

Investment AB Kinnevik

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INTERIM REPORT 2006 1 JANUARY – 31 MARCH

- The market value of the Group's holdings of listed securities increased by 28% during the first quarter, equal to SEK 7,103 million, and amounted on 31 March 2006 to SEK 32,793 million.
- Including the increase in the fair value of financial assets and result from discontinued operations, the Group reported a profit after tax of SEK 7,353 million (loss of 463) for the first quarter.
- The profit per share for continuing operations was SEK 27.88 (loss of 1.83).
- Revenue for Korsnäs Industrial increased by 14% to SEK 1,049 million and operating profit increased by 36% to SEK 163 million.
- Revenue for the entire Group totaled SEK 1,245 million (1,117) and operating profit was SEK 140 million (122).
- Promising new ventures within agriculture and renewable energy, where Kinnevik foresee a great potential for future growth in value.
- On 13 March it was announced that the Board of Directors has appointed Mia Brunell as President and Chief Executive Officer of Kinnevik effective 1 August 2006. Mia succeeds Vigo Carlund, who is retiring after 37 years with the group, of which seven years as President and CEO of Kinnevik.

MANAGEMENT

The market value of the Group's holdings of listed securities increased by 28% during the first quarter, equal to SEK 7,103 million, and amounted on 31 March 2006 to SEK 32,793 million. The change in value is shown in the consolidated income statement.

Since 1976, the Kinnevik share has generated an average real return of 16.0% annually as a result of rising share prices and dividends, including the value of subscription offers. During the past five years, the Kinnevik share has provided an average real return of 19.2% 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").

Kinnevik's Board of Directors have proposed to the Annual General Meeting to be held on 11 May a cash dividend of SEK 1.60 per share.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

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.

BOOK AND MARKET VALUE OF ASSETS

	A shares	B shares	Equity interest (%)	Voting interest (%)	Book value 31 March 2006 (SEK m)	Market value 31 March 2006 (SEK m)	Change since 31 Dec. 2005 ²⁾
Listed holdings ¹⁾							
Tele2	33,830,229	91,651,296	28.2	49.8	11,513	11,513	8%
Millicom International Cellular	37,835,438		37.8	37.8	13,848	13,848	71%
Metro International	96,454,191	115,229,193	40.2	36.6	2,709	2,709	- 4%
Modern Times Group MTG	9,821,336	113,675	15.0	47.7	3,611	3,611	10%
Transcom WorldWide	12,627,543		17.4	34.8	1,099	1,099	33%
Viking Telecom	6,287,952		26.2	26.2	13	13	23%
Total listed holdings					<u>32,793</u>	<u>32,793</u>	<u>28%</u>
Unlisted holdings							
Korsnäs Industri och Skog			100	100	3,698	6,491 ³⁾	
Korsnäs Packaging			100	100	693	693	
Mellersta Sveriges Lantbruk ²⁾			100	100	324	350 ³⁾	
Invik convertibel, option element					269	269	
Other assets and liabilities					36	50 ³⁾	
Total unlisted holdings					<u>5,020</u>	<u>7,853</u>	
Interest bearing net debt including convertible loan in Invik					<u>-7,151</u>	<u>-7,151</u>	
Total equity / net asset value					<u>30,662</u>	<u>33,495</u>	
Net asset value per share, SEK						126.9	
Closing price B share 31 March 2006, SEK						103.5	
Net asset value discount						18%	

¹⁾ Listed holdings are valued at fair value, as a result of which reported value and market value are the same.

²⁾ Including 22% shares in Black Earth Farming Ltd.

³⁾ Consensus among analysts covering Kinnevik.

CONSOLIDATED RESULT FOR THE FIRST QUARTER

Against the background that Invik has been 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 Net profit/loss 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 March 2006 as assets and liabilities held for sale.

Revenue for the first quarter of the year amounted to SEK 1,245 million compared with SEK 1,117 million in the preceding year.

Operating profit amounted to SEK 140 million (122), of which SEK 163 (120) million related to Korsnäs Industrial.

