

# Investment AB Kinnevik

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## INTERIM REPORT 1 JANUARY-30 JUNE 2010

### Financial results for the second quarter

- The market value of the Group's securities in Major Listed Holdings amounted to SEK 46,814 m on 30 June, an increase of SEK 1,837<sup>1)</sup> m corresponding to 4% since 31 March 2010.
- Korsnäs' operating profit increased with 46% to SEK 243 m (167) and the operating margin was 12.1% (7.8%) including calculated conflict compensation.
- The Group's total revenue amounted to SEK 2,080 m (2,192).
- Net result after tax, including changes in fair value of financial assets, amounted to a profit of SEK 1,831 m (7,649) corresponding to a profit per share of SEK 6.59 (29.35).

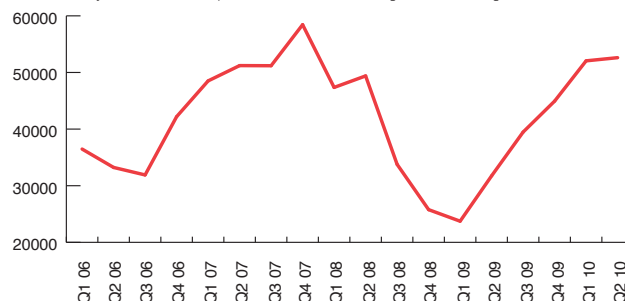
### Financial results for the first half year

- The market value of the Group's securities in Major Listed Holdings increased by SEK 8,371<sup>1)</sup> m corresponding to 20%.
- Korsnäs' operating profit increased with 54% to SEK 442 m (287) and the operating margin was 10.6% (6.9%) including calculated conflict compensation.
- The Group's total revenue amounted to SEK 4,363 m (4,285).
- Net result after tax, including changes in fair value of financial assets, amounted to a profit of SEK 8,665 m (5,697) corresponding to a profit per share of SEK 31.21 (21.85).

<sup>1)</sup> Including dividends received.

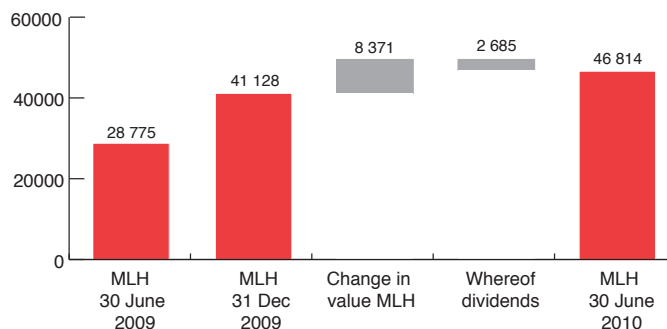
### Kinnevik's net asset value 2006-2010

Pro forma adjusted for the acquisition of Emesco during Q3 2009. Figures in SEK m.



### Market value - Major Listed Holdings

Pro forma adjusted for the acquisition of Emesco during Q3 2009. Figures in SEK m.



“The Kinnevik companies have demonstrated solid operational developments in the first half of 2010. Sales growth was strong in most companies and operating margins are at record levels following our focus on customer needs and cost control. The Kinnevik balance sheet has been considerably strengthened in the quarter following dividend pay-outs from our holdings. This gives Kinnevik higher financial flexibility and allows us to continue to focus on the operational needs of our portfolio companies as well as developing our New Ventures portfolio”, says Mia Brunell Livfors, CEO of Kinnevik.



Kinnevik was founded in 1936 and thus embodies more than seventy years of entrepreneurship under the same group of principal owners. Kinnevik's holdings of growth companies are focused around three comprehensive business areas; Major Unlisted Holdings which includes the cartonboard and paper company Korsnäs including shares in Bergvik Skog, Major Listed Holdings which includes Millicom International Cellular S.A. ("Millicom"), Tele2 AB ("Tele2"), Modern Times Group MTG AB ("MTG"), Transcom WorldWide S.A. ("Transcom") and Metro International S.A. ("Metro"), and New Ventures which is active in finding new investments in small and mid sized companies with a significant growth potential. Kinnevik has a long history of investing in emerging markets which has resulted in a considerable exposure to consumer sectors in these markets. Kinnevik plays an active role on the Boards of its holdings.

## Events during the second quarter

- During the period 16-26 April, Korsnäs Gävle was involved in a strike called by the Swedish Paper Workers Union, which entailed that all production ceased for a total of 12 days. The direct financial consequences of the strike will be offset in accordance with a resolution by the Confederation of Swedish Enterprise. Korsnäs has requested SEK 84 million in compensation, which is included in operating profits for the second quarter. Unfortunately, the strike forced Korsnäs to decline deliveries during the second quarter.
- Kinnevik has in the second quarter received dividends from its Major Listed Holdings and paid dividends to the shareholders according to the following:

Dividends received from Major Listed Holdings (SEK m)

Millicom	USD 6/share	1 818
Tele2	SEK 5.85/share	793
MTG	SEK 5.50/share	74

**Total dividends received from Major Listed Holdings** **2 685**

Of which ordinary dividends 1 020

**Dividend paid to Kinnevik's shareholders** **831**

## Events after the end of the reporting period

At the beginning of July, Kinnevik has signed the following agreements within New Ventures:

- to contribute new capital to the Russian online company Avito alongside another financial investor. Kinnevik's part of the issue amounts to SEK 148 m.
- to invest USD 40 m in the African microfinance company Bayport, following which ownership will increase to 34% from previously 7% after full dilution.

## Total return

### The Kinnevik share's average annual total return

Past 30 years <sup>1)</sup>	20%
Past 5 years	17%
Full year 2009	73%

<sup>1)</sup> Based on the assumption that shareholders have retained their allotment of shares in Tele2, MTG, Metro and Transcom.

## Consolidated earnings during the second quarter

The Group's total revenue during the second quarter amounted to SEK 2,080 m, compared with SEK 2,192 m in the preceding year.

The Group's operating profit amounted to SEK 233 m (169). The increase is primarily attributable to increased operating profit within Korsnäs of SEK 76 m.

The change in fair value of financial assets and dividends received amounted to SEK 1,681 m (7,559), of which SEK 1,837 m (7,398) was related to Major Listed Holdings and a loss of SEK 173 m (profit of 153) to New Ventures. Dividends received amounted to SEK 2,689 m (684) (including dividend from Bergvik Skog of SEK 4 m) of which ordinary dividends SEK 1,020 m (496).

Net profit amounted to SEK 1,831 m (7,649), corresponding to SEK 6.59 (29.35) per share.

## Consolidated earnings during the first half year

The Group's total revenue during the first half year amounted to SEK 4,363 m, compared with SEK 4,285 m in the preceding year.

The Group's operating profit amounted to SEK 437 m (293). The increase is primarily attributable to increased operating profit within Korsnäs of SEK 155 m.

The change in fair value of financial assets and dividends received amounted to SEK 8,352 m (5,571), of which SEK 8,371 m (5,418) was related to Major Listed Holdings and a loss of SEK 50 m (profit of 143) to New Ventures.

Net profit amounted to SEK 8,665 m (5,697), corresponding to SEK 31.21 (21.85) per share.

## The Group's cash flow and investments

The Group's cash flow from operations excluding change in working capital amounted to SEK 517 m (607) during the first half year. The decrease is, among others, explained by SEK 232 m higher tax payments in 2010. Working capital decreased by SEK 94 m (decrease 114). The change in working capital includes a positive effect of reduction in inventories of SEK 190 m (237).

Investments in tangible and intangible fixed assets amounted to SEK 309 m (376) during the period.



Investments in securities during the first half year are shown in the tables below.

1 Jan-30 June 2010	Acquired share/ financial instrument	Amount (SEK m)
<b>Other shares and securities</b>		
Black Earth Farming Ltd	4%	124
Bomhus Energi AB	50%	33
EIH and portfolio companies	shares/warrants	373
Microvest	fund participation	8
Vosvik (Yellow Pages/Avito)	capital contribution	79
		<b>617</b>

1 Jan-30 June 2009

<b>Subsidiaries</b>		
Korsnäs Rockhammar	100%	147
		<b>147</b>
<b>Other shares and securities</b>		
RawAgro, Ukraine	30%	31
Microvest II	fund participation	10
R2 International	20%	11
Metro	warrants	106
Metro	debentures	168
Vosvik/Kontakt East	convertible loan	13
		<b>339</b>

## The Group's liquidity and financing

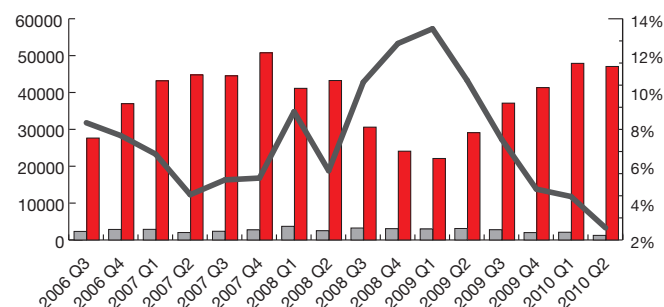
The Group's available liquidity, including short-term investments and available credit facilities, totalled SEK 6,081 m at 30 June 2010 and SEK 3,942 m at 31 December 2009.

