

Investment AB Kinnevik

*Skoppsbron 18
P.O. Box 2094
SE-103 13 Stockholm Sweden
www.kinnevik.se*



*Publ Reg no 556047-9742
Phone +46 8 562 000 00
Fax +46 8 20 37 74*

YEAR-END RELEASE 2004

- The earnings presented below include Invik as of the third quarter of 2004. Pro forma figures include Invik as of 1 January 2004.
 - Net sales for the full year rose to SEK 6,649 (5,660) million. Pro forma net sales amounted to SEK 7,541 million.
 - Operating profit, excluding income from corporate development, amounted to SEK 782 (523) million. The pro forma operating profit amounted to SEK 844 million.
 - Net profit after taxes totaled SEK 662 (3,731) million. The comparative figures for 2003 include the reversal of depreciation in the amount of SEK 2,867 million. Pro forma net profit after taxes amounted to SEK 713 million.
 - Earnings per share were SEK 2.73 (16.94). Pro forma earnings per share were SEK 2.70.
 - Korsnäs Holding reported an operating profit of SEK 735 (527) million. The comparative figures for 2003 include a write-down of fixed assets at Korsnäs Packaging in the amount of SEK 331 million and a property tax refund to the company of SEK 51 million for previous years.
 - Invik (former Modern Finance Group) reported an increase in operating profit to SEK 179 (130) million, of which SEK 86 (–) million is included in the consolidated operating profit for the year.
 - The market value of the Group's holdings of listed securities amounted to SEK 21,898 million at 31 December 2004. Accordingly, market value was SEK 5,581 million higher than book value on the same date. On 16 February 2005, the market value was SEK 22,425 million.
 - The Board of Directors proposes that the Annual General Meeting of shareholders approve a non-cash dividend in the form of a distribution of all shares in Invik & Co. AB (former Modern Finance Group). Kinnevik has decided to hold SEK 235 million of convertible debentures, which could be converted into a combination of Invik class A and class B shares that at full conversion would provide Kinnevik with an ownership representing 14.6% of the capital. Depending on the combination of class A and class B shares, Kinnevik would hold about 25% of the votes. Information about Invik's capitalization in other respects as well as a more detailed description of the terms and conditions of the distribution will be provided in sufficient time prior to the Annual General Meeting on 12 May 2005.
- In addition to the non-cash dividend of shares in Invik & Co. AB the Board of Directors also proposes a cash dividend of SEK 0.25 per share.

MANAGEMENT

Since 1976, the Kinnevik share has generated an average real return of 15.1% annually as a result of rising share prices and dividends, including the value of subscription offers. During the past five years, the Kinnevik share provided an average real return of 3.3% annually. At year-end, Kinnevik's class A shares were listed at SEK 70.00 and class B shares at SEK 70.75. Consequently, the share price has recovered to the same level as that prior to the start of the sharp downturn in telecom and media sectors five years ago. The calculation of the real return is based on the assumption that shareholders retained their allotment of shares in Tele2, Modern Times Group ("MTG"), Metro International ("Metro") and Transcom WorldWide ("Transcom").

The market value of the Group's holdings of listed shares amounted to SEK 21,898 million at 31 December, meaning that the market value was SEK 5,581 million higher than the book value on the same date.

The merger of Industriförvaltnings AB Kinnevik (referred to below as the "old Kinnevik") and Invik & Co. AB (referred to below as the "old Invik") was completed on 28 July. The Extraordinary General Meeting on 26 August resolved to change the company's name from Invik & Co. AB to Investment AB Kinnevik ("Kinnevik"). In September, the name of the sub-group Modern Finance Group – comprising Banque Invik, Moderna Försäkringar, Modern Privat Kapitalförvaltning (currently Invik Kapitalförvaltning) and Fischer Partners – was changed to Invik & Co. AB ("Invik").

On 30 November, it was announced that Kinnevik was participating in the new share issue conducted by Millicom, whereby an additional 4,050,000 shares were acquired for SEK 635 million and convertible notes for USD 35 million (SEK 235 million). The notes have a maturity of five years, with an interest rate of 4%, and have a conversion price 50% above the year-end price (USD 34.86 per share). Payment for the shares was made in December, while payment for the convertible notes was made in January 2005. Accordingly, the convertible notes are not reported in the consolidated balance sheet at 31 December 2004. Following the transaction, Kinnevik holds 35.7% of the capital and voting rights in Millicom. Assuming that Kinnevik and other holders of convertible notes convert their

holdings to shares, Kinnevik will own 34.7% of the capital and voting rights in Millicom.

During November and December 2004, Kinnevik sold 605,000 class B shares in Transcom for SEK 18 million and acquired 605,000 class A shares for SEK 17 million.

In December, 208,000 shares in AcandoFrontec were sold at an average price of SEK 6.39 per share.

CONSOLIDATED RESULT FOR THE FULL YEAR 2004

The merger is reported in accordance with the rules governing reverse acquisitions, which means that old Kinnevik is deemed to have acquired old Invik. Old Invik's result is included in the consolidated income statement as of the third quarter of 2004. The pro forma data for the current year include old Invik from 1 January 2004. The comparative data for the preceding year pertains to old Kinnevik unless otherwise stated.

Net sales for 2004, amounted to SEK 6,649 million compared with SEK 5,660 million in the preceding year, of which Invik accounted for SEK 943 (–) million. Pro forma net sales amounted to SEK 7,541 million.

Operating profit, excluding income from corporate development, amounted to SEK 782 (523) million, of which Invik accounted for SEK 86 (–) million. Pro forma operating profit, excluding income from corporate development, totaled SEK 844 million. Income from corporate development amounted to SEK 461 (193) million, consisting in 2004 of capital gains from the sale of Korsnäs' forestland to Bergvik Skog and, for 2003, of the capital gain from the sale of Credit International Services ("CIS") debt collection operations and Cargo Pak, an operating sector in Korsnäs Packaging.

Earnings from participations in associated companies, excluding reversal of write-downs in the amount of SEK 2,578 million in the comparative figures for 2003, totaled a net SEK 233 (97) million, of which Tele2 amounted to SEK 224 (149) million, Millicom to SEK 37 (loss of 6) million, Metro International to a loss of SEK 138 (loss of 39) million, MTG to SEK 67 (–) million and Transcom to SEK 18 (–) million.

Income from other securities totaled SEK 5 (277) million, which in 2004 pertained to dividends (write-downs and reversals of write-downs in 2003).

Other financial income and expenses amounted net to an expense of SEK 308 (expense of 405) million, of which net interest expenses were SEK 230 (expense 369) million and exchange rate differences were a loss of SEK 17 (loss of 25) million.

Profit after financial items totaled SEK 1,203 (3,325) million.

CONSOLIDATED RESULT FOR THE FOURTH QUARTER

Net sales for the fourth quarter amounted to SEK 1,872 (1,336) million, of which Invik accounted for SEK 465 (–) million.

Operating profit excluding income from corporate development amounted to SEK 145 (loss 178) million, of which Invik accounted for SEK 42 (–) million.

Earnings from participations in associated companies of SEK 73 (2,474) million include reversals of write-downs totaling SEK – (2,578) million. Earnings from participations in associated companies, excluding reversals of write-downs, totaled a net SEK 73 (loss of 104) million, of which Tele2 amounted to SEK 36 (loss of 132) million, Millicom to SEK 28 (0) million, Metro International to loss of SEK 24 (24) million, MTG to SEK 15 (–) million and Transcom to SEK 11 (–) million.

Other financial income and expense amounted net to an expense of SEK 78 (expense of 106) million, of which net interest expenses were SEK 53 (expense 68) million and exchange rate differences were a loss of SEK 10 (loss of 19) million.

