

**AS SEB ENSKILDA
TALLINN**

2007 ANNUAL REPORT

(Translation of the Estonian original)

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Main activity:	financial advisory services
Auditor:	AS PricewaterhouseCoopers
Beginning and end of financial year:	09.02.2007-31.12.2007

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MANAGEMENT REPORT

General overview

AS SEB Enskilda launched its operations at the beginning of 2007 when the leading Nordic investment bank SEB Enskilda expanded its activities to the Baltic countries. SEB Enskilda provides specialist advice in corporate finance and equity capital markets through its offices in all capitals of the Scandinavian and Baltic countries as well as in London, Frankfurt and New York. SEB Enskilda holds the leadership position among mergers and acquisitions as well as equity capital market advisors in the Nordic countries both in respect of the number of transactions as well as their volume, and it is the leading broker on Nordic stock exchanges.

AS SEB Enskilda is responsible for the provision of SEB Enskilda's corporate finance services in Estonia.

During its first year of operations, the Company focused on setting up its team which at the year-end consisted of eight experienced specialists in this field. In 2007, the Financial Supervision Authority issued an activity license to AS SEB Enskilda for the provision of investment services in Estonia, including arrangement of securities issues, public offerings and preparation for trading securities in the regulated market. Also, the Company completed the linking of information systems and harmonisation of management and surveillance arrangements with other units of SEB Enskilda.

Economic environment

While the first half of 2007 was characterised by optimism related to fast economic growth of previous years, low interest rates and aggressive offering of debt financing, then in the second half of the year, the economic environment both in Estonia and in the world changed significantly. The real estate market but also the industries oriented at domestic consumption have been impacted by these changes the most.

The changed economic environment has had a major effect on the price levels on stock markets and lowered the interest of investors in initial public offerings of securities. However, lower optimism with regard to future growth rates and limited availability of debt financing will foster mergers and acquisitions of companies. Thus, we expect the share of mergers and acquisitions related transactions to grow and offset the potential decline in the volume of equity capital market transactions. We also expect stabilisation of the economic environment and continued investor interest in the sectors of natural resources, energy and renewable energy.

Results of operations

In 2007, AS SEB Enskilda participated in several transactions of importance for the local region, including the initial public offering and listing of the shares of the leading Estonian real estate developer AS Arco Vara on the Tallinn Stock Exchange, placing in A/S Trigon Agri, a company investing in the chernozemic belt of Russia and the Ukraine and listing its shares on the OMX FirstNorth Stockholm, sale of shares in the manufacturer of steel roofs AS Toode, and management buyout of the importer and retailer of Peugeot AS Kommet Auto.

In 2007, the Company's total revenue exceeded EEK 100 million and the net profit exceeded EEK 24 million. During the year, the average number of employees was 7, staff costs totalled EEK 11 118 thousand including the remuneration of the members of the Management Board in the amount of EEK 4 187 thousand. No remuneration was paid to the members of the Supervisory Board. The average revenue per employee earned by the Company totalled EEK 14 286 thousand, the overall income-expense ratio was 76%. Return on equity was 68%.

FINANCIAL STATEMENTS

Management Board's confirmation of the financial statements

The Management Board confirms the correctness and completeness of AS SEB Enskilda 2007 financial statements as presented on pages 4 - 20.

The Management Board confirms that:

1. the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union and referred to in paragraph 17 of the Accounting Act of Estonia;
2. the financial statements present a true and fair view of the financial position, the results of operations and the cash flows of the Company;
3. AS SEB Enskilda is a going concern

Member of the Management Board
Henrik Igasta

Member of the Management Board
Priit Koit

Tallinn, 31 March 2008

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Kuupäev/date	02.04.08
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Balance sheet
 (in EEK)

	Note	31.12.2007
ASSETS		
Current assets		
Cash and cash equivalents	3	30 869 304
Receivables and prepayments	4;5	6 054 785
Total current assets		36 924 089
Non-current assets		
Property, plant and equipment	6	5 574 564
Total non-current assets		5 574 564
TOTAL ASSETS		42 498 653
LIABILITIES AND EQUITY		
Current liabilities		
Liabilities	7	6 866 123
Total current liabilities		6 866 123
TOTAL LIABILITIES		
Equity		
Share capital	8	11 500 000
Net profit for the year		24 132 530
TOTAL EQUITY		35 632 530
TOTAL LIABILITIES AND EQUITY		42 498 653

The notes on pages 9 – 20 are an integral part of these financial statements.

