Investment AB Kinnevik

Annual Report 2012

”More than seventyfive years of entrepreneurial tradition
under the same group of principal owners”

Contents

Five-year Summary

(SEK m)	2012	2011	2010	2009	2008
Key figures					
Capital employed	61 962	66 898	62 111	50 462	33 067
Return on capital employed, %[1]	-4.2	9.4	23.2	38.3	-54.7
Return on shareholders' equity, %[1]	-5.1	10.3	26.4	47.6	-70.5
Equity/assets ratio, %	94	85	84	78	66
Net debt	2 840	6 539	7 123	8 233	8 906
Debt/equity ratio, multiple	0.06	0.12	0.14	0.21	0.41
Net debt against Korsnäs	-	5 212	5 575	6 419	5 845
Net debt other	3 008	1 605	1 706	2 001	3 066
Available liquidity	5 029	5 465	4 923	3 942	2 031
Risk capital ratio, %	93.6%	86.8%	85.7%	80.4%	69.0%
Fair value Telecom & Services	37 380	44 406	43 557	35 735	22 251
Fair value Online	15 118	7 800	2 196	207	195
Fair value Media	4 222	5 000	6 936	5 589	1 834
Fair value Paper & Packaging	3 161	5 237	5 022	4 002	2 379
Fair value Microfinancing	739	446	348	137	120
Fair value Agriculture & Renewable Energy	844	735	1 095	878	720
Total assets	62 632	70 068	64 833	53 240	35 871
Estimated net asset value	58 769	61 839	57 513	44 829	24 325
Net asset value growth	-5%	8%	28%	84%	-56%
Net asset value per share, SEK	212	223	208	162	93
Closing price, class B share, SEK	135	134	137	107	63
Market capitalization	37 503	37 087	37 971	29 656	16 410
Summary of Statement of Income [2]					
Revenue	1 591	330	415	358	323
Operating profit/loss	-98	-125	-37	-9	-31
Change in fair value of financial assets including dividends received	-2 647	6 021	12 940	15 813	-25 759
Result after net financial items	-2 935	5 795	12 859	15 767	-25 966
Result for the year	-2 991	5 853	12 664	15 530	-26 009
Earnings per share	-10.77	21.11	45.69	56.03	-99.87
Operating margin, %	-6.2	-37.9	-8.9	-2.5	-9.6
Summary of Cash Flow Statement [3]					
Cash flow from operations	-222	781	1 310	1 698	524
Investments in tangible and intangible assets	-105	-797	-717	-653	-441
Investments in financial assets	-7 994	-2 892	-1 563	-535	-193
Cash flow from investing activities	-2 883	1 298	716	-475	1 261
Cash flow from financing activities	-658	-2 047	-2 113	-1 495	-1 382
Cash flow from discontinued operations	4 035	-	-	-	-
Cash flow for the year	272	32	-87	-272	403

For definitions of financial key ratios, refer to page 77.

[1] Excluding discontinued operations

[2] Comparable years adjusted for disposal of Korsnäs.

[3] Cash flows and balance sheet figures have not been adjusted for comparable years.

Chief Executive's review

In 2012, the transformation of Kinnevik continued and through several large transactions we further focused our investments and our holdings towards fast-growing consumer sectors in mobile telephony, online and media with a focus on emerging markets. I am convinced that the strategic shift that we have been implementing in recent years will also ensure sustained value creation for our shareholders going forward.

For many of our companies, 2012 was a year of strategic investments to stay ahead in the rapidly changing environments in which they operate. Digitalisation and the move online are affecting all of our businesses, creating opportunities as well as challenges. Millicom invested in online in cooperation with Rocket Internet in order to build a position in the nascent e-commerce and online industry in Latin America and Africa. MTG invested in its Nordic pay-TV content, premium channels and Viaplay online pay-TV service in order to have the most attractive online and offline content offering for years to come and to ensure reach and functionality within its pay-tv operation. Kinnevik's long-term strategy and focus enables our companies to take long-term strategic decisions, which we believe is necessary to be able to remain relevant for consumers in today's changing world.

During the year, we invested SEK 6.7bn in our online portfolio and the share of online assets in our NAV increased to 25%. Our large investments in this sector are built on a strong conviction that the shift from offline to online is one of the strongest global growth trends. In 2012, we have seen growth rates in e-commerce of around 15% in developed markets such as the US and Sweden, at a time when traditional retail is struggling with low or no growth.

Within e-commerce, our investments focus on the fashion and shoe segment with companies such as Zalando in 14 European countries, LaModa in Russia, Dafiti in Brazil and Namshi in the Middle East to mention some of the larger

e-commerce companies. Within fashion and shoes, gross margins are relatively high and it is possible to build a wide assortment and to mix own brands with well-known labels in order to achieve a good mix with high margin potential. Our online stores are fully integrated and control the whole value chain from the website, to customer care, logistics and payment solutions. The full integration is a key competitive advantage and it enables the companies to control the whole customer experience.

Zalando is the largest company in the e-commerce portfolio and Kinnevik increased its investment in October to become the company's largest owner. Zalando started in 2008 and has expanded into 14 markets selling shoes, fashion and accessories online. It has grown sales to 1.15 billion EUR in 2012, making it one of the fastest growing European companies ever. In 2012, the company reached break-even in Germany, Austria and Switzerland. The EBIT margin improved from -12% in 2011 to -8% in 2012 with strong sales growth in core markets and continued investments in new markets including the Scandinavian countries and Poland. Kinnevik works closely with the Zalando management team and it will be exciting to develop the company further going forward.

During the year, Kinnevik also merged packaging company Korsnäs with Billerud, creating a world-leading manufacturer of primary fibre-based packaging material. For Kinnevik, the strategic rationale for partly divesting Korsnäs was two-fold. Firstly, there is a strong industrial and strategic fit between Korsnäs and Billerud which will ensure a gradually changed product and market mix towards the consumer sector with lower cyclicality and higher growth as a result. For Kinnevik, in addition to remaining the largest owner of BillerudKorsnas with an ownership stake of 25%, we received SEK 2.7 billion in cash and reduced the debt in the Kinnevik balance sheet by another SEK 5.7 billion. The funds received have been invested mainly in our online companies, and the transaction thus contributed to the transformation of Kinnevik.

Kinnevik acquired and delisted Metro in 2012 and during the year, Metro further focused its operations to emerging markets, exiting the Netherlands and Denmark and expanding into new markets such as Puerto Rico and growing quickly in Latin America. When I visited Metro's operations in Chile in the autumn, it was exciting to see how people were picking up copies of Metro in Santiago. Also, having high profile guest editors such as Sir Richard Branson and Karl Lagerfeldt has turned out very successfully, underscoring the relevance of Metro's global readership.

In 2011, Kinnevik joined the UN Global Compact and in 2012, our work with developing responsible business practices throughout our holdings continued. It is important that issues relating to sustainable business development become an integral part of our companies' day-to-day business, and I feel that we have progressed further in this regard. When Transparency International reviewed Sweden's 20 largest companies and looked into the reporting and transparency of their anti-corruption work, Tele2 was rated second best. MTG was included in the Dow Jones Sustainability World Index for the first time in 2012.

The Kinnevik Board has proposed a dividend of SEK 6.50 per share to be paid out after the Annual General Meeting of shareholders in May. The increase reflects Kinnevik's strong balance sheet as well as the good cash flow that Kinnevik is receiving mainly from Millicom, Tele2 and MTG. We expect investments in 2013 to be lower than in 2012 as we now focus on developing the recent investments into strong and profitable companies. I would like to thank the employees for their excellent efforts and also take the opportunity to thank all our shareholders for their confidence in Kinnevik.

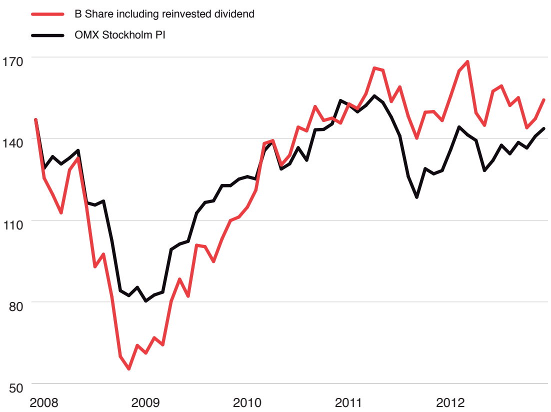
Mia Brunell Livfors

The Kinnevik share

Share-price trend

The price of Kinnevik's class B share increased by 1% in 2012, compared to the OMX30 index on NASDAQ OMX Stockholm which increased by approximately 12%.

The chart below shows the Kinnevik share's price trend during the past five years.



Stock exchange listing

Kinnevik's class A and class B shares have been listed on NASDAQ OMX Stockholm since 12 November 1992. The shares are listed on the Nordic list for large-cap companies within the financial sector. The ticker codes are KINV A and KINV B. During 2012, an average of 592,000 class B shares, corresponding to SEK 81m, were traded daily.

Total return

In the past 30 years, the Kinnevik share has generated an average total annual return of 20% as a result of rising share prices, cash and in-kind dividends, including the value of subscription offers. The total return has been calculated under the assumption that shareholders have retained their allotment of shares in Tele2, MTG, CDON and Transcom distributed during the measurement period.

During the past five years, the Kinnevik share has provided an average total annual return of 1%. At year-end, Kinnevik's class B share was quoted at SEK 135.30, providing a total return of 5% in 2012.

Share capital

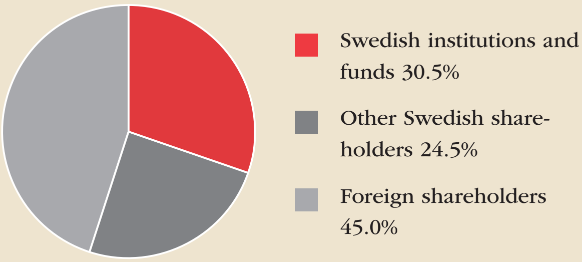
As of 31 December 2012 the number of shares in Investment AB Kinnevik amounted to 277,583,190 shares of which 48,665,324 are class A shares with ten votes each, 228,653,284 are class B shares with one vote each and 264,582 are class C treasury shares with one vote each. In June 2012, 135,332 class C shares were converted to class B shares to be delivered to the participants in the Long Term Incentive Plan for 2009. The total number of votes in the Company amounted at 31 December 2012 to 715,571,106 (715,171,192 excluding 264,582 class C and 135,332 class B treasury shares). The Board has authorization to repurchase a maximum of 10% of all shares in the Company. The Board has not used the authorization during 2012. There are no convertibles or warrants in issue.

Dividend

For the 2012 financial year, the Board proposes a cash dividend of SEK 6,50 per share, which is an increase of 18% compared to last year's dividend of SEK 5.50 for the financial year 2011.

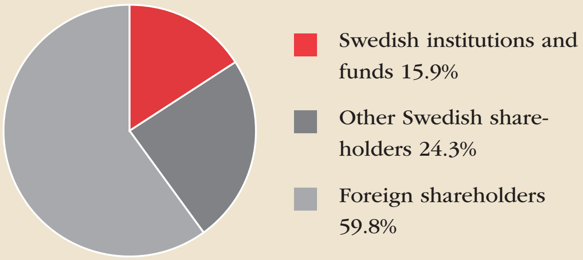
Shareholder structure

(percentage of capital)

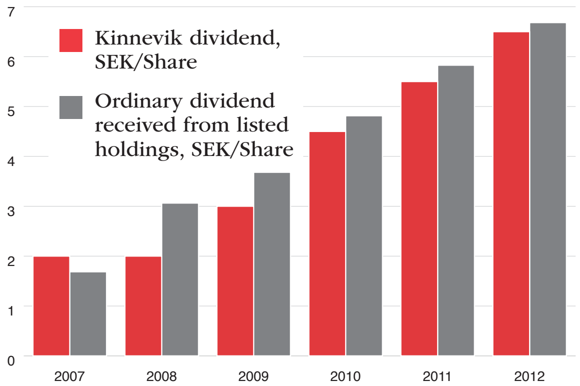


Shareholder structure

(percentage of votes)



Source: Euroclear



Dividend policy

Kinnevik's dividend policy is to pay out at least 85% of ordinary dividends received from the listed holdings during the same year. Kinnevik's ambition is to generate a progressive annual dividend for its shareholders.

In addition, the authority to repurchase Kinnevik's own shares, of whichever class, will be exercised when the total return to shareholders through such a program is anticipated to be more attractive than that from other potential investments. The Board will take into consideration Kinnevik's balance sheet and indebtedness when taking such a decision.

Share distribution

Size of shareholding	Number of shareholders	%	Number of A and B shares	%
100 001 -	268	0.5	216 022 162	77.9
50 001 - 100 000	130	0.2	9 248 082	3.3
10 001 - 50 000	771	1.3	16 306 705	5.9
5 001 - 10 000	980	1.7	7 201 107	2.6
1 001 - 5 000	6 951	11.9	15 737 168	5.7
1 - 1 000	49 489	84.5	12 668 052	4.6
Total	58 589	100.0	277 183 276	100.0

Number of shareholders at 31 December 2012 was 58,589 (58,758).

Ownership structure

Kinnevik's 20 largest shareholders in terms of capital and votes according to Euroclear at 31 December 2012.

Shareholder	Class A shares	Class B shares	Percentage of capital	Percentage of votes
Verdere S.à.r.l.	25 124 759	0	9.1	35.1
Klingspor Family	6 475 302	2 197 978	3.1	9.4
HS Sapere Aude Trust	2 952 876	0	1.1	4.1
Stenbeck, Sophie	2 856 761	0	1.0	4.0
SMS Sapere Aude Trust	2 118 695	0	0.8	3.0
Alecta Pension	762 500	12 043 500	4.6	2.8
von Horn Family	1 775 855	441 852	0.8	2.5
SSB CL Omnibus	311 200	14 990 224	5.5	2.5
Hugo Stenbeck's Trust	1 567 052	659 578	0.8	2.3
JP Morgan Bank	0	12 508 997	4.5	1.8
Korsnäs AB Social Fund	1 191 819	0	0.4	1.7
Nordea	0	7 993 664	2.9	1.1
SEB	137 100	5 626 509	2.1	1.0
Swebank Roubur Funds	0	6 828 910	2.5	1.0
AMF	0	6 373 948	2.3	0.9
Skandia	283 651	3 269 080	1.3	0.9
Unionen	0	5 179 890	1.9	0.7
Afa Insurance	0	4 653 109	1.7	0.7
Handelsbanken	218 000	2 405 984	1.0	0.6
BNY Mellon	0	3 350 943	1.2	0.5
Other	2 889 754	139 858 454	51.6	23.7
Total	**48 665 324**	**228 517 952**	**100.0**	**100.0**
Class B and C shares held by Kinnevik		399 914		

Shareholders including Verdere S.à r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust , together holding shares representing 46.2% of the votes and 11.9% of the share capital in Kinnevik, have informed the company that they have an agreement regarding coordinated voting of their shares.

Verdere S.à r.l. is owned, directly and indirectly, by Cristina and Max Stenbeck, 50% each.

Data per share

	2012	2011	2010	2009	2008
Average number of shares (000s)	277 183	277 173	277 158	265 325	263 078
Earnings per share, SEK	-10.77	21.11	45.69	56.03	-99.87
Shareholders' equity per share, SEK	211.01	215.15	196.27	150.23	90.23
Market price class B share at 31 December, SEK	135.30	133.80	137.00	107.00	63.00
Dividend per share, SEK	6.50 [1]	5.50	4.50	3.00	2.00
Direct yield	4.8%	4.1%	3.3%	2.8%	3.2%

[1] Proposed cash dividend.

Book and fair value of assets

SEK m	31 Dec 2012 Equity interest (%)	Voting interest (%)	Book value 31 Dec 2012	Fair value 31 Dec 2012	Fair value 31 Dec 2011	Total return 2012 [6]
Telecom & Services						
Millicom	38.0	38.0	21 283	21 283	26 088	-13%
Tele2	30.5	47.7	15 867	15 867	18 129	-3%
Transcom	33.0	39.7	230	230	189	22%
Total Telecom & Services			**37 380**	**37 380**	**44 406**	**-11%**
Online						
Zalando (directly and indirectly through Rocket)	35	26	8 526	8 526	1 558	
Rocket Internet with other portfolio companies [1]			4 776	4 776	5 073	
Avito (directly and through Vosvik)	39 [2]	22	923	923	336	
CDON	25.1	25.1	664	664	629	6%
Other Online investments			172	229	204	
Total Online			**15 061**	**15 118**	**7 800**	**59%**
Media						
MTG	20.3	49.8	3 042	3 042	4 436	-29%
Metro	99 [3]	99 [3]	993	993	277	
Metro subordinated debentures, interest bearing			-	-	287	
Interest bearing net cash, Metro			187	187	-	
Total Media			**4 222**	**4 222**	**5 000**	**-26%**
Paper & Packaging						
BillerudKorsnäs [4] [5]	25.1	25.1	3 161	3 161	10 449	
Interest bearing net debt relating to Korsnäs			-	-	-5 212	
Total Paper & Packaging			**3 161**	**3 161**	**5 237**	**38%**
Microfinancing						
Bayport	43 [3]	43 [3]	586	586	405	
Seamless [5]	11.8	11.8	65	65	0	185%
Other Microfinancing investments			72	88	41	
Total Microfinancing			**723**	**739**	**446**	**5%**
Agriculture & Renewable energy						
Black Earth Farming	24.9	24.9	456	456	427	-36%
Rolnyvik	100	100	184	250	250	
Vireo	78	78	77	134	58	
Other agriculture investments			4	4	-	
Total Agriculture & Renewable energy			**721**	**844**	**735**	**-24%**
Other interest bearing net debt			-3 008	-3 008	-1 605	
Debt, unpaid investments			-110	-110	-490	
Other assets and liabilities			423	423	310	
Total equity/net asset value			**58 573**	**58 769**	**61 839**	
Net asset value per share				**212.02**	**223.10**	
Closing price, class B share				135.30	133.80	5%

[1] For split, please see page 22.
[2] After full dilution.
[3] After warrants have been utilised.
[4] As per December 2011, consensus among analysts covering Kinnevik and including 5% of the shares in Bergvik Skog and 75% of the shares in Latgran Biofuels AB.
[5] As per December 2012, including subscribed and paid but not yet received shares.

Kinnevik's vision and objective

General objective & vision

The main purpose of Kinnevik's operations is to generate sustainable return for its shareholders primarily through net asset value growth. As shareholder and investor, Kinnevik is also responsible to stakeholders for its holdings. Taking stakeholders into account by working actively on CR-related issues is a prerequisite for Kinnevik's continued favorable and long-term value creation.

Financial targets

Kinnevik's financial targets reflect Kinnevik's evaluation of its balance sheet structure, the criteria on which dividend payments to shareholders are based as well as the return targets on the portfolio companies.

RETURN TARGET

The target is that the average yearly internal rate of return (IRR) on all investments in the portfolio should reach at least 15% given the current structure of the portfolio.

BALANCE SHEET

In order to have financial flexibility in the Parent Company, the goal is to have no or low leverage.

DIVIDEND POLICY

Kinnevik's dividend policy is to pay out at least 85% of ordinary dividends received from the listed holdings during the same year. Kinnevik's ambition is to generate a progressive annual dividend for its shareholders. In addition, the authority to repurchase Kinnevik's own shares, of whichever class, will be exercised when the total return to shareholders through such a program is anticipated to be more attractive than that from other potential investments. The Board will take into consideration Kinnevik's balance sheet and indebtedness when taking such a decision.

2012 – a year of transformation

Kinnevik was founded in 1936 and thus embodies more than seventyfive years of entrepreneurship under the same group of principal owners. Kinnevik's holdings of growth companies are focused around the following business sectors; Telecom & Services, Online, Media, Microfinancing, Paper & Packaging and Agriculture & Renewable energy. Kinnevik has a long history of investing in emerging markets, which has resulted in a considerable exposure to consumer sectors in these markets. Kinnevik plays an active role on the Boards of its holdings.

2012 was an active year and the transformation of Kinnevik continued. In February, Kinnevik made a public offer for Metro and the company was delisted in May as Kinnevik acquired close to 100% of the shares. In June, Kinnevik announced the merger between Korsnäs and Billerud whereby Kinnevik became the largest owner of BillerudKorsnäs. In addition, Kinnevik received SEK 2.7bln in cash through the deal and reduced the Group's leverage by another SEK 5.7bln.

Kinnevik invested around SEK 7bln in 2012, mainly within the online sector. The largest transaction was the acquisition of an additional 10% of Zalando for a total consideration of EUR 287m taking Kinnevik's total ownership to 35% and making Zalando a core holding in the online portfolio. In addition, investments were made in online companies within shoes and fashion with a focus on emerging markets, as well as Avito.

In June, Kinnevik also divested its direct stake in Groupon for SEK 569m compared to the invested amount of SEK 20m in 2010.

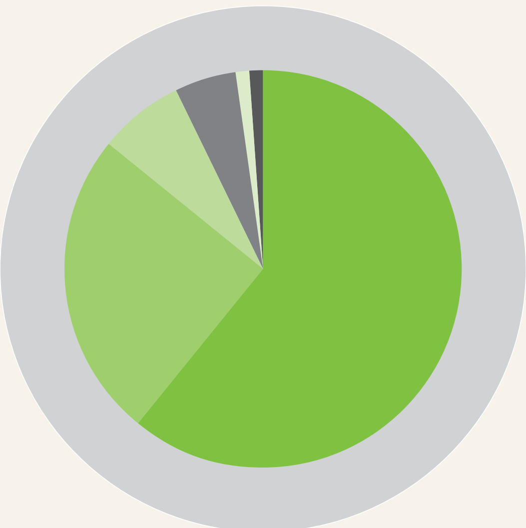
As a result of Kinnevik's continued transformation, Kinnevik now has a portfolio with more than 90% of the assets in telecom, online and media. Digitisation, with consumers moving online on the mobile phone, as well as in their TV viewing and their shopping habits, is changing the shape of all these industries, posing challenges but also growth opportunities.

In addition to the exposure towards high-growth sectors, Kinnevik has a focus on emerging markets, with more than half of sales in Latin America, Eastern Europe and Africa. Growth in these markets is supported by a strong economic growth and urbanisation, leading to an emerging middle class and a rapid growth of the consumer sector.

By being an active owner with investments in mobile, online and media, Kinnevik adds value through our insight in consumer behavior across sectors and continents.

Kinnevik's holdings

31 December 2012, the figures shown within brackets refer to the comparable period previous year.



- Telecom & Services **61%** (70%)
- Online **25%** (12%)
- Media **7%** (8%)
- Microfinancing **1%** (1%)
- Paper & Packaging **5%** (8%)
- Agriculture & Renewable Energy **1%** (1%)

Kinnevik's criteria for investements

GROWTH SECTOR	**Telecom & Services** (including microfinancing) **Media** **Online**
GROWTH MARKET	**Latin America** **Africa** **Eastern Europe**
CONSUMER RELATED SERVICES	**Telecom & Services** **Media** **Online**
SCALABILITY	**Telecom & Services** **Media** **Online**

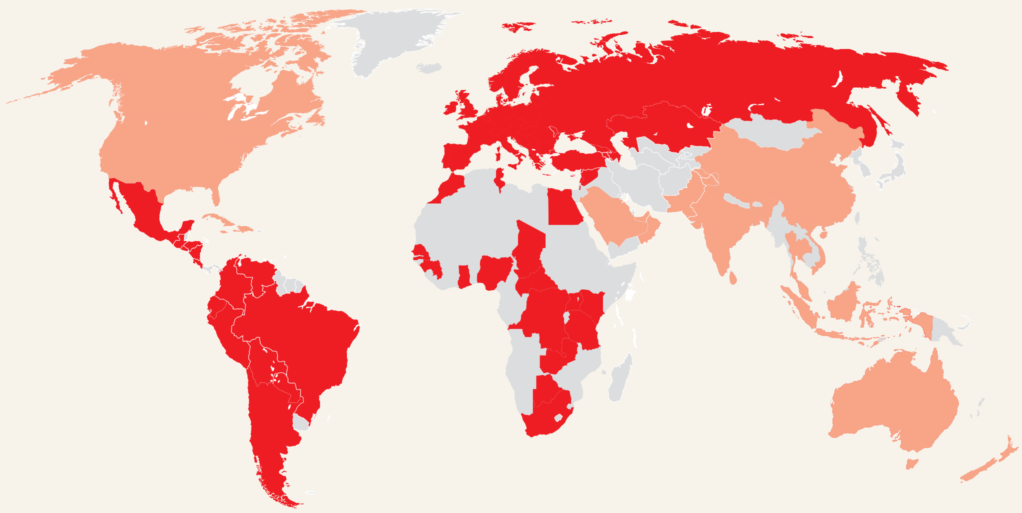
Market presence 2012 – share of sales per region*

31 December 2012

1% North America

53% Western Europe

15% Eastern Europe and Russia



22% Central- and South America

7% Africa

2% Asia

* Kinnevik's proportional part of the portfolio companies' sales.

How Kinnevik creates value

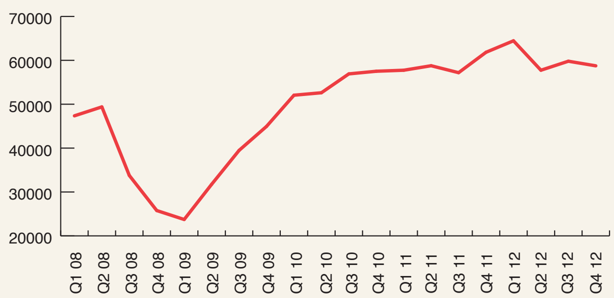
Shareholder value is created by Kinnevik investing in and being an active shareholder in companies that have the potential to grow and generate return. Focus is on consumer sectors mainly in emerging markets. By high growth and focus on profitability, the value of the assets increases.

The more mature companies generate strong cash-flows. These are re-invested or returned to the Kinnevik shareholders. Investments are financed by cash flow from operations, combined with external financing. According to Kinnevik's dividend policy, at least 85% of the received ordinary dividends from the listed holdings is distributed to Kinnevik's shareholders. Kinnevik combines high growth with a high direct yield.

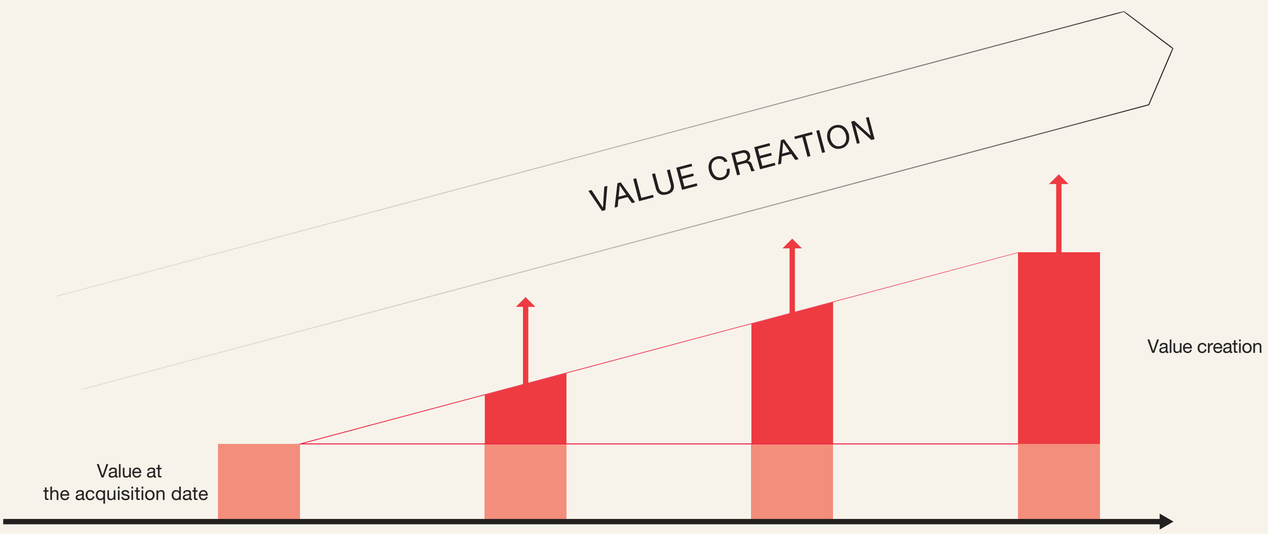
Kinnevik is a long-term owner and has no predetermined exit strategy or timing. The goal is to have a portfolio of assets that generates revenue and value creation in the long term.

