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## YEAR-END RELEASE 2005

- The market value of the Group's holdings of listed securities increased by 20% during the year (based on share portfolio as per 31 December), equal to SEK 4,380 million including dividends received, and amounted on 31 December 2005 to SEK 25,692 million.
- Including the increase in the fair value of financial assets and result from discontinued operations (Invik and Korsnäs Packaging), the Group reported a profit after tax of SEK 4,097 million (loss of 1,417).
- The profit per share for continuing operations was SEK 16.75 (loss of 6.04).
- Revenue for the year amounted to SEK 4,618 million (4,600).
- Korsnäs Industrial's operating profit during the year amounted to SEK 314 million (656). Earnings for the first nine months of 2005 were affected by the rebuild of the PM4 paper machine and a maintenance stoppage, amounting to approximately SEK 185 million. In addition, earnings in the fourth quarter of 2005 were charged with a provision of SEK 69 million for severance payments in the reduction of 80 full-year positions within the framework of the ongoing efficiency enhancement program.
- In November Korsnäs entered into an agreement with Sveaskog for the acquisition of its subsidiary AssiDomän Cartonboard ("Frövi") for a total consideration of SEK 3,650 million in cash on an enterprise value basis. The acquisition fits well into Korsnäs' successful operation within advanced highly refined board and paper products for the packaging industry. The integration process is expected to produce annual run-rate synergies in the area of SEK 150 million. The transaction is subject to approval by competition authorities and is expected to be finalized in the first half of 2006.
- On 19 January 2006, Kinnevik announced that as the largest shareholder in Millicom it supports the decision by Millicom's Board to review strategic options for the company. The review was in response to Millicom having been contacted by a large number of potential acquirers of the company. When any additional significant information is available, it will be announced.
- The Board proposes that the Annual General Meeting decide on a cash dividend amounting to SEK 1.60 per share.
- The recalculation of the comparative figures for 2004 to conform with IFRS is described in appendix 1 and can also be found on the Company's website, [www.kinnevik.se](http://www.kinnevik.se), under Investor Relations/Accounting Principles.

## MANAGEMENT

The market value of the Group's holdings of listed securities increased by 20% during the year (based on share portfolio as per 31 December), equal to SEK 4,380 million including dividends received, and amounted on 31 December 2005 to SEK 25,692 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 15.3% 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 10.9% 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"), Transcom WorldWide ("Transcom") and Invik & Co. AB ("Invik").

## SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

In October, Kinnevik purchased 1,075,963 shares in Millicom on the market for SEK 162 million and sold 2,287,479 B shares in Transcom for SEK 121 million.

On 15 November Korsnäs AB entered into an agreement with Sveaskog Förvaltnings AB for the acquisition of its subsidiary AssiDomän Carton board Holding AB ("Frövi") for a total consideration of SEK 3,650 million in cash on an enterprise value basis. The acquisition fits well into Korsnäs' successful operation within advanced highly refined board and paper products for the packaging industry. Frövi's technical production capacity is 400,000 tons cartonboard of which 250,000 tons chemical pulp per annum is produced internally. In 2004 Frövi had revenues of SEK 2,437 million and an EBITDA of SEK 542 million. In 2004, the combination of Korsnäs Industrial (that is, excluding Korsnäs Packaging and Korsnäs Forestry) and Frövi had a total production capacity of 1.1 million tons paper and cartonboard and had revenues of SEK 6,244 million and an EBITDA of SEK 1,532 million. Frövi has recently received a concession to increase the production capacity to 450,000 tons cartonboard. The industrial logic of the transaction is strong and the synergies between Korsnäs and Frövi are significant. The integration process is

expected to produce annual run-rate synergies in the area of SEK 150 million. The acquisition of Frövi will be mainly financed with an increase of Korsnäs' existing syndicated loan facility. The transaction is subject to approval by competition authorities and is expected to be finalized in the first half of 2006.

On 23 November it was announced that Korsnäs AB has signed a new supply agreement with Tetra Pak. The agreement is valid for 2006-2009 and comprises approximately 1.6 million tons liquid packaging board and means that Korsnäs continues to increase its deliveries to Tetra Pak. The agreement is independent of Korsnäs' announced acquisition of Frövi and does not include any deliveries from Frövi to Tetra Pak.

Korsnäs Packaging's purchase of sack paper from Korsnäs Industrial has declined in recent years, due in part to Korsnäs Industrial focusing its production on more high-value-added products and partly because Korsnäs Packaging purchased primarily unbleached sack paper at more competitive prices from other suppliers. As a result of this, the synergies between Korsnäs Industrial and Korsnäs Packaging have declined. Against this background, Kinnevik decided during the year to divest Korsnäs Packaging and on 15 December Kinnevik entered into an agreement to sell Korsnäs Packaging to the Russian packaging group JSC Segezha Pulp and Paper Mill ("Segezha") for a total consideration of EUR 73.5 million (SEK 693 million) in cash on an enterprise value basis. The transaction is subject to approval by competition authorities and is expected to be finalized in the first half of 2006.

## CONSOLIDATED RESULT FOR THE FOURTH QUARTER

Against the background that Invik was distributed to Kinnevik's shareholders and the agreement to sell Korsnäs Packaging reached in December 2005, Invik and Korsnäs Packaging are reported in the consolidated income statement as "Earnings from discontinued operations." Invik is included through to the date the distribution was completed, 31 August 2005. Korsnäs Packaging's assets and operating liabilities are reported separately in Kinnevik's balance sheet at 31 December 2005 as assets and liabilities held for sale.

Revenue for the fourth quarter amounted to SEK

1,199 million compared with SEK 1,098 million in the preceding year.

