

09 JAN 1988

Information Package to Comply with Rule 25-30.037(3), Florida Administrative Code
FOR TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL
(Pursuant to Section 367.071, Florida Statutes)

TO: Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

090019

The undersigned hereby makes application for the transfer of the majority organizational control of Service Management Systems, Inc. utility operating under Water Certificate No. 517-w and/or Wastewater Certificate No. 450-s located in Brevard County County, Florida, and submits the following information:

PART I APPLICANT INFORMATION

A) The full name (as it appears on the certificate), address and telephone number of the seller:

Service Management Systems, Inc
Name of utility

(321) 327-2930 ()
Phone No. Fax No.

235 Hammock Shore Drive
Office street address

Melbourne Beach FL 32951
City State Zip Code

PO Box 510388 Melbourne Beach, FL 32951
Mailing address if different from street address

Internet address if applicable

- COM
- ECR I
- GCL I
- OPC I
- RCP
- SSC
- SGA
- ADM
- CLK Nannye

PSC/ECR 015-R (Rev. 2/91)

Check received with filing and forwarded
Fiscal for deposit. Fiscal to forward
deposit information to Records.

Initials of person who forwarded check:

LM

DOCUMENT NUMBER-DATE
00173 JAN-88
FPSC-COMMISSION CLERK

B) The name, address and telephone number of the person to contact concerning this application:

Thor Ibsen (321) 421-6100
Name Phone No.
1490 Hwy A1A, Suite 301
Street address
Satellite Beach FL 32937
City State Zip Code

C) The full name (as it appears on the certificate), address and telephone number of the buyer:

Oak Lodge Utility
Name of utility
(321)431-6100 (321)421-6055
Phone No. Fax No.
1490 Hwy A1A, Suite 301
Office street address
Satellite Beach FL 32937
City State Zip Code

Mailing address if different from street address

Internet address if applicable

D) The name(s) and address(es) of all of the buyer's corporate officers, directors, partners and any other person(s) who will own an interest in the utility.

Oak Lodge Utility, LLC
SPAC, LLC is 51% shareholder of Oak Lodge Utility, LLC
Thor Ibsen is managing member of SPAC, LLC

PART II FINANCIAL AND TECHNICAL INFORMATION

A) Exhibit 1 - A statement by the buyer indicating how the transfer is in the public interest, including a summary of the buyer's experience in water and/or wastewater utility operations, a showing of the buyer's financial ability to provide service and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.

B) List the names and locations of other water and/or wastewater utilities owned by the buyer and PSC certificate numbers, if any.

N/A

C) Exhibit 2 - A copy of the purchase agreement.

D) Exhibit 3 - A statement of how the buyer is financing the purchase.

E) Exhibit 4 - A list of all entities, including affiliate which have provided or will provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility.

F) Exhibit 5 - A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the DEP.

If the system is in need of repair or improvement, has any outstanding Notice of Violation(s) of any standard(s) set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violations, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost.

PART III NOTICE OF ACTUAL APPLICATION

A) Exhibit 6 - An affidavit that the notice of actual application was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail to the following:

- (1) the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located;

- (2) the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located;
 - (3) if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties and holding a certificate granted by the Commission;
 - (4) the regional planning council;
 - (5) the Office of Public Counsel;
 - (6) the Public Service Commission's Office of Commission Clerk;
 - (7) the appropriate regional office of the Department of Environmental Protection; and
 - (8) the appropriate water management district. Copies of the Notice and a list of entities noticed shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- B) Exhibit 7 - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system being transferred. A copy of the Notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit 8 - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART IV FILING FEE

Indicate the filing fee enclosed with the application:

\$ 1,500 (for water) \$ 1,500 (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee as follows:

- (1) For applications in which the utility to be transferred has the capacity to serve up to 500 ERC's, the filing fee shall be **\$750.**

- (2) For applications in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERC's the filing fee shall be **\$1,500**.
- (3) For applications in which the utility to be transferred has the capacity to serve from 2,001 ERC's to 4,000 ERC's the filing fee shall be **\$2,250**.
- (4) For applications in which the utility to be transferred has the capacity to serve more than 4,000 ERC's the filing fee shall be **\$3,000**.

PART V OTHER

- A) Exhibit 9 - Evidence that the utility owns the land where the utility treatment facilities are located. If the utility does not own the land, a copy of the agreement which provides for the long term, continuous use of the land such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.
- B) Exhibit 10 - The original and two copies of revised tariff sheet(s) reflecting the change in ownership.
- C) Exhibit 11 - The utility's current certificate(s). If not available, an explanation of the steps taken to obtain the certificate(s).

PART VI AFFIDAVIT

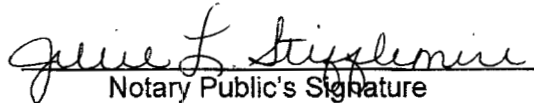
I Oak Lodge Utility, LLC (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

BY: 
Applicant's Signature

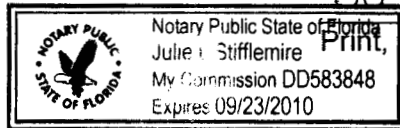
Thor Ibsen
Applicant's Name (Typed)
Managing Member
Applicant's Title *

Subscribed and sworn to before me this 5th day of the month of January
in the year of 2009 by Thor Ibsen who is
personally known to me _____ or produced the following identification

Type of Identification Produced


Notary Public's Signature

Julie L. Stifflemire



Type or Stamp Commissioned
Name of Notary Public

* If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

Part II A) Exhibit 1

A statement by the buyer indicating how the transfer is in the public interest, including a summary of the buyers experience in water and/or wastewater utility operations, a showing of the buyer's financial ability to provide service and statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.

Oak Lodge Utility's interest in Service Management Systems is the same as the previous owner in terms of long term goals for the service area community. However, the previous owner, IRD Ofsprey, is no longer involved with the community and therefore has no real interest in Service Management Systems. As such, the utility was being run with little oversight by its owners. Conversely, Oak Lodge Utility is actively working with the owners of parcels in the area to further the company's dealings in the area. Oak Lodge Utility is based in Brevard County and is actively managing Service Management Systems.

In terms of utility experience, two members of Oak Lodge Utility managed Service Management Systems for four months prior to the transfer of shares. We have employed Guastella and Associates as consultants and are currently awaiting a proposal for their professional management services.

Oak Lodge Utility's majority share holder and managing member is affiliated with Moderna Finance, a Nordic financial group operating within the fields of insurance, banking and asset management in the Nordic region and the Benelux countries. The group employs over 650 professionals, with total assets over SEK 25 billion (approximately 3 billion USD) and assets under management amount to over SEK 34.5 billion (approximately 4.2 billion US dollars). Moderna Finance is a financial conglomerate and as such regulated by the Swedish FSA and by Financial Supervisory Authorities in its respective markets.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("Agreement") is made and entered into on this 3RD day of October, 2008 ("Effective Date"), by and among SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation (the "Company"), IRD OSPREY, LLC, a Florida limited liability company ("Seller"), and OAK LODGE UTILITY, LLC, a Florida limited liability company or its assigns ("Purchaser").

WITNESSETH:

WHEREAS, the Company has issued Ten Thousand (10,000) shares of common stock to Seller (collectively, the "Company Stock");

WHEREAS, the Company Stock comprises one hundred percent (100%) of the issued and outstanding shares of stock of the Company; and

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, the Company Stock on the terms set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained herein, the parties hereto, each intending to be legally bound, each hereby agrees as follows:

1. Incorporation; Definitions. The foregoing recitals and any exhibits, annexes and schedules attached hereto are true, correct and complete, and are hereby incorporated herein by this reference. Certain defined (capitalized) terms used herein but not otherwise defined herein shall have the meanings set forth in Annex 1 to this Agreement.

2. Sale of Stock.

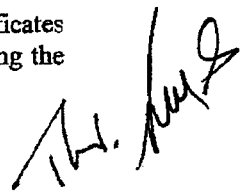
(a) Stock. On and subject to the terms and conditions of this Agreement, Seller hereby sells to Purchaser, and Purchaser hereby purchases from Seller, the Company Stock in exchange for One Hundred and No/100 Dollars (\$100.00) (the "Purchase Price").

(b) Payment. Upon execution hereof, Purchaser shall pay the Purchase Price to, or as directed by, Seller by certified check or wire transfer.

(c) Closing Costs. Purchaser shall be responsible for any recording or filing fees, required permits or other closing costs associated with the acquisition of the Company Stock, *provided* Seller shall be solely responsible for its own legal fees and expenses.

(d) Deliveries.

(i) Seller shall execute and deliver to Purchaser: stock certificates representing all of the Company Stock, together with all necessary stock powers transferring the



Company Stock duly executed in blank in the form of Exhibit A hereto; resolutions signed by all members of Seller authorizing Martin Sadkin to execute and deliver this Agreement on behalf of Seller and the Company and to transfer the Company Stock to Purchaser; legal opinion from Seller's counsel in form and substance acceptable to Purchaser (with an updated opinion delivered within fifteen (15) days of the date of the Closing provided Seller's counsel has received all necessary resolutions and certificates to issue an unqualified opinion as to the authority of the shareholders to convey the Company Stock) confirming that this Agreement and the transfer of the Company Stock to Purchaser have been duly authorized by all required limited liability company actions and that this Agreement is enforceable against Seller and the Company in accordance with its terms; and any additional assignments, certificates or other documents reasonably requested by Purchaser to effectuate the transactions contemplated hereby.

(ii) Seller shall cause its designees to resign from all their positions as directors and/or officers of the Company by executing a resignation in the form of Exhibit B hereto and delivering same to the Company and Purchaser.

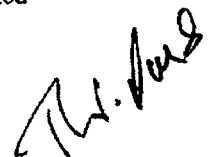
(e) Waiver of Restrictions. By their execution hereof, the parties hereto agree that any provision in the Florida Business Corporation Act, Chapter 607 *Florida Statutes*, which would otherwise prohibit or condition the transactions contemplated by this Agreement is waived and shall not apply to this Agreement.

3. Purchaser's Representations, Warranties and Covenants. Purchaser hereby makes the following representations, warranties and covenants to the Company, each of which is true and correct on the date hereof, and each of which shall survive the transactions contemplated hereby.

(a) Authority: Binding Effect. Purchaser has the full legal right, power and authority to enter into this Agreement and to purchase the Company Stock. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.

(b) No Conflict or Violation. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the fulfillment of the terms of this Agreement (a) do not and will not constitute a breach of, or constitute an event, occurrence, condition or act which is or, with the giving of notice, the lapse of time or the happening of any future event or condition, would become a default under or result in the acceleration of, any obligation under, any term or provision of any material Contract, agreement, indebtedness, Encumbrance, commitment, lease, license, franchise, Permit, authorization or concession to which Purchaser is a party, and (b) do not and will not result in a violation by Purchaser of any Governmental Requirement, order, judgment, writ, injunction, decree or award by which Purchaser is bound.

(c) Investment Intent. Purchaser is acquiring the Company Stock for its own account, for investment purposes only, and without a view to the resale or redistribution thereof. Purchaser understands that no trading market for the Company Stock exists and none is expected



to develop, and that any sale or other disposition of the Company Stock may result in unfavorable tax consequences.

(d) No Broker. Purchaser has not entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

(e) General. No representation or warranty of Purchaser in this Agreement misrepresents a material fact or omits to state a material fact necessary to make the statements in this Agreement, in light of the circumstances in which they were made, not misleading.

4. Seller's Representations, Warranties and Covenants. Seller hereby makes the following representations, warranties and covenants to Purchaser, each of which is true and correct on the date hereof, and each of which shall survive the transactions contemplated hereby.

(a) Authority; Binding Effect. The Company and Seller have the full legal right, power and authority to enter into this Agreement and, as to the Company, to sell, assign and transfer the Company Stock to Purchaser. This Agreement has been duly executed and delivered by the Company and Seller and constitutes a legal, valid and binding obligation of the Company and Seller enforceable against the Company and Seller in accordance with its terms. Martin Sadkin is the Managing Member of Seller and has been authorized by all necessary limited liability company actions to enter into this Agreement and transfer the Company Stock to Purchaser in accordance with the terms hereof.

(b) Organization and Good Standing. The Company is a corporation duly formed, validly existing, and in good standing under the laws of the State of Florida, with full power and authority to conduct its business as it is now being conducted, and to perform all its obligations under its Contracts. A copy of the Company's Articles of Incorporation ("Articles"), as on file with the Secretary of State of the State of Florida, is attached hereto as Exhibit C. The Company does not do business in any jurisdiction in which it has not registered or qualified to do business as a foreign entity under the laws of such jurisdiction. Attached hereto as Exhibit D is a true, correct and complete copy of the Bylaws of the Company as currently in effect ("Bylaws"). Other than the Bylaws, neither the Company nor Seller is or has ever been party to any bylaws of the Company or any other Contract regarding or affecting the ownership, management, control or business of the Company.

(c) Capitalization; No Claims. The Seller has been and is the sole owner, legally and beneficially, of all the Company Stock. There are no warrants, options or other rights to acquire any interest in the Company outstanding. No other Person has any interest in the Company or any of the Company Stock, or any right thereto. No Company Stock has been assigned to, pledged in favor of or otherwise encumbered by any other Person, and is not subject to any Encumbrance of any nature whatsoever.

(d) No Conflict or Violation. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the fulfillment of the

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terms of this Agreement (i) do not and will not constitute a breach of, or constitute an event, occurrence, condition or act which is or, with the giving of notice, the lapse of time or the happening of any future event or condition, would become a default under or result in the acceleration of, any obligation under, any term or provision of any material Contract, agreement, indebtedness, Encumbrance (other than the Compass Bank mortgage), commitment, lease, license, franchise, Permit, authorization or concession to which the Company or Seller is a party, (ii) do not and will not result in a violation by the Company or Seller of any Governmental Requirement (subject to approval by the Public Service Commission), order, judgment, writ, injunction, decree or award by which the Company or Seller is bound, and (iii) do not and will not constitute a breach of the Company's Articles or Bylaws.

(e) Consents and Approvals. Other than an application to be filed with the Public Service Commission, no consent, approval or authorization of, or declaration, filing or registration with, any Person or Governmental Authority is required to be made or obtained by the Company or Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement.

(f) Compliance with Laws. Neither the Company nor Seller has received any notice to the effect that, or otherwise been advised that, the Company is not in compliance with any Governmental Requirements.

(g) No Litigation or Proceedings. To the best of Seller's knowledge, there is no claim, legal action, writ, injunction, suit, arbitration, Proceeding, judgment, Governmental Authority investigation or other legal or administrative proceeding, or any order, decree, or judgment pending or threatened against or relating to the Company, Seller or their assets and properties, nor is there any reasonable basis therefor. No Governmental Authority has at any time challenged or questioned the legal right of the Company to conduct its business as presently conducted, nor does the Company or Seller have any knowledge of any pending or threatened challenge.

(h) Tax Matters. The Company has timely and accurately filed all Tax returns that were required to be filed, and other than as disclosed on Exhibit G attached hereto, timely paid all Taxes that were required to be paid. The Company has no outstanding federal or state income Tax, or other federal, state or local Tax or similar liability other than as disclosed on Exhibit G attached hereto. Notwithstanding anything to the contrary in this Section or elsewhere in this Agreement, Purchaser shall be responsible for any Tax liabilities disclosed on Exhibit G, and Seller shall be responsible for all Taxes relating to the Company for all periods of time prior to the date of this Agreement which are not disclosed on Exhibit G.

(i) Contracts. The Company is not a party to any Contract other than those that have been disclosed to Purchaser.

(j) Employment Matters. The Company has no employees other than those that have been disclosed to Purchaser. The Company has substantially complied with, and is currently in substantial compliance with, all Governmental Requirements relating to employee liability, and neither the Company nor Seller has received from any Governmental Authority any

Th. [Signature]

notice of the Company's or Seller's failure to comply with any such Governmental Requirement. Except as disclosed to Purchaser, the Company has never engaged, and is not currently engaging, the services of any independent contractors. Except as disclosed to Purchaser, the Company is not liable for any arrears for any amounts owed to any contractors or agents for past services, if any.

(k) No Assets or Liabilities. The Company has no creditors, vendors or customers other than as disclosed in writing to Purchaser. The Company owns no assets and has no leases for any assets other than as disclosed on Exhibit F attached hereto. The Company does not have any liability, indebtedness, obligation, expense, claim, deficiency, guaranty or endorsement of any type (whether known or unknown and whether absolute, accrued, contingent, or otherwise), other than as disclosed on Exhibit G attached hereto.

(l) No Investments or Subsidiaries. The Company does not own any stock, other securities, or any debt or equity interest in any other Person, or any rights therein, and accordingly has no subsidiaries.

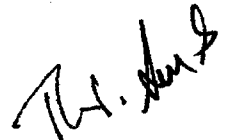
(m) No Related Transactions or Debts. Neither Seller nor any affiliate of Seller, directly or indirectly, is a party to any Contract with, or has any claim or right against, the Company, and the Company is not indebted to any such Persons for any amounts.

(n) No Broker. Neither the Company nor Seller has entered into any Contract, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with Purchaser's acquisition of the Company Stock.

(o) General. No representation or warranty of Seller in this Agreement misrepresents a material fact or omits to state a material fact necessary to make the statements in this Agreement, in light of the circumstances in which they were made, not misleading.

(p) Seller's Conditional Assignment of Stock. Notwithstanding the forgoing representations and warranties, Purchaser acknowledges that fifteen percent (15%) of the Company Stock of Seller has been collaterally assigned and pledged under that certain Conditional Assignment of Interest dated December 29, 2004 from S. Martin Sadkin to and in favor of Nathan Kalichman and Roman Shikhris, as amended by Amendment to Conditional Assignment of Interest dated February 14, 2007. Purchaser further acknowledges that that fifteen percent (15%) of the Company Stock of Seller has been collaterally assigned and pledged under that certain Conditional Assignment of Interest dated December 29, 2004 from Robert A. Levy to and in favor of EBRs, LLC, as amended by Amendment to Conditional Assignment of Interest dated June 6, 2005.

5. Indemnification. Seller shall, and hereby does, indemnify and hold Purchaser and the Company harmless from and against any and all claims, actions, liabilities, expenses, losses and damages arising out of or in connection with (a) except for those liabilities listed on Exhibit G attached hereto, the Company or the Company Stock prior to the date hereof, including, but not limited to, suits in tort or contract, at law or in equity, and Taxes, and (b) any claims arising from



the Company's or Seller's breach of any representations, warranties or covenants in this Agreement. The terms of this Section 5 shall survive termination of this Agreement for any reason whatsoever.

6. Option to Repurchase the Company Stock. Seller shall have a limited option to repurchase all, but not less than all, of the Company Stock on the terms and conditions set forth in this Section 6.

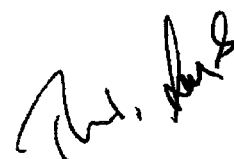
(a) The parties acknowledge that the Company has outstanding indebtedness to Compass Bank as described on Exhibit G attached hereto. Seller's affiliates Martin Sadkin, Robert Levy and Nathan Kalichman (collectively, "Guarantors") have each given Compass Bank a personal guaranty of said indebtedness. Promptly after the Effective Date hereof Purchaser will negotiate in good faith with Compass Bank to restructure or refinance the indebtedness in a way that is acceptable to Purchaser in its sole discretion. Any costs associated with such restructuring or refinancing shall be the sole responsibility of Purchaser.

(b) In the event Purchaser is unable within six (6) months from the Effective Date hereof, to restructure or refinance the indebtedness with Compass Bank (the "Compass Loan") in such a way that the Guarantors have been released from their guaranties, Purchaser shall give notice thereof to Seller and Seller shall have the right to require Purchaser to re-convey the Company Stock to Seller in exchange for the Purchase Price stated herein. In the event that Purchaser or one of its affiliates becomes the owner of the Compass Loan, Purchaser agrees that it shall take such action as is necessary to cause the Guarantors to be released from any and all liability for the repayment of the Compass Loan. In addition, in the event Compass Bank reactivates its foreclosure lawsuit against the Company, the Purchaser shall cause the Company to vigorously defend such lawsuit in whatever way Purchaser determines, in its sole and absolute discretion, including but not limited to by filing a petition to reorganize in U.S. Bankruptcy Court. Purchaser shall provide Seller with notice of the reactivation of such lawsuit and with copies of all pleadings it files in such case within five (5) days of filing such pleadings. If Purchaser elects not to actively defend such lawsuit, it shall notify Seller and Seller shall have the re-conveyance rights set forth in this Section. In connection with such re-conveyance rights, Seller shall have ten (10) days after receipt of such notice to exercise this repurchase option by sending written notice thereof to Purchaser. The Company Stock shall be re-conveyed to Seller as soon as practicable thereafter, but in any event within thirty (30) days after said notice exercising the option. The Purchase Price shall be delivered by certified check or wire transfer; the Company shall provide stock certificates with stock powers executed in blank; and the parties shall deliver such instruments and take such other actions as are reasonably necessary to effectuate the repurchase of the Company Stock.

7. PSC Approval. The parties agree that if the Public Service Commission of the State of Florida refuses to give any required approval of Seller's transfer of the Common Stock to Purchaser, the parties shall unwind this transaction and Purchaser shall reconvey the Common Stock to Seller.

8. Miscellaneous.

(a) Notices. All notices, demands or other communications required or permitted to be delivered in connection with this Agreement shall be in writing and shall be deemed delivered (i) when delivered personally, (ii) on the third (3rd) business day after being deposited with the United States Postal Service, certified or registered mail (return receipt requested, first-class postage prepaid), or (iii) one (1) business day after being deposited with a nationally recognized courier service (e.g., Federal Express) for overnight delivery, and addressed to a party at the address indicated below:

A handwritten signature in black ink, appearing to be "Paul. [unclear]", located in the bottom right corner of the page.

If to the Company: Service Management Systems, Inc.
7510 Highway A1A
Melbourne Beach, Florida 32951
Attention: Thorgeir Ibsen

With a copy to: Frazier Hotte & Associates, P.A.
6550 N. Federal Highway, Suite 220
Fort Lauderdale, Florida 33308
Attention: Robert W. Frazier, Jr., Esq.

If to Seller: IRD Osprey, LLC
10809 Golden Eagle Court
Plantation, Florida 33324
Attention: S. Martin Sadkin, Managing Member

With a copy to: Frazier Hotte & Associates, P.A.
6550 N. Federal Highway, Suite 220
Fort Lauderdale, Florida 33308
Attention: Robert W. Frazier, Jr., Esq.

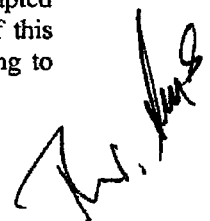
If to Purchaser: Oak Lodge Utility, LLC
1490 Highway A1A, Suite 301
Satellite Beach, Florida 32937
Attention: Thorgeir Ibsen

With a copy to: Ruden McClosky
111 N. Orange Avenue, Suite 1750
Orlando, Florida 32801
Attention: W. Scott Callahan, Esq.

or to such other address or to such other Person as any party shall designate to the other in writing for such purposes in the manner hereinabove set forth.

(b) Entire Agreement. This Agreement sets forth all the promises, covenants, agreements, conditions and understandings between the parties hereto as to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, expressed or implied, oral or written, except as herein contained.

(c) Amendment. The parties hereby irrevocably agree that no attempted amendment, modification, termination, discharge or change (collectively, "Amendment") of this Agreement shall be valid and effective, unless the parties shall unanimously agree in writing to such Amendment.



(d) No Waiver. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted, and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

(e) No Assignment; Successors and Assigns. No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other parties; except that Purchaser may assign any of its rights and delegate any of its obligations under this Agreement to any subsidiary or affiliate. Subject to the preceding sentence, this Agreement and any amendments hereto shall be binding upon and, to the extent expressly permitted by the provisions hereof, shall inure to the benefit of the parties, their respective heirs, legal representatives, successors and assigns.

(f) Governing Law; Venue. This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to its conflict of law principles, and any proceeding arising between the parties in any manner pertaining or related to this Agreement shall, to the extent permitted by law, be held in Brevard County, Florida.

(g) Further Assurances. The parties hereto will execute and deliver such further instruments and do such further acts and things as may be reasonably required to carry out the intent and purposes of this Agreement.

(h) Attorneys' Fees. If any party hereto is required to engage in litigation or other judicial process against any other party hereto, either as plaintiff or as defendant, in order to enforce or defend any rights under this Agreement, and such litigation or process results in a final judgment or ruling in favor of such party ("Prevailing Party"), then the party against whom said final judgment or ruling is obtained shall reimburse the Prevailing Party for all direct, indirect or incidental expenses incurred, including, but not limited to, all attorneys' fees (including paralegal fees), court costs and other expenses incurred throughout all negotiations, proceedings, trials or appeals undertaken in order to enforce the Prevailing Party's rights hereunder.

(i) Construction. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party hereto. This Agreement shall not be construed against either party by virtue of a party being deemed the Agreement's drafter. The headings of the various sections of this Agreement are intended solely for convenience of reference, and shall not be deemed or construed to explain, define, limit, modify or place any construction upon the provisions hereof. Wherever the context requires, any noun or pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter in form thereof and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural and vice versa as the case may require.

(j) No Third Party Beneficiary. This Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other person shall have any rights, interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

(k) Counterparts. This Agreement and any Amendments may be executed in one or more counterparts, each of which shall be deemed an original and all of which together will constitute one and the same instrument.

(l) Provisions Severable. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the parties do business. If any provision of this Agreement, or the application thereof to any Person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or entities or circumstances shall not be affected thereby, but rather shall remain in full force and effect, and be construed and enforced to the greatest extent permitted by law as if such invalid or unenforceable provision(s) were omitted.

A handwritten signature in black ink, appearing to read 'T.M. Jones', is located in the bottom right corner of the page.

(m) Confidentiality. This Agreement shall not be recorded in any public records, and except as required by applicable laws, the terms and provisions hereof shall not be disclosed to any third parties other than the parties' employees, attorneys, accountants, and lenders without the consent of all parties hereto.

[Remainder of Page Intentionally Left Blank—Signatures on Next Page]

The Sims

IN WITNESS WHEREOF, the undersigned, each intending to be legally bound hereby, have hereunto set their hands for the purposes herein expressed on the date first written above.

COMPANY:

SERVICE MANAGEMENT SYSTEMS, INC., a
Florida corporation

By: 

Name: S. Martin Sadkin
Title: President

SELLER:

IRD OSPREY, LLC, a Florida limited liability
company

By: 

Name: S. Martin Sadkin
Title: Managing Member

PURCHASER:

OAK LODGE UTILITY, LLC, a Florida limited
liability company

By: **SPAC, LLC**, a Florida limited liability company,
its Manager

By: 

Name: Thorgeir Ibsen
Title: Manager

Annex 1
Definitions

"Contract" shall mean any agreement, contract, obligation, promise, undertaking, lease, lease option, commitment, understanding, sales order, purchase order, license or other agreement, in each case whether oral or written.

"Encumbrance" shall mean any charge, claim, community property interest, lien, condition, equitable interest, mortgage, pledge, security interest, trust deed, easement, lease, finance lease, sublease, right of way, covenant, option, condition, right of first refusal or restriction, encumbrance or other right of any Person, or any other material and adverse restriction or limitation.

"Governmental Authority" shall mean any federal, state or local government, or any political subdivision of any of the foregoing, or any court, agency or other entity, body, organization or group, exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

"Governmental Requirement" shall mean any law, statute, code, ordinance, directive, rule, order or regulation of any Governmental Authority.

"Permits" shall mean all permits, licenses, consents, franchises, development orders, approvals and other authorizations from any Governmental Authority or other Person in connection with the Company, including without limitation the Property.

"Person" shall mean any corporation, individual, partnership, joint venture, unincorporated association, limited liability company, trust, Governmental Authority or other entity.

"Proceeding" shall mean any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

"Tax" shall mean any tax (including any income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax, or estate tax), levy, assessment, tariff, duty (including any customs duty), deficiency, or other fee, and any related charge or amount (including any fine, penalty, interest, or addition to tax), imposed, assessed, or collected by or under the authority of any Governmental Authority or payable pursuant to any tax-sharing agreement or any other Contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee.

Ans TW.

NUMBER

3

INCORPORATED UNDER THE LAWS OF THE STATE OF FLORIDA

SHARES

10,000

Service Management Systems, Inc.

TOTAL AUTHORIZED ISSUE
10,000 SHARES PAR VALUE \$1.00 EACH
COMMON STOCK

See Reverse for
Certain Definitions

This is to Certify that IRD OSPREY, LLC is the owner of

Ten Thousand

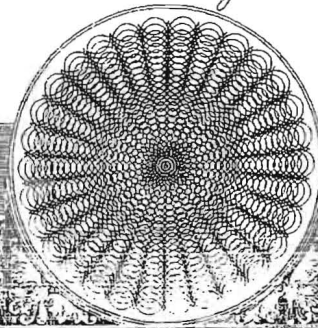
fully paid and non-assessable shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

Witness, the seal of the Corporation and the signatures of its duly authorized officers.

Dated July 20, 2001

JAMES BATES, SECRETARY

SECRETARY



JAMES BATES, PRESIDENT

PRESIDENT

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF TRANSFERS MIN ACT-.....Custodian
		(Cust) (Minor)
TEN ENT	- as tenants by the entireties	under Uniform Transfers to Minors
		Act.....
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	(State)

Additional abbreviations may also be used though not in the above list

For value received _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty box for Social Security or other identifying number]

Oak Lodge Utility, LLC

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

1490 Highway A1A, Suite 301

Satellite Beach, Florida 32937

Ten Thousand

Shares

represented by the within Certificate, and do hereby irrevocably constitute and appoint

Thorgeir Ibsen

Attorney

to transfer the said Shares on the books of the within named Corporation with full power of substitution in the premises.

Dated October 6, 2008

In presence of

[Handwritten signature]

Managing member

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Exhibit A

STOCK POWER

FOR VALUE RECEIVED, IRD OSPREY, LLC hereby sells, assigns and transfers unto Oak Lodge Utility, LLC ("Purchaser") all its Ten Thousand (10,000) shares of the common stock of Service Management Systems, Inc. (the "Company") standing in his name on the books of the Company and represented by Certificate No. _____, and does hereby irrevocably constitute and appoint _____ attorney to transfer said stock on the books of the Company with full power of substitution in the premises.

Dated: September __, 2008

IRD OSPREY, LLC, a Florida limited liability
company d/b/a Aquarina Utilities

By: _____
Name: S. Martin Sadkin
Title: Managing Member

In presence of

Exhibit B

RESIGNATION

**S. MARTIN SADKIN
10809 GOLDEN EAGLE COURT
PLANTATION, FLORIDA 33324**

September __, 2008

Service Management Systems, Inc.
7510 Highway A1A
Melbourne Beach, Florida 32951

Re: Resignation

Dear Service Management Systems, Inc.:

I hereby resign from all my positions as director and/or officer of Service Management Systems, Inc., a Florida corporation, effective as of the date of this letter.

S. Martin Sadkin

Exhibit C

ARTICLES OF INCORPORATION

See attached

Handwritten initials/signature

Exhibit D

BYLAWS

See attached

Handwritten signature

Exhibit E

Intentionally Deleted

Handwritten initials/signature

Exhibit F

ASSETS

1. Real property located in Brevard County, Florida and legally described as

Stage 1, Tract D, of AQUARINA P.U.D., STAGE 1, TRACTS C & D, STAGE 2, TRACTS B, D & H, STAGE 3, STAGE 4, TRACTS B, I & X, STAGE 5, according to the Plat thereof, as recorded in Plat Book 41, Pages 88 through 92, inclusive, of the Public Records of Brevard County, Florida

2. The improvements and equipment located on the above real property.

A handwritten signature in black ink, appearing to be "Kus" followed by a stylized initial or mark.

