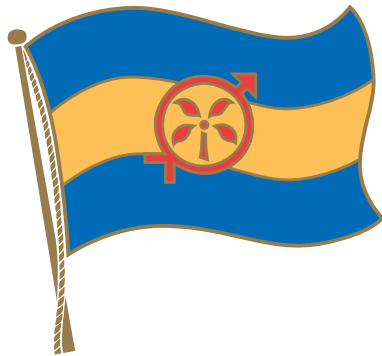
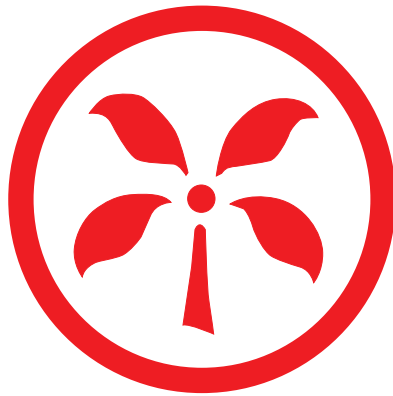


Investment A.B. Kinnervik



Annual Report 2007



”More than seventy years of entrepreneurial tradition
under the same group of principal owners”

Contents

Five-year Summary	4
Chief Executive's review	5
Board of Directors	6
Senior Executives	8
Historical background	9
The Kinnevik share	10
Book and fair value of assets	12
Proportional part of revenue and result	13
Our Group	14
Major Unlisted Holdings	
Korsnäs	16
Major Listed Holdings	
Millicom	20
Tele2	21
Modern Times Group MTG	22
Metro	23
Transcom	23
New Ventures	24
Corporate Governance Report	26
Annual and Consolidated Accounts for 2007	
Board of Directors' Report	29
Financial Statements and Notes for the Group	32
Financial Statements and Notes for the Parent Company	56
Audit Report	63
Definitions of financial key ratios	64

Five-year Summary

For definitions of financial key ratios, refer to page 64.

(SEK million)	2007	2006	2005	2004	2003 ¹⁾
Summary of Income Statement ¹⁾					
Revenue	7 673	6 305	4 618	4 600	5 660
Operating income	885	478	353	1 526	716
Change in fair value of financial assets	15 540	10 974	3 893	-2 544	-
Result from participation in associated companies	-	-	-	-	2 675
Result after net financial items	16 266	11 608	4 647	-1 198	3 325
Result for the year	16 179	11 549	4 097	-1 417	3 731
Summary of Cash Flow Statement					
Cash flow from operations	878	1 533	52	1 128	806
Cash flow from investing activities	695	-3 302	266	1 775	-483
Cash flow from financing activities	-1 581	1 717	-34	-2 802	-483
Cash flow from discontinued operations	-	-50	-367	-33	-
Cash flow for the year	-8	-102	-83	68	-160
Key ratios					
Operating margin	11.5%	7.6%	7.6%	33.2%	12.7%
Capital employed	59 778	44 629	31 022	30 262	19 700
Return on capital employed	32.0%	31.6%	15.9%	-3.4%	20.5%
Return on shareholders' equity	38.2%	40.0%	18.9%	-7.2%	37.8%
Equity/assets ratio	80%	72%	70%	58%	65% ²⁾
Net debt	9 205	9 856	7 249	7 168	6 803
Debt/equity ratio, multiple	0.2	0.3	0.3	0.7	0.7
Risk capital ratio	82.2%	75.3%	72.3%	60.3%	57.7%

¹⁾ IFRS have been applied as from 2005. Figures for 2004 have been recalculated in line with IFRS. 2003 are reported in accordance with earlier principles based on recommendations from the Swedish Accounting Standards.

²⁾ Adjusted for surplus value in the share portfolio in line with earlier accounting principles.

Chief Executive's review

2007 was a very good year for Kinnevik and our shareholders. Kinnevik's net profit for the year was the highest ever at SEK 16,179 million, the net asset value increased by SEK 15,832 million and the value of the Kinnevik share increased by 28%, significantly outperforming the Stockholm Stock Exchange which decreased by 7%.

2007 was a year full of activity and I would like to highlight some factors that have contributed to the strong performance during the year.

Kinnevik has a strong tradition to build on with more than 70 years of entrepreneurship with the same group of principal owners. The performance in 2007 is a further recognition of our long term strategy as Kinnevik's investments generate value by growth. A good example is Millicom, which in 2007 accelerated its network roll-out and showed tremendous growth with the number of mobile subscribers increasing by 57%, which was reflected in a very strong share price development during the year.

In practice, Kinnevik exerts its ownership through the Board of Directors of our portfolio companies. In this work, we strive to strengthen each company's unique position. In Tele2, the realignment of the company initiated by the Tele2 Board in 2006 was successfully executed and Tele2 refocused its activities towards mobile infrastructure with selective broadband operations and exiting fixed-line telephony in several European markets. In Metro, a strategic review was initiated in the second half of 2007, aiming to turn around the company's financial performance.

In Korsnäs, Kinnevik's wholly owned pulp and paper company, the integration work between the mills in Gävle and Frövi was completed, and the benefits of synergies was increasingly visible in the financial result. Despite challenging operational conditions in 2007, mainly caused by steeply rising costs for pulpwood, Korsnäs maintained a profitability in the top range of Swedish pulp and paper companies.

Our strategy has resulted in a strong presence in emerging markets where Kinnevik has more than half of the assets, spread over Central and South America, Africa, Eastern Europe including Russia and Asia. In the developed markets, the Kinnevik companies have a strong platform in the Nordic countries, but also significant presence in the rest of Europe.

On a macro economic level the strong global economic growth continued, particularly in emerging markets. Growing private consumption in these markets is one of the main drivers behind increasing penetration of mobile telephony – a key driver for Millicom and Tele2, the two mobile operators in our portfolio.

The financial markets were buoyant in the first half of 2007. Kinnevik took advantage of this development and exited its ownership in the financial group Invik, at what we believe was a favourable price for our shareholders. The sale was a reflection of the consolidation taking place in the Nordic financial market and it gave us increased financial flexibility to invest in new growth markets.

During the year, Kinnevik has intensified its activities within New Ventures, adding an African pay-TV company,



Gateway TV, as well as an African micro finance company, Bayport, to our portfolio. We have also increased our investments in Kontakt East Holding and Black Earth Farming. Our strategy for the New Ventures is simple and the investment mandate is wide. Kinnevik is looking to invest in industries and markets with very strong growth potential, be it an emerging market or an emerging technology. The business should be easily scalable and we want to invest at an early stage, aiming to get a significant influence in the company, preferably through the Board of Directors. So far, Kinnevik has invested around SEK 980 million in New Ventures, and the value of the portfolio at the end of 2007 was some SEK 1,800 million.

A case study of a new venture in the Kinnevik portfolio is Black Earth Farming, where Kinnevik was one of the founding investors in 2006. Black Earth Farming buys and operates farmland in Russia. Agriculture is a sector where Kinnevik has a long tradition and know-how, which has been instrumental in developing Black Earth Farming. With its 280,000 hectares of land in the Black Earth region in Russia, Black Earth Farming is one of the largest agricultural companies in the world. Black Earth Farming undertook an initial public offering in 2007 and was listed at First North in Stockholm. The issue met with strong investor interest. Kinnevik remains one of the largest shareholders in the company. The total investment of SEK 493 million in 2006-2007 was valued at SEK 1,208 million at the end of 2007.

Looking into 2008, we are likely to meet challenges as the global economic outlook at the time of writing is uncertain and financial markets are volatile. We cannot expect the Kinnevik portfolio of companies to be protected from slowing global economic growth or unstable financial markets. However, I remain convinced of the long-term possibilities in our portfolio of companies and we are dedicated to continue our strategy of active ownership.

I would like to thank the employees for their excellent efforts and all our shareholders for your confidence in Kinnevik.

Mia Brunell Livfors

Board of Directors



The Board of Directors, Chief Executive Officer and Company Secretary of Investment AB Kinnevik.

Left to right: Erik Mitteregger, Henrik Nord, Allen Sangines-Krause, Per Eriksson, Vigo Carlund, Cristina Stenbeck, Stig Nordin, Mia Brunell Livfors, Wilhelm Klingspor, Bo Gidlund, Hans Wahlbom and Mikael Larsson.

Board of Directors

Cristina Stenbeck *Chairman*

B.Sc. Georgetown University, Washington DC, USA, born 1977. Chairman of the Board of Investment AB Kinnevik since 2007. Vice Chairman of Investment AB Kinnevik 2004-2007 and Industriförvaltnings AB Kinnevik 2003-2004. Chairman of Emesco AB. Member of the Board of Metro International S.A., Millicom International Cellular S.A., Modern Times Group MTG AB, Tele2 AB, Transcom WorldWide S.A. and Korsnäs AB since 2003.

Shareholding: 2,200 Class B shares.

Vigo Carlund *Board member*

Born 1946. Member of the Board of Investment AB Kinnevik since August 2006, President and CEO of Kinnevik 1999-2006. Chairman of the Board of Tele2 AB since 2007 and member of the Board since 1995. Chairman of the Board of Korsnäs AB since 2002 and member of the Board since 2001. Member of the Board of Academic Work Solutions AB since 2006. CEO in various companies during 1980-2002; Svenska Traktor AB 1980-1982, Svenska Motor AB SMA 1983-1989, SMA Group USA 1986-1997, Korsnäs AB 1998-2000 and Transcom WorldWide S.A. 2000-2002.

Shareholding: 460,000 Class B shares.

Per Eriksson *Employee representative/Board member*

Assistant boiler-man, born 1955. Employee representative in Investment AB Kinnevik since 2006. Employee representative/Deputy in Korsnäs AB since 2006.

Shareholding: -

Wilhelm Klingspor *Board member*

Forest Engineer, Skinnskatteberg, Swedish University of Agricultural Sciences, born 1962. Member of the Board of Investment AB Kinnevik since 2004, Industriförvaltnings AB Kinnevik 1999-2004 and Invik & Co. AB 1991-2006. Member of the Board of Korsnäs AB 1999-2000 and since 2003. CEO of Hellekis Säteri AB.

Shareholding: 1,103,080 Class A shares and 775,071 Class B shares, including related physical persons.

Erik Mitteregger *Board member*

Graduate in Business Administration, Stockholm School of Economics, born 1960. Member of the Board of Investment AB Kinnevik since 2004. Member of the Board of Firefly AB and Wise Group AB. Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission 1989-1995. Founding partner and fund manager Brummer & Partners Kapitalförvaltning AB 1995-2002.

Shareholding: 35,000 Class A shares and 35,000 Class B shares.

Stig Nordin *Board member*

M.Sc. Engineering, Chalmers University of Technology, born 1943. Member of the Board of Investment AB Kinnevik since 2004 and Industriförvaltnings AB Kinnevik 1992-2004. Member of the Board of Korsnäs AB 1992-2000 and since 2004. President and CEO of Industriförvaltnings AB Kinnevik 1992-1999, CEO of Korsnäs AB 1993-1998 and CEO of Invik & Co. AB 1999-2001.

Shareholding: 43,668 Class B shares, including related physical persons.

Allen Sangines-Krause *Board member*

Ph.D., Harvard University, born 1959. Member of the Board of Investment AB Kinnevik since 2007. Advisory Director Goldman Sachs International since 2007, Managing Director including Investment banking and Business Development in Latin-America, Russia and other CIS states 1993-2006.

Shareholding: -

Hans Wahlbom *Employee representative/Board member*

Born 1950. Employee representative in Industriförvaltnings AB Kinnevik 1996-2004 and Investment AB Kinnevik 2004-2006 and since 2007.

Shareholding: 57 Class A shares and 101 Class B shares.

Bo Gidlund *Employee representative/Deputy*

Forklift truck driver, born 1958. Employee representative in Investment AB Kinnevik since 2004. Employee representative in Korsnäs AB since 2004.

Shareholding: 35 Class B shares.

Henrik Nord *Employee representative/Deputy*

M.Sc. Engineering, Linköping University, born 1973. Employee representative in Investment AB Kinnevik since 2007.

Shareholding: -

Auditors

At the Annual General Meeting 2005 the audit firm Ernst & Young AB with Erik Åström as auditor in charge, was appointed Company auditor for the period extending to the close of the 2009 Annual General Meeting.

Erik Åström, born 1957. Authorized Public Accountant of Industriförvaltnings AB Kinnevik 2001-2004 and 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, Saab AB and Apoteket AB.

Senior Executives



Back row Mikael Larsson, Joakim Andersson, Henrik Persson,
Torun Litzén

Front row Sture Gustavsson, Mia Brunell Livfors, Peter Sandberg

Mia Brunell Livfors *President and Chief Executive Officer
Investment AB Kinnevik*

Studies Business Administration at Stockholm University, born 1965. Various managerial positions within Modern Times Group MTG AB 1992-2001 and Chief Financial Officer 2001-2006. Started present position as President and CEO of Investment AB Kinnevik in August 2006. Board positions in Bergvik Skog AB since 2006, Mellersta Sveriges Lantbruks AB since 2006, Metro International S.A. since 2006, Millicom International Cellular S.A. since 2007, Modern Times Group MTG AB since 2007, Tele2 AB since 2006, Transcom World-Wide S.A. since 2006 and CTC Media Inc., a Russian associated company to Modern Times Group MTG AB, since 2006. Shareholding: 10,000 Class B shares. Owns 13,333 subscription rights as well as 26,666 personnel warrants in Modern Times Group MTG AB and 1,000 Class B shares in Tele2 AB.

Henrik Persson *Head of Investments*

Studies in Business Administration, Lund University, born 1974. Employed since 2004. Director Corporate Communications 2004-2007. Member of the Board of Black Earth Farming Ltd since 2006, Kontakt East Holding AB since 2006, Mellersta Sveriges Lantbruks AB since 2007 and Relevant Traffic Europe AB since 2006. Shareholding: 1,000 Class A shares and 4,000 Class B shares.

Mikael Larsson *Chief Financial Officer*

Graduate in Business Administration, Uppsala University, born 1968. Employed since 2001. Member of the Board of Relevant Traffic Europe AB since 2007. Shareholding: 3,000 Class B shares.

Torun Litzén *Director Corporate Communications*

Graduate in Business Administration, Stockholm School of Economics, born 1967. Employed since 2007. Member of the Board of Vostok Gas Ltd since 2006 and Vostok Nafta Investment Ltd since 2007. Shareholding: 200 Class B shares.

Joakim Andersson *Group Treasurer*

Graduate in Business Administration, Växjö University, born 1974. Employed since 2007. Shareholding: 500 Class B shares.

Peter Sandberg *Chief Executive Officer Korsnäs AB*

Graduate in Business Administration, Umeå University, born 1967. Employed since 2005. Shareholding: -

Sture Gustavsson *Chief Executive Officer Mellersta Sveriges Lantbruks AB*

Agriculturalist SLU, Swedish University of Agricultural Sciences, born 1959. Employed since 1994. Member of the Board of Black Earth Farming Ltd since 2006. Shareholding: 100 Class A shares.

Historical background

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 nearly seventy years of entrepreneurship under the same group of principal owners. Until the 1970s investments mainly took the form of purchases of substantial minority holdings in listed companies.

Since it was founded, the Group has owned large agricultural holdings. Substantial investments were originally made primarily in the forest products, iron and steel 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 shares in this company. 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 to an international telecom and media group took place under the second generation, with Jan H Stenbeck as the Chairman of Kinnevik.

In 1981 Comvik, an analog mobile telephony system, and the first of its kind outside the state telecom monopoly in Sweden, was launched. In 1985 investments were initiated 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 majority shareholder in Millicom. Moreover, Kinnevik played a role in the establishment and operation of the first Astra satellite in 1985 for TV distribution via satellite to homes in Europe. 1987-1989 marked the introduction of cable-TV through the company today called Tele2Vision, the first commercial TV channel in Scandinavia (TV3), the independent TV production company Strix Television and pay-TV (TV1000). 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. Investments in international and

national fixed telephony began in 1993-94, operations that today are part of Tele2 AB ("Tele2"). The world's currently largest global daily newspaper, Metro, was launched in Stockholm in 1995. Debt collection and customer care services, which are currently part of Transcom WorldWide S.A. ("Transcom"), were started in 1995-1996.

During the build-up phase, it was beneficial for the new operations to be included in Kinnevik, enabling 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 through spin-offs distributed the subgroups Tele2 (formerly NetCom AB) in 1996, Modern Times Group MTG AB ("MTG") in 1997 and Transcom in 2001. In turn, MTG distributed shares in Metro International S.A. ("Metro") to its shareholders in 2000. At 31 December 2007, the total value of the shares in the Major Listed Holdings Tele2, Millicom, MTG, Metro and Transcom was SEK 171 billion.

Jan H Stenbeck passed away on 19 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 Board member in the Major Listed Holdings and Chairman of Kinnevik since 2007.

The merger of Kinnevik and its owner Invik & Co. AB ("Invik") in 2004 marked the end of the period with two holding companies with cross-shareholdings in the sphere. As owner of Kinnevik, Invik had received substantial shareholdings in Tele2, MTG, Metro and Transcom as dividends. Kinnevik then again became the main owner in those companies it had previously distributed to the shareholders. Invik's operations in the financial sector were combined into a new subgroup that Kinnevik distributed to the shareholders in 2005. Through a convertible loan, Kinnevik remained a minority owner in Invik until an external offer was made for the company during 2007 at a value totaling SEK 7.4 billion.

During the period 2002-2006, a number of major transactions were carried out in Korsnäs that transformed the company into a larger and more niche-oriented producer of paperboard and paper products in specifically selected segments. Through two transactions in 2002 and 2004, the forestland in Sweden was divested. After the sales of forests, Korsnäs is continuing to secure part of its raw material supply through ownership in Bergvik Skog. In 2006, Korsnäs Packaging was divested and in the same year agreement was also reached to acquire the Frövi paperboard mill.

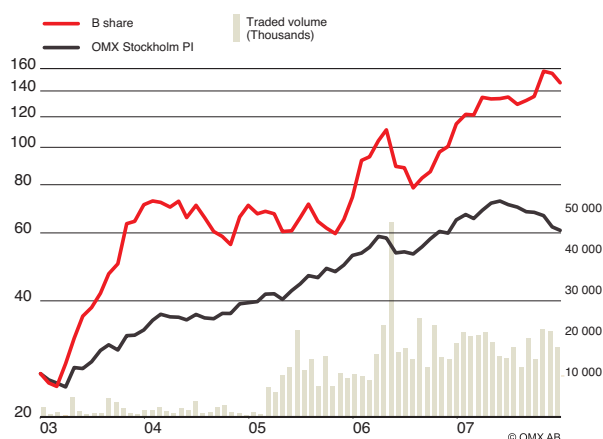
As a result of the transactions described above, combined with the strong development within Major Listed Holdings, mainly mobile telephony, Kinnevik has the financial strength to invest in new operations. Investments made to date include farming operations in Russia, search and directory media on the Internet in Western Europe and Russia as well as pay-TV and micro-credits in Sub-Saharan Africa. At 31 December 2007, a total of SEK 981 million had been invested in New Ventures, with an estimated market value on the same date of SEK 1,808 million.

The Kinnevik share

Share-price trend

The price of Kinnevik's class A share increased by 33% and the class B share by 28% in 2007, which was considerably stronger than the Stockholm Stock Exchange which decreased by 7% according to the OMX 30 index. Total shareholder return for the class B share was 29%.