Operating profit amounted to SEK 51 million (114). Korsnäs Industrial's earnings were in the fourth quarter of 2005 charged with a provision of SEK 69 million for severance payments in the reduction of 80 full-year positions within the framework of the ongoing efficiency enhancement program. In addition, SEK 40 million was recognized in other operating revenues as an increase in the value of forestland in conjunction with Korsnäs Forestry having sold its forest holdings in Latvia during the fourth quarter.

The net change in the fair value of financial assets amounted to an overall increase of SEK 3,867 million (increase of 1,308), of which Tele2 accounted for an increase of SEK 784 million (decrease of 419), Millicom an increase of SEK 2,678 million (increase of 541), Metro a decrease of SEK 84 million (increase of 629), MTG an increase of SEK 392 million (increase of 446), Transcom a decrease of SEK 8 million (increase of 115) and convertibles in Invik an increase of SEK 61 million (-).

Other financial income and expenses amounted net to an expense of SEK 58 million (expense of 72), of which net interest expenses were SEK 43 million (expense of 49) and exchange rate differences were SEK 0 million (loss of 12).

The Group reported a profit after financial items of SEK 3,860 million (profit of 1,350).

The result from discontinued operations amounted to a loss of SEK 404 million (profit of 2), of which SEK - (profit of 25) in Invik and a loss of SEK 404 million (loss of 23) in Korsnäs Packaging. Korsnäs Packaging's net assets in the 2005 year-end financial statements were written down to SEK 693 million, which corresponds to the purchase consideration Kinnevik will receive from Segheza when the sale is concluded. In addition to the impairment loss on assets of SEK 233 million, the loss in Korsnäs Packaging for 2005 includes additional pension costs of SEK 125 million related to the UK company's pension plan, which will be closed as a result of the transaction.

## CONSOLIDATED RESULT FOR THE FULL YEAR 2005

Revenue for the year amounted to SEK 4,618 million compared with SEK 4,600 million in the preceding year.

Operating profit amounted to SEK 353 million (1,526). 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. Korsnäs Industrial's operating profit for the first nine months of 2005 was affected by the rebuild of the PM4 paper machine and a maintenance stoppage, amounting to approximately SEK 185 million. As noted above, Korsnäs Industrial's earnings for the fourth quarter were charged with a provision of SEK 69 million for severance payments.

The net change in the fair value of financial assets after dividends received amounted to an overall increase of SEK 4,523 million (decrease of 2,442), of which Tele2 showed an increase of SEK 376 million (decrease of 3,990), Millicom an increase of SEK 2,462 million (increase of 555), Metro a decrease of SEK 402 million (increase of 379), MTG an increase of SEK 1,495 million (increase of 428), Transcom an increase of SEK 377 million (increase of 129) and convertibles in Invik an increase of SEK 98 million (-).

Other financial income and expenses amounted net to an expense of SEK 229 million (expense of 282), of which net interest expenses were SEK 188 million (expense of 211) and exchange rate differences were a loss of SEK 6 million (loss of 17).

The Group reported a profit after financial items of SEK 4,647 million (loss of 1,198).

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.

The result from discontinued operations was a loss of SEK 326 million (profit of 46), comprising profit of SEK 108 million (profit of 56) related to Invik and a loss of SEK 434 million (loss of 10) per-

## BOOK AND MARKET VALUE OF ASSETS

	A shares	B shares	Equity interest (%)	Voting interest (%)	Book value 31 Dec 2005 (SEK m)	Market value 31 Dec 2005 (SEK m)	Change since 31 Dec. 2004 <sup>2)</sup>
<b>Listed holdings <sup>1)</sup></b>							
Tele2	33,830,229	91,651,296	28.3	49.8	10,666	10,666	3%
Millicom International Cellular	37,835,438		38.2	38.2	8,078	8,078	44%
Metro International	96,454,191	115,229,193	40.2	36.6	2,815	2,815	- 13%
Modern Times Group MTG	9,821,336	113,675	15.0	47.7	3,294	3,294	83%
Transcom WorldWide	12,627,543	0	17.4	34.8	827	827	83%
Viking Telecom	7,037,952		29.3	29.3	12	12	- 35%
<b>Total listed holdings</b>					<u>25,692</u>	<u>25,692</u>	<u>20%</u>
<b>Unlisted holdings</b>							
Korsnäs Industrial and Forestry			100	100	3,770	6,131 <sup>3)</sup>	
Korsnäs Packaging			100	100	693	693 <sup>3)</sup>	
Mellersta Sveriges Lantbruk			100	100	228	250 <sup>3)</sup>	
Other assets and liabilities					181	200 <sup>3)</sup>	
<b>Total unlisted holdings</b>					<u>4,872</u>	<u>7,274</u>	
Interest bearing net debt including convertible loan in Invik					- 7,249	- 7,249	
<b>Total equity/net asset value</b>					<u>23,315</u>	<u>25,717</u>	
<b>Net asset value per share, SEK</b>						97	
<b>Closing price B share 31 December 2005, SEK</b>						74	
<b>Net asset value discount</b>						24%	

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

<sup>2)</sup> Net after dividend received and redemption of shares.

<sup>3)</sup> Consensus among analysts covering Kinnevik.

taining to Korsnäs Packaging. In addition to the above mentioned impairment loss on assets of SEK 233 million and SEK 125 million charge for pension costs in the UK, restructuring costs in Germany and the UK totaling SEK 53 million have affected Korsnäs Packaging's results for the full year 2005.

### EARNINGS PER SHARE

The profit per share from continuing operations was SEK 16.75 (loss 6.04) for the year. The total number of shares outstanding at 31 December 2005 was 263,981,930, of which 50,197,050 were class A shares and 213,784,880 class B shares.