The Group's interest-bearing net debt amounted to SEK 6,331 m and SEK 8,233 m on the same dates. Of the total net debt at 30 June 2010, SEK 5,423 m pertained to external net debt within Korsnäs or with shares in Korsnäs as collateral, and SEK 1,249 m of the loans was pledged by shares within Major Listed Holdings.

Leverage within Major Unlisted Holdings and Major Listed Holdings has developed according to the charts below.

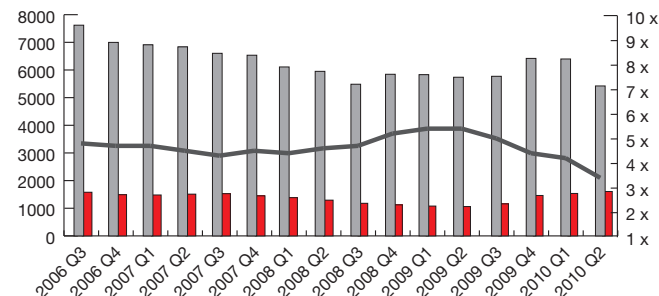
## Major Listed Holdings

Debt SEK m (grey bar) and Asset Value SEK m (red bar)  
Line shows Debt as percentage of Asset Value



## Major Unlisted Holdings

Net Debt SEK m (grey bar) and EBITDA SEK m (red bar)  
Line shows Net Debt in relation to EBITDA (right axis)



The group has, since 31 March, signed credit facilities totaling SEK 7,450 m, replacing former credit facilities of SEK 7,060 m. After the refinancing the loans carry an interest rate according to Stibor or similar base rate with an average margin of 1.5%. All loans have fixed interest terms of no longer than three months. At 30 June 2010, the average remaining duration for all credit facilities amounted to 3.6 years.

Of the Group's interest expenses and other financial costs of SEK 92 m (137), interest expenses amounted to SEK 83 m (131). This means that the average interest rate for the first half year was 1.8% (2.8%) (calculated as interest expense in relation to average interest-bearing liabilities).

The Group's borrowing is primarily arranged in SEK. On an annual basis, the net flow in foreign currencies, excluding dividends received, is a net inflow of about SEK 600 m, comprised mainly of Korsnäs' sales in Euro.

# Book and fair value of assets



	Book value 2010 30 June	Fair value 2010 30 June	Fair value 2009 30 June	Fair value 2009 31 Dec	Change in stock price since 31 Dec 2009 <sup>1)</sup>
<b>Major Unlisted Holdings</b>					
Korsnäs Industrial and Forestry	6 662	9 671 <sup>2)</sup>	7 941 <sup>2)</sup>	9 740 <sup>2)</sup>	
Bergvik Skog <sup>3)</sup>	519	519	455	492	
Interest bearing net debt relating to Korsnäs	-5 423	-5 423	-5 738	-6 419	
<b>Total Major Unlisted Holdings</b>	<b>1 759</b>	<b>4 767</b>	<b>2 658</b>	<b>3 813</b>	
Major Listed Holdings <sup>4)</sup>					
Millicom	24 082	24 082	16 421	20 166	28%
Tele2	15 853	15 853	9 775	14 932	12%
MTG	5 809	5 809	2 131	4 805	22%
Transcom	392	392	285	637	-38%
Metro shares	290	290	163	243	19%
warrants <sup>5)</sup>	388	388	157	345	12%
subordinated debentures, interest bearing	208	244	169	196	
Interest-bearing debt relating to Major Listed Holdings	-1 249	-1 249	-3 115	-2 001	
<b>Total Major Listed Holdings</b>	<b>45 773</b>	<b>45 809</b>	<b>25 986</b>	<b>39 323</b>	
New Ventures					
Black Earth Farming <sup>4)</sup>	653	653	649	595	-8%
Unlisted New Ventures <sup>6)</sup>	1 219	1 330	781	816	
Interest-bearing net debt relating to New Ventures	-70	-70	-163	-117	
<b>Total New Ventures</b>	<b>1 802</b>	<b>1 913</b>	<b>1 267</b>	<b>1 294</b>	
Other assets and liabilities <sup>7)</sup>	124	124	59	399	
<b>Total equity/net asset value</b>	<b>49 458</b>	<b>52 613</b>	<b>29 970</b>	<b>44 829</b>	
<b>Net asset value per share, SEK</b>		<b>189.83</b>	<b>115.06</b>	<b>161.75</b>	
Closing price class B share, SEK		125.80	79.00	107.00	20%

<sup>1)</sup> Including dividends received.

<sup>2)</sup> Consensus among analysts covering Kinnevik.

<sup>3)</sup> Corresponding to 5% of the Company's equity.

<sup>4)</sup> Market value.

<sup>5)</sup> Warrants in Metro are valued at fair value and included in change in fair value of Major Listed Holdings.

<sup>6)</sup> For split per investment refer to table on page 11.

<sup>7)</sup> Book value.



## Kinnevik's proportional part of revenue and operating result in its holdings

Jan-June 2010 (SEK m)	Equity interest	Reported		Proportional part of		Change compared to Jan-June 2009	
		revenue	EBIT	revenue	EBIT	revenue	EBIT
Korsnäs	100.0%	4 162	442	4 162	442	1%	54%
Millicom	34.7%	13 547	3 649	4 701	1 266	15%	20%
Tele2	30.8%	20 090	3 840	6 188	1 183	2%	38%
MTG	20.5%	7 394	1 248	1 516	256	7%	52%
Transcom	22.3%	2 898	78	646	17	5%	-43%
Metro	46.6%	1 013	-9	472	-4	-2%	N/A
New Ventures	-	641	-112	277	-19	18%	N/A
<b>Total sum of Kinnevik's proportional part of revenue and operating result</b>				<b>17 962</b>	<b>3 141</b>	<b>6%</b>	<b>37%</b>

The table above is a compilation of the holdings' revenues and operating result reported for the first half of 2010. Divested operations, assets held for sale and one-off items have been excluded.

Revenues and operating result reported by the companies have been multiplied by Kinnevik's ownership share at the end of the reporting period, thereby showing Kinnevik's proportional share of the companies' revenues and operating result.

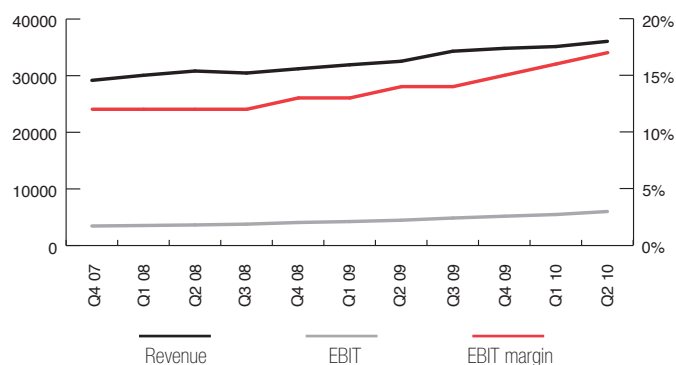
The proportional share of revenues and operating result has no connection with Kinnevik's accounting and is only additional information.

## The Kinnevik portfolio in the first half year

The Kinnevik portfolio companies have demonstrated solid operational development in the first half of the year with strong sales growth in most companies as well as record operating margins. The sales growth has been supported by the companies' focus on the consumer sector as well as the bias towards sales in emerging markets. Around 40% of Kinnevik's sales on a proportional basis derives from emerging markets in Eastern Europe, Central and South America and Africa where growth has been superior to that of developed markets. In addition to their growth focus, the Kinnevik companies have benefited considerably from being financially solid throughout the financial crisis. This has enabled the companies to continue to focus on operational metrics, growing market shares, strengthening cash-flows and increasing dividends. For Kinnevik, this has meant a considerable inflow of dividends from the Major Listed Holdings. Despite increasing its own dividend pay out by 50% and investments of a total of SEK 617 m in the first half of the year in the New Ventures portfolio as well as in energy investments related to Korsnäs, Kinnevik's net financial position has been further strengthened in the second quarter.

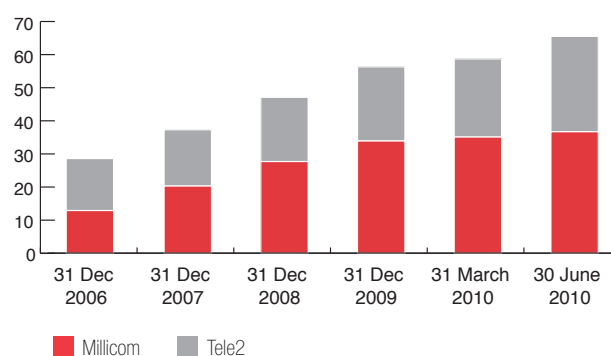
## Kinnevik's proportional part of revenue and operating result in its holdings

Rolling four quarters. Figures in SEK m.



## Customer development in mobile telephony 2006-2010

Figures in millions.





