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INTERIM REPORT 2004 1 JANUARY –31 MARCH

- **Net turnover for the first three months amounted to SEK 1,438 (1,496) million.**
- **The underlying operating result amounted to SEK 264 (250) million. The operating profit, including income from corporate development of SEK 461 (190) million, amounted to SEK 725 (440) million.**
- **Kinnevik's interest in the earnings of associate companies amounted to a net gain of SEK 2 (50) million.**
- **Net result after taxes amounted to SEK 503 (246) million.**
- **Earnings per share amounted to SEK 7.99 (3.91).**
- **The market value of the Group's holdings of listed securities amounted to SEK 18,827 million at March 31, 2004. On April 21, the value was SEK 20,369 million, which means that the market value exceeded the book value of the Group's listed portfolio by SEK 8,530 million on that date.**
- **At Extraordinary General Meetings of Kinnevik and Invik on April 16, it was decided to approve the merger of the two companies. The EGMs also decided that holders of Kinnevik's and Invik's class A shares shall be given the opportunity to convert these shares into class B shares between May 18 and June 16, 2004.**

ADMINISTRATION

Kinnevik's Board proposes to the Annual General Meeting to be held on May 13 that a cash dividend of SEK 5.50 per share to be paid.

Since 1976, Kinnevik's shares have generated an average effective yield of 17% per year as a result of rising share prices and dividends, including the value of subscription offers. During the past five years, Kinnevik's shares have generated an average effective yield of 13% per year.

The market value of the Group's holdings of listed securities amounted to SEK 18,827 million at March 31, 2004. On April 21, 2004, the value was SEK 20,369 million, which means that the market value exceeded the book value of the Group's listed portfolio by SEK 8,530 million on that date. In calculating the market value, all shares are from 2004 valued at the value of each company's most liquid share.

At the beginning of February, Transcom repaid the outstanding amount of its SEK 136 million convertible loan to Kinnevik.

On February 16, it was announced that the Boards of Directors of Invik & Co. AB ("Invik") and Kinnevik had jointly agreed upon a plan for the merger of the two companies. The merger is to be executed by a statutory merger in accordance with the Swedish Companies Act, whereby Kinnevik will be absorbed into Invik and Kinnevik shareholders will receive new shares in Invik. Each Kinnevik class A share will be exchanged for 0.35 new class A Invik shares and each Kinnevik class B share will be exchanged for 0.35 new Invik class B shares (3.5 after share split). The Boards of Directors of both companies believe that the exchange ratio is fair. The exchange ratio is primarily based on the share prices of the two companies during the period before the announcement of the merger, as well as the Boards' valuation of the two companies' assets. The Boards of Directors have separately obtained fairness opinions regarding the exchange ratio. Invik has retained Handelsbanken Capital Markets, while Kinnevik has retained Deloitte and Morgan Stanley. At Extraordinary General Meetings of Kinnevik and Invik on April 16, it was decided to approve the merger of the two companies. The EGMs also decided that holders of Kinnevik's and Invik's class A shares shall be given the opportunity to convert these shares into class B shares between May 18 and June 16, 2004. It was

also decided at Invik's EGM to effect a 1:10 share split of each of its existing shares in order to increase the liquidity of the trade in the merged company. Following the merger, which is expected to be executed in July 2004 at the earliest, an EGM will appoint the Board of Directors of the merged company. The intention is that the merged company shall change its name to Investment AB Kinnevik. The pro forma income statement for the first quarter of 2004 and the balance sheet at 31 March 2004 are provided as supplementary information to this interim report.

On March 18, it was announced that Kinnevik's wholly owned subsidiary Korsnäs AB has closed the transaction to restructure the ownership of its Swedish forestlands announced in December 2003. The majority of the shares in Bergvik Skog AB were sold to institutional investors. The main equity investors beside Korsnäs and its partner in this transaction Stora Enso, include Länsförsäkringar Liv, Tredje AP-fonden, Knut and Alice Wallenberg Foundation and Nordea Liv. Following the transaction, Korsnäs and Stora Enso retain 5.0% and 43.3% shareholdings respectively in Bergvik Skog. The Swedish forests of Korsnäs were transferred to Bergvik Skog, which has entered into a long-term wood supply contract to grant Korsnäs approximately 1.0 million cubic meters (solid under bark) per year of cutting rights at market prices. Korsnäs's cash proceeds from the transaction was SEK 3,050 million, which has resulted in a reduction of interest bearing net debt of SEK 2,874 million after investing SEK 176 million in shares in Bergvik Skog. The transaction resulted in a capital gain of SEK 461 million, which has been stated under income from corporate development in Kinnevik's consolidated accounts for the first quarter. The forest sold in this transaction represented an operating profit of approximately SEK 140 million in 2003.