### FINANCIAL POSITION AND INVESTMENTS

The Group's liquidity reserve comprising cash, bank, short-term investments and unutilized credit facilities, totaled SEK 699 million at 31 December

2005 and SEK 1,203 million at 31 December 2004. In addition, Kinnevik has a SEK 3,500 million committed line of credit from Korsnäs' existing banks for the acquisition of Frövi.

The Group's interest-bearing net debt totaled SEK 7,249 million at 31 December 2005 and SEK 7,168 million at 31 December 2004 (excluding Invik).

The average interest cost for the year amounted to 2.8% (3.4%) (calculated as interest expense in relation to average interest-bearing liabilities). All loans have fixed interest term of no longer than three months.

The Group's cash flow from operations amounted to SEK 52 million (1,128) for the year. The decline compared with 2004 is mainly attributable to rebuild of PM4 and maintenance stoppage in

Korsnäs and an increase in taxes paid. A sharp increase in working capital during 2005, which was temporarily at a low level at year-end 2004 due to high accounts payable have also lowered cash flow from operations. The divestment of subsidiaries totaling SEK 3,050 million in the comparative figures for 2004 relate to the payment received for the sale of forestland to Bergvik Skog.

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

Investments in securities	Proceeds (SEK Number million)	
		Number
<b>1 Jan. - 31 Dec. 2005</b>		
Metro A	100,000	2
Millicom convertible	35,000,000	235
Millicom	2,692,903	381
MTG A	110,450	33
Transcom A	687,300	<u>26</u>
		677

<b>1 Jan. - 31 Dec. 2004</b>		
Metro (exchanged for Radio P4)	2,220,629	–
Millicom	5,600,000	887
Transcom A	605,000	17
Viking Telecom	2,380,952	<u>10</u>
		914

Sales of securities	Proceeds (SEK Number million)	
		Number
<b>1 Jan. - 31 Dec. 2005</b>		
AcandoFrontec	2,127,580	17
Cherryföretagen	8,780,749	218
Metro B	100,000	2
Millicom convertible	35,000,000	219
MTG B	110,450	34
Transcom B	2,974,779	<u>148</u>
		638

<b>1 Jan. - 31 Dec. 2004</b>		
AcandoFrontec	3,808,000	25
Radio P4	1,902,000	20
Radio P4 (exchanged for Metro)	2,124,820	–
Transcom B	605,000	<u>18</u>
		63

Investments in tangible fixed assets amounted to SEK 442 million (453) for the year.

The Group's equity/assets ratio was 70% at the

end of the year 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 800 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.

Revenue for the Korsnäs Holding Group totaled SEK 4,556 million for the year (4,551), with operating profit amounting to SEK 376 million (741) (excluding Korsnäs Packaging, which is reported as discontinued operations).

## Korsnäs Industrial

The general upturn in the economy that characterized 2005 only had a marginal effect on Korsnäs' markets. The market for Korsnäs' products was characterized during the year by a weak demand trend in Europe. Despite a stronger US dollar, the competition for sales in the European markets was very strong, resulting in a relatively weak price trend. However, Korsnäs' relatively strong position on the market offset the weak market situation, as a result of which the demand for Korsnäs' products as a whole was stable. In relation to 2004, the delivery volumes for paper, pulp and board products declined by 0.5% to 671,000 tons. The reason for the lower sales volumes is the six-week production curtailment of PM4 in connection with the major rebuild in the spring of 2005 with the installation of a new coating unit. A total of 168,000 tons were delivered in the fourth quarter, which is 8,000 tons more than in the fourth quarter of 2004. The strong focus on high-value-added products continued during the year. Volumes in liquid packaging board and White Top Liner increased, while deliveries of

sack and kraft paper as well as fluff pulp declined.

Annual output for Korsnäs' mill during the year totaled 664,000 tons, a decline of 5.5% compared with a year earlier. The lower production is attributable to the aforementioned production curtailment and the rebuild of PM4, which is now entirely a cartonboard machine, the same as the existing PM5. The implementation of the project as well as the start-up curve followed the established plans well. The processes for developing the quality of products from PM4 and the quality outcome met the set expectations. In other respects, production at the Korsnäs mill remained at a high level and in a number of areas production records were exceeded, for example PM5 produced 5% more than the annual production in preceding years. In the fourth quarter, production at the Korsnäs mill amounted to 177,000 tons, which is 1,000 tons higher than in the corresponding period in 2004.

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, it was decided in August that the operations of dryer machine TM6 would be discontinued in the second quarter of 2006. Combined with other measures taken within the framework of the efficiency-enhancement program, the goal is to strengthen margins by about SEK 150 million on an annual basis. At year-end 2005, decisions have been made and actions carried out that realized 75% of the goal, with full effect as of 2007. The part of the efficiency-enhancement program aimed at reducing the number of employees by 65-70 positions was finally negotiated during the fourth quarter. Consequently, the number of employees will be reduced by 80 full-year positions during the course of 2006.

Revenue for Korsnäs Industrial totaled SEK 3,858 million (3,807) for the year, with operating profit amounting to SEK 314 million (656). 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 curtailment in April. Earnings in the fourth quarter included a provision of SEK 69 million for severance pay in the reduction of 80 full-time employees within the

framework of the ongoing efficiency-enhancement program. Prices on wood, energy and chemicals also resulted in approximately SEK 120 million higher cost base compared with the preceding year.

### **Korsnäs Forestry**

Korsnäs divested its forest holding in Latvia during the fourth quarter (about 4,500 hectares, of which about 3,700 hectares of productive forestland) for SEK 75 million. The sale does not affect timber supplies to Korsnäs Industrial through the Latvian subsidiary Latsin.

Korsnäs' partly owned associated company Latgran in Latvia started up a pellet plant during the year. Toward the end of the year, the plant near full capacity and demand is favorable.

