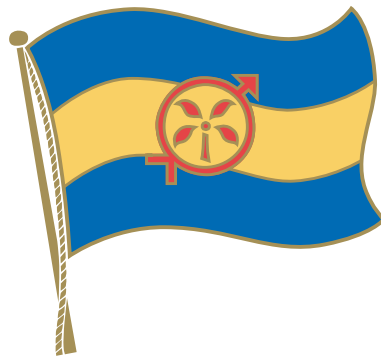


*Industriförvaltnings AB
Kinnevik*



Annual Report 2001

Annual General Meeting

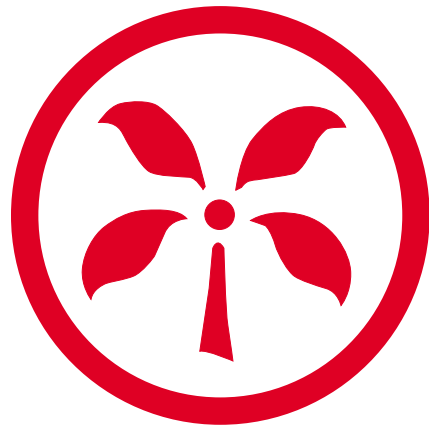
The Annual General Meeting will be held at 11.00 a.m. on Friday, May 17, 2002 at Gamla Stans Bryggeri, Tullhus 2, Skeppsbron, Stockholm. Shareholders wishing to participate in the AGM shall be entered in the printout of the register of shareholders as referred to in the Swedish Companies Act, Chapter 3, §13 second point and also notify the company of their wish to participate by no later than 3.00 p.m. on Monday, May 13, 2002. Notification may be given via Kinnevik's homepage, www.kinnevik.se, or by telephoning +46 33 724 12 67 or writing to:

Industriförvaltnings AB Kinnevik
Box 2094
SE-103 13 STOCKHOLM

In order to be listed on the printout, as referred to above, shareholders must be entered in the register of shareholder maintained by Värdepapperscentralen VPC AB on Tuesday May 7, 2002 at the latest. Shareholders whose holdings are registered in nominee names through a bank's trust departments or a brokerage must temporarily have their shares registered in their own names in order to be entitled to participate in the AGM. Such re-registration shall be completed by no later the last-mentioned date.

Financial information

Interim report Q1 2002, April 25, 2002
Interim report Q2 2002, August 6, 2002
Interim report Q3 2002, October 24, 2002
Year-end release for 2002, February 2003
Annual Report for 2002, April 2003
Annual General Meeting, May 2003



"More than 60 years of entrepreneurship under
the same group of principal owners"

Contents

Board of Directors and Auditors	3
Management.....	4
Financial Highlights 1997–2001	5
Figures	6
Shareholders.....	7
Review by the Board of Directors	8
Annual Report and Consolidated Financial Statements 2001	
Directors' Annual Report	10
Statements of Income, Balance Sheets and Notes to the Financial Statements	12
Auditors' Report.....	36
Presentation of Operating Companies	
Mellersta Sveriges Lantbruks AB.....	37
Korsnäs Holding AB	38
Worldwide Loyalty B.V.	41
CIS Credit International Services AB	42
Other subsidiaries.....	43
Affiliated companies and other investments	44
Acronym and explanations	46
Kinnevik's Board of Directors.....	47
Addresses	48

Board of Directors and Auditors



Members, President and Secretary of the Board of Directors of
Industriförvaltnings AB Kinnevik.

Board of Directors

Honorary Members

Carl-Gustaf Klingspor
Bo von Horn

Directors

Jan Hugo Stenbeck, Chairman	Wilhelm Klingspor
Bruce Grant	Stig Nordin
Thorbjörn Hallström*	Ulf Spång
Edvard von Horn	Dag Tigerschiöld
Thomas Jönsson	Ulf Westin*

Deputy Members

Kenneth Portin* Hans Wahlbom*

Auditors

Auditors

Lars Träff Hans Karlsson Erik Åström
Authorized Public Accountants

Deputy Auditors

Tomas Forslund Carl Lindgren Anders Wiger
Authorized Public Accountants

* Representatives nominated by union organizations.

See page 47 for further information about Kinnevik's Board of Directors.

Management



- Left to right,
front row: Peter Buckley, President of Korsnäs Packaging Group, Paris; Vigo Carlund, President of Industriförvaltnings AB Kinnevik, Stockholm; Per Lindberg, Acting President of Korsnäs AB, Gävle.
- Back row: Sten Carler, President of Collect Sweden AB, Stockholm; Anders Norrman, President of CIS Credit International Services AB, Karlskoga; Sture Gustavsson, President of Mellersta Sveriges Lantbruks AB, Vadstena.
- Travelling: Mitch Gershman, President of Worldwide Loyalty B.V., Amsterdam; Zijah Lenjani, President of Birraria Hugo's N.P., Kosovo.

Financial Highlights 1997–2001

Consolidated Statements of Income ¹

(MSEK)	1997	1998	1999	2000	2001
Net turnover	4,887	5,068	5,289	5,521	6,120
Income from corporate development	129	759	96	8,471	- 4
Income from sales of securities	265	277	6	- 81	27
Operating income	743	1,334	461	8,571	345
Participations in affiliated companies.....	- 265	- 487	387	534	- 487
Income after financial items exclusive of interest on convertibles	282	568	614	8,855	- 462
Key ratios					
Return on capital employed (%).....	5.7	7.7	7.1	48.8	- 0.1
Return on stockholders' equity (%).....	4.3	8.7	9.4	85.8	- 4.0
Interest coverage ratio (times).....	1.6	2.4	2.8	20.7	- 0.1
Profit margin (%).....	5.8	11.2	11.6	160.4	- 7.5
Equity / assets ratio (%)	40.5	39.2	36.5	57.3	53.2
Debt/equity ratio (times)	1.2	1.2	1.4	0.6	0.7
Risk capital ratio (%).....	42.9	41.8	39.1	58.9	57.0
Per share data					
Earnings per share (SEK).....	3.94	7.94	8.61	139.45	- 9.06
Stockholders' equity per share	88	92	91	234	219
Market price at December 31 (SEK), excluding distributed companies	131.50	190.00	264.00	181.00	166.00
Dividend (SEK).....	41.50 *	6.35 **	4.76 *	13.50 ***	2.00 ****
Direct return (%).....	32	3	2	7	1

* Including distribution of warrants in Société Européenne de Communication S.A. (SEC).

** Including distribution of warrants in Invik & Co. AB (Invik).

*** Including distribution of shares in Transcom WorldWide S.A. (Transcom).

**** Proposed cash dividend.

¹⁾ Figures for 1997-2000 relate to the Group post forma excluding distributed and sold companies.

Definitions

Capital employed

Total capital – interest-free liabilities – deferred tax liabilities.

Return on capital employed

Income after financial revenue and expense + interest expense / average capital employed.

Return on stockholders' equity

Net income + interest on convertible debenture loan reduced by the tax effect / average equity after full conversion.

Interest coverage ratio

Income after financial revenue and expense + interest expense / interest expense.

Profit margin

Income after net financial items / operating revenue.

Equity/assets ratio

Equity + minority interests in equity + convertible debenture loans / total assets.

Debt/equity ratio

Interest-bearing liabilities / equity + minority interests in equity + convertible debenture loans.

Risk capital ratio

Equity + minority interests in equity + deferred tax liabilities + convertible debenture loans / total assets.

Earnings per share

Net income + interest on convertible debenture loans reduced by the tax effect / number of shares after full conversion.

Stockholders' equity per share

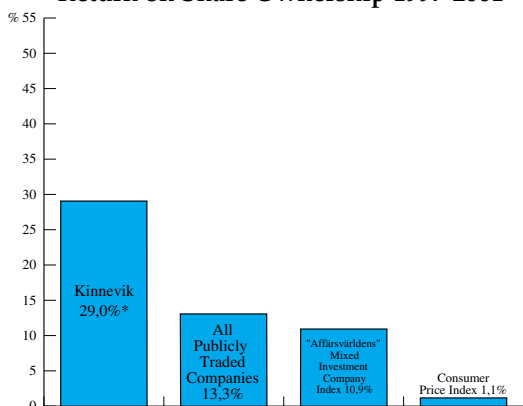
Equity + convertible debenture loans / number of shares after full conversion.

Direct return

Dividend / market price on December 31.

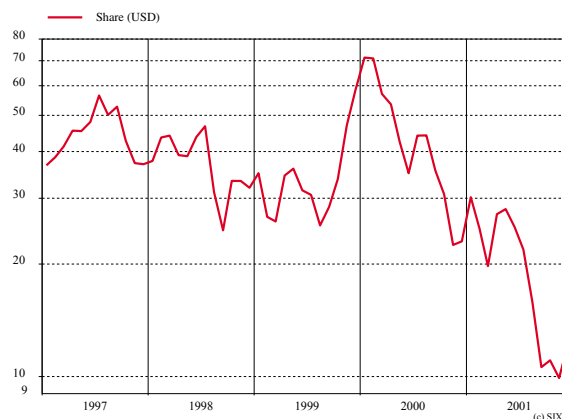
Figures

Effective Annual Average Rate of Return on Share Ownership 1997-2001



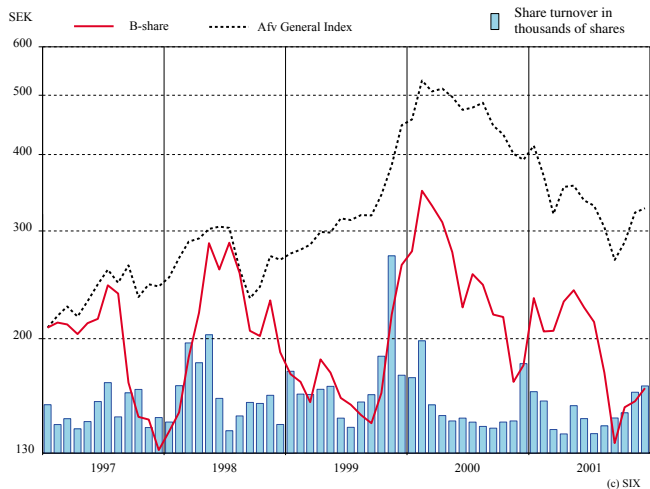
* Including the value of dividends of Tele2, MTG, SEC, Invik, Metro and Transcom and the value of share subscription offers.

MIC's share price during 1997-2001

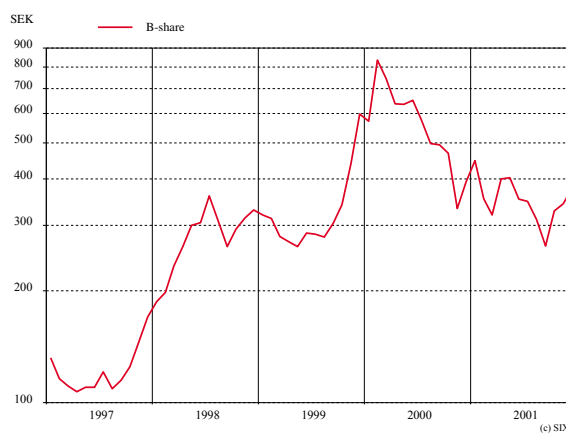


Kinnevik's holding in MIC amounts to 33% of capital. The market value on December 31, 2001, was MSEK 2,123.

Kinnevik's share price during 1997-2001



Tele2's share price during 1997-2001



Kinnevik's holding in Tele2 amounts to 16% of capital. The market value on December 31, 2001, was MSEK 8,473.

Kinnevik shares

The above curve shows changes in Kinnevik's share price during the past five years. The share price has been corrected for the distribution of shares in Tele2 AB (Tele2), Modern Times Group MTG AB (MTG), Société Européenne de Communication S.A. (SEC), Invik & Co. AB (Invik) and Transcom WorldWide S.A. (Transcom). On May 14, 1996, all shares in Tele2 were distributed to Kinnevik's shareholders. On September 15, 1997, all shares in MTG were distributed to Kinnevik's shareholders. On June 4, 1998, warrants were distributed to shareholders entitling them to acquire a total of 20% of the shares in SEC for SEK 1.50 each. On May 27, 1999, warrants were distributed to shareholders entitling them to acquire one share in Invik & Co. AB for every 100 shares owned in Kinnevik. On May 31, 2000, Kinnevik distributed warrants to its shareholders entitling them to acquire 1.6% of the shares in SEC for SEK 11.70 per share. During 2000, Tele 2 acquired 99.7% of the shares in SEC. On September 4, 2001, all shares in Transcom were distributed to Kinnevik's shareholders.

Convertible loan

Kinnevik's convertible loan was redeemed on February 28, 1998.

Kinnevik options

Options in Kinnevik were first listed on OM in October 1993. In 2001, an average of 175 option contracts was traded each day, which corresponds to 17,500 shares. As of October 1999, options with long durations, known as warrants, were listed. In 2001, 11 warrants have been listed in Kinnevik. A total of 12,240,000 warrants were traded in 2001.

Shareholders

The number of Kinnevik shares owned by the principal shareholders and their percentage interest in the share capital and votes, according to VPC, December 28, 2001.

Shareholder	"A" shares	"B" shares	Per cent of capital	Per cent of votes
Invik & Co. AB	6,216,387	2,286,936	13.5	32.4
Emesco Group	3,336,905	0	5.3	16.8
Jan H Stenbeck	1,489,000	0	2.4	7.5
Klingspor Family	1,141,982	196,526	2.1	5.8
Svenska Handelsbanken fonder	252,000	4,635,802	7.8	3.6
Korsnäs Trust	456,283	45,581	0.8	2.3
von Horn Family	436,800	52,261	0.8	2.2
Gamla Livförsäkringsaktiebolaget	200,000	2,029,748	3.5	2.0
S-E-Banken / Trygg-Hansa fonder	0	3,415,650	5.4	1.7
Robur fonder	0	2,282,375	3.6	1.1
Skandia	103,000	1,166,820	2.0	1.1
Alecta	2,312	1,916,064	3.0	1.0
Hugo Stenbeck's Trust	199,530	0	0.3	1.0
Banco fonder	0	1,736,402	2.8	0.9
Kungl Skogs- o Lantbruksakademin	172,000	0	0.3	0.9
Länsförsäkringar	0	1,422,258	2.3	0.7
Andra AP-fonden	0	1,247,559	2.0	0.6
Franklin Mutual Series Funds	0	1,246,096	2.0	0.6
Catella fonder	0	1,200,000	1.9	0.6
SPP fonder	0	1,187,195	1.9	0.6
Others	<u>1,117,542</u>	<u>21,747,663</u>	<u>36.3</u>	<u>16.6</u>
Total	15,123,741	47,814,936	100.0	100.0

Review by the Board of Directors

Objectives

The purpose of Industriförvaltnings AB Kinnevik is to produce value for its shareholders, primarily by net asset value growth. The business comprises the long-term development of operating companies. Kinnevik seeks, as often as possible, to play an active role on the boards of its subsidiaries and affiliated companies, together with other large, long-term shareholders. In this work, the awareness that every company has, and should continually strive to strengthen its business franchise is the foundation, and the long-term increase in value-added created in the operations is the lodestar.