Exhibit G

LIABILITIES

1. Loan from Compass Bank
2. Claim of Lien from Consolidated Environmental Engineering, LLC
3. Delinquent Property Taxes on Parcel No. 29-38-36-QO-1D

Handwritten signature

REDACTED

ASKAR CAPITAL, INC.
1490 HIGHWAY A1A
SATELLITE BEACH, FL 32937

1064
63-751/631
BRANCH 00611

DATE OCT 3, 2008

PAY
TO THE
ORDER OF

IRD OSPREY, LLC

\$ 100⁰⁰

ONE HUNDRED ⁰⁰/₁₀₀

DOLLARS



WACHOVIA

Wachovia Bank, N.A.
wachovia.com

FOR

SMS / Stock Purch. AGR.

[Handwritten Signature]

MP

II D) Exhibit 3

Statement of how the buyer is financing the purchase

Oak Lodge Utility's majority share holder, SPAC, LLC, is partially owned by Askar Capital, a Nordic investment bank specializing in the management of alternative assets in niche and emerging markets. Askar's is a subsidiary of Moderna Finance, a Swedish financial group with a combined balance sheet exceeding four million dollars and over \$3 billion dollars under management.

Askar Capital financed the original purchase of stock for \$100.00 (see exhibit 2 for a copy of the check). In addition, Askar will arrange or use its resources to cover the outstanding liabilities, operating shortfalls and maintenance. The primary liability is a note with Compass bank for approximately \$1 million. Askar Capital is ongoing negotiations with the bank as to value of this note.

Please see Exhibit 4 for Askar Capital and Moderna Finance financial statements.

II E) Exhibit 4

A list of all entities which have provided or will provide funding to the buyer

- 1) **Askar Capital**
 - a. Financial Statement on following page
 - b. Paid \$100.00 stock purchase amount (copy of check in exhibit 2)
- 2) **Moderna Finance**
 - a. Financial Statement on following pages
 - b. Will assist in the arrangement or financing of the Service Management Systems' existing debts, primarily the mortgage with Compass Bank

There are no financial agreements between Oak Lodge golf and Moderna Finance or Askar Capital.

Service Management System's main liability is outstand December 19, 2003 mortgage with Compass bank for \$918,382 (document three following the financial statements for Askar Capital and Moderna Finance).

II E) Exhibit 4
Document 1
ASKAR CAPITAL Financial Statements

Askar Capital hf.
Condensed Consolidated
Interim Financial Statements
1 January - 30 June 2008
ISK

Askar Capital hf.
Suðurlandsbraut 12
105 Reykjavík

Reg. no. 441206-0110

Contents

Endorsement and Signatures of the Board of Directors and the CEO	3	Condensed Consolidated Interim Statement of Changes in Equity	7
Independent Auditors' Review Report	4	Condensed Consolidated Interim Statement of Cash Flows	8
Condensed Consolidated Interim Income Statement	5	Notes to the Condensed Consolidated Interim Financial Statements	9
Condensed Consolidated Interim Balance Sheet ..	6		

Endorsement and Statement of the Board of Directors and the CEO

The condensed consolidated interim financial statements of Askar Capital hf. for the six months ended 30 June 2008 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

According to the consolidated interim income statement the loss for the period amounted to ISK 961 million. According to the consolidated interim balance sheet equity at the end of the period amounted to ISK 9,548 million, including share capital in the amount of ISK 577 million.

At the end of June the Companies shareholders numbered 19. Moderna Finance AB, Sweden, which holds 82% of the Companies share capital, is the only shareholder with a holding over 10%.

To the best of our knowledge it is our opinion that the condensed consolidated interim financial statements for the period 1 January to 30 June 2008 give a true and fair view of the assets, liabilities and financial positions and financial performance of the Bank as at 30 June and its condensed consolidated interim cash flows for the period.

Further, in our opinion the condensed consolidated interim financial statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Bank's operations and its financial position and fairly describes the principal risks and uncertainties faced by the Bank.

The turbulence in the financial markets has had the effect that real estate and private equity projects have progressed much more slowly than anticipated. The changed circumstances call for a new focus, and work has been in progress in recent months on adapting the Bank to the new environment to enhance its financial performance. The Bank is currently working on reorganising its asset base and capital structure in preparation for facing the challenges of the changed climate; these actions are expected to return results in the form of improved performance as early as the second half of 2008.

The Board of Directors and the CEO of Askar Capital hf. hereby confirm the Bank's condensed consolidated interim financial statements for the period from 1 January to 30 June 2008 by means of their signatures.

Reykjavík, 29 August 2008.

Board of Directors:

Karl Wernersson

Guðmundur Ólason

Jóhannes Sigurdsson

Steingrímur Wernersson

Linda Bentsdóttir

CEO:

Benedikt Árnason

Independent Auditors' Review Report

To the Board of directors of Askar Capital hf.

We have reviewed the accompanying condensed consolidated interim financial statements of Askar Capital hf., which comprise the consolidated balance sheet as at 30 June 2008, and the consolidated income statement, statement of changes in equity and cash flow statements for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2008 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 29 August 2008.

KPMG hf.

Helgi F. Arnarson

Margrét Guðjónsdóttir

Consolidated Interim Balance Sheet as at 30 June 2008

	Notes	30/06/2008	31/12/2007
Assets:			
Cash and cash equivalents	16	1,181,419	2,350,794
Loans and receivables	17-19	28,281,580	22,603,811
Financial assets held for trading	20	83,118	315,515
Financial assets designated at fair value through profit and loss	21	14,329,680	1,578,941
Investment in associated companies		2,988,452	1,677,754
Property and equipment		151,255	148,717
Investment properties		1,045,994	754,523
Intangible assets		3,556,064	3,536,722
Deferred tax asset	25	335,778	187,282
Other assets		1,733,266	1,096,973
Total Assets		53,686,606	34,251,032
Liabilities:			
Deposits from Central Bank		12,228,244	0
Borrowings	24	28,202,124	22,296,702
Financial liabilities held for trading	20	2,809,474	408,038
Tax liabilities		37,667	0
Other liabilities		860,884	982,990
Total Liabilities		44,138,393	23,687,730
Equity:			
Share capital		576,802	579,602
Share premium		10,761,372	10,833,151
Other reserve		20,296	(567)
Retained earnings		(1,810,257)	(848,884)
Total Equity	26	9,548,213	10,563,302
Total Liabilities and Equity		53,686,606	34,251,032

Notes on pages 9 to 23 are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Income Statement for the Six Months Ended 30 June 2008

	Notes	30/06/2008	30/06/2007
Interest income		1,889,581	487,127
Interest expense		<u>(1,937,120)</u>	<u>(295,300)</u>
Net interest income	9	<u>(47,539)</u>	191,827
Fee and commission income		679,679	628,925
Fee and commission expense		<u>(103,224)</u>	<u>(77,738)</u>
Net fee and commission income	10	<u>576,455</u>	551,187
Net (loss) gains on financial assets and financial liabilities held for trading	11	<u>(50,759)</u>	2,060
Net gains on financial assets designated at fair value through profit and loss	12	434,421	130,354
Net foreign exchange gains (losses)		183,551	<u>(23,389)</u>
Other operating income		<u>13,624</u>	4
		<u>1,109,753</u>	<u>852,043</u>
Administrative expenses	13	<u>(1,034,710)</u>	<u>(586,102)</u>
Impairment losses on loans and receivable	19	<u>(747,778)</u>	<u>(13,565)</u>
Share of loss of associates		<u>(393,140)</u>	0
(Loss) profit before tax		<u>(1,065,875)</u>	252,376
Income tax	14.25	104,502	<u>(45,371)</u>
(Loss) profit for the period		<u>(961,373)</u>	<u>207,005</u>
 (Loss) earnings per share:			
(Loss) earnings per share capital and diluted earnings per share capital	15	<u>(1.67)</u>	0.37

Notes on pages 9 to 23 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Interim Statement of Changes in Equity for the Six Months Ended 30 June 2008

	Share capital	Share premium	Other reserves	Retained earnings	Total share- holders equity
Equity as at 1.1.2007	552,700	10,501,300		(17,115)	11,036,885
Translation difference			(360)		(360)
New shares issued	16,500	311,173			327,673
Profit for the period				207,005	207,005
Equity as at 30.6.2007	569,200	10,812,473	(360)	189,890	11,571,203
Equity as at 1.1.2008	579,602	10,833,151	(567)	(848,884)	10,563,302
Translation difference			20,863		20,863
Purchased treasury shares	(2,800)	(71,779)			(74,579)
Profit for the period				(961,373)	(961,373)
Equity as at 30.6.2008	576,802	10,761,372	20,296	(1,810,257)	9,548,213

Notes on pages 9 to 23 are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Cash Flows for the Six Months Ended 30 June 2008

	Notes	30/06/2008	30/06/2007
Net cash used in operating activities	(1,505,734)	(1,032,322)
Net cash used in investing activities	(13,205,047)	(5,919,257)
Net cash from financing activities		<u>13,538,164</u>	<u>7,327,674</u>
Increase in cash and cash equivalents	(1,172,617)	376,095
Cash and cash equivalents at the beginning of the year		<u>2,350,794</u>	<u>110,845</u>
Effect of exchange rate fluctuations on cash held		<u>3,242</u>	<u>0</u>
Cash and cash equivalents at the end of the period		<u><u>1,181,419</u></u>	<u><u>486,940</u></u>

Notes on pages 9 to 23 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes

1. Reporting entity

Askar Capital hf. (the parent) is a company incorporated and domiciled in Iceland. The address of the Banks registered office is Suðurlandsbraut 12, Reykjavik. The Condensed Consolidated Interim Financial Statements for the period 1 January - 30 June 2008 comprise Askar Capital hf. (the parent) and its subsidiaries (together referred to as "the Bank"). The Bank offers integrated financial services to companies and institutional investors.

Askar Capital hf. is a subsidiary of Moderna Finance AB, Sweden and the Condensed Consolidated Interim Financial Statement is part of Consolidated Interim Financial Statement of Moderna Finance AB.

2. Basis of preparation

Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors of Askar Capital hf. on 29 August 2008.

The statements do not include all of the information required for a complete set of Consolidated Annual Financial Statements, and should be read in conjunction with the Consolidated Financial Statements of the Bank for the year ended 31 December 2007.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Bank in these Condensed Consolidated interim Financial Statements are the same as those applied by the Bank in its Consolidated Financial statements for the year ended 31 December 2007.

A summary of significant accounting policies is provided in the Bank's Consolidated Financial Statements for the year 2007.

4. Significant judgements and accounting estimate

The preparation of Condensed Consolidated Interim Financial Statements requires that management make judgements estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by the management in applying the Bank's accounting policies and key source of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2007.

Notes, contd.:

5. Risk management disclosure

The breakdown by contractual maturity of financial assets and liabilities.

1.1.-30.6.2008	On demand	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets:						
Cash and cash equivalents	481,064	700,355	0	0	0	1,181,419
Loans and receivables	0	4,827,321	5,269,391	17,235,099	949,769	28,281,580
Financial assets held for trading	31,255	0	51,863	0	0	83,118
Financial assets designated at fair value through profit and loss	0	12,742,535	312,953	1,274,192	0	14,329,680
Other assets	0	1,733,267	0	0	0	1,733,267
Total assets	512,319	20,003,478	5,634,207	18,509,291	949,769	45,609,064
Liabilities:						
Deposits from Central Bank	0	12,228,244	0	0	0	12,228,244
Borrowings	0	4,098,135	19,959,640	4,144,349	0	28,202,124
Financial liabilities held for trading	0	0	2,809,474	0	0	2,809,474
Tax liabilities	0	0	37,667	0	0	37,667
Other liabilities	0	860,884	0	0	0	860,884
Total liabilities	0	17,187,263	22,806,781	4,144,349	0	44,138,393
Assets - liabilities	512,319	2,816,215	(17,172,574)	14,364,942	949,769	1,470,671
31.12.2007						
Total assets	1,824,168	7,937,019	2,344,364	12,682,840	3,157,643	27,946,034
Total liabilities	0	15,943,304	5,682,948	2,061,478	0	23,687,730
Assets - liabilities	1,824,168	(8,006,285)	(3,338,584)	10,621,362	3,157,643	(4,258,304)

Liquidity management for Askar Capital is based on contractual maturity profile of liabilities. Amounts set above are principal amounts reported at the earliest maturity date. Financial liabilities held for trading, including cross-currency interest rate swaps are measured according to gross principal outflow on which no netting is performed at maturity.

Notes, contd.:

5. Contd.:

Currency risk

Foreign exchange risk is controlled by monitoring the net exposure in all foreign currencies and ensuring that it is within the set net position limits. Risk Management has defined risk limits on individual currencies as well as the gross exposure and Risk Management monitors compliance with these procedures on a daily basis. The Bank's policy is that Treasury is to stay neutral to currency risk and any currency risk taken be taken by Proprietary Trading.

Breakdown of assets and liabilities by currency:

30.6.2008	ISK	USD	EUR	CHF	JPY	Other	Total
Assets:							
Cash and cash equivalents	898,313	49,610	212,108	76	0	21,312	1,181,419
Loans and receivables	4,438,557	2,476,353	2,598,128	9,125,638	8,300,996	1,341,907	28,281,579
Financial assets held for trading	52,250					30,868	83,118
Financial assets designated at fair value through P/L	12,499,197	1,185,018	645,465	0	0	0	14,329,680
Investment in associates	2,000	1,932,365	651,368	0	0	402,719	2,988,452
Property and equipment	151,254	0	0	0	0	0	151,254
Investment property	0	19,815	0	0	0	1,026,179	1,045,994
Intangible assets	3,556,064	0	0	0	0	0	3,556,064
Deferred tax asset	335,778	0	0	0	0	0	335,778
Other assets	328,689	632,253	605,457	0	0	166,869	1,733,268
Total assets.....	22,262,102	6,295,414	4,712,526	9,125,714	8,300,996	2,989,854	53,686,606

Notes, contd.:

5. Contd.:

30.6.2008	ISK	USD	EUR	CHF	JPY	Other	Total
Liabilities and equity:							
Deposits from Central Bank	12,228,244	0	0	0	0	0	12,228,244
Borrowings	9,475,547	1,421,948	2,911,846	6,747,897	5,848,880	1,796,006	28,202,124
Financial liabilities held for trading	2,809,474	0	0	0	0	0	2,809,474
Tax liabilities	37,667	0	0	0	0	0	37,667
Other liabilities	769,005	24,977	66,902	0	0	0	860,884
Total equity	9,548,213						9,548,213
Total	34,868,150	1,446,925	2,978,748	6,747,897	5,848,880	1,796,006	53,686,606
Net Balance Sheet position	(12,606,048)	4,848,489	1,733,778	2,377,817	2,452,116	1,193,848	0
Net off Balance sheet position	12,587,817	(4,072,789)	(1,246,748)	(3,172,151)	(2,330,227)	(1,765,902)	0
Net position	(18,231)	775,700	487,030	(794,334)	121,889	(572,054)	0

Notes, contd.:

5. Contd.:

31.12.2007	ISK	USD	EUR	CHF	JPY	Other	Total
Assets:							
Cash and cash equivalents	1,792,897	375,032	114,016	54	0	68,795	2,350,794
Loans and receivables	5,962,794	1,550,794	1,875,070	6,396,348	5,822,721	996,084	22,603,811
Financial assets held for trading	280,068	0	0	0	0	35,447	315,515
Financial assets designated at fair value through P/L	2,002	1,123,548	446,426	0	0	6,965	1,578,941
Investment in associates	1,500	785,806	812,486	0	0	77,962	1,677,754
Property and equipment	144,992	3,272	453	0	0	0	148,717
Investment property	0	324,697	0	0	0	429,826	754,523
Intangible assets	3,536,722	0	0	0	0	0	3,536,722
Deferred tax asset	187,282	0	0	0	0	0	187,282
Other assets	885,963	30,577	73,633	0	0	106,800	1,096,973
Total assets	12,794,220	4,193,726	3,322,084	6,396,402	5,822,721	1,721,879	34,251,032
Liabilities and equity:							
Borrowings	13,597,665	1,371,918	1,720,852	2,665,010	2,365,459	575,798	22,296,702
Financial liabilities held for trading	408,038	0	0	0	0	0	408,038
Other liabilities	847,521	56,443	76,159	0	0	2,867	982,990
Total equity	10,563,302	0	0	0	0	0	10,563,302
Total liabilities and equity	25,416,526	1,428,361	1,797,011	2,665,010	2,365,459	578,665	34,251,032
Net Balance Sheet position	(12,622,306)	2,765,365	1,525,073	3,731,392	3,457,262	1,143,214	0
Net off Balance sheet position	12,878,311	(3,299,581)	(699,330)	(3,952,572)	(3,548,815)	(1,378,013)	0
Net position	256,005	(534,216)	825,743	(221,180)	(91,553)	(234,799)	0

Notes, contd.:

6. Derivative financial instruments

Currency and interests rate derivatives, agreements unlisted:

	Nominal amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
Forward exchange rate agreements	19,078,008	21,791,627	51,863	2,765,482
Equity derivatives:				
Equity swaps, agreements unlisted	123,109	167,101	0	43,992
Total Derivative financial instruments	19,201,117	21,958,728	51,863	2,809,474

7. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the Bank's classification of each class of financial assets and liabilities.

	Trading	Designated at fair value	Loans	Total carrying amount
30/06/2008				
Cash and cash equivalents	0	0	1,181,419	1,181,419
Financial assets held for trading	83,118	0	0	83,118
Financial assets designated at fair value through P/L	0	14,329,680	0	14,329,680
Loans	0	0	28,281,580	28,281,580
Investment property	0	1,045,994	0	1,045,994
Investments in associates	0	2,988,452	0	2,988,452
	83,118	18,364,126	29,462,999	47,910,243
Deposits from Central Bank	0	0	12,228,244	12,228,244
Borrowings	0	0	28,202,124	28,202,124
Financial liabilities held for trading	0	2,809,474	0	2,809,474
	0	2,809,474	40,430,368	43,239,842
31/12/2007				
Cash and cash equivalents			2,350,794	2,350,794
Financial assets held for trading	315,515			315,515
Financial assets designated at fair value through P/L		1,578,941		1,578,941
Loans			22,603,811	22,603,811
Investment property		754,523		754,523
Investments in associates		1,677,754		1,677,754
	315,515	4,011,218	24,954,605	29,281,338
Financial liabilities held for trading	0	408,038	0	408,038
Borrowings	0	0	22,968,702	22,968,702
	0	408,038	22,968,702	23,376,740

Notes, contd.:

8. Segment information is presented in respect of the Bank's business segments. The primary format, business segments, is based on the Bank's management and internal reporting structure.

Business segments

The Bank comprises the following main business segments:

Real Estate Advisory provides advisory services to institutional and private clients in respect of investments in Real Estates.

Asset Management provides banking and investment service for institutional and private clients.

Risk and fundig advisory provides risk and funding advise to clients and debt management.

Proprietary Trading trades in securities for the Bank's own account.

Leasing offers auto loans to individuals and companies.

Support areas are managed under the following functional headings: Operations, Risk Management, Finance, Legal & Compliance, Information Technology and Human Resources.

1.1.-30.6.2008

	Real Estate Advisory	Asset Manage- ment	Advisory	Proprietary trading	Leasing	Other and eliminations	Total
Net interest income	(844)	(1)	(191)	(480,431)	395,928	38,000	(47,539)
Net fee and commission income	344,931	79,758	99,390	54,757	46,381	(48,763)	576,454
Net financial income	0	0	0	383,663	0	0	383,663
Net foreign exchange gain	0	0	0	15,079	168,471	0	183,550
Other operating income	0	0	0	0	13,149	475	13,624
	344,087	79,757	99,199	(26,932)	623,929	(10,288)	1,109,752
Administrative expenses	(293,375)	(133,814)	(98,988)	(21,446)	(232,342)	(254,744)	(1,034,709)
Impairment losses on loans	(55,000)	0	0	(216,000)	(476,778)	0	(747,778)
Share of profit of associates	0	0	0	(393,140)	0	0	(393,140)
(Loss) profit before tax	(4,288)	(54,057)	211	(657,518)	(85,191)	(265,032)	(1,065,875)
Income tax							104,503
(Loss) profit for the period	(4,288)	(54,057)	211	(657,518)	(85,191)	(265,032)	(961,372)

Notes, contd.:

8. Contd.:

30/06/2008

	Real Estate Advisory	Asset Manage- ment	Advisory	Proprietary trading	Leasing	Other and eliminations	Total
Segment assets							
Loans and receivables	185,370	0	0	9,953,402	22,352,912	(4,210,104)	28,281,580
Financial assets held for trading	0	0	0	115,780	3,365	(36,027)	83,118
Financial assets designated at fair value through profit and loss	0	0	0	14,329,680	0	0	14,329,680
Investment in associated comp.	0	0	0	2,988,452	0	0	2,988,452
Investment properties	0	0	0	1,074,034	0	(28,040)	1,045,994
Intangible assets	0	0	0	0	102,759	3,453,306	3,556,065
Other assets	1,373,619	0	0	1,701,989	162,010	164,099	3,401,717
Total assets	1,558,989	0	0	30,163,337	22,621,046	(656,766)	53,686,606

31/12/2007

Segment assets	1,107,456	0	0	7,134,988	17,782,100	8,226,488	34,251,032
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Notes, contd.:**Notes to the Condensed Consolidated Interim Income Statement****9. Net interest income**

	2008 1/1-30/6	2007 1/1-30/6
Interest income:		
Cash and cash equivalents	40,989	7,444
Loans and receivables	1,477,024	315,295
Derivatives	368,923	164,190
Other interest income	2,645	198
	<u>1,889,581</u>	<u>487,127</u>
Interest expense:		
Borrowings	(1,676,319)	(286,148)
Derivatives	(258,483)	0
Other interest expense	(2,318)	(9,152)
	<u>(1,937,120)</u>	<u>(295,300)</u>
Net interest income	<u>(47,539)</u>	<u>191,827</u>

10. Net fee and commission income

Fee and commission income:		
Loans, guarantees and risk sharing	95,149	58,187
Investment advisory, structuring and management fee	503,185	405,220
Advisory	81,345	129,309
Brokerage	0	36,209
Total fees and commission	<u>679,679</u>	<u>628,925</u>
Commission expenses	(103,224)	(77,738)
Net fee and commission income	<u>576,455</u>	<u>551,187</u>

11. Net gains on financial assets and financial liabilities held for trading

Dividend	8,075	0
Listed shares	(36)	34
Foreign listed shares	(58,798)	2,026
Total net gains on financial assets and financial liabilities held for trading	<u>(50,759)</u>	<u>2,060</u>

12. Net gains on financial assets designated at fair value

Listed bonds	566,230	0
Unlisted shares	(97,193)	32,877
CDO unlisted	0	(48,441)
CLO unlisted	(34,616)	145,918
Total net gains on financial assets designated at fair value	<u>434,421</u>	<u>130,354</u>

Notes, contd.:

13. Administrative expenses

	30/06/2008	30/06/2007
Salaries and related expenses	569,561	329,845
Other administrative expenses	414,783	245,197
Depreciation	50,366	11,060
Total administrative expenses	<u>1,034,710</u>	<u>586,102</u>

14. Tax assets and tax liabilities

Tax assets and tax liabilities recognised in the Income Statement

Current tax expense	0	13,834
Deferred tax expense	(104,502)	31,537
Total income tax expense	<u>(104,502)</u>	<u>45,371</u>

15. Earnings per Share

Calculations of earnings per share are based on profit and the weighted average share capital:

(Loss) profit according to the Consolidated Financial Statements	(961,373)	207,005
Calculated average share capital:		
Share capital at the beginning of the year	579,602	552,700
Effect of the (decrease) increase of share capital during the period	(2,738)	1,742
Calculated average share capital	<u>576,864</u>	<u>554,442</u>
(Loss) earnings per share in ISK kronur	(1.67)	0.37

Notes to the Condensed Consolidated Interim Balance Sheet

16. Cash and cash equivalents

	30/06/2008	31/12/2007
Cash and cash equivalents are specified as follows:		
Cash.....	0	3,300
Balances with banks.....	481,064	1,547,181
Money market placements.....	700,355	800,313
Total cash and cash equivalents.....	<u>1,181,419</u>	<u>2,350,794</u>

17. Loans and receivables

Loans and leasing contracts to customers	20,677,161	19,243,772
Loans to credit institutions	951,120	682,000
Other receivables	6,653,299	2,678,039
Total	<u>28,281,580</u>	<u>22,603,811</u>

Notes, contd.:

18. Loans and receivables are specified as follows by sectors:

	30/06/2008	31/12/2007
Individuals	66.0%	71.8%
Real estate	12.3%	13.4%
Services	4.3%	3.6%
Credit institutions	3.7%	3.4%
Commerce	3.7%	3.2%
Industry	4.9%	0.8%
Other	5.1%	3.8%
Total loans and receivables	100.0%	100.0%

19. The Allowance account for credit losses has been deducted from Loans and Receivables. Changes in the provision are specified as follows:

The Allowance account at the beginning of the year	190,572	90,196
Provision for losses during the period	747,778	118,165
Loans written off during the period as uncollectible	0	(17,789)
The Allowance account at period-end	938,350	190,572

20. **Financial Assets**

Financial assets held for trading are specified as follows:

Share and other variable-yield securities:

Listed shares	387	423
Foreign listed shares	30,868	35,447
Total	31,255	35,870
Positive balance of derivatives	51,863	279,645
Total financial assets held for trading	83,118	315,515

21. Financial assets designated as at fair value specifies as follows:

Listed bonds	12,496,697	0
CLO unlisted	1,274,191	1,052,178
Unlisted affiliated shares	312,954	328,194
Unlisted shares	245,838	198,569
Total	14,329,680	1,578,941

22. Intangible assets are specified as follows:

Software	175,768	156,426
Goodwill	3,380,296	3,380,296
	3,556,064	3,536,722

Notes, contd.:

23. Pledged assets

Pledged assets are as follows:

	30/06/2008	31/12/2007
Loans and borrowings	22,327,664	17,224,507
Listed bonds	12,496,697	0
Total pledged assets	<u>34,824,361</u>	<u>17,224,507</u>

The total financial assets that have been pledged as collateral for liabilities (including amounts reflected above) at 30 June 2008 was 35 million (year-end 2007: 17 million).

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the bank acts as an intermediary.

24. Borrowings

The Companies borrowings are specified as follows:

	30/06/2008	31/12/2007
Balances with the credit institutions regarding due to repurchase agreement	0	481,214
Loans from credit institutions	19,720,840	11,278,481
Bill of exchange	982,850	3,198,223
Issued bonds	2,336,062	2,061,478
Other borrowings	5,162,372	5,277,306
Total borrowings	<u>28,202,124</u>	<u>22,296,702</u>

25. Deferred Income Tax Liability

Changes in tax liability during the year are as follows:

Tax asset / tax liability at the beginning of the year	(187,282)	(14,554)
Calculated income tax for the period	(104,502)	(172,728)
Current tax liability	(6,327)	0
Tax asset / tax liability at the end of the period	<u>(298,111)</u>	<u>(187,282)</u>

Notes, contd.:**26. Equity****a. Share capital**

According to the Parent Company's Articles of Association, total share capital amounts to ISK 588 million. One vote is attached to each share of one ISK and the holders of ordinary shares are entitled to one vote per share at meetings of the Company.

b. Regulatory capital

Equity at the end of the period amounted to ISK 9,549 million, equivalent to 17.8% of total assets according to the Balance Sheet. The capital adequacy ratio of the Bank, calculated in accordance to Article 84 of the Act on Financial Undertakings, is 17.1%. This ratio may not be lower than 8.0% according to that Act. The ratio is calculated as follows:

	30/06/2008	31/12/2007
Total equity	9,548,213	10,563,302
Intangible assets	(3,556,064)	(3,536,722)
Total own funds	<u>5,992,149</u>	<u>7,026,580</u>
Total capital requirements for:		
Credit risk	2,486,227	1,862,270
Market risk under standardised approaches (SA)	156,396	105,541
Operational risk (OP)	145,856	88,349
Capital requirements	<u>2,788,479</u>	<u>2,056,160</u>
Surplus of own funds	3,203,670	4,970,420
Capital adequacy ratio	17.2%	27.3%

Off Balance Sheet Information**27. The Banks obligations are as follows:**

Guarantees	0	434,000
Loan commitments	<u>507,264</u>	<u>620,000</u>
Obligations at the end of the period	<u>507,264</u>	<u>1,054,000</u>

28. Events after the Balance Sheet date

There have been no other material post Balance Sheet events which would require disclosure or adjustments to the 30 June 2008 Condensed Consolidated Interim Financial Statements.

Notes, contd.:

Company:	Country	Currency	In millions	Accum. %
Askar Capital Advisory Private Limited	India	USD	31	100%
Askar Fasteignaráðgjöf ehf.	Iceland	EUR	100	100%
Askar Rumenia	Rumenia	EUR	5	100%
Askar USA	USA	USD	1	100%
Avant hf.	Iceland	ISK	853	100%
AVP s.á.r.l.	Luxembourg	EUR	3	100%
Crawley ehf.	Iceland	GBP	38	100%
Ecchinswell ehf.	Iceland	GBP	50	100%
Gjaldeyrisvogunarsjóðurinn ehf.	Iceland	ISK	10	100%
Staten Group Limited	BVI	USD	14	100%

Unaudited Information

Quarterly Statements

Summary of the Company's operating results by quarters:

	Q2 2008	Q1 2008	Total
Net interest income	(264,999)	217,460	(47,539)
Net fee and commission income	384,937	191,518	576,455
Net financial income	114,937	268,725	383,662
Net foreign exchange gain	(37,709)	221,260	183,551
Other operating income	13,624	0	13,624
	<u>210,790</u>	<u>898,963</u>	<u>1,109,753</u>
Administrative expenses	(458,020)	(576,690)	(1,034,710)
Impairment losses on loans	(626,648)	(121,130)	(747,778)
Share of profit of associates	(200,984)	(192,156)	(393,140)
Loss before tax	(1,074,862)	8,987	(1,065,875)
Income tax	102,777	1,725	104,502
(Loss) profit for the period	(972,085)	10,712	(961,373)

	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Total
Net interest income	75,115	296,969	225,168	(33,341)	563,911
Net fee and commission income	607,535	335,958	301,715	249,472	1,494,680
Net financial income	(1,325,473)	(362,182)	22,990	109,424	(1,555,241)
Net foreign exchange gain	67,762	38,581	(14,722)	(8,667)	82,954
Other operating income	2,686	0	4	0	2,690
	<u>(572,375)</u>	<u>309,326</u>	<u>535,155</u>	<u>316,888</u>	<u>588,994</u>
Administrative expenses	(619,661)	(309,300)	(317,564)	(268,538)	(1,515,063)
Impairment losses on loans	(52,091)	(52,509)	(27,510)	13,945	(118,165)
Share of profit of associates	39,737	0	0	0	39,737
Loss before tax	(1,204,390)	(52,483)	190,081	62,295	(1,004,497)
Income tax	208,736	9,363	(34,158)	(11,213)	172,728
(Loss) profit for the period	(995,654)	(43,120)	155,923	51,082	(831,769)

II E) Exhibit 4
Document 2
MODERNA FINANCE Financial Statements



MODERNA

INTERIM REPORT

1 JANUARY – 30 JUNE 2008

INTERIM REPORT | 1 JANUARY – 30 JUNE 2008

FINANCIAL RESULTS FOR THE FIRST SIX MONTHS 2008:

- Total revenues, excluding interest in associated companies and investment income, amounted to SEK 1,829 million (pro forma 2007: 1,739), corresponding to an increase of 5%. Including the result in associated companies and the investment income the total revenues amounted to SEK 707 million (1,111).
- Profit after tax amounted to SEK -543 million (156), on pro forma basis the profit decreased by SEK 1,403 million from SEK 860 million.
- Profit per share before dilution amounted to SEK -16.15 (5.05).
- The Group's total assets amounted to SEK 33,173 million (18,276) and the equity attributable to the parent company shareholders amounted to SEK 4,207 million (1,936).