The below 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 Invik on 28 July 2004. For each class A share in Industriförvaltnings AB Kinnevik, 3.5 class A shares were received in Investment AB Kinnevik, and for each class B share in Industriförvaltnings AB Kinnevik, 3.5 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.



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 2007, an average of 833,570 class B shares, corresponding to SEK 112 million, were traded daily.

Total return

In the past 30 years, the Kinnevik share has generated an average total return of 21% 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 46% annually.

At year-end, Kinnevik's class B share was quoted at SEK 146.75, providing a total return of 29% in 2007.

The total return has been calculated under the assumption that shareholders have retained their allotment of shares in Tele2, MTG, Metro, Transcom and Invik distributed during the measurement period.

Share capital

At 31 December 2007, 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 2006. For changes in the Company's share capital during the period 2003-2006, refer to Parent company Note 11.

One class A share provides ten votes and one class B share one vote. There are no outstanding convertibles or warrants. The 2007 AGM authorized the Board to buy back a maximum 10% of the outstanding shares. The Board did not utilize this mandate in 2007.

Dividend

At the Annual General Meeting on 10 May 2007 the shareholders approved the Board's proposal of a cash dividend of SEK 1.70 per share.

For the financial year 2007 the Board proposes a cash dividend of SEK 2.00 per share with 20 May 2008 as record date.

Ownership structure

Kinnevik's 20 largest shareholders in terms of capital and votes according to VPC at 31 December 2007.

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	5 675 706	2 076 836	2.9	8.2
Alecta	1 137 300	15 200 000	6.2	3.7
von Horn family	2 360 317	284 803	1.0	3.3
Sapere Aude Trust	2 245 630	0	0.9	3.1
Swedbank Robur funds	0	19 697 260	7.5	2.8
Korsnäs AB's social fund	1 324 466	0	0.5	1.9
Sis Segaintersettle AG	1 144 384	729 678	0.7	1.7
AMF Pension funds	0	10 151 600	3.8	1.4
Hugo Stenbeck's Trust	839 555	170 000	0.4	1.2
Skandia Liv	236 404	4 015 865	1.6	0.9
SEB funds	0	6 148 993	2.3	0.9
SHB/SPP funds	0	5 630 305	2.1	0.8
Unionen	0	5 179 890	2.0	0.7
Gamla Livförsäkringsaktiebolaget SEB TryggLiv	236 900	1 950 700	0.8	0.6
Fjärde AP-Fonden	0	4 053 700	1.5	0.6
JP Morgan	20 975	3 833 111	1.5	0.6
Skagen AS	0	3 831 250	1.5	0.5
Nordea funds	0	3 792 193	1.4	0.5
Other	2 539 946	127 038 696	49.3	21.2
Total	50 197 050	213 784 880	100.0	100.0

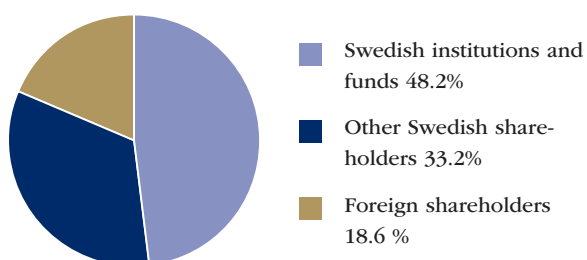
Share distribution

Size of shareholding	Number of shareholders	%	Number of shares	%
100 001 -	239	0.64	207 740 790	78.70
50 001 - 100 000	130	0.35	9 395 054	3.56
10 001 - 50 000	742	1.98	15 887 967	6.02
5 001 - 10 000	955	2.55	7 004 653	2.66
1 001 - 5 000	6 460	17.28	14 830 002	5.60
1 - 1 000	28 859	77.20	9 123 464	3.46
Total	37 385	100.00	263 981 930	100.00

Number of shareholders at 31 December 2007 was 37,385 (39,098).

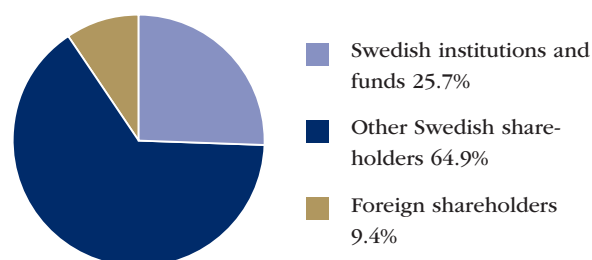
Shareholder structure

(percentage of capital)



Shareholder structure

(percentage of votes)



Data per share ^{1) 2)}

	2007	2006	2005	2004	2003
Average number of shares (000s)	263 982	263 982	263 982	242 134	220 285
Earnings per share, SEK ³⁾	61.29	43.74	15.52	-5.85	16.94
Shareholders' equity per share, SEK	190.37	130.35	88.26	83.05	52.27
Market price class B share at 31 December, SEK	146.75	115.00	74.00	70.75	67.43
Dividend per share, SEK	2.00 ⁴⁾	1.70	1.60	0.25	1.57
Direct yield	1.4%	1.5%	2.2%	0.4%	2.3%

¹⁾ IFRS have been applied as from 2005. Figures for 2004 have been recalculated in line with IFRS. 2003 are reported in accordance with earlier principles based on recommendations from the Swedish Accounting Standards

²⁾ All information adjusted for the exchange ratio at merger with Invik in July 2004, in which 1 Industriförvaltnings AB Kinnevik share entitled to 3.5 shares in Investment AB Kinnevik.

³⁾ Including discontinued operations.

⁴⁾ Proposed cash dividend.

Book and fair value of assets

	Class A shares	Class B shares	Equity interest %	Voting interest %	Book value 31 Dec 2007 (SEK m)	Fair value 31 Dec 2007 (SEK m)	Change in stock price since 31 Dec 2006 ¹⁾
Major Unlisted Holdings							
Korsnäs Industrial and Forestry ²⁾			100	100	6 699	11 238 ³⁾	
Bergvik Skog			5	5	421	421 ⁵⁾	
Interest bearing net debt relating to Korsnäs					-6 534	-6 534	
Total Major Unlisted Holdings					586	5 125	
Major Listed Holdings ⁶⁾							
Millicom	37 835 438		36.9	36.9	28 301	28 301	73%
Tele2	25 830 229	99 651 296	28.0	45.1	16 218	16 218	31%
MTG	9 676 943	258 068	15.0	47.7	4 491	4 491	2%
Metro	103 408 698	129 138 208	44.1	39.2	1 140	1 140	-46%
Transcom	12 627 543		17.3	34.7	611	611	-39%
Interest bearing net debt relating to Major Listed Holdings					-2 753	-2 753	
Total Major Listed Holdings					48 008	48 008	
New Ventures							
Rolnyvik			100	100	178	250 ⁴⁾	
Black Earth Farming		24 157 700	20	20	1 208	1 208 ⁶⁾	
Sia Latgran			51	51	143	143 ⁴⁾	
Relevant Traffic			36	36	44	44 ⁴⁾	
Kontakt East		2 909 943	21	21	81	81 ⁶⁾	-32%
Gateway TV			11	-	84	84	
Bayport					97	97	
Interest bearing net debt relating to New Ventures					-99	-99	
Total New Ventures					1 736	1 808	
Other assets and liabilities					-76	0	
Total equity/net asset value					50 254	54 941	
Net asset value per share, SEK						208.1	
Closing price class B share 31 December 2007, SEK						146.75	

¹⁾ Including dividends received.

²⁾ Including 41% of the shares in Karskär Energi.

³⁾ Consensus among analysts covering Kinnevik.

⁴⁾ Estimated value.

⁵⁾ Corresponding to 5% of the company's equity.

⁶⁾ Listed holdings are reported at market value.

Proportional part of revenue and result

The table below is a compilation of Kinnevik's proportional part of the holdings' revenues and operating results reported for 2007.

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

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

Jan-Dec 2007 (SEK million)	Equity interest	Reported		Proportional part of		Change compared to	
		revenue	EBIT ¹⁾	revenue	EBIT	Jan-Dec 2006 revenue	EBIT
Korsnäs	100.0%	7 519	836	7 519	836	5%	-3%
Millicom	36.9%	17 787	4 482	6 564	1 654	67%	50%
Tele2	28.0%	43 420	2 061	12 158	577	1%	-11%
MTG	15.0%	11 351	2 027	1 703	304	12%	14%
Metro	44.1%	3 062	-140	1 350	-62	9%	-258%
Transcom	17.3%	5 541	333	959	58	11%	-5%
New Ventures	-	425	-234	182	-20	54%	N/A
Total sum of Kinnevik's proportional part of revenue and operating result				30 435	3 347	13%	12%

¹⁾ Excluding write-down of goodwill and net loss from sale of operations of SEK 576 million (2,427) in Tele2.

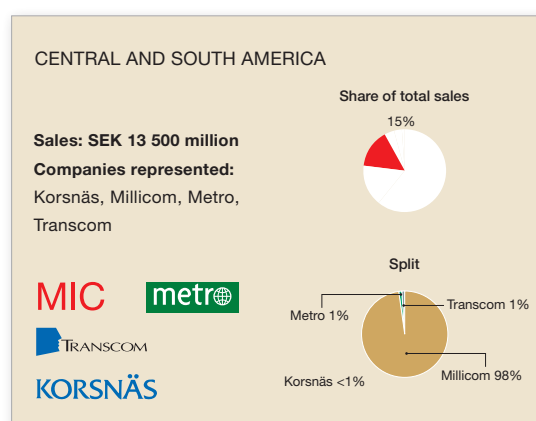
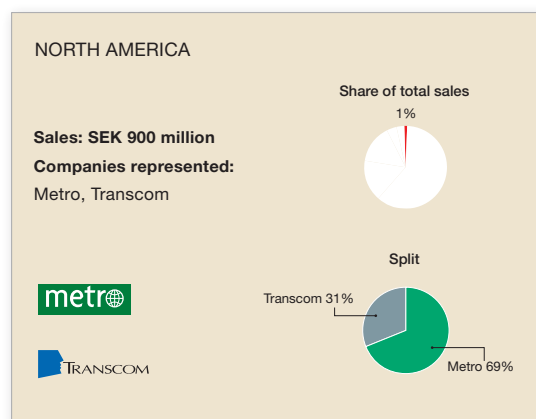


Our Group

The Kinnevik portfolio is divided into three segments including Major Unlisted Holdings consisting of Korsnäs, Major Listed Holdings including Millicom, Tele2, MTG, Metro and Transcom and New Ventures with Kinnevik's holdings in agriculture in Poland (Rolnyvik) and Russia (Black Earth Farming), renewable energy in Latvia (Sia Latgran), online-media and yellow-pages in Russia (Kontakt East Holding), pay-TV (Gateway TV) and microfinancing in Africa (Bayport) and

search-based online-marketing in Scandinavia and Europe (Relevant Traffic). Through the portfolio companies, Kinnevik is exposed to over 60 markets world-wide and more than half of our assets are in emerging markets.

On the map below, sales per continent is based on the total sales of the portfolio companies. These figures are not connected to Kinnevik's accounts.



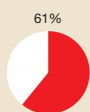
WESTERN EUROPE

Sales: SEK 54 000 million

Companies represented:

Korsnäs, Tele2, MTG,
Metro, Transcom,
Relevant Traffic

Share of total sales



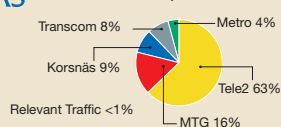
TELE2 KORSNÄS

TRANSCOM

METRO

RELEVANT TRAFFIC

Split



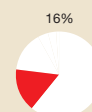
EASTERN EUROPE AND RUSSIA

Sales: SEK 14 000 million

Companies represented:

Korsnäs, Tele2, MTG, Metro,
Transcom, Rolnyvik, Black Earth
Farming, Kontakt East Holding

Share of total sales



TELE2 KORSNÄS

TRANSCOM

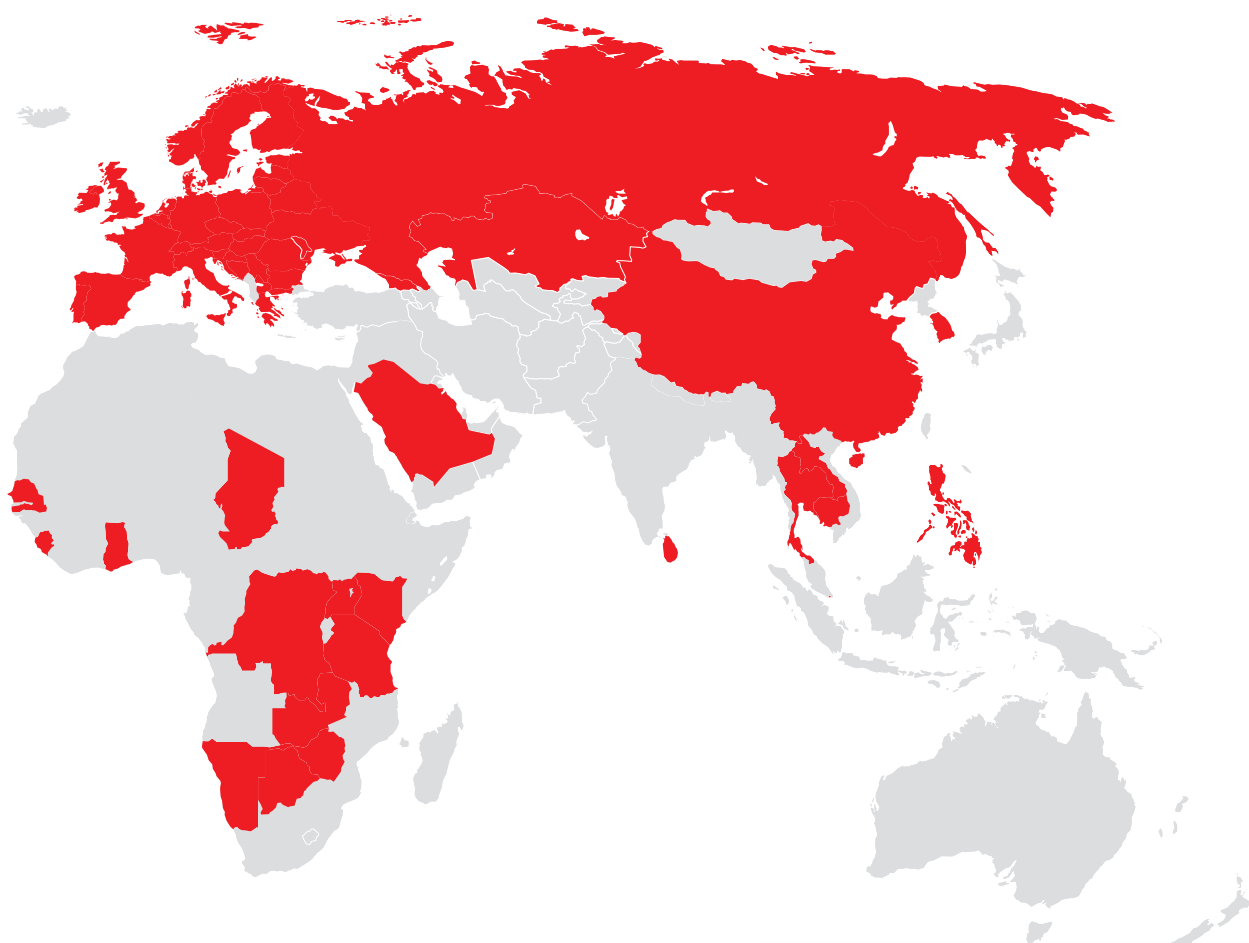
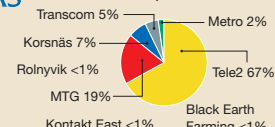
METRO

ROLNYVIK

BLACK EARTH FARMING LTD

KONTAKT EAST

Split



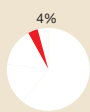
AFRICA

Sales: SEK 4 000 million

Companies represented:

Korsnäs, Millicom, Bayport,
Gateway TV

Share of total sales

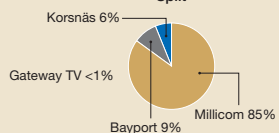


MIC KORSNÄS

BAYPORT

GATEWAY TV

Split



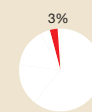
ASIA

Sales: SEK 3 000 million

Companies represented:

Korsnäs, Millicom, Metro,
Transcom

Share of total sales

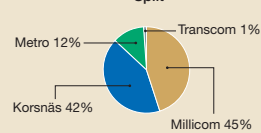


MIC KORSNÄS

METRO

TRANSCOM

Split



Major Unlisted Holdings

Korsnäs

Key data (SEK million)	2007	2006 ¹⁾
Revenue	7 519	7 134
Operating profit, EBIT	836	865
Investments in tangible fixed assets	269	361
Depreciation	-613	-625
Operational capital employed	8 010	8 560
Return on operational capital employed	10.4%	10.1%
Number of employees	1 919	2 001

¹⁾ Pro forma including Frövi, excluding restructuring costs of SEK 183 million.

History

Korsnäs was established as a company in 1855, with 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 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 pulp

capacity in Frövi is about 280 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.

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, more than a third of the forest holdings were 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.

As part of the expansion in high-added-value product segments, agreement was reached in November 2005 with Sveaskog covering acquisition of the Frövi paperboard mill for a final purchase consideration of SEK 3,636 million. The transaction was completed following approval of the EU Commission in May 2006.

In December 2005, agreement was reached to divest the Korsnäs Packaging business area, which conducted converting of sacks and bags for industrial use at some ten facilities in Europe, for a consideration of SEK 662 million.



Korsnäs Industrial

Key data (SEK million)	2007	2006 ¹⁾
Revenue	6 625	6 392
Operating profit, EBIT	745	821
Investments in tangible fixed assets	243	350
Depreciation	-608	-615
Operational capital employed	7 743	8 338
Return on operational capital employed	9.6%	9.8%
Number of employees	1 633	1 726

¹⁾ Pro forma including Frövi, excluding restructuring costs of SEK 183 million.

The healthy demand for Korsnäs products that characterized 2006 continued also in 2007. Delivery volumes for paper, pulp and board products rose for the full year by 3.5% to 1,073 thousand tons compared with a year earlier. Excluding fluff pulp (production was discontinued in April 2006), the increase in sales of remaining product areas was 5.1%.

Customers today are increasingly demanding various types of products and delivery solutions and 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, formability and runnability in converting, proved successful during the year. Thus, the targeted focus on highly refined products in selected segments will continue.

Total production during the year amounted to 1,069 thousand tons, which is 1.1% more than in 2006 (an increase of 2.0%, if fluff pulp, which was discontinued in 2006, is excluded). This represents a record for board and paper production both in Gävle, with total production of 677 thousand tons, and in Frövi, with total production of 392 thousand tons. The production record for the entire year was achieved despite certain disruptions in production during the fourth quarter.

During 2005, an extensive rebuild of PM4 was carried out, including a coater. In 2006, a new headbox was installed in PM2 and new equipment for back coating on BM5. These investments totaling about SEK 800 million have yielded considerable improvements and more than well met the expectations. The main reasons for the production increases in Frövi are high production speeds and favorable availability. During 2007, a new product, Frövi White, was introduced on the market. Resources were required to trim in the new product in BM5. Production of kraft pulp at Frövi amounted to 280 thousand tons, which was also a new production record.