Historical background

The predecessor of Industriförvaltnings AB Kinnevik was founded on December 18, 1936, by a group of friends, and the business has been carried on by their offspring, now in the third generation. Thus the Company embodies more than sixty years of entrepreneurship under the same group of principal owners. The original investments mainly took the form of purchases of substantial minority holdings in listed companies, with price as an important criterion. Decisions on investments are often made against the prevailing market trend, or contrary to generally accepted views. As other investors tend to give too much credence to these views the return on their investments is consequently often lower than the market average. Consequently, such investments have mainly been made in periods of unclear outlook, or in companies with uncertain prospects.

Ever since it was founded, the Group has owned large agricultural properties. Investments were originally made principally in heavy manufacturing, in the forest products, in the iron and steel industries and in fabrication often associated with these industries. Kinnevik's major portfolio investments have been in Korsnäs AB and Sandvik AB.

In 1978, shares of Fagersta AB were acquired for the purpose of seeking to coordinate the steel operations of Fagersta and Sandvik. When Skanska AB, in concert with Investment AB Beijer, acquired major holdings of shares in Sandvik AB, Kinnevik sold its Sandvik shares in the fall of 1983. In 1984, finally, agreements were reached to restructure the Swedish specialty steel industry. The assets of Fagersta AB for production of stainless steel were sold to other manufacturers. Fagersta AB was then merged into a single entity with its major stockholder, Investment AB Kinnevik. In 1985 the Parent Company of the Group changed its name to Industriförvaltnings AB Kinnevik.

Kloster Speedsteel AB, Kinnevik's last major investment in specialty steel manufacturing, was sold in 1991.

During the past 22 years, as the prices of established companies appeared to be high, Kinnevik, instead of investing in these, has set up companies around new products or services, largely in information distribution in the broadest sense of the term, from telecommunications to television. Kinnevik or these subsidiary companies, have invested in operating cellular mobile telephone systems since 1981, in establishing DBS satellite operations since 1985, in operating credit card telephone and credit card transaction systems since 1986, in providing SMA-TV services since 1987, in publishing since 1987, in satellite TV broadcasting since 1987, in independent TV production since 1988, in distribution of pay-TV since 1989, in television homeshopping since 1989, in radio broadcasting since 1991, in digital mobile telecommunications since 1992, in text TV since 1993, in international telecommunications since 1993 and in national telecommunications since 1994. Metro, a daily newspaper, was started in 1995. Internet com-

panies and companies related in other ways to IT as well as customer service operations were started in 1996. Even though errors surely have been committed, these ventures now appear to be successful overall.

In 1992 Kinnevik made a tender offer to acquire the minority shares outstanding in Korsnäs AB, a company in which Kinnevik has been a shareholder since 1936 and which has developed, in terms of value, into one of the largest assets in Kinnevik. This bid was successful.

Following its heavy capital investments at the end of the eighties, Korsnäs was about to enter a period when the profit expected would exceed its day-to-day investment requirements. A merger between Korsnäs and Kinnevik created an opportunity to invest Korsnäs's operating surplus in other fast growing areas of business.

On February 8, 1996, Kinnevik's Board announced its intention of successively distributing some sub-groups to Kinnevik's own shareholders. The shares in Tele2 AB (formerly NetCom AB) (Tele2) were distributed at the Annual General Meeting in 1996, and then listed on Stockholmsbörsen's "O" list (formerly Stockholm Stock Exchange) and on Nasdaq in the USA since January 1997.

The Annual General Meeting in 1997 decided to distribute the shares in Modern Times Group MTG AB (MTG) to Kinnevik's shareholders. This split was carried out on September 15, and the shares were listed shortly thereafter on Nordic Growth Market (formerly Stockholm Börsinformation (SBI)) and on Nasdaq.

The Annual General Meeting in 2001 resolved in favour of distributing Kinnevik's shares in Transcom WorldWide S.A. (Transcom), one of the leading customer service companies in Europe, to Kinnevik's shareholders. The date of record for the distribution was September 4, and Transcom obtained a listing on Stockholmsbörsen's "O" list and Nasdaq on September 6.

Following these three spin-offs, Industriförvaltnings AB Kinnevik's most important holdings are the following: 96% of the shares in Korsnäs AB, 33% of the shares in Millicom International Cellular S.A. (MIC), one of the world's leading operators of mobile telecom systems, and 16% of the shares in Tele2.

As of December 31, 2001, the total value of the spun-off shares in Tele2, MTG, Metro and Transcom amounted to MSEK 74,784, or SEK 1,188 per share, based on the number of Kinnevik shares currently in issue.

Operations in 2001

The very warm and dry early summer and summer was detrimental to the crops, and this resulted in a small and too early harvest. However, this was not a serious disadvantage this particular year as the harvest could be gathered early before the arrival of the heavy autumn rains. Consequently, the entire crop from Ullevi was of the highest quality, a situation that was far from common this year. The two subsidiary companies, Russelbacka Egendom AB and Svedberga Lantbruks AB, were sold during the year. The farming business in Poland has continued to develop. Rolnyvik, the affiliated company there, officially took over the running of the Barcianny estate in June, although it had responsibility for purchasing and supplies for the arable farming activities as of March.

During the first three quarters of 2001, demand for paper from Korsnäs remained firm, and prices were favourable, benefiting from the weakness of the Swedish krona against other key currencies. During the fourth quarter, demand levelled off, and prices came under growing pressure. During the year, Korsnäs reduced its sack-paper capacity by making

adjustments to the pattern of shift working. A decision has also been made to take Paper Machine 3 (PM3) and the finishing department out of production during the first quarter of 2002. Korsnäs Packaging managed to increase its turnover in 2001, despite poorer market conditions. The profitability of Korsnäs Packaging is still unsatisfactory, which is mainly due to the costs incurred on further capacity reductions at the factories in Europe and on newly started units in the Ukraine and the USA. Higher average prices and a lower cost base contributed to an improvement in Korsnäs's overall profitability in 2001.

The Annual General Meeting held on May 18, 2001 resolved in favour of distributing the company's shares in Transcom WorldWide S.A. to Kinnevik's shareholders. Preparations were made during the summer for listing Transcom's shares on Stockholmsbörsen's "O" list and Nasdaq in New York and trading began on September 6. Transcom operates 26 call centres in 15 countries. In 2001, the number of employees rose from around 5,500 to about 6,000.

In October, Kinnevik participated in a new share issue by Metro, acquiring a further 10,236,138 Class "A" shares at an issue price of SEK 21 per share.

The market value of Kinnevik's holding of MIC shares amounted to MSEK 2,123 at December 31, 2001. On February 15, 2002, the market value of the holding was MSEK 1,569. MIC currently has equity holdings in 19 companies in 18 countries, which together represent a market with 485 million inhabitants. In 2001, the total subscriber base of these companies grew by 29%, to 3,741,136. On a pro rata basis, in relation to MIC's equity holdings, the number of subscribers amounted to 2,698,619, an increase of 35% in 2001. The subscriber base of Tele2, in which MIC has a minority interest, is not included in the above figures.

The market value of Kinnevik's holding of Tele2 shares amounted to MSEK 8,473 as at December 31, 2001. On February 18, 2002 the market value of this holding was MSEK 6,169.

Tele2 was formed in 1993 and is the leading, alternative pan-European telecom provider with services in mobile GSM, public telecommunication and data communication, and Internet under the Tele2, Tango and Comviq brand names. Tele2 has 15 million customers in 21 countries.

A brief look back and future prospects

The slowdown in economic activity in North and South America, Europe and Asia during the second half of 2000 became increasingly evident in 2001. With a few exceptions, such as China, Russia and India, the year was a poor one in terms of growth, with expectations gradually being lowered.

A slowdown in global trade in goods and services is often the clearest sign of subdued demand, and this situation applied in 2001. Whereas the volume of goods and services in international trade grew by more than 12% in 2000, it fell by 1% last year, according to preliminary figures.

Global trade is dominated by manufactured goods, whose production fluctuates far more widely than services, even though international tourism, for example, is also seriously affected by weaker economic conditions. The sharp reversal in international trade, from expansion to contraction, was primarily an effect of the downturn in the IT and telecom industries. These sectors are highly international with close links between developed industrial economies and emerging economies, especially those in Asia. These ties are emphasised by the fact that world trade is increasingly in the hands of groups with subsidiaries and suppliers on practically every

continent. Any synchronised downturn in demand will quickly intensify in an increasingly interdependent world.

The global scene in 2001 was also characterised by excess capacity and depressed prices with a distinctly deflationary aspect to merchandise trade. Servicing the growing debt accumulated by corporations and consumers over a long period of time is also absorbing a growing proportion of operating profits and personal incomes.

Regular economic surveys in the USA indicate that consumer confidence is gradually reviving after reaching a low point in the aftermath of the terrorist attacks on September 11. Purchasing managers in the American manufacturing sector also consider that order books are looking stronger, whereas employment and production have continued to weaken. There are two reasons for this: a continuation of the sharp reduction in stocks that began in the previous year, and excessively high costs in many companies.

The collapse of the WTC buildings caused extensive damage to the financial markets' communication systems in the vicinity. Not only their pricing functions but also their settlement capacity were threatened. The New York Stock Exchange, along with several leading players on the market, was momentarily incapable of carrying on in an orderly manner. The world's leading central banks, following the example of the Federal Reserve Bank in the USA, provided the markets with additional liquidity, the full extent of which still remains to be seen. American politicians also had visibly important reasons for quickly increasing public expenditure, thus bringing the budget back into deficit in order to stimulate demand as a means of protecting jobs, expanding the defence budget, and providing aid for particularly exposed industries, such as airlines.

Last year's disturbing events had a marked impact on expectations for 2002. Estimates of demand and production indicate modest increases for the year as a whole, with a definite recovery only coming in the second half of the year. Rising unemployment and persistent excess capacity suggest that prices will remain under pressure.

At its meeting on January 30, 2002 the American Federal Reserve's Open Market Committee concluded as that the outlook for recovery has brightened, no further cuts in the prime rate can be expected, unless a new declining trend emerges.

The outlook for the Japanese economy appears gloomy. Current estimates indicate that GDP and prices are still falling. Deflation and a falling GDP in nominal terms mean that the level of debt is rising in real terms, which is discouraging as it is not only the state, but also the business sector and consumers that are highly indebted.

Within the eurozone the introduction of notes and coins denominated in euro is turning out a much-needed success, also in the sense that sceptical opinion in Denmark and Sweden is beginning to shift, and a majority in each country now say they would vote to join the euro. The shift may also be attributable to expectations that more transparent prices within the eurozone will stimulate competition and help to reduce prices in neighbouring countries.

Demand and production expectations in Europe are otherwise subdued. Consumers, except in Great Britain, are cautious despite high incomes, in part due to the impression of rising unemployment and uncertainty on the labour market.

There are real threats to the stability of the expected global economic recovery. High debt and deflation, economic policy deadlocks, and geopolitical trouble spots are all factors that will cause uncertainty, possibly dashing hopes of renewed growth and – via a process of mutual dependence – triggering off panicky reactions that could have a domino effect.

Directors' Annual Report

Return and asset value

Since 1976 Kinnevik's shares have generated an average effective yield of 24% per year as a result of rising prices and dividends, including the value of warrants offers and subscription offers. During the past five years, Kinnevik's shares have generated an effective yield of 29% per year. The effective yield in 2001 was 0%.

During the year, Kinnevik distributed to shareholders its shares in Transcom, whose listed share price on Stockholmsbörsen's "O" list at the time of distribution was SEK 12.50. At the year-end, the closing price of Kinnevik's Series "A" shares was SEK 159 and of its Series "B" shares SEK 166.

Consolidated result

Net turnover for 2001 amounted to MSEK 6,120, which may be compared with MSEK 5,521 for the previous year, excluding Transcom WorldWide S.A.

Income from corporate development and income from sales of securities amounted to MSEK 23 (8,390). The comparative figure for 2000 largely relate to the sale of shares in SEC in exchange for new shares in Tele2 (MSEK 7,627) and the sale of the business of TV1000 Sverige AB (MSEK 762).

Operating income amounted to MSEK 345 (8,571). The extensive organisational changes at Korsnäs continued in 2001. Costs of MSEK 315 (383) in the form of severance pay and restructuring have been taken against income, of which Korsnäs AB accounted for MSEK 212 and Korsnäs Packaging's foreign subsidiaries for MSEK 103.

Kinnevik's interest in the earnings of affiliated companies amounted to a loss of MSEK 487 (income of 534), of which MIC accounted for a loss of MSEK 406 (income of 1,044), Metro for a loss of MSEK 54 (0) and SEC 0 (loss of 504).

Financial revenue and expense amounted to a net expense of MSEK 320 (expense 250).

The result after financial net was a loss of MSEK 462 (income of 8,855).

The net loss for the year was MSEK 570 (income of 8,777).

The comparative figures for 2000 are post forma and relate to the Kinnevik Group including the companies currently belonging to it.

Organisation

During the past 22 years, total investments in new businesses have amounted to some MSEK 15,000.

During the build-up phase it is an advantage for new businesses to be included within Kinnevik, whose organization is very similar to that of a conglomerate, thus enabling them to benefit from the Group's total financial and management resources.

When the companies reach a certain degree of maturity, it becomes desirable to expose their economic values and give them a higher degree of autonomy. This has been done by structuring the Kinnevik Group into clearly demarcated sub-groups for each business area.

The Kinnevik Group is organised into the following business areas:

- Mellersta Sveriges Lantbruks AB, arable farming in Sweden and Poland.
- Korsnäs Holding AB, engaged in forestry, packaging and packaging materials.
- Other operations, including Worldwide Loyalty B.V. and CIS Credit International Services AB.

Since distributing the shares in Tele2 (1996), MTG (1997) and Transcom (2001), Kinnevik has continued the tradition of

developing new areas of business. Kinnevik also owns substantial holdings of shares in MIC, Tele2, MTG and Metro, which gives the company the financial strength that is a prerequisite for corporate development, in so far as this will continue, or for a return to the policy of buying holdings in other listed companies that are temporarily out of favour.

Important events during the year

On January 8, Kinnevik acquired the outstanding 49.9% of the shares in Transcom from Société Européenne de Communication S.A. (SEC), and Great Universal Inc. Payment of the price of MSEK 319, which was based on the average market price during the first 60 days of trading in Transcom, was made in December.

At the AGM held on May 18, Kinnevik's shareholders resolved in favour of paying a cash dividend of SEK 1 per share and distributing all of Kinnevik's shares in Transcom.

Kinnevik's Board decided at its meeting on May 15 to recapitalise Transcom prior to the distribution, and MEUR 27.5 of convertible loan stock were made available for issue on the same day. The conversion price is EUR 3.53 per share. Holders are entitled to convert all or part of their holding of loan stock until May 15, 2004. By December 31, 2001 Transcom had drawn MEUR 15.6 of the convertible loan.

