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## INTERIM REPORT 2007 1 JANUARY – 31 MARCH

- The market value of the Group's holdings of listed securities increased during the first quarter by 16%, corresponding to SEK 5,961 million. On 31 March 2007, the market value of the listed share portfolio was SEK 43,162 million.
- Korsnäs Industrial's revenues amounted to SEK 1,715 million, an increase by 8% compared to SEK 1,590 million pro forma including Frövi for the the first quarter last year.
- Operating profit for Korsnäs Industrial amounted to SEK 214 million compared to SEK 235 million pro forma for the first quarter 2006.
- The Group's total revenue amounted to SEK 1,957 million (1,245) and operating profit for the first quarter was SEK 290 million (140).
- Profit after tax, including fair-value changes of financial assets, amounted to SEK 6,107 million (7,353).
- The profit per share was SEK 23.13 (27.88).
- Kinnevik has earlier today announced that it has entered into an agreement with a wholly owned Swedish subsidiary to the Icelandic investment company Milestone ehf. ("Milestone") to sell all its shares in Invik & Co. AB (publ) ("Invik") for a total consideration of SEK 1,088,843,230, corresponding to SEK 253 for each class A share and SEK 230 for each class B share. The sale is conditional on Milestone obtaining approvals from the relevant financial supervisory authorities. Kinnevik's agreement with Milestone includes that Milestone already today announces a voluntary offer for all outstanding shares and other financial instruments in Invik and hence all Invik's shareholders are offered to sell their shares at the same price as Kinnevik.

**MANAGEMENT**

The market value of the Group's holdings of listed securities increased by 16% during the quarter, equal to SEK 5,961 million, and amounted on 31 March 2007 to SEK 43,162 million. On 25 April 2007 the corresponding amount was SEK 42,766 million. The change in value is shown in the consolidated income statement.

During the last 30 years, the Kinnevik share has generated an average total return of 19.6% annually as a result of rising share prices and dividends, including the value of subscription offers. During the past five years, the corresponding figure is 24.1%. The calculation of the total return is based on the assumption that shareholders retained their allotment of shares in Tele2, Modern Times Group MTG ("MTG"), Metro International ("Metro"), Transcom WorldWide ("Transcom") and Invik & Co. ("Invik").

The Board proposes that the Annual General Meeting to be held on 10 May decides on a cash dividend of SEK 1.70 (1.60) per share.

**CONSOLIDATED RESULT FOR THE FIRST QUARTER**

Total revenues for the first quarter of the year amounted to SEK 1,957 million, compared with SEK 1,245 million the preceding year. Operating result amounted to SEK 290 million (140). The operating profit includes a profit of SEK 70 million from the sale of Mellersta Sveriges Lantbruk's subsidiary Agrovik AB. The comparable figures for last year do not include Korsnäs Frövi, which was included in the Group from 1 June 2006.

The net change in the fair value of financial assets amounted to an overall increase of SEK 5,961 million (7,292) of which Tele2 accounted for an increase of SEK 1,819 million (847), Millicom an increase of SEK 4,445 million (5,770), Metro an increase of SEK 151 million (decrease of 106), MTG a decrease of SEK 412 million (increase of 318), Transcom a decrease of SEK 189 million (increase of 271) and Invik an increase of SEK 156 million (171).

Other financial income and expenses amounted to a net expense of SEK 112 million (expense of 53), of

**BOOK AND MARKET VALUE OF ASSETS**

	A shares	B shares	Equity interest (%)	Voting interest (%)	Book value 31 Mar 2007 (SEK m)	Market value 31 Mar 2007 (SEK m)	Change since 31 Dec 2006 <sup>1)</sup>
<b>Listed holdings</b>							
Tele2	25 830 229	99 651 296	28.2	45.3	14 368	14 368	15%
Millicom International Cellular	37 835 438		37.5	37.5	20 772	20 772	27%
Metro International	103 408 698	129 138 208	44.1	39.2	2 267	2 267	7%
Modern Times Group MTG	9 821 336	113 675	14.8	47.5	4 058	4 058	-9%
Transcom WorldWide	12 627 543		17.4	34.7	808	808	-19%
Invik & Co.	2 148 710	2 370 520	14.5	25.3	838	838	23%
Kontakt East	1 440 000		17.1	17.1	51	51	-15%
<b>Total listed holdings</b>					<b>43 162</b>	<b>43 162</b>	<b>16%</b>
<b>Unlisted and other holdings</b>							
Korsnäs Industrial and Forestry <sup>1)</sup>			100	100	6 789	11 720 <sup>3)</sup>	
Interest bearing external liabilities relating to Korsnäs					-6 911	-6 911	
Mellersta Sveriges Lantbruk <sup>2)</sup>			100	100	386	450	
Other assets and liabilities					-14	-	
<b>Total unlisted and other holdings</b>					<b>250</b>	<b>5 259</b>	
Interest bearing net debt (excluding liabilities relating to Korsnäs)					-2 885	-2 885	
<b>Total equity/net asset value</b>					<b>40 527</b>	<b>45 536</b>	
Net asset value per share, SEK						172.5	
Closing price B share 31 Mar 2007, SEK						134.8	
Net asset value discount						22%	

<sup>1)</sup> Including 5% of the shares in Bergvik Skog and 41% of the shares in Karskär Energi.