Revenue for Korsnäs Forestry totaled SEK 1,741 million (1,754) for the year, with operating profit amounting to SEK 62 million (85). Earnings for the year include SEK 40 million for the value appreciation of forestland reported in conjunction with divestment of the Latvian forestland during the fourth quarter. 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 (reported as discontinued operations in the Group)**

Despite the difficult market situation, Korsnäs Packaging's sales were up 3% in 2005, compared with the preceding year. 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 heavy competition in all markets, sales prices remained depressed, which led to low gross margins.

Korsnäs Packaging continued during 2005 to restructure operations with the modernization of the plant in Germany aimed at reducing production costs and invested about SEK 60 million in a new converting line. In September it was decided to cease production in the UK and instead deliver from the other Western European plants to the UK market.

Korsnäs Packaging's purchase of sack paper from Korsnäs Industrial has declined in recent years, due in part to Korsnäs Industrial focusing its production on more high-value-added products and part-

ly because Korsnäs Packaging purchased primarily unbleached sack paper at more competitive prices from other suppliers. As a result of this, the synergies between Korsnäs Industrial and Korsnäs Packaging have declined. Against this background, Kinnevik decided during the year to divest Korsnäs Packaging and in December Kinnevik entered into an agreement to sell the business area to the Russian packaging group JSC Segezha Pulp and Paper Mill ("Segezha") for a total consideration of EUR 73.5 million (SEK 693 million) in cash on an enterprise value basis. The transaction is subject to approval by competition authorities and is expected to be finalized in the first half of 2006.

Revenue for Korsnäs Packaging totaled SEK 1,289 million (1,252) for the year, with operating loss amounting to SEK 414 million (profit of 25). Korsnäs Packaging's net assets in the 2005 year-end financial statements were written down to SEK 693 million, which corresponds to the purchase consideration Kinnevik will receive from Segheza when the sale is concluded. In addition to the impairment loss on assets of SEK 233 million, the loss in Korsnäs Packaging for 2005 includes restructuring costs in Germany and the UK totaling SEK 53 million and additional pension costs of SEK 125 million related to the UK company's pension plan, which will be closed as a result of the transaction.

#### **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 entire year.

The price trend for ecologically cultivated volumes in Sweden, however, was favorable toward year-end. This was probably due to reduced supply as a result of a moderate harvest combined with rising exports.

In Poland, an unfavorable development of the currency, which strengthened against the euro, also restricted exports of grain and legumes as well as domestic trading, while at the same time the prices of necessities were not affected by the strengthened currency. As a result of the depressed price situation on the market, much of the 2005 harvest was

stored pending an expected price upturn during the first half of 2006.

Revenue for Mellersta Sveriges Lantbruk totaled SEK 52 million (32) for the year and operating profit was SEK 8 million (7).

#### **TELE2**

The market value of Kinnevik's shareholding in Tele2 amounted to SEK 10,666 million at 31 December 2005.

Tele2 offers fixed and mobile telephony, broadband, data network services, cable-TV and content services to more than 30 million customers in 25 countries.

During 2005, Tele2 expanded in broadband/ADSL through acquisitions of the Dutch company Versatel and Spain's Comunitel. The acquisition of Versatel positioned Tele2 as the largest alternative operator in the Netherlands and Belgium. With this acquisition, Tele2 creates new opportunities when the existing customer base is combined with Versatel's network and strong position in the business market.

Tele2 acquired Comunitel with its extensive own ADSL network and strong position in the business market in Spain. In November, a service was launched with both fixed telephony and ADSL. Following the acquisition, Tele2 is Spain's third largest alternative operator.

During 2005, Tele2 was the fastest-growing mobile operator in Russia just 2.5 years after launching the first GSM network in Irkutsk. Through a successful launch of GSM services in an additional region (Voronezh) and the acquisition of a GSM license in Lipetsk, Tele2's mobile licenses now cover a population of 34.4 million. The customer base in Russia grew by more than 100%, and Tele2 is today the fifth largest mobile operator.

During the autumn of 2005, a very successful launch of the mobile network in Croatia was completed with significantly lower prices for mobile services than existing competitors.

The Tele2 share is listed on the O-List of the Stockholm Stock Exchange and included in the Attract 40 segment.

### **MILlicom INTERNATIONAL CELLULAR**

The market value of Kinnevik's holding of shares in Millicom amounted to SEK 8,078 million on 31 December 2005.

Millicom provides affordable, widely accessible and readily available pre-paid cellular telephony services to all market segments in 16 countries in Latin America, Africa and Asia, which together represent a market of 391 million people.

In 2005 Millicom increased its footprint in Africa with the acquisition in September of Oasis, a GSM operation in the Democratic Republic of Congo, from Orascom Telecom Holding SAE. This acquisition brought Millicom's population under coverage in Africa to 146 million across seven countries.

Following the roll out of Millicom's very successful GSM brand 'Tigo' across Latin America in 2004, Millicom also launched the Tigo brand in Chad and Bolivia in 2005.

All of Millicom's 16 businesses now operate GSM networks.

Millicom's shares are listed on Nasdaq in New York and the Attract 40 List of the Stockholm Stock Exchange.

### **METRO INTERNATIONAL**

The market value of Kinnevik's holding of shares in Metro amounted to SEK 2,815 million on 31 December 2005.

Metro is the world's largest and fastest growing international newspaper. 61 Metro editions are published in 88 major cities in 19 countries in 18 languages across Europe, North & South America and Asia. This includes three franchise newspapers: two in South Korea and one in Russia. The newspapers are distributed free of charge, with income being generated almost exclusively from sales of advertising space.

