ADMINISTRATION

Since 1976 Kinnevik's shares have generated an average effective yield of 28% per year as a result of rising prices and dividends, including the value of warrant offers and subscription offers.

The value of the Group's holding of listed securities amounted to MSEK 19,461 as of June 30, 2000. On August 14, 2000 the value was MSEK 20.396, which means that the premium over the book value of the Group's listed portfolio amounted to MSEK 17.253 on that date.

Net turnover for the first half of the year amounted to MSEK 3,336 (3,041). Korsnäs Holding AB's net turnover amounted to MSEK 2,549 (2,459). The net turnover of other subsidiaries amounted to MSEK 793 (599).

Operating income after depreciation amounted to MSEK 981 (127). This figure includes income from corporate development and net capital gains of MSEK 750 (4) on sales of securities, most of which is attributable to the sale of the business of TV1000 Sverige AB. The background to the sales of securities is an option programme for senior executives at Modern Times Group MTG AB that was approved at Kinnevik's Annual General Meeting in 1996. The operating result includes the refund of surplus funds of MSEK 57 from the SPP insurance company.

Kinnevik's interest in the earnings of affiliated companies amounted to a net loss of MSEK 680 (loss 576). After adjustment for Millicom International Cellular S.A.'s (MIC) final figures for 1999, Kinnevik's interest in MIC's loss amounted to MSEK 110. As the book value of the interest in MIC thereafter amounts to zero, no further losses in the interest in MIC will be stated on Kinnevik's account. Kinnevik's interest in the earnings of Société Européenne de Communication S.A. (SEC) was a loss of MSEK 588.

Financial revenue and expense amounted to a net expense of MSEK 209 (expense 72). The higher cost is mainly explained by the re-entry in 1999 of an earlier provision for interest costs.

Income after financial revenue and expense amounted to MSEK 92 (loss 521).

The net result for the period amounted to MSEK 72 (loss 541).

Earnings per share for the period amounted to SEK 1.14 (loss of 8.46).

On July 24, 2000 NetCom AB made an offer for all outstanding shares in SEC of one share in NetCom for every 11.5 shares in SEC. Calculated on the closing price the day before the bid was announced, the offer represents a premium of 22.3% over the listed price. Kinnevik's Board supports NetCom's offer. Kinnevik's Extraordinary General Meeting on August 10 resolved in favour of the proposed transaction. On the basis of NetCom's listed price on August 14, 2000 the offer represents a capital gain of approximately MSEK 7.000. The divestment will not give rise to any tax liability for Kinnevik.

The comparative figures for the first six months of 1999 are pro forma and relate to the Kinnevik Group and the companies now belonging to the group.

MELLERSTA SVERIGES LANTBRUKS AB

The extremely warm and dry spring had its effect on the harvest. Shortages of water and intense heat caused a premature and too rapid development of all the crops. A change in the weather around midsummer brought hope of a good harvest, but the change persisted with so much rain throughout most of July that there is a risk of a poorer quality harvest this year.

A political decision in Brussels has paved the way for price cuts this autumn. The EU Commission's goal is that prices should be reduced by at least 10% during the coming two years. Whether or not this will have an effect on sales will depend entirely on the company's ability to produce the quantities demanded on the market which, given the present situation, there is every reason to be optimistic about. The crops the company cultivates should, given the present orientation, be able to hold their own in the coming year also.

KORSNÄS HOLDING AB

Korsnäs Holding AB is the parent company of Korsnäs AB, which, together with its subsidiary companies, makes up the Korsnäs Group.

The increase in demand for Korsnäs's products in the first quarter of 2000 continued in the second quarter. Parallel to this, the overall price level has improved.

The Korsnäs Group's net turnover for the first six months of the year amounted to MSEK 2,549 (2,459) and operating income was MSEK 285 (169). The profit margin was 11% (7). Income after financial net amounted to MSEK 330 (205).

