Investment AB Kinnevik

Annual Report 2006

Annual General Meeting 2007

Date and venue

The Annual General Meeting will be held on Thursday, 10 May 2007, at 1:30 p.m. at the Skandia Cinema, Drottninggatan 82, Stockholm. The doors will open at 12:30 p.m. and registration will be conducted until 1:30 p.m., when the doors will be closed.

Who is entitled to participate?

Shareholders who intend to participate in the Annual General Meeting shall

- be entered in the register of shareholders maintained by VPC AB (Swedish Securities Depository & Clearing Organization) on Friday, 4 May 2007
- notify the Company of their intention to participate not later than Friday, 4 May 2007, at 3:00 p.m.

How to be entered in the register of shareholders

Shares may be registered in the register of shareholders maintained by VPC AB in the name of the owner or the nominee. Shareholders whose shares are registered in the names of nominees must temporarily reregister the shares in their own name to be entitled to participate in the Meeting. Shareholders requiring such reregistration must inform the nominee of this in sufficient time prior to 4 May 2007.

How to notify intention to participate

Shareholders may notify the Company of their intention to participate by using one of the following alternatives

- the Company's website, www.kinnevik.se
- by telephone, +46 (0) 433 74756
- by writing to the Company at: Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden

Notification should include the following information:

- Name
- Personal identification number/Corporate registration number
- Address and telephone number
- Shareholding
- Representatives, if applicable

If participation is based on written power of attorney, this should be submitted in conjunction with notification of participation in the Annual General Meeting.

Notification must be submitted to the Company not later than Friday, 4 May 2007.

Nomination Committee

During the autumn, a Nomination Committee was formed comprising Cristina Stenbeck on behalf of Emesco AB and other shareholders, Mats Guldbrand on behalf of AMF Pension, Wilhelm Klingspor on behalf of the Klingspor family, Mats Lagerqvist on behalf of Robur Fonder, and Tomas Nicolin on behalf of Alecta, who together represent more than 50% of the voting rights in Kinnevik.

Information about the work of the Nomination Committee can be found on Kinnevik's corporate website at www.kinnevik.se.

The Nomination Committee will submit a proposal for the composition of the Board of Directors, remuneration for the Board of Directors and the auditor and proposal on the Chairman of the Annual General Meeting of 2007 that will be presented to the 2007 Annual General Meeting for approval.

Shareholders who wish to submit proposals to the Nomination Committee should contact:

E-mail: agm@kinnevik.se

Letter: Company Secretary, Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden

Financial information

Interim Report Q1, 26 April 2007

Interim Report Q2, 26 July 2007

Interim Report Q3, 25 October 2007

Year-end Report 2007, February 2008

Annual Report for 2007, March 2008

Annual General Meeting, May 2008

”Seventy years of entrepreneurial tradition
under the same group of principal owners”

Contents

Five-year Summary

For definitions of financial key ratios, refer to page 60.

(SEK million)	2006	2005	2004	2003	2002
Summary of Income Statement [1]					
Revenue	6 305	4 618	4 600	5 660	6 110
Operating income	478	353	1 526	716	1 325
Change in fair value of financial assets	10 974	3 893	-2 544	–	–
Result from participation in associated companies	–	–	–	2 675	-4 297
Result after net financial items	11 608	4 647	-1 198	3 325	-3 946
Result for the year	11 549	4 097	-1 417	3 731	-4 109
Summary of Cash-Flow Statement					
Cash flow from operations	1 533	52	1 128	806	791
Cash flow from investing activities	-3 302	266	1 775	-483	323
Cash flow from financing activities	1 717	-34	-2 802	-483	-1 052
Cash flow from discontinued operations	-50	-367	-33	–	–
Cash flow for the year	-102	-83	68	-160	62
Key ratios					
Operating margin	7.6%	7.6%	33.2%	12.7%	21.7%
Profit margin	184.1%	100.6%	-26.0%	58.7%	-64.6%
Capital employed	44 629	31 022	30 262	19 700	17 039
Return on capital employed	31.6%	15.9%	-3.4%	20.5%	-17.2%
Return on shareholders' equity	40.0%	18.9%	-7.2%	37.8%	-37.5%
Equity/assets ratio	72%	70%	58%	65% [2]	43% [2]
Net debt	9 856	7 249	7 168	6 803	6 820
Debt/equity ratio, multiple	0.3	0.3	0.7	0.7	1.1
Risk capital ratio	75.3%	72.3%	60.3%	57.7%	48.6%
Data per share [3]					
Average number of shares (000s)	263 982	263 982	242 134	220 285	220 285
Earnings per share, SEK [4]	43.74	15.52	-5.85	16.94	-18.65
Shareholders' equity per share, SEK	130.35	88.26	83.05	52.27	37.32
Market price B share at 31 December, SEK	115.00	74.00	70.75	67.43	24.86
Dividend per share, SEK	1.70 [6]	1.60	0.25 [5]	1.57	1.14
Direct yield	1.5%	2.2%	0.4%	2.3%	4.6%
P/E ratio	2.6	4.8	-12.1	4.0	-1.3

[1] IFRS have been applied from 2005. Figures for 2004 have been recalculated to be in line with IFRS. 2001-2003 have not been recalculated and are reported in accordance with earlier principles based on recommendations from the Swedish Financial Accounting Standards Council.

[2] Adjusted for hidden reserves in the share portfolio in line with earlier accounting principles.

[3] All information adjusted for the exchange ratio at merger with old Invik in July 2004, in which one old Kinnevik share entitled to 3.5 shares in Investment AB Kinnevik.

[4] Including discontinued operations.

[5] Cash dividend, excluding distribution in kind of shares in Invik & Co. AB.

[6] Proposed cash dividend.

Harvest time in emerging countries

For Kinnevik, 2006 was an outstanding year, and I would like to thank all our shareholders for their confidence in us. The value of the Kinnevik share, including dividends, rose by 58%, while our net asset value increased by SEK 13 billion to SEK 39 billion during the year. That is better than our average historical return and significantly better than the Stockholm Stock Exchange, which rose 24% during 2006.

Naturally, many people played a part in our fine performance during the year, not only within Kinnevik but also those working in our other portfolio companies. Among others, I would like to single out my predecessor Vigo Carlund for the work he performed before leaving the position as Chief Executive Officer at the end of the summer. Our long-term shareholders are another key factor in our success. During 2006, we reaped the harvest of our early investments in mobile telephony in new growth markets – for example, through Millicom's surge in value growth and Tele2's strong performance in Russia. In large measure, Kinnevik started to make these investments more than 20 years ago, and they are now giving rise to several large and profitable mobile operators worldwide. I trust that the vision and farsightedness that characterized these early investments remain a feature of the work we are doing at Kinnevik today, although we cannot expect all our investments to be as successful as our early ones in mobile telephony.

However, farsightedness must not be used as an excuse for postponing until tomorrow decisions that can be made and implemented today. Kinnevik has always been and remains an active shareholder, by which we mean that we have an agenda for our holdings that we believe creates value and that we wish to implement – sooner rather than later. To ensure that our investment work is effective, we only invest in a limited number of companies at a time. By owning substantial blocks of shares in our portfolio holdings, we can work effectively to implement our plans by being represented on the Boards of Directors of our portfolio companies. At the time of writing, our largest holdings are Millicom, Tele2, Korsnäs, MTG, Metro, Transcom and Invik, together with a handful of smaller investments that we are in the process of developing or closing.

Examples of what we have been focusing on during 2006 include the acquisition of Frövi and the subsequent merger between Frövi and Korsnäs, in connection with which we developed an integration plan that we are certain will generate significant synergies from the operations. At the same time, we sold Korsnäs Packaging, thereby concentrating our investments in the paper industry primarily to highly refined products. A further example is the continued aggressive growth in Millicom through network build-outs and customer recruitment, in parallel with the streamlining of the portfolio to those markets where we hold a leading position. Similarly in Tele2, the strategy is to focus operations on a number of core areas and markets. Alongside our operational focus on our holdings, we must also actively review the capital structures of our portfolio companies. During 2006, this resulted in MTG distributing its holding in Metro to shareholders through a redemption program, as well as a non-reccurring cash dividend in Transcom. As the profits in our portfolio companies grow, this becomes an ongoing process that also involves reviewing the companies' growth strategies, although this is one of the more pleasant matters with which a Board of Directors must concern itself. In companies with strong cash flows, we endeavor

to maintain efficient balance sheets, as illustrated, for example, by the fact that the leverage of Korsnäs currently amounts to approximately SEK 7 billion, or nearly 60% of the value of the company. The remaining borrowing in Kinnevik, totaling around SEK 3 billion, represents less than 10% of the current value of our listed shareholdings.

When summarizing Kinnevik's strong performance in 2006, it should also be remembered that we essentially only invest in shares, often in companies that are undergoing rapid change or which are active in rapidly growing markets, and that we have more than half of our investments in what are termed "emerging markets." It should also be borne in mind that over time we use borrowing as an instrument to increase our exposure to certain investments. This investment philosophy means that the high return during 2006 was not only the result of successful investment activities but also a consequence of our significant exposure to a strong global growth trend, both in the underlying economy and in the stock markets.

If the worldwide trend moves in the opposite direction, this could negatively impact the return in the short term. In my opinion, however, our investments continue to have very high growth potential, and we will constantly focus on the opportunities we see for continuing to develop our holdings in a manner that creates value for our shareholders.

Mia Brunell

Board of Directors and Senior Executives

The Board of Directors, Chief Executive Officer and Company Secretary of Investment AB Kinnevik.
Left to right: Erik Mitteregger, Thorbjörn Hallström, Annika Jonsson, Vigo Carlund, Cristina Stenbeck, Edvard von Horn, Pehr G Gyllenhammar, Stig Nordin, Mia Brunell, Wilhelm Klingspor, Bo Gidlund, Per Eriksson and Mikael Larsson.

Board of Directors

Pehr G Gyllenhammar *Chairman*
M.Sc. Law, born 1935. Chairman of the Board of Investment AB Kinnevik since 2004. Chairman of the Board of Majid al Futtaim Group, Dubai and Reuters Founders Share Company Ltd. Vice Chairman of Rothschild Europe.
Shareholding: 3,000 class A shares and 12,000 class B shares.

Cristina Stenbeck *Vice Chairman*
B.Sc., born 1977. Vice Chairman of Investment AB Kinnevik since 2004 and of Industriförvaltnings AB Kinnevik during the period 2003-2004. Member of the Board of Metro International S.A., Millicom International Cellular S.A., Modern Times Group MTG AB, Tele2 AB, Invik & Co. AB and Transcom WorldWide S.A.
Shareholding: -

Vigo Carlund *Board member*
Born 1946. Member of the Board of Investment AB Kinnevik since August 2006, CEO of Kinnevik 1999-July 2006. Chairman of the Board of Tele2 AB. Member of the Board of Modern Times Group MTG AB and Millicom International Cellular S.A.
Shareholding: 419,560 class B shares.

Per Eriksson *Employee representative / Board member*
Assistant boiler-man, born 1955. Employee representative in Investment AB Kinnevik since 2006.
Shareholding: -

Thorbjörn Hallström *Employee representative / Board member*
Project Engineer, born 1950. Employee representative in Investment AB Kinnevik since 2004 and of Industriförvaltnings AB Kinnevik during the period 1996-2004.
Shareholding: 35 class B shares.

Edvard von Horn *Board member*
B.Sc., born 1943. Member of the Board of Investment AB Kinnevik since 2004 and of Industriförvaltnings AB Kinnevik during the period 1992-2004.
Shareholding: 191,793 class A shares and 39,221 class B shares.

Wilhelm Klingspor *Board member*
Forest Engineer, born 1962. Member of the Board of Investment AB Kinnevik since 2004 and of Industriförvaltnings AB Kinnevik during the period 1999-2004.
Shareholding: 935,848 class A shares and 647,542 class B shares.

Erik Mitteregger *Board member*
Graduate in business administration, born 1960. Member of the Board of Investment AB Kinnevik since 2004. Chairman of the Board of Aspiro AB. Member of the Board of Firefly AB, Invik & Co. AB and Wise Group AB.
Shareholding: 35.000 class A shares.

Stig Nordin *Board member*
M.Sc. Engineering, born 1943. Member of the Board of Investment AB Kinnevik since 2004 and of Industriförvaltnings AB Kinnevik during the period 1992-2004.
Shareholding: 39,668 class B shares.

Bo Gidlund *Employee representative/Deputy*
Forklift truck driver, born 1958. Employee representative in Investment AB Kinnevik since 2004.
Shareholding: 101 class B shares.

Annika Jonsson *Employee representative/Deputy*
M.Sc. and Project Engineer, born 1974. Employee representative in Investment AB Kinnevik since 2006.
Shareholding: -

Honorary member
Agriculturalist Bo von Horn

Auditors

At the Annual General Meeting 2005 the audit firm Ernst & Young AB was elected as auditors with Erik Åström as auditor in charge.

Erik Åström, born 1957. Authorized Public Accountant of Industriförvaltnings AB Kinnevik during the period 2001-2004 and of Investment AB Kinnevik since 2004. Erik Åström has audit engagements in a number of listed companies such as Hakon Invest AB, H&M Hennes & Mauritz AB, Modern Times Group MTG AB and onetwocom AB.

Back row Henrik Persson, Mikael Larsson
Front row Peter Sandberg, Mia Brunell, Sture Gustavsson

Senior Executives

Mia Brunell *Chief Executive Officer Investment AB Kinnevik.* Born 1965. Studies in Business Administration, Stockholm University. Employed since 2006. Various managerial positions within Modern Times Group MTG AB 1992-2006. Other assignments for listed companies: Member of the Board of Invik & Co. AB, Metro International S.A., Tele2 AB, Transcom WorldWide S.A. and CTC Media Inc., a Russian associated company to Modern Times Group MTG AB.
Shareholding: 10,000 class B shares.

Mikael Larsson *Chief Financial Officer.* Born 1968. Graduate in Business Administration. Employed since 2001.
Shareholding: 1,750 class B shares.

Henrik Persson *Director Corporate Communications / Portfolio Review.* Born 1974. Graduate in Business Administration. Employed since 2004. Other assignments for listed companies: Member of the Board of Kontakt East Holding AB.
Shareholding: 1,000 class A shares and 3,000 class B shares.

Peter Sandberg *Chief Executive Officer Korsnäs.* Born 1967. Graduate in Business Administration. Employed since 2005.
Shareholding: –

Sture Gustavsson *Chief Executive Officer Mellersta Sveriges Lantbruk.* Born 1959. Agriculturalist. Employed since 1994.
Shareholding: –

Investment AB Kinnevik was founded on 18 December 1936, by a group of friends, namely, Robert von Horn, Wilhelm Klingspor and Hugo Stenbeck. The Group's operations have been continued by their descendents, now in the third generation. Thus, Kinnevik embodies seventy 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 a key criterion.

Investment decisions have frequently been made – and continue to be made – using an approach contrary to prevailing market sentiment. Since other investors tend to give too much credence to such sentiment, the return on such investments is consequently often lower than the market average.

Since it was founded, the Group has owned large agricultural holdings. Investments were originally made primarily in the forest, iron and steel industries and in associated processing industries. In 1978, the shares of Fagersta AB were acquired in an effort to coordinate the steel operations of Fagersta and Sandvik. When Skanska AB, in cooperation with Investment AB Beijer, acquired major shareholdings in Sandvik AB, Kinnevik sold its Sandvik shares in autumn 1983. Agreements were finally reached in 1984 to restructure the Swedish specialty steel industry. The stainless-steel production assets of Fagersta AB were sold to other manufacturers. Fagersta AB was then merged to form a single entity with its major shareholder, Investment AB Kinnevik. Kloster Speedsteel AB, Kinnevik's last major investment in specialty steel manufacturing, was sold in 1991.

In 1992, Kinnevik made a tender offer to acquire the outstanding minority shares in Korsnäs AB, a company in which Kinnevik has been a shareholder since 1936. The merger of Korsnäs and Kinnevik created the opportunity to invest Korsnäs' surplus in other, more rapidly expanding operations.

Since the prices of established companies appeared high, Kinnevik chose in the 1980s and 1990s not to invest in them, but to set up companies around new products or services, largely in information distribution in the broadest sense of the term, from telecommunications to television. The transformation of the organization from a conglomerate in traditional businesses such as forest products and steel to an international telecom and media group took place under the second generation, with Jan H Stenbeck as the Chairman of Kinnevik.

September 1981 marked the launch of Comvik, an analog mobile telephony system, and the first of its kind outside the state telecom monopoly in Sweden. 1985 saw the start of investments in mobile telephony licenses outside Europe in, for example, Hong-Kong, Sri Lanka, Mauritius, Costa Rica, the Philippines and Pakistan. In 1990 Kinnevik participated in the establishment of the international mobile operator Millicom International Cellular S.A. ("Millicom"), whereby Kinnevik's international mobile telephony licenses were moved into Millicom, and thus Kinnevik became the principal shareholder in Millicom. Moreover, Kinnevik played a role in the establishment and operation of the first Astra satellite for TV distribution via satellite to homes in Europe (1985). In 1986, credit card telephony commenced. 1987 marked the introduction of cable TV through the company currently called Tele2Vision, the distribution of newspapers and the first commercial TV channel in Scandinavia, TV3. The independent TV production company Strix Television was established in 1988. The pay-TV channel TV1000 was launched in 1989, as were TV Shop operations. Kinnevik was also involved from the start of commercial radio in Sweden in the form of RIX FM, which is currently the largest nationwide commercial radio network. Text-TV operations commenced in 1993, along with international telephony in the same year and national telephony in 1994. The latter operations are currently well known throughout Europe as Tele2. The world's currently largest global daily newspaper, Metro, was launched in Stockholm in 1995. Debt collection-related services commenced in 1995, followed by customer care-related companies in 1996, which are currently known under the name Transcom. A number of Internet and IT-related companies have been created since 1996. Although some disappointments were encountered along the way, the overall success of these ventures is quite evident.

During the build-up phase, it was beneficial for the new operations to be included in Kinnevik, which had a conglomerate-like organization. This enabled operations to benefit from collective financial assets and management resources.

When the companies had achieved a certain level of maturity, it was desirable to highlight the financial values and enable a higher degree of independence, which is why Kinnevik has successively spun off a number of subgroups to shareholders over the past decade.

The shares in Tele2 AB (formerly NetCom AB) ("Tele2") were spun off to the shareholders in 1996 and Modern Times Group MTG AB ("MTG") in 1997. The shares in Metro International S.A. ("Metro") were spun-off from MTG to their shareholders in 2000. At Kinnevik's Annual General Meeting in 2001, a decision was approved to spin off the shares in Transcom WorldWide S.A. ("Transcom").

Invik & Co. AB ("old Invik") was formed in 1985 following a division of Kinnevik's then operations in long-term industrial management and corporate development, and in asset and financial operations. The latter operations were placed in Kinnevik's wholly owned subsidiary old Invik, after which shareholders in Kinnevik received an offer to subscribe for shares in old Invik. Through old Invik's shareholding in Kinnevik old Invik received shares in Tele2, MTG, Metro and Transcom as dividends.

Jan H Stenbeck passed away on August 2002, following which the business legacy has been carried forward by the third generation of the Stenbeck, von Horn and Klingspor families, with Cristina Stenbeck as the Vice Chairman of Kinnevik and Board member in the listed associated companies.

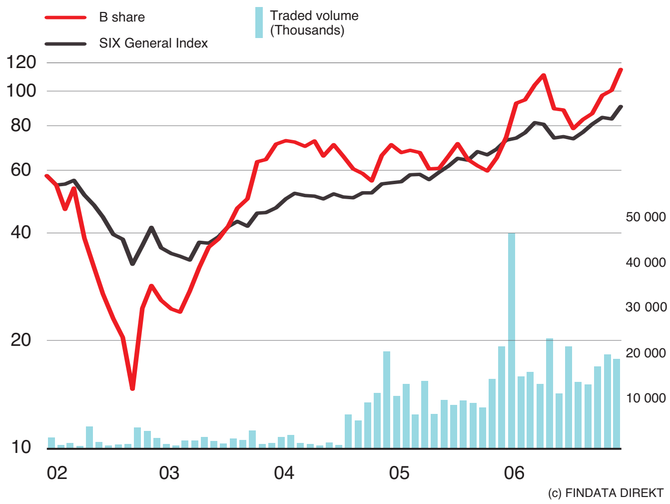
In February 2004, the Boards of Kinnevik and old Invik decided to merge the companies. The merger, which was completed in summer 2004, marked the end of the period with two holding companies with cross-shareholdings. Old Invik was the company that remained after the merger, and following the merger the Company changed its name to Investment AB Kinnevik ("Kinnevik"). In conjunction with this, the name of the wholly owned subsidiary Modern Finance Group AB was changed to Invik & Co. AB ("Invik") and financial operations in old Invik were subsequently transferred to Invik, which thus emerged as a sub-group to Kinnevik. Old Invik's portfolio of listed holdings was not transferred to Invik but instead remained with Kinnevik. Subsequently, the Kinnevik Annual General Meeting in 2005 resolved to distribute the shares in Invik to the Kinnevik shareholders.

At 31 December 2006, the total value of the shares in the listed companies Tele2, Millicom, MTG, Metro, Transcom and Invik amounted to SEK 133 billion.

Stock exchange listing
Kinnevik's class A and class B shares have been listed on the Stockholm Stock Exchange since 12 November 1992. The shares are listed on the Nordic list for large-cap companies within the financial and real estate sector. The ticker codes are KINV A and KINV B. A round lot comprises 100 shares. During 2006, an average of 952.773 class B shares, corresponding to SEK 87 million, were traded daily.

Share capital
At 31 December 2006, the total number of outstanding shares was 263,981,930, of which 50,197,050 were class A shares and 213,784,880 class B shares. The number of shares has remained unchanged since 31 December 2005. Refer to Note 19 for changes in the Company's share capital during the period 2002-2005.

One class A share provides ten votes and one class B share one vote. There are no outstanding convertibles or warrants. The 2006 AGM authorized the Board to buy back a maximum 10% of outstanding shares. The Board did not utilize this mandate in 2006.



Share-price trend
The above chart shows the Kinnevik share's price trend during the past five years. The historical share price has been adjusted to account for the merger with old Invik on 28 July 2004. For each class A share in old Kinnevik, 3.5 new class A shares were received in Investment AB Kinnevik, and for each class B share in old Kinnevik, 3.5 new class B shares were received in Investment AB Kinnevik. Furthermore, the historical price trend has been adjusted downward for the distribution of all shares in Invik in 2005.

Dividend
At the Annual General Meeting on 11 May 2006 the shareholders approved the Board's proposal of a cash dividend of SEK 1.60 per share. For the financial year 2006 the Board proposes a cash dividend of SEK 1.70 per share.

Total return
Since 1976, the Kinnevik share has generated an average total return of 16.1% annually as a result of rising share prices, cash and in-kind dividends, including the value of subscription offers.

During the past five years, the Kinnevik share has provided an average total return of 20.6% annually.

At year-end, Kinnevik's class B share was quoted at SEK 115, providing a total return of 57.6% in 2006.

The total return has been calculated based on the assumption that shareholders retained their allotment of shares distributed in Tele2, MTG, Metro, Transcom and Invik.

Ownership structure
Kinnevik's 20 largest shareholders in terms of capital and votes according to VPC at 31 December 2006.

Shareholder	Class A shares	Class B shares	Percentage of capital	Percentage of votes
Emesco Group	22 681 467	0	8.6	31.7
The estate of Jan H Stenbeck	9 754 000	0	3.7	13.6
Klingspor family	5 659 706	2 086 536	2.9	8.2
von Horn family	2 378 378	287 803	1.0	3.4
Robur funds	0	24 020 159	9.1	3.4
Sapere Aude Trust	2 245 630	0	0.9	3.1
Alecta	1 137 300	7 428 000	3.2	2.6
AMF Pension funds	0	14 647 800	5.5	2.0
Korsnäs AB's social fund	1 324 466	32 920	0.5	1.9
Pictet & CIE	1 102 380	447 200	0.6	1.6
Hugo Stenbeck's Trust	839 555	170 000	0.4	1.2
SEB funds	0	7 712 155	2.9	1.1
Fjärde AP-fonden	0	6 273 200	2.4	0.9
Catella funds	0	5 659 300	2.2	0.8
Skandia Liv	236 404	2 942 885	1.2	0.7
Nordea funds	0	5 087 457	1.9	0.7
SHB/SPP funds	0	5 066 493	1.9	0.7
S I F	0	5 179 890	2.0	0.7
Länsförsäkringar funds	0	3 563 465	1.4	0.5
RBC Dexia investor services trust	0	3 436 050	1.3	0.5
Other	2 837 764	119 743 567	46.4	20.7
Total	50 197 050	213 784 880	100.0	100.0

Shares distribution

Size of shareholding	Number of share-holders	%	Number of shares	%
100 001 -	232	0.59	199 598 944	75.61
50 001 - 100 000	132	0.34	9 597 070	3.64
10 001 - 50 000	856	2.19	18 475 817	7.00
5 001 - 10 000	1 147	2.93	8 483 273	3.21
1 001 - 5 000	7 788	19.92	18 101 372	6.86
1 - 1 000	28 943	74.03	9 725 454	3.68
Total	39 098	100.00	263 981 930	100.00

Number of shareholders at 31 December 2006 was 39,098 (37,769).