In 2005, Metro expanded its business significantly through circulation increases in a number of established countries notably in Sweden, Finland and Hungary. Moreover, Metro launched no less than 16 new editions: five in Italy, three in Spain, two in France as well as the Porto and Amsterdam editions.

According to the global readership survey conducted by leading independent research company TNS, Metro global readership increased by 22% year on year. This reaffirms Metro's unique global reach – attracting a young, active, well-educated

Metropolitan audience of 18.5 million daily readers and more than 37 million weekly readers. Metro has an equal number of male and female readers and 70% are under the age of 45 (TNS Global Survey, November 2005).

Other significant events that occurred in 2005 includes: the sale of a 49% minority interest in Metro Boston to The New York Times Company for USD 15.9 million profit and the launch of several online businesses in the Nordics.

Metro's shares are listed on Stockholm Stock Exchange's O list.

### **MODERN TIMES GROUP MTG**

The market value of Kinnevik's shareholding in MTG amounted to SEK 3,294 million on 31 December 2005.

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.

MTG's shares are listed on Stockholm Stock Exchange's O list, where they are included in the Attract 40 segment.

### **TRANSCOM WORLDWIDE**

The market value of Kinnevik's shares in Transcom amounted to SEK 827 million on 31 December 2005.

Transcom is Europe's largest outsourced Customer Relationship Management (CRM) and Credit Management Solutions (CMS) provider in terms of geographic footprint, and continues to outpace the industry average in growth. Today Transcom operates 47 facilities in 26 countries with more than 12,000 employees, conducting support on behalf of its clients in 33 languages. Transcom provides customer support solutions for companies in such sectors as telecommunications and e-commerce, travel & tourism, retail, financial services and utilities.

During the year, Transcom opened new contact centers in Tunisia, Croatia and Spain, and acquired the Czech debt collection company Creditexpress. Several important companies chose Transcom as their supplier this past year, including Delta Air Lines, e-Bay and Fortis.

Transcom's shares are listed on Stockholm Stock Exchange's O List.

#### **PARENT COMPANY**

The Parent Company's revenue amounted to SEK 12 million (12) for the year and administrative expenses totaled SEK 67 million (55).

Dividends received amounted to SEK 462 million (3,020) and the result on the sale of financial fixed assets was a gain of SEK 61 million (23). The net of other financial income and expenses was income of SEK 32 million (70).

The Parent Company's profit after financial items was SEK 512 million (3,072).

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

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 364 million (864) at the end of the year.

The Parent Company's interest-bearing external liabilities amounted to SEK 4,620 million (3,885).

#### **ACCOUNTING PRINCIPLES**

This 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 2004 and shareholders' equity at the end of the year are described in Appendix 1 to this report and can also be found on the Company's website, [www.kinnevik.se](http://www.kinnevik.se) under Investor Relations/Accounting Principles.

#### **DIVIDEND**

The Board proposes that the Annual General Meeting resolve to pay a cash dividend of SEK 1.60 per share.

#### **KINNEVIK ANNUAL GENERAL MEETING 2006**

The 2006 Annual General Meeting will be held at 13.30 on Thursday 11 May 2006 at the Skandia Cinema, Drottninggatan 82, Stockholm.

Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to [agm@kinnevik.se](mailto:agm@kinnevik.se) or to The Company Secretary, Investment AB Kinnevik, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks (23 March) 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.

#### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 19 January 2006, Kinnevik announced that as the largest shareholder in Millicom it supports the decision by Millicom's Board to review strategic options for the company. The review was in response to Millicom having been contacted by a large number of potential acquirers of the company. When any additional significant information is available, it will be announced.

#### **FINANCIAL REPORTS**

The Annual Report for 2005 is scheduled to be released during March 2006 and will be available at the company's head office and on the company's website.

The interim report for the period January – March 2006 will be published on 24 April 2006.

Stockholm 9 February 2006

Board of Directors

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

Vigo Carlund, President and Chief Executive  
Officer

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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
	Full year	Full year	1 Oct.-31 Dec.	1 Oct.-31 Dec.
Revenue	4,618	4,600	1,199	1,098
Cost of goods and services	<u>- 4,085</u>	<u>- 3,658</u>	<u>- 1,134</u>	<u>- 909</u>
<b>Gross profit</b>	<b>533</b>	<b>942</b>	<b>65</b>	<b>189</b>
Selling, administration, research and development costs	- 309	- 317	- 91	- 98
Other operating income	151	912	57	30
Other operating expenses	- 28	- 28	18	- 10
Share of profit/loss of associates accounted for using the equity method	<u>6</u>	<u>17</u>	<u>2</u>	<u>3</u>
<b>Operating profit</b>	<b>353</b>	<b>1,526</b>	<b>51</b>	<b>114</b>
Dividends received	630	102	0	0
Change in fair value of financial assets	3,893	- 2,544	3,867	1,308
Interest income and other financial income	30	33	10	8
Interest expenses and other financial expenses	<u>- 259</u>	<u>- 315</u>	<u>- 68</u>	<u>- 80</u>
<b>Profit/loss after financial items</b>	<b>4,647</b>	<b>- 1,198</b>	<b>3,860</b>	<b>1,350</b>
Taxes	<u>- 224</u>	<u>- 265</u>	<u>9</u>	<u>- 146</u>
<b>Net profit/loss for the period from continuing operations</b>	<b>4,423</b>	<b>- 1,463</b>	<b>3,869</b>	<b>1,204</b>
Net profit/loss from discontinued operations				
- Invik	108	56	-	25
- Korsnäs Packaging	<u>- 434</u>	<u>- 10</u>	<u>- 404</u>	<u>- 23</u>
<b>Net profit/loss for the period</b>	<b><u>4,097</u></b>	<b><u>- 1,417</u></b>	<b><u>3,465</u></b>	<b><u>1,206</u></b>
Earnings per share before and after dilution, SEK:				
- from continuing operations	16.75	- 6.04	14.66	4.56
- from discontinued operations	- 1.23	0.19	- 1.53	0.01
Average number of shares before and after dilution	263,981,932	242,133,655	263,981,930	263,981,939

