Industriförvaltnings AB Kinnevik

Annual Report 2002

Annual General Meeting

The Annual General Meeting will be held at 11.00 a.m. on Friday, May 16, 2003 at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm. Shareholders wishing to participate in the AGM shall be entered in the printout of the register of shareholders as referred to in the Swedish Companies Act, Chapter 3, §13 second point and also notify the company of their wish to participate by no later than 3.00 p.m. on Monday, May 12, 2003. Notification may be given via Kinnevik's homepage, www.kinnevik.se, or by telephoning +46 33 724 12 67 or writing to:

Industriförvaltnings AB Kinnevik
Box 2094
SE-103 13 STOCKHOLM

In order to be listed on the printout, as referred to above, shareholders must be entered in the register of shareholders maintained by VPC AB on Tuesday May 6, 2003 at the latest. Shareholders whose holdings are registered in nominee names through a bank's trust departments or a brokerage must temporarily have their shares registered in their own names in order to be entitled to participate in the AGM. Such re-registration shall be completed by no later the last-mentioned date.

Financial information

Interim report Q1 2003, April 25, 2003
Interim report Q2 2003, August 7, 2003
Interim report Q3 2003, October 23, 2003
Year-end release for 2003, February 2004
Annual Report for 2003, April 2004
Annual General Meeting, May 2004

”More than 60 years of entrepreneurship under the same group of principal owners”

Jan Hugo Stenbeck
1942-2002

Industriförvaltnings AB Kinnevik

Dear Shareholder,
Jan Hugo Stenbeck was a member of the Board of Directors of Industriförvaltnings AB Kinnevik for 31 years from 1971 to 2002. He was also Chairman of Invik & Co. AB, Tele2 AB, Modern Times Group MTG AB, Millicom International Cellular S.A., Metro International S.A. and Transcom WorldWide S.A.

Jan passed away on 19 August 2002. He possessed a seldom-rivaled energy, panache, ambition and sense of fun. His dynamism, curiosity and restlessness, combined with a charm, determination and healthy fear, drove him to create one of Europe's most innovative and successful group of companies. He would not compromise on quality or efficiency and never ceased to surprise by breaking with convention. His insight – the ability to grasp the key elements of an issue and articulate his views clearly – was his greatest attribute. Loyalty was the quality that he valued most in others.

Born in Stockholm in 1942, Jan graduated in Law from Uppsala University in 1968 and with an MBA from Harvard Business School in1970. He then joined US investment bank Morgan Stanley and rose to become a Vice President in the Bank's Corporate Finance department. He became a member of the Board of Directors of Industriförvaltnings AB Kinnevik in 1971 and became Chairman in 1993, taking over at the helm of the Group that his father, the prominent lawyer Hugo Stenbeck, and the Klingspor and von Horn families had built into one of Sweden's largest industrial investment companies.
With uncanny foresight, Jan built a multinational information empire from this industrial foundation and transformed Kinnevik into a holding company for new telecommunications, media and service businesses whose brands are now household names not just in his native Sweden but a large number of markets around the world.

As one of the leading entrepreneurs and visionaries of his generation, he started hundreds of companies in his lifetime. They ranged from a college sweatshirt business established in 1963 with 10,000 customers and less than US$1 million in annual sales to Europe's leading alternative telecommunications provider with over 16.8 million customers and US$3.7 billion in annual sales. All the businesses share several common features – they all break monopolies in order to provide people with choice, grow sales aggressively, are highly competitive businesses with low cost structures, and they all aspire to be "best in class".

From Kinnevik's roots in the traditional steel and forestry industries, Jan created a group of companies that embraced new technologies and encouraged a competitive environment in the Nordic region and then internationally. As a pioneer of mobile telephony in the early 1980s, Jan formed a joint venture with British defense company Racal to acquire the UK's second mobile phone license. Racal-Millicom evolved into the US$ 122 billion global telecommunications giant, Vodafone. Jan also acquired one of the first mobile telephony licenses in the United States and this model was repeated around the world. Millicom and Tele2 today hold fixed line or mobile telephony licenses in 37 countries – from Estonia to Sierra Leone, Bolivia to Russia, and Portugal to Laos – and have more than 20 million subscribers around the world.

In similar fashion, Jan introduced the first commercial television channel, TV3, to Scandinavia in 1987 by broadcasting commercial television into Scandinavia from London via the Astra satellite in Luxembourg. The same approach enabled Sky Television to launch in the UK. TV3 is now the largest pan-Nordic television channel and the Viasat satellite TV platform broadcasts 36 channels to nine countries, which are watched in 45 million homes.

The most recent project to achieve global scale and reflect the Group ambition is Metro International, the free newspaper group. Again challenging local market monopolies and established media in cities from Boston to Barcelona, Stockholm to Santiago, and Holland to Hong Kong, Metro now reaches over 12 million readers and is the world's largest newspaper outside Japan. The company's advertising revenues have grown at a compound annual rate of 47% since the launch of the first edition in Stockholm in 1995.

All of these companies continue to shape and adapt successfully to new developments as third generation mobile telephony and digital multi-channel television become realities, and as exciting new markets in Eastern Europe and Asia offer significant new opportunities.

Kinnevik has generated a compound annual average rate of return since 1976 of 13%, with the result that one dollar invested in Kinnevik in 1976 would be worth over US$25 today. The Stenbeck Group of publicly listed companies had a combined market capitalization of US$ 6 billion in February 2003 and employed more than 25,000 people in more than 50 countries around the world.

In typical style, the Stenbeck group of companies, combined established tradition with ground breaking originality by welcoming in the new millennium with a spectacular fireworks and multi-media display in Stockholm's Old Town on New Year's eve. The scale and complexity of this event not only mesmerized the record breaking crowd of 700,000 people and won its place in the Guinness Book of World Records, but also offered a unique showcase for group brands such as Comviq, TV3 and Metro. The event perfectly illustrated Jan's unusual combination of creative flair and intricate planning.

On the day after he passed away and only a few months before his 60th birthday, one of Jan's greatest dreams was realized when the second Victory Challenge yacht was launched in Auckland, New Zealand. From the time that he had acquired the former committee boat of the New York Yacht Club, Jan had nurtured a dream to compete for one of the sporting world's oldest and most coveted trophies – The America's Cup. The Victory Challenge syndicate brought together leading match race sailors from the Nordic countries in the first challenge by a Nordic crew for twelve years.

The challenge exemplified Jan's approach, as he acquired one of the yachts used by Team New Zealand to win the Cup in 2000, then recruited and motivated world class boat designers, builders, and sailors, forged a team, and pushed each member to the limits of their potential, whilst maintaining a strict control on cost. This was an environment in which he thrived – high adrenaline competition, pitting the Nordic team against the world's best. Every detail counted as seconds decided between success and failure. Victory Challenge won eleven races, including two victories over the New York Yacht Club, reaching the quarterfinals of the Louis Vuitton Cup and becoming the most successful Nordic entry ever. The Challenge generated unparalleled media airtime for its group sponsors, including live television coverage in Sweden, Norway, Denmark, Switzerland, France, Italy, the United Kingdom, the United States and Canada.

Despite, and perhaps because, of all the achievements above, Jan remained a very private and modest man. "Tell them that I am only a Bassett hound breeder" he would reply to the endless requests for interviews. As Jan always said, "if you can't choose, you shouldn't complain". He led a unique life and is greatly missed. His legacy is an opportunity to build on his success and your Board is firmly committed to fulfilling this responsibility. On behalf of the shareholders, customers, employees and business partners, the Board of Directors wishes to express its gratitude for the enormous contribution of Jan Hugo Stenbeck to the development of Kinnevik and the other companies, which he founded and in which he engaged.

Stockholm, 13th February 2003
Industriförvaltnings AB Kinnevik
The Board of Directors

Contents

Board of Directors and Auditors

Members of the Board of Directors of Industriförvaltnings AB Kinnevik and President at the Board Meeting held at the Company's offices in Stockholm on February 4, 2003.

Board of Directors

Honorary Members
Carl-Gustaf Klingspor
Bo von Horn

Directors

Ulf Spång, Chairman
Bruce Grant
Thorbjörn Hallström*
Edvard von Horn
Wilhelm Klingspor
Stig Nordin
Jan-Henrik Sandberg*
Jan Hugo Stenbeck †
Dag Tigerschiöld

Deputy Members
Kenneth Portin* Hans Wahlbom*

Auditors

Auditors
Lars Träff Carl Lindgren Erik Åström
Authorized Public Accountants

Deputy Auditors
Tomas Forslund Björn Flink Anders Wiger
Authorized Public Accountants

* Representatives nominated by union organizations.

See page 61 for further information about Kinnevik's Board of Directors.

Left to right,
front row: Per Lindberg, President of Korsnäs AB, Gävle; Vigo Carlund, President of Industriförvaltnings AB Kinnevik, Stockholm; Emma Théen-Larsson, Acting President of CIS Credit International Services AB, Karlskoga.

Back row: Mikael Larsson, Chief Financial Officer of Industriförvaltnings AB Kinnevik, Stockholm; Sture Gustavsson, President of Mellersta Sveriges Lantbruks AB, Vadstena; Peter Buckley, President of Korsnäs Packaging Group, Paris.

Financial Highlights 1998–2002

Consolidated Statements of Income [1]

(MSEK)	1998	1999	2000	2001	2002
Net turnover	5,068	5,289	5,521	6,120	6,110
Income from corporate development	759	96	8,471	– 4	735
Income from sales of securities	277	6	– 81	27	40
Operating income	1,334	461	8,571	345	1,365
Interest in earnings of associated companies	– 487	387	534	– 487	– 4,297
Income after financial items	568	614	8,855	– 462	– 3,946
Key ratios					
Return on capital employed (%)	7.7	7.1	48.8	– 0.1	– 17.1
Return on shareholders' equity (%)	8.7	9.4	85.8	– 4.0	– 37.4
Interest coverage ratio (times)	2.4	2.8	20.7	– 0.1	– 7.8
Profit margin (%)	11.2	11.6	160.4	– 7.5	– 64.6
Equity/assets ratio (%)	39.2	36.5	57.3	53.2	43.2
Debt/equity ratio (times)	1.2	1.4	0.6	0.7	1.1
Risk capital ratio (%)	41.8	39.1	58.9	57.0	48.6
Per share data					
Earnings per share (SEK)	7.94	8.61	139.45	– 9.06	– 65.28
Shareholders' equity per share	92	91	234	219	131
Market price at December 31 (SEK), excluding distributed companies	190	264	181	166	87
Dividend (SEK)	6.35 *	4.76 **	13.50 ***	2.00	4.00 ****
Direct return (%)	3	2	7	1	5

* Including distribution of warrants in Invik & Co. AB (Invik).
** Including distribution of warrants in Société Européenne de Communication S.A. (SEC).
*** Including distribution of shares in Transcom WorldWide S.A. (Transcom).
**** Proposed cash dividend.
1) Figures relate to the Group post forma excluding distributed and sold companies.

Definitions

Capital employed
Total capital – interest-free liabilities – deferred tax liability.

Return on capital employed
Income after financial items + interest expense / average capital employed.

Return on stockholders' equity
Net income / average equity after full conversion.

Interest coverage ratio
Income after financial items + interest expense / interest expense.

Profit margin
Income after financial items / net turnover.

Equity/assets ratio
Equity + minority interests in equity / total assets.

Debt/equity ratio
Interest-bearing liabilities / equity + minority interests in equity.

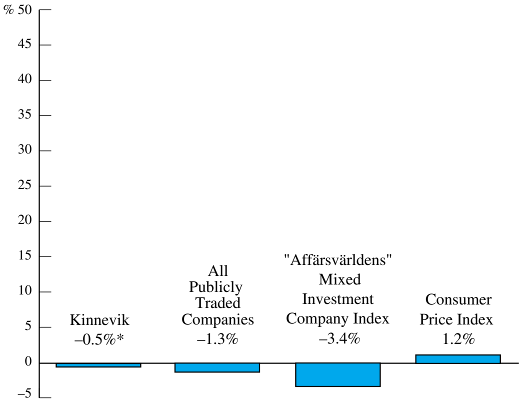
Risk capital ratio
Equity + minority interests in equity + deferred tax liability / total assets.

Earnings per share
Net income / number of shares after full conversion.

Stockholders' equity per share
Equity / number of shares after full conversion.

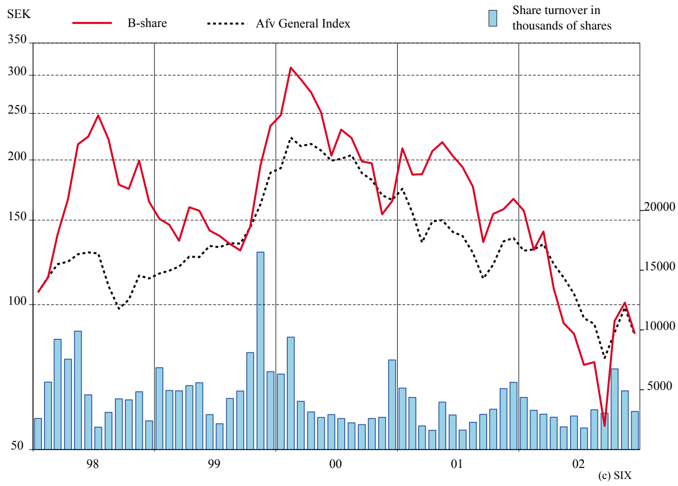
Direct return
Dividend / market price on December 31.

Effective Annual Average Rate of Return on Share Ownership 1998-2002



* Including the value of dividends of SEC, Invik, and Transcom and the value of share subscription offers.

Kinnevik's share price during 1998-2002



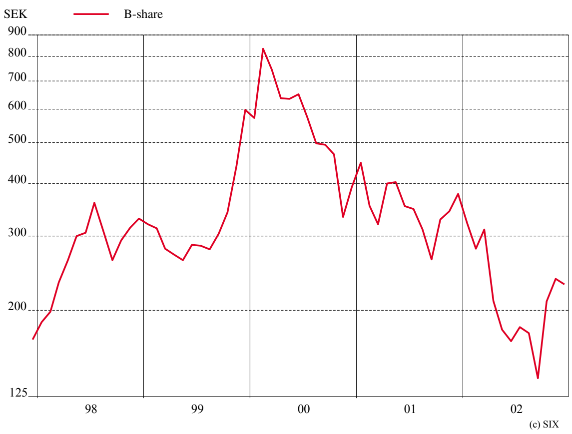
Kinnevik shares

The above curve shows changes in Kinnevik's share price during the past five years. The share price has been corrected for the distribution of shares in Société Européenne de Communication S.A. (SEC), Invik & Co. AB (Invik) and Transcom WorldWide S.A. (Transcom). On June 4, 1998, warrants were distributed to shareholders entitling them to acquire a total of 20% of the shares in SEC for SEK 1.50 each. On May 27, 1999, warrants were distributed to shareholders entitling them to acquire one share in Invik & Co. AB for every 100 shares owned in Kinnevik. On May 31, 2000, Kinnevik distributed warrants to its shareholders entitling them to acquire 1.6% of the shares in SEC for SEK 11.70 per share. During 2000, Tele2 acquired 99.7% of the shares in SEC. On September 4, 2001, all shares in Transcom were distributed to Kinnevik's shareholders.

Kinnevik options

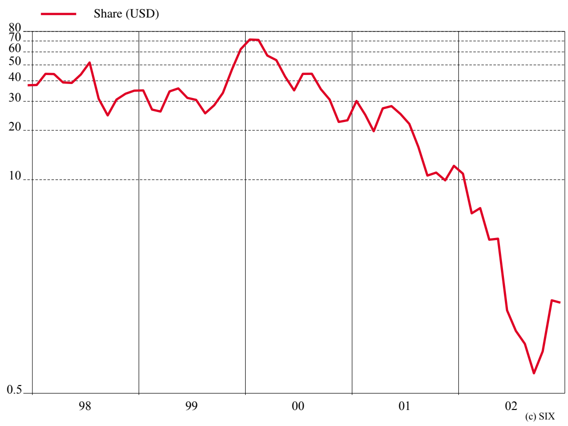
Options in Kinnevik were first listed on OM in October 1993. In 2002, an average of 69 option contracts was traded each day, which corresponds to 6,900 shares. As of October 1999, options with long durations, known as warrants, were listed. A total of 16,267,000 warrants were traded in 2002.

Tele2's share price during 1998-2002



Kinnevik's holding in Tele2 amounts to 21,1% of capital. The market value on December 31, 2002, was MSEK 7,131.

MIC's share price during 1998-2002



Kinnevik's holding in MIC amounts to 35.5% of capital. The market value on December 31, 2002, was MSEK 272.

Shareholders

The number of Kinnevik shares owned by the principal shareholders and their percentage interest in the share capital and votes, according to VPC, December 31, 2002.

Shareholder	”A” shares	”B” shares	Per cent of capital	Per cent of votes
Invik & Co. AB	6,281,387	2,286,936	13.6	32.7
Emesco Group	3,336,905	0	5.3	16.8
The estate of Jan H Stenbeck	1,424,000	0	2.3	7.2
Klingspor Family	1,141,982	196,526	2.1	5.8
Svenska Handelsbanken / SPP Fonder	252,154	3,855,435	6.4	3.2
SEB / SEB Trygg Liv Fonder	0	5,768,444	9.2	2.9
Gamla Livförsäkringsaktiebolaget	200,000	2,976,600	5.0	2.5
von Horn Family	426,200	48,331	0.8	2.2
Korsnäs Trust	406,219	3,689	0.7	2.0
Robur	48,450	3,535,693	5.7	2.0
Skandia	103,000	1,166,820	2.0	1.1
Hugo Stenbeck’s Trust	199,530	0	0.3	1.0
Catella Fonder	0	1,910,400	3.0	1.0
Kungl Skogs-o Lantbruksakademin	172,000	0	0.3	0.9
Alecta	2,312	1,858,064	3.0	0.9
SIF	0	1,354,600	2.2	0.7
Stiftelsen för Kunskap och Kompetensutveckling	53,500	379,500	0.7	0.5
Banco Fonder	0	807,513	1.3	0.4
Nordea	500	665,467	1.1	0.3
Others	1,075,602	21,000,918	35.0	15.9
Total	15,123,741	47,814,936	100.0	100.0

Total number of shareholders as of December 31, 2002 was 23,143.

With great sadness the Board of Directors of Industriförvaltnings AB Kinnevik announced that the Chairman of the Company, Mr. Jan Hugo Stenbeck, passed away on August 19, 2002. On August 22, Mr. Ulf Spång was appointed Chairman by the Board of Directors.

Objectives

The purpose of Industriförvaltnings AB Kinnevik is to produce value for its shareholders, primarily by net asset value growth. The business comprises the long-term development of operating companies and administer a share portfolio of long term investments in a small number of listed companies. Kinnevik seeks to play an active role on the boards of its subsidiaries and associated companies, together with other large, long-term shareholders. In this work, the awareness that every company has, and should continually strive to strengthen its business franchise is the foundation, and the long-term increase in value-added created in the operations is the lodestar.

Historical background

The predecessor of Industriförvaltnings AB Kinnevik was founded on December 18, 1936, by a group of friends, and the business has been carried on by their offspring, now in the third generation. Thus the Company embodies more than sixty years of entrepreneurship under the same group of principal owners. The original investments mainly took the form of purchases of substantial minority holdings in listed companies, with price as an important criterion. Decisions on investments are often made against the prevailing market trend, or contrary to generally accepted views. As other investors tend to give too much credence to these views the return on their investments is consequently often lower than the market average. Consequently, investments have mainly been made in periods of unclear outlook, or in companies with uncertain prospects.