In March, Kinnevik called for the conversion of its entire holding of convertible notes in Millicom International Cellular S.A., for which it received 4,913,488 newly issued shares in the company. As a result of this conversion, Kinnevik reclassified in its balance sheet of March 31, the stated acquisition value of SEK 512 million of the notes from long-term interest-bearing receivables to shares and participations.

CONSOLIDATED RESULT FOR THE FIRST QUARTER OF 2004

Net turnover for the first three months amounted to SEK 1,438 (1,496) million.

Operating income amounted to SEK 725 (440) million. The operating income includes income from corporate development of SEK 461 (190) million. Income from corporate development for 2004 consists of capital gain on the sale of Korsnäs's forestland to Bergvik Skog and for 2003 of capital gains on the sale of Credit International Services' debt-collection business and Cargo Pak, a line of business within Korsnäs Packaging. Excluding these items, operating income amounted to SEK 264 (250) million.

Kinnevik's interests in associate companies amounted to a net gain of SEK 2 (50) million, of which Tele2 AB accounted for SEK 30 (78) million and Metro International S.A. for SEK -35 (-27) million.

Other financial revenue and expense amounted to a net expense of SEK -88 (-128) million, of which net interest costs amounted to SEK -73 (-139) million and exchange rate differences accounted for SEK 5 (12) million. The comparable figures for 2003 include 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.

The result after financial items amounted to SEK 642 (362) million.

MELLERSTA SVERIGES LANTBRUKS AB

For the first time in many years, Northern Europe experienced a proper long winter. This need not be harmful to crops sown in the autumn, since they adapt to the cold when the weather is stable. Despite the harsh winter, almost 100% of the crops therefore came through relatively unscathed. The spring sowing began at the end of March in Sweden and Poland, which is normal for recent years. The sale of the 2003 harvest is almost concluded at an acceptable price level.

Net turnover for the first three months amounted to SEK 5 (8) million and the operating result was SEK -3 (-4) million.

KORSNÄS HOLDING AB

Korsnäs Holding AB is the parent company of Korsnäs AB and Korsnäs Packaging AB. Korsnäs

AB and its subsidiaries are engaged in packaging materials ("Korsnäs Industrial") and purchasing of wood and fibre ("Korsnäs Forestry"). Net turnover of the Korsnäs Holding Group for the first three months amounted to SEK 1,431 (1,438) million and the operating income was SEK 274 (249) million.

Korsnäs Industrial

Demand for Korsnäs Industrial's products was firm during the first quarter of the year. The aggregate volume of paper, pulp and paperboard products was 4% higher than for the same period last year, which is a delivery record for Korsnäs Industrial.

Although the markets for sack and kraft paper strengthened gradually during the quarter, they are still relatively weak, with price levels trending downward. The market for White Top Liner was also weak at the start of the period but picked up towards the end. Prices were stable. The market for Liquid Packaging Board remained strong for the entire period. Demand for fluff pulp was stable, with slightly rising prices. All in all, because of the price changes and delivery levels, total revenue was just over 1% higher than for the same period last year.

Total production at Korsnäsverken was 182,000 tonnes for the period, which is a new production record and an increase of 4% on the same period last year. The production of paper and paperboard is running very well and product quality is in line with expectations.

Ongoing efficiency programmes are gradually reducing personnel costs and the amount of overtime taken at Korsnäsverken. Sick leave remained low and below 5%. A non-recurring cost of SEK 11 million for severance pay was charged against the result for the period, and the cost of energy was higher than for the same period last year. These cost increases caused the result to fall slightly in relation to the same period last year. The cost-cutting measures are continuing.

In connection with the final adjustment of manning levels in the two new control rooms that were commissioned in 2002, the company and the Swedish Pulp and Paper Union failed to reach an agreement after a series of local and central negotiations. Consequently the case might have to be settled by the Labour Court in June 2004.

