

Industrieförvaltnings AB *Kinnevik*

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Interim Report January 1 - June 30 2003

- **Operating income amounted to SEK 632 (375) million. This figure includes income from corporate development and income from sales of securities of SEK 159 (39) million. Excluding these items, operating income amounted to SEK 473 (336) million.**
- **Kinnevik's interest in the earnings of associated companies amounted to a net gain of SEK 113 (loss of 245) million, of which Tele2 AB accounted for a gain of SEK 167 (–) million, Millicom International Cellular S.A. for a gain of SEK 0 (loss of 117) million and Metro International S.A. for a loss of SEK 42 (loss of 98) million.**
- **The market value of the Group's holdings of listed securities amounted to SEK 11,274 million at June 30, 2003. On August 6, 2003 the value was SEK 11,859 million, which means that the market value exceeds the book value of the Group's listed portfolio by SEK 4,236 million on that date.**

ADMINISTRATION

The shareholders voted at the Annual General Meeting on May 16 in favour of the Board's proposal to pay a cash dividend of SEK 4 per share to Kinnevik's shareholders. Bruce Grant, Edvard von Horn, Wilhelm Klingspor, Stig Nordin, Ulf Spång and Dag Tigerschiöld were re-elected as Board members and Anders Fällman and Cristina Stenbeck were elected as new members of the Board. At a statutory Board meeting following the AGM, Edvard von Horn was elected Chairman of the Board and Cristina Stenbeck was elected Vice Chairman of the Board.

In accordance with the resolution passed at the Annual General Meeting on May 16, holders of 1,420,707 class A shares registered to reclassify their class A shares into class B shares. The number of class A shares following the reclassification is 13,703,034 and the number of class B shares is 49,235,643. The total number of outstanding shares in Kinnevik remains unchanged at 62,938,677.

Since 1976, Kinnevik's shares have generated an average effective yield of 15% per year as a result of rising prices and dividends, including the value of subscription offers. During the past five years, Kinnevik's shares have generated an average effective yield of -6 % per year.

The market value of the Group's holdings of listed securities amounted to SEK 11,274 million at June 30, 2003. On August 6, 2003 the value was SEK 11,859 million, which means that the market value exceeds the book value of the Group's listed portfolio by SEK 4,236 million on that date.

On May 14 Kinnevik completed a major refinancing of its banking facilities. The parent company, Industriförvaltnings AB Kinnevik, refinanced SEK 3,175 million of existing facilities with a number of new three to five year bilateral facilities from Svenska Handelsbanken, Nordea and Toronto Dominion. Wholly-owned Kinnevik operating subsidiary, Korsnäs AB, refinanced its existing SEK 1,800 million bank facility by means of a SEK 2,500 million five-year syndicated loan. The facility has been provided by a syndicate of leading international banks comprising Bank of Nova Scotia, Den norske Bank, Svenska Handelsbanken, SEB, Nordea and Crédit Agricole Indosuez. After the refinancing, Kinnevik's total facilities including overdrafts amount to SEK 8,276 million, of which

SEK 305 million is short term.

On June 10, Kinnevik entered into an agreement with Metro International S.A. ("Metro") to convert its long-term interest-bearing loan to Metro into Metro shares. Kinnevik will receive 47.1 million new Metro class A shares and 115.2 million new Metro class B shares at a price of SEK 3.75 per share in exchange for the retirement of the SEK 609 million long-term interest bearing loan to Metro, including interest accrued up to May 31, 2003. No interest will be charged on the loan for the period between May 31 and the completion of the transaction at the end of August.

Kinnevik is also fully underwriting a rights issue by Metro to raise SEK 252 million. Holders of Metro's Swedish depositary receipts as at the record date of July 17, have received one subscription right for each class A or class B share held. The offer is not open to shareholders domiciled in the USA, Canada or Japan. Each subscription right entitles the holder to subscribe to one new class A share at a subscription price of SEK 2.30 per share. The offer is open between July 21 and August 8. Kinnevik intends to subscribe for its share of the rights issue.

Kinnevik is also providing short-term bridge financing to Metro on the same terms as its existing loan to Metro. As of June 30, SEK 39 million had been paid to Metro as bridge financing, which will be repaid from the proceeds of the new issue of Metro shares.

