

Investment AB Kinnevik

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INTERIM REPORT 2005 1 JANUARY – 31 MARCH

- Net sales for the first quarter of the year amounted to SEK 1,383 million (1,438). Since the Board has proposed to the Annual General Meeting that all shares in Invik & Co. AB ("Invik") shall be distributed to Kinnevik's shareholders, Invik is reported as discontinued operations and is not included in figures above. Total turnover in Invik increased for the first quarter to SEK 354 million (pro forma first quarter 2004 SEK 309 million).
- Korsnäs Holding reported an operating profit of SEK 125 million (286). The comparative figures for 2004 include earnings of about SEK 60 million from felling in own forests during the first quarter.
- The market value of the Group's holdings of listed securities declined during the first quarter by SEK 454 million and on 31 March 2005 amounted to SEK 21,434 million. The change in value is reported in the consolidated income statement in accordance with International Financial Reporting Standards ("IFRS").
- Including the decrease of SEK 454 million (decrease of 127) in the value of its listed holdings, the Group reported a loss after tax of SEK 463 million (loss of 2).
- The loss per share for continuing operations was SEK 1.85 (loss of 0.01).
- The recalculation of the opening balance per 1 January 2004 and of the comparative figures for the first quarter of 2004 to conform with IFRS is described in appendix 1.
- Invik's interim report for the first quarter of 2005 is included as appendix 2 of this interim report.

MANAGEMENT

Kinnevik's Board of Directors proposes to the Annual General Meeting to be held on 12 May a non-cash dividend in the form of a distribution of all shares in Invik & Co. AB ("Invik") (former Modern Finance Group). In addition to the non-cash dividend of shares in Invik the Board of Directors also proposes a cash dividend of SEK 0.25 per share.

It is intended that the dividend of Invik be completed during the second half of 2005. In accordance with the main rule (Lex Asea), receipt of Invik shares does not give rise to any taxation for Kinnevik's shareholders.

The Board proposes that shareholders receive one class A share in Invik for each ten class A shares held in Kinnevik, and one class B share in Invik for each ten class B shares held in Kinnevik. Application for a listing of class B shares on the O-list of the Stockholm Stock Exchange will be submitted. However, the spread of ownership for class A shares will not be sufficient for a listing. Invik's Articles of Association will thus permit continual reclassification of class A to class B shares to the extent requested by holders of class A shares.

In March Kinnevik subscribed for SEK 235 million of convertible debentures in Invik, which could be converted into a combination of Invik class A and class B shares that at full conversion would provide Kinnevik with an ownership representing 14.6% of the capital. Depending on the combination of class A and class B shares, Kinnevik would hold about 25% of the votes. The convertible debentures are shown under Long-term interest bearing receivables in the consolidated balance sheet as of 31 March 2005 and are included among receivables/liabilities between Kinnevik and Invik that are eliminated in the consolidated balance sheet. A more detailed description of the terms and conditions of the distribution will be provided in the information brochure that will be sent to the Company's shareholders prior to the Annual General Meeting on 12 May 2005.

Given the background of the Board's decision to propose to the Annual General Meeting that a non-cash dividend of the shares in Invik be made, Invik's assets and liabilities are, in accordance with IFRS, reported separately from Kinnevik's in the consolidated balance sheet for the Group from and

including this interim report. In the consolidated income statement Invik's net profit is reported under profit from discontinued operations. A complete interim report from Invik is included as appendix 2 of this interim report.

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 negative real return of 2.2% 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") and Transcom WorldWide ("Transcom").

The market value of the Group's holding of listed securities declined during the first quarter by SEK 454 million and amounted to SEK 21,434 million on 31 March 2005. The change in value is shown in the consolidated income statement in accordance with IFRS.

In January 2005, a cash sum of SEK 235 million was paid for the convertible bond in Millicom, which is shown under Long-term interest-bearing receivables in the consolidated balance sheet. The convertible bond extends for a period of five years at a 4% interest rate and has a conversion rate of USD 34.86 per share.

During the first quarter, Kinnevik sold 536,300 class B shares in Transcom for SEK 20 million and acquired 536,300 class A shares for SEK 19 million.

During the first quarter, 1,282,000 shares in AcandoFrontec were sold at an average price of SEK 8.39 per share.

CONSOLIDATED RESULT FOR THE FIRST QUARTER

Net sales for the first quarter amounted to SEK 1,383 million compared with SEK 1,438 million in the preceding year. The decrease was mainly due to weaker demand for Korsnäs Industrial's products.

Operating profit amounted to SEK 118 million (276). The comparative figures for 2004 include earnings of about SEK 60 million from felling in own forests during the first quarter. Otherwise, the decline in earnings was due primarily to costs deriving from the stoppage of paper machine 4 in conjunction with rebuilding measures and higher costs for

BOOK VALUE OF LISTED AND UNLISTED HOLDINGS, AND MARKET VALUE OF LISTED HOLDINGS ¹⁾

	A shares	B shares	Equity interest (%)	Voting interest (%)	31 March 2005 (SEK m)	Change since 31 Dec. 2004 (SEK m) (%)	
Listed holdings							
Tele2	11,276,743	30,550,432	28.3	49.9	9,767	- 1,150	- 11%
Millicom International Cellular	35,142,535		35.7	35.7	5,026	- 193	- 4%
Metro International	96,454,191	115,229,193	40.3	36.6	3,535	318	10%
Modern Times Group MTG	9,710,886	224,125	15.0	47.2	2,126	328	18%
Transcom WorldWide	12,476,543	2,438,479	20.7	34.6	674	142	27%
Cherryföretagen ²⁾	1,402,500	7,378,249	28.1	26.2	280	97	53%
Viking Telecom	7,037,952		29.3	29.3	19	0	3%
AcandoFrontec		845,580	1.5	1.1	7	2	39%
Total listed holdings					<u>21,434</u>	<u>- 456</u>	<u>- 2%</u>
Unlisted holdings							
Korsnäs Holding			100	100	4,878		
Invik ³⁾			100	100	754		
Mellersta Sveriges Lantbruk			100	100	200		
Other assets and liabilities ⁴⁾					- 337		
Total unlisted holdings					<u>5,495</u>		
Interest bearing net debt (excluding Invik)					<u>- 7,277</u>		
Total equity					<u>19,652</u>		

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

²⁾ After the new issue decided by the Annual General Meeting on 18 April 2005, Kinnevik holds 23.1% of the capital and 24.2% of the votes in Cherryföretagen.

³⁾ Amounted to SEK 961 million according to IFRS as of 31 December 2004. The difference between SEK 961 million at 31 December 2004 and SEK 754 million at 31 March 2005 comprises mainly the SEK 235 million dividend Kinnevik received from Invik during the first quarter (funds that were subsequently invested in a convertible loan to Invik) and Invik's profit of SEK 25 million during the period in Kinnevik's accounts.

⁴⁾ Consist mainly of deferred tax liability.

energy, raw materials and chemicals in combination with lower sales and a deterioration in product mix due to the stoppage of paper machine 4.

The change in the value of listed securities amounted to an overall decrease of SEK 454 million (decrease of 127), of which Tele2 showed a decrease of SEK 1,150 million (decrease of 1,086), Millicom a decrease of SEK 193 million (increase of 1,066), Metro an increase of SEK 318 million (decrease of 209), MTG an increase of SEK 328 million (decrease of 32), Transcom an increase of SEK 142 million (increase of 25) and Cherryföretagen an increase of SEK 97 million (increase of 63).