Profit-sharing disbursements of SEK 19 million for 2003 were paid to the personnel during the period.

Profit-sharing payments amounted to SEK 11,400 per employee, and bonuses of up to SEK 8,000 per employee were paid for target achievement.

To meet the high demand for coated Liquid Packaging Board and White Top Liner, a decision was made in February to invest SEK 650 million in a coating unit. The investment will make it possible for Korsnäs to continue to grow in line with the market of coated units, which will strengthen the company's profitability. The investment will impact on the cash flow for 2004 and 2005.

Korsnäs Industrial's net turnover for the first three months amounted to SEK 992 (981) million, and operating income was SEK 203 (222) million.

Korsnäs Forestry

During the period the wood market was characterised by firm demand for saw timber and pulpwood. Prices remained relatively constant after the increase in the price of saw timber last autumn. Harvesting operations went well and at a good basic pace. Last autumn's few storm-blown trees were harvested. Inventories are in balance and at the planned low level. The import of wood during the period went well, with steady flows thanks to a favourable ice situation. The business in Latvia developed as planned, with increasing volumes being channelled to a stable, well functioning supply source. A decision was taken during the period to take a minority holding in a pellet factory in Latvia, which is expected to be ready for commissioning by the new year.

Korsnäs Forestry's net turnover for the first three months amounted to SEK 418 (381) million and operating income was SEK 66 (46) million. Harvesting in Korsnäs Forestry's own forests was replaced on March 24 by the purchase of felling rights from Bergvik Skog AB, which will have an adverse effect on Korsnäs Forestry's operating income as of the second quarter.

Korsnäs Packaging

The market situation for paper sacks and bags continued to be characterised during the first quarter by low demand and heavy competition, which resulted in low selling prices. However, as raw material prices also fell, gross margins remain largely unchanged. Nevertheless, the restructuring within Korsnäs Packaging in recent years and the divestment of the loss-making business in the USA in the fourth quarter of 2003, combined with the

focus on the core business in the packaging segment, resulted in an improvement in operating income for the first quarter.

Korsnäs Packaging is continuing to focus on improving efficiency and reducing production costs. As part of this process, the business carried on at the two small factories in Spain will be concentrated at one large factory in Almeria. The factory in Zaragoza will be closed down at the end of June 2004, which will mean a reduction in personnel of 40 in Spain with no reduction in production capacity.

Korsnäs Packaging's net turnover for the first three months amounted to SEK 302 (362) million and the operating result was SEK 5 (-19) million.

OTHER SUBSIDIARIES

As of 2004, other subsidiaries, consisting of N.P. Birraria Hugo's in Kosovo and Förvaltnings AB Eris & Co., are stated under Parent company and other.

ASSOCIATE COMPANIES AND OTHER INVESTMENTS

At March 31, 2004, Kinnevik's long-term holdings comprised the following listed securities:

- Tele 2 AB, 6,368,880 class A shares and 23,665,929 class B shares corresponding to 25.5% of the votes and 20.4% of the capital.
- Millicom International Cellular S.A., 28,288,648 shares corresponding to 31.8% of the votes and capital after dilution as a result of the conversion of outstanding convertible notes.
- Metro International S.A., 79,584,202 class A shares and 115,329,193 class B shares corresponding to 30.2% of the votes and 37.1% of the capital.
- Modern Times Group MTG AB, 3,529,637 class A shares and 224,125 class B shares corresponding to 17.2% of the votes and 5.7% of the capital.
- Transcom WorldWide S.A., 4,232,697 class A shares and 2,179,002 class B shares corresponding to 11.7% of the votes and 8.9% 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 10.2% of the votes and 5.0% of the capital.
- P4 Radio Hele Norge ASA, 4,026,820 shares cor-

responding to 12.5% of the votes and capital.

- AcandoFrontec AB, 5,935,580 class B shares corresponding to 7.5% of the votes and 10.7% of the capital.

TELE2 AB

The market value of Kinnevik's holding of Tele2 shares amounted to SEK 10,422 million on March 31, 2004. On April 21, 2004, the listed value was SEK 10,948 million. Tele2's shares are listed on Stockholmsbörsen's Attract 40 list and on Nasdaq in New York.