Profit after financial items amounted to SEK 140 (2,559) million.

EARNINGS PER SHARE

Earnings per share amounted to SEK 2.73 (16.94). The total number of shares outstanding at 31 December 2004 was 263,981,939, of which 50,197,052 were class A shares and 213,784,887 class B shares. In addition Kinnevik holds treasury stock comprising 3,914,300 of its own class A shares.

FINANCIAL POSITION AND INVESTMENTS

The Group's liquidity reserve excluding funds in Invik (former Modern Finance Group), comprising cash, bank, short-term investments and unutilized credit facilities, totaled SEK 1,203 (1,147) million at 31 December.

The Group's interest-bearing net debt, excluding funds in Invik, totaled SEK 7,168 (6,803) million at 31 December.

The average interest cost for the year amounted to 3.4% (4.7%) (calculated as interest expense in relation to average interest-bearing liabilities excluding pension liabilities).

The Group's cash flow from operations, excluding Invik, totaled SEK 1,133 (806) million for the year. The increase is primarily attributable to a reduction in interest payments and higher accounts payable at year-end as a result of the new investments in progress in coating equipment.

Proceeds of SEK 3,050 (282) million were received from the divestment of subsidiaries. The figure for 2004 relates to proceeds from the sale of forest companies to Bergvik Skog, and for 2003 to payment from the sale of the CIS debt collection business and of Cargo Pak, as well as the sale of operations in Korsnäs Packaging US (Inc).

Investments in and sales of securities are shown in the tables below.

Investments in securities

		Proceeds (SEK Number million)
1 Jan. - 31 Dec. 2004		
Viking Telecom ¹⁾	2,380,952	10
Millicom	1,550,000	252
Metro A ²⁾	2,220,629	–
Transcom A	605,000	17
Millicom, new issue	4,050,000	<u>635</u>
		914
1 Jan. - 31 Dec. 2003		
Tele2	44,129	10
Transcom ³⁾	4,449,649	–
Radio P4 ²⁾	4,018,620	–
Metro ⁴⁾	179,119,903	39
Transcom ¹⁾	1,000,000	19
Millicom, notes		<u>512</u>
		580

Sales of securities

	Number	Proceeds (SEK million)	Capital gain/ loss
1 Jan. - 31 Dec. 2004			
Radio P4	1,902,000	20	13
AcandoFrontec	3,808,000	25	1
Radio P4 ²⁾	2,124,820	–	16
Transcom B	605,000	<u>18</u>	<u>0</u>
		63	30
1 Jan. - 31 Dec. 2003			
Tele2 ²⁾	447,642	–	– 84
Marcstone Ltd	–	119	– 5
MTG	1,193,956	83	0
Metro	1,193,956	–	0
Millicom, notes ⁵⁾	–	–	57
Tele2	527,050	<u>236</u>	<u>94</u>
		438	62

¹⁾ Private placement.

²⁾ Non-cash transaction.

³⁾ Comprised 75% of the sales price for CIS debt collection business, SEK 135 million.

⁴⁾ Conversion of loan receivables and rights issue.

⁵⁾ Conversion to new notes.

Investments in intangible and tangible fixed assets amounted to SEK 512 (254) million.

The Group's equity / assets ratio, excluding Invik, was 58% (54%) at year-end. Adjusted for the surplus to book value of the holdings in listed securities, the equity / assets ratio was 66% (65%).

The Group's borrowing is primarily arranged in SEK. Foreign subsidiaries are, however, largely financed in local currencies.

On an annual basis, the net effect of the Group's in- and outflows in foreign currencies is a net inflow of about SEK 1,000 million, which mainly comprises sales in Euro.

BOOK VALUE OF LISTED AND UNLISTED HOLDINGS AND MARKET VALUE OF LISTED HOLDINGS

	A shares	B shares	Equity interest (%)	Voting interest (%)	Book value 31 Dec 2004 (SEK m)	Market value 31 Dec 2004 (SEK m)	Surplus/ Deficit to book value
Listed holdings							
Tele2	11,276,743	30,550,432	28.3	49.9	12,565	10,917	– 1,648
Millicom International Cellular	35,142,535		35.7	35.7	1,517	5,219	3,702
Metro International	96,354,191	115,329,193	40.3	36.6	846	3,218	2,372
Modern Times Group MTG	9,710,886	224,125	15.0	47.2	1,068	1,798	730
Transcom WorldWide	11,940,243	2,974,779	20.7	33.1	258	532	274
Cherryföretagen	1,402,500	7,378,249	28.1	26.2	32	183	151
Viking Telecom	7,037,952		29.3	29.3	18	18	0
AcandoFrontec		2,127,580	3.8	2.7	13	13	0
Total listed holdings*					<u>16,317</u>	<u>21,898</u>	<u>5,581</u>
Unlisted holdings							
Korsnäs Holding			100	100	4,456		
Invik (former Modern Finance Group)			100	100	902		
Mellersta Sveriges Lantbruk			100	100	210		
Other assets and liabilities					– 256		
Total unlisted holdings					<u>5,312</u>		
Interest bearing net debt (excluding Invik)					– 7,168		
Total equity					<u>14,461</u>		

* Kinnevik holds 3,914,300 of its own class A shares, corresponding to 1.5% of the capital and 5.2% of the votes, which are reported at SEK 0 in the balance sheet.

KORSNÄS HOLDING

Korsnäs Holding is the parent company of Korsnäs and Korsnäs Packaging. Korsnäs and its subsidiaries pursue operations in the packaging materials area (Korsnäs Industrial), as well as the purchase of wood and fiber (Korsnäs Forestry). In March 2004, Korsnäs completed the sale of its Swedish forest holdings to Bergvik Skog, a company in which Korsnäs holds 5% of the shares.

Net sales for the Korsnäs Holding Group for the full year totaled SEK 5,664 (5,553) million, with operating profit amounting to SEK 735 (527) million. The comparative figures for 2003 include write-downs of fixed assets in Korsnäs Packaging in the amount of SEK 331 million, as well as a refund of property tax refund of SEK 51 million for prior years.

Korsnäs Industrial

The general upturn that characterized business conditions in 2004 had only a marginal effect on Korsnäs' markets. The market for Korsnäs' products during the year was characterized by a sluggish demand trend in Europe. Combined with a fall in the USD exchange rate, competition for European volumes rose as a result of a relatively weak price trend. Korsnäs' strong market position offset poor market conditions. Consequently, demand for Korsnäs' products as a whole remained stable. Total volumes for paper, pulp and cartonboard products rose slightly more than 1% compared with 2003, which meant that overall sales reached record levels during the year.

Annual output for Korsnäs' mills totaled 703,000 tons in 2004, up 3% from the preceding year. As a result, output has been at record levels and a number of production records were exceeded.

Prices of wood, energy and chemicals rose significantly during the year, leading to an increase in variable costs and pressure on margins.

Net sales for Korsnäs Industrial totaled SEK 3,807 (3,816) million for the year, with operating profit amounting to SEK 635 (793) million. The comparative figures for 2003 include a property tax refund of SEK 51 million for prior years.

Korsnäs Forestry

The wood market in 2004 was marked by firm demand for saw timber. Despite profitability problems at sawmills, no reduction in timber prices occurred during the year due to the limited supply of saw timber. Demand for soft pulpwood was buoyant throughout the supply region in 2004, resulting in rising prices. Pulp wood prices, particularly in the Baltic countries, continued to rise during the year due to high demand and tight supply.

The program aimed at releasing capital tied up in inventories continued during the year and inventories of both hard and soft pulpwood declined a further 20%. As a result, inventories since 2001 have fallen by a total of 50%, while supplies have been secured.