Other financial income and expenses amounted net to an expense of SEK 54 million (expense of 85), of which net interest expenses were SEK 56 million (expense of 73) and exchange rate differences were a gain of SEK 11 million (gain of 5).

The Group reported a loss after financial items of SEK 390 million (profit of 64).

The Group's earnings has been charged with SEK 89 million in deferred tax expenses related to 2004, see under Events after the end of the period.

EARNINGS PER SHARE

The loss per share from continuing operations was SEK 1.85 (loss 0.01). The total number of shares outstanding at 31 March 2005 was 263,981,939, of which 50,197,052 were class A shares and 213,784,887 class B shares. In addition Kinnevik holds treasury stock comprising 3,914,300 of its own class A shares.

FINANCIAL POSITION AND INVESTMENTS

The Group's liquidity reserve excluding funds in Invik, comprising cash, bank, short-term invest-

ments and unutilized credit facilities, totaled SEK 521 million at 31 March 2005 and SEK 1,203 million at 31 December 2004.

The Group's interest-bearing net debt, excluding funds in Invik, totaled SEK 7,277 million at 31 March and SEK 7,168 million at 31 December 2004.

The average interest cost for the first quarter of the year amounted to 3.0% (4.3%) (calculated as interest expense in relation to average interest-bearing liabilities).

The Group's cash flow from current operations amounted in the first quarter to a negative SEK 260 million (positive 225). The decline compared with the first quarter of 2004 is attributable to lower operating profit, a sharp increase in working capital - which was temporarily at a low level at year-end 2004 due to high accounts payable - and the payment to Invik of SEK 95 million during the first quarter of 2005.

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. - 31 March 2005		
Millicom	convertible bond	235
Metro A	100,000	2
Transcom A	536,300	19
		<u>256</u>

1 Jan. - 31 March 2004
No investments

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

1 Jan. - 31 March 2004
No sales

Investments in intangible and tangible fixed assets amounted to SEK 200 million (31) for the first quarter of the year.

The Group's equity/assets ratio, excluding Invik, was 65% at the end of March compared to 66% 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 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). In March 2004, Korsnäs completed the sale of its Swedish forest holdings to Bergvik Skog, a company in which Korsnäs holds 5% of the shares.

Net sales for the Korsnäs Holding Group for the first three months of the year totaled SEK 1,367 million (1,431), with operating profit amounting to SEK 125 million (286).

Korsnäs Industrial

Generally, the first quarter was characterized by weaker demand for Korsnäs' products, compared with the corresponding quarter of 2004. A less successful product mix due to the stoppage of paper machine 4 led to the average price paid for Korsnäs' products deteriorated slightly, compared with 2004. The market for sack and kraft paper strengthened during the beginning of the period but returned to show relatively weak demand later. Prices remain at a low level. In the market for White Top Liner, which remains cautious, Korsnäs strengthened its positions in Europe during the period. Prices were stable. Outside Europe, delivery volumes increased slightly. Demand for liquid packaging board, which was weaker than normal at the beginning of the period, showed a slight improvement later. Demand for fluff pulp remained stable during the period, but prices weakened as a result of the lower USD exchange rate, compared with the first quarter of the preceding year. Taken as a whole, price chan-

ges and delivery levels resulted in revenues being about 7% lower than the first quarter of 2004. Total production for Korsnäs during the period amounted to 173,000 tons, down 4% compared with first quarter of 2004. The rebuild of paper machine 4, including the installation of coating equipment, commenced in mid-March and is progressing according to plan. In other respects, production outcome was favorable and exceeded expectations.

The costs for the stoppage on paper machine 4 were charged against earnings for the period. The costs for energy, raw materials and chemicals were higher than in the corresponding quarter of 2004. This, in combination with lower sales and the poorer product mix, led to a deterioration in earnings. A program of measures to improve margins is under preparation and will be implemented on a gradual basis.

Net sales for Korsnäs Industrial totaled SEK 919 million (992) for the first quarter, with operating profit amounting to SEK 120 million (212).

Korsnäs Forestry

The timber market was impacted by the extensive volume of storm-felled trees in the wake of the hurricane in southern Sweden in January. Korsnäs is contributing resources to the affected areas, where such measures are commercially warranted. The market prices for soft pulpwood remained constant during the quarter, but have fallen since 1 April as a result of the storm. The price of hard pulpwood remains high. Import prices are still high but began to decline for soft pulpwood during the latter part of the period. Inventories are in balance at the planned low level. Imports during the quarter were adversely affected by extensive ice formation, but Korsnäs Industrial supplies were unaffected. Felling in Latvia was slightly behind schedule due to the storm. Construction work at the pellets plant, in which Korsnäs has a minority holding, is nearing completion and production is estimated to start in the latter part of April.

Net sales for Korsnäs Forestry totaled SEK 445 million (418) in the first quarter, and operating profit was SEK 9 million (67). The comparative figures for 2004 include earnings of about SEK 60 million from felling in the company's own forests during the first quarter up to the divestment to Bergvik Skog.

Korsnäs Packaging

The market situation for Korsnäs Packaging remained weak during the first quarter. Demand was negatively affected by the severe winter in large areas of Europe. Delivery volumes rose in Eastern Europe, while demand for paper sacks in Western Europe shows no sign of recovery. As a result of tough competition, sales prices remained under pressure in all markets, resulting in low gross margins.

During the quarter, the plant in Germany was modernized, with investment in a new converting line. As a result of the rebuilding program, production was significantly lower than usual, which had an adverse effect on Korsnäs Packaging's earnings for the quarter. The investment in a new converting line, which will result in reduced production costs in Germany, will already have a positive effect on earnings during the remaining months of 2005. Production capacity has been increased in Eastern Europe by transferring two converting lines from Germany to Romania and Ukraine.

Net sales for Korsnäs Packaging totaled SEK 290 million (302) for the first quarter of the year, with operating loss amounting to SEK 4 million (profit of 7).

INVIK & CO.

Developments within Invik's business areas are described in the Invik interim report, which is included as appendix 2 to this interim report.

MELLERSTA SVERIGES LANTBRUK

As a result of the young shoots being carefully prepared in advance, the severe winter conditions did only marginally affect the development of autumn-sown seedlings in Poland and Sweden. However as a result of areas retaining their snow covering well into March, spring sowing was delayed and unable to be concluded before April.

An abundant supply of grain depressed prices throughout Europe. The level is currently at the EU's intervention price. Most of the 2004 harvest from Rolnyvik in Poland is sold at this level. The prices for ecological shoots from Ullevi in Sweden are also very low, which had a negative effect on profit from the sale of the 2004 harvest.

The program to reduce the workforce in Poland is continuing, which means that about ten employees will leave the company during 2005.

Net sales for Mellersta Sveriges Lantbruk totaled SEK 14 million (5) in the first quarter and operating profit was SEK 2 million (loss of 3).

TELE2

The market value of Kinnevik's holding of shares in Tele2 totaled SEK 9,767 million at 31 March 2005. The Tele2 share is listed on Stockholm Stock Exchange's O-list and is included in the Attract 40 segment, and on NASDAQ in New York.