Tele2, which was formed in 1993, is the leading alternative pan-European telecoms company, and offers fixed and mobile telephony as well as datanet and Internet services to more than 23.9 million subscribers in 24 countries.

Tele2 has successfully challenged the old European telecom monopolies by offering subscribers telecom services at the market's lowest rates. Tele2's strategy is to create a strong brand, to offer simple, straightforward products and to invest in high quality customer services rather than networks.

Extensive flexibility and cost awareness have transformed Tele2 from a regional Scandinavian telecom company to the fastest growing and most cost-effective telecom operator in Europe.

The net turnover for the first three months was SEK 10,379 (8,616) million and the result after financial items was SEK 619 (491) million.

MILlicom INTERNATIONAL CELLULAR S.A.

The market value of Kinnevik's holding of shares in Millicom amounted to SEK 4,668 million on March 31, 2004. On April 21, 2004, the market value was SEK 5,658 million. Millicom's shares are listed on Nasdaq in New York, Stockholmsbörsen's O-list and on the Luxembourg Stock Exchange.

Millicom is a leading international mobile telephone operator that focuses on emerging markets in Asia, Latin America and Africa. Economic developments on these markets are creating a demand for improved communication services. Millicom's aim is to become established on new markets at an early stage through licence agreements, preferably in partnership with local operators. The company's strategy is to be the price leader on all markets by offering its customers pre-paid mobile telephony

services at the lowest possible prices. Millicom also offers high-speed data transmission in five countries.

Millicom currently has equity interests in 16 mobile telecom companies in 15 countries, which together represent a market with approximately 387 million inhabitants. On March 31, 2004, the total number of subscribers in these companies was 5.9 (4.2) million, which is an increase by 39% over the previous 12-month period. On a pro rata basis in relation to Millicom's equity interests, the subscriber base was 4.1 (3.0) million, which is an increase by 39%.

The net turnover for the first three months was USD 214 (145) million and the result after financial items was USD 36 (40) million.

METRO INTERNATIONAL S.A.

The market value of Kinnevik's holding of shares in Metro amounted to SEK 2,417 million on March 31, 2004. On April 21, 2004, the market value was SEK 2,495 million. Metro's shares are listed on Stockholmsbörsen's Attract 40 list.

Metro is the world's largest free newspaper and is published in 32 editions in 16 countries in Europe, North and South America and Asia. There are also two franchise papers in South Korea. The newspapers are distributed free of charge, with income being generated from sales of advertising space. Metro attracts a readership of more than 13 million a day.

The net turnover for the first three months was USD 66 (44) million and the result after financial items was USD -6 (-16) million.

FINANCIAL POSITION

The Group's liquid funds, including short-term investments and undrawn credit facilities, amounted to SEK 2,221 (1,247) million as at March 31.

The Group's net interest-bearing debt amounted to SEK 4,370 (6,712) million.

The average cost of interest for the first three months was 4.3% (5.1%) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's capital expenditure amounted to SEK 74 (221) million, of which SEK 31 (65) million related to tangible fixed assets and SEK 43 (156) million to financial fixed assets.

The equity to assets ratio was 64% (45%) as at March 31. After taking into account the premium over the book value of the holdings in listed securities, the equity to assets ratio was 74% (47%).

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 1,000 million, which mainly comprises sales in Euro. Sales in USD are marginal.

PARENT COMPANY

The parent company's net turnover for the first three months amounted to SEK 3 (4) million. Income from corporate development and income from sales of securities amounted to SEK 0 (-3) million.

Financial revenue and expense amounted to a net expense of SEK -27 (-16) million.

The parent company's result after financial items amounted to SEK -36 (-25) million.

Fixed capital expenditure amounted to SEK 0 (151) million, of which SEK 0 (151) 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 1,967 (545) million at the end of the period.

Interest-bearing external debt amounted to SEK 1,450 (3,639) million.

EVENTS AFTER THE END OF THE PERIOD

During the period April 13-16, Kinnevik sold 1,902,000 shares in P4 Radio Hele Norge ASA to outside buyers for SEK 18 million.