The date of record for the distribution of Transcom was September 4, and trading began on Nasdaq in New York and on Stockholmsbörsen's "O" list on September 6. Shareholders received one Class "A" share in Transcom for each Class "A" share in Kinnevik and 0.65 Class "B" shares plus 0.35 Class "A" shares in Transcom for each Class "B" share in Kinnevik.

During the first half-year, Rolnyvik, Mellersta Sveriges Lantbruks AB's associate company in Poland, acquired a number of estates in northeast Poland from the Polish state. Their combined acreage is 4,676 hectares and they are stocked with 750 milking cows and 900 young animals.

In June, Kinnevik made an offer to Goodguy's shareholders to sell their shares to Kinnevik. By December 31, all but one (with 0.03% of the capital) of the shareholders had accepted the offer. Goodguy's business has been discontinued during the year in accordance with the plan presented in the take-over offer.

On July 2, Korsnäs AB sold Korsnäs Reinsurance S.A., its reinsurance company in Luxembourg, to Invik & Co. AB. The sale generated a capital gain of MSEK 139 in Korsnäs AB's accounts but a capital loss of MSEK 46 at Group level.

In August, Mellersta Sveriges Lantbruks AB sold its Russelbacka and Svedberga estates. The sales generated a capital gain of MSEK 42 at Group level.

In October, Metro carried out a new share issue in which Kinnevik participated, acquiring a further 10,236,138 shares at an issue price of SEK 21 per share, after which Kinnevik's interest in Metro amounts to 27.8% of the votes and 14.5% of the capital.

A minority shareholder in Korsnäs AB has not accepted the arbitration decision of March 25, 1999, and has taken the case to court.

Financial position

The value of the Group's holding of listed securities amounted to MSEK 12,727 as of December 31. On February 18, 2002, the value amounted to MSEK 9,624, which means that book value exceeds market value of the Group's portfolio of listed shares with MSEK 2,717 on that date.

The Group's liquid funds, including short-term investments and undrawn credit facilities, amounted to

MSEK 1,472 (3,968) at December 31.

The Group's net interest-bearing debt amounted to MSEK 7,748 (7,405) at the end of the year. As of 2001 short-term investments are excluded in the calculation of the Group's net interest-bearing debt.

The average cost of interest for the year was 5.0% (5.3%) (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure (excluding investments in financial fixed assets) during the year amounted to MSEK 528 (516). The comparative figure for 2000 is post forma excluding Transcom WorldWide S.A.

The closing equity ratio was 53% (57%). After taking into account the premium over the book value of listed securities the equity ratio was 55% (60%).

The Group's borrowing is largely arranged in Swedish kronor. Foreign subsidiary companies mainly arrange their financing in local currencies.

On an annual basis, the Group's in-flows and out-flows in foreign currencies amounted to a net in-flow equivalent to some MSEK 1,500.

Events after the end of the financial year

On January 23, 2002, Korsnäs Packaging signed an agreement to supply cement sacks to the HeidelbergCement Group in Germany. The agreement has a term of three years and has an order value of some MUS\$ 50.

Research and development

The Group's research and development expense amounted to MSEK 39 (42), which is attributable to Korsnäs Group.

Parent company

The parent company reports a loss on corporate development and sales of securities of MSEK 171 (income 2,806). The income statement item consist mainly of losses on the sale of Metro shares to a subsidiary in the Group.

Result from participation in group companies, in the form of dividends, amounted to MSEK 908 (783).

Other financial revenue and expense amounted to a net expense of MSEK 112 (revenue 319).

The parent company's income after financial items amounted to MSEK 593 (3,911).

Environment

Under the Code of Environmental Statutes, a permit is required for operations carried out by Korsnäs AB. It is mainly within Korsnäs Industrial that the company's activities requiring a permit or subject to registration have an impact on the external environment. Korsnäs produces pulp, paper and paperboard. This mainly affects the environment in the form of emissions into air and water and of noise. Investigations are currently being made with regard to certain aspects of the licence. They relate to emissions into water and emissions of nitrogen oxides into air, and the storage of waste in landfills on the company's industrial site.

Board procedures

Kinnevik's Board held eight minuted meetings in 2001.

Future developments

See Review by the Board of Directors and the presentation of the Group's operative companies.

Proposed treatment of unappropriated earnings

The Group's unrestricted equity amounts to MSEK 9,181. At the disposal of the parent company's Annual General Meeting are

	(SEK thousand)
Unrestricted equity	5,586,903

The Board and the President propose that the unappropriated earnings at the disposal of the Annual General Meeting be dealt with as follows:

Payment of a cash dividend of SEK 2 per share, amounting to	125,877
To be carried forward	5,461,026
Total	<u>5,586,903</u>

Consolidated Statement of Income

for the period January 1 – December 31 (MSEK)

	2000	2000 * post forma	2001
Net turnover, Note 2.....	7,019	5,521	6,120
Cost of sales.....	<u>- 5,687</u>	<u>- 4,476</u>	<u>- 5,042</u>
Gross result	<u>1,332</u>	<u>1,045</u>	<u>1,078</u>
Selling expenses.....	- 261	- 234	- 139
Administration expenses.....	- 656	- 413	- 450
Research and development expenses.....	- 42	- 42	- 39
Income from corporate development, Note 3.....	8,471	8,471	- 4
Income from sales of securities, Note 3.....	- 81	- 81	27
Other operating income, Note 4.....	248	248	222
Other operating expenses.....	<u>- 423</u>	<u>- 423</u>	<u>- 350</u>
Operating income, Notes 2, 5, 24, 28, 30	<u>8,588</u>	<u>8,571</u>	<u>345</u>
Result from participation in affiliated companies, Note 7.....	534	534	- 487
Interest income and similar, Note 8.....	605	604	115
Interest expense and similar, Note 9.....	<u>- 862</u>	<u>- 854</u>	<u>- 435</u>
Income after financial items, Note 2	<u>8,865</u>	<u>8,855</u>	<u>- 462</u>
Taxes, Note 19.....	- 86	- 77	- 104
Minority share in earnings.....	<u>- 2</u>	<u>- 1</u>	<u>- 4</u>
Net result for the year	<u>8,777</u>	<u>8,777</u>	<u>- 570</u>
Earnings per share before/after dilution, SEK.....	139.45	139.45	- 9.06
Total number of shares before/after dilution.....	62,938,677	62,938,677	62,938,677

* The comparative figures 2000 post forma exclude Transcom WorldWide S.A.

Consolidated Statement of Cashflows

for the period January 1 – December 31 (MSEK)

	2000	2001
Operations		
Net result for the year	8,777	– 570
Adjustment for items not included in cash flow, etc.		
Depreciation	517	514
Interest in earnings of affiliated companies.....	– 534	487
Minority interests	2	4
Change in deferred tax liability.....	70	121
Income from corporate development	– 8,471	4
Sales of securities.....	81	– 27
Other, net.....	<u>330</u>	<u>3</u>
Cash flow from operations before changes in working capital	<u>772</u>	<u>536</u>
Cash flow from changes in working capital		
Change in short-term investments.....	– 135	– 181
Change in inventories	– 111	12
Change in accounts receivable.....	– 222	153
Change in other current assets	271	– 75
Change in accounts payable.....	125	115
Change in other operating liabilities	<u>63</u>	<u>8</u>
Cash flow from operations	<u>763</u>	<u>568</u>
Investing activities		
Acquisition of subsidiaries, Note 12	–	– 319
Sales of subsidiaries, Note 12.....	–	32
Investments in intangible fixed assets	– 12	– 24
Investments in tangible fixed assets.....	– 602	– 504
Sales of tangible fixed assets	34	56
Investments in financial fixed assets	– 782	– 486
Sales of financial fixed assets	<u>135</u>	<u>42</u>
Cash flow from investing activities	<u>– 1,227</u>	<u>– 1,203</u>
Financing activities		
Increase in long-term liabilities.....	2,285	2,260
Amortisation of loans.....	– 1,775	– 1,754
Dividends paid.....	<u>– 63</u>	<u>– 63</u>
Cash flow from financing activities	<u>447</u>	<u>443</u>
Cash flow for the year, Notes 10, 11	– 17	– 192
Liquid funds, opening balance	507	496
Exchange rate differences in liquid funds.....	6	21
Liquid funds, closing balance	496	325

Consolidated Balance Sheet

December 31 (MSEK)

ASSETS	2000	2000 * post forma	2001
Fixed assets			
Intangible assets, Note 13			
Capitalized development costs	68	67	62
Patents and trade marks	6	6	0
Beneficial rights	1	1	1
Goodwill	<u>149</u>	<u>149</u>	<u>131</u>
	224	223	194
Tangible assets, Note 14			
Land and buildings	1,068	1,068	1,093
Forest and agricultural property	3,548	3,548	3,569
Machinery	3,590	3,590	3,684
Equipment, tools and fittings	349	165	157
Construction in progress and advances relating to property, plant and equipment	<u>172</u>	<u>172</u>	<u>118</u>
	8,727	8,543	8,621
Financial assets, Note 15			
Stocks and participations in affiliated companies	1,593	1,593	1,944
Receivables from affiliated companies	232	232	866
Stocks and participations in other companies. ...	10,076	10,076	11,049
Other long-term receivables	<u>684</u>	<u>740</u>	<u>316</u>
	<u>12,585</u>	<u>12,641</u>	<u>14,175</u>
Total fixed assets	<u>21,536</u>	<u>21,407</u>	<u>22,990</u>
Current assets			
Inventories etc			
Raw materials and consumables	389	389	412
Felling rights	34	34	38
Work in progress	99	99	96
Finished products and goods for resale	628	628	595
Work on contract	1	1	1
Advance payment to suppliers	<u>7</u>	<u>7</u>	<u>4</u>
	1,158	1,158	1,146
Current receivables			
Accounts receivable	1,485	1,128	919
Other receivables	278	277	225
Prepaid expenses and accrued income, Note 16	<u>135</u>	<u>89</u>	<u>86</u>
	1,898	1,494	1,230
Short-term investments	<u>1,550</u>	<u>1,550</u>	<u>196</u>
Liquid funds	<u>496</u>	<u>455</u>	<u>325</u>
Total current assets	<u>5,102</u>	<u>4,657</u>	<u>2,897</u>
TOTAL ASSETS	<u>26,638</u>	<u>26,064</u>	<u>25,887</u>

* The comparative figures 2000 post forma exclude Transcom WorldWide S.A.

STOCKHOLDERS' EQUITY AND LIABILITIES	2000	2000 * post forma	2001
Stockholders' equity, Note 17			
Restricted equity			
Stock capital	629	629	629
Restricted reserves	<u>3,339</u>	<u>3,215</u>	<u>3,951</u>
	3,968	3,844	4,580
Unrestricted equity			
Unrestricted reserves	1,965	1,965	9,751
Net result	<u>8,777</u>	<u>8,777</u>	<u>- 570</u>
	<u>10,742</u>	<u>10,742</u>	<u>9,181</u>
Total stockholders' equity	<u>14,710</u>	<u>14,586</u>	<u>13,761</u>
Minority interest in equity	<u>134</u>	<u>11</u>	<u>16</u>
Provisions			
Provisions for pensions, Note 18	630	630	638
Deferred tax liabilities, Note 19	886	885	970
Other provisions, Note 20	<u>730</u>	<u>730</u>	<u>783</u>
Total provisions	<u>2,246</u>	<u>2,245</u>	<u>2,391</u>
Long-term liabilities, Note 21			
Interest-bearing			
Checking account credit facilities, Note 22	124	124	94
Other liabilities to credit institutions, Note 25 ...	7,750	7,750	8,136
Other liabilities	<u>42</u>	<u>4</u>	<u>4</u>
	7,916	7,878	8,234
Non-interest-bearing	30	30	2
Total long-term liabilities	<u>7,946</u>	<u>7,908</u>	<u>8,236</u>
Short-term liabilities			
Interest-bearing			
Liabilities to credit institutions	190	190	317
Liabilities to affiliated companies	<u>24</u>	<u>24</u>	<u>29</u>
	214	214	346
Non-interest-bearing			
Advance payments from customers	13	13	8
Accounts payable	469	380	494
Income tax liabilities	37	17	60
Other liabilities	268	215	171
Accrued expenses and prepaid income, Note 23	<u>601</u>	<u>475</u>	<u>404</u>
	<u>1,388</u>	<u>1,100</u>	<u>1,137</u>
Total short-term liabilities	<u>1,602</u>	<u>1,314</u>	<u>1,483</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>26,638</u>	<u>26,064</u>	<u>25,887</u>
Pledged assets, Note 25	<u>18,548</u>	<u>18,548</u>	<u>19,440</u>
Contingent liabilities, Note 26	<u>218</u>	<u>218</u>	<u>574</u>

* The comparative figures 2000 post forma exclude Transcom WorldWide S.A.