Tele2 is Europe's leading alternative telecom operator, offering fixed and mobile telephony as well as datanet and Internet services to 28.7 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 quarter amounted to SEK 11,579 million (10,379) and earnings after financial items were SEK 759 million (999).

MILlicom INTERNATIONAL CELLULAR

The market value of Kinnevik's shareholding in Millicom amounted to SEK 5,026 million at 31 March 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 399

million inhabitants. On 31 March 2005, the total number of subscribers in these companies was 8.5 (5.9) million, up 45% over the previous 12-month period. On a proportional basis in relation to Millicom's equity interests, the subscriber base was 6.0 (4.1) million, an increase of 44%.

Net sales for the first quarter amounted to USD 268.9 million (213.9) and earnings after net financial items were USD 1.2 million (36.3).

METRO INTERNATIONAL

The market value of Kinnevik's shareholding in Metro amounted to SEK 3,535 million on 31 March 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 55 editions published in 17 countries across Europe, North and South America and Asia. The newspapers are distributed free of charge, with income generated from sales of advertising space. Metro attracts a readership of 15.2 million daily.

Net sales for the first quarter amounted to USD 84.1 million (65.8) and the profit after net financial items was USD 6.9 million (loss of 4.6).

MODERN TIMES GROUP MTG

The market value of Kinnevik's shareholding in MTG amounted to SEK 2,126 million on 31 March 2005. MTG's shares are listed on Stockholm Stock Exchange's O-list, where they are included in the Attract 40 segment.

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

Net sales for the first quarter amounted to SEK 1,742 million (1,571) and the profit after net financial items were SEK 542 million (63).

TRANSCOM WORLDWIDE

The market value of Kinnevik's shareholding in Transcom amounted to SEK 674 million on 31 March 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 41 service centers and more than 10,600 employees delivering services to 23 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 quarter amounted to EUR 106.7 million (88.7) and the profit after net financial items was EUR 7.8 million (5.0).

CHERRYFÖRETAGEN

The market value of Kinnevik's shareholding in Cherry amounted to SEK 280 million on 31 March 2005. Cherry's shares are listed on the Stockholm Stock Exchange's O-list.

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

VIKING TELECOM

The market value of Kinnevik's holding of shares in Viking Telecom amounted to SEK 19 million on 31 March 2005. Viking Telecom's shares are listed on the Stockholm Stock Exchange's O-list.

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

Net sales for the first quarter amounted to SEK 5 million (12) and the loss after financial items was SEK 5 million (loss of 4).

PARENT COMPANY

The Parent Company's net sales amounted to SEK 3 million (3) and administrative expenses totaled SEK 13 million (11).

The Parent Company's profit after financial items was SEK 297 million (loss of 36).

Fixed capital expenditure amounted to SEK 0 million (0).

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 317 million at the end of March compared to SEK 864 million at 31 December 2004.

The Parent Company's interest-bearing external liabilities amounted to SEK 4,384 million at the end of March compared to SEK 3,885 million at 31 December 2004.

ACCOUNTING PRINCIPLES

This interim report for the Group was prepared in accordance with 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 interim report for the Parent Company has been prepared in accordance with RR 32, Reporting for legal entities.

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 shareholders' equity at the beginning of 2004 of the restatement in accordance with the new principles and the effects on comparative figures regarding the results for the first quarter of 2004 and shareholders' equity at the end of the quarter are described in Appendix 1 to this interim report. Comparable information regarding earnings for full-year 2004 and shareholders' equity at the end of 2004 is provided in the 2004 Annual Report in Note 38 and in the year-end report for 2004, pages 19-20.

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.

EVENTS AFTER THE END OF THE PERIOD

On 12 April the Administrative Court of Appeal issued a ruling with regard to the tax dispute involving the associated company SCD Invest AB with subsidiaries. The Administrative Court of Appeal's ruling was against Kinnevik and, consequently, the

Group's earnings in the first quarter of 2005 has been charged with SEK 89 million in deferred tax expenses related to the 2004 fiscal year. The ruling did not result in any payment of tax. The case that was decided in the Administrative Court of Appeal dealt with the size of the tax loss carryforwards in SCD Invest AB with subsidiaries, in which the National Tax Board challenged tax loss carryforwards amounting to SEK 1,585 million. The County Administrative Court ruled on the case in 2003, which was in SCD Invest's favor. In its ruling, however, the Administrative Court of Appeal found that tax loss carryforwards were limited to SEK 72 million as a result of the ownership changes that occurred in SCD Invest AB during 1997. SCD Invest is considering submitting a request to the Supreme Administrative Court for leave to appeal.

ANNUAL GENERAL MEETING

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

NEXT FINANCIAL REPORT

The interim report for the period January – June 2005 will be published on 26 July 2005.

Stockholm, 26 April 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 and Transcom WorldWide. Kinnevik plays an active role on the Boards of its listed holdings.

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

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

CONSOLIDATED INCOME STATEMENT (SEK MILLION)

	2005	2004	2004
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Net sales	1,383	1,438	5,713
Cost of goods and services	<u>- 1,171</u>	<u>- 1,084</u>	<u>- 4,580</u>
Gross profit	212	354	1,133
Selling, administration, research and development costs	- 123	- 118	- 499
Other operating income	24	36	936
Other operating expenses	- 5	- 6	- 40
Result from participations in associated companies	<u>10</u>	<u>10</u>	<u>21</u>
Operating profit	118	276	1,551
Dividends from listed holdings	-	-	92
Change in value of listed holdings	- 454	- 127	- 2,537
Interest income and other financial income	13	18	23
Interest expenses and other financial expenses	<u>- 67</u>	<u>- 103</u>	<u>- 328</u>
Profit/loss after financial items	- 390	64	- 1,199
Taxes	<u>- 98</u>	<u>- 66</u>	<u>- 274</u>
Net loss for the period from continuing operations	- 488	- 2	- 1,473
Net profit from discontinued operations (Invik)	<u>25</u> *)	<u>-</u>	<u>56</u>
Net loss for the period	<u>- 463</u>	<u>- 2</u>	<u>- 1,417</u>

Earnings per share before and after dilution, SEK:

- from continuing operations	- 1.85	- 0.01	- 6.08
- from discontinued operations	0.09	-	0.23
Total number of shares before and after dilution	263,981,939	220,285,370	242,133,655

*) According to Invik's accounts net profit for the period 1 January – 31 March 2005 amounted to SEK 22 million. Difference is due to that Kinnevik has ceased to depreciate Invik's fixed assets after decision was taken by the Board to propose a spin-off of Invik on 17 February 2005.