<sup>2)</sup> Including 22% of the shares in Black Earth Farming.

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

which net interest expenses were SEK 106 million (expense of 44) and exchange rate differences were a loss of SEK 3 million (loss of 1). The reduced net interest was due to increased loans at the acquisition of Frövi and higher market rate of interest.

The group reported a profit after financial items of SEK 6,139 million (7,379) and net profit amounted to SEK 6,107 million (7,353) for the first quarter.

#### **EARNINGS PER SHARE**

Earnings per share was SEK 23.13 (27.88) for the quarter. The total number of shares outstanding at 31 March 2007 was 263,981,930, of which 50,197,050 were class A shares and 213,784,880 class B shares, which is unchanged since 31 December 2006.

#### **FINANCIAL POSITION AND INVESTMENTS**

The Group's available liquidity, including short-term investments and unutilized credit facilities, totaled SEK 1,276 million at 31 March 2007 and SEK 929 million at 31 December 2006.

The Group's interest-bearing net debt amounted to SEK 9,796 million at 31 March 2007 and SEK 9,856 million at 31 December 2006.

The average interest cost for the quarter amounted to 4.1% (2.7%) (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 operating activities during the quarter amounted to SEK 381 million (282). The change compared with the preceding year was primarily attributable to the fact that Korsnäs Frövi was not included in the figures for the first quarter 2006. Received payment for the sale of Agrovik AB amounted to SEK 81 million including transfer of bank loans amounting to SEK 25 million.

On 16 January 2007, Kinnevik called for the conversion of all debt instruments owned by Kinnevik in Invik to shares. The convertible debt instruments had nominal value of SEK 235 million and were converted into 2,148,710 class A shares and 2,370,520 class B shares in Invik at the preset conversion price of SEK 52 per share. After conversion, Kinnevik's ownership corresponds to 14.5% of the capital and 25.3% of the voting rights in Invik. On 31 December 2006, the convertibles were valued at SEK 682 million in Kinnevik's accounts. As a result of the conversion, Kinnevik's net debt increased by SEK 235 million.

Investments in financial fixed assets amounted to SEK 11 million. During the first quarter last year SEK 106 million was invested in Black Earh Farming Ltd.

Investments in tangible fixed assets amounted to SEK 63 million (23) during the quarter.

The Group's equity/assets ratio was 76% at 31 March 2007 compared to 72% at 31 December 2006.

The Group's borrowing is primarily arranged in SEK. On an annual basis, the net flow in foreign currencies is a net inflow of about SEK 1,000 million, comprised mainly of Korsnäs Industrial's sales in Euro.

#### **KORSNÄS**

Korsnäs and its subsidiaries conduct operations in the production of virgin fiber-based packaging material (Korsnäs Industrial) mainly for consumer products at the two mills in Gävle and Frövi, and procurements of wood and fiber (Korsnäs Forestry). Korsnäs also owns 5% of the shares in Bergvik Skog and 41% of the shares in Karskär Energi. During 2006, Frövi was acquired and Korsnäs Packaging was sold. These transactions underline Korsnäs' strategy to focus on its successful operations within high-grade board and paper products for the packaging industry.

Korsnäs' revenues increased by 10%, from SEK 1,771 million during the first quarter in the preceding year (pro forma including Frövi and excluding Korsnäs Packaging) to SEK 1,948 million during the first quarter of 2007. Operating profit for the first quarter amounted to SEK 236 million (pro forma SEK 240 million in the preceding year).

#### **Korsnäs Industrial**

The economic upswing that characterized 2006 continued during the first quarter of 2007. Delivery volumes for paper, pulp and board products rose 9% during the first quarter to 282 thousand tons, compared with the corresponding period in the preceding year. Excluding fluff pulp (production was discontinued in April 2006), the increase in sales of remaining product areas amounted to 12%.

Demand for liquid packaging board has been strong, and Korsnäs increased its deliveries during the first quarter, compared with the corresponding period in 2006. The market for White Top Liner is stable and Korsnäs strengthened its market position with high volumes to the main markets in Europe. Korsnäs announced price increases for White Top Liner during the first quarter, which are expected to impact results during the second quarter. The Packaging Board product area continued to develop positively. Delivery volumes increased by 20% compared with the first quarter of 2006, and Korsnäs has also announced price increases during the spring. The market introduction of the new product "Frövi White" is proceeding according to plan and the first volumes were delivered during the quarter. Korsnäs' deliveries of sack and kraft paper have also increased and, in line with Korsnäs' strategy, sales of totally bleached sack and kraft paper accounted for the increase. The volume increase for these products was 60% compared with the first quarter of 2006. Korsnäs has also

announced price increases for sack and kraft paper, which are expected to impact results for the second quarter.