Parent Company Statement of Income

for the period January 1 – December 31 (MSEK)

	2000	2001
Net turnover, Note 2	19	15
Administration expenses	– 67	– 49
Income from corporate development, Note 3	2,861	–
Income from sales of securities, Note 3	– 55	– 171
Other operating income, Note 4.....	<u>51</u>	<u>2</u>
Operating income, Notes 5, 28, 30	<u>2,809</u>	<u>– 203</u>
Result from participation in Group companies, Note 6.....	783	908
Interest income and similar, Note 8	951	479
Interest expense and similar, Note 9.....	<u>– 632</u>	<u>– 591</u>
Net result for the year.....	<u><u>3,911</u></u>	<u><u>593</u></u>

Parent Company Statement of Cashflows

for the period January 1 – December 31 (MSEK)

	2000	2001
Operations		
Net result for the year	3,911	593
Adjustment for items not included in cash flow, etc.		
Depreciation	1	1
Anticipated dividend	- 1,307	- 855
Income from corporate development	- 2,861	-
Sales of securities	55	171
Other, net	<u>30</u>	<u>27</u>
Cash flow from operations before changes in working capital	<u>- 171</u>	<u>- 63</u>
Cash flow from changes in working capital		
Change in short-term investments	- 87	- 179
Change in inter-company balances	416	656
Change in other current assets	310	- 312
Change in accounts payable	1	- 3
Change in other operating liabilities	<u>17</u>	<u>- 28</u>
Cash flow from operations	<u>486</u>	<u>71</u>
Investing activities		
Investments in tangible fixed assets	- 1	-
Investments in financial fixed assets	- 1,031	- 315
Sales of financial fixed assets	<u>104</u>	<u>42</u>
Cash flow from investing activities	<u>- 928</u>	<u>- 273</u>
Financing activities		
Increase in long-term liabilities	1,585	1,215
Amortisation of loans	- 1,080	- 936
Dividends paid	<u>- 63</u>	<u>- 63</u>
Cash flow from financing activities	<u>442</u>	<u>216</u>
Cash flow for the year, Notes 10, 11	0	14
Liquid funds, opening balance	0	0
Exchange rate differences in liquid funds	-	0
Liquid funds, closing balance	0	14

Parent Company Balance Sheet

December 31 (MSEK)

ASSETS	2000	2001
Fixed assets		
Tangible assets, Note 14		
Equipment	1	1
Financial assets, Note 15		
Stocks and participations in Group companies . .	13,311	13,331
Receivables from Group companies	5,417	5,261
Stocks and participations in affiliated companies	83	201
Receivables from affiliated companies	234	797
Stocks and participations in other companies . .	871	1,512
Other long-term receivables	477	194
	<u>20,393</u>	<u>21,296</u>
Total fixed assets	<u>20,394</u>	<u>21,297</u>
Current assets		
Current receivables		
Receivables from Group companies	1,714	2,360
Other receivables	65	66
Prepaid expenses and accrued income, Note 16 . .	3	1
	<u>1,782</u>	<u>2,427</u>
Short-term investments, Note 17	<u>994</u>	<u>193</u>
Liquid funds	<u>0</u>	<u>14</u>
Total current assets	<u>2,776</u>	<u>2,634</u>
TOTAL ASSETS	<u>23,170</u>	<u>23,931</u>

STOCKHOLDERS' EQUITY AND LIABILITIES	2000	2001
Stockholders' equity, Note 17		
Restricted equity		
Stock capital	629	629
Premium reserve	357	357
Revaluation reserve	190	190
Legal reserve	<u>2,987</u>	<u>2,987</u>
	<u>4,163</u>	<u>4,163</u>
Unrestricted equity		
Retained earnings	1,850	4,994
Net result	<u>3,911</u>	<u>593</u>
	<u>5,761</u>	<u>5,587</u>
Total stockholders' equity	<u>9,924</u>	<u>9,750</u>
Provisions		
Provisions for pensions, Note 18	<u>34</u>	<u>33</u>
Long-term liabilities, Note 21		
Interest-bearing		
Checking account credit facilities, Note 22	108	98
Liabilities to credit institutions, Note 25	4,045	4,322
Liabilities to Group companies	2,844	3,155
Other liabilities	<u>0</u>	<u>36</u>
Total long-term liabilities	6,997	7,611
Short-term liabilities		
Interest-bearing		
Liabilities to Group companies	<u>4,901</u>	<u>5,187</u>
Non-interest-bearing		
Accounts payable	5	3
Liabilities to Group companies	1,196	1,262
Other liabilities	58	54
Accrued expenses and prepaid income, Note 23.	<u>55</u>	<u>31</u>
	<u>1,314</u>	<u>1,350</u>
Total short-term liabilities	<u>6,215</u>	<u>6,537</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>23,170</u>	<u>23,931</u>
Pledged assets, Note 25	<u>11,816</u>	<u>12,001</u>
Contingent liabilities, Note 26	<u>441</u>	<u>71</u>

Note 1

Accounting and valuation principles

The annual report is made up in accordance with the Annual Accounts act and the recommendations of the Swedish Financial Accounting Standards Council, pursuant to which the accounting and valuation principles listed below are applied.

The application of the Council's recommendation RR 9 with effect from January 1, 2001, has resulted in an increase of MSEK 473 in deferred tax liability and the book value of fixed assets. This increase is largely due to deferred tax, formerly stated net, on revaluations of forest and agricultural properties in 1994. The change has no significant effect on equity.

Principles of consolidation

The consolidated financial statements relate to the parent company and all companies in which the parent controls more than 50% of the votes or exercises a significant influence.

The consolidated financial statements are made up using the purchase method in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations, whereby the value in the parent company's books of shares in subsidiary companies is netted off against the acquisition value of the subsidiary companies, in other words, the equity (including the capital interest in untaxed reserves) of each subsidiary after a market valuation of the companies' net assets at the time of acquisition. Consequently, the consolidated equity only includes the proportion of each subsidiary company's equity generated after the acquisition date. The difference between the acquisition value of shares in subsidiary companies and the market value of their assets and liabilities at the time of acquisition that is not due to difference between the market value and book value of net assets is stated as goodwill and depreciated linearly over a period of 5-20 years.

The current method is used for translating the income statements and balance sheets of independent business units abroad. The accounts of businesses that are integrated with the parent company are translated using the monetary method.

The current method means that all assets, provisions and liabilities are translated at closing date rates and all income statement items are translated at average rates. Currency differences arising are taken direct to equity.

In principle, the monetary method involves the translation of monetary assets and liabilities at closing date rates and of non-monetary items and matching items in the income statement at investment date rates or rates in effect at the time the business is reclassified from autonomous to integrated.

Minority interests in net income and equity are stated under Minority interests. In the event of negative equity, claims on minority owners are stated, in so far as they are expected to contribute their share of the deficit

Accounting treatment of affiliated companies

By affiliated company is meant a company in which the Group's equity interest amounts to a minimum of 20% and a maximum of 50%, and where the interest at this level is

expected to be long term.

Affiliated companies are consolidated using the equity interest method. The Group's interest in the earnings after financial net of affiliated companies is stated in the income statement under Interest in earnings of affiliated companies. The interest in the tax costs of affiliated companies is stated in the Group's tax costs.

Excess value upon consolidation is allotted to the fixed assets of the affiliated company in question or to goodwill. Goodwill is written off over 5 or 10 years, and other fixed assets are depreciated in accordance with the depreciation plan for the respective class of asset.

In the case of foreign affiliated companies, the excess value arising upon consolidation is stated among foreign currency assets. These values are translated in accordance with the same principles as for the income statements and balance sheets of affiliated companies.

The accounts of affiliated companies are harmonised with Kinnevik's accounting and valuation principles before the Group's interest in their earnings is calculated.

Internal profits arising on transactions with affiliated companies are adjusted in connection with the calculation of the Group's interest in their earnings and capital. Such internal profits are reversed when they are realised in the form of external sales and/or a reduction in the Kinnevik Group's interest in the equity of the affiliated company.

In connection with the reduction in the Group's interest in affiliated companies as the result of a share issue, the income or loss respectively is stated in the consolidated income statement under Interest in earnings of affiliated companies.

Short-term investments

Short-term investments are valued at the lower of acquisition value and actual value.

Receivables

Receivables are stated at the amount that is expected to be received.

Receivables and liabilities in foreign currencies

Receivables and liabilities of Group companies denominated in foreign currencies are translated into Swedish kronor at closing date rates. Realised and unrealised capital gains/losses on receivables and liabilities of an operational character are stated in operating income, while currency fluctuations on loans and financial assets in foreign currencies are stated as financial items.

Long-term monetary balances between the parent company and subsidiary companies may be deemed to represent an expansion or reduction in the parent company's net investment in the subsidiary. Foreign currency differences arising from such balances are therefore taken direct to equity.

Inventories

Inventories are valued at the lower of acquisition cost and actual value as follows:

Raw materials and supplies, excluding wood from the Group's own forests, are valued at the lower of acquisition and replacement cost. Wood from Group-owned forests is valued at harvesting cost plus transport cost.

Chemicals and supplies are valued at the lower of acqui-

sition cost and replacement cost.

Obsolescence is provided for at a standard rate of 3% in those cases where replacement value or net sales value is not used.

Felling rights are valued at acquisition cost and recognised in the income statement when the wood in question is used in production or sold.

Work in progress is valued at the lower of production cost and net sales value.

Finished goods are valued at the lower of production cost and net sales value. Traded merchandise is valued at the lower of acquisition cost and net sales value.

Fixed assets

Intangible and tangible fixed assets are stated after deduction of accumulated depreciation according to plan, which is provided linearly and based on the acquisition value of the assets and their estimated economic life.

Forests and agricultural real estate are stated at acquisition value. Expenditure on forestry, which includes restoration, sowing of seeds and planting out, is stated among Costs of sold goods and services in connection with harvesting of forest. Forestry activities are statutory.

Fixed assets are classified for purposes of depreciation on the basis of estimated economic life into the following groups:

	Parent company	Group
Capitalised development costs.		3 – 5 years
Beneficial rights		10 – 25 years
Goodwill.....		5 – 20 years
Industrial buildings.....		20 – 67 years
Office buildings		20 – 67 years
Residential buildings.....		20 – 67 years
Land improvements		25 – 30 years
Machinery and equipment	5 years	3 – 25 years

Capitalised development costs relate to the cost of start-up projects and activities. Development and establishment costs are capitalised during the build-up phase of a development project. Until and including 2001, start-up costs until commercial introduction of the project, and some of the costs during the first financial year, were capitalised and depreciated over a maximum period of five years.

Financial fixed assets are valued at acquisition value. Should their value be lower than their acquisition value, and the decline is expected to be permanent, the value is written down to this lower value.

The book values of fixed assets are reviewed regularly to determine the need for write-downs. Values are written down in the case of a lasting decline, taking into account the future cash flow that the asset is expected to generate.

Leasing

Leasing is classified in the consolidated financial statements as financial leasing or operational leasing. It is a case of financial leasing if the financial risks and benefits associated with the ownership of the asset are transferred from the lessor to the lessee, regardless of whether the legal right of ownership remains with the lessor or passes to the lessee.

Assets available on financial leasing agreements are stated as fixed assets and undertakings to make payments in the future as liabilities in the balance sheet. Other leasing agreements and rent for premises are classified as operational. Leasing charges resulting from operational leasing agreements are taken up as costs linearly during the leasing period, even though the payment plan may have a different structure.

Revenue recognition

Revenue from sales of goods is recognised upon delivery, with deductions for returns and discounts.

Revenue from service activities is recognised when the services are performed for the customer.

Income from corporate development

Income from corporate development includes capital gains/losses on sales of shares in subsidiary companies and affiliated companies and similar items.

Other operating revenue and expense

Revenue from secondary activities within the company's business, as well as exchange rate gains on operating receivables and liabilities are included in other operating revenue.

Expenses associated with secondary activities within the company's business, as well as exchange rate losses on operating receivables and liabilities are included in other operating expenses.

Tax

The parent company and the Group apply the Swedish Financial Accounting Standards Council's recommendation RR9 Income taxes. The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is taken direct against equity, in which case the related tax effect is also stated in equity. Current tax expense, previously called paid tax, is the tax that is to be paid or received for the year in question, plus correction of tax expense for previous years. Deferred tax is calculated using the balance sheet method and is based on temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be equalised and using the tax rates and rules in effect or announced as of the closing date. Temporary differences are disregarded in the case of differences attributable to interests in subsidiary companies that are not expected to be taxable in the foreseeable future. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and restricted equity. The deferred tax receivable component of deductible temporary differences and tax loss carry-forwards is only stated in so far as it is likely that these will result in a lower tax payment in the future.

Note 2**Review of the Group**

	2000	2000 post forma	2001
Net turnover by business area			
Mellersta Sveriges Lantbruks AB	14	14	12
Korsnäs Holding AB	5,209	5,209	5,842
Transcom WorldWide S.A.	1,498	-	-
Worldwide Loyalty B.V.....	85	85	31
CIS Credit International Services AB.....	106	106	170
Other subsidiaries.....	127	127	69
Parent company, holding companies and eliminations ...	- 20	- 20	- 4
Total	<u>7,019</u>	<u>5,521</u>	<u>6,120</u>
Operating income/loss by business area			
Mellersta Sveriges Lantbruks AB	8	8	4
Korsnäs Holding AB	241	241	389
Transcom WorldWide S.A.	17	-	-
Worldwide Loyalty B.V.....	- 7	- 7	- 12
CIS Credit International Services AB.....	- 6	- 6	9
Other subsidiaries*.....	716	716	- 26
Parent company, holding companies and eliminations ...	<u>7,619</u>	<u>7,619</u>	<u>- 19</u>
Total	<u>8,588</u>	<u>8,571</u>	<u>345</u>
Income/loss after financial items by business area			
Mellersta Sveriges Lantbruks AB	7	7	43
Korsnäs Holding AB	167	167	326
Transcom WorldWide S.A.	10	-	-
Worldwide Loyalty B.V.....	- 8	- 8	- 16
CIS Credit International Services AB.....	- 8	- 8	6
Other subsidiaries.....	418	418	- 24
Affiliated companies**	545	545	- 504
Parent company, holding companies and eliminations ...	<u>7,734</u>	<u>7,734</u>	<u>- 293</u>
Total	<u>8,865</u>	<u>8,855</u>	<u>- 462</u>
Distribution of net turnover by geographic market***			
Sweden.....	1,988	1,523	1,362
Other Nordic countries.....	663	445	513
Rest of Europe	3,742	2,927	3,417
North- and South America	81	81	53
Asia	442	442	635
Oceania.....	5	5	1
Africa	98	98	139
Total	<u>7,019</u>	<u>5,521</u>	<u>6,120</u>

* Capital gains of MSEK 762 for the sale of the business in TV1000 Sverige AB is included in comparative figures 2000.

** Excluding affiliated companies within Mellersta Sveriges Lantbruks AB, Korsnäs Holding AB and Worldwide Loyalty B.V.

*** Breakdown is based on domicile of purchaser.

Industriförvaltnings AB Kinnevik's net intra-Group turnover amounted to MSEK 12 (15).

Note 3	Parent Company			Group 2001
	2000	2001	2000	
Income from corporate development				
Danu Industries Ltd	- 10	-	- 4	-
Investment AB Kinnevik	2,851	-	-	-
Korsnäs Reinsurance S.A.	-	-	-	- 46
MTV Produktion AB	-	-	34	-
Multinational Automated Clearing House S.A.	-	-	28	-
Net Entertainment NE AB	18	-	17	-
Russelbacka Egendom AB	-	-	-	24
SMA Maskin AB	-	-	8	-
Société Européenne de Communication S.A.	2	-	7,627	-
Svedberga Lantbruks AB	-	-	-	18
TV1000 Sverige AB (sale of business)	-	-	762	-
Other	-	-	1	-
	<u>2,861</u>	<u>-</u>	<u>8,471</u>	<u>- 4</u>
Income from sales of securities				
		Parent Company		Group
	2000	2001	2000	2001
Metro International S.A.	-	- 321	-	-
Modern Times Group MTG AB	- 87	150	- 113	27
Tele2 AB	32	-	32	-
	<u>- 55</u>	<u>- 171</u>	<u>- 81</u>	<u>27</u>

Note 4

Other operating income

In comparative figures for 2000 a refund of Alecta's surplus funds of MSEK 68 is included (of which MSEK 51 refers to the parent company).

Note 5	Parent Company			Group 2001
	2000	2001	2000	
Depreciation according to plan				
Capitalized development costs	-	-	- 18	- 16
Beneficial rights	-	-	- 1	-
Goodwill	-	-	- 26	- 21
Buildings	-	-	- 52	- 59
Machinery	-	-	- 318	- 372
Equipment, tools and fittings	- 1	- 1	- 102	- 46
	<u>- 1</u>	<u>- 1</u>	<u>- 517</u>	<u>- 514</u>

Note 6

Result from participation in Group companies

	Parent Company		
	2000	2001	
Dividend from			
AB Eldrimner	-	155	
Invik Intressenter AB	10	-	
Kinnevik International AB	329	56	
Korsnäs Holding AB	213	700	
SMA Holding AB	237	-	
Svenska JCB AB	5	-	
Vilandevik AB	9	-	
Write-down*	- 20	- 3	
	<u>783</u>	<u>908</u>	

* The write-down corresponds largely to shareholder contributions paid to subsidiary companies during the year.