The net change in the fair value of financial assets amounted to an overall increase of SEK 7,292 million (decrease of 454), of which Tele2 accounted for an increase of SEK 847 million (decrease of 1,150), Millicom an increase of SEK 5,770 million (decrease of 193), Metro a decrease of SEK 106 million (increase of 318), MTG an increase of SEK 318 million (increase of 328), Transcom an increase of SEK 271 million (increase of 142) and convertibles in Invik an increase of SEK 171 million (-).

Other financial income and expenses amounted net to an expense of SEK 53 million (expense of 50), of which net interest expenses were SEK 44 million (expense of 52) and exchange rate differences were a loss of SEK 1 million (gain of 9).

The Group reported a profit after financial items of SEK 7,379 million (loss of 382).

In comparable figures for 2005, earnings have been charged with SEK 89 million in tax expenses attributable to the outcome of tax disputes regarding tax loss carry-forwards.

The result from discontinued operations amounted to a loss of SEK 6 million (profit of 19), of which SEK - (profit of 25) in Invik and a loss of SEK 6 million (loss of 6) in Korsnäs Packaging. Korsnäs Packaging's net assets in the financial statements per 31 March 2006 are valued at SEK 693 million,

which corresponds to the purchase consideration Kinnevik will receive from Segezha when the sale is concluded.

EARNINGS PER SHARE

Earnings per share from continuing operations was SEK 27.88 (loss 1.83) for the first quarter of the year. The total number of shares outstanding at 31 March 2006 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 714 million at 31 March 2006 and SEK 699 million at 31 December 2005. 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 7,151 million at 31 March 2006 and SEK 7,249 million at 31 December 2005.

The average interest cost for the first quarter amounted to 2.7% (3.0%) (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 282 million (negative 94) for the first quarter. The change compared with 2005 is mainly attributable to increase in profit within Korsnäs Industrial and a positive change in working capital.

Investments in and sales of financial fixed assets are shown in the tables below.

Investments in securities	Proceeds (SEK Number million)	
1 Jan. - 31 March 2006		
Black Earth Farming Ltd	9,120,000	<u>106</u>
		106
1 Jan. - 31 March 2005		
Metro A	100,000	2
Millicom convertible	35,000,000	235
Transcom A	536,300	<u>19</u>
		256

Sales of securities	Proceeds (SEK Number million)	
1 Jan. - 31 March 2006		
Viking Telecom	750,000	<u>1</u> 1
1 Jan. - 31 March 2005		
AcandoFrontec	1,282,000	11
Metro B	100,000	2
Transcom B	536,300	<u>20</u> 33

Investments in tangible fixed assets amounted to SEK 23 million (139) for the first quarter.

The Group's equity/assets ratio was 76% at 31 March 2006 compared to 70% at 31 December 2005.

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 inflows and outflows in foreign currencies is a net inflow of about SEK 800 million, comprised mainly of 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 does also own 5% of the shares in Bergvik Skog AB.

Revenue for the Korsnäs Holding Group totaled SEK 1,230 million for the first quarter (1,101), with operating profit amounting to SEK 168 million (129) (excluding Korsnäs Packaging, which is reported as discontinued operations).

Korsnäs Industrial

Generally, the first quarter was marked by stronger demand for Korsnäs' products than during the corresponding quarter a year earlier. Compared with the first quarter of 2005, delivered volumes of paper, pulp and board products increased 8% to 177,000 tons. During the period, changes in the product portfolio were conducted with the focus on coated products in the White Top Liner segment and on white sack and kraft paper. This factor –

combined with higher prices in certain segments – meant that the average price for Korsnäs' sold products improved compared with 2005 as a whole. The market for sack and kraft paper strengthened during the period. The market for White Top Liner in Europe progressed positively during the period and Korsnäs raised prices and advanced its market position. Demand for liquid packaging board was stronger than during the corresponding quarter a year earlier. Demand for fluff pulp remained stable during the period. Overall, price changes and delivery levels meant that total revenues for the first quarter were some 14% higher than in the year-earlier period.

Output for the first quarter totaled 181,000 tons, up 5% from the first quarter of 2005. Paper machine 4 attained its full production rate after the upgrade in 2005 and output during the first quarter advanced to record levels. Paper machine 5 also had a favorable quarter with high output. During the quarter, a decision was made regarding investments in a new headbox for Paper machine 2, which will be installed during the autumn maintenance stop. The investment is expected to amount to some SEK 50 million. As a result, the quality of the machine's demanding bleached products will be further enhanced. During the quarter, Drying machine 6 produced fluff pulp in line with the reduction schedule ahead of closure as of 28 April.