## Korsnäs

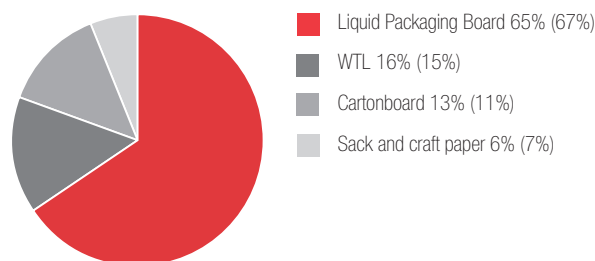
Korsnäs Industrial conducts virgin fiber-based packaging material primarily for consumer products at its two mills in Gävle and Frövi and CTMP pulp for internal use at the Rockhammar mill. Korsnäs Forestry is responsible for purchases of wood and fiber for Korsnäs Industrial and also conducts external sales, primarily of sawn timber. Korsnäs also owns 5% of the shares in Bergvik Skog AB.

Key data (SEK m)	Jan-June		April-June	
	2010	2009	2010	2009
<b>Korsnäs Industrial</b>				
Revenue	3 631	3 611	1 720	1 823
EBIT	422	280	234	165
Operating margin	11.6%	7.8%	13.6%	9.1%
<b>Korsnäs Forestry</b>				
Revenue	531	492	283	317
EBIT	20	7	9	2
<b>Korsnäs Group</b>				
Revenue	4 162	4 103	2 003	2 140
EBIT	442	287	243	167
Operating margin	10.6%	6.9%	12.1%	7.8%
Return on operational capital	11.4%	7.2%	12.5%	8.5%
<b>Cash flow data</b>				
EBITDA	740	596	393	322
Change in working capital	108	174	-17	112
Cash flow from operations	636	790	336	488
Investments in tangible fixed assets	-273	-372	-144	-255
Deliveries thousand tons	521	526	252	271
Production thousand tons	498	496	237	253

The first half year was characterized by an increasingly strong demand in all Korsnäs' product areas. During the period 16-26 April, Korsnäs Gävle and five other Swedish paper mills were involved in a strike called by the Swedish Paper Workers Union, which entailed that all production at Korsnäs Gävle ceased for a total of 12 days. The direct financial consequences of the strike will be offset in accordance with a resolution by the Confederation of Swedish Enterprise. Korsnäs has requested SEK 84 m in compensation, which is included in operating profits for the second quarter. Unfortunately, the strike forced Korsnäs to decline deliveries during the second quarter, which is the reason for the reduction in deliveries compared with the year-earlier period. The effects of the strike have primarily impacted deliveries of Liquid Packaging Board, White Top Liner (WTL), as well as sack and kraft paper. Within cartonboard, deliveries increased 20% compared with the first half year of 2009 despite continued tough competition. Price increases were implemented in all product areas. The effects of the implemented price increases were counteracted by the strengthened SEK, which resulted in lower revenues per ton, compared with the first half of 2009, within the product areas in which invoicing takes place in a currency other than SEK.

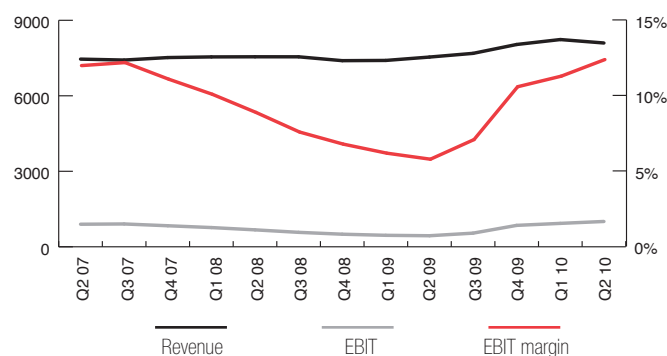
### Korsnäs Industrial's sales volume divided per product Jan-Jun 2010

Numbers in brackets refer to Jan-June 2009.



### Korsnäs financial development 2007-2010

Rolling four quarters. Revenues and EBIT in SEK m.



Production during the first quarter of the year was affected by unplanned stoppages of operations in the recovery boilers in both Gävle and Frövi, which resulted in a total production loss of about 14 Ktons of paper and cartonboard products. Production during the first quarter of 2009 was affected by market related production shutdowns of individual paper machines lowering production of about 20 Ktons. The production decline at Korsnäs Gävle resulting from the strike during the second quarter amounted to about 24 Ktons.

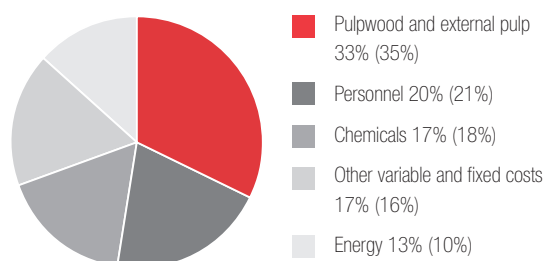




Pulp wood prices within Korsnäs' catchment area increased as of January 2010 by SEK 25/m<sup>3</sup>fub, and as of 14 May by SEK 30/m<sup>3</sup>fub for coniferous pulpwood and SEK 25/m<sup>3</sup>fub for deciduous pulpwood. The price increases for pulp wood will have a negative impact on Korsnäs' operating profit with a delay of about three to six months. The price increases follow on a period with a number of price reductions totaling SEK 80/m<sup>3</sup>fub from the third quarter of 2008 through the fourth quarter of 2009.

## Distribution of operating costs Jan-June 2010

Excluding depreciation, Korsnäs Industrial. Numbers in brackets refer to Jan-June 2009.



Korsnäs' operating profit for the first half year increased to SEK 442 m, an increase of 54% from SEK 287 m in the year-earlier period. Operating profit for the second quarter amounted to SEK 243 m, up 46% from SEK 167 m for the second quarter of the preceding year. Profit for the second quarter includes requested strike compensation of SEK 84 m from the Confederation of Swedish Enterprises. The increase in profit is primarily attributable to increased sales prices in local currencies, increased production and higher delivery volumes (less strike impact), which were counteracted by effects of higher energy prices and a strengthened exchange rate. The explanatory items are presented in the table below:

Explanation items in changes in EBIT (SEK m)	Jan-June	Apr-June
EBIT previous year	287	167
Delivery and production volumes and changed product mix	30	-35
Cost changes for chemicals	45	25
Cost changes for pulpwood and external pulp <sup>1)</sup>	15	-30
Cost changes for energy	-45	-20
Sales prices including currency effects	-45	-10
Change in fixed costs	30	30
Revaluation of inventories	30	30
Requested strike compensation	84	84
Other	11	2
<b>EBIT current year</b>	<b>442</b>	<b>243</b>

<sup>1)</sup> Includes lower costs for CTMP pulp as a result of the acquisition of Rockhammar.

During February, a permit was granted by the Environmental Court to increase production of chemico-thermo-mechanical pulp (CTMP) at the pulp mill in Rockhammar from 60 Ktons to 90 Ktons per year. With this capacity increase, which took place in March, Korsnäs is self-sufficient in pulp for the entire Group's paper and cartonboard production.

In May, a new evaporation plant for the pulp mill in Gävle was put in operation. The investment amounts to a total of about SEK 550 m, of which SEK 215 m will affect cash flow during 2010 (SEK 141 m during the first half year). The new evaporation plant is expected to reduce Korsnäs' oil consumption by about 19,000 m<sup>3</sup> per year, thus resulting in lower energy costs.

In March, final agreements were signed with Gävle Municipality regarding investment in Bomhus Energi AB ("Bomhus"). On the same date, Bomhus signed a contract for external bank financing to ensure full financing of the company's investment of about SEK 1.8 billion in a new bio-energy plant in Korsnäs' industrial area in Gävle. The objective of the new bio-energy plant is to ensure delivery starting in 2013 of environmentally friendly electricity and steam to the Korsnäs plant and district heating to Gävle Energi's customers. For Korsnäs, the investment in 50% of the shares and debenture loan in Bomhus will amount to about SEK 320 m, of which SEK 33 m were paid during the first quarter. In addition to investments in Bomhus, Korsnäs will make further energy investments of about SEK 145 m in the existing plant for delivery of waste heat to Gävle Energi AB. The investments will mean that Korsnäs' oil consumption is significantly reduced, while electricity production and the use of waste heat from the Korsnäs plant increases. With the new investments, Korsnäs Gävle will increase the proportion of internally produced electricity from 38% to 45%. The new bio-energy plant will be operational during autumn 2012. The investments of about SEK 465 m will affect Korsnäs' cash flow during 2010 to 2012.

Planned maintenance stoppages at the plants in Gävle and Frövi are shown in the table below. The quarterly differences compared with planned maintenance stoppages in 2009 is expected to result in lower maintenance costs and production losses during the third quarter, while increased stoppages are expected in the fourth quarter, compared with the corresponding quarters in 2009.

Implemented and planned maintenance stoppages	2010	2009
Korsnäs Gävle	Q2: 2 days Q4: 9 days	Q2: 9 days Q4: 4 days
Korsnäs Frövi	Q2: 11 days	Q2: 2 days Q3: 2 days



Company	Class A shares	Class B-shares	Equity interest %	Voting interest %	Fair value			Change in stock price since 31 Dec 2009 % <sup>1)</sup>
					30 Jun 2010	30 Jun 2009	31 Dec 2009	
Millicom	37 835 438		34.7	34.7	24 082	16 421	20 166	28%
Tele2	18 507 492	116 988 645	30.8	48.0	15 853	9 775	14 932	12%
MTG	5 199 491	8 304 365	20.5	48.0	5 809	2 131	4 805	22%
Transcom	16 339 448		22.3	44.6	392	285	637	-38%
Metro shares	112 122 875	133 798 591	46.6	42.4	290	163	243	19%
Metro warrants, 717 715 821					388	157	345	12%
Metro subordinated debentures, nominal value SEK 359 m					244	169	196	
<b>Total</b>					<b>47 058</b>	<b>29 101</b>	<b>41 324</b>	

<sup>1)</sup> Including dividends received.