Net worth

Book and market value of assets (SEK million)

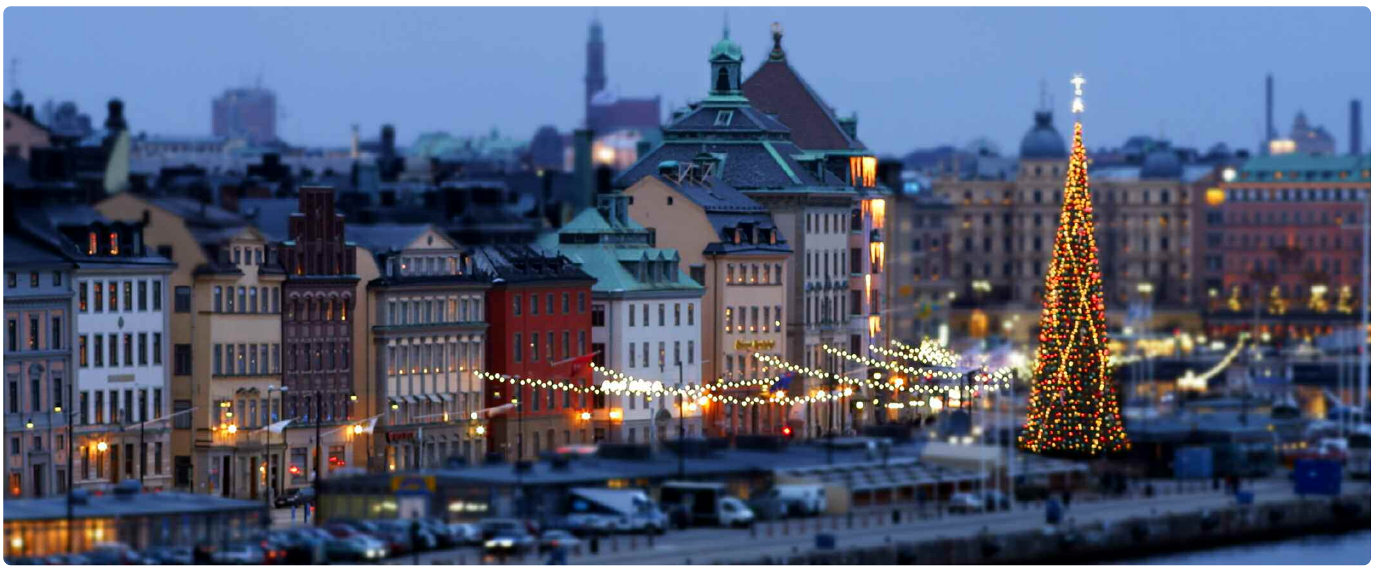
	A shares	B shares	Equity interest (%)	Voting interest (%)	Book value 31 Dec 2006 (SEK m)	Market value 31 Dec 2006 (SEK m)	Change since 31 Dec 2005 [1]
Listed holdings							
Tele2	25 830 229	99 651 296	28.2	45.3	12 548	12 548	20%
Millicom International Cellular	37 835 438		37.6	37.6	16 326	16 326	102%
Metro International	103 408 698	129 138 208	44.1	39.2	2 116	2 116	-32%
Modern Times Group MTG	9 821 336	113 675	14.8	47.5	4 471	4 471	46%
Transcom WorldWide	12 627 543		17.4	34.7	998	998	21%
Kontakt East	1 440 000		18.0	18.0	59	59	–
Total listed holdings					**36 518**	**36 518**	**42%**
Unlisted and other holdings							
Korsnäs Industrial and Forestry [2]			100	100	6 927	11 559 [4]	
Interest bearing external liabilities relating to Korsnäs					-6 998	-6 998	
Mellersta Sveriges Lantbruk [3]			100	100	430	500	
Invik convertible, option element					447	447	
Other assets and liabilities					-44	0	
Total unlisted holdings					**762**	**5 508**	
Interest bearing net debt including convertible loan in Invik (excluding liabilities relating to Korsnäs)					-2 858	-2 858	
Total equity/net asset value					**34 422**	**39 168**	
Net asset value per share, SEK						148.4	
Closing price B share 31 December 2006, SEK						115.0	
Net asset value discount						22%	

[1] Including dividends received.

[2] Including 5% of the shares in Bergvik Skog and 41% of the shares in Karskär Energi.

[3] Including 22% of the shares in Black Earth Farming.

[4] Consensus among analysts covering Kinnevik.



Kinnevik's holdings, 31 December 2006

Subsidiaries

Korsnäs AB
100% of capital and voting rights

Market value SEK 11,559 million [1]

Subsidiary of Kinnevik since 1992

Mellersta Sveriges Lantbruks AB
100% of capital and voting rights

Market value SEK 500 million

Subsidiary of Kinnevik since 1936

Includes 22% of capital and voting rights in Black Earth Farming Ltd

Associated companies

Millicom International Cellular S.A.
37.6% of capital and voting rights

Market value of Kinnevik's shareholding SEK 16,326 million

Associated company to Kinnevik since the company was established through a merger in 1990

The share is listed on NASDAQ and on the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector

Tele2 AB
28.2% of capital and 45.3% of voting rights

Market value of Kinnevik's shareholding SEK 12,548 million

Kinnevik spun off the company (at that time NetCom) to its shareholders in 1996

The share is listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector

Modern Times Group MTG AB
14.8% of capital and 47.5% of voting rights

Market value of Kinnevik's shareholding SEK 4,471 million

Kinnevik spun off the company to its shareholders in 1997

The share is listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the consumer discretionary sector

Metro International S.A.
44.1% of capital and 39.2% of voting rights

Market value of Kinnevik's shareholding SEK 2,116 million

MTG spun off the company to its shareholders in 2000

The share is listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the consumer discretionary sector

Transcom WorldWide S.A.
17.4% of capital and 34.7% of voting rights

Market value of Kinnevik's shareholding SEK 998 million

Kinnevik spun off the company to its shareholders in 2001

The share is listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the industrials sector

Invik & Co. AB
14.6% of capital and 25.4% of voting rights (after conversion of the convertible debt in January 2007)

Market value of Kinnevik's shareholding SEK 682 million

Kinnevik spun off the company to its shareholders in 2005

The share is listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the financial and real estate sector

New Ventures

Kontakt East Holding AB
18.0% of capital and voting rights

Market value of Kinnevik's shareholding SEK 61 million including options

Kinnevik invested SEK 34 million in Kontakt East in 2006

The share is listed on First North Exchange

Relevant Traffic Europe AB
35.7% of capital and voting rights

Kinnevik invested SEK 28 million in Relevant Traffic in 2006

Unlisted holding

[1] Consensus among analysts covering Kinnevik.

Korsnäs

(SEK million)	2006 [1]	2005 [1]
Key data		
Revenue	7 177	6 803
Operating profit, EBIT [2]	875	730
Investments in fixed assets	361	614
Depreciation	-619	-605
Operational capital employed	8 563	8 776
Return on operational capital employed	10.2%	8.3%
Number of employees	2 001	2 025

[1] Pro forma including Frövi and excluding Korsnäs Packaging.
[2] Excluding restructuring costs of SEK 183 million (69).

History

Korsnäs was established as a company in 1855, and sawmill operations commencing in 1858 in Korsnäs in the province of Dalarna. In 1899, operations moved to Gävle and in 1910 pulp manufacture got under way at the Korsnäs mill in Gävle, followed in 1925 by the installation of the company's first paper machine. Pulp, paperboard and paper manufacturing were steadily expanded to become Korsnäs' primary operations and Korsnäs Industrial is currently one of the leading manufacturers of virgin fiber-based packaging materials, primarily for consumer products. The core industrial operations center on the Korsnäs mill in Gävle and on the production facility in Frövi with annual capacity of 700 thousand tons and

400 thousand tons, respectively, of paper and paperboard products. The company currently has four production machines in operation: Paper Machine ("PM") 2, 4 and 5 in Gävle as well as the Board Machine ("BM") 5 in Frövi. The plant in Gävle is self-sufficient in pulp, while the annual capacity in Frövi is about 260 thousand tons.

Korsnäs has long pursued a targeted strategy of focusing on highly processed products. As a result, paperboard has become the largest product area in terms of volume, with liquid packaging board used for beverage packaging and White Top Kraft Liner (WTL) used as the outer layer in corrugated packaging, while cartonboard is used primarily for packaging cosmetics, luxury drinks, confectionery and frozen food. As part of this expansion in highly refined product segments, an agreement was concluded in November 2005 with Sveaskog covering the acquisition of its subsidiary AssiDomän Cartonboard Holding ("Frövi") for an ultimate purchase price of SEK 3,636 million. The transaction was completed following approval of the EU Commission in May 2006.

Korsnäs has been one of the leading European manufacturers of high-quality sack and kraft paper, with its market position marked primarily by products offering high strength and excellent conversion potential. A substantial part of the manufactured sack paper was previously processed by Korsnäs Packaging in wholly and partly owned sack conversion plants in Europe. In line with the increasing focus of Korsnäs Industrial's output on highly processed paperboard products, deliveries of sack paper to Korsnäs Packaging declined and thus also synergies between the two business areas. In view of this trend, Korsnäs Packaging was sold in 2006 to JSC Segezha Pulp and Paper Mill, a Russian packaging group, for SEK 662 million.

In 2002 Korsnäs terminated its involvement in the sawmill business by selling the Kastet sawmill. During 2002 and 2004, Swedish forest holdings were also sold via two transactions: In 2002, slightly more than a third of forest holdings was sold to Sveaskog and in 2004 the remainder was transferred to Bergvik Skog, a newly established company in which Korsnäs holds 5% of the shares. After these divestments, Korsnäs Swedish forest holdings consist of about 15,000 hectares of special land and rights.

Korsnäs Industrial

(SEK million)	2006 [1]	2005 [1]
Key data		
Revenue	6 392	6 105
Operating profit, EBIT [2]	821	668
Investments in fixed assets	350	606
Depreciation	-609	-594
Operational capital employed	8 302	8 538
Return on operational capital employed	9.9%	7.8%
Number of employees	1 726	1 764

[1] Pro forma including Frövi and excluding Korsnäs Packaging.
[2] Excluding restructuring costs of SEK 183 million (69).

The overall upturn in economic conditions that characterized 2006 also resulted in higher demand in markets in which Korsnäs is active. Compared with 2005, delivered volumes of paper, pulp and board products rose by 2% to 1,037 thousand tons for Korsnäs Gävle and Korsnäs Frövi combined. Sales volumes increased in all product areas with the exception of fluff pulp, production of which was discontinued in April 2006 and the remaining inventories were subsequently sold.

Customers are increasingly demanding various types of products and delivery solutions. By way of response, Korsnäs is seeking to meet these demands using high quality and lower overall customer cost. Korsnäs' long-term strategy of focusing on growth markets and offering differentiated, niche products that meet stringent requirements in terms of strength, printability and runnability in conversion proved successful during the year. Thus, the targeted focus on highly refined products in selected segments will continue.

Production output in 2006 amounted to 1,058 thousand tons, which is 3.5% higher than in 2005. This represents a production record for board and paper manufacturing in Gävle, with total output of 684 thousand tons, as well as in Frövi, with total output of 374 thousand tons. The primary factors underlying the increase were investments in BM5 at Frövi in autumn

2005 and that the volumes on PM4 were lower in 2005 due to rebuilding. The product quality from PM4 after the rebuild exceeded expectations. During the week-long maintenance stoppage in the autumn, a new headbox was installed on PM2 for SEK 50 million. The machine was subsequently restarted on schedule with superior product quality. During an extended two-week maintenance stoppage at Frövi, new equipment for back coating was installed on BM5. The investment totaled some SEK 100 million. The back coater is a prerequisite for and a component in the launch of a new product – Frövi White – which will be introduced in early 2007. The production of kraft pulp at Frövi totaled 260 thousand tons, which was also a new production record.

In conjunction with the acquisition of Frövi, a new management group was appointed in early June. Extensive integration programs were subsequently conducted to realize synergies between the two mills in Gävle and Frövi in terms of, for example, production, procurement, administration and other support functions. Among other initiatives, a number of projects were started to further increase productivity at both mills in Gävle and Frövi. The original target of attaining profit improvements of at least SEK 150 million annually is expected to be surpassed. Annual improvements in earnings from the restructuring program, which started during the latter part of 2006, are presently estimated to amount to some SEK 200 million, with the full effect on earnings from 2008. Restructuring costs

of SEK 183 million to achieve synergies and other efficiency improvements were charged to operating profit for 2006, compared with SEK 69 million in severance pay in 2005. Restructuring costs for the year included provisions for severance pay for 125-140 full-time employees who will gradually leave the Group during 2007.

Significant cost increases for electricity and oil price-sensitive chemicals also had a negative impact on earnings in 2006. Energy costs, in addition to high market prices, were also negatively influenced by the breakdown of the back-pressure unit at the associated company Karskär Energi. The effects of Hurricane Gudrun restrained pulpwood prices in early 2006, causing annual costs to remain almost unchanged from 2005.

Integration activity following the acquisition of Frövi has shown that the industrial logic on which the transaction was based has been realized to date, and even surpassed in terms of the synergy effects following the implementation of the above-mentioned restructuring programs and knowledge transfer among the two companies. Consequently, global GDP growth, combined with the effects of the acquisition, creates the prerequisites for a positive profit trend in Korsnäs in the years ahead. However, the positive effects will be offset by negative effects from price increases for input goods, with the announced wood and energy price increases expected to have the most impact on Korsnäs' operating income.

Liquid packaging board

Liquid packaging board is used to manufacture packaging, primarily for dairy products and chilled beverages – a rapidly expanding market, notably in Asia. Increasingly stringent customer requirements for high print quality of finished packaging have made coated liquid packaging board the primary growth product. The global market for liquid packaging board is rising at an annual rate of about 4%. Korsnäs' deliveries of liquid packaging board rose during 2006. Stora Enso and Klabin are Korsnäs' primary competitors in liquid packaging board.

Following the completion of the acquisition of Frövi, Korsnäs concluded a new delivery agreement in autumn 2006 with Tetra Pak, which ensures deliveries for the period 2007-2009. The agreement covers deliveries from both Gävle and Frövi.

White Top Kraft Liner

White Top Kraft Liner (WTL) is used as the surface layer on corrugated packaging. Market growth for WTL in Europe in 2006 was at the long-term growth level of 3-4%. Korsnäs' overall deliveries remained unchanged in 2006. However, deliveries to primary markets rose in pace with market growth. The primary markets in Europe are Germany, France and Italy. Sales of coated and uncoated WTL have risen. Favorable demand permitted a rise in prices during the year. The market attracts a number of suppliers, with M-Real as the primary competitor.

Cartonboard

Korsnäs cartonboard is used primarily in selected segments for packaging cosmetics, luxury drinks, confectionery and frozen food. The European cartonboard market is expanding at a rate of 2-3% annually. Competition in recent years has stiffened as a result of imports from low-cost countries such as Brazil and Chile. Competition strengthened during 2006 as a result of the weaker USD and higher production capacity in and outside Europe. Despite tough competition, Korsnäs managed to raise its shipments of cartonboard by 10% compared with 2005 but prices remained unchanged.

Sack and kraft paper

Sack and kraft paper are used for sacks, carrier bags and food packaging. The market situation in Europe for sack and kraft paper strengthened during the year. However, it proved possible to effect merely minor price increases in the kraft paper sectors. Despite higher demand, there is substantial excess production capacity for sack and kraft paper in Europe. A large share of output is exported to other markets, primarily in the Middle East, Asia and Latin America. Billerud and UPM Kymmene are the primary competitors in this area. Korsnäs' market position is highlighted primarily by its high-strength products offering favorable conversion potential. Korsnäs' shipments of sack and kraft paper increased 5% from 2005, with fully bleached products accounting for the increase.

Korsnäs Forestry

(SEK million)	2006	2005
Key data		
Revenue	1 860	1 741
Operating profit, EBIT	54	62
Investments in fixed assets	11	8
Depreciation	-10	-11
Operational capital employed	261	238
Return on operational capital employed	20.7%	26.1%
Number of employees	275	261

Korsnäs Forestry is responsible for the purchase of wood and fiber for Korsnäs' pulp and paper mills and for the performance of forestry services in line with agreement with Bergvik Skog. Korsnäs Forestry's external customers are primarily sawmills and spruce fiber users in Central Sweden and Latvia.

Wood prices for sawn timber and soft pulpwood, which declined due to Hurricane Gudrun, increased in 2006 to levels prior to the hurricane. Korsnäs' agreements with Bergvik Skog and Sveaskog mean that price increases will not fully impact Korsnäs' purchase prices until 2007. Swedish prices for hard pulpwood remained unchanged, while prices in Russia and the Baltic States declined early in the year before rising again towards year-end. Korsnäs' inventories of softwood pulp declined to levels prevailing prior to the hurricane.

During the second quarter, Korsnäs utilized its option to raise ownership from 40% to 51% in the Latvian company Sia Latgran, which produces pellets in Latvia, and thus Sia Latgran has been consolidated as a subsidiary as of 1 June 2006. Pellets output totaled about 66 thousand tons following the installation of a new press in early 2006. Sales move in line with production and as a result of a strong demand trend, prices have risen gradually. During the fourth quarter, a decision was made to invest some SEK 120 million in another pellets plant with annual production capacity of some 110 thousand tons, which is scheduled to come into operation in early 2008.

Research and development

Korsnäs' product portfolio was adjusted during the year to create flexibility among machines and facilitate optimal capacity utilization. In the liquid packaging board area, the product portfolio has been widened to meet market requirements. Meanwhile in WTL, the products launched in 2005 have established a market presence and new products were launched in 2006. The major venture in cartonboard is the development of Frövi White, which is a double-sided coated product with unique characteristics designed for exclusive packaging. The product was launched in 2007 and offers Korsnäs the potential to compete in the most demanding segment of the cartonboard market. Korsnäs' research and development costs totaled SEK 73 million (32).

Environment

Korsnäs industrial and forestry operations are ISO 14001 certified and forestry operations are also certified in line with the Swedish FSC standard. Korsnäs AB is participating in the Program for Energy Efficiency (PFE project). A certified energy management system was introduced in 2006. Meanwhile, measures aimed at reducing energy consumption over a three-year period were presented for and approved by the Energy Authority.

Based on a decision made by the National Swedish Franchise Board for Environment Protection in 1996, Korsnäs Gävle conducts operations requiring a permit. The integrated Gävle mill manufactures pulp, paper and paperboard, which impact on the exterior environment primarily through emissions to air and water, as well as through noise.

The decision of the Swedish Environmental Court in 2002 and the Swedish Environmental Supreme Court's decision in 2003 regarding the points appealed by the company means that the company's proposal for the alteration of landfill facilities to meet future EU requirements was approved. The measures are being conducted in stages during the period 2003-2008 at a total cost of SEK 25-30 million. During 2006, the Company conducted preparations for the installation of a watertight vertical barrier and an accompanying leach water system in summer 2007.

During the year, the Frövi facility noted new production records in the kraft plant's digester boiler and bleaching unit as well as in output from BM5. This coincides with a record year in several of the company's environmental areas.

In mid-December, production operations in Frövi received approval from the Environmental Court for an increase in kraft pulp production to 280 thousand tons (+12%), with 120 thousand tons bleached pulp (+9%), within the framework of the terms of the previous permit governing emissions.

During the year, Korsnäs Frövi raised its proportion of recycled residual products in the form of ash from the biofuel boiler. The ash is returned to its origins – Sveaskog's forests in the neighboring area. Lime sludge is supplied for liming applications in farming. Outgoing deliveries of residual products were higher than the intake to the landfill area during the year.

Total energy consumption per ton in the production facility at Frövi fell by more than 3% over a year. Energy consumption in the form of power and steam, both for the kraft and paperboard mills, was less than in 2005. The consumption of fossil oil per ton of output in the biofuel boiler has declined by more than 90% since 1999, when targeted environmental energy programs commenced.

Risk management

Korsnäs' operational risks consist primarily of customer relations in respect of payment capacity and the risk of losing established relationships, as well as with suppliers in terms of reliability, quality and price, in addition to major accidents in the production plant. Korsnäs conducts regular surveys of customers and suppliers and undertakes extensive checks and maintenance to minimize the risk of production disruptions.

The risk that customers fail to fulfill their payment obligations is limited by means of credit checks, whereby all customers are analyzed by sales managers and a credit council at least once annually. Subsequently, customers are monitored continuously by the credit function using, for example, information from Dun & Bradstreet. Deviations in relation to concluded agreements are managed on an ongoing basis by the credit council.

In production operations, risk reviews are conducted with the focus on areas that could be expected to give rise to serious production disruptions. For identified risk areas, plans are drawn up regarding how these can be prevented as far as possible and how the management of abnormal situations is to be done. A corresponding review is also made for safety purposes and the work environment.

Financial hedging is used to reduce exposure to temporary fluctuations in electricity prices. The result of the hedges is reported as they mature and amounted last year to SEK 147 million (negative 4). As of 31 December, the market value of financial hedges amounted to SEK 0 million (83). Korsnäs' net purchases of power during the year (including Korsnäs Frövi) totaled some 1,100 GWh. In addition, 193 GWh of in-house generated power was consumed. The estimated net power purchases in Sweden are hedged at about 80% for 2007, about 40% for 2008 and about 10% for 2009.

About half of Korsnäs' pulpwood consumption is supplied by Bergvik Skog and Sveaskog, and split between them almost equally. The remaining wood raw material derives from purchases in Sweden and from Åland, the Baltic States and Russia. Most of the Swedish wood consists of softwood fiber, with most of the imported material consisting of hardwood fiber. Korsnäs Frövi has a multi-year supply agreement with Sveaskog with regular price updates. Korsnäs' agreement with Bergvik is long term and prices are updated continually.

Employees and organization

Korsnäs' development of work processes and skills is aimed at creating a modern and cost-effective organization. The acquisition of Frövi has entailed considerable efforts in adjusting the working methods and organization to capitalize on the new opportunities entailed by the acquisition. During the initial months following the acquisition of Frövi, a framework was created for the new organization, which was subsequently implemented in stages. Organizational changes are expected to be fully implemented in the first quarter of 2007. As part of efficiency enhancement, final departures in conjunction with the manpower reduction program in Gävle during 2005 have been implemented.

As part of its alcohol and drug prevention programs, Korsnäs conducted a training project for all employees in 2006, which was a contributory factor in the Sweden-based Alna organization ranking Korsnäs as the best company in this type of activity.

A company-wide training program for energy conservation was also conducted within the framework of the PFE power-savings program.

(SEK million)	2006 [1]	2005
Key data		
Revenue	59	52
Operating profit, EBIT	2	8
Investments in fixed assets	5	7
Depreciation	-7	-7
Operational capital employed	319	203
Return on operational capital employed	0.6%	3.9%
Number of employees	113	120

[1] Including share of earnings and invested capital in Black Earth Farming Ltd.

Farming was Kinnevik's original business. During 2006, Mellersta Sveriges Lantbruk, MSLA, worked the Ullevi estate outside Vadstena, Sweden, and the Barciany and Podlawki estates in Poland. The total area amounted to 7,373 hectares, of which 665 hectares were in Sweden. Operations focus on plant cultivation and milk production. Plant cultivation is highly specialized and mechanized. All cultivation is undertaken with due consideration for environmental issues. Swedish farming operations are certified according to the ISO 14001 environmental management system and the entire acreage is organically cultivated. In Poland, milk production is conducted using 490 dairy cattle and 540 head of young stock.

A long cold stable winter followed by a late spring did not create the optimum conditions for a good harvest. When the summer finally arrived it was the hottest and driest for decades. In combination with heavy rainfall in the autumn, it resulted in a low harvest with generally low-quality produce. In both Sweden and Poland, the harvest volume corresponded to just 75% of the average in recent years. The rainy autumn made harvesting difficult and protracted. However, conditions were similar throughout Europe. Existing intervention stocks were thus rapidly depleted, parallel with rising prices. Prices during the autumn were up to 40% higher for certain products compared with 2005. Even normally slow-selling low-quality fodder grain attracted higher prices that those paid for high-quality grain during the preceding year.