**CONSOLIDATED CASH-FLOW STATEMENT (SEK million)**

	2005	2004
	Full year	Full year
Operating profit	353	1,526
Adjustment for non-cash items	327	– 525
Taxes paid	– 369	– 47
<b>Cash flow from operations before change in working capital</b>	<b>311</b>	<b>954</b>
Change in working capital	– 259	174
<b>Cash flow from operations</b>	<b>52</b>	<b>1,128</b>
Sales of subsidiaries	–	3,050
Investments in tangible and biological fixed assets	– 442	– 453
Sales of tangible and biological fixed assets	75	16
Investments in financial fixed assets	– 677	– 1,096
Sales of financial fixed assets	638	91
Dividend received	648	111
Lending	0	– 143
Repayment of loan receivables and interest received	24	199
<b>Cash flow from investing activities</b>	<b>266</b>	<b>1,775</b>
Change in interest-bearing liabilities	276	– 2,151
Interest paid	– 244	– 305
Dividend paid	– 66	– 346
<b>Cash flow from financing activities</b>	<b>– 34</b>	<b>– 2,802</b>
<b>Total cash flow from continuing operations</b>	<b>284</b>	<b>101</b>
Amortisation on loan from Invik	– 158	– 30
Cash flow in Korsnäs Packaging	– 28	– 44
Lending to Korsnäs Packaging	– 181	41
<b>Cash flow from discontinued operations</b>	<b>– 367</b>	<b>– 33</b>
<b>Cash flow for the year</b>	<b>– 83</b>	<b>68</b>
Exchange rate differences in liquid funds	14	– 2
<b>Cash and bank, opening balance excl. Invik</b>	<b>281</b>	<b>215</b>
<b>Cash and bank, closing balance excl. Invik</b>	<b>212</b>	<b>281</b>

## REVIEW OF THE GROUP (SEK million)

	2005	2004	2005	2004
	Full year	Full year	1 Oct.-31 Dec.	1 Oct.-31 Dec.
<b>Distribution of revenue by business area</b>				
Korsnäs Industrial	3,858	3,807	985	879
Korsnäs Forestry	1,741	1,754	483	456
Eliminations within Korsnäs	<u>-1,043</u>	<u>-1,010</u>	<u>- 282</u>	<u>- 257</u>
<b>Total Korsnäs</b>	<b>4,556</b>	<b>4,551</b>	<b>1,186</b>	<b>1,078</b>
Mellersta Sveriges Lantbruk	52	32	11	9
Parent Company and other	22	22	5	2
Eliminations	<u>- 12</u>	<u>- 5</u>	<u>- 3</u>	<u>9</u>
<b>Total revenue</b>	<b><u>4,618</u></b>	<b><u>4,600</u></b>	<b><u>1,199</u></b>	<b><u>1,098</u></b>
<b>Operating profit/loss by business area</b>				
Korsnäs Industrial	314	656	15	113
Korsnäs Forestry	<u>62</u>	<u>85</u>	<u>43</u>	<u>16</u>
<b>Total Korsnäs</b>	<b>376</b>	<b>741</b>	<b>58</b>	<b>129</b>
Mellersta Sveriges Lantbruk	8	7	5	3
Parent Company and other	- 31	781	- 12	- 15
Eliminations	<u>0</u>	<u>- 3</u>	<u>0</u>	<u>- 3</u>
<b>Total operating profit</b>	<b><u>353</u></b>	<b><u>1,526</u></b>	<b><u>51</u></b>	<b><u>114</u></b>

<b>CONSOLIDATED BALANCE SHEET (SEK million)</b>	<b>2005</b>	<b>2004</b>
	<b>31 Dec.</b>	<b>31 Dec.</b>
<b>Fixed assets</b>		
Intangible assets	17	101
Tangible and biological fixed assets	3,851	4,328
Financial assets accounted to fair value through profit and loss	26,318	22,672
<i>whereof interest-bearing</i>	270	73
Investment in companies accounted for using the equity method	70	148
Other fixed assets	21	79
Deferred tax assets	0	42
	<u>30,277</u>	<u>27,370</u>
<b>Current assets</b>		
Inventories	994	1,183
Interest-bearing receivables	0	1,333
Trade and other receivables	636	993
Prepayments	27	176
Short-term investments	3	2,568
Cash and cash equivalents	185	1,170
	<u>1,845</u>	<u>7,423</u>
<b>Total assets continuing operations</b>	<b>32,122</b>	<b>34,793</b>
Assets held for sale, Korsnäs Packaging	1,135	
<b>Total assets</b>	<b><u>33,257</u></b>	<b><u>34,793</u></b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to equity holders of the Parent Company</b>	<b>23,315</b>	<b>20,109</b>
<b>Long-term liabilities</b>		
Interest-bearing loans	6,882	6,840
Provisions for pensions	478	672
Other provisions	177	635
Deferred tax liability	727	885
Other liabilities	4	4
	<u>8,268</u>	<u>9,036</u>
<b>Short-term liabilities</b>		
Interest-bearing loans	347	2,641
Provisions	58	1,216
Trade and other payables	813	1,731
Income tax payable	12	54
Deferred income	2	6
	<u>1,232</u>	<u>5,648</u>
<b>Total liabilities continuing operations</b>	<b>9,500</b>	<b>14,684</b>
Liabilities directly associated with the assets held for sale, Korsnäs Packaging	442	
<b>Total shareholders' equity and liabilities</b>	<b><u>33,257</u></b>	<b><u>34,793</u></b>