## Millicom

Millicom offers affordable and easily accessible mobile telephony services to all market segments in 13 countries in Latin America and Africa.

Key data (USD m)	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	1 834	1 593	929	814
EBITDA	860	723	436	371
Operating profit, EBIT	494	410	256	209
Net profit	290	254	134	114
Number of mobile subscribers (million)	36.7	30.8		

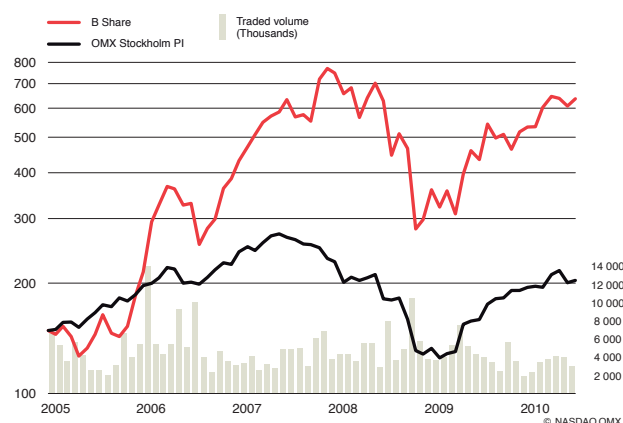
During the second quarter 2010, Millicom's customer growth continued to be strong and the total customer base grew by 5% compared to the first quarter and by 19% compared to the second quarter 2009. Chad was the market with the largest customer growth and grew by 53% year-on-year, followed by DRC with 44% and Tanzania with 43%.

The company's EBITDA margin continued to improve and reached 47% in the second quarter of 2010. Furthermore, the operating free cash flow margin amounted to USD 227 m during the quarter, or 24% of revenues.

At the company's annual general meeting in the end of

May, Mr. Allen Sangines-Krause was elected Chairman and Mr. Daniel Johannesson was elected Vice Chairman of the Board.

On 1 July, Millicom announced that the company has reached an agreement with its local partner in Honduras, which gives Millicom full control of Celtel, its Honduran subsidiary. As a result of this agreement, Celtel will now be fully consolidated into the group financial statements from Q3 2010.



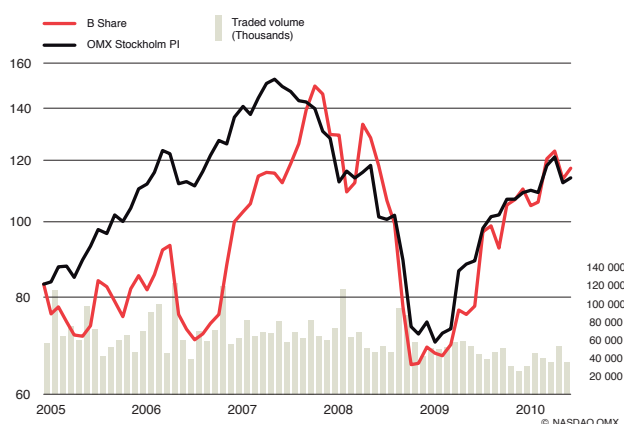




## Tele2

Tele2 offers products and services within fixed and mobile telephony, broadband, computer networks and cable TV, with a geographical focus on Russia, Eastern Europe and the Nordics.

Key data (SEK m)	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	20 090	19 681	10 555	9 853
EBITDA	5 045	4 690	2 687	2 446
Operating profit, EBIT	3 840	2 792	2 294	1 445
Net profit	2 912	1 850	1 644	1 179
Number of subscribers (million)	28.8	24.9		



The strong customer growth in Tele2 Russia continued during the second quarter of 2010. During the quarter, the Russian operation added 1.1 million customers and the customer base currently amounts to 16.5 million or 57% of the company's total number of customers.

Tele2 Sweden reported a solid second quarter with 5% net sales growth compared to the same quarter 2009 and an EBITDA margin of 34.5%.

In April, Tele2 Netherlands was awarded a mobile license of 2 x 20 Mhz in the 2.6 GHz frequency band. The frequency is specifically suited for next generation mobile internet, LTE.

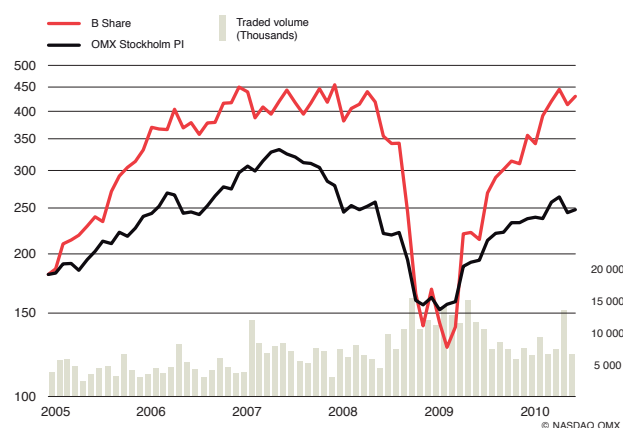
At the end of May, the company announced that it had acquired the remaining 50% of Spring Mobil from Swefour AB for approximately SEK 100 m. Spring Mobil operates on the Swedish Business market.

In July, Tele2 declared that the company will acquire the Dutch operator BBNed from Telecom Italia for approximately SEK 475 m. BBNed is a provider of fixed telephony and broadband telecommunication services in the Netherlands.

## Modern Times Group MTG

MTG is an international media company with the second largest geographic spread in radio and TV operations in Europe. MTG's free- and pay-TV channels reach more than 125 million people in 31 countries.

Key data (SEK m)	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	7 394	6 920	3 870	3 584
Operating profit/loss, EBIT	1 248	822	726	588
Net profit	822	582	522	436



MTG's sales, at constant exchange rates, were up 13% in the second quarter of 2010 compared to the same quarter in 2009. At the same time, EBIT increased by 23% year-on-year.

In April, MTG announced that the company intends to demerge its Internet Retailing business by means of the distribution of shares in CDON Group to MTG's shareholders over the next 6 to 9 months. CDON Group comprises all of the operations of MTG Internet Retailing Group AB.

At the end of April, the company declared that it will launch a new localised premium sports pay-TV channel in Bulgaria called Nova Sports. The Bulgarian sports rights portfolio will include for example MTG's exclusive broadcasting rights to the English Barclays Premier League.

In June, MTG announced that the company had completed the acquisition of a further 35% of Viasstrong Holding AB from Strong Media Group Ltd. After the acquisition MTG owns 85% of Viasstrong which operates the Viasat Ukraine DTH satellite pay-TV platform.

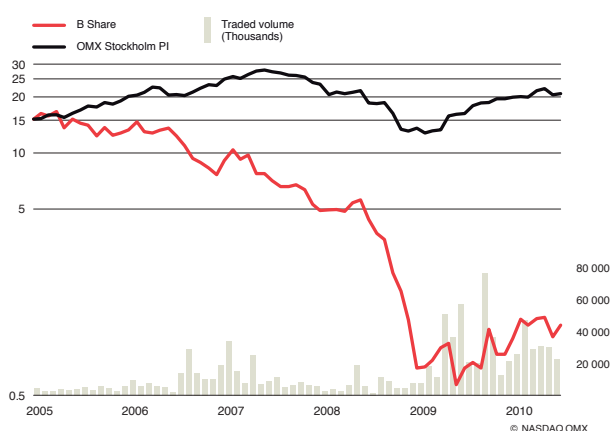
In the same month, MTG also went public with the launch of a new free-TV sports channel for the Swedish market, TV10. The channel will initially be made available to more than 50% of the Swedish households through Com-Hem and Viasat's own DTH satellite TV platform.



## Metro

Metro is the world's largest international daily newspaper. Metro is published in over 100 major cities in 19 countries across Europe, North & South America and Asia. Metro attracts an audience of almost 17 million daily readers.

Key data (EUR m)	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	106.0	107.5	57.3	57.1
Operating profit, EBIT	-0.9	-14.4	2.7	-1.5
Net result	-5.4	-18.9	0.5	-3.7



In the second quarter of 2010, Metro continued the positive trend from the first three months of the year. Operating profit improved from a loss of EUR 1.5 m in the second quarter 2009 to a profit of EUR 2.7 m in the second quarter 2010. The company reported a net profit of EUR 0.5 m for the second quarter. The performance was particularly strong in Sweden and Hong Kong which both experienced revenue growth and improved EBIT levels.

In May, the company announced that the agreement to distribute the Metro newspaper in the public transportation system in Hong Kong had been renewed. The agreement will be effective from 1 October 2010 and is valid for a period of three years.