Net sales for Korsnäs Forestry totaled SEK 1,754 (1,441) million in 2004, and operating profit was 79 (142) million. The decline in operating profit is due to the replacement of felling in own forests by felling rights purchased from Bergvik Skog during the second quarter of 2004.

Korsnäs Packaging

Market conditions for Korsnäs Packaging remained weak in 2004, with no sign of any rise in demand in Western European markets. Korsnäs Packaging's operations in Eastern Europe were well positioned and as a result expanded in pace with market growth. All markets reported pressure on sales prices due to stiff competition. Price pressure in markets was partly offset by reduced raw material costs compared with the preceding year. In 2004, Korsnäs Packaging strengthened its sales organization in the expanding Eastern European markets and, as a result of capital expenditure, also boosted production capacity at its Eastern European plants.

The company's properties in Zaragoza and Zagreb were sold during the fourth quarter.

Restructuring during the year resulted in workforce reductions of 4%, corresponding to a total reduction of 40% during the past three years.

Net sales for Korsnäs Packaging totaled SEK 1,252 (1,386) million for the year, with operating profit amounting to SEK 21 (loss of 408) million. The comparative data for 2003 include write-downs of fixed assets in the amount of SEK 331 million.

INVIK (former Modern Finance Group)

Operations within Invik's four business areas continued to develop positively during the year, with an improvement in both earnings and market positions.

Net sales for Invik amounted to SEK 1,834 (1,173) million in 2004, of which SEK 943 (-) million is included in the consolidated net sales. Operating profit amounted to SEK 179 (130) million, of which SEK 86 (-) million is included in the consolidated operating profit for the year.

Banque Invik

Private banking operations are gaining a larger international customer base, with both private and corporate customers, who are offered personal service and advice in asset management.

Banque Invik's private banking operations market a range of funds managed by external fund managers. During January 2005, Banque Invik – in cooperation with Invik Kapitalförvaltning – established a subsidiary, Banque Invik Asset Management S.A.

Banque Invik's credit card operations focus primarily on high net worth individuals, including the bank's own customers and customers of other banks. Operations experienced steady growth during the year. Costs were reduced and average transaction volumes per issued card were substantially higher than the average level for VISA and Mastercard in Europe. Cash card operations and payment services also rose sharply. Measures aimed at reducing credit card fraud had an impact during the two last quarters of the year.

As in prior years, Corporate Finance & Treasury's provision of financial advisory services was successful.

Fund operations conducted by Modern Funds were particularly successful in attracting investors in the Swedish pension savings program, PPM. Volumes increased steadily during the year.

The revenues in the trust business area Modern Treuhand and number of administered companies increased rapidly during the year, notably as a result of the development of operations in the Netherlands. Cooperation with external parties was established during the year in, for example, Malta.

The bank's liquidity ratio was 68% (legal requirement: 30%) and its capital adequacy ratio was 22%

(legal requirement: 8%) at year-end.

Net sales for Banque Invik totaled SEK 235 (248) million for the year, of which SEK 106 (-) million is included in consolidated net sales. Operating profit amounted to SEK 34 (63) million, of which SEK 16 (-) million is included in consolidated operating profit for the year.

Modern Insurances

Insurance operations consist of direct insurance operations in Sweden and reinsurance operations in the Luxembourg-based company, Modern Re S.A.

The non-life insurance business reported strong growth and a highly positive earnings trend in insurance operations during 2004. Premium volume rose 46% compared with 2003, amounting to SEK 977 (669) million. The claims ratio in direct insurance operations amounted to 65.6% (60.9%) and the combined ratio was 87.6% (86.6%). Operating profit amounted to SEK 73 (38) million. The number of customers in the non-life business increased by more than 500,000 in 2004 and currently amounts to slightly more than 1.4 million.

Product development was given priority during the year, with the launch of a number of new products and concepts in all business areas.

The Life operations' sales of unit-linked insurance, amounting to SEK 420 (155) million, exceeded expectations. During the fourth quarter of 2004 the company attained a market share of 6.1% of total new sales of unit-linked insurance and a market share of a full 13.3% for lump-sum payment occupational pension premiums invested in unit-linked insurance.

During the autumn, a unique endowment insurance product was launched, with a deposit facility at Avanza. The product permits saving and trading in shares and funds, complete with all the benefits accompanying endowment insurance.

Group life insurance operations continued to expand, reporting more than 6,000 new customers and continuing low claims costs during the period. During the final quarter, volume rose sharply in Norwegian operations as a result of new customers selecting Modern Insurances as their insurer for integrated personal insurance.

Combined, life insurance operations reported an operating loss of SEK 11 (loss of 6) million.

Other areas of insurance operations reported an

operating profit of SEK 13 (9) million.

Net sales for Modern Insurances totaled SEK 1,299 (708) million during the year, of which SEK 698 (–) million is included in consolidated net sales. Operating profit amounted to SEK 67 (33) million (including amortization of goodwill in the amount of SEK 8 (8) million), of which SEK 39 (–) million is included in consolidated operating profit for the year.

Invik Asset Management (former Modern Privat Kapitalförvaltning)

Invik Kapitalförvaltning Holding AB, a wholly owned subsidiary of Invik & Co. AB, is the parent company in the group that conducts asset management, fund operations and financial advisory services. Invik Kapitalförvaltning Holding's management volume totaled SEK 4,785 (4,541) million in asset management and SEK 4,402 (2,792) million in fund management at year-end. Invik Kapitalförvaltning has some 7,400 customers in asset and fund management.

Aktie-Ansvar AB pursues fund operations in Aktie-Ansvar Sverige, Ansvar Avkastningsfond, Aktie-Ansvar Europa, FondSelect and in the Graal hedge fund. The fund company has about 5,600 customers.

The business trend for asset management and fund management was positive in 2004. In particular, fund management reported a positive net flow. Assets under management in the Aktie-Ansvars Graal-fund surged 114% during the year to SEK 2,065 million in assets.

During autumn 2004, Invik Kapitalförvaltning opened an office in Gothenburg and in December, in co-operation with Banque Invik in Luxembourg, an asset management business, Banque Invik Asset Management S.A., was established in Luxembourg, for which the target group is Scandinavians domiciled outside the Scandinavian countries.

Net sales for Invik Asset Management totaled SEK 72 (54) million in 2004, of which SEK 38 (–) million is included in consolidated net sales. Operating profit amounted to SEK 13 (10) million, of which SEK 6 (–) million is included in consolidated operating profit for the year.

Fischer Partners

Fischer Partners is one of the leading brokerage houses in the Nordic region and is a member of the Stockholm, Helsinki, Oslo, Copenhagen, Tallinn, and Riga stock exchanges as well as member of the German Eurex derivatives exchange. Fischer Partners' customers are primarily foreign and Swedish institutions as well as active individuals. Overall, 2004 was a robust year on stock markets, with an upturn of 18% in the Stockholm Stock Exchange SAX index. Stock market activity was buoyant during the first quarter, following which it declined throughout the remainder of the year.

In 2004 Fischer Partners was ranked third and fourth in size on the Stockholm and Helsinki exchanges, respectively. Following an excellent start to 2004, revenue declined in May before again gathering strength during the last four months of the year. Commission revenues were 47% higher than in 2003.

Net sales for Fischer Partners totaled SEK 231 (183) million in 2004, of which SEK 92 (–) million is included in consolidated net sales. Operating profit amounted to SEK 65 (24) million, of which SEK 25 (–) million is included in consolidated operating profit for the year.