A loan of SEK 100 million was paid out to Invik & Co. AB in June. This is a short-term loan on arms-length terms for which collateral has been provided in the form of listed shares.

CONSOLIDATED RESULT FOR THE FIRST SIX MONTHS OF 2003

Net turnover for the first six months amounted to SEK 2,926 (3,208) million.

Operating income amounted to SEK 632 (375) million. This figure includes income from corporate development of SEK 195 (loss of 1) million and a loss of SEK 36 million on sales of securities (gain 40). The income from corporate development consists mainly of the gain on the sale of Credit International Services' debt collection business and of Cargo Pak, one of Korsnäs Packaging's lines of business, during the first quarter. The result from the sale of securities includes a loss on the sale of all

units in the Marcstone Overseas Euro Ltd fund and a loss on the exchange of Tele2 shares for shares in P4 Radio Hele Norge ASA, in accordance with an agreement reached earlier. Excluding these items, operating income amounted to SEK 473 (336) million.

Kinnevik's interest in the earnings of associated companies amounted to a net gain of SEK 113 (loss of 245) million, of which Tele2 AB ("Tele2") accounted for a gain of SEK 167 (-) million, Millicom International Cellular S.A. ("MIC") for a gain of SEK 0 (loss of 117) million and Metro for a loss of SEK 42 (loss of 98) million.

Other financial revenue and expense amounted to a net expense of SEK 219 (expense of 166) million, of which exchange rate differences accounted for a gain of SEK 6 (loss of 10) million. The decline in financial net is due to a cost of SEK 67 million in respect of a previously not reserved interest cost in connection with the settlement of the dispute with the Alecta occupational pension company over the outstanding 4% of the shares in Korsnäs AB in the first quarter of 2003.

The result after financial items was a profit of SEK 526 (loss 36) million.

CONSOLIDATED RESULT FOR THE SECOND QUARTER OF 2003

Net turnover for the second quarter amounted to SEK 1,430 (1,664) million.

Operating income amounted to SEK 192 (182) million. This figure includes income from corporate development of SEK 5 (loss of 2) million and a loss of SEK 36 (income of 5) million on sales of securities. Excluding these items, operating income amounted to SEK 223 (179) million.

Kinnevik's interest in the earnings of associated companies amounted to a net gain of SEK 63 (loss of 85) million, of which Tele2 accounted for a gain of SEK 89 (-) million, MIC for a gain of SEK 0 (loss of 28) million and Metro for a loss of SEK 15 (loss of 44) million.

Other financial revenue and expense amounted to a net expense of SEK 91 (expense of 80) million, of which exchange rate differences accounted for a loss of SEK 6 (gain of 5) million.

The result after financial items was a profit of SEK 164 (17) million.

MELLERSTA SVERIGES LANTBRUKS AB

Agriculture was Kinnevik's original line of business. Mellersta Sveriges Lantbruks AB ("MSLA") today owns Ullevi, an estate outside Vadstena, and Barcainy and Garbno, two estates in Poland. The estates in Sweden cover a total of 665 hectares, of which 93 hectares are leased. The entire acreage is being adapted for the cultivation of organic crops. The total Polish acreage amounts to 6,727 hectares and is stocked with 762 dairy cattle and 525 young animals.

The low temperatures in the winter had a negative effect on the crops, but the spring and early summer have been very favourable and the spring-sown crops have shown good growth. During the first half of the year the market was characterised by high inventories throughout Europe, which has depressed the prices of more or less all qualities. However, we experienced firmer demand in the latter part of the second quarter with a resulting upsurge in prices.

Net turnover for the first six months of the year amounted to SEK 13 (4) million and the operating result was a profit of SEK 0 (loss of 2) million. As the Polish business has been consolidated as a wholly-owned subsidiary since December 31, 2002, the comparable figures for 2002 only include the Swedish operations. The turnover of the Polish business amounted to SEK 7 million and its operating result for the first six months of 2002 was a loss of SEK 5 million.

KORSNÄS HOLDING AB

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiaries, makes up the Korsnäs Group. Net turnover of the Korsnäs Group for the first six months of the year amounted to SEK 2,860 (3,053) million and the operating income was SEK 479 (349) million. Income after financial items amounted to SEK 504 (388) million. The comparable figures for 2002 include the Kastet sawmill, which was divested in August 2002. The sawmill's turnover amounted to SEK 160 million and its operating result for the first six months of 2002 was a loss of SEK 1 million.