Actions within the framework of Korsnäs' ongoing efficiency-enhancement program – aimed at boosting margins by some SEK 150 million annually – continued during the quarter.

The competition inquiry in conjunction with Korsnäs' announced acquisition of AssiDomän Cartonboard ("Frövi") is proceeding as planned. The formal application to the EU competition authority was submitted at the end of March and a decision concerning approval or extended analysis period is expected during the latter half of May.

Revenue for Korsnäs Industrial totaled SEK 1,049 million (919) for the first quarter, with operating profit amounting to SEK 163 million (120). The rise in earnings from the preceding year is due primarily to higher sales and output. Prices of wood, energy and chemicals resulted in higher costs of some SEK 20 million compared with the first quarter of 2005.

Korsnäs Forestry

The Swedish wood market is characterized by a surplus of pulpwood, but this has not, however, reflected in prices, which remained stable during the period. Wood deliveries to Korsnäs Industrial are moving in line with scheduled volumes despite certain supply disruptions in Latvia as a result of problems with ice during part of the quarter.

Revenue for Korsnäs Forestry totaled SEK 456 million (445) for the first quarter, with operating profit amounting to SEK 5 million (9).

Korsnäs Packaging (reported as discontinued operations in the Group)

In December 2005 Kinnevik concluded an agreement to sell the Korsnäs Packaging 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. Against this background, Korsnäs Packaging is reported as discontinued operations in the consolidated accounts.

Revenue for Korsnäs Packaging totaled SEK 279 million (290) for the quarter, with operating loss amounting to SEK 4 million (loss of 4). Korsnäs Packaging's net assets in the financial statements per 31 March 2006 are valued at SEK 693 million, which corresponds to the purchase consideration Kinnevik will receive from Segezha when the sale is concluded.

MELLERSTA SVERIGES LANTBRUK

Snow-covered fields far into March meant it was impossible to commence spring sowing in either Sweden or Poland. Despite this, it appears the autumn crops coped relatively well.

Prices in Poland remain under pressure. The EU's sizeable intervention grain stocks from the 2004 harvest block the potential for a general rise in prices in Northern European markets. Milk prices also stagnated and actually fell slightly in certain areas. A positive point is the prize for ecological crops, which increased an average of 15% during the first quarter from what was previously a low level.

Revenue for Mellersta Sveriges Lantbruk totaled SEK 13 million (14) for the first quarter and operating profit was SEK 1 million (2).

NEW VENTURES

Sia Latgran

During 2004, project engineering was conducted for the commencement of pellets production in Latvia through cooperation between Korsnäs' subsidiary Latsin SIA and Baltic Group in the jointly owned company Sia Latgran. Manufacturing commenced in 2005, with the production of 17,000 tons following some start-up problems. Current annual capacity amounts to 60,000 tons and no sales problems are expected, since market conditions are highly favorable. Demand throughout Western Europe has increased significantly in recent years, since interest in biofuel has risen in pace with oil prices.

Apart from Sweden, the major markets are currently Denmark, Italy, Austria and Germany. The overall market in Europe last year was estimated at 3 million tons.

An additional press has now been installed to raise annual capacity to 70,000 tons. Latgran – which reported positive results during for the first quarter – is 40% owned by Latsin SIA and 60% by the Baltic Group. Latsin SIA has an option to acquire an additional 11.1% of Latgran at a set price.

Latgran's sales for 2006 as a whole are expected to exceed SEK 50 million.

Black Earth Farming Limited

Farming is one of Kinnevik's original operations. During the first quarter of 2006, 22% of the shares (21% after full dilution) in Black Earth Farming Limited ("Black Earth") were acquired by means of a new share issue for a total of USD 13.7 million. Black Earth was established in 2005 for the purpose of acquiring and working farmland in southwest Russia – commonly referred to the Black Earth region – primarily in the areas of Voronezh, Lipetsk, Tambov and Kray Krasnodar.

The background to the investment was the opportunity to acquire land areas previously owned by state and collective farms.