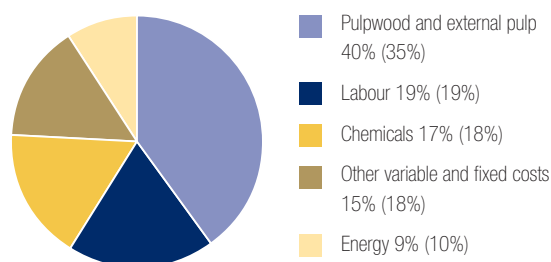
In conjunction with the acquisition of Frövi, extensive integration work was initiated aimed at realizing synergy effects between the two mills in Gävle and Frövi within production, purchasing, administration and other support functions. This work included many projects to further increase productivity at both plants in Gävle and Frövi. The integration efforts after the acquisition of Frövi have demonstrated that the industrial logic on which the transaction was based has been confirmed to date and actually surpassed with regard to the synergy effects as well as the exchange of know-how between the two companies. During the course of this work, Korsnäs has increased its ambitions and revised its

goals for earnings improvements, which are now more than SEK 200 million in full-year effect for 2008 and are expected to increase further in 2009. The earnings improvement program has had a positive impact on results in 2007 of about SEK 95 million.

Korsnäs Industrial's revenues amounted to SEK 6,625 million, an increase of 4% compared with pro forma SEK 6,392 million in 2006. The operating profit amounted to SEK 745 million, compared with pro forma SEK 821 million for 2006. The profit for full-year 2007 includes positive one-off items of approximately SEK 60 million. Costs for pulpwood and external pulp, which have increased and now represent about 40% of the operating costs excluding depreciation for full-year 2007, had a negative impact on results of approximately SEK 350 million compared with pro forma 2006.

Distribution of operating costs

Excluding depreciation, Korsnäs Industrial. Numbers in brackets refer to 2006 pro forma including Frövi.



The price increases for pulpwood, as well as higher prices for energy, are expected to continue to adversely affect earnings next year. Announced price increases on parts of the product range are not expected to compensate for higher prices on raw materials. However, it is anticipated that continued positive effects of the ongoing earnings enhancement program will offset part of the increase in raw material prices, but with current visibility of wood prices margins will be negatively affected during 2008.

Liquid packaging board

Liquid packaging board is used to manufacture packaging, primarily for dairy products and other beverages, a market that is continuing to develop strongly, mainly in Asia and Eastern Europe. Primarily, coated liquid packaging board is showing growth, as a result of end-users' increased demand for print quality on the finished packaging. The global market for liquid packaging board is rising at an annual rate of 3-4%. Korsnäs' deliveries of liquid packaging board rose during 2007 and account for 69% of the total sales volume for the year. Prices were stable during the year.

Other major suppliers of liquid packaging board include Stora Enso and Klabin. There is also competition with other packaging materials, primarily plastic bottles. Korsnäs has multi-year contracts with a number of customers for deli-

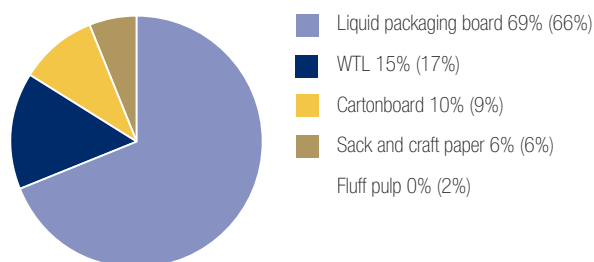
varies of liquid packaging board, of which Tetra Pak is the largest. The current agreement with Tetra Pak was reached autumn 2006 and covers the period 2007-2009.

White Top Kraft Liner (WTL)

WTL is used as the surface layer on corrugated packaging. Market growth for WTL in Europe in 2007 was at the long-term growth level of 3-4%. Korsnäs' deliveries of WTL declined as planned during the year since deliveries outside Europe, in principle, were discontinued due to the low margins compared with the rest of the product range. Korsnäs' deliveries to the main markets in Europe represent approximately 15% of Korsnäs' total sales volume. As a result of the favorable demand, it was possible to raise prices during the year. There are a number of suppliers on the market, with M-Real as the main competitor.

Korsnäs Industrial's sales volume divided per product

Numbers in brackets refer to 2006 pro forma including Frövi.



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 intensified further during the year as a result of the weaker US dollar and higher production capacity in and outside Europe. Despite this intensified competition, Korsnäs succeeded in increasing its deliveries of Cartonboard by 18% during 2007 compared with 2006 and the product area now represents 10% of total sales volume. Growth has primarily resulted from the newly introduced product Frövi White. Prices were increased for all Cartonboard products during 2007. Competitors include Stora Enso, M-Real and Holmen.

Sack and kraft paper

Sack and kraft paper are used for sacks, carrier bags and food packaging. The market situation for sack and kraft paper in Europe remained strong during the year. It was possible to increase prices in both the sack and kraft paper areas. During the year, Korsnäs discontinued brown paper to focus entirely on white paper. The market for white paper is in favorable balance of supply and demand. Billerud and UPM Kymmene are the main competitors in this area. Korsnäs' market position is highlighted primarily by its high-strength products offering favorable converting potential.

Korsnäs Forestry

Key data (SEK million)	2007	2006
Revenue	2 207	1 817
Operating profit, EBIT	91	44
Investments in tangible fixed assets	26	11
Depreciation	-5	-10
Operational capital employed	267	222
Return on operational capital employed	34.1%	19.8%
Number of employees	286	275

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 agreements with Bergvik Skog. Korsnäs Forestry's external customers are primarily sawmills and spruce fiber users in central Sweden and Latvia.

Timber prices increased during 2007 to record-high levels. This applies mainly to the Baltic States and Russia, but the price levels are also high in Sweden. Korsnäs' inventories of hardwood and softwood fiber at year-end were normal.

Korsnäs Forestry's revenues during the year amounted to SEK 2,207 million (1,817), of which internal sales to Korsnäs Industrial totaled SEK 1,313 million (1,075). Operating profit was SEK 91 million (44). The improved operating profit was partly attributable to the capital gain of SEK 26 million pertaining to the sale of land, and partly attributable to the higher market prices for felling rights and timber and is to a certain extent a temporary effect due to sales from stock that was purchased at earlier applicable prices.

Research and development

Work with developing and adapting Korsnäs' product portfolio to create flexibility among machines and facilitate optimal capacity utilization continued during the year. In the liquid packaging board area, efforts focused mainly on product development and to ensure quality and functionality in a cost-efficient manner. The focused effort in cartonboard continued involving the development of Frövi White, which is a double-sided coated product with unique properties designed for exclusive packaging. The product met the technical expectations on introduction to the market. The efforts to broaden the customer offering with such functions as consulting in design and production of carton products continued successfully during the year. Korsnäs' total research and development expenses amounted to SEK 58 million (73).



Environment

Korsnäs' industrial and forestry operations are ISO 14001 certified and forestry operations are also certified in line with the Swedish FSC and PEFC standards. Korsnäs AB is participating in the Program for Energy Efficiency. 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 current permit covers 700 thousand tons of pulp and 660 thousand tons of paper and paperboard. An exemption was received in 2007 to produce more than 660 thousand tons of end-products. Application has been submitted to increase production of end-products to 755 thousand tons.

In accordance with a decision made by the Swedish Environmental Supreme Court in 2003 measures are being conducted for the alteration of landfill facilities to meet EU requirements. The measures are being conducted in stages at a total cost of SEK 25–30 million and will be completed after installation of a watertight vertical barrier and an accompanying leach water system in summer 2008.

New production records for pulp and cartonboard were noted at the Frövi mill during the year. This coincides with a record year in several of the company's environmental areas. At the end of 2006, 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. This permit was utilized during 2007 through high production in primarily the recovery boiler and the continuous cooker. Application on a further expanded production permit will be submitted to the authorities during 2008.

In January 2008, Korsnäs introduced an entirely new rail-based distribution system that is expected to result in drastically reduced carbon-dioxide emissions for outgoing shipments. Previously, Korsnäs Gävle shipped most of its production of high-quality paper and paperboard from Granudden in Gävle port to the Netherlands on long-term chartered ships. The previous ship system is now being replaced with daily train departures from the plant in Gävle, via the plant in Frövi, to the continent. The new system is also expected to provide sharply improved service to customers.

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. 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 quarterly. Customers are also 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 inventories 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 inventory 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 these is reported as they mature and amounted last year to a loss of SEK 45 million (gain of 147). As of 31 December, the market value of financial hedges amounted to SEK 109 million (0). Korsnäs' net purchases of power during the year totaled some 1,100 GWh. In addition, 197 GWh of in-house generated power was consumed. The estimated net power purchases in Sweden are hedged at about 85% for 2008 and some 40% 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' agreement with Bergvik is long term and prices are updated continually. Korsnäs Frövi has a multi-year supply agreement with Sveaskog with regular price updates, which expires in 2008. Thereafter, Korsnäs Forestry will assume supply responsibility for the Frövi unit.

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. Negotiations regarding a new organization, with reduced manning, were concluded as planned before the end of March 2007. Consequently, the concluded negotiations resulted in implementation of Korsnäs' new organization as of 1 April 2007. In total, there was a staff reduction of 136 full-time positions.

As part of adapting the work methods and organization, there was heavy focus on the issue of skills supply. In conjunction with defining the new organization, work with skill exchange was addressed, which meant that personnel moved in and out of the company at the same time.

During the year, a comprehensive agreement for coordination between the companies and the nine unions was reached. The coordination structure was divided into three levels in which the first was a Group council for Korsnäs. Thereafter follows a separate coordination council in Gävle and Frövi as level two and as level three local coordination councils or workplaces meetings.

A new organization places new demands on employees, which became apparent in the work to create common general position descriptions. In the salaried employee segment, a common method for assessment and development of employees was launched in the entire company with the aim of quality assuring skills development.

Major Listed Holdings

Millicom

Key data (USD million)	2007	2006
Revenue	2 631	1 576
EBITDA	1 114	717
Operating profit, EBIT	663	441
Net profit	697	169
Number of subscribers 31 Dec (million)	23.4	14.9

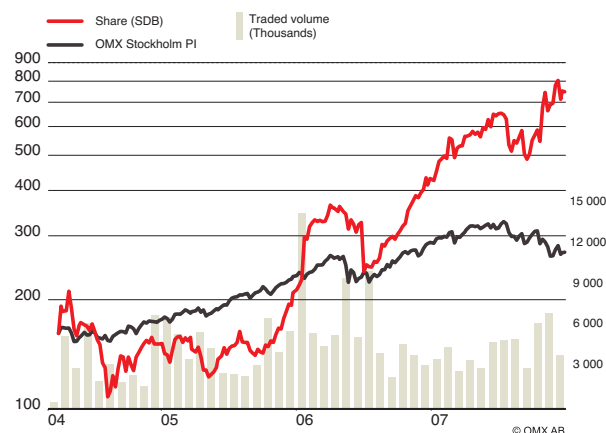
The market value of Kinnevik's shareholding in Millicom amounted to SEK 28,301 million on 31 December 2007. Millicom's shares are listed on NASDAQ Global Select Market in New York and is included in NASDAQ 100 and the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector.

Millicom offers affordable and easily accessible mobile telephone services to all market segments in 16 countries in Latin America, Africa and Asia, which combined represent an overall market of 287 million people. All Millicom's 16 operations now feature GSM networks.

In the first quarter 2007, Millicom divested its 89% share in Paktel, Pakistan, to China Mobile Communications Corporation for a price, indicating a value on the total company of USD 460 million. Millicom's net gain in the sale amounted to USD 258 million.



Millicom has one unified brand, "tigo", in 14 of its 16 markets. Millicom's strategy is built around the three As Affordability, Accessibility and Availability. During the year, per second billing was introduced in several markets, which has been a very successful concept to increase usage per customer.



In 2007, Millicom increased its investments significantly in all regions and continued the successful launch of its GSM brand "tigo" in all regions with emphasis on Africa. In total, Millicom invested USD 1,000 million in 2007. The latest African market in which "tigo" was launched is the Democratic Republic of Congo, which took place in January 2007.

On 31 December 2007, Millicom had 23.4 million (14.9 million 31 December 2006) subscribers in countries where



the company has continued operations, which is an increase of 57% since 31 December 2006. Growth was strong in all regions with particularly significant increases in Democratic Republic of Congo (986%), Sierra Leone (147%), Honduras (88%), Chad (73%) and Ghana (67%). Of the total number of subscribers, 96% had prepaid subscriptions at the end of 2007.

Dividend

Millicom's Board of Directors proposes a special dividend of USD 2.40 per share payable after the Annual General Meeting in May 2008.

Tele2

Key data (SEK million)	2007	2006
Revenue ¹⁾	43 420	43 098
EBITDA ¹⁾	6 647	5 776
Operating profit, EBIT ¹⁾	2 061 ²⁾	2 321 ²⁾
Net result	-1 769	-3 740
Number of subscribers 31 Dec (million) ¹⁾	24.7	25.8

¹⁾ Remaining operations.

²⁾ Excluding goodwill and sale of operations.

The market value of Kinnevik's shareholding in Tele2 amounted to SEK 16,218 million on 31 December 2007. Tele2's shares are listed on the Nordic list for large-cap companies in the telecommunications services sector.

Tele2 offers products and services in fixed and mobile telephony, broadband and cable TV to 24.7 million customers in 15 countries. The future of Tele2 is more focused than today concentrating the geographical footprint towards Eastern Europe and the Nordic countries. In 2007, the company exited a number of European markets including Denmark, Portugal, Hungary, Italy, Spain and Austria.

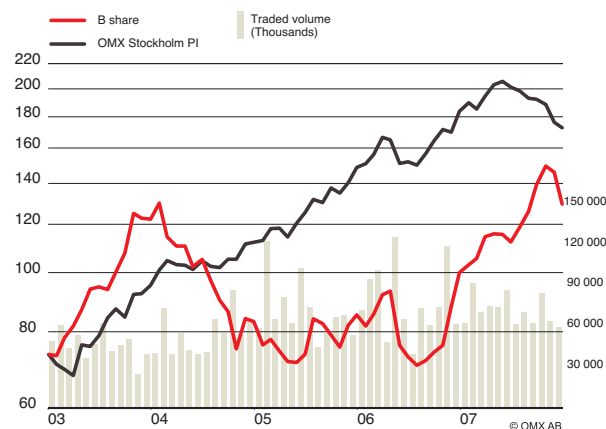
Mobile telephony

Mobile telephony continued to deliver robust growth and profitability improvement in 2007 in the Nordic region as well as in Russia and the Baltic countries. In Norway,



Tele2 Norway AS and Network Norway AS entered into an agreement to build the third mobile network in Norway via a 50/50 owned network company, AMI AS, AMI being the owner of a GSM 900 license. In Russia, Tele2 signed a 10-year national roaming agreement with Vimpelcom. In connection with the signing of this agreement, Tele2 agreed to sell its operation in the Russian region of Irkutsk. At year-end 2007, the Baltic States and Russia market area had more than 12 million mobile customers out of a total of 17 million mobile customers in entire Tele2.

In Sweden, the sale of mobile broadband and 3G services picked up significantly in the second half of 2007 and at the end of 2007, Tele2 had 93,000 mobile broadband customers in Sweden.



Fixed telephony

The fixed telephony market is showing a downward trend, largely due to an increase in the use of mobile phones at the expense of landlines. Tele2 is also seeing increased use of broadband-based fixed telephony, with Tele2 well-equipped to meet customer demand and future development. Tele2 strives to maximise the value in its fixed line operations through cost consciousness and cross-selling of broadband and fixed telephony. Despite declining revenues, the EBITDA margin remained stable at 16%.



Broadband, Direct Access and LLUB

Tele2 offers broadband services in nine countries and this is seen as a good complement to the core mobile operations.

Dividend

Tele2's Board of Directors proposes an ordinary dividend of SEK 3.15 (1.83) per share. The Board of Directors also proposes a special dividend of 4.70 together with the authorisation to repurchase up to 10% of the shares in the company.

Modern Times Group MTG

Key data (SEK million)	2007	2006
Revenue	11 351	10 136
Operating profit, EBIT	2 027	1 777
Net profit	1 428	1 499

The market value of Kinnevik's shareholding in MTG amounted to SEK 4,491 million on 31 December 2007. MTG's shares are listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the consumer discretionary sector.

MTG is an international entertainment broadcasting group with its core business in television. MTG is the largest Free-to-air-TV and Pay-TV operator in Scandinavia and the Baltics and the largest shareholder in Russia's largest independent television network CTC Media. CTC is the leading entertainment channel in Russia reaching around 100 million viewers.

MTG has four main business areas.

Viasat Broadcasting

Viasat Broadcasting is the largest business area within MTG and consists of Free-to-air-TV Scandinavia, Pay-TV Nordic, and Emerging Markets. Viasat broadcasts more than 40 channels in 24 countries and reaches a combined population of 100 million people, which gives Viasat Broadcasting the second largest broadcasting footprint in Europe.

The Viasat strategy with more channels and the position as Scandinavia's leading media house resulted in strong sales growth in 2007. MTG gained audience and market shares in the majority of its markets and added subscribers to the Viasat platform. During the year MTG launched new channels in Denmark and Norway.

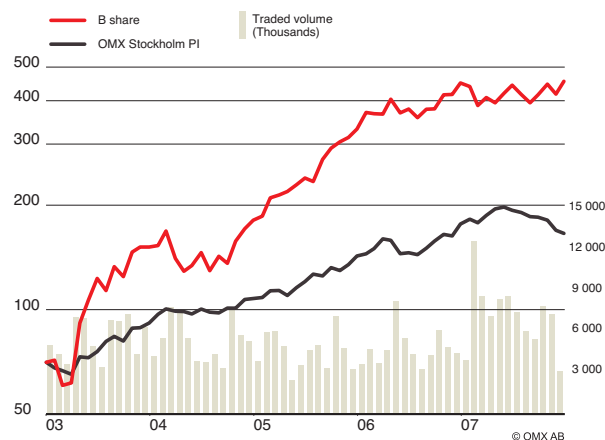
The penetration in Eastern Europe and Russia increased further in 2007 and MTG also established a joint-venture in the Ukraine to launch the first digital premium DTH satellite TV operator. Revenues within Viasat Broadcasting amounted to SEK 8,842 million in 2007

Radio

MTG Radio is the largest commercial radio operator in the Nordic region and the Baltic countries. MTG radio owns, or has equity stakes, in the largest commercial radio broadcasting networks in Sweden, Norway and Finland, as well as rapidly growing radio stations and networks in the Baltic countries. MTG Radio's stations reach over three million listeners every day. Revenues within MTG Radio amounted to SEK 715 million in 2007.

Online

The Online business comprises the leading Nordic entertainment retailer CDON.COM, Nelly.se, linus-lotta.com, bookplus.fi, BET24, Playahead and ztv.se & ztv.no. MTG is committed to become the leading online provider of products and services in the Nordic Region. MTG's online activities were expanded during the year with a number of acquisitions, which will further bolster MTG's internet retailing business. Revenues within Online amounted to SEK 1,558 million in 2007.