Total production during the first quarter amounted to 268 thousand tons, which is 4% lower than the corresponding period in 2006. The lower volumes are attributed mainly to the discontinuation of fluff pulp production in Gävle.

To strengthen Korsnäs' position in the market, investments during recent years have mainly been focused on improved product properties. The largest investment was made on Board Machine 5 ("BM5") in Frövi and Paper Machine 4 ("PM4") in Gävle. New equipment for back coating was installed on BM5 during the autumn of 2006. The investment amounted to about SEK 100 million. The back coater is a prerequisite for the Frövi White product, which was introduced on the market during the first quarter of 2007. The level of production from PM4, which was rebuilt during 2005, is stable and more new products are now being introduced.

A new headbox was installed on PM2 during the autumn of 2006 at a total amount of SEK 50 million. The new headbox was needed to improve product quality on the machine's demanding bleached products. The machine was started in accordance with plan, and production during the first quarter was 2% higher compared with the corresponding period in the preceding year.

A comprehensive program of integration was initiated in conjunction with the acquisition of Frövi in May 2006. The work, which is proceeding according to plan, is intended to achieve improved results primarily within production, purchasing, administration and other support functions. Several projects have been started to further increase productivity at the mills. Throughout the program, Korsnäs has raised its target levels and revised its goals for earnings improvements, which are now in the range of SEK 200 million annually. The effects of the improvement are expected to yield their full impact on earnings from 2008. The improvement program had a positive effect of about SEK 10 million on earnings during the first quarter of 2007.

The comprehensive negotiations between the company and its personnel organizations concerning the new joint organization and new staffing, which started during the autumn of 2006, were completed during the first quarter. Personnel reductions corresponding to about 130 full-time positions were completed without any job terminations and statutory negotiations. Redundancies were resolved mainly through severance payments and terminations of part-time positions.

Korsnäs Industrial's revenues during the first quarter

amounted to SEK 1,715 million, an increase of 8% compared with pro forma SEK 1,590 during the first quarter of the preceding year. The operating profit amounted to SEK 214 million, compared with pro forma SEK 235 million for the first quarter of 2006. The negative effect of wood prices and energy costs on earnings amounted to about SEK 60 million compared with first quarter pro forma 2006. Further price increases for pulpwood will have a negative effect on operating profit during the spring of 2007.

### **Korsnäs Forestry**

The mild winter, combined with strong economic conditions, has led to a shortage of pulpwood in the Baltic region. As a result, prices in the Baltic countries and Russia have continued to rise to record-high levels. Total inventories of both softwood and hardwood pulp have declined to low levels.

Pellets production by the Latvian company Sia Latgran amounted to about 16 thousand tons, largely unchanged compared with the first quarter of 2006. Production costs increased sharply during the period mainly due to rising raw material costs. The market for pellets is characterized by continued growing demand but, in the short-term perspective, spot prices have declined due to the mild winter. A decision was taken during the fourth quarter of 2006 to invest approximately SEK 120 million in a second pellet plant with an annual production capacity of about 110 thousand tons. The plant is scheduled to start operations in the beginning of 2008.

Korsnäs Forestry's revenues during the first quarter amounted to SEK 533 million (456), with operating profit of SEK 22 million (5). The improved operating profit was attributable mainly to favorable market conditions within forestry operations, particularly in Latvia.

### **MELLERSTA SVERIGES LANTBRUK**

Mellersta Sveriges Lantbruk reached an agreement in the beginning of February to sell its wholly owned subsidiary Agrovik AB and the Ullevi estate outside Vadstena for SEK 81 million. The sale generated a capital gain of SEK 70 million, which is reported under other operating income. After finalization of the sale on 1 March, the operations of Mellersta Sveriges Lantbruk comprise the wholly owned subsidiary Rolnyvik in Poland and a 22% ownership interest in the associated company Black Earth Farming Ltd with operations in Russia.

Spring came early this year. Work in the fields in Poland started in mid-March. Despite the mild weather, some of the autumn-sown crops suffered during the winter. The damage was probably caused by the rainy and wet autumn, which resulted in poorly developed root systems for most of the crops. Price levels for the

sale of standing inventories from the 2006 harvest remain high. Strong demand for most of the crops, including some consignments of somewhat lower quality, combined with the early spring, is creating favorable conditions for this year's harvest.