ACCOUNTING PRINCIPLES

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

As of January 1, 2004, recommendation RR29 issued by the Swedish Financial Accounting Standards Council concerning the reporting of employee benefits is applied. This recommendation represents a change in the principles for the reporting of pension commitments, whereby pension commitments are stated as a liability in the balance

sheet. The application of the new accounting principle has resulted in an increase of SEK 88 million in the stated pension liability at January 1, 2004. As of this date, this effect has been taken direct to equity.

In all other respects the accounting principles are the same as those applied in the annual report for 2003.

NEXT FINANCIAL REPORT

The preliminary release date for the interim report for January-June 2004 is August 5, 2004. Subject to completion of the merger between Kinnevik and Invik before August 5, the report will be published by Invik & Co. AB, before changing its name to Investment AB Kinnevik.

Stockholm, April 22, 2004

President and Chief Executive Officer

This interim report has not been subject to specific review by the company's auditors.

CONSOLIDATED INCOME STATEMENT (SEK million)

	2004	2003	2003
	Jan. 1-March 31	Jan. 1-March 31	Full year
Net turnover	1,438	1,496	5,660
Cost of sales	<u>- 1,084</u>	<u>- 1,132</u>	<u>- 4,357</u>
Gross result	354	364	1,303
Selling, administration, research and development expenses	- 118	- 122	- 532
Income from corporate development	461	190	193
Income from sales of securities	0	0	62
Other operating income	35	28	181
Other operating expenses	<u>- 7</u>	<u>- 20</u>	<u>- 429</u>
Operating income	725	440	778
Interest in earnings of associate companies	2	50	2,675
Income from other securities	3	-	277
Net financial items	<u>- 88</u>	<u>- 128</u>	<u>- 405</u>
Income after financial items	642	362	3,325
Taxes	- 139	- 113	403
Minority share in income	<u>0</u>	<u>- 3</u>	<u>3</u>
Net result for the period	<u>503</u>	<u>246</u>	<u>3,731</u>
Earnings per share before/ after dilution, SEK	7.99	3.91	59.27
Total number of shares before/ after dilution	62,938,677	62,938,677	62,938,677

CONSOLIDATED STATEMENT OF CASH FLOW (SEK million)

	2004	2003	2003
	Jan. 1-March 31	Jan. 1-March 31	Full year
Cash flow from operations before change in working capital	266	175	789
Change in working capital	<u>- 41</u>	<u>- 107</u>	<u>17</u>
Cash flow from operations	225	68	806
Cash flow from investing activities	2,975	- 275	- 483
Cash flow from financing activities	<u>- 3,233</u>	<u>134</u>	<u>- 483</u>
Cash flow for the period	- 33	- 73	- 160
Liquid funds, opening balance	215	379	379
Exchange rate differences in liquid funds	<u>2</u>	<u>- 1</u>	<u>- 4</u>
Liquid funds, closing balance	184	305	215

REVIEW OF THE GROUP (SEK million)	2004	2003	2003
	Jan. 1-March 31	Jan. 1-March 31	Full year
Breakdown of net turnover by business area			
Continuing operations			
Mellersta Sveriges Lantbruks AB	5	8	44
Korsnäs Industrial	992	981	3,816
Korsnäs Forestry	418	381	1,441
Korsnäs Packaging	302	362	1,386
Eliminations within Korsnäs Holding AB	– 281	– 286	– 1,090
Total Korsnäs Holding AB	<u>1,431</u>	<u>1,438</u>	<u>5,553</u>
Other subsidiaries	–	5	17
Parent company and other	6	4	16
Eliminations	– 4	– 5	– 16
Subtotal continuing operations	<u>1,438</u>	<u>1,450</u>	<u>5,614</u>
Discontinuing operations			
CIS Credit International Services AB	–	46	46
Total net turnover	<u><u>1,438</u></u>	<u><u>1,496</u></u>	<u><u>5,660</u></u>
Breakdown of operating income/loss by business area			
Continuing operations			
Mellersta Sveriges Lantbruks AB	– 3	– 4	4
Korsnäs Industrial	203	222	793
Korsnäs Forestry	66	46	142
Korsnäs Packaging	<u>5</u>	<u>– 19</u>	<u>– 408</u>
Total Korsnäs Holding AB	<u>274</u>	<u>249</u>	<u>527</u>
Other subsidiaries	–	– 2	– 11
Income from corporate development	461	32	35
Parent company and other	– 7	– 1	57
Subtotal continuing operations	<u>725</u>	<u>274</u>	<u>612</u>
Discontinuing operations			
CIS Credit International Services AB	–	8	8
Gain on discontinuance of CIS	<u>–</u>	<u>158</u>	<u>158</u>
Subtotal discontinuing operations	<u>–</u>	<u>166</u>	<u>166</u>
Total operating income/loss	<u><u>725</u></u>	<u><u>440</u></u>	<u><u>778</u></u>
Breakdown of income/loss after financial items by business area			
Continuing operations			
Mellersta Sveriges Lantbruks AB	– 4	– 6	0
Korsnäs Holding AB	265	205	434
Other subsidiaries	–	– 2	– 10
Associate companies*	– 10	48	2,665
Income from corporate development	461	32	35
Parent company and other	<u>– 70</u>	<u>– 81</u>	<u>35</u>
Subtotal continuing operations	<u>642</u>	<u>196</u>	<u>3,159</u>
Discontinuing operations			
CIS Credit International Services AB	–	8	8
Gain on discontinuance of CIS	<u>–</u>	<u>158</u>	<u>158</u>
Subtotal discontinuing operations	<u>–</u>	<u>166</u>	<u>166</u>
Total income/loss after financial items	<u><u>642</u></u>	<u><u>362</u></u>	<u><u>3,325</u></u>