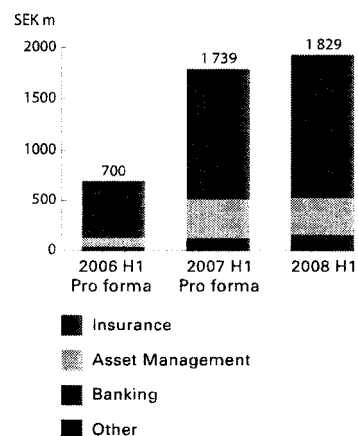
HIGHLIGHTS DURING THE FIRST SIX MONTHS 2008:

- The insurance premium for the Group amounted to SEK 1,250 million (673), corresponding to an increase of 86%. On pro forma basis the increase of premiums was 1%.
- The total revenues for the Banking business amounted to SEK 152 million (90), corresponding to an increase of 69%. On pro forma basis the increase in revenues was 13%.
- The total assets under management within the MODERNA Group decreased to SEK 25.4 billion from SEK 32.7 billion, pro forma corresponding to a decrease of 22% since year end 2007.
- MODERNA increased its equity interest in D. Carnegie & Co. AB ("Carnegie") to 17.6% on March 10, 2008. The CEO of MODERNA Anders Fällman was re-elected as chairman of Carnegie on April 7, 2008.
- In April 2008 the indirect ownership of the shares in Icelandair and certain real estate and private equity projects held as investment assets within the insurance segment were divested. The sale of these investments did not result in any significant capital gain or loss for the group.
- On June 4 the parent company of the group changed name from Invik & Co. AB to Moderna Finance AB and the new name of the group is MODERNA.

FINANCIAL RESULTS FOR THE SECOND QUARTER 2008:

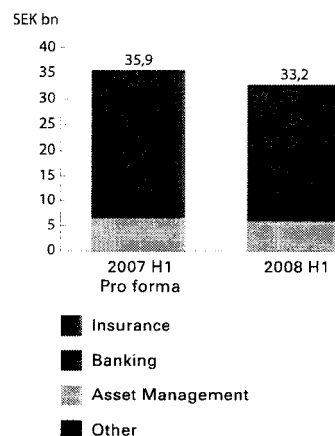
- Total revenues, excluding interest in associated companies and investment income, amounted to SEK 758 (529) million. Total revenues, including interest in associated companies and investment income, amounted to SEK -172 million (597), the decrease was due to decreases in the value of securities and losses in associated companies.
- Profit after tax amounted to SEK -1,677 million (74), on pro forma basis the profit decreased from SEK 352 million.
- Profit per share amounted to SEK -53.11 (2.34).

Revenue by Business Segment*



* Excl: Income from associated companies and investment income.

Total assets by Business Segment



ACQUISITION OF SJÓVÀ AND ASKAR

- MODERNA acquired the insurance company Sjova and the investment bank Askar Capital, on January 1, 2008. The figures in this report are for the comparative periods presented excluding Sjova and Askar unless specifically stated to be pro forma figures. The pro forma figures presented in this report has not been audited by auditors of MODERNA.
- The acquisition price of ISK 54 billion for Sjova and Askar was determined following an independent valuation made by external valuation firm. The purchase price was paid by issuance of a loan note in ISK on January 1, 2008. On March 31, 2008 the loan note was settled in full through an unconditioned shareholder contribution of SEK 4.1 billion to MODERNA.
- During the second quarter of 2008 impairment tests were performed on the book value of the shares in Askar and the shares in Carnegie. The impairment tests resulted in a write down of the book value of Askar of SEK 389 million and of the book value of the shares in Carnegie by SEK 450 million.

COMMENTS FROM THE PRESIDENT AND CEO:

"The work on creating a Nordic financial service group started in January 2008 through the acquisition of the Icelandic insurance company Sjova and the investment bank Askar, together with their investments and associated companies. During the second quarter the work on streamlining the acquired businesses has been in focus. A number of investments have been divested from MODERNA to Milestone, such as the ownership in Icelandair and the Icelandic petrol station company N1. The group changed its name from Invik to MODERNA in June to reflect the new composition of the group as a Nordic financial service group. The development of our insurance business was positive during the first six months with gross insurance premiums increasing by 10% on pro forma and fixed exchange rate basis. The geographical expansion in the Nordic area continued at the end of the period through the recruitment of employees to the Norwegian branch of Modern Insurances. The second quarter was challenging for the financial sector and we were negatively affected by the securities market in the Nordic region and our investment assets, decreased in value. As a consequence of the negative development in the securities market we are adopting our subsidiaries' investment profiles to the new market conditions and we are implementing cost saving activities in the entities most affected by the reduced activities in the securities markets. During the remainder of the year we are focusing on activities that will drive our future growth and implementing cost cutting measures to improve our profitability," commented Anders Fällman, President and CEO Moderna Finance AB.

About MODERNA Group

MODERNA is a Nordic financial group operating within the fields of insurance, banking and asset management. MODERNA operates its business in the Nordic region and the Benelux countries through well known local brands with its head office in Stockholm. The diversified business model of MODERNA offers a strong niche product range.

MODERNA runs insurance operations in the Nordic countries and within certain product areas in Eastern Europe predominantly marketed under the brands of Modern Insurances Non-life and Life and Sjóvá Non-life and Life. MODERNA employs over 464 insurance professionals and total assets within the Insurance segment amounted to SEK 21.7 billion at the end of the period.

MODERNA has asset management operations in the Nordic countries, the Benelux countries as well as several niche markets around the world. MODERNA markets its asset management operations through the brands of Aktie-Ansvar, Banque Invik Wealth Management and Askar Capital. MODERNA has over SEK 25.4 billion in assets under management and has 104 employees in the asset management operations.

MODERNA has banking operations in Sweden, Iceland and Luxembourg primarily marketed under the brands of Banque Invik and Avant. MODERNA's banking operations are carried out by 104 professionals and include Corporate banking, card operations as well as asset financing.

MODERNA has in addition to the financial operations certain holdings in e.g. Carnegie and pharmacies in Eastern Europe that together are classified as the segment Other Holdings.

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

Financial development during the first six months

REVENUES

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

EXPENSES

The total expenses for MODERNA increased during the first six months due to the purchase of the insurance company Sjøva and the investment bank Askar Capital which were not part of the group during the last year. On pro forma basis the total expenses increased by 65% compared to same period last year. The increase in operating interest expenses compared to pro forma figures is primarily due to increased portfolio in our car leasing business, increase of certain of the banking business of Askar Capital and higher funding costs for the group. The insurance claims on a pro forma basis improved slightly compared to same period previous year on pro forma basis and no major claims were incurred during the reporting period. The fee and commission expenses decreased compared to the first quarter 2007 on pro forma basis as a consequence of lower fee and commission income. Other operating expenses increased as a result of the ongoing projects to grow the existing business which has led to an increase in

number of employees and higher salary costs. In addition provisions have been made for loan assets during the first six months of the year which has led to increased amortizations, depreciations and write-downs compared to the corresponding period previous year on pro forma basis. The impairment of Carnegie shares and goodwill in Asker Capital totalling SEK 839 million is also recorded in this costline. A cost cutting program has been initiated in the areas of the group where the decrease in the securities markets and the lower turnover on the securities markets has had the most negative impact.

FINANCIAL EXPENSES

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

NET RESULT FOR THE PERIOD

The net result during the first six months for MODERNA was SEK -543. The net result for the same period 2007 was 860 million on pro forma basis. The minority's share of the loss was SEK 33 (pro forma -4) million and primarily derived from the minority interest in Askar Capital as well as certain of the investment assets held by Sjova. Out of the total decrease in net result amounting to SEK -1,430 million, 2,055 million derives from decreased investment income and net income from associates. Higher net financial interest expense has impacted the result negatively by SEK 167 million, whereas changes in foreign exchange gains have contributed with 1,921 million. The income tax cost was SEK 374 million as compared to SEK 235 million on pro forma basis previous year. The write down of SEK 839 million on the Askar Capital and Carnegie shares were not tax deductible costs and the income from associated companies are net of tax.

Earnings per share amounted to SEK -16.15 (SEK 5.05). The number of shares outstanding as per end of the first six months was 31,577,423 of which 6,990,196 were Class A shares and 24,587,227 were Class B shares. The total numbers of votes for the issued shares were 94,489,187.

BALANCE SHEET

MODERNA's total consolidated assets amounted to SEK 33,173 million (pro forma 35,929) at the end of the first six months. The decrease of the total assets against the pro forma figures is primarily a result of the depreciation of the Icelandic Krona against Swedish Krona and Euro, divestment of certain of the investments held by Sjova and write-down of Carnegie shares and goodwill allocated to Askar Capital. The equity of the Group amounted to SEK 4,367 million (1,936) which increased as a part of the shareholder contribution of the liabilities of the purchase price of Sjova and Askar at end of the first quarter 2008.

In addition to the investments in the operating businesses the Group has investments both directly and indirectly in assets such as real estate, bonds, listed securities and private equity investments in operating companies. These non-operating investments are made in the Insurance segment as part of the management of the technical provisions and in the Asset Management segment as products offered to asset management customers. In the segment Other Holdings the major assets are the shareholding in Carnegie and an associated company which has 200 pharmacies in Eastern Europe.

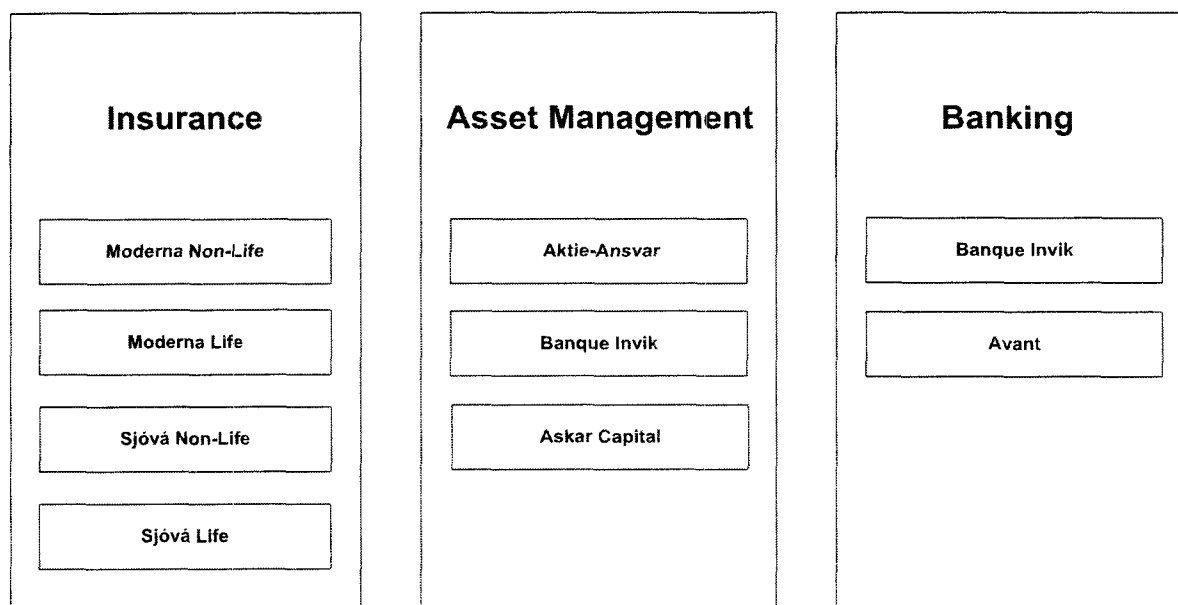
The total interest bearing liabilities amounted to SEK 8,543 million (pro forma SEK 6,514 million at year end 2007). Of the interest bearing liabilities SEK 3,757 million (pro forma SEK 3,733 million at year end) were attributable to liabilities for real estate investments. The group has short term liabilities amounting to SEK 3.5 billion that have maturities during 2008. The Group is a financial conglomerate with a capital adequacy requirement set by the Swedish Finance Supervisory Authority. The total solvency requirements for the Group amounted at June 30, 2008 to SEK 963 million and the solvency capital of the Group amounted to SEK 1,696 million, representing a surplus of 76% compared to the regulatory minimum.

CASH FLOWS

Most of the Group's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, the Group's working capital fluctuates considerably between periods. During the first six months of 2008, the working capital increased by SEK 2,527 million (decreased 359). Cash flow from operating activities was SEK -1,844 million (619).

Business segments

The MODERNA Group comprises three operational business segments: Insurance, Banking and Asset Management. The business segment Insurance consists of Moderna Insurances Non-life, Life and Run-off and Sjova Non-life and Life. The business segment Banking consists of Banque Invik and the car leasing business of Avant. The business segment Asset Management consists of Aktie-Ansvar funds, Banque Invik Wealth Management and Askar Capital. In addition there are certain other assets held in the segment Other Holdings which primarily includes the shareholding in Carnegie, the parent company Moderna Finance AB, retail pharmacy investments in Eastern Europe.



INSURANCE SEGMENT

Income Statement

SEK million	Non-life		Life		Run-off		Total	
	Pro forma (unaudited)		Pro forma (unaudited)		Pro forma (unaudited)		Pro forma (unaudited)	
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
Insurance premium	984	941	178	176	89	119	1 252	1 235
Reinsurers share of insurance premium	-87	-103	-121	-109	0	0	-209	-213
Investment income	-430	797	5	25	-24	34	-449	856
Net income from associates	-744	50	-9	3	1	0	-753	53
Fee and commission income	28	18	73	56	0	1	101	74
Interest income	71	8	2	1	10	8	83	17
Other revenue	176	164	3	8	0	0	179	171
Total revenues	-2	1 874	130	158	77	162	204	2 193
Insurance claims	-717	-676	-113	-99	-90	-145	-920	-920
Reinsurers share of insurance claims	35	33	84	72	0	-5	119	100
Fee and commission expense	-22	-25	-33	-22	2	2	-54	-44
Operating interest expenses	-43	0	0	-2	0	0	-43	-2
Amortization, depreciations and write-downs	-126	-58	-24	-30	0	0	-150	-88
Other operating expenses	-258	-262	-44	-46	-12	-24	-313	-331
Total expenses	-1 132	-987	-130	-127	-100	-172	-1 361	-1 285
Profit before financial items	-1 134	887	0	31	-23	-10	-1 156	908
Interest income	86	140	7	7	0	0	93	147
Interest expenses	-162	-118	-4	-1	0	0	-166	-119
Net foreign exchange gain/loss	552	6	0	0	0	0	552	6
Total financial items	476	28	3	7	0	0	479	34
Profit before income tax	-658	-915	3	38	-23	-10	-678	943
Income tax and deferred tax	23	-195	-4	-9	7	2	26	-202
Profit for the period	-634	720	-1	29	-17	-8	-652	741

Balance sheet

SEK million	Non-life		Life		Run-off		Total*	
	Pro forma (unaudited)		Pro forma (unaudited)		Pro forma (unaudited)		Pro forma (unaudited)	
	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007
Total assets	12 120	14 264	8 826	8 644	709	759	21 396	23 585
Total equity	2 752	3 753	645	790	-22	11	3 375	4 553
Total liabilities	9 368	10 511	8 181	7 855	732	748	18 021	19 032

* Total figure includes eliminations of SEK 260 (82) million in total assets and liabilities

Key ratios

	Sjova Non-life H1 2008	Sjova Non-life H1 2007	Modern Insurances Non-life H1 2008	Modern Insurances Non-life H1 2007	Total Non-life H1 2008	Total Non-life H1 2007
Cost ratios - gross	20.4%	20.9%	22.0%	23.6%	21.3%	22.1%
Cost ratios - net	21.1%	22.8%	22.8%	25.2%	22.1%	24.9%
Claims ratio - gross	78.1%	83.4%	73.7%	64.7%	75.7%	74.8%
Claims ratio - net	83.0%	88.6%	76.0%	68.8%	79.2%	78.8%
Combined ratios - gross	98.4%	104.3%	95.7%	88.3%	96.9%	97.0%
Combined ratios - net	104.1%	111.4%	98.9%	94.0%	101.2%	103.7%
Retention ratio	92.5%	91.5%	90.0%	86.1%	91.1%	89.0%
Claims reserve ratio - gross	363.4%	290.9%	116.2%	83.0%	200.7%	183.2%

NON-LIFE INSURANCE OPERATIONS

The operational development for the Insurance segment was strong during the first six months with improving key ratios for the non-life insurance operations and an increased in gross premiums 5% compared to corresponding period last year on pro forma basis. Adjusting for the negative translation effect on premiums earned in our Sjova caused by the depreciation of ISK against SEK, total growth in premiums amounted to 10% in Non-life on a pro forma and fixed exchange rate basis. The claims ratio improved in the Icelandic non-life insurance operations and the gross combined ratio for the Insurance non-life operations was 97% (97%). The premiums written in Moderna Insurances increased by 14% during the first six months. The increased premium has led to a reduction in the cost ratio due to economies of scale but at the same time a high claims ratio due to the establishment of new non-life business products which has a higher claims ratio such as car insurance and also a higher portion of product insurance business compared to previous periods. During the year a number of initiatives have taken place to enhance our future growth that has incurred operating expenses affecting the comparability between the periods. Adjusting for these costs of SEK 7.5 million the gross combined ratio for Moderna Insurances amounted to 94% during the period. The expansion into Norway was initiated through the establishment of a branch of Moderna Insurances and the recruitment of the insurance team that will build up the operations in Oslo, Norway. The insurance operation in Norway is expected to be operational from year end 2008. In June the Swedish insurance operations made an expansion into the commercial fleet motor insurance segment through a recruitment of a team of specialist employees which will build up the new business. The net income from securities was negative as a result of the deteriorating financial markets during the first six months. Further the income from associated companies to the insurance business amounted to SEK -744 (50) million which primarily consists of participation in associated companies owning listed securities that have decreased in value. During the first six months foreign exchange results on derivative contracts has been positive and amounted to SEK 552 million.

LIFE INSURANCE OPERATIONS

The majority of the life insurance operation is sales of unit-linked insurance in Sweden. As the unit-linked operation is in a build up phase the operation is loss making. An embedded value calculation on the Swedish insurance business is presented as a note to these financial statements. Due to the negative development on the financial markets in 2008 the value of Embedded Value fell from SEK 993 million to SEK 925 million at the end of the period. The value of new business amounted to SEK 58 (117) million during the first six months. Total annual premium equivalent ("APE"), calculated as all recurring premium contracts and 10% of single premiums, amounted to 385 (606) million and value new business ("VNB") margin fell to 15% (19%).

RUN OFF INSURANCE OPERATIONS

The run-off operation includes discontinued product areas of the Swedish insurance operations. The premiums in this segment are expected to be discontinued within a five year period. The technical result for the run-off operations was slightly negative but no major claims were recorded during the period.

BANKING SEGMENT

Income Statement

SEK million	H1 2008	Pro forma (unaudited) H1 2007
Net income from associates	-7	10
Fee and commission income	77	73
Interest income	81	51
Other revenue	1	0
Total revenues	152	134
Fee and commission expense	-2	-2
Operating Interest expenses	-89	-38
Amortization, depreciations and write-downs	-8	-6
Other operating expenses	-68	-62
Total expenses	-166	-108
Profit before financial items	-14	26
Net foreign exchange gain/loss	15	1
Total financial items	15	1
Profit before income tax	1	27
Income tax and deferred tax	-3	-5
Profit for the period	-2	22

Balance sheet

SEK million	June 30 2008	Pro forma (unaudited) Dec. 31, 2007
Total assets	5 406	5 459
Total equity	364	499
Total liabilities	5 042	4 959

The financial development for the Banking business was positive with an increase of total revenues of 13% compared to the first six months 2007 on pro forma basis. The slowdown in the Icelandic economy has led to an increased provision for possible loan losses on the car leasing portfolio which negatively affects the profitability. The depreciation of the Icelandic Krona during the year has had a positive effect on the interest income since a majority of the car leasing portfolio is denominated in foreign currencies. At the same time the currency depreciation has led to reduced credit quality in the portfolio. The car leasing portfolio had gross lending of SEK 1.7 billion at the end of the period. The profitability of the banking segment was negatively affected by a write down of the goodwill in the Banking segment that was allocated to the car leasing business in Avant. During the period MODERNA performed an impairment test of Askar Capital Group which supported the value of goodwill on Avant. The focus on the Banking business is furthering the development of the credit card activities with new geographical areas and innovative card solutions.

ASSET MANAGEMENT SEGMENT

Income Statement

SEK million	H1 2008	Pro forma (unaudited) H1 2007
Investment income	33	14
Net income from associates	25	0
Fee and commission income	140	242
Interest income	226	143
Other revenue	3	0
Total revenues	427	399
Fee and commission expense	-36	-56
Operating Interest expenses	-203	-113
Amortization, depreciations and write-downs	-393	-1
Other operating expenses	-120	-102
Total expenses	-752	-271
Profit before financial items	-325	127
Interest expenses	-87	-6
Net foreign exchange gain/loss	-58	-4
Total financial items	-144	-10
Profit before income tax	-469	117
Income tax and deferred tax	-2	-28
Profit for the period	-471	89

Balance sheet

SEK million	June 30 2008	Pro forma (unaudited) Dec. 31, 2007
Total assets	5 455	6 597
Total equity	1 116	1 959
Total liabilities	4 339	4 638

The development of the Asset Management operations was effected by the decrease in the Nordic Stock exchange indexes with the total value of assets under management amount to SEK 25.4 billion, a reduction of 22% from the SEK 32.7 billion as at year end 2007. The assets under management were split accordingly at the end of the period: The fund management company Aktie-Ansvar SEK 13.5 billion, Banque Invik 8.8 billion and Askar Capital 3.2 billion. The revenues for the Asset Management operations increased by 7% compared to the first six months 2007 on a pro forma basis. The fee and commission income decreased due to decreased assets under management, reduced trading activities in securities and lower retrocession fees on managed portfolios. The interest income increased due to increased lending volumes in the Askar Capital trading department and increased interest margin on deposits made by Banque Invik. The impairment test on Askar Capital during the period lead to a write down of goodwill allocated to Askar Capital of SEK 389 million.

OTHER HOLDINGS AND PARENT COMPANY

In the segment Other Holdings the participation in retail pharmacy investments in Eastern Europe and the participation in Carnegie are presented. The Parent Company's loss before financial expenses during the first six months amounted to SEK 25 million (loss: 18). The Parent Company's profit after tax amounted to SEK 762 million (168). During the period a write down of the book value of the participation in Carnegie was made which negatively affected profit after tax by SEK 450 million. Profits included foreign exchange gain of SEK 1,458 million arising from the purchase of Sjova and Askar by a loan note denominated in Icelandic Krona on January 1, 2008. The loan note was given as an unconditioned shareholder contribution to MODERNA at the end of the first quarter. The Parent Company has issued short term bills during the first six months of nominal value ISK 2 510 million (SEK 187 million) that were sold to institutional investors.

Financial statement

Consolidated Income Statement

SEK million	Notes	1 Jan. - 30 June			1 Apr. - 30 June			1 Jan. - 31 Dec.	
		2008	2007	Pro forma (unaudited) 2007	2008	2007	Pro forma (unaudited) 2007	2007	Pro forma (unaudited) 2007
Insurance premium	5	1 250	673	1 234	646	394	684	1 390	2 528
Reinsurers share of insurance premium	5	-209	-159	-213	-105	-96	-128	-293	-406
Investment income	4	-416	143	870	-466	67	262	3	825
Net income from associates	16	-706	13	63	-119	1	55	9	-304
Fee and commission		299	301	362	150	160	190	567	677
Operating interest income		311	141	190	33	72	116	313	723
Sale of goods and services		-	-	-	-	-	-	-	267
Other revenue	6	178	-	165	34	-	133	14	209
Total revenues		707	1 111	2 671	172	597	1 312	2 003	4 520
Insurance claims	7	-920	-486	-920	-456	-274	-504	-1 075	-1 952
Reinsurers share of insurance claims	7	119	95	100	44	53	63	168	190
Fee and commission expenses		-80	-78	-86	-46	-41	-46	-152	-166
Operating interest expenses		-286	-115	-119	-145	-59	-48	-248	-70
Depreciation, amortization, write-downs	15	-1 001	-47	-95	-967	-26	-73	-84	-335
Other operating expenses	8, 9	-512	-271	-506	-250	-152	-292	-533	-1 064
Cost of goods sold		-	-	-	-	-	-	-	-149
Total expenses		-2 679	-901	-1 626	-1 821	-499	-900	-1 923	-3 430
Profit before financial items		-1 972	210	1 046	-1 648	98	413	80	974
Interest income		105	7	145	97	4	105	-	0
Interest expenses		-255	-	-128	-137	-	-75	-	-601
Net foreign exchange gain (loss)		1 954	-	33	-67	-	14	-	-27
Total financial expenses		1 804	7	50	-107	5	44	-	-627
Profit before income tax		-169	217	1 095	-1 755	103	457	80	347
Income tax and deferred tax		-374	-61	-235	78	-30	-105	-21	-29
Profit for the period		-543	156	860	-1 677	74	352	59	317
Attributable to the minority		33	0	-4	33	-	-3	-	-13
Attributable to shareholders of the parent company		-510	156	856	-1 644	74	349	59	304
Earnings per share, SEK		-16.15	5.05	-	-53.11	2.34	-	1.89	-
Earnings per share after dilution, SEK		-16.15	5.04	-	-53.11	2.34	-	1.89	-
Number of shares		31 577 423	31 577 423	-	31 577 423	31 577 423	-	31 577 423	-
Number of shares after dilution		31 577 423	31 686 552	-	31 577 423	31 686 552	-	31 577 423	-
Average number of shares		31 577 423	30 890 824	-	31 577 423	31 465 308	-	31 236 945	-
Average number of shares after dilution		31 577 423	30 999 953	-	31 577 423	31 574 437	-	31 236 945	-

Consolidated Balance Sheet

SEK million	Notes	30 June 2008	31 Dec. 2007	Pro forma (unaudited) 31 Dec 2007
Assets				
Cash and cash equivalents		3 368	3 753	4 829
Securities	10	3 146	2 378	3 989
Derivatives	11	151	43	90
Trade and other receivables	12	1 528	485	2 175
Loans	13	7 944	3 816	5 944
Securities - unit link		7 141	6 573	6 904
Reinsurance assets	19	507	325	426
Investment and Development property	14	4 560	-	5 021
Investments in associates	16	1 648	28	1 197
Operating assets		74	28	316
Intangible assets	17	2 608	459	4 601
DAC - investment contracts		403	352	352
Income and deferred tax assets		94	36	84
Total assets		33 173	18 276	35 929
Equity				
Share capital		158	158	158
Other reserves		3 985	1 204	5 466
Retained earnings		64	574	1 882
Total equity attributable to equity holders of the parent		4 207	1 936	7 505
Minority interest		160	-	328
Total equity		4 367	1 936	7 833
Liabilities				
Derivatives	11	347	71	178
Trade and other payables	18, 16	1 576	516	2 998
Insurance contracts	19	4 490	2 406	4 828
Insurance contracts - unit link		7 238	6 712	7 044
Deposits from the customers	21	5 837	6 159	6 159
Borrowings related to investment properties	20	3 757	-	3 733
Other borrowings	22	4 645	242	2 714
Subordinated loans	23	141	-	67
Current and deferred income tax liability		775	234	375
Total liabilities		28 806	16 340	28 096
Total equity and liabilities		33 173	18 276	35 929

Income Statement of Parent company

SEK million	1 Jan. -30 June		1 Apr. - 30 June	
	2008	2007	2008	2007
Operating expenses	-25	-18	-18	-16
Total expenses	-25	-18	-18	-16
Profit before financial items	-25	-18	-18	-16
Dividends from subsidiaries	118	181	118	181
Impairment of subsidiaries	-389	-	-389	-
Interest income	39	7	26	4
Interest expenses	-36	-7	-24	-4
Net foreign exchange gain (loss)	1 458	-	-2	-
Total financial items	1 190	181	-271	181
Profit before income tax	1 165	163	-289	166
Income tax and deferred tax	-403	5	4	6
Profit for the period	762	168	-285	171

Balance sheet of Parent company

SEK million	30 June 2008	31 Dec 2007
Assets:		
Cash and cash equivalents	-	17
Shares in subsidiaries	6 968	1 532
Trade, receivables and other assets	23	119
Loans	1 730	519
Operating assets	2	0
Deferred tax assets	4	4
Total assets	8 726	2 190
Equity:		
Share capital	158	158
Other reserves	4 374	265
Retained earnings	1 217	1 057
Net profit for the year	762	159
Total equity	6 511	1 640
Liabilities:		
Trade and other payables	300	86
Other borrowings	1 511	464
Current tax liability	404	0
Total liabilities	2 215	550
Total equity and liabilities	8 726	2 190

Consolidated Statement of Changes in Equity

SEK million	Share capital	Other reserves	Retained earnings	Equity holders of the parent	Minority interests	Total equity
Year 2007						
Equity as at 1.1.2007	132	1 037	519	1 688		1 688
Translation differences		21		21		21
Transactions recognised directly in equity		21		21		21
Profit for the year			59	59		59
Total recognised income for the year		21	59	80		80
Dividends		-104	-4	-108		-108
New issue - stock options employee program	3	45		48		48
New issue - convertible debenture	23	205		228		228
Total Shareholders Transactions	26	146	-4	168		168
Equity as at 31.12.2007	158	1 204	574	1 936		1 936
Year 2008						
Equity as at 1.1. 2008	158	1 204	574	1 936		1 936
Translation differences		-1 328		-1 328	-134	-1 462
Transactions recognised directly in equity		-1 328		-1 328	-134	-1 462
Profit for the year			-510	-510	-33	-543
Total recognised income for the year		-1 328	-510	-1 838	-167	-2 005
Shareholders contribution		4 109		4 109		4 109
Acquisition of minority interest				0	327	327
Minority investment in subsidiaries				0		0
Total Shareholders Transactions		4 109		4 109	327	4 436
Equity as at 30.06.2008	158	3 985	64	4 207	160	4 367

Consolidated condensed Statement of Cash Flows

SEK million	1 Jan. -30 June	
	2008	2007
Cash flow from operating activities before changes in working capital	684	261
Changes in working capital assets	-3 276	-1 941
Changes in working capital liabilities	749	2 300
Cash flow from operating activities	-1 844	619
Cash flow from investment activities	-86	-169
Cash flow from financing activities	1 607	-63
Cash flow from the period	-323	388
Cash and cash equivalent at beginning of the period	3 753	2 529
Translation differences in cash and cash equivalents	-66	71
Cash flow	-323	388
Cash and cash equivalent at end of the period	3 365	2 987

Notes to the financial statement

Note 1 Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure and is divided into four segments: Insurance, Banking, Asset management and Other Holdings. The Insurance segment comprises the operations of the Icelandic insurance group of companies with Sjóvá-Almennar tryggingar hf. ("Sjova") as the Parent company, and the Swedish insurance group of companies with primarily Moderna Försäkringar Sak AB, Moderna Försäkringar Liv AB and Försäkringsaktiebolaget Assuransinvest MF. The Banking segment comprises the banking operations of the Luxembourg bank Banque Invik S.A. and the car leasing company Avant hf. The Asset management segment comprises the asset management operations of Banque Invik S.A., fund business of Aktie-Ansvar and Askar Capital hf. ("Askar"). The segment Other Holdings consists of retail pharmacy investments in Eastern Europe and a participation in Carnegie.