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Income statement
 (in EEK)

	Note	09.02-31.12.2007
Fee and commission income		100 008 744
Consultancy and arrangement fees related to issues of securities		99 695 844
Other commission fees		312 900
Fee and commission expenses		-57 108 194
Consultancy expenses and expenses related to arrangement of issues of securities		-57 056 166
Fees payable to credit institutions		-22 390
Other paid commission fees		-29 638
Net fee income		42 900 550
Interest income	3	689 783
Net interest income		689 783
Net loss on financial transactions		-18 894
Administrative expenses		-17 420 363
Wages and salaries		-11 118 155
Social security taxes, unemployment insurance premium		-3 712 284
Other administrative expenses	9	-2 589 924
Depreciation	6	-128 857
Other expenses	10	-1 889 689
Net profit for the year		24 132 530

The notes on pages 9 – 20 are an integral part of these financial statements.

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Cash flow statement

(in EEK)

	Note	09.02.-31.12.2007
Cash flows from operating activities		
Operating profit		24 132 530
<u>Adjustments:</u>		
Depreciation	6	128 857
Change in receivables and prepayments related to operating activities	4;5	-6 054 785
Change in liabilities and prepayments related to operating activities	7	6 866 123
Total cash flows from operating activities		25 072 725
Cash flows from investing activities		
Purchase of property, plant and equipment	6	-5 703 421
Total cash used in investing activities		-5 703 421
Cash flow from financing activities		
Share capital contribution	8	11 500 000
Total cash flows from financing activities		11 500 000
Total cash flows		30 869 304
Cash and cash equivalents at beginning of year		0
Net increase in cash and cash equivalents		30 869 304
Cash and cash equivalents at end of year	3	30 869 304

The notes on pages 9 – 20 are an integral part of these financial statements.

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Statement of changes in equity

(in EEK)

	Share capital	Retained earnings	Total
Share capital contribution			
09.02.2007	11 500 000	0	11 500 000
Net profit for the year	0	24 132 530	24 132 530
Balance as at 31.12.2007	11 500 000	24 132 530	35 632 530

More detailed information on share capital and other equity items is disclosed in Note 8.

The notes on pages 9 – 20 are an integral part of these financial statements.

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Notes to the financial statements

Note 1 Accounting policies adopted in the preparation of the financial statements

These financial statements of AS SEB Enskilda for the year 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The main accounting policies used in the preparation of these financial statements are set out below.

Economic transactions are recognised under the historical cost convention at the time they are concluded. The financial statements have been prepared under the accrual basis of accounting.

The financial year started at 9 February 2007 and ended at 31 December 2007.

These financial statements have been prepared in Estonian kroons unless referred to otherwise in any specific disclosure.

The parent company of AS SEB Enskilda is AS SEB Pank which is part of the SEB Group. SEB AB registered in Sweden is the ultimate controlling party. AS SEB Pank prepares consolidated financial statements.

The presentation of financial statements in conformity with International Financial Reporting Standards as adopted in the European Union requires the use of certain critical accounting estimates and judgement by management, which impact the balances of reportable assets and liabilities as at the balance sheet date and the presentation of contingent assets and liabilities as well as income and expenses recognised in the financial year. Although several financial figures are based on management's knowledge and estimates made in their best knowledge, the actual results may not coincide with these estimates.

The areas involving a higher degree of judgment or complexity or the areas, where assumptions and estimates are significant to the financial statements are primarily recognition of revenue under the stage of completion method and recognition of related expenses as well as evaluation of receivables. These estimates are constantly being reviewed against historical experience and other factors, considering the information obtained to make future estimates.

A. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are cash on hand, bank account balances (except for overdraft), term deposits of initial maturity of three months or less that are available without any major restrictions.

B. Receivables

Receivables are initially recognised at the fair value of the consideration received or receivable, net of transaction costs incurred. All receivables (receivables related to provision of services, accrued income, loans granted and other short and long-term receivables), except for receivables acquired for the purpose of selling, are carried at amortised cost (less principal payments and any potential impairments, if necessary). In order to calculate the amortised cost of receivables, they are initially recognised at the fair value of the consideration receivable and interest income is calculated on the receivable in subsequent periods using the effective interest rate method. Receivables held for trading are measured at fair value.

The amortised cost of receivables generated in the ordinary course of business normally equals their original invoice amount (less any refunds and impairment losses); therefore short-term receivables are carried in the balance sheet at the expected collectible amount.

The Company assesses at each balance sheet date whether there exists any objective evidence of impairment. Receivables are impaired and the respective impairment loss is recognised only when there is objective evidence

of impairment that became evident after the initial recognition of the asset (loss event) and that loss event (or loss events) has (have) an impact on the estimated future cash flows of the Company.