MELLERSTA SVERIGES LANTBRUK

A cold but stable winter, followed by a damp and cool spring and summer, created favorable growing conditions in Sweden and Poland. This led to an abundant harvest with generally satisfactory quality. However, sizeable stockpiles throughout Europe generally imposed pressure on prices during the latter part of the year.

Poland's membership of the EU, with the incorporation of Polish agriculture into the EU's Common Agricultural Policy, has also had a dampening effect on the price trends, especially in the case of grain in Poland. This was partly offset by the introduction of the EU's acreage support program. Prices for sugar beet and milk were, however, positively impacted by the EU membership.

As a result of pressure on market prices, a large share of the 2004 harvest has been stockpiled in anticipation of a price rise during the first half of 2005.

Net sales for Mellersta Sveriges Lantbruk totaled SEK 32 (44) million in 2004 and operating profit was SEK 7 (4) million.

TELE2

The market value of Kinnevik's holding of shares in Tele2 totaled SEK 10,917 million at 31 December 2004. The Tele2 share is listed on Stockholm Stock Exchange's O-list and is included in the Attract 40 segment, and on NASDAQ in New York.

Tele2 is Europe's leading alternative telecom operator, offering fixed and mobile telephony as well as datanet and Internet services to close to 28 million customers in 24 countries.

Tele2 has successfully challenged the old European telecom monopolies by offering subscribers telecom services at minimum market rates. Tele2's strategy is based on creating a strong brand, offering simple, straightforward products and investing in high quality customer services.

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.

Net sales for the full year amounted to SEK 43,033 (36,911) million and earnings after financial items were SEK 2,681 (1,267) million.

MILlicom INTERNATIONAL CELLULAR

The market value of Kinnevik's shareholding in Millicom amounted to SEK 5,219 million at 31 December 2004. Millicom's shares are listed on NASDAQ in New York, Stockholm Stock Exchange's O-list, where they are included in the Attract 40 segment, and on the Luxembourg Stock Exchange.

Millicom is a leading international mobile telephone operator, focusing on emerging markets in Asia, Latin America and Africa. Economic development in these markets is creating a demand for improved communication services. Millicom's aim is to become established on new markets at an early stage through license 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 minimum prices.

Millicom currently has equity interests in 17 mobile telecom companies in 16 countries, representing a combined a market of approximately 399 million inhabitants. On 31 December 2004, the total number of subscribers in these companies was 7.7 (5.7) million, up 36% over the previous 12-month

period. On a proportional basis in relation to Millicom's equity interests, the subscriber base was 5.3 (4.0) million, an increase of 32%.

Net sales for the full year amounted to USD 921 (647) million and earnings after net financial items were USD 144 (246) million.

METRO INTERNATIONAL

The market value of Kinnevik's shareholding in Metro amounted to SEK 3,218 million on 31 December 2004. Metro's shares are listed on Stockholm Stock Exchange's O-list.

Metro is the world's largest and fastest growing international newspaper, with 45 editions published in 17 countries across Europe, North and South America and Asia. The newspapers are distributed free of charge, with income generated from sales of advertising space. Metro attracts a readership of 15.2 million daily.

Net sales for the full year amounted to USD 302 (204) million and the loss after net financial items was USD 13 (loss of 13) million.

MODERN TIMES GROUP MTG

The market value of Kinnevik's shareholding in MTG amounted to SEK 1,798 million on 31 December 2004. MTG's shares are listed on Stockholm Stock Exchange's O-list, where they are included in the Attract 40 segment.

MTG is the leading commercial TV company in Scandinavia, Central and Eastern Europe. It is the largest commercial and pay-TV operator in the Nordic and Baltic regions. It also has pay TV companies in Russia and Hungary. MTG also operates the largest commercial radio network in Northern Europe and is a leading company in the production of reality TV. Revenue is mainly generated by the sale of advertising time, pay-TV subscriptions and product sales.

Net sales for the full year amounted to SEK 6,836 (6,311) million and the profit after net financial items were SEK 920 (375) million.

TRANSCOM WORLDWIDE

The market value of Kinnevik's shareholding in Transcom amounted to SEK 532 million on 31 December 2004. Transcom's shares are listed on the Stockholm Stock Exchange's O-list.

Transcom is a rapid-growth company in outsourcing with activities at 41 call centers and more than 9,500 employees delivering services to 23 countries. Transcom provides solutions in Customer Relationship Management (CRM) for companies in telecommunications, e-commerce, travel and tourism, trading, financial services, and in staple industries. Following the acquisition of CIS in 2003, the company also provides debt collection and legal services.

Net sales for the full year amounted to EUR 370 (286) million and the profit after net financial items was EUR 19 (14) million.

CHERRYFÖRETAGEN

The market value of Kinnevik's shareholding in Cherry amounted to SEK 183 million on 31 December 2004. Cherry's shares are listed on the Stockholm Stock Exchange's O-list.

Cherry is involved in online and casino gaming and gaming machines. The main gaming business is conducted in the form of online casinos on a global market, in restaurants in Sweden, and on board cruise ships and passenger vessels in Europe.

VIKING TELECOM

The market value of Kinnevik's holding of shares in Viking Telecom amounted to SEK 18 million on 31 December 2004. Viking Telecom's shares are listed on the Stockholm Stock Exchange's O-list.

Viking Telecom develops and markets access products for existing and planned communication networks in two business areas, Telecom and Automatic Meter Reading (AMR).

Net sales for the full year amounted to SEK 26 (80) million and the loss after financial items was USD 33 (loss of 78) million.

PARENT COMPANY

The comparative prior year figures refer to the old Kinnevik.

The Parent Company's net sales amounted to SEK 12 (15) million.

Income from participation in Group companies totaled SEK 3,000 (2,899) million, and consisted of

dividends and write-downs. Interest in earnings of associated companies and income from other securities, SEK 28 (119) million, consisted of dividends, write-downs and reversals of write downs. Income from the sale of securities amounted to SEK 8 (loss of 95) million.

Other financial income and expense amounted to a net expense of SEK 76 (expense of 77) million.

The Parent Company's profit after financial items was SEK 3,072 (2,816) million.

Fixed capital expenditure amounted to SEK 283 (201) million of which SEK 281 (201) million related to investments in financial fixed assets.

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 864 (874) million at year-end.

The Parent Company's interest-bearing external liabilities amounted to SEK 3,885 (2,556) million.

ACCOUNTING TREATMENT OF THE MERGER OF OLD KINNEVIK AND OLD INVIK

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

The acquisition price has been determined on a valuation of the newly issued shares that were offered to old Kinnevik shareholders on the basis of a set exchange ratio where 1 share in old Kinnevik entitled the holder to receive 3.5 new shares in old Invik. On the basis of a reverse acquisition this is equivalent to 0.29 old Kinnevik shares for each old Invik share. As a result of the reverse acquisition, the compensation has been determined on the basis of the listed price of the old Kinnevik share, which has resulted in an acquisition price of SEK 4,725 million. The acquisition balance sheet prepared at 1 July 2004 has been adjusted for cross-ownership and internal balances between the companies, which has reduced assets by SEK 1,897 million, liabilities by SEK 222 million and equity by SEK 1,675 million. In the consolidated income statement, old

Invik's revenues and expenses have been included as of 1 July 2004.

During the fourth quarter, a more detailed study of Invik's identifiable assets and liabilities was conducted, whereby the previously prepared acquisition analysis was adjusted in respect of the circumstances prevailing on the acquisition date. The reported values for assets and liabilities have been adjusted as follows:

- technical liabilities in insurance have been increased by SEK 295 million to reflect assumed reinsurance in run-off,
- other provisions have been increased by SEK 45 million in respect of a tax dispute and rental commitments,
- deferred tax liability has been reduced by SEK 101 million for the above adjustments, and
- goodwill of SEK 1,245 million has been allocated to market-listed holdings.