Black Earth Farming Ltd

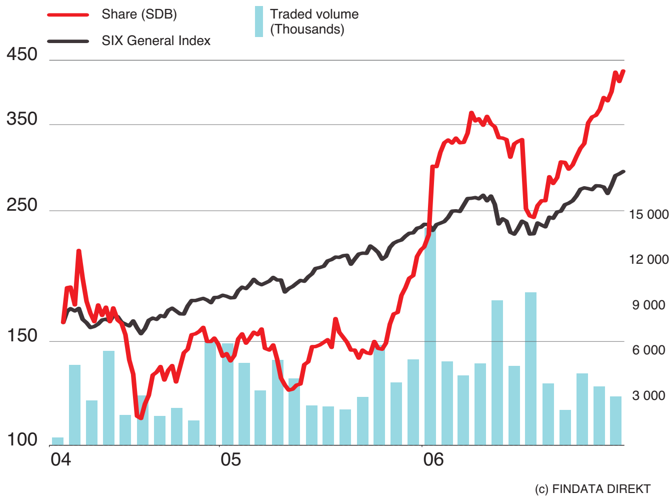
During 2006, Kinnevik participated in two share issues in the Russian agricultural company Black Earth Farming Ltd and invested a total of USD 29 million (SEK 215 million), corresponding to a shareholding of 22% of the capital and voting rights in the company. Black Earth Farming was established in 2005 for the purpose of acquiring and cultivating farmland in southwest Russia – referred to as the Black Earth region – primarily in the areas of Voronezh, Lipetsk, Tambov and Krai Krasnodar. The background to the investment is the potential to acquire, at an attractive price, land areas that were previously owned by state and collective farms. Despite a relatively warm and dry climate, the Black Earth region is viewed as being one of the most fertile areas in Europe. Production has been suspended for a number of years and considerable investments

are required to permit efficient farming. However, there is tremendous potential, since these sizeable acreages permit efficient, large-scale production. The investment in Black Earth Farming progressed satisfactorily in 2006 and at year-end the company had about 120,000 hectares of cultivable land under its control. Since the price of land is still regarded as attractive, the company will continue to acquire acreage. Efforts to cultivate the land commenced in 2006 and will be intensified in 2007.

In early 2007, MSLA concluded an agreement to sell the Ullevi estate for SEK 81 million, entailing a capital gain of some SEK 70 million for the Kinnevik Group. When the sale is completed, which is expected to occur in early March, MSLA will concentrate its operations to Poland and the partly owned Russian farming.

(USD million)	2006	2005
Key data		
Revenue	1 576	923
EBITDA	717	438
Operating profit, EBIT	441	275
Net profit	169	10
Number of subscribers 31 Dec. (million)	14.9	7.5

The market value of Kinnevik's shareholding in Millicom amounted to SEK 16,326 million on 31 December 2006. Millicom's shares are listed on NASDAQ in New York, and



included in NASDAQ 100, and on the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector.

Millicom offers affordable, easily accessible and prepaid mobile telephone services to all market segments in 16 countries in Latin America, Africa and Asia, which combined represent an overall market of 280 million people (excluding Pakistan). All Millicom's 16 operations now feature GSM network.

On 31 December 2006, Millicom had 14.9 million subscribers in countries where the company has continued operations, which is an increase of 99% since 31 December 2005. Particularly significant increases in number of subscribers were recorded in Ghana (170%), Tchad (105%), Guatemala (91%), El Salvador (88%), Honduras (86%) and Paraguay (84%). Prepaid subscribers accounted for 94% of the total cellular subscribers reported at the end of the year.

During the first half of the year, Millicom's Board conducted a strategic review of the company's potential. The assessment was initiated as a result of Millicom being contacted by a large number of potential buyers of the company. The review did not lead to a sale of the company, since the Board concluded that, given Millicom's positive development, no potential buyer could offer a binding and sufficiently attractive offer. Millicom's share price rose 121% – from USD 27.9 to USD 61.6 – from 18 January, the day before the strategic review was announced, to 31 December 2006.

During the year, Millicom increased its investments significantly in all markets and continued the launch of its successful Tigo GSM brand in all regions and especially in Africa. Millicom invested a total of USD 616 million in its mobile networks in continuing operations during the year. The latest African country in which Tigo was launched is the Democratic Republic of the Congo, which was done in January 2007.

In August, Millicom signed an agreement to acquire 50% plus one share in Colombia Móvil in Colombia for USD 125 million, thereby adding to the company's presence in Latin America.

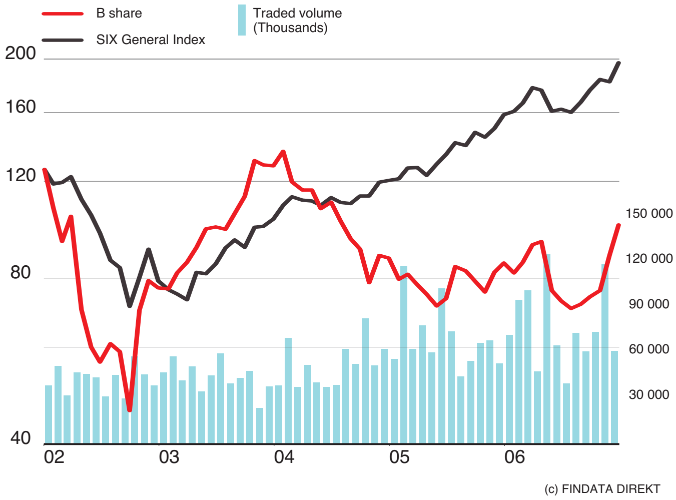
In January 2007 Millicom announced that it had signed an agreement to divest its operation in Pakistan to China Mobile Communications Corporation for a value of the entire company of USD 460 million. The transaction was completed in February 2007.

(SEK million)	2006	2005
Key data		
Revenue	50 306	44 457
EBITDA	5 652	5 772
Operating profit/loss, EBIT	-1 623 [1]	2 814
Net profit/loss	-3 740	2 341
Number of customers at 31 Dec (million) [2]	29.0	26.5

[1] Including write-down of goodwill of SEK 3,300 million.
[2] Continuing operations.

The market value of Kinnevik's shareholding in Tele2 amounted to SEK 12,548 million on 31 December 2006. Tele2's shares are listed on the Nordic list for large-cap companies in the telecommunications services sector.

Tele2 is Europe's leading alternative telecom operator. The company's mission is to offer cheap and simple telecoms. Tele2



always strives to offer the market's best prices. Tele2 offers products and services in fixed and mobile telephony, broadband and cable TV to 29 million customers in 22 countries.

Ever since Tele2 was founded in 1993, the company has been a tough challenger to the former government telecom monopolies. During the past two years Tele2 has transitioned from a reseller based business model towards an infrastructure based business model. The future of Tele2 is leaner and meaner with a narrower geographical footprint than today.

During 2006, Tele2 continued to invest substantially in its mobile operations, notably with the focus on operations in the Baltic States, Russia and Croatia, all of which have developed well. Tele2's fixed network and broadband operations continue to challenge the former telecom monopolies in Europe by offering households telecom services at the lowest prices available. Following a period of rapid expansion, Tele2 has now commenced a consolidation stage in Continental Europe to focus its resources on the markets where the company expects highest return on its investments. As part of these efforts, in October Tele2 announced that it had signed a contract to divest its French fixed network and broadband operations to Société Française du Radiotéléphone (SFR) for approximately SEK 3.3 billion. The contract has to be approved by the competition authorities.

Mobile telephony

The rapid expansion in mobile telephony continued in 2006 and the Baltic States and Russia market areas exceeded all

expectations. During the year, Tele2 raised its shareholdings in five of the Russian mobile licenses, after which operations in Belgorod, Smolensk, Lipetsk, St. Petersburg and Omsk are wholly owned. Tele2 also acquired four GSM operators in northwestern Russia. At year-end 2006, the Baltic States and Russia market area had more than 10 million mobile customers out of a total of 15.7 million mobile customers in entire Tele2.

Fixed network telephony

In fixed network telephony, the trend for Tele2 remains negative, as a result of migration from fixed network telephony to mobile telephony, plus a greater use of IP-telephony. Customer outflow was high in 2006, although there are signs it is beginning to stabilize. The introduction of Wholesale Line Rental (WLR), which means that Tele2 can offer an entire telephony service including subscription by means of a single invoice, has contributed to maintaining revenues. The lower growth rate, and thereby also lower acquisition costs, in fixed network telephony has also permitted a higher margin and the cash flow from fixed network operations has been robust during the year.

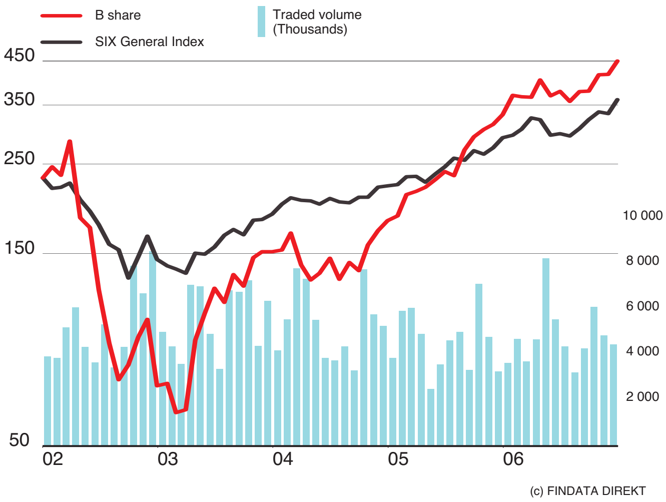
Broadband, Direct Access and LLUB

During the second half of the year, Tele2 reported a sharp inflow in broadband and direct access/LLUB customers. During the third quarter, Tele2 commenced a joint venture with QSC to supply broadband in Germany. In Sweden Tele2 acquired 75.1% in Tele2 Syd AB (formerly E. ON. Bredband Sverige ASB), a leading broadband supplier in southern parts of the country.

(SEK million)	2006	2005
Key data		
Revenue	10 136	8 012
Operating profit, EBIT	1 777	1 213
Net profit	1 499	1 185

The market value of Kinnevik's shareholding in MTG amounted to SEK 4,471 million on 31 December 2006. MTG's shares are listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the consumer discretionary sector.

MTG is a leading international media company with operations in more than 30 countries worldwide. MTG is the largest free and pay-TV operator in the Nordic region and the Baltic States, the major shareholder in Russia's largest independent TV channel and the largest commercial radio operator in the Nordic region. Viasat Broadcasting's satellite TV-platform offers digital, multi-channel packages with a total of 50 proprietary channels and third-party channels. Viasat's TV channels reach more than 90 million people each day in 22 countries around Europe.



MTG's geographic expansion, which commenced in the Baltic States ten years ago with the launch of TV3, continued in 2006 with the acquisition of 100% of the Slovenian TV channel "Prva TV d.o.o.". During the year, MTG's associated company CTC Media's share was listed on NASDAQ in the U.S. CTC Media is Russia's largest independent TV channel. In addition, during the second half of the year, Viasat Broadcasting launched broadband-based TV, or IPTV, also in Denmark. MTG already operates IPTV in Sweden and Norway.

In 2006 MTG also acquired the remaining 60% of the number one private commercial network in Norway – P4. MTG launched its successful NOK 595 million mandatory cash offer for the Oslo-listed P4 Radio Hele Norge ASA in September. P4 has a daily audience of 1.3 million listeners, making it the second largest commercial media of any kind in Norway.

During the year, MTG increased its shareholding in Bet24 from 51% to 90%. Bet24.com offers its members betting on sports events, of which many are transmitted directly on Viasat's sports channels, as well as poker games and casino. The holding in Bet24 offers MTG considerable exposure to rapidly growing gaming markets in Scandinavia and throughout Europe.

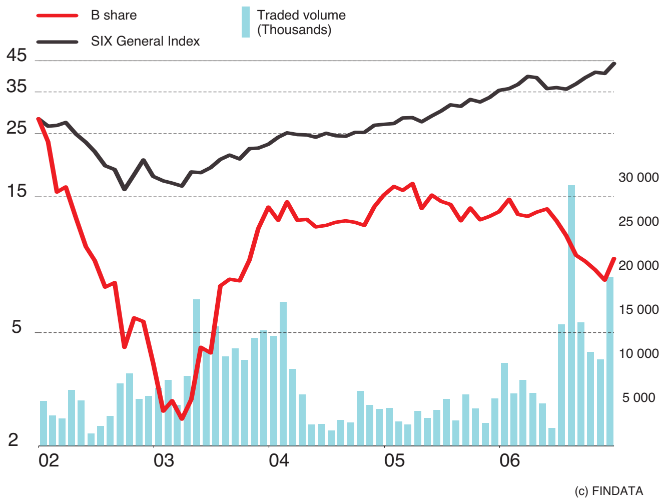
MTG also includes a number of production companies in TV and film, the Nordic area's leading e-trading site for entertainment products – CDON.com – and TV-Shop, with direct sales via TV to some 100 million households across Europe.

At the beginning of January 2007, MTG signed an agreement to acquire 90% of the share capital of the Playahead online social security networking community for a total cash consideration of SEK 102 million. Playahead is Sweden's second largest internet community, with over 530,000 members.

(USD million)	2006	2005
Key data		
Revenue	417	360
Operating profit, EBIT	17	-3
Net profit	13	-7
Daily readership (millions)	20.0	18.5

The market value of Kinnevik's shareholding in Metro amounted to SEK 2,116 million on 31 December 2006. Metro's shares are listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the consumer discretionary sector.

Metro is the world's largest and fastest-growing international daily newspaper. Metro's 70 editions are published in 19 languages in 100 major cities in 20 countries in Europe, North and South America, and Asia. These editions include franchise newspapers in South Korea, Russia, Croatia and the Canary Islands. The newspapers are distributed free of charge and revenue is generated primarily through advertising sales.



During 2006 Metro expanded its operations considerably by increasing editions in already established countries, primarily Sweden, France and the Czech Republic. Metro launched two new editions in the Czech Republic, a nationwide edition in Portugal and extended its presence in Spain with new operations on the Canary Islands via a local franchise agreement.

During the year, Metro established a presence in two new countries – Croatia and Mexico. In Croatia, six editions were launched through a franchise agreement with Croatia's leading newspaper publisher. Via the agreement, Metro gained the potential to raise its minority holding up to 50% in the future. Shortly afterwards, Metro established a presence in a second Latin American country and launched an edition in Mexico City through a joint venture company with three shareholders, in which Metro holds 35%.

Metro also concluded other deals during the year. In August, Metro sold its operations in Finland. The new owner, Sanoma Corporation, will continue to publish Metro under a franchise agreement. In Gothenburg, Metro commenced strategic cooperation with Stampen AB, to the effect that both companies offer packages with advertising space to media groups in Sweden. In January 2007, Metro decided to close its Polish operations due to unsatisfactory earnings.

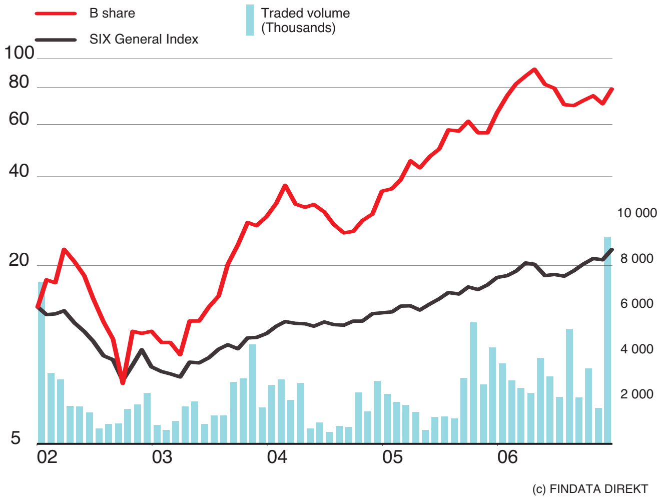
The TNS Pan-European Readership Survey, conducted in October and November, reports that Metro is now well established as the most read newspaper in Europe, reaching 15.1 million daily readers, up 25% in the last 6 months. Worldwide Metro now has a readership of over 20 million. Also through the development of strategic partnership the advertising footprint now add an additional 2.8 million readers in the UK and Belgium.

The prominent campaigns conducted by Metro during the year included Canon, Swatch, Nokia, Sony Ericsson and Microsoft. In 2006, Metro's innovative and effective advertising campaigns were awarded with Europe's most coveted distinction for media owners – the prestigious M&M Europe Awards – for its original and intricate campaign for Nokia 6630.

(EUR million)	2006	2005
Key data		
Revenue	540	445
EBITDA	48	43
Operating profit, EBIT	38	33
Net profit	28	25
Number of employees	13 100	11 700

The market value of Kinnevik's shareholding in Transcom amounted to SEK 998 million on 31 December 2006. Transcom's shares are listed on the Nordic list for mid-cap companies in the industrials sector.

Transcom is a rapidly expanding company within outsourcing of Customer Relationship Management (CRM) and debt collection. The company currently pursues operations through



56 service centers in 28 countries, with a total of more than 13,100 employeess. Transcom provides solutions in CRM and debt collection for companies in, for example, telecommunications, e-trading, travel & tourism, retail, financial services and in utilities. Transcom offers clients a broad array of relationship management services, including inbound communications; telemarketing and outbound; administrative tasks; Web servicing; CRM consultancy services; Contract Automation; Credit Management services; Legal Services; and Interpretation services. Client programs are tailor-made and range from single applications to complex programmes, which are offered on a country-specific or international basis in up to 33 languages.

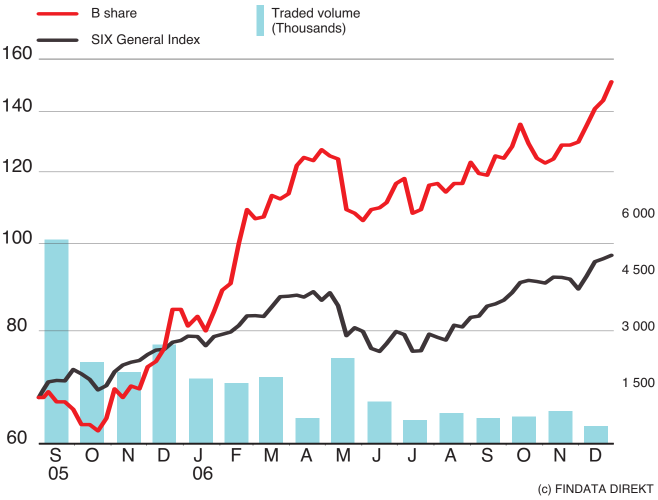
During the year, Transcom opened new service centers in Italy, France, Belgium, Chile and Croatia. Acquisitions included the German debt collection company Dr. Finsterer + Koenigs Inkasso GmbH; the British debt collection company Credit & Business Services Limited; and Stockholm's largest interpreter agency. Also, Transcom invested in Cloud10, a US agency catering for professionals working from home.

During the year, Transcom again signed agreements covering a number of CRM projects, on behalf of, for example Deutsche Post and Sky Italy. In October, Transcom also signed a strategic agreement with Société Française du Radiotéléphone (SFR) for the supply of CRM services in France, which will come into effect once SFR's acquisition of Tele2 France is approved by the competition authorities. Transcom's credit management services also continued to expand across Europe in line with the strategy of increasing overall group margins. During the year, Transcom added a number of new collections clients, E-Plus in Germany, VW Group in UK and Sonofon in Denmark.

(SEK million)	2006	2005
Key data [1]		
Revenue	1 907	1 393
Operating profit, EBIT	387	218
Net profit	285	156
Total assets 31 Dec [2]	14 488	12 320

[1] Continuing operations
[2] Including assets held for sale

On 31 December 2006, Kinnevik held convertible debt instruments in Invik with a nominal value of SEK 235 million. On 16 January 2007, Kinnevik requested conversion of the debt instruments, after which Kinnevik holds 4,519,230 shares corresponding to 14.6% of the capital and 25.4% of the voting



rights in Invik. On 31 December 2006, the convertibles were valued at SEK 682 million in Kinnevik's accounts, which corresponded to the market value. Invik's shares are listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the financial and real estate sectors.

Invik is a financial group with a broad product portfolio focusing on insurance, banking and fund management. Invik is active in selected segments in which the group can create good growth and build successful companies. Invik comprises five business areas: Modern Insurances Non-Life, with direct insurance operations aimed at individuals and small companies; Modern Insurances Life, which offers life, pension and endowment insurance policies; Assuransinvest, which manages the remaining run-off portfolio; Banque Invik, a private bank in Luxembourg with operations in asset management, card operations and corporate services; as well as Invik Fonder, which conducts fund operations in Aktie-Ansvar and Modern Funds.

During the second half of the year, Fischer Partners was divested in line with Invik's strategy of streamlining the Invik Group and focusing on its core businesses in insurance, banking and fund management.

Companies in the Invik Group progressed well in 2006 and consolidated their market shares in a number of segments:

- Modern Insurances Life continued its sales success, with the sales value for unit-linked insurance products totaling SEK 6.3 billion for the year, an increase of 73% compared with 2005. The increase in sales volume has also resulted in a higher market share, which went up from 3.9% in the end of 2005 to 6.6% at 31 December 2006.
- Modern Insurances Non-Life added to its market leading position in leisure boat and motorcycle insurance.
- Banque Invik developed asset management operations during the year by launching Banque Invik Asset Management in Luxembourg. The bank's card operations increased the level of activity during the year and, among other developments, signed a cooperation agreement with the international bank Barclays Bank Plc., whose private banking customers at Barclays Wealth are offered credit cards from Banque Invik.
- The overall fund volume in Invik Fonder rose to SEK 15.1 billion at the end of December. On 1 October 2006, a new hedge fund – Graal Offensiv – was launched and gained a highly positive response. Assets under management totaled nearly SEK 1 billion at year-end. In January 2007, Invik Fonder announced that as of 1 March it will launch the new Peritus fund, Sweden's first fund for structured products.

Relevant Traffic Europe AB

In September 2006, Kinnevik invested SEK 28 million in a new share issue in Relevant Traffic Europe. Following the new share issue, Kinnevik holds 36% of the voting rights and capital in the company and has an option to acquire additional shares from the company's other shareholders, at market price, in 2008 at the earliest and raise the holding to 51%.

Relevant Traffic is a European full-service company in search marketing. The company has 50 employees at its offices in France, Spain, United Kingdom, Sweden and Germany. Customers range from large e-commerce companies, banks and travel agencies to niche companies wishing to be accessible when their services or products are requested via search engines or price comparison services. Relevant Traffic's goal is to maximize customer return on marketing investments by providing the relevant traffic, which includes search engines, contextual environments and price comparison services. This is facilitated by using a proprietary technology platform and with staff speaking more than 11 European native languages. Relevant Traffic's in house developed technology, the SEM Toolbox, has built in click fraud detection.

The Group reported revenue of SEK 38 million for the first six months of the split financial year, May 2006 to April 2007. Growth has accelerated since Kinnevik injected new funds in the company. The strategy to expand its leadership in the Swedish market into new European markets and target large international accounts is driving growth rapidly.

Kontakt East Holding AB

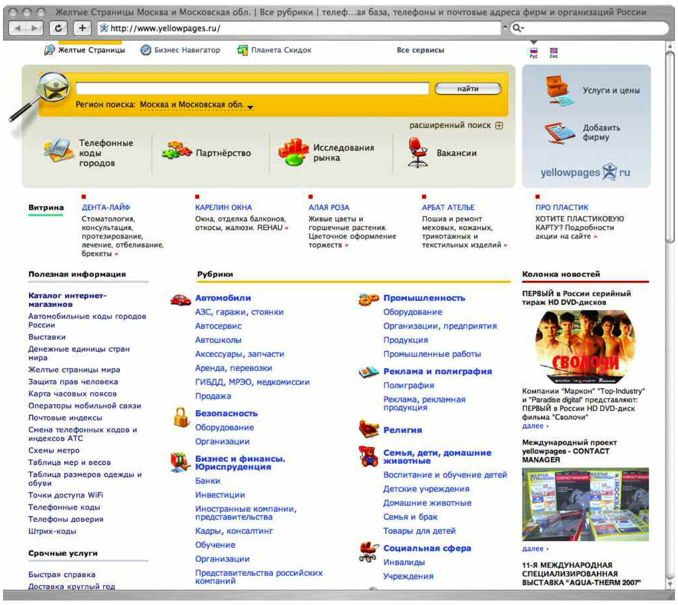
During the fourth quarter 2006, Kinnevik acquired 1,440,000 shares in Kontakt East, representing 18% of the capital and voting rights, along with 300,000 options, for a total of SEK 34 million. The options provide subscription rights to 100,000 shares at a share price of SEK 25 per share during December 2007; 100,000 shares for SEK 50 per share during December 2008 and 100,000 shares for SEK 100 per share during December 2009. The market value of Kinnevik's shareholding and options in Kontakt East totaled SEK 61 million at 31 December 2006.

