

SWECO AB (publ)

Interim report January-September 2005

Strong operating profit and improved operating margin

- **Operating profit grew by 29 per cent to SEK 179.0 (139.0) million**
- **Net sales were up by 7 per cent to SEK 2,416 (2,266) million**
- **Operating margin was 7.4 per cent (6.1)**
- **Profit before tax totalled SEK 231.5 (157.8) million**
- **Profit after tax reached SEK 175.9 (115.4) million, equal to SEK 10.18 (6.62) per share**

Comments from Bo Jansson, Acting Managing Director:

– SWECO has continued to perform well. Operating profit for the nine-month period was the highest in the company's history.

– We have strengthened our market positions and won a number of large and prestigious assignments both in the Nordic countries and growth markets of Eastern Europe. For example, SWECO has been chosen to develop the gas and oil sector in the Ukraine and Poland. In Russia, we have been selected to present an architectural design proposal for a whole new urban district outside St. Petersburg for 35,000 residents. In Sweden, SWECO has been commissioned for detail planning of a natural gas pipeline from Norrköping to Oxelösund.

– We are actively participating in the ongoing international structural transformation of the industry, where the goal is to continue growing in the Nordic region and Eastern Europe. During the period, we acquired the Russian environmental consultancy Lenvodokanalproekt in St. Petersburg and two smaller engineering consultancies in Norway that will strengthen SWECO's expertise in electrical and telecommunications engineering.

– In view of our strong position and robust demand for the majority of SWECO's services, our outlook for the rest of the year remains bright.

PROFIT AND FINANCIAL POSITION

Net sales and profit

The SWECO Group's net sales for the period January-September are reported at SEK 2,415.7 (2,266.1) million, an increase of 7 per cent.

SWECO carried out assignments outside Sweden for a total of SEK 988.8 (873.1) million. International assignments accounted for 41 (39) per cent of net sales.

Profit summary, SEK m	2005, 9 mths	2004, 9 mths
SWECO FFNS (Architecture)	17.4	14.7
SWECO BLOCO (Structural Engineering)	8.8	-1.2
SWECO Theorells (Building Service Systems)	10.8	6.1
SWECO VBB (Transportation & Civil Engineering)	24.9	18.4
SWECO VIAK (Water & Environment)	27.1	30.1
SWECO Projekttledning (Project Management)	8.6	9.1
SWECO Energuide (Energy)	18.8	10.6
SWECO Position (Geographical Information Systems)	3.2	3.3
SWECO Grøner (Norway) *	26.4	22.6
SWECO PIC (Industrial Engineering)	36.0	32.3
Group-wide, etc.	-3.0	-7.0
Operating profit	179.0	139.0
Consolidated net financial items	52.5	18.8
Profit before tax	231.5	157.8

* Energy, Water & Environment, Structural and Industrial Engineering, Transportation, Civil Engineering and Building Service Systems.

Operating profit was SEK 179.0 (139.0) million, an increase of 29 per cent. SWECO VIAK's profit for the previous year was bolstered by a capital gain of SEK 10.0 million on the sale of the environmental laboratory SWECO Ecoanalys.

The Group's operating margin was 7.4 (6.1) per cent. The billing ratio, including all administrative personnel, rose by 2.1 percentage points to 73.8 (71.7) per cent.

Profit before tax was SEK 231.5 (157.8) million. The Group's net financial items totalled SEK 52.5 (18.8) million. Revaluation of listed equities strengthened the period's net financial items by SEK 50.4 (17.3) million.

Profit after tax amounted to SEK 175.9 (115.4) million, of which SEK 172.0 (110.8) million was attributable to equity holders in the Parent Company. Profit was charged with a tax rate of 24 per cent (30). The low tax rate is due to the fact that gains arising on revaluation of listed equities are not taxable.

Return on equity was 31.8 per cent and return on capital employed was 32.8 per cent.

Earnings per share

Earnings per share were SEK 10.18 (6.62). After dilution, the corresponding figure was SEK 10.18 (6.52).

Capital expenditure

The Group's net expenditure on equipment during the period totalled SEK 42.2 (33.7) million and referred primarily to computers and other IT investments. Depreciation of equipment amounted to SEK 37.5 (37.0) million.

Cash flow and financial position

The Group's cash flow from operating activities was strong at SEK 142.3 (-4.5) million.

Liquid assets and short-term investments totalled SEK 322.1 (128.8) million. Interest-bearing liabilities were reported at SEK 219.0 (242.7) million. The net interest-bearing receivable was SEK 118.1 million, compared with a net liability of SEK 95.1 million at the same date of 2004.

Shareholder dividends of SEK 67.6 (49.7) million were paid out during the period.

The equity/assets ratio amounted to 42.0 (38.0) per cent and the interest coverage ratio was 36.0 (22.6).

