

Investment AB Kinnevik

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INTERIM REPORT 2005 1 JANUARY – 30 SEPTEMBER

- The market value of the Group's holdings of listed securities increased in the first nine months of the year by a net of SEK 541 million after dividends received and the redemption of shares in Tele2 for SEK 627 million, and amounted on 30 September 2005 to SEK 21,852 million.
- Including the increase in the fair value of financial assets and profit from discontinued operations (Invik), the Group reported a profit after tax of SEK 632 million (loss of 2,623).
- The profit per share for continuing operations was SEK 1.98 (loss of 11.30).
- Net sales for the first nine months of the year amounted to SEK 4,348 million (4,298).
- Korsnäs Holding reported an operating profit of SEK 302 million (640) for the first nine months of the year. The comparative figures for 2004 include earnings of about SEK 60 million from own forests during the first quarter. The operating profit for the first nine months of 2005 was affected by the rebuild of Paper Machine 4 and a maintenance stoppage, amounting to approximately SEK 185 million, plus expenses in connection with the closure of Korsnäs Packaging's UK plant amounting to SEK 27 million.
- Korsnäs Industrial's operating profit for the third quarter totaled SEK 176 million, up SEK 10 million compared with the corresponding quarter of 2004, despite outstanding costs of SEK 15 million for the fine-tuning of Paper Machine 4 being charged against earnings for the third quarter.
- On 1 September trading commenced in the Invik share on the O List of the Stockholm Stock Exchange. The distribution in kind of Invik has reduced Kinnevik's equity by SEK 858 million. On 30 September the market capitalisation of Invik amounted to SEK 1,722 million.
- The recalculation of the comparative figures for the first nine months of 2004 to conform with IFRS is described in appendix 1 and can also be found on the Company's website, www.kinnevik.se, under Investor Relations/Accounting Principles.

MANAGEMENT

The market value of the Group's holdings of listed securities increased in the first nine months of the year by a net of SEK 541 million after dividends received and the redemption of shares in Tele2 for SEK 627 million, and amounted on 30 September 2005 to SEK 21,852 million. The change in value is shown in the consolidated income statement in accordance with IFRS.

Since 1976, the Kinnevik share has generated an average real return of 14.9% 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 6.9% annually. 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").

During the third quarter, Kinnevik sold its entire holding of 8,780,749 shares in Cherryföretagen for SEK 218 million.

On 17 August, the Stockholm Stock Exchange's Companies Committee approved the Invik B share for listing. 30 August was approved as the record date for distributing the Invik shares to Kinnevik's shareholders and trading on the O List of the Stockholm Stock Exchange commenced on 1 September. Given the background that Invik has been spun off to Kinnevik's shareholders Invik is reported in the Consolidated Income Statement under Net profit from discontinued operations during the period up until 31 August when the spin-off was implemented.

CONSOLIDATED RESULT FOR THE FIRST NINE MONTHS OF THE YEAR

Net sales for the first nine months of the year amounted to SEK 4,348 million compared with SEK 4,298 million in the preceding year.

Operating profit amounted to SEK 286 million (1,440). The comparative figure for 2004 includes Other operating income of SEK 826 million, which is the difference between the acquisition price for old Invik (merged with Industriförvaltnings AB Kinnevik in July 2004) and the fair value of the net assets. Since the acquisition price was lower than the fair value of the net assets, the difference is reported in accordance with IFRS as Other operating income in the Consolidated Income Statement.

Further the comparative figures for 2004 include earnings of about SEK 60 million from own forests during the first quarter. Net profit for the first nine months of 2005 was affected by the rebuild of Paper Machine 4 ("PM4") and a maintenance stoppage, amounting to approximately SEK 185 million, plus expenses for the closure of Korsnäs Packaging's UK plant in an amount of SEK 27 million.

The net change in the fair value of financial assets after dividends received and the redemption of shares in Tele2 amounted to an overall increase of SEK 653 million (decrease of 3,753), of which Tele2 showed a decrease of SEK 408 million (decrease of 3,571), Millicom a decrease of SEK 216 million (increase of 14), Metro a decrease of SEK 318 million (decrease of 250), MTG an increase of SEK 1,103 million (decrease of 18) and Transcom an increase of SEK 385 million (increase of 14).

Other financial income and expenses amounted net to an expense of SEK 180 million (expense of 227), of which net interest expenses were SEK 158 million (expense of 177) and exchange rate differences were a loss of SEK 4 million (loss of 7).

The Group reported a profit after financial items of SEK 759 million (loss of 2,540).

The Group's earnings have been charged with SEK 205 million in tax expenses related to previous years, attributable to the outcome of tax disputes that were resolved by the Administrative Court of Appeal during the second quarter.

CONSOLIDATED RESULT FOR THE THIRD QUARTER

Net sales for the third quarter amounted to SEK 1,477 million compared with SEK 1,400 million in the preceding year.