REVIEW OF THE GROUP (SEK MILLION)

	2005	2004	2004
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Distribution of net sales by business area			
Korsnäs Industrial	919	992	3,807
Korsnäs Forestry	445	418	1,754
Korsnäs Packaging	290	302	1,252
Eliminations within Korsnäs Holding	- 287	- 281	- 1,149
Total Korsnäs Holding	1,367	1,431	5,664
Mellersta Sveriges Lantbruk	14	5	32
Parent Company and other	6	6	22
Eliminations	- 4	- 4	- 5
Total net sales	1,383	1,438	5,713
Operating profit by business area			
Korsnäs Industrial	120	212	656
Korsnäs Forestry	9	67	85
Korsnäs Packaging	- 4	7	25
Total Korsnäs Holding	125	286	766
Mellersta Sveriges Lantbruk	2	- 3	7
Parent Company and other	- 6	- 7	781
Eliminations	- 3	0	- 3
Total operating profit	118	276	1,551

CONSOLIDATED CASH-FLOW STATEMENT (SEK MILLION)

	2005	2004	2004
	1 Jan. - 31 March	1 Jan. - 31 March	Full year
Cash flow in operations before change in working capital, excluding Invik	135	266	826
Change in working capital	- 300	- 41	307
Cash flow from (to) Invik	- 95	-	- 30
Cash flow from operations	- 260	225	1,103
Sales of subsidiaries	-	3,050	3,050
Investments in intangible and tangible fixed assets	- 200	- 31	- 512
Investments in financial fixed assets	- 256	- 43	- 1,037
Sales of fixed assets	33	- 1	124
Cash flow from investing activities	- 423	2,975	1,625
Change in interest-bearing liabilities	533	- 3,233	- 2,314
Cash dividend	-	-	- 346
Cash flow from financing activities	533	- 3,233	- 2,660
Cash flow for the period	- 150	- 33	68
Cash and bank, opening balance	281	215	215
Exchange rate differences in liquid funds	5	2	- 2
Cash and bank, closing balance, excluding Invik	136	184	281

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	2005 31 March	2004 31 March	2004 31 Dec.
Fixed assets			
Intangible assets	17	17	101
Tangible assets	4,416	4,174	4,328
Shares in associated companies and other companies	21,795	19,170	22,257
Deferred tax assets	43	0	42
Long-term interest-bearing receivables	533	286	73
Long-term non-interest-bearing receivables	<u>29</u>	<u>41</u>	<u>569</u>
	26,833	23,688	27,370
Current assets			
Inventories	1,177	1,025	1,183
Short-term interest-bearing receivables	–	–	1,333
Short-term non-interest-bearing receivables	800	849	1,169
Short-term investments	18	13	2,568
Cash and bank	<u>136</u>	<u>184</u>	<u>1,170</u>
	2,131	2,071	7,423
Invik's assets	7,541		
Elimination of intra group receivables between Kinnevik and Invik *)	<u>– 498</u>		
Total assets	<u><u>36,007</u></u>	<u><u>25,759</u></u>	<u><u>34,793</u></u>
Shareholders' equity	19,652	19,065	20,109
Provisions			
Provisions for pensions	668	707	672
Deferred tax liability	970	847	885
Other provisions	<u>103</u>	<u>117</u>	<u>129</u>
	1,741	1,671	1,686
Long-term liabilities			
Interest-bearing liabilities	7,183	4,146	6,840
Non-interest-bearing liabilities	<u>4</u>	<u>4</u>	<u>548</u>
	7,187	4,150	7,388
Short-term liabilities			
Interest-bearing liabilities	113	–	2,641
Non-interest-bearing liabilities	<u>1,025</u>	<u>873</u>	<u>2,969</u>
	1,138	873	5,610
Invik's provisions and liabilities	6,787		
Elimination of intra group liabilities between Kinnevik and Invik *)	<u>– 498</u>		
Total shareholders' equity, provisions and liabilities	<u><u>36,007</u></u>	<u><u>25,759</u></u>	<u><u>34,793</u></u>
KEY RATIOS			
Debt/equity ratio	0.4	0.3	0.5
Equity ratio	55%	74%	58%
Equity ratio excluding Invik	65%	74%	66%
Net debt excluding Invik	7,277	4,370	7,168

*) Consist of convertible loan of SEK 235 million that Invik has issued to Kinnevik and Invik's loan receivable on Kinnevik amounting to SEK 263 million as of 31 March 2005.

MOVEMENTS IN SHAREHOLDERS' EQUITY (SEK MILLION)

	2005	2004	2004
	1 Jan. -	1 Jan. -	Full year
	31 March	31 March	
Opening balance	20,109	19,082	19,082
Translation differences	6	- 15	6
Merger settlement	-	-	4,695
Elimination of cross-ownership in the merger	-	-	- 1,911
Cash dividend	-	-	- 346
Net profit for the period	- 463	- 2	- 1,417
Closing amount	<u>19,652</u>	<u>19,065</u>	<u>20,109</u>

DEFINITIONS OF KEY RATIOS

Debt/equity ratio	Interest-bearing liabilities and interest bearing provisions 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 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 divided by operational capital employed.

FINANCIAL KEY RATIOS, BUSINESS AREAS

	2005	2004	2004	2004	2004	2004
	Q1	Full year	Q4	Q3	Q2	Q1
Net sales (SEK million)						
Korsnäs Industrial	919	3,807	879	932	1,004	992
Korsnäs Forestry	445	1,754	504	425	407	418
Korsnäs Packaging	290	1,252	290	319	341	302
Eliminations within Korsnäs Holding	- 287	-1,149	- 278	- 290	- 300	- 281
Total Korsnäs Holding	1,367	5,664	1,395	1,386	1,452	1,431
Mellersta Sveriges Lantbruk	14	32	9	12	6	5
Operating profit (SEK million)						
Korsnäs Industrial	120	656	113	166	165	212
Korsnäs Forestry	9	85	16	1	1	67
Korsnäs Packaging	- 4	25	- 3	10	11	7
Total Korsnäs Holding	125	766	126	177	177	286
Mellersta Sveriges Lantbruk	2	7	3	0	7	- 3
Operating margin						
Korsnäs Industrial	13.1%	17.2%	12.9%	17.8%	16.4%	21.4%
Korsnäs Forestry	2.0%	4.8%	3.2%	0.2%	0.2%	16.0%
Korsnäs Packaging	- 1.4%	2.0%	- 1.0%	3.1%	3.2%	2.3%
Korsnäs Holding	9.1%	13.5%	9.0%	12.8%	12.2%	20.0%
Mellersta Sveriges Lantbruk	14.3%	21.9%	33.3%	0.0%	116.7%	- 60.0%
Operational capital employed (SEK million)						
Korsnäs Industrial and Forestry	4,351	4,814	4,191	4,221	4,248	5,722
Korsnäs Packaging	722	738	724	727	711	769
Korsnäs Holding	5,072	5,553	4,914	4,948	4,960	6,492
Mellersta Sveriges Lantbruk	204	186	202	191	177	169
Return on operational capital employed						
Korsnäs Industrial and Forestry	11.9%	15.4%	12.3%	15.8%	15.6%	19.5%
Korsnäs Packaging	neg.	3.4%	neg.	5.5%	6.2%	3.6%
Korsnäs Holding	9.9%	13.8%	10.3%	14.3%	14.3%	17.6%
Mellersta Sveriges Lantbruk	3.9%	3.8%	5.9%	0.0%	15.8%	neg.