Kontakt East is a Swedish holding company that invests in companies active in search and guidance media in Russia and neighboring markets. The objective is to manage acquired companies as an active and long-term shareholder and thereby increase corporate value. The company seeks a controlling majority position in portfolio companies. Kontakt East currently has two operating subsidiaries – Rus-M and Rus-S – active in search services, both of which are organized in the operational unit Yellow Pages Russia (YPR). YPR has the leading off-line position in Moscow and the number two position in St. Petersburg.

During the year great effort was put into widening the distribution channels. Among other a new director enquiries service, so called "Infoline", was introduced in Moscow. The new service will initially focus on the business-to-business segment through the utilisation of the company's well developed database. Despite a low number of customers in 2006 the start for the new service has been promising.

Early 2007, Kontakt East announced that it had recruited a team of senior internet entrepreneurs to develop its offering in classified and search services targeted to consumers.

Kontakt East's share has been listed on the First North Exchange in Sweden since November 2006.



Corporate governance in the Kinnevik Group is based on Swedish legislation, the Stockholm Stock Exchange's listing requirements, listing agreement and the regulations and recommendations issued by relevant self-regulatory bodies, such as the Swedish Industry and Commerce Stock Exchange Committee. Since 1 July 2005, Kinnevik applies the Swedish Code of Corporate Governance (the "Code"). Kinnevik applies the Code and pursuant to it provides explanations for the following departures from the Code during 2006:

- According to the rules of the Code, a majority of the Board members elected at the AGM are viewed as not being independent in relation to the Company and its management because three of them have been on the Board for more than 12 years if the period of time as Board members in Industriförvaltnings AB Kinnevik and Invik & Co. AB ahead of the merger of the companies is taken into account.
- The Board member Cristina Stenbeck was appointed Chairman of the Nomination Committee.

Departures from the Code are explained in greater detail in the particular section below.

Annual General Meeting

The invitation to the Annual General Meeting must be sent not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of an Extraordinary General Meeting must be issued not earlier than six weeks and not later than two weeks prior to the Meeting. Notice of an Extraordinary General Meeting convened to address amendments to the Articles of Association must be issued not earlier than six weeks and not later than four weeks prior to the Meeting. To be entitled to participate in the General Meeting, shareholders must be registered as shareholders on the record date, which occurs five weekdays prior to the Meeting. Shareholders must also notify the Company of their intention to attend the Meeting not later than 3 p.m. on the day stipulated in the notice convening the Meeting. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday before the Meeting.

Assistants may accompany shareholders to a General Meeting only if the shareholder has registered the assistant prior to the meeting.

At a General Meeting, each person is entitled to exercise unlimited voting rights on the full number of shares that he or she owns or represents. Minutes of the most recent Annual General Meeting are available on Kinnevik's website.

Nomination Committee

Ahead of the 2006 Annual General Meeting, the Nomination Committee comprised Cristina Stenbeck representing Emesco AB and other shareholders, Wilhelm Klingspor representing the Klingspor family, Mats Lagerqvist representing Robur Fonder, Björn Lind representing SEB Fonder and SEB Trygg Liv and Tomas Nicolin representing Alecta. The task of the Nomination Committee was to make proposals regarding members of the Board, director fees and audit fees, as well as a Chairman to direct the business of the Annual General Meeting. The Nomination Committee held three meetings for which minutes were kept as well as additional contacts between the meetings. As the basis for its work the Nomination Committee received an assessment of the Board and its work. The Nomination Committee's discussions concerning the size of the Board and its composition in terms of experience and skills proceeded on the basis of the company's current situation and future direction. Other than proposals from within the Nomination Committee, no proposals were presented to the Nomination Committee regarding Board members.

At the 2006 AGM, it was decided that a Nomination Committee consisting of at least three members representing the company's shareholders would be established during September 2006 following consultation with the major shareholders at the time. The Nomination Committee is appointed for one year at a time. The majority of the members of the Nomination Committee must not be Board members or be employed in the company. If a member of the Nomination Committee resigns prematurely, a replacement shall be appointed in a similar manner. Cristina Stenbeck is to be a member of the Nomination Committee and will convene the Nomination Committee. The Nomination Committee will itself appoint a Chairman at the first meeting.

Pursuant to the decision of the AGM, Cristina Stenbeck has convened a Nomination Committee ahead of the 2007 AGM. The Nomination Committee comprises Cristina Stenbeck, representing Emesco AB and other shareholders, Mats Guldbrand representing AMF Pension, Wilhelm Klingspor representing the Klingspor family, Mats Lagerqvist representing Robur Fonder and Tomas Nicolin representing Alecta. The Nomination Committee will propose the Board composition, Board fees, audit fees and Chairman of the AGM ahead of the 2007 meeting. Board Member Cristina Stenbeck has been appointed Chairman of the Nomination Committee, an appointment that does not comply with the Code. The other members of the Nomination Committee have explained that the reason why they elected her Chairman of the Nomination Committee is that this is in the best interest of all shareholders and is a natural consequence of the fact that Cristina Stenbeck represents the Company's principal shareholder.

Auditors

According to the Articles of Association, the Annual General Meeting must appoint not more than three auditors, with not more than three deputies, or an audit firm.

At the 2005 Annual General Meeting, the audit firm Ernst & Young AB, with Authorized Public Accountant Erik Åström as auditor in charge, was appointed Company auditor for the period extending to the close of the 2009 Annual General Meeting. Ernst & Young AB is a member of a worldwide network and satisfies Kinnevik's demand for requisite expertise and geographical coverage. The auditor's independence is secured by means of the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit.

Board of Directors

Board members are elected at the AGM for a period expiring at the close of the next AGM following their election. The Articles of Association contain no restrictions regarding the electability of a Board member. According to the Articles of Association the number of Board members can vary between three and nine and not more than three deputy Board members. In addition, according to legislation, the union organizations have the right to appoint two Board members and two deputy Board members.

At the 2006 Annual General Meeting, following a motion from the Company's former Nomination Committee, Pehr G Gyllenhammar, Edvard von Horn, Wilhelm Klingspor, Erik Mitteregger, Stig Nordin and Cristina Stenbeck were re-elected members of the Company's Board and Vigo Carlund was newly elected as a Board member. The Annual General Meeting elected Pehr G Gyllenhammar as Chairman of the Board and Cristina Stenbeck as Vice Chairman. Thorbjörn Hallström and Jan-Henrik Sandberg were appointed employee representatives and Bo Gidlund and Hans Wahlbom were appointed deputy employee representatives. In May 2006, Hans Wahlbom was replaced by Annika Jonsson and in June 2006, Jan-Henrik Sandberg was replaced by Per Eriksson.

According to the Code, a majority of the Board members elected at the AGM shall be independent in relation to the Company and Company management, and at least two of the Board members that are independent in relation to the Company and Company management shall also be independent in relation to the Company's major shareholders. According to the Code, a Board member shall not be deemed to be independent in relation to the Company and Company management if the member has been a Board member for more than twelve years. Kinnevik does not comply with the Code's independence requirements since if the period they were Board members in Industriförvaltnings AB Kinnevik and Invik & Co. AB ahead of the merger of the companies in 2004 is included, Board members Edvard von Horn, Wilhelm Klingspor and Stig Nordin have been Board members for more than twelve years. Considering the operational and management changes that resulted from the merger and after the subsequent distribution of Invik's operations to the shareholders, Kinnevik's Board does not, however, consider that Edvard von Horn, Wilhelm Klingspor and Stig Nordin may be regarded as dependent in relation to the Company and Company management. Also, the Board believes that the advantages of the Board members contributing experience and continuity in the approach to pursuing investment activities outweigh any disadvantages of them having worked with the company over a lengthy period. Also, of the current Board members elected by the AGM, Board members Pehr G Gyllenhammar, Erik Mitteregger and Cristina Stenbeck are independent in relation to the Company and Company management. Pehr G Gyllenhammar and Erik Mitteregger are also independent in relation to the company's major shareholders.

No member of the Board is employed by the Company, with the exception of the representatives of the union organizations. Vigo Carlund's employment ceased in conjunction with him commencing Board work on 1 August 2006.

Information concerning individual Members of the Board, the President and the auditor in charge is presented on pages 6-7 of the Annual Report.

There are no outstanding share-based or share price-related incentive programs relating to the Kinnevik share for the Board or Company management.

Board work

Kinnevik's Board of Directors is responsible for the overall management of the Group and for organizing its administration in accordance with the Swedish Companies Act. The Board's work and delegation process, instructions for the President and reporting instructions are updated and set at least once annually following the AGM. The Board's principal duties are to:

- establish the overall goals for the Company's operations and decide on the Company's strategy for achieving these goals,
- ensure that the Company has an efficiently functioning operative management with terms of remuneration conducive to this aim,
- take decisions about acquisitions and divestments of operations, and about capital investments within Korsnäs that are

Board member	Board member since	Function	Independent in relation to the Company and its management	Independent in relation to major shareholders (>10% of voting rights or capital)
Pehr G Gyllenhammar	2004	Chairman of the Board, member of the Remuneration Committee	Yes	Yes
Cristina Stenbeck	2003 [1]	Vice Chairman of the Board, member of the Remuneration Committee	Yes	No
Vigo Carlund	August 2006	Board member	No (CEO through July 2006)	Yes
Edvard von Horn	1992 [1]	Board member, member of the Audit Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Wilhelm Klingspor	1991 [2]	Board member, Chairman of the Remuneration Committee, member of the Audit Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Erik Mitteregger	2004	Board member, Chairman of the Audit Committee, member of the Remuneration Committee	Yes	Yes
Stig Nordin	1992 [1]	Board member, member of the Audit Committe	Yes (however, Board member for more than 12 years, see above)	Yes
Per Eriksson	2006	Employee representative, Board member	No	Yes
Thorbjörn Hallström	1996 [1]	Employee representative, Board member	No	Yes
Bo Gidlund	2004	Employee representative, deputy	No	Yes
Annika Jonsson	2006	Employee representative, deputy	No	Yes

[1] Refers to Industriförvaltnings AB Kinnevik up to the merger with Invik & Co. AB 2004.
[2] Refers to Invik & Co. AB up to the merger with Industriförvaltnings AB Kinnevik 2004.

above and beyond established limits,
- take decisions about guidelines concerning the financing of the Group,
- ensure that the Company's external communication of information is characterized by openness and factuality and provides a correct impression of the Company's profitability, financial position and risk exposure,
- ensure that there are effective systems for the follow up and control of the Company's operations and financial position,
- ensure that there are satisfactory control mechanisms to ensure the Company's compliance with laws and other regulations to which the Company's operations are subject,
- ensure that necessary ethical guidelines are established for the Company and its employees and that these are followed, and
- to propose dividends and, where applicable, the repurchase or redemption of Company shares to general shareholder meetings.

Significant issues that were specially treated by Kinnevik's Board during 2006 include the strategic review that Millicom conducted during the first six months; integration work in conjunction with Korsnäs' acquisition of Frövi; capital structure issues in both Kinnevik and the listed associated companies; as well as the overall strategy for Korsnäs and the listed holdings. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's operations, assessed future development and evaluated the markets in which they are active.

The Board appoints the President in Kinnevik and approves the nominations of the Board members in Korsnäs AB and Mellersta Sveriges Lantbruks AB. A significant event in Board work during 2006 was the recruitment and appointment of Mia Brunell as the new CEO to succeed Vigo Carlund.

Work guidelines require that a Board meeting be held at least once a quarter and a yearly strategy Board meeting be held, that the CEO release interim reports for the first quarter and the first nine months of the year after obtaining the approval of the Chairman and deputy Chairman and that the Board publish the interim report for the first half of the year, year-end release and the Annual Report.

The work arrangement and instructions for the CEO state that the Board members are to receive written documentation at least one week before each meeting. The instructions to the CEO also include reporting instructions concerning the material that has to be provided to the Board ahead of each scheduled meeting, including the report from the CEO and from each business area CEO, financial information concerning earnings, financial position and cash flow, an analysis of deviations from the budget and previous forecasts and a new forecast concerning the forthcoming four quarters, the current status of any ongoing disputes, a report describing the Company's financing and a human resources report.

The Board has established two Board committees: a Remuneration Committee and an Audit Committee. These committees are preparatory bodies for the Board and do not reduce the Board's overall and joint responsibility for the governance of the Company and the decisions made. All Board members have access to the same information to enable them to assume joint responsibility.

The Board complies with a formal performance review process to assess how well the Board, its committees and processes are performing and how they might be improved. The review also assesses the performance of each Board member and the contribution they make. The performance review for 2006 was conducted in September and October by having each Member of the Board reply to a written questionnaire, following which all of the Members had individual discussions with the Chairman of the Board. Subsequently, the results of the performance review were discussed at the following Board meeting, whereupon actions were initiated in those areas in which the performance review indicated that there was improvement potential.

The Board has appointed Chief Financial Officer Mikael Larsson as the Company secretary. The Company secretary is responsible for ensuring that rules of procedure are complied with and all Board Members can turn to the secretary for advice and assistance in their work for the Board.

During 2006, the Kinnevik Board had ten meetings (excluding the statutory meeting). All Board members attended all of the meetings.

Remuneration Committee

The Board appoints the members and Chairman of the Remuneration Committee. The Remuneration Committee's assignment comprises issues of salaries, pension terms and conditions, any other bonus systems and other terms and conditions of employment for the management of the Parent Company and CEOs of the Group's business areas. The Remuneration Committee 's task also includes preparing proposals for joint criteria for incentive programs in Kinnevik's portfolio companies.

As regards the CEOs of the business areas and CFO and Director of Corporate Communications in the Parent Company, the Remuneration Committee shall make decisions in the aforementioned questions, after which such decisions shall be presented for the Board at the next Board meeting. As regards the CEO of the Parent Company, the Remuneration Committee prepares the aforementioned issues for decision and presents underlying information to the Board, including proposal for decision.

Pehr G Gyllenhammar, Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2006. Wilhelm Klingspor was the Committee Chairman.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, and minutes of these meetings shall be kept. The Remuneration Committee held one meeting in 2006, which was attended by all members except Pehr G Gyllenhammar.

Audit Committee

The Board appoints the members and Chairman of the Audit Committee. The Audit Committee's assignment is to maintain and enhance the efficiency of contact with the Group's auditors and to conduct inspections of the procedures applied for accounting and financial reporting, as well as the internal audits within the Group. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as work on internal financial controls within the Company. The Audit Committee's efforts focus on the quality and accuracy of the group's financial accounting and accompanying reporting as well as work involved in internal financial control in the Group.

In addition, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting principles and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Wilhelm Klingspor, Stig Nordin, Edvard von Horn and Erik Mitteregger were members of the Audit Committee during 2006. The Chairman of the Committee was Erik Mitteregger.

The Audit Committee shall meet four times annually and, as far as possible, the meetings shall follow the schedule for Kinnevik's publication of financial reports. The Committee shall also meet as the need arises. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting. The Audit Committee held eight meetings in 2006, which were attended by all members. The external auditors participated in five of the meetings and orally and in writing issued their reports on the results of their examination to both the Audit Committee and the Board of Directors.

Report on internal control of financial reporting

Control environment

The purpose of the Board of Directors' rules of procedure and instructions for the CEO and Board committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, forecasts and budgets, authorization procedures, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee reports on its work. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing operations. This includes guidelines for the employees concerned to ensure that they understand and realize the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational risks are reported each quarter to the Board, categorized on the basis of what can and cannot be influenced, their consequences and financial impact in the event of them materializing, and how and who exercises ongoing control over each risk and how these can be minimized.

Risk assessment and control activities

During 2006, Kinnevik continued to implement a model for assessing the risk of errors in accounting and in financial reporting. The purpose of this program is to ensure that Kinnevik has reliable in-house controls and to evaluate regularly how well the controls work. Kinnevik has decided to base the model on the COSO's framework for internal control. Income statement and balance sheet items in which the risk of significant errors can typically arise encompass financial instruments in the case of the Parent Company, which primarily consist of the Company's holdings of shares in listed associated companies. Efforts to document working methods and control in respect of this item were completed during the year. For the wholly owned subsidiary Korsnäs, sales, purchases of timber, energy and other input goods, inventory and the investment process are the most significant items and processes. Working procedures and processes at Korsnäs were surveyed and documented during the year partly in order to meet the demands according to the Code and partly in order to integrate and coordinate processes and working methods between Korsnäs Gävle and Korsnäs Frövi, which was acquired during the year. Documentation of process risks and verification of the control structure at Korsnäs will continue and be completed during the first half of 2007.

Internal audits

The company has an internal audit function that is responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. Work involved in the internal audit is planned in consultation with the Audit Committee and there is continuous reporting of the results of its examination in the form of written reports to the committee.

Information and communication

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually. Both formal and informal information channels to Company management and the Board of Directors are available for important information from employees. For external communication, guidelines have been compiled in an Information Policy that ensures that the Company complies with the meticulous demands for correct information to the market.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management and the Audit Committee. The Audit Committee's work to monitor the efficiency of Company management's efforts in this area is of particular importance to the follow-up of internal controls. This work includes ensuring that action is taken concerning those shortcomings and proposed measures that result from the internal and external audit.

Compliance with rules, confidence and responsibility

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues with which the Board actively works. In the Corporate Social Responsibility Policy adopted by the Kinnevik Board, it is stipulated that Group operations must be conducted in compliance with laws, regulations and ordinances, while observing a high ethical and moral standard. In addition, Kinnevik's approach to matters involving employment equality, safe workplaces, competition issues and zero tolerance towards all forms of bribery and political contributions are described. With respect to these matters, Kinnevik imposes similar standards on the companies in which it invests. Kinnevik's social responsibility policy is available in its entirety on the Company's website.

This corporate governance report is not part of the formal Annual Report and the Company's auditors have not examined it.

Stockholm, 19 February 2007

Board of Directors

Strategy

The aim of Investment AB Kinnevik is to generate value for its shareholders, primarily by value growth. The business comprises the development of operating companies and administering a share portfolio of investments in a small number of listed companies. Kinnevik seeks to play an active role on the boards of its companies, together with other large, long-term shareholders. The basis for this work is the awareness that every company has strived, and should continually strive, to strengthen its unique position. The guiding principle is the long-term increase in value added in operations.

Kinnevik was formed in 1936 by the three families von Horn, Klingspor and Stenbeck, who remain significant owners of the company. Ever since the company's inception, Kinnevik's values have built on simple, but distinct principles: confidence, reliability, openness and helpfulness. Kinnevik's successful long-term efforts have not permitted shortcuts. Returns on Kinnevik's investments have often occurred long after the investments were made.

Kinnevik's operations have been built around an in-depth understanding of the link between industrial development and international trade. After the spin-off of subgroups Tele2, MTG, Metro, Transcom and Invik to Kinnevik's shareholders during the past decade, Kinnevik remains an active shareholder in these companies through membership on their boards. For the portfolio companies, the value of a long-term and financially strong owner is substantial since it provides a long-term approach to investments and strategy.

Organization

Following the divestment of the Korsnäs Packaging business area in 2006, Kinnevik's business operations are organized in the following business areas:

– Korsnäs Industrial for the production of liquid packaging board, cartonboard, White Top Liner, and sack and kraft paper at the two paper mills in Gävle and Frövi.
– Korsnäs Forestry for raw materials supplies.
– Mellersta Sveriges Lantbruk ("MSLA") for agricultural operations in the wholly owned subsidiaries in Sweden and Poland, and in Black Earth Farming Ltd, a Russian associated company.
– Parent Company and others.

Additionally, Kinnevik has a considerable share portfolio in a small number of listed companies, including Tele2, Millicom, MTG, Metro and Transcom. Kinnevik participates actively in the companies' development through board representation.

Significant events during 2006

During the first half of the year, Millicom's Board conducted a strategic review of the company's potential. The assessment was initiated as a result of Millicom being contacted by a large number of potential buyers of the company. The review did not lead to a sale of the company, since the Board concluded that, given Millicom's positive development, no potential buyer could offer a binding and sufficiently attractive offer. Millicom's share price rose 121% – from USD 27.9 to USD 61.6 – from 18 January, the day before the strategic review was announced, to 31 December 2006.

During the first and fourth quarters, Kinnevik participated in two new share issues in Black Earth Farming Ltd ("Black Earth") and invested a total of USD 29 million, corresponding to a shareholding of 22%. Black Earth was established in 2005 for the purpose of acquiring and cultivating agricultural land in southwest Russia, referred to as the Black Earth region. The background to the investment is the potential to acquire land areas previously owned by state farms and collective farms. At 31 December, Black Earth had about 120,000 hectares of arable land at its disposal. The investment in Black Earth is reported under the Mellersta Sveriges Lantbruk business area in Kinnevik's segment reporting.

On 12 May, the EU Commission announced its approval of Korsnäs' acquisition of AssiDomän Cartonboard ("Frövi") for SEK 3,636 million from Sveaskog, shortly after which the acquisition was completed. The industrial logic underlying the transaction is very sound, with considerable potential for synergies between Korsnäs and Frövi. The integration process is expected to result in ongoing annual savings of some SEK 200 million. Restructuring costs of SEK 183 million to realize result improvements were charged to operating profit for 2006.

On 31 May the sale of Korsnäs Packaging business area to JSC Segezha Pulp and Paper Mill for SEK 662 million was completed.

On 1 August, Mia Brunell assumed the position as CEO of Kinnevik. Mia Brunell succeeded Vigo Carlund, who retired after 37 years of employment at Kinnevik, seven of which were served as CEO.

During the second half of the year, Kinnevik conducted two new investments. In September, 36% of the shares in Relevant Traffic Europe AB – a search engine marketing company – were acquired for SEK 28 million. In November, Kinnevik acquired 18% of the shares in Kontakt East Holding AB, a search services company in Russia, for SEK 34 million.

Consolidated earnings

Total revenues for the year amounted to SEK 6,305 million, compared with SEK 4,618 million in the preceding year. This year's revenue includes Korsnäs Frövi with SEK 1,428 million from the time the company was included in the Group on 1 June.

Operating profit amounted to SEK 478 million (353). Korsnäs Industrial's operating profit was charged with SEK 183 million in restructuring costs in 2006 in conjunction with the integration of Korsnäs Frövi. Operating profit for 2005 was charged with a provision of SEK 69 million pertaining to severance pay.

The net change in the fair value of financial assets and dividends received amounted to an overall increase of SEK 11,462 million (4,523), of which Tele2 accounted for an increase of SEK 2,102 million (376), Millicom an increase of SEK 8,248 million (2,462), Metro a decrease of SEK 925 million (decrease of 402), MTG an increase of SEK 1,402 million (1,495), Transcom an increase of SEK 211 million (377) and convertibles in Invik an increase of SEK 349 million (98).

Other financial income and expenses amounted to a net expense of SEK 332 million (expense of 229), of which net interest expenses were SEK 310 million (expense of 188) and exchange rate differences were a loss of SEK 3 million (loss of 6).

The reduced net interest was due to increased loans in conjunction with the acquisition of Frövi and results being charged with approximately SEK 20 million in interest expenses as a result of the arbitration loss with regard to production tax on electricity within Korsnäs.

The Group reported a profit after financial items of SEK 11,608 million (4,647).

The Group reported a tax expense of SEK 47 million (224). In comparable figures for 2005, earnings were charged with SEK 205 million in tax expenses attributable to the outcome of tax disputes related to previous years.

Earnings per share

Earnings per share from continuing operations were SEK 43.79 (16.75) for the full year. The total number of shares outstanding at 31 December 2006 was 263,981,930, of which 50,197,050 were class A shares and 213,784,880 class B shares, which is unchanged since 31 December 2005.

Financial position and investments

The market value of the Group's holdings of listed securities increased by 42% during the year, equal to SEK 11,063 million including dividends received from Tele2, MTG and Transcom totaling SEK 485 million. On 31 December 2006 the market value of the listed share portfolio amounted to SEK 36,518 million. The change in value is shown in the consolidated income statement according to IFRS.

The Group's available liquidity, including short-term investments and unutilized credit facilities, totaled SEK 929 million at 31 December 2006 and SEK 699 million at 31 December 2005.

The Group's interest-bearing net debt amounted to SEK 9,856 million at 31 December 2006 and SEK 7,269 million at 31 December 2005. The change was attributable mainly to the acquisition of Frövi and the divestment of Korsnäs Packaging.

The average interest cost for the year amounted to 3.5% (2.8%) (calculated as interest expense in relation to average interest-bearing liabilities). All loans have a fixed interest term of no longer than three months.

The Group's cash flow from operating activities during the year amounted to SEK 1,533 million (52). The change compared with the preceding year was primarily attributable to Korsnäs Industrial's improved operating profit, SEK 310 million excluding the effects of restructuring provisions, a positive change in working capital amounting to SEK 714 million and reduced tax payments totaling SEK 351 million.

Of the acquisition of subsidiaries for SEK 3,638 million, SEK 3,636 million is the purchase price paid for Frövi (net after cash received totaling SEK 34 million). The payment received from the sale of Korsnäs Packaging, amounted to SEK 606 million (net after deduction of the company's cash balance of SEK 56 million).

Investments in and sales of financial fixed assets are shown in the tables below.