The operations of Black Earth Farming continue to show favorable development. At 31 March, the company had about 195,000 hectares of arable land under its control, an increase of about 75,000 hectares since year-end 2006. Since price levels are expected to remain attractive, the company is continuing to acquire land. Most of the acquired tracts were fallow when they were acquired. Comprehensive investments in machinery, and subsequent work efforts, are now in progress to render the land arable. A total of about 60,000 hectares will be cultivated for harvest during 2007.

Total revenues for Mellersta Sveriges Lantbruk during the first quarter amounted to SEK 7 million (13), with an operating profit of SEK 65 million (1), of which capital gain from the sale of Agrovik AB was SEK 70 million and the share of loss in the associated company Black Earth Farming amounted to SEK 9 million (-). The loss from Black Earth Farming pertains to the period ended 31 December 2006, since the participation in the associated company is reported with a quarter's delay.

## OTHER NEW VENTURES

### Relevant Traffic Europe

In September 2006, Kinnevik invested SEK 28 million in a new share issue in Relevant Traffic Europe AB. Following the new share issue, Kinnevik owns 36% of the voting rights and capital in the company and has the option to acquire additional shares, at market price, from the company's other shareholders in 2008 at the earliest and raise the holding to 51%.

Relevant Traffic is a European full-service company within search marketing. The company has 55 employees in its offices in France, Spain, the UK, Germany and Sweden. Customers comprise e-trading companies, banks, travel companies and niche companies that wish to be available when someone seeks their services and products in search engines or price comparison sites. Relevant Traffic's goal is to maximize its customers' yield on implemented marketing by providing relevant traffic, which includes search engines, contextual environments and price comparison sites. The company's proprietary technical platform and international presence, combined with personnel that are fluent in most European languages, provide the company international competitiveness. Relevant Traffic's in-house developed technology, the SEM Toolbox, has built-in click fraud detection.

Sales for the Group were SEK 65 million (33) dur-

ing the first nine months of the split fiscal year May 2006 – April 2007.

### Kontakt East Holding

The market value of Kinnevik's shareholding and options in Kontakt East amounted to SEK 51 million on 31 March 2007. Kontakt East's shares are since November 2006 listed on the First North Exchange in Sweden.

Kontakt East is a Swedish holding company that invests in companies active in search and guidance media in Russia and neighboring markets. The objective is to manage acquired companies as an active and long-term shareholder and thereby increase corporate value. The company seeks a controlling majority position in portfolio companies. Kontakt East currently has two operating subsidiaries – Rus-M and Rus-S – active in search services, both of which are organized in the operational unit Yellow Pages Russia ("YPR"). YPR has the leading off-line position in Moscow and the number two position in St. Petersburg.

In the beginning of 2007, Kontakt East announced that it had recruited a team of four senior internet entrepreneurs to develop its offering in classified and search services targeted to consumers.

### MILlicom INTERNATIONAL CELLULAR

The market value of Kinnevik's shareholding in Millicom amounted to SEK 20,772 million on 31 March 2007. Millicom's shares are listed on NASDAQ in New York and is included in NASDAQ 100 and the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector.

Millicom offers affordable and easily accessible mobile telephone services to all market segments in 16 countries in Latin America, Africa and Asia, which combined represent an overall market of 280 million people (excluding Pakistan). All Millicom's 16 operations now feature GSM network.

On 31 March 2007, Millicom had 16.5 million subscribers in countries where the company has continued operations, which is an increase of 94% since 31 March 2006.

During the first quarter Millicom sold its 89% stake in Paktel, Pakistan, to China Mobile Communications Corporation for an enterprise value on the entire company of USD 460 million. The net gain on the sale was USD 258 million.

Millicom's revenue and result for the first quarter, excluding the sale of Paktel, amounted to:

(USD million)	Q1	
	2007	2006
Revenue	563	303
EBITDA	248	143
Operating profit EBIT	155	91

**TELE2**

The market value of Kinnevik's shareholding in Tele2 amounted to SEK 14,368 million on 31 March 2007. Tele2's shares are listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the telecommunications services sector.

Tele2 is Europe's leading alternative telecom operator. The company's mission is to offer cheap and simple telecoms. Tele2 always strives to offer the market's best prices. Tele2 offers products and services in fixed and mobile telephony, broadband and cable TV to 29 million customers in 22 countries.

Ever since Tele2 was founded in 1993, the company has been a tough challenger to the former government telecom monopolies. During the past two years Tele2 has transitioned from a reseller based business model towards an infrastructure based business model. The future of Tele2 is leaner and meaner with a narrower geographical footprint than today. As part of these efforts, at the end of 2006 Tele2 announced that it had signed a contract to divest its French fixed network and broadband operations to Société Française du Radiotéléphone (SFR) for approximately SEK 3.3 billion. The contract has to be approved by the competition authorities.

In March, Tele2 announced that it had sold all its shares in the Norwegian subsidiary Datamatrix AS to Ignis ASA.