Korsnäs Forestry

The wood market is characterised by strong demand for saw timber and falling demand for

pulpwood. Saw timber prices have, therefore, been firm and were raised at the beginning of the year. The price of pulpwood fell during the latter part of the period.

The level of harvesting is above budget in company owned forests and included a relatively high level of regeneration harvesting. Inventories of pulpwood declined during the early months of the year, but have since increased once more and are now within planned margins. Imports were running at a low level at the beginning of the year, due to the severe ice conditions, but they have now recovered. The business in Latvia is progressing according to plan with rising volumes and profitability.

Korsnäs Forestry's net turnover for the first six months of the year amounted to SEK 747 (761) million and operating income was SEK 86 (82) million. The higher timber prices, high sales volumes, a high proportion of regeneration harvesting in company forests and a relatively low proportion of exercised felling rights all contributed to the stable result.

Korsnäs Industrial

The market situation during the first months of the year was characterised by buoyant demand for paper and paperboard products, as well as fluff pulp, which subsequently slackened slightly. The volume of paper, pulp and paperboard products delivered was on aggregate 2% lower than for the corresponding period last year. The healthy demand contributed to the price stability during the first part of the year. During the latter part, however, some pressure on prices became discernible on several markets in Southern Europe as a result of a slightly slacker demand and the weakening dollar. A price reduction of sack paper, kraft paper and white kraft board was therefore made. However, the price of fluff pulp rose during the period as a result of an increase in the global price of market pulp. During the first six months of the year, the average price remained at the same level as for the corresponding period last year. The total revenue from paper, pulp and paperboard products is 3% down on the same period last year.

On the cost side, the benefits on ongoing efficiency programs are continuing to show through in the form of lower costs. Both fixed and variable costs

have been reduced in relation to last year. Measures aimed at ensuring lower costs are continuing. Further changes to manning levels are being made and it is estimated that this will be completed towards the end of 2004. Steps are now being taken to hedge electricity prices so as to avoid the negative impact of possible increases in the price of electricity.

During the first six months of the year total production at Korsnäsverken amounted to 348,000 tonnes, an increase of 5% on the same period last year. Production of paper and paperboard is running well, with capacity rising successively above the budgeted level and product quality well in line with expectations. During the first six months of the year, Korsnäsverken beat several production records. All in all, buoyant sales meant that inventories only rose marginally during the period.

The cost-reduction measures, in combination with productivity gains and very strong sales, brought about a dramatic improvement in Korsnäs Industrial's result in relation to the corresponding period last year.

Korsnäs Industrial's net turnover for the first six months of the year amounted to SEK 1,960 (2,175) million, and operating income was SEK 435 (278) million. The comparable figures for 2002 include the Kastet sawmill, which was divested in August 2002.

Korsnäs Packaging

Against a background of weak economic conditions in Europe, trading conditions for Korsnäs Packaging remained weak with slack demand for paper sacks and paper bags, resulting in lower than expected sales. As the downward price squeeze on the market has not been mirrored in lower raw material costs, the gross margin narrowed. Despite rising sales in the USA, this business has continued to incur heavy losses, due to the combination of sourced materials from Europe and the weak dollar.

In March, Cargo Pak, one of Korsnäs Packaging's lines of business, was sold to Illinois Tooling. The capital gain of SEK 42 million on the sale is included under income from corporate development in Kinnevik's consolidated accounts.

Korsnäs Packaging has continued to improve productivity at all its facilities with the object of reducing operating costs and raising capacity utilisation. Manufacturing is more and more focused on

fewer, larger and strategically located factories. Operations in England and Romania will be relocated to facilities that are more suited to the needs of the business. Korsnäs Packaging is assessing different options focused on eliminating loss-making operations during the second half of 2003.

Korsnäs Packaging's net turnover for the first six months of the year amounted to SEK 722 (787) million and the operating result was a loss of SEK 42 (loss of 11) million, excluding the capital gain on the sale of Cargo Pak.