Investments in securities

	Number	Amount (SEK million)
1 Jan – 31 Dec 2006		
Black Earth Farming Ltd	16 780 800	215
Kontakt East Holding AB	1 440 000	34
Relevant Traffic Europe AB	81 124	28
Other		11
		288
1 Jan – 31 Dec 2005		
Metro A	100 000	2
Millicom convertible	35 000 000	235
Millicom shares	2 692 903	381
MTG A	110 450	33
Transcom A	687 300	26
		677

In addition to the investments above, 20,863,522 shares in Metro at a value of SEK 225 million were received as dividend from MTG.

Sales of securities

	Number	Amount (SEK million)
1 Jan – 31 Dec 2006		
Phonera	2 680 000	4
		4
1 Jan – 31 Dec 2005		
AcandoFrontec	2 127 580	17
Cherryföretagen	8 780 749	218
Metro B	100 000	2
Millicom convertible	35 000 000	219
MTG B	110 450	34
Transcom B	2 974 779	148
		638

Investments in tangible fixed assets amounted to SEK 308 million (442) for the year.

The Group's equity/assets ratio was 72% at 31 December 2006 compared to 70% at 31 December 2005.

Research and development

The Group's research and development costs totaled SEK 74 million (32), and relates to Korsnäs Industrial.

Environment

The Kinnevik group is engaged in operations within Korsnäs AB requiring a permit from the National Swedish Franchise Board for Environment Protection. Korsnäs' industrial and forestry operations are certified in line with ISO 14001 and forestry operations are also certified in accordance with the Swedish FSC standard. Operations involve the production of pulp, paper and paperboard, which impact on the external environment primarily via emissions to air and water and in the form of noise.

Risk management

The Group's financing and management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of

Directors. The Group's operational risks are primarily evaluated and managed within the particular business area and then reported to the Kinnevik Board.

The Group has established a model for risk management, the aims of which are to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board on a quarterly basis. Kinnevik's wholly owned subsidiary Korsnäs accounts for most of the operational risks.

Kinnevik is exposed to financial risks mainly in respect of:

- equity risk, meaning the risk of changes in the value of the stock portfolio
- interest rate risk resulting from changes in market interest rates
- exchange rate risk comprising transaction exposure and translation exposure
- liquidity and refinancing risk, meaning the risk that the cost of financing opportunities will increase or that such opportunities will be limited when loans are renegotiated, and those payment obligations cannot be met due to insufficient liquidity.

For an additional description of the management of financial risks, refer to Note 30.

Parent Company

The merger of the Parent Company and its wholly owned subsidiary Kinnevik International AB was completed during November 2006.

The Parent Company's revenue for the year amounted to SEK 12 million (12) and administrative expenses totaled SEK 85 million (67). Administrative expenses for 2006 included provision for a lost dispute pertaining to value-added tax of SEK 13 million, and provision for expenses of SEK 26 million for the company's former CEO.

Dividends received amounted to SEK 485 million (462). The net of other financial income and expenses was an expense of SEK 196 million (income of 93).

The Parent Company's profit after financial items was SEK 219 million (512).

Investments in tangible fixed assets amounted to SEK 2 million (2).

The Parent Company's liquidity, including short-term investments and unutilized credit facilities, totaled SEK 311 million at 31 December 2006 and SEK 364 million at 31 December 2005.

The Parent Company's interest-bearing external liabilities amounted to SEK 4,589 million as of 31 December 2006 and SEK 4,620 million as per 31 December 2005.

Future development

The future development of the Group depends on trends in the wholly and partly owned investments. In Korsnäs, the integration activity following the acquisition of Frövi has confirmed that the industrial logic on which the transaction was based has been realized to date, and even surpassed in terms of synergy effects after restructuring, as well as in terms of knowledge transfer between the two companies. Consequently, the global GDP growth, combined with the effects of the acquisition, creates the prerequisites for a positive profit trend in Korsnäs in the years ahead. However, the positive effects will be offset by negative effects from price increases for input goods, with the announced wood and energy price increases expected to have the most impact on Korsnäs' operating income.

As regards the Group's indebtedness, Kinnevik intends to maintain what is regarded in the forest products industry as normal indebtedness in relation to the operating cash flow from Korsnäs, while simultaneously maintaining low indebtedness in relation to the listed stock portfolio.

Events after the end of the reporting period

On 16 January 2007, Kinnevik called for the conversion of all debt instruments owned by Kinnevik in Invik to shares. The convertible debt instruments had a nominal value of SEK 235 million and were converted into 2,148,710 class A Shares and 2,370,520 class B Shares in Invik at the preset conversion price of SEK 52 per share. After conversion, Kinnevik's ownership corresponds to 14.6% of the capital and 25.4% of the voting rights in Invik. On 31 December 2006, the convertibles were valued at SEK 682 million in Kinnevik's accounts. As a result of the conversion, Kinnevik's net debt increased by SEK 235 million, compared with the reported amount on 31 December 2006.

At the beginning of February 2007, Kinnevik's subsidiary Mellersta Sveriges Lantbruk signed an agreement to divest the Ullevi farm outside Vadstena for SEK 81 million, which will result in a capital gain of approximately SEK 70 million in Kinnevik's consolidated accounts.

Proposed treatment of unappropriated earnings

The following amounts are at the disposal of the Parent Company's Annual General Meeting:

Unrestricted equity, SEK	9,891,237,617

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

Cash dividend of SEK 1.70 per share, amounting to	448,769,281
Carried forward	9,442,468,336
Total	9,891,237,617

Consolidated Statement of Income

for the period 1 January-31 December (SEK million)

	Note	2006	2005
Revenue	2	6 305	4 618
Cost of goods and services		-5 404	-4 085
Gross profit		**901**	**533**
Selling costs		-127	-54
Administration costs		-291	-223
Research and development costs		-74	-32
Other operating income	5	116	151
Other operating expenses	5	-46	-28
Share of profit/loss of associates accounted for using the equity method		-1	6
Operating profit		**478**	**353**
Dividends received	7	488	630
Change in fair value of financial assets	8	10 974	3 893
Interest income and other financial income	9	22	30
Interest expenses and other financial expenses	9	-354	-259
Profit after financial items		**11 608**	**4 647**
Taxes	10	-47	-224
Net profit for the year from continuing operations		**11 561**	**4 423**
Net profit/loss from discontinued operations	2, 3		
Invik		–	108
Korsnäs Packaging		-12	-434
Net profit for the year		**11 549**	**4 097**
Attributable to equity holders of the Parent Company		11 547	4 097
Attributable to the minority		2	0
Earnings per share before and after dilution, SEK			
– from continuing operations		43.79	16.75
– from discontinued operations		-0.05	-1.23
Proposed dividend per share, SEK		1.70	1.60
Average number of shares outstanding before/after dilution		263 981 930	263 981 932

Consolidated Balance Sheet

31 December (SEK million)

	Note	2006	2005
ASSETS			
Fixed assets			
Intangible assets	11	621	17
Tangible and biological fixed assets	11	6 831	3 851
Financial assets accounted at fair value through profit and loss	12	37 518	26 318
Investment in companies accounted for using the equity method	13	333	70
Other fixed assets		12	21
Total fixed assets		**45 315**	**30 277**
Current assets			
Inventories	15	1 414	994
Trade and other receivables	16	834	571
Tax receivables		29	65
Prepayments	17	35	27
Short-term investments		–	3
Cash and cash equivalents	18	106	185
Total current assets		**2 418**	**1 845**
TOTAL ASSETS CONTINUING OPERATIONS		**47 733**	**32 122**
Assets held for sale, Korsnäs Packaging	3	–	1 135
TOTAL ASSETS		**47 733**	**33 257**

	Note	2006	2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		26	26
Other contributed capital		6 868	6 868
Reserves		28	26
Retained earnings including net profit for the year		27 489	16 380
Shareholders' equity attributable to equity holders of the Parent Company		**34 411**	**23 300**
Minority interest in equity		11	–
Total shareholders' equity		**34 422**	**23 300**
Long-term liabilities			
Interest-bearing loans	20	8 110	6 882
Provisions for pensions	21	549	498
Other provisions	22	207	177
Deferred tax liability	10	1 518	722
Other liabilities		4	4
Total long-term liabilities		**10 388**	**8 283**
Short-term liabilities			
Interest-bearing loans	20	1 548	347
Provisions	22	145	58
Trade and other payables	23	1 218	813
Income tax payable		8	12
Prepaid income		4	2
Total short-term liabilities		**2 923**	**1 232**
Total liabilities continuing operations		**13 311**	**9 515**
Liabilities directly associated with the assets held for sale, Korsnäs Packaging	3	–	442
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**47 733**	**33 257**
Pledged assets	25		
Contingent liabilities	26		

Statement of consolidated recognised income and expense

for the period 1 January-31 December (SEK million)

	2006	2005
Change in translation reserve	2	33
Actuarial losses	-22	-18 [1]
Tax attributable to items recognised in equity	6	5 [1]
Changes in assets recognised in equity, excluding transactions with the Parent Company's owners	**-14**	**20**
Net profit for the year	11 549	4 097
Total changes in assets, excluding transactions with the Parent Company's owners	**11 535**	**4 117**
Attributable to:		
Parent Company's shareholders	11 533	4 117
Minority	2	0

Refer also to Note 19

[1] Effect from change in accounting principles in accordance with IAS 19.

Consolidated Statement of Cash Flow

for the period 1 January-31 December (SEK million)

	Note	2006	2005
Operations			
Operating profit for the year		478	353
Adjustment for depreciation	6	514	351
Adjustment for share of profit/loss of associates		1	-6
Other non-cash items		103	-18
Taxes paid		-18	-369
Cash flow from operations before change in working capital		**1 078**	**311**
Change in inventory		54	-30
Change in accounts receivable and other operating assets		324	66
Change in accounts payable and other operating liabilities		77	-295
Cash flow from operations		**1 533**	**52**
Investing activities			
Acquisition of subsidiaries	4	-3 638	–
Disposal of subsidiaries	3	606	–
Investments in tangible and biological fixed assets	11	-308	-442
Sales of tangible and biological fixed assets		16	75
Investments in shares and other securities	14	-288	-677
Sales of shares and other securities	14	4	638
Dividends received	7	263	648
Change in loan receivables		21	16
Interest received		22	8
Cash flow from investing activities		**-3 302**	**266**
Financing activities			
Borrowing		2 553	793
Amortisation of loans		-100	-517
Interest paid	9	-314	-244
Dividend paid		-422	-66
Cash flow from financing activities		**1 717**	**-34**
Total cash flow from continuing operations		**-52**	**284**
Discontinued operations			
Amortisation of loan from Invik		–	-158
Cash flow in Korsnäs Packaging	3	29	-28
Lending to Korsnäs Packaging		-79	-181
Cash flow from discontinued operations		**-50**	**-367**
Cash flow for the year		**-102**	**-83**
Exchange rate differences in liquid funds		-4	14
Cash and bank, opening balance		**212** [1]	**281**
Cash and bank, closing balance	18	**106**	**212** [1]

[1] Including cash and bank in discontinued operations, SEK 27 million.

Parent Company Statement of Income for the period 1 January-31 December (SEK million)

	Note	2006	2005
Revenue		12	12
Administration costs		-85	-67
Other operating income		3	12
Operating loss		**-70**	**-43**
Dividends received	7	485	462
Earnings on sale of financial assets		–	61
Interest income and other financial income	9	44	294
Interest expenses and other financial expenses	9	-240	-262
Profit after financial items		**219**	**512**
Change of untaxed reserves		4	-4
Profit before taxes		**223**	**508**
Taxes		-12	-170
Net profit for the year		**211**	**338**

Parent Company Statement of Cash Flow for the period 1 January-31 December (SEK million)

	2006	2005
Operations		
Operating loss	-70	-43
Non-cash items	0	-22
Taxes paid	-5	-322
Cash flow from operations before change in working capital	**-75**	**-387**
Change in accounts receivable and other operating assets	-5	4
Change in accounts payable and other operating liabilities	0	-8
Cash flow from operations	**-80**	**-391**
Investing activities		
Investments in tangible fixed assets	0	-2
Investments in shares and other securities	-695	-270
Sales of shares and other securities	241	108
Dividends received	261	462
Change in loan receivables	12	16
Interest received	44	8
Cash flow from investing activities	**-137**	**322**
Financing activities		
Borrowing	98	886
Amortization of loans	-100	-150
Change in intra-Group balances	797	-442
Change in short-term investments	0	16
Interest paid	-239	-122
Dividend paid	-422	-66
Cash flow from financing activities	**134**	**122**
Cash flow for the year	**-83**	**53**
Cash and bank, opening balance	**83**	**30**
Cash and bank, closing balance	**0**	**83**

Parent Company Balance Sheet 31 December (SEK million)

	Note	2006	2005
ASSETS			
Tangible fixed assets			
Equipment	11	2	3
Shares and participations in Group companies	14	11 768	8 582
Receivables from Group companies		250	6 510
Shares and participations in associated companies	14	11 606	5 597
Receivables from associated companies		–	235
Shares and participations in other companies	14	61	28
Deferred tax receivable		–	1
Other long-term interest-bearing receivables		9	20
Total fixed assets		**23 696**	**20 976**
Current assets			
Accounts receivable		0	1
Receivables from Group companies		263	2 543
Other receivables		7	3
Accrued income	16	0	6
Prepayments	17	6	13
Cash and cash equivalents		0	83
Total current assets		**276**	**2 649**
TOTAL ASSETS		**23 972**	**23 625**

	Note	2006	2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital (263 981 930 shares of SEK 0.10 each)		26	26
Premium reserve		6 868	6 868
Retained earnings		9 680	11 615
Net result		211	338
Total shareholders' equity		**16 785**	**18 847**
Untaxed reserves		**–**	**4**
Provisions			
Provision for pensions		30	30
Deferred tax liability		5	–
Other provisions	22	44	33
Total provisions		**79**	**63**
Long-term liabilities			
External interest-bearing loans	20	3 050	4 520
Liabilities to Group companies		2 468	35
Total long-term liabilities		**5 518**	**4 555**
Short-term liabilities			
External interest-bearing loans	20	1 539	100
Accounts payable		3	3
Liabilities to Group companies		2	6
Other liabilities		27	29
Accrued expenses	23	19	18
Total current liabilities		**1 590**	**156**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**23 972**	**23 625**
Pledged assets	25	**10 474**	**12 855**
Contingent liabilities	26	**5**	**74**

Movements in Shareholders' equity of the Parent Company (SEK million)

	Share capital	Premium reserve	Revaluation reserve	Legal reserve	Unrestricted equity	Total
Opening balance, 1 January 2005	27	3 880	190	2 987	12 350	19 434
Cancellation of shares without payment	-1	1	–	–	–	0
Cash dividend [1]	–	–	–	–	-66	-66
Distribution in kind [2]	–	–	–	–	-853	-853
Transfer	–	-3 881	-190	3 881	190	0
Group contribution, net	–	–	–	–	-6	-6
Net result 2005	–	–	–	–	338	338
Closing balance, 31 December 2005	26	–	–	6 868	11 953	18 847
Merger settlement [3]					-2 101	-2 101
Cash dividend [4]	–	–	–	–	-422	-422
Group contribution, net	–	–	–	–	250	250
Net result 2006	–	–	–	–	211	211
Closing balance, 31 December 2006	26	–	–	6 868	9 891	16 785

[1] The Annual General Meeting held on 12 May 2005, resolved in favor of paying a cash dividend of SEK 0.25 per share, a total of SEK 66 million.
[2] The Annual General Meeting held on 12 May 2005, resolved in favor of a distribution in kind of Invik, a total of SEK 858 million.
[3] Merger with Kinnevik International AB, registered in November 2006.
[4] The Annual General Meeting held on 11 May 2006, resolved in favor of paying a cash dividend of SEK 1.60 per share, a total of SEK 422 million.

Note 1 **Summary of significant accounting policies**

The consolidated financial statements of Investment AB Kinnevik (publ) for 2006 have been approved for publication in accordance with a Board decision of 19 February 2007. The balance sheets and the income statements for the Group and the Parent Company require their adoption by the Annual General Meeting to be held on 10 May 2007. The Group's principal business is described under Note 2.

The Parent Company Investment AB Kinnevik (publ), with corporate registration number 556047-9742, has its head office at Skeppsbron 18, Box 2094, SE-103 13 Stockholm.

Statement of compliance

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). All accounting principles applied are unchanged compared with 2005, with addition for the changes in IAS 19, whereby actuarial gains and losses on defined-benefit pension plans are recognized directly in shareholders' equity. This has been adjusted retroactively in the opening balance for 2005

Since the Parent Company is a company that is active in the EU, only EU-approved IFRS are applied. The consolidated accounts have also been prepared in accordance with Swedish law, applying the Financial Accounting Standards Council's recommendation RR30 (Supplementary accounting rules for groups).

The Parent Company's accounts have been prepared in accordance with Swedish law, applying the Financial Accounting Standards Council's recommendation RR32:05 (Reporting of legal entities). This means that application of the IFRS valuation and disclosure rules includes the deviations reported in the Parent Company's accounting principles.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investments in forest and other biological assets, derivative financial instruments and financial assets valued at fair value through profit and loss. The consolidated statements are presented in Swedish kronor (SEK) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The consolidated financial statements include the Parent Company and all companies in which the Parent controls more than 50% of the votes or in any other way exercises a controlling influence.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the result for the part of the reporting year during which the Group has control.

The consolidated accounts are prepared using the purchase method. The difference between the acquisition value of shares in a subsidiary and the fair value of identifiable assets and liabilities of that subsidiary at the time of acquisition is reported as goodwill.

Intercompany transactions, balance sheet items and unrealized gains on transactions between companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the need to write down the transferred asset.

Minority interests

Minority interests – consisting of the profit/loss portion and net assets in Group companies that do not accrue to the Parent Company's shareholders – are reported as a special item in consolidated shareholders' equity. In the consolidated income statement, the minority share is included in reported earnings.

Foreign currency translation

The functional and presentation currency of the Parent Company and its Swedish subsidiaries is Swedish kronor (SEK). Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. Realized and unrealized exchange gains/losses on receivables and liabilities of an operating nature are reported in operating income, while exchange rate differences on financial assets and liabilities in foreign currencies are reported among financial items.

As at the reporting date, the assets and liabilities of subsidiaries that have not the same functional currency as the Parent Company are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date. Their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the income statement.

Long-term monetary balances between the Parent Company and subsidiaries 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.

Intangible assets

Intangible assets with a finite useful life are measured on initial recognition at cost and are then carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life.

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's share in the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill from the acquisition of subsidiaries is reported as intangible assets. Intangible assets including goodwill are tested for impairment annually to identify any possible need of a write-down and is reported at its acquisition value less accumulated write-downs. Gains or losses on the divestment of a unit include the remaining reported value of the goodwill relating to the divested unit.

Goodwill is distributed among cash-generating units when it is tested with respect to a possible need for a write-down.

Tangible and biological assets

Property, plant and equipment are reported net after deductions for accumulated depreciation. Depreciation is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Forest and other biological assets are recorded at their fair value.

Impairment

Assets are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable. To calculate the impairment requirement, assets are grouped in cash-generating units. An impairment loss is done in the amount by which the assets' reported value exceeds its recovery value. The recovery value is the higher of an assets' fair value, less the cost of sale and the value in use.

Financial instruments

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms. Accounts receivable are recognized when the invoice is sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been sent.

A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expire or the company loses control over them. The same applies for a portion of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or in some other manner is extinguished. The same applies for a portion of a financial liability.

Acquisition and divestment of financial assets are reported on the transaction date, which is the date on which the company commits to acquire or divest the assets, except in the case the company acquires or divests listed securities when settlement date reporting is applied.

Financial assets

Financial assets that are listed on an active market such as trading securities, or for which a reliable assessment is deemed possible in another way, are valued at their fair value through profit and loss.

The fair value of financial instruments traded on an active market is based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.

When establishing the fair value of other financial instruments, methods that in every individual case are assumed to provide the best estimation of fair value have been used. The fair value of other shareholdings is based on values established in accordance with forecast cash flow during the five years immediately ahead, apart from those cases where the companies themselves assess the market value of their assets according to IFRS, in which case the fair value of the shareholding is calculated as a portion of the reported net assets in the company. For assets and liabilities maturing within one year, a nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Associates

Companies in which the Group has significant influence and which is not a subsidiary are regarded as associated companies.

Listed holdings are valued at their fair value and in accordance with IAS 28 point 1, listed associated companies are also reported at their fair value.

Unlisted associated companies are accounted for using the equity method. Adjustments are made to bring into line any dissimilar accounting policies that may exist before the Group's interest in earnings is calculated.

Adjustments for intra-group profits/losses arising out of transactions with associated companies are made in connection with the calculation of the Group's consolidated interest in earnings and capital. Elimination of such intra-groups profits/losses occurs in pace with their realization through the sale of the particular assets to external parties and/or by reduction of the Group's ownership interest in the associated company.

Loan receivables, trade and other receivables

Loan receivables and other receivables are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market. The values established are amortized cost, and the valuation is based on the effective interest method (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument).

Trade receivables, which generally have 30-90 day terms, are recognized and carried at invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Accounts receivable pertain to a large number of customers in Sweden and the rest of Europe. The Group deals solely with well-established and creditworthy counterparties, which reduces the credit risk.

Credit risks pertaining to the Group's other financial assets, which include cash and cash equivalents, are the risks of failure to pay by counterparties. The maximum risk corresponds to the financial instruments' reported value.

Financial liabilities

Financial liabilities not held for trading are measured at accrued acquisition value, which is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability.

Long-term liabilities have an expected term of exceeding one year, while current liabilities have a term of less than one year.

Trade payables have short expected term and are valued at nominal value.

Fair value of financial instruments

Financial fixed assets are valued at their fair value. For other financial assets and liabilities, there are no material differences between reported and fair values.

Accounting for derivatives and hedging

The Group's derivative instruments consist primarily of futures contracts to cover the risk of changes in power prices. All derivatives are reported initially and continually at their fair value in the balance sheet. Changes in the value of derivatives categorized as a cash flow hedge are reported via shareholders' equity and are reversed to the income statement in pace with effect of the hedge cash flow on earnings. Any ineffective portion of the change in value is reported directly in the income statement.

Inventories

Inventory of raw materials, consumables, work in progress and finished goods are valued at the lower of cost and net sales value. Inventory is valued on a First-In, First-Out (FIFO) basis.

Felling rights, representing the cost to acquire the right to fell timber on land that the Group does not own, are valued at acquisition cost and are expensed when the corresponding wood is used in production or sold. 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.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than VAT), and transport, handling and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net sales value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Employee remuneration

Pension commitments are reported as a liability in the balance sheet. The liability is calculated on the basis of company-specific actuarial assumptions, with due consideration of such features as the estimated future pay adjustments.

The Group's pension commitments primarily consist of defined benefit pension plans, of which one is funded.

The Group has one defined benefit multi-employer plan, which is insured with the mutual insurance company Alecta (ITP plan). There is a lack of information to permit the reporting of the Group's proportional share of the defined benefit commitment and of the plan assets and costs associated with this plan. Consequently, the plan is reported as if it were a defined contribution plan, which means that the expenses incurred are reported as a cost.

In addition, the Group has two defined benefit pension plans covering employees in Sweden and the UK. The cost of providing benefits in accordance with these plans are determined separately for each plan via the Projected Unit Credit Method (PUCM method) on the basis of actuarial assumptions specific for each individual plan. Deviation from the actual pension expenses and return represent actuarial gains and losses. All actuarial gains and losses, plus any supplements for payroll taxes, are charged directly to shareholders' equity.

Other provisions

Provisions are reported when the Group has a legal or contractual obligation to fulfill the obligation, when it is likely that a payment or some other form of compensation is required to settle the undertaking and a reliable estimate of the amount can be made. Provisions are reported at their discounted present value when the time horizon exceeds 2 years. A provisions for restructuring is reported when the Group has presented a detailed plan for the implementation of the measures and the plan has been communicated to the parties involved and soundly based anticipation is created.

Revenue recognition

Sale of products

Revenue from the sale of products, net of allowance for returns and discounts, is recognized when products are delivered and significant risks and benefits associated with ownership of the goods are transferred and can be reliably measured.

Rendering of services

Revenue from the sale of services is recognized at the time the service is rendered to the customer, after deductions for discounts.

Interest

Revenue is recognized as the interest accrues to the net carrying amount of the financial assets.

Dividends received

Dividends received are recognized when the shareholders' right to receive the payment is assessed as certain.

Research and Development costs

Research and development costs are charged to the income statement during the year they arise, unless the company can demonstrate that the amount will be able to generate future economic benefit.

Marketing costs

Advertising costs and other marketing activities are expensed as they arise.

Government grants

Financial contributions from governments, public authorities and similar local, national or international bodies are reported when there is reasonable assurance that the terms and conditions associated with the contribution are commercially fulfilled and the contribution will be received. Contributions are accrued systematically in the same manner and over the same periods as the costs which the contributions are designed to offset.