Sjova and Askar are part of the consolidated income statement and balance sheet from 1 January 2008.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Income statement

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)		
	H1 2008	H1 2007	H1 2007	H1 2008	H1 2007	H1 2007	H1 2008	H1 2007	H1 2007	H1 2008	H1 2007	H1 2007	H1 2008	H1 2007	H1 2007
Insurance premium	984	941	431	178	176	124	89	118	118	1 252	1 235	674	0	0	0
Reinsurers share of insurance premium	-87	-103	-60	-121	-109	-99	-0	-0	-0	-209	-212	-160	0	0	0
Investment income	-430	797	105	5	25	4	-24	34	34	-449	856	143	0	0	0
Net income from associates	-744	50	0	-9	3	3	1	0	0	-753	53	3	-6	10	10
Fee and commission income	28	18	12	73	56	56	0	1	1	101	74	69	77	73	70
Interest income	71	8	8	2	0	0	10	8	8	83	17	17	81	51	10
Other revenue	176	164	0	3	7	0	0	0	0	179	171	0	1	0	0
Total revenues	-2	1 874	497	130	158	88.2	76	162	162	204	2 193	747	152	134	90
Insurance claims	-717	-676	-250	-113	-99	-91	-90	-145	-145	-920	-920	-486	0	0	0
Reinsurers share of insurance claims	35	33	24	84	72	76	0	-5	-5	119	100	95	0	0	0
Fee and commission expense	-22	-25	-25	-33	-22	-22	2	2	2	-54	-44	-44	-2	-2	-2
Operating Interest expenses	-43	0	0	0	-2	-2	0	0	0	-43	-2	-2	-89	-38	-6
Depreciations, amortizations and write-downs	-126	-58	-11	-24	-30	-30	0	0	0	-150	-88	-41	-8	-6	-4
Other operating expenses	-258	-262	-94	-44	-46	-34	-12	-24	-24	-313	-331	-152	-68	-62	-46
Total expenses	-1 131	-987	-356	-130	-127	-103	-100	-172	-172	-1 361	-1 285	-631	-166	-108	-58
Profit before financial items	-1 133	887	141	0	31	-15	-23	-10	-10	-1 157	908	116	-14	26	32
Dividends group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	86	140	0	7	7	0	0	0	0	93	147	0	0	0	0
Interest expenses	-162	-118	0	-4	-1	0	0	0	0	-166	-119	0	0	0	0
Net foreign exchange gain/loss	552	6	0	0	0	0	0	0	0	552	6	0	15	1	0
Total financial income/expenses	476	28	0	3	7	0	0	0	0	479	34	0	15	1	0
Profit before income tax	-658	915	141	3	38	-15	-23	-10	-10	-678	943	116	1	27	32
Income tax and deferred tax	23	-195	-39	-4	-9	1	7	2	2	26	-202	-37	-3	-6	-7
Profit for the period	-634	720	102	-1	29	-14	-17	-8	-8	-652	741	80	-2	21	26
Minority	17	0	0	0	0	0	0	0	0	17	0	0	1	1	0
Profit after minority	-617	720	102	-1	29	-14	-17	-8	-8	-634	741	80	-1	22	26

Balance sheet

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	Pro forma			Pro forma			Pro forma			Pro forma			Pro forma		
	June 30, 2008	Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	Dec. 31, 2007	June 30, 2008	Dec. 31, 2007	Dec. 31, 2007
Total assets	12 120	14 264	2 726	8 526	8 644	7 684	709	759	759	21 396	23 585	11 087	5 406	5 459	3 395
Total equity	2 752	3 753	898	645	790	284	-22	11	11	3 375	4 553	1 192	364	499	104
Total liabilities	9 368	10 511	1 828	8 181	7 855	7 400	732	748	748	18 021	19 032	9 895	5 042	4 959	3 290

Income statement

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	Pro forma (unaudited)		H1 2007	Pro forma (unaudited)		H1 2007	Pro forma (unaudited)		H1 2007	Pro forma (unaudited)		H1 2007	Pro forma (unaudited)		H1 2007
	H1 2008	H1 2007		H1 2008	H1 2007		H1 2008	H1 2007		H1 2008	H1 2007		H1 2008	H1 2007	
Insurance premium	0	0	0	0	0	0	0	0	0	-1	-1	-1	1 250	1 234	673
Reinsurers share of insurance premium	0	0	0	0	0	0	0	0	0	0	0	0	-209	-212	-180
Investment income	33	14	0	20	0	0	0	0	0	-20	0	0	-416	870	143
Net income from associates	25	0	0	0	0	0	0	0	0	29	0	0	-706	63	13
Fee and commission income	140	242	179	0	0	0	0	0	0	-19	-27	-17	299	362	301
Interest income	226	143	127	0	0	0	0	0	0	-78	-20	-13	311	190	141
Other revenue	3	0	0	0	0	0	0	0	0	-6	-6	0	178	165	0
Total revenues	427	399	305	20	00	0	0	0	0	-96	-55	-31	707	2 672	1 111
Insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	-920	-920	-486
Reinsurers share of insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	119	100	95
Fee and commission expense	-36	-56	-48	0	0	0	0	0	0	12	17	17	-80	-86	-78
Operating Interest expenses	-203	-113	-113	0	0	0	0	0	0	49	35	6	-286	-119	-115
Depreciations, amortizations and write-downs	-393	-1	-1	-450	0	0	0	0	0	0	0	0	-1 001	-95	-47
Other operating expenses	-120	-102	-57	-1	0	0	-25	-18	-18	15	6	2	-512	-506	-270
Total expenses	-752	-272	-219	-451	0	0	-25	-18	-18	76	57	24	-2 679	-1 626	-901
Profit before financial items	-325	127	86	-432	0	0	-25	-18	-18	-20	2	-7	-1 972	1 046	210
Dividends group	0	0	0	0	0	0	118	181	181	-118	-181	-181	0	0	0
Impairment subsidiaries	0	0	0	0	0	0	-389	0	0	389	0	0	0	0	0
Interest income	0	0	0	3	0	0	39	7	7	-31	-11	0	105	144	7
Interest expenses	-87	-6	0	-26	-5	0	-36	-7	-7	60	9	7	-255	-125	0
Net foreign exchange gain/loss	-58	-4	0	-9	30	0	1 458	0	0	-4	0	0	1 954	33	0
Total financial income/expenses	-144	-10	0	-32	25	0	1 190	181	181	296	-183	-175	1 804	49	7
Profit before income tax	-469	117	86	-463	25	0	1 165	163	163	276	-181	-181	-169	1 095	217
Income tax and deferred tax	-2	-28	-23	3	-5	0	-403	5	5	5	0	0	-374	-235	-61
Profit for the period	-471	89	64	-460	21	0	762	168	168	281	-181	-181	-543	860	156
Minority	13	-5	0	0	0	0	0	0	0	1	0	0	33	-4	0
Profit after minority	-458	84	64	-460	21	0	762	168	168	282	-181	-181	-510	856	156

Balance sheet

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	Pro forma		Dec. 31, 2007	Pro forma		Dec. 31, 2007	Pro forma		Dec. 31, 2007	Pro forma		Dec. 31, 2007	Pro forma		Dec. 31, 2007
	June 30, 2008	Dec. 31, 2007		June 30, 2008	Dec. 31, 2007		June 30, 2008	Dec. 31, 2007		June 30, 2008	Dec. 31, 2007		June 30, 2008	Dec. 31, 2007	
Total assets	5 455	6 597	4 551	1 879	1 055	589	8 726	2 190	2 190	-9 689	-2 956	-3 536	33 173	35 929	18 276
Total equity	1 116	1 959	533	44	316	5	6 511	1 640	1 640	-7 042	-1 462	-1 538	4 367	7 506	1 936
Total liabilities	4 339	4 638	4 019	1 835	739	584	2 215	550	550	-2 647	-1 494	-1 998	28 806	28 424	16 340

Income
statement

SEK million	NON-LIFE INSURANCE SEGMENT			LIFE INSURANCE SEGMENT			RUN-OFF INSURANCE SEGMENT			TOTAL INSURANCE SEGMENT			BANKING SEGMENT		
	Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)			Pro forma (unaudited)		
	Q2 2008	Q2 2007	Q2 2007	Q2 2008	Q2 2007	Q2 2007	Q2 2008	Q2 2007	Q2 2007	Q2 2008	Q2 2007	Q2 2007	Q2 2008	Q2 2007	Q2 2007
Insurance premium	517	462	195	90	105	81	40	118	118	647	685	394	0	0	0
Reinsurers share of insurance premium	-40	-58	-32	-65	-70	-64	0	0	0	-105	-128	-96	0	0	0
Investment income	-465	223	40	0	8	4	-5	23	23	-470	254	67	0	-4	0
Net income from associates	-147	53	0	-5	1	1	0	0	0	-153	55	1	-3	0	0
Fee and commission income	21	9	7	39	32	32	0	1	1	59	41	39	39	36	35
Interest income	-60	-34	3	1	0	0	5	5	5	-53	-28	8	28	34	5
Other revenue	34	134	0	2	5	0	0	0	0	-35	139	0	1	0	0
Total revenues	-141	789	212	61	81	53	41	147	147	-39	1 018	413	64	65	39
Insurance claims	-368	-297	-73	-49	-63	-58	-40	-143	-143	-456	-503	-274	0	0	0
Reinsurers share of insurance claims	7	21	12	37	49	48	0	-7	-7	44	63	53	0	0	0
Fee and commission expense	-12	-15	-15	-22	-11	-11	1	2	2	-32	-24	-24	-1	-1	-1
Operating Interest expenses	-2	13	0	-6	4	-2	0	0	0	-7	17	-2	-48	-24	-3
Depreciations, amortizations and write-downs	-119	-51	-6	-12	-17	-17	0	0	0	-132	-68	-23	-5	-5	-2
Other operating expenses	-119	-143	-43	-19	-31	-19	-7	-21	-21	-144	-194	-83	-32	-29	-24
Total expenses	-612	-471	-124	-70	-69	-59	-46	-169	-169	-728	-710	-352	-85	-59	-30
Profit before financial items	-753	318	88	-9	12	-6	-5	-22	-22	-768	308	61	-20	6	10
Dividends group	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	86	144	0	7	3	0	0	0	0	93	147	0	0	0	0
Interest expenses	-83	-73	0	-2	1	2	0	0	0	-85	-72	2	0	1	0
Net foreign exchange gain/loss	-10	2	0	0	0	0	0	0	0	-10	2	0	2	1	0
Total financial income/expenses	-6	74	0	5	4	2	0	0	0	-2	78	2	2	2	0
Profit before income tax	-759	392	88	-4	16	-4	-5	-22	-22	-770	386	62	-18	8	10
Income tax and deferred tax	119	-90	-24	-1	-2	1	2	6	6	121	-87	-18	1	-3	-3
Profit for the period	-640	301	64	-5	14	-3	-2	-16	-16	-649	299	45	-17	5	6
Minority	17	0	0	0	0	0	0	0	0	17	0	0	1	1	0
Profit after minority	-623	301	64	-5	14	-3	-2	-16	-16	-632	299	45	-16	6	6

Income
statement

SEK million	ASSET MANAGEMENT SEGMENT			OTHER HOLDINGS			PARENT COMPANY			ELIMINATIONS			TOTAL		
	Pro forma (unau- dited)		Q2 2007	Pro forma (unau- dited)		Q2 2007	Pro forma (unau- dited)		Q2 2007	Pro forma (unau- dited)		Q2 2007	Pro forma (unau- dited)		Q2 2007
	Q2 2008	Q2 2007		Q2 2008	Q2 2007		Q2 2008	Q2 2007		Q2 2008	Q2 2007		Q2 2008	Q2 2007	
Insurance premium	0	0	0	0	0	0	0	0	0	-1	-1	-1	646	684	393
Reinsurers share of insur- ance premium	0	0	0	0	0	0	0	0	0	0	0	0	-105	-128	-96
Investment income	7	12	0	17	0	0	0	0	0	-20	0	0	-466	262	67
Net income from associ- ates	29	0	0	-21	0	0	0	0	0	29	0	0	-119	55	1
Fee and commission income	59	135	96	0	0	0	0	0	0	-8	-21	-9	150	190	160
Interest income	130	88	65	0	0	0	0	0	0	-71	23	-7	33	116	72
Other revenue	3	0	0	0	0	0	0	0	0	-6	-6	0	34	134	0
Total revenues	228	234	161	-4	0	0	0	0	0	-77	-5	-16	172	1 313	597
Insurance claims	0	0	0	0	0	0	0	0	0	0	0	0	-456	-503	-274
Reinsurers share of insur- ance claims	0	0	0	0	0	0	0	0	0	0	0	0	44	63	53
Fee and commission expense	-18	-31	-25	0	0	0	0	0	0	6	9	9	-46	-47	-41
Operating Interest expenses	-144	-71	-57	0	0	0	0	0	0	54	31	3	-145	-48	-59
Depreciations, amortiza- tions and write-downs	-380	0	-1	-450	0	0	0	0	0	0	0	0	-967	-73	-26
Other operating expenses	-64	-59	-31	-1	0	0	-18	-15	-15	9	7	1	-250	-292	-152
Total expenses	-607	-160	-114	-451	0	0	-18	-15	-15	69	46	12	-1 821	-900	-499
Profit before financial items	-379	74	47	-456	0	0	-18	-15	-15	-8	41	-4	-1 648	-413	98
Dividends group	0	0	0	0	0	0	118	181	181	-118	-181	-181	0	0	0
Impairment subsidiaries	0	0	0	0	0	0	-389	0	0	389	0	0	0	0	0
Interest income	0	0	0	2	0	0	26	4	4	-24	-47	0	97	105	4
Interest expenses	-55	-4	0	-14	-3	0	-24	-4	-4	41	5	4	-137	-76	2
Net foreign exchange gain/loss	-51	-1	0	-1	12	0	-2	0	0	-4	0	0	-57	15	0
Total financial income/ expenses	-107	-5	0	-13	9	0	-271	181	181	284	-222	-178	-107	43	5
Profit before income tax	-486	69	47	-469	9	0	-289	166	166	276	-181	-181	-1 755	457	103
Income tax and deferred tax	4	-18	-14	-56	-2		4	4	4	5	0	1	78	-105	-30
Profit for the period	-482	52	34	-525	8	0	-285	170	170	281	-181	-181	-1 677	352	74
Minority	14	-4	0	0	0		0	0	0	1	0	0	33	-3	0
Profit after minority	-486	48	34	-525	8	0	-285	170	170	282	-181	-181	-1 644	349	74

Note 2 Basis for pro forma statements

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

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

The acquisitions are accounted for using the purchase method of accounting and MODERNA has been identified as the acquiring company. The acquisition price paid for MODERNA of Sjova and Askar amounted to ISK 54 bn as per January 1, 2008. In the pro forma accounts the purchase price as per January 1, 2007 is assumed to amount to the corresponding SEK value of the purchase price on the basis of the SEK/ISK exchange rate as per January 1, 2008. As a consequence, when preparing the consolidated accounts for the new MODERNA Group the acquisition values for the shares of Sjova is SEK 3,535 million and for Askar SEK 1,698 million. The purchase price allocation has not yet been finalized why in the pro forma statement the preliminary purchase price allocation presented in Note 3 has been used as a basis for the pro forma in the financial statements.

The final acquisition analysis might deviate from the one used in the pro forma statements should that MODERNA identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

The pro forma statement should be read together with other information provided in this financial report, as well as the audited annual accounts and notes to the accounts of each company within the group. The pro forma financial information is not necessarily indicative of the result that would have been attained if, for example, the transaction or event had taken place at a different date.

Note 3 Preliminary purchase analysis of Sjova and Askar

SJOVA

MODERNA acquired all of the shares in the Icelandic insurance company Sjóvá from Milestone on January 1, 2008. The final ownership approval from the Icelandic FSA was received in April 2008. Sjóvá offers a broad range of life and non-life insurance products and is one of the market leaders on the Icelandic market. The company has 221 employees and reported ISK 22,713 million in total revenue for 2007.

The total cost price for 100% of the shares and votes in Sjóvá was SEK 3,536 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated to goodwill as presented in the below table.

Preliminary acquisition analysis Sjova

SEK million	MODERNA Group
Excess of cost over book value	
Purchase price of shares, 100%	3 535
Book value of equity	972
Excess of cost over book value, allocated as goodwill	2 563

This allocation is subject to change should the purchase price allocation analysis MODERNA is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

ASKAR

MODERNA acquired all of the shares in the Icelandic investment bank Askar Capital ehf. from Milestone on January 1, 2008. Askar offers services within asset management, capital markets, and real estate investment advice. Customers are mainly corporations, institutional investors and municipalities. Asset financing for retail customers is carried out in the subsidiary Avant ehf. The company has 95 employees and reported ISK 2,274 million in total revenue for 2007.

The total cost price for 82.04% of the shares and votes in Askar was SEK 1,698 million. The acquisition was financed by a loan from Milestone amounting to the full cost. The total difference between the cost price and book value of equity have preliminary been allocated to goodwill as presented in the below table.

Preliminary acquisition analysis Askar

SEK million	MODERNA Group
Excess of cost over book value	
Purchase price of shares, 82%	1 698
Book value of equity	1 094
Share of equity excl. Minority interests (82,04%)	897
Excess of cost over book value, allocated as goodwill	801

This allocation is subject to change should the purchase price allocation analysis MODERNA is to perform identify revaluations of recorded assets and liabilities and/or intangible assets. These assets will then be recorded in the MODERNA Group accounts and depreciated over their economically useful life. Goodwill will be subject to annual impairment testing.

The below table presents the assets and liabilities of Sjova and Askar as per the acquisition date. The total revenue for Sjova during the first half of 2008 was SEK -450 million (including a loss from associates of 746 million) and for Askar SEK 190 million. The profit before tax for Sjova during the first half of 2008 was SEK -632 million and for Askar SEK -141 million excluding impairment of 389 million.

Consolidated Balance Sheet as at 31 December 2007

SEK million	Sjóvá	Askar
Assets:		
Cash and cash equivalents	853	250
Securities	1 705	238
Investments in associates companies	910	174
Derivatives	61	29
Trade and other receivables	890	506
Loans	258	1 871
Reinsurance assets	101	0
Investment property	4 943	78
Operating assets	273	15
Intangible assets	220	366
Deferred tax asset	28	20
Total assets	10 241	3 547
Equity:		
Share capital	54	60
Other reserves	13	1 122
Retained earnings	905	-88
Total equity attributable to equity holders of the parent	972	1 094
Minority interest	131	0
Total equity	1 103	1 094
Liabilities		
Derivatives	65	42
Trade and other payables	1 945	382
Technical provision	2 422	0
Technical provision for life-assurance policies	331	0
Borrowings	4 244	2 028
Deferred income tax liability	129	1
Total liability	9 137	2 454
Total equity and liabilities	10 241	3 547

Note 4 Investment income

Investment income is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Gain/loss on the sale of shares	-169	5	408
Gain/loss on the sale of other securities and derivatives	25	73	151
Dividend	42	33	52
Change in fair value of investment properties	-85	-	66
Change in fair value of shares	-229	51	84
Change in fair value of other securities and derivatives	0	-18	108
Net income from securities and derivatives	-416	143	870

Note 5 Insurance premium

Insurance premium is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Premiums written	1 543	865	1 562
Reinsurer's share	-287	-198	-268
Change in the gross provision for unearned premiums	-293	-192	-328
Change in the provision for unearned premiums, reinsurer's share	78	38	56
Net insurance premium	1 041	514	1 022

Note 6 Other revenue

Other revenue is specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Rental	122	-	165
Other revenue	55	-	0
Total other revenue	177	-	165

Note 7 Insurance claims

Insurance claims are specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Claims paid	-800	-401	-824
Claims paid, reinsurer's share	88	40	102
Change in the provision for claims	-121	-86	-96
Change in the provision for claims, reinsurer's share	32	54	-2
Net insurance claims	-801	-391	-820

Note 8 Operating expenses

Operating Expenses specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Salaries and salary-related expenses	-264	-149	-268
Other operating expenses	-248	-122	-239
Total operating expenses	-512	-271	-507

Note 9 Salary and related expenses

Salaries and related expenses are specified as follows:

	Jan-June 2008	Jan-June 2007	Pro forma (unaudited) Jan-June 2007
Salaries and remuneration	-193	-102	-185
Defined contribution pension plan expense	-25	-17	-27
Other salary-related expenses	-46	-30	-56
Salaries and salary-related expenses total	-264	-149	-268
Average number of full time equivalent employees	684	326	567

Note 10 Securities

Securities are specified as follows:

	Fair value 30 June 2008	Fair value 31 Dec 2007
Listed securities:		
Total listed shares	321	1 187
Affiliated shares	79	-
Bonds	1 061	158
Total Listed securities	1 461	1 345
Unlisted securities:		
Unlisted shares	212	0
Unlisted bonds	148	4
Total unlisted securities	360	4
Other securities		
Hedge fund	769	1 142
Equity fund	60	269
Fixed income fund	25	45
Stock Unit Link	41	47
Bank deposits	0	2
Other securities	512	0
Total other securities	1 407	1 505
Total securities		
Total securities	3 228	2 855
Thereof derivatives	-82	-477
Fair value of securities at end of period	3 146	2 378

Note 11 Derivatives

Net assets in derivatives are specified as follows:

	Fair value 30 June 2008	Fair value 31 Dec 2007
Equity derivatives - receivable	82	477
Equity derivatives - payable	-195	-508
Net position of equity derivatives	-113	-31
Net position of other derivatives	-83	3
Net position of derivatives	-196	-28
Derivatives - assets in the balance sheet	151	43
Derivatives - liabilities in the balance sheet	-347	-71
Net position of derivatives	-196	-28

Note 12 Trade and other receivables

Trade and other receivables are specified as follows:

	30 June 2008	31 Dec 2007
Insurance receivables	604	249
Trade receivables	3	5
Prepaid expenses	90	168
Sale of shares receivables	158	-
Other receivables	411	44
DAC Insurance contracts	-	19
Receivables on related parties	264	-
Allowance for bad debt	-2	-
Total trade and other receivables	1 528	485

Note 13 Loans

Loans are specified as follows:

	30 June 2008	31 Dec 2007
Leasing contracts	1 543	-
Loans to related parties	956	-
Other loans	5 535	3 821
Provision on loans	-90	-5
Tottal loans	7 944	3 816

Repayments of loans are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2008	4 829	3 761
Repayments in 2009	952	-
Repayments in 2010	376	20
Repayments in 2011	284	1
Repayments in 2012	251	1
Subsequent repayments	1 252	33
Total loans	7 944	3 816

Note 14 Investment and Development property

Investment properties are specified as follows:

	30 June 2008	31 Dec 2007
Investment property		
Acquisitions through business combination	3 396	-
Acquisitions	-	-
Change in fair value	-83	-
Sales	-	-
Exchange rate difference	-212	-
Balance at end of period	3 101	-
Investment property under development		
Acquisitions through business combination	1 776	-
Acquisitions	375	-
Sales	-544	-
Exchange rate difference	-148	-
Balance at end of period	1 459	-
Investment property total	4 560	-

Note 15 Impairment

During the period indications of a need for an impairment test on goodwill allocated to Askar Capital and the participation in Carnegie was observed and impairment tests performed on these assets. Below are details of the impairment tests and the impairments made. Out of the total impairment of SEK 839 million the write down of goodwill allocated to Askar Capital amounted to SEK 389 million and the write down of the participation in Carnegie amounted to SEK 450 million. The write down on Askar Capital is allocated to the Asset Management segment and the write down on the participation in Carnegie is allocated to the segment Other Holdings.

IMPAIRMENT ON PARTICIPATION IN CARNEGIE

The impairment test of the participation in Carnegie was triggered by a fall in the price of the publicly traded Carnegie share below book value. An impairment test based on the value-in-use of the participation in Carnegie was made using the management of Moderna's assumptions for expected future sales growth in the business areas Securities, Investment Banking, Asset Management and Private Banking. The valuation of the business area Max Matthiessen assumes that the values of equity and goodwill reported by Carnegie are the best estimates of the higher of market value or value in use due to the recent acquisition of this business area by Carnegie. The discount rate used in the impairment test was depending on the business area 14-16%.

IMPAIRMENT ON ASKAR CAPITAL

The impairment test on Askar Capital hf. was done using a value-in-use discounted cash flow model on the expected cash flows from each cash generating unit in the operations of Askar Capital for the coming five years and using an expected perpetual growth rate at the end of the forecast period. The assumptions used in the impairment test were based on the management's expectations on the projected development of the operations of the group. The discount rate used in the impairment test was 22.3% and the forecasted perpetual growth rate was 4%.

Note 16 Associates

The carrying amounts of the Group's investments in associates and share of profit (loss) are specified as follows:

	Share 2008-06-30	Share of profit (loss) Jan-June 2008	Carrying amounts 2008-06-30
D. Carnegie & Co. AB	17.6%	32	1 320
Mattur ehf.	0.0%	-84	-
Skeggi ehf.	49.5%	-200	-38 *
Páttur International ehf.	48.8%	-447	-194 *
Askar Apple ehf	49.0%	12	49
Port West	43.6%	10	75
Top Investment Group B.V.	49.5%	0	51
Other companies	n/a	-29	152
Associates companies total		-706	1 415

* Negative carrying amounts are booked as liabilities under "Trade and other payables."

Note 17 Intangible assets

The Group's intangible assets are specified as follows:

	Goodwill	Customer relation- ships	Other intangible assets	Total
Gross carrying amount				
Balance at 1 January 2007	363	88	99	551
Acquisitions through business combination	3 657	-	16	3 691
Sales during the year	-145			-145
Acquisitions during the year			25	25
Exchange rate difference on translation	-1 010	-	-5	-1 015
Balance at 30 June 2008	2 883	88	136	3 107
Amortisation and impairment losses				
Balance at 1 January 2007	0	-46	-47	-93
Amortisation		-7	-10	-17
Write-down	-389	-		-389
Balance at 30 June 2008	-389	-53	-57	-499
Carrying amounts				
31.12.2007	363	43	53	459
30.6.2008	2 494	35	79	2 608

Note 18 Trade and other payables

Trade and other payables are specified as follows:

	30 June 2008	31 Dec 2007
Trade payables	146	13
Insurance payables	236	137
Payables on related parties	80	-
Liabilities to associates	232	-
Other payables	882	365
Total trade and other payables	1 576	516

Note 19 Insurance contracts

The insurance contracts are specified as follows:

	30 June 2008	31 Dec 2007
Insurance contracts (total):		
Claims reported and loss adjustment expenses	2 451	1 129
Claims incurred but not reported	426	360
Claims outstanding, total	2 877	1 489
Bonuses and premium provisions	60	-
Life assurance provision	23	4
Provision for unearned premiums	1 530	913
Insurance contracts, total	4 490	2 406

Own insurance contracts (net):

Claims reported and loss adjustment expenses	2 221	947
Claims incurred but not reported	256	222
Claims outstanding, total	2 477	1 168
Bonuses and premium provisions	60	0
Life assurance provision	5	2
Provision for unearned premiums	1 443	910
Own insurance contracts (net), total	3 985	2 080

Reinsurers' share:

Claims reported and loss adjustment expenses	231	183
Claims incurred but not reported	170	138
Claims outstanding, total	401	321
Life assurance provision	17	2
Provision for unearned premiums	88	2
Reinsurers' share, total	506	325

Note 20 Borrowings related to investment properties

Borrowings for Investment properties are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Please specify per each currency:				
Bank loan	CHF	4.1%	35	-
Bank loan	EUR	6.3%	3 458	-
Bank loan	GBP	11.2%	35	-
Bank loan	ISK	6.6%	66	-
Bank loan	JPY	2.1%	15	-
Bank loan	SEK	6.1%	14	-
Bank loan	USD	10.7%	103	-
Other loans	SGD	N/A	31	-

Borrowings for Investment and Development properties

3 757

Repayment of borrowings for Investment and Development properties are specified as follows:

	31 March 2008	31 Dec 2007
Repayments in 2008	158	-
Repayments in 2009	82	-
Repayments in 2010	22	-
Repayments in 2011	2 088	-
Repayments in 2012	1 326	-
Repayments in 2013	39	-
Subsequent repayments	42	-

Borrowings for Investment and Development properties

3 757

Note 21 Deposits from the customers

Customer deposits are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Please specify per each currency:				
Customer deposits	EUR	3.9%	1 023	1 033
Customer deposits	CHF	2.2%	21	21
Customer deposits	JPY	1.0%	0	54
Customer deposits	GBP	5.2%	282	288
Customer deposits	SEK	4.3%	924	988
Customer deposits	USD	2.1%	1 259	1 746
Customer deposits	NOK	5.5%	116	156
Customer deposits	HRK	8.0%	2 167	1 815
Customer deposits	DKK	3.7%	7	19
Customer deposits	CZK	3.5%	19	5
Customer deposits	SGD	6.0%	6	-
Customer deposits	CAD	4.8%	2	-
Customer deposits	Other	N/A	11	34
Total customer deposits			5 837	6 159

Note 22 Other borrowings

Other borrowings are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec. 2007
Bank loan	ISK	19.0%	299	-
Bank loan	CHF	4.0%	477	-
Bank loan	EUR	7.8%	192	-
Bank loan	GBP	9.4%	16	-
Bank loan	JPY	2.3%	436	-
Bank loan	SEK	6.3%	1 007	-
Bank loan	USD	5.9%	85	-
Bank loan	NOK	3.8%	2	-
Bank loan	DKK	4.0%	1	-
Money Market loans	ISK	18.9%	357	-
Money Market loans	EUR	17.9%	166	-
Money Market loans	SEK	10.6%	46	-
Money Market loans	CHF	5.9%	26	-
Money Market loans	USD	12.9%	12	-
Money Market loans	GBP	2.1%	42	-
Central bank	ISK	15.5%	911	-
Other borrowings	ISK	12.7%	314	-
Financial reinsurance	SEK	N/A	256	238
Total other borrowings			4 645	238

Repayment of Other borrowings are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2008	3 360	74
Repayments in 2009	676	64
Repayments in 2010	371	52
Repayments in 2011	48	37
Repayments in 2012	185	11
Repayments in 2013	5	-
Other Borrowings	4 645	238

Note 23 Subordinated loans

Subordinated loans are specified as follows:

	Currency	Weighted average interest rate	Carrying amount 30 June 2008	Carrying amount 31 Dec 2007
Subordinated loans	ISK	9.9%	141	-
Total subordinated loans			141	-

Repayment of Subordinated loans are specified as follows:

	30 June 2008	31 Dec 2007
Repayments in 2011	52	-
Repayments in 2012	89	-
Subordinated loans	141	-

Note 24 Solvency analysis

	2008-06-30	2007-12-31
Insurance sector		
Solvency requirement	461	345
Banking sector		
Capital requirement	502	108
MODERNA total		
Total solvency requirement	963	453
Total solvency capital	1 696	1 575

Note 25 Pledged assets

	Carrying amount 2008-06-30	Carrying amount 2007-12-31
Pledged assets	13 189	8 233
Pledged shares	1 598	-
Total pledged assets	14 787	8 233

Note 26 Contingent liabilities

	Carrying amount 2008-06-30	Carrying amount 2007-12-31
Guarantees	10	15
Credit commitments	2 356	2 503
Deposited securities	3 121	4 654
Letter of credits	0	1
Total Obligations and Contingent liabilities	5 487	7 173

Note 27 Related party transactions

MODERNA has during the first six months effectuated certain transactions with related parties. The transactions were primarily the acquisition of Sjova and Askar that were purchased from the shareholder of MODERNA. The transactions with the related parties during the first six months were done at market terms. The shares in Sjova are pledged by MODERNA for liabilities held by related parties. During the second quarter the participation in Máttur ehf, an investment company holding primarily shares in Icelandair and the petrol station company N1, and the participation in an associated company holding UK retail private equity investments and real estate property in Macau was sold to Milestone ehf. The sale of the assets to Milestone during the second quarter did not result in any significant capital gain or loss for MODERNA. As per the end of the reporting period the total loans and other receivables on Milestone or Milestone related parties from MODERNA amounted to SEK 2,825 million and the total liabilities for MODERNA to Milestone or Milestone related parties amounted to SEK 437 million.