The pro forma income statement for the full year has been prepared as if the merger had been conducted on 1 January 2004. Pro forma accounting is based on the previously prepared balance sheets and income statements for each company. Adjustments in the acquisition analysis for reinsurance accepted, tax disputes and rental commitments have not been included in the pro forma consolidated accounting, since they pertain to previous fiscal years. It has been assumed that old Invik and old Kinnevik already on 1 January 2004 had reclassified a sufficient number of A shares in Tele2 to result in a combined ownership that did not exceed 50% of the voting rights, and thus Tele2 has not been accounted for as a subsidiary in the pro forma income statement. The value adjustment of the book value of publicly listed shares of SEK 1,245 million means that interest in earnings in the pro forma consolidated income statement for the first half of the year has been charged with a quarterly amortization cost for goodwill in the amount of SEK 27 million, based on an amortization period of ten years.

Additional shares in earnings of associated companies of SEK 14 million and shares of associated companies' tax costs of SEK 10 million relating to the first half of the year have also been included in the pro forma income statement. Earnings from participation in associated companies have been

reduced by SEK 98 million and tax expenses by SEK 35 million in the pro forma income statement, as a result of the elimination of old Invik's share in old Kinnevik's earnings for the first half of the year.

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's standard RR 20 Interim Reports. The same accounting principles have been applied as in the annual report for 2003, with the exception stated below.

As of 1 January 2004, recommendation RR29 issued by the Swedish Financial Accounting Standards Council concerning the reporting of employee benefits is applied. The application of the new accounting principle has resulted in an increase of total SEK 88 million in the stated pension liability and deferred tax liability at 1 January 2004. This effect has been reported directly against equity as at 1 January 2004. In addition to the pension commitments stated as a liability in the accounts, the Group has commitments for family pensions for salaried employees in Sweden in plans (ITP and FTP) that are secured through insurance policies in Alecta and Försäkringsbranschens Pensionskassa (FPK). According to a statement from the Emerging Issues Task Group of the Swedish Financial Accounting Standards Council, these schemes, which cover several employers, are defined-benefit. For the 2004 fiscal year, the Group has not had sufficient information available to account for these plans as defined-benefit plans and thus they are reported as they were defined-contribution plans.

TRANSITION TO IFRS

As of 1 January 2005, International Financial Reporting Standards ("IFRS") shall apply. Information on how earnings and financial position at 31 December 2004 are expected to have been affected if IFRS had been applied instead of the prevailing accounting principles is available on pages 19-20 of this report.

DIVIDEND

The Board of Directors proposes that the Annual General Meeting of shareholders approve a non-cash dividend in the form of a distribution of all shares in Invik & Co. AB (former Modern Finance Group).

In addition to the non-cash dividend of shares in Invik & Co. AB the Board of Directors also proposes a cash dividend of SEK 0.25 per share.

It is intended that the dividend of Invik be completed during the second half of 2005. In connection with the dividend, Invik will apply for a listing on the Stockholm Stock Exchange's O-list.

During the past ten years Kinnevik has very successfully distributed subsidiaries that were developed within the Group to its shareholders. Among others, the leading telecom company Tele2, the largest Nordic TV company MTG, and the call center company, Transcom, were distributed when these companies were viewed as being ready for a stock exchange listing.

In recent years, Invik has expanded rapidly and market shares have been consolidated in the company's business areas. Earnings have climbed steadily and Invik is currently well positioned to continue its growth in its business areas.

Kinnevik's Board assesses that a distribution and individual listing of Invik would highlight the value in the company. Accordingly, the dividend is expected to create value for Kinnevik shareholders, who are proposed to become direct owners in Invik. In accordance with the main rule (Lex Asea), receipt of Invik shares does not give rise to any taxation for Kinnevik's shareholders.

The Board proposes that shareholders receive one class A share in Invik for each ten class A shares held in Kinnevik, and one class B share in Invik for each ten class B shares held in Kinnevik. It is proposed that the distribution of Invik shares be completed during the second half of 2005.

Application for a listing of class B shares on the O-list of the Stockholm Stock Exchange will be submitted. However, the spread of ownership for class A shares will not be sufficient for a listing. Invik's Articles of Association will thus permit continual reclassification of class A to class B shares to the extent requested by holders of class A shares.

Invik has four business areas, all of which report favorable profitability:

- Modern Insurances – non-life and life insurance. Total sales of SEK 1,299 million in 2004, with more than 1.4 million customers.
- Invik Asset Management – asset management and equity funds. A total of 7,400 customers and SEK 4.8 billion and SEK 4.4 billion in managed

capital in asset management and fund management operations respectively at 31 December 2004.

- Banque Invik – private banking and credit card operations. Revenues of SEK 235 million during 2004 and total assets of SEK 2,500 million.
- Fischer Partners – trading and securities brokerage operations for Swedish and foreign institutional shareholders. Revenues of SEK 231 million in 2004 and the third largest member of the Stockholm Stock Exchange.

Invik has its head office in Stockholm and operations will be pursued primarily in Sweden and Luxembourg. At year-end, Invik had 256 employees. In 2004, Invik's business areas reported pro forma pre-tax profit of SEK 179 million, corresponding to an increase of 38% compared with the preceding year. Revenues pro forma amounted to SEK 1,834 million, up 56% from the preceding year. Operating expenses pro forma amounted to SEK 1,655 million, and taxes attributable to operations totaled SEK 61 million. Invik's investments in tangible fixed assets totaled SEK 14 million in 2004.

Kinnevik has decided to hold SEK 235 million of convertible debentures, which could be converted into a combination of Invik class A and class B shares that at full conversion would provide Kinnevik with an ownership representing 14.6% of the capital. Depending on the combination of class A and class B shares, Kinnevik would hold about 25% of the votes. Information about Invik's capitalization in other respects as well as a more detailed description of the terms and conditions of the distribution will be provided in sufficient time prior to the Annual General Meeting on 12 May 2005.

Kinnevik's reported value of Invik's assets and liabilities at 31 December 2004 amounted to SEK 902 million. The terms and conditions of the dividend will be set in such a manner that unrestricted shareholders' equity in Investment AB Kinnevik will decrease by a maximum of SEK 1,500 million.

For additional information about the effect on the Kinnevik Group's balance sheet of a distribution of all shares in Invik, refer to page 17 in this report.

ANNUAL GENERAL MEETING, 2005

The Annual General Meeting will be held at 9.30 am on Thursday 12 May 2005 at the Skandia Cinema, Drottninggatan 82, Stockholm.

NOMINATION COMMITTEE FOR ANNUAL GENERAL MEETING

In the autumn a nomination committee was established comprising Cristina Stenbeck; Thomas Halvorsen, Fourth AP-fund; Wilhelm Klingspor; Björn Lind, SEB Funds and SEB Trygg Liv, and Tomas Nicolin, Alecta.

The Nomination Committee will prepare proposals for the composition of the Board, which will be presented to the 2005 Annual General Meeting of shareholders for approval.

Shareholders wishing to submit proposals for representatives to Kinnevik's Board may contact:

E-mail: bolagsstamma@kinnevik.se

Mail: Annual General Meeting, Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm

FINANCIAL REPORTS

The Annual Report for 2004 is expected to be published during March 2005 and will be available to the public at the company's office, as well as being published on the company's website.

The interim report for the period January – March 2005 will be published on 26 April 2005.