Note 7			Group
Result from participation in affiliated companies			
(ownership % at December 31, 2001)	2000		2001
Cherryföretagen AB (29%)	- 9		- 21
Danu Industries Ltd (0%)	- 1		-
Eco-Sack Europe BV (50%)	0		0
Fagersta Australia Pty Ltd (0%)	5		-
Goodguy Svenska AB (100%)	- 8		- 11
Gävle Sjöfarts AB (24%)	0		1
Industriskog AB (33%)	0		1
Karskär Energi AB (41%)	- 19		10
Metro International S.A. (15%)	-		- 54
Millicom International Cellular S.A. (33%)	1,044		- 406
Modern Cartoons USA Ltd (23%)	1		- 1
MTV Produktion AB (0%)	11		-
Rolnyvik Sp.z.o.o. (49%)	-		- 2
SCD Invest AB (50%)	- 11		- 8
Smurfit-Korsnäs Paper Sacks (Polska) Ltd (50%)	-		- 1
Société Européenne de Communication S.A. (0%)	- 504		-
Tordera SpA (50%)	4		6
Trumf Holding AS (33%)	1		0
Valvosacco SpA (20%)	4		2
Viking Telecom AB (24%)	16		- 3
	<u>534</u>		<u>- 487</u>

Note 8	Parent Company		Group	
Interest income and similar	2000	2001	2000	2001
Dividends	515	15	517	17
Interest income from third-parties	52	56	88	88
Interest income from subsidiaries	382	408	-	-
Exchange rate differences	0	0	0	10
Other financial items	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>951</u>	<u>479</u>	<u>605</u>	<u>115</u>

In comparative figures for 2000 MSEK 504 representing the distribution of shares in Metro is included among dividends.

Note 9	Parent Company		Group	
Interest expense and similar	2000	2001	2000	2001
Interest expense to third-parties	- 212	- 214	- 430	- 415
Interest expense PRI	0	0	- 20	- 17
Interest expense to subsidiaries	- 319	- 347	-	-
Exchange rate differences	- 101	- 30	- 76	0
Other financial items	<u>0</u>	<u>0</u>	<u>- 336</u>	<u>- 3</u>
	<u>- 632</u>	<u>- 591</u>	<u>- 862</u>	<u>- 435</u>

Other financial items includes a MSEK 0 (333) write-down in the value of shares in MTG and Metro. The write-down was made to meet undertakings in relation to MTG Intressenter AB.

Note 10	Parent Company		Group	
Interest, dividends and tax paid	2000	2001	2000	2001
Interest received	68	58	92	96
Interest paid	- 256	- 232	- 437	- 442
Dividends received	11	65	11	23
Tax received (paid)	0	0	20	46

Note 11**Transactions not affecting cash flow****2001**

All the shares in Transcom WorldWide S.A. have been distributed to Kinnevik's shareholders.

2000

As a result of the merger of Transcom AB and Transcom Europe S.A., Kinnevik became the owner of 50.1% of the shares in the newly formed Transcom WorldWide S.A. No capital gain was recognised. The business of TV1000 was sold in exchange for new shares in MTG and a capital gain of MSEK 762 was recognised. Kinnevik sold all its shares in SEC in exchange for shares in Tele2 and a capital gain of MSEK 7,627 was recognised. Shares for MSEK 504 in Metro were received by way of a distribution.

Note 12**Acquisitions and divestments of subsidiaries**

Acquisitions of subsidiaries relate to the remaining 49.9% of the shares in Transcom WorldWide S.A., which were acquired from SEC and Great Universal Inc. on January 8, 2001 for MSEK 319. The price was based on the average listed value of Transcom during the first 60 days of trading. Payment was made in December.

Divested companies	2000	2001
Tangible fixed assets	–	198
Intangible fixed assets	–	2
Working capital	–	217
Long-term liabilities	–	– 132
Liquid funds	–	142
Equity	<u>–</u>	<u>– 253</u>
Gross proceeds of asset sales	–	174
Less: Liquid funds of divested companies	<u>–</u>	<u>– 142</u>
Net proceeds of asset sales	<u>–</u>	<u>32</u>

The companies divested in 2001 were Transcom WorldWide S.A., Korsnäs Reinsurance S.A., Russelbacka Egendom AB and Svedberga Lantbruks AB.

Note 13**Intangible fixed assets**

Group	Capitalized development costs	Patents and trade marks	Beneficial rights	Goodwill
Opening acquisition values	287	7	2	269
Changes in the Group's structure	– 6	– 1	2	–
Capital expenditure	24	–	0	–
Sale/scraping	– 20	– 6	– 2	– 68
Translation differences	<u>4</u>	<u>0</u>	<u>0</u>	<u>3</u>
Closing acquisition values	<u>289</u>	<u>0</u>	<u>2</u>	<u>204</u>
Opening accumulated depreciation	– 219	– 1	– 1	– 120
Changes in the Group's structure	1	–	0	–
Depreciation	– 16	–	0	– 21
Sale/scraping	8	1	1	68
Translation differences	<u>– 1</u>	<u>0</u>	<u>– 1</u>	<u>–</u>
Closing accumulated depreciation	<u>– 227</u>	<u>0</u>	<u>– 1</u>	<u>– 73</u>
Closing net book value	<u>62</u>	<u>0</u>	<u>1</u>	<u>131</u>

Note 14**Tangible fixed assets**

Group	Land and buildings	Forest and agricultural properties	Machinery	Equipment, tools and fittings	Construction in progress
Opening acquisition values	1,838	3,548	7,183	795	172
Changes in the Group's structure.....	10	-	29	- 304	- 5
Capital expenditure.....	25	15	79	15	370
Sale/scrapping.....	- 2	- 13	- 164	- 78	
Reclassification.....	29	-	370	25	- 424
Translation differences.....	<u>31</u>	<u>19</u>	<u>86</u>	<u>29</u>	<u>5</u>
Closing acquisition values	1,931	3,569	7,583	482	118
Opening accumulated depreciation...	- 770	-	-3,593	- 446	-
Changes in the Group's structure.....	- 1	-	- 6	111	-
Sale/scrapping.....	1	-	123	70	-
Depreciation	- 59	-	- 372	- 46	-
Translation differences.....	<u>- 9</u>	<u>-</u>	<u>- 51</u>	<u>- 14</u>	<u>-</u>
Closing accumulated depreciation....	- 838	-	-3,899	- 325	-
Closing net book value.....	<u>1,093</u>	<u>3,569</u>	<u>3,684</u>	<u>157</u>	<u>118</u>
Tax assessment values	4,584	4,681			
Whereof land.....	74	4,680			
Parent Company	Equipment				
Opening acquisition values	8				
Capital expenditure.....	1				
Sale/scrapping.....	<u>0</u>				
Closing acquisition values	<u>9</u>				
Opening accumulated depreciation...	- 7				
Sale/scrapping.....	0				
Depreciation	<u>- 1</u>				
Closing accumulated depreciation....	- 8				
Closing net book value.....	<u>1</u>				

Opening and closing acquisition values for forest and agricultural property include MSEK 2,327 revaluation made in 1994 by Korsnäs AB.

Note 15**Financial assets (TSEK)**

	Reg. no	Registered office	Number of shares	Capital/voting (%)	Book value
Stocks and participations in Group companies					
AB Eldrimner.....	556024-4955	Stockholm	1,000	100	158,753
Förvaltnings AB Eris & Co.....	556035-7179	Stockholm	1,020,000	100	-
AirTime (AT) AB.....	556281-6040	Stockholm	550	55	24,935
Zales (TRT) AB.....	556211-0444	Stockholm	-	100	-
AirTime Sport & Entertainment AB ...	556298-4426	Stockholm	-	100	-
Asia Gold AB.....	556480-8730	Stockholm	900	90	360
Baltic Oil AB.....	556098-5771	Stockholm	250	25	25
Bison Air AB.....	556461-1670	Stockholm	1,000	100	484
Gamla Stans Millennium Evenemang AB	556052-9942	Stockholm	5,000	100	600
Gunnarsvik AB	556364-5372	Stockholm	183,948	100	1,134,547
CIS Luxembourg S.A.		Luxembourg	-	100	-
CIS Holding AB.....	556045-6666	Järfälla	-	100	-
CIS Credit International Services AB ..	556353-2778	Karlskoga	-	100	-
CIS Danmark A/S.....		Denmark	-	100	-
CIS International GmbH		Germany	-	100	-

CIS International Services AG.....		Switzerland	-	100	-
CIS Norge AS.....		Norway	-	100	-
INKS AB.....	556585-9963	Karlskoga	-	100	-
SKA Systemering AB.....	556324-8334	Karlskoga	-	100	-
Guyvik AB.....	556579-7692	Stockholm	1,000	100	21,104
Goodguy Svenska AB.....	556072-2190	Stockholm	-	100	-
Invik Intressenter AB.....	556301-1872	Stockholm	1,000	100	26,344
Kinnevik International AB.....	556033-4640	Stockholm	40,000	100	6,033,725
Investment AB Kinnevik.....	556094-7623	Stockholm	-	100	-
Biovik AB.....	556281-6149	Stockholm	-	100	-
Baltic Oil AB.....	556098-5771	Stockholm	750	75	-
KB Baltic Oil AB.....	916504-1709	Stockholm	-	100	-
Kinnevik BV.....		The Netherlands	-	100	-
Lizoma BV.....		The Netherlands	-	100	-
N.P. Birraria Hugo's.....		Kosovo	-	100	-
Worldwide Loyalty BV.....		The Netherlands	-	100	-
Collect Sweden AB.....	556061-4124	Stockholm	-	100	-
Loyalty Management Sweden AB.....	556253-8602	Stockholm	-	100	-
Collect France SAS.....		France	-	100	-
Collect Denmark A/S.....		Denmark	-	100	-
Collect Italy spa.....		Italy	-	100	-
Collect Loyalty AG.....		Switzerland	-	100	-
Collect Netherland BV.....		The Netherlands	-	100	-
Collect Deutschland GmbH.....		Germany	-	100	-
Loyalty Corporation UK Ltd.....		Great Britain	-	100	-
Collect Austria GmbH.....		Austria	-	100	-
Worldwide Loyalty N.V.....		The Netherland Antilles	-	100	-
Kinnevik S.A.....		Luxembourg	-	100	-
Fagersta Ltd.....		Great Britain	-	100	-
Fagersta Steels Ltd.....		Great Britain	-	100	-
Latellana AG.....		Switzerland	-	100	-
Sillender Oü.....		Estonia	-	100	-
Kinnevik Radio AB.....	556237-4594	Sollentuna	7,500	100	1,207
Korsnäs Holding AB*.....	556170-7703	Fagersta	1,000	100	5,893,642
Korsnäs AB.....	556023-8338	Gävle	-	96/98	-
AB Stjernerunds Bruk.....	556028-6881	Gävle	-	100	-
Trävaru AB Dalarne.....	556044-3920	Gävle	-	100	-
Combi Shipping AB.....	556153-9932	Gävle	-	100	-
Diacell AB.....	556155-2786	Gävle	-	100	-
Korsnäs France S.A.....		France	-	100	-
Korsnäs GmbH.....		Germany	-	100	-
Korsnäs Italia S.r.l.....		Italy	-	100	-
Korsnäs Latvia Sia.....		Latvia	-	100	-
Sia Freja.....		Latvia	-	100	-
Korsnäs Sales Ltd.....		Great Britain	-	100	-
Korsnäs Sägverks AB.....	556024-8477	Gävle	-	100	-
Korsnäs Yugoslavia d.o.o.....		Serbia	-	71	-
Latsin Sia.....		Latvia	-	48	-
Sia Dardedze.....		Latvia	-	100	-
Sia Ādere.....		Latvia	-	100	-
Sia Truci-Lieltruci.....		Latvia	-	100	-
Sia Dulmani.....		Latvia	-	100	-
Sia Laura.....		Latvia	-	100	-
Marma Skog S.A.....		Luxembourg	-	100	-
Korsnäs Luxembourg Holding AB.....	556581-8126	Gävle	-	100	-
Korsnäs Packaging S.A.....		Luxembourg	-	100	-
Korsnäs Packaging Holding AB.....	556051-3789	Gävle	-	100	-
Korsnäs Advanced Systems AB.....	556560-8527	Gävle	-	100	-
Korsnäs Packaging AB.....	556286-4099	Gävle	-	100	-

* Korsnäs Holding AB includes another 74 companies named Fastighetsaktiebolaget Marma Skog 1 through Fastighetsaktiebolaget Marma Skog 74.