Income tax

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 charged directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the 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 evened out 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 subsidiaries and associated 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 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.

Dividends paid

For dividends in kind, the net assets value is recorded as dividend. Cash dividends to shareholders are recorded in the accounting period the dividend is approved.

Leases

Leases are classified in the consolidated accounts as financial leases or operational leases. A financial lease is when the financial risk and benefits are associated with the ownership of an item is essentially transferred from the lessee to the lessor, 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 an asset and the obligation for future payments as a liability in the 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.

Discontinued operations

A discontinued operation is a separate line of business or geographical area of operation that either has been disposed of or is classified as assets held for sale. Non-current assets and disposal groups are classified as held for disposal when they are available for immediate disposal and the disposal is highly probable. For this to be the case, the Board of Directors must be committed to a plan to sell the asset, a program to locate a buyer and complete the plan must have been initiated and the sale should, under normal circumstances, be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying amount and fair value less the costs to sell.

When an operation is classified as discontinued, the net profit after tax from discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell the operations are reported separately in the income statement under Profit/loss from discontinued operations. Previous reporting periods are restated. In the balance sheet assets and liabilities are disclosed separately for discontinued operations from the period in which the operation has been classified as discontinued. Previous reporting periods are not restated.

Cash flow statement

For purposes of the Parent Company and the consolidated cash-flow statements, the Group include among cash and cash equivalents investments with original duration of maximum three months. The book value of these items corresponds to fair value. Cash and cash equivalents as shown in both the cash flow statement and the balance sheet include funds that are blocked.

New accounting rules

The following standards and amendments to standards, which came into effect as of 1 January 2007 or later, have not been applied for 2006. These are not expected to have any effect on the consolidated financial statements, apart from additional information:

– IFRS 7 Financial instruments: Information (as of 2007).

– amendments to IAS 1 Presentation of financial statements, as regards information on capital cover and capital requirements (as of 2007).

– RR 32:06 Accounting for legal units.

– IFRS 8 on segment reporting, entails that reporting is to proceed on the basis of the internal division of corporate management and applied accounting principles (as of 2009).

The interpretation of the standards by IFRIC but which have not yet come into effect (IFRIC 7-IFRIC 12) is deemed to be inapplicable as far as Kinnevik's operations are concerned.

Parent Company's accounting principles

The Parent Company's accounting principles depart from the principles governing consolidated accounting in respect of the valuation of financial instruments and pension liabilities. The Parent Company applies RR 32:06 in respect of the option not to observe IAS 39. Financial instruments are thus not valued at fair value as in the Group but at their acquisition cost. Pension liabilities are reported in line with Swedish principles.

Significant judgments and assumptions

The preparation of the annual financial statements and consolidated financial statements includes a number of estimates and assumptions. The application of these estimates and assumptions affects the reporting and disclosures. Accounting policies that require more significant judgments by the board and the management in the application of IFRS, and assumptions and estimations in matters that are inherently uncertain, are summarized below.

In accordance with IAS 28, that deals with accounting for shares in associated companies, Kinnevik can recognize such shares at fair value through profit or loss or apply the equity method of accounting. The Board and management has made the judgment that an accounting at fair value through profit or loss reflects in the best way how the Group follows and evaluates its shares in listed associated companies. Listed shares in associated companies are therefore reported at fair value in the balance sheet, whereas the change in fair value affects the result for the year. Consequently, the reported results and equity of Kinnevik are primarily affected by changes in the fair value of the shares and only indirectly by the reported results of the associated companies, as opposed to an accounting according to the equity method.

Actuarial assumptions and other assumptions and estimations when estimating the provisions for pensions (Note 22) and other provisions (Note 23) could have a material impact on the financial statements. The estimates used are based on experience, market information and practice, and are regularly reviewed.

Note 2 **Segment reporting**

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"), Millicom International Cellular S.A. ("Millicom"), Transcom WorldWide S.A. ("Transcom") and Invik & Co. AB ("Invik").

The Kinnevik Group is organized into the following three primary segments reported as continuing operations:

1. Korsnäs Industrial – following the acquisition of Frövi – conducts operations at two facilities: Korsnäs Gävle and Korsnäs Frövi, with annual capacity of 1,100,000 tons of paper and board products. Paperboard is the largest product area in terms of volume, and is used as liquid packaging board for packaging beverages, and as White Top Liner in the outer layer in corrugated board packaging.
2. Korsnäs Forestry supplies Korsnäs Industrial's pulp and paper mill with wood harvested from purchased felling rights, and wood purchased from outside suppliers, as well as pursuing forestry in line with external wood delivery agreements.
3. Mellersta Sveriges Lantbruk ("MSLA") and subsidiaries pursue farming operations in Sweden and Poland. MSLA owns the Ullevi estate outside Vadstena in Sweden as well as the Barciany and Podlawki estates in Northeast Poland. The Group's holding in the associated company Black Earth Farming is also part of the business area.

In addition to the three segments reported above, Kinnevik owned the Korsnäs Packaging segment through 31 May 2006, which is reported as discontinued operations in the income statement and balance as of 31 December 2005, when Kinnevik concluded an agreement on the sale of this segment, refer also to Note 3 below.

2005 marked the discontinuation of Invik segments (Banque Invik, Modern Insurances, Invik Asset Management and Fischer Partners) through the distribution of Invik to Kinnevik's shareholders and are thus reported in the income statement under discontinued operations up to 31 August 2005, the date on which the distribution was finalized. Refer also to Note 3.

2006	Korsnäs Industrial	Korsnäs Forestry	Mellersta Sveriges Lantbruk	Parent Company holding companies, eliminations	Total continuing operations	Total discontinued operations, Note 3	Eliminations	Total
	Continuing operations							
Revenue								
External	5 427	785	59	10	6 281	486		6 767
Internal	24	1 075	-	-1 075	24	2	-26	0
Total revenue	**5 451**	**1 860**	**59**	**-1 065**	**6 305**	**488**	**-26**	**6 767**
Operating profit	**486**	**54**	**2**	**-64**	**478**	**-8**		**470**
Dividends received				488	488			488
Change in fair value of financial assets				10 974	10 974			10 974
Net financial items				-332	-332	-1		-333
Profit/loss after financial items					**11 608**	**-9**		**11 599**
Taxes				-47	-47	-3		-50
Net profit/loss for the year					**11 561**	**-12**		**11 549**
Assets and liabilities								
Operating assets	9 019	519	432	139	10 109			
Financial fixed assets				37 518	37 518			
Short-term investments, cash and cash equivalents				106	106			
Total assets					**47 733**			
Operating liabilities	1 169	219	4	194	1 586			
Provision for pensions				549	549			
Deferred tax liability				1 518	1 518			
Interest-bearing loans				9 658	9 658			
Total liabilities					**13 311**			
Depreciation	**-493**	**-10**	**-7**	**-4**	**-514**			
Investments	**291**	**11**	**5**	**1**	**308**			

Korsnäs Industrial is charged with non cash-flow provisions of SEK 143 million.

2005	Korsnäs Industrial	Korsnäs Forestry	Mellersta Sveriges Lantbruk	Parent Company holding companies, eliminations	Total continuing operations	Total discontinued operations, Note 3	Eliminations	Total
	Continuing operations							
Revenue								
External	3 779	699	52	9	4 539	2 367		6 906
Internal	79	1 042		-1 042	79	2	-81	0
Total revenue	**3 858**	**1 741**	**52**	**-1 033**	**4 618**	**2 369**	**-81**	**6 906**
Operating profit	**314**	**62**	**8**	**-31**	**353**	**-257**		**96**
Dividends received				630	630			630
Change in fair value of financial assets				3 893	3 893			3 893
Net financial items				-229	-229	-24		-253
Profit/loss after financial items					**4 647**	**-281**		**4 366**
Taxes				-224	-224	-45		-269
Net profit/loss for the year					**4 423**	**-326**		**4 097**
Assets and liabilities								
Operating assets	4 797	443	228	127	5 595	915		6 510
Financial fixed assets				26 339	26 339	193		26 532
Short-term investments, cash and cash equivalents				188	188	27		215
Total assets					**32 122**	**1 135**		**33 257**
Operating liabilities	599	208	3	254	1 064	316		1 380
Provision for pensions				498	498	105		603
Deferred tax liability				722	722	0		722
Interest-bearing loans				7 231	7 231	21		7 252
Total liabilities					**9 515**	**442**		**9 957**
Depreciation	**-330**	**-11**	**-7**	**-3**	**-351**	**-66**		**-417**
Investments	**425**	**8**	**7**	**2**	**442**	**109**		**551**

Revenue comprises total sales proceeds net of sales discounts, VAT and other taxes directly connected to the revenue.

Of total revenue of SEK 6,767 million (6,906), SEK 6,671 million (5,757) is attributable to sale of goods and SEK 96 million (1,149) to sale of services.

Sales to one single customer represented 48% and 33% respectively, of total revenue for the years 2006 and 2005.

External revenue cover sales to all parties other than the Parent Company and its subsidiaries. For information on sales to related parties, refer to Note 29. Internal sales prices are set in the same manner as external sales, that is, on commercial terms.

Intra-Group revenue in the Parent Company totaled SEK 12 million (12).

Operating assets entail intangible ant tangible fixed assets, investment in companies accounted for using the equity method, inventories and short-term non interest-bearing receivables.

Operating liabilities entail other provisions and short-term non interest-bearing liabilities.

Revenue distributed by geographic market

2006	Continuing operations	Discontinued operations	Total
Sweden	1 133	–	1 133
Other Nordic countries	107	164	271
Rest of Europe	3 777	313	4 090
North and South America	18	6	24
Asia	1 087	1	1 088
Africa	159	2	161
	6 281	**486**	**6 767**

2005	Continuing operations	Discontinued operations	Total
Sweden	868	993	1 861
Other Nordic countries	49	196	245
Rest of Europe	2 395	1 130	3 525
North and South America	25	19	44
Asia	1 069	12	1 081
Africa	133	17	150
	4 539	**2 367**	**6 906**

The geographic distribution of revenue is based upon the geographic location of the buyer.

Distribution of operating profit/loss by geographic market

2006	Continuing operations	Discontinued operations	Total
Sweden	451	–	451
Other Nordic countries	–	–	0
Rest of Europe	27	-8	19
	478	**-8**	**470**

2005	Continuing operations	Discontinued operations	Total
Sweden	292	95	387
Other Nordic countries	–	21	21
Rest of Europe	61	-373	-312
	353	**-257**	**96**

Distribution of assets by geographic market

2006	Continuing operations
Operating assets	
Sweden	9 574
Other Nordic countries	0
Rest of Europe	535
Other assets	
Financial fixed assets	37 518
Short-term investments, cash and cash equivalents	106
	47 733

2005	Continuing operations	Discontinued operations	Total
Operating assets			
Sweden	5 273	0	5 273
Other Nordic countries	–	286	286
Rest of Europe	322	629	951
Other assets			
Financial fixed assets	26 339	193	26 532
Short-term investments, cash and cash equivalents	188	27	215
	32 122	**1 135**	**33 257**

Distribution of investments by geographic market

2006	Continuing operations
Sweden	292
Other Nordic countries	–
Rest of Europe	16
	308

2005	Continuing operations	Discontinued operations	Total
Sweden	430	–	430
Other Nordic countries	0	18	18
Rest of Europe	12	91	103
	442	**109**	**551**

Note 3 **Discontinued operations**

Korsnäs Packaging AB

On 15 December 2005, Kinnevik concluded an agreement covering the sale of Korsnäs Packaging to the Russian packaging group JSC Segezha Pulp and Paper Mill ("Segezha"). The sale was approved by the competition authority and was completed as of 31 May 2006. The proceeds received totaled SEK 662 million gross and SEK 606 million net after deduction of the company's cash balance of SEK 56 million. In view of this, a separate statement is made of Korsnäs Packaging's assets and operating liabilities as well as assets and liabilities for sale in the consolidated balance sheet as of 31 December 2005, and Korsnäs Packaging's net earnings are reported under the results from discontinued operations through the sale date of 31 May 2006.

Invik & Co. AB

Shareholders at the Annual General Meeting of 12 May 2005 approved the proposal of the Board to distribute all shares in Invik & Co. AB ("Invik") (formerly Modern Finance Group AB) to Kinnevik's shareholders. Each 10 class A shares in Kinnevik provided 1 class A share in Invik and each 10 class B shares in Kinnevik provided 1 class B share in Invik. On 17 August 2005, the Stockholm Stock Exchange Listing Committee approved Invik's class B share for listing. The record date for the distribution of Invik's shares to Kinnevik shareholders was set as 30 August 2005 and trading on the O-List of the Stockholm Stock Exchange commenced on 1 September. In view of the fact that Invik was distributed to Kinnevik's shareholders, Invik, through 31 August 2005 – the completion date of the distribution – is reported in the consolidated income statement in the form of a result from discontinued operations.

Results from discontinued operations for the 2006 financial year are shown in Note 2.

Discontinued operations 2005

	Korsnäs Packaging	Banque Invik	Modern Insurances	Invik Asset Management	Fischer Partners	Parent Company and eliminations Invik	Total discontinued operations
Revenue							
External	1 289	174	700	60	144		2 367
Internal	0	2	1	-2	3	-2	2
Total revenue	**1 289**	**176**	**701**	**58**	**147**	**-2**	**2 369**
Operating expenses	-1 727	-133	-690	-37	-160	-7	-2 754
Other operating income	19	0	80	6	22	-4	123
Share of profit/loss of associates accounted for using the equity method	5	–	–	–	–	–	5
Operating profit/loss	**-414**	**43**	**91**	**27**	**9**	**-13**	**-257**
Net financial items	-17	–	–	–	–	-7	-24
Profit/loss after financial items	**-431**	**43**	**91**	**27**	**9**	**-20**	**-281**
Taxes	-3	-12	-25	-8	-3	6	-45
Net profit/loss for the year	**-434**	**31**	**66**	**19**	**6**	**-14**	**-326**

The loss in Korsnäs Packaging includes impairment loss on assets of SEK 233 million, restructuring costs in Germany and the UK totaling SEK 53 million and additional pension costs of SEK 125 million related to the UK company's pension plan, which will be closed as a result of the transaction. Net assets were written down to SEK 693 million in Kinnevik's 2005 year-end financial statements, which corresponds to the purchase consideration that Kinnevik was expected to receive from Segezha when the sale was concluded.

Divested assets and liabilities Korsnäs Packaging, 31 May 2006

Operating assets	962
Financial fixed assets	79
Short-term investments, cash and cash equivalents	56
Total assets	**1 097**
Operating liabilities	333
Provisions for pensions	102
Total liabilities	**435**

Cash flow in Korsnäs Packaging

	2006	2005
Cash flow from operations	16	-100
Cash flow from investing activities	–	-109
Cash flow from financincing activities	-66	0
Cash flow from/to Kinnevik	79	181
Cash flow for the period	**29**	**-28**
Exchange rate difference in liquid funds	–	8
Cash and bank, opening balance	27	47
Cash and bank at the end of the period	56	27

2006 includes the period 1 January until the sale date of 31 May.

Note 4 **Business combinations**

On 15 November 2005, Korsnäs AB signed an agreement with Sveaskog Förvaltnings AB ("Sveaskog") for the acquisition of all shares in its subsidiary AssiDomän Cartonboard Holding AB ("Frövi"). The acquisition was completed after approval from the European Commission on 12 May 2006. Korsnäs Frövi is fully consolidated in the Group from 1 June 2006 and is reported in the Korsnäs Industrial segment. The purchase price including repayment of Frövi's intra-group loans and transaction costs amounted to SEK 3,670 million. The acquisition generated goodwill of SEK 604 million after surplus value of SEK 831 million was allocated to tangible fixed assets, SEK 29 million to inventory and a deferred tax liability in the amount of SEK 241 million was recorded. The reported surplus value for tangible fixed assets will result in an increase of SEK 69 million in Frövi's depreciation, on a yearly basis, compared with previously reported depreciation. Goodwill, in connection with the acquisition of Frövi, pertains to Korsnäs' expectation of strengthening its position in the market for Liquid Packaging Board and Folding Carton and the expectation of receiving economies of scale, which would result in reduced costs when Frövi is integrated into Korsnäs' existing operations.

Frövi's operations have contributed to an operating income in the amount of SEK 6 million and a net loss of SEK 49 million for the Group during the period June-December, including restructuring costs of SEK 118 million. The above-mentioned adjustment of Frövi's reported value of inventory has had a SEK 29 million negative impact on the operating result for Korsnäs Frövi for the period June-December as a result of increased costs of goods sold from inventory, which on acquisition was reported above Frövi's production costs.

If Frövi had been consolidated from 1 January 2006, the operation would have contributed with sales of SEK 2,369 million, operating profit of SEK 130 million and a net profit of SEK 14 million to the Group's consolidated earnings. The operating profit includes restructuring costs of SEK 118 million and an increase in depreciation of assets totalling SEK 98 million. Net profit also includes financing costs totaling SEK 55 million and a positive tax charge of SEK 38 million. Revenue for the entire Group had then totaled SEK 7,246 million and net profit had amounted to SEK 11,612 million.

Detail of identifiable assets and liabilities at the time of acquisition

	Frövi's earlier reported value [1]	Value in purchase price allocation
Net assets acquired (SEK million)		
Tangible fixed assets	2 307	3 138
Investment in companies accounted for using the equity method	1	1
Inventories	442	471
Other current assets	567	567
Cash and cash equivalents	34	34
Provisions for pensions	-36	-36
Deferred tax liability	-539	-780
Interest-bearing external loans	-1	-1
Trade and other non interest-bearing liabilities	-328	-328
Net identifiable assets and liabilities	2 447	3 066
Goodwill on acquisition		604
Total consideration		3 670
Liquid funds in acquired companies		-34
Cash consideration		**3 636**

[1] Group internal loans totaling SEK 2,095 million, repaid at acquisition, are not included.

Note 5 Other operating income and other operating expenses

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Exchange gains on operating receivables/liabilities	32	34	–	–
Capital gains on disposal of tangible fixed assets	15	3	–	–
Freighting of external goods	42	28	–	–
Change in value of forest	0	40	–	–
Other	27	46	3	12
Other operating income	**116**	**151**	**3**	**12**

	Group 2006	Group 2005
Exchange losses on operating receivables/liabilities	-42	-19
Capital losses on disposal of tangible fixed assets	-1	-5
Other	-3	-4
Other operating expenses	**-46**	**-28**

Note 6 Depreciation

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Operating profit/loss includes depreciation as follows:				
Buildings, land and land improvements	-51	-41	–	–
Machinery and other technical plant	-442	-287	–	–
Equipment and tools	-21	-23	0	-1
	-514	**-351**	**0**	**-1**
Depreciation is split per cost category as follows:				
Cost of goods and services	-499	-336	–	–
Selling costs	-1	0	–	–
Administration costs	-11	-12	0	-1
Research and development costs	-3	-3	–	–
	-514	**-351**	**0**	**-1**

Note 7 Dividends received

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Group companies				
Invik & Co. AB	–	–	–	235
Associated companies				
Tele2 AB	220	627	220	227
Transcom WorldWide S.A.	40	–	40	–
Modern Times Group MTG AB [1]	225	–	225	–
Other companies				
Bergvik Skog AB	3	3	–	–
	488	**630**	**485**	**462**

[1] The dividend received was in form of shares in Metro International S.A.

Note 8 Change in fair value of financial assets

	Group 2006	Group 2005
Remaining holdings		
Bergvik Skog AB	47	41
Metro International S.A.	-925	-402
Millicom International Cellular S.A.	8 248	2 478
Modern Times Group MTG AB	1 177	1 495
Tele2 AB	1 882	-251
Transcom WorldWide S.A.	171	377
Phonera AB	-2	-6
Kontakt East Holding AB	27	–
Convertible loan Invik & Co AB	349	98
	10 974	**3 830**
Disposed holdings		
Acando AB	–	4
Cherryföretagen AB	–	36
Millicom International Cellular S.A. convertible	–	-16
Phonera AB	0	–
Transcom WorldWide S.A.	–	39
	0	**63**
	10 974	**3 893**

Note 9 **Financial income and expenses**

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Interest income from third-parties	14	14	10	10
Interest income from Group companies	–	–	34	284
Interest income from Group companies reported as discontinued operations	8	16	–	–
Financial income	**22**	**30**	**44**	**294**
Interest expense to third-parties	-312	-197	-154	-127
Interest expense PRI	-20	-21	–	–
Interest expense to Group companies	–	–	-83	-67
Write-downs of financial fixed assets	–	-12	–	-57
Exchange-rate differences	-3	-6	-1	-11
Other financial expenses	-19	-23	-2	–
Financial expenses	**-354**	**-259**	**-240**	**-262**
Net financial income/expenses	**-332**	**-229**	**-196**	**32**

Note 10 **Taxes**

	Group 2006	Group 2005
Distribution of profit/loss after financial items		
Sweden	11 590	4 589
Outside Sweden	18	58
	11 608	**4 647**
Distribution of current tax expense		
Sweden	-53	-346
Outside Sweden	-3	-1
Distribution of deferred tax expense		
Sweden	11	121
Outside Sweden	-2	2
Total tax charge for the year	**-47**	**-224**
Current tax expense		
Tax expense for the period	-51	-7
Adjustment of tax expense for previous years	-5	-340
	-56	**-347**
Deferred tax expense		
Deferred tax related to temporary differences	28	19
Deferred tax expense on utilization of tax loss carryforwards	-5	-114
Change of provision arising from tax disputes	-14	218
	9	**123**
Total tax charge for the year	**-47**	**-224**

Reconciliation of effective tax rate

	Group 2006	%	2005	%
Profit/loss before tax	11 608		4 647	
Income tax at statutory rate of Parent Company, 28%	-3 250	-28%	-1 301	-28%
Foreign tax rate differential	1	0%	0	0%
Change in fair value of financial assets	3 073	26%	1 090	23%
Non-taxable dividends received	137	1%	176	4%
Tax attributable to previous years	-5	0%	-205	-4%
Share of profit/loss of associates accounted for using the equity method	0	0%	2	0%
Other	-3	0%	14	0%
Effective tax/tax rate	**-47**	**0%**	**-224**	**-5%**

	Group 2006	Group 2005
Deferred tax assets		
Pensions and other provisions	50	18
Tax loss carryforwards	15	19
	65	**37**
Provisions for deferred tax		
Tangible and biological fixed assets	-1 541	-731
Provision for any additional tax arising from tax disputes	-42	-28
	-1 583	**-759**
Net provision for deferred tax	**-1 518**	**-722**

Of deferred tax liabilities of SEK 1,541 million (731) for tangible and biological fixed assets, SEK 1,159 million (729) is attributable to untaxed reserves in the form of accumulated excess depreciation.

Deferred tax is not stated for associated companies and subsidiaries, as any dividend paid by these companies will not give rise to a tax liability, and divestments may be made without giving rise to capital gains taxation.

	Group 2006	Group 2005
Distribution of deferred tax assets		
Sweden	65	37
Outside Sweden	0	0
	65	**37**
Distribution of provisions for deferred tax		
Sweden	-1 581	-759
Outside Sweden	-2	0
	-1 583	**-759**
Net	**-1 518**	**-722**

Tax loss carryforwards

The Group's tax loss carryforwards in Sweden were SEK 54 million (67) at 31 December. Deferred tax receivables of SEK 15 million (19) were reported in the Group's balance sheet as regards these tax loss carryforwards, which are matched by future years' profits in Sweden.

Tax disputes

In 2005, the Administrative Court of Appeal issued its judgments regarding a number of cases concerning Kinnevik. Of the three principal items of dispute, Kinnevik won one issue and lost two. Kinnevik won the issue concerning the sale of Korsnäs' power assets in 1993, but lost the issue concerning withdrawal taxation of an option in Millicom issued to MTG and the issue concerning tax loss carryforwards within SCD Invest AB and its subsidiaries ("SCD Invest"). Neither the National Tax Board nor Kinnevik have appealed the first two verdicts, although SCD Invest has requested that it be granted the right of appeal to the Swedish Supreme Administrative Court in respect of the size of the company's tax loss carryforwards, which the company claims should be SEK 1,585 million higher than the level ruled in the Administrative Court of Appeal. No deferred tax assets related to these tax loss carryforwards were reported in the Group at 31 December 2006. Considered on the whole, the verdicts issued by the Administrative Court of Appeal in 2005 resulted in a tax cost of SEK 205 million being charged against consolidated profit for the fiscal year and in tax attributable to prior years being paid in an amount of SEK 340 million.

After completion of a tax audit, the National Tax Board has appealed the Parent Company's tax returns for 2001 and 2002. The dispute has been with the County Administrative Court since 2004 for its ruling. In total within the Group (excluding SCD Invest), there are ongoing tax disputes concerning tax loss carryforwards of SEK 144 million. If the rulings concerning these matters are negative for the Company, the Company will have to pay SEK 40 million in additional income tax. At 31 December 2006, the Company had made a provision of SEK 42 million for additional income tax including fees and interest expense.