Operating profit amounted to SEK 153 million (986). The comparative figure for 2004 includes Other operating income of SEK 826 million, as explained above.

The net change in the fair value of financial assets amounted to an overall increase of SEK 1,246 million (decrease of 3,139), of which Tele2 accounted for an increase of SEK 690 million (decrease of 2,067), Millicom a decrease of SEK 74 million (decrease of 1,071), Metro a decrease of SEK 117 million (increase of 57), MTG an increase of SEK 522 million (decrease of 6) and Transcom an increase of SEK 179 million (increase of 1).

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

	A shares	B shares	Equity interest (%)	Voting interest (%)	30 Sept. 2005 (SEK m)	Change since 31 Dec. 2004 ²⁾ (SEK m) (%)	
Listed holdings, market and book value ¹⁾							
Tele2	33,830,229	91,651,296	28.3	49.9	9,882	- 408	- 4%
Millicom International Cellular	36,759,475		37.2	37.2	5,238	- 216	- 4%
Metro International	96,454,191	115,229,193	40.2	36.6	2,900	- 318	- 10%
Modern Times Group MTG	9,710,886	224,125	15.0	47.2	2,901	1,103	61%
Transcom WorldWide	12,627,543	2,287,479	20.6	34.9	917	385	72%
Viking Telecom	7,037,952		29.3	29.3	14	- 5	- 27%
Total listed holdings					21,852	541	3%
Unlisted holdings							
Korsnäs Holding			100	100	5,008		
Mellersta Sveriges Lantbruk			100	100	217		
Other assets and liabilities					0		
Total unlisted holdings					5,225		
Interest bearing net debt including convertible loan in Invik					-7,234		
Total equity					19,843		

¹⁾ In accordance with IFRS, listed holdings are valued at fair value, as a result of which reported value and market value are the same.

²⁾ Net after dividend received.

Other financial income and expenses amounted net to an expense of SEK 54 million (expense of 71), of which net interest expenses were SEK 46 million (expense of 51) and exchange rate differences were a loss of SEK 1 million (loss of 8).

The Group reported a profit after financial items of SEK 1,345 million (loss of 2,224).

EARNINGS PER SHARE

The profit per share from continuing operations was SEK 1.98 (loss 11.30). The total number of shares outstanding at 30 September 2005 was 263,981,930, of which 50,197,050 were class A shares and 213,784,880 class B shares. In addition Kinnevik holds treasury stock comprising 3,914,302 of its own class A shares and 7 class B shares that will be retired without repayment in accordance with decision at AGM. Out of these shares, 3,914,300 class A shares have been held by Kinnevik since the merg-

er between Kinnevik and old Invik was completed in July 2004, while 2 class A shares and 7 class B shares have been repurchased on the market in June 2005 to enable distribution of Invik by ensuring that the number of shares in the company is a number evenly divisible by ten.

FINANCIAL POSITION AND INVESTMENTS

The Group's liquidity reserve comprising cash, bank, short-term investments and unutilized credit facilities, totaled SEK 723 million at 30 September 2005 and SEK 1,203 million at 31 December 2004.

The Group's interest-bearing net debt totaled SEK 7,234 million at 30 September and SEK 7,168 million at 31 December 2004 (excluding Invik).

The average interest cost for the first nine months of the year amounted to 2.8% (3.5%) (calculated as interest expense in relation to average interest-bearing liabilities).

The Group's cash flow from operations amounted in the first nine months of the year to SEK 86 million (666). The decline compared with the first nine months of 2004 is attributable to rebuild of PM4 and maintenance stoppage in Korsnäs and an increase in taxes paid, which has been offset by an increase in dividend received from Tele2 in 2005. A sharp increase in working capital during the first nine months of 2005, which was temporarily at a low level at year-end 2004 due to high accounts payable have also lowered cash flow from operations. Further payments to Invik of SEK 158 million during the first half of 2005 have lowered cash flow from operations.

The divestment of subsidiaries totaling SEK 3,050 million in the comparative figures for 2004 related to the payment received for the sale of forest land to Bergvik Skog.

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

Investments in securities	Proceeds (SEK Number million)	
1 Jan. - 30 Sept. 2005		
Metro A	100,000	2
Millicom convertible bond	35,000,000	235
Millicom	1,616,940	219
Transcom A	687,300	<u>26</u>
		482
1 Jan. - 30 Sept. 2004		
Millicom	1,550,000	252
Viking Telecom	2,380,952	10
Metro (exchanged for Radio P4)	2,220,629	<u>-</u>
		262

Sales of securities	Proceeds (SEK Number million)	
1 Jan. - 30 Sept. 2005		
AcandoFrontec	2,127,580	17
Cherryföretagen	8,780,749	218
Metro B	100,000	2
Millicom convertible bond	35,000,000	219
Transcom B	687,300	<u>27</u>
		483
1 Jan. - 30 Sept. 2004		
AcandoFrontec	3,600,000	24
Radio P4	1,902,000	20
Radio P4 (exchanged for Metro)	2,124,820	<u>-</u>
		44

Investments in intangible and tangible fixed assets amounted to SEK 509 million (203) for the first nine months of the year. The increase is explained by the rebuild of PM4 and investment in a new conversion line in Korsnäs Packaging's German plant.