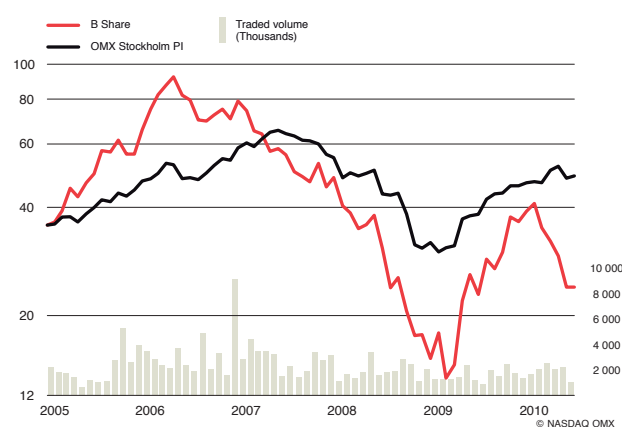
In the end of June, Metro declared that it had entered into an agreement for the sale of its Greek operation to Voisins Limited. The transaction will result in a one-off cost for Metro of approximately EUR 1.8 m. Voisins Limited will continue to publish the Metro newspaper under a franchise agreement.

In July, Metro's offer to acquire an additional 15% in the Mexican joint venture Publicaciones Metropolitanas S.A de C.V. was accepted.

## Transcom

Transcom is active within outsourcing of Customer Relationship Management (CRM) and Credit Management Services. Today the company is employing more than 22,500 people delivering services from 29 countries.

Key data (EUR m)	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	295.8	280.6	148.8	135.7
Operating profit, EBIT	8.0	14.2	3.7	6.4
Net profit	5.7	11.5	2.6	6.6



In the second quarter of 2010, Transcom reported revenue of EUR 149 m, representing a growth of 1.2% compared to the previous quarter and 9.7% compared to the second quarter 2009. The CRM revenue grew by 14.8% year-on-year with growth in all countries except the South region. CMS revenue was stable compared to the first quarter of 2010, but declined by 13.2% year-on-year.

Transcom's gross margin was 18.9% in the second quarter, a decrease by 1.9 percentage points compared to the previous quarter. However, the North America & Asia Pacific region improved its gross margin with 3.8% to 20.7% as a result of the management's operational improvement plans.



Company	Equity and voting interest	Number of shares	Investment class	Initial investment	Book value 30 June 2010 (SEK m)	Estimated fair value 30 June 2010 (SEK m)
Black Earth Farming, Russia	25%	31 087 097	listed associate	2006	653	653
Rolnyvik, Poland	100%		subsidiary	2001	179	250
RawAgro, Ukraine	30%		unlisted associate	2009	30	30
Latgran, Latvia	51%		subsidiary	2005	171	211
Vosvik (Avito/Yellow Pages), Russia	50%		joint venture	2006	212	212
Relevant Traffic, Europe	99%		subsidiary	2006	64	64
ElH and portfolio companies, Europe	12%		shares/warrants	2009	395	395
Bayport, Africa	6%		shares/loan receivable	2007	153	153
Microvest II	-		fund participation	2009	15	15
					<b>1 872</b>	<b>1 983</b>

Within New Ventures, Kinnevik invests in sectors and markets characterized by high growth potential. Investments to date are in growth markets in which Kinnevik has a long tradition and a strong platform to capitalize on existing growth possibilities. Kinnevik's new investments shall have a substantial market potential and the investments must have the conditions to grow through market growth and scalability. Kinnevik invests at an early stage and is an active owner. Investments are focusing on the following four areas: agriculture and renewable energy, online, micro-finance and Africa.

The operating profit for New Ventures amounted to SEK 26 m (23) during the first half of the year, of which SEK 5 m (10) related to Rolnyvik, SEK 28 m (15) related to Latgran and a loss of SEK 6 m (loss of 1) related to Relevant Traffic. The change in fair value of financial assets totaled a loss of SEK 50 m (profit 143) where a loss of SEK 66 m (profit of 179) related to Black Earth Farming, SEK 16 (0) related to Bayport and SEK 0 m (loss of 36) related to Kontakt East (Yellow Pages).

## Agriculture & renewable energy

### Black Earth Farming

Black Earth Farming is a leading farming company operating in Russia. It acquires, owns and cultivates agricultural land primarily in the fertile Black Earth region in southwest Russia. Most of the land was uncultivated when acquired. Extensive investments in machinery with corresponding labor input are required to make efficient cultivation possible. The potential is high since the large areas of land facilitate efficient and large-scale production. As of 31 March 2010, the company controlled 328,000 hectares of land of which about 222,000 hectares were under full registered ownership.

During 2009, 183,000 hectares were cultivated and 531,000 tons of crops were harvested. The company has sowed about 200,000 hectares for harvest in 2010. Wheat is the largest crop, followed by barley, rape, sunflowers and corn.

In June, the company refinanced its outstanding bond loan of EUR 40 m with a new bond loan of SEK 750 m. The new loan matures in four years, with an interest rate of 10%, compared with the previous 13%.

During the first half year, Kinnevik purchased shares in Black Earth Farming on the stock market for SEK 124 m, corresponding to 3.9% of the company's capital.

### Rolnyvik

SEK m	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	29	25	14	11
EBIT	5	10	1	4

The Polish company Rolnyvik manages the Barciany and Podlawki farms, with total area of 6,705 hectares.

Spring work was extended and the growth of crops was delayed due to a rainy and cool spring and early summer. However, the crops recovered due to a great deal of sun and dry weather during the past weeks.

At the end of the second quarter, most of last year's harvest had been sold. Following the publication of the harvest forecast for 2010 in Europe and North America in June, a price increase was discerned for all crops.

### RawAgro

Kinnevik owns 30% of the shares in the Ukrainian farming company RawAgro, and has the option to increase its participation in the company to 50%. RawAgro controls about 14,000 hectares of leased farm land in Ukraine.



## Latgran

SEK m	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	152	126	55	58
EBIT	28	15	8	6
Deliveries, thousand tons	117	92	43	43
Production, thousand tons	123	101	64	55

Latgran conducts production of pellets from forest raw materials at the company's two production facilities in Latvia. All production is exported to several major industrial customers in Scandinavia and the rest of Northern Europe. Demand for pellets remained favorable during the first half of the year, and the company signed a number of new multi-year contracts with existing customers for continued deliveries. The increased production and stable raw materials prices resulted in improved profitability for Latgran. The operating margin amounted to 18.6% for the first half of the year, compared with an operating margin of 13.7% for the full-year 2009.

In February, a decision was made to build a third pellet plant for approximately EUR 14 m with a planned annual production of about 140,000 tons. The plant will be built in southeast Latvia, with start of production scheduled for the second half of 2011.

## Vireo Energy

In June, Vireo Energy commenced operations aimed at building, owning and operating facilities that produce energy from renewable sources, with geographic focus on Eastern Europe. Initially, the company will focus on recovering energy from waste facilities in Poland.

## Online

### Avito

Avito.ru is the leading online service for classified advertising in Russia with about one million new classifieds every month and seven million unique monthly visitors. Growth is strong and the company has during the first half of the year continued to invest to strengthen its leading position. Revenues primarily derive from advertising sales on the website.

At the beginning of July, Kinnevik signed an agreement to contribute new capital to Avito alongside another financial investor. Kinnevik will subscribe for new shares in Avito for SEK 148 m, of which SEK 74 m consists of funds lent to the company during the second quarter.

### Yellow Pages Russia

Yellow Pages Russia is the leading off and online directory service in Russia. Following a sharp decline in revenues in 2008 and 2009, the market stabilized in the first half of 2010. However the market is fragmented and underdeveloped, and the focus is on improving the efficiency of the current product range and developing new services.

## Relevant Traffic

SEK m	Jan-June		Apr-June	
	2010	2009	2010	2009
Revenue	73	91	37	45
EBIT	-6	-1	-3	-1

Relevant Traffic assists its customers in increasing their sales on the internet by cost-efficiently increasing traffic on customers' websites. The operations consist of consultation and campaign planning for all forms of online marketing with a focus on SEO (search engine optimization), SMO (social media optimization) and SEM (search engine marketing). The customers comprise national and international, medium and large companies. The company has operations at service centers in Sweden, France and Spain.

## European Internet Holding

In February Kinnevik completed the acquisition of shares and warrants in the online group European Internet Holding ("EIH") (previously Rocket Internet) for EUR 35 m. The investment gives Kinnevik a right to acquire 25% of the company if all warrants are exercised. Kinnevik has also directly invested EUR 5 m in two of EIH's portfolio companies.

EIH has a portfolio of e-commerce companies and other consumer-oriented online businesses, including an ownership in the e-commerce company Zalando. Kinnevik works closely with EIH and actively support it in becoming a leading European online company.

## Microfinance

### Bayport

Bayport offers micro credits and financial services in Ghana, Uganda, Zambia, Tanzania and Botswana. Ghana and Zambia are the largest markets, while Tanzania is displaying rapid growth. Bayport was founded in 2002 and has grown with profitability into a leading African micro credit company. The company has about 250,000 customers and the product portfolio is continuously expanding, primarily with loans with longer duration. Loans are used primarily for financing larger non-recurrent expenses, such as school fees, investment in farming or for starting smaller companies.