Several risks are conservatively considered when evaluating receivables. The collection of each receivable is assessed on an individual basis considering all available information on the solvency of the debtor. The Company assesses whether there is any objective evidence indicating impairment considering, for example, the following situations: financial difficulties of the buyer, bankruptcy or inability to meet its obligations to the Company. The amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows. An allowance for impairment losses is set up in the amount of estimated and actual losses occurred. The impairment loss is taken to the income statement line "Other expenses". Irrecoverable receivables are written off the balance sheet against the allowance set up.

Receivables are derecognized only when they are repaid or written-off, regardless of the fact that part of them may be recognized as costs through providing allowances for receivables.

C. Property, plant and equipment

Property, plant and equipment are non-current assets used in the operations of the Company with a useful life of over one year. An item of property, plant and equipment is initially recognised at its cost which consists of the purchase price (incl. customs duties and other non-refundable taxes) and other expenditures directly related to the acquisition that are necessary for bringing the asset to its operating condition and location. An item of property, plant and equipment is subsequently carried in the balance sheet at its cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment leased under finance leases are accounted for similarly to purchased non-current assets.

Subsequent expenditures incurred for items of property, plant and equipment are recognised as non-current assets when it is probable that expected future benefits related to the asset will flow to the Company and the cost of the asset can be measured reliably. Other maintenance and repair costs are recognised as expenses at the time they are incurred.

The straight-line method is used for the determination of depreciation. The depreciation rates are set separately for each item of property, plant and equipment depending on its useful life. For assets with material residual value, only the difference between cost and the residual value that is subject to depreciation is depreciated over the useful life of the asset. When the asset's residual value exceeds its carrying amount, the depreciation of the asset is terminated. When an item of property, plant and equipment consists of identifiable components with different useful lives, these components are recorded as separate property, plant and equipment items and separate depreciation rates are also applied to them depending on their estimated useful lives.

The ranges of depreciation rates used for groups of property, plant and equipment are the following:

- Capitalised expenditure	10%
- Office furnishings	20%
- Computer equipment	30%

Depreciation is commenced at the time when the asset is ready to be used for the purpose intended by management and is terminated when the residual value exceeds the carrying amount, the asset is completely removed from use or reclassified into "non-current assets held for sale". At each balance sheet date, the validity of depreciation rates, the depreciation method and the residual value is assessed.

Where an asset's carrying amount is greater than its estimated recoverable amount (higher of an asset's net selling price and its value in use), it is written down immediately to its recoverable amount and the respective impairment loss is recognised in income statement.

Items of property, plant and equipment are derecognised when the asset is transferred or in a situation when future economic benefits attributable to the use or sale of the asset are no longer expected to flow to the Company. Gains and losses which have arisen from derecognition of items of property, plant and equipment are included either within other income or other expenses in the income statement.

Items of property, plant and equipment that are expected to be sold over the next 12 months are reclassified as non-current assets held for sale.

D. Financial liabilities

All financial liabilities (supplier payables, borrowings, accrued expenses, bonds and other short and long-term borrowings) are initially recorded at their fair value, net of transaction costs incurred. They are subsequently measured at amortised cost (except for financial liabilities acquired for the purpose of selling and derivative financial instruments with negative fair value which are recognised at their fair value). In order to calculate the amortised cost of financial liabilities, they are initially recognised at the fair value of the proceeds received or liability arisen (less any transaction costs) and interest expenses are calculated on the liability in subsequent periods using the effective interest rate method.

The amortised cost of the short-term liabilities normally equals their nominal value; therefore short-term liabilities are stated in the balance sheet in their redemption value. Financial liabilities are classified as current when their due date is within twelve months after the balance sheet date or the Company does not have an unconditional right to defer payment for later than 12 months after the balance sheet date.

E. Employee benefits

Vacation pay accrual

Payables to employees includes vacation pay accrual calculated in accordance with employment contracts and the laws of the Republic of Estonia in force as at the balance sheet date. The liability related to the payment of vacation pay accrual together with social security and unemployment insurance payments is included within financial liabilities in the balance sheet and as administrative expense in the income statement.

Profit-sharing and bonus plans

The company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. The liability related to the bonus accrual together with social security and unemployment insurance payments is included within financial liabilities in the balance sheet and as administrative expense in the income statement.

Termination benefits

Termination benefits for the members of the Management Board equal 6 months' remuneration unless s/he is re-elected as a member of the Management Board or the member of the Management Board turns down the position under employment contract at the SEB Group. Liability and respective expense is recognised when the company is demonstrably committed to terminating the management contract.