The Group's equity/assets ratio was 67% at the end of September compared to 58% at 31 December 2004.

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 Korsnäs Industrial's sales in Euro.

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). Korsnäs owns 5% of the shares in Bergvik Skog, which came into the company's possession when Korsnäs sold its forest assets in Sweden to Bergvik Skog in March 2004.

Net sales for the Korsnäs Holding Group for the first nine months of the year totaled SEK 4,299 million (4,269), with operating profit amounting to SEK 302 million (640).

Korsnäs Industrial

Demand for Korsnäs' products was relatively weak during the early months of the year but strengthened gradually during the latter part of the period. Delivery volumes, which were also negatively affected by production losses in conjunction with the rebuild of PM4 during the spring, amounted to 503,000 tons compared with 515,000 ton during the comparable period of 2004. During the third quarter, deliveries totaled 170,000 tons, up 8,000 tons on the third quarter of 2004. The price scenario has not changed significantly, except for fluff pulp, for which a certain recovery was noted compared with the earlier low level. Positions in the market for White Top Liner strengthened for both coated and uncoated products.

Production within the Korsnäs plant amounted to 180,000 tons in the third quarter, which is 8,000 tons higher than for the corresponding quarter of 2004. A number of earlier top production levels were exceeded in the third quarter. During the first nine months of the year, market pulp production amounted to 487,000 tons, which as a result of the PM4 rebuild and maintenance stoppages was 39,000 tons lower than for the corresponding period of 2004. The start-up of PM4 is under way and it has been possible to increase production at more rapid pace than expected.

With the increased capacity resulting from the now completed rebuild of the PM4 being used for production of highly value-added paper and board products, the scope for continued production of fluff pulp is reduced. Given this background, the Board decided in August that the operations of dryer machine TM6 would be discontinued at the end of April 2006. Combined with other measures taken within the framework of the cost-savings program, the number of employees will be reduced by 60-70 persons. Union negotiations have been initiated.

Net sales for Korsnäs Industrial totaled SEK 2,873 million (2,928) for the first nine months of the year, with operating profit amounting to SEK 299 million (543). Of the deterioration in operating profit, approximately SEK 185 million is attributable to production losses in conjunction with the rebuild of PM4 and the more extensive than usual maintenance stoppage in April. Prices on wood have also

resulted in SEK 63 million higher cost base over the corresponding period in the preceding year. Third quarter operating profit amounted to SEK 176 million, a SEK 10 million increase compared with the corresponding period of 2004, despite outstanding costs of SEK 15 million for the fine-tuning of PM4 being charged against earnings for the third quarter.

Korsnäs Forestry

Korsnäs Forestry's Swedish operations are progressing according to plan in regard to felling and deliveries to Korsnäs Industrial and external customers. Prices for soft pulpwood were stable during the third quarter, while prices for hard pulpwood remained high. Soft pulpwood inventory levels are currently normal, while hard pulpwood stocks are being maintained at a low level due to the high prices.

Net sales for Korsnäs Forestry totaled SEK 1,258 million (1,250) for the first nine months of the year, with operating profit amounting to SEK 19 million (69). The comparative figures for 2004 include earnings of about SEK 60 million from own forests during the first quarter up to the divestment to Bergvik Skog.

Korsnäs Packaging

Despite the difficult market situation, Korsnäs Packaging's sales were up 3% in the first nine months of the year, compared with the corresponding period of 2004. Delivery volumes increased in general, with a significant increase in Eastern Europe, where Korsnäs Packaging holds a strong market position. As a result of the tough competition in all markets, sales prices remained depressed, which led to low gross margins.

During the period, the German plant was modernized through the investment of about SEK 60 million in a new converting line, which will lead to a reduction in production costs. In combination with personnel severance costs, the modernization had a negative effect on Korsnäs Packaging's earnings for the period. The investment had a positive effect on third-quarter earnings but the full effect will not be felt until 2006. Production capacity was raised in Eastern Europe through the relocation of two converting lines from Germany to Romania and Ukraine.

In September, the decision was taken to discontinue production in the UK and instead use Korsnäs Packaging's other units in Western Europe to deliver products to the UK market. The closure of the unprofitable UK production plant will significantly improve Korsnäs Packaging's earnings for 2006. The closure costs of SEK 27 million were included in the operating result for the third quarter, which corresponds to the loss posted by the plant for the most recent year.