Ever since it was founded, the Group has owned large agricultural properties. Investments were originally made principally in heavy manufacturing, in the forest products, in the iron and steel industries and in fabrication often associated with these industries. Kinnevik's major portfolio investments have been in Korsnäs AB and Sandvik AB.

In 1978, shares of Fagersta AB were acquired for the purpose of seeking to coordinate the steel operations of Fagersta and Sandvik. When Skanska AB, in concert with Investment AB Beijer, acquired major holdings of shares in Sandvik AB, Kinnevik sold its Sandvik shares in the fall of 1983. In 1984, finally, agreements were reached to restructure the Swedish specialty steel industry. The assets of Fagersta AB for production of stainless steel were sold to other manufacturers. Fagersta AB was then merged into a single entity with its major stockholder, Investment AB Kinnevik. In 1985 the Parent Company of the Group changed its name to Industriförvaltnings AB Kinnevik.

Kloster Speedsteel AB, Kinnevik's last major investment in specialty steel manufacturing, was sold in 1991.

During the past 23 years, as the prices of established companies appeared to be high, Kinnevik, instead of investing in these, has set up companies around new products or services, largely in information distribution in the broadest sense of the term, from telecommunications to television. Kinnevik or its subsidiary companies, have invested in operating cellular mobile telephone systems since 1981, in establishing DBS satellite operations since 1985, in operating credit card telephone and credit card transaction systems since 1986, in providing SMA-TV services since 1987, in publishing since 1987, in satellite TV broadcasting since 1987, in independent TV production since 1988, in distribution of pay-TV since 1989, in television homeshopping since 1989, in radio broadcasting since 1991, in digital mobile telecommunications since 1992, in text TV since 1993, in international telecommunications since 1993 and in national telecommunications since 1994. Metro, a daily newspaper, was started in 1995. Internet companies and companies related in other ways to IT as well as customer service operations were started in 1996. Even though errors surely have been committed, these ventures now appear to be successful overall.

In 1992 Kinnevik made a tender offer to acquire the minority shares outstanding in Korsnäs AB, a company in which Kinnevik has been a shareholder since 1936 and which has developed, in terms of value, into one of the largest assets in Kinnevik.

Following its heavy capital investments at the end of the eighties, Korsnäs was about to enter a period when the profit expected would exceed its day-to-day investment requirements. A merger between Korsnäs and Kinnevik created an opportunity to invest Korsnäs's operating surplus in other fast growing areas of business.

On February 8, 1996, Kinnevik's Board announced its intention of successively distributing some sub-groups to Kinnevik's own shareholders. The shares in Tele2 AB (formerly NetCom AB) (”Tele2”) were distributed at the Annual General Meeting in 1996, and then listed on Stockholmsbörsen's ”O” list and on Nasdaq in the USA.

The Annual General Meeting in 1997 decided to distribute the shares in Modern Times Group MTG AB (”MTG”) to Kinnevik's shareholders. This split was carried out on September 15, and the shares were listed shortly thereafter on Stockholm Börsinformation (SBI) and on Nasdaq.

The Annual General Meeting in 2001 resolved in favour of distributing Kinnevik's shares in Transcom WorldWide S.A. (”Transcom”), one of the leading customer service companies in Europe, to Kinnevik's shareholders. The date of record for the distribution was September 4, and Transcom obtained a listing on Stockholmsbörsen's “O” list and Nasdaq on September 6.

Following these three spin-offs, Industriförvaltnings AB Kinnevik's most important holdings are 96% of the shares in Korsnäs AB and 21% of the shares in Tele2.

As of December 31, 2002, the total value of the spun-off shares in Tele2, MTG, Metro International S.A. ("Metro") (spun off from MTG in 2000) and Transcom amounted to MSEK 39,843.

Operations in 2002

After generally warm, dry weather, Mellersta Sveriges Lantbruks AB's Swedish farm produced a good, normal harvest. As a result of the dry weather, the business's result was negatively affected by the heavy working required by the hard ground. The spell of wet weather at the end of June and beginning of July caused higher levels of fungal spores, which impaired quality. The market for crops in northern Europe has been characterised by a high level of supply, which puts pressure on prices even for volumes with few quality shortcomings. In Poland a great deal of work was devoted to bringing previously uncultivated land under cultivation, which will already have an effect on the harvest for 2003.

The market has allowed increases in the prices for Korsnäs during the year. Demand remained stable throughout the year, even though the economic situation during the later part of the year is best described as uncertain. Deliveries rose by almost 1% in relation to 2001. During the year, Korsnäs adjusted its sack and kraft paper capacity by withdrawing PM3 (Paper Machine 3) and the finishing section from production, which will allow for a sharper focus on profitable products. Production at Korsnäsverken amounted to 643,000 tonnes, a reduction of 1% in relation to last year. The slightly lower output was a temporary effect in 2002 of the change in the production structure following the withdrawal of PM3 and the finishing section from production, coupled with production disturbances on PM4 and PM5 during the second half-year. Inventories were reduced as a result of lower production in combination with strong sales. The recent years' investments in additional capacity have produced results and in coming years capacity will be further expanded on the basis of existing investments. The development of new products has continued. For instance, new hot-calendered products have been launched to a favourable response on the market. In October a new organization was introduced within Korsnäs AB, in connection with which two new control rooms were brought into operation at Korsnäsverken. They replaced 13 old control rooms and will lead to significant improvements in the ability to control production, as well as bringing efficiency gains.

On August 27 Kinnevik finalised an agreement with Sveaskog on the sale of 200,000 hectares of productive forest land, corresponding to just over a third of Korsnäs's forests, and its sawmill operations. Supply agreements have been signed with Sveaskog that will ensure the supply of raw material to Korsnäs Industrial in Gävle. The purchase price amounted to MSEK 1,989 and capital gains amounted to MSEK 752 in Kinnevik consolidated accounts.

Between May and November, Kinnevik increased its interest in Tele2 by 8,099,314 shares, by means of a number of purchases. The total price paid for these shares was MSEK 1,356, or SEK 167 per share. As of December 31, 2002, the newly acquired shares had a market value of MSEK 1,867.

The market value of the Group's entire holdings of listed securities amounted to MSEK 8,001 at December 31, 2002. On February 12, 2003 the value was MSEK 8,412. In the main the shareholdings have been acquired by means of exchange transactions or via issues in exchange for assets in 2000 at the listed prices prevailing at the time. Kinnevik's cash disbursements for acquiring the shares have been considerably lower than the listed prices. Since, at that time, the market rated all telecom operators and media companies at significantly higher levels than at present, the listed values at December 31, 2002 were MSEK 3,663 below the book values. In accordance with Swedish and US accounting principles (see Note 1), the shares have been written down to their listed values in the annual accounts for 2002. The write-down does not reflect the Board's expectations regarding the portfolio's long-term future value and return.

A brief look back and future prospects

In the light of global developments in 2001, which were marked by geopolitical uncertainty, an economic slowdown, and falling equity prices, expectations for 2002 were subdued. It could be foreseen that counter-measures to deal with an extensive terrorist network would take a long time and create further uncertainty.

Rising unemployment in the OECD countries indicated that private consumption would only grow slowly. Falling capacity utilisation and depressed profits hinted at falling capital expenditure and business consolidation in the future. Relaxation of monetary policy across a broad front in 2001 and generally low interest rates in the established industrial countries were expected to provide a platform for recovery, although it was estimated that this would not become evident until the second half of the year.

Looking back over 2002, initial impressions are mixed. Among the OECD countries, the USA was again in a class of its own with an economic growth rate of 2.5%, driven mainly by an easy monetary policy, and strong consumption. Consumer prices increased by a slow 1.6%, despite sharply higher energy prices.

Production and prices continued to fall in the world's second largest economy, Japan. Attempts to overcome the property and financial crisis of the past decade or more were blocked by conflicts between the political establishment and the Bank of Japan.

In the EU, where the main focus is on the big three Continental economies, Germany, France and Italy, expectations of an economic recovery were not realised. On the contrary, the level of economic activity slackened even further during the course of the year, to the accompaniment of rising unemployment and falling consumer and business confidence. Developments were rather brighter in Great Britain and the Nordic countries, driven by free-spending consumers and a strong residential property market.

Common features of the OECD economies were the severely depressed profits and the pressure to consolidate, especially in the high-tech, media and telecom sectors, accentuated by sharply falling equity prices.

The aggregate economic growth of 1.5% in the OECD countries pales by comparison with China, the economic juggernaut, and the Asian tiger economies. China's real economic growth is expected to reach 8%, while estimates for the tigers, including India, vary within a range of just under 3% for Singapore and more than 6% for South Korea. Hong Kong is the exception, as its economy is experiencing deflationary pressures and fierce competition from mainland China's coastal provinces.

As with 2002, expectations for 2003 are subject to a number of factors that are hard to assess. The geopolitical uncertainty appears to be even greater, with the Iraq crisis and problems with North Korea on top of the need to combat terrorism. Crude oil prices, which rose by more than 50% during the course of last year, will, if they settle at their current levels, slow down global economic growth. It is a reflection of the current mood that growth forecasts for 2003 are being successively lowered. Reductions in guideline interest rates by the Fed in the USA, the ECB in the eurozone, and by the central banks of several other countries towards the end of last year are signs that traditionally prudent institutions are now becoming disturbed by the prospect of economic stagnation.

Like last year, however, growth rates are expected to accelerate during the second half of the year, with growth in 2003 ending up higher than in 2002, defined in terms of annual averages. In 2004, economic growth will be faster and more widespread. As 2003 got off to a very slow start, the forecast is assuming much accelerated growth in the second half of the year. The USA is expected to maintain its lead over growth in the eurozone. The Japanese economy is expected to grow by a few tenths of a percent with slightly lower deflation. Sustained rapid growth is forecast once again for China, India and the tigers.

However, the threats to this stable and sustained recovery in the global economy are real and not lightly ignored. There is a risk that lack of confidence on the part of consumers and business in the ability of the political system to eliminate the geopolitical trouble-spots, misjudged profit expectations and the consequent collapse in share prices will crush all hopes of faster growth and, given the mutual dependence of global markets, trigger off a chain of panicky reactions.

Return and asset value

Since 1976, Kinnevik's shares have generated an average effective yield of 13 % per year as a result of rising prices and dividends, including the value of subscription offers. During the past five years, Kinnevik's shares have generated an average effective yield of –0.5 % per year. The effective yield in 2002 was –47%.

The shareholders voted at the Annual General Meeting on May 17 in favour of the Kinnevik Board's proposal to pay a cash dividend of SEK 2 per share. The closing price of Kinnevik's Series "A" shares was SEK 83 and the price of the Series "B" shares was SEK 87.

Consolidated result

Net turnover for 2002 amounted to MSEK 6,110, which may be compared with MSEK 6,120 for the previous year. Operating income amounted to MSEK 1,365 (345). Costs of MSEK 27 (315) in the form of severance pay and restructuring costs have been taken against income, of which Korsnäs AB accounted for MSEK 0 (212), Korsnäs Packaging for MSEK 22 (103) and CIS Credit International Services AB for MSEK 5 (0). Income from corporate development and sales of securities amounted to MSEK 775 (23), of which MSEK 752 relates to capital gains on the sale of some of Korsnäs's forests. After adjustment for these non-recurring items, operating income amounted to MSEK 617 (637).

Kinnevik's interest in the earnings of associated companies amounted to a net loss of MSEK 4,297 (loss 487), of which Tele2 AB ("Tele2") accounted for a loss of MSEK 2,975 (–), Millicom International Cellular S.A. ("MIC") for a loss of MSEK 616 (loss 406) and Metro International S.A. ("Metro") for a loss of MSEK 591 (loss 54). Of Kinnevik's interest in the earnings of associated companies, a sum of MSEK 3,274 (0) is attributable to write-downs in the value of securities to their listed prices as at December 31, 2002.

The result from other securities was a loss of MSEK 624 (0), of which MSEK 382 is attributable to a write-down in the value of shares in Modern Times Group MTG AB to their listed value at December 31, 2002, MSEK 168 to a write-down in the value of shares in XSource Corporation Inc. and MSEK 67 to a write-down in the value of units in Marcstone Overseas Euro Ltd to their market value at December 31, 2002.

Other financial revenue and expense amounted to a net expense of MSEK 390 (expense 320), of which exchange rate differences accounted for a loss of MSEK 11 (gain 10).

The result after financial items amounted to a loss of MSEK 3,946 (loss 462).

Organisation

During the past 23 years, total investments in new businesses have amounted to some MSEK 15,000.

During the build-up phase it has been an advantage for new businesses to be included within Kinnevik, whose organization is very similar to that of a conglomerate, thus enabling them to benefit from the Group's total financial and management resources.

When the companies reach a certain degree of maturity, it has become desirable to expose their economic values and give them a higher degree of autonomy. This has been done by structuring the Kinnevik Group into clearly demarcated sub-groups for each business area.

The Kinnevik Group is organised into the following business areas:

– Mellersta Sveriges Lantbruks AB ("MSLA"), arable farming in Sweden and Poland.

– Korsnäs Holding AB, engaged in forestry ("Korsnäs Forestry"), packaging materials ("Korsnäs Industrial") and packaging ("Korsnäs Packaging").

– Other operations, including CIS Credit International Services AB enganged in debt collection businesses.

Since distributing the shares in Tele2 (1996), MTG (1997) and Transcom (2001), Kinnevik has continued the tradition of developing new areas of business. Kinnevik also owns substantial holdings of shares in MIC, Tele2, MTG and Metro, which gives the company the financial strength that is a prerequisite for corporate development, in so far as this will continue, or for a return to the policy of buying holdings in other listed companies that are temporarily out of favour.

Important events during the year

During the first quarter, the operations of Rolnyvik, MSLA's Polish company, were expanded via the acquisition of the Garbno estate, bringing the estates in Poland to a total acreage of 6,727 hectares.

On May 27, Kinnevik acquired 17% of the shares in MIC Systems B.V. from MIC for MUSD 17. MIC Systems' principal asset at the time of the acquisition consisted of all the shares in Multinational Automated Clearing House S.A. (MACH). On November 15, MIC Systems B.V. sold MACH to an outside buyer for MEUR 95, out of which Kinnevik received guaranteed minimum proceeds of MUSD 17.

On August 27, a final agreement was reached with Sveaskog on the sale of 200,000 hectares of productive forestland, corresponding to just over a third of Korsnäs's forests, and its sawmill operations. Supply agreements have been signed with Sveaskog that will ensure the supply of raw material to Korsnäs Industrial in Gävle. The purchase price amounted to MSEK 1,989 and capital gains amounted to MSEK 752 in Kinnevik consolidated accounts.

During the year, Korsnäs entered into a long-term supply agreement with Tetra Pak for the supply of substantial volumes of liquid packaging board.

The business conducted by AirTime (AT) AB (now named Frevik AB), consisting of selling advertising time on TV and radio, was sold to MTG as of October 1, 2002, after which the company became dormant.

In October a decision was made to wind up the business of Worldwide Loyalty B.V. The "Collect" loyalty club has not awarded any new bonus points to its members since December and the business of Worldwide Loyalty B.V. became dormant as of 2003.

In October, Kinnevik's Board decided to increase the limit for Kinnevik's loan to Metro by MSEK 150.

On December 6, Kinnevik made a payment of MUSD 6.1 to Time Warner as final settlement including accrued interest for Time Warner's 6.5% holding in Gunnarsvik AB (formerly TV 1000 Sverige AB). This resolved the dispute dating back to 1998 regarding the purchase price of shares in Gunnarsvik AB. The Group's result for 2002 includes a loss of MSEK 15 attributable to the settlement.

On December 13, Cherryföretagen AB carried out a share issue, in which Kinnevik subscribed to 2,926,916 shares at a subscription price of SEK 2 per share.

During the fourth quarter, a decision was made to focus CIS's business on debt collection and related services.

A minority shareholder in Korsnäs AB has not accepted the arbitration decision of March 25, 1999, and has taken the case to court.

Financial position
The Group's liquid funds, including short-term investments and undrawn credit facilities, amounted to MSEK 1,755 (1,668) as of December 31, 2002.

The Group's net interest-bearing debt amounted to MSEK 6,820 (7,553) at the end of the year.

The average cost of interest for the year was 5.1% (5.0) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure amounted to MSEK 2,041 (1,014), of which MSEK 435 (504) related to tangible fixed assets and MSEK 1,583 (486) to financial fixed assets.

The closing equity ratio was 43% (53%).

The Group's borrowing is mainly arranged in Swedish kronor. Foreign subsidiaries are however largely financed in local currencies.

The net effect of the Group's in- and outflows in foreign currencies represents, on an annual basis, a net inflow of approximately MSEK 1,500.

Events after the end of the financial year
In accordance with the Board's decision in October 2002, MSEK 150 has been paid to Metro by way of a loan in January 2003. Collateral has been received in form of shares in a number of Metro's newspaper producing subsidiaries.

Research and development
The Group's research and development expense amounted to MSEK 36 (39), which is attributable to Korsnäs Group.

Parent company
The parent company's net turnover amounted to MSEK 13 (15). Income from corporate development and income from sales of securities amounted to a loss of MSEK 43 (loss 171).

Result from participation in Group companies, MSEK 1,902 (908), consisted for the most part of dividends. Interest in earnings of associated companies and income from other securities amounted to a loss of MSEK 698 (0), consisting of write-downs.

Financial revenue and expense amounted to a net expense of MSEK 116 (expense 112)

The parent company's income after financial items amounted to MSEK 990 (593).

Fixed capital expenditure amounted to MSEK 120 (315), of which MSEK 119 (315) related to investments in financial fixed assets.

The parent company's closing liquid funds, including short-term investments and undrawn credit facilities, amounted to MSEK 529 (254).

Interest-bearing external debt amounted to MSEK 3,587 (4,456).

Environment
The Kinnevik Group is engaged in operations requiring a permit pursuant to the Environmental Code within Korsnäs AB, on the basis of decisions made in 1996. The company's activities requiring permits and/or notification largely have an effect on the environment through Korsnäs Industrial. This unit produces pulp, paper and paperboard, which mainly affects the external environment via emissions into air and water, and in the form of noise. On February 28, 2002, the Environmental Court announced its decision on issues referred to it on the basis of submitted investigation results. The company has appealed some points in the decision to the Supreme Environmental Court (conditions relating to nutrient salts and the time schedule for additional studies that have been requested). The circulation of this case for comment will soon be completed and the Court's decision is expected during the first half of 2003. On other points, the Environmental Court's decision in effect approves the company's proposed plan for the landfill site. Measures costing a total of MSEK 25-30 are being taken in stages over the coming five-year period.

Board procedures
Kinnevik's Board held eleven minuted meetings in 2002.

Future developments
See Review by the Board of Directors and the presentation of the Group's operative companies.