Modern Studios

Modern Studios incorporates companies which produce and distribute a wide range of content. STRIX Television is a TV production company and provides innovative and contemporary TV-formats which are both broadcasted on Viasat's own platform and sold to other networks. Revenues within Modern Studios amounted to SEK 478 million in 2007.

Dividend

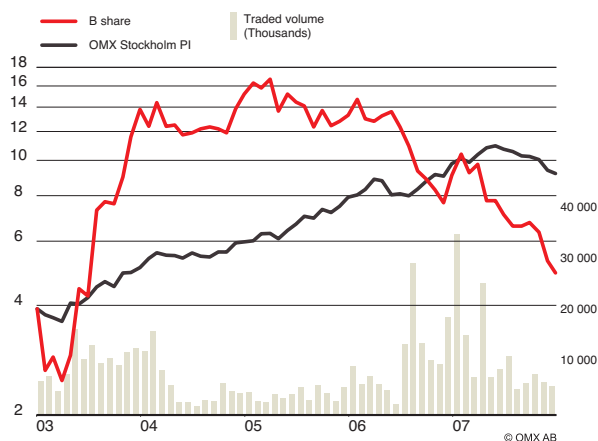
MTG's Board of Directors proposes to the Annual General meeting an ordinary dividend of SEK 5 per share and an extraordinary dividend of SEK 10 per share.

In accordance with the mandate at the 2007 AGM, MTG bought back 719,000 shares in 2007 for an average price of SEK 427. The intention is to seek approval to cancel the purchased shares at the next General Meeting of shareholders.



Metro

Key data (USD million)	2007	2006
Revenue	453	417
Operating result, EBIT	-21	17
Net result	-28	13
Daily readership (millions)	23	20



The market value of Kinnevik's shareholding in Metro amounted to SEK 1,140 million on 31 December 2007. 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 international daily newspaper. Metro's 70 editions is published in 19 languages in 100 major cities in 21 countries across Europe, North & South America and Asia. Metro has a unique global reach – attracting a young, active well-educated metropolitan audience of over 20 million daily readers. The newspapers are distributed free of charge and revenue is generated primarily through advertising sales.

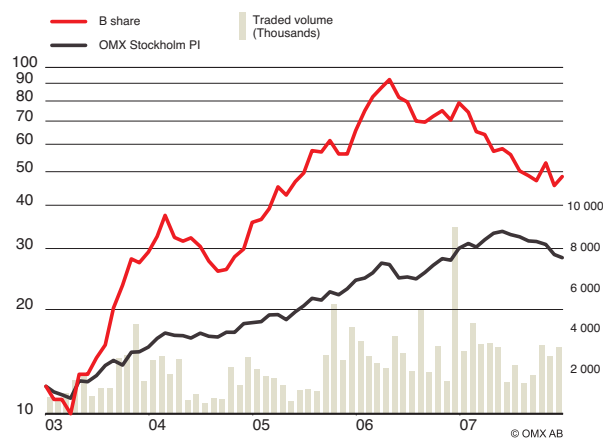
In July, the Board of Directors of Metro appointed a new CEO, Per Mikael Jensen, who took on the position on 1 November. Per Mikael Jensen was previously head of TV2 Denmark and before that Global Editor at Metro International.

The environment in which Metro is operating is changing fast. The number of free newspaper competitors is increasing in most markets and online development and ongoing media convergence impact Metro's business strategy. These various changing factors not only pose a threat to current strategy but also highlight new opportunities for development and growth.

In order to ensure that the resources of Metro are invested in the most efficient way the Board of Directors initiated in 2007 a strategic review. As a step in the strategic refocusing process, Metro in December sold 60% of its Czech operation to MAFRA, the leading publishing group in the Czech Republic. Also, Metro decided to suspend the door-to-door distribution of the real estate edition Metro Bostad in Stockholm 2008. In addition, Metro has announced an efficiency drive in the US-operation. The cost savings are expected to be USD 4.6 million annually.

Transcom

Key data (EUR million)	2007	2006
Revenue	599	540
Operating profit, EBIT	36	38
Net profit	24	28
Number of employees	17 200	13 200



The market value of Kinnevik's shareholding in Transcom amounted to SEK 611 million on 31 December 2007. Transcom's shares are listed on the Nordic list for mid-cap companies in the industrials sector.

Transcom is active within outsourcing of Customer Relationship Management (CRM) and Credit Management Services. Today the company is a provider with 73 sites employing more than 17,200 people delivering services from 29 countries. The company provides CRM solutions for companies in a wide range of industry sectors including telecommunications and e-commerce, travel & tourism, retail, financial services and utilities. Transcom offers its clients a broad array of relationship management services including inbound communication, telemarketing and outbound, administrative tasks, web servicing, CRM consultancy services, contract automation, credit management services, legal service 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.

In the second half of 2007, Transcom acquired NuComm, one of the leading North American providers of contact centre solutions with approximately 3,000 employees in Canada, USA and the Philippines. The acquisition will enable Transcom to develop its global business partnerships and expand collections in the North American market. In addition, Transcom acquired IS Inkasso, Austria's largest debt collection company with 130 employees, providing Transcom with a strong presence in Central Europe and the ability to capture growth in the fast growing East European economies. Transcom also signed a strategic agreement with Tiscali UK for CRM and collection services.

New Ventures

Company	Equity and voting interest	Business	Investment class	Initial investment	Invested amount (SEK million)
Rolnyvik	100%	agricultural operations in Poland	subsidiary	2001	174
Black Earth Farming	20%	agricultural operations in Russia	listed associate	Q1 2006	493
Sia Latgran	51%	pellets production in Latvia	subsidiary	2005	11
Relevant Traffic	36%	search marketing in Europe	unlisted associate	Q3 2006	44
Kontakt East	21%	search and guidance media in Russia	listed associate	Q4 2006	69
Gateway TV	11%/0%	pay-TV in sub-Saharan Africa	interest bearing receivable/shares at fair value	Q2 2007	89
Bayport	-	micro credits in Sub-Saharan Africa	interest bearing receivable/warrants at fair value	Q3 2007	101

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

Rolnyvik

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

During the beginning of the year, a decision was made to discontinue milk production as a result of lower anticipated future return, compared with grain production. Consequently, during the autumn a large portion of the previous animal herd was sold and operations in future will focus solely on grain production.

A long and cold but stable winter followed by a late but warm and dry spring did not create the best conditions for a good harvest. When the summer became the warmest and driest in a long time and the autumn was rainy, the result was a low harvest but with generally good to excellent quality. Due to the low harvests, the demand for the company's products was favorable. Low inventories and rising demand in Poland as well as in the rest of Europe resulted in rapidly rising prices. Therefore, despite the negative production factors, Rolnyvik reported its best operating profit, SEK 16 million (4), since the farms were acquired in 2001/2002. The company's sales amounted to SEK 64 million (53).

Black Earth Farming

Black Earth Farming was formed in 2005 with the aim of cultivating land in southwest Russia – the so-called Black Earth-region – mainly the states of Voronezh, Kursk, Lipetsk and Tambov.

The background to the investment is the possibility to acquire land that was previously farmed by cooperatives or was state-owned at attractive prices. Despite a relatively warm and dry climate, the Black Earth-region is considered to be among the most fertile areas in the world. Most of the land acquired is uncultivated. Extensive investments in machinery with corresponding labor input are required to make efficient cultivation possible. The potential is high since the large expanses of land facilitate efficient and large-scale production.

Black Earth Farming continued to develop favorably during 2007. At year-end, the company controlled 280,000 hectares of arable land, an increase of 160,000 hectares during 2007. The company is continuing to acquire land, since the price level is still considered attractive. Continuing acquisitions will be concentrated to areas in which the company is already represented.

During 2007, 53,000 hectares were harvested by the company. Crops comprises mainly wheat, barley and oil-yielding plants. During the autumn, 60,000 hectares of wheat and oil-yielding plants were sown for harvest next year. In addition, further 90,000 hectares of land were prepared in 2007 to be sown in 2008.



During the year, Kinnevik, through participation in new issues in September and December and purchases on the market, invested an additional SEK 278 million in Black Earth Farming. Consequently, the amount invested totals SEK 493 million.

Black Earth Farming was listed on 28 December 2007 on First North in Sweden. In conjunction with the listing, the company effected a new issue of SEK 1,680 million at a subscription price of SEK 50 per share. The issue, which was heavily oversubscribed, provided the company with about 5,000 new owners and the capital for continued rapid growth. The market value of Kinnevik's holding of shares in Black Earth Farming amounted to SEK 1,208 million at 31 December 2007.

Sia Latgran

Pellets production by the Latvian company, Sia Latgran, amounted to 70,000 tons, which is 6% higher than in 2006. Raw materials costs rose sharply during the beginning of the year, but during the latter part of the year this tendency weakened due to decreased competition from the construction sector. The market for pellets is characterized by continued growing demand. However, spot prices declined during the year due to a weak US dollar resulting in increasing import from North America to Europe.

A second pellets plant is being built at a total investment of approximately SEK 120 million. The new plant will have an annual production capacity of approximately 110,000 tons. The plant is scheduled to start operations in March 2008.

Sia Latgran's total revenues during the year amounted to SEK 82 million (44) and operating profit was SEK 9 million (10).

Relevant Traffic

Relevant Traffic is a European full-service company within search marketing. The company has about 75 employees in its offices in Sweden, France, Germany, Spain, the UK, Norway and Denmark. Customers comprise e-trading companies, banks, travel companies and niche companies that wish to be available when someone seeks their services and products in search engines or price comparison sites. Relevant Traffic's business concept is to maximize its customers' yield on implemented marketing by providing relevant traffic, which includes search engines and price comparison services. The company's proprietary technical platform and international presence, combined with personnel that are fluent in most European languages, provide the company international competitiveness, which is reflected in the fast growth of the company.

Relevant Traffic reported revenue of SEK 114 million (57) during the first eight months of the split financial year May 2007-April 2008.

Kontakt East

Kontakt East is a Swedish holding company that invests in companies active in search and guidance media in Russia and neighbouring markets.

In August, Kontakt East acquired all outstanding shares in YPI Yellow Pages Ltd. ("Yell.ru") for a total purchase consideration of approximately USD 18 million, paid in cash and new share issues. The acquisition strengthened Kontakt East's existing operations within search services in Russia and today, the company is the leading player within guidance media in Russia.

At the beginning of October, Kontakt East launched its e-trade service through the www.avito.ru website, which offers a broad range of classified advertisements and Internet-based auctions. Through the integration of www.avito.ru with current search and catalog services online, Kontakt East will be able to offer Russian companies and consumers completely new services, which will facilitate the sale of products and services on the Internet. The launch of Avito.ru has been successful and Avito.ru is the fastest growing marketplace on the Internet in Russia.

In December, Kontakt East carried out a new issue that generated proceeds of SEK 102 million for the company. Kontakt East's shares are listed on the First North Exchange in Sweden. During the year, Kinnevik, through participation in the new issue and purchases on the market, invested an additional SEK 35 million in Kontakt East. The market value of Kinnevik's holdings in Kontakt East amounted to SEK 81 million on 31 December 2007.

Gateway TV

In May, Kinnevik invested USD 13 million in Gateway TV, a company operating within pay-TV in Sub-Saharan Africa. Gateway TV owns a number of broadcasting rights including the English Premiership League. The company is launching its satellite based Pay-TV service to a large number of Sub-Saharan markets and was at the end of 2007 represented in eight countries. The market potential for a competitively priced TV-service is assessed as highly favorable and the subscriber growth is fast although yet at low levels.

Bayport

During the second half of the year, Kinnevik invested USD 15 million in the African company Bayport. The investment consists of a combination of loan and warrants.

Bayport offers micro credits and financial services in Ghana, Uganda, Zambia and Tanzania. Ghana and Zambia are the largest markets, while Tanzania is showing rapid growth. Bayport was founded in 2002 and has, with profitability, grown into a leading African micro credit company. The product portfolio is being continually expanded, primarily with loans of longer duration. The loans are applied mainly to finance large one-off expenditures such as school fees, investments in agriculture, or to start a small company.

Corporate Governance Report

Corporate governance in the Kinnevik Group is based on Swedish legislation and other market regulation. Since 1 July 2005, Kinnevik applies the Swedish Code of Corporate Governance (the "Code") and provides explanations for the following departures from the Code during 2007:

- According to the rules of the Code, a majority of the Board members elected at the Annual General Meeting are viewed as not being independent in relation to the Company and its management because two 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 in 2004 is taken into account.
- The Board Chairman 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 Annual Accounts Act and the Articles of Association determine how notice of the Annual General Meeting and extraordinary meetings shall occur, and who has a right to participate in and vote at the meeting. Distance voting is not available. Minutes of the Annual General Meetings are available on Kinnevik's website.

Nomination Committee

At the 2007 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members representing the company's shareholders would be established during September 2007 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 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee ahead of the 2008 Annual General Meeting. The Nomination Committee comprises Cristina Stenbeck, representing Emesco AB and other shareholders, Edvard von Horn representing the von Horn family, Wilhelm Klingspor representing the Klingspor family, Peter Lindell representing AMF Pension, Tomas Nicolin representing Alecta and Marianne Nilsson representing Swedbank Robur Fonder. The Nomination Committee will propose the Board composition, Board fees, audit fees and Chairman of the Annual General Meeting ahead of the 2008 meeting. The Chairman of the Board, 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 a natural conse-

quence 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. The auditor's independence is secured by legislation and 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. Ernst & Young AB has, during 2005-2007, provided certain services in conjunction with the acquisition and sale of companies, and in questions regarding internal controls, IFRS and taxes. Information regarding remuneration appears in the Annual Report in Note 22 to the consolidated accounts and Note 5 to the Parent Company, Auditors' Fees. Information regarding the auditor in charge is also provided in the Annual Report, page 7.

Board of Directors and Group Management

Board members are elected at the Annual General Meeting for a period expiring at the close of the next Annual General Meeting 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 deputies.

At the 2007 Annual General Meeting, following a motion from the Company's former Nomination Committee, Vigo Carlund, Wilhelm Klingspor, Erik Mitteregger, Stig Nordin and Cristina Stenbeck were re-elected members of the Company's Board and Allen Sangines-Krause was newly elected as a Board member. The Annual General Meeting elected Cristina Stenbeck as Chairman of the Board. Hans Wahlbom and Per Eriksson were appointed employee representatives and Bo Gidlund and Henrik Nord were appointed deputy employee representatives.

The independence of Board members is specified in the table on page 27. According to the Code, a Board member shall not be deemed to be independent in relation to its Company and 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 Invik & Co. AB and Industriförvaltnings AB Kinnevik ahead of the merger of the companies in 2004 is included, Board members Wilhelm Klingspor and Stig Nordin have been Board members for more than twelve years. However, the Board believes that the advantages of the Board members contributing experience and continuity in the approach to pursuing investment activi-

ties outweigh any disadvantages of them having worked with the company over a lengthy period of time.

No member of the Board is employed by the Company, with the exception of the representatives of the union organizations. Information concerning individual Members of the Board and Group Management is presented on pages 6-8 of the Annual Report and in Note 27 to the consolidated accounts, Personnel. There are currently 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 CEO and reporting instructions are updated and set at least once annually following the Annual General Meeting.

Significant issues that were specially treated by Kinnevik's Board during 2007 include the sale of the Company's shareholdings in Invik & Co. AB, capital structure issues at both Kinnevik as well as 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 has established 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.

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 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 2007, the Kinnevik Board had 11 meetings (excluding the statutory meeting), of which six were held via telephone. Erik Mitteregger was absent during one telephone meeting, Per Eriksson during three telephone meetings and Hans Wahlbom during one telephone meeting. All other Board members attended all of the meetings.

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, refer to page 31 in the Annual Report for principles applied in 2007. The Remuneration Committee's task also includes preparing proposals for joint criteria for incentive programs in Kinnevik's portfolio companies.

As regards the CEO of the Parent Company, the Remuneration Committee prepares the aforementioned issues for decision and presents information to the Board, including proposal for decision. As regards other management employees in the Parent Company and CEOs of the business areas, 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.

Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2007. 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 two meetings in 2007, which were attended by all members.

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. In addition, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the develop-

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)
Cristina Stenbeck	2003 ¹⁾²⁾	Chairman of the Board, member of the Remuneration Committee	Yes	No
Vigo Carlund	2006	Board member	No (CEO until 2006)	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 Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Allen Sangines-Krause	2007	Board member	Yes	Yes
Per Eriksson	2006	Employee representative, Board member	No	Yes
Hans Wahlbom	1996 ¹⁾	Employee representative, Board member	No	Yes
Bo Gidlund	2004	Employee representative, deputy	No	Yes
Henrik Nord	2007	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.

ment 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 and Erik Mitteregger were members of the Audit Committee during 2007. 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 six meetings in 2007, of which three were held via telephone, and were attended by all members. The external auditors participated in three of the meetings and issued their reports on the results of their examination to both the Audit Committee and the Board of Directors both orally and in writing. The auditors also held a routine Directors only session for year end.

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, purchasing policies, 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 2007, the work to implement a model for assessing the risk of errors in accounting and in financial reporting was concluded. 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. 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. Efforts to document work routines and evaluate controls regarding these items and processes were completed during the year.

Internal audits

The Company engages external auditors that are responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. The internal auditors conduct their work on instructions from the Audit Committee and are continuously reporting the results of their 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 and other various constituencies like shareholders, board members, employees and customers.

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 encourages management in the companies Kinnevik invests in to have similar standards to ensure that there are appropriate processes for identifying and managing risks related to social responsibilities, and to report them and what measures have been adopted by the respective company's Board. 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, 5 March 2008

Board of Directors

Board of Directors' Report

The Board of Directors and CEO herewith present the annual report and consolidated financial statements for Investment AB Kinnevik (publ), corporate registration number 556047-9742, for the financial year 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 15 May 2008.

Key events during 2007

In early February, Mellersta Sveriges Lantbruks AB reached an agreement to sell the wholly-owned subsidiary Agrovik AB with the Ullevi farm outside of Vadstena, Sweden for SEK 81 million. The sale resulted in a capital gain of SEK 70 million.

Following Kinnevik's conversion in January of all of its promissory notes in Invik & Co. AB ("Invik") with a nominal amount of SEK 235 million to shares, an agreement was reached in April with the Icelandic investment firm Milestone ehf. ("Milestone") for the sale of the same shares for a payment of SEK 1,089 million. Kinnevik's agreement with Milestone ensured that Milestone, already that same day, made public a voluntary offer to acquire all outstanding shares and other financial instruments in Invik, which means that Invik's other shareholders were offered to sell their shares at the same price that Kinnevik sold its shares. The transaction was concluded on 28 June, once Milestone received approval from the relevant financial supervisory authorities.

During the year, Kinnevik completed a number of new investments. In May, Kinnevik invested USD 13 million in Gateway TV, a company active in pay-TV in Sub-Saharan Africa. During the third and fourth quarters, Kinnevik invested USD 15 million in the African company Bayport, which provides microcredits and financial services in Ghana, Uganda, Zambia and Tanzania.

Additional investments were also made in Kontakt East Holding and Black Earth Farming. By participating in a new share issue and market purchases, a total of SEK 35 million was invested in Kontakt East, after which Kinnevik's ownership stake amounted to 21% as of 31 December 2007. Kinnevik invested SEK 154 million in a new share issue in Black Earth Farming during the third quarter and an additional SEK 124 million in conjunction with the listing of the company on First North in December.