Bates Korsnäs A/S		Denmark	-	100	-	
Crown Sacks & Systems (Holding) Ltd		Great Britain	-	100	-	
Korsnäs Paper Sacks Ltd.....		Great Britain	-	100	-	
Crown Sacks & Systems (Ain) Ltd		Great Britain	-	100	-	
Crown Sacks & Systems (Sus) Ltd.....		Great Britain	-	100	-	
Korsnäs Czech SRO		Czech republic	-	100	-	
Korsnäs Edam BV		The Netherlands	-	100	-	
Korsnäs Espana SA.....		Spain	-	100	-	
Korsnäs Finland OY		Finland	-	100	-	
Korsnäs North America Inc.		USA	-	100	-	
Korsnäs Oriana.....		Ukraine	-	100	-	
Korsnäs Romania SRL		Italy	-	100	-	
Korsnäs Strömsnäs AB	556094-7631	Gävle	-	100	-	
Korsnäs Wilhelmstal GmbH						
Papiersackfabriken		Germany	-	100	-	
Icoma FBS Packtechnik GmbH.....		Germany	-	100	-	
Korsnäs Croatia d.d		Croatia	-	68	-	
Ludvika Personalservice KB.....	916582-0268	Ludvika	-	100	100	
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	5,000	100	29,654	
AB Agrovik	556278-5880	Vadstena	-	100	-	
Modern Cartoons Holding AB.....	556463-2296	Stockholm	2,000	100	0	
Modern Cartoons Europe AB	556513-5513	Stockholm	-	100	-	
SMA Holding AB	556491-9487	Sollentuna	1,000	100	92	
Svenska Motor AB SMA.....	556207-5506	Stockholm	-	100	-	
Svenska Traktor AB	556051-6352	Järfälla	-	100	-	
Stenblocket AB.....	556031-4998	Stockholm	-	100	-	
Stenblocket i Järfälla AB	556034-7832	Stockholm	-	100	-	
Stenblocket i Fagersta AB.....	556004-6723	Stockholm	250	100	4,000	
Stenblocket i Trelleborg AB.....	556098-5888	Stockholm	1,000	100	110	
Strix Vakt AB	556476-4958	Stockholm	1,000	100	100	
Svenska JCB AB.....	556306-0960	Järfälla	5,000	100	488	
The Green House AB.....	556081-0037	Stockholm	3,000	100	300	
Vilandevik AB	556359-1105	Stockholm	1,000	100	100	
Carlovik AB.....	556253-9394	Stockholm	-	100	-	
South East Asian Sea Rover AB	556488-7007	Stockholm	-	100	-	
Vilandeproduktionsvik 1 AB.....	556304-7066	Stockholm	-	100	-	
					13,330,670	
Stocks and participations in affiliated companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Parent Company						
Cherryföretagen AB.....	556090-4251	Solna	1,173,333	2/6	26,434	8,741
Gamla Stans Millennium Evenemang KB	969653-5997	Stockholm	-	25	0	
Modern Cartoons Ltd		USA	2,544,000	23	19,402	
SCD Invest AB	556353-6753	Stockholm	5,821,335	50	35,897	
Metro International S.A.		Luxembourg	2,477,558	2/4	119,273	89,513
					201,006	
Stocks and participations in other companies	Reg. no	Registered office	Number of shares	Capital/ voting (%)	Book value	Market value
Parent Company						
XSource Corporation Inc.		USA	1,999,555	13	207,996	
Marcstone Overseas Euro Ltd.....		Ireland	-	-	190,534	142,234
MTG Intressenter AB	556519-8529	Stockholm	2,950	12	7,640	
Tele2 AB.....	556410-8917	Gävle	3,354,211	2/1	464,552	1,263,732
Invik & Co. AB	556047-9742	Stockholm	17,013	0	9,229	9,654
Modern Times Group MTG AB.....	556309-9158	Stockholm	4,070,796	6/15	631,566	862,679
Tenant-owners right					639	
					1,512,156	

Stocks and participations in affiliated companies	Reg. no	Registered office	Number of shares	Capital/voting (%)	Book value	Market value
Group						
Cherryföretagen AB	556090-4251	Solna	5,853,833	29/26	62,100	43,611
Eco-Sack Europe BV		The Netherlands	–	50	5,389	
Förvaltnings AB Gävle Stuveriintressenter	556178-9040	Gävle	256	26	33	
Gamla Stans Millennium Evenemang KB	969653-5997	Stockholm	–	25	0	
Gävle Sjöfarts AB	556010-6774	Gävle	2,597	24	868	
Industriskog AB	556193-9470	Falun	25,000	33	2,500	
Karskär Energi AB	556018-9481	Gävle	12,331	41	80,559	
Metro International S.A.....		Luxembourg	15,861,295	15/28	725,704	573,302
Millicom International Cellular S.A.		Luxembourg	16,383,224	33	884,747	2,123,432
Modern Cartoons Ltd		USA	2,544,000	23	7,299	
Rolnyvik Sp.z.o.o.....		Poland	39	49	0	
Plonvik Sp.z.o.o.		Poland	50	49	0	
Saccificio Tordera SpA.....		Italy	100,000	50	45,544	
SCD Invest AB	556353-6753	Stockholm	5,821,335	50	0	
Smurfit-Korsnäs Paper Sacks (Polska) Ltd		Poland	–	50	20,504	
Trumf Holding AS		Norway	5,333	33	8,571	
Trätåg AB.....	556116-2719	Falun	500	50	3	
Valvosacco SpA.....		Italy	33,800	20	26,466	
Viking Telecom AB	556330-3055	Göteborg	4,657,000	24	73,628	100,126
					<u>1,943,915</u>	

Following the acquisition of further shares in Metro on October 4, 2001, the voting interest is 28%. The holding is therefore classified under shares and interests in affiliated companies. The equity method is used in the consolidated financial statements as of that date. The difference between the value stated in the consolidated accounts and the interest in Metro's equity amounted to MUS\$ 86 as of the acquisition date. This is stated as goodwill upon consolidation and depreciated over 10 years.

Reconciliation of book value of stocks and participations in affiliated companies

Opening balance January 1, 2001.....	1,593
Investments in new affiliated companies ..	224
Transfer from other shares	555
Transferred to Group companies	– 17
Divestments	– 5
Netted off against receivables.....	10
Result from participation in affiliated companies.....	– 487
Interest in tax expense of affiliated companies.....	– 43
Translation differences	114
Closing balance December 31, 2001	<u>1,944</u>

Stocks and participations in other companies	Reg. no	Registered office	Number of shares	Capital/voting (%)	Book value	Market value
Group						
Acando AB.....	556563-0554	Stockholm	381,614	25	42,405	
Invik & Co. AB	556047-9742	Stockholm	391,430	5/9	105,638	219,412
Marcstone Overseas Euro Ltd.....		Ireland	–	–	190,534	142,234
Modern Times Group MTG AB.....	556309-9158	Stockholm	5,554,718	8/17	856,421	1,193,240
MTG Intressenter AB	556519-8529	Stockholm	2,950	12	7,640	
Tele2 AB	556410-8917	Gävle	22,966,558	16/19	9,633,120	8,473,394
P4 Radio Hele Norge asa.....		Norway	8,200		267	194
XSource Corporation Inc.....		USA	1,999,555	13	207,996	
Other					4,860	
					<u>11,048,881</u>	

The holdings in MTG, Metro and Invik has been reclassified as long term with effect from July 1, 2001.

Reconciliation of book value of stocks and participations in other companies

Opening balance January 1, 2001.....	10,076
Investments in new shares.....	11
Transfer from short-term investments. ...	1,517
Transferred to stocks and participations in affiliated companies	– 555
Closing balance December 31, 2001	<u>11,049</u>

Note 16	Parent Company		2000	Group 2001
	2000	2001		
Prepaid expenses and accrued income				
Accrued sales revenue	-	-	39	25
Accrued interest income	2	1	15	7
Accrued insurance compensation	-	-	7	0
Prepaid rents	-	-	4	1
Prepaid insurance premiums	1	-	0	1
Other	0	0	70	52
	<u>3</u>	<u>1</u>	<u>135</u>	<u>86</u>

Note 17

Stockholders' equity

Industriförvaltnings AB Kinnevik's stock capital at December 31, 2001, consisted of 62.9 million shares each having a nominal value of SEK 10, which is unchanged compared to December 31, 2000. The breakdown by class of share at December 31, 2001, was as follows:

	Number of shares	Total nominal amount
A shares	15,123,741	151
B shares	<u>47,814,936</u>	<u>478</u>
	<u>62,938,677</u>	<u>629</u>

A shares carry ten (10) votes and B shares one (1) vote.

	Stock capital	Premium reserve	Revaluation reserve	Legal Reserve	Unre- stricted equity	Total
Parent Company						
Opening balance, January 1, 2001	629	357	190	2,987	5,761	9,924
Net result for the year	-	-	-	-	593	593
Dividend	-	-	-	-	676	676
Group contributions, net	-	-	-	-	91	91
Closing balance, December 31, 2001	<u>629</u>	<u>357</u>	<u>190</u>	<u>2,987</u>	<u>5,587</u>	<u>9,750</u>
	Stock capital	Restricted reserves	Unrestricted reserves	Total		
Group						
Opening balance, January 1, 2001	629	3,339	10,742	14,710		
Translation differences	-	84	75	159		
Net result for the year	-	-	570	570		
Dividend	-	-	63	63		
Deconsolidation and distribution of shares in Transcom WorldWide S.A.	-	-	481	481		
Step-up acquisition of shares in Metro International S.A.	-	-	6	6		
Transfer between restricted and unrestricted reserves	-	528	528	0		
Closing balance, December 31, 2001	<u>629</u>	<u>3,951</u>	<u>9,181</u>	<u>13,761</u>		

The change in translation differences during the year is primarily attributable to the translation of subsidiary and affiliated company accounts expressed in euro and US dollars. As of and including 2001, foreign investment holding companies are stated as integrated foreign business units. The reason for the reclassification is that the subsidiaries are now entirely financed by the parent company and for the most part own shares in listed Swedish companies. If the companies had continued to be stated as independent foreign businesses the year's change in translation differences would have amounted to MSEK 617, or MSEK 458 more than the translation differences now stated. The net results for previously reported periods are not affected by this reclassification.

The aggregate translation difference for restricted reserves since the beginning of 1996 amounts to MSEK 550 (466). The translation difference for 2001 was MSEK 84. The aggregate translation differences for non-restricted reserves since 1996 amounts to MSEK 118 (43). The translation difference for 2001 amounts to MSEK 75.

The Group's restricted reserves include a capital interest reserve of MSEK 466, viz. the positive differences between the value at Group level and the book value in the accounts of individual companies of shares in affiliated companies.

At the Annual General Meeting held on May 18, 2001, the shareholders resolved in favour of paying a cash dividend of SEK 1 per share – totaling MSEK 63 - and distributing all Kinnevik's shares in Transcom WorldWide S.A. The book value of the parent company's shares in Transcom amounted to MSEK 613 on the day they were distributed and is recorded as dividend. The book value of Transcom in the consolidated accounts, MSEK 481, is recorded as dividend.

The step-up acquisition of shares in Metro relates to the effect on the asset value that would have been stated if the holding had been consolidated under the equity interest method as of the date of each acquisition. The amount has been taken direct to equity, in accordance with the Swedish Financial Accounting Standards Council's recommendation RR13.

Note 18	Parent Company		2000	Group 2001
	2000	2001		
Provisions for pensions				
Provision for pensions	<u>34</u>	<u>33</u>	<u>630</u>	<u>638</u>
Thereof through FPG/PRI	<u>21</u>	<u>21</u>	<u>470</u>	<u>464</u>
Note 19				Group
Taxes			2000	2001
Current taxes				
Current tax expense for the period			- 90	- 9
Correction of current tax expense for previous years			-	<u>35</u>
			<u>- 90</u>	<u>26</u>
Deferred taxes				
Deferred tax related to temporary differences			4	- 6
Deferred tax income relating to capitalization of tax loss carry forwards			-	<u>21</u>
Deferred tax expense on utilization of tax loss carry forwards			-	- <u>108</u>
Tax on result from participation in affiliated companies			-	- <u>37</u>
			<u>4</u>	- <u>130</u>
Total tax charge for the year			<u>- 86</u>	<u>- 104</u>
Out of this year's total tax charge, MSEK 45 (0) refers to capital gain on divestment of subsidiaries.				
Reconciliation of effective tax rate				
Profit before tax			<u>8,865</u>	- <u>462</u>
Income tax at statutory rate of parent company, 28%			- 2,482	<u>129</u>
Effect of other tax rates for foreign subsidiaries			- 3	<u>6</u>
Amortization of goodwill on consolidation			- 7	- 6
Losses without corresponding capitalization of deferred tax			- 201	- <u>195</u>
Non-taxable income			2,681	<u>6</u>
Difference in result from corporate development			-	- <u>51</u>
Difference in result from sales of securities			- 2	- <u>26</u>
Tax expense for previous years			-	<u>35</u>
Other			- 72	- <u>2</u>
			<u>- 86</u>	- <u>104</u>
Effective tax rate (%)			<u>- 1</u>	<u>23</u>
Deferred tax liabilities				
Intangible fixed assets			2	<u>3</u>
Tangible fixed assets			1,230	<u>1,291</u>
Financial fixed assets			-	- <u>34</u>
Inventories			1	<u>1</u>
Receivables			- 27	-
Other provisions			- 3	- <u>58</u>
Tax loss carry-forwards			- 317	- <u>233</u>
			<u>886</u>	<u>970</u>

Of the deferred tax liability of MSEK 1,291 (1,230) in respect of tangible fixed assets, a sum of MSEK 818 (757) is attributable to untaxed reserves in the form of accumulated depreciation in excess of plan and MSEK 473 (473) to accumulated revaluations.

Of the capitalised deferred tax receivables, MSEK 89 (68) relate to tax loss carry-forwards in the accounts of foreign subsidiaries, of which MSEK 1 matures in 2002, MSEK 2 in 2003, MSEK 1 in 2004, MSEK 7 in 2005 and MSEK 4 in 2006 or later. The remaining tax loss carry-forwards have no maturity dates.

Deferred tax attributable to temporary differences in subsidiaries are not stated in the accounts, as the unrestricted reserves of these companies can be paid as dividend to the parent company without giving rise to a tax liability. Deferred tax is not stated for affiliated companies either, as any dividend paid by these companies will not give rise to a tax liability, and no divestments that could give rise to capital gains taxation are planned for the foreseeable future.

After completion of a tax audit, the tax authority has contested the parent company's tax assessment for the 1994-1998 period. The company therefore made a provision of MSEK 29 in its financial statements for 1999 for additional tax (including tax surcharges, etc), that may arise out of the claim, which is believed likely to involve a slight risk of a higher assessment. On the other hand, no provisions have been made for any tax that may arise out of the claim of MSEK 694 after deduction of tax loss carry-forwards. The company's opinion is that most of the disputed issues will be settled in favour of the company. The company has appealed to the county administrative court against the tax authority's decision on the review. Should the court decide against the company, the company will become liable to pay a further MSEK 295 in the form of additional tax, including charges and interest.

Over and above this, there is an exposure of up to MSEK 228 as the consequence of the tax authority challenging the tax loss carry-forwards stated in the accounts of certain affiliated companies. The company's opinion is that these cases will also be decided in the company's favour.

Note 20			Group
Other provisions		2000	2001
Compulsory acquisition proceedings		286	254
Forest restoration		89	83
Severance pay		278	345
Restructuring reserves in acquired companies		30	12
Other		47	89
		<u>730</u>	<u>783</u>

Note 21		Parent Company	Group
Long-term liabilities		2001	2001
Maturities 2003-2006		4,420	6,236
Maturities 2007 or later		–	2,000
		<u>4,420</u>	<u>8,236</u>

Note 22

Checking account credit facilities

Credit limits on checking account credit facilities in the Group amounted as per December 31, 2001 to MSEK 644 (695), whereof unutilized limits amounted to MSEK 550 (571).

Note 23		Parent Company		Group
Accrued expenses and prepaid income		2000	2001	2000
Accrued expense for purchase of goods		–		64
Accrued personnel expenses		5	3	263
Accrued interest expenses		39	21	94
Accrued discounts		–	–	0
Accrued energy costs		–	–	21
Accrued freight costs		–	–	16
Accrued authority fees		–	–	3
Accrued organization expenses		10	4	39
Other		1	3	101
		<u>55</u>	<u>31</u>	<u>601</u>
				<u>404</u>

Note 24

Leasing agreements

Companies in the Group have entered into a number of agreements on leasing/rental of premises and other fixed assets. In 2001, MSEK 84 (106) were paid under the terms of operational leasing agreements. This figure includes MSEK 72 (66) on account of RoRo vessels chartered by Korsnäs.

The annual cost of rented/leased assets is estimated to continue at broadly the same level during the next few years.