Kinnevik's Net Asset Value 2008–2012 (SEKm)

Proforma adjusted for the acquisition of Emesco in 2009



Kinnevik's business model for value creation including strategies to increase value



1. Identify growth areas

2. Invest in an early stage

3. Support the best long term investments
- Active ownership
- Large ownership share
- Board representation

4. Operational and strategic focus
- Appointment of management
- Development of targets and strategies
- Focus on sales and cost control

5. Long term value creation

Value development 2012

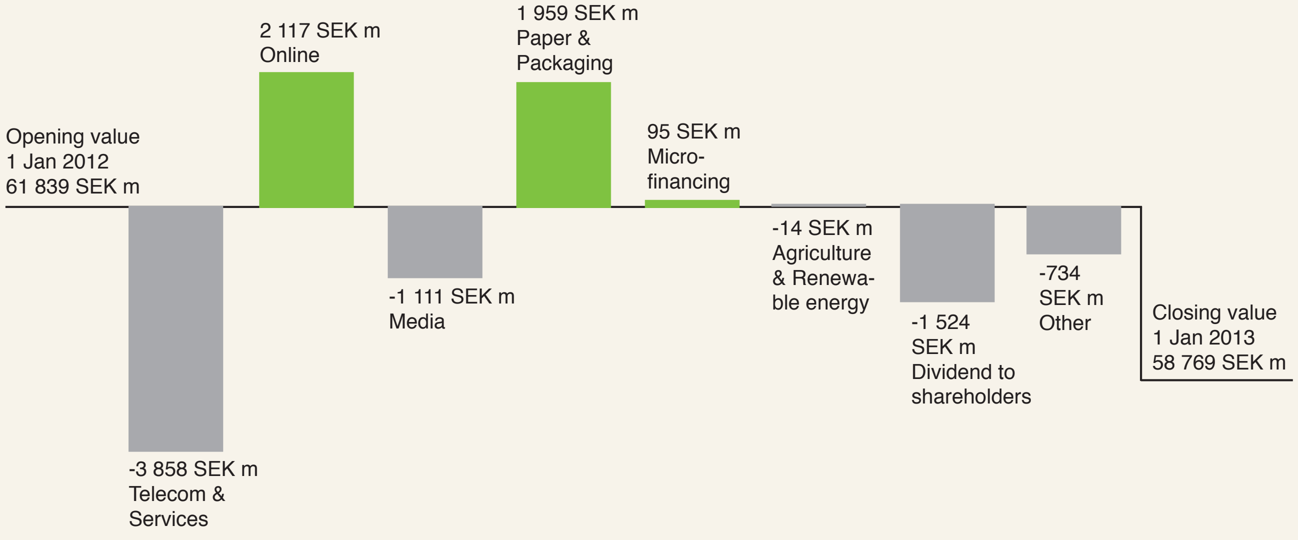
Kinnevik measures and continuosly follows up on the value development through the following ratios:

- Total net asset value and net asset value growth
- For each company in the portfolio - the estimated fair value (or similar)
- Development of sales and operating profit
- Average annual returns by sector

Average annual return (IRR)

Sector	Return 1 year	Return 5 years
Telecom & services	-11%	2%
Online	59%	38%
Media	-26%	-11%
Paper & Packaging	38%	12%
Microfinancing	5%	16%
Agriculture & Renewable energy	-24%	-20%

Value creation adjusted for dividend per sector during 2012



Value creation per sector is defined as change in fair value adjusting for dividends and taking investments and disposals into account.

Corporate Responsibility

For Kinnevik, Corporate Responsibility (“CR”) involves issues that relate to social responsibility, environmental responsibility and ethics. In formulating policies in these areas, Kinnevik has used as its starting point the UN’s Global Compact and its ten principles, as well as the OECD’s guidelines for multinational enterprises.

Kinnevik adopted the UN Global Compact ten principles in 2011 in the areas of human rights, labour, the environment and anti-corruption.

Strategy and purpose

The primary purpose of Kinnevik’s operations is to increase shareholder value, primarily through net asset value growth. As owner and investor, Kinnevik also bears great responsibility to stakeholders for its holdings (subsidiaries and associated companies). For Kinnevik, showing consideration for stakeholders by working actively with CR-related issues is a prerequisite for high and sustained profitability.

Guidelines and policies

Kinnevik has established clear guidelines for the expectations on the Group’s holdings regarding how to drive CR issues regarding social responsibility, environmental impact and ethical behavior.

Furthermore, Kinnevik’s senior management, in cooperation with its Board of Directors, has formulated policies in which all matters relating to sustainability and responsibility matters are handled. These matters are expressed in the Code of Ethical Business Conduct (Code of Conduct) and the Whistleblower policy. Every employee and other representatives of the Company are expected to read and comply with these policies.

Implementation and follow-up

For a company like Kinnevik with limited operations, the majority of the CR issues are found within each holding’s operations. A thorough risk assessment including CR-related matters is periodically carried out in every company. The risks vary depending on company, industry and country and consist amongst others of geographical risks, environmental impact, political climate, brand risks as well as supplier risks. Since several of Kinnevik’s holdings are operating in emerging markets where human rights and risk for corruption could be present, it is very important that Kinnevik has firm guidelines on how to handle these types of risks.

Kinnevik works actively, through Board representation, to assist associate companies and subsidiaries in formulating a separate CR policy. The CR policy shall be observed through analysis and continuous operational improvements, taking into account social responsibility, ethics and the

environment. The companies are also encouraged to publicly communicate the impact of their CR efforts. In the larger listed holdings, the Board of each company shall elect one person who is responsible for the company's CR issues and to whom an employee with responsibility for CR shall report.

In 2012, in order to find a common framework in terms of reporting the progress in the CR field, Kinnevik and several of Kinnevik's companies chose to report according to the Global Reporting Initiative (GRI), the world's most widely used sustainability reporting guidelines.

Kinnevik's stakeholders

Shareholders

Investors today increasingly integrate sustainability issues into their investment decisions. Kinnevik has an ongoing dialogue with owners and potential investors on sustainable development. The Kinnevik Board of Directors regularly reviews progress within Corporate responsibility in Kinnevik and its holdings. In 2012, Kinnevik participated in the Sustainable Value Creation project in which 14 of Sweden's largest institutional investors have joined forces to highlight the importance of working in a structured manner with sustainability issues.

Employees

Annual development and planning dialogues are held with each employee in Kinnevik on an annual basis. Our position in CR-related issues is regularly discussed at staff meetings and all employees have signed the Kinnevik code of conduct.

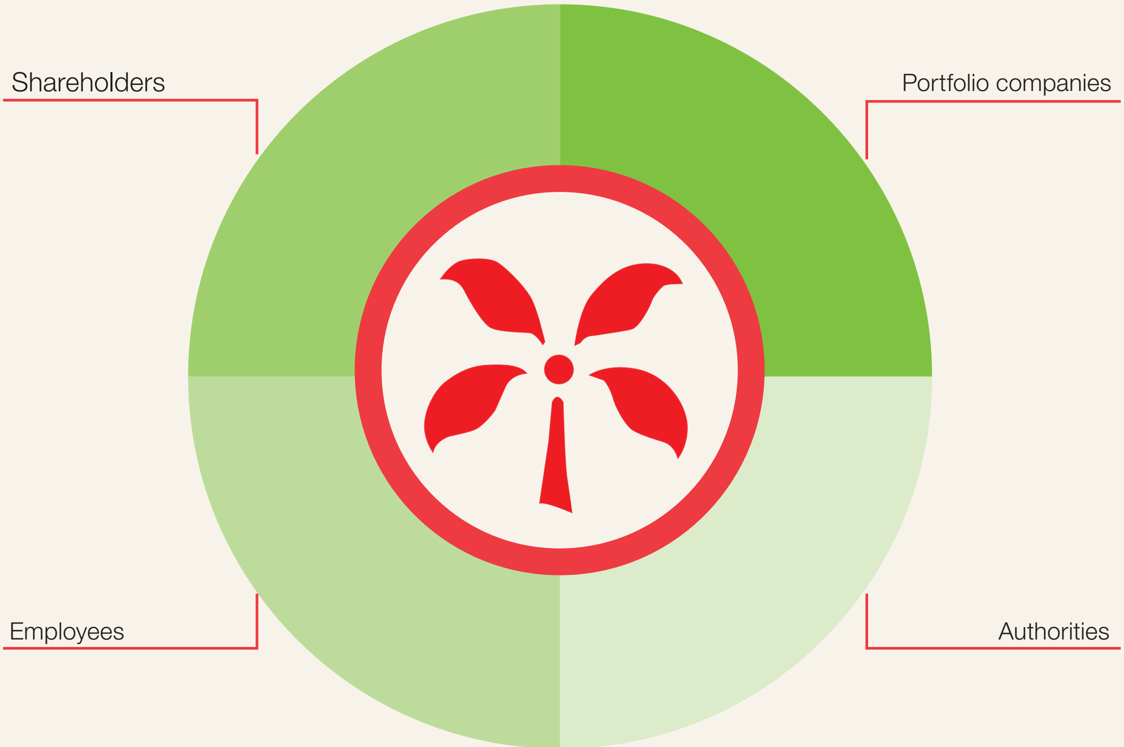
Portfolio companies

Kinnevik has a comprehensive CR policy which details its expectations on the holding with regards to CR issues. In addition, Kinnevik heads the CR group within the Group companies comprising heads of CR of the major portfolio companies who meet quarterly to discuss progress and challenges in their respective companies to promote sustainable business practices.

Authorities

Kinnevik has a dialogue with relevant authorities to monitor regulatory development in relevant fields. Kinnevik actively promotes compliance with all laws, rules and regulations in each jurisdiction in which it does business. All employees are expected to comply with the laws of the country in which they operate as well as the Company's policies governing business activities abroad.

Kinnevik's stakeholders



GRI – Explanation of key indicators and deviations from the protocol

Indicator	Deviation from the protocol
EC1 Direct economic value generated and distributed	Kinnevik is an investment company with a focus on growing the net asset value (NAV). We therefore consider that the description of the economic value generated and distributed is through the development of the NAV. Kinnevik's value creation is explained on page 12. For supplemental information regarding financial development, see profit and loss account and balance sheet on pages 39-44.
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Kinnevik is a co-founder and sponsor of Reach for Change. Reach for Change is described on page 18. Kinnevik contributes to Reach for Change both financially as well as through staff participation.
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	According to Kinnevik's CR policy, portfolio companies must establish an environment policy and continuously analyze and improve the impact of their operations on the environment. Environmental work must be followed up continuously and reported to the board of directors. Kinnevik has estimated the progress in the holdings in order to assess initiatives to mitigate environmental impact. The indicator is expressed as a share of net asset value that has been analyzed with regards to environmental impact.
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Composition of Board of Directors and personnel per gender and country.
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	According to Kinnevik's CR policy, portfolio companies must continuously formulate information about and comply with relevant laws, regulations and international conventions. They must respect human rights, in part by offering safe and healthy working conditions, guaranteeing freedom of association and diversity at work and not accepting any form of forced and child labor. Kinnevik has estimated the total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. The indicator is expressed as a share of net asset value that the screening has covered.
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	In Kinnevik's CR policy it is stated that the portfolio companies must also develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN's Global Compact. Here, Kinnevik presents the share of net asset value that has implemented their supplier code of conduct including HR screening.
SO2 Percentage and total number of business units analyzed for risks related to corruption.	In Kinnevik's CR policy it is stated that Portfolio companies must develop clear guidelines for how issues relating to corruption, bribery and blackmail will be handled. These guidelines must be known to all employees, and employees must be continuously educated and informed of the consequences of the guidelines. Kinnevik has assessed the share of assets that has analysed risks related to corruption, expressed as a share of net asset value.
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	As we understand there will be no deviations from the GRI protocol.
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Investment AB Kinnevik's policies and procedure manual includes an information policy and a media and PR policy which every emloyee and other representatives of the company are expected to read and comply with.
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	As we understand there will be no deviations from the GRI protocol.

GRI content index

Application Level C

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2.2	Primary brands, products, and/or services.	20
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	71
2.4	Location of organization's headquarters.	31
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	11
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2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	11
2.8	Scale of the reporting organization.	60
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2.10	Awards received in the reporting period.	None
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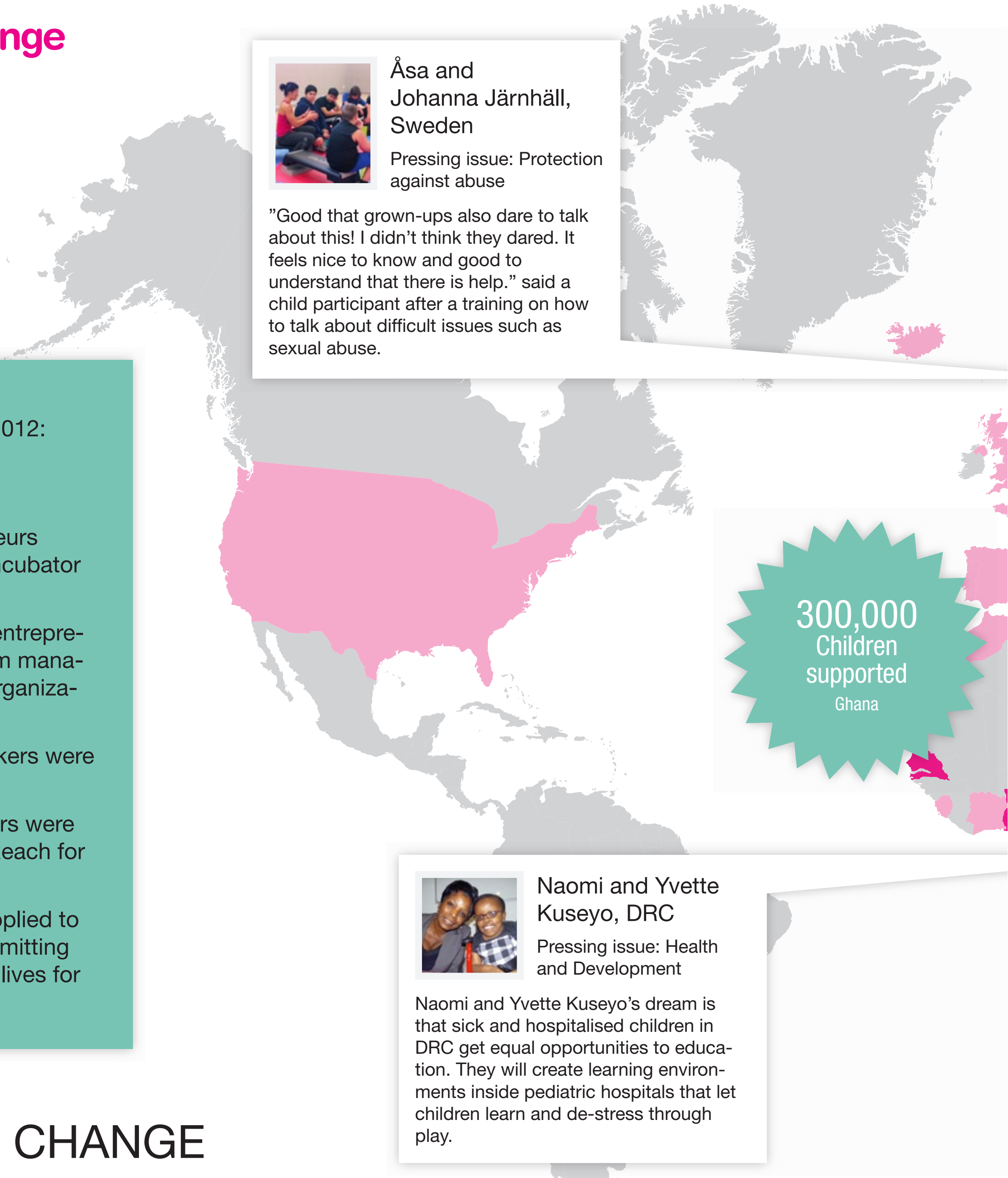
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	45
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	45
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	45
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	45
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	45
3.12	Table identifying the location of the Standard Disclosures in the report.	2
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	35
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	35
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	35
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	38
4.14	List of stakeholder groups engaged by the organisation.	15
4.15	Basis for identification and selection of stakeholders with whom to engage.	15

Performance indicators

GRI Indicator	KPI	2012
EC1	Development of Net Asset Value	page 8
EC8	Financial contribution to Reach for Change	SEK 2m
	Number of Children supported through Reach for Change	page 20
EN26	% Kinnevik's assets that have been analysed with regards to environemntal impacts	86%
LA13	Composition of Board of Directors and Management	page 60
HR1	% of Kinnevik's assets that have been screened for human rights	85%
HR2	% of Kinnevik's assets that have screened suppliers for human rights	85%
SO2	% of Kinnevik's assets that have been analysed for risksk related to corruption	100%
SO8	For Investment AB Kinnevik, number stated in the Board of Director's report	0
PR6	For Investment AB Kinnevik, number stated in the Information policy	Yes
PR9	For Investment AB Kinnevik, number stated in the Board of Director's report	0

Some results for Reach for Change in 2012:

- 600,000 children were supported
- 42 social entrepreneurs were active in the incubator program
- 96 % of the social entrepreneurs in the program managed to scale their organizations
- 925 partner co-workers were involved
- 4,600 opinion leaders were in interaction with Reach for Change world-wide
- 6,000 individuals applied to the program by submitting ideas for improving lives for children



REACH FOR CHANGE

Reach for Change is a non-profit organisation co-founded by Kinnevik, Korsnäs, Metro, Millicom, MTG Tele2 and The Hugo Stenbeck Foundation. The organisation works to improve lives for children globally – by mobilising a global movement of smart, brave and passionate change agents.

Reach for Change’s primary tool is a support program for social entrepreneurs. The social entrepreneurs receive financial support and coaching in areas such as business development, leadership and strategy. The outcome is innovative, sustainable and scalable ventures, solving some of the most pressing issues for children.

Since launching in Sweden in 2010, Reach for Change has expanded to support social entrepreneurs in eight countries on three continents – Chad, DR Congo, Ghana, Russia, Rwanda, Senegal, Sweden and Tanzania.

Dennis Lennartsson, Sweden

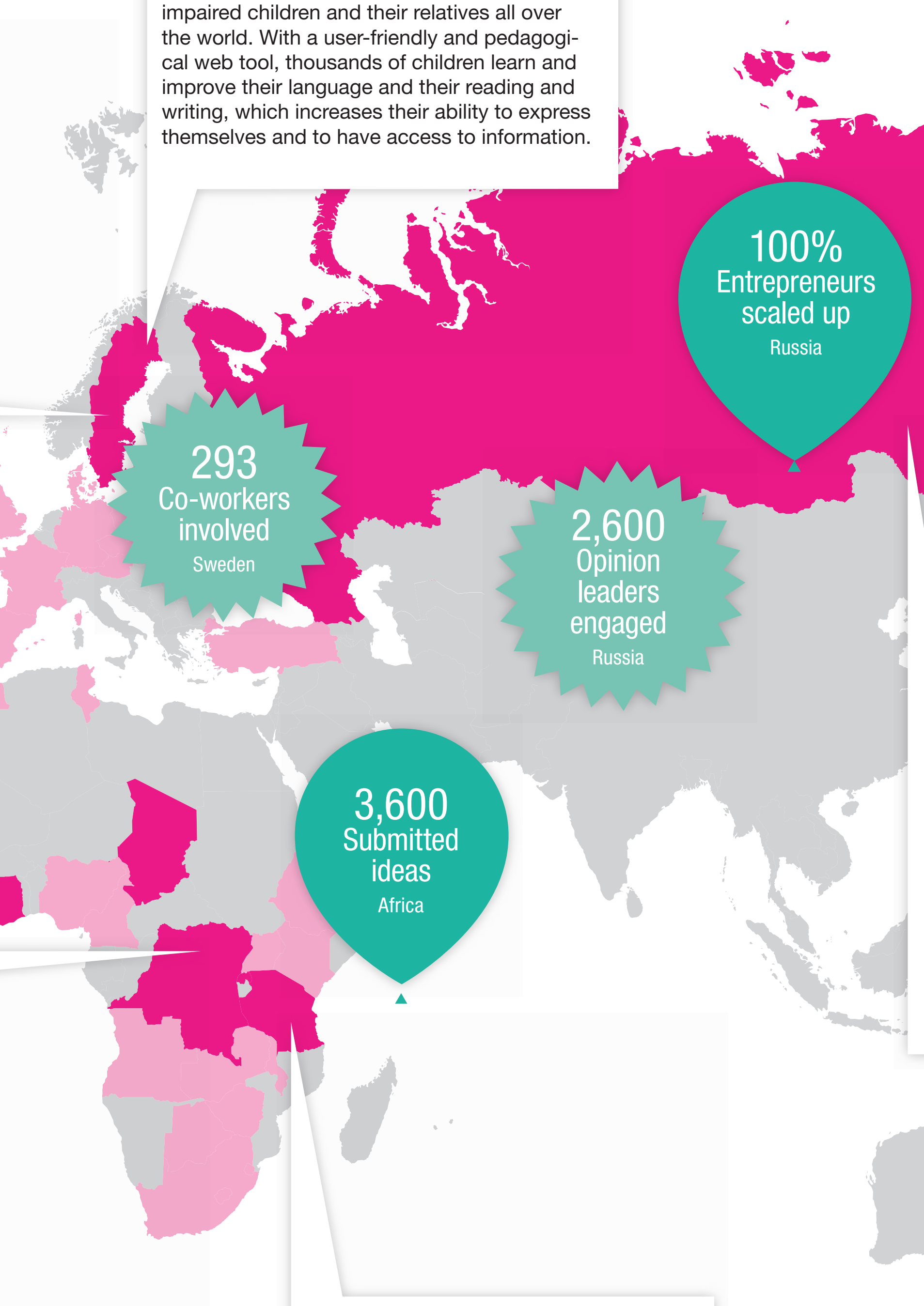
Pressing issue: Information, Expression and Participation

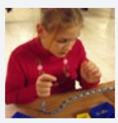
Dennis Lennartsson founded Spread the Sign to give access to sign language to hearing-impaired children and their relatives all over the world. With a user-friendly and pedagogical web tool, thousands of children learn and improve their language and their reading and writing, which increases their ability to express themselves and to have access to information.

Svetlana Princeva, Russia

Pressing issue: Health and Development

Children with cancer are treated in long-term hospitalization which means that they don't have access to education, recreational activities or relaxation. Svetlana brings education, recreation and emotional socialization to children in hospitals through Emotional Relief Rooms.





Elena Timofeyeva, Russia

Pressing issue: Protection against abuse

Exploitation and trafficking of children is a huge problem in Russia, traumatizing many children for life. In 2012, Elena supported 140 children towards regaining self-esteem and becoming self-sustainable entrepreneurs.

Nyabange Chirimi, Tanzania

Pressing issue: Equal education

The number of street children in Tanzania is high and rising – many being excluded from basic services and support structures. Chirimi is facing this challenge through mobile classes for street children.

Kinnevik's holdings

Telecom & Services

Investment (SEK m)	Ownership	Estimated fair value
Millicom	38.0%	21 283
Tele2	30.5%	15 867
Transcom	33.0%	230
Total		**37 380**

Kinnevik's mobile companies Millicom and Tele2 have in total 85 million subscribers in 24 countries. Millicom is a pure emerging markets company with operations in Latin America and Africa, whereas Tele2 has operations in Scandinavia, as well as in emerging markets such as Russia and Kazakhstan.

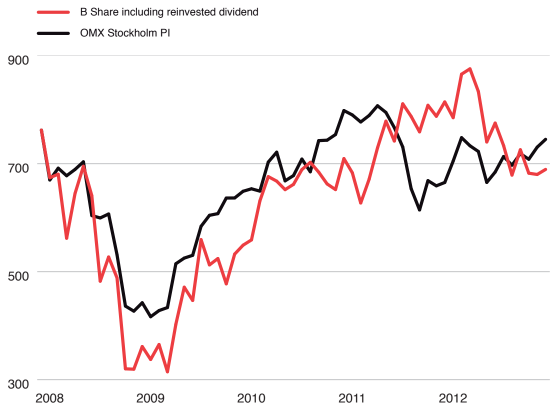
A key growth driver for the two mobile companies is the shift in consumer behaviour where voice traffic is declining as a share of revenue and the use of data in the mobile is growing strongly. Managing this transition while maintaining good profitability is key for a continued good value creation. Developing value added services is thus high on the agenda. In Millicom, these services include mobile financial services such as cash transfers through your mobile, as well as various information services and entertainment. Millicom also entered into a new segment, online, in order to capture the high growth expected in both Latin America and Africa. Through its cooperation with Rocket Internet, Millicom will develop online services within e-commerce, lead generation and payments.

In Tele2, where the markets are more developed, the company is focusing its strategy to become a value champion, i.e. to offer its customers the combination of low price, superior customer experience and a challenger culture. As markets mature, it becomes more important to focus on the value of each customer rather than the volume and Tele2 is focusing on customer relations and access capabilities in order to retain high value customers and profit from their increasing data usage.

Transcom is active within outsourcing of Customer Relationship Management (CRM) and Credit Management Services. Today the company has more than 30,000 employees and conducts a global operation in 28 countries.

Millicom

Key data (USD m)	2012	2011
Revenue	4 814	4 530
EBITDA	2 065	2 087
Operating profit, EBIT	1 104	1 257
Net profit	504	1 129
Number of mobile subscribers 31 Dec (million)	47.2	43.1



The market value of Kinnevik's shareholding in Millicom amounted to SEK 21,283 on 31 December 2012. Millicom's shares are listed on NASDAQ OMX Stockholm's list for large-cap companies.

Millicom is a leading international telecommunications and media company dedicated to emerging markets in Latin America and Africa. Millicom sets the pace when it comes to providing digital lifestyle services to the world's emerging markets, giving access to the world, primarily through mobile devices. Operating in 15 countries, Millicom offers innovative and customer-centric products.

2012 was a year of investment for Millicom in infrastructure and in commercial activities, notably in branding and subsidies to ensure that the best quality services will be delivered to the customers. Investments were also made in HR through the staffing of the different business categories. Millicom is constantly innovating by identifying and scaling up new opportunities that have yet to be addressed by the industry. During the year, Millicom entered into an agreement with Rocket Internet to jointly develop franchises in the online sector in Latin America and Africa to take advantage of the rapid growth of the online sector in these regions.

These investments are important given that the maturing of the voice business is accelerating. The pace of innovation has enabled the company to continue to grow at an industry-leading 8% rate in 2012. Millicom generated close to 35% of its revenues from Value Added Services, well on track to reach its mid-term ambitions to diversify revenue and to reduce reliance on mobile voice services.

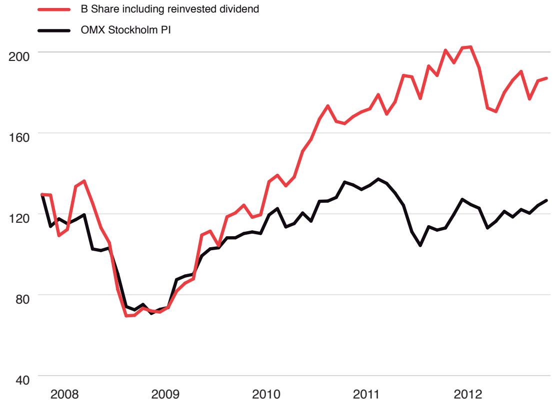
The EBITDA-margin declined by 2.9 percentage points in 2012 versus 2011 to 43.2% (excluding Online) due to increased investment in IT and 3G services.

Dividend

The Millicom Board will propose to the AGM in May 2013 the payment of a USD 2.64/share ordinary dividend.

Tele2

Key data (SEK m)	2012	2011
Revenue	43 726	41 001
EBITDA	10 960	11 212
Operating profit, EBIT	5 653	7 050
Net profit	3 264	4 751
Number of subscribers 31 Dec (million)	38.2	34.2



The market value of Kinnevik's shareholding in Tele2 amounted to SEK 15,867 m on 31 December 2012. Tele2's shares are listed on NASDAQ OMX Stockholm's list for large-cap companies.

Tele2 is one of Europe's leading telecom operators, offering mobile services, fixed broadband and telephony, data network services, cable TV and content services. Tele2 has 38 million customers in 11 countries, whereof 35.7 million in its mobile operations.

Russia is Tele2's largest market. The company has GSM licences in 43 regions covering approximately 62 million inhabitants. Tele2 Russia's strategy is to have a balanced approach to rolling out new regions, while maintaining a stable profitability in the more mature regions. During 2012, Tele2 Russia's customer base has grown by 2.1 million new users, proving that there is a continued solid demand for the company's services despite competitors' introduction of 3G services. The total customer base in Russia amounted to 22.7 (20.6) million at the end of 2012.

The Nordic market area delivers strong cash flow to the Tele2 group and is the test bed for new services. During 2012, Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobililty, covering more than 224 municipalities and 8.3 million people, with what will become the most extensive 4G network in the country.

Tele2's Baltic operations remain focused on generating a strong cash flow. Tele2 Kazakhstan's operation had high growth and the total customer base reached 3.4 (1.4) million by the end of the year 2012.

Dividend

The Board of Tele2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2013 an increase in the ordinary dividend of 9% to SEK 7.10 (6.50) per share.

Online

Investment (SEK m)	Direct equity interest	Indirect equity interest [1]	Total	Accumulated invested amount	Fair value as per 31 December 2012 Direct ownership	Indirectly held [1]	Total
Zalando GmbH	26%	9%	35%	4 685	6 279	2 247	8 526
Bigfoot I (Dafiti, Lamoda, partly Namshi)	30%	9%	39%	1 536	1 479	74	1 553
Bigfoot II (The Iconic, Zalora, partly Zando and Jumia)	32%	12%	44%	760	708	5	713
Home24	24%	12%	36%	791	754	18	772
Wimdu	29%	12%	41%	361	345	34	379
BigCommerce (Lazada, Linio, partly Namshi)	12%	17%	29%	289	286	16	302
Other Rocket portfolio companies [2]	mixed	mixed	mixed	643	759	298	1 057
Total Rocket Internet with portfolio companies				**9 065**	**10 610**	**2 692**	**13 302**
Avito	22%	17%	39%	336	520	403	923
Other portfolio companies	mixed	mixed	mixed	412	229	-	229
Total unlisted online investments				**9 813**	**11 359**	**3 095**	**14 454**
CDON Group	25,1%	-	25,1%	517 [3]	664	-	664
Total online investments				**10 330**	**12 023**	**3 095**	**15 118**

[1] Held via Rocket Internet GmbH and Vosvik AB (Avito).

[2] Invested amount includes net invested amount in Rocket Internet GmbH (negative after dividends received in 2012). Fair value includes cash balance in Rocket Internet GmbH.

[3] The value of dividends received from MTG when shares distributed and share purchases made thereafter.

The Kinnevik online investments are mainly focused around e-commerce and market places. E-commerce is one of the strongest global growth trends in the world economy, and it is based on a shift in consumer behaviour which is not a short-term trend but which we believe represents a permanent change in consumer behaviour. This is confirmed by market statistics in our main markets. In Sweden, for example, e-commerce grew by 14% in the first nine months of 2012, whereas traditional off-line retail grew by 0.5%.

Within e-commerce, Kinnevik has focused its investments on the shoes and fashion segment through companies such as Zalando with geographical presence in Europe and companies such as Lamoda, Dafiti, Namshi and Zalora focused on emerging markets. This particular segment of the e-commerce industry is attractive for several reasons; it is a relatively large part of a household budget, it is a sector with high gross margins and the products offered are easy to package and ship - enabling efficient logistics with free deliveries and returns.

In order to be competitive and become a profitable online retailer it is important to build size and scale to be the number one choice as the customer goes online. It is also a key competitive advantage to be fully integrated and to control the entire value chain from website to logistics to check out, payment and shipping in order to control the total customer experience.