Tele2's revenue and result for the first quarter amounted to:

(SEK million)	Q1	
	2007	2006
Revenue	12 837	12 243
EBITDA	1 488	1 221
Operating profit/loss EBIT	380	254

**MODERN TIMES GROUP MTG**

The market value of Kinnevik's shareholding in MTG amounted to SEK 4,058 million on 31 March 2007. MTG's shares are listed on the Stockholm Stock Exchange's Nordic list for large-cap companies in the consumer discretionary sector.

MTG is a leading international media company with operations in more than 30 countries around the world. MTG is the largest free and pay-TV operator in the Nordic region and the Baltic States, the largest shareholder in Russia's largest independent TV channel and the number one commercial radio operator in the Nordic region.

Viasat Broadcasting's satellite TV-platform offers digital, multi-channel packages with a total of 50 proprietary channels and third-party channels. Viasat's TV channels reach 100 million people each day in 26 countries around Europe.

At the beginning of January 2007, MTG signed an

agreement to acquire 90% of the share capital of the Playahead online social security networking community for a total cash consideration of SEK 102 million. Playahead is the second largest internet community in Sweden, with more than 530,000 members.

During the first quarter of 2007 MTG also acquired 50% of the outstanding shares in the Bulgarian company Balkan Media Group Limited ("BMGL") for EUR 12 million. The acquisition mainly strengthens MTG's position in the Bulgarian TV-market where BMGL operates several different TV-channels.

MTG's revenue and result for the first quarter amounted to:

(SEK million)	Q1	
	2007	2006
Revenue	2 629	2 362
Operating profit EBIT	468	453

**METRO INTERNATIONAL**

The market value of Kinnevik's shareholding in Metro amounted to SEK 2,267 million on 31 March 2007. Metro's shares are listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the consumer discretionary sector.

Metro is the world's largest and fastest-growing international daily newspaper. Metro are published in over 100 major cities in 20 countries in Europe, North and South America, and Asia. The newspapers are distributed free of charge and revenue is generated primarily through advertising sales.

In January 2007, Metro announced that its Polish newspaper will be discontinued due to unsatisfactory profitability. The operating result for the first quarter of 2007 was charged with a non-recurring closure cost of USD 1.7 million.

During the first quarter Metro announced that it will expand its operation in Canada with new editions in Calgary and Edmonton. Metro will thereby be published in the six largest cities in Canada with a circulation of 740,000.

Metro's revenue and result for the first quarter amounted to:

(USD million)	Q1	
	2007	2006
Revenue	102	93
Operating profit/loss EBIT	-12	-4

**TRANSCOM WORLDWIDE**

The market value of Kinnevik's shareholding in Transcom amounted to SEK 808 million on 31 March 2007. Transcom's shares are listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the industrials sector.

Transcom is a rapidly expanding company within outsourcing of Customer Relationship Management (CRM) and debt collection. The company currently

pursues operations through 55 service centers in 28 countries, with a total of more than 13,100 employees. Transcom provides solutions in CRM and debt collection for companies in, for example, telecommunications, e-trading, travel & tourism, retail, financial services and in utilities. Transcom offers clients a broad array of relationship management services, including inbound communications; telemarketing and outbound; administrative tasks; Web servicing; CRM consultancy services; Contract Automation; Credit Management services; Legal Services; and Interpretation services. Client programs are tailor-made and range from single applications to complex programmes, which are offered on a country-specific or international basis in up to 33 languages.

In March, Transcom opened a new call center in Dresden, Germany which is the company's third call center in Germany. The number of employees in Dresden was 50 at the opening and is expected to be about 400 at the end of 2007.

Transcom's revenue and result for the first quarter amounted to:

(EUR million)	Q1	
	2007	2006
Revenue	149	137
EBITDA	12	13
Operating profit EBIT	9	10

#### INVIK & CO.

The market value of Kinnevik's shareholding in Invik amounted to SEK 838 million on 31 March 2007. Invik's shares are listed on the Stockholm Stock Exchange's Nordic list for mid-cap companies in the financial and real estate sectors.

Invik is a financial group with a broad product portfolio focusing on insurance, banking and fund management. Invik is active in selected segments in which the group can create good growth and build successful companies. Invik comprises five business areas: Modern Insurances Non-Life, with direct insurance operations aimed at individuals and small companies; Modern Insurances Life, which offers life, pension and endowment insurance policies; Assuransinvest, which manages the remaining run-off portfolio; Banque Invik, a private bank in Luxembourg with operations in asset management, card operations and corporate services; as well as Invik Fonder, which conducts fund operations in Aktie-Ansvar and Modern Funds.

During the first quarter, Modern Insurances Life was designated as one of five insurers when the new ITP plan becomes effective on 1 July 2007.