Stockholm, 17 February 2005

Board of Directors

FOR FURTHER INFORMATION, PLEASE VISIT WWW.KINNEVIK.SE OR CONTACT:

Vigo Carlund, President and Chief Executive Officer

tel +46 (0) 8 562 000 00

Henrik Persson, Information and Investor Relations
tel +46 (0) 8 562 000 87, mobile +46 (0) 70 762 00 87

Investment AB Kinnevik's objective is to increase shareholder value, primarily through net asset value growth. The Parent Company manages a portfolio of long-term investments in a number of listed companies such as Tele2, Modern Times Group MTG, Millicom International Cellular, Metro International and Transcom WorldWide. Kinnevik plays an active role on the Boards of its listed holdings.

The Company's subsidiaries are principally active in cartonboard and paper production through Korsnäs, banking, insurance, securities broking, trading and asset management through Invik as well as farming through Mellersta Sveriges Lantbruk.

Investment AB Kinneviks A and B shares are traded on the Stockholm Stock Exchange O-list and are included in the Attract 40 segment. The ticker codes are KINV A and KINV B.

CONSOLIDATED INCOME STATEMENT (SEK MILLION)

	2004 ¹⁾	2004 ²⁾	2003 ³⁾	2004 ⁴⁾	2003 ³⁾
	Full year	Full year	Full year	1 Oct.-31 Dec.	
	Pro forma				
Net sales	6,649	7,541	5,660	1,872	1,336
Cost of goods and services	<u>- 5,305</u>	<u>- 5,951</u>	<u>- 4,357</u>	<u>- 1,511</u>	<u>- 1,072</u>
Gross profit	1,344	1,590	1,303	361	264
Selling, administration, research and development costs	- 692	-924	- 532	- 246	- 156
Income from corporate development	461	465	193	0	0
Other operating income	187	250	181	59	66
Other operating expenses	<u>- 57</u>	<u>- 72</u>	<u>- 429</u>	<u>- 29</u>	<u>- 352</u>
Operating profit	1,243	1,309	716	145	- 178
Result from participations in associated companies	233	341	2,675	73	2,474
Income from other securities	5	3	277	0	277
Income from sale of securities	30	30	62	0	92
Net financial items	<u>- 308</u>	<u>- 341</u>	<u>- 405</u>	<u>- 78</u>	<u>- 106</u>
Profit after financial items	1,203	1,342	3,325	140	2,559
Taxes	- 541	- 629	403	- 133	722
Minority interest in income	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>3</u>
Net profit for the period	<u>662</u>	<u>713</u>	<u>3,731</u>	<u>7</u>	<u>3,284</u>
Earnings per share before/after dilution , SEK	2.73	2.70	16.94	0.03	14.91
Total number of shares before/ after dilution (millions)	242.1	264.0	220.3	264.0	220.3

CONSOLIDATED CASH-FLOW STATEMENT (SEK MILLION)

	2004	2003
	Full year	Full year
Cash flow in operations before change in working capital, excl. Invik	826	789
Change in working capital	<u>307</u>	<u>17</u>
	1,133	806
Cash flow from (to) Invik	<u>- 30</u>	<u>-</u>
Cash flow from operations	1,103	806
Acquisition of shares in subsidiaries	-	- 236
Sales of subsidiaries	3,050	282
Investments in intangible and tangible fixed assets	- 512	- 254
Investments in financial fixed assets	-1,037	- 769
Sales of fixed assets	<u>124</u>	<u>494</u>
Cash flow from investing activities	1,625	- 483
Change in interest-bearing liabilities	-2,314	- 231
Cash dividend	<u>- 346</u>	<u>- 252</u>
Cash flow from financing activities	<u>- 2,660</u>	<u>- 483</u>
Cash flow for the period	68	- 160
Cash and bank, opening balance	215	379
Exchange rate differences in liquid funds	<u>- 2</u>	<u>- 4</u>
Cash and bank, closing balance, excl. Invik	281	215

¹⁾ Old Kinnevik 1 January-30 June, merged Group 1 July-31 December.

²⁾ Merged Group pro forma, see under "Accounting treatment of merger of old Kinnevik and old Invik" above.

³⁾ Old Kinnevik.

⁴⁾ Merged Group.

REVIEW OF THE GROUP (SEK MILLION)

	2004 ¹⁾	2004 ²⁾	2003 ³⁾	2004 ⁴⁾	2003 ³⁾
	Full year	Full year	Full year	1 Oct.-31Dec.	
		Pro forma			
Distribution of net sales by business area					
Continuing operations					
Korsnäs Industrial	3,807	3,807	3,816	879	911
Korsnäs Forestry	1,754	1,754	1,441	504	358
Korsnäs Packaging	1,252	1,252	1,386	290	304
Eliminations within Korsnäs Holding	- 1,149	- 1,149	- 1,090	- 278	- 251
Total Korsnäs Holding	5,664	5,664	5,553	1,395	1,322
Banque Invik	106	235	-	48	-
Modern Insurances	698	1,299	-	343	-
Invik Asset Management	38	72	-	24	-
Fischer Partners	92	231	-	38	-
Eliminations within Invik	9	- 3	-	12	-
Total Invik	943	1,834	0	465	0
Mellersta Sveriges Lantbruk	32	32	44	9	12
Other subsidiaries	-	-	17	-	3
Parent company and other	22	23	16	2	2
Eliminations	- 12	- 12	- 16	1	- 3
Subtotal, continuing operations	6,649	7,541	5,614	1,872	1,336
Discontinuing operations					
CIS Credit International Services	-	-	46	-	-
Total net sales	6,649	7,541	5,660	1,872	1,336
Operating profit by business area					
Continuing operations					
Korsnäs Industrial	635	635	793	109	133
Korsnäs Forestry	79	79	142	14	38
Korsnäs Packaging	21	21	- 408	- 4	- 352
Total Korsnäs Holding	735	735	527	119	- 181
Banque Invik	16	34	-	8	-
Modern Insurances	39	67	-	19	-
Invik Asset Management	6	13	-	1	-
Fischer Partners	25	65	-	14	-
Eliminations within Invik	0	0	-	0	-
Total Invik	86	179	0	42	0
Mellersta Sveriges Lantbruk	7	7	4	3	4
Other subsidiaries	-	-	- 11	-	- 1
Income from corporate development	461	465	35	0	0
Parent company and other	- 43	- 65	- 5	- 17	0
Eliminations	- 3	- 12	0	- 2	0
Subtotal, continuing operations	1,243	1,309	550	145	- 178
Discontinuing operations					
CIS Credit International Services	-	-	8	-	-
Gain on discontinuance of CIS	-	-	158	-	-
Subtotal, discontinuing operations	-	-	166	-	-
Total operating profit	1,243	1,309	716	145	- 178

¹⁾ Old Kinnevik 1 January-30 June, merged Group 1 July-31 December.

²⁾ Merged Group pro forma, see under "Accounting treatment of merger of old Kinnevik and old Invik" above.

³⁾ Old Kinnevik.