CIS CREDIT INTERNATIONAL SERVICES AB

In March, Kinnevik reached an agreement with Transcom WorldWide S.A. on the sale of CIS's debt collection business to Transcom. Of the purchase price of SEK 180 million, 75% was paid in cash and 25% in newly issued Transcom shares. In April, Kinnevik received 2,270,647 class A shares and 2,179,002 class B shares in Transcom. The number of shares was established on the basis of the average price of Transcom's class A and class B shares between March 10 and March 21, 2003. Of the cash element in the price, SEK 106 million had been received by June 30 and the remainder will be paid by September 30, 2003 at the latest. The capital gain on the sale, which amounted to SEK 158 million, is included under income from corporate development in Kinnevik's consolidated accounts.

The debt collection business was valued before the sale by two independent, leading consultancy firms, and their assessment was submitted to the independent members of Kinnevik's Board.

CIS's other activities within finance and payroll management, which have not been earning a satisfactory return, were wound up during the first half of 2003.

CIS's net turnover prior to the divestment amounted to SEK 46 (102) million and the operating income was SEK 8 (17) million, excluding the capital gain on the sale of the debt collection business.

OTHER SUBSIDIARIES

Other subsidiaries include N.P. BIRRARIA Hugo's in Kosovo, Förvaltnings AB Eris & Co. and Bison Air AB.

In June, Bison Air AB sold its 1981 Cessna Citation, after which the company's business was wound up. The capital loss on the sale of the aircraft was SEK 9.5 million, which is included in the operating

result of Other Subsidiaries for the second quarter.

The net turnover of Other Subsidiaries for the first six months of the year amounted to SEK 10 (33) million and the operating result was a loss of SEK 12 (loss of 7) million. The comparable figures for 2002 include AirTime (AT) AB. AirTime's net turnover amounted to SEK 21 million and the operating result was a loss of SEK 6 million, for the first six months of 2002.

ASSOCIATED COMPANIES AND OTHER INVESTMENTS

At June 30, 2003, Kinnevik's long-term holdings comprised the following listed securities:

- Tele 2 AB, 6,368,880 class A shares and 24,192,979 class B shares corresponding to 25.6% of the votes and 20.7% of the capital.
- Millicom International Cellular S.A., 5,799,433 shares corresponding to 35.6% of the votes and capital.
- Metro International S.A., 15,999,010 class A shares and 835,000 class B shares corresponding to 28.7% of the votes and 15.4% of the capital. After conversion of the outstanding loan to Metro into shares on the conditions outlined under Administration, Kinnevik's total equity interest in Metro will consist of 63.1 million class A shares and 116.1 million class B shares. The shares that Kinnevik will receive from the conversion will not entitle it to subscribe to shares in Metro's rights issue. Kinnevik will receive subscription rights corresponding to 16,834,010 new class A shares on the basis of its current holdings of class A and class B shares.
- Modern Times Group MTG AB, 3,529,637 class A shares and 1,418,081 class B shares corresponding to 17.8% of the votes and 7.5% of the capital.
- Transcom WorldWide S.A., 3,232,697 class A shares and 2,179,002 class B shares corresponding to 9.2% of the votes and 7.8% of the capital.
- Viking Telecom AB, 4,657,000 shares corresponding to 23.6% of the votes and capital.
- Cherryföretagen AB, 1,402,500 class A shares and 7,378,249 class B shares corresponding to 26.4% of the votes and 28.7% of the capital.
- Invik & Co. AB, 391,430 class A shares corresponding to 0.2% of the votes and 0.2% of the capital.

ding to 10.2% of the votes and 5.0% of the capital.

- P4 Radio Hele Norge ASA, 4,026,820 shares corresponding to 12.5% of the votes and capital.

On July 1, following the merger of Acando AB and Frontec AB, Kinnevik received 5,935,580 class B shares in AcandoFrontec AB, which corresponds to 7.5% of the votes and 10.7% of the capital.

TELE2 AB

The market value of Kinnevik's holding of shares in Tele2 amounted to SEK 9,054 million as at June 30, 2003. On August 6, the market value was SEK 9,368 million. Tele2's class A and class B shares are listed on Stockholmsbörsen's Attract 40 list and on Nasdaq in New York.