Investments and valuation

Kinnevik invested SEK 6,769m within Online during 2012, of which SEK 6,627m in Rocket Internet with portfolio companies and SEK 50m in Avito. Out of the funds invested into Rocket Internet with portfolio companies, SEK 3,658m were invested into Zalando and SEK 1,535m into the emerging market shoes and fashion companies' holding structures Bigfoot I and Bigfoot II.

Kinnevik's unlisted online holdings are valued using the International Private Equity and Venture Capital Valuation Guidelines, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's length in the companies. For new share issues, consideration of whether the newly issued shares have better preference to the company's assets than earlier issued shares if the company is being liquidated or sold. For companies where no or few recent arm's length transactions have been performed, a valuation is conducted by applying relevant multiples to the company's historical and forecast key figures, such as sales and profit. In such a comparison, consideration is given to potential adjustments due to, for example, difference in size, historic growth and geographic market between the current company and the group of comparable companies. In the event that there is another method that would better reflect the fair value of the holding, the outcome from this method will be compared with the outcome of other relevant methods. After that, an assessment will be made of which method best reflects the market capitalization of the current holding and the holding is valued according to this method.

Below is a summary of the valuation methods applied in the accounts as per 31 December 2012.

Company	Valuation method
Rocket Internet GmbH	Portfolio companies valued as per below, cash balance and other assets as per Rocket financial statements.
Zalando	Latest transaction value (EUR 2.8 bln for entire company), which as per 31 Dec 2012 is in line with peer group valuation based on sales multiples. The peer group includes, among others, Asos, Amazon and CDON Group.
Bigfoot I, Bigfoot II, Home24, Wimdu, BigCommerce, Avito	Peer group valuation based on historic sales mulitples. Direct and indirect shareholding valued in accordance with liquidation preferential rights.
Other portfolio companies	Fair value corresponds to cost.

At the end of December, unlisted investments in Online (i.e. excluding CDON Group) were valued at a total of SEK 14,454m.

The assessed change in fair value recognized in the consolidated income statement and dividends received amounted to a profit of SEK 2,752m (profit of 1,811) for the year, of which a profit of SEK 2,215m (profit of 1,813) related to Rocket Internet with portfolio companies and a profit of SEK 538m (0) related to Avito.

During 2012, a number of Rocket's portfolio companies and Avito issued new shares to external investors at price levels that exceed Kinnevik's recognized assessed fair values. Since the newly issued shares have better preference over the portfolio companies' assets in the event of liquidation or sale than Kinnevik's shares have, Kinnevik does not consider these price levels as a relevant base for assessing the fair values in the accounts. The latest transactions that have been made with better preference than Kinnevik's shareholdings, have been made at levels that, applied on Kinnevik's shareholdings, is above SEK 5bln higher than Kinnevik's book value as per 31 December 2012.

Proportional part of revenue, EBIT and cash balances in unlisted online holdings

Kinnevik's proportional part of the unlisted companies' revenue grew by 172% year-on-year and reached SEK 4,748m (1,746) for the year. Revenue growth is strongest in the second and fourth quarter which is explained by the seasonal variations within the shoes- and fashion industry. Due to the strong growth and short operating history, the unlisted companies within Kinnevik's online portfolio are still unprofitable. During 2012, about 30 new businesses were started within the online portfolio. Since all start-up costs are taken to the P&L, losses have increased during the year. However, the larger companies in the portfolio are well capitalised and can afford continued investments until they reach break-even. Kinnevik's proportional part of the companies' cash position amounted to SEK 2,712m at 31 December 2012.

Rocket Internet

Rocket Internet is a company that incubates and develops e-commerce and other consumer-oriented online companies. Kinnevik owns 24.2% of the parent company Rocket Internet GmbH and works closely with the founders of Rocket Internet in order to start up companies and develop them into leading Internet players.

Besides the investment into Rocket Internet, Kinnevik has also invested directly into a number of companies founded by Rocket Internet in the following segments:

Kinnevik's proportional part of revenue, EBIT and cash balance within its unlisted online holdings

SEK m	Q1	Q2	Q3	Q4	FY2011	Q1	Q2	Q3	Q4	FY2012
Revenue	278	379	440	649	**1 746**	817	1 047	1 195	1 690	**4 748**
Q on Q growth		37%	16%	48%		26%	28%	14%	41%	
Y on Y growth						194%	176%	172%	160%	**172%**
EBIT					**-364**	-232	-325	-437	-316	**-1 309**
Accum. invested amount (net of dividends received)										**9 813**
Fair value as per 31 Dec 2012										**14 454**
Net proportional part of cash balance 31 Dec 2012										**2 712**

The table above is a compilation of the unlisted online holdings' revenues and operating result reported for 2012 multiplied by Kinnevik's ownership share at the end of the reporting period, thereby showing Kinnevik's proportional share of the companies' revenues and operating result. Revenues and operating result reported by the companies have been translated at constant exchange rates (average rate for 2012) from each company's reporting currency into Swedish kronor. For companies that have not yet reported the results for December 2012, the figures are included with one month's delay. The proportional share of revenues and operating result has no connection with Kinnevik's accounting and is only additional information.

- E-commerce of shoes and fashion, with Zalando in Europe, Dafiti in Latin America, Lamoda in Russia and CIS, Namshi in Middle East, Zalora in South East Asia, The Iconic in Australia, Zando in South Africa as well as other newly started companies in other emerging markets.
- E-commerce of furniture and home décor, with Home24 and Westwing in Europe, Mobly in Brazil and a number of other companies that are active in emerging markets.
- E-commerce of general retail, with Kanui and Tricae in Brazil, Lazada in South East Asia, Linio in Latin America and Jumia in Africa.
- Marketplaces for brokering short-term housing through the companies Wimdu and Airizu, and site for food ordering through Foodpanda.
- Subscription-based services, with Glossybox offering beauty and style products, and HelloFresh delivering weekly food baskets for home cooking.

Zalando

Zalando started its operations in Germany in 2008 and today operates online shops in the Netherlands, Belgium, France, the United Kingdom, Austria, Switzerland, Italy, Spain, Sweden, Finland, Norway, Denmark and Poland. Zalando has grown rapidly and is today the largest online player in the fashion sector in Europe.

The key drivers for becoming successful within shoes and fashion include product sourcing, logistics and marketing. Zalando has over the past five years focused on becoming industry leader in all these fields in the online sector in the markets where the company operates.

Zalando has developed strong relationships with most of the leading suppliers in the shoes and fashion industry. The company is today a well-established player in the European market which makes it possible to further improve delivery and payment terms with key suppliers. In addition, Zalando has focused on establishing its in-house design labels.

Convenience is one of the most important factors for customers moving online which is why free deliveries and returns for customers are a very important part of the customer offering. As part of its business offering, Zalando has a generous return policy resulting in an average return rate of around 50%. This makes it very important to have a cost-efficient and best-in-class logistic set up. Zalando has therefore, as part of the company's strategy, decided to operate most of its logistics in-house. The first warehouse operated by the company was opened in 2011 and a second warehouse built in the city of Erfurt in Germany did successfully start to operate during the second half of 2012. Due to the strong growth, Zalando has started to plan for a third warehouse which will open during 2013.

Zalando reported net sales of EUR 1.15bln in 2012 compared to EUR 510m in 2011. In the most established region including Germany, Switzerland and Austria (DACH), Zalando reached break-even (EBIT) while continuing to grow at high rates. At the same time, Zalando invested into new markets to further strengthen its leading position in Europe. As a result of this strategy, Zalando closed 2012 with an improved overall EBIT margin of -8% of sales (2011: -12%).

In the past year, Zalando has raised capital from DST, JP Morgan and Kinnevik among other investors, and the company is well capitalised to fund its planned future growth.

Dafiti, Lamoda, Namshi (Bigfoot)

Bigfoot is an emerging markets focused holding company for online ventures within shoes and fashion, with the following key ventures:

- Dafiti was founded in early 2011 and offers a broad assortment of women and men's fashion online. The company started in Brazil, but has since expanded to Argentina, Chile, Colombia and Mexico, thus targeting one of the largest emerging markets worldwide with a total population of 400 million. Latin America shows strong consumption growth, and Dafiti has established itself as one of the key online retailers in the region.
- Lamoda was started in early 2011 with its core offering being shoes and fashion in Russia and the CIS. The region has an Internet population of more than 60 million and the company is growing rapidly.
- Namshi is active within shoes and fashion in six markets in the Middle East, namely United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman and Qatar. All markets exhibit high purchase power, high levels of disposable income and high Internet penetration.

The Iconic, Zalora, Zando, Jumia (Bigfoot II)

Bigfoot II is a holding company for mainly fashion and shoes, and owns the following ventures:

- The Iconic is an online store offering shoes and fashion in Australia and New Zealand covering a population of around 30 million. The company was founded in late 2011 and has since exhibited rapid growth and already captured a leading position in the region. • Zalora serves eight emerging markets within shoes and fashion in South East Asia, namely Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Taiwan and Hong Kong.
- Jumia is an online retailer of general merchandise active in Nigeria, Egypt and Morocco. The company offers products such as mobile phones, video and audio devices, games and consoles, books, toys and beauty products.
- Zando targets the attractive South African market with a population of 50 million, and offers shoes and fashion.

Home24

Home24 is an online retailer of furniture and home products. The company is active under the Home24 brand in Germany, France and the Netherlands, and operates in Brazil under the brand Mobly.

Wimdu

Wimdu, which was founded in early 2011, is a market place for brokering short-term housing. Wimdu is addressing the growing market of rentals of secondary homes, and is active in most parts of the world with over 150,000 available properties. Revenue is derived from commission as intermediary in the rental process.

Lazada, Linio (BigCommerce)

- Lazada was founded in early 2012 and is active in offering general merchandise in five of the most attractive markets in South East Asia – Indonesia, Vietnam, Thailand, Philippines and Malaysia.
- Linio was founded during the first half of 2012, and currently targets Mexico, Colombia, Peru and Venezuela with general merchandise.

Avito

Avito is the leading online service for classified advertising in Russia. Revenues primarily derive from advertising sales on the website and from value-added services. In 2012, the company had an average of 5.9 million new listings per month (2,6 million for the corresponding period last year) and 27.3 million (13.7) unique monthly visitors. During 2012, Avito expanded its operations to Morocco and Egypt.

During the second quarter, Avito made a new share issue to existing as well as new owners. Out of a total of USD 75m in new financing, Kinnevik contributed with USD 10m at a pre-money valuation of USD 300m for the entire company. During the fourth quarter, Avito signed an agreement with Naspers, the leading multinational media and internet group based in South Africa, to merge Avito with its leading Russian classifieds websites Slando.ru and OLX.ru. The company will continue to operate under the name Avito. In addition, Avito has closed a USD 50m cash investment from Naspers.
The funds will be used to further strengthen Avito.ru's position in the key Auto and Real Estate categories.

CDON Group

CDON Group is a leading e-commerce company with some of the most well-known and appreciated brands in the Nordic area.

Key data (SEK m)	2012	2011
Revenue	4 462	3 404
Operating profit/loss, EBIT	-174	129
Net profit/loss	-152	83

CDON Group's business concept is to offer the best range of products via the internet, both their own and external brands within the segments where they operate, to capitalise on the ongoing rapid shift towards e-commerce and through the CDON Group platform and infrastructure continue to build fast and profitable growth.

CDON Group's total sales reached new record levels in 2012. E-commerce continued to take shares from traditional retail during 2012, and CDON noted a continued strong demand in all of its four segments. Two of the business areas, CDON.com and Gymgrossisten, continued delivering solid operating profits. In Nelly, negative non-recurring items of SEK 112 million were identified affecting the result.

Media

Investment (SEK m)	Ownership	Estimated fair value
Modern Times Group MTG	20.3%	3 042
Metro	99%[1]	1 180
Total		**4 222**

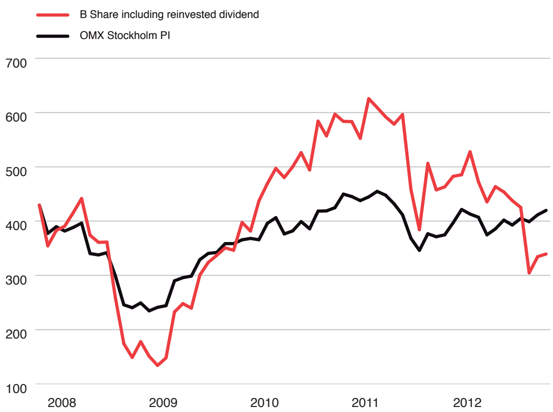
[1] Fully diluted.

The media sector is changing fast as both TV and newspaper consumers move their mediaconsumption online. The competitive landscape changes as new entrants come in. However, in Scandinavia, TV remains the dominant vehicle for advertisers, and TV is still the preferred choice for large scale brandbuilding campaigns. In order to remain competitive and to remain the first choice, content and reach are the two overriding competitive advantages. It is in this light that MTG had an investment-intensive year in 2012 focusing on acquiring attractive content as well as on investing in the distribution via its Viasat Play platform.

For Metro, the strategic shift towards emerging markets continued in 2012 with the company exiting the Netherlands and Denmark.

Modern Times Group MTG

Key data (SEK m)	2012	2011
Revenue	13 336	13 473
Operating profit/loss, EBIT	2 124	-615
Net profit/loss	1 594	-1 289



The market value of Kinnevik's shareholding in MTG amounted to SEK 3,042 m on 31 December 2012. MTG's shares are listed on NASDAQ OMX Stockholm's list for Large Cap companies.

Modern Times Group (MTG) is an international entertainment broadcasting group with operations that span four continents and includes free-TV, pay-TV, radio and content production businesses. Viasat broadcasts more than 60 own branded channels in 36 countries and has the largest broadcasting footprint in Europe. MTG is also the largest shareholder in CTC Media, which is Russia's leading independent television broadcaster.

In 2012, MTG continued to innovate across its territories with new content, technologies, channels and services. Scandinavian free-TV ratings improvements were in focus and MTG signed a number of strategically important channel distribution agreements. The Viaplay Nordic online pay-TV service is growing rapidly, while the Nordic satellite platform and pay-TV channel offerings will benefit over time from the new content and channels, as well as broader distribution and rising prices.

Dividend

The Board of MTG proposes 11% increase in annual cash dividend to SEK 10.00 (9.00) per share to the AGM in May 2012.

Metro

EUR m	2012	2011
Revenue		
Europe	107.2	122.4
Emerging Markets	79.8	68.4
Head Quarters	6.9	6.1
Total	**193.9**	**196.9**
Operating profit, EBIT		
Europe	9.5	16.3
Emerging Markets	9.3	11.7
Share of Associates Income	1.3	-0.2
Head Quarters	-10.5	-15.3
Total	**9.6**	**12.5**

After the public offer has been successfully completed, it is Kinnevik's intention to continue Metro's operations in accordance with the strategic plan that has been developed by the management of Metro and continue to invest in emerging markets. This strategy entails a balance between cost savings while at the same time investing in emerging markets.

Readership and Advertising Market

Metro is published in over 100 major cities in 23 countries across Europe, Asia, North and South America. Metro's global readership has increased by 7% year-on-year to approximately 18.8 million daily readers. The launch of new editions in Brazil and Mexico, and expansion in Colombia and Puerto Rico are the main reasons for the increase.

In Sweden, Metro consolidated its position and is by far the most read newspaper in the country.

ZenithOptimedia (September 2012) is forecasting global advertising expenditure to grow by 5% in 2013. Newspapers advertising expenditure is expected to decline by 2% in 2013 in Western Europe and to increase by 8% in Latin America.

Operations

Revenue decreased 2% for the full year. On a like-for-like basis – adjusted for new investments, divestments and currency – revenue has decreased 3% for the full year with revenue growth in emerging markets and revenue decline in European operations.

EBIT for the full year was EUR 9.6m. Last year's results include a EUR 2.8m legal provision. Excluding this legal provision, the results for the full year declined by EUR 5.7m. The decline in EBIT is explained by expenses related to new operations in Colombia and Puerto Rico and negative sales development in Europe.

Metro continues to grow in Latin America. Revenue from Latin America (including Brazil and Guatemala, where Metro does not have controlling interest) increased by 38% in total and 26% adjusting for new and acquired operations.

Metro Holland was sold on 29 August 2012 to Telegraaf Media Groep. As a part of this transaction, Metro has entered into a franchise agreement with the new owner who will continue to publish the Metro newspaper in the Netherlands along with its other free daily newspaper, Sp!ts.

Microfinancing

Investment (SEK m)	Ownership	Invested amount	Estimated fair value
Bayport	43% [1]	445	586
Seamless	11.8%	35	65
Milvik	58%	18	18
Microvest II	fund participation	45	42
Other		28	28
Total		**571**	**739**

Similar to the manner in which Kinnevik developed telecom services in emerging markets through innovative products and distribution networks, Kinnevik is now searching for investment opportunities in the microfinancing sector.

Bayport, a company offering micro credits and financial services in six African countries (Ghana, Uganda, Zambia, Tanzania, Botswana and Mozambique) as well as in Colombia, is Kinnevik's largest investment in the microfinancing sector. Bayport was founded in 2002 and has grown with profitability into a leading African micro credit company with total assets of around USD 430m. The company has about 256,000 customers and the geographic presence as well as the product portfolio is continuously expanding. Loans are used primarily for financing larger non-recurrent expenses, such as school fees, investment in farming or for small business purposes. Ghana and Zambia are Bayport's largest markets, while also the other countries are displaying rapid growth.

Seamless specialize in solutions for prepaid e-Top Up and Value Added Services for mobile operators, retailers and distributors. Seamless transaction switch ERS 360° processes over 3.1bln transactions each year and has been deployed for more than 40 mobile operators across 26 countries. A recent addition to Seamless product portfolio is Seamless SEQR, a mobile payment and transaction service using QR codes on the front-end and Seamless proprietary transaction switch on the back-end. Seamless was founded in 2001 and its shares are traded on NASDAQ OMX Stockholm. Seamless' headquarter is in Stockholm with offices in Accra, Lahore, Mumbai and Riga.

Milvik provides, under the brand name BIMA, the technology, distribution and insurance solutions that enable mobile telephone operators in emerging markets to provide microinsurance products to their customer base. Milvik is operates in Ghana, Tanzania, Senegal, Mauritius and Bangladesh.

Microvest II is a fund focusing on equity investments in microfinancing companies in emerging markets. The fund currently has nine investments, of which two in India, two in Peru, one in each of Paraguay, El Salvador, Ecuador and Kazakhstan, and one investment in a global microfinance group.

Paper & Packaging

Investment (SEK m)	Ownership	Invested amount	Estimated fair value
BillerudKorsnäs	25.1%	2 867 [1]	3 161

[1] Value of shares received at the sale of Korsnäs plus the participation in the new share issue in December 2012.

BillerudKorsnäs

The packaging market shows positive long-term development primarily due to increased globalisation, greater prosperity and changes in consumption patterns.

Key data (SEK m)	2012	2011
Revenue	10 427	9 343
Operating profit/loss, EBIT	489	978
Net profit/loss	677	683

The transaction to combine Korsnäs and Billerud was closed on 29 November 2012. Kinnevik became the new company's largest owner with a share of 25%. The merger between Korsnäs and Billerud is a natural step to strengthen Korsnäs and Billerud's successful businesses in virgin fiber packaging material with the aim to create a leading international player within the packaging industry.

BillerudKorsnäs's operations are streamlined towards renewable packaging materials made from virgin fibre. Growth in this segment is driven by the increased global demand for packaging of food, especially in emerging markets. The company's strategic focus is also on continuous development to increase the share of high value-added products.

Agriculture & Renewable energy

Investment (SEK m)	Ownership	Invested amount	Estimated fair value
Black Earth Farming, Russia	24.9%	791	456
Rolnyvik, Poland	100%	174	250
Vireo Energy	78%	135	134
Other		5	4
Total		**1 105**	**844**

Kinnevik's focus within Agriculture is to continue developing the areas that have been acquired at relatively low prices in less-developed areas in Poland and Russia to achieve higher productivity and return.

Within Renewable energy, the focus is on local production of energy from biogas and biomass in Eastern Europe.

Black Earth Farming

Black Earth Farming (BEF), with shares listed on NASDAQ OMX Stockholm, is a leading agricultural company with operations in Russia. The company acquires and cultivates agricultural land in the fertile Black Earth region in Southwest Russia.

Key data (USD m)	2012	2011
Revenue	229	82
Operating loss, EBIT	20	-27
Net loss	7	-44

Black Earth Farming reported its first full-year net profit in 2012. The result was driven by higher agricultural commodity prices with improved crop yields, as well as a strong performance in sales & marketing. Preservation of crop quality was sustained due to improved management of logistics, drying and storage.

During 2012, BEF sold 684 thousand tons of crops, 71% more than in 2011, due to a higher carry-in inventory, a changed crop mix and better crop yields, resulting in higher harvested volumes of which 78% had been sold by year end. Black Earth Farming will continue to focus on improving the operating performance in the core business by raising crop yields and lowering the cost per ton. Improved cost control and reduced overheads is one of the focus areas for 2013.

Rolnyvik

Kinnevik's wholly owned Polish agricultural company, Rolnyvik, operates the Barciany and Podlawki farms, with a total area of 6,705 hectares. Rolnyvik reported an operating profit of SEK 19m (23) for the year.

Vireo Energy

In 2010, Vireo Energy commenced operations aimed at building, owning and operating facilities that produce energy from renewable sources. Initially, the company is focusing primarily on projects to recover energy from landfill gas, and other forms of waste based biogas. Geographic focus is Poland and adjacent countries. Contracts have been signed for the recovery of biogas with a number of landfills in Poland and Belarus. In 2012, Vireo has invested in these facilities and commenced the sale of energy.

Proportional part of revenue and result

The table below is a compilation of the holdings' revenues and operating result reported for 2012 multiplied by Kinnevik's ownership share at the end of the reporting period, thereby showing Kinnevik's proportional share of the companies' revenues and operating result. The numbers in the table includes discontinued operations. Revenues and operating result reported by the companies have been translated at constant exchange rates (average rate for 2012) from each company's reporting currency into Swedish kronor. For companies that have not yet reported the results for the fourth quarter 2012, the figures are included with one quarters delay. Paper & Packaging is 25% of the reported sales and EBIT of now merged entities Billerud and Korsnäs. The proportional share of revenues and operating result has no connection with Kinnevik's accounting and is only additional information.

	Proportional part of		Change compared to Jan-Dec 2011	
Jan-Dec 2012 (SEK m)	**revenue**	**EBIT**	**revenue**	**EBIT**
Telecom & Services	27 394	4 500	7%	-15%
Online	5 888	-1 362	121%	N/A
Media	4 374	514	-1%	1 115%
Paper & Packaging	4 596	331	5%	-30%
Microfinancing	258	92	-8%	4%
Agriculture and Renewable energy	325	1	90%	N/A
Total sum of Kinnevik's proportional part of revenue and operating result	**42 835**	**4 076**	**14%**	**-27%**

Board of Directors' Report

Investment AB Kinnevik ("Kinnevik") was founded in 1936 and thus embodies more than 75 years of entrepreneurship under the same group of principal owners. Kinnevik's holdings of growth companies are focused around six business sectors; Telecom & Services, Online, Media, Microfinancing, Paper & Packaging, and Agriculture & Renewable energy. Kinnevik has a long history of investing in emerging markets which has resulted in a considerable exposure to consumer sectors in these markets. Kinnevik plays an active role on the Boards of its holdings.

Kinnevik is a listed company. The Group's class A-shares and class B-shares are traded on the NASDAQ OMX Stockholm's list for large-cap companies. The ticker codes are KINV A and KINV B. The Company's registered address is Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm. The registration number is 556047-9742.

The financial reports were approved by the Board on 26 March 2013 and the Board of Directors and CEO hereby present the annual report and consolidated financial statements for the financial year 2012. The balance sheets and the income statements for the Group and the Parent Company will be presented for approval at the Annual General Meeting to be held on 13 May 2013.

In the group accounting, all companies in which the Parent Company controls more than 50% of the votes or in any other way exercises a controlling influence are consolidated. Those are mainly the following companies: Metro, Rolnyvik, Vireo Energy, Relevant Traffic (divested in November 2012), Duego Technologies, Saltside, Milvik and G3 Good Governance Group. All other holdings are accounted at fair value with changes in fair value reported through profit and loss.

The figures in this report refer to the full year 2012 excluding discontinued operations, unless otherwise stated. The figures shown within brackets refer to comparable period 2011.

Key events during 2012

New investments within Online and Microfinancing amounted to approximately SEK 7bln in 2012, of which SEK 6.7bln were invested into Online with a majority of the funds into e-commerce in the shoes and fashion segment. The largest investments comprised SEK 3,658m in Zalando, the largest online player in the fashion sector in Europe, and SEK 1,535m in the emerging market shoes and fashion companies' holding structures Bigfoot I and Bigfoot II.

In February, Kinnevik made a public offer for all shares and other financial instruments in Metro, which resulted in Kinnevik becoming the majority owner of Metro and consolidates the Metro Group since the end of March. After further share purchases, Kinnevik owned 99.0% of the capital at the end of the year. The cash flow from the acquisition amounted to SEK 438m net of cash in Metro at the date of acquisition. It is Kinnevik's intention to continue operations in accordance with the strategic plan that has been developed by the management of Metro and continue to invest in emerging markets.

In June, Kinnevik announced that an agreement had been reached with Billerud regarding a merger between Korsnäs and Billerud. The transaction was completed on 29 November 2012. In consideration, Kinnevik received a cash payment of SEK 2,752m (before transaction costs); 25% of the shares in the new company BillerudKorsnäs (with a market value of SEK 2,367m on the closing day); and a SEK 500m promissory note (which was used to participate in BillerudKorsnäs' rights issue in December 2012). BillerudKorsnäs also assumed net debt of SEK 5,576m as part of the transaction. All in all, Korsnäs was valued at SEK 11,195m on the closing day. The European Commission's decision to approve the combination is conditioned upon the divestiture of a paper machine at the production unit in Gävle (PM2). The sales of white kraft and sack paper products manufactured at PM2 amounted to 2% of the new Group's total combined sales volume for the year 2011. In addition, BillerudKorsnäs will for a certain time period following the divestiture, offer to supply certain inputs such as pulp, steam and electricity to the paper machine. As a result of the transaction, Korsnäs - including 75% of the shares in Latgran Biofuels and 5% of the shares in Bergvik Skog - is reported separately as discontinued operations in the income statement, with retrospective adjustment of previous periods, as per IFRS 5-Non-current assets held for sale and discontinued operations.

In June, Kinnevik divested its direct holding in Groupon for SEK 569m, corresponding to an average price of USD 9.74 per share. At the end of the year Kinnevik had no direct or indirect ownership in Groupon.

In the fourth quarter, the Swedish Tax Agency made a decision to demand that Kinnevik pay withholding tax amounting to SEK 702m in relation to Kinnevik's acquisition of Emesco AB in 2009. Kinnevik has appealed the decision and deferred payment of any tax since Kinnevik is resolute that the Tax Agency's new interpretation of the Withholding Tax Act is incorrect. No provision has been made in the accounts for the tax exposure.

Consolidated earnings

The Group's total revenue for the year amounted to SEK 1,591m, compared with SEK 330m in the preceding year.

The Group's operating loss amounted to SEK 98m (loss of 125).

The change in fair value of financial assets, including dividends received, amounted to a loss of SEK 2,647m (profit of 6,021), of which a loss of SEK 5,464m (profit of 4,129) was related to listed holdings and a profit of SEK 2,817m (1,892) to unlisted financial assets. Out of the change related to unlisted financial assets, a profit of SEK 2,215m (profit of 1,813) was related to Rocket Internet with portfolio companies and a profit of SEK 538m (0) was related to Avito.

Net loss for contining operations amounted to SEK 2,991m (profit of 5,853), corresponding to a loss of SEK 10.77 (profit of 21.11) per share.

Net profit from discontinued operations amounted to SEK 3,473m (702) of which SEK 2,901m was profit from sale of discontinued operations.

Cash flow and investments

The Group's cash flow from operations excluding change in working capital amounted to a negative SEK 72m (negative 73) during the year. Working capital increased by SEK 150m (decrease of 11) including a withholding tax of SEK 170m relating to dividends from Rocket Internet, which will be returned to Kinnevik during the beginning of 2013.

Investments made in tangible, biological and intangible fixed assets amounted to SEK 105m (42) during the year.

During the year, Kinnevik signed agreements to invest SEK 7,082m in other shares and securities, while cash paid for investments in other shares and securities amounted to SEK 7,462m, see further Note 9.

Dividends received amounted to SEK 4,264m (4,947), of which SEK 1,407m (1,187) from Millicom, SEK 1,761m (3,659) from Tele2, SEK 974m (0) from Rocket Internet and SEK 122m (101) from MTG.

Cash flow from discontinued operations amounted to SEK 4,035m, of which SEK 2,752m was cash consideration from sale of shares in Korsnäs (net after repayment of Kinneviks' loans from Korsnäs) and SEK 1,283m was cash flow from Korsnäs until the merger with Billerud was finalized on 29 November.

Liqudity and financing

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 7,943m as at 31 December 2012 (SEK 11,989m as at 31 December 2011 including Korsnäs), of which SEK 6,500m related to a revolving credit facility and SEK 1,200m related to a bond, both in Kinnevik.

The Group's available liquidity, including short-term investments and available credit facilities, totalled SEK 5,029m (5,465) at 31 December 2012.

The Group's interest-bearing net debt amounted to SEK 2,840m (6,539) at 31 December 2012, of which SEK 2,111m related to short-term loans outstanding including a commercial paper program and a put/call credit facility. The refinancing risk of these short-term loans is minimised by always keeping the same amount undrawn under Kinnevik's revolving credit facility.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.0% (1.2%). All bank loans have variable interest rate binding periods (up to 3 months) while financing from the capital markets varies between 1 to 12 months for the loans under the commercial paper program and 5 years for the outstanding bond. As per 31 December 2012, the average remaining duration was 3.2 years for all credit facilities including the bond.

Of the Group's interest expenses and other financial costs of SEK 255m (168), interest expenses amounted to SEK 200m (116). This means that the average interest rate for the year was 3.1% (3.0%) (calculated as interest expense in relation to average interest-bearing liabilities).