Proposed treatment of unappropriated earnings
The Group's unrestricted equity amounts to MSEK 4,070.
At the disposal of the parent company's Annual General Meeting are

	(SEK thousand)
Unrestricted equity	6,660,377
Whereof available for distribution	4,069,840

The Board and the President propose that the unappropriated earnings at the disposal of the Annual General Meeting be dealt with as follows:

Payment of a cash dividend of SEK 4 per share, amounting to	251,755
To be carried forward	6,408,622
Total	6,660,377

Consolidated Statement of Income

for the period January 1 – December 31 (MSEK)

	2001	**2002**
Net turnover, Notes 2, 30	6,120	**6,110**
Cost of goods and services	– 5,042	**– 5,042**
Gross result	1,078	**1,068**
Selling expenses	– 139	**– 136**
Administration expenses	– 450	**– 412**
Research and development expenses	– 39	**– 36**
Income from corporate development, Notes 3, 4	– 4	**735**
Income from sales of securities, Note 4	27	**40**
Other operating income	222	**205**
Other operating expenses	– 350	**– 99**
Operating income, Notes 2, 5, 23, 27, 29, 30	345	**1,365**
Interest in earnings of associated companies, Note 7	– 487	**– 4,297**
Income from other securities, Note 7	–	**– 624**
Interest income and similar, Notes 8, 30	115	**100**
Interest expense and similar, Note 9	– 435	**– 490**
Income after financial items, Note 2	– 462	**– 3,946**
Taxes, Note 10	– 104	**– 155**
Minority share in income	– 4	**– 8**
Net result for the year	– 570	**– 4,109**
Earnings per share before/after dilution, SEK	– 9.06	**– 65.28**
Total number of shares before/after dilution	62,938,677	**62,938,677**

Consolidated Statement of Cashflows

for the period January 1 – December 31 (MSEK)

	2001	**2002**
Operations		
Net result for the year	– 570	**– 4.109**
Adjustment for items not included in cash flow, etc.		
Depreciation and amortization	514	**480**
Interest in earnings of associated companies	487	**4,297**
Income from other securities	0	**624**
Minority interests	4	**8**
Change in deferred tax liability	121	**135**
Income from corporate development	4	**– 735**
Sales of securities	– 27	**– 40**
Other, net	3	**– 181**
Cash flow from operations before changes in working capital	536	**479**
Cash flow from changes in working capital		
Change in short-term investments	– 181	**97**
Change in inventories	12	**162**
Change in accounts receivable	153	**221**
Change in other current assets	– 75	**23**
Change in accounts payable	115	**– 83**
Change in other operating liabilities	8	**– 108**
Cash flow from operations	568	**791**
Investing activities		
Acquisition of subsidiaries, Note 11	– 319	**6**
Sales of subsidiaries, Note 11	32	**1,989**
Investments in intangible fixed assets	– 24	**– 23**
Investments in tangible fixed assets	– 504	**– 435**
Sales of tangible fixed assets	56	**31**
Investments in financial fixed assets	– 486	**– 1,583**
Sales of financial fixed assets	42	**338**
Cash flow from investing activities	– 1,203	**323**
Financing activities		
Increase in long-term liabilities	2,260	**252**
Amortisation of loans	– 1,754	**– 1,178**
Dividends paid	– 63	**– 126**
Cash flow from financing activities	443	**– 1,052**
Cash flow for the year, Note 11	– 192	**62**
Cash and cash equivalents at beginning of year	496	**325**
Exchange rate differences on cash and cash equivalents	21	**– 8**
Cash and cash equivalents at end of year	325	**379**

Consolidated Balance Sheet

December 31 (MSEK)

ASSETS	2001	**2002**
Non-current assets		
Intangible assets, Note 12		
Goodwill	131	**130**
Tangible assets, Note 12		
Land and buildings	1,093	**1,036**
Forest and agricultural property	3,569	**2,673**
Machinery	3,684	**3,461**
Equipment, tools and fittings	157	**134**
Construction in progress and advances relating to property, plant and equipment	118	**112**
	8,621	**7,416**
Financial assets, Note 13		
Shares in associated companies	1,944	**7,424**
Receivables from associated companies, Note 30	866	**693**
Shares and participations in other companies	11,049	**679**
Other long-term interest bearing receivables, Note 30	278	**251**
Other long-term non-interest bearing receivables	38	**22**
	14,175	**9,069**
Total non-current assets	22,927	**16,615**
Current assets		
Inventories etc, Note 14		
Raw materials and consumables	412	**358**
Felling rights	38	**36**
Work in progress	96	**57**
Finished products and goods for resale	595	**516**
Work on contract	1	**2**
Advance payment to suppliers	4	**1**
	1,146	**970**
Current receivables, Note 30		
Accounts receivable, Note 15	919	**700**
Other receivables	225	**166**
Prepaid expenses and accrued income, Note 16	86	**102**
	1,230	**968**
Short-term investments	196	**99**
Cash and cash equivalents	325	**379**
Total current assets	2,897	**2,416**
TOTAL ASSETS, Note 2	25,824	**19,031**

SHAREHOLDERS' EQUITY AND LIABILITIES	2001	**2002**
Shareholders' equity, Note 17		
Restricted equity		
Share capital	629	**629**
Restricted reserves	3,951	**3,522**
	4,580	**4,151**
Unrestricted equity		
Unrestricted reserves	9,688	**8,179**
Net result	– 570	**– 4,109**
	9,118	**4,070**
Total shareholders' equity	13,698	**8,221**
Minority interest in equity	16	**0**
Provisions		
Pensions, Note 18	638	**628**
Deferred tax liability, Note 10	970	**1,021**
Other, Note 19	783	**576**
Total provisions	2,391	**2,225**
Long-term liabilities, Note 20		
Interest-bearing		
Overdraft facilities, Note 21	94	**243**
Other liabilities to financial institutions, Note 24	8,136	**7,270**
Other liabilities	4	**15**
	8,234	**7,528**
Non-interest-bearing	2	**0**
Total long-term liabilities	8,236	**7,528**
Short-term liabilities		
Interest-bearing		
Liabilities to financial institutions	317	**66**
Liabilities to associated companies, Note 30	29	**0**
Other liabilities	0	**20**
	346	**86**
Non-interest-bearing, Note 30		
Advance payments from customers	8	**6**
Accounts payable	494	**411**
Income tax liabilities	60	**33**
Other liabilities	171	**123**
Accrued expenses and prepaid income, Note 22	404	**398**
	1,137	**971**
Total short-term liabilities	1,483	**1,057**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES, Note 2	25,824	**19,031**
Pledged assets, Note 24	19,440	**19,821**
Contingent liabilities, Note 25	574	**591**

Parent Company Statement of Income

for the period January 1 – December 31 (MSEK)

	2001	**2002**
Net turnover, Notes 2, 30	15	**13**
Administration expenses	– 49	**– 71**
Income from corporate development, Notes 3, 4	–	**– 14**
Income from sales of securities, Note 4	– 171	**– 29**
Other operating income	2	**3**
Operating income, Notes 5, 27, 29, 30	– 203	**– 98**
Result from participation in Group companies, Note 6	908	**1,902**
Interest in earnings of associated companies, Note 7	–	**– 145**
Income from other securities, Note 7	–	**– 553**
Interest income and similar, Notes 8, 30	479	**461**
Interest expense and similar, Note 9	– 591	**– 577**
Net result for the year	593	**990**

Parent Company Statement of Cashflows

for the period January 1 – December 31 (MSEK)

	2001	**2002**
Operations		
Net result for the year	593	**990**
Adjustment for items not included in cash flow, etc.		
Depreciation	1	**1**
Anticipated dividend	– 855	**– 2,115**
Interest in earnings of associated companies	–	**145**
Income from other securities	–	**553**
Income from corporate development	–	**14**
Sales of securities	171	**29**
Other, net	27	**304**
Cash flow from operations before changes in working capital	– 63	**– 79**
Cash flow from changes in working capital		
Change in short-term investments	– 179	**149**
Change in inter-company balances	656	**937**
Change in other current assets	– 312	**25**
Change in accounts payable	– 3	**– 1**
Change in other operating liabilities	– 28	**– 19**
Cash flow from operations	71	**1,012**
Investing activities		
Investments in tangible fixed assets	–	**– 1**
Investments in financial fixed assets	– 315	**– 119**
Sales of financial fixed assets	42	**16**
Cash flow from investing activities	– 273	**– 104**
Financing activities		
Increase in long-term liabilities	1,215	**18**
Amortisation of loans	– 936	**– 812**
Dividends paid	– 63	**– 126**
Cash flow from financing activities	216	**– 920**
Cash flow for the year, Note 11	14	**– 12**
Cash and cash equivalents at beginning of year	0	**14**
Cash and cash equivalents at end of year	14	**2**

Parent Company Balance Sheet

December 31 (MSEK)

ASSETS	2001	**2002**
Non-current assets		
Tangible assets, Note 12		
Equipment	1	**2**
Financial assets, Note 13		
Shares in Group companies	13,331	**12,189**
Receivables from Group companies	5,261	**281**
Shares in associated companies	201	**607**
Receivables from associated companies, Note 30	797	**690**
Shares and participations in other companies	1,512	**468**
Other long-term interest bearing receivables, Note 30	187	**176**
Other long-term non-interest bearing receivables	7	**0**
	21,296	**14,411**
Total non-current assets	21,297	**14,413**
Current assets		
Current receivables, Note 30		
Receivables from Group companies	2,360	**5,721**
Other receivables	66	**39**
Prepaid expenses and accrued income, Note 16	1	**1**
	2,427	**5,761**
Short-term investments	193	**44**
Cash and cash equivalents	14	**2**
Total current assets	2,634	**5,807**
TOTAL ASSETS	23,931	**20,220**

SHAREHOLDERS’ EQUITY AND LIABILITIES	2001	2002
Shareholders’ equity, Note 17		
Restricted equity		
Share capital	629	**629**
Premium reserve	357	**357**
Revaluation reserve	190	**190**
Legal reserve	2,987	**2,987**
	4,163	**4,163**
Unrestricted equity		
Retained earnings	4,994	**5,671**
Net result	593	**990**
	5,587	**6,661**
Total shareholders’ equity	9,750	**10,824**
Provisions		
Pensions, Note 18	33	**33**
Deferred tax liability, Note 10	0	**40**
	33	**73**
Long-term liabilities, Note 20		
Interest-bearing		
Overdraft facilities, Note 21	98	**58**
Other liabilities to financial institutions, Note 24	4,322	**3,509**
Liabilities to Group companies	3,155	**16**
Other liabilities	36	**0**
Total long-term liabilities	7,611	**3,583**
Short-term liabilities		
Interest-bearing		
Liabilities to Group companies	5,187	**5,498**
Other liabilities	0	**20**
	5,187	**5,518**
Non-interest-bearing, Note 30		
Accounts payable	3	**1**
Liabilities to Group companies	1,262	**196**
Other liabilities	54	**12**
Accrued expenses and prepaid income, Note 22	31	**13**
	1,350	**222**
Total short-term liabilities	6,537	**5,740**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	23,931	**20,220**
Pledged assets, Note 24	12,001	**11,747**
Contingent liabilities, Note 25	71	**115**

Note 1

Accounting and valuation principles

The annual report is made up in accordance with the Annual Accounts act and the recommendations of the Swedish Financial Accounting Standards Council, pursuant to which the accounting and valuation principles listed below are applied.

Seven new recommendations issued by the Swedish Financial Accounting Standards Council came into effect in 2002. The application of the new recommendations involved a change in accounting principles. Compliance with the Swedish Financial Accounting Standards Council's recommendation RR15 Intangible Fixed Assets has had the effect that opening balance of equity and intangible fixed assets at January 1, 2001 have decreased by MSEK 63. The comparative figures for 2001 have been adjsuted into line with the new principle (see Note 17). Otherwise, the accounting principles remain unchanged. In the application of the recommended new consolidation principles, acquisitions in prior periods have not been adjusted retroactively.

In the valuation of shares and interests in associated and other companies, the same criteria for the accounting treatment of listed shares have been applied in this annual report as in Kinnevik's Form 20-F (see Impairment of fixed assets below).

Six new recommendations will come into effect in 2003. These are not expected to have any material effect on the Group's financial position or its result.

Principles of consolidation

The consolidated financial statements include the parent company and all companies in which the parent controls more than 50% of the votes or exercises a controlling influence.

The consolidated accounts were prepared using the purchase method, as specified in the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council. By this method, the book value of the Parent company's shares in each subsidiary is eliminated against that subsidiary's acquisition value, in other words, the subsidiary's shareholders' equity (including the equity component of untaxed reserves) at the time of acquisition based on a fair market value of that subsidiary's net assets. The Group's shareholders' equity includes only that part of each subsidiary's equity generated after acquisition. The difference between the acquisition value of shares in a subsidiary and the fair value of assets and liabilities of that subsidiary at the time of acquisition, not resulting from differences between fair market value and book value of the net assets, is allocated to and reported as goodwill. Goodwill is amortized on a straight-line basis over periods ranging from 5-20 years.

Subsidiary holding companies abroad which are entirely financed by the parent company are classified as businesses integrated with the parent company. Other foreign subsidiaries are classified as autonomous subsidiary companies.

The current method is used for translating the income statements and balance sheets of autonomous business units abroad. The accounts of businesses that are integrated with the parent company are translated using the monetary method. The current method means that all assets, provisions and liabilities are translated at closing date rates and all income statement items are translated at average rates. Translation differences arising are charged directly to shareholders' equity.

The monetary method involves the translation of monetary assets and liabilities at closing date rates and of non-monetary items and matching items in the income statement at investment date rates or rates in effect at the time the business is reclassified from autonomous to integrated.

Minority interest includes the share of net profit/(loss) and shareholders' equity attributable to the minority shareholdings. For negative shareholders' equity, a receivable from the minority is reported to the extent that minority owners are required and able to contribute their share of the deficit.

Accounting treatment of associated companies

Companies in which the Group controls at least 20% and no more than 50% of the voting rights and in which that level of ownership is judged to be long-term are regarded as associated companies.

Associated companies are reported based on the equity method. The Group's share of earnings in associated companies' profit or loss after financial items is reported under "Interest in earnings of associated companies" in the income statements. The Group's share of associated companies' tax expense is reported among the Group's tax expenses.

The amount of the purchase price in excess of the shareholders' equity in the associated company is attributed to assets in the associated company or to goodwill. Goodwill is amortized over 5 or 10 years, while excess values attributable to non-current assets are depreciated or amortized based on each asset's depreciation/amortization schedule.

Excess values on consolidation in non-Swedish associated companies are reported as assets denominated in foreign currencies. These values are translated into Swedish kronor using the same principles applied to the associated companies' income statements and balance sheets.

The accounts of associated companies are adjusted to comply with the Kinnevik's accounting and valuation principles before the Group's interest in earnings is calculated.

Intra-group profits/(losses) arising out of transactions with associated companies are eliminated in connection with the calculation of the Group's consolidated interest in earnings and capital. Such intra-group profits/(losses) are recognized when capital gains or losses are realized either through sale of the asset in question to an external party or by reduction in Kinnevik's equity interest in the associated company with which the transaction took place.

When the Group's capital participation in an associated company increases or decreases because of an issue of new shares, the profit or loss is reported in the consolidated income statements under "Interest in earnings of associated companies".

Short-term investments

Short-term investments are valued at the lower of acquisition value and actual value.

Receivables

Receivables are recorded to amounts estimated to be recovered.

Receivables and liabilities denominated in foreign currencies

The Group's receivables and liabilities that are denominated in foreign currencies are translated into Swedish kronor using exchange rates prevailing on the closing date. Realized and unrealized gains/losses on foreign exchange are reported in the income statements. Exchange rate differences attributable to accounts payable or accounts receivable, for example, are reported in operating profit/loss, while differences attributable to loans or investments denominated in foreign currencies are reported under financial items.

Long-term monetary balances between the parent company and subsidiary companies may be deemed to represent an extension or a contraction of the parent company's net investment in the subsidiary. Foreign currency differences arising on such balances are therefore charged directly to shareholders' equity as a translation difference.

Inventories

Inventories are valued at the lower of acquisition cost and actual value as follows:

Raw materials and supplies, excluding wood from the Group's own forests, are valued at the lower of acquisition and replacement cost. Wood from Group-owned forests is valued at harvesting costs plus transportation cost.

Chemicals and supplies are valued at the lower of acquisition cost and replacement cost.

Obsolescence is provided for at a standard rate of 3% except for those cases where replacement value or net realizable values are used.

Felling rights, representing the cost to acquire the right to harvest timber on land that the Group does not own, are recorded at acquisition cost. Felling rights are reclassified as raw materials (logs and timber) as the timber is harvested based on the relationship between the remaining book value of the felling rights and the estimated volume of recoverable timber.

Work in progress is valued at the lower of production cost and net realizable value.

Finished goods are valued at the lower of acquisition cost and net realizable value. Goods for resale are valued at the lower of acquisition cost and net realizable value.

Intangible and tangible fixed assets

Intangible and tangible fixed assets are reported net after deductions for accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life.

Forest and agricultural properties are recorded at acquisition cost. Forest restoration costs are charged to costs of goods and services as timber is harvested. The Company is legally required to incur forest restoration costs, representing the cost to restore, sow and replant, under Swedish environmental legislation.

For purposes of calculating depreciation, fixed assets are classified on the basis of their estimated useful economic lives according to the following categories:

	Parent Company	Group
Goodwill		5 – 20 years
Industrial buildings		20 – 67 years
Office buildings		20 – 67 years
Residential buildings		20 – 67 years
Land improvements		25 – 30 years
Machinery and equipment	5 years	3 – 25 years

Financial fixed assets

Financial fixed assets are valued at acquisition value with the exception of shares in associated companies that are consolidated using the equity method (see Accounting treatment of associated companies).

Impairment of fixed assets

In accordance with Swedish accounting standards, the book value of shareholdings shall be appraised when the listed value have fallen significantly or if there is some other indication of depreciation in value. The appraisal shall be based partially on the actual listed value of the shares and partially on expectations regarding future developments in order to determine whether the book values should be adjusted. Generally Accepted Accounting Standards in the USA (US GAAP), which are applied by Kinnevik for its reports to the Securities and Exchange Commission in the USA (Form 20-F), require a corresponding appraisal to be made. This is done according to certain, specific criteria that involve the shareholding being stated at its listed value if the price has been lower than the book value over a six-month period. To ensure that standard assessment criteria are used, the same criteria have been applied in the Swedish annual accounts for 2002. Consequently, holdings in listed companies are stated at their listed value as at December 31, 2002 in those cases where the listed price had been below the book value for longer than six months (see Note 13).

The Group evaluates the carrying value of other long-lived assets and identifiable intangible assets for potential impairment on an ongoing basis. An impairment loss would be recognized when the estimated future undiscounted cash flow generated by the asset is less than the carrying amount of the asset.

Dividens

The book value of shares distributed are recorded as dividends. Cash dividends to shareholders are recorded on a cash basis.

Accounting for leases

Leases are classified in the consolidated accounts as financial leases or operational leases. A financial lease is a contract that entails the lessee to a material extent enjoying all economic benefits and bearing all economic risks associated with the asset regardless of whether or not the lessee retains the legal right of ownership of the asset. For financial leases, the leasing asset is reported as a fixed asset and the obligation for future payments as a liability in the lessee's balance sheet. An operating lease is a lease that does not fulfill the conditions for financial leases. For operating leases, the rental expense is reported in the lessee's accounts distributed equally over the period during which the asset is used, even if the payments are made according to some other schedule.

Revenue recognition

Revenue from the sale of products is recognized when products are shipped, net of allowance for returns and discounts.

Revenue from the sale of services is recognized at the time the service is rendered to the customers.

Advertising costs

Advertising costs are charged to operations as incurred.

Income from corporate development
Income from corporate development includes capital gains/(losses) on the sale of shares in subsidiaries and associated companies and similar transactions.

Other operating revenues and expenses
Revenue secondary to the core business of a company and foreign exchange gains are reported as "Other operating revenues".

Expenses secondary to the core business of a company and foreign exchange losses are reported as "Other operating expenses".

Borrowing costs
Borrowing costs are taken against the result for the period in which they are incurred.