Tele2 AB is the leading alternative pan-European telecommunications company offering fixed and mobile telephony, data network and Internet services under the brands Tele2, Tango and Comviq to 18.7 million people in 22 countries. Tele2 operates Datamatrix, which specializes in systems integration, 3C Communications, providing integrated credit card processing, web payment solutions and public payphones; Transac, providing billing and transaction processing service; C³, offering co-branded pre-paid calling cards and Optimal Telecom, the price-guaranteed residential router device provider. The Group also offers cable television services.

Net turnover for the first six months amounted to SEK 17,841 (15,096) million. Operating income amounted to SEK 1,363 (583) million and income after financial items was SEK 1,058 (260) million.

MILICOM INTERNATIONAL CELLULAR S.A.

The market value of Kinnevik's holding of shares in MIC amounted to SEK 1,218 million on June 30, 2003. On August 6, the market value was SEK 1,403 million. MIC's shares are listed on Nasdaq in New York and on the Luxembourg Stock Exchange.

MIC is a global provider of mobile telecom services with operations in Asia, Latin America and Africa.

MIC currently has equity interests in 16 mobile telecommunication companies in 15 countries together representing markets with 382 million inhabitants. On June 30, 2003, the total number of subscribers in these companies was 4,471,835 (3,483,573), which represents a 28% increase over

the previous 12-month period. In proportional terms in relation to MIC's equity interests, the subscriber base was 3,083,955 (2,472,960), which represents a 25% increase.

Net turnover for the first six months amounted to USD 289 (294) million. Operating income amounted to USD 75 (45) million, and income after financial items was USD 229 (loss of 24) million.

METRO INTERNATIONAL S.A.

The market value of Kinnevik's holding in Metro amounted to SEK 101 million as at June 30, 2003. On August 6, the market value was SEK 115 million. Metro's class A and class B shares are listed on Stockholmsbörsen's Attract 40-list and on Nasdaq in New York.

Metro is the world's largest free newspaper publishing in 24 editions in 15 countries in 13 languages. Metro is the fastest growing newspaper in the world with a daily readership of 12.3 million and derives its revenues from advertising sales.

Net turnover for the first six months amounted to USD 97 (65) million. Operating result was a loss of USD 14 (loss of 31) million, and the company's result after financial net was a loss of USD 23 (loss of 40) million.

FINANCIAL POSITION

The Group's liquid funds, including short-term investments and undrawn credit facilities, amounted to SEK 890 (1,646) million as at June 30.

The Group's net interest-bearing debt amounted to SEK 6,797 (7,566) million, including convertible loan to Metro of SEK 609 (426) million.

The average cost of interest for the first six months was 5.0% (4.7%) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's capital expenditure amounted to SEK 414 (592) million, of which SEK 112 (242) million related to tangible fixed assets and SEK 298 (330) million to financial fixed assets.

The equity to assets ratio was 43% (52%) as at June 30. After taking into account the premium over the book value (2002 deficiency) of the holdings in listed securities, the equity to assets ratio was 53% (35%).

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

largely financed in local currencies.

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

PARENT COMPANY

The parent company's net turnover for the first six months of the year amounted to SEK 6 (7) million. Income from corporate development and income from sales of securities amounted to a loss of SEK 103 (loss of 22) million.

Result from participation in Group Companies amounted to a loss of SEK 98 (0) million. Other financial revenue and expense amounted to a net expense of SEK 43 (expense of 28) million.

The parent company's loss after financial items amounted to SEK 262 (loss of 69) million.

Fixed capital expenditure amounted to SEK 289 (84) million, of which SEK 289 (83) million related to investments in financial fixed assets.

The parent company's closing liquid funds, including short-term investments and undrawn credit facilities, amounted to SEK 408 (351) million at the end of the period.

Interest-bearing external debt amounted to SEK 3,069 (3,842) million.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with recommendation 20 "Interim Reporting", issued by the Swedish Financial Accounting Standards Council.

The accounting principles are the same as those applied in the annual report for 2002.

NEXT FINANCIAL REPORT

The interim report for January-September 2003 will be published on October 23, 2003.

Stockholm, August 7, 2003

The Board

REVIEW REPORT

We have reviewed this interim report in accordance with the recommendation issued by FAR.

A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act.