F. Finance and operating leases – company as the lessee

Leases, where the lessee acquires substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. The company uses operating lease for renting the premises. Rental expense is recognized in income statement as "other administrative expenses".

G. Corporate income tax

According to the Income Tax Act of Estonia, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, reception fees, non-business related disbursements and adjustments of the transfer price. From 1 January 2008, the tax rate on the net dividends paid out of retained earnings (or the named disbursements made) is 21/79 (in 2007: 22/78 and in 2006: 23/77). The Income Tax Act stipulates a further reduction of the income tax rate until 2011: in 2009, the tax rate will be

20/80, in 2010: 19/81 and from 2011, the tax rate will be 18/82 of the amount paid out as net dividends (or the named disbursements made). The corporate income tax arising from the payment of dividends is accounted for as a liability and as an income tax expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. An income tax liability arises at the 10th day of the month following the payment of dividends.

Due to the peculiarity of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise upon the payment of dividends out of retained earnings is not reported in the balance sheet. The maximum income tax liability which would accompany the payment of dividends out of retained earnings is disclosed in the notes to the financial statements.

H. Foreign currency transactions and assets and liabilities denominated in a foreign currency

Foreign currencies include all other currencies besides the Estonian kroon. Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the Bank of Estonia prevailing at the dates of the transactions. Monetary financial assets and liabilities denominated in foreign currencies (receivables and loans payable in cash) are translated into Estonian kroons based on the foreign currency exchange rates of the Bank of Estonia prevailing at the balance sheet date. As a result of the translation, foreign currency gains and losses are presented in the income statement of the accounting period. All non-monetary assets and liabilities denominated in foreign currencies which are recognised under the fair value method are translated into the functional currency using the official exchange rates of the Bank of Estonia prevailing at the date of determining the fair value. Non-monetary assets and liabilities denominated in foreign currencies which are not recognised under the fair value method are not translated at the balance sheet date but they continue to be reported on the basis of the official exchange rate of the Bank of Estonia prevailing at the date of transaction.

I. Revenue recognition

Revenue is measured at the fair value of consideration receivable for the sale of services in the ordinary course of the Company's activities. Revenue is accounted for using the accrual basis of accounting. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of the revenue can be measured reliably. Fee from consulting services are usually recognised on accrual basis when the service has been provided and the company has a right of claim to the receivable according to agreement, usually over the period in which the service is provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party (purchase or sale of businesses, acquisitions etc) are recognised on completion of the underlying transaction. Performance linked fees or fee components are recognized when the performance criteria are fulfilled. Other nonrecurring service revenues and other revenues are recognized on accrual basis at the moment of executing the respective transactions.

Fee and commission income from the provision of nonrecurring services over a longer period of time is recognised under the stage of completion method under the condition that the outcome of service contracts (contract revenue and costs) can be estimated reliably and the receipt of payment for the transaction is probable. When outcome of the transaction related to the provision of services can be estimated reliably, revenue from the transaction is recognised under the stage of completion method at the balance sheet date. The outcome of the transaction can be evaluated reliably when the stage of completion can be measured reliably at the balance sheet date and the transaction costs and the costs to complete the transaction can be measured reliably. Revenue and profits are recognised in the proportion to service contract costs in the same accounting period. When the outcome of a service contract cannot be estimated reliably, revenue is recognised only to the extent of recoverable costs incurred.

Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized in income statement for all interest-bearing financial instruments carried at amortized cost using the effective interest rate method. Interest income includes also similar income on interest bearing financial instruments classified at fair value through profit or loss (i.e. traded bonds, derivatives, etc). Interest income is recognised taking into account the effective interest rate. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective

interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When calculating effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future impairment losses. The calculation includes all significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividends are recognised when the owner's right to receive payment is established.

J. Statutory reserve capital

Reserve capital is formed to comply with the requirements of the Commercial Code. Reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

K. New International Financial Reporting Standards, amendments to standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

Published interpretations not yet effective

The following new International Financial Reporting Standards, their amendments and their interpretations have been published that have not yet become effective for the current annual period and that the Company has not adopted early:

IFRS 8, Operating Segments – applied to annual periods beginning at after 1 January 2009.

IFRS 8 supersedes IAS 14 Segment Reporting. The standard specifies new requirements in respect of the disclosure of information on business segments as well as information on products and services, geographical areas in which business is conducted and major customers. IFRS 8 requires a 'managerial approach' to reporting the performance of business segments.