Invik's revenue and result for the first quarter amounted to:

(SEK million)	Q1	
	2007	2006
Revenue	514	433
Operating profit EBIT	110	96

#### THE PARENT COMPANY

The Parent Company's revenue for the first quarter amounted to SEK 3 million (3) and administrative expenses totaled SEK 14 million (32). Administrative expenses for the first quarter 2006 included provision for expenses of SEK 26 million for the company's former CEO.

The net of financial income and expenses was an expense of SEK 66 million (income of 38).

The Parent Company's result after financial items was a loss of SEK 76 million (profit of 180).

No investments in tangible fixed assets were made during the quarter.

The Parent Company's liquidity, including short-term investments and unutilized credit facilities totaled SEK 414 million at 31 March 2007 and SEK 311 million at 31 December 2006. The Parent Company's interest-bearing external liabilities amounted at the same date to SEK 4,436 million (4,589).

#### ACCOUNTING PRINCIPLES

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. This report was prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting.

The accounting principles applied in this report are those described in the 2006 Annual Report.

#### KINNEVIK'S ANNUAL GENERAL MEETING 2007

The 2007 Annual General Meeting will be held on Thursday 10 May 2007 at 1:30 p.m. at the Skandia Cinema, Drottninggatan 82, Stockholm.

Further information on how and when to register is available on the Company's web site.

#### EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

On 26 April Kinnevik entered into an agreement with a wholly owned Swedish subsidiary to the Icelandic investment company Milestone ehf. ("Milestone") to sell all its shares in Invik & Co. AB for a total consideration of SEK 1,088,843,230, corresponding to SEK 253 for each class A share and SEK 230 for each class B share. The sale is conditional on Milestone obtaining approvals from the relevant financial supervisory authorities.

The sale will have a positive impact on Kinnevik's result of SEK 251 million in the second quarter of 2007, corresponding to the difference between the market value of the shares on 31 March, SEK 838 million, and the sale proceeds.

**FINANCIAL REPORTS**

The interim report for the period January – June 2007 will be published on 26 July 2007.

Stockholm, 26 April 2007

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, and farming through Mellersta Sveriges Lantbruk.*

*Investment AB Kinnevik's class A and class B shares are listed on the Stockholm Stock Exchange's Nordic list for large-cap companies within the financial and real estate sector. The ticker codes are KINV A and KINV B.*

## CONDENSED CONSOLIDATED INCOME STATEMENT (SEK million)

	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>1 Jan- 31 March</b>	<b>1 Jan- 31 March</b>	<b>Full year</b>
Revenue	1 957	1 245	6 305
Cost of goods and services	-1 650	-1 042	-5 404
<b>Gross profit</b>	<b>307</b>	<b>203</b>	<b>901</b>
Selling, administration, research and development costs	-110	-86	-492
Other operating income	112	28	116
Other operating expenses	-11	-14	-46
Share of profit/loss of associated companies accounted for using the equity method	-8	9	-1
<b>Operating profit</b>	<b>290</b>	<b>140</b>	<b>478</b>
Dividends received	–	–	488
Change in fair value of financial assets	5 961	7 292	10 974
Interest income and other financial income	1	8	22
Interest expenses and other financial expenses	-113	-61	-354
<b>Profit/loss after financial items</b>	<b>6 139</b>	<b>7 379</b>	<b>11 608</b>
Taxes	-32	-20	-47
<b>Net profit for the period from continuing operations</b>	<b>6 107</b>	<b>7 359</b>	<b>11 561</b>
Net loss from discontinued operations	–	-6	-12
<b>Net profit for the period</b>	<b>6 107</b>	<b>7 353</b>	<b>11 549</b>
Of which attributable to:			
equity holders of the Parent Company	6 106	7 353	11 547
minority	1	–	2
<b>Earnings per share before/after dilution, SEK:</b>			
– from continuing operations	23.13	27.88	43.79
– from discontinued operations	–	-0.02	-0.05
Average number of shares before/after dilution	263 981 930	263 981 930	263 981 930

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT (SEK million)