The Black Earth is regarded as being among the most fertile areas in Europe, despite the rather

warm and dry climate. Production has been suspended for several years and considerable investments are required to permit efficient farming. However, there is substantial potential, since the vast, fertile acreages permit efficient large-scale farming. Black Earth is currently involved in negotiations covering the acquisition of 13,500 hectares of land and the goal is to have considerable acreage under the management of the company with a few years. The investment in Black Earth is reported under the Mellersta Sveriges Lantbruk business area in Kinnevik's segment reporting.

TELE2

The market value of Kinnevik's shareholding in Tele2 amounted to SEK 11,513 million at 31 March 2006.

Tele2 provides products and services within fixed and mobile telephony, broadband and cable TV. Tele2 has more than 30 million customers in 23 countries.

Tele2's efforts to offer cheap and simple telecom services throughout Europe are characterized by:

- Flexibility: Tele2 is positioned close to customers needs and are fast-acting.
- Openness: Tele2 is hallmarked throughout by unity, direct decisions and a simple organization.
- Cost awareness: Tele2 is thrifty, invests as late as possible and questions all of its costs.

In line with its long-term strategy for Russia, Tele2 raised its holding in five of its Russian operations during the first quarter. Following these transactions, Tele2 wholly owns 11 of the company's 14 regional operations in Russia.

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 13,848 million on 31 March 2006.

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 approximately 390 million people.

On 19 January 2006, Millicom's Board announced its intention to assess the company's strategic

potential. The assessment was prompted by the fact that Millicom had been contacted by a large number of prospective acquirers of the company.

During the first quarter, Millicom bought out minority shareholders in Tanzania, Sierra Leone, Senegal, Paraguay and Ghana, following which Millicom now holds 100% in all five companies.

Also during the first quarter, Millicom extended its license for mobile telephony in Sri Lanka to 2018.

At the close of the quarter, Millicom had 9.9 million subscribers in the 16 countries in which it is active.

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 2,709 million on 31 March 2006.

Metro is the world's largest and fastest growing international newspaper. 64 Metro editions are published in 91 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.

During the first quarter, Metro expanded its operations through larger editions in its already established countries, primarily in Sweden, Spain and the Czech Republic.

Metro also signed an agreement with Publicaciones Metropolitanas S.A. de C.V. in Mexico covering the start-up of a joint venture and a new edition of Metro will be distributed in the world's second largest city, Mexico City, during the spring. Metro owns 35% of the new company.

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 3,611 million on 31 March 2006.

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. Viasat Broadcasting – MTG's business area for all TV operations – transmits TV channels to a total of 21 countries and has, among others, 11.5 million pay-TV subscribers in Central and Eastern Europe.

In February, CTC Media announced their intention to list the company's share on the Nasdaq stock exchange in the USA.

During the first quarter, MTG raised its shareholding in Bet24 from 51% to 90% by exercising the option agreement signed in December 2005, and paying EUR 8 million in cash.

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 shareholding in Transcom amounted to SEK 1,099 million on 31 March 2006.

Transcom is Europe's largest outsourced Customer Relationship Management (CRM) and Credit Management Solutions (CMS) provider in terms of geographic footprint. Transcom provides solutions in Customer Relationship Management and debt collection for companies in such industries as telecommunications, electronic trading, travel and tourism, retail, financial services and in utilities.

During the first quarter, Transcom acquired 100% in the German debt collection company Dr. Finsterer + Koenigs GmbH plus 100% of the British debt collection company Credit & Business Services Limited for a total of EUR 11 million in cash as well as an additional maximum EUR 4 million in potential supplementary payments.

Through its subsidiary in the language interpretation area (Transvoice), Transcom acquired Stockholms Tolkförmedling AB for an amount corresponding to EUR 3 million. Stockholms Tolkförmedling is the leading interpreter agency in Stockholm and is one of the largest on the Swedish market.

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

INVIK & CO.

Kinnevik holds convertible debt instruments in Invik with a nominal value of SEK 235 million, which may be converted to 4,519,230 shares corresponding to 14.6% of the capital and a maximum 25.0% of the voting rights in Invik. Conversion may be carried out from 1 December 2006 through 30 November 2011. On 31 March 2006, the convertibles were valued at SEK 504 million in Kinnevik's accounts.