Amendments to IAS 23 Borrowing Costs. (*) It is effective for annual periods beginning at or after 1 January 2009. The amendment relates to the accounting treatment of borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale. The amendment consisted of eliminating the option of recognising all borrowing costs immediately as an expense in the period in which they were incurred. In accordance with the new requirement of the Standard, these costs should be capitalised.

Amendments to IAS 1: Presentation of Financial Statements. (*) It is effective for annual periods beginning at or after 1 January 2009. The amendments introduced relate mainly to the presentation of changes in equity and are intended to improve the ability of the users of financial statements to analyse and compare the information included in the financial statements.

Puttable financial instruments and obligations arising on liquidation – IAS 32 and amendment to IAS 1 (*) It is effective for annual periods beginning at or after 1 January 2009. The amendment requires the classification of certain financial instruments meeting the definition of financial liabilities as equity.

Amendments to IFRS 2, Share-based Payment (*) – *Vesting Conditions and Cancellations*

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It is effective for annual periods beginning at or after 1 January 2008. The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of share-based payment are not vesting conditions. The amendment clarifies that all cancellations whether by the Company or by other parties should receive the same accounting treatment.

Amendments to IFRS 3 Business Combinations. (*) It is effective for annual periods beginning at or after 1 January 2009. The amendments introduced include the choice to disclose minority interests either at fair value or their share in the fair value of the net assets identified, a restatement of shares already held in an acquired entity to fair value, with the resulting differences to be recognised in the income statement, and additional guidance on the application of the purchase method, including the recognition of transaction costs as an expense in the period in which they were incurred.

Amendments to IAS 27 Consolidated and Separate Financial Statements. (*) It is effective for annual periods beginning at or after 1 January 2009. The standard requires that the effects of transactions with minority shareholders be recognised directly in equity, on the condition that control over the entity is retained by the parent company. In addition, the Standard elaborates on the accounting treatment of the loss of control over a subsidiary, i.e. it requires that the remaining shares be restated to fair value, with the resulting difference recognised in the income statement.

IFRIC 11 – Group and Treasury Share Transactions

It is effective for annual periods beginning at or after 1 March 2007. The interpretation contains guidelines on the following issues:

§ applying IFRS 2 Share-based Payment for transactions of payment with shares which are entered into by two or more related parties; and

§ adopting an accounting approach in the following instances:

* an entity or its owner grants the entity's employees rights to the entity's equity instruments, and the provider of those instruments is the owner of the entity;

IFRIC 12 Service Concession Arrangements. (*) It is effective for annual periods beginning at or after 1 January 2008. The interpretation contains guidelines on applying the existing standards by entities being parties to service concession arrangements between the public and the private sector. IFRIC 12 pertains to arrangements where the ordering party controls what services are provided by the operator using the infrastructure, to whom it provides the services and at what price.

IFRIC 13 Customer Loyalty Programmes. (*) It is effective for annual periods beginning at or after 1 January 2008. IFRIC 13 includes guidance on the accounting treatment of transactions resulting from loyalty programmes implemented by an entity for its customers, such as loyalty cards or awarding of 'points'. In particular, IFRIC 13 indicates the correct accounting for the entity's obligation to provide free or discounted goods or services if and when the customers redeem the points.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. (*) It is effective for annual periods beginning at or after 1 January 2008. The Interpretation contains general guidance on how to assess the limit of the surplus of fair value of a defined benefit plan over the present value of its liabilities which can be recognised as an asset, in accordance with IAS 19. In addition, IFRIC 14 explains how the statutory or contractual requirements of the minimum funding may affect the values of assets and liabilities of a defined benefit plan.

The application of these new interpretations does not have a significant effect on the financial statements of the entity in the period of their first-time adoption. The entity has not adopted early any standards, amendments or interpretations.

(*) These standards, amendments and interpretations have not yet been endorsed by the European Union.

Note 2 Risk policy and management

In its daily operations, AS SEB Enskilda is exposed to different risks the management of which is an integral part of its operating activities. The organisation's ability to identify, measure and control various risks while keeping an adequate level of capital for unforeseen events is an important input to the profitability of the Company.

A. Liquidity risk

Liquidity risk is the risk that the Company will run into difficulties of meeting its obligations related to financial liabilities. It is a risk that there is not enough cash on hand to meet its obligations without reasonable expenditure. Management has set limits in the investment policy to keep adequate liquidity to meet its obligations. As at the balance sheet date, the liabilities related to ordinary activities were EEK 6 866 thousand and the Company has adequate monetary funds to settle them. The carrying amount of financial liabilities corresponds to the estimated cash flows to be derived from them.