Net sales for Korsnäs Packaging totaled SEK 992 million (962) for the first nine months of the year, with operating loss amounting to SEK 16 million (profit of 28). Excluding the closure expenses for the UK production plant, the result was an operating profit of SEK 11 million.

MELLERSTA SVERIGES LANTBRUK

This year's harvest in Sweden was reasonable and slightly above the average for recent years. Relatively stable weather conditions during the harvest period resulted in satisfactory quality.

The level of the harvest in Poland was normal but the severe pre-summer drought resulted in certain quality problems but these were not sufficiently serious to have any significant effect on pricing. Harvesting in Poland has yet to be completed since corn and sugar beet crops are not harvested until the latter part of October.

As a result of the EU Commission's decision to store large volumes of the preceding year's bumper harvest, price levels for the whole of the Northern European market will remain under pressure. Accordingly, Mellersta Sveriges Lantbruk's ambition during the coming year is to sell its stocks outside the boundaries of the EU, thereby avoiding this year's harvest to also be exposed to tough price pressure.

Net sales for Mellersta Sveriges Lantbruk totaled SEK 41 million (23) for the first nine months of the year and operating profit was SEK 3 million (4).

TELE2

The market value of Kinnevik's holding of shares in Tele2 totaled SEK 9,882 million at 30 September 2005. The Tele2 share is listed on Stockholm Stock Exchange's O-list and is included in the Attract 40 segment.

Tele2 is Europe's leading alternative telecom operator, offering fixed and mobile telephony as

well as datanet and Internet services to more than 30 million customers in 25 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 first nine months of the year amounted to SEK 36,003 million (31,803) and earnings after financial items were SEK 2,939 million (3,279).

MILlicom INTERNATIONAL CELLULAR

The market value of Kinnevik's shareholding in Millicom amounted to SEK 5,238 million at 30 September 2005. 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 392 million inhabitants. On 30 September 2005, the total number of subscribers in these companies was 7.9 (5.3 pro forma excluding Vietnam on 30 September 2004) million, up 50% over the previous 12-month period. On a proportional basis in relation to Millicom's equity interests, the subscriber base was 6.4 (4.2 pro forma excluding Vietnam on 30 September 2004) million, an increase of 53%.

Net sales for the first nine months of the year amounted to USD 791.5 million (665.8) and earnings after net financial items were USD 34.1 million (106.0).

METRO INTERNATIONAL

The market value of Kinnevik's shareholding in Metro amounted to SEK 2,900 million on 30 September 2005. Metro's shares are listed on Stockholm Stock Exchange's O-list.

Metro is the world's largest and fastest growing international newspaper, with 59 editions published in 19 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 17 million daily.

Net sales for the first nine months of the year amounted to USD 258.4 million (207.0) and the loss after net financial items was USD 9.7 million (loss of 14.4).

MODERN TIMES GROUP MTG

The market value of Kinnevik's shareholding in MTG amounted to SEK 2,901 million on 30 September 2005. MTG's shares are listed on Stockholm Stock Exchange's O-list, where they are included in the Attract 40 segment.

MTG is an international entertainment-broadcasting group with operations in more than 30 countries around the world. MTG is the largest Free-to-air and Pay-TV operator in Scandinavia and the Baltics, the largest shareholder in Russia's fourth largest television network, and the number one commercial radio operator in the Nordic region. The Viasat DTH satellite TV platform offers digital multi-channel TV packages of more than 50 own-produced and third party entertainment channels to viewers in 19 countries across Europe and Viasat TV channels now reach over 60 million people every day.

Net sales for the first nine months of the year amounted to SEK 5,567 million (4,893) and the profit after net financial items were SEK 1,050 million (751).

TRANSCOM WORLDWIDE

The market value of Kinnevik's shareholding in Transcom amounted to SEK 917 million on 30 September 2005. Transcom's shares are listed on the Stockholm Stock Exchange's O-list.

Transcom is a rapid-growth company in outsourcing with activities at 44 service centers and more than 11,000 employees delivering services to 26 countries. Transcom provides solutions in

Customer Relationship Management (CRM) – which also includes debt collection and legal services – for companies in telecommunications, e-commerce, travel and tourism, trading, financial services, and in staple industries.

Net sales for the first nine months of the year amounted to EUR 320.4 million (266.0) and the profit after net financial items was EUR 22.0 million (11.9).

PARENT COMPANY

The Parent Company's net sales amounted to SEK 9 million (9) for the first nine months of the year and administrative expenses totaled SEK 40 million (35).

The Parent Company's profit after financial items was SEK 439 million (3,057).

Investments in intangible and tangible fixed assets amounted to SEK 1 million (0).

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 437 million at the end of September compared to SEK 864 million at 31 December 2004.

The Parent Company's interest-bearing external liabilities amounted to SEK 4,471 million at the end of September compared to SEK 3,885 million at 31 December 2004.

ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, which is in compliance with the requirements set in the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim reports for corporate groups.