**KEY RATIOS**

	<b>2005</b>	<b>2004</b>
	<b>31 Dec.</b>	<b>31 Dec.</b>
Debt/equity ratio	0.3	0.5
Equity ratio	70%	58%
Net debt (2004 excluding Invik)	7,249	7,168

**MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK million)**

	<b>2005</b>	<b>2004</b>
	<b>Full year</b>	<b>Full year</b>
Opening balance	20,109	19,082
Translation differences	33	6
Merger settlement Kinnevik/old Invik	–	4,695
Elimination of cross-ownership in the merger	–	– 1,911
Cash dividend	– 66	– 346
Distribution in kind	– 858	–
Net profit/loss for the period	4,097	– 1,417
<b>Closing amount</b>	<b><u>23,315</u></b>	<b><u>20,109</u></b>

**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 revenue.
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	2005	2005	2004	2004	2004	2004	2004
	Full year	Q 4	Q 3	Q 2	Q 1	Full year	Q 4	Q 3	Q 2	Q 1
<b>Revenue (SEK million)</b>										
Korsnäs Industrial	3,858	985	993	961	919	3,807	879	932	1,004	992
Korsnäs Forestry	1,741	483	391	422	445	1,754	456	441	423	434
Korsnäs Packaging	1,289	297	354	348	290	1,252	290	319	341	302
Eliminations within Korsnäs Holding	-1,122	-298	-278	-259	-287	-1,149	-278	-290	-300	-281
Total Korsnäs Holding	5,766	1,467	1,460	1,472	1,367	5,664	1,347	1,402	1,468	1,447
Mellersta Sveriges Lantbruk	52	11	14	13	14	32	9	12	6	5
<b>Operating profit/loss before depreciation (EBITDA) (SEK million)</b>										
Korsnäs Industrial	645	103	259	83	200	990	196	249	249	296
Korsnäs Forestry	73	46	4	11	12	97	19	4	4	70
Korsnäs Packaging	12	-18	-1	20	11	86	11	26	27	22
Total Korsnäs Holding	730	131	262	114	223	1,173	226	279	280	388
Mellersta Sveriges Lantbruk	15	7	4	0	4	13	5	1	9	-2
<b>Operating profit/loss after depreciation (EBITDA) (SEK million)</b>										
Korsnäs Industrial	314	15	176	3	120	656	113	166	165	212
Korsnäs Forestry	62	43	2	8	9	85	16	1	1	67
Korsnäs Packaging	-414	-398	-17	5	-4	25	-3	10	11	7
Total Korsnäs Holding	-38	-340	161	16	125	766	126	177	177	286
Mellersta Sveriges Lantbruk	8	5	2	-1	2	7	3	0	7	-3
<b>Operating margin</b>										
Korsnäs Industrial	8.1%	1.5%	17.7%	0.3%	13.1%	17.2%	12.9%	17.8%	16.4%	21.4%
Korsnäs Forestry	3.6%	8.9%	0.5%	1.9%	2.0%	4.8%	3.5%	0.2%	0.2%	15.4%
Korsnäs Packaging	-32.1%	-134.0%	-4.8%	1.4%	-1.4%	2.0%	-1.0%	3.1%	3.2%	2.3%
Korsnäs Holding	-0.7%	-23.2%	11.0%	1.1%	9.1%	13.5%	9.4%	12.6%	12.1%	19.8%
Mellersta Sveriges Lantbruk	15.4%	45.5%	14.3%	-7.7%	14.3%	21.9%	33.3%	0.0%	116.7%	-60.0%
<b>Operational capital employed (SEK million)</b>										
Korsnäs Industrial and Forestry	4,467	4,520	4,600	4,554	4,351	4,814	4,191	4,221	4,248	5,722
Korsnäs Packaging	723	693	786	766	722	738	724	727	711	769
Korsnäs Holding	5,190	5,214	5,386	5,320	5,072	5,553	4,914	4,948	4,960	6,492
Mellersta Sveriges Lantbruk	203	220	192	185	204	186	202	191	177	169
<b>Return on operational capital employed</b>										
Korsnäs Industrial and Forestry	8.4%	5.1%	15.5%	1.0%	11.9%	15.4%	12.3%	15.8%	15.6%	19.5%
Korsnäs Packaging	neg.	neg.	neg.	2.6%	neg.	3.4%	neg.	5.5%	6.2%	3.6%
Korsnäs Holding	neg.	neg.	12.0%	1.2%	9.9%	13.8%	10.3%	14.3%	14.3%	17.6%
Mellersta Sveriges Lantbruk	3.9%	9.1%	4.2%	neg.	3.9%	3.8%	5.9%	0.0%	15.8%	neg.
<b>Korsnäs Industrial</b>										
Production, thousand tons	664	177	180	134	173	703	176	173	172	182
Deliveries, thousand tons	671	168	170	169	164	675	160	162	176	177

**APPENDIX 1 RECALCULATION OF COMPARABLE FIGURES FOR 2004 TO CONFORM WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