As at 31.12.2007, the payables of AS SEB Enskilda to private persons totalled EEK 6 197 thousand. This amount includes accrued bonus payable and vacation pay accrual which are payable in the short term.

As at 31.12.2007, the Company did not have any overdue payables.

B. Credit risk

Credit risk is the risk that one party to the financial instrument will cause a monetary loss to the other party due to its inability to meet its obligations. As deposits are held at AS SEB Pank, trade receivables are the assets that expose AS SEB Enskilda to credit risk. The analysis of credit risk related to a particular client includes several different activities such as evaluation of the risk of the background, structure, management and owners as well as the economic environment and position; analysis and evaluation of a business plan and estimated cash flow forecast; evaluation of the reputation and reliability of the client. The assumption of risks is decided collegially by the persons having the respective power of decision.

Financial assets, other assets and liabilities by classes:

As at 31.12.2007	Local governments	Credit institutions	Other companies	Private persons	Total
Deposits	0	30 869 304	0	0	30 869 304
Receivables and prepayments	73 376	17 462	5 947 248	16 699	6 054 785
Liabilities	-403 669	-137 324	-128 341	-6 196 789	-6 866 123

Financial assets, other assets and liabilities by due dates:

As at 31.12.2007	On demand	With the due date of up to 1 month	With the due date of 1-3 months	With the due date of 3-12 months	Total
Deposits	3 726 160	27 143 144	0	0	30 869 304
Receivables and prepayments	0	4 946 877	46 280	1 061 628	6 054 785
Liabilities	-0	-659 334	-5 835 945	-370 844	-6 866 123

It is also important to consider the concentration limits of risks. The concentration of risks of an investment company related to one customer or several connected persons shall in no case exceed 25% of the net own funds of the investment company. Receivables due within a year and off-balance sheet liabilities are deducted from the risk concentration of the customer. As at 31.12.2007, AS SEB Enskilda did not have any receivables or borrowings with high risk concentration. There were not any payables of related parties exceeding the 25% limit.

As at 31.12.2007, the Company did not have any overdue receivables whose value had impaired. During the year, no impairment has been recognised from receivables.

C. Market risk

AS SEB Enskilda defines market risk as a potential loss related to unexpected unfavourable changes in interest rates, share prices and exchange rates and the related volatility.

Foreign currency risk arises from foreign currency transactions when the Company's transactions are concluded in different currencies. All contracts entered into by the Company in the reporting period have been concluded in Estonian kroons or Euros. As the exchange rate of the Estonian kroon has been pegged to the Euro since 1999 and Estonia is most likely to adopt the Euro without changing its exchange rate, the Company's management estimates that the Company is not exposed to currency risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The decrease of interest returns on assets in a situation where interest liabilities remain unchanged has a short-term negative effect on the Company's net profit via the deposit interest earned on available monetary funds.

The assets and liabilities of AS SEB Enskilda are not significantly exposed to market risk.

D. Operational risk

Operational risk is the risk related to losses incurred due to inadequate or non-functioning of internal processes, human actions or systems in an expected manner or due to external events, including legal risk. Legal risk is the risk that the entitled person is unable to exercise his rights or expect meeting the obligations because the obligated party does not meet the assumed obligations.

Insurance contracts which have been entered into by AS SEB AB and encompass all subsidiaries of SEB cover:

- anticrime insurance;
- professional liability;
- accountability of directors and officers;
- damage caused to third parties due to the Company's activities.

E. Fair value of financial assets and liabilities

The management of AS SEB Enskilda estimates that the fair value of the Company's financial assets and liabilities as at 31.12.2007 does not significantly differ from their carrying amount as the Company does not have any overdue receivables and all receivables and payables have arisen during the ordinary operating activities, are payable in the short term and are interest-free.

F. Capital management

The goal of capital management is to ensure sufficient availability of capital to maintain solvency in unforeseen and unfavourable situations. In its activities, the Company shall adhere to the prudential ratio prescribed by the Securities Market Act. Pursuant to the Securities Market Act, the share capital of an investment company shall be at least EUR 125 000 (EEK 1 956 thousand) when it provides portfolio management services and arrangement of public offering and issue of securities.

The Company has consistently adhered to these requirements during the reporting period.