The accounting principles applied in this interim report are those described in the 2004 Annual Report, Notes 1 and 38. Among other items, these state that the International Financial Reporting Standards (IFRS) are applied as of 2005 and that the comparison information for 2004 is restated in accordance with the new principles. This also applies to IAS 39, which Kinnevik has chosen to apply even for the 2004 comparison year.

The effects on comparative figures regarding the results for the first nine months of 2004 and shareholders' equity at the end of the period are described in Appendix 1 to this interim report and can also be found on the Company's website, www.kinnevik.se under Investor Relations/Accounting Principles.

The 2005 Annual Report shall be prepared in accordance with the standards applicable at the end of the year. IFRS is the object of continuous review and must be approved by the European Commission. Accordingly, the information on the effects of the transition to IFRS is preliminary and could change.

KINNEVIK ANNUAL GENERAL MEETING 2006

The 2006 Annual General Meeting will be held on 11 May 2006 in Stockholm.

Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@kinnevik.se or to The Company Secretary, Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Annual General Meeting in order to guarantee that the proposal may be included in the notice to the meeting.

Further details on how and when to register will be published in advance of the Annual General Meeting.

NOMINATION GROUP FOR THE 2006 ANNUAL GENERAL MEETING

A Nomination Group of major shareholders in Kinnevik has been convened in accordance with the resolution of the 2005 Annual General Meeting. The Nomination Group comprises Cristina Stenbeck on behalf of Emesco AB and other shareholders; Wilhelm Klingspor on behalf of the Klingspor family; Mats Lagerqvist on behalf of Robur; Björn Lind on behalf of SEB Fonder and SEB Trygg Liv; and Tomas Nicolin on behalf of Alecta, who together represent more than 50% of the voting rights in Kinnevik. The composition of the Nomination Group may be changed to reflect any changes in the shareholdings of the major shareholders during the nomination process. Information about the work of the Nomination Group can be found on Kinnevik's corporate website at www.kinnevik.se.

The Nomination Group will submit a proposal for the composition of the Board of Directors that will be presented to the 2006 Annual General Meeting for approval.

Shareholders wishing to propose candidates for election to the Board of Directors of Kinnevik should submit their proposals in writing to

agm@kinnevik.se or to The Company Secretary, Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden.

EVENTS AFTER THE END OF THE PERIOD

On 24 October Kinnevik sold 2,287,479 class B-shares in Transcom on the market for SEK 121 million and bought 714,900 shares in Millicom for SEK 108 million. After the transactions, Kinnevik with subsidiaries own 12,627,543 class A-shares in Transcom representing 17.5% of the capital and 34.9% of the votes and 37,474,375 shares in Millicom representing 37.9% of the capital and votes.

NEXT FINANCIAL REPORT

The preliminary publication date for the year-end release for 2005 is 9 February 2006.

Stockholm, 25 October 2005

President and Chief Executive Officer

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

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

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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, Transcom WorldWide and Invik. 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, and farming through Mellersta Sveriges Lantbruk.

Investment AB Kinnevik's class A and class 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)

	2005	2004	2005	2004	2004
	1 Jan. -	1 Jan. -	1 July -	1 July -	2004
	30 Sept.	30 Sept.	30 Sept.	30 Sept.	Full year
Net sales	4,348	4,298	1,477	1,400	5,713
Cost of goods and services	<u>- 3,753</u>	<u>- 3,439</u>	<u>- 1,187</u>	<u>- 1,152</u>	<u>- 4,580</u>
Gross profit	595	859	290	248	1,133
Selling, administration, research and development costs	- 350	- 355	- 114	- 119	- 499
Other operating income	84	942	17	862	936
Other operating expenses	- 51	- 23	- 38	- 9	- 40
Result from participations in companies reported in line with the equity method	<u>8</u>	<u>17</u>	<u>- 2</u>	<u>4</u>	<u>21</u>
Operating profit	286	1,440	153	986	1,551
Dividends from listed holdings	627	92	-	-	92
Change in value of financial assets	26	- 3,845	1,246	- 3,139	- 2,537
Interest income and other financial income	13	18	5	0	23
Interest expenses and other financial expenses	<u>- 193</u>	<u>- 245</u>	<u>- 59</u>	<u>- 71</u>	<u>- 328</u>
Profit/loss after financial items	759	- 2,540	1,345	- 2,224	- 1,199
Taxes	<u>- 235</u>	<u>- 114</u>	<u>- 30</u>	<u>- 22</u>	<u>- 274</u>
Net profit/loss for the period from continuing operations	524	- 2,654	1,315	- 2,246	- 1,473
Net profit from discontinued operations (Invik)	<u>108</u>	<u>31</u>	<u>44</u>	<u>31</u>	<u>56</u>
Net profit/loss for the period	<u>632</u>	<u>- 2,623</u>	<u>1,359</u>	<u>- 2,215</u>	<u>- 1,417</u>
Earnings per share before and after dilution, SEK:					
- from continuing operations	1.98	-11.30	4.98	-8.51	-6.08
- from discontinued operations (Invik)	0.41	0.13	0.17	0.12	0.23
Total number of shares before and after dilution	263,981,934	234,850,893	263,981,930	263,981,939	242,133,655