Korsnäs Forestry

By the end of the first half of 2000 wood stocks in Sweden were lower than normal. Korsnäs' mid-year stocks of softwood were also lower than planned, while stocks of birch pulpwood were slightly above the planned level. Korsnäs' own harvesting went much as planned during the period and our own mills' supplies are secured. Korsnäs' deliveries of saw timber to external sawmills were high in the first half of the year and are expected to remain so for the rest of 2000. The change from harvesting with company personnel and company-owned machinery to engaging contract-harvesting services is proceeding as planned. Operating costs are continuing to decline.

Net turnover for the first half of the year amounted to MSEK 739 (727) and operating income was MSEK 124 (108).

Korsnäs Industrial

Market conditions during the period were characterised by strong demand and a higher order intake in all product areas. Prices have improved and the average price of products for the market was 9% higher than in the corresponding period in 1999. Successive increases in the prices of paperboard and fluff pulp since the end of June 1999 have been accepted. However, it was not possible to raise paper prices until the spring of

2000. Production during the first half of 2000 was 0.7% higher and deliveries 0.5% higher than during the corresponding period in 1999.

Korsnäs Packaging's order intake was higher during the first half of 2000 than for the same period in the previous year. Deliveries increased by 8%. The result for the first half of 2000 was poorer than expected, largely due to the current restructuring process in Germany and Scandinavia. Planned production volumes have not yet been reached in Denmark and Germany, but a gradual improvement in productivity at these units is expected to have a positive impact on the result during the second half of the year.

Heads of agreement were signed in June on the acquisition of UPM-Kymmene's seven sack factories in Europe. These factories are located in countries where Korsnäs does not have any production and will significantly strengthen Korsnäs' market position in Europe. The turnover generated by these factories amounts to some MEUR 51. Korsnäs expects to complete the transaction during the third quarter of this year.

The market for sawn timber was still unstable during the first half of the year. However, Korsnäs' sawn timber products are in firm demand. Deliveries in the first half of the year were 5% higher at an average price that was 4% lower than last year's. Production at the Korsnäs sawmill was 3% down on last year's level. During the summer a new log-sorting unit will be completed in accordance with the previously approved structural plan.

Net turnover for the first six months of the year amounted to MSEK 2,357 (2,256) and operating income was MSEK 161 (61).

TRANSCOM WORLDWIDE S.A.

During the first quarter of 2000, Kinnevik-owned Transcom AB, with units in Sweden, Norway, Denmark and Finland, merged with Transcom Europe S.A, which is active in Germany, Holland, France, Switzerland, Austria, Italy and Luxembourg. Transcom Europe S.A. was formerly a member of the SEC group. The name of the new company has been changed to Transcom Worldwide S.A. Its registered office is in Luxembourg. Kinnevik owns 50.1% of the shares and votes. In 1999 the merged company's pro forma turnover amounted to MSEK 939 and it incurred an operating loss of MSEK 11. There were 3,748 employees at the end of 1999.

Transcom's business comprises the design, maintenance and development of individually designed customer relations packages for consumer-intensive companies, a field in which Transom is one of the leading suppliers in Europe. The business has expanded strongly in terms of scope, quality and volume since it was started in the middle of the nineties. Transcom now offers customised solutions to meet companies' specific needs for service and customer relations programmes. Transcom has clients in many different industries, including telecom, media, travel, entertainment, banking and insurance, and the electricity and power sectors.

Transaction volumes have risen sharply. Since the first half of 1999 the number of incoming calls has risen by about 4.1 million to some 14.5 million.

As of June 30, 2000 Transcom had 3,958 employees, of whom 1,882 were in the Nordic countries and 2,076 in other European countries. At that date, Transcom had 16 call centres in 11 countries.

The market for outsourced customer relations services is expected to continue growing at a rate of more than 30% per year. The force driving this development is the measures being taken by more and more consumer-intensive companies to actively add value to their products and services in the form of improved and more accessible customer service. Transcom continued to expand strongly during the first half of the year. A new call centre was opened in Halden, Norway, in June, about the same time as a large extension to the facility in Strömsnäsbruk, Sweden, was completed.