Note 3 Cash and cash equivalents

	31.12.2007
Term deposits (Note 12)	27 143 144
Deposits held at call (Note 12)	3 726 160
Total cash and cash equivalents	30 869 304

Cash and cash equivalents by currencies and maturities:

	EEK	EUR	Total	Maturity
Term deposits	14 000 000	13 143 144	27 143 144	28.01.2008
Deposits held at call	2 938 062	788 098	3 726 160	unspecified
Total cash and cash equivalents	16 938 062	13 931 242	30 869 304	

The term deposit contract of EEK 14 000 000 has been entered into for the period 27.12.2007 – 28.01.2008 with the interest of 6.60%. The term deposit contract of EUR 840 000 has been entered for the period 27.12.2007 – 28.01.2008 with the interest of 4.58%. Interest until 31.12.2007 has been recognised as interest receivable on the term deposit. As at 31.12.2007, the interest rate on the deposit held at call was 5.25% in the EEK account and 3.55% in the EUR account.

The Company earned interest income in the total amount of EEK 690 thousand on the deposits held in the bank accounts.

Note 4 Receivables and prepayments

	31.12.2007
Trade receivables	5 880 970
<i>Incl. Accounts receivable</i>	4 697 491
<i>Revenue recognition under accrual basis of accounting</i>	1 183 479
Prepaid and deferred taxes (Note 5)	73 376
Prepaid expenses	42 861
Other short-term receivables	40 116
Interest receivables (Note 12)	17 462
Total receivables and prepayments	6 054 785

As at 31.12.2007, no impairment allowance for doubtful receivables has been set up.

As at 31.12.2007, AS SEB Enskilda does not have any receivables past due.

All receivables and prepayments are due within 12 months after the balance sheet date and therefore they are accounted for as current assets.

Revenue earned from transactions in 2007 is recognised under the accrual basis of accounting: fee income for providing consulting on the issue of securities earned in December in the amount of EEK 139 thousand, for which an invoice has been submitted at 20 January 2008 and the remaining amount is the accrued fee income calculated on the basis of other terms of the contract of one customer.

Note 5 Taxes

Tax	31.12.2007	
	Prepayment (Note 4)	Liability (Note 7)
Corporate income tax	0	10 899
Value added tax	73 376	0
Personal income tax (withheld)	0	142 660
Social security tax	0	238 952
Contributions to mandatory funded pension (withheld)	0	7 920
Unemployment insurance tax	0	3 238
Total taxes	73 376	403 669

As at 31.12.2007, AS SEB Enskilda does not have any unsettled tax liabilities.

Note 6 Property, plant and equipment

	Capitalised construction costs	Office furnishings	Computer equipment	Total
Changes occurred between 9 February and 31 December 2007				
Acquisitions and improvements in reporting period	4 411 314	1 219 393	72 714	5 703 421
Depreciation charge	-74 804	-40 121	-13 932	-128 857
Balance as at 31.12.2007				
Cost	4 411 314	1 219 393	72 714	5 703 421
Accumulated depreciation	-74 804	-40 121	-13 932	-128 857
Net book amount	4 336 510	1 179 272	58 782	5 574 564

Note 7 Liabilities

	31.12.2007
Payables to employees	6 196 789
Tax liabilities (Note 5)	403 669
Loans from related parties (Note 12)	137 324
Supplier payables	118 341
Costs under the accrual basis of accounting	10 000
<i>Incl. to related parties (Note 12)</i>	5 000
Total liabilities	6 866 123

Supplies payables are paid off within 12 months after the balance sheet date and they are included within current liabilities.

Payables to employees comprise the accrued bonus payable and vacation pay accrual for the reporting period.

Note 8 Equity

	31.12.2007
Share capital	11 500 000
Number of shares (pcs)	1 150 000
Nominal value of shares (in kroons)	10

The Company's share capital as at 31.12.2007 consists of 1 150 000 ordinary shares with the nominal value of 10 kroons (which have been paid in full).

Taking into consideration the statutory requirement to transfer 1/20 of the financial year's net profit to statutory legal reserve until it reaches 1/10 of share capital, from the profit of the financial year, EEK 1 150 shall be transferred into the statutory reserve capital. Thus, the retained earnings of the Company after the respective transfer are EEK 22 983 thousand. Upon the payment of dividends after 1 January 2008, the accompanying income tax expense would amount to 21/79 (until 31 December 2007: 22/78) of the net dividend paid. Thus it is possible to pay out dividends in the amount of EEK 18 157 thousand and the accompanying income tax would amount to EEK 4 826 thousand.

The parent company of AS SEB Enskilda is AS SEB Pank which in turn is part of the SEB Group registered in Sweden, the ultimate controlling party of which is SEB AB

According to the Securities Market Act, the share capital of an investment company shall at least equal EUR 125 000 (EEK 1 956 thousand) if it provides services related to management of securities' portfolios or arrangement of public offering and issue of securities. According to the articles of association, the minimum share capital of AS SEB Enskilda EEK 11 500 thousand and the maximum capital is EEK 46 000 thousand.