REVIEW OF THE GROUP (SEK MILLION)

	2005 1 Jan. - 30 Sept.	2004 1 Jan. - 30 Sept.	2005 1 July - 30 Sept.	2004 1 July - 30 Sept.	2004 Full year
Distribution of net sales by business area					
Korsnäs Industrial	2,873	2,928	993	932	3,807
Korsnäs Forestry	1,258	1,250	391	425	1,754
Korsnäs Packaging	992	962	354	319	1,252
Eliminations within Korsnäs Holding	<u>- 824</u>	<u>- 871</u>	<u>- 278</u>	<u>- 290</u>	<u>- 1,149</u>
Total Korsnäs Holding	4,299	4,269	1,460	1,386	5,664
Mellersta Sveriges Lantbruk	41	23	14	12	32
Parent Company and other	17	20	5	10	22
Eliminations	<u>- 9</u>	<u>- 14</u>	<u>- 2</u>	<u>- 8</u>	<u>- 5</u>
Total net sales	<u>4,348</u>	<u>4,298</u>	<u>1,477</u>	<u>1,400</u>	<u>5,713</u>

Operating profit/loss by business area

Korsnäs Industrial	299	543	176	166	656
Korsnäs Forestry	19	69	2	1	85
Korsnäs Packaging	<u>- 16</u>	<u>28</u>	<u>- 17</u>	<u>10</u>	<u>25</u>
Total Korsnäs Holding	302	640	161	177	766
Mellersta Sveriges Lantbruk	3	4	2	0	7
Parent Company and other	<u>- 19</u>	<u>796</u>	<u>- 10</u>	<u>809</u>	<u>781</u>
Eliminations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>- 3</u>
Total operating profit	<u>286</u>	<u>1,440</u>	<u>153</u>	<u>986</u>	<u>1,551</u>

CONSOLIDATED CASH-FLOW STATEMENT (SEK MILLION)

	2005 1 Jan. - 30 Sept.	2004 1 Jan. - 30 Sept.	2004 Full year
Cash flow from operations before change in working capital, excluding Invik	661	709	826
Change in working capital	<u>- 417</u>	<u>- 43</u>	<u>307</u>
Cash flow from (to) Invik	<u>- 158</u>	<u>-</u>	<u>- 30</u>
Cash flow from operations	86	666	1,103
Sales of subsidiaries	-	3,050	3,050
Investments in intangible and tangible fixed assets	<u>- 509</u>	<u>- 203</u>	<u>- 512</u>
Investments in financial fixed assets	<u>- 483</u>	<u>- 407</u>	<u>- 1,037</u>
Sales of fixed assets	<u>485</u>	<u>103</u>	<u>124</u>
Cash flow from investing activities	- 507	2,543	1,625
Change in interest-bearing liabilities	359	- 2,934	- 2,314
Cash dividend	<u>- 66</u>	<u>- 346</u>	<u>- 346</u>
Cash flow from financing activities	293	- 3,280	- 2,660
Cash flow for the period	- 128	- 71	68
Cash and bank, opening balance, excluding Invik	281	215	215
Exchange rate differences in liquid funds	<u>12</u>	<u>- 1</u>	<u>- 2</u>
Cash and bank, closing balance, excluding Invik	165	143	281

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	2005 30 Sept.	2004 30 Sept.	2004 31 Dec.
Fixed assets			
Intangible assets	17	104	101
Tangible assets	4,551	4,131	4,328
Shares in associated companies and other companies	22,224	20,288	22,257
Deferred tax assets	38	0	42
Long-term interest-bearing receivables	301	106	73
Long-term non-interest-bearing receivables	<u>60</u>	<u>432</u>	<u>569</u>
	27,191	25,061	27,370
Current assets			
Inventories	1,211	1,174	1,183
Short-term interest-bearing receivables	0	1,319	1,333
Short-term non-interest-bearing receivables	850	1,364	1,169
Short-term investments	6	2,596	2,568
Cash and bank	<u>165</u>	<u>904</u>	<u>1,170</u>
	<u>2,232</u>	<u>7,357</u>	<u>7,423</u>
Total assets	<u><u>29,423</u></u>	<u><u>32,418</u></u>	<u><u>34,793</u></u>
Shareholders' equity	19,843	18,868	20,109
Long-term liabilities			
Provisions for pensions	661	698	672
Deferred tax liability	751	769	885
Other provisions	78	73	91
Interest-bearing liabilities	6,944	6,193	6,840
Non-interest-bearing liabilities	<u>4</u>	<u>694</u>	<u>548</u>
	8,438	8,427	9,036
Short-term liabilities			
Interest-bearing	101	2,714	2,641
Non-interest-bearing	<u>1,041</u>	<u>2,409</u>	<u>3,007</u>
	<u>1,142</u>	<u>5,123</u>	<u>5,648</u>
Total shareholders' equity and liabilities	<u><u>29,423</u></u>	<u><u>32,418</u></u>	<u><u>34,793</u></u>
KEY RATIOS			
Debt/equity ratio	0.4	0.5	0.5
Equity ratio	67%	58%	58%
Net debt excluding Invik	7,234	6,445	7,168

MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK MILLION)

	2005	2004	2004
	1 Jan. - 30 Sept.	1 Jan. - 30 Sept.	Full year
Opening balance	20,109	19,082	19,082
Translation differences	26	- 29	6
Merger settlement Kinnevik/old Invik	-	4,695	4,695
Elimination of cross-ownership in the merger	-	- 1,911	- 1,911
Cash dividend	- 66	- 346	- 346
Distribution in kind	- 858		-
Net profit/loss for the period	<u>632</u>	<u>- 2,623</u>	<u>- 1,417</u>
Closing amount	<u>19,843</u>	<u>18,868</u>	<u>20,109</u>

DEFINITIONS OF KEY RATIOS

Debt/equity ratio	Interest-bearing liabilities divided by shareholders' equity.
Equity ratio	Shareholders' equity as percentage of total assets.
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 after depreciation divided by net sales.
Operational capital employed	Average of intangible and tangible fixed assets, shares in associated companies, inventories and short-term non-interest bearing receivables less other provisions and non-interest bearing liabilities.
Return on operational capital employed	Operating profit after depreciation divided by operational capital employed.

FINANCIAL KEY RATIOS, BUSINESS AREAS

	2005	2005	2005	2004	2004	2004	2004	2004
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Net sales (SEK million)								
Korsnäs Industrial	993	961	919	3,807	879	932	1,004	992
Korsnäs Forestry	391	422	445	1,754	504	425	407	418
Korsnäs Packaging	354	348	290	1,252	290	319	341	302
Eliminations within								
Korsnäs Holding	– 278	– 259	– 287	– 1,149	– 278	– 290	– 300	– 281
Total Korsnäs Holding	1,460	1,472	1,367	5,664	1,395	1,386	1,452	1,431
Mellersta Sveriges Lantbruk	14	13	14	32	9	12	6	5
Operating profit/loss before depreciation (EBITDA) (SEK million)								
Korsnäs Industrial	259	83	200	990	196	249	249	296
Korsnäs Forestry	4	11	12	97	19	4	4	70
Korsnäs Packaging	– 1	20	11	86	11	26	27	22
Total Korsnäs Holding	262	114	223	1,173	226	279	280	388
Mellersta Sveriges Lantbruk	4	0	4	13	5	1	9	– 2
Operating profit/loss after depreciation (EBIT) (SEK million)								
Korsnäs Industrial	176	3	120	656	113	166	165	212
Korsnäs Forestry	2	8	9	85	16	1	1	67
Korsnäs Packaging	– 17	5	– 4	25	– 3	10	11	7
Total Korsnäs Holding	161	16	125	766	126	177	177	286
Mellersta Sveriges Lantbruk	2	– 1	2	7	3	0	7	– 3
Operating margin								
Korsnäs Industrial	17.7%	0.3%	13.1%	17.2%	12.9%	17.8%	16.4%	21.4%
Korsnäs Forestry	0.5%	1.9%	2.0%	4.8%	3.2%	0.2%	0.2%	16.0%
Korsnäs Packaging	– 4.8%	1.4%	– 1.4%	2.0%	– 1.0%	3.1%	3.2%	2.3%
Korsnäs Holding	11.0%	1.1%	9.1%	13.5%	9.0%	12.8%	12.2%	20.0%
Mellersta Sveriges Lantbruk	14.3%	– 7.7%	14.3%	21.9%	33.3%	0.0%	116.7%	– 60.0%
Operational capital employed (SEK million)								
Korsnäs Industrial and Forestry	4,600	4,554	4,351	4,814	4,191	4,221	4,248	5,722
Korsnäs Packaging	786	766	722	738	724	727	711	769
Korsnäs Holding	5,386	5,320	5,072	5,553	4,914	4,948	4,960	6,492
Mellersta Sveriges Lantbruk	192	185	204	186	202	191	177	169
Return on operational capital employed								
Korsnäs Industrial and Forestry	15.5%	1.0%	11.9%	15.4%	12.3%	15.8%	15.6%	19.5%
Korsnäs Packaging	neg	2.6%	neg	3.4%	neg	5.5%	6.2%	3.6%
Korsnäs Holding	12.0%	1.2%	9.9%	13.8%	10.3%	14.3%	14.3%	17.6%
Mellersta Sveriges Lantbruk	4.2%	neg	3.9%	3.8%	5.9%	0.0%	15.8%	neg