**APPENDIX 1 RECALCULATION OF THE OPENING BALANCE AND FIRST QUARTER OF 2004
TO CONFORM WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Condensed consolidated balance sheet as of 1 January 2004

	According to financial statements 2003	Effect of IAS 19 Pensions ¹⁾	Effect of IFRS 3 Business Combi- nations	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS opening balance 1 Jan. 2004
Intangible fixed assets	21	–	– 4	–	–	17
Tangible fixed assets	6,816	–	–	–	468	7,284
Shares and participations in associated and other companies	11,406	–	–	7,079	–	18,485
Other fixed assets	1,019	–	–	114	–	1,133
Total fixed assets	19,262	–	– 4	7,193	468	26,919
Current assets	2,118	–	–	–	–	2,118
Total assets	21,380	–	– 4	7,193	468	29,037
Shareholders' equity	11,515	– 88	– 4	7,193	466	19,082
Provisions	1,623	88	–	–	2	1,713
Long-term liabilities	7,384	–	–	–	–	7,384
Short-term liabilities	858	–	–	–	–	858
Total shareholders' equity, provisions and liabilities	21,380	–	– 4	7,193	468	29,037

Condensed consolidated balance sheet as of 31 March 2004

	According to financial statements 31 March 2004	Effect of IFRS 3 Business Combi- nations	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS 31 March 2004
Intangible fixed assets	20	– 3	–	–	17
Tangible fixed assets	4,166	–	–	8	4,174
Shares and participations in associated and other companies	12,190	–	6,980	–	19,170
Other fixed assets	327	–	–	–	327
Total fixed assets	16,703	– 3	6,980	8	23,688
Current assets	2,071	–	–	–	2,071
Total assets	18,774	– 3	6,980	8	25,759
Shareholders' equity	12,082	– 3	6,980	6	19,065
Provisions	1,669	–	–	2	1,671
Long-term liabilities	4,150	–	–	–	4,150
Short-term liabilities	873	–	–	–	873
Total shareholders' equity, provisions and liabilities	18,774	– 3	6,980	8	25,759

Consolidated income statement for the period 1 January – 31 March 2004

	According to financial statements 1 Jan. - 31 March	Effect of IFRS 3 Business Combi- nations	Effect of IAS 28, 39 Financial assets ²⁾	Effect of IAS 41 Agri- culture ³⁾	In line with IFRS 1 Jan.- 31 March
Net sales	1,438	–	–	–	1,438
Cost of goods and services	<u>-1,084</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>-1,084</u>
Gross profit	354	–	–	–	354
Selling, administration, research and development expenses	– 118	–	–	–	– 118
Income from corporate development	461	–	–	– 461	–
Other operating income	35	–	–	1	36
Other operating expenses	– 7	1	–	–	– 6
Result from participations in associated companies	<u>–</u>	<u>–</u>	<u>10</u>	<u>–</u>	<u>10</u>
Operating profit	725	1	10	– 460	276
Result from participations in associated companies	2	–	– 2	–	–
Change in value of listed holdings	–	–	– 127	–	– 127
Interest income and other financial income	18	–	–	–	18
Interest expenses and other financial expenses	<u>– 103</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>– 103</u>
Profit after financial items	642	1	– 119	– 460	64
Taxes	<u>– 139</u>	<u>–</u>	<u>73</u>	<u>–</u>	<u>– 66</u>
Net profit/loss for the period	503	1	– 46	– 460	– 2
Earnings per share from continuing operations before and after dilution, SEK	2.28				– 0.01
Total number of shares before and after dilution	220,285,370				220,285,370

¹⁾ Was applied in the accounts already under Swedish GAAP with effect from 1 January 2004, why the change has no effect on income statement and balance sheet in 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 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.

INVIK & CO. AB



INTERIM REPORT, JANUARY 1 - MARCH 31, 2005

- The new Invik Group was formed during the autumn of 2004. Comparative figures indicated in paranthesis refer to corresponding period in preceding year in pro forma. This interim report has been prepared in accordance with IFRS, and the comparative figures have been restated to comply with the priciples applied in accordance with IFRS.
- The Kinnevik Board has proposed that the Annual General Meeting on May 12 should approve a distribution in kind of all shares in Invik & Co. AB ("Invik"). Providing Kinnevik's shareholders approve the Board's proposal on May 12, an application for listing on the Stockholm Stock Exchange O-List will be submitted in the early autumn of 2005.
- Total revenues for the first quarter amounted to SEK 353.7 million (309.3).
- Income after tax amounted to SEK 22.1 million (27.9).
- Earnings per share amounted to SEK 0.84 (1.06).
- During the quarter Modern Insurances Non-life reported a strong increase in premium revenues as well as strong earnings, with an increase of earnings before tax of more than 40%.
- Modern Insurances Life continues to enjoy strong growth, and sales of unit-linked insurance increased by 94% during the quarter, compared with the corresponding period in the preceding year.

	Q1 2005	Q1 2004 pro forma	Full year 2004 pro forma
CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)			
Total revenues	353.7	309.3	1,398.0
Total expenses	-320.4	-267.1	-1,240.0
Operating income	33.3	42.2	158.0
Profit before income tax	33.8	42.2	158.0
Income tax expenses	-11.6	-14.3	-57.0
Profit for the period	22.1	27.9	101.1
Earnings per share (SEK)	0.84	1.06	3.83

INVIK

Invik & Co. AB is the Parent Company of a financial Group containing six business areas: Modern Insurances Non-life, Modern Insurances Life, Modern Insurances Run-off, Fischer Partners, Invik Kapitalförvaltning and Banque Invik. The Parent Company conducts holding-company operations.

In February 2004, the Boards of Invik & Co. AB ("old Invik") and Industriförvaltnings AB Kinnevik ("old Kinnevik") decided to merge the two companies. As a result of the merger, old Kinnevik was absorbed into old Invik by means of a merger of joint stock companies pursuant to the Swedish Companies Act, in which old Kinnevik shares were exchanged for new shares in old Invik. The Extraordinary General Meetings in April approved the merger, which was finalized on July 28, 2004. In August, it was decided to change the name of the company from Invik & Co. AB to Investment AB Kinnevik ("Kinnevik"). After the merger, the subsidiary Modern Finance Group AB changed its name to Invik & Co. AB ("Invik") and financial operations in old Invik were subsequently transferred to Invik, which thus emerged as a sub-group of Kinnevik.

Kinnevik's Board has proposed that the Annual General meeting to be held on May 12 should approve a distribution in kind of all shares in Invik. The intention is that the distribution of Invik is to be implemented during the second half of 2005. In accordance with the main principle (Lex Asea), receipt of Invik shares does not involve any taxation for Kinnevik's shareholders.

The Kinnevik Board proposes that a shareholder should receive one class A share in Invik for each 10 class A shares in Kinnevik and one class B share in Invik for each 10 class B shares in Kinnevik. The application for listing the class B shares on the O-List of the Stockholm Stock Exchange will be submitted in early autumn of 2005. The ownership spread of the class A shares will not be sufficient for listing. Accordingly, Invik's Articles of Association will permit ongoing conversion of class A shares to class B shares to the extent that this is requested by holders of class A shares.

Kinnevik has subscribed for convertible

subordinated debentures for SEK 235 million which, on full conversion to Invik class A shares and class B shares would give Kinnevik ownership of 14.6% of the equity. Depending on the combination of class A shares and class B shares, Kinnevik would obtain approximately 25% of the votes. Information about the terms for the distribution will be provided in the information brochure distributed to Kinnevik's shareholders prior to the Annual General Meeting on May 12, 2005.

At Invik's Annual General Meeting on March 29, 2005, Johan Klingspor, Cristina Stenbeck, Vigo Carlund, Rickard von Horn, Wilhelm Klingspor and Erik Mitteregger were re-elected as Board members of Invik. Johan Klingspor was re-appointed as Chairman of the Board and Cristina Stenbeck was re-appointed Deputy Chairman. PricewaterhouseCoopers AB was elected auditor, with Magnus Svensson Henryson, Authorized Public Accountant, as auditor in charge.