Business area structure

During the year a new business area structure was created, consisting of the following three comprehensive business areas:

Major Unlisted Holdings, which comprises the carton-board and paper company Korsnäs.

Major Listed Holdings, which comprises Millicom, Tele2, MTG, Metro and Transcom.

New Ventures, which focuses on companies at early stages with high growth potential.

The Parent Company and other group companies are reported under Parent Company and Other.

Consolidated earnings

The Group's total revenue amounted to SEK 7,673 million, compared with SEK 6,305 million in the preceding year (Korsnäs Frövi is included as of 1 June 2006). Of the Group's total revenue in 2007, Korsnäs comprised SEK 7,519 million compared with SEK 7,134 million pro forma including Frövi for 2006.

The Group's operating profit amounted to SEK 885 million (478). For 2007, Korsnäs reported an operating profit of SEK 836 million compared with SEK 865 million pro forma including Frövi and excluding restructuring costs for 2006.

The change in fair value of financial assets and dividends received amounted to SEK 15,850 million (11,462), of which SEK 15,013 million (11,387) was related to Major Listed Holdings and SEK 702 million (27) to New Ventures. Kinnevik received dividends from Major Listed Holdings totaling SEK 304 million (485).

Profit after tax amounted to SEK 16,179 million (11,549), corresponding to SEK 61.29 (43.74) per share.

Cash flow and investments

The Group's cash flow from operating activities excluding change in working capital amounted to SEK 1,130 million (1,078) for the year. The year's cash flow from operations was negatively affected by SEK 155 million pertaining to payments for provisions made in previous years. Changes in working capital amounted to a negative of SEK 252 million (positive 455). Of the year's negative changes, SEK 231 million represents changes in inventories, which is primarily explained by a higher level of purchase of felling rights and pulpwood.

Liquidity from the sale of subsidiaries amounted to SEK 81 million (606) and relates to the sale of the Swedish farm Ullevi (Agrovik AB) (2006 Korsnäs Packaging). The sale of shares has resulted in a cash flow of SEK 1,131 million (4), of which SEK 1,089 million relates to proceeds from the sale of the Group's shares in Invik. Investments in shares and other securities amounted to SEK 530 million (288), and SEK 353 million (308) has been invested in tangible fixed assets.

Financial position

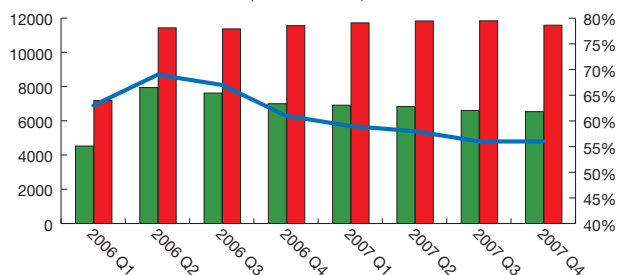
The Group's available liquidity, including short-term investments and available credit facilities, totalled SEK 2,481 million at 31 December 2007 and SEK 929 million at 31 December 2006.

The Group's interest-bearing net debt amounted to SEK 9,205 million at 31 December 2007 and SEK 9,856 million at 31 December 2006. Of the total net debt at 31 December 2007, SEK 6,534 million pertained to external net debt within Korsnäs or with shares in Korsnäs as collateral, and SEK 2,753 million of the net debt was pledged by shares within Major Listed Holdings.

The net debt in relation to the market value of assets within Major Unlisted Holdings and Major Listed Holdings has developed according to the charts below.

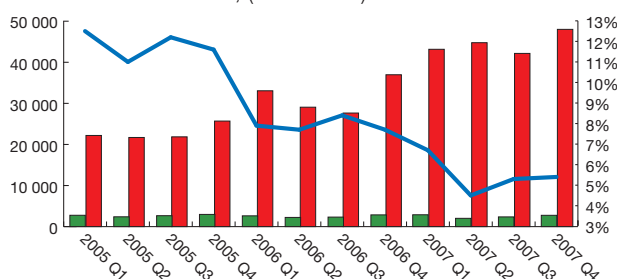
Major Unlisted Holdings

Net Debt to Asset Value, (SEK million)



Major Listed Holdings

Net Debt to Asset Value, (SEK million)



All loans have fixed interest terms of no longer than three months and carry an interest rate according to Stibor or similar base rate and an average margin of 0.6%. Of the Group's interest expenses and other financial costs of SEK 483 million (354), interest expenses amounted to SEK 458 million (332) and exchange rate differences was a negative SEK 10 million (negative 3). This means that the average interest rate for the year was 4.6% (3.5%) (calculated as interest expense in relation to average interest-bearing liabilities). The higher interest costs were primarily due to increased borrowing in connection with the acquisition of Frövi on 1 June 2006 and the higher level of interest rates.

At 31 December, the average remaining duration for all credit facilities amounted to 3.2 years. The Group's borrowing is primarily arranged in SEK. On an annual basis, the net flow in foreign currencies is a net inflow of about SEK 1,200 million, comprised mainly of Korsnäs' sales in Euro.

Research and development

Work with developing and adapting Korsnäs' product portfolio to create flexibility among machines and facilitate optimal capacity utilization continued during the year. The Group's research and development expenses amounted to SEK 58 million (74), and relates to Korsnäs Industrial.

Environment

The Kinnevik group is engaged in operations within Korsnäs requiring a permit from the National Swedish Franchise Board for Environment Protection. Korsnäs' industrial and forestry operations are ISO 14001 certified and forestry operations are also certified in line with the Swedish FSC and PEFC standards. Operations involve the production of pulp, paper and paperboard, which impact on the exterior environment primarily through emissions to air and water, as well as through 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 and they are mainly related to market development, customers and suppliers and the risk for a major accident in the production plants.

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

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

For a more detailed description of the management of financial risks, refer to Note 30 for the Group.

Parent Company

The administration costs within the Parent Company amounted to a net expense of SEK 65 million (expense of 85). Dividends received totaled SEK 1,817 million (485), of which SEK 1,511 (0) relates to dividends from wholly-owned Group companies. Net of other financial income and expenses amounted to an expense of 311 million (expense of 196). The Parent Company's earnings after financial items amounted to SEK 2,059 million (219).

Investments in tangible fixed assets amounted to SEK 0 million (2).

The Parent Company's liquidity including short-term investments and unused credit facilities amounted to SEK 1,647 million as of 31 December 2007 and to SEK 311 million as of 31 December 2006. The interest-bearing external liabilities amounted to SEK 4,273 million (4,619) on the same dates.

Share capital

At 31 December 2007, 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. One class A share provides ten votes and one class B share one vote.

As per 31 December 2007, there were two shareholders owning shares representing more than 10% of the total number of votes in the Company; the Emesco group with 31.7% and the Estate of Jan H Stenbeck with 13.6%.

The 2007 Annual General Meeting authorized the Board to buy back a maximum 10% of the outstanding shares on the Stockholm Stock Exchange. The Board did not utilize this mandate in 2007.

Guidelines on remuneration for senior executives

The 2007 Annual General Meeting decided on the following guidelines for determining remuneration for senior executives in the group.

The remuneration to the senior executives shall consist of fixed salary, variable salary, pension and other customary benefits. These components shall create a well balanced remuneration which reflects individual performance and which offers a competitive remuneration package adjusted to conditions on the market.

- The fixed salary is revised yearly and based on the executive's competence and area of responsibility.
- The variable salary may not exceed 50% of the fixed salary and is calculated according to a combination of results achieved and individual performances.
- Other benefits shall only constitute of a limited amount in relation to the total remuneration and shall correspond to local practice.
- Pension premiums are paid to insurance companies within the framework of defined contribution plans, with a maximum of 20% of the fixed salary and a right to collect pension from the age of 65.
- In the event of notice of termination of employment being served by the company, there is entitlement to salary during a notice period of a minimum of 6 and a maximum of 18 months. Salary during the notice period is netted against salary received from any new employment.

In special circumstances, the Board may deviate from the above guidelines. In such case, the Board is obligated to give account for the reason for the deviation on the following Annual General Meeting.

The Board of Directors intends to propose to the 2008 Annual General Meeting to approve that above guidelines shall continue to be applied also for the coming year.

Future development

The future development of the Group depends on trends in the wholly and partly owned investments. Within Korsnäs price increases for pulpwood, as well as higher prices for energy, are expected to continue to adversely affect costs in 2008. Announced price increases on parts of the product

range are not expected to fully compensate for higher prices on raw materials. However, it is anticipated that continued positive effects of the ongoing earnings enhancement program will offset part of the increase in raw material prices, but with current visibility of wood prices margins will be negatively affected during 2008.

As regards the Group's indebtedness, Kinnevik intends to maintain an optimal 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

In January 2008, Korsnäs, which previously owned 41% of the shares in Karskär Energi AB, reached an agreement to acquire the remaining 59% from E.ON Sverige AB for a consideration of SEK 200 million. The transaction covers a combined heating and power plant that has existed at the Korsnäs industrial area in Gävle since 1971. Karskär Energi produces 350 GWh of electricity annually and as a result of the acquisition Korsnäs will in the future produce 38% of the annual electricity consumption internally at the plants in Gävle and Frövi.

Proposed treatment of unappropriated earnings

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

Unrestricted equity, SEK	11,965,916,222
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The Board and the CEO propose that the unappropriated earnings at the disposal of the Annual General Meeting be disposed of as follows:

Cash dividend of SEK 2.00 per share, amounting to	527,963,860
Carried forward	11,437,952,362
Total	11,965,916,222

The Board also proposes that the Annual General Meeting to be held on 15 May decide on a continued mandate to repurchase a maximum of 10% of the Company's own shares. A mandate to repurchase shares gives the Board flexibility to continuously decide on changes to the capital structure during the year.

Consolidated Statement of Income

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

	Note	2007	2006
Revenue	2	7 673	6 305
Cost of goods and services		-6 526	-5 404
Gross profit		1 147	901
Selling costs		-120	-127
Administration costs		-277	-291
Research and development costs		-58	-74
Other operating income	3	251	116
Other operating expenses	3	-58	-46
Share of profit/loss of associates accounted for using the equity method		-	-1
Operating profit		885	478
Dividends received	5	310	488
Change in fair value of financial assets	6	15 540	10 974
Interest income and other financial income	7	14	22
Interest expenses and other financial expenses	7	-483	-354
Profit after financial items		16 266	11 608
Taxes	9	-87	-47
Net profit for the year from continuing operations		16 179	11 561
Net loss from discontinued operations		-	-12
Net profit for the year		16 179	11 549
Attributable to equity holders of the Parent Company		16 178	11 547
Attributable to the minority		1	2
Earnings per share before and after dilution, SEK			
– from continuing operations		61.29	43.79
– from discontinued operations		-	-0.05
Proposed dividend per share, SEK		2.00	1.70
Average number of shares outstanding before/after dilution		263 981 930	263 981 930

Consolidated Statement of Cash Flow

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

	Note	2007	2006
Operations	8		
Operating profit for the year		885	478
Adjustment for depreciation	4,10	624	514
Adjustment for share of profit/loss of associates		-	1
Other non-cash items		-300	103
Taxes paid		-79	-18
Cash flow from operations before change in working capital	8	1 130	1 078
Change in inventory		-231	54
Change in accounts receivable and other operating assets		-91	324
Change in accounts payable and other operating liabilities		70	77
Cash flow from operations	8	878	1 533
Investing activities			
Acquisition of subsidiaries		-	-3 638
Disposal of subsidiaries		81	606
Investments in tangible and biological fixed assets	10	-353	-308
Sales of tangible and biological fixed assets	10	35	16
Investments in shares and other securities	8	-530	-288
Sales of shares and other securities	8	1 131	4
Dividends received	5	310	263
Change in loan receivables		7	21
Interest received		14	22
Cash flow from investing activities		695	-3 302
Financing activities			
Borrowing		207	2 553
Amortisation of loans		-881	-100
Interest paid		-458	-314
Dividend paid		-449	-422
Cash flow from financing activities		-1 581	1 717
Total cash flow from continuing operations		-8	-52
Discontinued operations			
Cash flow in Korsnäs Packaging		-	29
Lending to Korsnäs Packaging		-	-79
Cash flow from discontinued operations		-	-50
Cash flow for the year		-8	-102
Exchange rate differences in liquid funds		3	-4
Cash and bank, opening balance	16	106	212 ¹⁾
Cash and bank, closing balance	16	101	106

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

Consolidated Balance Sheet

31 December (SEK million)

	Note	2007	2006
ASSETS			
Fixed assets			
Intangible assets	10	621	621
Tangible and biological fixed assets	10	6 551	6 831
Financial assets accounted at fair value through profit and loss	11	52 741	37 518
Investment in companies accounted for using the equity method	12	75	333
Other fixed assets		6	12
Total fixed assets		59 994	45 315
Current assets			
Inventories	13	1 645	1 414
Trade receivables	14	721	679
Income tax recoverable		11	29
Other current assets	15	346	190
Short-term investments	16	29	-
Cash and cash equivalents	16	72	106
Total current assets		2 824	2 418
TOTAL ASSETS		62 818	47 733

	Note	2007	2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	17		
Share capital		26	26
Other contributed capital		6 868	6 868
Reserves		135	28
Retained earnings including net profit for the year		43 225	27 489
Shareholders' equity attributable to equity holders of the Parent Company		50 254	34 411
Minority interest in equity		13	11
Total shareholders' equity		50 267	34 422
Long-term liabilities			
Interest-bearing loans	18	8 856	8 110
Provisions for pensions	19	534	549
Other provisions	20	77	207
Deferred tax liability	9	1 382	1 518
Other liabilities		4	4
Total long-term liabilities		10 853	10 388
Short-term liabilities			
Interest-bearing loans	18	121	1 548
Provisions	20	121	145
Trade creditors		734	681
Income tax payable		166	8
Other liabilities	21	556	541
Total short-term liabilities		1 698	2 923
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		62 818	47 733
Pledged assets	24		
Contingent liabilities	25		

STATEMENT OF CONSOLIDATED RECOGNISED INCOME AND EXPENSE

for the period 1 January-31 December (SEK million)	Note	2007	2006
	17		
Change in translation reserve		30	2
Cash flow hedging		109	-
Actuarial profit/loss relating to pension provision in accordance with IAS 19		10	-22
Tax attributable to items recognised in equity		-34	6
Change in assets recognised in equity, excluding transactions with the Parent Company's owners		115	-14
Net profit for the year		16 179	11 549
Total changes in assets, excluding transactions with the Parent Company's owners		16 294	11 535
Attributable to:			
Parent Company's shareholders		16 293	11 533
Minority		1	2

Notes to the Group's financial statements

Note 1 Summary of significant accounting policies

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 2006, with the exception that associated companies within the New Ventures business area from 2007 are reported at fair value, similar to holdings of listed associated companies in the Major Listed Holdings business area instead of previously in accordance with the equity method. The change is a result of the changed business area structure and to provide a better view of the value of New Ventures. A change in accounting principles in 2006 would have had a marginal effect on the position and earnings, which is why comparable figures for 2006 have not been adjusted.

The following new standards were applied during the preparation of 2007 financial statements:

IFRS 7 Financial Instruments: Disclosures and the related changes in IAS 1 Presentation of financial statements. These impose requirements for comprehensive information regarding the importance that financial instruments have on a company's financial position and earnings, and qualitative and quantitative information on the nature and scope of risks. IFRS 7 and the related changes in IAS 1 have resulted in additional information in the Group's financial reports for 2007, with regard to the Group's financial goals and capital management. The standards have not resulted in any changes to accounting principles, only changes in disclosure requirements regarding financial instruments.

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, with early application of the Swedish Financial Reporting Board's recommendation RFR 1.1 Supplementary accounting regulations for Groups, which replaces the Financial Accounting Standards Council's recommendation RR 30:06.

The Parent Company's annual accounts have been prepared in accordance with Swedish law, and with early application of the Swedish Financial Reporting Board's recommendation RFR 2.1 Reporting for legal entities, which replaces the Financial Accounting Standards Council's recommendation RR 32:06. 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 of consolidated accounts

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, with the exception of loan receivables and trade receivables, 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.

In accordance with IAS 28 point 1, listed and unlisted holdings in associated companies within the business areas Major Listed Holdings and New Ventures are reported at their fair value. When establishing the fair value of holdings in associates the same methods as for financial instruments are used.

Other 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 and trade 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.

Trade 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 two years. A provision 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.

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 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.

New accounting rules

The following standards and amendments to standards, which came into effect as of 1 January 2008 or later, have not been applied for 2007. These are not expected to have any effect on the consolidated financial statements, apart from additional information:

- 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).
- Amendments to IAS 1 mean certain changes in the financial statements presented, such as items previously presented in the statement of changes in equity which are not transactions with equity holders shall be presented in an extended income statement or in a separate report. In addition, in certain situations two comparable financial periods are required for the balance sheet (effective 1 January 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.

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 associated companies. 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 19) and other provisions (Note 20) 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 managing a portfolio of investments.

The Kinnevik Group is from 2007 organised in the following three primary segments:

– **Major Unlisted Holdings**, which comprises Korsnäs.

– **Major Listed Holdings** which comprises Millicom Tele2, MTG, Metro and Transcom.

– **New Ventures**, which during 2007 comprises Rolnyvik, Black Earth Farming, Sia Latgran, Relevant Traffic, Kontakt East, Gateway TV and Bayport.

1 Jan-31 Dec 2007	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	7 519		147	19	-12	7 673
Operating costs	-6 226		-117	-71	57	-6 357
Depreciation	-613		-10	-1		-624
Other operating income and expenses	156		3	79	-45	193
Operating profit	836		23	26		885
Dividends received	4	304		2		310
Change in fair value of financial assets	155	14 674	702	9		15 540
Financial net	-348	-125	4			-469
Profit/loss after financial items	647	14 853	729	37		16 266
Investments in financial fixed assets			519	11		530
Investments in tangible fixed assets	269		84			353
Assets and liabilities						
Operating assets	9 474		349	153		9 976
Financial fixed assets	428	50 761	1 518	34		52 741
Short-term investments, cash and cash equivalents	63		34	4		101
Total assets	9 965	50 761	1 901	191		62 818
Operating liabilities	1 392		14	252		1 658
Provision for pensions	491			43		534
Deferred tax liability	1 379			3		1 382
Interest-bearing loans	6 091	2 753	133	0		8 977
Total liabilities	9 353	2 753	147	298		12 551
1 Jan-31 Dec 2006	Major Unlisted Holdings	Major Listed Holdings	New Ventures	Parent Company and other	Eliminations	Total Group
Revenue	6 193		96	28	-12	6 305
Operating costs	-5 228		-73	-93	12	-5 382
Depreciation	-505		-8	-1		-514
Other operating income and expenses	70		-4	4		70
Share of profit/loss of associated companies accounted for using the equity method			-1			-1
Operating profit	530		10	-62		478
Dividends received	3	485				488
Change in fair value of financial assets	47	10 902	27	-2		10 974
Financial net	-234	-98				-332
Profit/loss after financial items	346	11 289	37	-64		11 608
Investments in financial fixed assets			277	11		288
Investments in tangible fixed assets	302		5	1		308
Assets and liabilities						
Operating assets	9 461		489	159		10 109
Financial fixed assets	269	37 140	61	48		37 518
Short-term investments, cash and cash equivalents	84		4	18		106
Total assets	9 814	37 140	554	225		47 733
Operating liabilities	1 388		11	187		1 586
Provisions for pensions	505			44		549
Deferred tax liability	1 495			23		1 518
Interest-bearing loans	6 494	3 118	46			9 658
Total liabilities	9 882	3 118	57	254		13 311

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

Of total revenue of SEK 7,673 million (6,305), SEK 7,557 million (6,209) is attributable to sale of goods and SEK 116 million (96) to sale of services.