The Invik Group consists of companies focusing on insurance, banking, fund management, asset management and securities trading. A common feature of the companies in the group is that they seek larger market shares in their selected growth segments, providing the basis for rapid growth with profitability.

PARENT COMPANY

The Parent Company's revenue amounted to SEK 3 million (3) for the quarter and administrative expenses totaled SEK 32 million (13). Administrative expenses for the first quarter of 2006 include provision for remuneration of the Company's current President in the amount of SEK 26 million. The provision has been reported in connection with the President announcing in March that he intends to step down as of 1 August and subsequently is entitled to 60% of his fixed salary on that date up to the age of 65. On 13 March Kinnevik's Board of Directors appointed Mia Brunell as President and Chief Executive Officer of Kinnevik effective 1 August 2006.

Dividends received amounted to SEK 0 million (235) and the change in fair value of financial assets amounted to SEK 171 million (0) referring to convertible in Invik. The net of other financial income and expenses was income of SEK 38 million (69).

The Parent Company's profit after financial items was SEK 180 million (297).

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

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 367 million at 31 March 2006 and SEK 364 million at 31 December 2005.

The Parent Company's interest-bearing external liabilities amounted to SEK 4,520 million at 31 March 2006 and SEK 4,620 million at 31 December 2005.

ACCOUNTING PRINCIPLES

In preparing the consolidated financial statements, International Financial Reporting Standards (IFRS), as adopted by the EU, are applied from 2005. This report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting in accordance with the requirements imposed by recommendation RR 1, Interim reports for corporate groups, of the Swedish Financial Accounting Standards Council.

The accounting principles applied in this report are similar to those described in the annual report for 2005, with the exception of the valuation of financial assets at fair value through profit and loss in the Parent Company's financial statements. These were earlier reported at cost. As in the past, shares and participations in listed associated companies are reported at acquisition value in the Parent Company's financial statements.

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.

Further details on how and when to register are available on the Company's website.

FINANCIAL REPORTS

The interim report for the period January – June 2006 will be published on 24 July 2006.

Stockholm 24 April 2006

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)

	2006	2005	2005
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Revenue	1,245	1,117	4,618
Cost of goods and services	<u>- 1,042</u>	<u>- 952</u>	<u>- 4,085</u>
Gross profit	203	165	533
Selling, administration, research and development costs	- 86	- 71	- 309
Other operating income	28	22	151
Other operating expenses	- 14	- 3	- 28
Share of profit/loss of associates accounted for using the equity method	<u>9</u>	<u>9</u>	<u>6</u>
Operating profit	140	122	353
Dividends received	-	-	630
Change in fair value of financial assets	7,292	- 454	3,893
Interest income and other financial income	8	15	30
Interest expenses and other financial expenses	<u>- 61</u>	<u>- 65</u>	<u>- 259</u>
Profit / loss after financial items	7,379	- 382	4,647
Taxes	<u>- 20</u>	<u>- 100</u>	<u>- 224</u>
Net profit / loss for the period from continuing operations	7,359	- 482	4,423
Net profit / loss from discontinued operations			
- Invik	-	25	108
- Korsnäs Packaging	<u>- 6</u>	<u>- 6</u>	<u>- 434</u>
Net profit / loss for the period	<u>7,353</u>	<u>- 463</u>	<u>4,097</u>
Earnings per share before and after dilution, SEK:			
- from continuing operations	27.88	- 1.83	16.75
- from discontinued operations	- 0.02	0.07	- 1.23
Average number of shares before / after dilution	263,981,930	263,981,939	263,981,932

CONSOLIDATED CASH-FLOW STATEMENT (SEK million)