Note 28 Embedded value

INTRODUCTION

As a supplement to the traditional financial reporting, Moderna Finance is reporting Embedded value for Modern Insurances Life as of June 30, 2008. The presentation includes computations of the value of insurance policies sold during the past six months (VNB – Value of New Business) and an analysis of the change in Embedded value between December 31, 2007 and June 30, 2008. The methodology and assumptions for Embedded value reporting are in line with the European Embedded Value (EEV) principles as published by the CFO Forum in May 2004. We have also taken into account subsequently published supplements.

This presentation may include statements regarding Modern Insurances Life's future earnings, results and the financial position. By their nature, these statements entail inherent risk and uncertainty because they refer to future events and cir-

cumstances beyond the control of Modern Insurances Life including, for example, economic conditions, fluctuations in interest rates, amendments of standards governing capital requirements, tax regulations, customer behaviour regarding policy repurchase, lapse and paid-up rates and mortality rates that may affect reported values.

METHODOLOGY

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

Embedded value provides a measure of the value of shareholders' interests in the covered business, after sufficient allowance has been made for the aggregate risks in that business. Embedded value comprises of adjusted shareholders' equity and the value of business in force (VBIF), including any expense overrun and the cost of holding capital (CoC).

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

Modern Insurances Life has used a bottom-up market consistent approach to value the individual cash flows associated with each contract taking into account the cost of capital. In such a calculation, each cash flow is valued using a discount rate that takes into account the financial risks in the cash flow, in line with the prices of similar cash flows traded on financial markets. This means, for example, that a cash flow in ten years is valued in the same manner as a ten-year zero coupon bond. In practice, Modern Insurances Life has used the certainty equivalent approach. This method is common in valuing cash flows on a market-consistent basis where the cash flows are independent or move linearly with market movements. After calculating a market-consistent Embedded value, a fixed average discount rate is computed, which, when applied in a conventional Embedded value model provides the same result as the market-consistent model. This gives an average discount rate for the Embedded value, which is also used in calculating VNB.

The discount rate makes no allowance for operational risks.

To be able to project expected future shareholder profits, cash flow streams for all revenues and costs for each individual contract are computed for the estimated remaining lifetime of the insurance policy, based on economic and operative as-

sumptions as well as the policyholder's profile. Some of the key assumptions include economic assumptions, fund retrocessions, maintenance expenses, and policy repurchases, lapse and paid-up rates. Future provisions to solvency capital are classified as expenses and the interest on the solvency capital as income.

According to the EEV Principles, due consideration must be made for the time value of options and guarantees. Modern Insurances Life has a product that includes investment guarantees. Since sales volume and exposures are limited, the value of the guarantees is viewed as immaterial. No other products include guarantees.

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

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

In other respects, no consideration is paid to corporate tax in the calculations.

Adjusted shareholders' equity is calculated as shareholders' equity reduced by deferred acquisition costs. Previous Embedded value calculations presented by Modern Insurance Life also included an adjustment to the equity for the liability in the existing financial reinsurance. The adjusted shareholders' equity amounts in this calculation to SEK -201.8 million. In the calculation as of December 31, 2007 the adjusted shareholders' equity amounted to SEK 81 million but if calculated using the method applied in this report the shareholders' equity would have amounted to SEK 146.6 million. The effect of the amended method for calculating shareholders' equity has through this amendment been moved from VBIF to adjusted shareholders' equity.

ECONOMIC ASSUMPTIONS

In setting the discount rate, market-consistent computations pursuant to the certainty equivalent approach are applied. All assets are assumed to provide a return that corresponds to the various risk-free rates of interest for various maturities, and all future cash flows are discounted using the same risk-free rate of interest. These rates have been set based on the yield-curve of the Swedish swap rates as per June 30, 2008.

The return assumption is based on yields on a 10-year Swedish Government bond at the calculation date and an assumption that shares yield 2.5% more in return over time.

The financial assumptions used in the Embedded value computation as at December 31, 2007 and June 30, 2008 are presented summarily below.

	2008-06-30	2007-12-31
Risk free rate	4.53%	4.07%
Investment return on fixed income assets	4.53%	4.07%
Investment return on equity	7.03%	6.57%
Inflation rate	2.00%	2.00%
Risk discount rate	6.26%	5.77%

OPERATING ASSUMPTIONS

Operating assumptions have been reviewed and set using best estimate assumptions

Modern Insurances Life's observed historic results are in line with the operating assumptions in this embedded value calculation. Originally the assumptions were derived from general market experience.

Assumptions regarding fees, fund retrocessions and policyholders' asset mix are based on information on the actual insurance portfolio as at the reporting date. Amended from the previous calculations an assumption that the volatility of the underlying assets are affecting the variable fund retrocession fees have been included in the calculations.

Assumed future administration expenses represent expected long-term levels.

RESULTS

Embedded value (SEK million)	
VBIF (before CoC)	1 176.4
Cost of capital	-49.3
VBIF (after CoC)	1 127.1
Adjusted net worth	-201.8
Embedded value	925.3
VNB (before CoC)	64.9
Cost of capital	-7.1
VNB (after CoC)	57.8

Note that the VNB is calculated for new business during the first six months 2008.

SENSITIVITY ANALYSIS

Sensitivities of in-force business	VBIF	Change	%
Central basis	1 127.1	-	-
1% increase in risk discount rate	1 003.5	-123.6	-11.0%
1% decrease in risk discount rate	1 274.2	+147.1	+13.1%
1% reduction in interest rate environment	1 100.2	-26.9	-2.4%
10% decrease in equity capital values	1 062.0	-65.1	-5.8%
10% decrease in maintenance expenses	1 191.6	+64.5	+5.7%
10% decrease in lapse rates and paid-up rates	1 203.1	+76.0	+6.7%

Sensitivities of in-force business	VBIF	Change	%
Central basis	57.8	-	-
1% increase in risk discount rate	39.4	-18.4	-31.8%
1% decrease in risk discount rate	80.2	+22.4	+38.7%
1% reduction in interest rate environment	53.8	-4.1	-7.0%
10% decrease in maintenance expenses	69.0	+11.2	+19.4%
10% decrease in lapse rates and paid-up rates	72.7	+14.9	+25.8%
10% decrease in lapse rates and paid-up rates	1 203.1	+76.0	+6.7%

Discount rate, +1%/-1%

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

1% reduction in the risk-free rate of interest

The change in the risk-free rate of interest affects the future return and discount rates in the same manner as in the case of a market-consistent valuation. The change has not affected the policyholders assets.

10% decrease in equities capital value

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

10 decrease in administrative expenses

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

10% decrease in lapse rates and paid-up rates

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

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

ANALYSIS OF THE EMBEDDED VALUE

	Total
Embedded Value (2007-12-31)	992.9
Contribution by H1 2008 new business	57.8
Other changes	-125.4
Embedded value result	-67.6
Capital contribution	0.0
Embedded value change	-67.6
Embedded Value (2008-06-30)	925.3

The Other changes in embedded value calculation consist of the following changes:

The return on opening balance of EEV and the profit during the period	76.6
Change in assumption on laps rates	-62.6
Change in policyholders' asset mix and the fund fees	-41.4
Change in methodology regarding financial reinsurance	23.2
Change in deferred acquisition costs	-50.6
Actual return on assets	-48.0
Actual lapse rate during the period	-12.2
Change in assumption on fees	-12.6
Other changes	2.2
Total Other changes	-125.4

RISKS AND UNCERTAINTIES

Earnings for portions of MODERNA's operations depend, to varying degrees, on trends in the financial and real estate markets, and a negative change in valuations of financial instruments that MODERNA or customers of MODERNA hold could have a negative impact on MODERNA's earnings. Turbulence on the credit markets can have a negative effect on MODERNA's performance during 2008. The acquisition of Sjova and Askar that was finalized during the first quarter of the year has expanded the MODERNA business, total assets and liabilities and therefore also the Group's exposure to the risks associated with these types of financial businesses. A summary of risks and uncertainty factors is presented in MODERNA's 2007 Annual Report.

ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with the International Financial Reporting Standards recommendation IAS 34. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.1. The accounting principles are unchanged compared with the principles that were applied in the Annual Report for 2007 with certain additions made due to the incorporation of Sjova and Askar to the group. The most significant addition due to the acquisition of Sjova and Askar are the following:

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any changes therein recognized in profit or loss. External, independent valuation companies, having appropriate recognized profession qualifications and recent experience in the location and category of property being valued, value of the Group's investment property portfolio twice every year. The fair value are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudent and without compulsion. Development property is measured at the cost of the development.

Associates

The shares of profit or loss from associated companies are in the consolidated accounts included among the total revenues due to the nature of the investments held by the associated companies.

The majority of the associated companies are holding companies owning investment assets or real estate investments that are similar in nature to assets held by subsidiaries of the group and therefore it is deemed to best reflect the business of the group to include the share of profit or loss from associated companies in total revenues.

MODERNA acquired Sjova and Askar from its parent company Milestone on January 1, 2008. MODERNA has been identified as the acquiring company and each acquisition is accounted for using the purchase method of accounting in accordance with IFRS 3. The purchase price allocation is preliminary until the complex work of establishing fair values of the acquired companies' identifiable assets, liabilities and contingent liabilities has been finalized. During the first quarter 2008 the presentation of the business segment was amended to reflect the new composition of the Group following the acquisition of Sjova and Askar. From January 1, 2008 MODERNA has significant influence in Carnegie and therefore the ownership in D. Carnegie & Co. AB is classified as an associated company. The participation of profits is based on the forecast for profit for the period made by investment analysts following the company. Any deviations of the actual result of Carnegie are adjusted in the following financial report by MODERNA.

The rounding off of figures may mean that some amounts do not tally when totaled in accounts and tables.

AFFIRMATION

The Board of Directors and President hereby affirm that the interim report provides a fair overview of the operations, financial position and results of the Company and the Group and describes material risks and uncertainty factors to which the Company and the Group are exposed.

Stockholm, August 25, 2008

Karl Wernersson
Chairman

Steingrimur Wernersson
Director

Johannes Sigurdsson
Director

Gudmundur Ólason
Director

Johan Klingspor
Director

Rickard von Horn
Director

Mats Höglund
Director

Anders Fällman
President & CEO

REVIEW REPORT

We have reviewed the interim report for the period January 1 to June 30, 2008 for Moderna Finance AB (Publ). The board of directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, August 25, 2008
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

FOR ADDITIONAL INFORMATION, VISIT WWW.MODERNAFINANCE.SE OR CONTACT:

Anders Fällman, President and CEO
Tel: +46 (0) 8 562 199 00

Mattias Björk, CFO
Tel: +46 (0) 8 562 199 01

II E) Exhibit 4
Document 3
Compass Mortgage

PREPARED BY, RECORD AND RETURN TO:
Anthony A. Anderson, Esquire
Rogers Towers, P.A.
1301 Riverplace Blvd., Suite 1500
Jacksonville, Florida 32207

**Note to Clerk: Documentary Stamp Taxes and Intangible Taxes have been
calculated and paid in accordance with Paragraph 3 below.**

**MORTGAGE AND LOAN DOCUMENT
MODIFICATION AGREEMENT**

THIS MORTGAGE AND LOAN DOCUMENT MODIFICATION AGREEMENT (this
"Agreement") is entered into as of the 19th day of December, 2006, by and among **SERVICE
MANAGEMENT SYSTEMS, INC.**, a Florida corporation (the "Mortgagor"), **ROBERT A.
LEVY, S. MARTIN SADKIN, NATHAN KALICHMAN, and IRD OSPREY, LLC**, a
Florida limited liability company (hereinafter collectively referred to as the "Guarantor") and
COMPASS BANK, an Alabama banking corporation ("Mortgagee");

RECITALS:

A. Mortgagee has made a mortgage loan (the "Loan") to Mortgagor, which loan is
evidenced by that certain Promissory Note, dated December 19, 2003, in the original principal
amount of One Million and 00/100 Dollars (\$1,000,000.00) executed and delivered by
Mortgagor to Mortgagee (the "Prior Note"). The Prior Note is secured by that certain Mortgage,
Security Agreement and Financing Statement, dated December 19, 2003, from Mortgagor, and
recorded in Official Records Book 5161, page 3750, of the public records of Brevard County,
Florida (hereinafter referred to as the "Mortgage");

B. Mortgagor has executed that certain Security Agreement, dated December 19,
2003 in favor of Mortgagee (the "Security Agreement");

C. The Loan is guaranteed by the Guarantor pursuant to those certain Guaranty
agreements dated December 19, 2003, executed and delivered by the Guarantor;

D. Mortgagor and Guarantor have executed and delivered that certain Environmental
Indemnification Agreement, dated December 19, 2003, in favor of Mortgagee (the
"Indemnification Agreement");

E. Mortgagor has executed and delivered that certain Assignment of Borrower's
Interest in Contract Documents, dated December 19, 2003, in favor of Mortgagee (the
"Assignment of Contract Documents");

F. The current principal balance outstanding or unadvanced under the Prior Note is Nine Hundred Eighteen Thousand Three Hundred Eighty Two and 39/100 Dollars (\$918,382.39);

G. The Mortgage, the Security Agreement, the Indemnification Agreement, the Assignment of Contract Documents, and all other documents evidencing or securing the loan evidenced by the Prior Note are hereinafter collectively referred to as the "Loan Documents";

H. Mortgagor has requested that Mortgagee extend the maturity date of the Prior Note, which Mortgagee has agreed to do in consideration for the covenants and promises herein contained and the execution of the "Renewal Note" described herein and the modification of the Mortgage and Loan Documents as hereinafter set forth; and

I. The parties to this Agreement now desire to modify and amend the Mortgage and the Loan Documents as set forth in this Agreement.

In consideration for the commitment fee and the mutual covenants and agreements contained in this Agreement, the parties covenant and agree as follows:

1. All the foregoing statements are true and correct. Unless otherwise defined, all capitalized terms used herein shall have the meaning ascribed to them in the Mortgage.

2. This Agreement is expressly conditioned upon there being no intervening third party interest, including lien rights, other than rights of parties executing this Agreement, from the date of recording of the Mortgage to the date of recording of this Agreement. In the event there are any such intervening interests as of the date of the recording of this Agreement, then in such event, at the option of the Mortgagee, this Agreement shall be null and void.

3. Contemporaneously herewith, Mortgagor has executed and delivered to Mortgagee a Renewal Promissory Note (the "Renewal Note") dated of even date herewith in the original principal amount of Nine Hundred Eighteen Thousand Three Hundred Eighty Two and 39/100 Dollars (\$918,382.39). The Renewal Note has a final due date for the payment of principal and any unpaid accrued interest of March 19, 2007, and by this reference is made a part hereof. The Renewal Note is given to renew the Prior Note. As to the renewal of the Prior Note, the Renewal Note is intended to comply with the requirements of §201.09, Florida Statutes, and is intended to be exempt from Florida documentary stamp taxation thereunder. Accordingly, pursuant to §201.09, Florida Statutes, no Florida documentary stamp taxes or intangible taxes are due on this Agreement.

4. The Mortgage is hereby modified to provide that it shall secure the performance of the covenants contained in the Renewal Note, together with certain other covenants described and contained in the Mortgage. As of the date hereof, all references to the Prior Note shall be deemed to refer to the Renewal Note and all references to the term "Mortgage Note" or the term "Note" in the Mortgage and the Loan Documents, shall be deemed to refer to the Renewal Note.

5. Mortgagor warrants and represents that, as of the date hereof, accrued interest outstanding under the Prior Note has been paid through the date hereof, the Prior Note is secured by the Mortgage and the Prior Note is due, owing and unpaid. Mortgagor represents and

warrants to Mortgagee that it has no defenses, claims or rights of offset to enforcement of the Prior Note, Mortgage, or any other documents evidencing or securing the Loan, including no defenses or counterclaims to foreclosure of the Mortgage and repossession or foreclosure of Mortgagee's security interest in all of the personal property described in the Mortgage, and Mortgagor hereby expressly waives and releases any defenses, claims, rights of offsets, and counterclaims, known or unknown, to the enforcement by the Mortgagee of the Prior Note, Mortgage, or any other documents evidencing or securing the Loan, which Mortgagor purports to have or may have. Mortgagor acknowledges and agrees that Mortgagee has fully complied with the terms and conditions of the Prior Note and Mortgage.

6. The Mortgage is modified and amended to change the final due date for principal and any unpaid accrued interest from December 19, 2006, to March 19, 2007.

7. Guarantor joins in this Agreement for the purpose of consenting to the modifications made herein and confirming its continuing guarantee of the Loan as modified, and to evidence its guarantee of the Renewal Note on the same terms and conditions set forth in the Guaranty Agreement.

8. Except as expressly modified by this Agreement, the Mortgage and the other Loan Documents shall remain in full force and effect in accordance with their terms.

9. This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties to this Agreement.

10. This Agreement and the Mortgage being modified are to be construed and enforced in accordance with the laws of the State of Florida and the law and regulations of the United States of America. In the event of conflict between Florida law and the law and regulations of the United States of America, the law and regulations of the United States of America shall govern.

11. MORTGAGOR, GUARANTOR AND MORTGAGEE, JOINTLY AND SEVERALLY, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS, WHETHER VERBAL OR WRITTEN, OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE MORTGAGEE ACCEPTING THIS AGREEMENT FROM MORTGAGOR AND GUARANTOR.



IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Signed, sealed and delivered in the presence of:

Stacy Manaboy
Name: Stacy Manaboy
Kelly Mathers
Name: Kelly Mathers

"MORTGAGOR"

SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation

By: [Signature]
Name: S. Martin Sadkin
Title: President

Address: 7510 Highway A-1-A
Melbourne Beach, Florida 32951

Stacy Manaboy
Name: Stacy Manaboy
Kelly Mathers
Name: Kelly Mathers
Stacy Manaboy
Name: Stacy Manaboy

"GUARANTOR"

[Signature]
ROBERT A. LEVY

[Signature]
S. MARTIN SADKIN

Name: _____
Stacy Manaboy
Name: Stacy Manaboy
Kelly Mathers
Name: Kelly Mathers

[Signature]
NATHAN KALICHMAN

Stacy Manaboy
Name: Stacy Manaboy
Kelly Mathers
Name: Kelly Mathers

IRD OSPREY, LLC, a Florida limited liability company

By: [Signature]
Name: S. Martin Sadkin
Title: Managing Member



STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 17 day of January, 2007, by S. Martin Sadkin, individually and as the President of **SERVICE MANAGEMENT SYSTEMS, INC.**, a Florida corporation, and as Managing Member of **IRD OSPREY, LLC**, a Florida limited liability company, on his own behalf and on behalf of the corporation and company. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug 31, 2010
My Commission Number is: DD 546805

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 17 day of January, 2007, by **ROBERT A. LEVY**. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug 31, 2010
My Commission Number is: DD 546805

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 17 day of January, 2007, by **NATHAN KALICHMAN**. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug 31, 2010
My Commission Number is: DD 546805



"MORTGAGEE"

COMPASS BANK, an Alabama banking corporation

Marlene Lee
Name: Marlene Lee
Laurie Livingston
Name: Laurie Livingston

By: [Signature]
Name: Donald W. Linville
Title: Senior Vice President

Address: 10060 Skinner Lake Drive
Jacksonville, Florida 32246

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 29th day of January, 2007, by Donald W. Linville, the Senior Vice President of Compass Bank, an Alabama banking corporation, on behalf of the Bank. He (check one) is personally known to me, or has produced a valid driver's license as identification.

Marlene
Notary Public, State and County Aforesaid
Name: Marlene S. Cox

My Commission Expires _____
My Commission Number is: _____



*Value
to*

This instrument prepared by:
JAMES W. PEEPLES III, ESQ.
GRAY, HARRIS & ROBINSON, P.A.
P. O. Box 330757
Cocoa Beach, FL 32932-0757

CFN06018277 8228-9493 38 pm
On Screen Page 3532/ 2148

QUITCLAIM DEED

THIS INDENTURE made this ^{28th} day of ^{DEC.} January, 1996, between AQUARINA DEVELOPMENTS, INC., a Florida corporation (the "Grantor"), and SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation (the "Grantee"), of 235 Manasco Shore Drive, Melbourne Beach, Florida 32951;

WITNESSETH:

That the Grantor, for and in consideration of the sum of TEN (\$10.00) DOLLARS, in hand paid by the Grantee, the receipt whereof is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto the Grantee all the right, title, interest, claim and demand which the Grantor has in and to the following land, situate, lying and being in the County of Brevard, State of Florida, to wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

SUBJECT to restrictions, reservations and easements of record, if any, which are not reimposed hereby.

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances thereto belonging or in anywise appertaining, and all the estate, right, title, interest and claim whatsoever of the Grantor, either in law or equity, to the only proper use, benefit and behoof of the Grantee.

IN WITNESS WHEREOF, the Grantor has hereunto set hand and seal on the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Notary Signature

James W. Peoples III

Print Witness Name

Witness Signature

TERRI LYNN AERARD

Print Witness Name

STATE OF FLORIDA ;
COUNTY OF BREVARD ; ss:

^{28th} ~~DEC.~~ THE FOREGOING INSTRUMENT was acknowledged before me this ^{28th} day of ~~January~~, 1996, by JAMES H. BATES, as Vice President of AQUARINA DEVELOPMENTS, INC., a Florida corporation, who is personally known to me, or who produced an identification, and who did take an oath.

My commission expires:
jwp\dec12.1

AQUARINA DEVELOPMENTS, INC., a
Florida corporation
By: *[Signature]*
JAMES H. BATES, Vice President

Address: 235 Manasco Shore Drive
Melbourne Beach, FL 32951

Notary Public Signature
James W. Peoples III
Print Notary Public Name

JAMES W. PEEPLES, III
MY COMMISSION # C.C. 48046
EXPIRES: June 26, 1999
BONDED thru Notary Public Licensors

Sandy Crawford
Clerk Of Courts, Brevard County
#Pages: 2 #Names: 2 Serv: 0.00
Trust: 1.50 Rec: 9.00 Excise: 0.00
Grant: 7.00 Int'l Tax: 0.00
MIG: 0.00



CR 604 Page 3532: 7149

EXHIBIT A

STAGE 1, TRACT D, AQUARINA F.U.D., according to the plat thereof, as recorded in Plat Book 41, Page 91, Public Records of Brevard County, Florida, together with the Sewer System, Water System and House Irrigation System, as the same are defined in the Declaration of Covenants, Conditions and Restrictions for AQUARINA, as recorded in Official Records Book 2436, Page 1165, Public Records of Brevard County, Florida, as amended, together with the easements and rights granted in Paragraph 7.2 and Section 8 of the Declaration.

Frazier, Hotte & Associates, P.A.
2400 E. Commercial Blvd., Ste. 826
Ft. Lauderdale, FL 33308



CFN:2002210585 08-22-2002 01:24 pm
OR Book/Page: 4665 / 3879

Scott Ellis

Clerk Of Courts, Brevard County

#Pgs: 2	#Names: 4	
Trust: 1.50	Rec: 9.00	Serv: 0.00
---: 1,147.30		Excise: 0.00
Mtg: 0.00		Int Tax: 0.00

STATUTORY WARRANTY DEED

THIS INDENTURE, made this the 18th day of July, 2002, between IRD OSPREY, LLC, a Florida limited liability company, whose address is 7860 Peters Road - Suite F-111, Plantation, Florida 33324, and whose employer identification number is 470856641, joined by Service Management Systems, Inc., a Florida corporation, whose address is 235 Hammock Shore Drive, Melbourne Beach, Florida 32951 and whose employer identification number is 592408891, as Grantor, to Yoshiko Stonecypher and Patricia A. Stonecypher n/k/a Patricia A. Markley, as joint tenants with right of survivorship, whose address is 7255 Pembroke Drive, Reno, Nevada 89502-9763, as Grantee, and whose social security numbers are 265-72-6629 and 264-43-3002, respectively.

WITNESSETH:

That the said Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, to it in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said Grantee, heirs and assigns forever, the following described real property situate, lying and being in Brevard County, Florida, to-wit:

Stage 3, Tract H, AQUARINA P.U.D. STAGE 1, TRACTS C & D, STAGE 2, TRACTS B, D & H, STAGE 3, STAGE 4, Tracts B, I & X, STAGE 5, according to the Plat thereof, as recorded in Plat Book 41, Pages 88 through 92, inclusive, of the Public Records of Brevard County, Florida

FOLIO NO. 29-38-36-Q0-00000.0-001D.00

Property Address: 235 Hammock Shore Drive, Melbourne Beach, FL 32951

and said Grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever.

This conveyance is made subject to the following:

1. Zoning and/or restrictions and prohibitions imposed by governmental authority;

2. Restrictions, easements, and other matters appearing on the plat and/or common to the subdivision (without reimposing same); and,
3. Taxes for calendar year 2002 and subsequent years.

IN WITNESS WHEREOF, Grantor has hereunto set its hand and seal the day and year first above written.

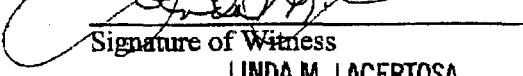
Signed, sealed and delivered
in the presence of:



Signature of Witness
ROBERT W. FRAZIER JR., ESQ.



Name of Witness



Signature of Witness
LINDA M. LACERTOSA

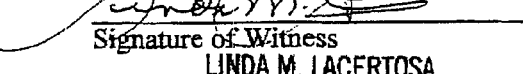
Name of Witness



Signature of Witness
ROBERT W. FRAZIER JR., ESQ.



Name of Witness



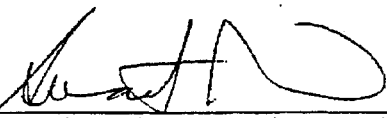
Signature of Witness
LINDA M. LACERTOSA

Name of Witness

STATE OF FLORIDA)
COUNTY OF BROWARD)

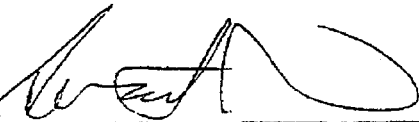
The foregoing instrument was acknowledged before me, in the County and State aforesaid, this 18 day of July, 2002, by S. Martin Sadkin, as managing member of IRD Osprey, LLC, a Florida limited liability company and as President of Service Management Systems, Inc., a Florida corporation, under authority vested in him, who is personally known by me or who has produced his driver's license as identification and who did take an oath.

IRD OSPREY, LLC, a Florida limited liability company

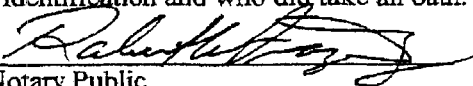
By: 

S. Martin Sadkin, Managing Member

SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation

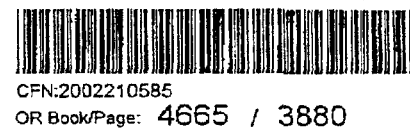
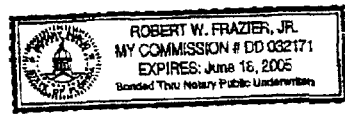
By: 

S. Martin Sadkin, President



Notary Public
My Commission Expires:

THIS INSTRUMENT PREPARED BY:
Robert W. Frazier, Jr., Esquire
Frazier, Hotte & Associates, P.A.
2400 East Commercial Boulevard - Suite 826
Fort Lauderdale, FL 33308
Telephone: 954-928-1800
Q:\docs\lrl\aquarina\stonecipher\sellerdocs.fm



PREPARED BY/RECORD AND RETURN TO:
Anthony A. Anderson, Esquire
Rogers Towers, P.A.
1301 Riverplace Blvd., Suite 1500
Jacksonville, Florida 32207



CFN:2004000127 01-02-2004 09:25 am
OR Book/Page: 5161 / 3750

Scott Ellis

Clerk Of Courts, Brevard County

#Pgs: 18	#Names: 2	
Trust: 9.50	Rec: 73.00	Serv: 0.00
Deed: 0.00	Excise: 0.00	
Mtg: 3,500.00	Int Tax: 2,000.00	

**MORTGAGE, SECURITY AGREEMENT
AND FINANCING STATEMENT**

THIS MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (hereinafter referred to as the "Mortgage"), is made this 19th day of December 2003, between **SERVICE MANAGEMENT SYSTEMS, INC.**, a Florida corporation, whose address is 7860 Peters Road, Suite F-111, Plantation, Florida 33324 (hereinafter referred to as the "Mortgagor") and **COMPASS BANK**, whose post office address is 10060 Skinner Lake Drive, Jacksonville, Florida 32246, Attn: Loan Administration, Jacksonville, FL 32207 (hereinafter referred to as the "Mortgagee") which terms Mortgagor and Mortgagee, whenever hereinafter used shall be construed to refer to and include the heirs, legal representatives, executors, administrators, successors and assigns of said parties;

Frazier, Hotte & Associates, P.A.
2400 E. Commercial Blvd. Ste. 826
Ft. Lauderdale, FL 33308

RECITALS:

A. The Mortgagor is justly indebted to the Mortgagee in the principal sum of One Million and 00/100 Dollars (\$1,00,000.00) as evidenced by a certain Promissory Note of even date herewith, with a maturity date for payment of any and all outstanding principal and accrued interest of December 19, 2006, hereinafter, together with any and all extensions, renewals, modifications, replacements, substitutions, and any and all other certificates or evidence of indebtedness evidenced by said Mortgage Note (referred to as the "Mortgage Note"), which Mortgage Note is by reference made a part hereof.

B. The Mortgage Note is also secured by that certain Security Agreement dated of even date herewith between Mortgagor, as debtor, and Mortgagee, as secured party (the "Security Agreement").

C. As used herein, the term "Loan" shall refer to the loan evidenced by the Mortgage Note. To evidence and secure the Loan, the Mortgagor has executed and delivered to Mortgagee the Mortgage Note, this Mortgage, the Security Agreement, UCC Financing Statement, an Assignment of Mortgagor's Interest in Contract Documents of even date herewith and other documentation related to the Loan, which documents and any modification, extension and amendments thereof are herein referred to as the "Loan Documents."

D. Various guarantors (hereinafter collectively referred to as the "Guarantor") have guaranteed the repayment of the Mortgage Note and the performance of Mortgagor's obligations under the Loan Documents.

↑
B


WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS, WHETHER VERBAL OR WRITTEN, OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE MORTGAGEE ACCEPTING THIS MORTGAGE FROM MORTGAGOR.


IN WITNESS WHEREOF, Mortgagor has duly signed, sealed and executed this mortgage in the presence of the subscribing witnesses the day and year first above written.

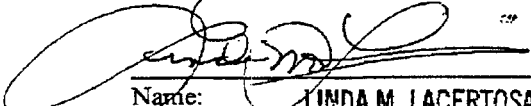
Signed, sealed and delivered
in the presence of:

"MORTGAGOR"

SERVICE MANAGEMENT SYSTEMS,
INC., a Florida corporation


Name: LAURA L. COMER

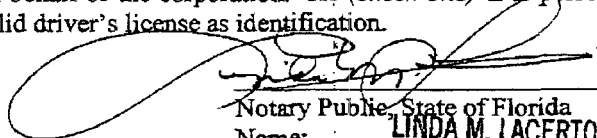
By: 
Name: S. Martin SADKIN
Title: President


Name: LINDA M. LACERTOSA

Address: 7860 Peters Road, Suite F-111
Plantation, Florida 33324

STATE OF FLORIDA
COUNTY OF BROWARD

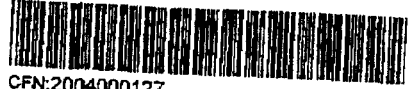
The foregoing instrument was acknowledged before me this 17th day of December 2003 by S. MARTIN SADKIN, the PRESIDENT of Service Management Systems, Inc., a Florida corporation, on behalf of the corporation. He (check one) is personally known to me or has produced a valid driver's license as identification.


Notary Public, State of Florida
Name: LINDA M. LACERTOSA
My Commission Expires: _____
My Commission Number is: _____



CFN:2004000127
OR Book/Page: 5161 / 3766

Exhibit "A"
LEGAL DESCRIPTION



CFN:2004000127

OR Book/Page: 5161 / 3767

STAGE 1, TRACT D, AQUARINA P.U.D. STAGE 1, TRACTS C & D, STAGE 2, TRACTS B, D & H,
STAGE 3, STAGE 4, TRACTS B, I, & X, STAGE 5, ACCORDING TO THE PLAT THEREOF AS
RECORDED IN PLAT BOOK 41, PAGES 88 THROUGH 92, INCLUSIVE, OF THE PUBLIC RECORDS OF
BREVARD COUNTY, FLORIDA.