Note 11 **Intangible and tangible fixed assets**

Intangible fixed assets

	Group	
	2006	**2005**
Opening acquisition values	17	17
Investments for the year	604	–
Closing book value	**621**	**17**

Goodwill arising as a result of corporate acquisitions is distributed between two cash-generating units: Korsnäs Industrial, primarily in respect of the acquisition of Frövi; and Korsnäs Forestry, in respect of the acquisition of Sia Latgran in Latvia. A test to identify any impairment requirements was conducted at the end of 2006.

This testing is based on assumptions and assessment involving some uncertainty. The value in use has been calculated on the basis of the discounted cash flow with a growth rate of 2% in both units and a discount rate before tax of 7% and 11%, respectively, that corresponds to the company's average capital cost.

No impairment requirement for goodwill was identified. Neither does a sensitivity analysis with a rise in the discount rate of 10% and a decrease in cash flow by 10% give rise to any impairment requirement.

Cash-generating units

	2006	**2005**
Korsnäs Industrial	606	2
Korsnäs Forestry	15	15
	621	**17**

Tangible and biological fixed assets

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

Industrial buildings	20 – 67 years
Office buildings	20 – 67 years
Residential buildings	20 – 67 years
Land improvements	25 – 30 years
Machinery and equipment	3 – 25 years

Group 2006

	Buildings, land, land improvements	**Forest, agricultural properties**	**Machinery, technical plants**	**Equipment, tools**	**Construction in progress, advances**	**Total**
Opening acquisition values	1 550	150	7 078	300	53	9 131
Assets in acquired operations	221	–	2 966	3	–	3 190
Investments for the year	9	2	147	4	146	308
Sale/scrapping for the year	–	–	-16	-1	–	-17
Reclassification for the year	9	–	89	–	-98	0
Translation difference	1	-4	-3	5	0	-1
Closing acquisition values	**1 790**	**148**	**10 261**	**311**	**101**	**12 611**
Opening accumulated depreciation	-881	0	-4 182	-217	0	-5 280
Sale/scrapping for the year	–		17	–	–	17
Depreciation for the year	-50	–	-443	-21	–	-514
Translation difference	-1	–	2	-4	–	-3
Closing accumulated depreciation	**-932**	**0**	**-4 606**	**-242**	**0**	**-5 780**
Closing book value	**858**	**148**	**5 655**	**69**	**101**	**6 831**
Tax assessment value, buildings	2 208	19				
Tax assessment value, land	100	34				

Group 2005

	Buildings, land, land improvements	Forest, agricultural properties	Machinery, technical plants	Equipment, tools	Construction in progress, advances	Total
Opening acquisition values	1 762	148	7 399	519	425	10 253
Less assets in discontinued operations	-283	–	-973	-237	-28	-1 521
Investments for the year	5	1	5	6	425	442
Sale/scrapping for the year	-25	-49	-22	-5	–	-101
Reclassification for the year	89	–	664	17	-770	–
Revaluation to fair value for the year	–	40	–	–	–	40
Translation difference	2	10	5	0	1	18
Closing acquisition values	**1 550**	**150**	**7 078**	**300**	**53**	**9 131**
Opening accumulated depreciation	-942	–	-4 588	-390	-5	-5 925
Less assets in discontinued operations	101	–	678	194	5	978
Sale/scrapping for the year	1	–	17	2	–	20
Depreciation for the year	-41	–	-287	-23	–	-351
Translation difference	–	–	-2	0	–	-2
Closing accumulated depreciation	**-881**	**0**	**-4 182**	**-217**	**0**	**-5 280**
Closing book value	**669**	**150**	**2 896**	**83**	**53**	**3 851**
Tax assessment value, buildings	1 848					
Tax assessment value, land	56	74				

Parent Company
Equipment

	2006	2005
Opening acquisition values	12	10
Investments for the year	2	2
Sale/scrapping for the year	-10	–
Closing acquisition values	**4**	**12**
Opening accumulated depreciation	-9	-8
Sale/scrapping for the year	8	–
Depreciation for the year	-1	-1
Closing accumulated depreciation	**-2**	**-9**
Closing book value	**2**	**3**

Note 12 **Financial assets accounted at fair value through profit and loss**

Group 2006

	Reg. no.	Registered office	Number of shares	Capital/ voting (%)	Book value
Associated companies					
Metro International S.A.		Luxembourg	232 546 906	44/39	2 116
Millicom International Cellular S.A.		Luxembourg	37 835 438	38	16 326
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/48	4 471
Tele2 AB	556410-8917	Stockholm	125 481 525	28/45	12 548
Transcom WorldWide S.A.		Luxembourg	12 627 543	17/35	997
					36 458
Other companies					
Bergvik Skog AB	556610-2959	Falun	353	5	266
Gävle Sjöfarts AB	556010-6774	Gävle	1 080	10	0
Karskär Bygg AB	556629-8740	Gävle	200	8	0
Modern Holdings Inc.		USA	2 646 103	18	26
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	0
Phonera AB	556330-3055	Gothenburg	4 357 952	3	5
Shared Services S.A.		Luxembourg	100	15	0
Kontakt East Holding AB	556682-8116	Stockholm	1 440 000 [1)]	18	61
Other					7
					365

Other financial assets					
Convertible loan in Invik					682
Financial receivables in other associated companies					3
Other interest-bearing receivables					10
					695
Total					**37 518**

1) The book value for Kontakt East Holding AB includes Kinnevik's holding of 300,000 options. The options provide subscription rights to 100,000 shares at a share price of SEK 25 during December 2007, 100,000 shares at a share price of SEK 50 per share during December 2008 and 100,000 shares at a share price of SEK 100 per share during December 2009.

Group 2005

	Reg. no.	Registered office	Number of shares	Capital/ voting (%)	Book value
Associated companies					
Metro International S.A.		Luxembourg	211 683 384	40/37	2 815
Millicom International Cellular S.A.		Luxembourg	37 835 438	38	8 078
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/48	3 294
Tele2 AB	556410-8917	Stockholm	125 481 525	28/50	10 666
Transcom WorldWide S.A.		Luxembourg	12 627 543	17/35	827
Phonera AB	556330-3055	Gothenburg	7 037 952	29	12
					25 692
Other companies					
Bergvik Skog AB	556610-2959	Falun	353	5	218
Gävle Sjöfarts AB	556010-6774	Gävle	1 080	10	0
Karskär Bygg AB	556629-8740	Gävle	200	8	0
Modern Holdings Inc.		USA	2 646 103	18	26
MTG Intressenter AB	556519-8529	Stockholm	3 075	12	1
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	0
Shared Services S.A.		Luxembourg	100	15	0
Other					7
					252
Other financial assets					
Convertible loan in Invik & Co. AB					340
Financial receivables in other associated companies					13
Other interest-bearing receivables					21
					374
Total					**26 318**

Reconciliation of book value

	Shares in associated companies	Shares in other companies	Other financial assets	Total
Opening balance, 1 January 2006	25 692	252	374	26 318
Investments		34		34
Sales	-5			-5
Amortisation of loan receivables			-28	-28
Reclassification	-7	7		0
Shares received as dividend	225			225
Change in value of disposed holdings	0			0
Change in value of remaining holdings, Note 8	10 553	72	349	10 974
Closing balance, 31 December 2006	**36 458**	**365**	**695**	**37 518**

Not 13 **Investments in companies accounted for using the equity method**

Group 2006

	Reg. no.	Registered office	Number of shares	Capital/ voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11
Black Earth Farming Ltd		Jersey	16 780 800	22	212
Karskär Energi AB	556018-9481	Gävle	12 331	41	64
Relevant Traffic Europe AB	556618-1987	Stockholm	81 124	36 [1]	28
SCD Invest AB	556353-6753	Stockholm	10 584 250	91/50	0
Valvosacco SpA		Italy	33 800	20	18
					333

Group 2005

	Reg. no.	Registered office	Number of shares	Capital/ voting (%)	Book value
Karskär Energi AB	556018-9481	Gävle	12 331	41	64
SCD Invest AB	556353-6753	Stockholm	10 584 250	91/50	0
Sia Latgran		Latvia	432	40	6
					70

[1] Kinnevik has an option to acquire additional shares from the company's other shareholders, at market price, in 2008 at the earliest, and raise the holding to 51%.

The Group's share of the associates' balance sheet

	2006	2005
Fixed assets	254	72
Current assets	162	70
Long-term liabilities	-10	-51
Short-term liabilities	-73	-21
Net assets	**333**	**70**

The Group's share of the associates' revenue and profit

Revenue	225	133
Net profit	-1	10

Earnings for Black Earth Farming are reported with a one-quarter delay due to the company's internal reporting time schedule.

Note 14 **Financial assets in the Parent Company**

	Reg. no.	Registered office	Number of shares	Capital (%)	Voting (%)	Book value
Assuransinvest AIA AB	556051-6238	Stockholm	295 384	100	100	93
Frevik AB	556281-6040	Stockholm	1 000	100	100	201
Gefle Borg Bryggeri AB	556489-9689	Gävle	1 736 000	99	99	0
Invik International S.A.		Luxembourg	500 000	100	100	0
Kinnevik UK Ltd		UK	1 000	100	100	2
Förvaltnings AB Eris & Co	556035-7179	Stockholm	1 020 000	100	100	159
Latellana AG		Switzerland	20 000	100	100	13
Lumvik AB [1]	556569-7686	Stockholm	800	80	80	200
Kinnevik BV		The Netherlands	140	100	100	30
Collect Sweden AB	556061-4124	Stockholm	7 000	100	100	1
Svenska Traktor AB	556051-6352	Järfälla	1 000	100	100	0
Svenska JCB AB	556306-0960	Järfälla	5 000	100	100	1
Goodguy AB	556579-7692	Stockholm	1 000	100	100	0
Plonvik Sp.zo.o. [1]		Poland	1	0	0	0
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	5 000	100	100	130
Millcellvik AB	556604-8285	Stockholm	1 000	100	100	5 032
Korsnäs Holding AB	556170-7703	Stockholm	1 000	100	100	5 894
Kinnevik Radio AB	556237-4594	Sollentuna	7 500	100	100	1
Kinnevik S.A.		Luxembourg	1 249	100	100	0
Ludvika Personalservice KB	916582-0268	Ludvika	–	100	100	0
Sia Latgran		Latvia	1 000	51	51	11
Shares and participations in direct-owned susidiaries						**11 768**

[1] Partly owned by the Parent Company. Wholly owned by the Group.

Reconciliation of the book value of shares in subsidiaries

Opening balance, 1 January 2006	8 582
Shareholders' contribution	407
Merger with Kinnevik International AB	-2 261
Acquisition of subsidiary (internal)	5 043
Liquidated subsidiaries	-3
Closing balance, 31 December 2006	**11 768**

Over and above the direct-owned shares and participations of the Parent Company the following companies are included in the Group

	Reg. no.	Registered office	Capital (%)	Voting (%)
Lumvik AB	556569-7686	Stockholm	20	20
AB Agrovik	556278-5880	Vadstena	100	100
Plonvik Sp.zo.o.		Poland	100	100
Rolnyvik Sp.zo.o.		Poland	100	100
Crown Sacks & Systems (Holding) Ltd		UK	100	100
Korsnäs Paper Sacks Ltd		UK	100	100
Korsnäs AB	556023-8338	Gävle	100	100
AB Stjernsunds Bruk	556028-6881	Gävle	100	100
Trävaru AB Dalerne	556044-3920	Gävle	100	100
Combi Shipping AB	556153-9932	Gävle	100	100
Diacell AB	556155-2786	Gävle	100	100
Korsnäs Advanced Systems AB	556560-8527	Gävle	100	100
Korsnäs Frövi Holding AB	556116-3709	Frövi	100	100
Korsnäs Frövi AB	556267-2328	Frövi	100	100
Korsnäs-Frövi Ltd		UK	100	100
Korsnäs-Frövi Gmbh		Germany	100	100
Korsnäs-Frövi France S.A.S.		France	100	100
AssiDomän Ibérica S.L.		Spain	100	100
Korsnäs France S.A.		France	100	100
Korsnäs GmbH		Germany	100	100
Korsnäs Latvia Sia		Latvia	100	100
Latsin Sia		Latvia	100	100
Sia Freja		Latvia	100	100
Korsnäs d.o.o.		Serbia-Montenegro	100	100
Korsnäs d.o.o.		Croatia	87	87
Korsnäs Sales Ltd		UK	100	100
Korsnäs Sågverks AB	556024-8477	Gävle	100	100
Korsnäs Strömsnäs AB	556094-7631	Gävle	100	100
Marma Skog 31 AB	556580-2203	Gävle	100	100
Sillender Oü		Estonia	100	100

Shares in associated companies

	Reg. no.	Registered office	Number of shares	Capital (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11
Black Earth Farming Ltd		Jersey	16 780 800	22	215
Metro International S.A.		Luxembourg	232 546 906	44/39	1 365
Modern Cartoons Ltd		USA	2 544 000	23	0
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/48	1 133
Relevant Traffic Europe AB	556618-1987	Stockholm	81 124	36	28
Tele2 AB	556410-8917	Stockholm	125 481 525	28/45	8 601
Transcom WorldWide S.A.		Luxembourg	12 627 543	17/35	253
					11 606

Reconciliation of the book value of shares and participations in associated companies

Opening balance, 1 January 2006	5 597
Investment in associated companies	254
Merger with Kinnevik International AB	5 530
Shares received as dividend	225
Closing balance, 31 December 2006	**11 606**

Shares and participations in other companies

	Reg. no.	Registered office	Number of shares	Caapital/ voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	26
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	0
Kontakt East Holding AB	556682-8116	Stockholm	1 440 000	18	34
Shared Services S.A.		Luxembourg	100	15	0
Tenant-owner apartments					1
					61

Reconciliation of book value of shares and participations in other companies

Opening balance, 1 January 2006	28
Investments of the year	34
Transferred to shares in associated companies	-1
Closing balance, 31 December 2006	**61**

Note 15 **Inventories**

	Group	
	2006	**2005**
Raw materials and consumables	403	283
Felling rights	27	31
Work in progress	51	59
Finished products and goods for resale	798	516
Work on contract	0	0
Other	135	105
	1 414	**994**

Note 16 **Trade and other receivables**

	Group	
	2006	**2005**
Trade receivables [1]	622	404
Trade receivables against companies reported as discontinued operations	–	55
Accrued income	85	46
Other receivables	127	66
	834	**571**

[1] Accounts receivable are recognised after taking account of bad debt losses arising during the year of SEK 8 million in the Group.

	Group		Parent Company	
	2006	**2005**	**2006**	**2005**
Accrued income				
Accrued sales revenue	57	31	–	–
Accrued interest income	8	0	–	6
Other accrued income	20	15	–	–
	85	**46**	**–**	**6**

Note 17 **Prepayments**

	Group		Parent Company	
	2006	**2005**	**2006**	**2005**
Prepaid rents	2	3	–	–
Prepaid insurance premiums	7	2	1	1
Other	26	22	5	12
	35	**27**	**6**	**13**

Note 18 **Cash and cash equivalents**

	Group	
	2006	**2005**
Cash at banks	106	185
Cash and cash equivalents in discontinued operations, Note 3	–	27
	106	**212**

In addition to cash and cash equivalents reported above, the Group had on 31 December undrawn credit facilities of SEK 929 million (511).

Note 19 **Shareholders' equity**

Change in shareholders' equity from the preceding year's balance sheet are presented in Movements in Shareholders' equity of the Parent Company (page 36).

Share capital

Investment AB Kinnevik's share capital as of 31 December 2006 was distributed among 263,981,930 shares with a par value of SEK 0.10 per share. There has not been any changes in the Group's share capital during 2006. During 2004 and 2005, the following changes occurred in the Group's share capital:

	Class A shares	Class B shares	Total
31 December 2003 (old Invik)	3 408 699	4 351 301	7 760 000
Share split 10:1, completed 28 April 2004	34 086 990	43 513 010	77 600 000
Reclassification of A shares to B shares	-5 312 726	5 312 726	0
Merger payment to old Kinnevik's shareholders	25 337 088	164 959 151	190 296 239
31 December 2004	54 111 352	213 784 887	267 896 239
Shares cancelled without repayment in accordance with decision at 2005 AGM	-3 914 302	-7	-3 914 309
31 December 2005	50 197 050	213 784 880	263 981 930

Of the shares that were cancelled without repayment during 2005 3,914,300 shares were in the company's possession after the merger between Kinnevik and old Invik in July 2004 , while 2 class A shares and 7 class B shares were bought on the market in June 2005 to make the number of shares divisible by ten when Invik was spun off to Kinnevik's shareholders.

Distribution by class of shares was as follows

	Number of shares	Par value (SEK 000s)
A shares	50 197 050	5 020
B shares	213 784 880	21 378
	263 981 930	**26 398**

One class A share entitles to 10 votes and one class B share to 1 vote. During the period 2002-2003, there were no changes in old Kinnevik's share capital. All shares provide equal rights to participation in Kinnevik's assets and earnings. To the knowledge of the Board, there are no share agreements or share associations in Kinnevik.

There are no convertibles or warrants in issue. The Board has authorization to repurchase a maximum of 10% of all shares in the company. No repurchase has been made during 2006.

Movements in Shareholders' equity of the Group

	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Minority interest	Total share-holders' equity
Group							
Opening balance, 1 January 2005	27	6 867	6	13 209	20 109		20 109
Adjustment for change of accounting principle, IAS 19				-2	-2		-2
Adjusted shareholders equity, 1 january 2005	27	6 867	6	13 207	20 107	0	20 107
Translation difference			33	0	33		33
Cancellation of shares without payment	-1	1			0		0
Cash dividend [1]				-66	-66		-66
Distribution in kind [2]			-13	-845	-858		-858
Actuarial losses				-18	-18		-18
Tax attributable to items recognised in equity				5	5		5
Subtotal items reported directly against shareholders' equity	-1	1	20	-924	-904		-904
Profit 2005				4 097	4 097		4 097
Closing balance, 31 December 2005	26	6 868	26	16 380	23 300	0	23 300
Translation difference			2		2		2
Cash dividend [3]				-422	-422		-422
Actuarial losses				-22	-22		-22
Tax attributable to items recognised in equity				6	6		6
Minority share in acquired company						9	9
Subtotal items reported directly against shareholders' equity	–	–	2	-438	-436	9	-427
Profit 2006				11 547	11 547	2	11 549
Closing balance, 31 December 2006	26	6 868	28	27 489	34 411	11	34 422

1) The Annual General Meeting held on 12 May 2005, resolved in favor of paying a cash dividend of SEK 0.25 per share, a total of SEK 66 million.
2) The Annual General Meeting held on 12 May 2005, resolved in favor of a distribution in kind of Invik, a total of SEK 858 million.
3) The Annual General Meeting held on 11 May 2006, resolved in favor of paying a cash dividend of SEK 1.60 per share, a total of SEK 422 million.

Other contributed capital

Other contributed capital consist of the Parent Company's share premium reserve, which arose through the conversion of convertible loans in 1997 and 1998 and capital injected in conjunction with the merger between old Invik and old Kinnevik in 2004, as well as by the Parent Company's legal reserve.

Reserves

Reserves reported in the Group consist of exchange rate differences arising in the conversion of subsidiaries with a functional currency other than SEK and cash flow hedging in respect of power supplies.

Retained earnings

Retained earnings that are reported in the Group include the current and preceding year's profit, equity reserve pertaining to participations in associated companies that due to the application of the equity method is entered at a value that exceeds the level resulting from application of the acquisition value method, and the equity portion in untaxed reserves.

Note 20 **Interest-bearing loans**

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Interest-bearing long-term loans				
Liabilities to credit institutions	8 118	6 782	3 050	4 420
Accrued financing costs	-8	–		
Liabilities to Invik	–	100	–	100
	8 110	**6 882**	**3 050**	**4 520**
Interest-bearing short-term loans				
Liabilities to credit institutions	1 448	67	1 439	–
Liabilities to Invik	100	100	100	100
Liabilities to Korsnäs Packaging	–	180	–	–
	1 548	**347**	**1 539**	**100**

Terms for liabilities to Invik will be seen at Note 29.
For assets pledged as security for external interest-bearing loans, see Note 25.
A summary of maturities and other terms and conditions pertaining to liabilities to credit institutions is presented below. On 31 December 2006, the average remaining maturity for all credit facilities amounted to 3.1 years.
Capitalised borrowing costs totaled SEK 12 million (0) for the year.

Lending institution SEK million	Credit facility as per 31 Dec 2006	Utilised amount 31 Dec 2006	Unutilised amount 31 Dec 2006	Currency	Maturity
Long-term loans					
Parent Company					
Calyon Bank Stockholm Branch	500	500	0	SEK	Dec 2009
Nordea Bank AB (publ)	650	650	0	SEK	Oct 2009
Svenska Handelsbanken AB (publ)	2 100	1 900	200	SEK	Apr 2008-Aug 2009
Total Parent Company	**3 250**	**3 050**	**200**		
Other Group companies					
The Bank of Nova Scotia [1]	5 500	5 000	500	SEK/EUR etc	Nov 2011
Landshypotek AB (publ)	37	37	0	SEK	Not specified
Nordea Bank AB (publ)	9	3	6	SEK	Jan 2008
Other	30	28	2		
Total Group	**8 826**	**8 118**	**708**		
Short-term loans					
Parent Company					
Banque et Caisse d'Epargne de l'Etat, Luxembourg	200	200	0	SEK	March 2007
Commerzbank International S.A.	270	270	0	SEK	May 2007
Nordea Bank AB (publ)	680	669	11	SEK	Oct-Dec 2007
Svenska Handelsbanken AB (publ)	400	300	100	SEK	Aug-Dec 2007
Total Parent Company	**1 550**	**1 439**	**111**		
Other Group companies					
Svenska Handelsbanken AB (publ)	5	1	4		
Other	8	8	–		
Total Group	**1 563**	**1 448**	**115**		
Total long-and short-term, Group	**10 389**	**9 566**	**823**		

All loans have a maximum interest maturity of three months and carry interest at STIBOR or a similar basic interest rate plus an average margin of 0.6%.

[1] Syndicated facility with Bank of Nova Scotia (facility agent), Calyon Bank Stockholm Branch, DnB Nor Bank ASA, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ) as participating banks. The loan includes certain financial covenants concerning financial key ratios for Korsnäs, mainly EBITDA in relation to net debt. As of 31 December 2006 Korsnäs complied with all financial covenants.

Note 21 **Provisions for pensions**

The following tables present an overview of the items included in net cost for the compensation reported in the consolidated income statement for the Groups' two defined benefit pension plans covering one employer. They also show some information regarding the result of endowment insurance and the amounts reported in the consolidated balance sheet for each pension plan. Actuarial gains and losses are recognized directly in shareholders' equity in accordance with IAS 19. This accounting principle has been applied retroactively for 2005. The accumulated actuarial loss recognized directly in equity amounts to SEK 42 million at 31 December 2006.

Changes in the net obligations for defined-benefit plans recognised in the balance sheet

	2006 Sweden	UK	Total	2005 Sweden	Germany	UK	Total
Opening balance				474	103	95	672
Change of accounting principle				3		–	3
Adjusted opening balance	498	0	498	477	103	95	675
Less discontinued operations	–	–	–	–	-103	–	-103
Obligation in acquired companies	31	–	31	–	–	–	–
Benefits paid	-28	-26	-54	-28	–	-130	-158
Cost recognised in the income statement	26	26	52	32	–	28	60
Actuarial losses for the year	22	–	22	17	–	–	17
Exchange rate difference	–	–	0	–	–	7	7
Net obligation for defined-benefit plans as at 31 December	**549**	**0**	**549**	**498**	**0**	**0**	**498**

Net cost of defined benefit pension plans

	2006 Sweden	UK	Total	2005 Sweden	UK	Total
Earned during the year	5	1	6	5	6	11
Interest component in the increase during the year of the present value of the pension commitment	21	21	42	27	21	48
Anticipated return on plan assets	–	-26	-26	–	-22	-22
Expense due to curtailment	–	32	32	–	23	23
Reported pension cost, net	**26**	**28**	**54**	**32**	**28**	**60**

Reported provision at the end of the year

	2006 Sweden	UK	Total	2005 Sweden	UK	Total
Commitments	549	484	1 033	498	459	957
Plan assets	–	-484	-484	–	-459	-459
Reported provision	**549**	**0**	**549**	**498**	**0**	**498**

Primary assumptions used in setting the pension undertaking (%)

	2006 Sweden	UK	2005 Sweden	UK
Discount rate	4.25	5.00	4.75	4.75
Future pay increases	3.00	N/A	3.00	3.25
Future pension increases	2.00	3.00	2.00	2.75

Fees paid during the year for pension insurance policies covered by Alecta (reported as a defined contribution plan) amount to SEK 4 million (4). Alecta's surplus may be distributed to policyholders and/or the insured. At year-end 2006, Alecta's surplus in form of collective solvency ratio was 143% (128%).

