrease/(increase) in other receivables		2.347	(4.914)
(Decrease)/increase in insurance contracts liabilities		(1.396.478)	56.667
Decrease in investment contract liabilities		(303.187)	(234.722)
Decrease in liabilities to policyholders		(13.823)	(10.621)
Increase/(decrease) in related party balances		6.153	(701)
(Decrease)/increase in other creditors and accrued charges		(89)	274
Cash (used in)/from operations		<u>(64.094)</u>	<u>51.772</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 19. Gross premiums

All premiums relate to life insurance contracts held by individuals, the vast majority of which are Swedish nationals.

These are single premium contracts: either linked to specified investments or non-linked that earn a defined benefit.

	2008 SEK	2007 SEK
Linked	61.923	199.686
Non-linked	80.406	59.762
	<u>142.329</u>	<u>259.448</u>

### 20. Fee income/expense

	2008 SEK	2007 SEK
<i>Policyholder administration and investment management charges</i>		
Insurance contracts	37.860	50.845
Investment contracts	7.826	11.903
<i>Entry/cancellation charges</i>		
Insurance contracts	3.013	4.155
Investment contracts	623	973
Total fee income/expense	<u>49.322</u>	<u>67.876</u>

The Company charges insurance and investment contract policyholders with fees for policy administration services, investment management services and for entry and cancellations.

These fees are included in the net movement in insurance and investment contract liabilities respectively (refer to notes 13 and 15).

### 21. Life insurance contracts and investment contracts

#### *Insurance business risks*

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

In relation to the risks from insurance business, the Company maintains sufficient reserves to cover obligations under insurance policies, with the advice of the appointed actuary.

**NOTES TO THE FINANCIAL STATEMENTS**

**at 31 December 2008**

**(all amounts are in thousand SEK unless otherwise stated)**

**21. Life insurance contracts and investment contracts (continued)**

Terms and conditions

Life insurance contracts and investment contracts offered by the Company include whole life single premium plans, with a minimum premium. Additional single premiums can be paid, subject to certain minima. Premiums can be invested in a number of ways, as follows:

- a) In funds providing guaranteed amounts at maturity (these are no longer available to policyholders) or guaranteed deposit funds under which the Company can vary the rate of interest credited. These funds are part of the non-linked business of the Company.
- b) In various unitised funds run by the Company which invest directly in capital market and money market instruments or other unitised funds. These funds are part of the unit-linked business of the Company.
- c) In funds which provide policyholders with a return which is linked to the return of a capital market index. These funds are part of the index-linked business of the Company.

Under all the plans, there is an amount payable on the death of the life assured, either based on a percentage of the fund value at death or fixed percentages of net premiums paid.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions relating to both life insurance contracts and investment contracts. Assumptions are determined as appropriate and prudent estimates have been made. The liabilities are established on the advice of the appointed actuary and satisfy the valuation requirements of the Cyprus Law on Insurance Services and Other Related Issues, and the regulations made there under.

Due consideration is given to the average rate of interest earned/expected to be earned on the assets of the relevant fund, the future mortality experience of policyholders and the future level of expenses involved in administering the funds.

The key assumptions are as follows:

(a) Mortality rates

Mortality rates represent 60% of the UK Standard Table, A67/70 Ult.

An increase in mortality rates will lead to a larger number of claims and claims could occur sooner than anticipated, which will increase the expenditure and reduce profits for the shareholders.

(b) Investment return

These estimates are based on current market returns as well as expectations about future economic and financial developments.

In determining the non-unit reserve for unit-linked business it has been assumed that the unit reserve grows at 5% per annum, before management charges, and the cash flows have been discounted at 2,75% per annum. In the case of the non-linked business an interest rate at 3% - 4% per annum has been assumed, depending on the type of fund.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders, to the extent that the assets are not matched to the liabilities.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 21. Life insurance contracts and investment contracts (continued)

#### (c) Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing the in-force policies and associated overhead expenses and allow for an increase of 3,5% per annum.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

### 22. Risk management

The Company is exposed to a variety of risks, the most important of which are insurance business risks (discussed in note 21), credit risk, market risks and liquidity risk.