At the beginning of July, Kinnevik signed agreements to invest USD 40 m in Bayport, following which ownership will increase to 34% from previously 7% after full dilution. The transaction is part of Bayport's refinancing aimed at strengthening the company's financial position and facilitating continued growth. The investment will result in Bayport repaying the acquisition facility that financed management's buyout of the company in 2007, following which Kinnevik will recover USD 8 m of the outstanding loan credit to the company.



### **Microvest**

Microvest II is a fund focusing on equity investments in micro financing companies in emerging markets. The fund has currently four investments, of which two in India, one in Paraguay and one in Peru.

## **Africa**

### **ARM Capital Partners**

During 2009, Kinnevik initiated a partnership with Asset & Resource Management Company Ltd ("ARM"), one of Nigeria's largest asset managers, to create one of West Africa's leading private equity funds. Kinnevik owns 30% of the fund that the ARM Capital Partners (the fund management company). The fund is in the process of screening a number of investment opportunities but no investments had been made as of 30 June 2010.

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### **Parent Company and other**

The administration costs within the Parent Company and the Group's other companies amounted to a net expense of SEK 31 m (expense of 17) after invoicing for services performed.

At the end of March, the Administrative Court of Appeals issued a ruling on the Parent Company's taxation for the years 2001-2002. The court's ruling was in the Company's favor with respect to a tax dispute involving SEK 100 m for divested receivables. The Company will thus regain SEK 28 m in income tax and interest preliminarily estimated at SEK 4 m, why a total of SEK 32 m has been recognized as revenue during the period.

In June, the Swedish Tax Board submitted a petition to the Administrative Court that Kinnevik's sale of Invik in 2007 was not tax-exempt as reported in Kinnevik's accounts. Kinnevik's distinct opinion of the issue is that the Company complied with applicable regulations and general practices and that the transaction is tax-exempt, which is why the petition from the Tax Board will be contested. In the event the Tax Board is successful in the dispute, the maximum exposure for Kinnevik is approximately SEK 75 m in additional tax after offsetting previously unutilized capital losses that have not been not recognized in the accounts.

### **Risk Management**

The Group's financing and management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The Group's operational risks are primarily evaluated and managed within the particular business area and then reported to the Kinnevik Board.

The Group has established a model for risk management, the aims of which are to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board on a quarterly basis.

Kinnevik's wholly owned subsidiary Korsnäs accounts for most of the operational risks and they are mainly related to market development, customers and suppliers and the risk for a major accident in the production plants.

Kinnevik is exposed to financial risks mainly in respect of changes in the value of the stock portfolio, changes in market interest rates, exchange rate risks and liquidity and refinancing risks.

The Group is also exposed to political risks since the companies Kinnevik has invested in have a substantial part of their operations in emerging markets such as Latin America, Africa and Russia.

For a more detailed description of the Company's risks and risk management, refer to the Board of Directors' report and Note 31 of the 2009 Annual Report.

### **Accounting principles**

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. This report was prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting.

The accounting principles applied in this report are the same as those described in the 2009 Annual Report, with the exceptions described below.

### **New Accounting policies in 2010**

The following standards and amendments to standards have been applied for 2010 but have not yet had any influence on the Group's income statement or balance sheet:

- Changes to IFRS 3R involve a number of changes in the reporting of business combinations, which will impact the size of reported goodwill, reported earnings for the period when the acquisition occurred, and future reported earnings.
- Changes to IAS 27R mean that changes in participating interests in a subsidiary, in which the majority owner does not lose controlling interest, are reported as equity transactions.

### **Financial reports**

The Interim report for January-September 2010 will be published on 21 October 2010.





The Board of Directors and the CEO certify that this undersigned six month interim report provides a true and fair overview of the Parent Company and Group's operations, financial position and performance for the period, and describes the material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 22 July 2010

Cristina Stenbeck  
Chairman of the Board

Vigo Carlund  
Member of the Board

Geron Forsman  
Member of the Board  
Employee representative

John Hewko  
Member of the Board

Wilhelm Klingspor  
Member of the Board

Erik Mitteregger  
Member of the Board

Bo Myrberg  
Member of the Board  
Employee representative

Stig Nordin  
Member of the Board

Allen Sangines-Krause  
Member of the Board

Mia Brunell Livfors  
CEO

This Interim Report has not been subject to specific review by the Company's auditors.

Kinnevik discloses the information in this interim report pursuant to the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 8.00 CET on 22 July 2010.

**For further information, please visit  
[www.kinnevik.se](http://www.kinnevik.se) or contact:**

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*Investment AB Kinnevik's objective is to increase shareholder value, primarily through net asset value growth. Kinnevik manages a portfolio of investments focused around three comprehensive business areas; Major Unlisted Holdings which includes the cartonboard and paper company Korsnäs including shares in Bergvik Skog, Major Listed Holdings which includes Millicom International Cellular, Tele2, Modern Times Group MTG, Metro International and Transcom WorldWide, and New Ventures which is active in finding new investments in small and mid sized companies which have a significant growth potential. Kinnevik plays an active role on the Boards of its holdings.*

*The Kinnevik class A and class B shares are listed on NASDAQ OMX Stockholm's list for Large Cap companies within the financial and real estate sector. The ticker codes are KINV A and KINV B.*





## CONDENSED CONSOLIDATED INCOME STATEMENT (SEK m)

	2010 1 Jan- 30 June	2009 1 Jan- 30 June	2010 1 Apr- 30 June	2009 1 Apr- 30 June	2009 Full year
Revenue	4 363	4 285	2 080	2 192	8 397
Cost of goods sold and services	-3 789	-3 777	-1 829	-1 916	-7 075
<b>Gross profit/loss</b>	<b>574</b>	<b>508</b>	<b>251</b>	<b>276</b>	<b>1 322</b>
Selling, administration, research and development costs	-259	-248	-135	-125	-520
Other operating income	203	132	144	52	243
Other operating expenses	-81	-99	-27	-34	-203
<b>Operating profit/loss</b>	<b>437</b>	<b>293</b>	<b>233</b>	<b>169</b>	<b>842</b>
Dividends received	2 689	684	2 689	684	1 027
Change in fair value of financial assets	5 663	4 887	-1 008	6 875	14 826
Interest income and other financial income	35	13	18	6	40
Interest expenses and other financial expenses	-92	-137	-45	-53	-219
<b>Profit/loss after financial items</b>	<b>8 732</b>	<b>5 740</b>	<b>1 887</b>	<b>7 681</b>	<b>16 516</b>
Taxes	-67	-43	-56	-32	-143
<b>Net profit/loss for the period</b>	<b>8 665</b>	<b>5 697</b>	<b>1 831</b>	<b>7 649</b>	<b>16 373</b>
Of which attributable to:					
Equity holders of the Parent Company	8 650	5 691	1 827	7 646	16 361
Non-controlling interest	15	6	4	3	12
Earnings per share before dilution, SEK	31.21	21.85	6.59	29.35	61.66
Earnings per share after dilution, SEK	31.20	21.85	6.59	29.35	61.66
Average number of shares before dilution	277 158 190	260 481 930	277 158 190	260 481 930	265 324 899
Average number of shares after dilution	277 252 490	260 481 930	277 299 640	260 481 930	265 324 899

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	2010 1 Jan- 30 June	2009 1 Jan- 30 June	2010 1 Apr- 30 June	2009 1 Apr- 30 June	2009 Full year
Net profit/loss for the period	8 665	5 697	1 831	7 649	16 373
<b>Other comprehensive income for the period</b>					
Translation differences	-28	-14	-13	8	-23
Cash flow hedging	32	39	38	81	81
Actuarial profit/loss	-	-	-	-	-1
Tax attributable to other comprehensive income	-9	-10	-10	-21	-21
<b>Total other comprehensive income for the period</b>	<b>-5</b>	<b>15</b>	<b>15</b>	<b>68</b>	<b>36</b>
<b>Total comprehensive income for the period</b>	<b>8 660</b>	<b>5 712</b>	<b>1 846</b>	<b>7 717</b>	<b>16 409</b>
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company	8 649	5 706	1 844	7 714	16 398
Non-controlling interest	11	6	2	3	11



## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT (SEK m)

	2010 1 Jan- 30 June	2009 1 Jan- 30 June	2010 1 Apr- 30 June	2009 1 Apr- 30 June	2009 Full year
Operating profit	437	293	233	169	842
Adjustment for non-cash items	292	296	160	149	613
Taxes paid	-214	18	-56	28	-13
<b>Cash flow from operations before change in working capital</b>	<b>515</b>	<b>607</b>	<b>337</b>	<b>346</b>	<b>1 442</b>
Change in working capital	94	114	-52	82	256
<b>Cash flow from operations</b>	<b>609</b>	<b>721</b>	<b>285</b>	<b>428</b>	<b>1 698</b>
Acquisition of subsidiaries	-	-147	-	-147	-147
Investments in tangible and biological fixed assets	-296	-276	-165	-158	-653
Sales of tangible and biological fixed assets	-	1	-	1	2
Investments in intangible fixed assets	-13	-	-6	-	-
Investments in shares and other securities	-617	-339	-152	-331	-388
Dividends received	3 029	684	2 689	684	687
Interest received	14	13	5	6	24
<b>Cash flow from investing activities</b>	<b>2 117</b>	<b>-64</b>	<b>2 371</b>	<b>55</b>	<b>-475</b>
Change in interest-bearing liabilities	-1 834	-289	-1 778	-55	-751
Interest paid	-83	-131	-45	-45	-223
Dividend paid	-831	-521	-831	-521	-521
<b>Cash flow from financing activities</b>	<b>-2 748</b>	<b>-941</b>	<b>-2 654</b>	<b>-621</b>	<b>-1 495</b>
<b>Cash flow for the period</b>	<b>-22</b>	<b>-284</b>	<b>2</b>	<b>-138</b>	<b>-272</b>
Exchange rate differences in liquid funds	0	0	0	0	0
<b>Cash and short-term investments, opening balance</b>	<b>237</b>	<b>509</b>	<b>213</b>	<b>363</b>	<b>509</b>
<b>Cash and short-term investments, closing balance</b>	<b>215</b>	<b>225</b>	<b>215</b>	<b>225</b>	<b>237</b>