* Excluding associate companies included within Korsnäs Holding AB.

CONSOLIDATED BALANCE SHEET (SEK million)			
	2004	2003	2003
	March 31	March 31	Dec. 31
Fixed assets			
Goodwill	20	109	21
Machinery, equipment, property etc	4,166	7,334	6,816
Shares and participations	12,190	8,092	11,406
Long-term interest bearing receivables	286	1,215	964
Long-term non-interest bearing receivables	<u>41</u>	<u>24</u>	<u>55</u>
	16,703	16,774	19,262
Current assets			
Inventories	1,025	988	975
Current receivables	849	988	916
Cash, bank and short-term investments	<u>197</u>	<u>454</u>	<u>227</u>
	2,071	2,430	2,118
Total assets	<u>18,774</u>	<u>19,204</u>	<u>21,380</u>
Shareholders' equity			
Restricted equity	4,173	3,997	4,163
Unrestricted equity	<u>7,909</u>	<u>4,454</u>	<u>7,352</u>
	12,082	8,451	11,515
Minority interests in equity	0	2	0
Provisions			
Provisions for pensions	707	631	614
Deferred tax liability	845	1,068	818
Other provisions	<u>117</u>	<u>330</u>	<u>191</u>
	1,669	2,029	1,623
Long-term liabilities			
Non-interest bearing liabilities	4	0	4
Interest-bearing liabilities	<u>4,146</u>	<u>7,746</u>	<u>7,380</u>
	4,150	7,746	7,384
Short-term liabilities			
Non-interest bearing liabilities	873	972	858
Interest-bearing liabilities	<u>0</u>	<u>4</u>	<u>0</u>
	873	976	858
Total shareholders' equity and liabilities	<u>18,774</u>	<u>19,204</u>	<u>21,380</u>
MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK million)			
	2004	2003	2003
	Jan. 1-Mar. 31	Jan. 1-Mar. 31	Full year
Group			
Closing balance December 31, 2003, before change in accounting principle	11,515		
Change in accounting principle, RR29	- 88		
Opening balance	11,427	8,221	8,221
Translation differences	152	- 16	- 185
Net income for the period	503	246	3,731
Dividend	<u>-</u>	<u>-</u>	<u>- 252</u>
Closing balance	<u>12,082</u>	<u>8,451</u>	<u>11,515</u>

PRO FORMA STATEMENTS OF THE MERGED KINNEVIK AND INVIK

The pro forma statements presented below have been prepared in order to illustrate the merged Kinnevik's and Invik's financial position and results after the merger has been completed as described above under "Administration". The pro forma balance sheet has been prepared as if the merger was carried out on March 31, 2004, and the pro forma income statement as if the merger was carried out on January 1, 2004, with the assumptions stated below. It is assumed that Invik and Kinnevik have reclassified a sufficient number of A shares in Tele2 AB to result in a combined ownership that does not exceed 50% of the voting rights at the mentioned dates, and that Tele2, as a consequence, is not accounted for as a subsidiary.