Note 9 Other administrative expenses

	09.02.-31.12.2007
Low-value items (office equipment)	890 306
Communication costs	335 256
Rent of offices	317 770
IT related costs	312 684
Business trip expenses	208 535
Office expenses	138 271
Auditing services	114 400
Training and recruitment costs	108 824
Other fixtures and IT equipment	65 982
Transportation expenses	48 721
Representation costs	31 115
Advertising costs	18 060
Total other administrative expenses	2 589 924

Note 10 Other expenses

	09.02.-31.12.2007
Information requests	661 538
Other allocated costs	358 926
Legal and notary fees	231 529
Corporate income tax	63 504
Financial surveillance	29 337
Insurance	10 780
Fines	629
Other expenses	533 446
Total other expenses	1 889 689

Note 11 Contingent liabilities

Tax authorities have the right to inspect the Company's tax records for up to 6 years from the time of submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines.

The Company's management estimates that there are not any circumstances as a result of which tax authorities may impose significant additional taxes on the Company.

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 Kuupäev/date 02.04.08
 PricewaterhouseCoopers, Tallinn

Note 12 Related party transactions

In compiling the annual report, the following entities have been considered as related parties:

- owners (parent company and persons controlling or having significant influence over the parent company);
- other firms belonging to the same consolidation group (incl. fellow subsidiaries);
- management and supervisory boards;
- close family members of the persons mentioned above and the companies controlled by them or under their significant influence.

Balances with the related parties:

	31.12.2007
AS SEB Pank - the parent company (Notes 3;4)	30 869 304
Total receivables from credit institutions	30 869 304

AS SEB Pank (Note 7)	137 324
AS Bangalo - the subsidiary of the parent company (Note 7)	5 000
Total current liabilities	142 324

Information regarding the receivables and liabilities of related parties is disclosed in Notes 3, 4 and 7.

No allowances for impairment losses have been set up for receivables from related parties in 2007.

In 2007, AS SEB Enskilda has purchased and sold services to the following related parties:

	Purchases 2007:
AS SEB Pank:	13 852 448
costs related to arrangement of issues of securities	12 952 335
allocated costs	335 820
Rent of offices	308 022
IT related costs	232 032
bank service fees	16 800
bank card costs	5 590
office supplies	1 849
AS Bangalo:	53 880
phone expenses	50 060
cost related to rent of assets	3 820
Total purchases of services	13 906 328

	Sales 2007:
AS SEB Pank:	312 932
Arrangement fees of issues of securities	312 932
Total sales of services	312 932

In 2007, the remuneration paid to the members of the Management Board including social security taxes totalled EEK 4 187 thousand. No payments were made to the members of the Supervisory Board.

The termination benefits for the members of the Management Board equals 6 month remuneration unless he is re-elected as a member of the Management Board or the member of the management Board turns down the position under employment contract at the SEB Group.

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholder of AS SEB Enskilda

We have audited the accompanying financial statements of AS SEB Enskilda (the Company) which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the financial year (9 February 2007 to 31 December 2007) then ended and a summary of significant accounting policies and other explanatory notes.

Management Board's Responsibility for the Financial Statements

Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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.

Auditor's 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 management, 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 accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards.



Relika Mell
Authorised Auditor

2 April 2008

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

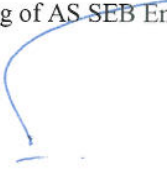
PROFIT ALLOCATION PROPOSAL


The Management Board of AS SEB Enskilda recommends to the General Meeting of Shareholders to divide the 2007 net profit in the amount of EEK 24 132 530 as follows:


1. allocations to statutory legal reserve (1/10 of share capital) – EEK 1 150 000
2. retained earnings – EEK 22 982 530.

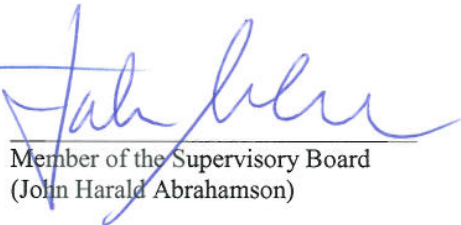
Signatures of the Management Board and Supervisory Board to the 2007 annual report


The signing of AS SEB Enskilda 2007 annual report at March 2008.



Member of the Management Board
(Henrik Igasta)

Member of the Supervisory Board
(Kristoffer Lindberg)

Member of the Management Board
(Priit Koit)

Member of the Supervisory Board
(John Harald Abrahamson)

Member of the Supervisory Board
(Malcolm Killick Crow)