Corporate income tax
The Parent Company and the Group apply the Swedish Financial Accounting Standards Council's recommendation RR9 Income taxes. The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is taken direct against equity, in which case the related tax effect is also stated in equity. Current tax expense, previously called paid tax, is the tax that is to be paid or received for the year in question, plus correction of tax expense for previous years. Deferred tax is calculated using the balance sheet method and is based on temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be utilized and using the tax rates and rules in effect or announced as of the closing date. Temporary differences are not recorded in the case of differences attributable to interests in subsidiary companies that are not expected to be taxable in the foreseeable future. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and restricted equity. The deferred tax asset component of deductible temporary differences and tax loss carry-forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

Statement of cash flows
For purposes of the Parent Company and the consolidated statements of cash flows, the Group considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The carrying amount of these items approximates fair value. Cash and cash equivalents as shown in both the cash flow statement and the balance sheet include funds that are blocked.

Note 2

Business Segments
Kinnevik is a diversified company whose business consists of the long-term development of operative companies. Kinnevik also has significant holdings in a small number of listed companies, including Tele2 AB ("Tele2"), Modern Times Group MTG AB ("MTG"), Metro International S.A. ("Metro"), and Millicom International Cellular S.A. ("MIC").

The Kinnevik Group conducts its business through the following seven divisions:

- Mellersta Sveriges Lantbruks AB together with its subsidiaries ("MSLA"), which is engaged in farming in Sweden and Poland. MSLA owns the Ullevi estate, near Vadstena in Sweden, and the Barciany and Garbno estates in north-east Poland. The total acreage amounts to 665 hectares in Sweden and 6,727 hectares in Poland.
- Korsnäs Holding AB, together with its subsidiary and associated companies in three areas of business: forestry ("Korsnäs Forestry"), packaging materials ("Korsnäs Industrial"), and packaging ("Korsnäs Packaging"). Korsnäs Forestry supplies Korsnäs Industrial with wood harvested in its own forests, from purchased felling rights, and wood purchased from outside suppliers. The company owns a total area of 427,000 hectares, of which 320,000 hectares are productive forest land.

  Korsnäs Industrial's main business is concentrated at Korsnäsverken in Gävle, where the annual capacity amounts to 660,000 tonnes of pulp. The entire output is processed within Korsnäsverken into paperboard, sack and kraft paper, and fluff pulp. In volume terms, paperboard is the largest product area, in which liquid packaging board is used for packaging of beverages, and white top kraft board is used as the outer layer in corrugated board packaging.

  Korsnäs Packaging is Europe's second largest producer of paper sacks and bags with 11 production facilities in Europe and a newly started facility in the USA. Sales are handled via sales offices in 15 European countries and in the US.
- CIS Credit International Services AB and its subsidiaries ("CIS") provide collection, financial and payroll handling services in Sweden, Norway, Denmark and Germany. CIS is one of the largest providers of collection services in Scandinavia.
- Worldwide Loyalty B.V. and its subsidiary and associated companies is a supplier of loyalty programs and targeted marketing activities on behalf of clients through the Collect loyalty club. A decision was made in October 2002 to discontinue Worldwide Loyalty B.V.'s business. As of December, Collect has ceased to issue new points to its members and Worldwide Loyalty's business became dormant in 2003.
- Other subsidiaries consist of AirTime (AT) AB (now named Frevik AB), N.P. Birraria Hugo's in Kosovo, Förvaltnings AB Eris & Co. and Bison Air AB. The business of AirTime was sold to MTG with effect from October 1, 2002, after which the company became dormant. N.P. Birraria Hugo's began production of the only domestically produced lager beer in Kosovo in 2001.

Net turnover by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB		
External	12	**7**
Internal	–	**–**
Total Mellersta Sveriges Lantbruks AB	12	**7**
Korsnäs Forestry		
External	421	**529**
Internal	1,098	**951**
Total Korsnäs Forestry	1,519	**1,480**

Korsnäs Industrial		
External	3,807	**3,713**
Internal	287	**255**
Total Korsnäs Industrial	4,094	**3,968**
Korsnäs Packaging		
External	1,617	**1,567**
Internal	–	**–**
Total Korsnäs Packaging	1,617	**1,567**
CIS Credit International Services AB.		
External	169	**201**
Internal	1	**1**
Total CIS Credit International Services AB	170	**202**
Worldwide Loyalty B.V.		
External	31	**43**
Internal	–	**–**
Total Worldwide Loyalty B.V.	31	**43**
Other subsidiaries		
External	69	**50**
Internal	–	**6**
Total other subsidiaries	69	**56**
Parent Company, holding companies and eliminations	– 1,392	**– 1,213**
Total	6,120	**6,110**

Net turnover comprise total sales proceeds net of sales discounts, VAT and other taxes directly connected to sales.

Sales to one single customer represented 26% and 31% of total consolidated net turnover for the years ended December 31, 2001 and 2002, respectively.

External sales include all sales to parties other than the Parent Company and the consolidated subsidiaries. For information on sales to related parties, see Note 30. Intersegment sales are made on the basis of prices charged to external customers.

Industriförvaltnings AB Kinnevik's net intersegment sales amounted to MSEK 12 (12).

Operating income/loss by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB	4	**– 1**
Korsnäs Forestry	210	**194**
Korsnäs Industrial	379	**468**
Korsnäs Packaging	– 203	**– 40**
CIS Credit International Services AB	12	**29**
Worldwide Loyalty B.V.	– 12	**0**
Other subsidiaries	– 26	**– 6**
Parent Company, holding companies and eliminations	– 19	**721**
Total	345	**1,365**

Parent Company, holding companies and eliminations include capital gain on sale of forest land in 2002 of MSEK 752.

Assets by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB	22	**194**
Korsnäs Forestry and Korsnäs Industrial	9,059	**7,582**
Korsnäs Packaging	1,524	**1,471**
CIS Credit International Services AB	74	**65**
Worldwide Loyalty B.V.	60	**19**
Other subsidiaries	98	**76**
Shares in associated companies	1,944	**7,424**
Parent Company and holding companies	13,043	**2,200**
Total	25,824	**19,031**

Assets held by Parent Company and holding companies are principally long-term financial assets, short-term investments, cash and cash equivalents.

Assets held by Korsnäs Forestry and Korsnäs Industrial support both business units and have therefore not been allocated.

Liabilities by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB	12	**20**
Korsnäs Forestry and Korsnäs Industrial	6,694	**6,263**
Korsnäs Packaging	714	**669**
CIS Credit International Services AB	30	**37**
Worldwide Loyalty B.V.	73	**61**
Other subsidiaries	42	**35**
Parent Company and holding companies	4,545	**3,725**
Total	12,110	**10,810**

Depreciation and amortization by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB	– 1	**– 1**
Korsnäs Forestry	– 21	**– 18**
Korsnäs Industrial	– 330	**– 344**
Korsnäs Packaging	– 140	**– 105**
CIS Credit International Services AB	– 9	**– 5**
Worldwide Loyalty B.V.	– 5	**0**
Other subsidiaries	– 3	**– 4**
Parent Company and holding companies	– 5	**– 3**
Total	– 514	**– 480**

Investments by business segment

	2001	**2002**
Mellersta Sveriges Lantbruks AB	1	**0**
Korsnäs Forestry	43	**43**
Korsnäs Industrial	327	**229**
Korsnäs Packaging	136	**179**
CIS Credit International Services AB	3	**2**
Worldwide Loyalty B.V.	3	**0**
Other subsidiaries	7	**1**
Parent Company and holding companies	8	**4**
Total	528	**458**

Distribution of net turnover by geographic market

The geographic distribution of net turnover is based upon the geographic location of the buyer.

	2001	**2002**
Sweden	1,362	**1,261**
Other Nordic countries	513	**498**
Rest of Europe	3,417	**3,281**
North- and South America	53	**59**
Asia	635	**837**
Oceania	1	**1**
Africa	139	**173**
Total	6,120	**6,110**

Operating income/loss by geographic origin of income/loss

	2001	**2002**
Sweden	486	**617**
Other Nordic countries	– 7	**– 5**
Rest of Europe	– 121	**785**
North America	– 13	**– 32**
Total	345	**1,365**

Assets by geographic location

	2001	**2002**
Sweden	16,505	**11,332**
Other Nordic countries	775	**532**
Rest of Europe	8,496	**7,112**
North America	48	**55**
Total	25,824	**19,031**

Note 3

Significant acquisitions and divestitures

On January 8, 2001, Kinnevik acquired the remaining 49.9% of the shares in Transcom WorldWide S.A. from the related parties Société Européenne de Communication S.A. (subsidiary of Tele2) and Great Universal Inc. Payment of the price of MSEK 319, which was based on the average market price during the first 60 days of trading in Transcom WorldWide S.A., was made in December 2001.

At the Annual General Meeting held on May 18, 2001, Kinnevik's shareholders resolved in favour of spinning off Transcom by way of a special dividend to the shareholders of Kinnevik. The date of record for the distribution was September 4 and trading of Transcom shares began on Nasdaq in New York and Stockholmsbörsen's "O" list on September 6. Shareholders received one Transcom WorldWide A Share for each Kinnevik A Share and 0.35 Transcom WorldWide A Shares and 0.65 Transcom WorldWide B Shares for each Kinnevik B Share. To reflect this distribution, Kinnevik's interest in Transcom is not included in the consolidated income statement for the year ended December 31, 2001. Transcom reported net sales of MSEK 1,550, an operating loss of MSEK 14 and a net loss of MSEK 32 for the period January 1, 2001 – September 4, 2001.

On July 2, 2001, Korsnäs AB sold all its shares in Korsnäs Reinsurance S.A., its reinsurance company in Luxembourg to Invik & Co. AB, a related company, for MSEK 149, resulting in a capital loss of MSEK 46 in the consolidated accounts.

In August 2001, Mellersta Sveriges Lantbruks AB sold all its shares in its subsidiaries Russelbacka Egendom AB and Svedberga Lantbruks AB to unrelated third parties for a total price of MSEK 46, resulting in a capital gain of MSEK 42 in the consolidated accounts.

On May 27, 2002, Kinnevik acquired 17% of the shares in MIC Systems B.V. from MIC for MUSD 17. MIC Systems' principal asset at the time of the acquisition consisted of all the shares in Multinational Automated Clearing House S.A. (MACH). On November 15, 2002, MIC Systems B.V. sold MACH to an outside buyer for MEUR 95, out of which Kinnevik received guaranteed minimum proceeds of MUSD 17.

Between May and November 2002, Kinnevik increased its interest in Tele2 by 8,099,314 shares, by means of a number of purchases. The total price paid for these shares was MSEK 1,356, or SEK 167 per share.

On August 27, 2002, a final agreement was reached with Sveaskog on the sale of 200,000 hectares of productive forestland, corresponding to just over a third of Korsnäs's forests, and its sawmill operations. Supply agreements were signed with Sveaskog to ensure the supply of raw material to Korsnäs Industrial in Gävle. The purchase price amounted to MSEK 1,989 and capital gains amounted to MSEK 752 in Kinnevik consolidated accounts.

During 2001 and 2002, the Group made certain other acquisitions and divestitures, that were not material to the Group's consolidated accounts.

Note 4

Income from corporate development

Income from corporate development includes capital gains/(losses) on the sale of shares in subsidiaries and associated companies and similar transactions.

	Parent Company		Group	
	2001	**2002**	2001	**2002**
Eco-Sack Europe BV	–	–	–	**– 2**
Gunnarsvik AB (formerly TV1000 Sverige AB)	–	–	–	**– 15**
Invik Intressenter AB	–	**– 14**	–	**–**
Korsnäs sawmill operations and part of forest land	–	–	–	**752**
Korsnäs Reinsurance S.A.	–	–	– 46	**–**
Russelbacka Egendom AB	–	–	24	**–**
Svedberga Lantbruks AB	–	–	18	**–**
	–	**– 14**	– 4	**735**

Income from sales of securities	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Invik & Co. AB	–	**– 2**	–	**–**
Metro International S.A.	– 321	**– 4**	–	**–**
Modern Times Group MTG AB	150	**– 23**	27	**40**
	– 171	**– 29**	27	**40**

In 2001, Kinnevik sold 1,790,933 shares of series A in MTG to Invik & Co. AB and acquired the same amount of series B in MTG in a non cash transaction. The exchange of shares resulted in a capital gain of MSEK 329 in the consolidated accounts. 596,977 shares of such series B in MTG was delivered to MTG Intressenter AB upon the exercise of options for the shares in accordance with an option program launched in 1996 (see Note 30). The sale resulted in proceeds of MSEK 42 and a capital loss of MSEK 302 in the consolidated accounts. Thus, the net gain on these transactions was MSEK 27.

In 2002, Kinnevik sold 607,000 shares of series B in MTG to unrelated parties for MSEK 158, resulting in a capital gain of MSEK 40 in the consolidated accounts.

Note 5

Depreciation according to plan

Operating income include depreciation and amortization as follows:

	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Capitalized development costs	–	**–**	– 16	**–**
Goodwill	–	**–**	– 21	**– 16**
Buildings	–	**–**	– 59	**– 56**
Machinery	–	**–**	– 372	**– 362**
Equipment, tools and fittings	– 1	**– 1**	– 46	**– 46**
	– 1	**– 1**	– 514	**– 480**

Depreciation and amortzation are split per cost category as follows:	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Cost of goods and services	–	**–**	– 479	**– 449**
Selling expenses	–	**–**	– 6	**– 1**
Administration expenses	– 1	**– 1**	– 26	**– 26**
Research and development expenses	–	**–**	– 3	**– 4**
	– 1	**– 1**	– 514	**– 480**

Note 6

Result from participation in Group companies	Parent Company 2001	Parent Company **2002**
Dividend from		
AB Eldrimner	155	**115**
Kinnevik International AB	56	**–**
Korsnäs Holding AB	700	**2,000**
Svenska Motor AB SMA	–	**98**
Stenblocket AB	–	**30**
Stenblocket i Trelleborg AB	–	**0**
Vilandevik AB	–	**1**
Write-down	– 3	**–**
Capital loss	–	**– 342**
	908	**1,902**

Note 7

Interest in earnings of associated companies (ownership % at December 31, 2002)	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Cherryföretagen AB (29%)	–	**– 23**	– 21	**– 45**
Goodguy Svenska AB (100%)	–	**–**	– 11	**–**
Gävle Sjöfarts AB (24%)	–	**–**	1	**0**
Industriskog AB (33%)	–	**–**	1	**0**
Karskär Energi AB (41%)	–	**–**	10	**2**
Metro International S.A. (15%)	–	**– 103**	– 54	**– 591**
Millicom International Cellular S.A. (35%)	–	**–**	– 406	**– 616**
Modern Cartoons Ltd USA (23%)	–	**– 19**	– 1	**– 7**
Rolnyvik Sp.z.o.o. (100%)	–	**–**	– 2	**– 5**
Sacchificio Tordera SpA (50%)	–	**–**	6	**– 1**
SCD Invest AB (50%)	–	**–**	– 8	**– 5**
Smurfit-Korsnäs Paper Sacks (Polska) Ltd (50%)	–	**–**	– 1	**0**
Tele2 AB (21%)	–	**–**	–	**– 2,975**
Trumf Holding AS (33%)	–	**–**	0	**– 1**
Valvosacco SpA (20%)	–	**–**	2	**5**
Viking Telecom AB (24%)	–	**–**	– 3	**– 58**
	–	**– 145**	– 487	**– 4,297**

The Parent Company’s loss on interests in associated companies in 2002 was attributable to write-downs.

Of the Group’s loss on its interests in associated companies in 2002, MSEK 3,274 was due to write-downs, of which MSEK 24 on account of Cherryföretagen, MSEK 371 Metro, MSEK 2,852 Tele2, and MSEK 27 Viking Telecom.

Following the acquisition of further shares in Metro International S.A. on October 4, 2001, the Group’s voting interest is 28%. The holding is thereafter classified as an interest in associated companies. The equity method is used in the consolidated financial statements as of that date. The difference between the value stated in the consolidated accounts and the interest in Metro’s equity amounted to MUSD 86 as of the acquisition date. The amount is stated as goodwill upon consolidation and amortized over 10 years. After write-downs as of December 31, 2002, the remaining goodwill amounts to MUSD 28.

Following the reclassification by Tele2 of the Series “A” shares held by certain other shareholders to Series “B” shares in July 2002 the Group's voting interest exceeds 20%, as a result of which its holding is now classified as an associated company. As of July 2002, the equity method is used when preparing the consolidated financial statements. The difference between the value stated in the consolidated accounts and the interest in Tele2’s equity amounted to MSEK 4,122 at the time of acquisition. This comprises goodwill upon consolidation, which will be written off over ten years. After write-downs as of December 31, 2002, the remaining goodwill amounts to MSEK 1,089.

As of December 31, 2002, Kinnevik controls 100% of the shares in Rolnyvik Sp.z.o.o., why the company is consolidated as a subsidiary as of that date.

The Group’s loss on interests in MIC amounted to MSEK 616 in 2002, whereafter the book value of shares in MIC is 0 as at December 31, 2002, see Note 13. Kinnevik has therefore ceased to recognise further losses in MIC. Kinnevik’s part of non recognised losses for 2002 amounted to MSEK 348.

Income from other securities (write-downs)	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Invik & Co. AB	–	**– 3**	–	**– 7**
Modern Times Group MTG AB	–	**– 315**	–	**– 382**
XSource Corp.	–	**– 168**	–	**– 168**
Marcstone Overseas Euro Ltd	–	**– 67**	–	**– 67**
	–	**– 553**	–	**– 624**

Note 8

Interest income and similar	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Dividends	15	**9**	17	**10**
Interest income from third-parties	56	**65**	88	**90**
Interest income from subsidiaries	408	**352**	–	**–**
Exchange rate differences	0	**35**	10	**0**
	479	**461**	115	**100**

Note 9
Interest expense and similar

	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Interest expense to third-parties	– 214	**– 187**	– 415	**– 421**
Interest expense PRI	0	**0**	– 17	**– 28**
Interest expense to subsidiaries	– 347	**– 382**	–	**–**
Exchange rate differences	– 30	**0**	0	**– 11**
Other financial items	0	**– 8**	– 3	**– 30**
	– 591	**– 577**	– 435	**– 490**

Note 10
Taxes

Distribution of income after financial items

	Group 2001	Group **2002**
Sweden	246	**– 4,194**
Outside Sweden	– 708	**248**
	– 462	**– 3,946**
Distribution of current tax expense		
Sweden	0	**0**
Outside Sweden	26	**– 14**
Distribution of deferred tax expense		
Sweden	– 136	**1**
Outside Sweden	6	**– 142**
Total tax charge for the year	– 104	**– 155**

Out of deferred tax expense outside Sweden MSEK –93 (–35) refers to the Group's share of the tax expense of its associated company Millicom.

Current taxes

	Group 2001	Group **2002**
Current tax expense for the period	– 9	**– 14**
Correction of current tax expense for previous years	35	**0**
	26	**– 14**
Deferred taxes		
Deferred tax related to temporary differences	– 6	**108**
Deferred tax income relating to capitalization of tax loss carry forwards	21	**10**
Deferred tax expense on utilization of tax loss carry forwards	– 108	**– 170**
Tax on interest in earnings of associated companies	– 37	**– 89**
	– 130	**– 141**
Total tax charge for the year	– 104	**– 155**

Out of this year's total tax charge, MSEK 0 (–45) refers to capital gain on divestment of subsidiaries.