Sales to one single customer represented 52% and 48% respectively, of total revenue for the years 2007 and 2006.

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 26. 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 and 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.

In addition to the three segments reported above, Kinnevik owned the Korsnäs Packaging segment until 31 May 2006, which is reported as discontinued operations in the consolidated income statement for 2006.

Net profit/loss from discontinued operations

2006	Continuing operations	Discontinued operations	Eliminations	Total
Revenue	6 305	488	-26	6 767
Operating costs	-5 827	-496	26	-6 297
Operating profit/loss	478	-8		470
Dividends received	488	-		488
Change in fair value of financial assets	10 974	-		10 974
Financial net	-332	-1		-333
Profit/loss after financial items	11 608	-9		11 599

Revenue distributed by geographic market

	2007	2006
Sweden	1 304	1 157
Other Nordic countries	139	107
Rest of Europe	4 698	3 777
North and South America	67	18
Asia	1 230	1 087
Africa	235	159
	7 673	6 305

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

Distribution of operating profit/loss by geographic market

	2007	2006
Sweden	843	451
Other Nordic countries	-	-
Rest of Europe	42	27
	885	478

Distribution of assets by geographic market

	2007	2006
Sweden	9 421	9 574
Other Nordic countries	-	-
Rest of Europe	480	535
Other assets		
Financial fixed assets	52 816	37 518
Short-term investments, cash and cash equivalents	101	106
	62 818	47 733

Distribution of investments by geographic market

	2007	2006
Sweden	253	292
Other Nordic countries	-	-
Rest of Europe	100	16
	353	308

Note 3 Other operating income and other operating expenses

	2007	2006
Exchange gains on operating receivables/liabilities	63	32
Capital gains on disposal of tangible fixed assets	28	15
Profit from disposal of subsidiary	70	-
Freighting of external goods	55	42
Other	35	27
Other operating income	251	116

	2007	2006
Exchange losses on operating receivables/liabilities	-53	-42
Capital losses on disposal of tangible fixed assets	-1	-1
Other	-4	-3
Other operating expenses	-58	-46

Note 4 Depreciation

	2007	2006
Operating profit/loss includes depreciation as follows:		
Buildings, land and land improvements	-57	-50
Machinery and other technical plant	-550	-443
Equipment and tools	-17	-21
	-624	-514
	2007	2006
Depreciation is split per cost category as follows:		
Cost of goods and services	-615	-499
Selling costs	-	-1
Administration costs	-6	-11
Research and development costs	-3	-3
	-624	-514

Note 5 Dividends received

	2007	2006
Financial assets accounted to fair value		
Associated companies		
Tele2 AB	230	220
Transcom WorldWide S.A.	-	40
Modern Times Group MTG AB	74	225 ¹⁾
Other companies		
Bergvik Skog AB	4	3
Radio Components Sweden AB	2	-
	310	488

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

Note 6 Change in fair value of financial assets

	2007	2006
Remaining holdings		
Bergvik Skog AB	155	47
Metro International S.A.	-976	-925
Millicom International Cellular S.A.	11 974	8 248
Modern Times Group MTG AB	21	1 177
Tele2 AB	3 669	1 882
Transcom WorldWide S.A.	-386	171
Phonera AB	-	-2
Convertible loan Invik & Co. AB	-	349
Radio Components Sweden AB	2	-
Kontakt East Holding AB	-15	27
Black Earth Farming Ltd.	717	-
	15 161	10 974
Disposed holdings		
Phonera AB	0	0
Invik & Co. AB	372	-
Valvosacco SpA	7	-
	379	0
	15 540	10 974

Out of change in fair value of financial assets, 99% (99%) relates to assets traded on an active market.

Note 7 Financial income and expenses

	2007	2006
Interest income, cash and cash equivalents	8	6
Interest income financial assets accounted at fair value	6	8
Interest income from Group companies reported as discontinued operations	-	8
Financial income	14	22
Interest expenses, interest bearing loans	-439	-312
Accrued financing costs, interest bearing loans	-11	-11
Interest expense PRI	-19	-20
Write-downs of financial fixed assets	-	-1
Exchange-rate differences	-10	-3
Other financial expenses	-4	-7
Financial expenses	-483	-354
Net financial income/expenses	-469	-332

Note 8 Supplementary cash flow information

	2007	2006
Operations		
Operating profit for the year	885	478
<i>Adjustment for non cash items in operating profit</i>		
Depreciation	624	514
Exchange gains from operating receivables/liabilities	-63	-32
Exchange losses from operating receivables/liabilities	53	42
Net capital gain on disposal of fixed assets	-28	-15
Net capital gain on disposal of subsidiary	-70	-
<i>Incremental cash items from operations</i>		
Paid changes in provisions for pensions, net	-5	-2
Changes in other provisions	-154	122
Other	-33	-11
Paid taxes	-79	-18
Cash flow from operations before change in working capital	1 130	1 078
Change in working capital	-361	-284
Adjustment for working capital in acquired company	-	739
Adjustment for cash flow hedging	109	-
Cash flow from operations	878	1 533
Investments in securities		
Bayport Management Ltd	101	-
Black Earth Farming Ltd	278	215
Gateway Broadcast Services Ltd	89	-
Kontakt East Holding AB	35	34
Relevant Traffic Europe AB	16	28
Other	11	11
	530	288
Sales of securities		
Invik & Co. AB	1 089	-
Phonera AB	6	4
Valvosacco SpA	25	-
Other	11	-
	1 131	4

Note 9 Taxes

	2007	2006
Distribution of profit/loss after financial items		
Sweden	16 228	11 590
Outside Sweden	38	18
	16 266	11 608
Distribution of current tax expense		
Sweden	-255	-53
Outside Sweden	-2	-3
Distribution of deferred tax expense		
Sweden	170	11
Outside Sweden	0	-2
Total tax charge for the year	-87	-47
Current tax expense		
Tax expense for the period	-229	-51
Adjustment of tax expense for previous years	-28	-5
	-257	-56
Deferred tax expense		
Deferred tax related to temporary differences	150	28
Deferred tax expense on utilization of tax loss carryforwards	-2	-5
Change of provision arising from tax disputes	22	-14
	170	9
Total tax expense for the year	-87	-47

Reconciliation of effective tax rate

	2007	%	2006	%
Profit/loss before tax	16 266		11 608	
Income tax at statutory rate of Parent Company, 28%	-4 554	-28%	-3 250	-28%
Foreign tax rate differential	9	0%	1	0%
Change in fair value of financial assets	4 351	27%	3 073	26%
Non-taxable dividends received	87	1%	137	1%
Tax attributable to previous years	-6	0%	-5	0%
Other non-taxable income	22	0%	0	-
Other	4	0%	-3	0%
Effective tax/tax rate	-87	-1%	-47	0%

During 2007, SEK 28 million in tax for prior years was paid as a result of the Swedish National Tax Board denying the Group deductions for contributions to Group companies outside Sweden. SEK 22 million of the amount paid had been previously reserved.

	2007	2006
Deferred tax assets		
Pensions and other provisions	23	50
Tax loss carryforwards	13	15
	36	65
Provisions for deferred tax		
Tangible and biological fixed assets	-1 368	-1 541
Cash flow hedging reported through shareholders' equity	-31	0
Provisions for any additional tax arising from tax disputes	-19	-42
	-1 418	-1 583
Net provisions for deferred tax	-1 382	-1 518

Of deferred tax liabilities of SEK 1,368 million (1,541) for tangible and biological fixed assets, SEK 1,170 million (1,159) 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.

	2007	2006
Distribution of deferred tax assets		
Sweden	36	65
Outside Sweden	0	0
	36	65
Distribution of provisions for deferred tax		
Sweden	-1 416	-1 581
Outside Sweden	-2	-2
	-1 418	-1 583
Net provisions for deferred tax	-1 382	-1 518

Tax loss carryforwards

The Group's tax loss carryforwards in Sweden were SEK 48 million (54) at 31 December. Deferred tax receivables of SEK 13 million (15) were reported in the Group's balance sheet as regards these tax loss carryforwards.

Tax disputes

In 2005, the Administrative Court of Appeal issued its judgment concerning tax-loss carryforwards within SCD Invest AB and its subsidiaries. The Administrative Court of Appeal overturned the County Administrative Court's ruling on the matter and did not agree that SCD Invest had the right to tax-loss carryforwards, which the company claims should be SEK 1,585 million higher. SCD Invest requested the right of appeal in the Supreme Administrative Court, which was denied in December 2007. No deferred tax assets related to these tax-loss carryforwards were reported in the Group at 31 December 2006 or 2007, which is why the Supreme Administrative Court's ruling did not have any financial impact on the Group.

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 there are ongoing tax disputes concerning taxable income of SEK 118 million. If the rulings concerning these matters are negative for the Company, the Company will have to pay SEK 33 million in additional income tax. At 31 December 2007, the Company had made a provision of SEK 19 million for additional income tax including fees and interest expense.

Note 10 Intangible and tangible fixed assets**Intangible fixed assets, goodwill**

	2007	2006
Opening acquisition values	621	17
Investments for the year	-	604
Closing acquisition value	621	621

Goodwill arising as a result of corporate acquisitions is distributed between two cash-generating units: Korsnäs, primarily in respect of the acquisition of Frövi; and Sia Latgran in Latvia. A test to identify any impairment requirements was conducted at the end of 2007.

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 an annual growth rate of 2% based on this years outcome in both units and a discount rate, before tax, of 10% and 15%, respectively, that corresponds to the companies' average capital cost.

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

Cash-generating units

	2007	2006
Korsnäs	606	606
Sia Latgran	15	15
Closing acquisition value	621	621

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

2007	Buildings, land, land improvements	Forest, agricultural properties	Machinery, technical plants	Equipment, tools	Construction in progress, advances	Total
Opening acquisition values	1 790	148	10 261	311	101	12 611
Investments for the year	7	-	95	8	243	353
Disposals/scrapping for the year	-	-	-9	-13	-6	-28
Reclassification for the year	4	-	117	8	-129	0
Translation difference	-	-	8	-	3	11
Closing acquisition values	1 801	148	10 472	314	212	12 947
Opening accumulated depreciation	-932	-	-4 606	-242	-	-5 780
Disposals/scrapping for the year	-	-	8	4	-	12
Depreciation for the year	-57	-	-550	-17	-	-624
Translation difference	-	-	-4	-	-	-4
Closing accumulated depreciation	-989	-	-5 152	-255	-	-6 396
Closing book value	812	148	5 320	59	212	6 551
Tax assessment value, buildings	1 123	6				
Tax assessment value, land	259	17				

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
Disposals/scrapping for the year	-	-	-16	-1	-	-17
Reclassification for the year	9	-	89	-	-98	0
Translation difference	1	-4	-3	5	-	-1
Closing acquisition values	1 790	148	10 261	311	101	12 611
Opening accumulated depreciation	-881	-	-4 182	-217	-	-5 280
Disposals/scrapping for the year	-	-	17	-	-	17
Depreciation for the year	-50	-	-443	-21	-	-514
Translation difference	-1	-	2	-4	-	-3
Closing accumulated depreciation	-932	-	-4 606	-242	-	-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				

Note 11 Financial assets accounted at fair value through profit and loss

2007	Reg. no.	Registered office	Number of shares	Capital/voting (%)	Book value
Associated companies					
Black Earth Farming Ltd		Jersey	24 157 700	20	1 208
Kontakt East Holding AB	556682-8116	Stockholm	2 909 943	21	81
Metro International S.A.		Luxembourg	232 546 906	44/39	1 140
Millicom International Cellular S.A.		Luxembourg	37 835 438	37	28 301
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/48	4 491
Relevant Traffic Europe AB	556618-1987	Stockholm	8 142 400	36	28
Tele2 AB	556410-8917	Stockholm	125 481 525	28/45	16 218
Transcom WorldWide S.A.		Luxembourg	12 627 543	17/35	611
					52 078
Other companies					
Bergvik Skog AB	556610-2959	Falun	353	5	421
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	2
Other					9
					458
Other financial assets					
Gateway Broadcast Services Ltd					84
Bayport Management Ltd					97
Financial receivables in associated companies					20
Other interest-bearing receivables					4
					205
Total					52 741
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
Kontakt East Holding AB	556682-8116	Stockholm	1 440 000	18	61
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	Göteborg	4 357 952	3	5
Shared Services S.A.		Luxembourg	100	15	0
Other					7
					365
Other financial assets					
Convertible loan in Invik & Co. AB					682
Financial receivables in other associated companies					3
Other interest-bearing receivables					10
					695
Total					37 518

Out of book value of financial assets accounted at fair value through profit and loss, 99% (99%) relates to assets traded on an active market.

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
Disposals	-5	-	-	-5
Amortisation of loan receivables	-	-	-28	-28
Reclassification	-7	7	-	0
Shares received as dividend	225	-	-	225
Change in value of remaining holdings, refer to Note 6	10 553	72	349	10 974
Closing balance, 31 December 2006	36 458	365	695	37 518
Investments	313	-	206	519
Disposals	-1 089	-6	-	-1 095
Amortisation of loan receivables	-	-	-6	-6
Reclassification, refer to Note 12	983	-61	-682	240
Change in value of disposed holdings	409	1	-	410
Change in value of remaining holdings, refer to Note 6	15 004	157	-	15 161
Exchange rate differences	-	2	-8	-6
Closing balance, 31 December 2007	52 078	458	205	52 741

Note 12 Investments in companies accounted for using the equity method

2007	Reg. no.	Registered office	Number of shares	Capital/voting (%)	Book value
Altlorenschauerhof SA		Luxembourg	625	33	11
Karskär Energi AB	556018-9481	Gävle	12 331	41	64
SCD Invest AB	556353-6753	Stockholm	10 584 250	91/50	0
Shared Services S.A.		Luxembourg	200	30	0
					75

The investments in Black Earth Farming Ltd and Relevant Traffic Europe AB are from 2007 reported as Financial assets accounted to fair value as a result of change in accounting principles, refer to Note 11.

2006	Reg. no.	Registered office	Number of shares	Capital/voting (%)	Book value
Altlorenschauerhof 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	28
SCD Invest AB	556353-6753	Stockholm	10 584 250	91/50	0
Valvosacco SpA		Italy	33 800	20	18
					333

The Group's share of the associates' balance sheet

	2007	2006
Fixed assets	42	76
Surplus value fixed assets	23	178
Current assets	68	162
Long-term liabilities	-13	-10
Short-term liabilities	-45	-73
Net assets	75	333

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

	2007	2006
Revenue	156	225
Net profit	4	-1

Note 13 Inventories

	2007	2006
Raw materials and consumables	498	403
Felling rights	37	27
Work in progress	87	51
Finished products and goods for resale	819	798
Advance payments to suppliers	204	135
	1 645	1 414

Note 14 Trade receivables

	2007	2006
Trade receivables	736	694
Reserve for doubtful accounts	-15	-15
	721	679

Accrued sales revenue are included in trade receivables with SEK 62 million (57).
Trade receivables overdue more than 90 days, but not provided for, amounts to SEK 12 million (15).

Bad debt losses

	2007	2006
Opening balance, 1 January	15	6
Provisions during the year	4	7
Provision from acquired company	-	1
Confirmed losses	-2	-
Recovery of previous provisions	-2	-
Exchange rate differences	-	1
Closing balance, 31 December	15	15

Note 15 Other current assets

	2007	2006
Accrued interest income	2	8
Other accrued income and prepaid expenses	75	55
Derivatives, cash flow hedging	109	-
Other receivables	160	127
	346	190

Note 16 Cash and cash equivalents

	2007	2006
Cash at banks	72	106
Short term investments	29	-
	101	106

Short term investments are cash at banks invested with a maximum original duration of three months.

In addition to cash and cash equivalents reported above, the Group had on 31 December undrawn credit facilities of SEK 2,380 million (823).

Note 17 Shareholders' equity**Movements in Shareholders' equity of the Group**

	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the year	Total	Minority interest	Total share-holders' equity
Opening balance, 1 January 2006	26	6 868	26	16 380	23 300	0	23 300
Translation difference			2		2		2
Cash dividend ¹⁾				-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	0	0	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
Translation difference			29		29	1	30
Cash dividend ²⁾				-449	-449		-449
Actuarial profit				10	10		10
Cash flow hedging			109	0	109		109
Tax attributable to items recognised in equity			-31	-3	-34		-34
Subtotal items reported directly against shareholders' equity	0	0	107	-442	-335	1	-334
Profit 2007				16 178	16 178	1	16 179
Closing balance, 31 December 2007	26	6 868	135	43 225	50 254	13	50 267

¹⁾ 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.

²⁾ The Annual General Meeting held on 10 May 2007, resolved in favor of paying a cash dividend of SEK 1.70 per share, a total of SEK 449 million.

Share capital

Share capital refers to the Parent Company's share capital; refer to Note 10 for the Parent Company.

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 Invik & Co. AB and Industriförvaltnings AB Kinnevik in 2004, as well as by the Parent Company's legal reserve.

Reserves

Reserves reported in the Group consist of translation differences arising in the conversion of subsidiaries with a functional currency other than SEK, SEK 57 million (28), and cash flow hedging in respect of power supplies, SEK 78 million (0), after tax.

Retained earnings including net profit for the year

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.

Effects of cash flow hedges on earnings for the year

Cash flow from power futures, reported against shareholders' equity totaling SEK 109 million at 31 December 2007, before deduction of deferred tax, are estimated to yield outcomes of SEK 75 million in 2008, SEK 29 million in 2009 and SEK 5 million in 2010.

Capital

Kinnevik's managed capital consists of shareholders' equity and borrowed capital. Changes in managed shareholders' capital appear in the table above. The goal of the company is to provide a gain for shareholders through increased value of capital under management. There are no other external capital requirements, other than what is specified in the Swedish Companies Act. Kinnevik does not have a dividend policy.

For terms and conditions of interest-bearing loans refer to Note 18.

Note 18 Interest-bearing loans

Interest-bearing long-term loans

	2007	2006
Liabilities to credit institutions	8 856	8 110
	8 856	8 110

Interest-bearing short-term loans

	2007	2006
Liabilities to credit institutions	121	1 448
Liabilities to Invik & Co. AB	-	100
	121	1 548

For assets pledged as security for external interest-bearing loans, refer to Note 24.

A summary of maturities and other terms and conditions pertaining to liabilities to credit institutions is presented below. On 31 December 2007, the average remaining maturity for all credit facilities amounted to 3.2 (3.1) years. 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%.

Capitalised borrowing costs totaled SEK 0 million (12) for the year.