Note 22 **Other provisions**

	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Compulsory redemption of shares	–	4	–	–
Severance pay and other provions for restructuring	223	91	24	–
Commitment relating to deficit in UK pension scheme	78	99	–	–
Dispute, employer's fees	–	23	–	23
Dispute, VAT	12	–	12	–
Other	39	18	8	10
	352	**235**	**44**	**33**
Long-term	207	177	27	8
Short-term	145	58	17	25
	352	**235**	**44**	**33**

Provisions totaling SEK 143 million in 2006 refer to severance pay and other restructuring expenses in conjunction with the integration of Korsnäs Frövi and Korsnäs Gävle.

The provision of SEK 91 million for severance pay at 31 December 2005 includes severance pay of SEK 69 million within the framework of the efficiency-enhancing program within Korsnäs and severance pay of SEK 9 million for employees of Korsnäs Packaging's UK subsidiary.

Reconciliation of the book value	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
Opening balance, 1 January	235	1 851	33	59
Less discontinued operations	–	-1 745	–	–
Severance pay completed	-20	-29	–	–
New provision for severance pay	165	78	24	–
Commitment relating to deficit in UK pension scheme	-21	99	–	–
Paid disputable employer's fees	-12	-24	-12	-24
Release of disputable employer's fees	-11	–	-11	–
Dispute, VAT	12	–	12	–
Release of other provisions	-4	-2	-2	-2
Other new provisions	8	7	–	–
Closing balance, 31 December	**352**	**235**	**44**	**33**

Note 23 **Trade and other payables**

	Group 2006	Group 2005
Trade payables	681	376
Advances from customers	–	4
Accrued expenses	466	372
Other liabilities	71	61
	1 218	**813**

	Group		Parent Company	
	2006	2005	2006	2005
Accrued expenses				
Accrued expenses for purchase of goods	83	62	–	–
Accrued personnel expenses	223	148	5	7
Accrued interest expenses	19	10	13	9
Accrued energy costs	31	33	–	–
Accrued freight costs	22	10	–	–
Accrued organization expenses	0	1	–	1
Other	88	108	1	1
	466	**372**	**19**	**18**

Trade payables are non-interest bearing and generally settled within 30 days. For trade payables and other payables to related parties, refer to Note 29.

Note 24 **Leasing agreements**

Group companies have concluded a number of agreements covering the rental of premises and other fixed assets. During 2006, SEK 104 million (109) was paid in accordance with operational leasing agreements. The amount includes Korsnäs' leasing of RoRo vessels in the amount of SEK 75 million (76).

Future minimum payments for agreements concluded for leased assets as of 31 December:

	2006		2005	
	Premises and other fixed assets	RoRo vessels	Premises and other fixed assets	RoRo vessels
2006			18	75
2007	26	76	15	77
2008	18	77	10	78
2009	14	–	7	–
2010	12	–	6	–
2011	4	–	3	–
2012 and later	3	–	–	–
	77	**153**	**59**	**230**

As of 31 December 2006, the Group had no financial lease agreements.

Note 25 **Pledged assets**

	Group		Parent Company	
	2006	2005	2006	2005
For liabilities to credit institutions				
Real estate mortgages	2 038	2 038	–	–
Shares in subsidiaries	2 631	3 393	5 894	8 484
Shares in associated companies and other companies	9 388	7 236	4 580	4 371
Chattel mortgages	600	600	–	–
Cash and cash equivalents	1	23	0	0
	14 658	**13 290**	**10 474**	**12 855**

Note 26 **Contingent liabilities**

	Group		Parent Company	
	2006	2005	2006	2005
Sureties and guarantees	54	60	–	–
Sureties and guarantees for subsidiaries	–	–	4	74
Guarantee commitments, FPG	10	10	1	0
	64	**70**	**5**	**74**

Note 27 **Personnel**

Average number of employees

	2006		2005	
	men	women	men	women
Group				
Sweden	1 281	209	1 088	193
Germany	71	19	171	42
Latvia	211	30	188	27
Denmark	60	23	144	55
Poland	87	24	106	26
The Netherlands	37	3	88	6
Spain	35	5	83	12
UK	3	2	50	17
Czech Republic	36	10	87	23
Serbia-Montenegro	22	7	60	17
Ukraine	36	4	86	10
Romania	17	5	41	12
Finland	1	1	3	3
France	7	2	9	1
Croatia	–	–	2	1
Luxembourg	–	–	20	24
	1 904	344	2 226	469
Total number of employees		**2 248**		**2 695**
Parent Company				
Stockholm	4	3	4	4

In the calculation of average number of employees Invik has been included until 31 August 2005 and Korsnäs Packaging has been included until 31 May 2006.

Distribution of women and men on the Board and in the management group

	2006		2005	
	men	women	men	women
Group [1]				
Board members				
Elected by the AGM	17	5	21	5
Employee representatives, ordinary	4	–	4	–
Employee representatives, deputies	3	1	4	–
CEO	0	1	1	–
Other senior executives	4	–	5	–
	28	**7**	**35**	**5**

[1] As regards the distribution of women and men in the Board and the management group, the Group has been defined as the following companies
2006: Investment AB Kinnevik, Korsnäs AB and Mellersta Sveriges Lantbruks AB.
2005: Investment AB Kinnevik, Korsnäs AB, Korsnäs Packaging AB and Mellersta Sveriges Lantbruks AB.

	2006		2005	
	men	women	men	women
Parent Company				
Board members				
Elected by the AGM	6	1	5	1
Employee representatives, ordinary	2	–	2	–
Employee representatives, deputies	1	1	2	–
CEO	0	1	1	–
Other senior executives	2	–	2	–
	11	**3**	**12**	**1**

Salaries, other remuneration and social security expenses (SEK 000s)

	2006		2005	
	Board and CEO	Other employees	Board, CEO and Deputy CEO	Other employees
Group				
Companies in Sweden	40 228	628 772	40 512	568 632
Companies abroad	11 287	135 549	17 147	318 560
Total salaries and other remuneration	**51 515**	**764 321**	**57 659**	**887 192**
Social security expenses	22 896	301 209	54 043	340 755
Of which, pension expense[1]	7 060	72 862	21 008	161 421
Parent Company				
Salaries and other remuneration	33 751	6 146	14 733	5 448
Social security expenses	13 429	3 521	7 867	2 486
Of which, pension expense [1]	2 485	1 425	2 792	1 004

[1] Relates to present and former Board members, CEOs and Deputy CEOs.

In salaries, other remuneration and social security expenses for the Group Invik is included until 31 August 2005 and Korsnäs Packaging is included until 31 May 2006. Korsnäs Frövi is included from 1 June 2006.

Pension obligations and similar benefits for former Board members, CEOs and Deputy CEOs of the Parent Company amount to SEK 13,272,000 (13,697,000), while the same items for the Group total SEK 61,269,000 (75,646,000). These amounts are included among liabilities in the balance sheets of the Parent Company and the Group.

Principles

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

Following consultation with the Nomination Group, the Board appoints members and the Chairman in the Remuneration Committee. The Remuneration Committee's task covers issues involving pay, pensions and conditions, bonus systems, any other incentive programs and other terms and conditions of employment for the management of the Parent Company and CEOs of the Group's business areas. The Remuneration Committee's task also includes preparing proposals for joint criteria for incentive programs in Kinnevik's portfolio companies.

As regards the CEOs of the business areas and CFO and Director of Corporate Communications in the Parent Company, the Remuneration Committee shall make decisions in the aforementioned questions, after which such decisions shall be presented for the Board at the next Board meeting. As regards the CEO of the Parent Company, the Remuneration Committee prepares the aforementioned issues for decision and presents underlying information to the Board, including proposal for decision.

Pehr G Gyllenhammar, Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee in 2006. The Chairman of the Committee was Wilhelm Klingspor.

Remuneration to the CEO and other senior executives consists of basic salary, variable salary/bonus, and benefits in the form of a company car and pension. Variable salary/bonus within Kinnevik and Korsnäs may not exceed 50% of their basic salary, and are calculated according to a combination of results achieved, overhead control and productivity. By other senior executives within Kinnevik is meant the four individuals, who are presented together with the CEO on page 7, and the CEO of Korsnäs Packaging until 31 May 2006.

Board fees

In accordance with the decision of the Annual General Meeting on 11 May concerning fees to the Board of Investment AB Kinnevik, a fee of SEK 4,097,329 (3,846,000) was paid to the Board during the year, of which, pursuant to a Board decision, SEK 1,700,000 (2,000,000) was paid to the Chairman and SEK 650,000 (350,000) to the Deputy Chairman. Over and above this total fees SEK 150,000 (150,000) was paid to the Deputy Chairman for Board positions with subsidiaries. Other Board members in the Parent Company's Board received fees amounting in total to SEK 722,329 (450,000) for Board positions with subsidiaries.

Board fees 2006

	Parent Company	Board position, subsidiaries	Total fee
Pehr G Gyllenhammar	1 700 000	–	1 700 000
Cristina Stenbeck	650 000	150 000	800 000
Vigo Carlund	272 329	272 329	544 658
Edvard von Horn	350 000	150 000	500 000
Wilhelm Klingspor	375 000	150 000	525 000
Erik Mitteregger	400 000	–	400 000
Stig Nordin	350 000	150 000	500 000
	4 097 329	**872 329**	**4 969 658**

Remuneration for the CEO, Deputy CEOs and other senior executives

	2006		2005		
	CEO [1]	Other senior execu-tives	CEO	Deputy CEOs [2]	Other senior execu-tives [3]
Salaries	27 311	9 571	7 482	4 477	15 012
Variable remuneration/bonus	2 231	6 956 [4]	2 800	0	4 812
Benefits	98	338	90	104	344
Pension expenses	1 381	1 648	1 423	959	3 025

[1] Information regarding the CEO includes remuneration paid to Vigo Carlund through 31 July 2006, including provision for contractual future remuneration, and to Mia Brunell from 1 August 2006, refer also below.

[2] Information regarding Deputy CEOs in 2005 refers to remuneration to Anders Fällman and Per Lindberg during the period 1 January – 31 May.

[3] Remuneration paid to senior executives at Invik is included until 31 August 2005.

[4] The amount includes a bonus for the CEO of Korsnäs Packaging of SEK 4,744,000.

The CEO of the Parent Company, Mia Brunell, was paid salary and benefits of SEK 2,366,000 (–) and a bonus of SEK 802,000 (–) for the period 1 August through 31 December 2006. Pension premium payments of 20% of fixed salary were paid. In the event of termination of employment initiated by the company, the CEO is entitled to a salary during a notice period of 18 months. Any salary received from new employment during the notice period reduces severance pay. In the event of termination of employment initiated by the CEO, the notice period is 12 months.

The Parent Company's former CEO, Vigo Carlund, received salary and benefits totaling SEK 6,656,000 (7,572,000) as well as a bonus of SEK 1,429,000 (2,800,000) for the year. In addition, provision of SEK 18,387,000 was made for future payments. Pension premium payments of 20% of fixed salary until 31 July were paid. Vigo Carlund resigned as of 1 August 2006 and is entitled to receive 60% of the fixed salary up to the age of 65. The entire amount was expensed during the year and the remaining liability is reported, discounted to its present value, in the balance sheet under "Provisions". For the period 1 August to 31 December 2006, Vigo Carlund received remuneration for Board assignments in the Parent Company and in Korsnäs AB totaling SEK 544,658, see also above under "Board fees".

For the four other senior executives there are the customary pension commitments within the framework of the public pension plan with a maximum 20% of fixed salary, which provides entitlement to retirement at the age of 65. Pension premiums are paid to insurance companies. In the event of termination of employment initiated by the company, other senior executives are entitled to a salary over a notice period of a minimum six and a maximum 12 months. Any salary received from new employment during the notice period reduces severance pay.

Note 28 **Auditors' fees**

	Group		Parent Company	
	2006	2005	2006	2005
To Ernst & Young				
Audit assignments	2.1	3.2	0.8	0.7
Other assignments	1.5	2.7	0.8	0.6

Other assignments refer to consultation in connection with acquisitions and disposals of companies, questions regarding IFRS and tax advice.

Note 29 **Related-party transactions**

During 2005 and 2006, Kinnevik engaged in transactions with the following related companies:

Related companies	**Relationship**
Tele2 AB ("Tele2")	Associated company of Kinnevik, refer to Note 12.
Modern Times Group MTG AB ("MTG")	Associated company of Kinnevik, refer to Note 12.
Metro International S.A. ("Metro")	Associated company of Kinnevik, refer to Note 12.
Transcom WorldWide S.A. ("Transcom")	Associated company of Kinnevik, refer to Note 12.
Millicom International Cellular S.A. ("Millicom")	Associated company of Kinnevik, refer to Note 12.
Invik & Co. AB ("Invik")	Parties related to Kinnevik own shares in Invik, providing considerable influence over Invik. From January 2007 Invik is an associated company.
Audit Value S.A. ("Audit Value")	Parties related to Kinnevik own shares in Audit Value, providing considerable influence over Audit Value.
Great Universal Inc. ("Great Universal")	Parties related to Kinnevik own shares in Great Universal, providing considerable influence over Great Universal.
Modern Holdings Inc. ("Modern Holdings")	Along with related companies, Kinnevik owns shares in Modern Holdings, providing considerable influence over Modern Holdings.
SCD Invest AB ("SCD Invest")	Associated company of Kinnevik, refer to Note 13.
Shared Value Ltd ("Shared Value")	Parties related to Kinnevik own shares in Shared Value, providing considerable influence over Shared 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 in the market to ensure that all agreements are entered into on market conditions.

Commercial agreements with related parties

– Invik, MTG, Tele2 and Transcom rent office premises from Kinnevik.
– Until Invik was spun off to Kinnevik's shareholders in August 2005, Kinnevik sold bank, insurance, financing and other administrative services to Metro, Millicom, MTG, Tele2 and Transcom.
– 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 internal audit services from Audit Value and information services from Shared Value.

Financial loan transactions with related parties

– In November 1995, the company now called Modern Holdings issued a USD 4.1 million convertible loan to Kinnevik and in November 2000, Kinnevik extended an additional USD 1.7 million to Modern Holdings. During 2004, both loans were renegotiated, whereby part-payment was received and the interest rate reduced on the remaining loan, which matures in 2008, and is amortized at a rate of USD 119,000 per quarter. The new loan carries an interest rate of 4% and interest is paid quarterly. At 31 December 2006, the loan receivable totaled SEK 7 million.
– In November 1995, the company now called Great Universal issued a USD 4.3 million convertible loan to Kinnevik with a redemption date of 28 December 2005. The loan carries interest at 5%. Interest is paid annually in December. During 2005 and 2006, Great Universal amortized USD 2.9 million. Due to Great Universal's weak financial position, in 2005 Kinnevik wrote down the receivable in the amount of SEK 12 million. As of 31 December 2006, the carrying value of the receivable was SEK 0.
– On 30 November 2004, Kinnevik announced that it was participating in the new share issue conducted by Millicom, whereby an additional 4,050,000 shares were acquired for SEK 635 million as well as convertible notes for USD 35 million (SEK 235 million). Payment for the shares was made in December 2004, while payment for the convertible notes was made in January 2005. Kinnevik sold the convertible notes on the market in June 2005 for SEK 219 million.
– In March 2005, Kinnevik subscribed for convertible debentures in Invik amounting to SEK 235 million. The debentures, which carry annual interest of 3.5%, may be converted into shares from 1 December 2006 until 30 November 2011 at the price of SEK 52. Full conversion will result in the creation of an additional 4,519,230 shares, corresponding to 14.6% of the capital and not more than 25.4% of the voting rights in Invik after conversion. As of 31 December 2005, fair value of the debentures amounted to SEK 682 million. Conversion occurred after the closing date, refer to page 30.
– Following the distribution of the shares in Invik, Kinnevik had an interest-bearing loan to Invik amounting to SEK 200 million. After amortization the loan amounts to SEK 100 million per 31 December 2006. The loan is being repaid semi-annually in an amount of SEK 50 million. The loan carries interest at 6-month STIBOR plus a margin of 0.50%.

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

	Group		Parent Company	
	2006	2005	2006	2005
Revenue				
Invik	3.8	1.0	0.1	–
Metro	0.6	2.7	0.1	0.7
Millicom	0.1	3.9	0.1	–
Modern Holdings	–	0.1	–	–
MTG	3.4	6.0	0.4	–
Tele2	2.7	19.0	0.1	–
Transcom	2.4	5.1	–	–
	13.0	**37.8**	**0.8**	**0.7**

Operating expenses				
Audit Value	-0.1	-0.4	-0.1	–
Invik	-6.2	-1.4	-2.1	-1.4
MTG	0.0	-0.2	–	–
Shared Value	–	-0.5	–	-0.5
Tele2	-7.2	-6.9	-1.0	-0.9
	-13.5	**-9.4**	**-3.2**	**-2.8**
Interest income				
Great Universal	–	1.5	–	1.5
Invik	8.2	6.3	8.2	6.3
Modern Holdings	0.4	0.5	0.4	0.5
	8.6	**8.3**	**8.6**	**8.3**
Interest expenses				
Invik	-4.2	-1.5	-4.2	-1.5
	-4.2	**-1.5**	**-4.2**	**-1.5**
Financial receivables from associated companies				
Invik	243	242	–	242
Other associated companies	3	13	–	–
	246	**255**	**0**	**242**
Other long-term interest-bearing receivables				
Great Universal	0	6	0	6
Modern Holdings	7	12	7	12
	7	**18**	**7**	**18**
Accounts receivable and other current receivables				
Invik	1	1	–	–
MTG	–	1	–	–
	1	**2**	**0**	**0**
Interest-bearing loans				
Invik	100	200	100	200
	100	**200**	**100**	**200**
Accounts payable and other non-interest-bearing liabilities				
Tele2	0	1	–	–
	0	**1**	**0**	**0**

Not 30 **Financial risk management**

The Group's financing and management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The Group has established a model for risk management, the aims of which are to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board on a quarterly basis.

Kinnevik is exposed to financial risks mainly in respect of

- the equity risk, meaning the risk of changes in the value of the stock portfolio
- the interest rate risk resulting from changes in market interest rates
- the exchange rate risk comprising transaction exposure and translation exposure
- liquidity and refinancing risk, meaning the risk that the cost of financing opportunities will increase or that such opportunities will be limited when loans are renegotiated, and that payment obligations cannot be met due to insufficient liquidity.

Equity risk

Kinnevik's strategy is to participate actively in the companies in which the Group invests. Operations include management of a stock portfolio comprising considerable investments in a small number of listed companies. Accordingly, the portfolio is concentrated to a small number of companies, which makes the return dependent on how well these companies and their particular industries develop. By being an active owner, the return can be maximized and the risks controlled.

The concentrated portfolio also results in a significant liquidity risk in the portfolio, in that it is difficult for Kinnevik during a limited time to make major changes in the portfolio's composition without this affecting the share price.

Parts of the stock portfolio are used as collateral for Kinnevik's loans from credit institutions. On 31 December 2006, 25% (28%) of the stock portfolio was used as collateral for the Group's loans; also refer to Note 25.

The equity risk associated with Kinnevik's portfolio may be illustrated by stating that a 1% change in the prices of all of the listed shareholdings at 31 December 2006 would have affected earnings and shareholders' equity by approximately SEK 365 million.

Interest rate risk

Kinnevik's policy is to maintain short interest periods because the Company believes that this leads to lower interest expense over time. The Group has no borrowing subject to periods of fixed interest exceeding three months. On 31 December 2006, all of Kinnevik's liabilities to credit institutions, SEK 9,558 million, was exposed to interest rate changes, of which SEK 9,397 million to changes in STIBOR and SEK 161 million to changes in Euribor. It would take three months for an increase in short-term interest rates to gain its full impact on Kinnevik's interest expense. Accordingly, if the interest rate at 31 December 2006 had risen from 3.7% to 4.7%, the average interest expense on an annualized basis would have risen by SEK 96 million. According to Kinnevik, effects of any increase of the interest rate in the Company is managed efficiently, primarily via the operating cash flow from Korsnäs and secondarily via the leveraging or sale of listed shares.

Exchange rate risk

Transaction exposure

The Group's revenues and operating expenses arise mainly in SEK and EUR. The Group's policy is to endeavor to match revenues and costs in the same currency. The net flow of the Group's inflow and outflow in foreign currency in 2006 amounted to a net inflow of approximately SEK 1,000 million (800), which consisted mainly of EUR. The Group's policy is not to hedge this transaction exposure by using, for example, forward contracts, because the Group is dealing with a continuously even net inflow of foreign currency for which, over time, hedging measures would also be affected by exchange rate changes. A change in the EUR/SEK rate by SEK 0.10 would have affected consolidated profit in 2006 by approximately SEK 10 million.

Translation exposure

Translation exposure arises when the earnings and shareholders' equity of foreign subsidiaries are translated into SEK, and insofar as capital employed within the Group is financed in a currency other than the capital employed in the particular company.

Kinnevik's policy is to use external borrowing in various currencies to finance capital employed in the same currency. If this is not possible and significant temporary currency exposures exist, the Group's finance policy permits the use of forward contracts. On 31 December 2006, there were no outstanding forward contracts. Translation exposure arising from the translation of the foreign subsidiaries' earnings and shareholders' equity is not hedged. After the divestment of Korsnäs Packaging in 2006, this type of translation exposure is not of material importance to Kinnevik.

In addition to the translation exposure existing in the operative subsidiaries, Kinnevik owns shares in listed companies that engage in foreign operations. Millicom, a company that reports in USD, is listed in the United States and conducts operations in 16 countries in Latin America, Asia and Africa, accounts for the principal exchange rate risk. At 31 December 2006, the reported value of Kinnevik's shares in Millicom was SEK 16,326 million.

Liquidity and refinancing risk

Kinnevik's liquidity risk is limited because listed shares account for a large part of the Company's assets. On 31 December 2006, the Company also had cash and cash equivalents and granted but unutilized credit facilities amounting to SEK 929 million.

Kinnevik's refinancing risk is limited because the Company has loans from a number of different banks that mature at different times. On 31 December 2006, the available credit facility amounts from credit institutions totaled SEK 10,389 million (7,360) and the average remaining term to maturity was 3.1 (2.5) years.

The Board of Directors and the CEO hereby certify that, to the best of our knowledge, the annual report and consolidated financial statements have been prepared in accordance with generally accepted accounting principles for stock market companies, that the information presented is consistent with actual conditions and that nothing of material significance has been omitted that would affect the view of the Company and the Group presented in the annual report and consolidated financial statements.

Stockholm, 19 February 2007

Pehr G Gyllenhammar
Chairman

Cristina Stenbeck
Vice Chairman

Vigo Carlund

Per Eriksson

Thorbjörn Hallström

Edvard von Horn

Wilhelm Klingspor

Erik Mitteregger

Stig Nordin

Mia Brunell
CEO

Our Audit Report was issued on 19 February 2007
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders of
Investment AB Kinnevik
Corporate identity number 556047-9742

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Investment AB Kinnevik for the year 2006. The company's annual accounts and consolidated accounts are included in this document on page 28-58. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on 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 accounts and the consolidated accounts 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 used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we 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 board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders 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 administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 19 February 2007
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Definitions of financial key ratios

Operating margin
Operating income divided by revenue.

Profit margin
Income after financial items divided by revenue.

Capital employed
Total assets less non-interest-bearing liabilities less deferred tax liability.

Return on capital employed
Income after financial items plus interest expenses divided by average capital employed.

Return on shareholders' equity
Net profit divided by average shareholders' equity.

Equity/assets ratio
Shareholders' equity, including minority holding as a percentage of total assets.

Net debt
Interest-bearing liabilities including provisions for pensions less total interest-bearing receivables, short-term investments and cash and cash equivalents.

Debt/equity ratio
Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity.

Risk capital ratio
Shareholders' equity including minority interest in shareholders' equity and deferred tax liability divided by total assets.

Average number of shares
Balanced average of number of shares outstanding during the year, adjusted for share issues, splits and buybacks.

Earnings per share
Income for the year, attributable to equity holders of the Parent Company, divided by average number of shares.

Shareholders' equity per share
Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of shares.

Market price
Market price at 31 December adjusted for share issues and splits.

Dividend per share
Proposed dividend per share adjusted for share issues and splits.

Dividend yield
Dividend divided by market price at 31 December.

P/E ratio
Market price at 31 December divided by earnings per share.

Operational capital employed
Average intangible and tangible fixed assets, investment in companies accounted for using the equity method, inventory and current non-interest-bearing receivables after deductions for other provisions and short-term non interest-bearing liabilities.

Return on operational capital employed
Operating income divided by average operational capital employed.

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