Net turnover in the first six months of the year amounted to MSEK 622 (451), an increase of 38%; operating income amounted to MSEK 4 (6).

WORLDWIDE LOYALTY B.V.

The role of Worldwide Loyalty BV is to provide loyalty programmes for its customers through the "Collect" bonus club. The company commenced operations in Sweden in April 1998, and in autumn 1998 it launched a Collect bonus programme name on behalf of Comviq, Kabelvision, Tele2 and Viasat. In 1999, Sydkraft, an electricity and power supplier, and the Big Travel chain of travel agents also affiliated to "Collect". Mutual fund manager Moderna Fonder also affiliated in March 2000. The expansion of "Collect" into Europe began in the autumn of 1999. Besides Sweden, the bonus programme has also been launched in Germany, France, Italy, Holland, Switzerland and Austria. The programme will be launched in Denmark in the autumn.

In November 1999, 25% of the shares in the Norwegian loyalty company Trumf Holding AS were acquired. Trumf's largest customers are Norska Shell, convenience goods company Norgesgruppen, and savings bank group Sparebanken Nor. During the first quarter of 2000 Tele2 and Viasat became affiliated to Trumf. During the spring, Trumf was re-launched under its new name of Collect Trumf.

"Collect" has some 2,290,000 members, of whom some 570,000 are in Sweden, some 720,000 in Norway and around 1,000,000 in other European countries. During the first six months of 2000 the volume of Swedish customer business increased by 31% in relation to the first half of 1999. During the second quarter of 2000, the volume of customer business rose by 14% in relation to the previous quarter.

Net turnover for the first six months of 2000 amounted to MSEK 34 (16) and an operating loss of MSEK 3 (loss 1) was incurred. Trumf Holding AS had a turnover of MSEK 38 for the first six months of the year.

CIS CREDIT INTERNATIONAL SERVICES AB

CIS was founded in 1995. The company provides collection, credit appraisal, and financial management services. The business is mainly conducted in Sweden, but the international side is expanding strongly. CIS is currently active in Sweden, Norway, Denmark, Luxembourg, Switzerland and Germany.

Through its three operational segments – Outsourcing, Consulting and Systems Development – CIS provides all the functions of a professional financial systems department, as well as services that naturally complement this area, such as collection, credit appraisal and legal affairs.

The first half of the year was characterised by strong growth.

The positive trend in turnover is expected to continue as a result of further canvassing of the European market, coupled with customer-oriented development and the launch of new services.

At June 30, 2000, CIS had 225 employees, an increase of 80% on June 30, 1999.

Net turnover amounted to MSEK 54 (28), an increase of 93%. Operating income was MSEK 3 (3).

OTHER SUBSIDIARIES

Other subsidiaries include the operative subsidiary company AirTime (AT) AB. During the first quarter of 2000, Kinnevik sold the business of TV1000 Sverige AB to Modern Times Group MTG AB in return for shares in MTG.

During the first six months, AirTime increased its share of both the TV and radio advertising markets. A combination of further cost reductions and better efficiency led to an improvement in the result. Net turnover increased to MSEK 51 (43) while operating income was MSEK 0 (loss 3).

The net turnover of Other subsidiaries amounted to MSEK 74 (96). Operating income for the first half of 2000 amounted to MSEK 771 (loss 5), most of which was due to capital gains on the sale of the TV 1000's business.

AFFILIATED COMPANIES

MILLICOM INTERNATIONAL CELLULAR S.A (MIC) 34%

The market value of Kinnevik's holding in MIC was MSEK 5,037 as of June 30, 2000. On August 14, 2000 the market value was MSEK 6.112. MIC is listed on Nasdaq in New York and on 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. GSM Clearing, the leading GSM clearing company in the world, is also a member of the MIC group.

The number of subscribers to MIC services amounted to 2,523,235 as of June 30, 2000, which represents an increase of 45% during the past 12-month period. On a pro rata basis in relation to MIC's equity interests, the number of subscribers amounted to 1,580,363, an increase of 47%. The subscriber base of NetCom, in which MIC has a minority interest, is not included in the above figures.