	2006	2005	2005
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Operating profit	140	122	353
Adjustment for non-cash items	64	52	327
Taxes paid	<u>42</u>	<u>9</u>	<u>- 369</u>
Cash flow from operations before change in working capital	246	183	311
Change in working capital	<u>36</u>	<u>- 277</u>	<u>- 259</u>
Cash flow from operations	282	- 94	52
Investments in tangible and biological fixed assets	- 23	- 139	- 442
Sales of tangible and biological fixed assets	1	1	75
Investments in shares and other securities	- 106	- 256	- 677
Sales of shares and other securities	1	33	638
Dividend received	-	-	648
Change in loan receivables	1	0	16
Interest received	<u>4</u>	<u>14</u>	<u>8</u>
Cash flow from investing activities	- 122	- 347	266
Change in interest-bearing liabilities	- 83	534	276
Interest paid	- 52	- 67	- 244
Dividend paid	<u>-</u>	<u>-</u>	<u>- 66</u>
Cash flow from financing activities	- 135	467	- 34
Total cash flow from continuing operations	25	26	284
Amortisation on loan from Invik	-	- 95	- 158
Cash flow in Korsnäs Packaging	12	- 7	- 28
Lending to Korsnäs Packaging	<u>- 98</u>	<u>- 74</u>	<u>- 181</u>
Cash flow from discontinued operations	- 86	- 176	- 367
Cash flow for the period	- 61	- 150	- 83
Exchange rate differences in liquid funds	- 2	5	14
Cash and bank, opening balance	212	281	281
Cash and bank, closing balance	149	136	212

REVIEW OF THE GROUP (SEK million)

	2006	2005	2005
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Distribution of revenue by business area			
Korsnäs Industrial	1,049	919	3,858
Korsnäs Forestry	456	445	1,741
Eliminations within Korsnäs	<u>- 275</u>	<u>- 263</u>	<u>-1,043</u>
Total Korsnäs	1,230	1,101	4,556
Mellersta Sveriges Lantbruk	13	14	52
Parent Company and other	5	6	22
Eliminations	<u>- 3</u>	<u>- 4</u>	<u>- 12</u>
Total revenue	<u><u>1,245</u></u>	<u><u>1,117</u></u>	<u><u>4,618</u></u>
Operating profit / loss by business area			
Korsnäs Industrial	163	120	314
Korsnäs Forestry	<u>5</u>	<u>9</u>	<u>62</u>
Total Korsnäs	168	129	376
Mellersta Sveriges Lantbruk	1	2	8
Parent Company and other	<u>- 29</u>	<u>- 6</u>	<u>- 31</u>
Eliminations	<u>0</u>	<u>- 3</u>	<u>0</u>
Total operating profit	<u><u>140</u></u>	<u><u>122</u></u>	<u><u>353</u></u>

CONSOLIDATED BALANCE SHEET (SEK million)

	2006 31 March	2005 31 March	2005 31 December
Fixed assets			
Intangible assets	17	17	17
Tangible and biological fixed assets	3,786	4,416	3,851
Financial assets accounted to fair value through profit and loss	33,597	22,176	26,318
<i>whereof interest-bearing</i>	268	533	270
Investment in companies accounted for using the equity method	186	152	70
Other fixed assets	19	29	21
Deferred tax assets	0	43	0
	<u>37,605</u>	<u>26,833</u>	<u>30,277</u>
Current assets			
Inventories	994	1,177	994
Trade and other receivables	569	728	636
Prepayments	60	72	27
Short-term investments	0	18	3
Cash and cash equivalents	109	136	185
	<u>1,732</u>	<u>2,131</u>	<u>1,845</u>
Total assets continuing operations	39,337	28,964	32,122
Assets held for sale*	<u>1,040</u>	<u>7,043</u>	<u>1,135</u>
Total assets	<u>40,377</u>	<u>36,007</u>	<u>33,257</u>
Shareholders' equity and liabilities			
Equity attributable to equity holders of the Parent Company	30,662	19,652	23,315
Long-term liabilities			
Interest-bearing loans	6,617	7,183	6,882
Provisions for pensions	478	668	478
Other provisions	166	84	177
Deferred tax liability	721	970	727
Other liabilities	4	4	4
	<u>7,986</u>	<u>8,909</u>	<u>8,268</u>
Short-term liabilities			
Interest-bearing loans	433	113	347
Provisions	48	19	58
Trade and other payables	850	998	813
Income tax payable	29	26	12
Prepaid income	22	1	2
	<u>1,382</u>	<u>1,157</u>	<u>1,232</u>
Total liabilities continuing operations	9,368	10,066	9,500
Liabilities directly associated with the assets held for sale*	<u>347</u>	<u>6,289</u>	<u>442</u>
Total shareholders' equity and liabilities	<u>40,377</u>	<u>36,007</u>	<u>33,257</u>

* Korsnäs Packaging as at 31 March 2006 and 31 December 2005. Invik as at 31 March 2005.