Personnel

The number of employees at the end of the period was 3,764 (3,563). The average number of employees in the Group during the period was 3,623 (3,435).

Third quarter

Net sales for the third quarter reached SEK 682.9 (688.7) million. Operating profit improved to SEK 36.2 (32.5) million and the operating margin to 5.3 (4.7) per cent. The billing ratio was 73.0 (72.3) per cent.

Due to changed accounting of PI-Rauma, which is 50%-owned by SWECO PIC (see section on accounting principles), net sales were negatively affected by amount of SEK 14.6 million and operating profit by SEK 2.4 million during the quarter.

Parent Company

The Parent Company reported net sales of SEK 47.9 (42.9) million, all of which referred to intra-group services. Profit after net financial items was SEK 70.4 (21.3) million. Capital expenditure on equipment amounted to SEK 0.6 (1.7) million and liquid assets at the end of the period totalled SEK 26.9 (16.6) million.

The SWECO share

The bid price for the SWECO class B share at the end of the period was SEK 179, representing an increase of 41 per cent since year-end 2004. The OMX Stockholm General Index rose by 23 per cent over the same period.

The SWECO share is quoted on O list of the Stockholm Stock Exchange.

The total number of shares is 17,082,870, consisting of 15,205,055 class B shares and 1,877,815 class A shares. After deduction of repurchased shares, the total number of number of shares at the end of the period was 16,890,270, consisting of 15,012,455 class B and 1,877,815 class A shares. Full exercise of the warrant series 2005/2008 would increase the number of class B shares by 289,000, corresponding to a dilution effect of 1.7 per cent of the share capital and 0.9 per cent of the votes.

Holding of own shares

SWECO holds 192,600 of its own repurchased class B shares. The shares were bought back during 2004 at an average price of around SEK 91.40 each, for a total of SEK 17.6 million. The market value at 30 September was SEK 34.5 million. The repurchased shares correspond to 1.1 per cent of the total number of shares and 0.6 per cent of the votes.

THE MARKET

The international economy has continued to improve. High energy prices are creating a more instable market that is generating both greater uncertainty and increased business opportunities for SWECO.

The majority of SWECO's areas of operation are experiencing strong demand, although Nordic investments in the pulp and paper industry are declining as production is migrated to other parts of the world.

The assessment is that the market as a whole will remain strong throughout the remainder of the year, with continued robust demand for qualified consulting services.

Sweden

Building-related services have shown sustained positive development with substantial planning and design volumes, for example in the residential and infrastructure sectors. Demand for qualified consulting services in the environmental sector is also keen. Rising investments in both production and distribution are being noted the energy sector. In the industrial sector, growth in demand is anticipated primarily in the mining, telecom and food industries, which is expected to stimulate demand for consulting services.

Norway

The Norwegian economy is showing positive development with rising investment in both the public and private sectors. The level of activity in the building sector is favourable. In the infrastructure sector, planning and design volumes are large and development in the water and environment and energy sectors is expected to remain strong. Demand is weak in certain parts of the offshore market.

Finland

Finland is seeing a growing demand for consulting engineering services. In the infrastructure sector, major new investments are planned in areas such as the road network. Building activity has increased further with regard to construction of both housing and public facilities such as hospitals, schools, etc. The industrial sector continues to offer good market conditions for SWECO, for example in the electronics industry. However, a growing share of industrial investments are being moved overseas, above all in the pulp and paper and engineering industries.

Outside the Nordic region

The global trend of urbanisation and industrialisation is stimulating robust demand for many of SWECO's services.

Demand for qualified environmental services has continued to grow in Central and Eastern Europe, where the need for environmental improvements is urgent. Rising investment has been noted in the industrial sectors of Eastern Europe, Asia and South America. China is showing a growing interest in SWECO's architectural and urban planning services. Global demand for qualified consulting services in the energy sector is expected to remain strong.

OPERATIONS

SWECO is the Nordic region's leading consulting company with combined expertise in consulting engineering, environmental technology and architecture. Engineers, architects and environmental experts in the SWECO companies are working together to build a safer, more ecologically sustainable and growing society. Every year SWECO carries out some 25,000 assignments on behalf of 6,000 clients, of which international operations account for a rising share. SWECO has subsidiaries in eight countries and projects currently under way in more than 45 countries worldwide.

During the third quarter, SWECO was awarded several major assignments both in Sweden and abroad.

In Sweden, SWECO has been commissioned by E. ON. for detail planning of an 85 km natural gas pipeline from Norrköping to Oxelösund. The assignment will be carried out in collaboration between SWECO Projektledning, SWECO VBB, SWECO VIAK and SWECO Position.

SWECO VBB has been awarded a contract worth an estimated SEK 7 million to plan and design parts of Road 293 in the Dalarna region of central Sweden. The assignment is being carried out on behalf of the Swedish National Road Administration.