Reconciliation of effective tax rate

	Group 2001	%	2002	%
Profit before tax	– 462		**– 3,946**	
Income tax at statutory rate of parent company, 28%	129	28%	**1,105**	**28%**
Foreign tax rate differential	6	1%	**0**	**0%**
Amortization of goodwill on consolidation	– 6	– 1%	**– 5**	**0%**
Non-deductible losses	– 195	– 42%	**– 1,474**	**– 37%**
Non-taxable income	6	1%	**0**	**0%**
Difference in result from corporate development	– 51	– 11%	**206**	**5%**
Difference in result from sales of securities	– 26	– 6%	**11**	**0%**
Tax expense for previous years	35	7%	**0**	**0%**
Other	– 2	0%	**2**	**0%**
Effective tax/tax rate	– 104	– 23%	**– 155**	**– 4%**

Deferred tax assets

	Group 2001	2002
Financial fixed assets	34	**0**
Other provisions	58	**0**
Tax loss carry forwards, net	233	**84**
	325	**84**
Deferred tax liability		
Intangible fixed assets	– 3	**0**
Tangible fixed assets	– 1,291	**– 1,104**
Inventories	– 1	**– 1**
	– 1,295	**– 1,105**
Deferred tax liability, net	– 970	**– 1,021**

Of the deferred tax liability of MSEK 1,104 (1,291) in respect of tangible fixed assets, a sum of MSEK 791 (818) is attributable to untaxed reserves in the form of accumulated depreciation in excess of plan and MSEK 313 (473) to accumulated revaluations.

Deferred tax attributable to temporary differences in subsidiaries are not stated in the accounts, as the unrestricted reserves of these companies can be paid as dividend to the parent company without giving rise to a tax liability. Deferred tax is not stated for associated companies either, as any dividend paid by these companies will not give rise to a tax liability, and no divestments that could give rise to capital gains taxation are planned for the foreseeable future.

Distribution of deferred tax assets

	Group 2001	2002
Sweden	236	**33**
Outside Sweden	89	**51**
	325	**84**
Distribution of deferred tax liability		
Sweden	– 1,254	**– 1,058**
Outside Sweden	– 41	**– 47**
	– 1,295	**– 1,105**

As a result of the completion of a tax audit for the 1994-1998 period, the Swedish tax authority has contested certain tax positions taken by the Parent Company. The Parent Company has recorded a provision of MSEK 40 in the financial statements for additional tax (including tax surcharges etc.) that may arise out of the claim.

The County Court's decision was handed down in 2002, and was largely in favour of the Tax Authority. The Company has appealed the County Court's decision to the Administrative Court of Appeal. Should the court decide against the Company, the Company could become liable to pay a further maximum MSEK 344 in the form of additional tax, including charges and interest. The Company's opinion is that most of the cases will be settled in favour of the Company.

Over and above this, there is an exposure of up to MSEK 224 as the consequence of the tax authority challenging the tax loss carry-forwards stated in the accounts of certain associated companies. The Company's opinion is that these cases will also be decided in the Company's favour.

The Group's loss carry-forwards in Sweden, which have no expiration date, totaled MSEK 743 at December 31, 2002. In addition, loss carry-forwards outside Sweden, principally in Denmark, England and Germany totaled approximately MSEK 189 at December 31, 2002 and expire in the following years.

2003	4
2004	8
2005	27
2006	18
2007 or later	26
No maturity date	106
	189

Note 11

Supplemental cash flow information

	Parent Company		Group	
Interest, dividends and tax paid	2001	**2002**	2001	**2002**
Interest received	58	**65**	96	**92**
Interest paid	– 232	**– 205**	– 442	**– 463**
Dividends received	65	**7**	23	**8**
Tax received (paid)	0	**0**	46	**– 13**

Transactions not affecting cash flow

2001

All the shares in Transcom WorldWide S.A. were distributed to Kinnevik's shareholders.

Acquired companies	**2002**
Tangible fixed assets	**– 148**
Financial fixed assets	**9**
Working capital	**– 22**
Long-term liabilities	**167**
Cash and cash equivalents	**– 6**
Purchase price, gross	**0**
Less: Cash and cash equivalents of companies acquired	**6**
Purchase price, net	**6**

Acquisitions of subsidiaries in 2001 relate to the remaining 49.9% of the shares in Transcom WorldWide S.A., which were acquired from Société Européenne de Communication S.A. and Great Universal Inc. on January 8, 2001 for MSEK 319. The price was based on the average listed value of Transcom during the first 60 days of trading. Payment was made in December 2001.

Acquisitions of subsidiaries in 2002 relate to Rolnyvik Sp.z.o.o. and Plonvik Sp.z.o.o.

Divested companies	2001	**2002**
Tangible fixed assets	198	**1,198**
Intangible fixed assets	2	**0**
Working capital	217	**39**
Long-term liabilities	– 132	**0**
Cash and cash equivalents	142	**0**
Equity	– 253	**752**
Gross proceeds of asset sales	174	**1,989**
Less: Cash and cash equivalents of divested companies	– 142	**0**
Net proceeds of asset sales	32	**1,989**

The companies divested in 2001 were Transcom WorldWide S.A., Korsnäs Reinsurance S.A., Russelbacka Egendom AB and Svedberga Lantbruks AB.

The companies divested in 2002 were 31 Marma Skog companies and Sågverket Kastet AB.

Note 12

Intangible and tangible fixed assets

Group	Goodwill	Land and buildings	Forest and agricultural properties	Machinery	Equipment, tools and fittings	Construction in progress
Opening acquisition values	204	1,931	3,569	7,583	482	118
Changes in the Group's structure	0	– 81	– 906	– 208	– 3	6
Capital expenditure	23	60	18	317	40	0
Sale/scrapping	– 8	– 18	0	– 48	– 33	0
Reclassification				8		– 8
Translation differences	– 2	– 3	– 8	– 177	– 6	– 4
Closing acquisition values	217	1,889	2,673	7,475	480	112
Opening accumulated depreciation	– 73	– 838	–	– 3,899	– 325	–
Changes in the Group's structure	0	36	–	104	2	–
Sale/scrapping		4	–	45	19	–
Depreciation	– 16	– 56	–	– 362	– 46	–
Translation differences	2	1	–	98	4	–
Closing accumulated depreciation	– 87	– 853	–	– 4,014	– 346	
Closing net book value	130	1,036	2,673	3,461	134	112
Tax assessment value buildings		4,183				
Tax assessment value land		78	3,022			

Parent Company	Equipment
Opening acqusition values	9
Capital expenditure	1
Sale/scrapping	– 1
Closing acquisition values	9
Opening accumulated depreciation	– 8
Sale/scrapping	2
Depreciation	– 1
Closing accumulated depreciation	– 7
Closing net book value	2

Opening acquisition value for forest and agricultural property include MSEK 2,327 revaluation made in 1994 in Korsnäs AB. Following the sale of forest and agricultural property in 2002, the corresponding amount is MSEK 1,973 in the closing balance.

Note 13

Financial assets (TSEK)

	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value
Shares in Group companies					
AB Eldrimner	556024-4955	Stockholm	1,000	100	**158,753**
Förvaltnings AB Eris & Co	556035-7179	Stockholm	–	100	–
Asia Gold AB	556480-8730	Stockholm	1,000	100	**400**
Baltic Oil AB	556098-5771	Stockholm	250	25	**25**
Bison Air AB	556461-1670	Stockholm	1,000	100	**484**
Frevik AB (formerly Air Time (AT) AB)	556281-6040	Stockholm	1,000	100	**44,136**
Zales (TRT) AB	556211-0444	Stockholm	–	100	–
AirTime Sport & Entertainment AB	556298-4426	Stockholm	–	100	–
Gamla Stans Millennium Evenemang AB	556052-9942	Stockholm	5,000	100	**600**
Guyvik AB	556579-7692	Stockholm	1,000	100	**21,104**
Goodguy Svenska AB	556072-2190	Stockholm	–	100	–
Kinnevik International AB	556033-4640	Stockholm	40,000	100	**6,033,725**
Fagersta Ltd		Great Britain	–	100	–
Fagersta Steels Ltd		Great Britain	–	100	–

Gunnarsvik AB	556364-5372	Stockholm	–	100	–
CIS Luxembourg S.A.		Luxembourg	–	100	–
CIS Holding AB	556045-6666	Järfälla	–	100	–
CIS Credit International Services AB	556353-2778	Karlskoga	–	100	–
CIS Danmark A/S		Denmark	–	100	–
CIS International Gmbh		Germany	–	100	–
CIS International Services AG.		Switzerland	–	100	–
CIS Norge AS		Norway	–	100	–
CIS Concept AS		Norway	–	100	–
INKS AB	556585-9963	Karlskoga	–	100	–
CIS Systems AB	556324-8334	Karlskoga	–	100	–
Investment AB Kinnevik	556094-7623	Stockholm	–	100	–
Biovik AB	556281-6149	Stockholm	–	100	–
Baltic Oil AB	556098-5771	Stockholm	–	75	–
Kinnevik BV		The Netherlands	–	100	–
Lizoma BV		The Netherlands	–	100	–
N.P. Birraria Hugo´s		Kosovo	–	100	–
Worldwide Loyalty BV		The Netherlands	–	100	–
Collect Austria GmbH		Austria	–	100	–
Worldwide Loyalty N.V.		The Netherland Antilles	–	100	–
Collect Denmark A/S		Denmark	–	100	–
Collect Deutschland GmbH		Germany	–	100	–
Collect France SAS		France	–	100	–
Collect Italy spa		Italy	–	100	–
Collect Loyalty AG		Switzerland	–	100	–
Collect Netherland BV		The Netherlands	–	100	–
Collect Sweden AB	556061-4124	Stockholm	–	100	–
Loyalty Management Sweden AB	556253-8602	Stockholm	–	100	–
Loyalty Corporation UK Ltd		Great Britain	–	100	–
Invik Intressenter AB	556301-1872	Stockholm	–	100	–
Latellana AG		Switzerland	–	100	–
Sillender Oü		Estonia	–	100	–
Kinnevik Radio AB	556237-4594	Sollentuna	7,500	100	**1,207**
Kinnevik S.A.		Luxembourg	–	100	**0**
Korsnäs Holding AB*	556170-7703	Fagersta	1,000	100	**5,893,643**
Korsnäs AB	556023-8338	Gävle	–	96/98	–
AB Stjernsunds Bruk	556028-6881	Gävle	–	100	–
Trävaru AB Dalerne	556044-3920	Gävle	–	100	–
Combi Shipping AB	556153-9932	Gävle	–	100	–
Diacell AB	556155-2786	Gävle	–	100	–
Karskär Bygg AB	556629-8740	Gävle	–	100	–
Korsnäs France S.A.		France	–	100	–
Korsnäs GmbH.		Germany	–	100	–
Korsnäs Italia S.r.l.		Italy	–	100	–
Korsnäs Latvia Sia		Latvia	–	100	–
Sia Freja		Latvia	–	100	–
Korsnäs Luxembourg Holding AB	556581-8126	Gävle	–	100	–
Korsnäs Packaging d.o.o		Serbia	–	71	–
Korsnäs Packaging S.A.		Luxembourg	–	100	–
Korsnäs Packaging Holding AB	556051-3789	Gävle	–	100	–
Korsnäs Advanced Systems AB	556560-8527	Gävle	–	100	–
Korsnäs Packaging AB	556286-4099	Gävle	–	100	–
Crown Sacks & Systems (Ain) Ltd		Great Britain	–	100	–
Crown Sacks & Systems (Holding) Ltd		Great Britain	–	100	–
Korsnäs Paper Sacks Ltd		Great Britain	–	100	–
Crown Sacks & Systems (Sus) Ltd		Great Britain	–	100	–
Korsnäs Edam BV		The Netherlands	–	100	–
Korsnäs Finland OY		Finland	–	100	–
Korsnäs Oriana		Ukraine	–	100	–

*Korsnäs Holding AB includes another 43 companies named Fastighetsaktiebolaget Marma Skog 1-35, 40, 41, 44-46 and 72-74.

Korsnäs Packaging Inc.		USA	–	100	–
Korsnäs Packaging Nordic A/S		Denmark	–	100	–
Korsnäs Packaging SAU		Spain	–	100	–
Korsnäs Packaging SRL.		Italy	–	100	–
Korsnäs Packaging SRO		Czech Republic	–	100	–
Korsnäs Strömsnäs AB	556094-7631	Gävle	–	100	–
Korsnäs Wilhelmstal GmbH Papiersackfabriken		Germany	–	100	–
Icoma FBS Packtechnik GmbH		Germany	–	100	–
Korsnäs Croatia d.d		Croatia	–	87	–
Korsnäs Sales Ltd		Great Britain	–	100	–
Korsnäs Sågverks AB	556024-8477	Gävle	–	100	–
Latsin Sia		Latvia	–	52	–
Sia Darbs un Co		Latvia	–	100	–
Sia Dulmani		Latvia	–	100	–
Sia Laura		Latvia	–	100	–
Marma Skog S.A.		Luxembourg	–	100	–
Ludvika Personalservice KB	916582-0268	Ludvika	–	100	**100**
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	5,000	100	**29,654**
AB Agrovik	556278-5880	Vadstena	–	100	–
Plonvik Sp.z.o.o		Poland	–	100	–
Rolnyvik Sp.z.o.o.		Poland	–	100	–
Modern Cartoons Holding AB	556463-2296	Stockholm	2,000	100	**0**
Modern Cartoons Europe AB	556513-5513	Stockholm	–	100	**100**
SMA Holding AB	556491-9487	Sollentuna	1,000	100	**92**
Svenska Motor AB SMA	556207-5506	Stockholm	–	100	–
Svenska Traktor AB	556051-6352	Järfälla	–	100	–
Stenblocket AB	556031-4998	Stockholm	–	100	–
Stenblocket i Järfälla AB	556034-7832	Stockholm	–	100	–
Stenblocket i Fagersta AB.	556004-6723	Stockholm	250	100	**4,000**
Stenblocket i Trelleborg AB	556098-5888	Stockholm	1,000	100	**110**
Strix Vakt AB	556476-4958	Stockholm	1,000	100	**100**
Svenska JCB AB	556306-0960	Järfälla	5,000	100	**788**
The Green House AB	556081-0037	Stockholm	3,000	100	**300**
Vilandevik AB	556359-1105	Stockholm	1,000	100	**100**
Carlovik AB	556253-9394	Stockholm	–	100	–
South East Asian Sea Rover AB	556488-7007	Stockholm	–	100	–
Vilandeproduktionsvik 1 AB	556304-7066	Stockholm	–	100	–
					12,189,421

Shares in associated companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Parent Company						
Cherryföretagen AB	556090-4251	Solna	1,759,999	2/6	**5,104**	5,104
Modern Cartoons Ltd		USA	2,544,000	23	**0**	
SCD Invest AB	556353-6753	Stockholm	5,821,335	50	**35,897**	
Metro International S.A*		Luxembourg	3,286,173	3/4	**18,163**	18,163
Tele2 AB	556410-8917	Gävle	3,778,436	3/1	**547,732**	547,732
					606,896	

* Market value in Modern Times Group MTG AB and Metro International S.A. is stated without any deduction for options issued to MTG Intressenter AB, see Note 30.

Shares in associated companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Group						
Cherryföretagen AB	556090-4251	Solna	8,780,749	29/26	**25,464**	25,464
Förvaltnings AB Gävle Stuveriintressenter	556178-9040	Gävle	256	26	**33**	
Gävle Sjöfarts AB	556010-6774	Gävle	2,597	24	**868**	
Industriskog AB	556193-9470	Falun	25,000	33	**125**	
Karskär Energi AB	556018-9481	Gävle	12,331	41	**71,018**	
Metro International S.A.*		Luxembourg	16,834,010	15/29	**91,321**	91,321
Millicom International Cellular S.A.		Luxembourg	16,383,224	36	**0**	272,489
Modern Cartoons Ltd		USA	2,544,000	23	**0**	
Sacchifficio Tordera SpA		Italy	100,000	50	**36,198**	
SCD Invest AB	556353-6753	Stockholm	5,821,335	50	**0**	
Smurfit-Korsnäs Paper Sacks (Polska) Ltd		Poland	–	50	**20,504**	
Tele2 AB	556410-8917	Gävle	31,065,872	21/26	**7,131,439**	7,131,439
Trumf Holding AS		Norway	5,333	33	**7,447**	
Trätåg AB	556116-2719	Falun	500	50	**3**	
Valvosacco SpA		Italy	33,800	20	**23,891**	
Viking Telecom AB	556330-3055	Gothenburg	4,657,000	24	**15,834**	15,834
					7,424,145	

Following the reclassification by Tele2 of the Series "A" shares held by certain other shareholders to Series "B" shares in July 2002 the Group's voting interest exceeds 20%, as a result of which its holding is now classified as an associated company. As of July 2002, the equity method is used when preparing the consolidated financial statements. The difference between the value stated in the consolidated accounts and the interest in Tele2's equity amounted to MSEK 4,122 at the time of acquisition. This comprises goodwill upon consolidation, which will be written off over ten years. After write-downs as of December 31, 2002, the remaining goodwill amounts to MSEK 1,089.

Reconciliation of book value of shares in associated companies (MSEK)	Parent Company	Group
Opening balance January 1, 2002	201	1,944
Investments in associated companies	89	1,250
Transfer from other shares	462	8,841
Transferred to Group companies	–	0
Divestments	–	– 5
Netted off against receivables	–	5
Netted off against provisions	–	30
Interest in earnings of associated companies	–	– 1,023
Write-downs	– 145	– 3,274
Interest in tax expense of associated companies	–	– 85
Translation differences	–	– 259
Closing balance December 31, 2002	607	7,424

Shares and participations in other companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Parent Company						
XSource Corporation Inc.		USA	1,999,555	13	**39,700**	
Marcstone Overseas Euro Ltd.		Ireland	–	–	**123,927**	123,927
MTG Intressenter AB	556519-8529	Stockholm	3,075	12	**7,665**	
Invik & Co. AB	556047-9742	Stockholm	10,362	0	**2,611**	2,611
Modern Times Group MTG AB*	556309-9158	Stockholm	4,070,796	6/15	**293,145**	293,145
Tenant-owners right					**638**	
					467,686	

* Market value in Modern Times Group MTG AB and Metro International S.A. is stated without any deduction for options issued to MTG Intressenter AB, see Note 30.

Shares and participations in other companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Group						
Acando AB	556563-0554	Stockholm	381,614	25	**37,421**	
Invik & Co. AB	556047-9742	Stockholm	391,430	5/9	**98,640**	98,640
Marcstone Overseas Euro Ltd.		Ireland	–	–	**123,927**	123,927
Modern Times Group MTG AB*	556309-9158	Stockholm	4,947,718	8/18	**355,873**	355,873
MTG Intressenter AB	556519-8529	Stockholm	3,075	12	**7,664**	
P4 Radio Hele Norge asa		Norway	8,200		**29**	29
Transcom WorldWide S.A.		Luxembourg	962,050	2/3	**9,621**	9,621
XSource Corporation Inc.		USA	1,999,555	13	**39,700**	
Other					**6,278**	
					679,153	

Reconciliation of book value of shares and participations in other companies (MSEK)	Parent Company	Group
Opening balance January 1, 2002	1,512	11,049
Investments in new shares		318
Divestments	– 29	– 283
Transferred to shares in associated companies	– 462	– 9,781
Write-downs	– 553	– 624
Closing balance December 31, 2002	468	679

* Market value in Modern Times Group MTG AB and Metro International S.A. is stated without any deduction for options issued to MTG Intressenter AB, see Note 30.

Note 14
Inventories etc.