The pro forma statements are based on the unaudited interim reports of both Invik and Kinnevik for the period January 1 – March 31, 2004. These reports were prepared in accordance with recommendation 20 "Interim Reporting" issued by the Swedish Financial Accounting Standards Council.

The merger is accounted for using the purchase method of accounting and Kinnevik has been identified as the acquiring company, with consideration that Kinnevik's shareholders will exercise controlling influence over the merged company. Consequently, the principles of accounting for a reverse acquisition are applied. This means that Kinnevik is regarded as acquiring Invik, even though the latter company formally is the transferee company and remains in existence after the merger.

The acquisition price paid for Kinnevik is the value of the newly issued shares in the merged company that are being offered to Kinnevik shareholders by Invik. This value is based on a set exchange ratio; 1 share in Kinnevik entitles the holder to receive 0.35 new shares in Invik (3.5 after share split), which is equivalent to 2.86 Kinnevik shares for each Invik share (0.29 after share split) on the basis of a reverse acquisition. The true value of the compensation is dependent on the share price of Kinnevik at the time of the merger. As a consequence, when preparing the consolidated accounts for the merged group, Kinnevik will allocate new acquisition values for the assets and liabilities of Invik, based on an acquisition price not yet known.

The preliminary acquisition analysis that has been prepared on a pro forma basis is based on the closing price of the Kinnevik B share on February 13, 2004 (last trading day prior to announcement of the merger), of SEK 240. This results in an acquisition price of SEK 5,083 million and an adjustment to the book value of shares in associate companies of SEK 1,322 million. The market value of publicly listed shares amounted to SEK 24,176 million as at March 31, 2004, and the book value of these shares (after adjustments) was SEK 16,082 million on the same date. The value adjustment of the book value of publicly listed assets of SEK 1,322 million, results in an adjustment of interest in earnings in remaining associate companies, after elimination of cross-held shares, due to additional quarterly goodwill amortizations of SEK 28 million for an amortization period of ten years. Additional interest in earnings of associate companies of SEK 3 million and shares of associated companies' tax costs of SEK 2 million are also included.

The pro forma financial statements have also been adjusted for cross-ownership and internal balances and transactions between the companies, which reduce the assets by SEK 1,780 million, liabilities by SEK 91 million and equity by SEK 1,689 million. Earnings from participations in associated companies decline by SEK 82 million and tax expenses decline by SEK 19 million as a result of the elimination of Invik's share in Kinnevik's earnings.

Effects of possible synergies, cost reductions or restructuring costs that could arise as a result of the merger have not been included in the statements.

The final acquisition analysis might deviate from the one used in the pro forma statements.

It should be noted that the merged company has to date not been functioning as a single unit. The merged company intends to report consolidated statements for the merged company with effect from the third quarter of 2004. The information given below does not necessarily reflect the result and the financial position that Kinnevik or Invik would have achieved if they had run their operations as a single unit during the indicated period. Neither does the information necessarily provide any indication of the merged group's future results.

PRO FORMA INCOME STATEMENT JANUARY 1-MARCH 31, 2004 (SEK million)

	Invik	Kinnevik	Merger	Elimi- nations	New Group	New Group excl MFG*	MFG*	
Net turnover	412	1,438	-	-	1	1,849	1,440	409
Costs of sales	- 292	- 1,084	-	-	1	- 1,375	- 1,083	- 292
Gross income	120	354	-	-	0	474	357	117
Selling, administration, research and development expenses	- 113	- 118	-	-	1	- 230	- 127	- 103
Income from corporate development	0	461	-	-	-	461	461	0
Other operating income	33	35	-	-	1	67	29	38
Other operating expenses	- 4	- 7	-	-	-	- 11	- 7	- 4
Operating income	36	725	-	-	0	761	713	48
Interest in earnings of associate companies	134	2	- 25	-	82	29	29	0
Income from other securities	0	3	-	-	-	3	3	0
Income from sales of securities	0	0	-	-	-	0	0	0
Net financial items	- 17	- 88	-	-	0	- 105	- 105	0
Income after financial items	153	642	- 25	-	82	688	640	48
Taxes	- 54	- 139	- 2	-	19	- 176	- 169	- 7
Net income	99	503	- 27	-	63	512	471	41

* Modern Finance Group, consisting of Invik's banking business, insurance business, asset management and securities trading.