Note 25		Parent Company		Group
Pledged assets		2000	2001	2000
Liquid funds and short-term investments*		–	212	35
Receivables		3,141	3,141	–
Shares in subsidiaries		8,014	7,856	12,942
Other shares		661	792	789
Real estate mortgages		–	–	3,719
Chattel mortgages		–	–	1,063
		<u>11,816</u>	<u>12,001</u>	<u>18,548</u>
				<u>19,440</u>

* Thereof pledged for the benefit of Metro International S.A. of MSEK 177 (0). All other pledged assets of the Parent Company and the Group refer to pledges for the Group's own long-term liabilities to credit institutions.

Note 26	Parent Company		Group	
	2000	2001	2000	2001
Contingent liabilities				
Sureties and guarantees*	152	10	217	513
Sureties and guarantees for subsidiaries	289	61	–	61
Pension commitments	0	0	1	0
Other contingent liabilities	–	–	0	0
	<u>441</u>	<u>71</u>	<u>218</u>	<u>574</u>
* Thereof guarantees for the benefit of former subsidiaries as follows:				
Tele2 AB	133	–	133	–
Modern Times Group MTG AB	19	8	19	8
Transcom WorldWide S.A.	–	2	–	2
	<u>152</u>	<u>10</u>	<u>152</u>	<u>10</u>

The guarantees for the benefit of MTG and Transcom will be phased out gradually.

Note 27

Average number of employees

	2000		2001	
	men	women	men	women
Parent Company				
Stockholm	4	3	4	2
Group				
Sweden	2,285	1,555	1,537	366
Germany	448	355	272	100
Denmark	354	260	174	114
Latvia	299	33	227	33
Great Britain	158	56	128	43
Spain	36	17	108	15
Serbia	77	42	78	42
The Netherlands	185	256	98	12
Finland	18	30	55	24
Czech republic	9	2	50	11
Croatia	46	18	29	19
Romania	–	–	26	7
Ukraine	–	–	28	5
Norway	117	166	12	20
USA	–	–	25	6
Kosovo	–	–	11	–
France	206	307	2	4
Switzerland	34	53	1	2
Austria	31	47	1	0
Italy	226	337	1	0
Luxembourg	54	82	0	0
Other countries	3	5	–	–
	<u>4,586</u>	<u>3,621</u>	<u>2,863</u>	<u>823</u>
Total number of employees		<u>8,207*</u>		<u>3,686</u>

* Out of total number of employees in 2000, 4,314 belonged to Transcom.

Note 28**Salaries, other remuneration and social expenses**

	Board of Directors and Presidents	2000 Other employees	Board of Directors and Presidents	2001 Other employees
Parent Company				
Salaries and other remuneration	<u>10</u>	<u>5</u>	<u>7</u>	<u>3</u>
Social expenses	<u>4</u>	<u>2</u>	<u>4</u>	<u>2</u>
Thereof pension expenses*	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Pension commitments*	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>
Group				
Companies in Sweden	17	1,049	11	695
Companies abroad	<u>17</u>	<u>869</u>	<u>17</u>	<u>347</u>
Total salaries and other remuneration	<u>34</u>	<u>1,918</u> **	<u>28</u>	<u>1,042</u>
Social expenses	<u>19</u>	<u>728</u> **	<u>21</u>	<u>378</u>
Thereof pension expenses*	<u>14</u>	<u>242</u> **	<u>16</u>	<u>180</u>
Pension commitments*	<u>59</u>	<u>47</u>	<u>56</u>	<u>62</u>

No bonuses were paid to the parent company's Board or its President. Elsewhere in the Group bonuses of MSEK 0.1 (0.3) were paid. A fee of TSEK 2,062 was paid to the Board in 2001 pursuant to a decision by the Annual General Meeting, of which TSEK 300 was paid to the Chairman pursuant to a decision by the Board. Over and above this, the Chairman received fees of TSEK 275 as a member of the Boards of subsidiaries. Other members of the Board received total fees of TSEK 1,695 as members of subsidiary company Boards.

A salary of TSEK 5,162 has been paid to the President. Normal pension premiums with an amount of 20% of fixed salary were paid within framework of a pension plan, over and above which there are no pension commitments to the President.

Pension commitments have been entered into on behalf of other members of the company's top management within the framework of a general pension plan.

A sum of MSEK 3 was paid into a bonus program for 15 senior executives of the Kinnevik Group.

Pursuant to a decision by Industriförvaltnings AB Kinnevik's Annual General Meeting on May 3, 1996, an option program has been set up for senior executives of Modern Times Group MTG AB, whereby these individuals have acquired options on shares in MTG via a company formed for that purpose.

* Relates to present and former Board members and Presidents.

**Out of salaries and other remuneration, social expenses and pension expenses in 2000, MSEK 1,086 is related to Transcom.

Note 29**Agreements on severance pay**

In the event of their contracts being terminated by the company, the President and other members of the management group are entitled to salary during periods of notice between six months and twentyfour months.

Note 30**Auditors' fees**

	Parent Company		Group	
	2000	2001	2000	2001
To Ernst & Young				
Audit assignments	1.0	0.7	4.0	4.2
Other contracts	1.0	1.4	2.0	1.6
To KPMG				
Audit assignments	0.1	0.1	0.1	0.1
Other contracts	-	0.1	1.0	0.1

Fees paid to Ernst & Young concerning other contracts do mainly refer to Registration Form 20F as filed with the Securities and Exchange Commission (SEC), USA.

Stockholm, February 19, 2002

Jan Hugo Stenbeck

Bruce Grant

Thorbjörn Hallström

Edvard von Horn

Thomas Jönsson

Wilhelm Klingspor

Stig Nordin

Ulf Spång

Dag Tigerschiöld

Ulf Westin

Vigo Carlund

Chief Executive Officer and President

Our Audit Report concerning these financial statements was issued on February 20, 2002

Lars Träff
Authorized Public Accountant

Erik Åström
Authorized Public Accountant

Hans Karlsson
Authorized Public Accountant

Auditors' Report

To the General Meeting of the shareholders of Industriförvaltnings AB Kinnevik
(Reg. no 556001-9035)

We have audited the annual report, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Industriförvaltnings AB Kinnevik for 2001. The Board and the President have responsibility for the accounting records and the administration of the company. Our responsibility is to express an opinion on the annual report, the consolidated financial statements and the administration on the basis of our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles and their application by the Board and the President, as well as evaluating the overall presentation of information in the annual report and consolidated financial statements. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any member of the Board or the President. We also examined whether any Board member or the President has acted in any other way in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the annual report and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, and, thereby, give a true and fair view of the financial position of the company and the group and of the results of operations in accordance with Generally Accepted Accounting Principles in Sweden.

We recommend to the General Meeting that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Directors' Annual Report, and that the members of the Board and the President be discharged from liability for the financial year.

Stockholm February 20, 2002

Lars Träff
Authorized Public Accountant

Erik Åström
Authorized Public Accountant

Hans Karlsson
Authorized Public Accountant

Mellersta Sveriges Lantbruks AB

MSEK	2000	2001
Income statement		
Net turnover	14	12
Operating income	8	4
Income after financial items	7	43
Investments in tangible fixed assets	1	1
Number of employees	10	4

Farming was Kinnevik's original business. Mellersta Sveriges Lantbruks AB, MSLA, now owns the Ullevi estate near Vadstena, and the Barciany estate in Poland through Rolnyvik Sp.z.o.o., its affiliated company there.

During the year, the Russelbacka and Svedberga estates were sold. The total acreage in Sweden amounts after these sales to 665 hectares, of which 93 hectares are leased. All cultivation takes environmental considerations into account. In 2001, the acreage cultivated on ecological principles amounted to 297 hectares.

The total acreage in Poland is 4,676 hectares, which are stocked with 750 milking cows and 900 young animals.

As a consequence of the focus on ecological farming, the proportion of spring-sown crops has increased, with 65% of the Swedish acreage being sown in the spring this year. Sowing took place with few problems as spring came at the normal time.

The very warm and dry early summer and summer was detrimental to the crops, and this resulted in a small and too early harvest. However, this was not a serious disadvantage this particular year as the harvest could be gathered early before the arrival of the heavy autumn rains. Consequently, the entire crop was of the highest quality, a situation that was far from common this year.

The Swedish farming activities have obtained certification in accordance with the ISO 9002 and 14001 quality and environmental management systems.

The net turnover of the Swedish business amounted to MSEK 12 (14), and operating income amounted to MSEK 4 (8). The income after financial items includes a capital gain of MSEK 42 on the sale of Russelbacka and Svedberga.

Rolnyvik, the affiliated company in Poland, took over the running of the Barciany estate in June 2001, although it has had responsibility for purchasing of supplies for the arable farming since March.

Poland also had a dry summer and a wet autumn. The harvest did not quite meet expectations, although most of the crops were harvested before the saturated fields could cause a problem.

Milk production went as planned. In total 2.6 million litres of milk have been produced since the farms were taken over in June.

Net turnover of the affiliated company, Rolnyvik, amounted to MSEK 27 and the company broke even at operating level.



A brooding white stork photographed on Rolnyvik's estate in Poland.

Korsnäs Holding AB

MSEK	2000	2001
Income statement		
Net turnover	5,209	5,842
Operating income	241	389
Income after financial items	167	326
thereof participations in affiliated companies	- 11	19
Investments in tangible fixed assets	467	491
Number of employees	3,560	3,058

Korsnäs Holding AB is the parent company of Korsnäs AB, which together with its subsidiaries comprises the Korsnäs Group.

Historical background

Korsnäs AB was founded in 1855 when the company's name was Korsnäs Sågverks AB. The company is now one of the leading producers of high quality paperboard and paper products for the packaging industry. Korsnäs has 3,058 employees, some 1,500 of whom work in Sweden.

The original business was that of sawmilling at Korsnäs, a village in Dalarna. In 1899, it was transferred to Gävle, where sawn timber production is now mainly concentrated on high quality products for the

joinery and furniture industries. The sawmill has an annual capacity of 160,000 m³ of redwood products.

Korsnäs is one of Sweden's major, private forest owners. The total acreage is 665,000 hectares, of which 518,000 hectares are productive forest land. Korsnäs has a high degree of self sufficiency and half of the raw materials used by the mills are harvested in the company's own forests.

Korsnäs's industrial activities are concentrated at the Korsnäsverken complex in Gävle, which has an annual capacity of 660,000 tonnes of pulp. The total output of sulphate pulp is processed within the complex into paperboard, sack and kraft paper, and fluff pulp.

Paperboard has evolved into the largest product area in terms of volume, where beverage board is used for packaging of beverages, and white top kraft board is used as the outer layer in corrugated board packaging.

Korsnäs is one of Europe's leading producers of high quality sack and kraft paper. More than half of the sack paper produced is converted in the company's wholly owned or associated sack factories in Europe into sacks, paper bags and other types of packaging. Korsnäs Packaging also develops and markets machinery for the packaging industry as well as complete systems for refuse treatment.

Korsnäs has long had a strategy of concentrating on highly processed goods with a high added value.



Korsnäsverken

Markets and events in 2001

Korsnäs Forestry

In 2001, the wood market was characterised by falling pulpwood and saw timber prices. The extensive storm felling in November had an adverse effect on costs and volumes harvested. Nonetheless, Korsnäs has ample stocks of pine and birch pulpwood. The importation of wood from Russia and the Baltic states functioned well in 2001. The volumes harvested by, and the profitability of the Latvian companies are increasing as planned.

The transition from harvesting with employed personnel using company-owned machines to outsourcing these services from contractors will now be finally scrutinised in accordance with FSC rules. The organisational change was made with extensive participation by the personnel.

The Forestry division's net turnover amounted to MSEK 1,519 (1,432), and operating income amounted to MSEK 210 (199) after charging non-recurring costs for severance pay of MSEK 19 (55).

Korsnäs Industrial

The first three quarters of 2001 were periods of firm demand and a favourable price structure, supported by the weakness of the krona in relation to other key currencies. Economic conditions weakened during the fourth quarter, which caused demand to slacken and prices to come under greater pressure.

The market situation for sack paper weakened in line with the restructuring in the industry. During the year, Korsnäs reduced its sack-paper capacity, initially by adapting the shift-work structure, and secondly by taking PM3 and the finishing department out of production, which will be completed during the first quarter of 2002. The volume of sack paper delivered fell in 2001 in relation to 2000 as a result of the change in the company's focus. Kraft paper showed sustained growth and stable prices.

Beverage board is still developing strongly, with deliveries up by 18%. Korsnäs strengthened its position last year. Deliveries of fluff pulp were at the same level as last year. Prices, however, fell gradually from their high level at the beginning of the year.

In 2001, deliveries of white-top kraft board declined slightly as planned in relation to 2000. Korsnäs sold its planned volumes without difficulty. Prices remained broadly unchanged throughout the year. Market conditions during the year permitted capacity to be utilised to the full. Production of unbleached and bleached pulp amounted to 655,000 tonnes, of which 348,000 tonnes were bleached. Production of paperboard rose by 6% in relation to 2000.

During the year, a major investment project was carried out on PM4 at Korsnäsverken with the object of significantly improving quality and raising the paperboard and high-quality sack paper production capacity. Upon completion PM4 was successfully brought back into production, as a result of which Korsnäsverken's total paperboard and paper capacity will rise during the next few years, even though PM3 is being withdrawn from production. The development of hot-calendered products based on Korsnäs's own patents also continued during the year. These products, which will not require coating, will be launched on the market during the coming year. Their market potential is believed to be quite substantial.

The sawmilling industry is still plagued by structural problems, a situation that is reflected in Korsnäs Timber's results. During the year, therefore, an extensive productivity and rationalisation programme was carried out. The sawmill's product enjoyed firm demand, and the market for Korsnäs's redwood products stabilised slightly during the year. With its position on the market Korsnäs was able to maintain a relatively favourable price structure. However, the total volume during the year was held down by production disturbances, which caused a decline in production and deliveries in relation to 2000. Korsnäs's deliveries of sawn timber products amounted to 135,000 (153,000) m³, and its production of sawn redwood products amounted to 140,000 (149,000) m³.

The net turnover of Korsnäs's industrial operations amounted to MSEK 4,094 (3,898) and operating income amounted to MSEK 379 (159). Costs of MSEK 193 (306) related to the extensive restructuring programme within Korsnäs were charged against Korsnäs Industrial's operating result.

Korsnäs Packaging

The market situation for Korsnäs Packaging, which is engaged in the manufacture of sacks and bags, deteriorated during the year, with a noticeable slackening in demand, especially in Germany, Scandinavia and Great Britain.

Further restructuring saw the closure of the unit on the Canary Islands in December, and a decision has also been made to cease production at the factory in Croatia at the beginning of 2002. Sales volumes from these factories will be transferred to other factories within the group. Further productivity improvements in Germany, Finland and Yugoslavia resulted in a reduction of 20% in the work force in 2001. The lower cost base will provide a platform for improved profitability in the future.

Korsnäs Packaging's net turnover amounted to

MSEK 1,617 (1,274), an increase of 27%, which includes Walki Sacks' seven factories acquired in 2000. The operating result was a loss of MSEK 200 (loss 117). This unsatisfactory figure is mainly explained by restructuring costs at existing units and start-up costs at the newly established facilities in the USA and the Ukraine. In all, restructuring costs of MSEK 103 (22) were charged against Korsnäs Packaging's operating result.