In June MIC signed heads of agreement with the government in Laos to entitling it to provide mobile telecom services in the country, once the contract with the current licence holder has expired in October 2001. In July MIC was granted a licence to provide services in Sierra Leone.

MIC is at present a major shareholder in 32 companies in 21 countries that together represent a market of 465 million people. Two of these companies have not yet commenced operations.

Net turnover amounted to MUSD 264 (212). The company's result after financial net was a loss of MUSD 56 (loss 70).

SOCIÉTÉ EUROPÉENNE DE
COMMUNICATION S.A. (SEC) 39%

The market value of Kinnevik's holding in SEC was MSEK 9,069 at June 30, 2000. On August 14, 2000, the market value of the holding was MSEK 9.931. SEC is listed on the O-list in Stockholm, Nasdaq in New York, the Frankfurt Stock Exchange, and the Luxembourg Stock Exchange.

SEC's main asset is Tele2 Europe, whose business includes national and international fixed telecom services. Operations were started in Holland at the end of October1997, and in Germany, Switzerland, Austria, France, Italy, Luxembourg and Liechtenstein during 1998,1999 and 2000. The company also has licences in Ireland, Belgium and Spain, and plans to commence operations in Belgium and Spain during the second half of 2000. SEC is also a provider of Internet services for its customers. Moreover, SEC plans to set up as a Mobile Virtual Network Operator (MVNO) in all the countries it is active. The number of subscribers at June 30, 2000 was 4,174,876 (1,590,887), an increase of 162% since June 1999.

By June 30, 2000, mobile telecom company Tango had 112,226 subscribers (53,402) in Luxembourg and Liechtenstein and at Tele2 Mobile in Switzerland, an increase of 112% since June 1999. During the first half of the year SEC introduced the internet portal Everyday.com, for which it has a licence in all the countries where Tele2 is active.

SEC also owns 3C Communications, Transac, and 37% of the shares in Transcom Worldwide.

On July 24, 2000, NetCom AB announced an offer for all the outstanding shares in SEC of one share in NetCom for every 11.5 shares in SEC. Based on the closing price the day before the bid was announced, the offer represents a premium of 22.3% over the listed price.

Net turnover amounted to MEUR 290 (108). The result after financial net was a loss of MEUR 175 (loss 89).

OTHER AFFILIATED COMPANIES

Other affiliated companies include Viking Telecom AB (24%) Cherryföretagen AB (29%) and Goodguy Svenska AB (47%). The shareholding in MTV Produktion AB was divested during the second quarter of 2000. The net income of Other Associated Companies amounted to MSEK 29 (loss 12).

FINANCIAL POSITION

The Group's liquid funds, including the market value of short-term investments and undrawn credit facilities, amounted to MSEK 7,396 (3,172) at June 30, 2000.

The Group's net interest-bearing debt amounted to MSEK 5,513 (5,708).

The average cost of interest for the period was 4.8% (4.2%), (calculated as interest expense in relation to average interest-bearing debt excluding pension liabilities).

The Group's fixed capital expenditure during the period (excluding investments in financial fixed assets) amounted to MSEK 331 (363).

During the first half-year all the shares in MTV Produktion AB were divested for a capital gain of MSEK 34.

Kinnevik acquired shares in Cherry during the first six months of the year, and now has a 29% interest in the company.

The equity ratio was 34% (31%) at June 30, 2000. Taking into account the premium over the book value of listed equities, the equity ratio was 67% (57%).

The net effect of the Group's in- and outflows in foreign currencies amounts, on an annual basis, to a net inflow of approximately MSEK 1,500.

NEXT FINANCIAL REPORT

The interim report for January-September 2000 will be published on November 7, 2000.

Stockholm, August 15, 2000.

The Board

This interim report has not been subject to specific examination by the company's auditors.