KEY RATIOS

	2006	2005	2005
	31 March	31 March	31 December
Debt/equity ratio	0.2	0.4	0.3
Equity ratio	76%	55%	70%
Net debt	7,151	7,277	7,249

MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK million)

	2006	2005	2005
	1 Jan. - 31 Mar.	1 Jan. - 31 Mar.	Full year
Opening balance	23,315	20,109	20,109
Translation differences	- 6	6	33
Cash dividend	-	-	- 66
Distribution in kind	-	-	- 858
Net profit/loss for the period	7,353	- 463	4,097
Closing amount	<u>30,662</u>	<u>19,652</u>	<u>23,315</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 revenue.
Operational capital employed	Average of intangible and tangible fixed assets, investment in companies accounted for using the equity method, inventories and short-term non-interest bearing receivables less other provisions and short-term non-interest bearing liabilities.
Return on operational capital employed	Operating profit after depreciation divided by operational capital employed.

FINANCIAL KEY RATIOS, BUSINESS AREAS

	2006	2005	2005	2005	2005	2005
Revenue (SEK million)	Q1	Full year	Q 4	Q 3	Q 2	Q 1
Korsnäs Industrial	1,049	3,858	985	993	961	919
Korsnäs Forestry	456	1,741	483	391	422	445
Korsnäs Packaging	279	1,289	297	354	348	290
Eliminations within Korsnäs Holding	- 290	- 1,122	- 298	- 278	- 259	- 287
Total Korsnäs Holding	1,494	5,766	1,467	1,460	1,472	1,367
Mellersta Sveriges Lantbruk	13	52	11	14	13	14

Operating profit / loss before depreciation (EBITDA) (SEK million)

Korsnäs Industrial	247	645	103	259	83	200
Korsnäs Forestry	7	73	46	4	11	12
Korsnäs Packaging	11	12	- 18	- 1	20	11
Total Korsnäs Holding	265	730	131	262	114	223
Mellersta Sveriges Lantbruk	3	15	7	4	0	4

Operating profit / loss after depreciation (EBITDA) (SEK million)

Korsnäs Industrial	163	314	15	176	3	120
Korsnäs Forestry	5	62	43	2	8	9
Korsnäs Packaging	- 4	- 414	- 398	- 17	5	- 4
Total Korsnäs Holding	164	- 38	- 340	161	16	125
Mellersta Sveriges Lantbruk	1	8	5	2	- 1	2

Operating margin

Korsnäs Industrial	15.5%	8.1%	1.5%	17.7%	0.3%	13.1%
Korsnäs Forestry	1.1%	3.6%	8.9%	0.5%	1.9%	2.0%
Korsnäs Packaging	- 1.4%	-32.1%	-134.0%	- 4.8%	1.4%	- 1.4%
Korsnäs Holding	11.0%	- 0.7%	- 23.2%	11.0%	1.1%	9.1%
Mellersta Sveriges Lantbruk	7.7%	15.4%	45.5%	14.3%	- 7.7%	14.3%

Operational capital employed (SEK million)

Korsnäs Industrial	4,144	4,229	4,272	4,349	4,325	4,123
Korsnäs Forestry	243	238	248	251	229	228
Korsnäs Packaging	615	723	693	786	766	722
Korsnäs Holding	5,002	5,190	5,214	5,386	5,320	5,072
Mellersta Sveriges Lantbruk	273	203	220	192	185	204

Return on operational capital employed

Korsnäs Industrial	15.7%	7.4%	1.4%	16.2%	0.3%	11.6%
Korsnäs Forestry	8.2%	26.1%	69.4%	3.2%	14.0%	15.8%
Korsnäs Packaging	neg.	neg.	neg.	neg.	2.6%	neg.
Korsnäs Holding	13.1%	neg.	neg.	12.0%	1.2%	9.9%
Mellersta Sveriges Lantbruk	1.5%	3.9%	9.1%	4.2%	neg.	3.9%

Korsnäs Industrial

Production, thousand tons	181	664	177	180	134	173
Deliveries, thousand tons	177	671	168	170	169	164