The Group's borrowing is primarily arranged in SEK. In 2012, the net flow in foreign currencies, excluding dividends received and investments made, was about SEK 800m, comprised mainly of Korsnäs' sales in EUR and GBP. For 2013, the Group will not have any material flows in foreign currencies except for dividends to be received and financial investments.

Risk management

The Group's financing and management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The Group's operational risks are primarily evaluated and managed within the particular business area and then reported to the Kinnevik Board.

The Group has established a model for risk management, the aims of which are to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board on a quarterly basis.

Kinnevik is exposed to financial risks mainly in the form of changes in the value of the stock portfolio, changes in market interest rates, exchange-rate risks and liquidity and refinancing risks.

The Group is also exposed to political risks since the companies in which Kinnevik invests have a substantial part of their operations in emerging markets such as Latin America, Sub-Saharan Africa and Russia.

For a more detailed description of the management of financial risks, refer to Note 31 for the Group.

Parent Company

The administration costs within the Parent Company amounted to a net expense of SEK 121m (expense of 121).

Dividends received totaled SEK 3,900m (3,640), of which SEK 2,036m (178) relates to dividends from wholly-owned Group companies. The result from financial assets amounted to a loss of SEK 10m (661). Net of other financial income and expenses amounted to an income of SEK 327m (345). The Parent Company's profit after financial items amounted to SEK 4,116m (3,223).

Investments in tangible fixed assets amounted to SEK 2m (1).

During the year, the Parent Company granted shareholder's contributions to subsidiaries in a total amount of SEK 15,261m (420) to finance investments, mainly within Online and for the acquisition of Metro.

The Parent Company's liquidity including short-term investments and unused credit facilities amounted to SEK 4,587m (4,437) at the end of the year. The interest-bearing external liabilities amounted to SEK 3,257m (2,173) at the end of the year.

Share capital

As of 31 December 2012 the number of shares in Investment AB Kinnevik amounted to 277,583,190 shares of which 48,665,324 are class A shares with ten votes each, 228,653,284 are class B shares with one vote each and 264,582 are class C treasury shares with one vote each. In June, 135,332 class C shares were converted to class B shares to be delivered to the participants in the Long Term Incentive Plan from 2009. The total number of votes in the Company amounted to 715,571,106 (715,171,192 excluding 264,582 class C and 135,332 class B treasury shares).

The Board has authorization to repurchase a maximum of 10% of all shares in the Company. The Board did not utilize this mandate in 2012. There are no convertibles or warrants outstanding

As per 31 December 2012, there was one shareholder owning shares representing more than 10% of the total number of votes in the Company; Verdere S.à.r.l. with 35.1%.

Shareholders including Verdere S.à r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust, together holding shares representing 46.2% of the votes and 11.9% of the share capital in Kinnevik, have informed the company that they have an agreement regarding coordinated voting of their shares. Verdere S.à r.l. is owned, directly and indirectly, by Cristina and Max Stenbeck, 50% each.

Guidelines on remuneration for senior executives

The Board will propose that the Annual General Meeting 2013 resolves to adopt the following guidelines on remuneration for senior executives. Senior executives covered include the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives") as well as directors of the Board to the extent they are remunerated outside their Directorship. At present the number of Senior Executives amounts to seven individuals.

The objectives of Kinnevik's remuneration guidelines are to offer competitive remuneration packages to attract, motivate and retain key employees. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders.

The remuneration to the Senior Executives shall consist of annual fixed salary, short-term variable remuneration paid in cash (STI), the possibility to participate in a long-term incentive programme (LTI), pension and other customary remunerations and benefits.

- The fixed salary is revised each year and based on the executive's competence and area of responsibility.
- The STI targets shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 75% of the fixed salary.
- Long-term incentive programmes shall be linked to certain pre-determined financial and share price related performance criteria and shall ensure long-term commitment to the development of the Company.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time as well as other customary benefits. Other benefits shall not constitute a significant part of the total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension plans, with premiums amounting to a maximum of 30% of the fixed salary that are paid to insurance companies.
- In the event of notice of termination of employment being served by the Company, the Chief Executive Officer is entitled to salary during a period of a maximum of 18 months and the other Senior Executives are entitled to salary during a period of maximum 12 months.

Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

In special circumstances, the Board may deviate from the above guidelines. In such case, the Board is obligated to give account for the reason for the deviation at the following Annual General Meeting.

For further information regarding the existing guidelines and remuneration for the Senior Executives in respect of 2012, please refer to note 29 for the Group.

Financial Targets

Kinnevik's objective is to increase shareholder value, primarily through net asset value growth. The Board of Directors of Kinnevik has decided on the following financial targets which reflect Kinnevik's evaluation of its balance sheet structure, the criteria on which dividend payments to shareholders are based as well as the return targets on the portfolio companies.

Dividend policy

Kinnevik's dividend policy is to pay out at least 85% of ordinary dividends received from the listed holdings during the same year. Kinnevik's ambition is to generate a progressive annual dividend for its shareholders.

In addition, the authority to repurchase Kinnevik's own shares, of whichever class, will be exercised when the total return to shareholders through such a program is anticipated to be more attractive than that from other potential investments. The Board will take into consideration Kinnevik's balance sheet and indebtedness when taking such a decision.

Balance sheet

To have financial flexibility in the Parent Company, the goal is to have no or a low leverage.

Return target

The target is that the average yearly internal rate of return (IRR) on all investments in the portfolio should reach at least 15% given the current structure of the portfolio.

Follow-up on outcome in 2012

Description	Target	Outcome 2012
Dividend policy	To pay out at least 85% of ordinary dividends received from listed holdings during the same year.	Dividend for 2012, to be approved at the AGM in May is proposed to be about 97% of expected ordinary dividends to be received in 2013.
Leverage target Parent Company	No or a low leverage to have financial flexibility in the Parent Company, which meant an expected leverage of SEK 0-5 billion in 2012.	The net debt in the Parent Company amounted to SEK 3.2 bln as at 31 December 2012.

Return target on investments:	Average yearly internal rate of return of at least 15%	
Outcome	**1 year 2012**	**5 years 2008-2012**
Telecom & Services	-11%	2%
Online	59%	38%
Media	-26%	-11%
Paper & Packaging	38%	12%
Microfinancing	5%	16%
Agriculture & Renewable energy	-24%	-20%

Future development

The Group's future development depends on performance in wholly and partly owned investments. In addition, developments on the financial markets are of great importance for the Group's reported earnings and position.

The Board proposes that the Annual General Meeting approves a cash dividend of SEK 6.50 (5.50) per share, which represents an increase of 18%. The total dividend payment to Kinnevik shareholders will then amount to SEK 1,803m.

The Boards of Directors in Millicom, Tele2, MTG and BillerudKorsnäs propose to the Annual General Meetings in May that dividends be approved according to the following:

Kinnevik's part of dividends proposed to be paid from listed holdings		**Amount**
(SEK m)		
Millicom	USD 2.64 per share	651 [1]
Tele2	SEK 7.10 per share	962
MTG	SEK 10.00 per share	135
BillerudKorsnäs	SEK 2.00 per share	104
Total expected dividends to be received from listed holdings		**1 852**
Proposed dividend to Kinnevik's shareholders	**SEK 6.50 per share**	**1 803**

[1] Based on an exchange rate of 6.52 SEK/USD.

The guidance for investments is SEK 2-3bln in 2013 compared to the SEK 7.1bln that Kinnevik invested in 2012. A majority of the investments is expected to be in existing holdings. The parent company leverage is expected to increase to around SEK 6bln during 2013.

Proposed treatment of unappropriated earnings

The following amounts in SEK are at the disposal of the Parent Company's Annual General Meeting:

Retained earnings	32,475,020,837
Share premium	1,615,929,594
Total	34,090,950,431

The Board and the CEO propose that the unappropriated earnings and share premium at the disposal of the Annual General Meeting be disposed of as follows:

Cash dividend of SEK 6.50 per share, amounting to	1,802,820,195 [1]
Carried forward:	
Share premium	1,615,929,594
Retained earnings	30,672,200,642
Total	32,288,130,236

Treasury shares are not entitled to dividend.

[1] In the dividend proposal, full allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2013. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment.

Corporate Governance Report

Corporate Governance in the Kinnevik Group is based on Swedish legislation and other generally accepted sound practice on the securities market. Kinnevik applies the Swedish Corporate Governance Code (the "Code") [1]. This Corporate Governance report represents a formal part of the Board of Directors' Report and has been reviewed by the company's auditors.

During 2012, Kinnevik, in line with previous years, deviated from the Code regulation stipulating that the Chairman of the Board may not be the Chairman of the Nomination Committee. The deviation from the Code is explained in more detail in the section Nomination Committee below.

Annual General Meeting

The Swedish Companies Act (2005:551) ("ABL") and the Articles of Association determine how the notice to the Annual General Meeting and extraordinary general meetings shall occur, and who has the right to participate in and vote at the meeting. There are no restrictions for the number of votes each shareholder may cast at the general meeting. A-shares entitle to ten votes, whereas other shares entitle to one vote. Distance participation and voting at the general meeting is not available.

Information on major shareholders in the Company, as well as issue authorizations approved by the Annual General Meeting and authorization to acquire own shares, is provided in Note 11 to the Parent Company, Share Capital.

Nomination Committee

At the 2012 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members representing the Company's largest shareholders would be established during October 2012 following consultation with the largest shareholders in the Company at 30 September 2012. The Nomination Committee would be elected for a period commencing with the publication of the Company's interim report for the third quarter of 2012 until the next Nomination Committee is formed. If a member of the Nomination Committee resigns prematurely, a replacement shall be appointed in consultation with the largest shareholders in the Company. However, if no particular grounds exist, no changes shall be made to the composition of the Nomination Committee if only marginal changes in the number of votes occurred or if a change occurred less than three months prior to the Annual General Meeting. Cristina Stenbeck is to be a member of the Nomination Committee and will convene the Nomination Committee. The Nomination Committee will itself appoint a Chairman at the first meeting. The Nomination Committee is entitled, upon request, to receive resources from the Company such as the secretarial function in the Nomination Committee and the right to charge the Company with expenses for recruiting consultants if this is deemed necessary.

Pursuant to the resolution of the Annual General Meeting, Cristina Stenbeck convened a Nomination Committee prior to the 2013 Annual General Meeting. The Nomination Committee comprises Cristina Stenbeck, Max Stenbeck on behalf of Verdere S.à.r.l, Wilhelm Klingspor on behalf of the Klingspor family, Ramsay Brufer on behalf of Alecta and Edvard von Horn on behalf of the von Horn family. The Nomination Committee's task is to submit proposals for the Board of Directors and Auditors, in the event Auditors shall be elected, and fees to the Board of Directors and Auditors, as well as a proposal for the Chairman of the Annual General Meeting ahead of the 2013 Annual General Meeting. The Chairman of the Board, Cristina Stenbeck, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision regarding election of the Chairman of the Nomination Committee as being in the Company and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

Auditors

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm.

At the 2009 Annual General Meeting, the registered audit firm Ernst & Young AB, with newly appointed Authorized Public Accountant Thomas Forslund as Auditor in Charge, was elected Company auditor for a period of four years until the 2013 Annual General Meeting. Thomas Forslund, born 1965, has also audit engagements in a number of other listed companies such as DGC One AB, Feelgood Svenska AB, Systemair AB, Tradedoubler AB, WeSC AB and Softronic AB. The auditor's independence is secured by legislation and professional ethics and the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. During 2012, Ernst & Young AB has provided certain services in issues regarding internal controls, Corporate Responsibility and IFRS. Information regarding remuneration appears in the Annual Report in Note 24 to the consolidated accounts and Note 5 to the Parent Company, Auditors' Fees for elected auditors.

Board of Directors and Group Management

Board members are elected at the Annual General Meeting for a period expiring at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of the Board members. According to the Articles of Association, the number of Board members can be no fewer than three and not more than nine, with not more than three deputies. In addition, according to legislation, the union organizations have the right to appoint two employee Board members and two deputies.

[1] The Code is available at: http://www.bolagsstyrning.se

At the 2012 Annual General Meeting, following a motion by the former Nomination Committee, Tom Boardman, Vigo Carlund, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger, Allen Sangines-Krause and Cristina Stenbeck were re-elected members of the Company's Board. The Annual General Meeting re-elected Cristina Stenbeck as Chairman of the Board. In May 2012, the employees' organizations in Korsnäs AB appointed Bo Myrberg and Tobias Söderholm as ordinary employee Board members with Magnus Borg and Geron Forsman as deputies. In connection with the closing of the combination between Korsnäs and Billerud on 29 November 2012, all employee representatives seceded from the board of Kinnevik.

The independence of Board members in relation to the Company and Company Management, and to the major shareholders of the Company is specified on pages 36-37. None of the Board members is employed within the Group, with the exception of the employee representatives until they seceded on 29 November. The Board member Allen Sangines Krause has during 2012, following approval by the Board, acted as consultant to the Company performing various management services. Information concerning Group Management is presented in the Annual Report on page 79 and in Note 29 to the consolidated accounts, Personnel.

Board work

Kinnevik's Board of Directors is responsible for the overall strategy of the Group and for organizing its administration in accordance with the Swedish Companies Act. The Board's work and delegation procedures, instructions for the CEO and reporting instructions are updated and approved annually following the Annual General Meeting.

The significant issues that were addressed by Kinnevik's Board during 2012 include the impact of the global economy on Kinnevik and the companies in which Kinnevik has invested, the combination between Korsnäs and Billerud, the offer to buy out Metro from the stock exchange, new investment decisions within the Online business area, capital structure of Kinnevik as well as capital structure of the listed associated companies, as well as the overall strategy and financial performance of all major portfolio companies. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's strategy, operations as well as provided an independent assessment of future opportunities within the markets in which they are active. The annual strategy meeting in Ghana was held for two days at the beginning of 2013. Representatives of a number of Kinnevik's portfolio companies with operations in Africa participated and

Cristina Stenbeck, Chairman

Born: 1977
Nationality: US and Swedish citizen
Independence: Independent of the Company and management, not independent of major shareholders.
Direct or related person ownership: 2,200 Class B shares. In addition to her own directly held shares, Cristina is via Verdere S.à.r.l. indirectly owner of a considerable shareholding in Kinnevik.
Committee work: Member of the Remuneration Committee.
Cristina has been Chairman of the Board of Investment AB Kinnevik since 2007. She serves as a Director of the Board of Modern Times Group MTG AB and Tele2 AB since 2003. Cristina was Vice Chairman of Investment AB Kinnevik 2004-2007 and Industriförvaltnings AB Kinnevik 2003-2004.
Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Tom Boardman

Born: 1949
Nationality: South African citizen
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: -
Committee work: Member of the Audit Committee.
Tom has been Director of the Board of Investment AB Kinnevik since 2011. He is Non-Executive Director of Nedbank Group since 2010, Woolworths Holdings Ltd since 2010, Royal Bafokeng Holdings since 2010 and African Rainbow Minerals Ltd since 2011. Tom held various managerial positions within the South African mining, timber and retailing industries 1973-1986. Between 1986-2002 he held various managerial positions within the BoE Bank and in 2003-2010 he was Cheif Executive of Nedbank Group Ltd.
Tom has a B Com and CTA from the University of Witwatersrand, South Africa.

Vigo Carlund

Born: 1946
Nationality: Swedish citizen
Independence: Independent of the Company and management and independent of major shareholders.
Direct och related person ownership: 500,000 Class B shares, owned through insurance.
Committee work: -
Vigo has been Director of the Board of Investment AB Kinnevik since 2006. He is Chairman of the Board of Net Entertainment NE AB since 2011 and Black Earth Farming Ltd since 2012. He also serves as Director of the Board of Academic Work Solutions since 2006 and IZettle AB since 2010.
Vigo worked within the Kinnevik Group 1968-2006 and was CEO of Korsnäs AB 1998-2000, and President and CEO of Transcom WorldWide S.A. 2000-2002 and Kinnevik 1999-2006.

Dame Amelia Fawcett

Born: 1956
Nationality: US and UK citizen
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: -
Committee work: Member of the Remuneration Committee.
Dame Amelia has been Director of the Board of Investment AB Kinnevik since 2011. She is Non-Executive Chairman of Guardian Media Group Plc since 2009 (Non-Executive Director since 2007), Chairman of the Hedge Fund Standards Board in London since 2011 and is a Non-Executive Director of State Street Corpo-

presented their operations, and the opportunities for future in-depth cooperation between the companies were discussed.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues with which the Board actively works. The Corporate Responsibility Policy adopted by the Kinnevik Board, describes Kinnevik's policy on issues pertaining to social responsibility, environmental considerations and ethics.

A Remuneration Committee and an Audit Committee were established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and the decisions made. The entire Board overtook during 2012 responsibility for the tasks that during 2011 were performed by the New Ventures Committee.

The Board complies with a formal performance review process to assess how well the Board, its committees and processes are performing and how they might be improved. The review also assesses the performance of each Board member, including the Chairman, and the contribution they make.

The Board appointed Legal Counsel Tobias Hultén as the Company Secretary. The Company Secretary is responsible for ensuring that rules of procedure are complied with and all Board Members can turn to the Secretary for advice and assistance in their work for the Board.

During 2012, the Kinnevik Board held nine meetings (excluding the statutory meeting), of which five were extra meetings held via telephone. The Board member Dame Amelia Fawcett was absent from three extra board meetings held via telephone and Allen Sangines-Krause was absent from one extra board meeting held via telephone. Other ordinary Board members were present at all Board meetings.

Remuneration Committee

The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the management of the Parent Company and Presidents of the Group's business areas. The guidelines applied in 2012 are presented in Note 29 to the consolidated accounts, Personnel.

Cristina Stenbeck, Dame Amelia Fawcett, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2012. The Chairman of the Remuneration Committee was Wilhelm Klingspor.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, at which minutes of these meetings shall be kept. The Remuneration Committee held six meetings during 2012, of which five were held via telephone. Dame Amelia Fawcett was absent from one meeting. The other members were present at all the meetings.

ration in Boston, USA since 2006 and Non-Executive Member of the UK Treasury Board since 2012. Dame Amelia is a Governor of the London Business School, Chairman of The Prince of Wales's Charitable Foundation, a Comissioner of the US-UK Fulbright Comission and a Trustee of Project Hope (UK). Dame Amelia held various managerial positions within Morgan Stanley 1987-2006 and was Vice Chairman and Chief Operating Officer of the European operations 2002-2006. Dame Amelia has a Law Degree from University of Virginia, USA, and a BA Magna cum Laude in History from the Wellesley College in Massachusetts, USA.

Wilhelm Klingspor

Born: 1962
Nationality: Swedish citizen
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: 1,103.080 Class A shares and 780,071 Class B shares
Committee work: Chairman of the Remuneration Committee. Member of the Audit Committee.
Wilhelm has been Director of the Board of Investment AB Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He also serves as Director of the Board of BillerudKorsnäs AB since 2012 (Director of Korsnäs AB 2003-2012).
Wilhelm is CEO of Hellekis Säteri AB.
Wilhelm graduated as Forest Engineer from the Swedish University of Agricultural Sciences in Skinnskatteberg.

Erik Mitteregger

Born: 1960
Nationality: Swedish citizen
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: 35,000 Class A shares and 165,000 Class B shares
Committee work: Chairman of the Audit Committee. Member of the Remuneration Committee.
Erik has been Director of the Board of Investment AB Kinnevik since 2004. He also serves as Chairman of the Board of Wise Group AB since 2009, Director of the Board of Firefly AB, Metro International S.A. since 2009 and Tele2 AB since 2010.
Erik was founding partner and Fund Manager at Brummer & Partners Kapitalförvaltning AB 1995-2002. In 1989-1995 he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission.
Erik holds a B.Sc. in Economics and Business Administration from Stockholm School of Economics.

Allen Sangines-Krause

Born: 1959
Nationality: UK and Mexican citizen
Independence: Not independent of the Company and management, independent of major shareholders.*
Direct or related person ownership: -
Committee work: Member of the Audit Committee.
Allen has been Director of the Board of Investment AB Kinnevik since 2007. He is also Chairman of the Board of Millicom International Cellular S.A. since 2010 (Director since 2008) and of BK Partners, an asset management company.
Allen was Managing Director with Goldman Sachs 1993-2008 where he was responsible for Investment banking and business development in Latin America, Spain, Russia and other CIS States.
Allen holds a Ph.D. in Economics from Harvard University in Massachusetts, USA.

* See further Note 29 to the consolidated accounts, Personnel.

Audit Committee

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include maintaining and enhancing the efficiency of contact with the Group's auditors and conducting inspections of the procedures applied for accounting and financial reporting, as well as the internal audits within the Group. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as work on internal financial controls within the Company. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Tom Boardman, Wilhelm Klingspor, Erik Mitteregger and Allen Sangines-Krause were members of the Audit Committee during 2012. The Chairman of the Committee was Erik Mitteregger.

The Audit Committee shall meet not less than four times annually. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting. The Audit Committee held eight meetings during 2012, of which four were held via telephone. All members were present at all the meetings. The external auditors participated in most of the meetings and issued their reports on the results of their examination to both the Audit Committee and the Board of Directors both orally and in writing. The auditors also held an annual meeting with the Board without management being present.

The Board's description of internal control pertaining to the financial reporting for the 2012 fiscal year

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4 and Chapter 6, paragraph 6 and Chapter 7, paragraph 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the financial reporting.

Control environment

The purpose of the Board of Directors' rules of procedure and instructions for the CEO and Board committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board following established procedures. In addition, the Audit Committee reports on its work. The Company's management is responsible for the system of internal controls required for managing risks associated with on-going operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational and financial risks are reported each quarter to the Board, including an analysis of their consequences and financial impact in the event of them materializing, and how and who exercises on-going control over each risk and how these can be minimized.

Risk assessment and control activities

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise encompass intangible fixed assets and financial instruments in the income statement and balance sheet, and the investment process. Kinnevik has documented work routines and continuously evaluates how well the controls function pertaining to these items and processes. During 2012, the Audit Committee placed major focus on Kinnevik's policies and processes for valuation of unlisted holdings. To ensure that policies and internal processes function well, the Audit Committee commissioned external expertise in the area.

Internal audits

The Company engages independent auditors that are responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. The internal auditors conduct their work on instructions from the Audit Committee and are continuously reporting the results of their examination in the form of written reports to the Committee.

Information and communication

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually. Both formal and informal information channels to Company management and the Board of Directors are available for important information from employees. For external communication, guidelines have been compiled in an Information Policy that ensures that the Company complies with the meticulous demands for correct information to the market and other various constituencies, such as shareholders, Board members, employees and customers.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management and the Audit Committee. The Audit Committee's work to monitor the efficiency of Company management's efforts in this area is of particular importance to the follow-up of internal controls. This work includes ensuring that action is taken concerning those shortcomings and proposed measures that result from the internal and external audit.

Consolidated Statement of Income

for the period 1 January-31 December (SEK m)

	Note	2012	2011
CONTINUING OPERATIONS			
Revenue	2	1 591	330
Cost of goods and services	4	-957	-232
Gross profit		**634**	**98**
Selling costs		-257	-3
Administration costs	4	-514	-242
Other operating income	3	92	23
Other operating expenses	3, 4	-53	-1
Operating profit/loss	**2**	**-98**	**-125**
Share of profit/loss of associates accounted for using the equity method		10	-
Dividends received	5	4 264	4 947
Change in fair value of financial assets	6	-6 910	1 074
Interest income and other financial income	7	55	67
Interest expenses and other financial expenses	7	-255	-168
Profit/loss after financial items	**2**	**-2 935**	**5 795**
Taxes	10	-56	58
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		**-2 991**	**5 853**
Net profit from discontinued operations	32	3 473	702
NET PROFIT FOR THE YEAR		**482**	**6 555**
Of which attributable to:			
Equity holders of the Parent Company			
Net profit/loss from continuing operations		-2 984	5 857
Net profit/loss from discontinued operations		3 462	696
Non-controlling interest			
Net profit/loss from continuing operations		-7	-4
Net profit/loss from discontinued operations		11	6
Earnings per share			
Earnings per share before dilution, SEK		1.72	23.64
Earnings per share after dilution, SEK		1.72	23.62
From continuing operations:			
Earnings per share before dilution, SEK	8	-10.77	21.13
Earnings per share after dilution, SEK	8	-10.77	21.11
Average number of shares outstanding before dilution		277 183 276	277 173 242
Average number of shares outstanding after dilution		277 483 454	277 396 143

Consolidated Statement of Comprehensive Income

for the period 1 January-31 December (SEK m)

	Note	2012	2011
Net profit for the year		482	6 555
Other comprehensive income for the year			
Translation differences		-31	-3
Cash flow hedging	19	5	-82
Actuarial profit/loss		0	-14
Tax attributable to other comprehensive income		-1	25
Total other comprehensive income for the year		**-27**	**-74**
Total comprehensive income for the year		**455**	**6 481**
Total comprehensive income for the year attributable to:			
Equity holders of the Parent Company		453	6 478
Non-controlling interest		2	3

Consolidated Statement of Cash Flow

for the period 1 January-31 December (SEK m)

	Note	2012	2011
CONTINUING OPERATIONS			
Operating profit for the year		-98	-125
Adjustment for depreciation		114	53
Taxes paid		-88	-1
Cash flow from operations before change in working capital		**-72**	**-73**
Change in working capital		-150	11
Cash flow from operations	**9**	**-222**	**-62**
Acquisition of subsidiaries	9	-532	-148
Sale of subsidiaries	9	106	-
Investments in tangible and biological fixed assets		-92	-37
Investments in intangible fixed assets		-13	-5
Investments in shares and other securities	9	-7 462	-2 632
Sales of shares and other securities	9	572	28
Dividends received	5	4 264	4 947
Change in loan receivables		219	-26
Interest received		55	26
Cash flow from investing activities		**-2 883**	**2 153**
Borrowing		3 242	585
Amortisation of loans		-2 149	-973
Interest paid		-255	-100
Contribution from holders of non-controlling interest		32	-
Dividend paid to equity holders of the Parent company		-1 524	-1 247
Dividend paid to holders of non-controlling interest		-4	-4
Cash flow from financing activities		**-658**	**-1 740**
CASH FLOW FOR THE YEAR FROM CONTINUING OPERATIONS		**-3 763**	**351**
Cash flow for the period from discontinued operations	32	4 035	-319
CASH FLOW FOR THE YEAR		**272**	**32**
Exchange rate differences in liquid funds		0	0
Cash and bank, opening balance		**182**	**150**
Cash and bank, closing balance	**18**	**454**	**182**

Consolidated Balance Sheet

31 December (SEK m)

	Note	2012	2011
ASSETS			
Fixed assets			
Intangible fixed assets	11	1 044	957
Tangible and biological fixed assets	11	281	6 526
Financial assets accounted at fair value through profit and loss	12	59 953	58 615
Financial assets held to maturity	14	-	263
Investment in companies accounted for using the equity method	13	79	242
Deferred tax assets	10	18	-
Total fixed assets		**61 375**	**66 603**
Current assets			
Inventories	15	64	2 180
Trade receivables	16	372	771
Income tax receivable		36	25
Other current assets	17	331	307
Short-term investments	18	1	0
Cash and cash equivalents	18	453	182
Total current assets		**1 257**	**3 465**
TOTAL ASSETS		**62 632**	**70 068**

	Note	2012	2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
Share capital		28	28
Other contributed capital		8 840	8 840
Reserves		-26	1
Retained earnings including net profit for the year		49 731	50 768
Shareholders' equity attributable to equity holders of the Parent Company		**58 573**	**59 637**
Non-controlling interest		67	50
Total shareholders' equity		**58 640**	**59 687**
Long-term liabilities			
Interest-bearing loans	20	1 174	4 936
Provisions for pensions	21	37	534
Other provisions	22	4	9
Deferred tax liability	10	0	1 060
Other liabilities		14	12
Total long-term liabilities		**1 229**	**6 551**
Short-term liabilities			
Interest-bearing loans	20	2 111	1 741
Provisions	22	28	19
Trade creditors	23	156	999
Income tax payable		59	10
Other liabilities	23	409	1 061
Total short-term liabilities		**2 763**	**3 830**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**62 632**	**70 068**
Pledged assets	26		
Contingent liabilities	27		

Movements in Shareholders' equity of the Group

	Attributable to the Parent Company's shareholders							
	Share capital	Other contri-buted capital	Hedging reserve	Translation reserve	Retained earnings inclu-ding net result for the year	Total	Non-controlling interest	Total share-holders' equity
Opening balance, 1 January 2011	**28**	**8 840**	**55**	**11**	**45 464**	**54 398**	**27**	**54 425**
Other comprehensive income	-	-	-61	-4	-10	-75	1	-74
Profit for the year	-	-	-	-	6 553	6 553	2	6 555
Total comprehensive income for the year	**-**	**-**	**-61**	**-4**	**6 543**	**6 478**	**3**	**6 481**
Other changes in shareholders' equity								
Acquisition, non-controlling interest	-	-	-	-	-	-	22	22
Contribution from non-controlling interest	-	-	-	-	-	-	2	2
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-4	-4
Effect of employee share saving programme	-	-	-	-	8	8	-	8
Cash dividend [1]	-	-	-	-	-1 247	-1 247	-	-1 247
Closing balance, 31 December 2011	**28**	**8 840**	**-6**	**7**	**50 768**	**59 637**	**50**	**59 687**
Other comprehensive income	-	-	4	-29	-	-25	-2	-27
Profit for the year	-	-	-	-	478	478	4	482
Total comprehensive income for the year	**0**	**0**	**4**	**-29**	**478**	**453**	**2**	**455**
Other changes in shareholders' equity								
Acquisition, non-controlling interest	-	-	-	-	-	-	34	34
Contribution from non-controlling interest	-	-	-	-	-	-	32	32
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-4	-4
Discontinued operation	-	-	2	-4	-	-2	-47	-49
Effect of employee share saving programme	-	-	-	-	9	9	-	9
Cash dividend [2]	-	-	-	-	-1 524	-1 524	-	-1 524
Closing balance, 31 December 2012	**28**	**8 840**	**0**	**-26**	**49 731**	**58 573**	**67**	**58 640**

[1] The Annual General Meeting held on 16 May 2011, resolved in favor of paying a cash dividend of SEK 4.50 per share, a total of SEK 1,247m.