PRO FORMA BALANCE SHEET AS OF MARCH 31, 2004 (SEK million)

	Invik	Kinnevik	Merger	Elimi- nations	New Group	New Group excl MFG*	MFG*
Intangible assets	36	20	–	–	56	21	35
Tangible assets	26	4,166	–	–	4,192	4,173	19
Shares in associated and other companies	4,650	12,190	1,322	– 1,689	16,473	16,462	11
Long-term interest bearing receivables	0	286	–	– 91	195	195	0
Long-term non-interest bearing receivables	0	41	–	–	41	41	0
Total fixed assets	<u>4,712</u>	<u>16,703</u>	<u>1,322</u>	<u>– 1,780</u>	<u>20,957</u>	<u>20,892</u>	<u>65</u>
Inventories	110	1,025	–	–	1,135	1,025	110
Short-term non-interest bearing receivables	464	849	–	–	1,313	886	427
Intergroup receivables within Invik	–	–	–	–	–	12	221
Short-term investments	4,666	13	–	–	4,679	19	4,660
Cash and cash equivalents	633	184	– 30	–	787	155	632
Total current assets	<u>5,873</u>	<u>2,071</u>	<u>– 30</u>	<u>–</u>	<u>7,914</u>	<u>2,097</u>	<u>6,050</u>
Total assets	<u>10,585</u>	<u>18,774</u>	<u>1,292</u>	<u>– 1,780</u>	<u>28,871</u>	<u>22,989</u>	<u>6,115</u>
Restricted equity	2,929	4,173	1,292	– 1,689	6,705	5,889	816
Unrestricted equity	832	7,909	–	–	8,741	8,687	54
Total equity	<u>3,761</u>	<u>12,082</u>	<u>1,292</u>	<u>– 1,689</u>	<u>15,446</u>	<u>14,576</u>	<u>870</u>
Provisions for pensions	3	707	–	–	710	707	3
Provision for deferred tax liability	30	845	–	–	875	840	35
Other provisions	4	117	–	–	121	117	4
Total provisions	<u>37</u>	<u>1,669</u>	<u>–</u>	<u>–</u>	<u>1,706</u>	<u>1,664</u>	<u>42</u>
Long-term interest bearing liabilities	1,406	4,146	–	–	5,552	5,552	0
Long-term non-interest bearing liabilities	–	4	–	–	4	4	–
Total long-term liabilities	<u>1,406</u>	<u>4,150</u>	<u>–</u>	<u>–</u>	<u>5,556</u>	<u>5,556</u>	<u>0</u>
Short-term interest bearing liabilities	3,963	–	–	– 91	3,872	77	3,795
Intergroup liabilities within Invik	–	–	–	–	–	221	12
Short-term non-interest bearing liabilities	1,418	873	–	–	2,291	895	1,396
Total short-term liabilities	<u>5,381</u>	<u>873</u>	<u>–</u>	<u>– 91</u>	<u>6,163</u>	<u>1,193</u>	<u>5,203</u>
Total equity and liabilities	<u>10,585</u>	<u>18,774</u>	<u>1,292</u>	<u>– 1,780</u>	<u>28,871</u>	<u>22,989</u>	<u>6,115</u>
Key ratios							
Debt/equity ratio	1.4	0.4			0.7	0.4	4.4
Equity ratio I	36%	64%			54%	63%	14%
Equity ratio II	50%	74%			64%	73%	14%
Net debt	73	4,370			4,473	6,176	– 1,703
Definitions							
Debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions divided by shareholders' equity.						
Equity ratio I	Shareholders' equity as percentage of total assets.						
Equity ratio II	Shareholders' equity adjusted for hidden reserve in the listed stock portfolio as percentage of total assets plus hidden reserve in the listed stock portfolio.						
Net debt	Interest-bearing liabilities including pension provisions less the sum of interest-bearing receivables, short-term investments and cash and cash equivalents.						

* Modern Finance Group, consisting of Invik's banking business, insurance business, asset management and securities trading.