	Group 2001	Group **2002**
Raw materials and consumables	412	**358**
Felling rights	38	**36**
Work in progress	96	**57**
Finished products and goods for resale	660	**537**
Work on contract	1	**2**
Advance payment to suppliers	4	**1**
	1,211	**991**
Less: provisions for obsolete and slowmoving inventory	– 65	**– 21**
	1,146	**970**

Note 15
Accounts receivable

	Group 2001	Group **2002**
Gross accounts receivable	938	**715**
Less: allowance for doubtful accounts	– 19	**– 15**
Total accounts receivable	919	**700**
Changes in the allowance for doubtful accounts are as follows:		
At beginning of year	– 14	**– 19**
New allowances	– 7	**– 3**
Recoveries	2	**7**
At end of year	– 19	**– 15**

Note 16
Prepaid expenses and accrued income

	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Accrued sales revenue	–	**0**	25	**22**
Accrued interest income	1	**0**	7	**5**
Prepaid rents	–	**0**	1	**1**
Prepaid insurance premiums	–	**1**	1	**4**
Other	0	**0**	52	**70**
	1	**1**	86	**102**

Note 17
Shareholders' equity

Industriförvaltnings AB Kinnevik's share capital at December 31, 2002, consisted of 62.9 million shares each having a nominal value of SEK 10, which is unchanged compared to December 31, 2001. The breakdown by class of share at December 31, 2002 and December 31, 2001, was as follows:

	Number of shares	Total nominal amount
A shares	15,123,741	151
B shares	47,814,936	478
	62,938,677	629

A shares carry ten (10) votes and B shares one (1) vote.

	Share capital	Premium reserve	Revaluation reserve	Legal Reserve	Unre-stricted equity	Total
Parent Company						
Opening balance, January 1, 2001	629	357	190	2,987	5,761	9,924
Net result 2001	–	–	–	–	593	593
Dividend [6]	–	–	–	–	– 676	– 676
Group contributions, net	–	–	–	–	– 91	– 91
Closing balance, December 31, 2001	629	357	190	2,987	5,587	9,750
Net result 2002	–	–	–	–	990	990
Dividend [7]	–	–	–	–	– 126	– 126
Group contributions, net	–	–	–	–	210	210
Closing balance, December 31, 2002	629	357	190	2,987	6,661	10,824

Group	Share capital	Restricted reserves [1, 2]	Unrestricted reserves [3]	Total
Closing balance December 31, 2000, before change in accounting principle	629	3,339	10,742	14,710
Change in accounting principle [5]			– 63	– 63
Opening balance, January 1, 2001 including impact of change in accounting principle	629	3,339	10,679	14,647
Translation differences [4]	–	84	75	159
Net result 2001	–	–	– 570	– 570
Cash dividend [6]	–	–	– 63	– 63
Deconsolidation and distribution of shares in Transcom WorldWide S.A. [6]	–	–	– 481	– 481
Step-up aquisition of shares in Metro International S.A. [8]	–	–	6	6
Transfer between restricted and unrestricted reserves	–	528	– 528	0
Closing balance, December 31, 2001	629	3,951	9,118	13,698
Translation differences [4]	–	– 83	– 219	– 302
Net result 2002	–	–	– 4,109	– 4,109
Dividend [7]	–	–	– 126	– 126
Step-up aquisition of shares in Tele2 AB [8]	–	–	– 940	– 940
Transfer between restricted and unrestricted reserves [9]	–	– 346	346	0
Closing balance, December 31, 2002	629	3,522	4,070	8,221

1) The consolidated restricted reserves include an equity method reserve, which is the positive differences between the value at Group level and the book value in the accounts of individual companies of shares in associated companies, of MSEK 456 , MSEK 466 and MSEK 0 for the years ended on December 31, 2000, 2001 and 2002 respectively.
2) The restricted equity balance as of December 31, 2000, 2001 and 2002 include MSEK 466 , MSEK 550 and MSEK 467 respectively, of cumulative translation differences.
3) The non-restricted equity balance as of December 31, 2000, 2001 and 2002 include MSEK 43 , MSEK 118 and MSEK –101 respectively, of cumulative translation differences.
4) The translation differences of MSEK 159 in 2001 and MSEK –302 in 2002, are largely attributed to net investments in subsidiaries and associated companies expressed in Euro and US dollars. As of and including 2001, foreign investment holding companies are

stated as integrated foreign business units. The reason for the reclassification is that the subsidiaries are now entirely financed by the parent company and for the most part own shares in listed Swedish companies. If the companies had continued to be stated as independent foreign businesses the year's change in translation differences would have amounted to MSEK 617, or MSEK 458 more than the translation differences now stated. The net results for previously reported periods are not affected by this reclassification.

[5] Change in accounting principle refer to complicance with recommendation RR15 Intangible Fixed Assets issued by the Swedish Financial Accounting Standards Council. The effect of this is that opening balance of equity and Intangible fixed assets at January 1, 2001 have decreased by MSEK 63.

[6] The Annual General Meeting held on May 18, 2001, resolved in favour of paying a cash dividend of SEK 1.00 per share, a total of MSEK 63 , and distributing all Kinnevik's shares in Transcom WorldWide S.A. The book value of the Parent Company's shares in Transcom amounted to MSEK 613 on the day they were distributed and is recorded as dividend. The book value of Transcom in the consolidated accounts, MSEK 481, was recorded as dividend.

[7] The Annual General Meeting held on May 17, 2002, resolved in favour of paying a cash dividend of SEK 2.00 per share, a total of MSEK 126.

[8] The step-up acquisitions of shares in Metro and Tele2 relate to the effect on the asset value that would have been stated if the holdings had been consolidated under the equity interest method as of the date of each acquisition. The amount has been taken direct to equity in accordance with the Swedish Financial Accounting Standards Council's recommendation RR13.

[9] Revaluation reserve in Korsnäs AB has, as a result of sale of forest land, decreased from MSEK 1,733 to MSEK 1,557 as at December 31, 2002.

Note 18
Provisions for pensions

	Parent Company		Group	
	2001	**2002**	2001	**2002**
Pensions secured through FPG/PRI	21	**21**	464	**469**
Other provisions for pensions	12	**12**	174	**159**
	33	**33**	638	**628**

Note 19
Other provisions

	Group	
	2001	**2002**
Compulsory acquisition proceedings	254	**211**
Forest restoration	83	**56**
Severance pay	345	**167**
Restructuring reserves in acquired companies	12	**0**
Other	89	**142**
	783	**576**

Movements in other provisions

Opening balance January 1, 2002	**783**
Interest on provision for compulsory acquisition proceedings	**10**
Dividend paid to reduce provision for compulsory acquisition proceedings	**– 53**
Release of provision for forest restoration	**– 27**
Severance pay, paid out	**– 178**
Restructuring reserves in acquired companies, utilised	**– 12**
New provisions, other	**53**
Closing balance December 31, 2002	**576**

The provisions for compulsory acquisitions proceedings relate to one minority shareholder's untendered shares in Korsnäs AB and represent the fair value of SEK 95 per share at the date on which arbitration proceedings were initiated plus accrued interest since that date. See Note 25.

The provisions for forest restoration relate to future costs for restorating, sowing and replanting harvested forest areas in accordance with Swedish law.

The provision for severance pay of MSEK 167 (345) relate to a reorganization and reduction of personnel at Korsnäs.

The restructuring reserve for companies acquired relate to companies acquired within Korsnäs Packaging in 2000.

Note 20
Long-term liabilities

As of December 31, 2002, long-term liabilities matured in the following years:

	Parent Company	Group
2003	3,198	4,227
2004	291	1,183
2005	26	206
2006	52	232
2007	0	1,640
2008 or later	16	40
	3,583	7,528

In addition to drawn credits, the Group had available at December 31, 2002 undrawn credit limits of MSEK 1,277 (of which MSEK 451 were overdraft facilities). The corresponding amount for the Parent Company at the same date was MSEK 633 (of which MSEK 141 overdraft facilities).

Most of the existing liabilities to financial institutions are being renegotiated with the object of refinancing the credits with durations of three to seven years, of which Group liabilities of MSEK 4,227 and Parent Company liabilities of MSEK 3,198 fall due for redemption in 2003. As of February 13, 2003, credit limits of MSEK 7,695 had been renegotiated with a number of financial institutions.

The Group's total credit limits, including non renegotiated credits, amounted to MSEK 8,137 as of February 13, 2003, while those of the Parent Company amounted to MSEK 3,035. The credits have the following maturity structure:

	Parent Company	Group
2003	40	291
2004	245	360
2005	0	0
2006	0	0
2007	0	0
2008	2,750	5,250
2009 or later	0	2,236
	3,035	8,137

Note 21
Overdraft facilities

Credit limits on overdraft facilities in the Group amounted as per December 31, 2002 to MSEK 694 (644), whereof unutilized limits amounted to MSEK 451 (550). The corresponding amount for the Parent Company was MSEK 146 (146), whereof unutilized MSEK 141 (48).

Note 22
Accrued expenses and prepaid income

	Parent Company		Group	
	2001	**2002**	2001	**2002**
Accrued expense for purchase of goods	–	**–**	48	**126**
Accrued personnel expenses	3	**2**	172	**169**
Accrued interest expenses	21	**3**	50	**8**
Accrued energy costs	–	**–**	27	**35**
Accrued freight costs	–	**–**	–	**16**
Accrued organization expenses	4	**7**	4	**7**
Other	3	**1**	103	**37**
	31	**13**	404	**398**

Note 23
Leasing agreements

Companies in the Group have entered into a number of agreements on leasing/rental of premises and other fixed assets. In 2002, MSEK 88 (84) were paid under the terms of operational leasing agreements. This figure includes MSEK 70 (72) on account of RoRo vessels chartered by Korsnäs.

Future payments for rent on non-cancelable leases at December 31, 2002 are as follows:

	Premises and other fixed assets	RoRo vessels
2003	33	68
2004	24	68
2005	20	68
2006	13	–
2007	10	–
2008	6	–
2009 or later	10	–
	116	204

Note 24
Pledged assets

	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Cash and cash equivalents and short-term investments [1]	212	**35**	212	**35**
Receivables	3,141	**3,141**	191	**191**
Shares in subsidiaries [2]	7,856	**7,779**	12,413	**11,758**
Other shares	792	**792**	1,870	**3,112**
Real estate mortgages	–	**–**	3,690	**3,662**
Chattel mortgages	–	**–**	1,064	**1,063**
	12,001	**11,747**	19,440	**19,821**

[1] Thereof pledge for the benefit of Metro of MSEK 27 (177). All other pledged assets in the Parent Company and in the Group relate to pledges in connection with the Group's long-term liabilities to financial institutions.

[2] Corresponds to value in shares in subsidiaries in balance sheet of Parent Company or a subsidairy.

Note 25
Contingent liabilities

	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
Sureties and guarantees*	10	**37**	513	**513**
Sureties and guarantees for subsidiaries	61	**78**	61	**78**
Pension commitments	0	**0**	0	**0**
	71	**115**	574	**591**
* Thereof guarantees for the benefit of former subsidiaries as follows:				
MTG	8	**8**	8	**8**
Transcom	2	**2**	2	**2**
	10	**10**	10	**10**

The guarantees for the benefit of MTG and Transcom will be phased out gradually.

Litigation

Kinnevik raised its shareholdings in Korsnäs from 45% to over 90% as a result of a tender offer in 1992. Not all of the minority shareholders accepted the tender offer and in January 1994 Kinnevik, in compliance with the Swedish Companies Act, instituted compulsory acquisition proceedings against the non-accepting shareholders. On March 25, 1999 the arbitration panel issued a ruling establishing the value of the affected shares at SEK 95 per share. All minority shareholders except one accepted the arbitration decision. The remaining shareholder, who owns 4% of the shares, remains uncompromising on his original demand for SEK 170 per share, and is pursuing the case through the courts. Kinnevik has made a provision of SEK 95 per share plus accrued interest on this amount as of the day when compulsory acquisition was called for (see also Note 19).

In 1996 Kinnevik instituted compulsory acquisition proceedings to acquire the outstanding shares in TV1000 Sverige AB ("TV 1000", later changed to Gunnarsvik AB) held by Warner Bros Sweden AB and Time Warner Entertainment Company L.P. (collectively "Time Warner"), the minority shareholders. As of November 2, 1998, Time Warner transferred its shares corresponding to 6.5% of the capital, to Kinnevik. In December 1998, Kinnevik withdrew its request for compulsory acquisition, after which, however, Time Warner opened arbitration proceedings with the object of determining a purchase price for the shares. On December 6, 2002, Kinnevik paid MUSD 6.1 to Time Warner as a final payment including accrued interest, which brought the dispute to a conclusion.

Note 26

Average number of employees

	2001 men	2001 women	**2002 men**	**2002 women**
Parent Company				
Stockholm	4	2	**3**	**3**
Group				
Sweden	1,537	366	**1,283**	**301**
Germany	272	100	**277**	**93**
Denmark	174	114	**168**	**122**
Latvia	227	33	**162**	**45**
Great Britain	128	43	**95**	**31**
The Netherlands	98	12	**93**	**12**
Spain	108	15	**78**	**11**
Serbia	78	42	**53**	**30**
Czech Republic	50	11	**70**	**5**
Finland	55	24	**41**	**16**
Norway	12	20	**22**	**34**
Ukraine	28	5	**37**	**6**
Romania	26	7	**25**	**7**
USA	25	6	**28**	**3**
Croatia	29	19	**5**	**–**
France	2	4	**3**	**–**
Switzerland	1	2	**–**	**1**
Kosovo	11	–	**–**	**–**
Austria	1	–	**–**	**–**
Italy	1	–	**–**	**–**
	2,863	823	**2,440**	**717**
Total number of employees		3,686		**3,157**

Note 27

Salaries, other remuneration and social expenses

	2001 Board of Directors and Presidents	2001 Other employees	**2002 Board of Directors and Presidents**	**2002 Other employees**
Parent Company				
Salaries and other remuneration	7	3	**9**	**3**
Social expenses	4	2	**5**	**2**
Thereof pension expenses*	2	1	**2**	**1**
Pension commitments*	14	–	**14**	**–**
Group				
Companies in Sweden	11	695	**12**	**651**
Companies abroad	17	347	**22**	**379**
Total salaries and other remuneration	28	1,042	**34**	**1,030**
Social expenses	21	378	**19**	**370**
Thereof pension expenses*	16	180	**11**	**171**
Pension commitments*	56	62	**93**	**119**

* Relates to present and former Board members, Presidents and Vice Presidents.

Principles
The total fee to ordinary members of the Board is decided by the Annual General Meeting, while the allotment of fees are decided by the Board. Travel expenses are settled against invoice.

Compensation to the President and other senior management personnel consists of basis salary, bonus, benefits in the form of a company car and pension.

By other senior management personnel is meant the five individuals, and any predecessors, who are presented together with the President on page 8.

Compensation to the President for the 2002 fiscal year has been decided upon by the Board on the basis of the Remuneration Committee's recommendation. Compensation to other senior management personnel has been decided upon by the President after consultation with each subsidiary company's Remuneration Committee.

The Parent Company's Remuneration Committee consists of the Chairman, two other members of the Board, and one other representative of the shareholders.

Board fee
Pursuant to the Annual General Meeting's decision on the payment of fees to the Board, a sum of TSEK 1,818 (2,062) was paid in 2002, of which TSEK 300 (300) was paid to the Chairman as decided by the Board. The former Chairman and companies owned by him received consulting fees of TUSD 240 (0) pursuant to the Board's decision. Over and above this a total fee of TSEK 0 (275) was paid to the former Chairman as a member of the boards of subsidiary companies. Other members of the Board received total fees of TSEK 1,695 (1,695) as members of subsidiary company boards. Consulting fees of MSEK 52.1 (43.5) were paid to Applied Value, a company in which one of the Board members has an equity interest (see Note 30).

Compensation to President and senior management personnel
A salary of TSEK 5,054 (5,162) and a bonus of TSEK 2,000 (0) was paid to the President of the Parent Company. Fees totaling TSEK 215 (215) were paid to him as a member of subsidiary company boards. Pension premiums of 20% of his salary and bonus were paid. Over and above this, there are no pension commitments on behalf of the President.

Basic salary including benefits amounting to TSEK 7,896 (6,894) and bonuses of TSEK 1,613 (3,100) were paid to other senior management personnel.

There are normal pension commitments on behalf of other senior management personnel within the framework of the general pension plan which entitle them to retire on pension at 65 years of age. Pension premiums are paid to external insurance companies.

An option plan was approved by Industriförvaltnings AB Kinnevik's Annual General Meeting on May 3, 1996 for senior management personnel of Modern Times Group MTG AB, whereby they acquired options on shares in MTG through a special beneficiaries' company (see Note 30).

Note 28

Contracts for severance pay
The President of the Parent Company, in the event of his being given notice by the Company, is entitled to salary during a period of notice of 24 months. Other senior management personnel, in the event of their being given notice by the Company, are entitled to a minimum period of notice of six months and a maximum of 12 months. Severance pay is netted off against any salary received from a new employment during the period of notice.

Note 29

Auditors' fees	Parent Company 2001	Parent Company **2002**	Group 2001	Group **2002**
To Ernst & Young				
Audit assignments	0.7	**0.8**	4.2	**5.4**
Other contracts	1.4	**0.7**	1.6	**1.2**
To KPMG				
Audit assignments	0.1	**0.1**	0.1	**0.1**
Other contracts	0.1	**0.1**	0.1	**0.1**

Fees paid to Ernst & Young concerning other contracts do mainly refer to Registration Form 20-F as filed with the Securities and Exchange Commission (SEC), USA.

Note 30
Related party transactions

Transactions with related parties include all companies that have been defined as related parties in Kinnevik's Form 20-F.

In 2001 and 2002, Kinnevik engaged in transactions with the following related companies:

Related companies	**Relationship**
Invik & Co. AB (”Invik”)	Invik owns shares in Kinnevik that give Invik significant influence over Kinnevik.
Tele2 AB (”Tele2”)	An associate company of Kinnevik (see Note 13).
Modern Times Group MTG AB (”MTG”)	MTG was a subsidiary of Kinnevik until its shares were distributed by way of a fission to Kinnevik's shareholders in 1997. Since then parties related to Kinnevik own shares in MTG, which means that the same owners have a significant influence over MTG and Kinnevik.
Metro International S.A. (”Metro”)	An associate company of Kinnevik (see Note 13).
Transcom WorldWide S.A. (”Transcom”)	Transcom was a subsidiary of Kinnevik until its shares were distributed by way of a fission to Kinnevik's shareholders in September 2001. Since then parties related to Kinnevik own shares in Transcom, which means that the same owners have a significant influence over Transcom and Kinnevik.
Millicom International Cellular S.A. (”MIC”)	An associate company of Kinnevik (see Note 13).
Cherryföretagen AB (”Cherry”)	An associate company of Kinnevik (see Note 13).
Applied Value Corporation (”Applied Value”)	Parties that are related to Kinnevik own shares in Applied Value that give a siginificant influence over Applied Value.
Great Universal Inc. (”Great Universal”)	Parties that are related to Kinnevik own shares in Great Universal that give a siginificant influence over Great Universal.
Inlux S.A. (”Inlux”)	Parties that are related to Kinnevik own shares in Inlux that give a significant influence over Inlux.
XSource Corporation Inc (”XSource”).	Parties that are related to Kinnevik own shares in XSource that give a significant influence over XSource.
Rolnyvik Sp.z.o.o.	An associate company to Kinnevik until December 31, 2002 (see Note 13).
SCD Invest AB	An associate company of Kinnevik (see Note 13).
Shared Value Ltd. (”Shared Value”)	Parties that are related to Kinnevik own shares in Shared Value that give a siginificant influence over Shared Value.
Société Internationale de Supervision Financière S.A. (”SISF”)	Parties that are related to Kinnevik own shares in SISF that give a siginificant influence over SISF.
Search Value Partners Ltd. (”Search Value”)	Parties that are related to Kinnevik own shares in Search Value that give a siginificant influence over Search Value.