[2] The Annual General Meeting held on 7 May 2012, resolved in favor of paying a cash dividend of SEK 5.50 per share, a total of SEK 1,524m.

Notes to the Group's financial statements

Note 1 Summary of significant accounting policies

Statement of compliance

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). Since the Parent Company is a company that is active in the EU, only EU-approved IFRS are applied. The consolidated accounts have also been prepared in accordance with Swedish law, with application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting regulations for Groups. The Parent Company's annual accounts have been prepared in accordance with Swedish law, and with application of the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities. This means that the IFRS valuation and disclosure rules are applied but with the deviations reported in the Parent Company's accounting principles.

New and revised standards 2012

There are no new standards effective from 2012 that have had any effect on Kinnevik's financial position or results.

Future IFRS amendments

The IASB has published three new standards relating to consolidation; IFRS 10 Consolidated Financial Statements , IFRS 11, Joint Arrangements and IFRS 12 Disclosures of interests in Other Entities, as well as amended IAS 27 and IAS 28. The effective date for these standards is as from 1 January 2013, but the standards can be adopted earlier. The new standards have been endorsed by EU in 2012. As opposed to IFRS, EU requires that the new standards and amendments are applied as from 1 January 2014. Kinnevik will adopt the new standards and amendments as from 1 January 2014.

As per IFRS 10, controling interest is the determining factor for consolidation. The new standard clarifies the definition of de facto control. The main potential effect for Kinnevik is that the new definition of de facto control in IFRS10 can lead to a requirement for consolidation of some of the holdings that today are accounted at fair value through profit and loss. The new standards furthermore include more extensive disclosure requirements which will have an impact on Kinnevik's disclosures covering consolidated and unconsolidated entities. Kinnevik has not finalized the investigation of the impact on the financial statements in the period of initial adoption or in subsequent periods.

IASB has published IFRS 13, "Fair Value Measurement". The effective date for this standard is as from 1 January 2013, but the standards can be adopted earlier. The new standards have been endorsed by EU in 2012. Kinnevik will adopt the new standard from 1 January 2013. IFRS 3 is a framework for fair value measurement, but does not change which items that should be measured at fair value. The new standard includes more extensive disclosure requirements on fair value measurement. Kinnevik has concluded that the new standard will not have a significant effect on Kinnevik's financial statements. The standard will, however, affect the disclosure requirements for Kinnevik, especially for assets and liabilities in level 3 of the fair value hierarchy.

IASB has published amendments to IFRS 10, IFRS 12 and IAS 27 relating to Investment entities. For companies included in the definition of an "Investment entity", holdings in which the company has de facto control shall be measured at fair value as per IAS 39 Financial Instruments: Recognition and Measurement (IFRS 9 Financial Instruments, when it is in force) rather than consolidated. Kinnevik has not finalized the investigation of the impact on the financial statements in the period of initial adoption or in subsequent periods.

No other new or revised IFRS principles or interpretations are expected to have any effect on Kinnevik except for additional supplementary disclosures.

Basis of preparation of consolidated accounts

The consolidated financial statements have been prepared on a historical cost basis, except for investments in forest and other biological assets, derivative financial instruments and certain financial assets valued at fair value through profit and loss. The consolidated statements are presented in Swedish kronor (SEK) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The consolidated financial statements include the Parent Company and all companies in which the Parent Company controls more than 50% of the votes or in any other way exercises a controlling influence.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the result for the part of the reporting year during which the Group has control.

The consolidated accounts are prepared using the purchase method. The difference between the acquisition value of shares in a subsidiary and the fair value of identifiable assets and liabilities of that subsidiary at the time of acquisition is reported as goodwill.

Intercompany transactions, balance sheet items and unrealized gains on transactions between companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the need to write down the transferred asset.

Non-controlling interest

Non-controlling interest – consisting of the profit/loss portion and net assets in Group companies that do not accrue to the Parent Company's shareholders – are reported as a special item in consolidated shareholders' equity. In the consolidated income statement, the non-controlling interest share is included in reported earnings and information is given in connection with the Statement of income.

Foreign currency translation

The functional and presentation currency of the Parent Company and its Swedish subsidiaries is Swedish kronor (SEK). Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. Realized and unrealized exchange gains/losses on receivables and liabilities of an operating nature are reported in operating income, while exchange rate differences on financial assets and liabilities in foreign currencies are reported among financial items.

As at the reporting date, the assets and liabilities of subsidiaries that have not the same functional currency as the Group are translated at the rate of exchange ruling at the balance sheet date. Their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken in other comprehensive income and as a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement through Other comprehensive income.

Long-term monetary balances between the Parent Company and subsidiaries may be deemed to represent an extension or a contraction of the Parent Company's net investment in the subsidiary. Foreign currency differences arising on such balances are therefore charged as Other comprehensive income as a translation difference.

Intangible assets

Intangible assets with a finite useful life are measured on initial recognition at cost and are then carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life.

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's share in the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill from the acquisition of subsidiaries is reported as intangible assets. Intangible assets including goodwill are tested for impairment annually to identify any possible need of a write-down and is reported at its acquisition value less accumulated write-downs. Gains or losses on the divestment of a unit include the remaining reported value of the goodwill relating to the divested unit.

Goodwill is distributed among cash-generating units when it is tested with respect to a possible need for a write-down.

Tangible and biological assets

Tangible assets are recognized at cost less deduction of accumulated depreciation and any impairment. The cost includes the purchase price, as well as expenses and borrowing costs directly attributable to the asset being put into position and in working order for utilization according to the purpose of the acquisition. Depreciation is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Biological assets are recorded at their fair value.

Impairment

Assets are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable. To calculate the impairment requirement, assets are grouped in cash-generating units. An impairment loss is done in the amount by which the assets' reported value exceeds its recovery value. The recovery value is the higher of an assets' fair value, less the cost of sale and the value in use. The value in use comprises the present value of deposits and disbursements attributable to the asset during the time it is expected to be in use in operations, plus the present value of the net sales value at the end of the useful life.

Financial instruments

A financial asset or financial liability is recognized in the balance sheet when the Company becomes a party to the instrument's contractual terms. Accounts receivable are recognized when the invoice is sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been sent.

A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expired or the Company loses control over them. The same applies for a portion of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or in some other manner is extinguished. The same applies for a portion of a financial liability.

Acquisition and divestment of financial assets are reported on the transaction date, which is the date on which the Company commits to acquire or divest the assets.

Financial assets

Financial assets, with the exception of loan receivables, trade receivables and assets held to maturity, are valued at their fair value through profit and loss.

The fair value of financial instruments traded on an active market is based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.

Kinnevik's unlisted holdings are valued using the International Private Equity and Venture Capital Valuation Guidelines, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's length in the companies. For new share issues, consideration is taken to if the newly issued shares have better preference to the company's assets than earlier issued shares if the company is being liquidated or sold. For companies where no or few recent arm's length transactions have been performed, a valuation is conducted by applying relevant multiples to the company's historical and forecast key figures, such as sales, profit and equity. In such a comparison consideration is given to potential adjustments due to, for example, difference in size, historic growth and geographic market between the current company and the group of comparable companies. In the event that there is another method that would better reflect the fair value of the holding, the outcome from this method will be compared with the outcome of other relevant methods. After that, an assessment will be made of which method that best reflects the market capitalization of the current holding and the holding is valued according to this method.

Financial assets held to maturity are valued at the accrued cost by using the effective interest method.

When establishing the fair value of other financial instruments, methods that in every individual case are assumed to provide the best estimation of fair value have been used. For assets and liabilities maturing within one year, a nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Information is provided in Note 30 for the Group per class of financial instruments that are valued at fair value in the balance sheet, distributed in the three levels stated below:

Level 1: Fair value established based on listed prices in an active market for the same instrument.

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in Level 1.

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

Associates

Companies in which the Group has significant influence and which is not a subsidiary are regarded as associated companies.

In accordance with IAS 28 point 1, listed and unlisted holdings in associated companies are reported at their fair value. As an exemption, associate that form part of a segment's operating activities are accounted using the equity method. When measuring the fair value of holdings in associates, the same methods are applied as for financial instruments.

Adjustments for intra-group profits/losses arising out of transactions with associated companies are made in connection with the calculation of the Group's consolidated interest in earnings and capital. Elimination of such intra-group profits/losses occurs in pace with their realization through the sale of the particular assets to external parties and/or by reduction of the Group's ownership interest in the associated company.

Loan receivables and trade receivables

Loan receivables and other receivables are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market.

Loan receivables and other receivables are valued at amortized cost by applying the effective interest method, deducting for doubtful debts. The effective interest method means that any premiums or discounts and directly attributable costs or income are recognized on an accrual basis over the life of the contract using the calculated effective interest. The effective interest is the interest which gives the instrument's cost of acquisition as a result when discounting the future cash flows.

Deduction for doubtful debts is based on individual assessment, considering payment capacity and expected future risk. Bad debts are written off when identified. The maximum risk corresponds to the financial instruments' reported value.

Trade receivables generally have 30-90 day terms.

Financial liabilities

Financial liabilities not held for trading are measured at accrued acquisition value, which is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability.

Long-term liabilities have an expected term of exceeding one year, while current liabilities have a term of less than one year.

Trade payables have short expected term and are valued at nominal value.

Accounting for derivatives and hedging

The Group uses interest rate derivatives for converting variable interest rate to fixed interest rate. The interest rate derivatives are categorized as cash flow hedges.

The Group's has previously used futures contracts to cover the risk of changes in power prices. These futures contracts were divested as part of the sale of Korsnäs on 29 November 2012. These futures contracts were categorized as cash flow hedges.

All derivatives are reported initially and continually at their fair value in the balance sheet. Changes in the value of derivatives categorized as a cash flow hedge are reported as other comprehensive income and are reversed to the income statement in pace with effect of the hedge cash flow on earnings. Any ineffective portion of the change in value is reported directly in the income statement.

Inventories

Inventory of raw materials, consumables, work in progress and finished goods are valued at the lower of cost and net sales value. Inventory is valued on a First-In, First-Out (FIFO) basis.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than VAT), and transport, handling and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net sales value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Employee remuneration

Following the divestment of Korsnäs on 29 November 2012, the Group only has defined benefit plans for some former employees within the Parent Company. The yearly expenses for these defined benefit plans are reported in Profit or Loss.

Prior to the sale of Korsnäs, the Group has a defined benefit pension plan covering employees in Sweden. The cost of providing benefits in accordance with this plan was determined via the Projected Unit Credit Method (PUCM method) on the basis of actuarial assumptions. Deviation from the actual pension expenses and return represented actuarial gains and losses. All actuarial gains and losses, plus any supplements for payroll taxes, were charged to other comprehensive income. Pension commitments were reported as a liability in the balance sheet. The liability was calculated on the basis of company-specific actuarial assumptions, with due consideration of such features as the estimated future pension increases.

Prior to the sale of Korsnäs, the Group also had a defined benefit multi-employer plan, which is insured with the mutual insurance company Alecta (ITP plan). There is a lack of information to permit the reporting of the Group's proportional share of the defined benefit commitment and of the plan assets and costs associated with this plan. Consequently, the plan is reported as if it were a defined contribution plan, which means that the expenses incurred are reported as a cost.

Share-based remuneration

Kinnevik has share-saving programs for which the fair value, calculated on the date of allotment, of the allotted share-based instruments is expensed over the vesting period and is recognized directly in equity. Instrument issued within the Group's share-savings program consists of shares. Kinnevik classifies the share-related remuneration programs as transactions that will be regulated with equity instrument. The fair value of the shares consists of the market price on each allocation occasion. The cost is based on the Group's assessment of the number of shares that will be allotted. A new assessment of the anticipated number of allocated shares is performed at year-end. Fair value is restated on every balance-sheet date, to reflect calculations of social security costs expensed continuously over the vesting period in the various companies.

Other provisions

Provisions are reported when the Group has a legal or contractual obligation to fulfill the obligation, when it is likely that a payment or some other form of compensation is required to settle the undertaking and a reliable estimate of the amount can be made. Provisions are reported at their discounted present value when the time horizon exceeds two years. A provision for restructuring is reported when the Group has presented a detailed plan for the implementation of the measures and the plan has been communicated to the parties involved and soundly based anticipation is created.

Revenue recognition

Sale of products

Revenue from the sale of products, net of allowance for returns and discounts, is recognized when products are delivered and significant risks and benefits associated with ownership of the goods are transferred and can be reliably measured.

Rendering of services

Revenue from the sale of services is recognized at the time the service is rendered to the customer, after deductions for discounts.

Interest

Revenue is recognized as the interest accrues to the net carrying amount of the financial assets.

Dividends received

Dividends received are recognized when the shareholders' right to receive the payment is assessed as certain.

Research and Development costs

Research and development costs are charged to the income statement during the year they arise, unless the Company can demonstrate that the amount will be able to generate future economic benefit.

Marketing costs

Advertising costs and other marketing activities are expensed as they arise.

Income tax

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 charged to other comprehensive income or directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the 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 evened out and using the tax rates and rules in effect or announced as of the closing date. Temporary differences are not recorded in the case of differences attributable to interests in subsidiaries and associated 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 equity. The deferred tax asset component of deductible temporary differences and tax loss carry forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

Dividends paid

For dividends in kind, the net assets market value is recorded as dividend. Cash dividends to shareholders are recorded in the accounting period the dividend is approved.

Leases

Leases are classified in the consolidated accounts as financial leases or operational leases. A financial lease is when the financial risk and benefits are associated with the ownership of an item is essentially transferred from the lessee to the lessor, regardless of whether or not the lessee retains the legal right of ownership of the asset. For financial leases, the leasing asset is reported as an asset and the obligation for future payments as a liability in the balance sheet. An operating lease is a lease that does not fulfill the conditions for financial leases. For operating leases, the rental expense is reported in the lessee's accounts distributed equally over the period during which the asset is used, even if the payments are made according to some other schedule.

Cash flow statement

For purposes of the Parent Company and the consolidated cash-flow statements, the Group include cash and investments with original duration of maximum three months among cash and bank. The book value of these items corresponds to fair value.

Significant judgments and assumptions

The preparation of the annual financial statements and consolidated financial statements includes a number of estimates and assumptions. The application of these estimates and assumptions affects the reporting and disclosures. Accounting policies that require more significant judgments by the Board and the management in the application of IFRS, and assumptions and estimations in matters that are inherently uncertain, are summarized below.

In accordance with IAS 28, that deals with accounting for shares in associated companies, Kinnevik can recognize such shares at fair value through profit or loss or apply the equity method of accounting. The Board and management has made the judgement that an accounting at fair value through profit or loss most often reflects in the best way how the Group follows and evaluates its shares in associated companies. Shares in associated companies are therefore most often reported at fair value in the balance sheet, whereas the change in fair value affects the result for the year. Consequently, the reported results and equity of Kinnevik are primarily affected by changes in the fair value of the shares and only indirectly by the reported results of the associated companies, as opposed to an accounting according to the equity method.

Valuation of unlisted holdings are to a higher degree based on estimates and assumptions than valuation of holdings traded on an active market.

When estimating provisions (Note 22) it could have a material impact on the financial statements. The estimates used are based on experience, market information and practice, and are regularly reviewed.

Note 2 Segment reporting

1 Jan-31 Dec 2012	Metro	Other operating subsidiaries	Parent Company & other	Eliminations	Total Group
Revenue	1 234	349	8	-	1 591
Operating costs	-1 151	-418	-127	-	-1 696
Depreciation	-18	-11	-3	-	-32
Other operating income and expenses	4	35	-	-	39
Operating profit/loss	**69**	**-45**	**-122**	-	**-98**
Share of profit/loss of associates accounted for using the equity method	10	-	-	-	10
Dividends received	0	-	4 264	-	4 264
Change in fair value of financial assets	0	-	-6 910	-	-6 910
Interest income and other financial income	14	-	41	-	55
Interest expenses and other financial expenses	-69	-8	-178	-	-255
Profit/loss after financial items	**24**	**-53**	**-2 906**	**-**	**-2 935**
Investments in subsidiaries and financial fixed assets	845	110	7 063	-	8 018
Investments in intangible and tangible fixed assets	17	82	6	-	105
Impairment of goodwill	-	-22	-	-	-22
Assets and liabilities					
Operating assets	1 479	580	264	-195	2 128
Financial fixed assets	171	5	60 258	-384	60 050
Short-term investments, cash and cash equivalents	250	47	157	-	454
Total assets	**1 900**	**632**	**60 679**	**-579**	**62 632**
Operating liabilities	342	72	256	-	670
Provision for pensions	-	-	37	-	37
Interest-bearing loans	357	81	3 426	-579	3 285
Total liabilities	**699**	**153**	**3 719**	**-579**	**3 992**

1 Jan-31 Dec 2011		Other operating subsidiaries	Parent Company & other		Total Group
Revenue	-	318	12	-	330
Operating costs	-	-332	-121	-	-453
Depreciation	-	-22	-2	-	-24
Other operating income and expenses	-	15	7	-	22
Operating profit/loss		**-21**	**-104**	-	**-125**
Dividends received	-	-	4 947	-	4 947
Change in fair value of financial assets	-	-	1 074	-	1 074
Interest income and other financial income	-	-	65	-	65
Interest expenses and other financial expenses	-	-	-166	-	-166
Profit/loss after financial items		**-21**	**5 816**	-	**5 795**
Investments in subsidiaries and financial fixed assets	-	143	3127	-	3 270
Investments in intangible and tangible fixed assets	-	39	2	-	41
Impairment of intangible fixed assets	-	-11	-	-	-11

31 Dec 2011	Paper & Packaging	Other operating subsidiaries	Parent Company & other	Eliminations	Total Group
Assets and liabilities					
Operating assets	10 108	828	57	-	10 993
Financial fixed assets	2 477	4	58 271	-1 859	58 893
Short-term investments, cash and cash equivalents	76	101	5		182
Total assets	**12 661**	**933**	**58 333**	**-1 859**	**70 068**
Operating liabilities	1 436	164	510	-	2 110
Provision for pensions	496	-	38	-	534
Deferred tax liability	1 052	8	0	-	1 060
Interest-bearing loans	4 792	200	3 544	-1 859	6 677
Total liabilities	**7 776**	**372**	**4 092**	**-1 859**	**10 381**

Kinnevik is a diversified company whose business consists of managing a portfolio of investments and to conduct operations through subsidiaries. The Kinnevik Group's accounting is, starting from 2012, distributed on the following three accounting segments:

1. Metro was acquired on 31 March and constitutes a segment from 1 April 2012.
2. Other operating subsidiaries - Rolnyvik, Vireo Energy, Relevant Traffic (until November 2012), Duego Technologies, Saltside, Milvik and G3 Good Governance Group.
3. Parent Company & other - all other companies and financial assets (including change in fair value of financial assets).

Korsnäs, which was divested on 29 November 2012, was earlier reported under the segment Paper & Packaging but has been reported as discontinued operations during 2012. Comparative figures have been recalculated with respect of the divestment of Korsnäs and Latgran. Latgran was earlier reported under Other operating subsidiaries.

This distribution coincides with management's internal structure for controlling and monitoring the Group's operations. The comparative figures have been recalculated.

The accounting policies for the business segments coincide with the Group's accounting policies.

Revenue comprises total sales proceeds net of sales discounts, VAT and other taxes directly connected to the revenue.

Of total revenue of SEK 1,591m (330), SEK 58m (45) is attributable to sale of goods and SEK 1,533m (285) to sale of services.

External revenue cover sales to all parties other than the Parent Company and its subsidiaries. For information on sales to related parties, refer to Note 28. Internal sales prices are set in the same manner as external sales, that is, on commercial terms.

Intra-Group revenue in the Parent Company totaled SEK 17m (18).

Operating assets entail intangible and tangible fixed assets, investments in companies accounted for using the equity method, inventories and short-term non interest-bearing receivables.

Operating liabilities entail other provisions and short-term non interest-bearing liabilities.

Revenue distributed by geographic market

	2012	2011
Sweden	575	102
Other Nordic countries	126	120
Rest of Europe	307	59
North and South America	371	28
Asia	193	18
Africa	19	3
	1 591	**330**

The geographic distribution of revenue is based upon the geographic location of the buyer.

Distribution of assets by geographic market

	2012	2011
Operating assets		
Sweden	757	10 202
Rest of Europe	1 070	791
Rest of the world	301	-
Other assets		
Financial fixed assets	60 050	58 893
Short-term investments, cash and cash equivalents	454	182
	62 632	**70 068**

Distribution of investments in tangible and intangible assets by geographic market

	2012	2011
Sweden	11	2
Rest of Europe	88	39
Rest of the world	6	-
	105	**41**

Note 3 Other operating income and other operating expenses

	2012	2011
Royalties	35	-
Re-charged expenses	39	-
Other	18	23
Other operating income	**92**	**23**

	2012	2011
Impairment of goodwill	22	-
Other	31	1
Other operating expenses	**53**	**1**

Note 4 Depreciation and impairment

	2012	2011
Operating profit/loss includes depreciation and impairment as follows:		
Buildings, land and land improvements	-3	-2
Machinery and other technical plants	-4	-4
Equipment and tools	-12	-3
Intangible fixed assets, depreciation	-13	-4
Impairment of goodwill	-22	-11
	-54	**-24**

	2012	2011
Depreciation and impairment is split per cost category as follows:		
Cost of sold goods and services	-4	-6
Administration costs	-28	-3
Other operating costs	-22	-15
	-54	**-24**

Note 5 Dividends received

	2012	2011
Financial assets accounted to fair value		
Associated companies		
Millicom International Cellular S.A.	1 407	1 187
Modern Times Group MTG AB	122	101
Tele2 AB	1 761	3 659
Rocket Internet GmbH	974	-
	4 264	**4 947**

Note 6 Change in fair value of financial assets

	2012	2011
Millicom	-4 805	1 778
Tele2	-2 263	-786
Transcom	41	-314
Telecom & Services	**-7 027**	**678**
Zalando, direct owned shares	1 563	38
Groupon, direct owned shares	-628	747
Rocket Internet with other portfolio companies	-322	1 775
Avito (direct and indirect via Vosvik)	538	-
CDON Group	35	108
Other Online	1	6
Online	**1 187**	**2 674**
Metro International shares and warrants	39	-382
Modern Times Group MTG	-1 394	-1 573
Media	**-1 355**	**-1 955**
BillerudKorsnäs	294	-
Papper & Packaging	**294**	**-**
Bayport Management	65	73
Seamless	30	-
Microfinancing	**95**	**73**
Black Earth Farming	-104	-396
Agriculture & Renewable energy	**-104**	**-396**
Total	**-6 910**	**1 074**

Out of change in fair value of financial assets, SEK -8,755 m (-818) relates to assets traded on an active market, Level 1.

Note 7 Financial income and expenses

	2012	2011
Interest income, cash and cash equivalents	14	4
Interest income financial assets accounted at fair value	17	24
Interest income financial assets held to maturity	10	38
Exchange differences	14	1
Financial income	**55**	**67**
Interest expenses, loans from credit institutions	-200	-116
Accrued financing costs, loans from credit institutions	-36	-8
Interest expense PRI	-1	-1
Other financial expenses	-18	-43
Financial expenses	**-255**	**-168**
Net financial income/expenses	**-200**	**-101**

Note 8 Earnings per share

Earnings per share are calculated by dividing profit for the year attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit for the year attributable to holders of shares in the parent company by the average of the number of shares outstanding during the year, adjusted for the dilution effect of potential shares from outstanding share saving plans.

	2012	2011
Net profit for the year attributable to the equity holders of the Parent company	-2 984	5 857
Average number of shares outstanding	277 183 276	277 173 242
Earnings per share before dilution, SEK	**-10.77**	**21.13**
Average number of shares outstanding	277 183 276	277 173 242
Effect from outstanding share saving program	300 178	222 901
Average number of shares outstanding after dilution	277 483 454	277 396 143
Earnings per share after dilution, SEK [1]	**-10.77**	**21.11**

[1] No dilution when results are negative.

Note 9 Supplementary cash flow information

	2012	2011
Operations		
Profit/loss for the year	-2 991	5 853
Adjustment for non cash items in operating profit/loss		
Depreciation	32	24
Impairment of goodwill	22	0
Change in fair value of financial assets	6 910	-1 074
Dividends received	-4 263	-4 947
Interest net	200	101
Incremental cash items from operations		
Other	50	-30
Adjustment of paid/unpaid taxes	-32	0
Cash flow from operations before change in working capital	**-72**	**-73**
Change in working capital	-150	45
Change in working capital, acquired operation	0	-34
Cash flow from operations	**-222**	**-62**
Acquisition of subsidiaries		
Metro (net of acquired cash balance), see note 33	438	-
G3 Group (net of acquired cash balance)	89	143
KinnAgri	5	-
Audit Value	-	5
	532	**148**
Investments in shares and other securities		
Transcom WorldWide	-	170
Total Telecom & Services		**170**
Zalando	3 658	828
Bigfoot I	1 003	359
BGN Brilliant Sevices (Bigfoot II)	532	228
Home24	428	363
Wimdu	86	275
TIN Brilliant Services (BigCommerce)	289	-
Rocket Internet	472	-
Rocket Internet, other portfolio companies	159	620
Avito	50	62
CDON	-	101
Other Online investments	67	97
Total Online	**6 744**	**2 933**
Media	**19**	**-**
Bayport	116	-
Seamless	35	-
Other Microfinancing	36	19
Total Microfinancing	**187**	**19**
Black Earth Farming	132	-
Total Agriculture	**132**	**-**
Total investments other shares and securities	**7 082**	**3 122**
of which paid during the period	6 972	2 632
Paid on investments made in earlier periods	490	-
Cash flow from investments other shares and securities	**7 462**	**2 632**

	2012	2011
Sales of shares in subsidiaries		
Metro Netherlands	98	-
Relevant Traffic	8	-
	106	**-**
Sales of shares and other securities		
Groupon	569	-
Kintas Ltd (RawAgro)	-	28
Other	3	-
	572	**28**

Note 10 Taxes

	2012	2011
Distribution of profit/loss after financial items		
Sweden	-2 958	5 677
Outside Sweden	23	118
	-2 935	**5 795**
Distribution of current tax expense		
Sweden	-36	-137
Outside Sweden	-20	-17
Distribution of deferred tax expense		
Sweden	-2	-16
Outside Sweden	2	-1
Total tax charge for the year	**-56**	**59**
Current tax expense		
Tax expense for the period	-35	78
Adjustment of tax expense for previous years	-21	-2
	-56	**76**
Deferred tax expense		
Deferred tax related to temporary differences	-	4
Deferred tax expense on utilization of tax loss carryforwards	-	-21
	-	**-17**
Total tax expense for the year	**-56**	**59**

Reconciliation of effective tax rate

	2012	%	2011	%
Profit/loss before tax	-2 935		5 795	
Income tax at statutory rate of Parent Company, 26.3%	772	-26.3%	-1 524	26.3%
Foreign tax rate differential	10	-0.3%	5	-0.1%
Change in fair value of financial assets	-1 817	61.9%	281	-4.9%
Non-taxable dividends received	1 121	-38.2%	1 301	-22.5%
Tax attributable to previous years	-21	0.7%	-2	0.0%
Other non-taxable income	-	-	3	-0.1%
Impairment of goodwill	6	-0.2%	0	0.0%
Other non-taxable expenses	-	-	-6	0.1%
Used and recognized tax loss carry forwards, not earlier recognized	-127	4.3%	0	0.0%
Other	-	-	1	0.0%
Effective tax/tax rate	**-56**	**1.9%**	**59**	**-1.0%**

During the year, a tax cost of SEK 1m (income 25) has been recognised against other comprehensive income. No tax has been recognised against shareholders' equity.

	2012	2011
Deferred tax assets		
Pensions and other provisions	-	16
Tax loss carryforwards	13	0
Temporary differences	5	-
Cash flow hedging reported through other comprehensive income	-	3
	18	**19**
Provisions for deferred tax		
Tangible and biological fixed assets	-	-1 079
	-	**-1 079**
Net receivable/provision for deferred tax	**18**	**-1 060**

Deferred tax is not stated for associated companies, subsidiaries and other shareholdings, as any dividend paid by these companies will not give rise to a tax liability, and divestments may be made without giving rise to capital gains taxation.

For warrants held in companies within Online and Microfinancing, no deferred tax was taken into account since they are not expected be sold but will instead be utilized for share subscriptions.

	2012	2011
Distribution of deferred tax assets		
Sweden	9	19
Outside Sweden	9	0
	18	**19**
Distribution of provisions for deferred tax		
Sweden	-	-1 070
Outside Sweden	-	-9
	-	**-1 079**
Net receivable/provision for deferred tax	**18**	**-1 060**

Tax loss carryforwards

The Group's tax loss carryforwards amounted to SEK 4,688m (66) at 31 December, of which SEK 4,241m within Metro. SEK 428m (48) is attributable to Sweden and SEK 4,223m to Luxembourg and other countries with eternal duration. SEK 33m has a duration of more than 5 years and and the remaining amount is limitied to three to five years. A deferred tax asset of SEK 18m (0) was recognized in the consolidated balance sheet.

Tax disputes

In February 2012 the Swedish Tax Agency informed Kinnevik that they intend to demand that Kinnevik pay withholding tax amounting to SEK 702m. During the fourth quarter, Kinnevik received a decision on the issue from the Swedish Tax Agency. The Swedish Tax Agency considers that withholding tax should be lodged on an intra-Group distribution of Kinnevik class A shares ("the Shares"), which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The distribution of the Shares took place after Kinnevik's acquisition of Emesco, and Kinnevik subsequently transferred the Shares to the sellers as part of the purchase consideration for Emesco. The Swedish Tax Agency is of the opinion that Kinnevik received the distribution on behalf of the sellers, and that the distribution is withholding tax liable in accordance with Section 4, paragraph 3 of the Swedish Withholding Tax Act.