⁴⁾ Merged Group.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	2004	2003
	31 December	31 December
Fixed assets		
Intangible assets	42	21
Tangible assets	4,317	6,816
Shares in associated companies and other companies	16,676	11,406
Deferred tax assets	42	0
Long-term interest-bearing receivables	73	964
Long-term non-interest-bearing receivables	<u>569</u>	<u>55</u>
	21,719	19,262
Current assets		
Inventories	1,183	975
Short-term interest-bearing receivables	1,298	0
Short-term non-interest-bearing receivables	1,169	916
Short-term investments	2,568	12
Cash and bank	<u>1,170</u>	<u>215</u>
	7,388	2,118
Total assets	<u><u>29,107</u></u>	<u><u>21,380</u></u>
Shareholders' equity		
Restricted equity	7,084	4,163
Unrestricted equity	<u>7,377</u>	<u>7,352</u>
	14,461	11,515
Provisions		
Provisions for pensions	672	614
Deferred tax liability	882	818
Other provisions	<u>129</u>	<u>191</u>
	1,683	1,623
Long-term liabilities		
Interest-bearing liabilities	6,840	7,304
Non-interest-bearing liabilities	<u>548</u>	<u>4</u>
	7,388	7,308
Short-term liabilities		
Interest-bearing liabilities	2,606	76
Non-interest-bearing liabilities	<u>2,969</u>	<u>858</u>
	5,575	934
Total shareholders' equity, provisions and liabilities	<u><u>29,107</u></u>	<u><u>21,380</u></u>
KEY RATIOS		
Debt/equity ratio	0.7	0.7
Equity ratio I	50%	54%
Equity ratio II	58%	65%
Net debt	5,009	6,803

MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK MILLION)	2004	2003
	Full year	Full year
Closing balance 31 December 2003	11,515	
Change in accounting principle, RR29	– 88	
Opening balance, including effect of change in accounting principle	11,427	8,221
Translation differences	– 167	– 185
Net profit for the period	662	3,731
Merger settlement	4,695	–
Elimination of cross-ownership in the merger	– 1,675	–
Step-up acquisitions of shares MTG and Transcom	– 135	–
Cash dividend	– 346	– 252
Closing amount	<u>14,461</u>	<u>11,515</u>

DEFINITIONS OF KEY RATIOS

Debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions divided by shareholders' equity.
Equity ratio I	Shareholders' equity including minority interests as percentage of total assets.
Equity ratio II	Shareholders' equity adjusted for surplus value in the listed stock portfolio as percentage of total assets plus surplus value 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 bank.
Operating margin	Operating profit divided by net sales.
Operational capital employed	For Invik and its business areas, average net assets (assets less provisions and liabilities). For other business areas average of intangible and tangible fixed assets, inventories and short-term non-interest bearing receivables less other provisions and non-interest bearing liabilities.
Return on operational capital employed	Operating profit divided by operational capital employed.

SPLIT OF CONSOLIDATED BALANCE SHEET (SEK MILLION)**31 December 2004**

	Kinnevik Group excl. Invik*	Invik*	Kinnevik Group total
Fixed assets			
Intangible assets	16	26	42
Tangible assets	4,294	23	4,317
Shares and participations in associated and other companies	16,669	7	16,676
Deferred tax assets	42	0	42
Long-term interest-bearing receivables	57	16	73
Long-term non-interest-bearing receivables	32	537	569
	<u>21,110</u>	<u>609</u>	<u>21,719</u>
Current assets			
Inventories	1,172	11	1,183
Short-term interest-bearing receivables	–	1,298	1,298
Invik's interest-bearing receivables on the Parent Company	–	358	–
Short-term non-interest-bearing receivables	816	353	1,169
Short-term investments	20	2,548	2,568
Cash and bank	281	889	1,170
	<u>2,289</u>	<u>5,457</u>	<u>7,388</u>
Total assets	<u><u>23,399</u></u>	<u><u>6,066</u></u>	<u><u>29,107</u></u>
Shareholders' equity			
Restricted equity	7,084	0	7,084
Unrestricted equity	6,475	902	7,377
	<u>13,559</u>	<u>902</u>	<u>14,461</u>
Provisions			
Provisions for pensions	669	3	672
Provisions for deferred tax	877	5	882
Other provisions	123	6	129
	<u>1,669</u>	<u>14</u>	<u>1,683</u>
Long-term liabilities			
Interest-bearing liabilities	6,499	341	6,840
Non-interest-bearing liabilities	4	544	548
	<u>6,503</u>	<u>885</u>	<u>7,388</u>
Short-term liabilities			
Interest-bearing liabilities	–	2,606	2,606
Parent Company's interest-bearing liabilities to Invik	358	–	–
Non-interest-bearing liabilities	1,310	1,659	2,969
	<u>1,668</u>	<u>4,265</u>	<u>5,575</u>
Total shareholders' equity, provisions and liabilities	<u><u>23,399</u></u>	<u><u>6,066</u></u>	<u><u>29,107</u></u>
KEY RATIOS			
Debt/equity ratio	0.6	3.3	0.7
Equity ratio I	58%	15%	50%
Equity ratio II	66%	15%	58%
Net debt	7,168	– 2,159	5,009

* Former Modern Finance Group.

FINANCIAL KEY RATIOS, BUSINESS AREAS

	2004	2004	2004	2004	2004	2003	2003	2003	2003	2003
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Net sales (SEK million)										
Korsnäs Industrial	3,807	879	932	1,004	992	3,816	911	945	979	981
Korsnäs Forestry	1,754	504	425	407	418	1,441	358	336	366	381
Korsnäs Packaging	1,252	290	319	341	302	1,386	304	360	360	362
Eliminations within Korsnäs Holding	-1,149	-278	-290	-300	-281	-1,090	-251	-270	-283	-286
Total Korsnäs Holding	5,664	1,395	1,386	1,452	1,431	5,553	1,322	1,371	1,422	1,438
Banque Invik	235	48	58	69	60	248	74	64	55	55
Modern Insurances	1,299	343	355	336	265	708	205	228	167	108
Invik Asset Management	72	24	14	17	17	54	19	13	12	10
Fischer Partners	231	38	54	66	73	183	51	52	41	39
Eliminations within Invik	-3	12	-3	-6	-6	-20	-9	-5	-3	-3
Total Invik	1,834	465	478	482	409	1,173	340	352	272	209
Mellersta Sveriges Lantbruk	32	9	12	6	5	44	12	19	5	8
Operating profit (SEK million)										
Korsnäs Industrial	635	109	162	161	203	793	133	225	213	222
Korsnäs Forestry	79	14	-1	0	66	142	38	18	40	46
Korsnäs Packaging	21	-4	11	9	5	-408	-352	-14	-23	-19
Total Korsnäs Holding	735	119	172	170	274	527	-181	229	230	249
Banque Invik	34	8	8	8	10	63	16	14	26	7
Modern Insurances	67	19	20	21	7	33	9	14	8	2
Invik Asset Management	13	1	5	1	6	10	3	4	3	0
Fischer Partners	65	14	11	15	25	24	12	8	2	2
Total Invik	179	42	44	45	48	130	40	40	39	11
Mellersta Sveriges Lantbruk	7	3	0	7	-3	4	4	0	4	-4
Operating margin										
Korsnäs Industrial	16.7%	12.4%	17.4%	16.0%	20.5%	20.8%	14.6%	23.8%	21.8%	22.6%
Korsnäs Forestry	4.5%	2.8%	-0.2%	0.0%	15.8%	9.9%	10.6%	5.4%	10.9%	12.1%
Korsnäs Packaging	1.7%	-1.4%	3.4%	2.6%	1.7%	-29.4%	-115.8%	-3.9%	-6.4%	-5.2%
Total Korsnäs Holding	13.0%	8.5%	12.4%	11.7%	19.1%	9.5%	-13.7%	16.7%	16.2%	17.3%
Banque Invik	14.5%	16.7%	13.8%	11.6%	16.7%	25.4%	21.6%	21.9%	47.3%	12.7%
Modern Insurances	5.2%	5.5%	5.6%	6.3%	2.6%	4.7%	4.4%	6.1%	4.8%	1.9%
Invik Asset Management	18.1%	4.2%	35.7%	5.9%	35.3%	18.5%	15.8%	30.8%	25.0%	0.0%
Fischer Partners	28.1%	36.8%	20.4%	22.7%	34.2%	13.1%	23.5%	15.4%	4.9%	5.1%
Total Invik	9.8%	9.0%	9.2%	9.3%	11.7%	11.1%	11.8%	11.4%	14.3%	5.3%
Mellersta Sveriges Lantbruk	21.9%	33.3%	0.0%	116.7%	-60.0%	9.1%	33.3%	0.0%	80.0%	-50.0%
Operational capital employed (SEK million)										
Korsnäs Industrial and Forestry	4,636	4,099	4,135	4,161	5,410	6,769	6,720	6,874	6,842	6,717
Korsnäs Packaging	679	664	667	653	713	1,048	889	1,030	1,133	1,209
Total Korsnäs Holding	5,317	4,763	4,803	4,816	6,125	7,773	7,609	7,903	7,973	7,817
Banque Invik	195	199	197	192	191	163	182	169	157	144
Modern Insurances	505	514	520	505	489	413	446	402	393	388
Invik Asset Management	41	46	44	40	37	13	23	10	7	5
Fischer Partners	146	160	156	148	130	77	94	72	67	65
Total Invik	886	918	917	885	847	666	745	653	624	602
Mellersta Sveriges Lantbruk	186	202	191	177	169	179	173	179	179	184
Return on operational capital employed										
Korsnäs Industrial and Forestry	15.4%	12.0%	15.6%	15.5%	19.9%	13.8%	10.2%	14.1%	14.8%	16.0%
Korsnäs Packaging	3.1%	neg.	6.6%	5.5%	2.8%	neg.	neg.	neg.	neg.	neg.
Total Korsnäs Holding	13.8%	10.0%	14.3%	14.1%	17.9%	6.8%	neg.	11.6%	11.5%	12.7%
Banque Invik	17.4%	16.1%	16.3%	16.7%	20.9%	38.6%	35.2%	33.1%	66.2%	19.4%
Modern Insurances	13.3%	14.8%	15.4%	16.6%	5.7%	8.0%	8.1%	13.9%	8.1%	2.1%
Invik Asset Management	31.7%	8.7%	45.5%	10.0%	64.9%	79.4%	52.2%	160.0%	171.4%	0.0%
Fischer Partners	44.5%	35.0%	28.2%	40.5%	76.9%	31.2%	51.1%	44.4%	11.9%	12.3%
Total Invik	20.2%	18.3%	19.2%	20.3%	22.7%	19.5%	21.5%	24.5%	25.0%	7.3%
Mellersta Sveriges Lantbruk	3.8%	5.9%	0.0%	15.8%	neg.	2.2%	9.2%	0.0%	8.9%	neg.