**Consolidated income statement for the period 1 January – 31 December 2004**

	According to financial statements 1 Jan. - 31 Dec.	Effect of IFRS 3 Business Combi- nations <sup>1)</sup>	Effect of IAS 28, 39 Financial assets <sup>2)</sup>	Effect of IAS 41 Agri- culture <sup>3)</sup>	In line with IFRS 1 Jan. - 31 Dec.
Revenue	4,600	–	–	–	4,600
Cost of goods and services	<u>–3,658</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–3,658</u>
<b>Gross profit</b>	<b>942</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>942</b>
Selling, administration, research and development expenses	– 317	–	–	–	– 317
Income from corporate development	461	–	–	– 461	–
Other operating income	82	826	–	4	912
Other operating expenses	– 33	5	–	–	– 28
Share of profit/loss of associates accounted for using the equity method	<u>–</u>	<u>–</u>	<u>17</u>	<u>–</u>	<u>17</u>
<b>Operating profit</b>	<b>1,135</b>	<b>831</b>	<b>17</b>	<b>– 457</b>	<b>1,526</b>
Result from participations in associated companies	224	–	– 224	–	–
Dividends received	10	–	92	–	102
Change in fair value of financial assets	– 7	–	–2,537	–	–2,544
Income from sale of securities	30	–	– 30	–	–
Interest income and other financial income	35	–	– 2	–	33
Interest expenses and other financial expenses	<u>– 315</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>– 315</u>
<b>Profit/loss after financial items</b>	<b>1,112</b>	<b>831</b>	<b>–2,684</b>	<b>– 457</b>	<b>–1,198</b>
Taxes	<u>– 497</u>	<u>–</u>	<u>233</u>	<u>– 1</u>	<u>– 265</u>
<b>Net profit/loss for the period from continuing operations</b>	<b>615</b>	<b>831</b>	<b>–2,451</b>	<b>– 458</b>	<b>–1,463</b>
Net profit/loss from discontinued operations					
– Invik	57	– 1	–	–	56
– Korsnäs Packaging	<u>– 10</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>– 10</u>
<b>Net profit/loss for the year</b>	<b><u>662</u></b>	<b><u>830</u></b>	<b><u>–2,451</u></b>	<b><u>– 458</u></b>	<b><u>–1,417</u></b>
Earnings per share before and after dilution, SEK:					
– from continuing operations	2.54				– 6.04
– from discontinued operations	0.19				0.19
Average number of shares before and after dilution	242,133,655				242,133,655

## Consolidated income statement for the period 1 October – 31 December 2004

	According to financial statements 1 Oct. - 31 Dec.	Effect of IFRS 3 Business Combi- nations <sup>1)</sup>	Effect of IAS 28, 39 Financial assets <sup>2)</sup>	Effect of IAS 41 Agri- culture <sup>3)</sup>	In line with IFRS 1 Oct. - 31 Dec.
Revenue	1,098	–	–	–	1,098
Cost of goods and services	– 909	–	–	–	– 909
<b>Gross profit</b>	<b>189</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>189</b>
Selling, administration, research and development expenses	– 98	–	–	–	– 98
Income from corporate development	–	–	–	–	–
Other operating income	29	–	–	1	30
Other operating expenses	– 12	2	–	–	– 10
Share of profit/loss of associates accounted for using the equity method	–	–	3	–	3
<b>Operating profit</b>	<b>108</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>114</b>
Result from participations in associated companies	70	–	– 70	–	–
Dividends received	–	–	–	–	–
Change in fair value of financial assets	–	–	1,308	–	1,308
Income from sale of securities	–	–	–	–	–
Interest income and other financial income	8	–	–	–	8
Interest expenses and other financial expenses	– 80	–	–	–	– 80
<b>Profit/loss after financial items</b>	<b>106</b>	<b>2</b>	<b>1,241</b>	<b>1</b>	<b>1,350</b>
Taxes	– 102	–	– 44	–	– 146
<b>Net profit/loss for the period from continuing operations</b>	<b>4</b>	<b>2</b>	<b>1,197</b>	<b>1</b>	<b>1,204</b>
Net profit/loss from discontinued operations					
– Invik	26	– 1	–	–	25
– Korsnäs Packaging	– 23	–	–	–	– 23
<b>Net profit/loss for the period</b>	<b>7</b>	<b>1</b>	<b>1,197</b>	<b>1</b>	<b>1,206</b>
Earnings per share before and after dilution, SEK:					
– from continuing operations	0.02				4.56
– from discontinued operations	0.01				0.01
Average number of shares before and after dilution	263,981,939				263,981,939

### Condensed consolidated balance sheet as of 31 December 2004

	According to financial statements 31 Dec. 2004	Effect of IFRS 3 Business Combi- nations <sup>1)</sup>	Effect of IAS 28, 39 Financial assets <sup>2)</sup>	Effect of IAS 41 Agri- culture <sup>3)</sup>	In line with IFRS 31 Dec. 2004
Intangible fixed assets	42	59	–	–	101
Tangible and biological fixed assets	4,317	–	–	11	4,328
Financial assets accounted to fair value through profit and loss	17,091	679	4,902	–	22,672
Investment in companies accounted for using the equity method	148	–	–	–	148
Other fixed assets	<u>121</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>121</u>
<b>Total fixed assets</b>	<b>21,719</b>	<b>738</b>	<b>4,902</b>	<b>11</b>	<b>27,370</b>
Current assets	<u>7,388</u>	<u>–</u>	<u>35</u>	<u>–</u>	<u>7,423</u>
<b>Total assets</b>	<b><u>29,107</u></b>	<b><u>738</u></b>	<b><u>4,937</u></b>	<b><u>11</u></b>	<b><u>34,793</u></b>
Shareholders' equity	14,461	738	4,902	8	20,109
Long-term liabilities	9,033	–	–	3	9,036
Short-term liabilities	<u>5,613</u>	<u>–</u>	<u>35</u>	<u>–</u>	<u>5,648</u>
<b>Total shareholders' equity and liabilities</b>	<b><u>29,107</u></b>	<b><u>738</u></b>	<b><u>4,937</u></b>	<b><u>11</u></b>	<b><u>34,793</u></b>

<sup>1)</sup> 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.

<sup>2)</sup> 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.

<sup>3)</sup> 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.