Kinnevik vehemently refutes the Swedish Tax Agency's view that the Withholding Tax Act is applicable to the distribution of the class A shares. The Swedish Tax Agency's interpretation is in Kinnevik's view contrary to the purpose of the mentioned rule, which is to tax dividends on temporary shareholdings transferred through loans or similar transactions in connection with the date of distribution. In Kinnevik's case, Kinnevik acquired the Emesco shares in September 2009 and continues to hold them as a wholly owned subsidiary of the Group. Kinnevik is of the opinion that the Swedish Tax Agency has chosen to interpret the Withholding Tax Act in a manner that is not compatible with the wording or purpose of the Act, its legislative history or case law, and Kinnevik strongly refutes the Swedish Tax Agency's demands. All of Kinnevik's legal advisors confirm Kinnevik's view on the matter. Kinnevik has appealed the Swedish Tax Agency's decision, and deferred payment of any tax. No provision has been made in the accounts for the tax exposure.

In 2010, the Swedish Tax Agency submitted a petition to the Administrative Court that Kinnevik's sale of the indirectly held shares in Invik in 2007 was not tax-exempt as reported in Kinnevik's accounts. In December 2012, the Swedish Administrative Court of Appeal approved Kinnevik's appeal to treat the gain on the sale as tax free and thereby rejected the Swedish Tax Agency's claim to apply the Tax Evasion Act on the transaction. The gain on the sale amounted to SEK 822m. Kinnevik had not provided for any potential additional tax as a result of the dispute, why the decision had no effect on Kinnevik's financial statements or cash flow.

Note 11 Intangible and tangible fixed assets

Intangible fixed assets

	Goodwill		Other intangible fixed assets	
	2012	2011	2012	2011
Opening acquisition value	1 011	873	35	29
Assets in acquired operations	-	-	124	-
Investments for the year	533	138	422	8
Disposals/scrapping for the year	-932	-	-30	-
Reclassification for the year	4	-	3	-2
Translation difference	-18	-	-	-
Closing acquisition value	**598**	**1 011**	**554**	**35**
Opening accumulated depreciation	-71	-71	-18	-3
Assets in acquired operations	-	-	-73	-
Depreciations for the year	-	-	-13	-4
Disposals/scrapping for the year	89	-	-	-
Impairments for the year	-22	-	-	-11
Closing accumulated depreciation	**-4**	**-71**	**-104**	**-18**
Closing book value	**594**	**940**	**450**	**17**

Other intangible fixed assets as per 31 December 2012 mainly refers to the acquired trademark Metro, which was valued at SEK 422m. The trademark's useful life is estimated to be indefinit, as the trademark has a high recognition factor in the countries where Metro is established and as there are no known factors that limit the use of the trademark.

Goodwill that has arisen through company acquisitions is mainly distributed among two cash-generating units: G3 Good Governance Group (G3) and Metro. An impairment test was performed at the end of 2012.

The value in use for G3 and Metro was calculated on the basis of discounted cash flows, assuming an annual growth rate of 2%, and based on the budget for 2013 for both units and a pretax discount interest rate of 15% (15%), corresponding to the companies' average cost of capital. No impairment requirement for the goodwill on these units was identified. Nor did a sensitivity analysis, whereby the discount interest rate was increased by one percentage point and cash flow was reduced by 10%, give rise to any impairment requirement.

The acquisition of Metro generated goodwill of SEK 371m and investments within G3 generated goodwill of SEK 79m in 2012.

Current year impairments of goodwill is mainly related to Relevant Traffic, which has been divested during 2012.

Goodwill distributed on cash-generating units

	2012	2011
G3 Good Governance Group	217	135
Metro	371	-
Korsnäs	-	769
Latsin	-	15
Relevant Traffic	-	18
Other	6	3
Closing book value	**594**	**940**

Tangible and biological fixed assets

For purposes of calculating depreciation, tangible and biological fixed assets are classified on the basis of their estimated useful economic lives according to the following categories:

Industrial buildings	20 – 67 years
Office buildings	20 – 67 years
Residential buildings	20 – 67 years
Land improvements	25 – 30 years
Machinery and equipment	3 – 25 years

2012	Buildings, land, land improvements	Forest, agricultural properties	Machinery, technical plants	Equipment, tools	Construction in progress, advances	Total
Opening acquisition values	2 094	124	12 352	357	458	15 385
Assets in acquired operations	-	-	-7	122	-	115
Assets in divested operations	-2 053	-3	-12 705	-376	-511	-15 648
Investments for the year	16	2	16	19	657	710
Disposals/scrapping for the year	-0	-3	-36	-34	-	-73
Reclassification for the year	50	-	447	79	-575	1
Translation difference	-4	5	-5	0	-3	-7
Closing acquisition values	**103**	**125**	**62**	**167**	**26**	**483**
Opening accumulated depreciation	-1 226	-4	-7 325	-304	-	-8 859
Assets in acquired operations	-	-	-	-85	-	-85
Assets in divested operations	1 250	-	7 782	284	-	9 316
Disposals/scrapping for the year	0	-	22	17	-	39
Depreciation for the year	-59	-9	-513	-31	-	-612
Translation difference	1	-1	1	-2	-	-1
Closing accumulated depreciation	**-34**	**-14**	**-33**	**-121**	**-**	**-202**
Closing book value	**69**	**111**	**29**	**46**	**26**	**281**

2011	Buildings, land, land improvements	Forest, agricultural properties	Machinery, technical plants	Equipment, tools	Construction in progress, advances	Total
Opening acquisition values	2 041	133	11 689	342	421	14 626
Assets in acquired operations	-	-	1	3	-	4
Investments for the year	12	2	83	7	687	791
Disposals/scrapping for the year	-6	-	-9	-2	-	-17
Reclassification for the year	47	-	593	7	-647	0
Translation difference	-	-11	-5	-	-3	-19
Closing acquisition values	**2 094**	**124**	**12 352**	**357**	**458**	**15 385**
Opening accumulated depreciation	-1 166	-5	-6 778	-292	0	-8 241
Disposals/scrapping for the year	1	-	7	2	-	10
Depreciation for the year	-61	-1	-556	-14	-	-632
Translation difference	-	2	2	-	-	4
Closing accumulated depreciation	**-1 226**	**-4**	**-7 325**	**-304**	**0**	**-8 859**
Closing book value	**868**	**120**	**5 027**	**53**	**458**	**6 526**

Note 12 Financial fixed assets accounted to fair value through profit and loss

Company name	Reg no	Type of holding	Registered office	Capital/votes (%) 2012	Capital/votes (%) 2011	Book value 2012	Book value 2011
Millicom International Cellular S.A.		Associated company	Luxembourg	38/38	37/37	21 283	26 088
Tele2 AB	556410-8917	Associated company	Stockholm	31/48	31/48	15 867	18 129
Transcom WorldWide S.A.		Associated company	Luxembourg	33/40	33/40	230	189
Telecom & Services						**37 380**	**44 406**
ARM Private Equity Fund LP		Fund participation	Nigeria	18/18	18/18	23	24
Avito Holding AB	556690-0113	Associated company	Stockholm	22/22	30/30	520	181
Beauty Trend Holding GmbH		Associated company	Germany	45/45	24/24	121	125
BGN Brillant Services GmbH (Bigfoot II)		Associated company	Germany	32/32	12/12	708	134
Bigfoot GmbH (Bigfoot I)		Associated company	Germany	30/30	25/25	1 479	524
Brillant 1260 GmbH		Associated company	Germany	-	26/26	-	45
Brillant 1261 GmbH		Associated company	Germany	-	15/15	-	23
Brillant 1262 GmbH		Associated company	Germany	-	15/15	-	22
Captalis S.L.		Associated company	Spain	25/25	19/19	15	9
CDON Group AB	556035-6940	Associated company	Malmö	25/25	25/25	664	629
Celadorco Investments Ltd		Associated company	Cyprus	-	14/14	-	22
Celadorco Investments Ltd, loan		Other investment		-	-	-	16
E-motion Advertising Ltd		Associated company	Nigeria	29/29	28/28	31	30
Facettes GmbH		Associated company	Germany	10/10	10/10	20	20
Groupon, directly held shares		Other investment	USA	-	1/1	-	1 197
Home 24 GmbH		Associated company	Germany	24/24	9/9	754	134
Iroco Partners Ltd		Other investment	Nigeria	14/14	-	26	-
Jade 1158 GmbH		Associated company	Germany	32/32	23/23	86	67
Jade 1159 GmbH		Associated company	Germany	24/24	18/18	64	45
Jade 1216 GmbH		Associated company	Germany	-	18/18	-	45
Jade 1217 GmbH		Associated company	Germany	10/10	10/10	21	22
Jade 1218 GmbH		Associated company	Germany	20/20	20/20	43	45
Jade 1224 GmbH		Associated company	Germany	-	29/29	-	45
Jade 1239 GmbH		Associated company	Germany	-	26/26	-	45
Jade 1240 GmbH		Associated company	Germany	-	15/15	-	23
Jade 1221 GmbH		Associated company	Germany	20/20	20/20	43	45
Jade 1223 GmbH		Associated company	Germany	26/26	26/26	43	45
Jade 1229 GmbH		Associated company	Germany	-	14/14	-	22
Jade 1238 GmbH		Associated company	Germany	26/26	26/26	43	45
Jade 1246 GmbH		Associated company	Germany	-	10/10	-	22
Jade 1259 GmbH		Associated company	Germany	-	11/11	-	22
Jade 1267 GmbH		Associated company	Germany	-	13/13	-	22
Jade 1289 GmbH		Associated company	Germany	-	13/13	-	22
Jade 1290 GmbH		Associated company	Germany	13/13	13/13	134	45
Jade 1314 GmbH		Associated company	Germany	17/17	14/14	28	23
Jade 1333 GmbH		Associated company	Germany	-	18/18	-	22
Jade 1352 GmbH		Associated company	Germany	13/13	-	21	-
Jade 1353 GmbH		Associated company	Germany	14/14	-	22	-
Jade 1358 GmbH		Associated company	Germany	11/11	-	21	-
Jade 1367 GmbH		Associated company	Germany	9/9	-	9	-
Jade 1368 GmbH		Associated company	Germany	8/8	-	11	-
Merx Technologies Ltd		Associated company	Nigeria	45/45	-	29	-
Ozon Holdings Limited		Other investment	Cyprus	1/1	-	34	-
Pinspire GmbH		Associated company	Germany	16/16	16/16	21	22
R2 International Internet GmbH		Associated company	Germany	36/36	33/33	9	9
Rocket Internet GmbH		Associated company	Germany	24/24	12/12	2 692	2 378
TIN Brillant Services GmbH (BigCommerce)		Associated company	Germany	12/12	-	286	-
Wimdu GmbH		Associated company	Germany	29/29	20/20	345	268
Vosvik AB	556757-1095	Associated company	Stockholm	50/50	50/50	423	175

Company name	Reg no	Type of holding	Registered office	Capital/votes (%) 2012	Capital/votes (%) 2011	Book value 2012	Book value 2011
Zalando GmbH		Associated company	Germany	26/26	13/13	6 279	1 058
Other		Other investment				-	4
Online						**15 068**	**7 721**
Metro International S.A.		Associated company	Luxembourg	-	47/42	-	148
Metro International S.A. warrants		Other investment	Luxembourg	-	-	-	129
Modern Times Group MTG AB	556309-9158	Associated company	Stockholm	20/49.9	20/49.8	3 042	4 436
Other		Other investment		-	-	84	-
Media						**3 126**	**4 713**
BillerudKorsnäs AB	556025-5001	Associated company	Stockholm	25/25	-	3 161	-
Bergvik Skog AB	556610-2959	Other investment	Falun	0	5/5	-	653
Other		Other investment		-	-	-	3
Paper & Packaging						**3 161**	**656**
Bayport Management Ltd		Associated company	Mauritius	43/43	31/31	586	405
Bayport Management Ltd, bond		Other investment				-	175
Bayport Management Ltd, promissory note		Other investment				-	35
Billpay GmbH		Associated company	Germany	10/10	-	22	-
Bayport Colombia S.A.		Other investment	Colombia	15/15	15/15	7	7
Microvest II		Fund participation	USA			42	27
Seamless Distribution AB	556610-2660	Other investment	Stockholm	12/12	-	65	-
Microfinance						**722**	**649**
Black Earth Farming Ltd		Associated company	Jersey	25/25	25/25	456	427
Other		Other investment		-	-	3	3
Agriculture & Renewable Energy						**459**	**430**
Other		Other investment		-	-	37	40
Total						**59 953**	**58 615**

Out of book value of financial assets accounted at fair value through profit and loss, 75% (88%) relates to assets traded on an active market, Level 1 assets.

Change in book value

	Telecom & Services	Online	Media	Paper & Packaging	Micro-financing	Agriculture and Renewable Energy	Other	Total
Opening balance, 1 January 2011	**43 557**	**2 128**	**6 668**	**561**	**523**	**848**	**39**	**54 324**
Investments	170	2 932	-	-	55	-	-	3 157
Change in value of remaining holdings, refer to Note 6	678	2 668	-1 955	97	71	-396	-	1 163
Disposals	-	-	-	-	-	-21	-	-21
Translation differences	1	-7	-	-2	-	-1	1	-8
Closing balance, 31 December 2011	**44 406**	**7 721**	**4 713**	**656**	**649**	**430**	**40**	**58 615**
Investments	-	6 742	86	2 867 [1]	187	131	-	10 013
Reclassifications	-	-	-316	-	-	-	-	-316
Change in value of remaining holdings, refer to Note 6	-7 027	1 187	-1 355	294	95	-104	-	-6 910
Disposals	-	-572	-	-656	-	-	-3	-1 231
Amortisation of loan receivables	-	-	-	-	-210	-	-	-210
Translation differences	1	-10	-2	-	1	2	-	-8
Closing balance, 31 December 2012	**37 380**	**15 068**	**3 126**	**3 161**	**722**	**459**	**37**	**59 953**

[1] Shares received in BillerudKorsnäs AB at the sale of Korsnäs AB.

Note 13 Investments in companies accounted for using the equity method

	Type av holding	Reg no	Registered Office	Capital/Votes (%)	2012	2011
Altlorenscheurerhof S.A.	Associated company		Luxembourg	33/33	11	11
Bomhus Energi AB	Joint Venture	556793-5217	Gävle	-/-	-	227
Cuponatic Chile S.A	Associated company		Chile	26/26	6	-
Cuponatic Latam S.A	Associated company		Chile	26/26	6	-
Metro Publicações do Brasil S.A.	Associated company		Brazil	30/30	56	-
Publimetro Guatemala S.A.	Associated company		Guatemala	25/25	1	-
Shared Services S.A.	Associated company		Luxembourg	30/30	0	0
Vindin AB	Associated company	556713-5172	Stockholm	-/-	-	4
Closing balance					**79**	**242**

The Group's part of total assets in other associated companies' exceed the book value of SEK 79m.

Note 14 Financial assets held to maturity

	2012	2011
Metro International S.A., debenture	-	263
Total	**-**	**263**

	2012	2011
Opening balance, book value, 1 January	**263**	**225**
Accrued interest income	-	38
Acquisition of Metro	-263	-
Closing balance, book value, 31 December	**-**	**263**
Market value, 31 December	**-**	**287**

Note 15 Inventories

	2012	2011
Raw materials and consumables	19	777
Felling rights	-	92
Work in progress	16	94
Finished products and goods for resale	28	1 027
Advance payments to suppliers	1	190
	64	**2 180**

The inventories are valued at aquisition value.

Note 16 Trade receivables

	2012	2011
Trade receivables	383	790
Reserve for doubtful accounts	-11	-19
	372	**771**

Trade receivables overdue more than 90 days, but not provided for, amounts to SEK 21m (15).

Bad debt provision

	2012	2011
Opening balance, 1 January	**19**	**10**
Provisions in acquired operations	12	2
Provisions in divested operations	-19	-
Provisions during the year	4	9
Confirmed losses	-3	-1
Recovery of previous provisions	-2	-1
Closing balance, 31 December	**11**	**19**

Note 17 Other current assets

	2012	2011
Accrued interest income	0	6
Accrued insurance compensation	-	45
Other accrued income and prepaid expenses	84	81
Other receivables	247	175
	331	**307**

Note 18 Cash and cash equivalents

	2012	2011
Cash at banks	453	182
Short term investments	1	0
	454	**182**

Short term investments are cash at banks invested with a maximum original duration of three months.

In addition to cash and cash equivalents reported above, the Group had on 31 December undrawn credit facilities of SEK 4,575m (5,283).

Note 19 Shareholders' equity

Share capital

Share capital refers to the Parent Company's share capital; refer to Note 11 for the Parent Company.

Other contributed capital

Other contributed capital consist of the Parent Company's share premium reserve, which arose through the conversion of convertible loans in 1997 and 1998, capital injected in conjunction with the merger between Invik & Co. AB and Industriförvaltnings AB Kinnevik in 2004, capital injected in conjunction with a new share issue when acquiring the assets in Emesco AB 2009, as well as by the Parent Company's legal reserve.

Hedging reserve

Hedging reserve	Gross	Tax	Net
Opening balance 1 January 2011	**75**	**-20**	**55**
Transferred to the income statement	-14	4	-10
Change for the year	-69	18	-51
Closing balance 31 December 2011	**-8**	**2**	**-6**
Transferred to the income statement	6	-2	4
Discontinued operations	2	0	2
Closing balance 31 December 2012	**-**	**-**	**-**

Retained earnings including net profit for the year

Retained earnings that are reported in the Group include the current and preceding year's profit.

Capital

Kinnevik's managed capital consists of shareholders' equity. There are no other external capital requirements, other than what is specified in the Swedish Companies Act. For dividend policy and leverage targets, please refer to the Board of Directors' report.

Note 20 Interest-bearing loans

	2012	2011
Interest-bearing long-term loans		
Bonds	1 199	4 965
Accrued borrowing costs	-25	-29
	1 174	**4 936**
Interest-bearing short-term loans		
Commercial paper program	843	-
Liabilities to credit institutions	1 268	1 741
	2 111	**1 741**
Total long and short-term interest-bearing loans	**3 285**	**6 677**

Financing source	Credit facility as per 31 Dec 2012	Utilised amount 31 Dec 2012	Unutilised amount 31 Dec 2012	Currency
Long-term loans				
Parent Company				
Bonds	1 199	1 199	0	SEK
Syndicated bank facility	6 500	0	6 500	SEK
Total Parent Company	**7 699**	**1 199**	**6 500**	
Other Group companies	0	0	0	
Total Group	**7 699**	**1 199**	**6 500**	
Short-term loans				
Parent Company				
Commercial paper program		843		SEK
AB Svensk Exportkredit		1 200		SEK
Nordea Bank AB	30	5	25	SEK
Svenska Handelsbanken AB	101	0	101	SEK/ EUR
Total Parent Company	**131**	**2 048**	**126**	
Other Group companies				
Different credit institutions	63	63	0	DKK
Total Group	**194**	**2 111**	**126**	
Total liabilities to credit institutions, Group	**7 893**	**3 310**	**6 626**	

The long-term financing is mainly a SEK 6,500m syndicated bank facility provided by Crédit Agricole Corporate & Investment Bank (France) Sweden Branch, DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ). The facility matures in December 2015 but can upon mutual agreement be extended by another year. The facility is secured by listed shares but does not involve any financial covenants. It is a multicurrency facility with a part being available as a backup against the refinancing risk of any outstanding commercial papers. Kinnevik has also issued a dual tranche bond with SEK 200m at an annual coupon of 3.25% and SEK 1,000m at 3 Months Stibor + 1.7%. The bond is unsecured and has no financial covenants. The interest rate risk under the tranche with floating interest is fully hedged with an interest rate swap, see further Note 31.

The short-term financing comprises a SEK 2,000m commercial paper program. At 31 December 2012, commercial papers for a nominal amount of SEK 860m were issued with a remaining term of 1 to 8 months. Kinnevik also has a short-term loan of SEK 1,200m from AB Svensk Exportkredit (publ) which includes a mutual put option whereby the loan can be cancelled upon request by both parties on a quarterly basis. The refinancing risk of these loans is mitigated by always keeping availability under the syndicated bank facility.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.0% (1.2%). All bank loans have variable interest rate binding periods (up to 3 months) while financing from the capital markets vary between 1 to 12 months for the loans under the commercial paper program and 5 years for the outstanding bond. As per 31 December 2012, the average remaining duration was 3.2 years for all credit facilities including the bond.

Note 21 Provisions for pensions

Kinnevik has, after the divestment of Korsnäs, only defined benefit occupational pension plans for some former employees within the Parent Company. The following tables present an overview of the items included in net cost for the compensation reported in the consolidated income statement for the Groups' defined benefit pension plans. They also present amounts reported in the consolidated balance sheet.

Changes in the net obligations for defined-benefit plans recognised in the balance sheet

	2012	2011
Net obligation for defined-benefit plans as at 1 January	534	542
Benefits paid	-30	-31
Cost recognised in the income statement	14	9
Actuarial profit/losses for the year reported against comprehensive income	-	14
Discontinued operations	-481	-
Net obligation for defined-benefit plans as at 31 December	**37**	**534**

Reported provision at the end of the year

	2012	2011
Commitments	37	534
Plan assets	-	-
Reported provision 31 December	**37**	**534**

The cost of all defined contribution plans amounted to SEK 135m (74) including discontinued operations.

Note 22 Other provisions

	2012	2011
Environmental studies	4	4
Legal provision, Metro Spain	24	-
Severance pay and other provisions for restructuring	4	24
	32	**28**
Long-term	4	9
Short-term	28	19
	32	**28**
Opening balance, 1 January	**28**	**65**
Provisions in acquired operations	28	-
Provisions in divested operations	-24	-37
Closing balance, 31 December	**32**	**28**

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5 m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for and of this approximately SEK 1.2m was used in 2010 to 2012.

Metro is defendant in two legal cases in Spain, one relating to an agreement with an ad sales agency and the other relating to a consultancy contract with a former managing director of Metro Spain. In September 2011, the court of first instance found against Metro for an amount of SEK 24m. Metro has appealed the decision.

Note 23 Trade creditors and other liabilities

	2012	2011
Invoiced trade creditors	156	807
Accrued expenses for purchase of goods	-	192
Total trade creditors	**156**	**999**
Accrued interest expenses	10	4
Accrued personnel expenses	74	234
Other accrued expenses and prepaid income	117	193
Derivatives, cash flow hedging power supplies	-	8
Liabilities outstanding investments	110	490
Other liabilities	98	132
Total other liabilities	**409**	**1 061**

For trade creditors and other liabilities to related parties refer to Note 28.

Note 24 Auditors' fees

	2012	2011
To Ernst & Young		
Audit assignments	2.6	2.1
Other services	0.4	0.8
To PWC		-
Audit assignments	1.2	-
Other services	**-**	**-**
	4.2	**2.9**

Note 25 Leasing agreements

The Group has operational lease agreements relating to print- and distribution services within Metro. Before sale of Korsnäs on 29 November 2012, the Group had a number of agreements for rental of premises and other fixed assets.

During 2012, SEK 95m (22) was paid in accordance with operational leasing agreements. Future minimum payments for agreements concluded for leasing as of 31 December:

	2012	2011
Future minimum payments		
2012	-	17
2013	131	15
2014	59	14
2015	32	13
2016	28	14
2017 and later	64	-
	314	**73**

The Group had no financial leasing agreements (SEK 9m) reported in the balance sheet on 31 December 2012.

Note 26 Pledged assets

	2012	2011
For liabilities to credit institutions		
Real estate mortgages	7	2 174
Shares in subsidiaries	-	4 829
Shares in associated and other companies	5 774	5 917
Business mortgages	-	600
Cash and cash equivalents	34	8
	5 816	**13 528**

Listed shares in associated companies have been pledged in favor of a number of banks for the Group's financing.

Pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement.

There were no outstanding debt secured by those pledged assets at 31 December 2012.

Note 27 Contingent liabilities

	2012	2011
Sureties and guarantees	-	21
Guarantee commitments, FPG	1	10
	1	**31**

Refer also to Note 22 regarding costs for decontamination of contingent contamination damages.

Note 28 Related-party transactions

For transactions with the Board of Directors and Senior Executives, refer to Note 29. During 2012 and 2011, Kinnevik engaged in transactions with the following related companies.

Related companies	Relationship
Bayport Management Ltd ("Bayport")	Associated company of Kinnevik
Black Earth Farming Ltd	Associated company of Kinnevik.
Bomhus Energi AB	Associated company of Kinnevik until 29 November 2012.
CDON Group AB ("CDON")	Associated company of Kinnevik.
Tele2 AB ("Tele2")	Associated company of Kinnevik.
Modern Times Group MTG AB ("MTG")	Associated company of Kinnevik.
Metro International S.A. ("Metro")	Associated company of Kinnevik until 31 March 2012.
Transcom WorldWide S.A. ("Transcom")	Associated company of Kinnevik.
Millicom International Cellular S.A. ("Millicom")	Associated company of Kinnevik.
Rocket Internet GmbH	Associated company of Kinnevik.
Zalando GmbH	Associated company of Kinnevik.
Westwing GmbH	Associated companies of Kinnevik.
Anima Regni Partners S.à.r.l ("Anima Regni")	Related parties to Anima Regni owns shares in Kinnevik, which provides considerable influence over Kinnevik.
Altlorenscheurerhof S.A.	Associated company to Kinnevik.

All transactions with related parties have taken place at arm's length basis, i.e. on market conditions. In connection with acquisitions from and divestments to major shareholders of the company or directors or officers of the group, valuation reports are obtained from independent experts, in accordance with the Swedish Securities Council's statement 2012:05. In all agreements relating to goods and services prices are compared with up-to-date prices from independent suppliers in the market to ensure that all agreements are entered into on market conditions.

Commercial agreements with related parties

Kinnevik rent out office space and provides advertising- and consultancy services to related parties. Kinnevik buys telephony-, advertising- and consultancy services from related parties.

Financial loan transactions with related parties

- During 2010 Kinnevik subscribed for SEK 175m in a public bond loan issued by Bayport . During 2011 Bayport borrowed another SEK 35m from Kinnevik against a promissory note. During 2012 the whole part of the bond has been divested externally and the SEK 35m loan has been fully repaid.
- During 2012, Kinnevik granted a framework loan to BEF totalling USD 12.5m, which was repaid in its entirety in December 2012.

Other transactions

- During 2012 Kinnevik acquired shares in Zalando GmbH from Rocket Internet GmbH and the management in Zalando GmbH for a total purchase price of EUR 206m, see further note 30.
- In 2009, Kinnevik participated in the refinancing of Metro, investing SEK 274 m in subordinated debentures and warrants. The subordinated debentures are recognized at amortized cost by using the effective interest method with an annual effective interest rate of 16%.until Metro became a subsidiary to Kinnevik on 29 March 2012.
- In 2011 Kinnevik acquired Audit Value International S.A. from Modern Asset Management Inc., a company controlled by major shareholders of Kinnevik, for EUR 0.6 m. The purchase price was supported by an independent valuation.

The following is a summary of Kinnevik's revenue, expense, receivables and liabilities to and from related parties.

	Group		Parent Company	
	2012	2011	2012	2011
Revenue				
Anima Regni	0.4	0.5	-	-
Bayport	0.4	-	0.4	-
Black Earth Farming	1.0	1.5	-	-
Bomhus Energi	-	7.1		
CDON	0.8	12.8	0.1	0.2
Metro	2.5	6.9	1.4	0.3
Millicom	0.5	1.7	0.1	-
MTG	19.2	8.4	0.1	0.4
Tele2	20.0	19.4	0.3	0.2
Transcom	7.5	1.7	0.0	0.4
	52.4	**60.0**	**2.5**	**1.5**

	Group		Parent Company	
	2012	2011	2012	2011
Operating expenses				
Altlorenscheurerhof	-2.4	-1.5	-2.4	-1.5
Audit Value	-0.4	-	-0.4	-
Black Earth Farming	-1.1	-0.2	-	-
Bomhus Energi	-	-1.8		
Metro	-0.3	-	-0.3	-
MTG	-1.5	-1.3	-0.3	-
Tele2	-3.7	-3.8	-1.3	-0.5
	-9.3	**-8.6**	**-4.7**	**-2.0**
Interest income				
Bayport	17.2	23.8	-	-
Metro, debenture loan	10.4	38.0	-	-
Black Earth Farming	2.4	-	-	-
Westwing	0.5	-	-	-
	30.5	**61.8**	**-**	**-**
Financial receivables from associated companies				
Metro, debenture loan	-	263	-	-
Bayport	-	210	-	-
Other associated companies	26	-	-	-
	26	**473**	**-**	**-**
Accounts receivables and other current receivables				
CDON	0	2	-	-
Metro	-	2	-	-
Millicom	3	0	-	-
MTG	4	2	-	-
Tele2	6	2	-	-
Transcom	0	1	-	-
	13	**9**	**0**	**0**

Note 29 Personnel

Average number of employees

including Korsnäs until 29 November 2012 and Metro from April 2012.

	2012		2011	
	men	women	men	women
Group				
Sweden	1 420	333	1 400	244
Denmark	45	46	-	-
Germany	4	1	3	1
Latvia	199	17	193	40
Poland	62	8	57	7
Spain	0	0	8	7
Switzerland	1	0	1	-
UK	48	43	19	12
France	3	1	4	1
Asia	61	56	1	2
Africa	56	33	16	13
USA	2	3	1	2
South America	180	180	-	-
Russia	57	51	-	-
	2 137	**772**	**1 703**	**329**
Total number of employees		**2 909**		**2 032**

Distribution of women and men on the Board and in the management group, Group [1]

	2012		2011	
	men	women	men	women
Board members				
Elected by the AGM	27	4	29	3
Employee representatives, ordinary [2]	-	-	4	-
Employee representatives, deputies [2]	-	-	4	-
CEO	-	1	-	1
Other senior executives	5	1	6	1
	32	**6**	**43**	**5**

[1] As regards the distribution of women and men in the Board and the management group, the Group has been defined as the following companies 2012: Investment AB Kinnevik, Metro International S.A., Audit Value International AB, G3 Good Governance Group Ltd, Vireo Energy AB and Milvik AB. In 2011 were also Korsnäs AB, Sia Latgran and Relevant Traffic Europe AB included

[2] All employee representatives resigned from the Board of the Parent Company in connection with the divestment of Korsnäs on 29 November 2012.