CONSOLIDATED EARNINGS FOR THE FIRST QUARTER

Comparative figures indicated in parenthesis in this interim report refer to the corresponding period in the preceding year and are pro forma unless stated otherwise. See also the accounting principles for a description of the preparation of pro forma accounts.

Profit before tax for the first quarter amounted to SEK 33.8 million (42.2).

The reduction in profit during the first quarter was largely due to reduced activity on the Stockholm and Helsinki exchanges, which had a negative impact on Fischer Partners' revenues. In addition, the increase in sales achieved by Modern Insurances Life meant that increased sales costs are charged against income in the initial stages.

Profit after tax for the first quarter amounted to SEK 22.1 million (27.9).

EARNINGS PER SHARE

Earnings per share before and after dilution amounted to SEK 0.84 (1.06). The total number of shares outstanding amounted to 26,398,193 at March 31, 2005, of which 5,019,705 were class A shares and 21,378,488 were class B shares. The par value of the

share is SEK 5. One class A share entitles the holder to 10 votes, and one class B share entitles the holder to one vote. In other respects, the shares carry the equal rights to participate in the assets and profits of the company.

FINANCIAL POSITION

At the close of the period, Invik held convertible debentures in the amount of SEK 235 million issued to Kinnevik which, in the event of full conversion entitle to 4,519,230 shares in Invik. These loans, on which an annual rate of interest of 3.5% is payable, fall due for payment on December 30, 2011, providing they have not been converted prior to this date. Conversion at SEK 52 per share may be implemented from December 1, 2006 until November 30, 2011. Invik's business areas have their own lines of credit for operations. At the close of the period, Invik had claims on Kinnevik of SEK 263 million, of which SEK 150 million is long term, with a maturity of up to two years.

INFORMATION ABOUT PROPOSAL FOR INCENTIVE PROGRAM FOR SENIOR EXECUTIVES

The Board has proposed that the Kinnevik Annual General Meeting on May 12, 2005 should approve an incentive program for Invik. This program involves the issue of subordinate debenture with 1,390,000 detachable warrants. Each warrant carrying an entitlement to subscribe for one (1) Invik class B share. If all warrants are exercised for subscription for class B shares, Invik's share capital will increase by SEK 6,950,000, representing a dilution of 5% of the share capital and 2% of the votes, after full dilution. Assuming full conversion of the convertible which Invik has issued to Kinnevik, the dilution effect of the warrants amounts to 4.3% of the share capital and 1.8% of the votes. Employees will receive an offer to acquire warrants at a market value to be determined on the basis of Black and Schole's valuation model in accordance with the following principles: Category I: the President - not more than 247,111 warrants, Category II: heads of major business areas (approximately four persons) - not more than 123,555 options each, Category III: heads of smaller

business areas (approximately three persons) - not more than 61,777 warrants each, Category IV: other key personnel (approximately 20 persons) - not more than 30,888 warrants each. The subscription price for a class B share is to correspond to 115% of the average price paid for Invik's class B shares under a given period after Invik's listing on the Stockholm Stock Exchange.

PRESENTATION OF BUSINESS AREAS

INSURANCE OPERATIONS

Insurance operations comprise Modern Insurances Non-life, Modern Insurances Life and Modern Insurances Run-off.

Income before tax from insurance operations during the first quarter amounted to SEK 8.4 million (5.7).

MODERN INSURANCES NON-LIFE

Modern Insurances Non-life reported continued growth and a positive income trend, although the storm in southern Sweden in January and the tsunami disaster contributed to high claims costs. The gross premium written increased by 44% compared with the first quarter 2004 and amounted to SEK 336.2 million (233.9). The strongest growth was reported in the corporate insurance area. Launching of the Luxembourg-based "Atlantica Yacht Insurance" boat insurance concept has had a very favorable market reception.

The claims ratio was 81.8% (58.8), the expense ratio was 22.6% (27.5) and the combined ratio was 104.3% (86.3). If the impact of the January storm and the tsunami disaster is excluded, the claims ratio amounted to 60.9%. Pre-tax income amounted to SEK 18.6 million (13.3).

MODERN INSURANCES LIFE

Modern Insurances Life's sales of unit-linked insurance amounted to SEK 267.2 million (137.8). The Modern Duo endowment pension product has had a very positive response in the market and, in combination with a marked increase in sales in the occupational pension area, contributed to the satisfactory growth performance.

Group life insurance has continued to grow, particularly in Norway, and this sector

reported more than 3,000 new customers and a continued low level of claims during the period.

Unit-linked insurance operations are subject to strain during the initial phase, with high costs for marketing and distribution. As a result, continued losses are expected while operations are being built up. Overall, life insurance operations reported a loss before tax for the first quarter of SEK 3.8 million (loss: 2.7).

MODERN INSURANCES RUN-OFF

Non-life run-off insurance involves remaining obligations regarding divested business in the Företag, Transport, Rederi, Flyg and Båt Norge operations, and also reinsurance assumed. The run-off of outstanding claims reported a limited positive technical result after reinsurance. Currency movements at the beginning of the period had a negative impact on income of approximately SEK 6.8 million, but the claims reserve was hedged during the quarter by means of a forward agreement.

Modern Insurances Run-off reported a pre-tax loss of SEK 6.4 million (loss: 4.9).

FISCHER PARTNERS

Fischer Partners is one of the leading brokerage houses in the Nordic region and is a member of the Stockholm, Helsinki, Oslo, Copenhagen, Tallinn, Riga and Eurex exchanges. Fischer Partners' customers are primarily institutions and active private individuals in Sweden and other countries.

On a rolling 12-month basis, Fischer Partners was the third largest exchange member in Stockholm and the sixth largest in Helsinki. During the first quarter of 2005, it was the fifth and seventh largest member, respectively. The somewhat lower market shares during the first quarter were due to relatively limited trading during the period and less volatile share-price movements.

Following a promising start to the year, revenues fell back in March, both for trading and stockbroking. Commission revenues amounted to SEK 50.2 million (61.9). This was 19% less than in the first quarter of 2004. In comparison, it may be noted that trading on the Stockholm Stock Exchange declined

by 14% during the period. Revenues from trading operations amounted to SEK 8.2 million (23.7). The prerequisites for trading were poor during the first quarter, with relatively small movements in share prices compared with the first quarter of 2004, which was characterized by a high level of share-price movements and activity.

Fischer Partners' total revenues during the period amounted to SEK 68.5 million (95.4). Income before tax for the first quarter amounted to SEK 10.3 million (24.5).

INVIK KAPITALFÖRVALNING

Invik Kapitalförvaltning is a Group that conducts asset management via Invik Kapitalförvaltning AB ("IKF), and fund management via Aktie-Ansvar AB ("Aktie-Ansvar").

IKF conducts asset management based on skilled fundamental analysis. The customers include private investors, companies, institutions, foundations and church congregations. During the first quarter, the market value of the assets under management increased from SEK 4,785 million to SEK 5,023 million.