	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>1 Jan- 31 March</b>	<b>1 Jan- 31 March</b>	<b>Full year</b>
Operating profit	290	140	478
Adjustment for non-cash items	58	64	618
Taxes paid	-12	42	-18
<b>Cash flow from operations before change in working capital</b>	<b>336</b>	<b>246</b>	<b>1 078</b>
Change in working capital	45	36	455
<b>Cash flow from operations</b>	<b>381</b>	<b>282</b>	<b>1 533</b>
Acquisition of subsidiaries	–	–	-3 638
Disposal of subsidiaries	81	–	606
Investments in tangible and biological fixed assets	-63	-23	-308
Sales of tangible and biological fixed assets	1	1	16
Investments in shares and other securities	-11	-106	-288
Sales of shares and other securities	3	1	4
Dividends received	–	–	263
Change in loan receivables	1	1	21
Interest received	9	4	22
<b>Cash flow from investing activities</b>	<b>21</b>	<b>-122</b>	<b>-3 302</b>
Change in interest-bearing liabilities	-283	-83	2 453
Interest paid	-107	-52	-314
Dividend paid	–	–	-422
<b>Cash flow from financing activities</b>	<b>-390</b>	<b>-135</b>	<b>1 717</b>
<b>Total cash flow from continuing operations</b>	<b>12</b>	<b>25</b>	<b>-52</b>
Cash flow in Korsnäs Packaging	–	12	29
Lending to Korsnäs Packaging	–	-98	-79
<b>Cash flow from discontinued operations</b>	<b>–</b>	<b>-86</b>	<b>-50</b>
<b>Cash flow for the period</b>	<b>12</b>	<b>-61</b>	<b>-102</b>
Exchange rate differences in liquid funds	1	-2	-4
<b>Cash and bank, opening balance</b>	<b>106</b>	<b>212<sup>1)</sup></b>	<b>212<sup>1)</sup></b>
<b>Cash and bank, closing balance</b>	<b>119</b>	<b>149</b>	<b>106</b>

<sup>1)</sup> Including cash and bank in discontinued operations, SEK 27 million.

## SEGMENT REPORTING (SEK million)

	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>1 Jan- 31 March</b>	<b>1 Jan- 31 March</b>	<b>Full year</b>
<b>Revenue by segment</b>			
Korsnäs Industrial	1 715	1 049	5 451
Korsnäs Forestry	533	456	1 860
Eliminations within Korsnäs	-300	-275	-1 075
<b>Total Korsnäs</b>	<b>1 948</b>	<b>1 230</b>	<b>6 236</b>
Mellersta Sveriges Lantbruk	7	13	59
Parent Company and other	5	5	22
Eliminations	-3	-3	-12
<b>Total revenue</b>	<b>1 957</b>	<b>1 245</b>	<b>6 305</b>
<b>Operating profit / loss by segment</b>			
Korsnäs Industrial	214	163	486
Korsnäs Forestry	22	5	54
<b>Total Korsnäs</b>	<b>236</b>	<b>168</b>	<b>540</b>
Mellersta Sveriges Lantbruk	65	1	2
Parent Company and other	-11	-29	-64
<b>Total operating profit</b>	<b>290</b>	<b>140</b>	<b>478</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (SEK million)

	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 December</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	621	17	621
Tangible and biological fixed assets	6 730	3 786	6 831
Financial assets accounted to fair value through profit and loss	43 464	33 597	37 518
<i>whereof interest-bearing</i>	9	268	245
Investment in companies accounted for using the equity method	323	186	333
Other fixed assets	23	19	12
	<b>51 161</b>	<b>37 605</b>	<b>45 315</b>
<b>Current assets</b>			
Inventories	1 388	994	1 414
Trade and other receivables	838	551	834
Tax receivables	2	18	29
Prepayments	50	60	35
Short-term investments	19	–	–
Cash and cash equivalents	100	109	106
	<b>2 397</b>	<b>1 732</b>	<b>2 418</b>
<b>Total assets continuing operations</b>	<b>53 558</b>	<b>39 337</b>	<b>47 733</b>
Assets held for sale, Korsnäs Packaging	–	1 040	–
<b>TOTAL ASSETS</b>	<b>53 558</b>	<b>40 377</b>	<b>47 733</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Equity attributable to equity holders of the Parent Company	40 515	30 647	34 411
Equity attributable to the minority	12	–	11
	<b>40 527</b>	<b>30 647</b>	<b>34 422</b>
<b>Long-term liabilities</b>			
Interest-bearing loans	9 036	6 617	8 110
Provisions for pensions	549	498	549
Other provisions	173	166	207
Deferred tax liability	1 519	716	1 518
Other liabilities	4	4	4
	<b>11 281</b>	<b>8 001</b>	<b>10 388</b>
<b>Short-term liabilities</b>			
Interest-bearing loans	339	433	1 548
Provisions	154	48	145
Trade and other payables	1 253	850	1 218
Income tax payable	–	29	8
Prepaid income	4	22	4
	<b>1 750</b>	<b>1 382</b>	<b>2 923</b>
<b>Total liabilities continuing operations</b>	<b>13 031</b>	<b>9 383</b>	<b>13 311</b>
Liabilities directly associated with the assets held for sale, Korsnäs Packaging	–	347	–
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>53 558</b>	<b>40 377</b>	<b>47 733</b>