Distribution of women and men on the Board and in the management group, Parent Company

	2012		2011	
	men	women	men	women
Board members				
Elected by the AGM	5	2	5	2
Employee representatives, ordinary [1]	-	-	2	-
Employee representatives, deputies [1]	-	-	2	-
CEO	-	1	-	1
Other senior executives	5	1	3	1
	10	**4**	**12**	**4**

[1] All employee representatives resigned from the Board of the Parent Company in connection with the divestment of Korsnäs on 29 November 2012.

Salaries, other remuneration and social security expenses (SEK 000s)

	2012		2011	
	Board, CEO, senior executives 1)	Other employees 3)	Board, CEO, senior executives 1)	Other employees 3)
Total salaries and other remuneration	87 418	1 216 099	42 012	887 739
Social security expenses	30 745	433 642	19 159	377 537
Of which, pension expense 2)	10 322	131 225	7 582	110 074

1) Relates to Board and CEO of all Group companies and senior executives in the Parent Company.

2) Relates to present and former Board members and CEOs.

3) The amount includes SEK 17m (39) in remuneration paid during the year which relates to restructuring costs within Korsnäs expensed in earlier years.

Pension and other obligations and similar benefits for former Board members and CEOs for the Group amounts to a total of SEK 8m (43). These amounts are included among liabilities in the balance sheet of the Group.

Principles

The following principles and guidelines were approved by the Annual General Meeting on 7 May 2012. The guidelines apply on remuneration to senior executives within the group. Senior executives covered include the CEO in the Parent Company, other senior executives in the Parent Company and the CEO of Korsnäs (until Korsnäs were divested on 29 November) ("Senior Executives"), as well as directors of the Board to the extent they are remunerated outside their Directorship. At the end of the year, the number of Senior Executives amounted to seven individuals.

The remuneration to the Senior Executives shall consist of fixed salary, variable salary, as well as the possibility to participate in a long-term incentive programme, pension and other customary benefits. These components shall create a well-balanced remuneration which reflects individual performance and which offers a competitive remuneration package adjusted to conditions in the market.

– The fixed salary is revised yearly and based on the executive's competence and area of responsibility.
– The variable salary may not exceed 50% of the fixed salary and is calculated according to a combination of results achieved and individual performance.
– Other benefits shall only constitute a limited amount in relation to the total remuneration and shall correspond to local practice.
– Pension premiums are paid to insurance companies within the framework of deffined contribution plans, with a maximum of 20% of the fixed salary.
– In the event of notice of termination of employment being served by the Company, there is entitlement to salary during a notice period of a minimum of 6 and a maximum of 18 months. Salary during the notice period is reduced by salary received from a potential new employment.
– Board Members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board of Directors.

In special circumstances, the Board may deviate from the above guidelines. In such case, the Board is obligated to give account for the reason for the deviation at the following Annual General Meeting.

The Board's proposal to the Annual General Meeting 2013 regarding adoption of new guidelines on remuneration for senior executives can be found in the Board of Director's report.

Remuneration for the CEO and other senior executives (SEK 000's)

	2012		2011	
	CEO	Other senior executives	CEO	Other senior executives
Fixed salaries	6 600	16 356	6 378	11 709
Variable salaries	3 225	5 114	2 490	3 666
Benefits	147	737	123	572
Pension expenses	1 312	3 358	1 266	2 353
Estimated costs for share-based remuneration	3 042	5 825	2 594	3 764

For the CEO of the Parent Company, pension premium payments of 20% of fixed salary were paid. In the event of termination of employment initiated by the Company, the CEO is entitled to a salary during a notice period of 18 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period. In the event of termination of employment initiated by the CEO, the notice period is 12 months.

For the other senior executives pension premium payments of a maximum of 20% of fixed salary were paid. Pension premiums are paid to insurance companies. In the event of termination of employment initiated by the Company, other senior executives are entitled to a salary over a notice period of a minimum 6 and a maximum 12 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period.

Incentive plan

There are long-term incentive plans (the "Plans") for senior executives and other key employees in the Kinnevik Group that require participants to own shares in Kinnevik.

For each share held within the framework of the Plans, the Company has distributed retention and performance-based share rights. Subject to fulfillment of certain retention- and performance-based conditions during the individual periods included in the Plans (1 April 2010 – 31 March 2013,1 April 2011 – 31 March 2014 and 1 April 2012 – 31 March 2015, the "Measure Periods"), the participant remaining in the employment of the Kinnevik Group at the time of publication of the interim reports for the January – March 2013, January – March 2014, January – March 2015 periods, and subject to the participant retaining the invested shares, each retention right and performance right will entitle the participant to receive one class B share in the Company.

The number of shares the employee will receive depends on the fulfillment of defined retention- and performance-based conditions during the Measure Periods based on:

– Total return on the Kinnevik class B share
– Average annual development of the net asset value, including dividends
– Average annual return within Online, Microfinancing, Agriculture and Renewable energy areas.
– Normalized average EBIT margin in Metro

In order to equalize participants' interests with those of shareholders, the Company will compensate for forfeited dividends by increasing the number of shares and rights to which they are entitled.

Completed plan 2009-2012

The plan approved in 2009, with a measure period of 1 April 2009 – 31 March 2012, resulted in allotment of 135,332 shares out of a maximum allotment of 143,800 rights. The number of total alloted shares included dividend compensation totaling 8,735 shares. The CEO of Korsnäs and Korsnäs management have received their allotment in cash consideration in connection with the divestment of Korsnäs. All other participants have not yet received the allotment of 101,877 shares in total. Those shares are still in own costody and will be transferred to the participants when it is possible. Participants' profit, which was restricted to a maximum of SEK 320 per share right are calculated when the shares are transferred. The dilution, which was restricted to a maximum of 0.07% in terms of shares outstanding, was 0.03%. The plan's total cost was SEK 14.3m and was expensed continuously during 2009 – 2012.

Plan 2009-2012	Number of parti-cipants	Allotment of rights	Dividend compen-sation	Shares to receive	Instead received cash considera-tion
CEO of the Group	1	38 500	0.069	41 157	
CEO of Korsnäs	1	16 500	0.069	10 671	1 461
Management, category 1	4	44 000	0.069	47 036	
Management, category 2	1	4 000	0.069	4 276	
Management Korsnäs	8	32 000	0.069	22 784	3 119
Other participants	4	8 800	0.069	9 408	
Total	**19**	**143 800**		**135 332**	**4 580**

Outstanding plans

In connection with the divestment of Korsnäs the CEO and management of Korsnäs was offered and accepted an accelerated allotment equal to the accumulated vesting period and the fulfillment of defined retention- and performance based conditions. The consideration was paid in cash equal to the average stock market price for Kinnevik class B share during a month before the offer. The total cash consideration for the three plans was SEK 3m and SEK 1m in social security expenses.

At 31 December 2012, the Plan that was established in 2010, with a Measure Period of 1 April 2010 - 31 March 2013, had remaining participation totaling 12,700 shares held by employees entitling a maximum allotment of 71,800 rights, of which 12,700 retention share rights and 59,100 performance share rights.

The Plan encompasses the following number of shares and maximum number of share rights for the various categories:

Plan 2010-2013	Number of participants	Allotmernt of rights
CEO of the Group	1	28 000
Management, category 1	4	33 000
Management, category 2	1	2 800
Other participants	5	8 000
Total	**11**	**71 800**

The participant's maximum profit is limited to SEK 573 per right. The maximum dilution is 0.03% in terms of shares outstanding, 0.01% in terms of votes and 0.01% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2012, the Plan that was established in 2011, with a Measure Period of 1 April 2011 - 31 March 2014, had remaining participation totaling 17,800 shares held by employees entitling a maximum allotment of 95,950 rights, of which 17,800 retention share rights and 78,150 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories:

Plan 2011-2014	Number of participants	Allotmernt of rights
CEO of the Group	1	28 000
Management, category 1	2	22 000
Management, category 2	3	24 750
Kinnevik key personnel	6	16 800
Other participants	5	7 200
Total	**17**	**98 750**

The participant's maximum profit is limited to SEK 721 per right. The maximum dilution is 0.03% in terms of shares outstanding, 0.01% in terms of votes and 0.02% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2012, the Plan that was established in 2012, with a Measure Period of 1 April 2012 - 31 March 2015, had participation totaling 28,150 shares held by employees entitling a maximum allotment of 144,100 rights, of which 28,150 retention share rights and 115,950 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories;

Plan 2012-2015	Number of participants	Allotmernt of rights
CEO of the Group	1	28 000
Management, category 1	4	44 000
Management, category 2	2	16 500
Kinnevik key personnel	7	19 600
Management Metro	9	30 800
Other participants	4	5 200
Total	**27**	**144 100**

The participant's maximum profit is limited to SEK 726 per right. The maximum dilution is 0.05% in terms of shares outstanding, 0.01% in terms of votes and 0.01% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

Total cost before tax for share rights outstanding in incentive programs was expensed continuously during a three-year period and calculated based on anticipated outcome amounting to approximately SEK 37m, including social security costs, of which SEK 10m (9) was expensed during 2012. Total liability for social security costs pertaining to the incentive programs amounted to SEK 8m (6) on 31 December, 2012.

Board fees paid to the Directors of the Parent Company (SEK 000's)

	2012				2011			
	Board fees, Parent Company	Board positions, subsidiaries	Other as-signment [1]	Total fee	Board fees, Parent Company	Board positions, subsidiaries	Other as-signment [1]	Total fee
Cristina Stenbeck (Chairman)	1 076			1 076	1 050			1 050
Tom Boardman	551			551	550			550
Vigo Carlund	473	250		723	450	500		950
Dame Amelia Fawcett	499			499	500			500
Wilhelm Klingspor	604	75		679	575	150		725
Erik Mitteregger	656	331		987	650			650
Allen Sangines-Krause	551		2 000	2 551	550		2 000	2 550
	4 410	**656**	**2 000**	**7 066**	**4 325**	**650**	**2 000**	**6 975**

[1] During 2011 and 2012, there was a consultancy agreement between Kinnevik and Allen Sangines-Krause through his company which entitled him to a service fee of SEK 2m per year for services provided to the Board and management of Kinnevik in addition to customary board work. Allen Sangines-Krause is therefore not considered as an independent Director of the Company and its management.

Note 30 Financial assets and liabilities allocated by category

2012	Financial assets accounted at fair value	Financial assets held to maturity	Loan receivables and trade receivables	Cash flow hedging	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value, Level 1	44 768	-	-	-	-	44 768	44 768
Financial assets accounted at fair value, Level 3	15 185	-	-	-	-	15 185	15 185
Trade receivables	-	-	372	-	-	372	372
Other current assets	-	-	331	-	-	331	331
Short term investments	-	-	1	-	-	1	1
Cash at bank	-	-	453	-	-	453	453
Total financial assets	**59 953**	**-**	**1 157**	**-**	**-**	**61 110**	**61 110**
Interest bearing loans	-	-	-	-	3 285	3 285	3 285
Trade creditors	-	-	-	-	156	156	156
Other liabilities	-	-	-	-	215	215	215
Total financial liabilities	**-**	**-**	**-**	**-**	**3 656**	**3 656**	**3 656**

2011	Financial assets accounted at fair value	Financial assets held to maturity	Loan receivables and trade receivables	Cash flow hedging	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value, Level 1	51 372	-	-	-	-	51 372	51 372
Financial assets accounted at fair value, Level 3	7 243	-	-	-	-	7 243	7 243
Financial assets held to maturity	-	263	-	-	-	263	287
Trade receivables	-	-	771	-	-	771	771
Other current assets	6	-	301	-	-	307	307
Short term investments	-	-	-	-	-	-	-
Cash at bank	-	-	182	-	-	182	182
Total financial assets	**58 621**	**263**	**1 254**			**60 138**	**60 162**
Interest bearing loans	-	-	-	-	6 677	6 677	6 677
Trade creditors	-	-	-	-	999	999	999
Other liabilities	-	-	-	8	427	435	435
Total financial liabilities	-	-	-	**8**	**8 103**	**8 111**	**8 111**

Duration

For the duration of interest bearing loans refer to Note 20. Of other financial liabilities the major part will fall due within one to six months.

Derivatives and hedging instruments

On 31 December 2012, the nominal amount of the outstanding interest rate swap, floating to fixed, was SEK 1,000m (0). The derivative is used to create a cash flow hedge against interest rate risk in the bond that was issued in December 2012. Also refer to note 20. The fixed rate that is paid in the swap is 3.32% and it expires in December 2017. The derivative had a market value of SEK 0.

Kinnevik has a 35%, direct and indirect, ownership in Zalando. With the acquisition of 10% of the shares in Zalando in October 2012, a call option was issued in favor of Kinnevik whereby it may purchase further shares in Zalando for EUR 100m, corresponding to approximately 3% of the company. The call option expires on 30 June 2013 and has been issued by Holtzbrinck Ventures, Tengelmann and Rocket Internet. Kinnevik has committed to exercise the option to the extent Kinnevik receives any dividend from Rocket as a consequence of a sale of Zalando shares by Rocket. Kinnevik has received EUR 41m in such dividend, and as a consequence, EUR 59m is being considered as a remaining call option and EUR 41m as a committed, but not yet made, investment (i.e. a forward purchase contract). The market value of the call option and the forward purchase contract as at 31 December 2012 was SEK 0.

Fair value

Fair value of financial assets which are valued at accrued acquisition value and are charged with floating rate or have short-term maturity, the book value correspond to fair value.

The fair value of financial assets held to maturity is according to the listed price on Nasdaq OMX Stockholmsbörsen on the balance sheet date. Financial assets accounted at fair value are distributed in the levels stated below:

Level 1: Fair value established based on listed prices in an active market for the same instrument.

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in Level 1.

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

Financial assets accounted at fair value, Level 3

	2012	2011
Opening balance, book value, 1 January	7 243	2 852
Acquisitions	6 981	2 884
Reclassifications to level 1	-	-450
Disposals	-656	-21
Amortization on loan receivables	-210	-11
Change in value through the income statement	1 804	1 989
Exchange gain/loss	23	-
Closing balance, 31 December	**15 185**	**7 243**

Closing balance at 31 December 2012 includes SEK 4,778m (2,871) in unrealised profit/loss.

Below is a summary of the valuation methods applied in the accounts as per 31 December 2012.

Company	Valuation method
Rocket Internet GmbH	Portfolio companies valued as per below, cash balance and other assets as per Rocket financial statements.
Zalando	Latest transaction value (EUR 2.8 bln for entire company), which as per 31 Dec 2012 is in line with peer group valuation based on sales multiples. The peer group includes, among others, Asos, Amazon and CDON Group.
Bigfoot I, Bigfoot II, Home24, Wimdu, Big-Commerce, Avito	Peer group valuation based on historic sales mulitples. Direct and indirect shareholding valued in accordance with liquidation preferential rights or divestment of the entire company..
Other portfolio companies	Fair value corresponds to cost.

During 2012, a number of Rocket's portfolio companies and Avito have issued new shares to external investors at price levels that exceed Kinnevik's recognized assessed fair values. Since the newly issued shares have better preference over the portfolio companies' assets in the event of liquidation or sale than Kinnevik's shares have, Kinnevik do not consider these price levels as a relevant base for assessing the fair values in the accounts. The latest transactions that have been made with better preference than Kinnevik's shareholdings, have been made at levels that, applied on Kinnevik's shareholdings, is above SEK 5bln higher than Kinnevik's book value as per 31 December 2012.

Maturity structure

Maturity structure for undiscounted, contracted non-interest-bearing/interest-bearing receivables and liabilities along with future interest payments accruing therewith:

	2013	2014	2015	2016	later	Total
Non-interest-bearing receivables	703					703
Interest-bearing receivables	29	29	29	29	29	145
Non-interest-bearing liabilities	-589					-589
Interest-bearing liabilities	-110	-110	-110	-110	-3 338	-3 777
Total as per 31 December 2012	**33**	**-81**	**-81**	**-81**	**-3 305**	**-3 515**

	2012	2013	2014	2015	later	Total
Non interest-bearing receivables	1 078					1 078
Interest-bearing receivables	62	382	23	195		662
Non interest-bearing liabilities	-1 434					-1 434
Interest-bearing liabilities	-273	-670	-242	-240	-6 275	-7 700
Total as per 31 December 2011	**-567**	**-288**	**-219**	**-45**	**-6 275**	**-7 394**

Note 31 Financial risk management

The Group's financing and management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The Group has a model for risk management with the aim to identify, control and reduce risks. The output of the model is reported to the Kinnevik Board on a quarterly basis.

Kinnevik is exposed to financial risks mainly in respect of

- The stock market, meaning the risk of changes in the value of the listed holdings.
- The interest rates, resulting from changes in underlying interest rates.
- The exchange rates, comprising transaction and translation exposure.
- Liquidity and financing, meaning the risk that the cost of financing will increase or that opportunities will be limited when loans are needed, and that payment obligations thereby cannot be met.

Stock market risk

Kinnevik's strategy is to participate actively in the companies in which the Group invests. Operations include management of a stock portfolio comprising considerable investments in a small number of listed and unlisted companies. Accordingly, a large part of the portfolio is concentrated to a small number of companies, which makes the total return highly dependent on how well these companies and their particular industries develop. By being an active owner, the return can be maximized and the risks controlled.

The Group's assets, through ownership of shares in a number of companies conducting operations in more than 60 countries, are exposed to political risks. More than 50% of the market value of Kinnevik's combined assets of approximately SEK 60 billion at 31 December 2012, were exposed to growth markets in Latin America, Sub Saharan Africa, Russia and Eastern Europe.

The concentrated portfolio results in a significant liquidity risk in the portfolio, in that it is difficult for Kinnevik during a limited time to make major changes in the portfolio's composition without this affecting the share price.

Parts of the stock portfolio are used as collateral for Kinnevik's loans from credit institutions. On 31 December 2012, Kinnevik had no secured loans outstanding. Also refer to Note 26.

The stock market risk associated with Kinnevik's portfolio may be illustrated by stating that a 1% change in the prices of all of the listed shareholdings at 31 December 2012 would have affected earnings and shareholders' equity by SEK 448 m. Further, the value of the unlisted shareholdings may increase or decrease due to a number of different factors, of which changes of trends in the stock markets is one. A 1% change of value of all of the unlisted shareholdings at 31 December 2012 would have affected earnings and shareholders' equity by SEK 152 m.

Interest rate risk

Kinnevik's main policy is to maintain short interest periods because the Company believes that this leads to lower interest expense over time. Exceptions from this rules may however be granted for a maximum of 50% of the forecasted amount of outstanding loans during the relevant time period. On 31 December 2012, loans of SEK 1,200 m, were under such exception whereby the interest was fixed for 5 years in December 2012 (SEK 1,000 m of the total bond amount of SEK 1,200 m, was issued with floating rates but the risk was hedged by a interest rate swap). On 31 December 2012, all other of Kinnevik's liabilities to credit institutions, SEK 2,105 m, were exposed to interest rate changes, whereof SEK 2,048 against Stibor. Accordingly, if the interest rate at 31 December 2012 had increased with 1% the average interest expense on an annualized basis would have increased by SEK 21 m. Kinnevik does not think the interest rate risk is material for its business but the risk is continuously monitored to manage the potential impact a sharp increase in the interest rate would have on the business.

Foreign exchange rate risk

Transaction exposure

The Group's funding consists mainly of loans in SEK. For 2012, the net flow of the Group's inflow and outflow in foreign currency, excluding dividends received and investments made, amounted to a net inflow of approximately SEK 800 m, which consisted mainly of revenues in Korsnäs in EUR and GBP. For 2013, it is not expected that the Group will have any major flows in foreign currencies, except for dividends received and financial investments.

Translation exposure

Translation exposure arises when the earnings and shareholders' equity of foreign subsidiaries are translated into SEK. This exposure also arises in situations when the capital employed and the financing of it is in different currencies. Kinnevik's policy is to minimise the foreign exchange rate risk by borrowing in various currencies to finance capital employed. If this is not possible and significant temporary exposures exist, the Group's finance policy permits the use of forward contracts. On 31 December 2012, there were no outstanding forward contracts with this purpose. Translation exposure arising from the translation of the foreign subsidiaries' earnings and shareholders' equity is not hedged since the exposure is considered being of no material importance to Kinnevik.

In addition to the translation exposure existing in the operative subsidiaries, Kinnevik owns shares in listed as well as unlisted companies that engage in foreign operations, such as Millicom, Tele2, MTG and Zalando. The principal exchange rate risk exists in Millicom, a company that reports in USD and conducts operations in Latin America and Africa. On 31 December 2012, the value of the holdings in Millicom was SEK 21,283 m. As for the unlisted holdings, Kinnevik is mainly exposed to EUR, as a result of the investments in Rocket Internet with portfolio companies. A change in the EUR/SEK rate by 5% would have affected the value of the Group's unlisted holdings by SEK 665 m as per 31 December 2012.

Liquidity and financing risk

Kinnevik's liquidity and financing risk is limited because listed shares account for a large part of the Company's assets. On 31 December 2012, the Company also had cash and cash equivalents amounting to SEK 454 m and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 4,575 m.

Kinnevik's refinancing risk is limited by having financing from different sources and loans from a number of different credit institutions with diversified maturities as well as by striving for refinancing of all facilities at least six months prior to maturity. In December 2012, Kinnevik exercised one of the two extension options in the syndicated credit facility of SEK 6,500 m whereby the maturity date was extended until December 2015. Kinnevik also issued a bond amounting to SEK 1,200 m with a tenor of 5 years,

On 31 December 2012, the total amount of existing financing facilities was SEK 7,943 m (11,989) with a average remaining duration of 3.2 (3.1) years. For further details, please refer to note 20.

Note 32 Discontinued operations

On 20 June 2012, Kinnevik announced that an agreement had been reached with Billerud regarding a merger between Korsnäs and Billerud. The transaction was completed on 29 November 2012. In consideration, Kinnevik received a cash payment of SEK 2,752m (before transaction costs); 25% of the shares in the new company BillerudKorsnäs (with a market value of SEK 2,367m on the closing day); and a SEK 500m promissory note (which was used to participate in BillerudKorsnäs's rights issue in December 2012). BillerudKorsnäs also assumed net debt of SEK 5,576m as part of the transaction. All in all, Korsnäs was valued at SEK 11,195m on the closing day.

The divestment of Korsnäs - including 75% of the shares in Latgran Biofuels and 5% of the shares in Bergvik Skog - has been reported separately as discontinued operations in the income statement, with retrospective adjustment of previous periods, as per IFRS 5-Non-current assets held for sale and discontinued operations.

Financial statements

Income statement for discontinued operations

	2012	2011
Revenue	8 206	8 475
Operating costs	-6 788	-7 031
Depreciation	-584	-623
Other operating income and expenses	46	130
Operating profit/loss	**880**	**951**
Dividends received	4	4
Sale of shares in discontinued operations	2 901	-
Change in fair value of financial assets	-49	97
Financial net	-89	-158
Profit/loss after financial items	**3 647**	**894**
Taxes	-174	-192
Net profit for the period	**3 473**	**702**
Earnings per share		
Earnings per share before dilution, SEK	12.49	2.51
Earnings per share after dilution, SEK	12.48	2.51

Cash flow statement for discontinued operations

	2012	2011
Cash flow from operations	1 676	843
Cash flow from investing activities	-653	-855
Cash flow from financing activities	611	-307
Cash flow for the period	**1 634**	**-319**
Gross payment from Billerud	5 331	-
Repayment of Kinnevik's loans from Korsnäs	-2 579	-
Cash consideration	**2 752**	**-**
Transaction costs	-27	-
Cash in Korsnäs at closing	-324	-
Cash flow from discontinued operations	**4 035**	**-319**

At the time of disposal, Korsnäs had the following assets and liabilities:

Fixed assets	
Intangible fixed assets	879
Tangible and biological fixed assets	6 339
Other fixed assets	893
	8 111
Current assets	
Inventories	1 841
Other current assets	918
	2 759
Total assets, excluding cash and cash equivalents	**10 870**
Long-term liabilities	
Interest-bearing loans	2 780
Provision for pensions	481
Deferred tax liability	1 059
Other long-term liabilities	16
	4 336
Current liabilities	1 457
Total liabilities	**5 793**

Note 33 Business combination

On 6 February 2012 Kinnevik made a public offer for all shares and other financial instruments in Metro, which resulted in Kinnevik becoming the principal owner of Metro on 29 March owning 97.1% of the capital on a fully diluted basis. After further share purchases, Kinnevik owned 99.0% of the capital as per 31 December 2012. Kinnevik is consolidating Metro from 31 March 2012, which is the first date on which Metro prepared consolidated financial statements following the acquisition. The acquisition value for all of Metro including Kinnevik's earlier holdings, as well as non-controlling interests has according to the acquisition assessment been calculated at SEK 1,419m including debentures of SEK 492m.

The provisional fair value of the identifiable assets and liabilities of Metro as at the date of acquisition was:

	Fair value recognised on acquisition
Intangible fixed assets	462
Tangible and biological fixed assets	44
Financial assets accounted to fair value through profit and loss	86
Shares in associated companies accounted for using the equity method	40
Trade and other receivables	482
Cash and cash equivalents	388
Total assets	**1 502**
Equity attributable to non-controlling interest	-17
Interest bearing-loans	-546
Trade payables and other liabilities	-484
Total liabilities	**-1 047**
Total identifiable net assets at fair value	455
Goodwill	472
Purchase consideration for shares and warrants	**927**

Analysis of the purchase consideration:

Cash consideration	573
Fair value previously held interest	315
Fair value minority interest	39
Purchase consideration for shares and warrants	**927**

Analysis of cash flow on acquisition:

Net cash acquired with the subsidiary	388
Cash paid for shares and warrants	-573
Net cash outflow from acquisition of shares and warrants	**-185**
Cash paid for debentures	-219
Acquisition of additional shares and warrants	-34
Total cash flow from acquisition of Metro	**-438**

From the date of acquisition, Metro has contributed SEK 1.234m of revenue and SEK 24m in operating profit to Kinnevik. If the business combination had taken place at the beginning of the year, the revenue from Metro would have been SEK 1,541m and the operating profit SEK 73m.

Goodwill from the acquisition totalling SEK 472m is attributable to strategic benefits to further develop Metro's operation outside the stock market, as well as certain synergies that are anticipated to arise from the merging of Metro's operations with certain parts of Kinnevik's other existing operations in selected countries.

Kinnevik's holding in Metro, prior to the acquisition on 29 March 2012, was measured at market value. Consequently, no profit or loss arose as a result of the revaluation to fair value of this holding in connection with the acquisition.

The transaction costs of approximately SEK 16m have been expensed and are included in the administrative expenses in the income statement and are part of operating cash flow in the statement of cash flow.

2011

On 31 May, Kinnevik acquired 68% of the shares in G3 Good Governance Group (G3), a company that provides strategic advice service on emerging markets, for purchase consideration totaling SEK 191m (GBP 18m), including SEK 51m in cash (GBP 5m). Other assets and liabilities comprised fixed assets of SEK 5m, current assets of SEK 58m and operating liabilities of SEK 31m. According to the acquisition analysis, the transaction generated goodwill of SEK 135m in Kinnevik's consolidated financial statements. Shareholders' equity attributable to non-controlling interests at the time of acquisition amounted to SEK 12m (GBP 1m).

During June – December, 2011 G3 contributed SEK 95m and SEK 22m, respectively, to the Group's earnings and profits. If G3 had been part of the Group from 1 January 2011, earnings and profits for 2011 would have been SEK 40m and SEK 8m higher, respectively. Of G3's sales totaling SEK 97m, after Kinnevik's acquisition, SEK 2m pertained to Kinnevik or other companies within the Kinnevik Group.

Parent Company's financial statements

Parent Company Statement of Income for the period 1 January-31 December (SEK m)

	Note	2012	2011
Revenue		20	18
Administration costs		-121	-121
Other operating income		0	2
Operating loss		**-101**	**-101**
Dividends received	2	3 900	3 640
Earnings from financial assets, associated companies	4	28	-663
Earnings from financial assets, subsidiaries	4	-38	2
Interest income and other financial income	3	628	592
Interest expenses and other financial expenses	3	-301	-247
Profit/loss after financial items		**4 116**	**3 223**
Appropriations			
Group contributions, paid		-551	-786
Group contributions, received		251	552
Profit/loss before tax		**3 816**	**2 989**
Taxes	6	-24	-8
Net profit for the year [1]		**3 792**	**2 981**

[1] Net profit corresponds with total comprehensive income

Parent Company Balance Sheet 31 December (SEK m)

	Note	2012	2011
ASSETS			
Tangible fixed assets			
Equipment	7	3	2
Shares and participations in Group companies	9	24 719	18 321
Receivables from Group companies		14 184	14 108
Shares and participations in associated companies	8	12 772	10 118
Shares and participations in other companies	8	29	29
Deferred tax receivables		-	3
Other long-term receivables		-	2
Total fixed assets		**51 707**	**42 583**
Current assets			
Receivables from Group companies		251	553
Other receivables		36	14
Accrued income		1	1
Prepayments		2	1
Cash and cash equivalents		12	1
Total current assets		**302**	**570**
TOTAL ASSETS		**52 009**	**43 153**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	11		
Restricted equity			
Share capital (277,583,190 shares of SEK 0.10 each)		28	28
Premium reserve		6 868	6 868
Unrestricted equity			
Share premium		1 616	1 616
Retained earnings		28 682	27 219
Net result		3 792	2 981
Total shareholders' equity		**40 986**	**38 712**
Untaxed reserves		1	1

	Note	2012	2011
Provisions			
Provisions for pensions		25	27
Other provisions	10	4	4
Total provisions		**29**	**31**
Long-term liabilities			
External interest-bearing loans	12	1 175	421
Liabilities to Group companies		2 002	1 408
Total long-term liabilities		**3 177**	**1 829**
Short-term liabilities			
External interest-bearing loans	12	2 050	1 721
Trade creditors		8	5
Liabilities to Group companies		5 648	786
Other liabilities		69	46
Accrued expenses	13	41	23
Total current liabilities		**7 816**	**2 581**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**52 009**	**43 153**
Pledged assets	**14**	**1 805**	**9 953**
Contingent liabilities	**15**	**1**	**2**

Parent Company Statement of Cash Flow for the period 1 January-31 December (SEK m)

	2012	2011
Operations		
Operating loss	-101	-101
Non-cash items	37	-2
Taxes paid	-29	-1
Cash flow from operations before change in working capital	**-93**	**-104**
Change in operating assets	8	-3
Change in operating liabilities	19	-20
Cash flow from operations	**-66**	**-127**
Investing activities		
Investments in subsidiaries	0	-598
Divestment of subsidiary	5 304	-
Investments in tangible fixed assets	-2	-1
Investments in shares and other securities	-3	-114
Disposals of shares and other securities	0	14
Change in long-term receivables	0	-2
External dividends received	1 721	3 463
Interest received	599	592
Cash flow from investing activities	**7 619**	**3 354**
Financing activities		
Borrowing	3 243	585
Amortisation of loans	-2 141	-971
Change in intra-Group balances	-6 819	-1 382
Interest paid	-301	-212
Dividend paid	-1 524	-1 247
Cash flow from financing activities	**-7 542**	**-3 227**
Cash flow for the year	**11**	**0**
Cash and bank, opening balance	**1**	**1**
Cash and bank, closing balance	**12**	**1**

Movements in Shareholders' equity of the Parent Company (SEK m)

	Share capital	Pre-mium reserve	Un-restric-ted equity	Total
Opening balance, 1 January 2011	**28**	**6 868**	**30 076**	**36 972**
Cash dividend [1]	–	–	-1 247	- 1 247
Effect of employee share saving programme	–	–	6	6
Net result	–	–	2 981	2 981
Closing balance, 31 December 2011	**28**	**6 868**	**31 816**	**38 712**
Cash dividend [2]	–	–	-1 524	-1 524
Effect of employee share saving programme	–	–	6	6
Net result	–	–	3 792	3 792
Closing balance, 31 December 2012	**28**	**6 868**	**34 090**	**40 986**

[1] The Annual General Meeting held on 16 May 2011, resolved in favor of paying a cash dividend of SEK 4.50 per share, a total of SEK 1,247m.