APPENDIX 1 RECALCULATION OF COMPARABLE FIGURES FOR THE FIRST NINE MONTHS OF 2004 TO CONFORM WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Consolidated income statement for the period 1 January – 30 September 2004

	According to financial statements 1 Jan. - 30 Sept.	Effect of IFRS 3 Business Combi- nations ¹⁾	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS 1 Jan. - 30 Sept.
Net sales	4,298	–	–	–	4,298
Cost of goods and services	–3,439	–	–	–	–3,439
Gross profit	859	–	–	–	859
Selling, administration, research and development expenses	– 355	–	–	–	– 355
Income from corporate development	461	–	–	– 461	–
Other operating income	113	826	–	3	942
Other operating expenses	– 26	3	–	–	– 23
Result from participations in associated companies	–	–	17	–	17
Operating profit	1,052	829	17	– 458	1,440
Result from participations in associated companies	160	–	– 160	–	–
Change in value of listed holdings	–	–	–3,845	–	–3,845
Dividends from listed holdings	–	–	92	–	92
Income from sale of securities	30	–	– 30	–	–
Interest income and other financial income	20	–	– 2	–	18
Interest expenses and other financial expenses	– 245	–	–	–	– 245
Profit/loss after financial items	1,017	829	–3,928	– 458	–2,540
Taxes	– 393	–	280	– 1	– 114
Minority share in income	–	–	–	–	–
Net profit/loss for the period from continuing operations	624	829	–3,648	– 459	–2,654
Net profit from discontinued operations (Invik)	31	–	–	–	31
Net profit/loss for the period	655	829	–3,648	– 459	–2,623
Earnings per share before and after dilution, SEK:					
– from continuing operations	2.66				–11.30
– from discontinued operations	0.13				0.13
Total number of shares before and after dilution	234,850,893				234,850,893

Consolidated income statement for the period 1 July – 30 September 2004

	According to financial statements 1 July - 30 Sept.	Effect of IFRS 3 Business Combi- nations ¹⁾	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS 1 July - 30 Sept.
Net sales	1,400	–	–	–	1,400
Cost of goods and services	<u>-1,152</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>-1,152</u>
Gross profit	248	–	–	–	248
Selling, administration, research and development expenses	– 119	–	–	–	– 119
Income from corporate development	–	–	–	–	–
Other operating income	35	826	–	1	862
Other operating expenses	– 10	1	–	–	– 9
Result from participations in associated companies	<u>–</u>	<u>–</u>	<u>4</u>	<u>–</u>	<u>4</u>
Operating profit	154	827	4	1	986
Result from participations in associated companies	127	–	– 127	–	–
Change in value of listed holdings	–	–	–3,139	–	–3,139
Dividends from listed holdings	–	–	–	–	–
Income from sale of securities	16	–	– 16	–	–
Interest income and other financial income	0	–	–	–	0
Interest expenses and other financial expenses	<u>– 71</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>– 71</u>
Profit/loss after financial items	226	827	-3,278	1	-2,224
Taxes	– 137	–	116	– 1	– 22
Minority share in income	<u>1</u>	<u>– 1</u>	<u>–</u>	<u>–</u>	<u>0</u>
Net profit/loss for the period from continuing operations	90	826	-3,162	0	-2,246
Net profit from discontinued operations (Invik)	<u>31</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>31</u>
Net profit/loss for the period	<u>121</u>	<u>826</u>	<u>-3,162</u>	<u>0</u>	<u>-2,215</u>
Earnings per share before and after dilution, SEK:					
– from continuing operations	0.34				– 8.51
– from discontinued operations	0.12				0.12
Total number of shares before and after dilution	263,981,939				263,981,939

Condensed consolidated balance sheet as of 30 September 2004

	According to financial statements 30 Sept. 2004	Effect of IFRS 3 Business Combi- nations ¹⁾	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS 30 Sept. 2004
Intangible fixed assets	46	58	–	–	104
Tangible fixed assets	4,129	– 8	–	10	4,131
Shares and participations in associated and other companies	15,886	679	3,723	–	20,288
Other fixed assets	538	–	–	–	538
Total fixed assets	20,599	729	3,723	10	25,061
Current assets	7,357	–	–	–	7,357
Total assets	27,956	729	3,723	10	32,418
Shareholders' equity	14,640	498	3,723	7	18,868
Long-term liabilities	8,193	231	–	3	8,427
Short-term liabilities	5,123	–	–	–	5,123
Total shareholders' equity and liabilities	27,956	729	3,723	10	32,418

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 was less than the fair value of the net assets, SEK 826 million is reported as other operating income in the third quarter of 2004.

²⁾ 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 former accounting practice, that is, in accordance with the equity method and at acquisition cost.

³⁾ 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 in the first quarter of 2004.