Lending institution SEK million	Credit facility as per 31 Dec 2007	Utilised amount 31 Dec 2007	Unutilised amount 31 Dec 2006	Currency	Maturity
Long-term loans					
Parent Company					
Banque et Caisse d'Epargne de l'Etat, Luxembourg	200	200	0	SEK	Feb 2010
Calyon Bank Stockholm Branch	500	500	0	SEK	Dec 2009
Commerzbank International S.A.	360	360	0	SEK	May 2010
DnB NOR Bank ASA (Sweden Branch)	1 000	0	1 000	SEK	Dec 2012
Nordea Bank AB (publ)	1 300	931	369	SEK/USD	²⁾
Svenska Handelsbanken AB (publ)	2 400	2 150	250	SEK	³⁾
Total Parent Company	5 760	4 141	1 619		
Other Group companies					
The Bank of Nova Scotia ¹⁾	5 300	4 600	700	SEK/EUR	May 2011
Svenska Handelsbanken AB (publ)	131	115	16	EUR	Feb 2012
Total Group	11 191	8 856	2 335		
Short-term loans					
Parent Company					
Nordea Bank AB (publ)	30	1	29	SEK	Dec 2008
Svenska Handelsbanken AB (publ)	103	101	2	SEK/EUR	Dec 2008
Total Parent Company	133	102	31		
Other Group companies					
Nordea Bank AB (publ)	9	4	5	SEK	Jan 2008
Svenska Handelsbanken AB (publ)	15	6	9	SEK	Dec 2008
Other	9	9	0		
Total Group	166	121	45		
Total long- and short-term loans, Group	11 357	8 977	2 380		

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 2007 Korsnäs complied with all financial covenants.

²⁾ SEK 650 million September 2009, SEK 650 million October 2012.

³⁾ SEK 900 million August 2009, SEK 1,500 million April 2011

Note 19 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.

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

	2007			2006		
	Sweden	UK ¹⁾	Total	Sweden	UK	Total
Net obligation for defined-benefit plans as at 1 January	549	0	549	498	0	498
Obligation in acquired companies	-	-	0	31	-	31
Benefits paid	-28	-32	-63	-28	-26	-54
Cost recognised in the income statement	23	32	48	26	26	52
Actuarial profit/losses for the year	-10	-	-10	22	-	22
Net obligation for defined-benefit plans as at 31 December	534	0	534	549	0	549

Net cost of defined benefit pension plans

	2007			2006		
	Sweden	UK ¹⁾	Total	Sweden	UK	Total
Earned during the year	5	-	5	5	1	6
Interest component in the increase during the year of the present value of the pension commitment	18	-	18	21	21	42
Anticipated return on plan assets	-	-	-	-	-26	-26
Expense due to curtailment	-	-	-	-	32	32
Reported pension cost, net	23	0	23	26	28	54

Reported provision at the end of the year

	2007			2006		
	Sweden	UK ¹⁾	Total	Sweden	UK	Total
Commitments	534	438	972	549	484	1 033
Plan assets	-	-438	-438	-	-484	-484
Reported provision 31 December	534	0	534	549	0	549

Primary assumptions used in setting the pension undertaking (%)

	2007		2006	
	Sweden	UK ¹⁾	Sweden	UK
Discount rate	4.50	N/A	4.25	5.00
Future pay increases	3.00	N/A	3.00	N/A
Future pension increases	2.00	N/A	2.00	3.00

¹⁾ The pension plan in the UK is being phased out. Obligations will be reinsured during 2008 through an external insurance company. The Group has, as a result of this, reported additional estimated payments of SEK 46 million (78) under Other provisions, refer also to Note 20. During the year, a total of SEK 32 million (26) was paid out to the pension plan to ensure that its assets cover all obligations once the plan is phased out.

Fees paid during the year for pension insurance policies covered by Alecta (reported as a defined contribution plan) amount to SEK 9 million (4). Alecta's surplus may be distributed to policyholders and/or the insured. At year-end 2007, Alecta's surplus in form of collective solvency ratio was 152% (143%).

Note 20 Other provisions

	2007	2006
Severance pay and other provisions for restructuring	131	223
Commitment relating to deficit in UK pension scheme, refer to Note 19	46	78
Dispute, VAT	5	12
Other	16	39
	198	352
Long-term	77	207
Short-term	121	145
	198	352
Opening balance, 1 January	352	235
Severance pay completed	-80	-20
New provision for severance pay	-	165
Commitment relating to deficit in UK pension scheme, refer to Note 19	-32	-21
Paid disputable employer's fees	-	-12
Release of disputable employer's fees	-	-11
Dispute, VAT	-7	12
Release of other provisions	-40	-4
Other new provisions	5	8
Closing balance, 31 December	198	352

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the company's responsibility to perform any decontamination measures must be very limited if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. As a precautionary measure, SEK 5 million was allocated in 2007 for potential environmental studies that Kinnevik might be required to pay for.

Note 21 Other liabilities

	2007	2006
Accrued interest expenses	19	19
Accrued personnel expenses	213	223
Accrued expenses for purchase of goods	103	83
Other accrued expenses and prepaid income	136	125
Other liabilities	85	91
	556	541

For trade creditors and other liabilities to related parties refer to Note 26.

Note 22 Auditors' fees

	2007	2006
To Ernst & Young		
Audit assignments	2.2	2.1
Other assignments	1.1	1.5
	3.3	3.6

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

Note 23 Leasing agreements

Group companies have concluded a number of agreements covering the rental of premises and other fixed assets. During 2007, SEK 97 million (104) was paid in accordance with operational leasing agreements. The amount includes Korsnäs' leasing of RoRo vessels in the amount of SEK 72 million (76). This leasing agreement has been terminated one year in advance through disposal to third party.

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

	2007		2006	
	Premises and other fixed assets	RoRo vessels	Premises and other fixed assets	RoRo vessels
2007			26	76
2008	18	-	18	77
2009	13	-	14	-
2010	12	-	12	-
2011	4	-	4	-
2012	2	-	3	-
2013 and later	2	-	-	-
	51	-	77	153

The Group had financial leasing agreements of SEK 6 (0) million reported in the balance sheet on 31 December 2007.

Note 24 Pledged assets

	2007	2006
For liabilities to credit institutions		
Real estate mortgages	1 900	2 038
Shares in subsidiaries	3 561	2 631
Shares in associated companies	8 749	9 388
Chattel mortgages	600	600
Cash and cash equivalents	-	1
	14 810	14 658

Listed shares in associated companies, shares in other unlisted companies and shares in subsidiaries have been pledged for the benefit of the Group's loans from a number of banks. Pledged shares' actual or estimated market value shall, at any given time, amount to the equivalent of 150-200% of the utilized loan amount. Voting rights and any dividends are not included in pledging.

A mortgage deed of SEK 1,900 million in fixed assets and a chattel mortgage of SEK 600 million in Korsnäs is included as a general security related to Korsnäs' syndicated bank loan.

Note 25 Contingent liabilities

	2007	2006
Sureties and guarantees	39	54
Guarantee commitments, FPG	10	10
	49	64

Refer also to Note 20.

Note 26 Related-party transactions

For transactions with the Board of Directors and Senior Executives, refer to Note 27. During 2007 and 2006, Kinnevik engaged in transactions with the following related companies.

Related companies	Relationship
Black Earth Farming Ltd	Associated company of Kinnevik
Tele2 AB ("Tele2")	Associated company of Kinnevik
Modern Times Group MTG AB ("MTG")	Associated company of Kinnevik
Metro International S.A. ("Metro")	Associated company of Kinnevik
Transcom WorldWide S.A. ("Transcom")	Associated company of Kinnevik
Millicom International Cellular S.A. ("Millicom")	Associated company of Kinnevik
Invik & Co. AB ("Invik")	Associated company of Kinnevik until 28 June 2007.
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 to Kinnevik.

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.
- Kinnevik bought, until the end of 2007, 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.

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 2007, the loan receivable totaled SEK 3 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. Due to Great Universal's weak financial position, in 2005 Kinnevik wrote down the receivable in the amount of SEK 12 million. During 2006 and 2007, Great Universal amortized SEK 0.5 million. As of 31 December 2007, the carrying value of the receivable was SEK 0.
- In March 2005, Kinnevik subscribed for convertible debentures in Invik amounting to SEK 235 million. In January 2007 the loan was converted into 4,519,230 new shares. The shares were disposed in June 2007.

- Following the distribution of the shares in Invik in 2005, Kinnevik had an interest-bearing loan to Invik amounting to SEK 200 million. The loan was repaid semi-annually in an amount of SEK 50 million until it was fully repaid on 30 June 2007. The loan carried interest at 6-month STIBOR plus a margin of 0.50%.

Other transactions

- In March 2007, Kinnevik acquired 33% of the shares in Altlorenscheurerhof S.A. from Banque Invik S.A. for a purchase amount of EUR 1.1 million.
- In December 2007, Kinnevik sold 33% of the shares in Altlorenscheurerhof S.A. to Bäckegrube AB, a subsidiary of Modern Times Group MTG AB, for a sales price of EUR 1.1 million.

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

	Group		Parent Company	
	2007	2006	2007	2006
Revenue				
Black Earth Farming	1.0	-	-	-
Invik	1.2	3.8	-	0.1
Metro	0.5	0.6	0.1	0.1
Millicom	0.5	0.1	0.5	0.1
MTG	1.8	3.4	0.1	0.4
Tele2	2.1	2.7	0.3	0.1
Transcom	0.8	2.4	-	-
	7.9	13.0	1.0	0.8
Operating expenses				
Audit Value	-0.1	-0.1	-	-0.1
Invik	-1.2	-6.2	-0.5	-2.1
Metro	-0.3	-	-0.2	-
MTG	-0.1	-	-0.1	-
Tele2	-6.4	-7.2	-1.6	-1.0
	-8.1	-13.5	-2.4	-3.2
Interest income				
Great Universal	-	-	-	-
Invik	-	8.2	-	8.2
Modern Holdings	0.2	0.4	0.2	0.4
	0.2	8.6	0.2	8.6
Interest expenses				
Invik	-1.0	-4.2	-1.0	-4.2
	-1.0	-4.2	-1.0	-4.2
Financial receivables from associated companies				
Invik	-	243	-	-
Other associated companies	20	3	-	-
	20	246	-	-
Other long-term interest-bearing receivables				
Modern Holdings	3	7	3	7
	3	7	3	7
Accounts receivable and other current receivables				
Invik	-	1	-	-
MTG	12	-	10	-
Tele2	2	-	-	-
	14	1	10	-
Interest-bearing loans				
Invik	-	100	-	100
	0	100	-	100
Accounts payable and other non-interest-bearing liabilities				
Tele2	1	0	-	-
	1	0	-	-

Note 27 Personnel

Average number of employees

Group	2007		2006	
	men	women	men	women
Sweden	1 441	239	1 281	209
Germany	3	-	71	19
Latvia	214	31	211	30
Denmark	-	-	60	23
Poland	77	13	87	24
The Netherlands	-	-	37	3
Spain	-	-	35	5
UK	6	-	3	2
Czech Republic	-	-	36	10
Serbia	-	-	22	7
Ukraine	-	-	36	4
Romania	-	-	17	5
Finland	-	-	1	1
France	8	-	7	2
Russia	9	3	-	-
Total number of employees	1 758	286	1 904	344
		2 044		2 248

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

Distribution of women and men on the Board and in the management group, Group ¹⁾

Board members	2007		2006	
	men	women	men	women
Elected by the AGM	15	5	17	5
Employee representatives, ordinary	4	-	4	-
Employee representatives, deputies	4	-	3	1
CEO	-	1	-	1
Other senior executives	5	1	4	-
	28	7	28	7

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: Investment AB Kinnevik, Korsnäs AB and Mellersta Sveriges Lantbruks AB.

Distribution of women and men on the Board and in the management group, Parent Company

Board members	2007		2006	
	men	women	men	women
Elected by the AGM	5	1	6	1
Employee representatives, ordinary	2	-	2	-
Employee representatives, deputies	2	-	1	1
CEO	-	1	0	1
Other senior executives	3	1	2	-
	12	3	11	3

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

Group	2007		2006	
	Board and CEO	Other employees ²⁾	Board and CEO	Other employees
Sweden	20 298	755 900	40 228	628 772
Germany	-	3 431	2 629	31 713
Latvia	2 153	24 082	1 781	19 768
Denmark	-	-	-	35 105
Poland	621	5 431	625	5 781
The Netherlands	-	-	-	13 057
Spain	-	-	-	4 729
UK	-	6 832	2 552	6 256
Czech Republic	-	-	-	4 018
Serbia	-	-	-	1 162
Ukraine	-	-	-	-
Romania	-	-	-	-
Finland	-	-	-	935
France	-	9 424	3 700	5 586
Russia	79	449	-	-
Other countries	-	-	-	7 439
Total salaries and other remuneration	23 151	805 549	51 515	764 321
Social security expenses	13 294	348 633	22 896	301 209
Of which, pension expense ¹⁾	6 320	94 927	7 060	72 862

¹⁾ Relates to present and former Board members and CEOs.

²⁾ The amount include SEK 76 (20) million in paid remuneration 2007 which relate to restructuring costs within Korsnäs expensed in 2006 and earlier.

In salaries, other remuneration and social security expenses for the Group 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 and CEOs for the Group amounts to total SEK 56,379,000 (61,269,000). These amounts are included among liabilities in the balance sheets of the Group.

Principles

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 CEO of the Parent Company, the Remuneration Committee prepares the aforementioned issues for decision and presents information to the Board, including proposal for decision. As regards other management employees in the Parent Company and CEOs of the business areas, 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.

Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2007. Wilhelm Klingspor was the Committee Chairman.

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. At the end of 2007 there was, besides the CEO, six other senior executives employed within Kinnevik.

Guidelines on remuneration for senior executives approved by the Annual General Meeting in 2007 are presented in the Board of Directors' Report.

Board fees

	2007			2006		
	Parent Company	Board positions, subsidiaries	Total fee	Parent Company	Board positions, subsidiaries	Total fee
Cristina Stenbeck (Chairman 2007, deputy Chairman 2006)	925 000	150 000	1 075 000	650 000	150 000	800 000
Pehr G Gyllenhammar (Chairman 2006)	—	—	—	1 700 000	—	1 700 000
Vigo Carlund	350 000	400 000	750 000	272 329	272 329	544 658
Edvard von Horn	—	—	—	350 000	150 000	500 000
Wilhelm Klingspor	450 000	150 000	600 000	375 000	150 000	525 000
Erik Mitteregger	475 000	—	475 000	400 000	—	400 000
Stig Nordin	400 000	150 000	550 000	350 000	150 000	500 000
Allen Sangines-Krause	350 000	—	350 000	—	—	—
	2 950 000	850 000	3 800 000	4 097 329	872 329	4 969 658

Remuneration for the CEO and other senior executives

	2007		2006	
	CEO	Other senior executives	CEO ¹⁾	Other senior executives
Salaries	5 621	7 975	27 311	9 571
Variable remuneration/bonus	2 750	2 535	2 231	6 956
Benefits	102	370	98	338
Pension expenses	1 100	1 552	1 381	1 648

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 Livfors from 1 August 2006.

The CEO of the Parent Company, Mia Brunell Livfors, was paid salary and benefits of SEK 5,723,000 (2,366,000) and a bonus of SEK 2,750,000 (802,000). 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 salary received from Kinnevik during the notice period. In the event of

termination of employment initiated by the CEO, the notice period is 12 months.

During the period January to July 2006, salary and benefits totalling SEK 6,656,000 and a bonus of SEK 1,429,000 was paid to former CEO Vigo Carlund. Pension premium payments amounted to 20% of fixed salary. Vigo Carlund resigned effective 1 August 2006 and is entitled to receive 60% of the fixed salary at the time until the age of 65. As a result, a total of SEK 18,387,000 was reserved in 2006, of which SEK 4,200,000 was paid out during 2007. The outstanding debt still due is reported at net present value in the balance sheet under Provisions.

For the six 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 6 and a maximum 12 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period.

Note 28 Financial assets and liabilities allocated by category

2007	Financial assets accounted at fair value	Loan receivables and trade receivables	Derivatives, cash flow hedging	Financial liabilities	Total book value
Financial assets accounted at fair value	52 741	—	—	—	52 741
Other fixed assets	—	6	—	—	6
Trade receivables	—	721	—	—	721
Other current assets	2	235	109	—	346
Short term investments	29	—	—	—	29
Cash at bank	72	—	—	—	72
Total financial assets	52 844	962	109		53 915
Interest bearing loans	—	—	—	8 977	8 977
Trade creditors	—	—	—	734	734
Other liabilities	—	—	—	347	347
Total financial liabilities				10 058	10 058

2006	Financial assets accounted at fair value	Loan receivables and trade receivables	Derivatives, cash flow hedging	Financial liabilities	Total book value
Financial assets accounted at fair value	37 518	-	-		37 518
Other fixed assets	-	12	-		12
Trade receivables	-	679	-		679
Other current assets	8	182	-		190
Short term investments	-	-	-		0
Cash at bank	106	-	-		106
Total financial assets	37 632	873	-		38 505
Interest bearing loans				9 658	9 658
Trade creditors				681	681
Other liabilities				318	318
Total financial liabilities				10 657	10 657

Fair value

Fair value of all financial assets and liabilities correspond with book value.

Note 29 Business combinations**2007**

No business was acquired during 2007.

2006

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 Major Unlisted Holdings 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 has resulted 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 Cartonboard 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 contributed to an operating income in the amount of SEK 6 million and a net loss of SEK 49 million for the Group during 2006, including restructuring costs of SEK 118 million. The above-mentioned adjustment of Frövi's reported value of inventory had a SEK 29 million negative impact on the operating result for Korsnäs Frövi for the period June-December 2006 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 2006. 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 totalling SEK 55 million and a positive tax charge of SEK 38 million. Revenue for the entire Group had then totalled 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 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 Group's assets, through ownership of shares in a number of companies conducting operations in more than 60 countries, are exposed to political risks. More than 50% of the market value of Kinnevik's combined assets of approximately SEK 64 billion at 31 December 2007, were exposed to growth markets in Latin America, Africa, Russia and the Baltic countries.

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 2007, 16% (25%) of the stock portfolio was used as collateral for the Group's loans; also refer to Note 24.

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 2007 would have affected earnings and shareholders' equity by SEK 520 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 2007, all of Kinnevik's liabilities to credit institutions, SEK 8,977 million, was exposed to interest rate changes, of which SEK 8,010 million to changes in Stibor, SEK 281 million to changes in Euribor, SEK 181 million to changes in Libor USD and the rest against interest rates in other currencies. 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 2007 had risen from 5.2% to 6.2%, the average interest expense on an annualized basis would have risen by SEK 90 million. According to Kinnevik, an effect of any increase of the interest rate in the Company is managed efficiently, primarily via the operating cash flow from Korsnäs and secondarily via dividends from, 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 endeavour to match revenues and costs in the same currency. The net flow of the Group's inflow and outflow in foreign currency amounted to a net inflow of approximately SEK1,200 million (1,000) for the year, which consisted mainly of EUR. The Group's policy is not to hedge this transaction exposure by using, for example, forward contracts. The reason for this approach is that 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 2007 by approximately SEK 9 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 2007, there were no outstanding forward contracts. Translation exposure arising from the translation of the foreign subsidiaries' earnings and shareholders' equity is not hedged since the exposure is considered being of no 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 Latin America, Asia and Africa, accounts for the principal exchange rate risk. On 31 December 2007, the book value of the holdings in Millicom was SEK 28,301 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 2007, the Company also had cash and cash equivalents and committed but unutilized credit facilities amounting to SEK 2,481 million.