Aktie-Ansvar conducts asset management in five mutual funds: Aktie-Ansvar Sverige, Aktie-Ansvar Avkastningsfond, Aktie-Ansvar Europa, FondSelect (fund-in-fund) and the Graal hedge fund. At the end of the first quarter, the total volume of funds under management amounted to SEK 5,289 million. The net flow (deposits less withdrawals) during the first three months of the year amounted to SEK 861 million. The total volume of funds under management has expanded by SEK 1,793 million since the end of the first quarter in 2004. The three largest funds were Graal with SEK 2,690 million, Aktie-Ansvar Avkastningsfond with SEK 1,596 million and Aktie-Ansvar Sverige with SEK 824 million.

Invik Kapitalförvaltning's total revenues for the first quarter amounted to SEK 22.1 million (20.1). Income before tax for the first quarter amounted to SEK 7.8 million (6.9).

BANQUE INVIK

Banque Invik is a bank based in Luxembourg and with a branch office in Stockholm. The Bank's primary operations involve personal banking operations for high net worth individuals. Banque Invik's services also include financial advice to corporate customers, the issue of credit cards and asset management. The Stockholm branch offers Treasury outsourcing services, including cash management, risk management and financial advisory services.

During the first quarter, Bank Invik's pre-tax profit was in line with income in the corresponding period in the preceding year. The majority of Banque Invik's operations reported increased revenues during the quarter, with the exception of financial advisory services, which experienced reduced earnings during the quarter.

Private banking operations and Treasury have steadily increased their earning capacity, as a result of a greater focus on high-margin services and higher currency exchange volumes. Fixed-income and share-index fund operations have increased the capital under management by more than 24% compared with the close of the corresponding period in the preceding year. Growth has been partly due to successful participation in the Premium Pension Authority scheme, and partly due to increased deposits by private investors.

Investments by the credit card operation in measures to reduce the cost of fraud have continued to prove effective. Development of the recently introduced Banque Invik Asset Management (BIAM) operation has continued in the form of various marketing activities.

The capital coverage ratio amounted to 23% (16%) at the close of the period, and the liquidity ratio amounted to 77% (62%).

Banque Invik's pre-tax profit for the first quarter amounted to SEK 10.0 (9.8) million.

PARENT COMPANY

The pre-tax loss during the first quarter amounted to SEK 2.8 (-) million. The Parent Company's net investment, which was entirely confined to intra-Group capital contributions, amounted to SEK 124.7 million during the first quarter. Investment in fixed

assets amounted to SEK 0.3 million (-).

Other than the convertible subordinated debentures of SEK 235 million issued to Kinnevik, Invik has no other external loans. The Parent Company's liabilities to subsidiaries amounted to SEK 202 million at March 31, 2005.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Lars Nordstrand was appointed Executive Vice President of Invik at a Board meeting held on April 4, 2005.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the International Financial Reporting Standards IAS 34. The Parent Company interim report has been prepared in accordance with RR 32 Accounting Principles for Legal Entities. A summary of the Invik Group's accounting principles is presented in Appendix 1.

In its present form, the Invik Group was formed when Fischer Partners, Invik Kapitalförvaltning and Modern Insurances were transferred from the Parent Company, Investment AB Kinnevik on September 1, 2004, and Banque Invik on December 31, 2004. The value of the assets contributed was determined on the basis of external valuation, and amounted to SEK 1.4 billion. The analysis of fair value of contributed assets and liabilities has meant that:

- SEK 88 million of fair value in Modern Insurances is reported as intangible assets in the form of customer contracts and relationships. These are amortized according to plan for six years on customer contracts and relationships attributable to non-life operations (SEK 78 million) and 30 years for the life operations (SEK 10 million);
- Technical liabilities rose by SEK 295 million attributable to reinsurance run-off;
- deferred tax liabilities have been reduced by SEK 63 million related to the above adjustments;
- other provisions increased by SEK 14 million pertaining to the redemption of warrants and
- goodwill was recognized at a value of SEK 492 million.

In addition to the legal Group financial statements for the 2004 comparison year in which subsidiaries are included in the consolidated accounting from the date of acquisition, a pro forma consolidated income statement is presented with comparison figures as if all subsidiaries were acquired at January 1, 2004. Certain numerical information in the statements and tables may not sum due to rounding.

NEXT FINANCIAL REPORT

The preliminary date for publication of the interim report for the period January - June 2005 is July 26, 2005.

Stockholm, April 26, 2005

Anders Fällman

President and Chief Executive Officer

REVIEW REPORT

We have reviewed this interim report in accordance with the recommendations issued by FAR.

A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that this interim report does not comply with the Annual Accounts Act.

Stockholm, April 26, 2005

PricewaterhouseCoopers AB

Magnus Svensson Henryson

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Consolidated Income Statement

MSEK	Q1 2005	Q1 2004 pro forma	Full year 2004 pro forma	Full year 2004
REVENUES				
Insurance premium revenue	204.8	157.0	850.1	277.5
Insurance premium ceded to reinsurers	-43.3	-34.4	-164.5	-56.9
Fee and commission income	112.2	119.5	443.5	100.9
Investment income	34.8	7.8	63.6	11.5
Net trading income	8.2	23.8	56.2	17.9
Interest income after loan loss provisions	35.5	34.2	137.2	13.4
Other operating income	1.3	1.3	11.9	10.9
Total revenues	353.7	309.3	1,398.0	375.2
EXPENSES				
Insurance benefits, claims and loss adjustment expenses	-172.4	-97.4	-555.0	-174.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	41.8	20.5	77.0	26.3
Fee and commission expenses	-51.4	-49.2	-190.6	-56.0
Interest expenses	-21.6	-22.3	-80.8	-7.2
Amortisation of tangible and intangible assets	-6.4	-6.3	-24.8	-6.9
Other operating expenses	-110.4	-112.3	-465.8	-134.5
Total expenses	-320.4	-267.1	-1,240.0	-353.1
Result from operating activities	33.3	42.2	158.0	22.1
Finance income and costs	0.5	-0.1	0.0	0.0
Profit before income tax	33.8	42.2	158.0	22.0
Income tax expense	-11.6	-14.3	-57.0	-16.6
Profit for the period	22.1	27.9	101.1	5.5
Earnings per share before dilution (SEK)	0.84	1.06	3.83	0.21
Earnings per share after dilution (SEK)	0.84	1.06	3.83	0.21
Number of shares outstanding before dilution	26,398,193	26,398,193	26,398,193	26,398,193
Number of shares outstanding after dilution	30,917,423	26,398,193	26,398,193	26,398,193
Average number of shares outstanding before dilution	26,398,193	26,398,193	26,398,193	26,398,193
Average number of shares outstanding after dilution	26,498,620	26,398,193	26,398,193	26,398,193

Consolidated Balance Sheet

MSEK	31 March 2005	31 Dec 2004
ASSETS		
Property, Plant & Equipment	23.2	23.2
Intangible assets	572.9	576.7
Investment in associates	6.2	6.2
Investment securities - fair value through P&L	979.3	795.9
Investment assets - Unit Link	813.5	535.3
Derivative financial instruments	27.9	33.2
Loans and advances to customers	1,295.2	1,274.1
Loans and receivables - insurance receivables	275.1	153.9
Reinsurance contracts	196.2	129.6
Other assets	320.0	234.2
Trading securities	17.0	10.7
Cash and cash equivalents	3,705.2	3,006.3
Total Assets	8,232.0	6,779.3
EQUITY		
Share capital	132.0	0.1
Other reserves	9.1	–
Retained earnings	1,073.8	1,415.9
Total Equity	1,214.9	1,416.0
LIABILITITES		
Insurance contracts	1,516.9	1,307.5
Investment contracts - Unit Link	813.2	543.7
Interest bearing loans and liabilities	433.1	173.1
Liabilities to customers	3,431.8	2,860.3
Derivative financial instruments	14.6	–
Current and deferred income tax liabilities	66.8	58.0
Other liabilities	740.7	420.7
Total Liabilitites	7,017.1	5,363.3
Total Liabilities and Equity	8,232.0	6,779.3