SWECO Theorells has been selected to plan and design new building service systems at Scania Technical Centre in Södertälje, Sweden. The assignment includes engineering design of ventilation, piping, control and monitoring systems in some fifty test cells for collection and analysis of engine performance data.

SWECO Projekttledning has signed a 5-year contract with MKB Fastighets AB in Malmö for the delivery of technical consulting services. The order has an estimated value of around SEK 50 million over the term of the contract.

SWECO FFNS Arkitekter has been chosen to present a design proposal for the large-scale Baltic Pearl development project outside St. Petersburg, containing residential, retail and public facilities. This new district with housing for around 35,000 will be a modern addition to the St. Petersburg cityscape.

SWECO is continuing to win consulting assignments in the fast-growing Russian market. In a new assignment, SWECO VIAK has been commissioned to upgrade and modernise the water and wastewater systems of two mid-sized Russian cities. The contract is worth close to SEK 7 million.

SWECO VIAK has also been awarded assignments to treat contaminated soil and modernise systems for water and wastewater in Estonia. The contracts are worth a total of around SEK 10 million.

SWECO PIC Oy has been awarded two major assignments to improve development of the oil and gas sector in the Ukraine and Poland. The projects will be executed by two international consortia led by SWECO PIC. The assignments require high level technical, financial, economic and legal expertise in the oil and gas sector. The projects are being financed by the European Commission and have a total value of around SEK 47 million.

SWECO Grøner has acquired two Norwegian engineering consultancies in the building service systems area: Lassen & Bjervig with 11 employees and P.Å Elektro Forum with 7 employees. The motive for the acquisitions is to strengthen SWECO Grøner's expertise in electrical and telecommunications engineering. The acquired companies will be integrated into SWECO Grøner's Building Service Systems division.

SWECO VIAK has acquired 50 per cent of the Russian environmental consultancy Lenvodokanalproekt, giving SWECO a valuable local presence in the fast-growing Russian market.

Lenvodokanalproekt is based in St. Petersburg and currently has some 60 employees. The company operates nationwide and is the leading provider of consulting services for water and environmental engineering in northwestern Russia. SWECO carried out its first Russian assignment in St. Petersburg more than 100 years ago, and is currently involved in some 20 projects throughout the country.

SWECO's holding in Lenvodokanalproekt is consolidated in the Group with effect from October 2005. SWECO VIAK has an option to acquire the remaining shares in the company.

SUBSEQUENT EVENTS

In consultation with Wigon Thuresson, the Board of Directors has today decided that he will resume his duties as Managing Director and CEO of SWECO on 1 November 2005.

ACCOUNTING PRINCIPLES

IAS and IFRS

This interim report has been prepared in compliance with IAS 34, Interim Financial Reporting. According to the IAS directive, all listed companies are required to apply International Financial Reporting Standards (IFRS) to their consolidated financial statements for accounting periods beginning on or after 1 January 2005. Consequently, this report is presented in accordance with the IFRSs endorsed by the European Commission and interpretations issued by the IFRIC. The anticipated effects on the comparison figures for 2004 and a description of changed principles are presented separately in this report.

IAS 32 and IAS 39, both of which deal with reporting of financial instruments, are applied with effect from 1 January 2005. No restatement of comparative information for 2004 is required under IAS 32 and IAS 39.

The quarterly report for January-March 2005 contains a description of the effects of IFRS transition at 1 January 2004, the effects on key ratios for 2004 and a description of the effects of the adopt of IAS 32 and IAS 39 at 1 January 2005. The most significant differences and application of the transitional rules are described in the annual report for 2004.

IFRS are subject to ongoing review and endorsement by the EU, and may therefore be revised in the future.

Consolidated accounts

PI-Rauma Oy, which is 50 per cent owned by SWECO PIC, is regarded as a joint venture and is reported in accordance with the proportional method from the date of consolidation on 1 July 2005. According to this method, only 50 per cent of the company's income statement and balance sheet are included in the consolidated accounts. This change has reduced net sales by SEK 14.6 million and operating profit by SEK 2.4 million. In the balance sheet, total assets are reduced by SEK 25.5 million, liquid assets by SEK 9.1 million and minority interest in equity by SEK 7.7 million.

OUTLOOK FOR 2005

SWECO will continue to take measures to strengthen its market positions and enhance internal efficiency. In view of this and stable demand for many of SWECO's services, the outlook for the remainder of 2005 is deemed favourable.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 4:00 p.m. on Monday, 24 April 2006 at Bonnier Conference Center, Torsgatan 21, in Stockholm.

Stockholm, 25 October 2005
SWECO AB (publ)

Bo Jansson
Acting Managing Director

This interim report has not been examined by the company's auditors.

The year-end report for 2005 will be published on 7 February 2006.