On January 23, 2002, Korsnäs Packaging signed a licence agreement with HeidelbergCement Group in Germany. The agreement has a term of three years and has an order value of some MUSD 50.

Korsnäs and the environment

Korsnäs's industrial, forestry and sawmilling activities have all obtained certification in accordance with the ISO 14001 standard and the forestry activities have also been certificated in accordance with the Swedish FSC standard. The paper mill has, in addition, obtained hygiene certification in accordance with the ADAS standard.

Employees and restructuring

The review of working practices and the organisation continued throughout the year with the object of

creating a modern and cost-effective organisation. One aspect of this project was to establish a vision for the future of the organisation, and a structured, individual competence development model has been introduced. A reduction of around 500 full-time positions was made possible by this review. In most cases, employment ceased as the result of individual agreements. In these cases, Korsnäs also offered active support to help these individuals find work outside the company.

A profit-sharing plan has been in operation since 1993, in which the amount transferred to the profit-sharing foundation is based on the income in excess of a certain level and linked to interest rates during the period. This year's income was not high enough to require a transfer to the foundation.

Results

The Korsnäs group's net turnover amounted to MSEK 5,842 (5,209). Korsnäs's operating income amounted to MSEK 389 (241). Costs of MSEK 315 (383) is included in this figure for severance pay and other restructuring costs relating to the extensive organisational changes being made within Korsnäs.



Production of beverage board on Paper Machine 5 (PM 5), Korsnäs.

Worldwide Loyalty B.V.

MSEK	2000	2001
Income statement		
Net turnover	85	31
Operating income	-7	-12
Income after financial items	-8	-16
Investments in tangible fixed assets	1	1
Number of employees	17	13

The business of Worldwide Loyalty B.V. is to provide loyalty packages for its customers through the "Collect" bonus club. The company commenced operations in April 1998 and launched a bonus programme in autumn 1998 under the "Collect" brand name on behalf of Comviq, Kabelvision, Tele2 and Viasat.

In 1999 and 2000, the electricity supplier, Sydkraft, the Big Travel chain of travel agents, mutual fund manager Moderna Fonder, and Hertz car hire affiliated to "Collect". In 2001, the First Hotels chain of

hotels, and Flygvaruhsuet (a travel agency which replaced Big Travel) also affiliated.

The business is carried on mainly in Sweden and Denmark, as well as in Norway through Trumf Holdings AS (Trumf), an affiliated company. Trumf's largest customers are Norska Shell and the convenience goods company Norgesgruppen. In 2000, Tele2 and Viasat affiliated to Trumf, which was re-launched as Collect Trumf. Worldwide Loyalty's total interest in Trumf is 33%.

Collect has some 2,410,000 members in Scandinavia, of whom 850,000 are in Sweden, around 60,000 in Denmark, and some 1,500,000 in Norway. Swedish members' turnover in 2001 increased by 350% in relation to 2000.

Net turnover in 2001 amounted to MSEK 31 (85). The reduction in the turnover is due to a reduction in the number of countries canvassed on the Continent. The operating result for the year was a loss of MSEK 12 (loss 7).

Collect Trumf's turnover in 2001 amounted to MSEK 88 (60), and its operating income amounted to MSEK 3 (4).



Club members collect points on all their purchases everywhere with their Collect payment card.

CIS Credit International Services AB

MSEK	2000	2001
Income statement		
Net turnover	106	170
Operating income	- 6	9
Income after financial items	- 8	6
Investments in tangible fixed assets	16	3
Number of employees	195	259

CIS was founded in 1995 and offers all the services that are provided by a company's financial department, such as accounts receivable and accounts payable ledgers, accounting and credit information. CIS also offers a complete range of services within payroll and debt collection. CIS's debt collection business is one of the largest of its kind in Scandinavia, and in 2001 CIS also began to offer these services in Germany.

As well as access to effective and flexible business systems with modern web interfaces, CIS's customers have access to specialists who handle their administration efficiently. This means higher quality and better service at lower cost to the customer, and the opportunity to focus more on the core business.

CIS's long-term investments in modern, efficient system solutions continued in 2001, and included a unified collection system in the Scandinavian countries, which has online solutions for clients and debtors. CIS's customers can obtain online information on the status of their business combined with statistics; debtors obtain access to a customer-self-service where they can draw up their own repayment plans, administer their own collection business, and communicate with CIS. All at lower cost and with a higher proportion of paid debts.

The investments in IT and applications in 2000, together with the steps taken in 2001 to intensify co-operation at Scandinavian level helped to improved profitability.

Turnover continued to grow rapidly, and during the year several large and well-known customers chose CIS as their supplier. CIS has also taken over the Shared Service Center activities of a Swedish listed group.

CIS is now established in five European countries.

As of December 31, CIS had 265 employees, an increase of 13% on the previous year.

Net turnover amounted to MSEK 170 (106), an increase of 60%. The operating income amounted to MSEK 9 (loss 6).



CIS provides financial and credit management services for small firms and large groups.

Other subsidiary companies

MSEK	2000	2001
Income statement		
Net turnover	127	69
Operating income	716	- 26
Earnings after financial items	418	- 24
Investments in tangible fixed assets	5	7
Number of employees	102	77

Other subsidiaries include the operative subsidiary AirTime (AT) AB, in which Kinnevik has a 55% interest. AirTime is primarily engaged in the sale of advertising time on TV and radio.

The subdued market in 2001 slackened further

after the terrorist attacks in New York, which caused a deterioration in AirTime's sales. The declining sales largely affected the radio market, which, with its lower proportion of annual contract than on the TV market, is more exposed to unforeseen events during the year. General cost reductions were made and manning levels reduced in response to the lower sales.

A business that is new to Kinnevik was established during the year through the subsidiary N.P. BIRRARIA Hugo's. This company plans to brew and market the only domestically produced lager in Kosovo. In 2002, the business will focus on canvassing the market.

The operating result for 2000 included capital gains of MSEK 762 on the divestment of the business of TV1000 Sverige AB.

Affiliated companies and other investments

The principal holdings in affiliated companies are a 33% interest in Millicom International Cellular S.A. (MIC), 15% of the capital in Metro International S.A. (Metro), a 24% holding in Viking Telecom AB (Viking Telecom), and 29% of Cherryföretagen AB (Cherry).

Other investments mainly consist of holdings in Tele2 AB (Tele2) and Modern Times Group MTG AB (MTG).

MIC (33% of capital and votes)

The market value of Kinnevik's holding in MIC on December 31, 2001 was MSEK 2,123.

On February 15, 2002 the market value was MSEK 1,569. MIC is listed on Nasdaq in New York and the Luxembourg Stock Exchange.

MIC is one of the world's leading providers of mobile telecom services with operations in Asia, Latin America, Russia and Africa. MACH, the leading GSM Clearing company in the world, is also a member of the MIC group.

MIC acquires licences entitling it to provide mobile telecom services in a particular country at national, regional or local level. It then sets up and operates the mobile telecommunication network in that territory.

MIC conducts most of its business in growth economies, where the provision of land-based telecom facilities is inadequate. Economic growth and other reforms in these countries are generating a growing need for rapid expansion in communication facilities.

In January 2001, MIC was awarded a licence in Indonesia. In September, MIC sold its 24.5% interest in SkyCell Communications Limited, an Indian mobile telecom company, for a price corresponding to USD 1,600 per subscriber. In November, MIC sold its Russian business (FORA Telecom B.V.) to Tele2. In January 2002, MIC was awarded a GSM licence with nationwide coverage in Laos.

MIC currently has equity interests in 19 mobile telecom companies in 18 countries (excluding Tele2) together representing markets with 485 million inhabitants. In 2001, the total subscriber base of these companies increased by 29% to 3,741,136. In proportional terms (in relation to MIC's equity interests), the subscriber base grew by 35% to 2,698,619. The subscriber base of Tele2, in which MIC has a minority interest, is not included in the above figures.

Net turnover amounted to MUSD 645 (569). Operating income amounted to MUSD 74 (567),



One of the products Viking Telecom is developing is SMSit – an SMS terminal for use with fixed telecom networks.

including non-recurring income of MUS\$ 19 (663). The company's result after financial net was a loss of MUS\$ 129 (income of 378).

Metro (15% of capital, 28% of votes)

The market value of Kinnevik's holding in Metro amounted to MSEK 573 on December 31, 2001. On February 18, 2002 the market value was MSEK 354. Metro is listed on Stockholmsbörsen's "O" list and on Nasdaq in New York. On October 4, 2001, Kinnevik raised its interest in Metro from 8% to 15% via the purchase of 10,236,138 Class "A" shares as part of Metro's new share issue at an issue price of SEK 21 per share.

Metro publishes and distributes daily newspapers free of charge, with 21 newspapers in 15 countries.

Net turnover in 2001 amounted MUS\$ 110 (92) and the result after financial net was a loss of MUS\$ 84 (loss 69).

Viking Telecom (24% of capital and votes)

The market value of Kinnevik's holding of shares in Viking Telecom amounted to MSEK 100 at December 31, 2001. The market value on February 18, 2002 was MSEK 78. Viking Telecom is listed on Stockholmsbörsen's "O" list.

Viking Telecom develops and markets products for access in existing and future communication networks with the Telecom and Microwave segments. The company currently has 100 employees. Its head office is in Göteborg, and it has subsidiaries in Stockholm, Portugal, Hong Kong, and the USA, as well as a 50% interest in a joint venture company in Norway.

Viking Telecom's net turnover in 2001 amounted to MSEK 557 (392) and income after financial items amounted to MSEK 31 (9).

Cherry (29% of capital and 26% of votes)

The market value of Kinnevik's shares in Cherry amounted to MSEK 44 as at December 31, 2001. On February 18, 2002, the market value was MSEK 42. Cherry is listed on Stockholmsbörsen's "O" list. Cherry is engaged in the provision of gambling facilities. It also develops technology for the provision of online games, competitions and lotteries via the Internet.

Cherry's net turnover amounted to MSEK 253 (374) while its result after financial items was a loss of MSEK 52 (income 5).

Tele2 (16% of capital, 19% of votes)

The market value of Kinnevik's holding of shares in Tele2 amounted to MSEK 8,473 on December 31,

2001. On February 18, 2002 the market value was MSEK 6,169. Tele2 is listed on Stockholmsbörsen's "O" list and on Nasdaq in New York.

Tele2, which was formed in 1993, is a leading alternative, pan-European telecom provider that is active within mobile GSM services, public telecommunication, data communication and Internet services under the brand names Tele2, Tango and Comviq. Tele2 has more than 15 million customers in 21 countries. Tele2 also runs Datametrix, which specialises in system integration; 3C Communications, which provides telecom and Internet services via telephone kiosks and public Internet terminals; Transac, which provides computerised processing of card transactions and invoices; C3, which markets prepaid telephone cards for fixed telephony; and IntelliNet and Optimal Telecom, with a fixed telephony service with "the guaranteed lowest price" for the consumer market. The group also markets cable TV services under the Kabelvision brand name. Together with MTG, Tele2 owns Everyday.com, an internet portal.

Tele2's net turnover for the whole of 2001 amounted to MSEK 25,085 (12,440) and its result after financial items was a loss of MSEK 1,944 (income of 165).

MTG (9% of capital, 17% of votes)

The market value of Kinnevik's holding in MTG amounted to MSEK 1,193 on December 31, 2001. On February 18, 2002 the market value was MSEK 1,218. MTG is listed on Stockholmsbörsen's "O" list and on Nasdaq in New York.

MTG consists of seven business areas: Viasat Broadcasting (free TV and pay TV in 9 countries), Radio (7 networks in 5 countries), New Media (Everyday as the interactive TV portal and Internet portal, text TV), Publishing (daily financial newspaper, other financial information services), Modern Interactive (home shopping, e-commerce and logistics), SDI Media (subtitling and dubbing) and Modern Studios (content production and film rights library).

Net turnover in 2001 amounted to MSEK 6,402 (5,431) and income after financial items was MSEK 250 (loss 274).

Acronym and explanations

ADAS	British institution that awards good hygiene certificates to manufacturers and companies.
Alecta	One of the largest life and pension and insurance companies in the Nordic region.
Callcenter	Customer service that handles customer contacts mainly via telephone, fax, e-mail, Internet services and letters.
FSC standard	“Forest Stewardship Council” is an international and independent organisation for certification of forests.
GSM	Global System for Mobile telecommunication – digital mobile telephone network.
Internet Portal	Web site on the Internet presenting an extensive range of services, often used as a front page and search engine.
Shared Service Center	Shared administrative function for a number of companies. Run as an independent profit centre.
SMA-TV	Small Master Antenna TV – local cable TV network.
SMS	Short Message Service – a service that enables users to send short text messages to and from mobile telephones.
TDU	Telephone accessory which automatically routes the subscriber’s telecom traffic to a pre-selected available operator.
Web Interface	Access to systems via the Internet.

Kinnevik's Board of Directors

Name	Assignments within Kinnevik	Other assignments
Jan Hugo Stenbeck, Chairman Born 1942	Chairman of the Board since 1993. Member of the Board since 1978.	Miscellaneous Board assignments.
Bruce Grant Born 1959	Member of the Board since 1999.	President of XSource Corporation Inc. Chairman of the Board in Applied Value Corporation and Shared Value Ltd. Member of the Board in Korsnäs AB, Metro International S.A. and Transcom WorldWide S.A.
Thorbjörn Hallström Born 1950	Member of the Board since 1996. Employee representative.	Deputy member of the Board in Korsnäs AB. Employee representative.
Edvard von Horn Born 1943	Member of the Board since 1992.	No other Board assignment.
Thomas Jönsson Born 1946	Member of the Board since 2001.	President of Invik & Co. AB and member of the Board in Korsnäs AB.
Wilhelm Klingspor Born 1962	Member of the Board since 1999. Deputy member of the Board since 1997.	Member of the Board in Invik & Co. AB.
Stig Nordin Born 1943	Member of the Board since 1992.	Member of the Board in Modern Times Group MTG AB.
Ulf Spång Born 1948	Member of the Board since 1998.	Executive Vice President and President of Division Europe in Försäkringsaktiebolaget Skandia. Member of the Board in John Mattson Fastighets AB, Posten AB and Hogia AB.
Dag Tigerschiöld Born 1942	Member of the Board since 1998. Deputy member of the Board since 1993.	Chairman of the Board in LGP Telecom Holding AB and Mydata Automation AB. Member of the Board in Axis Communications AB, Skanditek Industriförvaltning AB and Investment AB Öresund.
Ulf Westin Born 1949	Member of the Board since 1999. Employee representative.	Deputy member of the Board in Korsnäs AB. Employee representative.
Kenneth Portin Born 1957	Deputy member of the Board since 1999. Employee representative.	Member of the Board in Korsnäs AB. Employee representative.
Hans Wahlbom Born 1950	Deputy member of the Board since 1996. Employee representative.	Member of the Board in Korsnäs AB. Employee representative.

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