Consolidated statement of changes in equity

MSEK	2005 Q1	2004 Full year
Opening balance for the period	1,416.0	0.1
Transfer of shares in subsidiaries	–	1,409.8
Translation differences	2.7	0.6
Convertible debenture loan – equity component	9.1	–
Cash dividend	-235.0	–
Profit for the period	22.1	5.5
Closing balance for the period	1,214.9	1,416.0

Consolidated cash flow statement

MSEK	Q1 2005
Cash flow from operating activities	31.0
Changes in working capital assets	-757.6
Changes in working capital liabilities	1,394.0
Cash flow from operating activities	667.4
Cash flow from investing activities	-2.6
Cash flow from financing activities	34.1
Cash flow from the period	698.9
Cash and cash equivalents at beginning of the period	3,006.3
Cash flow	698.9
Cash and cash equivalents at end of the period	3,705.2

Segment information

Q1 2005 MSEK	Modern Insur- ances Non-life	Modern Insur- ances Life	Moderna Insur- ances Run-off	Fischer Partners	Invik Kapital- förvalt- ning	Banque Invik	Head office and elim.	Invik Group
Insurance premium revenue	177.9	27.0	–	–	–	–	-0.1	204.8
Insurance premium ceded to reinsurers	-26.1	-17.1	–	–	–	–	–	-43.3
Fee and commission income	4.2	5.4	–	50.2	19.5	32.3	0.5	112.2
Investment income	33.1	0.4	2.6	–	–	–	-1.3	34.8
Net trading income	–	–	–	8.2	–	–	–	8.2
Interest income after loan loss provisions	–	–	–	8.0	2.3	25.3	0.0	35.5
Other operating income	–	–	–	2.1	0.3	–	-1.1	1.3
Total revenues	189.0	15.7	2.6	68.5	22.1	57.6	-1.9	353.7
Insurance benefits, claims and loss adjustment expenses	-145.6	-20.7	-6.2	–	–	–	–	-172.4
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	24.1	18.3	-0.6	–	–	–	–	41.8
Fee and commission expenses	-14.7	-11.7	–	-21.8	–	-3.2	–	-51.4
Interest expenses	0.3	-0.1	-0.4	-3.5	-0.5	-17.4	0.1	-21.6
Amortisation of tangible and intangible assets	-4.6	-0.3	0.0	-0.5	-0.1	-0.9	–	-6.4
Other operating expenses	-29.9	-5.0	-1.8	-32.4	-13.7	-26.1	-1.4	-110.4
Total expenses	-170.4	-19.5	-9.0	-58.2	-14.3	-47.6	-1.3	-320.4
Result from operating activities	18.6	-3.8	-6.4	10.3	7.8	10.0	-3.2	33.3

Segment information

Q1 2004 (pro forma) MSEK	Modern Insur- ances Non-life	Modern Insur- ances Life	Modern Insur- ances Run-off	Fischer Partners	Invik Kapital- förvalt- ning	Banque Invik	Head office and elim.	Invik Group
Insurance premium revenue	138.0	19.1	0.0	–	–	–	-0.1	157.0
Insurance premium ceded to reinsurers	-19.8	-14.6	–	–	–	–	–	-34.4
Fee and commission income	1.3	2.4	–	61.9	16.5	39.7	-2.2	119.5
Investment income	9.1	0.2	-1.3	–	–	–	-0.2	7.8
Net trading income	–	–	–	23.7	0.1	–	–	23.8
Interest income after loan loss provisions	–	–	–	8.3	3.4	22.6	-0.1	34.2
Other operating income	–	–	–	1.6	0.1	0.4	-0.8	1.3
Total revenues	128.7	7.1	-1.3	95.4	20.1	62.7	-3.3	309.3
Insurance benefits, claims and loss adjustment expenses	-81.2	-14.1	-2.1	–	–	–	–	-97.4
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	7.8	12.7	0.0	–	–	–	–	20.5
Fee and commission expense	-13.1	-5.3	–	-25.2	-2.4	-5.4	2.2	-49.2
Interest expense	1.2	0.3	–	-2.8	-1.1	-20.2	0.2	-22.3
Amortisation of tangible and intangible assets	-4.7	-0.3	0.0	-0.6	-0.2	-0.5	–	-6.3
Other operating expenses	-25.3	-3.0	-1.6	-42.3	-9.5	-26.8	-3.9	-112.3
Total expenses	-115.4	-9.8	-3.6	-71.0	-13.2	-52.9	-1.4	-267.1
Result from operating activities	13.3	-2.7	-4.9	24.5	6.9	9.8	-4.7	42.2

KEY RATIOS

Q1 2005 MSEK	Moderna Insur- ances Non-life	Moderna Insur- ances Life	Moderna Insur- ances Run-off	Fischer Partners	Invik Kapital- förvalt- ning	Banque Invik	Head office and elim.	Invik Group
Lending	-	-	-	261	134	900	-	1 295
Other financial assets	1,501	868	557	710	62	2,322	-477	5,543
Total assets	2,143	1,023	615	1,124	367	3,463	-503	8,232
Technical reserves in insurance and unit-link contracts	1,112	877	341	-	-	-	-	2,330
Deposits	-	-	-	465	41	2,910	-	3,416
C/I-ratio	-	-	-	76.1%	63.9%	73.0%	-	77.8%
Return on equity (before tax)	15.2%	neg	neg	15.6%	15.8%	12.3%	-	9.4%
Capital adequacy ratio	-	-	-	28.0%	23.4%	23.5%	-	*)
Combined ratio	104.3%							
Claims ratio	81.8%							

*) The Invik Group is a financial conglomerate which will have regulatory reporting requirement to the Swedish Financial Supervisory Authority with effect from December 31, 2005 and onwards. Information of capital adequacy ratio as per first quarter 2005 is not available at the time of the production of this financial report.

C/I-RATIO

Other operating expenses and amortisation of tangible and intangible assets in relation to total revenue less interest expense and fee and commission expense and for the Group – less net of insurance related provisions.

RETURN ON EQUITY (BEFORE TAX)

Result for the period in relation to average shareholders equity adjusted for dividends and new share issues. The ratio is adjusted for full year.

COMBINED RATIO

Claims incurred and operating expenses in relation to net premiums earned, expressed as a percentage.

CLAIMS RATIO

Ratio between claims incurred and net premiums earned, expressed as a percentage.

Reconciliation of profit before tax MSEK

Full year 2004
pro forma

Profit before tax as reported pro forma by Kinnevik	179.4
IFRS-adjustments:	
– reversal of depreciation of goodwill	10.6
– measurement of financial instruments to fair value	1.2
Depreciation of intangible assets	-13.8
Overhead *	-19.4

Profit before income tax as reported in Invik's financial statements pro forma 158.0

* Reported by Kinnevik as Parent Company costs for full year 2004 since Invik head office was a part of the Kinnevik Parent Company in 2004.