Market risks arise from possible changes in the values of assets and liabilities as a result of changes in market conditions. The risk of variations in asset values can arise from unfavourable changes in foreign currency exchange rates, in interest rates and the current prices of investments. To the extent that such variations concern investments relating to unit-linked investment plans, they do not affect the Company's profitability.

#### Credit risk

Credit risk is the risk of a person or organisation defaulting in the repayment of their obligation to the Company. The Company's maximum exposure to credit risk is as indicated by the carrying amounts of its non-linked assets and shareholders' assets, shown in the table below:

	Non-linked SEK	Shareholders SEK	Total SEK
<b>31 December 2008</b>			
Financial assets:			
Bonds	50.855	-	50.855
Money market instruments	661.177	75.466	736.643
Equity securities	-	14.247	14.247
Promissory notes	110	-	110
Other receivables	4.822	4.092	8.914
Amounts due from related companies	-	4.175	4.175
Cash and cash equivalents	26.334	2.383	28.717
<b>Total</b>	<b>743.335</b>	<b>100.385</b>	<b>843.661</b>
<b>31 December 2007</b>			
Financial assets:			
Bonds	160.145	-	160.145
Money market instruments	426.830	61.562	488.392
Equity securities	-	46.012	46.012
Promissory notes	145	-	145
Other receivables	4.839	6.467	11.306
Amounts due from related companies	-	7.322	7.322
Cash and cash equivalents	40.256	4.198	44.454
<b>Total</b>	<b>632.215</b>	<b>125.561</b>	<b>757.776</b>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 22. Risk management (continued)

There were no impaired and/or past due but not impaired financial assets as at 31 December 2008 and 2007 respectively.

The table below provides information regarding the credit quality of the above assets according to Moody's credit ratings of the counterparties.

#### 31 December 2008

	<i>Aaa-Aa3</i> <i>SEK</i>	<i>A2-A3</i> <i>SEK</i>	<i>Baal</i> <i>SEK</i>	<i>Not</i> <i>rated</i> <i>SEK</i>	<i>Total</i> <i>SEK</i>
Financial assets:					
Bonds	50.855	-	-	-	50.855
Money market instruments	30.000	706.643	-	-	736.643
Equity securities	-	-	-	14.247	14.247
Promissory notes	-	-	-	110	110
Other receivables	1.204	4.870	-	2.840	8.914
Amounts due from related companies	-	-	-	4.175	4.175
Cash and cash equivalents	16.591	1.615	-	10.511	28.717
	<u>98.650</u>	<u>715.605</u>	<u>-</u>	<u>31.883</u>	<u>843.661</u>

#### 31 December 2007

	<i>Aaa-Aa3</i> <i>SEK</i>	<i>A2-A3</i> <i>SEK</i>	<i>Baal</i> <i>SEK</i>	<i>Not</i> <i>rated</i> <i>SEK</i>	<i>Total</i> <i>SEK</i>
Financial assets:					
Bonds	160.145	-	-	-	160.145
Money market instruments	25.000	463.392	-	-	488.392
Equity securities	-	-	21.840	24.172	46.012
Promissory notes	-	-	-	145	145
Other receivables	4.984	2.211	-	4.111	11.306
Amounts due from related companies	-	-	-	7.322	7.322
Cash and cash equivalents	17.907	3.439	-	23.108	44.454
<b>Total</b>	<u>208.036</u>	<u>469.042</u>	<u>21.840</u>	<u>58.858</u>	<u>757.776</u>

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 22. Risk management (continued)

#### Credit risk (continued)

##### *Geographic concentration*

The majority of the Company's clients are located in Sweden. As a consequence, economic and competitive issues in the Swedish market may affect the Company's business. The Company's management does not consider this to be a key risk area, but closely monitors the developments in the Swedish market and takes appropriate action if necessary.