## CONDENSED SEGMENT REPORTING (SEK m)

1 Jan-30 June 2010	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	4 162		253	12	-64	4 363
Operating costs	-3 537		-224	-44	67	-3 738
Depreciation	-298		-10	-2		-310
Other operating income and expenses	115		7	3	-3	122
<b>Operating profit/loss</b>	<b>442</b>		<b>26</b>	<b>-31</b>	<b>0</b>	<b>437</b>
Dividends received	4	2 685				2 689
Change in fair value of financial assets	27	5 686	-50			5 663
Financial net	-38	-8	7	-18		-57
<b>Profit/loss after financial items</b>	<b>435</b>	<b>8 363</b>	<b>-17</b>	<b>-49</b>	<b>0</b>	<b>8 732</b>
Investments in financial fixed assets	33		584			617
Investments in intangible fixed assets			13			13
Investments in tangible fixed assets	273		22	1		296

1 Jan-30 June 2009	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	4 103		241	18	-77	4 285
Operating costs	-3 530		-218	-33	77	-3 704
Depreciation	-309		-10	-2		-321
Other operating income and expenses	23		10			33
<b>Operating profit/loss</b>	<b>287</b>		<b>23</b>	<b>-17</b>	<b>0</b>	<b>293</b>
Dividends received	5	677		2		684
Change in fair value of financial assets	2	4 742	143			4 887
Financial net	-88	-42	6			-124
<b>Profit/loss after financial items</b>	<b>206</b>	<b>5 377</b>	<b>172</b>	<b>-15</b>	<b>0</b>	<b>5 740</b>
Investments in financial fixed assets		274	65			339
Investments in intangible fixed assets (acquisition of operations)	37					37
Investments in tangible fixed assets	372		3	1		376
- of which acquisition of operations	100					100



## CONDENSED SEGMENT REPORTING (SEK m)

1 Apr-30 June 2010	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	2 003		103	9	-35	2 080
Operating costs	-1 725		-96	-25	38	-1 808
Depreciation	-150		-5	-1		-156
Other operating income and expenses	115		3	2	-3	117
<b>Operating profit/loss</b>	<b>243</b>		<b>5</b>	<b>-15</b>	<b>0</b>	<b>233</b>
Dividends received	4	2 685				2 689
Change in fair value of financial assets	13	-848	-173			-1 008
Financial net	-18	-1	4	-12		-27
<b>Profit/loss after financial items</b>	<b>242</b>	<b>1 836</b>	<b>-164</b>	<b>-27</b>	<b>0</b>	<b>1 887</b>
Investments in financial fixed assets			152			152
Investments in intangible fixed assets			6			6
Investments in tangible fixed assets	144		20	1		165

1 Apr-30 June 2009	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	2 140		113	13	-74	2 192
Operating costs	-1 795		-103	-19	38	-1 879
Depreciation	-155		-5	-2		-162
Other operating income and expenses	-23		3	2	36	18
<b>Operating profit/loss</b>	<b>167</b>		<b>8</b>	<b>-6</b>	<b>0</b>	<b>169</b>
Dividends received	5	677		2		684
Change in fair value of financial assets	0	6 722	153			6 875
Financial net	-32	-17	2			-47
<b>Profit/loss after financial items</b>	<b>140</b>	<b>7 382</b>	<b>163</b>	<b>-4</b>	<b>0</b>	<b>7 681</b>
Investments in financial fixed assets		274	57			331
Investments in intangible fixed assets (acquisition of operations)	37					37
Investments in tangible fixed assets	255		2	1		258
- of which acquisition of operations	100					100



## CONDENSED SEGMENT REPORTING (SEK m)

1 Jan-31 Dec 2009	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	8 039		467	26	-135	8 397
Operating costs	-6 605		-422	-69	135	-6 961
Depreciation	-611		-19	-4		-634
Other operating income and expenses	28		13	-1		40
<b>Operating profit/loss</b>	<b>851</b>		<b>39</b>	<b>-48</b>	<b>0</b>	<b>842</b>
Dividends received	6	1 017		4		1 027
Change in fair value of financial assets	40	14 705	81			14 826
Financial net	-148	-48	17			-179
<b>Profit/loss after financial items</b>	<b>749</b>	<b>15 674</b>	<b>137</b>	<b>-44</b>	<b>0</b>	<b>16 516</b>
Investments in financial fixed assets		2 515	114			2 629
Investments in intangible fixed assets (acquisition of operations)	37					37
Investments in tangible fixed assets	740		10	3		753
- of which acquisition of operations	100					100



## CONDENSED CONSOLIDATED BALANCE SHEET (SEK m)

ASSETS	2010 30 June	2009 30 June	2009 31 Dec
<b>Fixed assets</b>			
Intangible assets	849	836	836
Tangible and biological fixed assets	6 325	6 312	6 368
Financial assets accounted to fair value through profit and loss	49 047	30 539	42 776
- <i>whereof interest-bearing</i>	414	306	307
Investments in companies accounted for using the equity method	44	11	11
	<b>56 265</b>	<b>37 698</b>	<b>49 991</b>
<b>Current assets</b>			
Inventories	1 526	1 752	1 725
Trade receivables	843	852	741
Tax receivables	0	9	16
Other current assets	273	251	530
Short-term investments	6	6	51
Cash and cash equivalents	209	219	186
	<b>2 857</b>	<b>3 089</b>	<b>3 249</b>
<b>TOTAL ASSETS</b>	<b>59 122</b>	<b>40 787</b>	<b>53 240</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Equity attributable to equity holders of the Parent Company	49 458	28 689	41 637
Equity attributable to non-controlling interest	49	33	38
	<b>49 507</b>	<b>28 722</b>	<b>41 675</b>
<b>Long-term liabilities</b>			
Interest-bearing loans	6 370	7 573	7 611
Provisions for pensions	581	579	580
Other provisions	29	81	51
Deferred tax liability	1 069	1 189	1 146
Other liabilities	4	4	4
	<b>8 053</b>	<b>9 426</b>	<b>9 392</b>
<b>Short-term liabilities</b>			
Interest-bearing loans	9	1 094	586
Provisions	52	36	59
Trade payables	917	678	843
Income tax payable	77	48	163
Other payables	507	783	522
	<b>1 562</b>	<b>2 639</b>	<b>2 173</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>59 122</b>	<b>40 787</b>	<b>53 240</b>





## CONDENSED REPORT OF CHANGES IN EQUITY FOR THE GROUP (SEK m)

	2010 1 Jan- 30 June	2009 1 Jan- 30 June	2010 1 Apr- 30 June	2009 1 Apr- 30 June	2009 Full year
<b>Equity, opening balance</b>	<b>41 675</b>	<b>23 530</b>	<b>48 490</b>	<b>21 525</b>	<b>23 530</b>
Total comprehensive income for the period	8 660	5 712	1 846	7 717	16 409
New share issue (asset acquisition Emesco)	-	-	-	-	2 253
Dividend paid	-831	1	-831	1	-521
Effect of employee share saving programme	3	-521	2	-521	4
<b>Equity, closing amount</b>	<b>49 507</b>	<b>28 722</b>	<b>49 507</b>	<b>28 722</b>	<b>41 675</b>
Equity attributable to the shareholders of the Parent Company	49 458	28 689	49 458	28 689	41 637
Equity attributable to non-controlling interest	49	33	49	33	38

<b>KEY RATIOS</b>	2010 30 June	2009 30 June	2009 31 Dec
Debt/equity ratio	0.14	0.32	0.21
Equity ratio	84%	70%	78%
Net debt	6 331	8 715	8 233

### DEFINITIONS OF KEY RATIOS

Debt/equity ratio	Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity.
Equity ratio	Shareholders' equity including non-controlling interest as percentage of total assets.
Net debt	Interest-bearing liabilities including interest-bearing provisions less the sum of interest-bearing receivables, short-term investments and cash and bank.
Operating margin	Operating profit after depreciation divided by revenue.
Operational capital employed	Average of intangible and tangible fixed assets, investments in companies accounted for using the equity method, inventories and short-term non-interest bearing receivables less other provisions and short-term non interest bearing liabilities.
Return on operational capital employed	Operating profit after depreciation divided by average operational capital employed.