Stockholm, August 7, 2003

Lars Träff Erik Åström Carl Lindgren

Authorized Public Accountants

CONSOLIDATED INCOME STATEMENT (SEK million)

	2002	2002	2003	2002	2003
	Full year	Jan. 1-June 30	Jan. 1-June 30	April 1-June 30	April 1-June 30
Net turnover	6,110	3,208	2,926	1,664	1,430
Cost of sales	<u>- 5,042</u>	<u>- 2,571</u>	<u>- 2,215</u>	<u>- 1,343</u>	<u>- 1,083</u>
Gross result	1,068	637	711	321	347
Selling, administration, research and development expenses	- 584	- 325	- 259	- 161	- 137
Income from corporate development	735	- 1	195	- 2	5
Income from sales of securities	40	40	- 36	5	- 36
Other operating income	205	85	71	47	43
Other operating expenses	<u>- 99</u>	<u>- 61</u>	<u>- 50</u>	<u>- 28</u>	<u>- 30</u>
Operating income	1,365	375	632	182	192
Interest in earnings of associated companies	- 4,297	- 245	113	- 85	63
Income from other securities	- 624	-	-	-	-
Net financial items	<u>- 390</u>	<u>- 166</u>	<u>- 219</u>	<u>- 80</u>	<u>- 91</u>
Income after financial items	- 3,946	- 36	526	17	164
Taxes	- 155	- 103	- 207	- 47	- 94
Minority share in income	<u>- 8</u>	<u>0</u>	<u>- 1</u>	<u>0</u>	<u>2</u>
Net result for the period	<u>- 4,109</u>	<u>- 139</u>	<u>318</u>	<u>- 30</u>	<u>72</u>
Earnings per share before/ after dilution, SEK	- 65.28	- 2.21	5.06	- 0.48	1.15
Total number of shares before/ after dilution	62,938,677	62,938,677	62,938,677	62,938,677	62,938,677

CONSOLIDATED STATEMENT OF CASH FLOW (SEK million)

	2002	2002	2003
	Full year	Jan. 1-June 30	Jan. 1-June 30
Cash flow from operations before change in working capital	479	304	369
Change in working capital	<u>312</u>	<u>321</u>	<u>- 260</u>
Cash flow from operations	791	625	109
Cash flow from investing activities	323	- 402	- 254
Cash flow from financing activities	<u>- 1,052</u>	<u>- 77</u>	<u>- 4</u>
Cash flow for the period	62	146	- 149
Liquid funds, opening balance	325	325	379
Exchange rate differences in liquid funds	<u>- 8</u>	<u>- 10</u>	<u>- 2</u>
Liquid funds, closing balance	379	461	228