#### Market risk

##### *Interest rate risk*

Interest rate risk arises from possible fluctuations in interest rates on fixed interest instruments. The exposure of the Company to such adverse fluctuations is considered minimal as the non-linked assets and liabilities are appropriately matched.

##### *Foreign currency risk*

Currency risk arises from fluctuations in the exchange rate between foreign currencies and the Swedish Kronor. Exposure to such risk is minimal as the majority of the non-linked assets are denominated in SEK. Also there is minimal exposure from liabilities denominated in foreign currency as such liabilities are insignificant.

##### *Price risk*

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates only to the shareholder's financial assets and the non-linked assets whose values will fluctuate as a result of changes in market prices.

The table below indicates how the Company's profit before tax will be affected from a change in the price of the equity securities held, as a result of reasonably possible changes in the relevant stock exchange indices:

		2008		2007
<i>Market indices</i>	<i>Change in variables</i>	<i>Impact on profit before tax</i>	<i>Change in variables</i>	<i>Impact on profit before tax</i>
	%	SEK	%	SEK
Swedish Stock Exchange	+20	2.576	+10	2.224
Structured products	+20	368	+10	2.377
Swedish Stock Exchange	-20	-2.576	-10	-2.224
Structured products	-20	-368	-10	-2.033

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 22. Risk management (continued)

#### Liquidity risk

Liquidity risk originates from the possibility that current cash obligations of the Company may not be covered by the available cash and cash equivalents.

The table below summarises the maturity profile of the financial liabilities of the Company by remaining contractual maturity:

	<i>Up to a year SEK</i>	<i>No term SEK</i>	<i>Total SEK</i>
<b>31 December 2008</b>			
Insurance contract liabilities	-	2.444.420	2.444.420
Investment contract liabilities	-	473.490	473.490
Liabilities to policyholders	21.526	-	21.526
Other creditors and accrued charges	2.276	-	2.276
Amounts due to related parties	3.269	-	3.269
Bank overdrafts	5	-	5
	<u>27.076</u>	<u>2.917.910</u>	<u>2.944.986</u>
	<i>Up to a year SEK</i>	<i>No term SEK</i>	<i>Total SEK</i>
<b>31 December 2007</b>			
Insurance contract liabilities	-	3.840.898	3.840.898
Investment contract liabilities	-	776.676	776.676
Liabilities to policyholders	35.348	-	35.348
Derivative liabilities	2.940	-	2.940
Other creditors and accrued charges	2.365	-	2.365
Amounts due to related parties	263	-	263
Bank overdrafts	2.270	-	2.270
	<u>43.186</u>	<u>4.617.574</u>	<u>4.660.760</u>

The Company's insurance and investment contracts do not have a fixed surrender date and therefore they are classified under no term. The remaining liabilities are due with one year from the balance sheet date.

The long term matching of the maturities of assets and liabilities is being continuously monitored by the management of the Company in cooperation with its actuary.

# Ancoria Insurance Public Limited (formerly Akelius Insurance Public Limited)

---

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

(all amounts are in thousand SEK unless otherwise stated)

### 22. Risk management (continued)

#### Capital management

The Company considers its capital to be shareholders' equity.

Externally imposed capital requirements are set and regulated by the Superintendent of Insurance of Cyprus, intended to ensure sufficient solvency margins.

The Company's objective in managing its capital is to support its business objective and maximize shareholder value.

In order to ensure that the capital requirements are met, the Company may adjust the amount of dividends it pays to shareholders.

The table below summarises the required capital of the Company for its life insurance business. The Company fully complied with the externally imposed capital requirements during the reported financial period.

	<i>2008</i>	<i>2007</i>
	<i>SEK</i>	<i>SEK</i>
Minimum solvency margin	<u>49.484</u>	<u>65.210</u>

### 23. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged for or a liability settled at an arm's length transaction.

The majority of the Company's financial assets (note 8) and all of its liabilities (notes 8 and 15) are measured at fair values.

### 24. Capital commitments

The Company had no significant capital commitments as at 31 December 2008 and 2007.

### 25. Events after the balance sheet date

There were no significant events after the balance sheet date.