6

17

PREPARED BY, RECORD AND RETURN TO:
Anthony A. Anderson, Esquire
Rogers Towers, P.A.
1301 Riverplace Blvd., Suite 1500
Jacksonville, Florida 32207

Note to Clerk: Documentary Stamp Taxes and Intangible Taxes have been calculated and paid in accordance with Paragraph 3 below.

**MORTGAGE AND LOAN DOCUMENT
MODIFICATION AGREEMENT**

THIS MORTGAGE AND LOAN DOCUMENT MODIFICATION AGREEMENT (this "Agreement") is entered into as of the 19th day of December, 2006, by and among SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation (the "Mortgagor"), ROBERT A. LEVY, S. MARTIN SADKIN, NATHAN KALICHMAN, and IRD OSPREY, LLC, a Florida limited liability company (hereinafter collectively referred to as the "Guarantor") and COMPASS BANK, an Alabama banking corporation ("Mortgagee");

RECITALS:

- A. Mortgagee has made a mortgage loan (the "Loan") to Mortgagor, which loan is evidenced by that certain Promissory Note, dated December 19, 2003, in the original principal amount of One Million and 00/100 Dollars (\$1,000,000.00) executed and delivered by Mortgagor to Mortgagee (the "Prior Note"). The Prior Note is secured by that certain Mortgage, Security Agreement and Financing Statement, dated December 19, 2003, from Mortgagor, and recorded in Official Records Book 5161, page 3750, of the public records of Brevard County, Florida (hereinafter referred to as the "Mortgage");
- B. Mortgagor has executed that certain Security Agreement, dated December 19, 2003 in favor of Mortgagee (the "Security Agreement");
- C. The Loan is guaranteed by the Guarantor pursuant to those certain Guaranty agreements dated December 19, 2003, executed and delivered by the Guarantor;
- D. Mortgagor and Guarantor have executed and delivered that certain Environmental Indemnification Agreement, dated December 19, 2003, in favor of Mortgagee (the "Indemnification Agreement");
- E. Mortgagor has executed and delivered that certain Assignment of Borrower's Interest in Contract Documents, dated December 19, 2003, in favor of Mortgagee (the "Assignment of Contract Documents");

F. The current principal balance outstanding or unadvanced under the Prior Note is Nine Hundred Eighteen Thousand Three Hundred Eighty Two and 39/100 Dollars (\$918,382.39);

G. The Mortgage, the Security Agreement, the Indemnification Agreement, the Assignment of Contract Documents, and all other documents evidencing or securing the loan evidenced by the Prior Note are hereinafter collectively referred to as the "Loan Documents";

H. Mortgagor has requested that Mortgagee extend the maturity date of the Prior Note, which Mortgagee has agreed to do in consideration for the covenants and promises herein contained and the execution of the "Renewal Note" described herein and the modification of the Mortgage and Loan Documents as hereinafter set forth; and

I. The parties to this Agreement now desire to modify and amend the Mortgage and the Loan Documents as set forth in this Agreement.

In consideration for the commitment fee and the mutual covenants and agreements contained in this Agreement, the parties covenant and agree as follows:

1. All the foregoing statements are true and correct. Unless otherwise defined, all capitalized terms used herein shall have the meaning ascribed to them in the Mortgage.

2. This Agreement is expressly conditioned upon there being no intervening third party interest, including lien rights, other than rights of parties executing this Agreement, from the date of recording of the Mortgage to the date of recording of this Agreement. In the event there are any such intervening interests as of the date of the recording of this Agreement, then in such event, at the option of the Mortgagee, this Agreement shall be null and void.

3. Contemporaneously herewith, Mortgagor has executed and delivered to Mortgagee a Renewal Promissory Note (the "Renewal Note") dated of even date herewith in the original principal amount of Nine Hundred Eighteen Thousand Three Hundred Eighty Two and 39/100 Dollars (\$918,382.39). The Renewal Note has a final due date for the payment of principal and any unpaid accrued interest of March 19, 2007, and by this reference is made a part hereof. The Renewal Note is given to renew the Prior Note. As to the renewal of the Prior Note, the Renewal Note is intended to comply with the requirements of §201.09, Florida Statutes, and is intended to be exempt from Florida documentary stamp taxation thereunder. Accordingly, pursuant to §201.09, Florida Statutes, no Florida documentary stamp taxes or intangible taxes are due on this Agreement.

4. The Mortgage is hereby modified to provide that it shall secure the performance of the covenants contained in the Renewal Note, together with certain other covenants described and contained in the Mortgage. As of the date hereof, all references to the Prior Note shall be deemed to refer to the Renewal Note and all references to the term "Mortgage Note" or the term "Note" in the Mortgage and the Loan Documents, shall be deemed to refer to the Renewal Note.

5. Mortgagor warrants and represents that, as of the date hereof, accrued interest outstanding under the Prior Note has been paid through the date hereof, the Prior Note is secured by the Mortgage and the Prior Note is due, owing and unpaid. Mortgagor represents and

warrants to Mortgagee that it has no defenses, claims or rights of offset to enforcement of the Prior Note, Mortgage, or any other documents evidencing or securing the Loan, including no defenses or counterclaims to foreclosure of the Mortgage and repossession or foreclosure of Mortgagee's security interest in all of the personal property described in the Mortgage, and Mortgagor hereby expressly waives and releases any defenses, claims, rights of offsets, and counterclaims, known or unknown, to the enforcement by the Mortgagee of the Prior Note, Mortgage, or any other documents evidencing or securing the Loan, which Mortgagor purports to have or may have. Mortgagor acknowledges and agrees that Mortgagee has fully complied with the terms and conditions of the Prior Note and Mortgage.

6. The Mortgage is modified and amended to change the final due date for principal and any unpaid accrued interest from December 19, 2006, to March 19, 2007.

7. Guarantor joins in this Agreement for the purpose of consenting to the modifications made herein and confirming its continuing guarantee of the Loan as modified, and to evidence its guarantee of the Renewal Note on the same terms and conditions set forth in the Guaranty Agreement.

8. Except as expressly modified by this Agreement, the Mortgage and the other Loan Documents shall remain in full force and effect in accordance with their terms.

9. This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties to this Agreement.

10. This Agreement and the Mortgage being modified are to be construed and enforced in accordance with the laws of the State of Florida and the law and regulations of the United States of America. In the event of conflict between Florida law and the law and regulations of the United States of America, the law and regulations of the United States of America shall govern.

11. MORTGAGOR, GUARANTOR AND MORTGAGEE, JOINTLY AND SEVERALLY, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS, WHETHER VERBAL OR WRITTEN, OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE MORTGAGEE ACCEPTING THIS AGREEMENT FROM MORTGAGOR AND GUARANTOR.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Signed, sealed and delivered in the presence of:

Stacy Manafay
Name: Stacy Manafay
Kelly Mathers
Name: Kelly Mathers

Stacy Manafay
Name: Stacy Manafay
Kelly Mathers
Name: Kelly Mathers
Stacy Manafay
Name: Stacy Manafay

Name: _____
Stacy Manafay
Name: Stacy Manafay
Kelly Mathers
Name: Kelly Mathers

Stacy Manafay
Name: Stacy Manafay
Kelly Mathers
Name: Kelly Mathers

"MORTGAGOR"

SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation

By: [Signature]
Name: S. Martin Sadkin
Title: President

Address: 7510 Highway A-1-A
Melbourne Beach, Florida 32951

"GUARANTOR"

[Signature]
ROBERT A. LEVY

[Signature]
S. MARTIN SADKIN

[Signature]
NATHAN KALICHMAN

IRD OSPREY, LLC, a Florida limited liability company

By: [Signature]
Name: S. Martin Sadkin
Title: Managing Member

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 17 day of January, 2007, by S. Martin Sadkin, individually and as the President of SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation, and as Managing Member of IRD OSPREY, LLC, a Florida limited liability company, on his own behalf and on behalf of the corporation and company. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug. 31, 2010
My Commission Number is: DD546605

STATE OF FLORIDA
COUNTY OF Duval

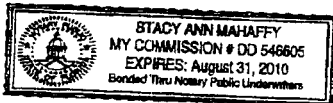
The foregoing instrument was acknowledged before me this 17 day of January, 2007, by ROBERT A. LEVY. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug 31, 2010
My Commission Number is: DD546605

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 17 day of January, 2007, by NATHAN KALICHMAN. He (check one) is personally known to me, or has produced a valid driver's license as identification.



Stacy Ann Mahaffy
Notary Public, State and County Aforesaid
Name: Stacy Ann Mahaffy
My Commission Expires Aug 31, 2010
My Commission Number is: DD546605

"MORTGAGEE"

COMPASS BANK, an Alabama banking corporation

Marlene Cox
Name: Marlene Cox
Laurie Livingston
Name: Laurie Livingston

By: [Signature]
Name: Donald W. Linville
Title: Senior Vice President

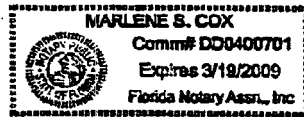
Address: 10060 Skinner Lake Drive
Jacksonville, Florida 32246

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 29th day of January, 2007, by Donald W. Linville, the Senior Vice President of Compass Bank, an Alabama banking corporation, on behalf of the Bank. He (*check one*) is personally known to me, or has produced a valid driver's license as identification.

Marlene Cox
Notary Public, State and County Aforesaid
Name: Marlene S. Cox

My Commission Expires _____
My Commission Number is: _____



II F) Exhibit 5

A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable stands set by the DEP

After several property tours and extended discussions with Service Management Systems maintenance employees and lessened engineer, Oak Lodge Utility believe the utility is in satisfactory condition.

The following November 20, 2008 report from the DEP demonstrates that the utility was in compliance as of October 2008 and we are not aware of changes in condition since that time.



Florida Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

November 20, 2008

AQUARINA DEVELOPMENTS INC
235 HAMMOCK SHORE DRIVE
MELBOURNE FLORIDA 32951

OCD-C-WW-08-0899

ATTENTION JAMES BATES
VICE PRESIDENT OPERATIONS

Brevard County - DW
Aquarina Beach WWTF
Wastewater Facility - Permit No. FLA010352

Dear Mr. Bates:

On October 21, 2008, Department personnel conducted a routine inspection of your wastewater facility. At the time of the inspection, the overall operation of your facility was found to be in substantial compliance with the terms and conditions in Permit Number FLA010352. A copy of the inspection report is enclosed for your review.

Your continued cooperation with our wastewater program is appreciated. If you have any questions, please contact me at the above address or at (407) 893-3313.

Sincerely,

Tom Powers
Environmental Specialist
Wastewater Compliance/Enforcement

TP/ar

Enclosure: Inspection Report

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

WASTEWATER COMPLIANCE INSPECTION REPORT

FACILITY AND INSPECTION INFORMATION

@ = Optional

Name and Physical Location of Facility AQUARINA BEACH COMMUNITY WWTF 235 HAMMOCK SHORE DRIVE MELBOURNE BEACH, FL	WAFR ID: FLA010352	County BREVARD	Entry Date/Time 10/21/08 12:00
		Phone	@ Exit Date/Time 10/21/08 1:00
Name(s) of Field Representative(s) RON CHUPKA DAVID WHITESIDE JEFF TUTTLE	Title OPERATOR	Phone	Pager 635-4200 772-489-4411 772201-3706
Name and Address of Permittee or Designated Representative JIM H. BATES AQUARINA DEVELOMENTS INCORPORATED 235 HAMMOCK SHORE DRIVE MELBOURNE, FL 32951	Title VICE PRESIDENT	Phone	@ Operator Certification # 321/723-2522

Inspection Type	<input checked="" type="checkbox"/> C <input type="checkbox"/> E <input type="checkbox"/> I	Samples Taken(Y/N): N	@ Sample ID#:	Samples Split (Y/N): N
<input checked="" type="checkbox"/> Domestic	<input type="checkbox"/> Industrial	Were Photos Taken(Y/N): N	@ Log book Volume :	@ Page

FACILITY COMPLIANCE AREAS EVALUATED

IC = In Compliance; NC = Out of Compliance; SC = Significant out of Compliance; NA = Not Applicable; NE or Blank = Not Evaluated
Significant Non-Compliance Criteria Should be Reviewed when Out of Compliance Ratings Are Given in Areas Marked by a "♦"

PERMITS/ORDERS		SELF MONITORING PROGRAM		FACILITY OPERATIONS		EFFLUENT/DISPOSAL	
IC 1. ♦ Permit	IC 3. Laboratory	IC 6. Facility Site Review	IC 9. ♦ Effluent Quality				
IC 2. ♦ Compliance Schedules	IC 4. Sampling	IC 7. Flow Measurement	IC 10. ♦ Effluent Disposal				
	IC 5. ♦ Records & Reports	IC 8. ♦ Operation & Maintenance	IC 11. Residuals/Sludge				
13. Other:			12. Groundwater				

Facility and/or Order Compliance Status: In-Compliance Out-Of-Compliance Significant-Out-Of-Compliance

Recommended Actions

Name(s) and Signature(s) of Inspector(s) TOM POWERS <i>T. Powers</i>	District Office/Phone Number Central (407)893-3313	Date November 4, 2008
@ Signature of Reviewer CLARENCE ANDERSON <i>Clarence Anderson</i>	District Office/Phone Number Central (407)893-7876	Date 11/6/08

Fill Out This Section For All Surface Water Discharger Inspections (CEI, CSI, CBI, PAI, XSI, RI ASI, ANI)

Transaction Code	NPDES Number	YR/MO/DA	Insp Type	Inspector	Fac Type
N	5		1	2	3

ADDITIONAL NPDES COMMENTS

Inspection Type (Field 1) A:PAI, B:CBI, C:CEI, S:CSI, X:XSI, R:RI, \:ASI, =:ANI
 Inspection Code (Field 2): S: State, J: Joint EPA/State-EPA Lead, T: Joint State/EPA-State Lead, L: Local Program
 Facility Type (Field 3): 1: Municipal (Publicly Owned), 2: Industrial and Privately Owned Domestic, 3: Agricultural, 4: Federal
 Every other field is self explanatory

INSPECTION COMMENTS

The facility is a 0.099 million gallon per day (MGD) annual average daily flow (AADF) permitted capacity extended aeration (Schreiber Process) domestic wastewater treatment plant consisting of influent screening, aeration, secondary clarification, tertiary filtration, chlorination and lime stabilization of residuals in the aerobic digester and thickening of residuals. This facility is authorized to accept and treat Reverse Osmosis (RO) reject water from the existing Aquarina RO water treatment plant. Flows (including RO reject water) to this plant shall be limited to 50,000 GPD, the permitted capacity of the existing disposal system.

PERMIT: In compliance.
FLA010352 issued 3/31/08 expires 3/23/2013.

COMPLIANCE SCHEDULES: In compliance.
Filter media evaluation report to be submitted to the Department by 11/08.

RECORDS AND REPORTS: In compliance.
Bound logbook on site. C operator on site for 1/2 hour a day for 5 days a week and 1 weekend visit. Record of Discharge Monitoring Reports (DMRs) on site. All calibration of sampling equipment documented in bound logbook. Copy of permit on-site. Chains of Custody, lab results and DMRs located on site at office.
Facility operations are utilizing EDMR.

LABORATORY: In compliance.
Flowers Laboratory, Department of Health certified.

SAMPLING: In compliance.
Operator performs sampling of all permit required parameters except nitrates. Nitrates are sampled by Flowers Laboratory. Chain of custody, satisfactory. Chlorine meter utilized is Lamotte1200. Orion Model 210A pH meter utilized. Record of calibration logs on-site. Continuous DO meter not being utilized.

FACILITY SITE REVIEW: In compliance.
Access: Fenced area.
Bar screen noted.
Aeration: 3 blowers, 1 not operating. Circular unit. MLSS chocolate brown. No odor. Aerobic digester.
Clarifier: Effluent turbid. Skimmer noted.
2 Dyna sand filters, 1 operating due to low flow.
CCC: Covered chamber. Gas 150 lb cylinders utilized with auto switchover. Ventilation was adequate in the chlorine gas enclosure. The fan was operational.
Reclaim water used for cleanup.
Safety railings on the catwalk replaced.
Return activated sludge pumps are under repair.
RPZ noted. Certified on 9/08.

FLOW MEASUREMENT: In compliance.
Time lapse flow meters located on lift stations. Calibrated by FRWA by 9/08.

OPERATION AND MAINTENANCE: In compliance.
O & M manuals located at potable water plant.

EFFLUENT: In compliance.
A review of the DMRs by Orlando staff from 6/07 to 10/07 were satisfactory.
EDMR being utilized are to include Part A and Part B.
Total Suspended Solids (TSS) exceedances on August and December 2007 were explained by the operator on the DMRs.
TRC sampled was 1.1 mg/L.

DISPOSAL METHOD: In compliance.

0.050 MGD permitted capacity absorption field consisting of a (2) 2,500 square foot drainfields. No effluent ponding was noted in the drainfield.

RESIDUALS MANAGEMENT: In compliance.

BCUD South Beaches WWTF.

GROUND WATER: Not applicable.

OTHER: In compliance.

Generator on site. Automatically operates 4 hours a month under load.

Scott air pack on-site.

III B) Exhibit 7

Notice of actual application

Exhibit 7 is Late-filed exhibit

III C) Exhibit 8

Affidavit that notice of application was published in a newspaper of general circulation

Exhibit 8 is Late-filed exhibit

V A) Exhibit 9

Evidence the Utility owns the land where the treatment facilities are located

Please see the following deeds.

V A) Exhibit 9
Document 1

return to

This instrument prepared by:
JAMES W. PEEPLES III, ESQ.
GRAY, HARRIS & ROBINSON, P.A.
P. O. Box 320757
Cocoa Beach, FL 32932-0757

CFN 96819277 12-29-95 03:18 pm
OR Book/Page: 3532/ 2148

QUITCLAIM DEED

THIS INDENTURE made this ~~1st~~ ^{29th} day of ~~January~~ ^{Dec.}, 1996, between AQUARINA DEVELOPMENTS, INC., a Florida corporation (the "Grantor"), and SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation (the "grantee"), of 235 Hammock Shore Drive, Melbourne Beach, Florida 32951;

WITNESSETH:

That the Grantor, for and in consideration of the sum of TEN (\$10.00) DOLLARS, in hand paid by the Grantee, the receipt whereof is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto the Grantee all the right, title, interest, claim and demand which the Grantor has in and to the following land, situate, lying and being in the County of Brevard, State of Florida, to wit:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

SUBJECT to restrictions, reservations and easements of record, if any, which are not reimposed hereby.

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest and claim whatsoever of the Grantor, either in law or equity, to the only proper use, benefit and behoof of the Grantee.

IN WITNESS WHEREOF, the Grantor has hereunto set hand and seal on the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Witness Signature
James W. Peoples III
Print Witness Name
Terri Lynn Arnold
Witness Signature
Terri Lynn Arnold
Print Witness Name

AQUARINA DEVELOPMENTS, INC., a
Florida corporation
By: [Signature]
JAMES H. BATES, Vice President

Address: 235 Hammock Shore Drive
Melbourne Beach, FL 32951

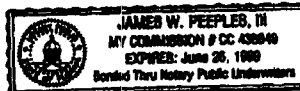
STATE OF FLORIDA)
) SS:
COUNTY OF BREVARD)

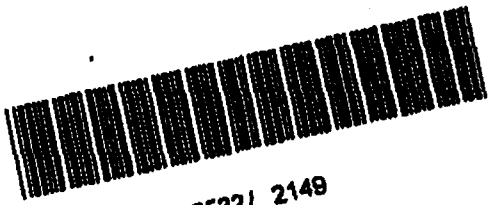
~~DEC.~~ THE FOREGOING INSTRUMENT was acknowledged before me this ~~1st~~ ^{29th} day of ~~January~~ ^{Dec.}, 1996, by JAMES H. BATES, as Vice President of AQUARINA DEVELOPMENTS, INC., a Florida corporation, who is personally known to me, or who produced [Signature], as identification, and who did take an oath.

My commission expires:
jwp\dec12.1

[Signature]
Notary Public Signature
James W. Peoples III
Print Notary Public Name

Sandy Crawford
Clerk Of Courts, Brevard County
#Pgs: 2 #Names: 2
Trust: 1.50 Rec: 9.00 Serv: 0.00
Deed: 7.00
Mtg: 0.00 Exclse: 0.00
 Int Tax: 0.00





OR Book/Page: 3532/ 2149

EXHIBIT A

STAGE 1, TRACT D, AQUARINA P.U.D., according to the plat thereof, as recorded in Plat Book 41, Page 91, Public Records of Brevard County, Florida, together with the Sewer System, Water System and Reuse Irrigation System, as the same are defined in the Declaration of Covenants, Conditions and Restrictions for AQUARINA, as recorded in Official Records Book 2434, Page 1145, Public Records of Brevard County, Florida, as amended, together with the easements and rights granted in Paragraph 7.2 and section 8 of the Declaration.



V A) Exhibit 9
Document 2



CFN:2002210585 08-22-2002 01:24 pm
OR Book/Page: 4665 / 3879

Frazier, Hotte & Associates, P.A.
2400 E. Commercial Blvd., Ste: 826
Fl. Lauderdale, Fl 33308



Scott Ellis

Clerk Of Courts, Brevard County

#Pgs: 2 #Names: 4
Trust: 1.50 Rec: 9.00 Serv: 0.00
Mtg: 0.00 Excise: 0.00
Int Tax: 0.00

STATUTORY WARRANTY DEED

THIS INDENTURE, made this the 18th day of July, 2002, between IRD OSPREY, LLC, a Florida limited liability company, whose address is 7860 Peters Road - Suite F-111, Plantation, Florida 33324, and whose employer identification number is 470856641, joined by Service Management Systems, Inc., a Florida corporation, whose address is 235 Hammock Shore Drive, Melbourne Beach, Florida 32951 and whose employer identification number is 592408891, as Grantor, to Yoshiko Stonecypher and Patricia A. Stonecypher n/k/a Patricia A. Markley, as joint tenants with right of survivorship, whose address is 7255 Pembroke Drive, Reno, Nevada 89502-9763, as Grantee, and whose social security numbers are 265-72-6629 and 264-43-3002, respectively.

WITNESSETH:

That the said Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, to it in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said Grantee, heirs and assigns forever, the following described real property situate, lying and being in Brevard County, Florida, to-wit:

Stage 3, Tract H, AQUARINA P.U.D. STAGE 1, TRACTS C & D, STAGE 2, TRACTS B, D & H, STAGE 3, STAGE 4, Tracts B, I & X, STAGE 5, according to the Plat thereof, as recorded in Plat Book 41, Pages 88 through 92, inclusive, of the Public Records of Brevard County, Florida

FOLIO NO. 29-38-36-Q0-00000.0-001D.00

Property Address: 235 Hammock Shore Drive, Melbourne Beach, FL 32951

and said Grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever.

This conveyance is made subject to the following:

- 1. Zoning and/or restrictions and prohibitions imposed by governmental authority;



- 2. Restrictions, easements, and other matters appearing on the plat and/or common to the subdivision (without reimposing same); and,
- 3. Taxes for calendar year 2002 and subsequent years.

IN WITNESS WHEREOF, Grantor has hereunto set its hand and seal the day and year first above written.

Signed, sealed and delivered in the presence of:

IRD OSPREY, LLC, a Florida limited liability company

[Signature]
Signature of Witness
ROBERT W. FRAZIER JR., ESQ.

Name of Witness

[Signature]
Signature of Witness
LINDA M. LACERTOSA

Name of Witness

By: [Signature]
S. Martin Sadkin, Managing Member

SERVICE MANAGEMENT SYSTEMS, INC., a Florida corporation

[Signature]
Signature of Witness
ROBERT W. FRAZIER JR., ESQ.

Name of Witness

[Signature]
Signature of Witness
LINDA M. LACERTOSA

Name of Witness

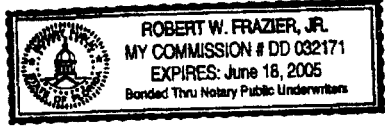
By: [Signature]
S. Martin Sadkin, President

STATE OF FLORIDA)
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me, in the County and State aforesaid, this 18 day of July, 2002, by S. Martin Sadkin, as managing member of IRD Osprey, LLC, a Florida limited liability company and as President of Service Management Systems, Inc., a Florida corporation, under authority vested in him, who is personally known by me or who has produced his driver's license as identification and who did take an oath.

[Signature]
Notary Public
My Commission Expires:

THIS INSTRUMENT PREPARED BY:
Robert W. Frazier, Jr., Esquire
Frazier, Hotte & Associates, P.A.
2400 East Commercial Boulevard - Suite 826
Fort Lauderdale, FL 33308
Telephone: 954-928-1800
Q:\docs\url\aquarina\stonecypher\sellerdocs.frm



V B) Exhibit 10

Revised Tariff Sheets

Exhibit 10 is Late-filed exhibit

V C) Exhibit 11

The utilities current certificates

The following pages contain Service Management System's current certificates.

Document 1 – State of Florida Department of Environmental Protection –plant operator

Document 2 –Florida Public Service Commission wastewater certificate

Document 3 –Florida Public Service Commission water service certificate

Document 4- State of Florida Department of Environmental Protection –wastewater

Document 5-Brevard County Fire Department Inspection Certificate

State of Florida
Department of Environmental Protection

ISSUED: 04/03/2007

LICENSE NO.: 0008596

THE CLASS C DRINKING WATER TREATMENT PLANT OPERATOR NAMED BELOW IS LICENSED UNDER THE PROVISIONS OF CHAPTER 403, FLORIDA STATUTES.

VALID UNTIL: 04/30/2009

RONALD A CHUPKA

CHARLIE CRIST
GOVERNOR

DISPLAY IS REQUIRED BY LAW

MICHAEL W. SOLE
SECRETARY

State of Florida
Department of Environmental Protection

ISSUED: 04/03/2007

LICENSE NO.: 0009376

THE CLASS C WASTE WATER TREATMENT PLANT OPERATOR NAMED BELOW IS LICENSED UNDER THE PROVISIONS OF CHAPTER 403, FLORIDA STATUTES.

VALID UNTIL: 04/30/2009

RONALD A CHUPKA

CHARLIE CRIST
GOVERNOR

DISPLAY IS REQUIRED BY LAW

MICHAEL W. SOLE
SECRETARY

Document 1 -

State of Florida Department of Environmental Protection - plant operator

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

450 - S

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

Service Management Systems, Inc.

Whose principal address is:

235 Hammock Shore Drive
Melbourne Beach, FL 32951 (Brevard County)

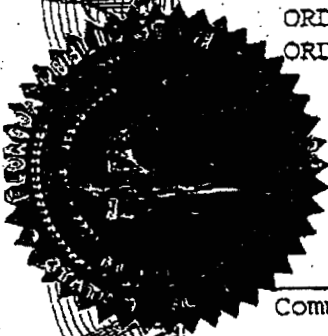
to provide wastewater service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	22075	DOCKET	880595-WS
ORDER	23059	DOCKET	900167-WS
ORDER	PSC-92-0119-FOF-WS	DOCKET	911129-WS
ORDER	PSC-97-0206-FOF-WS	DOCKET	960095-WS
ORDER	PSC-97-0206A-FOF-WS	DOCKET	960095-WS
ORDER	PSC-97-0918-FOF-WS	DOCKET	970093-WS
ORDER	PSC-03-0787-FOF-WS	DOCKET	020091-WS
ORDER	PSC-03-1098-FOF-WS	DOCKET	020091-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Blanca S. Davis
Commission Clerk and Administrative Services Director



FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

517 - W

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

Service Management Systems, Inc.

Whose principal address is:

235 Hammock Shore Drive
Melbourne Beach, FL 32951 (Brevard County)

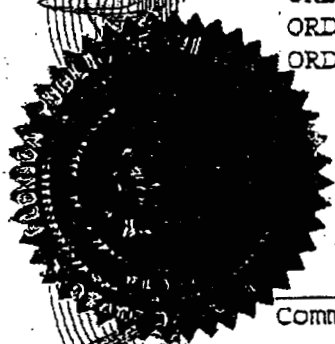
to provide water service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	22075	DOCKET	880595-WS
ORDER	23059	DOCKET	900167-WS
ORDER	PSC-92-0119-FOF-WS	DOCKET	911129-WS
ORDER	PSC-97-0206-FOF-WS	DOCKET	960095-WS
ORDER	PSC-97-0206A-FOF-WS	DOCKET	960095-WS
ORDER	PSC-97-0918-FOF-WS	DOCKET	970093-WS
ORDER	PSC-03-0787-FOF-WS	DOCKET	020091-WS
ORDER	PSC -03-1098-FOF-WS	DOCKET	020091-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION


Commission Clerk and Administrative Services Director





Florida Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

STATE OF FLORIDA DOMESTIC WASTEWATER FACILITY PERMIT

PERMITTEE:

Service Management Systems, Inc.

PERMIT NUMBER: FLA010352
PA FILE NUMBER: FLA010352-003-DW3P
ISSUANCE DATE: March 31, 2008
EXPIRATION DATE: March 23, 2013

RESPONSIBLE AUTHORITY:

Mr. Martin S. Sadkin
Officer/Manager
7500 S. Highway A1A
Melbourne Beach, FL 32951

(321) 723-2447

FACILITY:

Aquarina Beach Community WWTF
235 Hammock Shore Drive
Melbourne Beach, FL 32941
Brevard County
Latitude: 27° 55' 14" N Longitude: 80° 29' 22" W

This permit is issued under the provisions of Chapter 403, Florida Statutes (F.S.), and applicable rules of the Florida Administrative Code (F.A.C.). The above named permittee is hereby authorized to operate the facilities shown on the application and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

TREATMENT FACILITIES:

An existing 0.099 mgd annual average daily flow (AADF) permitted capacity extended aeration domestic wastewater treatment plant consisting of influent screening, aeration, secondary clarification, filtration, chlorination, and aerobic digestion of residuals.

REUSE:

Land Application: An existing 0.099 MGD AADF permitted capacity absorption field system (R-001). R-001 consists of a dual cell drainfield with a total wetted area of 0.115 acres located approximately at latitude 27° 55' 14" N, longitude 80° 29' 22" W.

IN ACCORDANCE WITH: The limitations, monitoring requirements and other conditions set forth in Pages 1 through 14 of this permit.

FACILITY: Aquarina Beach Community WWTF
 PERMITTEE: Service Management Systems, Inc.

PERMIT NUMBER: FLA010352
 EXPIRATION DATE: March 23, 2013

I. RECLAIMED WATER AND EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS

A. Reuse and Land Application Systems

1. During the period beginning on the issuance date and lasting through the expiration date of this permit, the permittee is authorized to direct reclaimed water to Reuse System R-001. Such reclaimed water shall be limited and monitored by the permittee as specified below and reported in accordance with condition I.B.6:

Parameter	Units	Max/Min	Reclaimed Water Limitations				Monitoring Requirements			
			Annual Average	Monthly Average	Weekly Average	Single Sample	Monitoring Frequency	Sample Type	Monitoring Location Site Number	Notes
Flow (Total through plant)	MGD	Maximum	0.099	-	-	-	5 Days/Week	Meter	FLW-3	See Cond. I.A.3.
Flow (Influent)	MGD	Maximum	Report	-	-	-	5 Days/Week	Meter	FLW-1	See Cond. I.A.3.
Flow (R.O. Concentrate)	MGD	Maximum	Report	-	-	-	5 Days/Week	Meter	FLW-2	See Cond. I.A.3.
BOD, Carbonaceous 5 day, 20C	MG/L	Maximum	20.0	30.0	45.0	60.0	Monthly	Grab	EFA-1	
Solids, Total Suspended	MG/L	Maximum	-	-	-	10.0	Monthly	Grab	EFA-1	
pH	SU	Range	-	-	-	6.0 to 8.5	5 Days/Week	Grab	EFA-1	
Coliform, Fecal	#/100 ML	Maximum	See Permit Condition I.A.4.				Monthly	Grab	EFA-1	
Total Residual Chlorine (For Disinfection)	MG/L	Minimum	-	-	-	0.5	5 Days/Week	Grab	EFA-1	See Cond. I.A.5.
Nitrogen, Nitrate, Total (as N)	MG/L	Maximum	-	-	-	12.0	Monthly	Grab	EFA-1	See Cond. I.A.6.