REVIEW OF THE GROUP (SEK million)	2002	2002	2003	2002	2003
Breakdown of net turnover by business area	Full year	Jan. 1-June 30	Jan. 1-June 30	April 1-June 30	April 1-June 30
Continuing operations					
Mellersta Sveriges Lantbruks AB	7	4	13	0	5
Korsnäs Forestry	1,480	761	747	390	366
Korsnäs Industrial	3,968	2,175	1,960	1,108	979
Korsnäs Packaging	1,567	787	722	421	360
Eliminations within Korsnäs Holding AB	- 1,206	- 670	- 569	- 336	- 283
Total Korsnäs Holding AB	<u>5,809</u>	<u>3,053</u>	<u>2,860</u>	<u>1,583</u>	<u>1,422</u>
Other subsidiaries	56	33	10	19	5
Parent company, holding companies and eliminations	- 7	- 4	- 3	- 4	- 2
Subtotal continuing operations	<u>5,865</u>	<u>3,086</u>	<u>2,880</u>	<u>1,598</u>	<u>1,430</u>
Discontinuing operations					
CIS Credit International Services AB	202	102	46	52	-
Worldwide Loyalty B.V.	43	20	-	14	-
Subtotal discontinuing operations	<u>245</u>	<u>122</u>	<u>46</u>	<u>66</u>	<u>-</u>
Total net turnover	<u>6,110</u>	<u>3,208</u>	<u>2,926</u>	<u>1,664</u>	<u>1,430</u>
Breakdown of operating income/loss by business area					
Continuing operations					
Mellersta Sveriges Lantbruks AB	- 1	- 2	0	- 1	4
Korsnäs Forestry	194	82	86	41	40
Korsnäs Industrial	468	278	435	141	213
Korsnäs Packaging	- 40	- 11	- 42	- 3	- 23
Total Korsnäs Holding AB	<u>622</u>	<u>349</u>	<u>479</u>	<u>179</u>	<u>230</u>
Other subsidiaries	- 6	- 7	- 12	0	- 10
Parent company, holding companies and eliminations	721	19	- 1	- 5	- 32
Subtotal continuing operations	<u>1,336</u>	<u>359</u>	<u>466</u>	<u>173</u>	<u>192</u>
Discontinuing operations					
CIS Credit International Services AB	29	17	8	9	-
Worldwide Loyalty B.V.	0	- 1	-	0	-
Gain on discontinuance of CIS	-	-	158	-	-
Subtotal discontinuing operations	<u>29</u>	<u>16</u>	<u>166</u>	<u>9</u>	<u>-</u>
Total operating income/loss	<u>1,365</u>	<u>375</u>	<u>632</u>	<u>182</u>	<u>192</u>
Breakdown of income/loss after financial items by business area					
Continuing operations					
Mellersta Sveriges Lantbruks AB	- 6	- 8	- 2	- 4	4
Korsnäs Holding AB	601	309	427	159	222
Other subsidiaries	- 4	- 6	- 12	0	- 10
Associated companies*	- 4,297	- 242	116	- 82	68
Parent company, holding companies and eliminations	- 267	- 102	- 169	- 64	- 120
Subtotal continuing operations	<u>- 3 973</u>	<u>- 49</u>	<u>360</u>	<u>9</u>	<u>164</u>
Discontinuing operations					
CIS Credit International Services AB	28	16	8	9	-
Worldwide Loyalty B.V.	- 1	- 3	-	- 1	-
Gain on discontinuance of CIS	-	-	158	-	-
Subtotal discontinuing operations	<u>27</u>	<u>13</u>	<u>166</u>	<u>8</u>	<u>-</u>
Total income /loss after financial items	<u>- 3,946</u>	<u>- 36</u>	<u>526</u>	<u>17</u>	<u>164</u>

* Excluding associated companies included within Mellersta Sveriges Lantbruks AB and Korsnäs Holding AB.

CONSOLIDATED BALANCE SHEET (SEK million)			
	2002	2002	2003
	Dec. 31	June 30	June 30
Fixed assets			
Goodwill	130	142	110
Machinery, equipment, property etc	7,416	8,542	7,223
Other shares and participations	8,103	12,589	7,800
Long-term interest bearing receivables	944	1,135	1,277
Long-term non-interest bearing receivables	22	30	56
	<u>16,615</u>	<u>22,438</u>	<u>16,466</u>
Current assets			
Inventories	970	968	1,036
Current receivables	968	1,188	982
Cash, bank and short-term investments	478	508	417
	<u>2,416</u>	<u>2,664</u>	<u>2,435</u>
Total assets	<u>19,031</u>	<u>25,102</u>	<u>18,901</u>
Shareholders' equity			
Restricted equity	4,151	4,094	4,007
Unrestricted equity	4,070	8,968	4,169
	<u>8,221</u>	<u>13,062</u>	<u>8,176</u>
Minority interests in equity	0	9	1
Provisions			
Provisions for pensions	628	627	632
Deferred tax liability	1,021	1,029	1,104
Other provisions	576	703	268
	<u>2,225</u>	<u>2,359</u>	<u>2,004</u>
Long-term liabilities			
Non-interest bearing liabilities	0	1	4
Interest-bearing liabilities	7,528	8,127	7,858
	<u>7,528</u>	<u>8,128</u>	<u>7,862</u>
Short-term liabilities			
Non-interest bearing liabilities	971	1,089	857
Interest-bearing liabilities	86	455	1
	<u>1,057</u>	<u>1,544</u>	<u>858</u>
Total shareholders' equity and liabilities	<u>19,031</u>	<u>25,102</u>	<u>18,901</u>

MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK million)

	2002	2002	2003
	Full year	Jan. 1-June 30	Jan. 1-June 30
Group			
Opening balance	13,698	13,698	8,221
Translation differences	- 302	- 371	- 111
Net income for the period	- 4,109	- 139	318
Dividend	- 126	- 126	- 252
Step-up acquisition of shares in associated companies	- 940	-	-
Closing balance	<u>8,221</u>	<u>13,062</u>	<u>8,176</u>