INFORMATION REGARDING THE EFFECTS OF TRANSITION TO IFRS

The transition to IFRS as of 1 January 2005 is reported in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards," whereby the comparison year 2004 is restated.

Acquisitions prior to 1 January 2004 are not restated.

The accounting areas in which differences between Swedish standards and IFRS exist and which are deemed to have a significant effect on Kinnevik's accounting for 2004 are presented below:

1. In line with IFRS 3, which Kinnevik also applies in the comparison year, amortization of goodwill will cease.
2. In line with IFRS 4, most of Modern Insurance's unit-linked products will be reported as financial instruments, whereby net sales and operating expenses will be reduced, with no effect on operating profit. DAC (Deferred Acquisition Cost) are continued to be amortized over five years.
3. In line with IAS 39, which Kinnevik also applies in the comparison year, listed holdings will be valued at their fair value. In accordance with IAS 28 Point 1, Kinnevik will also report listed associated companies at their fair value. The equity method is applied solely for unlisted associated companies.
4. In line with IAS 41, forest assets will be reported at their fair value. Following the sale of most of the Group's forest assets in 2004, the effect is marginal.

Financial statements according to IFRS will be prepared in accordance with the standards applying as of 31 December 2005. IFRS standards are regularly reviewed and must be approved by the EU. Accordingly, information regarding the effects of the transition to IFRS is preliminary and may be altered.

Consolidated income statement

	According to financial statements 2004	Effect of IFRS 3 Business Combinations ¹⁾	Effect of IFRS 4 Insurances ²⁾	Effect of IAS 28, 39 Financial assets ³⁾	Effect of IAS 41 Agriculture ⁴⁾	In line with IFRS 2004
Net sales	6,649	–	– 213	–	–	6,436
Cost of goods and services	– 5,305	–	– 219	–	–	– 5,086
Gross profit	1,344	–	6	–	–	1,350
Selling, administration, research and development expenses	– 692	–	12	–	–	– 680
Income from corporate development	461	–	–	–	– 461	–
Other operating income	187	826	– 18	–	4	999
Other operating expenses	– 57	4	–	–	–	– 53
Result from participations in associated companies	–	–	–	35	–	35
Operating profit	1,243	830	–	35	– 457	1,651
Result from participations in associated companies	233	–	–	– 233	–	–
Income from other securities	5	–	–	– 2	–	3
Income from sale of securities	30	–	–	– 30	–	–
Dividends from listed holdings	–	–	–	92	–	92
Change in value of listed holdings	–	–	–	– 2,537	–	– 2,537
Net financial items	– 308	–	–	–	–	– 308
Profit after financial items	1,203	830	–	– 2,675	– 457	– 1,099
Taxes	– 541	–	–	224	– 1	– 318
Net profit/loss for the year	662	830	–	– 2,451	– 458	– 1,417

	According to financial statements 31 Dec. 2004	Effect of IFRS 3 Business Combi- nations ¹⁾	Effect of IFRS 4 Insur- ances ²⁾	Effect of IAS 28, 39 Finan- cial assets ³⁾	Effect of IAS 41 Agri- culture ⁴⁾	In line with IFRS 31 Dec. 2004
Condensed consolidated balance sheet						
Fixed assets						
Intangible assets	42	59	–	–	–	101
Tangible assets	4,317	–	–	–	11	4,328
Shares and participations in associated and other companies	16,676	679	–	4,902	–	22,257
Other fixed assets	<u>684</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>684</u>
	21,719	738	–	4,902	11	27,370
Current assets	<u>7,388</u>	<u>–</u>	<u>–</u>	<u>35</u>	<u>–</u>	<u>7,423</u>
Total assets	<u>29,107</u>	<u>738</u>	<u>–</u>	<u>4,937</u>	<u>11</u>	<u>34,793</u>
Shareholders' equity	14,461	738	–	4,902	8	20,109
Provisions	1,683	–	–	–	3	1,686
Long-term liabilities	7,388	–	–	–	–	7,388
Short-term liabilities	<u>5,575</u>	<u>–</u>	<u>–</u>	<u>35</u>	<u>–</u>	<u>5,610</u>
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	<u>29,107</u>	<u>738</u>	<u>–</u>	<u>4,937</u>	<u>11</u>	<u>34,793</u>

¹⁾ Application of IAS 28 Point 1 and IFRS 3 mean that old Invik's holdings in listed associated companies are reported at their fair value on the acquisition date. Also, intangible assets in Invik identified in connection with the acquisition are reported. Since the purchase price for Invik is less than the fair value of the net assets, SEK 826 million is reported as Other operating income.

²⁾ The reporting of Moderna Försäkringar's unit-linked products as financial instruments means that net sales and expenses are reduced.

³⁾ IAS 28 Point 1 and IAS 39 mean that listed holdings in associated companies and other companies are reported at their fair value, with value change reported in the consolidated income statement, as opposed to the present accounting practice, that is, in accordance with the equity method and at acquisition cost.

⁴⁾ IAS 41 entails that forest assets are reported at their fair value, with value change reported in the consolidated income statement, and forestland at the deemed cost. Accordingly, no capital gain arises on the sale to Bergvik Skog during 2004.