FACILITY: Aquarina Beach Community WWTF
PERMITTEE: Service Management Systems, Inc.

PERMIT NUMBER: FLA010352
EXPIRATION DATE: March 23, 2013

2. Reclaimed water samples shall be taken at the monitoring site locations listed in Permit Condition I. A. 1. and as described below:

Monitoring Location Site Number	Description of Monitoring Location
EFA-1	Chlorine contact chamber effluent
FLW-1	Elapsed time meters on influent lift station pumps
FLW-2	Elapsed time meters on RO reject pump station
FLW-3	Total flow through plant, sum of FLW-1 and FLW-2

3. Meter shall be utilized to measure flow and calibrated at least annually. *[62-601.200(17) and .500(6)]*
4. The arithmetic mean of the monthly fecal coliform values collected during an annual period shall not exceed 200 per 100 mL of reclaimed water sample. The geometric mean of the fecal coliform values for a minimum of 10 samples of reclaimed water, each collected on a separate day during a period of 30 consecutive days (monthly), shall not exceed 200 per 100 mL of sample. No more than 10 percent of the samples collected (the 90th percentile value) during a period of 30 consecutive days shall exceed 400 fecal coliform values per 100 mL of sample. Any one sample shall not exceed 800 fecal coliform values per 100 mL of sample. Note: To report the 90th percentile value, list the fecal coliform values obtained during the month in ascending order. Report the value of the sample that corresponds to the 90th percentile (multiply the number of samples by 0.9). For example, for 30 samples, report the corresponding fecal coliform number for the 27th value of ascending order. *[62-610.510 and 62-600.440(4)(c)]*
5. A minimum of 0.5 mg/L total residual chlorine must be maintained for a minimum contact time of 15 minutes based on peak hourly flow. *[62-610.510 and 62-600.440(4)(b)]*
6. Nitrate nitrogen (NO₃) concentration in the water discharged to the land application system shall not exceed 12.0 mg/L, or as required to comply with Rule 62-610.510, F.A.C. If the facility exceeds this limit, the Department may require future groundwater monitoring or modification to the treatment facility to remove nitrogen. *[62-610.510]*

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I. RECLAIMED WATER AND EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS (cont.)

B. Other Limitations and Monitoring and Reporting Requirements

1. During the period beginning on the issuance date and lasting through the expiration date of this permit, the treatment facility shall be limited and monitored by the permittee as specified below and reported in accordance with condition I.B.6:

Parameter	Units	Max/Min	Limitations				Monitoring Requirements			Notes
			Annual Average	Monthly Average	Weekly Average	Single Sample	Monitoring Frequency	Sample Type	Monitoring Location Site Number	
BOD, Carbonaceous 5 day, 20C	MG/L	Maximum	-	Report	-	-	Monthly	Grab	INF-1	See Cond. I.B.3.
Solids, Total Suspended	MG/L	Maximum	-	Report	-	-	Monthly	Grab	INF-1	See Cond. I.B.3.
Percent Capacity, (TMADF/Permitted Capacity) x 100	PER CENT	Maximum	-	Report	-	-	Monthly	Calculated	FLW-3	

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2. Samples shall be taken at the monitoring site locations listed in Permit Condition I. B. 1 and as described below:

Monitoring Location Site Number	Description of Monitoring Location
FLW-3	Total flow through plant, sum of FLW-1 and FLW-2
INF-1	raw influent at the influent bar screen

3. Influent samples shall be collected so that they do not contain digester supernatant or return activated sludge, or any other plant process recycled waters. [62-601.500(4)]
4. Parameters which must be monitored as a result of a surface water discharge shall be analyzed using a sufficiently sensitive method to assure compliance with applicable water quality standards and effluent limitations in accordance with 40 CFR (Code of Federal Regulations) Part 136. All monitoring shall be representative of the monitored activity. [62-620.320(6)]
5. The permittee shall provide safe access points for obtaining representative influent, reclaimed water, and effluent samples which are required by this permit. [62-601.500(5)]
6. Monitoring requirements under this permit are effective on the first day of the second month following permit issuance. Until such time, the permittee shall continue to monitor and report in accordance with previously effective permit requirements, if any. During the period of operation authorized by this permit, the permittee shall complete and submit to the Department's Central District Office Discharge Monitoring Reports (DMRs) in accordance with the frequencies specified by the REPORT type (i.e., monthly, toxicity, quarterly, semiannual, annual, etc.) indicated on the DMR forms attached to this permit. Monitoring results for each monitoring period shall be submitted in accordance with the associated DMR due dates below.

REPORT Type	Monitoring Period	Due Date
Monthly or Toxicity	first day of month – last day of month	28 th day of following month
Quarterly	January 1 - March 31	April 28
	April 1 – June 30	July 28
	July 1 – September 30	October 28
	October 1 – December 31	January 28
Semiannual	January 1 – June 30	July 28
	July 1 – December 31	January 28
Annual	January 1 – December 31	January 28

DMRs shall be submitted for each required monitoring period including months of no discharge. The permittee shall make copies of the attached DMR form(s) and shall submit the completed DMR form(s) to the Department's Central District Office at the address specified in Permit Condition I.B. 7 by the twenty-eighth (28th) of the month following the month of operation.

[62-620.610(18)][62-601.300(1), (2), and (3)]

7. Unless specified otherwise in this permit, all reports and other information required by this permit, including 24-hour notifications, shall be submitted to or reported to, as appropriate, the Department's Central District Office at the address specified below:

Central District Office
 3319 Maguire Boulevard Suite 232
 Orlando, Florida 32803-3767

Phone Number - (407) 894-7555
 FAX Number - (407) 897-2966

All FAX copies shall be followed by original copies. All reports and other information shall be signed in accordance with the requirements of Rule 62-620.305, F.A.C. [62-620.305]

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II. RESIDUALS MANAGEMENT REQUIREMENTS

1. The method of residuals use or disposal by this facility is transport to a Department approved residuals management facility or disposal in a Class I or II solid waste landfill.
2. The permittee shall be responsible for proper treatment, management, use, and land application or disposal of its residuals. *[62-640.300(5)]*
3. The permittee shall not be held responsible for treatment, management, use, or land application violations that occur after its residuals have been accepted by a permitted residuals management facility with which the source facility has an agreement in accordance with Rule 62-640.880(1)(c), F.A.C., for further treatment, management, use or land application. *[62-640.300(5)]*
4. Disposal of residuals, septage, and other solids in a solid waste landfill, or disposal by placement on land for purposes other than soil conditioning or fertilization, such as at a monofill, surface impoundment, waste pile, or dedicated site, shall be in accordance with Chapter 62-701, F.A.C. *[62-640.100(6)(k)3 & 4]*
5. If the permittee intends to accept residuals from other facilities, a permit revision is required pursuant to Rule 62-640.880(2)(d), F.A.C. *[62-640.880(2)(d)]*
6. The permittee shall keep hauling records to track the transport of residuals between facilities. The hauling records shall contain the following information:

Source Facility

1. Date and Time Shipped
2. Amount of Residuals Shipped
3. Degree of Treatment (if applicable)
4. Name and ID Number of Residuals Management Facility or Treatment Facility
5. Signature of Responsible Party at Source Facility
6. Signature of Hauler and Name of Hauling Firm

Residuals Management Facility or Treatment Facility

1. Date and Time Received
2. Amount of Residuals Received
3. Name and ID Number of Source Facility
4. Signature of Hauler
5. Signature of Responsible Party at Residuals Management Facility or Treatment Facility

These records shall be kept for five years and shall be made available for inspection upon request by the Department. A copy of the hauling records information maintained by the source facility shall be provided upon delivery of the residuals to the residuals management facility or treatment facility. The permittee shall report to the Department within 24 hours of discovery any discrepancy in the quantity of residuals leaving the source facility and arriving at the residuals management facility or treatment facility. *[62-640.880(4)]*

7. Storage of residuals or other solids at the permitted facility shall require prior written notification to the Department. *[62-640.300(4)]*

III. GROUND WATER REQUIREMENTS

Section III is not applicable to this facility.

IV. ADDITIONAL REUSE AND LAND APPLICATION REQUIREMENTS

Part IV Absorption Field System(s) (R-001)

1. Advisory signs shall be posted around the site boundaries to designate the nature of the project area. *[62-610.518]*
2. The permittee may allow public access to the absorption field sites. *[62-610.518]*
3. The absorption field system shall be operated to preclude saturated conditions from developing at the ground surface. *[62-610.500(2)]*

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4. The annual average hydraulic loading rate to the a dual cell drainfield with a total wetted area of 0.115 acres shall be limited to a maximum of 31.7 inches per day (as applied to the entire bottom area of the absorption field trenches or spreading areas). [62-610.523(3)]
- ? 5. The dual cell drainfield with a total wetted area of 0.115 acres normally shall be loaded for 7 days and shall be rested for 7 days. Absorption fields shall be allowed to dry during the resting portion of the cycle. [62-610.523(4)]
6. Routine aquatic weed control and regular maintenance of storage pond embankments and access areas are required. [62-610.414 and 62-610.514]
7. Overflows from absorption fields or from emergency discharge facilities on storage ponds shall be reported as an abnormal event to the Department's Central District Office within 24 hours of an occurrence. The provisions of Rule 62-610.800(9), F.A.C., shall be met. [62-610.800(9)]

V. OPERATION AND MAINTENANCE REQUIREMENTS

1. During the period of operation authorized by this permit, the wastewater facilities shall be operated under the supervision of a(n) operator(s) certified in accordance with Chapter 62-602, F.A.C. In accordance with Chapter 62-699, F.A.C., this facility is a Category III, Class C facility and, at a minimum, operators with appropriate certification must be on the site as follows:

A Class C or higher operator 1/2 hour/day for 5 days/week and one visit each weekend. The lead operator must be a Class C operator, or higher.

[62-620.630(3)] [62-699.310] [62-610.462]

2. An operator meeting the lead operator classification level of the plant shall be available during all periods of plant operation. "Available" means able to be contacted as needed to initiate the appropriate action in a timely manner. [62-699.311(1)]
3. The application to renew this permit shall include an updated capacity analysis report prepared in accordance with Rule 62-600.405, F.A.C. [62-600.405(5)]
4. The application to renew this permit shall include a detailed operation and maintenance performance report prepared in accordance with Rule 62-600.735, F.A.C. [62-600.735(1)]
5. The permittee shall maintain the following records and make them available for inspection on the site of the permitted facility:
 - a. Records of all compliance monitoring information, including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation and a copy of the laboratory certification showing the certification number of the laboratory, for at least three years from the date the sample or measurement was taken;
 - b. Copies of all reports required by the permit for at least three years from the date the report was prepared;
 - c. Records of all data, including reports and documents, used to complete the application for the permit for at least three years from the date the application was filed;
 - d. Monitoring information, including a copy of the laboratory certification showing the laboratory certification number, related to the residuals use and disposal activities for the time period set forth in Chapter 62-640, F.A.C., for at least three years from the date of sampling or measurement;
 - e. A copy of the current permit;
 - f. A copy of the current operation and maintenance manual as required by Chapter 62-600, F.A.C.;
 - g. A copy of the facility record drawings;

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- h. Copies of the licenses of the current certified operators; and
- i. Copies of the logs and schedules showing plant operations and equipment maintenance for three years from the date of the logs or schedules. The logs shall, at a minimum, include identification of the plant; the signature and certification number of the operator(s) and the signature of the person(s) making any entries; date and time in and out; specific operation and maintenance activities; tests performed and samples taken; and major repairs made. The logs shall be maintained on-site in a location accessible to 24-hour inspection, protected from weather damage, and current to the last operation and maintenance performed.

[62-620.350]

VI. SCHEDULES

- 1. The following improvement actions shall be completed according to the following schedule:

Improvement Action		Completion Date
1	Provide filter media evaluation report and any corrective action necessary with completion schedules.	Within 30 days of permit issuance.

[62-600.735(1)]

VII. INDUSTRIAL PRETREATMENT PROGRAM REQUIREMENTS

This facility is not required to have a pretreatment program at this time. [62-625.500]

VIII. OTHER SPECIFIC CONDITIONS

- 1. The permittee shall apply for renewal of this permit at least 180 days before the expiration date of the permit using the appropriate forms listed in Rule 62-620.910, F.A.C., including submittal of the appropriate processing fee set forth in Rule 62-4.050, F.A.C. The existing permit shall not expire until the Department has taken final action on the application renewal in accordance with the provisions of 62-620.335(3) and (4), F.A.C. [62-620.335(1)-(4)]
- 2. Florida water quality criteria and standards shall not be violated as a result of any discharge or land application of reclaimed water or residuals from this facility. [62-610.850(1)(a) and (2)(a)]
- 3. In the event that the treatment facilities or equipment no longer function as intended, are no longer safe in terms of public health and safety, or odor, noise, aerosol drift, or lighting adversely affects neighboring developed areas at the levels prohibited by Rule 62-600.400(2)(a), F.A.C., corrective action (which may include additional maintenance or modifications of the permitted facilities) shall be taken by the permittee. Other corrective action may be required to ensure compliance with rules of the Department. Additionally, the treatment, management, use or land application of residuals shall not cause a violation of the odor prohibition in Rule 62-296.320(2), F.A.C. [62-600.410(8) and 62-640.400(6)]
- 4. The deliberate introduction of stormwater in any amount into collection/transmission systems designed solely for the introduction (and conveyance) of domestic/industrial wastewater; or the deliberate introduction of stormwater into collection/transmission systems designed for the introduction or conveyance of combinations of storm and domestic/industrial wastewater in amounts which may reduce the efficiency of pollutant removal by the treatment plant is prohibited, except as provided by Rule 62-610.472, F.A.C. [62-604.130(3)]
- 5. Collection/transmission system overflows shall be reported to the Department in accordance with Permit Condition IX. 20. [62-604.550] [62-620.610(20)]
- 6. The operating authority of a collection/transmission system and the permittee of a treatment plant are prohibited from accepting connections of wastewater discharges which have not received necessary pretreatment or which contain materials or pollutants (other than normal domestic wastewater constituents):
 - a. Which may cause fire or explosion hazards; or

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- b. Which may cause excessive corrosion or other deterioration of wastewater facilities due to chemical action or pH levels; or
- c. Which are solid or viscous and obstruct flow or otherwise interfere with wastewater facility operations or treatment; or
- d. Which result in the wastewater temperature at the introduction of the treatment plant exceeding 40°C or otherwise inhibiting treatment; or
- e. Which result in the presence of toxic gases, vapors, or fumes that may cause worker health or safety problems.

[62-604.130(5)]

7. The treatment facility, storage ponds, rapid infiltration basins, and/or infiltration trenches shall be enclosed with a fence or otherwise provided with features to discourage the entry of animals and unauthorized persons. [62-610.518(1)] [and 62-600.400(2)(b)]
8. Screenings and grit removed from the wastewater facilities shall be collected in suitable containers and hauled to a Department approved Class I landfill or to a landfill approved by the Department for receipt/disposal of screenings and grit. [62-701.300(1)(a)]
9. The Permittee shall provide verbal notice to the Department as soon as practical after discovery of a sinkhole within an area for the management or application of wastewater, wastewater residuals (sludges), or reclaimed water. The Permittee shall immediately implement measures appropriate to control the entry of contaminants, and shall detail these measures to the Department in a written report within 7 days of the sinkhole discovery. [62-4.070(3)]
10. The permittee shall provide adequate notice to the Department of the following:
 - a. Any new introduction of pollutants into the facility from an industrial discharger which would be subject to Chapter 403, F.S., and the requirements of Chapter 62-620, F.A.C. if it were directly discharging those pollutants; and
 - b. Any substantial change in the volume or character of pollutants being introduced into that facility by a source which was identified in the permit application and known to be discharging at the time the permit was issued.

Adequate notice shall include information on the quality and quantity of effluent introduced into the facility and any anticipated impact of the change on the quantity or quality of effluent or reclaimed water to be discharged from the facility.

[62-620.625(2)]

IX. GENERAL CONDITIONS

1. The terms, conditions, requirements, limitations and restrictions set forth in this permit are binding and enforceable pursuant to Chapter 403, Florida Statutes. Any permit noncompliance constitutes a violation of Chapter 403, Florida Statutes, and is grounds for enforcement action, permit termination, permit revocation and reissuance, or permit revision. [62-620.610(1)]
2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviations from the approved drawings, exhibits, specifications or conditions of this permit constitutes grounds for revocation and enforcement action by the Department. [62-620.610(2)]

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3. As provided in subsection 403.087(7), F.S., the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor authorize any infringement of federal, state, or local laws or regulations. This permit is not a waiver of or approval of any other Department permit or authorization that may be required for other aspects of the total project which are not addressed in this permit. *[62-620.610(3)]*
4. This permit conveys no title to land or water, does not constitute state recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title. *[62-620.610(4)]*
5. This permit does not relieve the permittee from liability and penalties for harm or injury to human health or welfare, animal or plant life, or property caused by the construction or operation of this permitted source; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department. The permittee shall take all reasonable steps to minimize or prevent any discharge, reuse of reclaimed water, or residuals use or disposal in violation of this permit which has a reasonable likelihood of adversely affecting human health or the environment. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit. *[62-620.610(5)]*
6. If the permittee wishes to continue an activity regulated by this permit after its expiration date, the permittee shall apply for and obtain a new permit. *[62-620.610(6)]*
7. The permittee shall at all times properly operate and maintain the facility and systems of treatment and control, and related appurtenances, that are installed and used by the permittee to achieve compliance with the conditions of this permit. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to maintain or achieve compliance with the conditions of the permit. *[62-620.610(7)]*
8. This permit may be modified, revoked and reissued, or terminated for cause. The filing of a request by the permittee for a permit revision, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance does not stay any permit condition. *[62-620.610(8)]*
9. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, including an authorized representative of the Department and authorized EPA personnel, when applicable, upon presentation of credentials or other documents as may be required by law, and at reasonable times, depending upon the nature of the concern being investigated, to:
 - a. Enter upon the permittee's premises where a regulated facility, system, or activity is located or conducted, or where records shall be kept under the conditions of this permit;
 - b. Have access to and copy any records that shall be kept under the conditions of this permit;
 - c. Inspect the facilities, equipment, practices, or operations regulated or required under this permit; and
 - d. Sample or monitor any substances or parameters at any location necessary to assure compliance with this permit or Department rules.*[62-620.610(9)]*
10. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data, and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the Florida Statutes or Department rules, except as such use is proscribed by Section 403.111, Florida Statutes, or Rule 62-620.302, Florida Administrative Code. Such evidence shall only be used to the extent that it is consistent with the Florida Rules of Civil Procedure and applicable evidentiary rules. *[62-620.610(10)]*

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11. When requested by the Department, the permittee shall within a reasonable time provide any information required by law which is needed to determine whether there is cause for revising, revoking and reissuing, or terminating this permit, or to determine compliance with the permit. The permittee shall also provide to the Department upon request copies of records required by this permit to be kept. If the permittee becomes aware of relevant facts that were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be promptly submitted or corrections promptly reported to the Department. *[62-620.610(11)]*
12. Unless specifically stated otherwise in Department rules, the permittee, in accepting this permit, agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance; provided, however, the permittee does not waive any other rights granted by Florida Statutes or Department rules. A reasonable time for compliance with a new or amended surface water quality standard, other than those standards addressed in Rule 62-302.500, F.A.C., shall include a reasonable time to obtain or be denied a mixing zone for the new or amended standard. *[62-620.610(12)]*
13. The permittee, in accepting this permit, agrees to pay the applicable regulatory program and surveillance fee in accordance with Rule 62-4.052, F.A.C. *[62-620.610(13)]*
14. This permit is transferable only upon Department approval in accordance with Rule 62-620.340, F.A.C. The permittee shall be liable for any noncompliance of the permitted activity until the transfer is approved by the Department. *[62-620.610(14)]*
15. The permittee shall give the Department written notice at least 60 days before inactivation or abandonment of a wastewater facility and shall specify what steps will be taken to safeguard public health and safety during and following inactivation or abandonment. *[62-620.610(15)]*
16. The permittee shall apply for a revision to the Department permit in accordance with Rules 62-620.300 and the Department of Environmental Protection Guide to Wastewater Permitting at least 90 days before construction of any planned substantial modifications to the permitted facility is to commence or with Rule 62-620.325(2) for minor modifications to the permitted facility. A revised permit shall be obtained before construction begins except as provided in Rule 62-620.300, F.A.C. *[62-620.610(16)]*
17. The permittee shall give advance notice to the Department of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements. The permittee shall be responsible for any and all damages which may result from the changes and may be subject to enforcement action by the Department for penalties or revocation of this permit. The notice shall include the following information:
 - a. A description of the anticipated noncompliance;
 - b. The period of the anticipated noncompliance, including dates and times; and
 - c. Steps being taken to prevent future occurrence of the noncompliance.*[62-620.610(17)]*
18. Sampling and monitoring data shall be collected and analyzed in accordance with Rule 62-4.246, Chapters 62-160 and 62-601, F.A.C., and 40 CFR 136, as appropriate.
 - a. Monitoring results shall be reported at the intervals specified elsewhere in this permit and shall be reported on a Discharge Monitoring Report (DMR), DEP Form 62-620.910(10), or as specified elsewhere in the permit.
 - b. If the permittee monitors any contaminant more frequently than required by the permit, using Department approved test procedures, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the DMR.
 - c. Calculations for all limitations which require averaging of measurements shall use an arithmetic mean unless otherwise specified in this permit.

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- d. Except as specifically provided in Rule 62-160.300, F.A.C., any laboratory test required by this permit shall be performed by a laboratory that has been certified by the Department of Health Environmental Laboratory Certification Program (DOH ELCP). Such certification shall be for the matrix, test method and analyte(s) being measured to comply with this permit. For domestic wastewater facilities, testing for parameters listed in Rule 62-160.300(4), F.A.C., shall be conducted under the direction of a certified operator.
- e. Field activities including on-site tests and sample collection shall follow the applicable standard operating procedures described in DEP-SOP-001/01 adopted by reference in Chapter 62-160, F.A.C.
- f. Alternate field procedures and laboratory methods may be used where they have been approved in accordance with Rules 62-160.220 and 62-160.330, F.A.C.

[62-620.610(18)]

19. Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule detailed elsewhere in this permit shall be submitted no later than 14 days following each schedule date. *[62-620.610(19)]*
20. The permittee shall report to the Department any noncompliance which may endanger health or the environment. Any information shall be provided orally within 24 hours from the time the permittee becomes aware of the circumstances. A written submission shall also be provided within five days of the time the permittee becomes aware of the circumstances. The written submission shall contain: a description of the noncompliance and its cause; the period of noncompliance including exact dates and time, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
 - a. The following shall be included as information which must be reported within 24 hours under this condition:
 1. Any unanticipated bypass which causes any reclaimed water or effluent to exceed any permit limitation or results in an unpermitted discharge,
 2. Any upset which causes any reclaimed water or the effluent to exceed any limitation in the permit,
 3. Violation of a maximum daily discharge limitation for any of the pollutants specifically listed in the permit for such notice, and
 4. Any unauthorized discharge to surface or ground waters.
 - b. Oral reports as required by this subsection shall be provided as follows:
 1. For unauthorized releases or spills of treated or untreated wastewater reported pursuant to subparagraph a.4 that are in excess of 1,000 gallons per incident, or where information indicates that public health or the environment will be endangered, oral reports shall be provided to the Department by calling the STATE WARNING POINT TOLL FREE NUMBER (800) 320-0519, as soon as practical, but no later than 24 hours from the time the permittee becomes aware of the discharge. The permittee, to the extent known, shall provide the following information to the State Warning Point:
 - a) Name, address, and telephone number of person reporting;
 - b) Name, address, and telephone number of permittee or responsible person for the discharge;
 - c) Date and time of the discharge and status of discharge (ongoing or ceased);
 - d) Characteristics of the wastewater spilled or released (untreated or treated, industrial or domestic wastewater);
 - e) Estimated amount of the discharge;
 - f) Location or address of the discharge;
 - g) Source and cause of the discharge;

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- h) Whether the discharge was contained on-site, and cleanup actions taken to date;
 - i) Description of area affected by the discharge, including name of water body affected, if any; and
 - j) Other persons or agencies contacted.
2. Oral reports, not otherwise required to be provided pursuant to subparagraph b.1 above, shall be provided to the Department within 24 hours from the time the permittee becomes aware of the circumstances.
- c. If the oral report has been received within 24 hours, the noncompliance has been corrected, and the noncompliance did not endanger health or the environment, the Department shall waive the written report.

[62-620.610(20)]

21. The permittee shall report all instances of noncompliance not reported under Permit Conditions IX. 17., 18. and 19. of this permit at the time monitoring reports are submitted. This report shall contain the same information required by Permit Condition IX. 20 of this permit. [62-620.610(21)]

22. Bypass Provisions.

- a. Bypass is prohibited, and the Department may take enforcement action against a permittee for bypass, unless the permittee affirmatively demonstrates that:
 - 1. Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage; and
 - 2. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance; and
 - 3. The permittee submitted notices as required under Permit Condition IX. 22. b. of this permit.
- b. If the permittee knows in advance of the need for a bypass, it shall submit prior notice to the Department, if possible at least 10 days before the date of the bypass. The permittee shall submit notice of an unanticipated bypass within 24 hours of learning about the bypass as required in Permit Condition IX. 20. of this permit. A notice shall include a description of the bypass and its cause; the period of the bypass, including exact dates and times; if the bypass has not been corrected, the anticipated time it is expected to continue; and the steps taken or planned to reduce, eliminate, and prevent recurrence of the bypass.
- c. The Department shall approve an anticipated bypass, after considering its adverse effect, if the permittee demonstrates that it will meet the three conditions listed in Permit Condition IX. 22. a. 1. through 3. of this permit.
- d. A permittee may allow any bypass to occur which does not cause reclaimed water or effluent limitations to be exceeded if it is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of Permit Condition IX. 22. a. through c. of this permit.

[62-620.610(22)]

23. Upset Provisions

- a. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed contemporaneous operating logs, or other relevant evidence that:
 - 1. An upset occurred and that the permittee can identify the cause(s) of the upset;
 - 2. The permitted facility was at the time being properly operated;
 - 3. The permittee submitted notice of the upset as required in Permit Condition IX. 20. of this permit; and

FACILITY: Aquarina Beach Community WWTF
PERMITTEE: Service Management Systems, Inc.

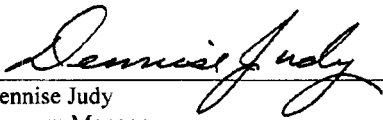
PERMIT NUMBER: FLA010352
EXPIRATION DATE: March 23, 2013

4. The permittee complied with any remedial measures required under Permit Condition IX. 5. of this permit.
- b. In any enforcement proceeding, the burden of proof for establishing the occurrence of an upset rests with the permittee.
- c. Before an enforcement proceeding is instituted, no representation made during the Department review of a claim that noncompliance was caused by an upset is final agency action subject to judicial review.

[62-620.610(23)]

Executed in Orlando, Florida.

STATE OF FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION


Dennise Judy
Program Manager
Domestic Waste

DATE: March 31, 2008

DEPARTMENT OF ENVIRONMENTAL PROTECTION DISCHARGE MONITORING REPORT - PART A

When Completed mail this report to: Department of Environmental Protection, Central District, 3319 Maguire Boulevard Suite 232, Orlando, FL, 32803-3767

PERMITTEE NAME: Service Management Systems, Inc.
 MAILING ADDRESS: 7500 S. Highway A1A
 Melbourne Beach, FL 32951

PERMIT NUMBER: FLA010352

Expiration Date: March 23, 2013

LIMIT: Final
 CLASS SIZE: N/A

REPORT: Monthly
 GROUP: Domestic

FACILITY: Aquarina Beach Community WWTF
 LOCATION: 235 Hammock Shore Drive
 Melbourne Beach, FL 32941

MONITORING GROUP NUMBER: R-001
 MONITORING GROUP DESC: Drainfield, including Influent

COUNTY: Brevard

NO DISCHARGE FROM SITE:
 MONITORING PERIOD From: _____ To: _____

Parameter		Quantity or Loading		Units	Quality or Concentration			Units	No. Ex.	Frequency of Analysis	Sample Type
Flow (Total through plant)	Sample Measurement										
PARM Code 50050 Y Mon.Site No. FLW-3	Permit Requirement	0.099 (An.Avg.)		MGD						5 Days/Week	Meter
Flow (Total through plant)	Sample Measurement										
PARM Code 50050 I Mon.Site No. FLW-3	Permit Requirement	Report (Mo.Avg.)		MGD						5 Days/Week	Meter
Flow (Influent)	Sample Measurement										
PARM Code 50050 P Mon.Site No. FLW-1	Permit Requirement	Report (An.Avg.)		MGD						5 Days/Week	Meter
Flow (Influent)	Sample Measurement										
PARM Code 50050 Q Mon.Site No. FLW-1	Permit Requirement	Report (Mo.Avg.)		MGD						5 Days/Week	Meter
Flow (R.O. Concentrate)	Sample Measurement										
PARM Code 50050 R Mon.Site No. FLW-2	Permit Requirement	Report (An.Avg.)		MGD						5 Days/Week	Meter
Flow (R.O. Concentrate)	Sample Measurement										
PARM Code 50050 S Mon.Site No. FLW-2	Permit Requirement	Report (Mo.Avg.)		MGD						5 Days/Week	Meter

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME/TITLE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT	SIGNATURE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT	TELEPHONE NO	DATE (YY/MM/DD)

COMMENT AND EXPLANATION OF ANY VIOLATIONS (Reference all attachments here):

DISCHARGE MONITORING REPORT - PART A (Continued)

FACILITY: Aquarina Beach Community WWTF

MONITORING GROUP NUMBER: R-001
 MONITORING PERIOD From: _____ To: _____

PERMIT NUMBER: FLA010352

Parameter		Quantity or Loading	Units	Quality or Concentration	Units	No. Ex.	Frequency of Analysis	Sample Type
BOD, Carbonaceous 5 day, 20C	Sample Measurement							
PARM Code 80082 Y Mon.Site No. EFA-1	Permit Requirement			20.0 (An.Avg.)	MG/L		Monthly	Grab
BOD, Carbonaceous 5 day, 20C	Sample Measurement							
PARM Code 80082 A Mon.Site No. EFA-1	Permit Requirement			Report (Mo.Avg.)	60.0 (Max.)	MG/L	Monthly	Grab
Solids, Total Suspended	Sample Measurement							
PARM Code 00530 A Mon.Site No. EFA-1	Permit Requirement			10.0 (Max.)	MG/L		Monthly	Grab
pH	Sample Measurement							
PARM Code 00400 A Mon.Site No. EFA-1	Permit Requirement			6.0 (Min.)	8.5 (Max.)	SU	5 Days/Week	Grab
Coliform, Fecal	Sample Measurement							
PARM Code 74055 Y Mon.Site No. EFA-1	Permit Requirement			200 (An.Avg.)	#/100ML		Monthly	Grab
Coliform, Fecal	Sample Measurement							
PARM Code 74055 A Mon.Site No. EFA-1	Permit Requirement			Report (Mo.Geo.Mean)	800 (Max.)	#/100ML	Monthly	Grab
Total Residual Chlorine (For Disinfection)	Sample Measurement							
PARM Code 50060 A Mon.Site No. EFA-1	Permit Requirement			0.5 (Min.)	MG/L		5 Days/Week	Grab
Nitrogen, Nitrate, Total (as N)	Sample Measurement							
PARM Code 00620 A Mon.Site No. EFA-1	Permit Requirement			12.0 (Max.)	MG/L		Monthly	Grab
BOD, Carbonaceous 5 day, 20C	Sample Measurement							
PARM Code 80082 G Mon.Site No. INF-1	Permit Requirement			Report (Mo.Avg.)	MG/L		Monthly	Grab
Solids, Total Suspended	Sample Measurement							
PARM Code 00530 G Mon.Site No. INF-1	Permit Requirement			Report (Mo.Avg.)	MG/L		Monthly	Grab
Percent Capacity, (TMADF/ Permitted Capacity) x 100	Sample Measurement							
PARM Code 00180 I Mon.Site No. FLW-3	Permit Requirement			Report	PER-CENT		Monthly	Calculated

DAILY SAMPLE RESULTS - PART B

Permit Number: FLA010352
 Monitoring Period From: _____ To: _____

Facility: Aquarina Beach Community WWTF

	CBOD5 (MG/L)	Fecal Coliform Bacteria (#/100ML)	Nitrogen, Nitrate, Total (as N) (MG/L)	pH (SU)	TSS (MG/L)	TRC (For Disinfect.) (MG/L)	Flow (MGD)	Flow (MGD)	Flow (MGD)	TSS (MG/L)	CBOD5 (MG/L)
Code	80082	74055	00620	00400	00530	50060	50050	50050	50050	00530	80082
Mon. Site	EFA-1	EFA-1	EFA-1	EFA-1	EFA-1	EFA-1	FLW-1	FLW-2	FLW-3	INF-1	INF-1
1											
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3											
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29											
30											
31											
Total											
Mo. Avg.											