## FINANCIAL KEY RATIOS MAJOR UNLISTED HOLDINGS (SEK m)

	2010 Q 2	2010 Q 1	2009 Full year	2009 Q 4	2009 Q 3	2009 Q 2	2009 Q 1	2008 Full year <sup>1)</sup>	2008 Q 4 <sup>1)</sup>	2008 Q 3	2008 Q 2	2008 Q 1
<b>Revenue</b>												
Korsnäs Industrial	1 720	1 911	7 098	1 757	1 730	1 823	1 788	6 608	1 465	1 602	1 785	1 756
Korsnäs Forestry	283	248	941	264	185	317	175	788	203	166	221	198
Total Korsnäs	2 003	2 159	8 039	2 021	1 915	2 140	1 963	7 396	1 668	1 768	2 006	1 954
<b>Operating profit before depreciation (EBITDA)</b>												
Korsnäs Industrial	383	334	1 430	381	464	318	267	1 090	89	361	332	308
Korsnäs Forestry	10	13	32	13	8	4	7	34	2	13	8	11
Total Korsnäs	393	347	1 462	394	472	322	274	1 124	91	374	340	319
<b>Operating profit after depreciation (EBIT)</b>												
Korsnäs Industrial	234	188	826	231	315	165	115	472	-68	208	178	154
Korsnäs Forestry	9	11	25	11	7	2	5	28	1	11	6	10
Total Korsnäs	243	199	851	242	322	167	120	500	-67	219	184	164
<b>Operating margin</b>												
Korsnäs Industrial	13.6%	9.8%	11.6%	13.1%	18.2%	9.1%	6.4%	7.1%	-4.7%	13.0%	10.0%	8.8%
Korsnäs Forestry	3.2%	4.4%	2.7%	4.2%	3.8%	0.6%	2.9%	3.6%	0.5%	2.1%	2.7%	5.1%
Korsnäs	12.1%	9.2%	10.6%	12.0%	16.8%	7.8%	6.1%	6.7%	-4.1%	12.4%	9.2%	8.4%
<b>Operational capital employed</b>												
Korsnäs Industrial	7 392	7 402	7 411	7 332	7 345	7 443	7 476	7 746	7 620	7 807	7 886	7 879
Korsnäs Forestry	369	353	438	389	449	449	471	429	475	408	415	370
Total Korsnäs	7 761	7 755	7 849	7 721	7 794	7 892	7 947	8 175	8 095	8 215	8 301	8 249
<b>Return on operational capital employed</b>												
Korsnäs Industrial	12.7%	10.2%	11.1%	12.6%	17.2%	8.9%	6.2%	6.1%	-3.6%	10.7%	9.0%	7.8%
Korsnäs Forestry	9.8%	12.5%	5.7%	11.3%	6.2%	1.8%	4.2%	6.5%	0.8%	10.8%	5.8%	10.8%
Korsnäs	12.5%	10.3%	10.8%	12.5%	16.5%	8.5%	6.0%	6.1%	-3.4%	10.7%	8.9%	8.0%
Production, thousand tons	237	261	1 025	261	268	253	243	1 052	235	273	270	274
Deliveries, thousand tons	252	269	1 034	253	255	271	255	993	222	247	264	260

<sup>1)</sup> Excluding restructuring charges of SEK 71 m in Q4 2008.



## FINANCIAL KEY RATIOS MAJOR LISTED HOLDINGS (SEK m)

	2010 Q 2	2010 Q 1	2009 Full year	2009 Q 4	2009 Q 3	2009 Q 2	2009 Q 1	2008 Full year	2008 Q 4	2008 Q 3	2008 Q 2	2008 Q 1
<b>Change in fair value and dividends received</b>												
Millicom	1 610	4 124	7 075	1 286	2 800	4 786	-1 797	-14 329	-4 200	-6 016	2 773	-6 886
Tele2	318	1 396	5 950	2 398	1 776	1 713	63	-6 606	-1 129	-4 988	1 675	-2 164
MTG	212	867	2 067	734	827	788	-281	-2 668	-765	-1 078	-437	-388
Transcom	-132	-113	337	152	92	102	-9	-395	-67	-127	-29	-172
Metro shares	-27	74	69	-28	94	-42	44	-979	-360	-433	-165	-21
Metro warrants	-144	186	224	0	172	51	-	-	-	-	-	-
	<b>1 837</b>	<b>6 534</b>	<b>15 722</b>	<b>4 542</b>	<b>5 761</b>	<b>7 398</b>	<b>-1 980</b>	<b>-24 977</b>	<b>-6 521</b>	<b>-12 642</b>	<b>3 817</b>	<b>-9 631</b>
<b>Book value end of the period</b>												
Millicom	24 082	24 290	20 166	20 166	19 220	16 421	11 635	13 432	13 432	17 631	23 647	21 415
Tele2	15 853	16 327	14 932	14 932	12 533	9 775	8 690	8 627	8 627	9 756	14 744	14 054
MTG	5 809	5 672	4 805	4 805	4 071	2 131	1 393	1 674	1 674	2 439	3 517	4 103
Transcom	392	525	637	637	485	285	183	192	192	259	386	439
Metro shares	290	317	243	243	271	163	204	160	160	521	954	1 119
Metro warrants	388	531	345	345	345	157	-	-	-	-	-	-
	<b>46 814</b>	<b>47 662</b>	<b>41 128</b>	<b>41 128</b>	<b>36 925</b>	<b>28 932</b>	<b>22 105</b>	<b>24 085</b>	<b>24 085</b>	<b>30 606</b>	<b>43 248</b>	<b>41 130</b>
Investments	-	-	2 338	-	2 232	106	-	-	-	-	-	-

## NEW VENTURES (SEK m)

	2010 Q 2	2010 Q 1	2009 Full year	2009 Q 4	2009 Q 3	2009 Q 2	2009 Q 1	2008 Full year	2008 Q 4	2008 Q 3	2008 Q 2	2008 Q 1
<b>Change in fair value through income statement</b>												
Black Earth Farming	-173	107	119	-29	-31	189	-10	-775	-86	-571	-397	279
Unlisted holdings	0	16	-38	-1	-1	-36	0	-11	-51	5	32	3
	<b>-173</b>	<b>123</b>	<b>81</b>	<b>-30</b>	<b>-32</b>	<b>153</b>	<b>-10</b>	<b>-786</b>	<b>-137</b>	<b>-566</b>	<b>-365</b>	<b>282</b>
<b>Book value end of period</b>												
Black Earth Farming	653	765	595	595	618	649	460	470	470	521	1 092	1 489
Unlisted holdings	1 219	1 114	777	777	752	726	703	692	692	913	703	633
	<b>1 872</b>	<b>1 879</b>	<b>1 372</b>	<b>1 372</b>	<b>1 370</b>	<b>1 375</b>	<b>1 163</b>	<b>1 162</b>	<b>1 162</b>	<b>1 434</b>	<b>1 795</b>	<b>2 122</b>
Investments	152	432	114	19	30	57	8	193	35	149	1	8



## CONDENSED PARENT COMPANY INCOME STATEMENT (SEK m)

	2010 1 Jan- 30 June	2009 1 Jan- 30 June	2010 1 Apr- 30 June	2009 1 Apr- 30 June	2009 Full year
Revenue	10	6	5	3	22
Administration costs	-39	-32	-21	-17	-71
Other operating income	3	10	2	9	3
<b>Operating loss</b>	<b>-26</b>	<b>-16</b>	<b>-14</b>	<b>-5</b>	<b>-46</b>
Dividends received	1 140	1 751	1 140	1 751	1 754
Result from financial assets	12	8	12	0	15 128
Net interest income/expense	210	-63	118	-22	-88
<b>Profit/loss after financial items</b>	<b>1 336</b>	<b>1 680</b>	<b>1 256</b>	<b>1 724</b>	<b>16 748</b>
Taxes	-20	20	-27	7	34
<b>Net profit/loss for the period</b>	<b>1 316</b>	<b>1 700</b>	<b>1 229</b>	<b>1 731</b>	<b>16 782</b>

## CONDENSED PARENT COMPANY BALANCE SHEET (SEK m)

	2010 30 June	2009 30 June	2009 31 Dec
<b>ASSETS</b>			
Tangible fixed assets	2	2	2
Financial fixed assets	41 841	24 130	40 846
Short-term receivables	136	59	412
Cash and cash equivalents	16	1	53
<b>TOTAL ASSETS</b>	<b>41 995</b>	<b>24 192</b>	<b>41 313</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity	36 226	18 919	35 740
Provisions	41	48	44
Long-term liabilities	5 641	4 114	4 666
Short-term liabilities	87	1 111	863
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>41 995</b>	<b>24 192</b>	<b>41 313</b>

The Parent Company's liquidity, including short-term investments and unutilized credit facilities, totalled SEK 5,429 m at 30 June 2010 and SEK 3,182 m at 31 December 2009. The Parent Company's interest bearing external liabilities amounted to SEK 1,538 m (3,645) on the same dates.

Investments in tangible fixed assets amounted to SEK 1 m (0) during the period.

As of 30 June 2010 the number of shares in Investment AB Kinnevik amounted to 277,448,190 shares of which 48,665,324 are class A shares with ten votes each, 228,492,866 are class B shares with one vote each and 290,000 are class C treasury shares with one vote each. This is unchanged since 31 December 2009. The total number of votes in the Company amounted to 715,436,106 (715,146,106 excluding 290,000 class C treasury shares). The Board has authorization to repurchase a maximum of 10% of all shares in the Company. There are no convertibles or warrants in issue.