[2] The Annual General Meeting held on 7 May 2012, resolved in favor of paying a cash dividend of SEK 5.50 per share, a total of SEK 1,524m.

Notes to the Parent Company's financial statements

Note 1 Parent Company's accounting principles

The Parent Company's annual accounts have been prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 2 (Reporting for legal entities).

The Parent Company's accounting principles depart from the principles governing consolidated accounting in respect of the valuation of financial instruments and pension liabilities. The Parent Company applies RFR 2 in respect of the option not to observe IAS 39. Financial instruments are thus not valued at fair value as in the Group but at their acquisition cost and after write-down, if any. Pension liabilities are reported in accordance with Swedish principles. From 2012, Group contribution is recognized as Appropriations. Comparative figures for 2011 have been changed according to the new policies. For information concerning related party transactions, refer to Note 28 for the Group.

Note 2 Dividends received

	2012	2011
Subsidiaries	2 179	178
Associated companies		
Modern Times Group MTG AB	90	74
Tele2 AB	1 631	3 388
	3 900	**3 640**

Note 3 Financial income and expenses

	2012	2011
Interest income from third parties	3	3
Interest income from Group companies	595	589
Exchange-rate differences	30	-
Financial income	**628**	**592**
Interest expenses to credit institutions	-138	-68
Interest expenses to Group companies	-126	-144
Exchange-rate differences	-	-5
Other financial expenses	-37	-30
Financial expenses	**-301**	**-247**
Net financial income/expenses	**327**	**345**

Note 4 Earnings from financial assets

	2012	2011
Intra-group sale of shares in CDON Group AB	-	-294
Write-down of shares in associated companies	-	-369
Reversed write-down associated companies	28	-
Total earnings from associated companies	**28**	**-663**
Divestment of Korsnäs AB	-149	-
Write-down of shares in subsidiaries	-	-18
Intra-group sale of shares in Metro International S.A.	78	-
Repaid shareholders contribution, subsidiaries	33	20
Total earnings from subsidiaries	**-38**	**2**

Reversed write-down of shares in associated companies are related to Transcom WorldWide S.A. and are made due to increased market value.

Note 5 Auditors' fees

	2012	2011
To Ernst & Young		
Audit assignments	1.2	0.8
Other services	0.3	0.2
	1.5	**1.0**

Note 6 Taxes

	2012	2011
Tax expenses for the period	0	-6
Adjustments of tax expenses for previous years	-21	-1
Deferred tax related to temporary differences	-3	-1
	-24	**-8**

Reconciliation of effective tax rate

	2012	%	2011	%
Profit/loss before tax	3 816		2 989	
Income tax at statutory rate of Parent Company, 26.3%	-1 004	-26.3%	-786	-26.3%
Earnings from participations in associa-ted companies	-10	-0.3%	-77	-2.6%
Non-taxable dividends received	1 026	27.0%	958	32.0%
Tax attributable to previous years	-21	-0.6%	-1	0.0%
Write-down of shares in associated companies	-	-	-97	-3.2%
Reversed write-down of shares in sub-sidiaries and associated companies	7	0.2%	-	-
Other non-taxable expenses	-1	-0.0%	-5	-0.2%
Reversed deferred tax asset	-2	-0.1%		
Charge non-capitalized loss carry-forward	-19	-0.5%	-	-
Effective tax/tax rate	**-24**	**-0.6%**	**-8**	**-0.3%**

Note 7 Tangible fixed assets

	2012	2011
Equipment		
Opening acquisition values	5	4
Investments for the year	2	1
Disposals/scrapping for the year	-1	0
Closing acquisition values	**6**	**5**
Opening accumulated depreciation	-3	-2
Disposals/scrapping for the year	1	0
Depreciation for the year	-1	-1
Closing accumulated depreciation	**-3**	**-3**
Closing book value	**3**	**2**

Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares, 2012	2012 Capital/ voting (%)	Book value	2011 Capital/ voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11	33	11
BillerudKorsnäs AB	556025-5001	Stockholm	51 827 388	25	2 868	-	-
Marma Skog 31 AB	556580-2203	Gävle	500	50/50	3	-	-
Metro International S.A.		Luxembourg			-	44/40	139
Metro International S.A. warrants		Luxembourg			-	-	106
Modern Cartoons Ltd		USA	2 544 000	23	0	23	0
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/38	1 133	15/38	1 133
Shared Services S.A.		Luxembourg	200	30	0	30	0
Tele2 AB	556410-8917	Stockholm	125 481 525	28/37	8 601	28/37	8 601
Transcom WorldWide S.A.		Luxembourg	277 868 867	22/29	156	22/29	128
					12 772		**10 118**

Other companies	Reg. no.	Registered office	Number of shares	2012 Capital/ voting (%)	Book value	2011 Capital/ voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	26	18	26
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	2	19	2
Tenant-owner apartments					1		1
					29		**29**

Change in book value, shares and participations in associated companies

	2012	2011
Opening acquisition value,1 January	11 604	11 796
Investments for the year	2 871	114
Disposals, Group internal	-1 471	-306
Other	-21	-
Closing acquisition value, 31 December	**12 983**	**11 604**
Opening write-down, 1 January	-1 486	-1 117
Write-down for the year	-	-369
Reversed write-down for the year	28	-
Disposals, Group internal	1 226	-
Other	21	-
Closing write-down, 31 December	**-211**	**-1 486**
Closing book value, 31 December	**12 772**	**10 118**

Note 9 Shares and participations in Group companies

Shares and participations in direct-owned subsidiaries

	Reg no	Registered office	Number of shares	Capital/ voting (%)	2012	2011
Assuransinvest AIA AB	556051-6238	Stockholm	295 384	100/100	0	93
Audit Value International AVI AB	556809-6308	Stockholm	50 000	100/100	4	4
Emesco AB	556035-3749	Stockholm	1 635	100/100	7 692	7 692
G3 Good Governance Ltd		UK	1 323	68/68	173	174
Invik & Co. AB	556061-4124	Stockholm	7 000	100/100	0	0
Invik S.A.		Luxembourg	551 252	100/100	182	630
Kinnevik UK Ltd		UK	1 000	100/100	2	2
Förvaltnings AB Eris & Co.	556035-7179	Stockholm	1 020 000	100/100	166	166
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	1 175	-
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	7 933	1 239
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	7 391	-
Korsnäs AB	556023-8338	Gävle	53 613 270	100/100	-	8 320
Kinnevik Radio AB	556237-4594	Sollentuna	7 500	100/100	1	1
Book value					**24 719**	**18 321**

Reconciliation of the book value of shares in subsidiaries

	2012	2011
Opening acquisition value, 1 January	19 541	18 927
Shareholders' contribution	15 261	420
Deduction of capital	-542	-
Acquisitions	-	195
External disposals	-8 321	-
Internal disposals	-	-1
Closing acquisition value, 31 December	**25 939**	**19 541**
Opening write-down, 1 January	-1 220	-1 202
Reversed write-downs for the year	-	-18
Closing write-down, 31 December	**-1 220**	**-1 220**
Closing book value, 31 December	**24 719**	**18 321**

Over and above the direct-owned shares and participations of the Parent Company the following companies are included in the Group:

	Reg.no.	Registered office	Capital/voting (%)
Audit Value International B.V.		Netherlands	100/100
Duego Technologies AB	556820-3110	Gothenburg	70/70
Duego Ltd		Malta	70/70
Proven UK Ltd		UK	68/68
G3 Good Governance (US) Corporation		USA	68/68
Palmer Data Technologies Ltd (under G3)		UK	54/54
Guider Media Group Europe AB	556800-3205	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Plonvik Sp. z o.o.		Poland	100/100
Rolnyvik Sp. z o.o.		Poland	100/100
Kinnevik Consumer Finance AB	556833-3917	Stockholm	100/100
Kinnevik Holding SA		Luxembourg	100/100
Kinnevik Mauritius Ltd		Mauritius	100/100
Kinnevik Media Holding AB	556880-1590	Stockholm	100/100
Kinnevik Online AB	556815-4958	Stockholm	100/100
Kinnevik Internet Holding AB	556865-2779	Stockholm	100/100
Kinnevik Internet 1 AB	556884-6470	Stockholm	100/100
Kinnevik Internet 2 AB	556884-6462	Stockholm	100/100
Kinnevik Internet 3 AB	556890-5003	Stockholm	100/100
Kinnevik Internet 4 AB	556890-5540	Stockholm	100/100

	Reg.no.	Registered office	Capital/voting (%)
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Invik Mauritius Ltd		Mauritius	100/100
Millcellvik AB	556604-8285	Stockholm	100/100
Milvik AB	556849-6250	Stockholm	56/56
Millvik Ghana Ltd		Ghana	56/56
Milvik Mauritius Holding Ltd		Mauritius	56/56
Milvik Tanzania Ltd		Tanzania	56/56
Milvik Senegal SARL		Senegal	56/56
Milvik Bangladesh Ltd		Bangladesh	56/56
Relevant Traffic Europe AB	556618-1987	Stockholm	99/99
Saltside Technologies AB	556852-1669	Gothenburg	78/78
Saltside Technologies JLT		Dubai	78/78
Vireo Energy AB	556798-5907	Stockholm	78/78
Vireo Energy Polska Sp. z.o.o		Poland	78/78
Vireo Energy Sierakowa Sp. z.o.o		Poland	78/78
Vireo Energy, foreign limitied liability company		Belarus	78/78
Metro International S.A.		Luxembourg	98/98
Metro International Luxembourg Holding S.A.		Luxembourg	100/100
Metro International UK Ltd		UK	100/100
Metro International Sweden AB	556573-4000	Stockholm	100/100
Metro International AB	556275-8853	Stockholm	100/100
Offerta AB	556743-5887	Stockholm	70/70
SaveMyDay Online Services AB	556844-2809	Stockholm	100/100
Metro Scandinavia Holding AB	556345-1573	Stockholm	65/65
Metro Sweden Media AB	556877-3104	Stockholm	65/65
Metro Sweden Holding AB	556625-7530	Stockholm	65/65
Metro Nordic Sweden AB	556585-0046	Stockholm	65/65
Tidnings Aktiebolaget Metro	556489-1678	Stockholm	65/65
Metro Göteborg Försäljnings AB	556716-1277	Stockholm	65/65
Tidnings AB Metro Göteborg	556716-1285	Stockholm	65/65
Metro Xpress Denmark A.S.		Denmark	51/51
Distributionskompagniet ApS		Denmark	51/51
Soundvenue A.S.		Denmark	31/31
Clarita B.V.		Netherlands	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italiy	100/100
Metro Publicita Sarl		Italiy	100/100
Metronews S.L.		Spain	100/100
Vi&Bo Russian Press Services Ltd		Cyprus	100/100
CJSC Publishing House Three Crowns		Russia	100/100
Metro USA Inc		USA	100/100
Publimetro S.A.		Chile	100/100
Inversiones Pro Medios Limitida		Chile	100/100
SubTV S.A.		Chile	100/100
Administardora de Franquicias S.A.		Guatemala	100/100
Publimetro Colombia S.A.S.		Colombia	51/51
Publicaciones Metropolitanas S.A. de CV		Mexico	73/73
Metro do Brasil Consultoria Administrativa e Editorial e Participações Ltda		Brasil	100/100
Publimetro Puerto Rico LLC		Puerto Rico	70/70
Metro Investment Holding Ltd		Hongkong	100/100
Metro Publishing Hong Kong Ltd		Hongkong	100/100
Metro Logistic Ltd		Hongkong	100/100
Metro Gift Box Company Ltd		Hongkong	100/100
Metro Print Advertising Ltd		Hongkong	100/100
Metro Interactive Advertising Ltd		Hongkong	100/100
P4L Ltd		Hongkong	100/100

Note 10 Other provisions

	2012	2011
Environmental studies	4	4
	4	**4**
Long-term	4	4
	4	**4**

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5 m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which approximately SEK 1.2 m was used in 2010 to 2012.

Note 11 Shareholders' equity

Change in shareholders' equity from the preceding year's balance sheet are presented in Movements in Shareholders' equity of the Parent Company.

Share capital

Investment AB Kinnevik's share capital as of 31 December 2012 was distributed among 277,583,190 shares with a par value of SEK 0.10 per share.

Distribution by class of shares was as follows

	Number of shares	Par value (SEK 000s)
Outstanding Class A shares	48 665 324	4 867
Outstanding Class B shares	228 517 952	22 851
Class B shares in own custody	135 332	14
Class C shares in own custody	264 582	26
Registered number of shares	277 583 190	27 758

During 2011, 25,086 class C shares were converted to class B shares and delivered to the participants in the Long Term Incentive Plan for 2008.

During 2012, 135,332 class C shares were converted to class B shares to be delivered to the participants in the Long Term Incentive Plan for 2009. Those shares were not yet delivered on 31 December 2012.

One class A share entitles to ten votes, one class B share to one vote and one class C share to one vote. All class A shares and class B shares provide equal rights to participation in Kinnevik's assets and earnings. Class C shares are not entitled to dividend.The total amount of votes in Kinnevik is 715,571,106.

Shareholders including Verdere S.à.r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust together holding shares representing 46.2% of the votes and 11.9% of the share capital in Kinnevik, have informed the Company that they have an agreement regarding coordinated voting of their shares. Verdere S.à.r.l is owned, directly and indirectly, by Cristina Stenbeck and Max Stenbeck, 50% each.

The Board was authorized by the AGM 2012 to repurchase a maximum of 10% of all shares in the Company. During the year no shares were bought back. There are no convertibles or warrants in issue.

Regarding share based long-term incentive plans (LTIP) refer to Note 29 for the Group.

Note 12 Interest-bearing loans

Interest-bearing long-term loans

	2012	2011
Bonds	1 199	425
Accrued borrowing costs	-24	-4
	1 175	**421**

Interest-bearing short-term loans

	2012	2011
Commercial paper program	843	-
Liabilities to credit institutions	1 207	1 721
	2 050	**1 721**

For further information about the Parent Company's interest bearing loans refer to Note 20 for the Group.

Note 13 Accrued expenses

	2012	2011
Accrued personnel expenses	24	16
Accrued interest expenses	10	0
Other	7	7
	41	**23**

Note 14 Pledged assets

	2012	2011
For liabilities to credit institutions		
Shares in subsidiaries	-	8 320
Shares in associated companies and other companies	1 805	1 633
	1 805	**9 953**

Listed shares in associated companies have been pledged in favor of a number of banks for the parent company's financing. There were no outstanding debt secured by those pledged assets at the end of the year.

Note 15 Contingent liabilities

	2012	2011
Sureties and guarantees for subsidiaries	-	1
Guarantee commitments, FPG	1	1
	1	**2**

Refer also to Note 10 regarding costs for decontamination of contingent contamination damages.

Note 16 Intra-group transactions

Intra-group revenue for the Parent Company amounted to SEK 17m (18) of which refer to invoicing of management fee to Korsnäs AB of SEK 11m (12) and Kinnevik New Ventures AB of SEK 6m (6). During 2012 the shares and warrants in Metro was sold to the subsidiary Kinnevik Media Holding AB for a total purchase price of SEK 323m.

The Parent Company and the Swedish subsidiaries have their liquidity arranged through central bank accounts in different currencies. In addition, the Parent Company has a number of loans to subsidiaries. Market rate of interest are charged for all those balances.

Note 17 Personnel

Average number of employees

	2012 men	2012 women	2011 men	2011 women
Parent Company				
Stockholm	8	9	5	7

Salaries, other remuneration and social security expenses (SEK 000s)

	2012 Board, CEO and other senior executives	2012 Other employees	2011 Board, CEO and other senior executives	2011 Other employees
Salaries and other remuneration	31 848	9 075	23 725	4 631
Social security expenses [1]	14 551	4 366	10 762	3 160
- of which pension expense [1]	4 545	1 515	3 306	1 705
Provision for share-based remuneration	7 826	1 925	5 873	1 093

[1] Board, CEO and other senior executives includes former employees.

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 29 for the Group.

Note 18 Financial assets and liabilities by category

2012	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	14 436		14 436
Receivables from associated companies	-	-		0
Shares and participation in other companies	29	-		29
Interest-bearing receivables	-	-		0
Other receivables	-	7		7
Short-term investments	-	-		0
Cash at bank	-	12		12
Total financial assets	**29**	**14 455**		**14 484**
Interest-bearing liabilities			3 225	3 225
Liabilities to Group companies			7 650	7 650
Trade creditors			8	8
Other liabilities			44	44
Total financial liabilities			**10 927**	**10 927**

2011	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	14 661		14 661
Receivables from associated companies	-	-		0
Shares and participation in other companies	29	-		29
Interest-bearing receivables	-	-		0
Other receivables	-	14		14
Short-term investments	-	-		0
Cash at bank	-	1		1
Total financial assets	**29**	**14 676**		**14 705**
Interest-bearing liabilities			2 142	2 142
Liabilities to Group companies			2 194	2 194
Trade creditors			5	5
Other liabilities			53	53
Total financial liabilities			**4 394**	**4 394**

Fair value

For financial assets which are valued at accrued acquisition value and are charged with floating rate or have short-term maturity, the book value correspond to fair value.

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Board of Director's Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm, 26 March 2013

Cristina Stenbeck
Chairman of the Board

Tom Boardman
Member of the Board

Vigo Carlund
Member of the Board

Dame Amelia Fawcett
Member of the Board

Wilhelm Klingspor
Member of the Board

Erik Mitteregger
Member of the Board

Allen Sangines-Krause
Member of the Board

Mia Brunell Livfors
President & CEO

Our Audit Report was issued on 26 March 2013
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders of Investment AB Kinnevik (publ), corporate identity number 556047-9742

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Investment AB Kinnevik (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included on pages 31-75.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the balance sheet of the parent company as of 31 December 2012 and of its statement of income and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company. We also recommend that the annual meeting of shareholders adopt the consolidated statement of income and the consolidated balance sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Investment AB Kinnevik (publ) for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 26 March 2013

Ernst & Young AB

Thomas Forslund

Authorized Public Accountant

Definitions of financial key ratios

Operating margin
Operating income divided by revenue.

Capital employed
Total assets less non-interest-bearing liabilities less deferred tax liability.

Return on capital employed
Income after financial items plus interest expenses divided by average capital employed.

Return on shareholders' equity
Net profit divided by average shareholders' equity.

Equity/assets ratio
Shareholders' equity, including minority holding as a percentage of total assets.

Net debt
Interest-bearing liabilities including provisions for pensions less total interest-bearing receivables, short-term investments and cash and cash equivalents.

Debt/equity ratio
Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity.

Risk capital ratio
Shareholders' equity including minority interest in shareholders' equity and deferred tax liability divided by total assets.

Average number of shares
Balanced average of number of shares outstanding during the year, adjusted for share issues, splits and buybacks.

Earnings per share
Net profit for the year, attributable to equity holders of the Parent Company, divided by average number of shares.

Shareholders' equity per share
Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of shares.

Market price
Market price at 31 December adjusted for share issues and splits.

Dividend per share
Paid or proposed dividend per share adjusted for share issues and splits.

Dividend yield
Dividend divided by market price at 31 December.

Net Asset Value
Listed Holdings are valued based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.
The value of unlisted companies is based on generally accepted valuation principles such as discounted cash-flow models, multiple valuation using EBIT, net profit etc.

Board of Directors

The Board of Directors and Chief Executive Officer of Investment AB Kinnevik.

Left to right: Dame Amelia Fawcett, Mia Brunell Livfors, Tom Boardman, Wilhelm Klingspor, Vigo Carlund, Erik Mitteregger, Cristina Stenbeck and Allen Sangines-Krause.

For information about individual directors, please refer to pages 36-37.

Senior Executives

Top feft to right: Henrik Persson, Jonas Kjellberg, Mikael Larsson and Joakim Andersson.
Bottom left to right: Torun Litzén, Mia Brunell Livfors and Anders Kronborg.

Mia Brunell Livfors *President and Chief Executive Officer Investment AB Kinnevik*
Studies in Business Administration at Stockholm University, born 1965. Various managerial positions within Modern Times Group MTG AB 1992-2001 and Chief Financial Officer 2001-2006. President and CEO of Investment AB Kinnevik since 2006.
Chairman of the Board of Metro International S.A. since 2008, member of the Board since 2006. Member of the Board of Tele2 AB since 2006, Millicom International Cellular S.A. and Modern Times Group MTG AB since 2007, H & M Hennes & Mauritz AB since 2008, CDON Group AB since 2010 and BillerudKorsnäs AB since 2012 (member of the Board of Korsnäs AB 2006-2012).
Shareholding: 20,125 class B shares.

Henrik Persson *Head of New Investments*
Studies in Business Administration, Lund University, born 1974. Employed since 2004. Director Corporate Communications 2004-2007.
Member of the Board of Black Earth Farming Ltd since 2006, Avito Holding AB and Bayport Management Ltd since 2009, CDON Group AB since 2010 and Milvik AB since 2011.
Shareholding: 1,000 class A shares and 7,887 class B shares.

Mikael Larsson *Chief Financial Officer*
Graduate in Business Administration, Uppsala University, born 1968. Employed since 2001.
Member of the Board of Bergvik Skog AB since 2008, Vireo Energy AB since 2010 and Transcom WorldWide S.A. and BillerudKorsnäs AB since 2012.
Shareholding: 8,111 class B shares.

Anders Kronborg *Chief Operating Officer*
Graduate in Economics University of Copenhagen, born 1964. Employed since 2012. CFO of Metro International S.A. since 2007.
Member of the Board of Millicom International Cellular S.A., Vireo Energy AB, G3 Good Governance Group Ltd and co-opt Member of Board of Black Earth Farming Ltd since 2012.
Shareholding: -

Jonas Kjellberg *Business Area Manager Online*
Graduate in Business Administration, Uppsala University, Graduate in Engineering, KTH Royal Institute of Technology, born 1971. Employed since 2012.
Co-opted Member of Board of CDON Group AB since 2012.
Shareholding: 10,000 class B shares.

Torun Litzén *Director Corporate Communications*
Graduate in Business Administration, Stockholm School of Economics, born 1967. Employed since 2007.
Shareholding: 5,887 class B shares.

Joakim Andersson *Group Treasurer*
Graduate in Business Administration, Växjö University, born 1974. Employed since 2007.
Various positions within Banque Invik Luxembourg Filial 2001-2007 and Branch Manager 2006-2007.
Shareholding: 5,098 class B shares.

Annual General Meeting 2013

Date and venue

The Annual General Meeting will be held on Monday, 13 May 2013, at 10:00 a.m. at the Hotel Rival, Mariatorget 3, Stockholm. The doors will open at 9:00 a.m. and registration will be conducted until 10:00 a.m., when the doors will be closed.

Who is entitled to participate?

Shareholders who intend to participate at the Annual General Meeting shall
– be entered in the share register maintained by Euroclear Sweden AB on Monday, 6 May 2013
– give notice of their attendance no later than Monday, 6 May 2013, at 3:00 p.m.
Shareholders cannot vote or, in any other way, participate on distance.

How to be entered in the register of shareholders

Shares can be registered in the share register maintained by Euroclear Sweden AB in the name of the owner or the nominee. Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name to be entitled to participate in the Annual General Meeting. Shareholders requiring such re-registration must inform the nominee of this in sufficient time prior to 6 May 2013.

How to notify intention to participate

Shareholders can notify the Company of their intention to participate by using one of the following alternatives:
– through the Company's website, www.kinnevik.se
– by writing to the Company at: Investment AB Kinnevik, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden
– by telephone, +46 (0) 771 24 64 00, from 9 April, weekdays from 9:00 a.m to 4:00 p.m.

Notification should include the following information:

– Name
– Personal identification number/corporate registration number
– Address and telephone number
– Shareholding
– Representatives, if applicable

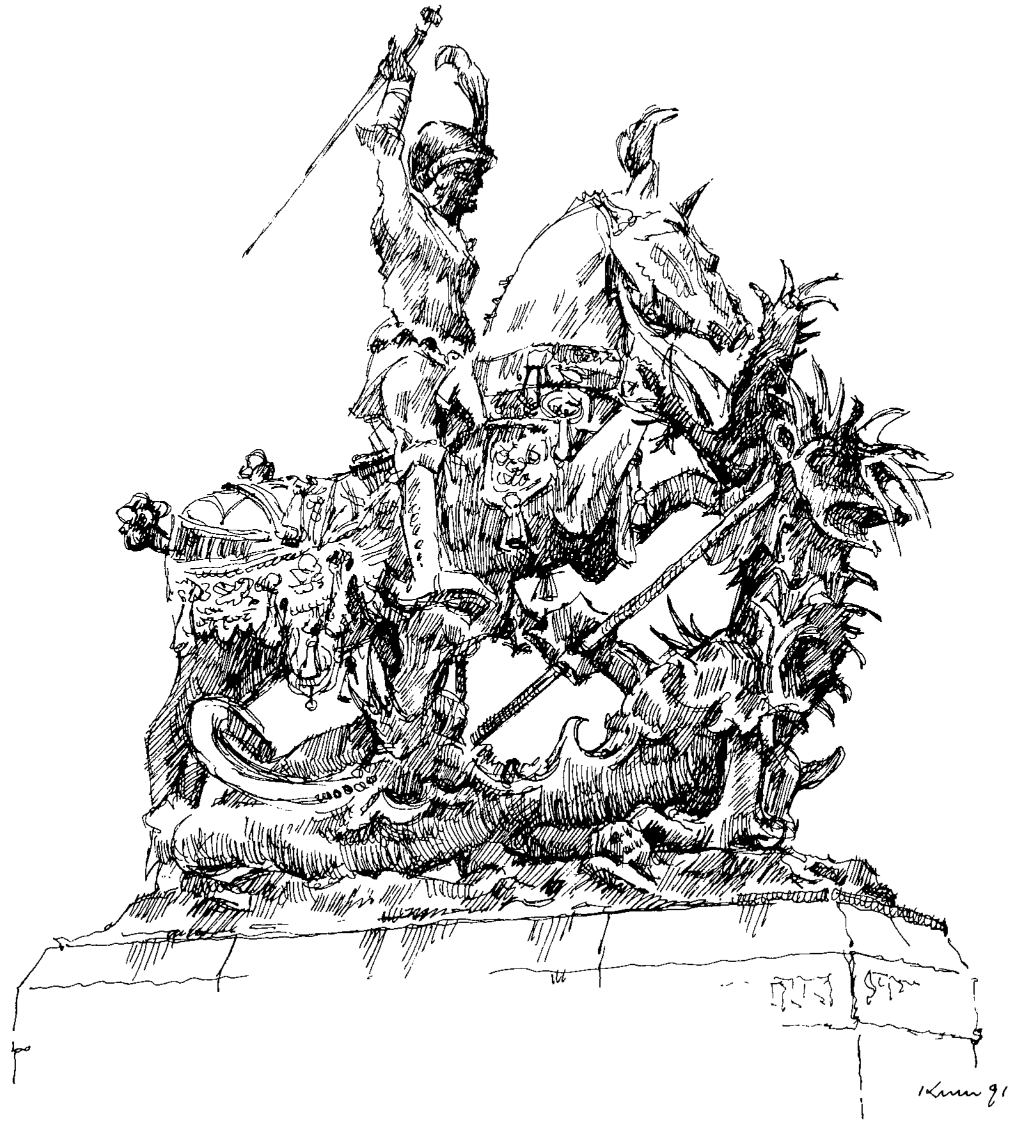
If participation is based on written power of attorney, this should be submitted in conjunction with notification of participation in the Annual General Meeting. A template proxy form is available on the Company's website at www.kinnevik.se. Notification must be submitted to the Company no later than Monday, 6 May 2013 at 3:00 p.m.

Nomination Committee

In accordance with the resolution of the 2012 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee is comprised of Cristina Stenbeck, Max Stenbeck on behalf of Verdere Sàrl, Wilhelm Klingspor on behalf of the Klingspor family, Ramsay Brufer on behalf of Alecta, and Edvard von Horn on behalf of the von Horn family.
Information about the work of the Nomination Committee can be found on Kinnevik's corporate website at www.kinnevik.se.

Financial information

Interim Report January-March, 19 April 2013
Interim Report January-June, 19 July 2013
Interim Report January-September, 23 October 2013
Year-end Report 2012, February 2014
Annual Report for 2013, April 2014
Annual General Meeting, May 2014



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