PLANT STAFFING:

Day Shift Operator Class: _____ Certificate No: _____ Name: _____
 Evening Shift Operator Class: _____ Certificate No: _____ Name: _____
 Night Shift Operator Class: _____ Certificate No: _____ Name: _____
 Lead Operator Class: _____ Certificate No: _____ Name: _____

INSTRUCTIONS FOR COMPLETING THE WASTEWATER DISCHARGE MONITORING REPORT

Read these instructions as well as the SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING THE WASTEWATER DISCHARGE MONITORING REPORT before completing the DMR. Hard copies and/or electronic copies of the required parts of the DMR were provided with the permit. All required information shall be completed in full and typed or printed in ink. A signed, original DMR shall be mailed to the address printed on the DMR by the 28th of the month following the monitoring period. The DMR shall not be submitted before the end of the monitoring period.

The DMR consists of three parts--A, B, and D--all of which may or may not be applicable to every facility. Facilities may have one or more Part A's for reporting effluent or reclaimed water data. All domestic wastewater facilities will have a Part B for reporting daily sample results. Part D is used for reporting ground water monitoring well data.

When results are not available, the following codes should be used on parts A and D of the DMR and an explanation provided where appropriate. Note: Codes used on Part B for raw data are different.

CODE	DESCRIPTION/INSTRUCTIONS
ANC	Analysis not conducted.
DRY	Dry Well
FLD	Flood disaster.
IFS	Insufficient flow for sampling.
LS	Lost sample.
MNR	Monitoring not required this period.

CODE	DESCRIPTION/INSTRUCTIONS
NOD	No discharge from/to site.
OPS	Operations were shutdown so no sample could be taken.
OTH	Other. Please enter an explanation of why monitoring data were not available.
SEF	Sampling equipment failure.

When reporting analytical results that fall below a laboratory's reported method detection limits or practical quantification limits, the following instructions should be used:

1. Results greater than or equal to the PQL shall be reported as the measured quantity.
2. Results less than the PQL and greater than or equal to the MDL shall be reported as the laboratory's MDL value. These values shall be deemed equal to the MDL when necessary to calculate an average for that parameter and when determining compliance with permit limits.
3. Results less than the MDL shall be reported by entering a less than sign (" $<$ ") followed by the laboratory's MDL value, e.g. < 0.001 . A value of one-half the MDL or one-half the effluent limit, whichever is lower, shall be used for that sample when necessary to calculate an average for that parameter. Values less than the MDL are considered to demonstrate compliance with an effluent limitation.

PART A -DISCHARGE MONITORING REPORT (DMR)

Part A of the DMR is comprised of one or more sections, each having its own header information. Facility information is preprinted in the header as well as the monitoring group number, whether the limits and monitoring requirements are interim or final, and the required submittal frequency (e.g. monthly, annually, quarterly, etc.). Submit Part A based on the required reporting frequency in the header and the instructions shown in the permit. The following should be completed by the permittee or authorized representative:

No Discharge From Site: Check this box if no discharge occurs and, as a result, there are no data or codes to be entered for all of the parameters on the DMR for the entire monitoring group number; however, if the monitoring group includes other monitoring locations (e.g., influent sampling), the "NOD" code should be used to individually denote those parameters for which there was no discharge.

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Sample Measurement: Before filling in sample measurements in the table, check to see that the data collected correspond to the limit indicated on the DMR (i.e. interim or final) and that the data correspond to the monitoring group number in the header. Enter the data or calculated results for each parameter on this row in the non-shaded area above the limit. Be sure the result being entered corresponds to the appropriate statistical base code (e.g. annual average, monthly average, single sample maximum, etc.) and units.

No. Ex.: Enter the number of sample measurements during the monitoring period that exceeded the permit limit for each parameter in the non-shaded area. If none, enter zero.

Frequency of Analysis: The shaded areas in this column contain the minimum number of times the measurement is required to be made according to the permit. Enter the actual number of times the measurement was made in the space above the shaded area.

Sample Type: The shaded areas in this column contain the type of sample (e.g. grab, composite, continuous) required by the permit. Enter the actual sample type that was taken in the space above the shaded area.

Signature: This report must be signed in accordance with Rule 62-620.305, F.A.C. Type or print the name and title of the signing official. Include the telephone number where the official may be reached in the event there are questions concerning this report. Enter the date when the report is signed.

Comment and Explanation of Any Violations: Use this area to explain any exceedances, any upset or by-pass events, or other items which require explanation. If more space is needed, reference all attachments in this area.

PART B - DAILY SAMPLE RESULTS

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Daily Monitoring Results: Transfer all analytical data from your facility's laboratory or a contract laboratory's data sheets for all day(s) that samples were collected. Record the data in the units indicated. Table 1 in Chapter 62-160, F.A.C., contains a complete list of all the data qualifier codes that your laboratory may use when reporting analytical results. However, when transferring numerical results onto Part B of the DMR, only the following data qualifier codes should be used and an explanation provided where appropriate.

CODE	DESCRIPTION/INSTRUCTIONS
<	The compound was analyzed for but not detected.
A	Value reported is the mean (average) of two or more determinations.
J	Estimated value, value not accurate.
Q	Sample held beyond the actual holding time.
Y	Laboratory analysis was from an unpreserved or improperly preserved sample.

Add the results to get the Total and divide by the number of days in the month to get the Monthly Average.

Plant Staffing: List the name, certificate number, and class of all state certified operators operating the facility during the monitoring period. Use additional sheets as necessary.

PART D - GROUND WATER MONITORING REPORT

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Date Sample Obtained: Enter the date the sample was taken. Also, check whether or not the well was purged before sampling.

Time Sample Obtained: Enter the time the sample was taken.

Sample Measurement: Record the results of the analysis. If the result was below the minimum detection limit, indicate that.

Detection Limits: Record the detection limits of the analytical methods used.

Analysis Method: Indicate the analytical method used. Record the method number from Chapter 62-160 or Chapter 62-601, F.A.C., or from other sources.

Sampling Equipment Used: Indicate the procedure used to collect the sample (e.g. airlift, bucket/bailer, centrifugal pump, etc.)

Samples Filtered: Indicate whether the sample obtained was filtered by laboratory (L), filtered in field (F), or unfiltered (N).

Signature: This report must be signed in accordance with Rule 62-620.305, F.A.C. Type or print the name and title of the signing official. Include the telephone number where the official may be reached in the event there are questions concerning this report. Enter the date when the report is signed.

Comments and Explanation: Use this space to make any comments on or explanations of results that are unexpected. If more space is needed, reference all attachments in this area.

SPECIAL INSTRUCTIONS FOR LIMITED WET WEATHER DISCHARGES

Flow (Limited Wet Weather Discharge): Enter the measured average flow rate during the period of discharge or divide gallons discharged by duration of discharge (converted into days). Record in million gallons per day (MGD).

Flow (Upstream): Enter the average flow rate in the receiving stream upstream from the point of discharge for the period of discharge. The average flow rate can be calculated based on two measurements; one made at the start and one made at the end of the discharge period. Measurements are to be made at the upstream gauging station described in the permit.

Actual Stream Dilution Ratio: To calculate the Actual Stream Dilution Ratio, divide the average upstream flow rate by the average discharge flow rate. Enter the Actual Stream Dilution Ratio accurate to the nearest 0.1.

No. of Days the SDF > Stream Dilution Ratio: For each day of discharge, compare the minimum Stream Dilution Factor (SDF) from the permit to the calculated Stream Dilution Ratio. On Part B of the DMR, enter an asterisk (*) if the SDF is greater than the Stream Dilution Ratio on any day of discharge. On Part A of the DMR, add up the days with an "*" and record the total number of days the Stream Dilution Factor was greater than the Stream Dilution Ratio.

CBOD₅: Enter the average CBOD₅ of the reclaimed water discharged during the period shown in duration of discharge.

TKN: Enter the average TKN of the reclaimed water discharged during the period shown in duration of discharge.

Actual Rainfall: Enter the actual rainfall for each day on Part B. Enter the actual cumulative rainfall to date for this calendar year and the actual total monthly rainfall on Part A. The cumulative rainfall to date for this calendar year is the total amount of rain, in inches, that has been recorded since January 1 of the current year through the month for which this DMR contains data.

Rainfall During Average Rainfall Year: On Part A, enter the total monthly rainfall during the average rainfall year and the cumulative rainfall for the average rainfall year. The cumulative rainfall for the average rainfall year is the amount of rain, in inches, which fell during the average rainfall year from January through the month for which this DMR contains data.

No. of Days LWWD Activated During Calendar Year: Enter the cumulative number of days that the limited wet weather discharge was activated since January 1 of the current year.

Reason for Discharge: Attach to the DMR a brief explanation of the factors contributing to the need to activate the limited wet weather discharge.

DEPARTMENT OF ENVIRONMENTAL PROTECTION DISCHARGE MONITORING REPORT - PART A

When Completed mail this report to: Department of Environmental Protection, Central District, 3319 Maguire Boulevard Suite 232, Orlando, FL, 32803-3767

PERMITTEE NAME: Service Management Systems, Inc.
 MAILING ADDRESS: 7500 S. Highway A1A
 Melbourne Beach, FL 32951

PERMIT NUMBER: FLA010352

Expiration Date: March 23, 2013

LIMIT: Final
 CLASS SIZE: N/A

REPORT: Monthly
 GROUP: Domestic

FACILITY: Aquarina Beach Community WWTF
 LOCATION: 235 Hammock Shore Drive
 Melbourne Beach, FL 32941

MONITORING GROUP NUMBER: R-001
 MONITORING GROUP DESC: Drainfield, including Influent

COUNTY: Brevard

NO DISCHARGE FROM SITE:
 MONITORING PERIOD From: _____ To: _____

Parameter		Quantity or Loading	Units	Quality or Concentration	Units	No. Ex.	Frequency of Analysis	Sample Type
Flow (Total through plant)	Sample Measurement							
PARM Code 50050 Y Mon.Site No. FLW-3	Permit Requirement	0.099 (An.Avg.)	MGD				5 Days/Week	Meter
Flow (Total through plant)	Sample Measurement							
PARM Code 50050 I Mon.Site No. FLW-3	Permit Requirement	Report (Mo.Avg.)	MGD				5 Days/Week	Meter
Flow (Influent)	Sample Measurement							
PARM Code 50050 P Mon.Site No. FLW-1	Permit Requirement	Report (An.Avg.)	MGD				5 Days/Week	Meter
Flow (Influent)	Sample Measurement							
PARM Code 50050 Q Mon.Site No. FLW-1	Permit Requirement	Report (Mo.Avg.)	MGD				5 Days/Week	Meter
Flow (R.O. Concentrate)	Sample Measurement							
PARM Code 50050 R Mon.Site No. FLW-2	Permit Requirement	Report (An.Avg.)	MGD				5 Days/Week	Meter
Flow (R.O. Concentrate)	Sample Measurement							
PARM Code 50050 S Mon.Site No. FLW-2	Permit Requirement	Report (Mo.Avg.)	MGD				5 Days/Week	Meter

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME/TITLE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT	SIGNATURE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT	TELEPHONE NO	DATE (YY/MM/DD)

COMMENT AND EXPLANATION OF ANY VIOLATIONS (Reference all attachments here):

DISCHARGE MONITORING REPORT - PART A (Continued)

FACILITY: Aquarina Beach Community WWTF

MONITORING GROUP NUMBER: R-001
 MONITORING PERIOD From: _____ To: _____

PERMIT NUMBER: FLA010352

Parameter		Quantity or Loading		Units	Quality or Concentration		Units	No. Ex.	Frequency of Analysis	Sample Type
BOD, Carbonaceous 5 day, 20C	Sample Measurement									
PARM Code 80082 Y Mon.Site No. EFA-1	Permit Requirement				20.0 (An.Avg.)		MG/L		Monthly	Grab
BOD, Carbonaceous 5 day, 20C	Sample Measurement									
PARM Code 80082 A Mon.Site No. EFA-1	Permit Requirement				Report (Mo.Avg.)	60.0 (Max.)	MG/L		Monthly	Grab
Solids, Total Suspended	Sample Measurement									
PARM Code 00530 A Mon.Site No. EFA-1	Permit Requirement				10.0 (Max.)		MG/L		Monthly	Grab
pH	Sample Measurement									
PARM Code 00400 A Mon.Site No. EFA-1	Permit Requirement				6.0 (Min.)	8.5 (Max.)	SU		5 Days/Week	Grab
Coliform, Fecal	Sample Measurement									
PARM Code 74055 Y Mon.Site No. EFA-1	Permit Requirement				200 (An.Avg.)		#/100ML		Monthly	Grab
Coliform, Fecal	Sample Measurement									
PARM Code 74055 A Mon.Site No. EFA-1	Permit Requirement				Report (Mo.Geo.Mean)	800 (Max.)	#/100ML		Monthly	Grab
Total Residual Chlorine (For Disinfection)	Sample Measurement									
PARM Code 50060 A Mon.Site No. EFA-1	Permit Requirement				0.5 (Min.)		MG/L		5 Days/Week	Grab
Nitrogen, Nitrate, Total (as N)	Sample Measurement									
PARM Code 00620 A Mon.Site No. EFA-1	Permit Requirement				12.0 (Max.)		MG/L		Monthly	Grab
BOD, Carbonaceous 5 day, 20C	Sample Measurement									
PARM Code 80082 G Mon.Site No. INF-1	Permit Requirement				Report (Mo.Avg.)		MG/L		Monthly	Grab
Solids, Total Suspended	Sample Measurement									
PARM Code 00530 G Mon.Site No. INF-1	Permit Requirement				Report (Mo.Avg.)		MG/L		Monthly	Grab
Percent Capacity, (TMADF/ Permitted Capacity) x 100	Sample Measurement									
PARM Code 00180 I Mon.Site No. FLW-3	Permit Requirement				Report		PER-CENT		Monthly	Calculated

DAILY SAMPLE RESULTS - PART B

Permit Number: FLA010352
 Monitoring Period From: _____ To: _____

Facility: Aquarina Beach Community WWTF

	CBOD5 (MG/L)	Fecal Coliform Bacteria (#/100ML)	Nitrogen, Nitrate, Total (as N) (MG/L)	pH (SU)	TSS (MG/L)	TRC (For Disinfect.) (MG/L)	Flow (MGD)	Flow (MGD)	Flow (MGD)	TSS (MG/L)	CBOD5 (MG/L)
Code	80082	74055	00620	00400	00530	50060	50050	50050	50050	00530	80082
Mon. Site	EFA-1	EFA-1	EFA-1	EFA-1	EFA-1	EFA-1	FLW-1	FLW-2	FLW-3	INF-1	INF-1
1											
2											
3											
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29											
30											
31											
Total											
Mo. Avg.											

PLANT STAFFING:

Day Shift Operator Class: _____ Certificate No: _____ Name: _____
 Evening Shift Operator Class: _____ Certificate No: _____ Name: _____
 Night Shift Operator Class: _____ Certificate No: _____ Name: _____
 Lead Operator Class: _____ Certificate No: _____ Name: _____

INSTRUCTIONS FOR COMPLETING THE WASTEWATER DISCHARGE MONITORING REPORT

Read these instructions as well as the SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING THE WASTEWATER DISCHARGE MONITORING REPORT before completing the DMR. Hard copies and/or electronic copies of the required parts of the DMR were provided with the permit. All required information shall be completed in full and typed or printed in ink. A signed, original DMR shall be mailed to the address printed on the DMR by the 28th of the month following the monitoring period. The DMR shall not be submitted before the end of the monitoring period.

The DMR consists of three parts--A, B, and D--all of which may or may not be applicable to every facility. Facilities may have one or more Part A's for reporting effluent or reclaimed water data. All domestic wastewater facilities will have a Part B for reporting daily sample results. Part D is used for reporting ground water monitoring well data.

When results are not available, the following codes should be used on parts A and D of the DMR and an explanation provided where appropriate. Note: Codes used on Part B for raw data are different.

CODE	DESCRIPTION/INSTRUCTIONS
ANC	Analysis not conducted.
DRY	Dry Well
FLD	Flood disaster.
IFS	Insufficient flow for sampling.
LS	Lost sample.
MNR	Monitoring not required this period.

CODE	DESCRIPTION/INSTRUCTIONS
NOD	No discharge from/to site.
OPS	Operations were shutdown so no sample could be taken.
OTH	Other. Please enter an explanation of why monitoring data were not available.
SEF	Sampling equipment failure.

When reporting analytical results that fall below a laboratory's reported method detection limits or practical quantification limits, the following instructions should be used:

1. Results greater than or equal to the PQL shall be reported as the measured quantity.
2. Results less than the PQL and greater than or equal to the MDL shall be reported as the laboratory's MDL value. These values shall be deemed equal to the MDL when necessary to calculate an average for that parameter and when determining compliance with permit limits.
3. Results less than the MDL shall be reported by entering a less than sign (" $<$ ") followed by the laboratory's MDL value, e.g. < 0.001 . A value of one-half the MDL or one-half the effluent limit, whichever is lower, shall be used for that sample when necessary to calculate an average for that parameter. Values less than the MDL are considered to demonstrate compliance with an effluent limitation.

PART A -DISCHARGE MONITORING REPORT (DMR)

Part A of the DMR is comprised of one or more sections, each having its own header information. Facility information is preprinted in the header as well as the monitoring group number, whether the limits and monitoring requirements are interim or final, and the required submittal frequency (e.g. monthly, annually, quarterly, etc.). Submit Part A based on the required reporting frequency in the header and the instructions shown in the permit. The following should be completed by the permittee or authorized representative:

No Discharge From Site: Check this box if no discharge occurs and, as a result, there are no data or codes to be entered for all of the parameters on the DMR for the entire monitoring group number; however, if the monitoring group includes other monitoring locations (e.g., influent sampling), the "NOD" code should be used to individually denote those parameters for which there was no discharge.

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Sample Measurement: Before filling in sample measurements in the table, check to see that the data collected correspond to the limit indicated on the DMR (i.e. interim or final) and that the data correspond to the monitoring group number in the header. Enter the data or calculated results for each parameter on this row in the non-shaded area above the limit. Be sure the result being entered corresponds to the appropriate statistical base code (e.g. annual average, monthly average, single sample maximum, etc.) and units.

No. Ex.: Enter the number of sample measurements during the monitoring period that exceeded the permit limit for each parameter in the non-shaded area. If none, enter zero.

Frequency of Analysis: The shaded areas in this column contain the minimum number of times the measurement is required to be made according to the permit. Enter the actual number of times the measurement was made in the space above the shaded area.

Sample Type: The shaded areas in this column contain the type of sample (e.g. grab, composite, continuous) required by the permit. Enter the actual sample type that was taken in the space above the shaded area.

Signature: This report must be signed in accordance with Rule 62-620.305, F.A.C. Type or print the name and title of the signing official. Include the telephone number where the official may be reached in the event there are questions concerning this report. Enter the date when the report is signed.

Comment and Explanation of Any Violations: Use this area to explain any exceedances, any upset or by-pass events, or other items which require explanation. If more space is needed, reference all attachments in this area.

PART B - DAILY SAMPLE RESULTS

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Daily Monitoring Results: Transfer all analytical data from your facility's laboratory or a contract laboratory's data sheets for all day(s) that samples were collected. Record the data in the units indicated. Table 1 in Chapter 62-160, F.A.C., contains a complete list of all the data qualifier codes that your laboratory may use when reporting analytical results. However, when transferring numerical results onto Part B of the DMR, only the following data qualifier codes should be used and an explanation provided where appropriate.

CODE	DESCRIPTION/INSTRUCTIONS
<	The compound was analyzed for but not detected.
A	Value reported is the mean (average) of two or more determinations.
J	Estimated value, value not accurate.
Q	Sample held beyond the actual holding time.
Y	Laboratory analysis was from an unpreserved or improperly preserved sample.

Add the results to get the Total and divide by the number of days in the month to get the Monthly Average.

Plant Staffing: List the name, certificate number, and class of all state certified operators operating the facility during the monitoring period. Use additional sheets as necessary.

PART D - GROUND WATER MONITORING REPORT

Monitoring Period: Enter the month, day, and year for the first and last day of the monitoring period (i.e. the month, the quarter, the year, etc.) during which the data on this report were collected and analyzed.

Date Sample Obtained: Enter the date the sample was taken. Also, check whether or not the well was purged before sampling.

Time Sample Obtained: Enter the time the sample was taken.

Sample Measurement: Record the results of the analysis. If the result was below the minimum detection limit, indicate that.

Detection Limits: Record the detection limits of the analytical methods used.

Analysis Method: Indicate the analytical method used. Record the method number from Chapter 62-160 or Chapter 62-601, F.A.C., or from other sources.

Sampling Equipment Used: Indicate the procedure used to collect the sample (e.g. airlift, bucket/bailer, centrifugal pump, etc.)

Samples Filtered: Indicate whether the sample obtained was filtered by laboratory (L), filtered in field (F), or unfiltered (N).

Signature: This report must be signed in accordance with Rule 62-620.305, F.A.C. Type or print the name and title of the signing official. Include the telephone number where the official may be reached in the event there are questions concerning this report. Enter the date when the report is signed.

Comments and Explanation: Use this space to make any comments on or explanations of results that are unexpected. If more space is needed, reference all attachments in this area.

SPECIAL INSTRUCTIONS FOR LIMITED WET WEATHER DISCHARGES

Flow (Limited Wet Weather Discharge): Enter the measured average flow rate during the period of discharge or divide gallons discharged by duration of discharge (converted into days). Record in million gallons per day (MGD).

Flow (Upstream): Enter the average flow rate in the receiving stream upstream from the point of discharge for the period of discharge. The average flow rate can be calculated based on two measurements; one made at the start and one made at the end of the discharge period. Measurements are to be made at the upstream gauging station described in the permit.

Actual Stream Dilution Ratio: To calculate the Actual Stream Dilution Ratio, divide the average upstream flow rate by the average discharge flow rate. Enter the Actual Stream Dilution Ratio accurate to the nearest 0.1.

No. of Days the SDF > Stream Dilution Ratio: For each day of discharge, compare the minimum Stream Dilution Factor (SDF) from the permit to the calculated Stream Dilution Ratio. On Part B of the DMR, enter an asterisk (*) if the SDF is greater than the Stream Dilution Ratio on any day of discharge. On Part A of the DMR, add up the days with an "*" and record the total number of days the Stream Dilution Factor was greater than the Stream Dilution Ratio.

CBOD₅: Enter the average CBOD₅ of the reclaimed water discharged during the period shown in duration of discharge.

TKN: Enter the average TKN of the reclaimed water discharged during the period shown in duration of discharge.

Actual Rainfall: Enter the actual rainfall for each day on Part B. Enter the actual cumulative rainfall to date for this calendar year and the actual total monthly rainfall on Part A. The cumulative rainfall to date for this calendar year is the total amount of rain, in inches, that has been recorded since January 1 of the current year through the month for which this DMR contains data.

Rainfall During Average Rainfall Year: On Part A, enter the total monthly rainfall during the average rainfall year and the cumulative rainfall for the average rainfall year. The cumulative rainfall for the average rainfall year is the amount of rain, in inches, which fell during the average rainfall year from January through the month for which this DMR contains data.

No. of Days LWWD Activated During Calendar Year: Enter the cumulative number of days that the limited wet weather discharge was activated since January 1 of the current year.

Reason for Discharge: Attach to the DMR a brief explanation of the factors contributing to the need to activate the limited wet weather discharge.



Florida Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

NOTICE OF PERMIT ISSUANCE

Sent via e-mail: kathyrayburn@cfl.rr.com

SERVICE MANAGEMENT SYSTEMS INC
7500 SOUTH HIGHWAY A1A
MELBOURNE BEACH FL 32951

ATTENTION MARTIN SADKIN
OFFICER/MANAGER

Brevard County - DW
Aquarina Beach Community WWTF

Enclosed is Permit Number FLA010352 to operate a domestic wastewater facility issued under Section(s) 403.087 and 403.0885 of the Florida Statutes.

The Department's proposed agency action shall become final unless a timely petition for an administrative hearing is filed under sections 120.569 and 120.57 of the Florida Statutes before the deadline for filing a petition. The procedures for petitioning for a hearing are set forth below.

A person whose substantial interests are affected by the Department's proposed permitting decision may petition for an administrative proceeding (hearing) under sections 120.569 and 120.57 of the Florida Statutes. The petition must contain the information set forth below and must be filed (received by the clerk) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida 32399-3000.

Petitions by the applicant or any of the parties listed below must be filed within fourteen days of receipt of this written notice. Petitions filed by any persons other than those entitled to written notice under section 120.60(3) of the Florida Statutes must be filed within fourteen days of publication of the notice or within fourteen days of receipt of the written notice, whichever occurs first.

Under section 120.60(3) of the Florida Statutes, however, any person who has asked the Department for notice of agency action may file a petition within fourteen days of receipt of such notice, regardless of the date of publication.

The petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under sections 120.569 and 120.57 of the Florida Statutes. Any subsequent intervention (in a proceeding initiated by another party) will be only at the discretion of the presiding officer upon the filing of a motion in compliance with rule 28-106.205 of the Florida Administrative Code.

A petition that disputes the material facts on which the Department's action is based must contain the following information:

- (a) The name, address, and telephone number of each petitioner; the name, address, and telephone number of the petitioner's representative, if any; the Department permit identification number and the county in which the subject matter or activity is located;
- (b) A statement of how and when each petitioner received notice of the Department action;
- (c) A statement of how each petitioner's substantial interests are affected by the Department action;
- (d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- (e) A statement of facts that the petitioner contends warrant reversal or modification of the Department action;
- (f) A concise statement of the ultimate facts alleged, as well as the rules and statutes which entitle the petitioner to relief; and
- (g) A statement of the relief sought by the petitioner, stating precisely the action that the petitioner wants the Department to take.

A petition that does not dispute the material facts on which the Department's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by rule 28-106.301.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Department's final action may be different from the position taken by it in this notice. Persons whose substantial interests will be affected by any such final decision of the Department have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

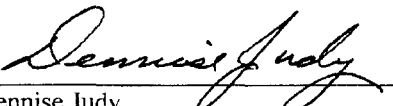
Mediation under section 120.573 of the Florida Statutes is not available for this proceeding.

This action is final and effective on the date filed with the Clerk of the Department unless a petition is filed in accordance with the above. Upon the timely filing of a petition this order will not be effective until further order of the Department.

Any party to the order has the right to seek judicial review of the order under section 120.68 of the Florida Statutes, by the filing of a notice of appeal under rule 9.110 of the Florida Rules of Appellate Procedure with the Clerk of the Department in the Office of General Counsel, Mail Station 35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000; and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice of appeal must be filed within 30 days from the date when the final order is filed with the Clerk of the Department.

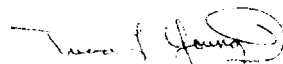
Executed in Orlando, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION


Dennise Judy
Program Manager
Domestic Waste
3319 Maguire Boulevard, Suite 232
Orlando, FL 32803-3767
Phone: (407)894-7555

Date: March 31, 2008

Filed, on this date, pursuant to Section 120.52, F.S., with the designated Department Clerk, receipt of which is hereby acknowledged.



Clerk

March 31, 2008

Date

DJ/wl/cs/ply

Enclosures: Permit and DMR

Copies furnished to:

Compliance Section (via e-mail)

Groundwater Section (via e-mail)

Mark Cadenhead, P.E. (via e-mail: mark_cadenhead@bellsouth.net)

CERTIFICATE OF SERVICE

This is to certify that this NOTICE OF PERMIT ISSUANCE and all copies were mailed before close of business on March 31, 2008 to the listed persons, by James J. Young.

Document 5-Brevard County Fire Department Inspection Certificate

BREVARD COUNTY
FIRE DEPARTMENT
INSPECTION
CERTIFICATE

27606
ACCOUNT NUMBER

28
12/27/2007

CERTIFICATE AS INDICATED
FOR THE FOLLOWING LOCATION:

AQUARINA BEACH & COUNTRY CLUB

ISSUED PURSUANT AND SUBJECT TO FLORIDA STATUTES AND BREVARD COUNTY ORDINANCES, ISSUANCE DOES NOT
CERTIFY COMPLIANCE WITH ZONING OR OTHER LAWS. THIS CERTIFICATE MUST BE POSTED CONSPICUOUSLY IN
PLACE OF BUSINESS.

171 AQUARINA BLVD
MELBOURNE BEACH, FL 32951

DESCRIPTION	CODE	AMOUNT
Industrial	I	800
Pump-BldgB		

MAILING ADDRESS:

AQUARINA BEACH & COUNTRY CLUB

7500 S A1A

MELBOURNE BEACH FL 32951

INDIAN RIVER NO 1 DEVELOPERS

OWNED BY:

AMOUNT PAID ON THIS TRANSACTION \$25.00
04/18/2008

UPON A CHANGE OF OWNERSHIP OR LOCATION, THIS CERTIFICATE IS NON-TRANSFERABLE.

BREVARD COUNTY
FIRE DEPARTMENT
INSPECTION
CERTIFICATE

27609
ACCOUNT NUMBER

28
12/27/2007

CERTIFICATE AS INDICATED
FOR THE FOLLOWING LOCATION:

AQUARINA BEACH & COUNTRY CLUB

ISSUED PURSUANT AND SUBJECT TO FLORIDA STATUTES AND BREVARD COUNTY ORDINANCES, ISSUANCE DOES NOT
CERTIFY COMPLIANCE WITH ZONING OR OTHER LAWS. THIS CERTIFICATE MUST BE POSTED CONSPICUOUSLY IN
PLACE OF BUSINESS.

235 AQUARINA BLVD
MELBOURNE BEACH, FL 32951

DESCRIPTION	CODE	AMOUNT
Business	B	2680
Admin		

MAILING ADDRESS:

AQUARINA BEACH & COUNTRY CLUB

7500 S A1A

MELBOURNE BEACH FL 32951

INDIAN RIVER NO 1 DEVELOPERS

OWNED BY:

AMOUNT PAID ON THIS TRANSACTION \$35.00
04/18/2008

UPON A CHANGE OF OWNERSHIP OR LOCATION, THIS CERTIFICATE IS NON-TRANSFERABLE.