All transactions with related parties have taken place at arm's length basis , i e on market conditions. In connection with acquisitions and divestments, independent valuations were used as a basis for negotiations on the final price. In all agreements relating to goods and services prices are compared with up-to-date prices from independent suppliers on the market to ensure that all agreements are entered into on market conditions.

Information about related parties is also disclosed in Notes 2, 13, 25, 27 and 28.

Commercial agreements with related parties

- Invik, Tele2 and MTG rent office premises in Stockholm from Kinnevik.
- Kinnevik sells, through its subsidiary CIS Credit International Services AB, collection and related services to Invik, Tele2, MTG, Metro, Transcom and Inlux.
- Until December 2002, Kinnevik provided through WorldWide Loyalty B.V., a subsidiary, the Collect loyalty program in Sweden and Denmark, in which Invik, Tele2, MTG and Inlux were partners.
- Prior to September 30, 2002 Kinnevik sold advertising time on TV and radio through AirTime (AT) AB, a subsidiary, on behalf of MTG.
- Kinnevik buys financing and other administrative services from Invik.
- Kinnevik buys telephony services from Tele2 in a number of countries in which the companies are engaged in business.
- Kinnevik buys CRM services from Transcom.
- Kinnevik buys consulting services from Applied Value, Shared Value and XSource, internal auditing services from SISF, and recruitment services from Search Value.

Acquisitions and divestments from/to related parties
The following acquisitions and divestments from / to related parties took place in 2001 and 2002:

- On January 8, 2001, Kinnevik acquired the remaining 49.9% of the shares in Transcom from Société Européenne de Communication S.A. (subsidiary of Tele2) and Great Universal. Payment of the price of MSEK 319, which was based on the average market price during the first 60 days of trading in Transcom , was made in December 2001.
- On May 11, 2001, Kinnevik purchased 1,790,933 Series "B" shares in MTG from Invik, and sold the same number of Series "A" shares in MTG to Invik at the prevailing listed price of SEK 285 per share.
- On July 2, 2001, Korsnäs AB sold all its shares in Korsnäs Reinsurance S.A., its reinsurance company in Luxembourg to Invik for MSEK 149, resulting in a capital loss of MSEK 46 in the consolidated accounts.
- On May 27, 2002, Kinnevik acquired 17% of the shares in MIC Systems B.V. from MIC for MUSD 17. MIC Systems' principal asset at the time of the acquisition consisted of all the shares in Multinational Automated Clearing House S.A. (MACH). On November 15, 2002, MIC Systems B.V. sold MACH to an outside buyer for MEUR 95, out of which Kinnevik received guaranteed minimum proceeds of MUSD 17.
- On May 31, 2002, Kinnevik sold 200,000 Series "B" shares in MTG to Invik for MSEK 34.4, which corresponded to the prevailing listed price of SEK 172 per share. As of the same date, Kinnevik purchased 200,000 Series "A" shares from Invik for MSEK 32.8, which corresponded to the prevailing listed price of SEK 164 per share.
- Between June and November 2002, Kinnevik made successive purchases from MIC of 6,849,385 Series "B" shares in Tele2 for MSEK 1,140.9, which corresponded to the listed prices on each occasion.
- On October 1, 2002, Kinnevik purchased 100,000 Series "B" shares in Tele2 from Invik for MSEK 13.7, which corresponded to the prevailing list price of SEK 137.
- On October 1, 2002, Kinnevik sold the business of AirTime (AT) AB to MTG for MSEK 14, which corresponded to its book value.

Financial loan transactions with related parties

- Kinnevik has had an outstanding loan of MSEK 380 plus accrued interest to Metro since February 2000. As of December 31, 2002, the total amount of this loan, including accrued interest, was MSEK 442, which is stated under long-term receivables from associated companies. The loan has no redemption date, but Kinnevik can call for repayment with one month's notice. Kinnevik has guaranteed Metro that it will not call in the loan in 2003, and that it will continue to capitalise accrued interest in 2003. The loan pays interest at a rate of Stibor plus 3%. Kinnevik has received a lien on shares in a number of Metro's newspaper publishing subsidiaries as collateral for the loan. In January 2003 a further loan of MSEK 150 was paid to Metro pursuant to a decision made by Kinnevik's Board in October 2002.
- As of December 31, 2002, Kinnevik's total loan receivable from SCD Invest AB and its subsidiary companies was stated at MSEK 224 in the Group's balance sheet. The loan carries interest at a rate of Stibor plus 1.25%.
- With the object of capitalising Transcom before distributing it to Kinnevik's shareholders in 2001, Kinnevik issued a convertible loan to Transcom on May 15, 2001. The loan was for a nominal amount of MEUR 27.5, and the conversion price was EUR 3.53 per share. The loan may be converted in whole or in part until its expiry date of May 15, 2004. As of December 31, 2002, Transcom had utilised MSEK 146 of the loan including accrued interest, which is stated under "Other long-term receivables" in Kinnevik's balance sheet.

– In November 1995, Kinnevik issued a MUSD 4.1 convertible loan to the company now called XSource with a redemption date of December 28, 2005. The loan carries interest of 5%. As of December 31, 2002, the loan receivable amounted to MSEK 47.3 including accrued interest.

– In November 2000, Kinnevik lent MUSD 1.7 to XSource at an annual interest rate of 10%. As of December 31,2002, the loan receivable amounted to MSEK 17.8 including accrued interest.

– In November 1995, Kinnevik issued a MUSD 4.3 convertible loan to the company now called Great Universal with a redemption date of December 28, 2005. The loan carries interest at 5%. As of December 31, 2002, the loan receivable amounted to MSEK 39.2 including accrued interest.

– In November 1995, Kinnevik lent MUSD 1.3 to Great Universal. The loan carries interest at 5%. As of December 31, 2002, the loan receivable amounted to MSEK 11.8 including accrued interest.

Guarantees to related parties
See under Notes 24 and 25 above.

Other transactions with related parties

– On May 3, 1996, when MTG was still a subsidiary of Kinnevik, Kinnevik's Annual General Meeting resolved in favour of an option program for senior management personnel with MTG. The options were issued by Kinnevik to a special beneficiaries' company, MTG Intressenter AB, which is owned by senior management personnel within MTG and 12% by Kinnevik. As of December 31, 2002, 40% of Kinnevik's original commitment remains outstanding, which corresponds to 1,193,956 Series "B" shares in MTG, and 358,187 Series "A" shares and 835,769 Series "B" shares in Metro. MTG Intressenter is entitled to request redemption of the outstanding options by no later than December 31, 2003, at a redemption price of SEK 69.70 per share in MTG (including one Metro share for each MTG share so requested). Based on the prevailing listed prices at December 31, 2002, Kinnevik's commitment amounted to MSEK 7.8, for which a provision has been made under "Other provisions" in the consolidated balance sheet.

– In October 2001, Metro carried out a share issue in which Kinnevik participated and subscribed to a further 10,236,138 shares at a subscription price of SEK 21 per share.

– During the period May 30 to August 31, 2002, Kinnevik lent 383,090 Series "A" shares in MTG, 1,417,208 Series "B" shares in MTG and 5,179,590 Series "A" shares in Metro to Invik. As compensation for the securities loan Kinnevik received an annual fee of 2% of the average market value of the shares throughout the duration of the loan.

– On August 19, 2002, Kinnevik subscribed to 962,050 newly issued Series "A" shares in Transcom at an issue price of EUR 1.10 per share, which corresponded to the average closing price on the five preceding trading days on the stock market.

– On December 13, 2002, Cherry carried out a share issue in which Kinnevik participated and acquired a further 2,926,916 shares at a subscription price of SEK 2 per share.

The following is a summary of Kinnevik's revenue, expense, receivables and liabilities to and from related parties.

	Parent Company		Group	
Net turnover	2001	**2002**	2001	**2002**
Invik	0.5	**0.6**	3.8	**5.2**
MTG	0.4	**0.7**	87.4	**92.7**
Transcom	–	**–**	1.3	**3.3**
Metro	2.2	**0.7**	3.7	**3.5**
Tele2	–	**2.1**	62.4	**131.9**
Inlux	–	**–**	2.3	**0.8**
Applied value	–	**–**	0.0	**0.2**
	3.1	**4.1**	160.9	**237.6**

Operating costs	Parent Company 2001	2002	Group 2001	2002
Invik	– 2.6	**– 3.3**	– 29.0	**– 25.6**
MTG	– 1.1	**0.0**	– 37.0	**– 12.3**
Transcom	–	**–**	– 2.3	**– 4.6**
Metro	–	**–**	– 0.2	**– 0.5**
Tele2	0.0	**– 0.1**	– 7.0	**– 9.3**
MIC	– 2.2	**0.0**	– 2.2	**– 1.2**
Applied value	– 0.6	**– 0.3**	– 43.5	**– 52.1**
Great Universal	–	**–**	– 7.3	**– 1.2**
Search Value	– 0.7	**– 0.5**	– 0.7	**– 2.7**
Shared Value	– 0.6	**– 0.1**	– 0.6	**– 0.1**
SISF	– 0.9	**– 1.2**	– 0.9	**– 3.1**
	– 8.7	**– 5.5**	– 130.7	**– 112.7**

Interest income	Parent Company 2001	2002	Group 2001	2002
Transcom	6.0	**8.7**	6.0	**8.7**
Metro	21.7	**26.5**	21.7	**26.5**
Great Universal	0.6	**0.3**	2.8	**1.4**
XSource	1.8	**1.0**	3.8	**2.0**
Rolnyvik Sp.z.o.o.	5.2	**7.5**	5.2	**7.5**
SCD Invest AB and subsudiaries	13.0	**13.7**	13.0	**13.7**
	48.3	**57.7**	52.5	**59.8**

Financial receivables from associated companies	Parent Company 2001	2002	Group 2001	2002
Metro	415	**442**	415	**442**
MIC	0	**0**	72	**19**
Rolnyvik Sp.z.o.o.	135	**–**	135	**–**
SCD Invest AB and subsidiaries	247	**248**	228	**224**
Other associated companies	–	**–**	16	**8**
	797	**690**	866	**693**

Other long-term interest bearing receivables	Parent Company 2001	2002	Group 2001	2002
Transcom	152	**146**	152	**146**
Great Universal	14	**12**	49	**50**
XSource	20	**18**	53	**54**
	186	**176**	254	**250**

Accounts receivable and other current receivables	Parent Company 2001	2002	Group 2001	2002
MTG	–	**–**	23	**12**
Transcom	–	**–**	1	**2**
Metro	2	**–**	2	**1**
Tele2	–	**2**	11	**13**
Great Universal	–	**–**	1	**1**
Inlux	–	**–**	2	**2**
XSource	–	**–**	10	**11**
	2	**2**	50	**42**

Liabilities to associated companies	Parent Company 2001	**2002**	Group 2001	**2002**
MIC	0	**0**	29	**0**

Accounts payable and other non-interest bearing liabilities	Parent Company 2001	**2002**	Group 2001	**2002**
MTG	–	–	1	**2**
Transcom	–	–	0	**1**
Tele2	77	–	78	**1**
Applied value	–	–	4	**1**
	77	–	83	**5**

Note 31

Financial instruments

Kinnevik is exposed to market risks, mainly owing to currency and interest rate fluctuations. The Group's policy on currency risks is wherever possible to match income and expense in each currency, and to finance the capital employed in the same currency. As of December 31, 2002, the company had no outstanding forward contracts or other derivative contracts.

Operating costs are mainly incurred in SEK, EUR and USD. Most of the costs incurred by the Swedish operations are incurred in SEK, with the exception of pulpwood imports from Russia and Latvia, which are priced in SEK and USD. The operating costs incurred in Korsnäs Packaging's European operations are denominated mainly in EUR. The Group's revenue is mainly in SEK, EUR and other currencies in those countries where its output is sold (see Note 2).

Most of the Group's assets are denominated in SEK, except for Korsnäs Packaging's subsidiaries, which have production facilities in 11 European countries (mostly in the eurozone) and the USA. The Group's borrowing is largely arranged in SEK, except in the case of Korsnäs Packaging's foreign subsidiaries, which are financed in EUR, GBP and USD.

Kinnevik's main interest risk is due to fluctuations in Stibor. As of December 31, 2002, all of Kinnevik's liabilities to credit institutions, which amounted to MSEK 7,579, were exposed to interest rate risks, of which MSEK 6,740 to changes in Stibor. The Group has no borrowing with commitments at fixed rates of interest longer than six months. Kinnevik's policy is to have short commitments at fixed rates of interest as the Company's view is that this results in lower interest expense in the long run.

Note 32

Subsequent events

In accordance with the Board's decision in October 2002, MSEK 150 has been paid to Metro by way of a loan in January 2003. Collateral has been received in form of shares in a number of Metro's newspaper producing subsidiaries.

Stockholm, February 13, 2003

Ulf Spång Chairman	Bruce Grant	Thorbjörn Hallström
Edvard von Horn	Wilhelm Klingspor	Stig Nordin
Jan-Henrik Sandberg	Dag Tigerschiöld	Vigo Carlund Chief Executive Officer and President

Our Audit Report concerning these financial statements was issued on February 14, 2003

Lars Träff Authorized Public Accountant	Erik Åström Authorized Public Accountant	Carl Lindgren Authorized Public Accountant

Auditors' Report

To the General Meeting of the shareholders of Industriförvaltnings AB Kinnevik
(Reg. no 556001-9035)

We have audited the annual report, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Industriförvaltnings AB Kinnevik for 2002. The Board and the President have responsibility for the accounting records and the administration of the company. Our responsibility is to express an opinion on the annual report, the consolidated financial statements and the administration on the basis of our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles and their application by the Board and the President, as well as evaluating the overall presentation of information in the annual report and consolidated financial statements. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any member of the Board or the President. We also examined whether any Board member or the President has acted in any other way in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the annual report and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, and, thereby, give a true and fair view of the financial position of the company and the group and of the results of operations in accordance with Generally Accepted Accounting Principles in Sweden.

We recommend to the General Meeting that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Directors' Annual Report, and that the members of the Board and the President be discharged from liability for the financial year.

Stockholm February 14, 2003

Lars Träff	Erik Åström	Carl Lindgren
Authorized Public Accountant	Authorized Public Accountant	Authorized Public Accountant

Mellersta Sveriges Lantbruks AB

MSEK	2001	**2002**
Key ratios		
Net turnover	12	**7**
Operating income	4	**– 1**
Income after financial items	43	**– 6**
thereof interest in earnings of associated companies	– 2	**– 5**
Investments in fixed assets	1	**0**
Number of employees	4	**3**

Farming was Kinnevik's original business. Mellersta Sveriges Lantbruks AB ("MSLA") today owns the Ullevi estate outside Vadstena, and the Barciany and Garbno estates in Poland.

The total Swedish acreage amounts to 665 hectares, of which 93 hectares are leased. All cultivation is carried out taking the environment into account and is highly mechanised. The Swedish agriculture is certified according to the ISO 9002 and 14001 quality and environmental management systems.

After generally warm and dry weather this year the Swedish farm produced a good, normal harvest. As a result of the dry weather, the result was negatively affected by the heavy working needed by the hard ground. The spell of wet weather in the end of June and early July caused higher levels of fungal spores, which impaired quality. The market for crops in northern Europe has been characterised by a high level of supply, which puts pressure on prices even for volumes with few quality shortcomings.

The decrease in net turnover is due to the fact that turnover of the Russelbacka and Svedberga farms, which were sold in 2001, is included in the period prior to their sale in August 2001. The result after financial net for 2001 includes capital gains of MSEK 42 on the sale of farms.

During the first quarter MSLA's Polish company expanded its business by acquiring the Garbno estate.

The Polish agricultural business is consolidated into MSLA as a wholly-owned subsidiary with effect from December 31, 2002.

The estates in Poland cover a total area of 6,727 hectares, and carry 720 dairy cattle and 550 young animals. Of the cultivated acreage, half is used to grow wheat, 20% is used for the production of foodstuffs, with legumes, oil-yielding plants and sugar beet being cultivated on the rest. During the year a great deal of work was devoted to bringing previously uncultivated land under cultivation. This will continue during the coming year and will already have an effect on the harvest for 2003.

The weather in north-eastern Poland was, if possible, hotter and drier than in Sweden. In spite of this, the harvest was better than expected. As a consequence of the depressed prices, much of the wheat harvested is being kept in stock until the market picks up, which is expected to be during the first quarter of 2003.

The net turnover of the Polish business amounted to MSEK 24 (27) and the operating result was a loss of MSEK 2 (0), after charging start-up costs of MSEK 2 associated with the acquisition of the Garbno farm during the year. Of the turnover just over half is from crops and the rest is from milk production and animals sold for slaughter.

Harvesting on a large scale on MSLA's estates in Poland.

Korsnäs Holding AB

MSEK	2001	**2002**
Key ratios		
Net turnover	5,842	**5,809**
Operating income	386	**622**
thereof restructuring costs	– 315	**– 22**
Income after financial items	323	**601**
thereof interest in earnings of associated companies	19	**6**
Investments in fixed assets	506	**451**
Number of employees	3,058	**2,676**

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiaries, makes up the Korsnäs Group.

Historical background

Korsnäs AB was founded in 1855 when the company's name was Korsnäs Sågverks AB. The company is today one of the leading producers of high quality paperboard and paper products for the packaging industry. Korsnäs has 2,676 employees, 1,293 of whom work in Sweden.

The original business was that of sawmilling at Korsnäs, a village in Dalarna. In 1899, it was transferred to Gävle.

Pulp production started at Korsnäsverken in Gävle in 1910, and the company installed its first paper machine in 1925. The production of pulp and paper has successively evolved into Korsnäs main line of business. The company today has four market pulp machines in production. Korsnäs exited the sawmilling industry in 2002, when it sold the Kastet sawmill.

Korsnäs is one of Sweden's major, private forest owners. The total acreage is 427,000 hectares, of which 320,000 hectares are productive forest land. Korsnäs has a high degree of self sufficiency and more than one third of the raw materials used by the mill are harvested in the company's own forests.

Korsnäs's industrial activities are concentrated at the Korsnäsverken complex in Gävle, which has an annual capacity of 660,000 tonnes of pulp. The total output of sulphate pulp is processed within the complex into paperboard, sack and kraft paper, and fluff pulp.

Korsnäs has long had a strategy of concentrating on highly processed goods with a high added value. Paperboard has evolved into the largest product area in terms of volume, where liquid packaging board is used for packaging of beverages, and white top kraft board is used as the outer layer in corrugated board packaging.

Korsnäs is one of Europe's leading producers of high quality sack and kraft paper. More than one third of the sack paper produced is converted in the company's wholly owned or associated sack factories in Europe into sacks, paper bags and other types of packaging.

Korsnäs's new, central control rooms monitor the entire production process.