CONSOLIDATED INCOME STATEMENT (MSEK)

	1999 Full year	1999 January 1-June 30 pro forma*	2000 January 1-June 30
Net turnover	6,877	3,041	3,336
Cost of sales	– 5,702	– 2,564	– 2,767
Gross result	1,175	477	569
Expenses for selling, administration, research and development	– 964	– 366	– 431
Income from corporate development	134	4	860
Income from sales of securities	69	0	– 110
Other operating income	246	88	149
Other operating expenses	– 143	– 76	– 56
Operating income	517	127	981
Participations in affiliated companies	370	– 576	– 680
Net financial items	– 252	– 72	– 209
Income after net financial items	635	– 521	92
Taxes	– 73	– 23	– 18
Minority share in income	1	3	– 2
Net result for the period	563	– 541	72
Earnings per share after full tax, kronor	8.94	– 8.46	1.14

REVIEW OF THE GROUP (MSEK)

	1999 January 1-June 30 pro forma*	2000 January 1-June 30
Breakdown of net turnover by business area		
Mellersta Sveriges Lantbruks AB	8	9
Korsnäs Holding AB	2,459	2,549
Transcom Worldwide S.A.	451	622
Worldwide Loyalty B.V.	16	34
CIS Credit International Services AB	28	54
Other subsidiaries	96	74
Parent company, Holding companies and eliminations	– 17	– 6
Total	3,041	3,336
Breakdown of operating income/loss by business area		
Mellersta Sveriges Lantbruks AB	4	3
Korsnäs Holding AB	162	275
Transcom Worldwide S.A.	6	4
Worldwide Loyalty B.V.	– 1	– 3
CIS Credit International Services AB	3	3
Other subsidiaries	– 5	771
Parent company, Holding companies and eliminations	– 42	– 72
Total	127	981
Breakdown of income/loss after net financial items by business area		
Mellersta Sveriges Lantbruks AB	4	3
Korsnäs Holding AB	174	226
Transcom Worldwide S.A.	0	– 1
Worldwide Loyalty B.V.	– 1	– 2
CIS Credit International Services AB	2	2
Other subsidiaries	– 3	773
Affiliated companies	– 566	– 669
Parent company, Holding companies and eliminations	– 131	– 240
Total	– 521	92

* The comparative figures for 1999 refer to the Kinnevik group on a pro forma basis with the companies now being part of the Group.

CONSOLIDATED BALANCE SHEET (MSEK)

	December 31, 1999	June 30, 1999	June 30, 2000
Fixed assets			
Capitalized development costs	104	59	89
Goodwill	270	295	158
Machinery, equipment, property etc	8,051	7,929	8,077
Other stocks and participations	2,672	725	1,817
Long-term receivables	436	1,437	888
	11,533	10,445	11,029
Current assets			
Inventories	1,235	1,568	1,004
Short-term receivables	2,033	2,010	2,123
Cash, bank and short-term investments	1,623	1,212	2,460
	4,891	4,790	5,587
Total assets	16,424	15,235	16,616
Equity			
Restricted equity	4,539	4,492	4,520
Unrestricted equity	1,204	153	1,022
	5,743	4,645	5,542
Minority interests in equity	17	19	128
Provisions			
Provisions for pensions	625	683	634
Deferred tax liabilities	416	423	412
Other provisions	393	119	376
	1,434	1,225	1,422
Long-term liabilities			
Non-interest bearing liabilities	2	1	1
Interest-bearing liabilities	7,529	6,838	7,938
	7,531	6,839	7,939
Short-term liabilities			
Non-interest bearing liabilities	1,549	1,632	1,329
Interest-bearing liabilities	150	875	256
	1,699	2,507	1,585
Total stockholders' equity and liabilities	16,424	15,235	16,616

CONSOLIDATED STATEMENT OF CASHFLOWS (MSEK)

	1999 Full year	1999 January 1-June 30	2000 January 1-June 30
Cashflow from			
operations	98	39	351
investing activities	– 1,209	– 430	– 801
financing activities	1,292	251	584
Cash flow for the period	181	– 140	134
Opening liquid funds	336	336	507
Translation differences in liquid funds	– 10	– 4	– 5
Closing liquid funds	507	192	636