## CONDENSED STATEMENT OF CONSOLIDATED RECOGNISED INCOME AND EXPENSE (SEK million)

	<b>2007</b> <b>1 Jan-</b> <b>31 March</b>	<b>2006</b> <b>1 Jan-</b> <b>31 March</b>	<b>2006</b> <b>Full year</b>
Opening balance	34 422	23 300	23 300
Translation differences	-7	-6	2
Net gain of cash flow hedges	5	-	-
Actuarial losses relating to pension provision in accordance with IAS 19	-	-	-16
<b>Changes in assets recognised in equity, excluding transactions with the Parent Company's owners</b>	<b>-2</b>	<b>-6</b>	<b>-14</b>
Net profit	6 107	7 353	11 549
<b>Total changes in assets, excluding transactions with the Parent Company's owners</b>	<b>6 105</b>	<b>7 347</b>	<b>11 535</b>
Cash dividend	-	-	-422
Minority's share in acquired companies	-	-	9
<b>Closing amount</b>	<b>40 527</b>	<b>30 647</b>	<b>34 422</b>
Equity attributable to the shareholders of the Parent Company	40 515	30 647	34 411
Equity attributable to the minority	12	-	11
	<b>2007</b> <b>31 March</b>	<b>2006</b> <b>31 March</b>	<b>2006</b> <b>31 Dec</b>
<b>KEY RATIOS</b>			
Debt/equity ratio	0.2	0.2	0.3
Equity ratio	76%	76%	72%
Net debt	9 796	7 171	9 856

**DEFINITIONS OF KEY RATIOS**

Debt/equity ratio	Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity.
Equity ratio	Shareholders' equity including minority as percentage of total assets.
Net debt	Interest-bearing liabilities including interest-bearing 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 average operational capital employed.

## FINANCIAL KEY RATIOS, BUSINESS AREAS (SEK million)

	2007 Q1	2006 Full year	2006 Q4	2006 Q3	2006 Q2 <sup>1)</sup>	2006 Q1
<b>Revenue</b>						
Korsnäs Industrial	1 715	5 451	1 511	1 641	1 250	1 049
Korsnäs Forestry	533	1 860	483	451	470	456
Eliminations within Korsnäs	-300	-1 075	-252	-271	-277	-275
Total Korsnäs	1 948	6 236	1 742	1 821	1 443	1 230
Mellersta Sveriges Lantbruk	7	59	22	8	16	13
<b>Operating profit / loss before depreciation (EBITDA)</b>						
Korsnäs Industrial	365	987	29	438	273	247
Korsnäs Forestry	24	64	31	16	10	7
Total Korsnäs	389	1 051	60	454	283	254
Mellersta Sveriges Lantbruk <sup>2)</sup>	75	9	3	-2	5	3
<b>Operating profit / loss after depreciation (EBIT)</b>						
Korsnäs Industrial	214	486	-130	290	163	163
Korsnäs Forestry	22	54	28	13	8	5
Total Korsnäs	236	540	-102	303	171	168
Mellersta Sveriges Lantbruk <sup>2)</sup>	65	2	2	-3	2	1
<b>Operating margin</b>						
Korsnäs Industrial	12.5%	8.9%	-8.6%	17.7%	13.0%	15.5%
Korsnäs Forestry	4.1%	2.9%	5.8%	2.9%	1.7%	1.1%
Korsnäs	12.1%	8.7%	-5.9%	16.6%	11.9%	13.7%
Mellersta Sveriges Lantbruk <sup>2)</sup>	928.6%	3.4%	9.1%	-37.5%	12.5%	7.7%
<b>Operational capital employed</b>						
Korsnäs Industrial	7 805	6 552	8 051	8 317	5 517	4 144
Korsnäs Forestry	285	261	268	261	269	243
Korsnäs	8 090	6 813	8 319	8 578	5 786	4 387
Mellersta Sveriges Lantbruk	405	319	371	311	261	273
<b>Return on operational capital employed</b>						
Korsnäs Industrial	11.0%	7.4%	-6.5%	13.9%	11.8%	15.7%
Korsnäs Forestry	30.9%	20.7%	41.8%	19.9%	11.9%	8.2%
Korsnäs	11.7%	7.9%	-4.9%	14.1%	11.8%	15.3%
Mellersta Sveriges Lantbruk <sup>2)</sup>	64.2%	0.6%	2.2%	-3.9%	3.1%	1.5%
Production, thousand tons	268	894	243	269	201	181
Deliveries, thousand tons	282	890	239	270	204	177

<sup>1)</sup> Korsnäs Frövi is included from 1 June 2006.

<sup>2)</sup> Mellersta Sveriges Lantbruk Q1 2007 includes a profit of SEK 70 million from the sale of Agrovik AB.

**Korsnäs Industrial pro forma including Frövi (excluding restructuring costs of SEK 183 million in Q4 2006):**

Revenue	6 392	1 511	1 641	1 650	1 590
Operating profit before depreciation (EBITDA)	1 436	212	444	392	388
Operating profit after depreciation (EBIT)	821	53	296	237	235
Operating margin	12.8%	3.5%	18.0%	14.4%	14.8%
Production, thousand tons	1 058	243	269	267	279
Deliveries, thousand tons	1 037	245	270	264	258