Kinnevik's refinancing risk is limited by having loans from a number of different credit institutions maturing at different times as well as striving for refinancing all loans at least six months prior to maturity. On 31 December 2007, the available credit facility amounts from credit institutions totalled SEK 11,357 (10,391) million and the average remaining term to maturity was 3.2 (3.1) years.

Note 31 Events after the end of the reporting period

In January 2008, Korsnäs, which previously owned 41% of the shares in Karskär Energi AB, reached an agreement to acquire the remaining 59% from E.ON Sverige AB for a consideration of SEK 200 million. The transaction covers a combined heating and power plant that has existed at the Korsnäs industrial area in Gävle since 1971. Karskär Energi produces 350 GWh of electricity annually and as a result of the acquisition Korsnäs will in the future produce 38% of the annual electricity consumption at the plants in Gävle and Frövi internally.

On 4 March 2008 the market value of the Major Listed Holdings was SEK 44,088 million, corresponding to a decrease of SEK 6,673 million from SEK 50,761 million since the beginning of the year in a globally weak stock market.

Parent Company's financial statements

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

	Note	2007	2006
Revenue		12	12
Administration costs		-65	-85
Other operating income		7	3
Operating loss		-46	-70
Dividends received	2	1 817	485
Earnings from financial assets	4	599	-
Interest income and other financial income	3	49	44
Interest expenses and other financial expenses	3	-360	-240
Profit after financial items		2 059	219
Change of untaxed reserves		-	4
Profit before taxes		2 059	223
Tax		102	-12
Net profit for the year		2 161	211

Parent Company Balance Sheet 31 December (SEK million)

	Note	2007	2006
ASSETS			
Tangible fixed assets			
Equipment	6	2	2
Shares and participations in Group companies	8	13 908	11 768
Receivables from Group companies		1	250
Shares and participations in associated companies	7	11 578	11 606
Receivables from associated companies		1	-
Shares and participations in other companies	7	29	61
Other long-term interest-bearing receivables		185	9
Total fixed assets		25 704	23 696
Current assets			
Receivables from Group companies		507	263
Other receivables		14	7
Accrued income		3	0
Prepayments		4	6
Cash and cash equivalents		1	0
Total current assets		529	276
TOTAL ASSETS		26 233	23 972
	Note	2007	2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	10		
Share capital (263 981 930 shares of SEK 0.10 each)		26	26
Premium reserve		6 868	6 868
Retained earnings		9 805	9 680
Net result		2 161	211
Total shareholders' equity		18 860	16 785

	Note	2007	2006
Provisions			
Provisions for pensions		30	30
Deferred tax liability		10	5
Other provisions	9	35	44
Total provisions		75	79
Long-term liabilities			
External interest-bearing loans	11	4 141	3 050
Liabilities to Group companies		558	2 468
Total long-term liabilities		4 699	5 518
Short-term liabilities			
External interest-bearing loans	11	102	1 539
Trade creditors		2	3
Liabilities to Group companies		2 407	2
Other liabilities		63	27
Accrued expenses	12	25	19
Total current liabilities		2 599	1 590
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26 233	23 972
Pledged assets	13	12 075	10 474
Contingent liabilities	14	5	5

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

	2007	2006
Operations		
Operating loss	-46	-70
Non-cash items	28	0
Taxes paid	1	-5
Cash flow from operations before change in working capital	-17	-75
Change in operating assets	3	-5
Change in operating liabilities	5	0
Cash flow from operations	-9	-80
Investing activities		
Investments in shares and other receivables	-414	-695
Disposals of shares and other securities	1 046	241
External dividends received	306	261
Change in loan receivables	-185	12
Interest received	49	44
Cash flow from investing activities	802	-137
Financing activities		
Borrowing	90	98
Amortisation of loans	-436	-100
Change in intra-Group balances	361	797
Interest paid	-358	-239
Dividend paid	-449	-422
Cash flow from financing activities	-792	134
Cash flow for the year	1	-83
Cash and bank, opening balance	0	83
Cash and bank, closing balance	1	0

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

	Share capital	Premium reserve	Unrestricted equity	Total
Opening balance, 1 January 2006	26	6 868	11 953	18 847
Merger settlement ¹⁾	-	-	-2 101	-2 101
Cash dividend ²⁾	-	-	-422	-422
Group contribution, net	-	-	250	250
Net result 2006	-	-	211	211
Closing balance, 31 December 2006	26	6 868	9 891	16 785
Cash dividend ³⁾	-	-	-449	-449
Group contribution	-	-	504	504
Tax, Group contribution	-	-	-141	-141
Net result 2007	-	-	2 161	2 161
Closing balance, 31 December 2007	26	6 868	11 966	18 860

¹⁾ Merger with Kinnevik International AB, registered in November 2006.

²⁾ 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

³⁾ The Annual General Meeting held on 10 May 2007, resolved in favor of paying a cash dividend of SEK 1.70 per share, a total of SEK 449 million

Notes to the Parent Company's financial statements

Note 1 Parent Company's accounting principles

The Parent Company's annual accounts have been prepared in accordance with Swedish law, and with early application of the Swedish Financial Reporting Board's recommendation RFR 2.1 (Reporting for legal entities), which replaces the Financial Accounting Standards Council's recommendation RR 32.06.

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 RFR 2.1 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 accordance with Swedish principles.

For information concerning related party transactions, refer to Note 26 for the Group.

Note 2 Dividends received

	2007	2006
Group companies	1 511	-
Associated companies		
Tele2 AB	230	220
Transcom WorldWide S.A.	-	40
Modern Times Group MTG AB	74	225
Other companies		
Radio Components Sweden AB	2	-
	1 817	485

Note 3 Financial income and expenses

	2007	2006
Interest income from third parties	9	10
Interest income from Group companies	40	34
Financial income	49	44
Interest expenses to credit institutions	-203	-154
Interest expenses to Group companies	-156	-83
Exchange-rate differences	-1	-1
Other financial expenses	-	-2
Financial expenses	- 360	-240
Net financial income/expenses	- 311	-196

Note 4 Earnings from financial assets

	2007	2006
Sale of shares in Invik & Co. AB	608	-
Internal sale of shares in Kontakt East Holding AB	7	-
write-down	-17	-
Other	1	-
	599	-

Note 5 Auditors' fees

	2007	2006
To Ernst & Young		
Audit assignments	0.7	0.8
Other assignments	0.4	0.8
	1.1	1.6

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

Note 6 Tangible fixed assets

	2007	2006
Equipment		
Opening acquisition values	4	12
Investments for the year	0	2
Disposals/scraping for the year	0	-10
Closing acquisition values	4	4
Opening accumulated depreciation	-2	-9
Disposals/scraping for the year	0	8
Depreciation for the year	0	-1
Closing accumulated depreciation	-2	-2
Closing book value	2	2

Note 7 Shares and participations

Associated companies	Reg. no.	Registered office	Number of shares	Capital/voting (%)	Book value
Altlorenschauerhof S.A.		Luxembourg	625	33	11
Black Earth Farming Ltd		Jersey	16 780 800	14 ¹⁾	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
Shared Services S.A.		Luxembourg	200	30	0
Tele2 AB	556410-8917	Stockholm	125 481 525	28/45	8 601
Transcom WorldWide S.A.		Luxembourg	12 627 543	17/35	253
¹⁾ The Group's equity interest is 20%.					11 578

Other companies	Reg. no.	Registered office	Number of shares	Capital/voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	26
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	2
Tenant-owner apartments					1
					29

Change in book value, shares and participations in associated companies

Opening balance, 1 January 2007	11 606
Internal sale of shares	-28
Closing balance, 31 December 2007	11 578

Change in book value, shares and participations in other companies

Opening balance, 1 January 2007	61
Internal sale of shares	-34
Reversed impairment	2
Closing balance, 31 December 2007	29

Note 8 Shares and participations in Group companies

Shares and participations in direct-owned subsidiaries

	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	17
Invik International S.A. under liquidation		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
Kinnevik New Ventures AB	556736-2412	Stockholm	100 000	100/100	350
Korsnäs AB	556023-8338	Gävle	53 613 270	100/100	8 037
Latellana AG		Switzerland	20 000	100/100	13
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	1
Plonvik Sp. z o.o. ¹⁾		Poland	1	0/0	0
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	5 032
Korsnäs Holding AB	556170-7703	Stockholm	1 000	100/100	0
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
Shares and participations in direct-owned subsidiaries					13 908

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 2007	11 768
Shareholders' contribution	414
Disposal of subsidiaries	-229
Internal sale of subsidiaries	-141
Internal acquisition of subsidiary	2 143
Write-down	-17
Liquidated subsidiary	-30
Closing balance, 31 December 2007	13 908

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 (%)
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Plonvik Sp.z o.o.		Poland	100/100
Polnyvik Sp.z o.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 Stjernerunds 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, under liquidation	556116-3709	Frövi	100/100
Korsnäs-Frövi AB	556267-2328	Frövi	100/100
Korsnäs-Frövi Ltd		UK	100/100
Korsnäs-Frövi S.A.S		France	100/100
AssiDomän Ibérica S.L		Spain	100/100
Korsnäs GmbH		Germany	100/100
Korsnäs Latvia Sia		Latvia	100/100
Latsin Sia		Latvia	100/100
Latsin Rus OOO		Russia	100/100
Sia Freja		Latvia	100/100
Korsnäs d.o.o.		Serbia	100/100
Korsnäs d.o.o.		Croatia	87/87
Korsnäs Sales Ltd		UK	100/100
Korsnäs Sägverks AB	556024-8477	Gävle	100/100
Marma Skog 31 AB	556580-2203	Gävle	100/100
Sillender Oü		Estonia	100/100
Sia Latgran		Latvia	51/51

Note 9 Other provisions

	2007	2006
Severance pay and other provisions for restructuring	20	24
Dispute, VAT	4	12
Other	11	8
	35	44
Long-term	25	27
Short-term	10	17
	35	44
Change for the year		
Opening balance, 1 January	44	33
Severance pay completed	-4	-
New provision for severance pay	-	24
Paid disputable employer's fees	-	-12
Release of disputable employer's fees	-	-11
Dispute, VAT	-7	12
Release of other provisions	-3	-2
Other new provisions	5	-
Closing balance, 31 December	35	44

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. As a precautionary measure, SEK 5 million was allocated in 2007 for potential environmental studies that Kinnevik might be required to pay for.

Note 10 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 57).

Share capital

Investment AB Kinnevik's share capital as of 31 December 2007 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 and 2007. During 2004 and 2005, the following changes occurred in the Group's share capital:

	Class A shares	Class B shares	Total
31 December 2003 Invik & Co. AB before merger	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 class A shares to class B shares	-5 312 726	5 312 726	0
Merger payment to Industriförvaltnings AB 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 2007	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 Industriförvaltnings AB Kinnevik and Invik & Co. AB in July 2004, while two class A shares and seven 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)
Class A shares	50 197 050	5 020
Class 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 2003, there were no changes in 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 2007.

Note 11 Interest-bearing loans**Interest-bearing long-term loans**

	2007	2006
Liabilities to credit institutions	4 141	3 050
	4 141	3 050

Interest-bearing short-term loans

	2007	2006
Liabilities to credit institutions	102	1 439
Liabilities to Invik & Co. AB	-	100
	102	1 539

For further information about the Parent Company's interest bearing loans refer to Note 18 for the Group.

Note 12 Accrued expenses

	2007	2006
Accrued personnel expenses	8	5
Accrued interest expenses	16	13
Other	1	1
	25	19

Note 13 Pledged assets

	2007	2006
For liabilities to credit institutions		
Shares in subsidiaries	8 037	5 894
Shares in associated companies and other companies	4 038	4 580
	12 075	10 474

Note 14 Contingent liabilities

	2007	2006
Sureties and guarantees for subsidiaries	4	4
Guarantee commitments, FPG	1	1
	5	5

Refer also to Note 9

Note 15 Personnel

Average number of employees

	2007		2006	
	men	women	men	women
Parent Company				
Stockholm	4	5	4	3

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

	2007		2006	
	Board and CEO	Other employees	Board and CEO	Other employees
Salaries and other remuneration	11 439	7 356	33 751	6 146
Social security expenses	5 935	4 129	13 429	3 521
Of which, pension expense ¹⁾	2 227	1 647	2 485	1 425

¹⁾ Relates to present and former Board members and CEOs.

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 27 for the Group.

Note 16 Financial assets and liabilities by category

2007	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	508		508
Receivables from associated companies	-	1		1
Shares and participation in other companies	29	-		29
Interest-bearing receivables	185	-		185
Other receivables	-	21		21
Cash at bank	1	-		1
Total financial assets	215	530		745
Interest-bearing liabilities			4 243	4 243
Liabilities to Group companies			2 965	2 965
Trade creditors			2	2
Other liabilities			80	80
Total financial liabilities			7 290	7 290

2006	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	513		513
Shares and participation in other companies	61	-		61
Interest-bearing receivables	-	9		9
Other receivables	-	13		13
Total financial assets	61	535		596
Interest-bearing liabilities			4 589	4 589
Liabilities to Group companies			2 470	2 470
Trade creditors			3	3
Other liabilities			41	41
Total financial liabilities			7 103	7 103

Fair value

Fair value of all financial assets and liabilities correspond with book value.

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Board of Director's Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm, 5 March 2008

Cristina Stenbeck
Chairman of the Board

Vigo Carlund
Member of the Board

Per Eriksson
*Member of the Board,
Employee representative*

Wilhelm Klingspor
Member of the Board

Erik Mitteregger
Member of the Board

Stig Nordin
Member of the Board

Allen Sangines-Krause
Member of the Board

Hans Wahlbom
*Member of the Board,
Employee representative*

Mia Brunell Livfors
President & CEO

Our Audit Report was issued on 5 March 2008
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders of Investment AB Kinnevik (publ)

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 (publ) for the year 2007. The company's annual accounts and consolidated accounts are included in this document on page 29-62. 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 IFRSs 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 IFRSs 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, 5 March 2008
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Definitions of financial key ratios

Operating margin

Operating income 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.

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.

Annual General Meeting 2008

Date and venue

The Annual General Meeting will be held on Thursday, 15 May 2008, at 9:30 a.m. at the Hotel Rival, Mariatorget 3, Stockholm. The doors will open at 8:30 a.m. and registration will be conducted until 9:30 a.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, 9 May 2008
- notify the Company of their intention to participate not later than Friday, 9 May 2008, at 3:00 p.m.

Distance voting is not available.

How to be entered in the register of shareholders

Shares can 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 register the shares in their own name to be entitled to participate in the Meeting. Shareholders requiring such registration must inform the nominee of this in sufficient time prior to 9 May 2008.

How to notify intention to participate

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

- by e-mail, registration@kinnevik.se
- by writing to the Company at: Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden,
- by telephone, +46 (0) 8 562 000 95

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, 9 May 2008 at 3 p.m.

Nomination Committee

During the autumn, a Nomination Committee was formed comprising Cristina Stenbeck as representative of Emesco AB and other shareholders, Tomas Nicolin as representative of Alecta, Peter Lindell as representative of AMF Pension, Edvard von Horn as representative of the von Horn family, Wilhelm Klingspor as representative of the Klingspor family, and Marianne Nilsson as representative of Swedbank Robur Fonder, 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, remuneration for the auditors and proposal for Chairman at the AGM.

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, 24 April 2008

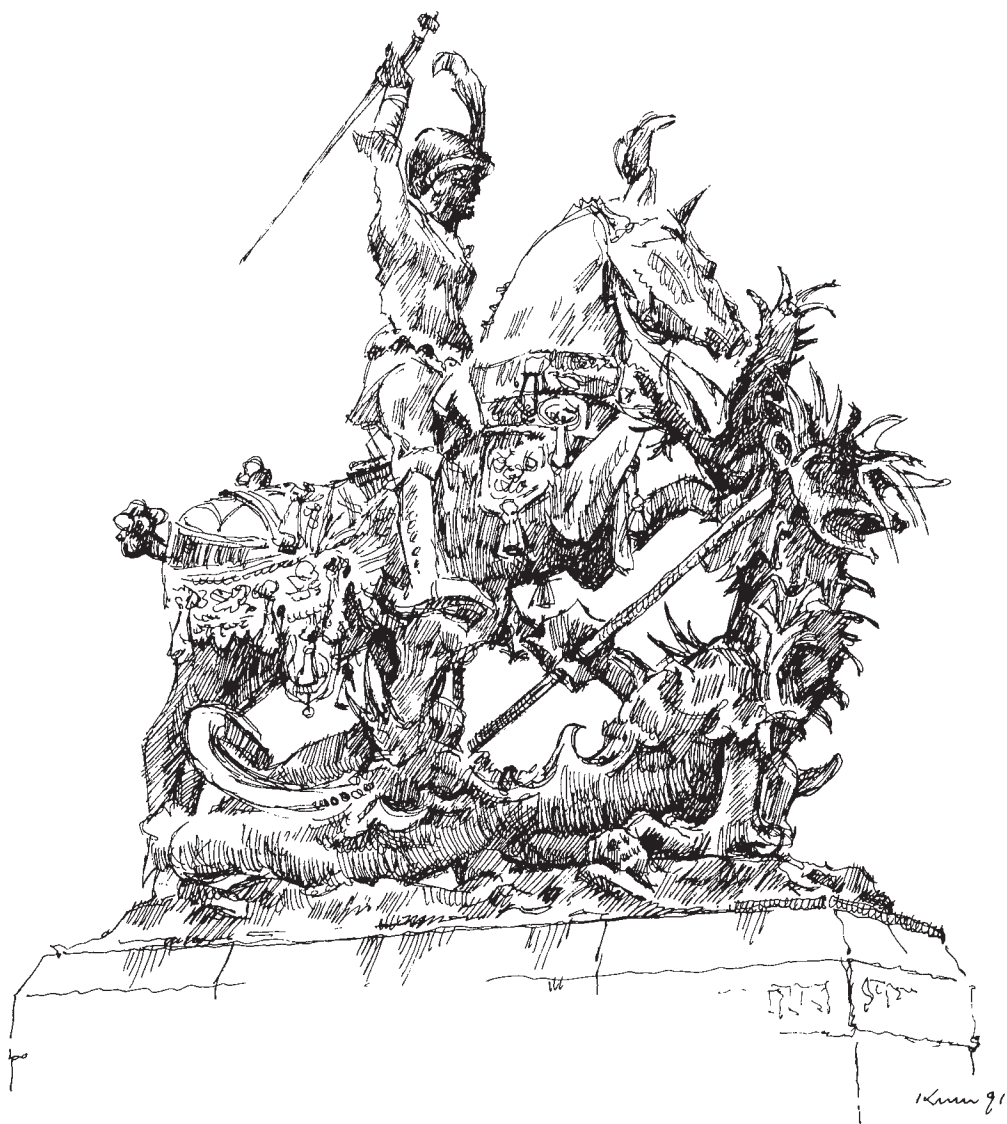
Interim Report Q2, 24 July 2008

Interim Report Q3, 23 October 2008

Year-end Report 2008, February 2009

Annual Report for 2008, March 2009

Annual General Meeting, May 2009



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