Markets and events in 2002

Korsnäs Forestry

MSEK	2001	**2002**
Key ratios		
Net turnover	1,519	**1,480**
Operating income	210	**194**
thereof restructuring costs	– 19	**0**
Investments in fixed assets	43	**43**
Number of employees	286	**282**

The storm felling left over from the late autumn of 2001 was dealt with during the year. The lower efficiency of harvesting storm damaged forests meant that total harvested volumes were lower than last year. Storm felling therefore had an adverse effect on the year's result. Operations are now back to normal. The wood market can be described as relatively stable in terms of saw timber prices, whereas pulpwood prices have reverted to the slightly higher level established prior to the storm felling. The program intended to reduce the amount of capital tied up in inventories enabled stocks of softwood and hardwood pulpwood to be reduced. Nonetheless, the supply situation is still stable, as imports from Russia and the Baltic states are functioning well. The profitability of the Latvian business is showing continuous improvement.

On August 27 a final agreement was reached with Sveaskog on the sale of 235,000 hectares of land, of which 200,000 hectares were productive forestland. Supply agreements have been signed with Sveaskog that will ensure the supply of raw material to Korsnäs Industrial in Gävle.

Korsnäs Industrial

MSEK	2001	**2002**
Key ratios		
Net turnover	4,094	**3,968**
Operating income	379	**468**
thereof restructuring costs	– 193	**0**
Investments in fixed assets	327	**229**
Number of employees	1,384	**1,140**

The market has allowed increases in the prices of paper and kraft board during the year. Demand remained stable throughout the year, even though the economic situation during the later part of the year is best described as uncertain. Deliveries rose by almost 1% in relation to 2001.

The market for sack and kraft paper was firm. During the year, Korsnäs adjusted its sack and kraft paper capacity by withdrawing PM3 and the finishing section from production, which was done in the first quarter of 2002. The result will allow for a sharper focus on profitable products, and demand has remained strong.

Liquid packaging board continued to develop strongly, with deliveries up by 8%. Korsnäs strengthened its market position during the year. A long-term supply agreement was entered into in 2002 with Tetra Pak for the supply of substantial volumes of liquid packaging board. Deliveries of fluff pulp were higher than in the previous year, although prices showed a tendency to weaken throughout the year.

Deliveries of whitetop kraft board rose as planned in 2002, in relation to 2001. Korsnäs had no difficulty in selling its planned volumes and was able to raise its prices during the year.

Production at Korsnäsverken amounted to 643,000 tonnes, a reduction of 1% in relation to last year. The slightly lower output was a temporary effect in 2002 of the change in the production structure following the withdrawal of PM3 and the finishing section from production, coupled with production disturbances on PM4 and PM5 during the second half-year. Inventories were reduced as a result of lower production in combination with strong sales.

The recent years' investments in additional capacity have produced results. During the year, PM3 was withdrawn from production with only a minor effect on total output, and in coming years capacity will be further expanded on the basis of existing investments. The development of new products has continued. For instance, new hot-calendered products have been launched to a favourable response on the market.

In October a new organization was introduced within Korsnäs AB, in connection with which two new control rooms were brought into operation at Korsnäsverken. They replaced 13 old control rooms and will lead to significant improvements in the ability to control production, as well as bringing efficiency gains.

In August Korsnäs ended its sawmilling operations when it sold the Kastet sawmill to Sveaskog. Prices on the market for redwood products showed an improvement during the period prior to the divestment. The extensive rationalisation program launched last year had an effect in the form of a lower cost base. Despite higher production than last year, the improvements did not match expectations and the sawmill was incurring continued losses until it was divested in August.

Korsnäs Packaging

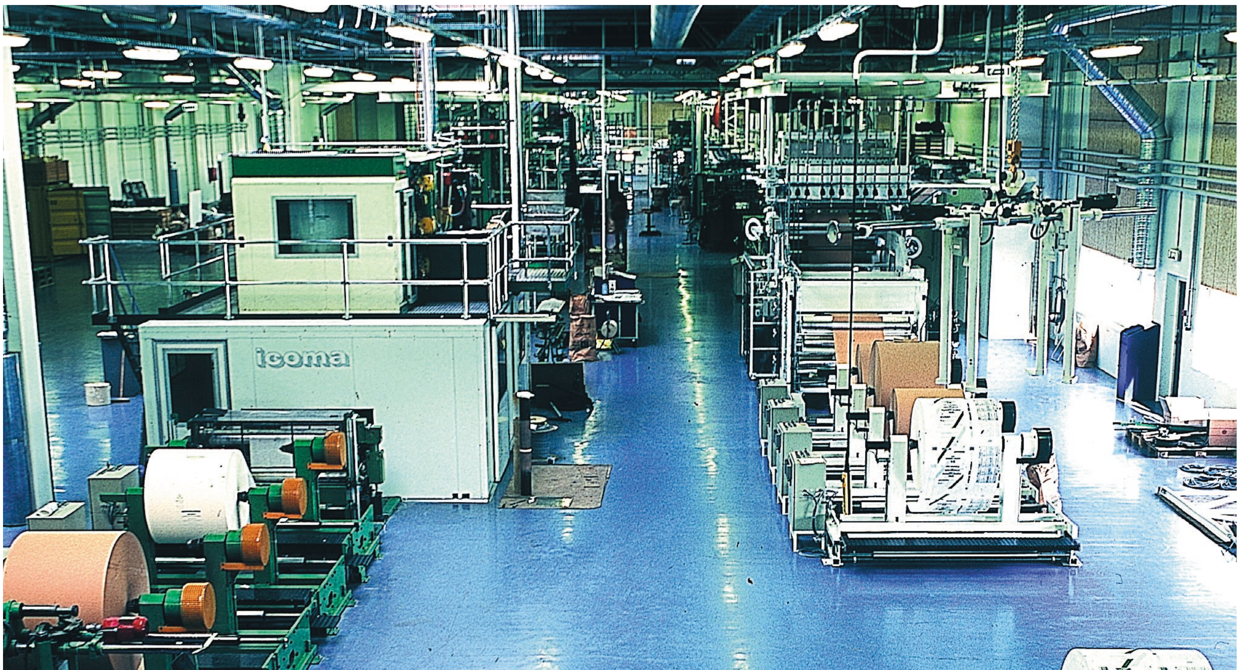
MSEK	2001	**2002**
Key ratios		
Net turnover	1,617	**1,567**
Operating income	– 203	**– 40**
thereof restructuring costs	– 103	**– 22**
Investments in fixed assets	136	**179**
Number of employees	1,320	**1,181**

Korsnäs Packaging is the second largest producer of paper sacks and paper bags in Europe with 11 production units and an annual capacity of more than 900 million sacks and bags. Sales are handled by offices in 15 European countries. A production facility and a sales office were opened in the USA in 2001.

The market for Korsnäs Packaging's products has shown persistent weakness with low demand and rising raw material costs. Nonetheless, delivery volumes rose by 7% in relation to the previous year. This was achieved by focusing on specific markets and products, as well as by Korsnäs Packaging's success in retaining volumes although factories have been closed.

Korsnäs Packaging has continued to improve productivity at all its facilities with the objective of reducing operating costs and raising capacity utilisation. A sack factory has been acquired in Rosenheim, Germany, after which production capacity and sales volumes were transferred to the existing unit in Wilhelmstal. During the year, the factories in Croatia and Finland were discontinued and their volumes transferred to other existing units. This extensive rationalisation program led to a reduction of 11% in the work force in 2002, following a reduction of 18% in 2001. Packaging's strategy of focusing on its core activities – the manufacture and sale of paper sacks – remains unchanged. This will be achieved by concentrating production at a small number of large facilities and continuing with the development of strong, local sales organizations. A part of this strategy is the continuous assessment of alternative means of increasing the return on non-core assets.

The lower turnover in 2002 is largely due to slightly lower prices on the market and the divestment of the business involving the development and production of machines for the packaging industry. Despite the significant improvement in the operating margin since last year, the operating result is still unsatisfactory, with restructuring costs, higher raw material costs, and start-up costs in the USA.



Korsnäs Packaging has eleven production units in Europe with the capacity to manufacture more than 900 million sacks a year.

Following the restructuring measures of the past two years, Korsnäs Packaging has a cost base that will make possible further improvements in the operating result, even though the market is still characterised by uncertainty regarding demand and pricing.

Korsnäs and the environment
Korsnäs's industrial and forestry activities have obtained certification in accordance with the ISO 14001 standard and the forestry activities have also been certificated in accordance with the Swedish FSC standard. The paper mill has, in addition, obtained hygiene certification in accordance with the ADAS standard.

Employees and restructuring
The review of working practices and the organization continued throughout the year with the object of creating a modern and cost-effective organization. In October a new organization was introduced within Korsnäs AB, in connection with which two new control rooms were brought into operation at Korsnäsverken. They replaced 13 old control rooms and will lead to significant improvements in the ability to control production. The number of employees in Korsnäs Packaging has also been declining continuously. The total manning level within the group has been sharply reduced as part of the productivity and efficiency program. In most cases, employment ceased as the result of individual agreements. In these cases, Korsnäs also offered active support to help these individuals find work outside the company.

A profit-sharing plan has been in operation since 1993, in which the amount transferred to the profit-sharing foundation is based on the income in excess of a certain level and linked to interest rates during the period. This year's income was not high enough to require a transfer to the foundation.

MSEK	2001	**2002**
Key ratios		
Net turnover	170	**202**
Operating income	12	**29**
thereof restructuring costs	0	**–5**
Income after financial items	9	**28**
Investments in fixed assets	3	**2**
Number of employees	259	**239**

CIS was established in 1995 and today provide service within debt collection, finance and payroll management in Sweden, Norway, Denmark and Germany. During the fourth quarter, a decision was made to focus CIS's business on debt collection and related services. Some of the finance activities, which had not reached satisfactory profitability, have been divested.

By purposeful, long-term effort, CIS has created a successful debt collection company that is now one of the largest in Scandinavia. Its experienced personnel and customised procedures enable CIS to help its customers maximise their payment flows. The customers benefit in the form of higher quality and better service at lower cost, and are able to sharpen their focus on their core businesses. CIS provides customised debt collection services, mainly those involving the processing of large volumes, with a focus on consumer receivables. By concentrating on modern and efficient system solutions CIS has created a uniform debt collection system in the Scandinavian countries that makes use of online solutions to enable CIS's customers to obtain online status reports and statistics on their collection receivables.

In coming years, the debt collection business will expand geographically. In 2003 debt collection operations will be established in France.

The improvement in the result in relation to 2001 was largely due to an increase in the volume of collection business being transacted. The result also benefited from prior years' investments in IT and efforts to improve procedures, which helped to improve operating efficiency. During the fourth quarter, a restructuring charge of MSEK 5 was taken against the operating result in respect of rationalisation measures in the business.

CIS is mainly engaged in the provision of debt collection services in Sweden, Norway, Denmark and Germany.

The principal holdings in associated companies are 28.7% interest in Cherryföretagen AB ("Cherry"), 15.4% interest in Metro International S.A. ("Metro"), 35.5% interest in Millicom International Cellular S.A. ("MIC"), 23.6% interest in Viking Telecom AB ("Viking Telecom") and 21.1% interest in Tele2 AB ("Tele2").

Other investments mainly consist of holdings in Invik & Co AB ("Invik"), Modern Times Group MTG AB ("MTG") and Transcom WorldWide S.A. ("Transcom").

Cherry (28.7% of capital, 26.4% of votes)
The market value of Kinnevik's shares in Cherry amounted to MSEK 25 as at December 31, 2002. On February 12, 2003, the market value was MSEK 31. Cherry's shares are listed on Stockholmsbörsen's "O" list. Cherry is engaged in the provision of gambling facilities. It also develops technology for the provision of online games, competitions and lotteries via the Internet.

Cherry's net turnover amounted to MSEK 263 (253) while its result after financial items was MSEK 0 (loss 52).

Metro (15.4% of capital, 28.7% of votes)
The market value of Kinnevik's holding in Metro amounted to MSEK 91 on December 31, 2002. On February 12, 2003, the market value was MSEK 74. Metro´s shares are listed on Stockholmsbörsen's "O" list and on Nasdaq in New York. Metro is the world's largest free newspaper. It is published in 25 editions in 16 countries in 14 languages. Metro is the fastest growing newspaper in the world with a daily readership of 12.3 million. Income is generated by means of advertising sales.

Net turnover in 2002 amounted to MUSD 143 (110) and the result after financial net was a loss of MUSD 81 (loss 84).

MIC (35.5% of capital and votes)
The market value of Kinnevik's holding in MIC on December 31, 2002 was MSEK 272. On February 12, 2003, the market value was MSEK 242. The shares in MIC are listed on Nasdaq in New York and the Luxembourg Stock Exchange.

MIC is one of the world's leading providers of mobile telecom services with operations in Asia, Latin America and Africa. MIC acquires licences entitling it to provide mobile telecom services in a particular country at national, regional or local level. It then sets up and operates the mobile telecommunication network in that territory.

MIC conducts most of its business in growth economies, where the provision of land-based telecom facilities is inadequate. Economic growth and other

Cherry provides gaming facilities in the form of online betting, casinos and betting machines.

reforms in these countries are generating a growing need for rapid expansion in communication facilities.

On November 15, 2002, MIC sold Multinational Automated Clearing House S.A. (MACH), the leading GSM clearing company in the world, for MEUR 95. MIC also sold its interests in the Philippines and Colombia during the fourth quarter.

MIC currently has equity interests in 17 mobile telecom companies in 16 countries (excluding Tele2) together representing markets with 369 million inhabitants. In 2002, the total subscriber base of these companies increased by 28% to 4,252,037. In proportional terms (in relation to MIC's equity interests), the subscriber base grew by 25% to 3,021,873. The subscriber base of Tele2, in which MIC has a minority interest, is not included in the above figures.

Net turnover amounted to MUSD 605 (645). Operating income amounted to MUSD 9 (58), including non-recurring costs of MUSD 102 (23). The company's result after financial net was a loss of MUSD 233 (loss of 129).

Viking Telecom (23.6% of capital and votes)
The market value of Kinnevik's holding of shares in Viking Telecom amounted to MSEK 16 at December 31, 2002. The market value on February 12, 2003, was MSEK 15. Viking Telecom´s shares are listed on Stockholmsbörsen's "O" list.

Viking Telecom develops and markets products for access in existing and future communication networks within the Telecom and Microwave segments.

Net turnover amounted to MSEK 215 (557) and the result efter financial net was a loss of MSEK 95 (gain 31).

Tele2 (21.1% of capital, 26.1% of votes)
The market value of Kinnevik's holding of shares in Tele2 amounted to MSEK 7,131 on December 31, 2002. On February 12, 2003, the market value was MSEK 7,653. Tele2's shares are listed on Stockholmsbörsen's Attract 40-list and on Nasdaq in New York.

Tele2 AB, formed in 1993, is the leading alternative pan-European telecommunications company offering fixed and mobile telephony, data network and Internet services under the brands Tele2, Tango and Comviq to 16.8 million people in 21 countries. Tele2 operates Datametrix, which specializes in systems integration, 3C Communications, providing integrated credit card processing, web payment solutions and public payphones; Transac, providing billing and transaction processing service; C^3, offering co-branded pre-paid calling cards and Optimal Telecom, the price-guaranteed residential router device. The Group offers cable television services under the Kabelvision brand name and together with MTG, owns the Internet portal Everyday.com.

Net turnover for the whole of 2002 amounted to MSEK 31,282 (25,085) and income after financial items was MSEK 796 (loss 1,944).

Invik (5.0% of capital, 9.4% of votes)
The market value of Kinnevik's holding of shares in Invik amounted to MSEK 99 on December 31, 2002. On February 12, 2003, the market value was MSEK 95. Invik's shares are listed on Stockholmsbörsen's Attract 40-list.

Invik manages a long-term portfolio of securities, consisting largely of major holdings in a small number of listed companies such as Kinnevik, Tele2, MTG, Metro, Transcom and Millicom. Invik's subsidiaries are mainly engaged in Finance and Insurance.

Net turnover for the whole of 2002 amounted to MSEK 983 (856) and the loss after financial items was MSEK 488 (gain 8).

MTG (7.5% of capital, 17.8% of votes)
The market value of Kinnevik's holding in MTG amounted to MSEK 356 on December 31, 2002. On February 12, 2003, the market value was MSEK 293. MTG's shares are listed on Stockholmsbörsen's Attract 40-list and on Nasdaq in New York.

MTG consists of six business areas: Viasat Broadcasting (free TV and pay TV in 9 countries, and New Media – text TV, interactive TV, Internet and mobile portal), Radio (local and national networks in 5 countries), Publishing (daily financial news and other financial information services), TV Shop (home shopping, e-commerce and logistics), SDI Media (subtitling and dubbing) and Modern Studios (content production and film rights library).

Net turnover in 2002 amounted to MSEK 6,023 (6,402) and income after financial items was MSEK 28 (250).

Transcom (1.5% of capital, 3.0% of votes)
The market value of Kinnevik's holding in Transcom amounted to MSEK 10 on December 31, 2002. On February 12, 2003, the market value was MSEK 9. Transcom's shares are listed on Stockholmsbörsens Attract 40-list and on Nasdaq in New York.

Transcom is a fast-growing supplier of CRM programs. It has more than 7,600 employees at 31 call centers in 16 countries: Luxembourg, Sweden, France, Denmark, Germany, Finland, Italy, Switzerland, Norway, the Netherlands, Spain, Austria, Morocco, Estonia, Latvia, and Lithuania.

Net turnover in 2002 amounted to MEUR 229 (215) and income after financial items was MEUR 5 (1).

Acronym and explanations

ADAS	British institution that awards good hygiene certificates to manufacturers and companies.
Callcenter	Customer service that handles customer contacts mainly via telephone, fax, e-mail, Internet services and letters.
FSC standard	"Forest Stewardship Council" is an international and independent organization for certification of forests.
GSM	Global System for Mobile telecommunication – digital mobile telephone network.
Hot-calendered products	Hot calendering a product involves pressing it between hot rolls, in contrast to normal calendering, which uses unheated rolls. Running the product through heated rolls gives it a superior surface finish. Korsnäs AB uses a patented method known as LNHC, or Long Nip Hot Calendering.
Internet Portal	Web site on the Internet presenting an extensive range of services, often used as a front page and search engine.
SMA-TV	Small Master Antenna TV – local cable TV network.

Kinnevik's Board of Directors

Name	Assignments within Kinnevik	Share ownership	Other assignments in listed companies
Ulf Spång Chairman Born 1948	Chairman of the Board since 2002. Member of the Board since 1998.	1.000 shares	Senior Vice President in Försäkringsaktiebolaget Skandia.
Bruce Grant Born 1959	Member of the Board since 1999.	50.000 shares	Chairman of the Board in Tele2 AB. Member of the Board in Metro International S.A. and Transcom WorldWide S.A.
Thorbjörn Hallström Born 1950	Member of the Board since 1996. Employee representative.	0 shares	
Edvard von Horn Born 1943	Member of the Board since 1992.	31.784 shares	
Wilhelm Klingspor Born 1962	Member of the Board since 1999. Deputy member of the Board since 1997.	205.306 shares	Member of the Board in Invik & Co. AB.
Stig Nordin Born 1943	Member of the Board since 1992.	4.148 shares	Member of the Board in Modern Times Group MTG AB.
Jan-Henrik Sandberg Born 1959	Member of the Board since 2002. Employee representative.	0 shares	
Dag Tigerschiöld Born 1942	Member of the Board since 1998. Deputy member of the Board since 1993.	0 shares	Chairman of the Board in LGP Telecom Holding AB. Member of the Board in Axis Communications AB, Skanditek Industriförvaltning AB and Investment AB Öresund.
Kenneth Portin Born 1957	Deputy member of the Board since 1999. Employee representative.	10 shares	
Hans Wahlbom Born 1950	Deputy member of the Board since 1996. Employee representative.	45 shares	

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