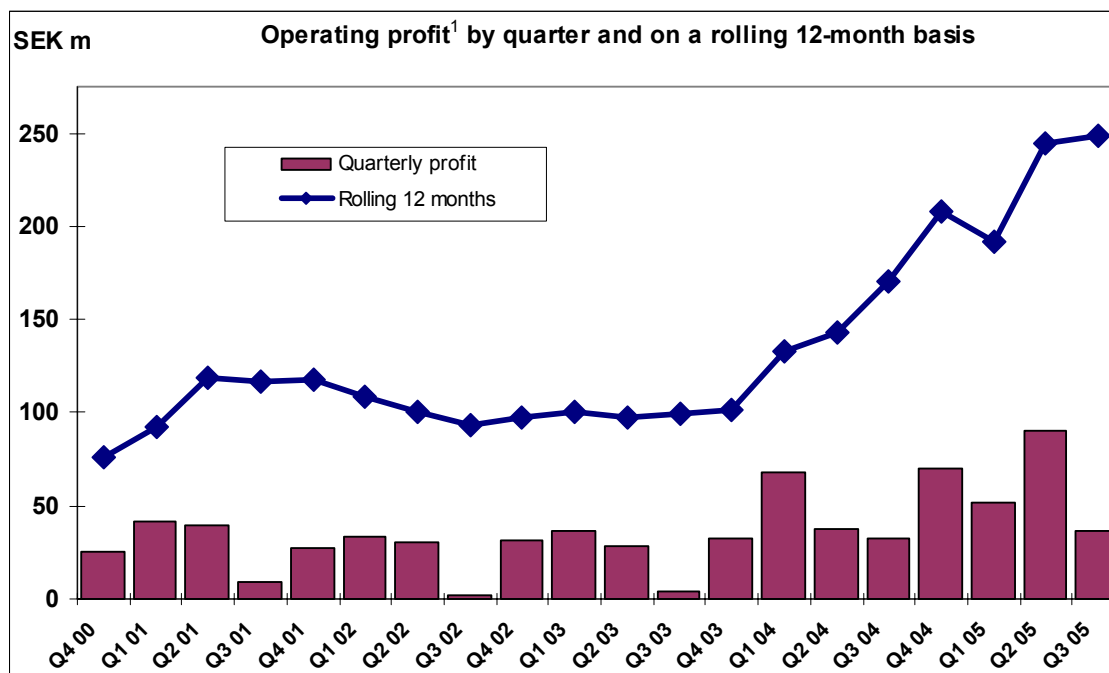
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Income statement, SEK m	July – Sept 2005	July – Sept 2004	Jan – Sept 2005	Jan – Sept 2004	Oct 2004 – Sept 2005	Full year 2004
Net sales	682.9	688.7	2,415.7	2,266.1	3,291.0	3,141.4
Other external costs	-188.0	-229.1	-633.7	-646.4	-886.1	-898.8
Staff costs	-447.1	-414.0	-1,564.7	-1,442.8	-2,106.8	-1,984.9
Depreciation	-11.6	-13.1	-38.3	-37.9	-49.5	-49.1
Operating profit	36.2	32.5	179.0	139.0	248.6	208.6
Net financial items	34.1	0.8	52.5	18.8	47.4	13.7
Profit before tax	70.3	33.3	231.5	157.8	296.0	222.3
Tax	-7.3	-8.4	-55.6	-42.4	-71.7	-58.5
Profit after tax	63.0	24.9	175.9	115.4	224.3	163.8
Attributable to:						
Equity holders in the Parent Company	63.0	23.8	172.0	110.8	219.3	158.1
Minority interests	0.0	1.1	3.9	4.6	5.0	5.7
Earnings per share for profit attributable to equity holders in the Parent Company, SEK						
- Before dilution	3.73	1.41	10.18	6.62	12.98	9.42
- After dilution	3.73	1.41	10.18	6.52	12.98	9.32
Dividend per share, SEK	-	-	-	-	-	4.00
Average number of shares	16,890,270	16,901,803	16,890,270	16,737,181	16,890,270	16,775,453
Average number of shares after dilution	16,900,765	16,901,803	16,890,270	16,995,181	16,890,270	16,968,953



1) The period prior to 2004 refer to operating profit according to the then applicable accounting principles excluding goodwill amortisation.

Cash flow statement, SEK m	July – Sept 2005	July – Sept 2004	Jan – Sept 2005	Jan – Sept 2004	Oct 2004- Sept 2005	Full year 2004
Cash flow from operating activities before changes in working capital and paid tax	51.3	41.2	226.2	166.0	304.0	243.8
Paid tax	-17.5	-15.7	-57.4	-43.0	-25.6	-11.2
Changes in working capital	19.9	-75.3	-26.5	-127.5	60.5	-40.5
Cash flow from operating activities	53.7	-49.8	142.3	-4.5	338.9	192.1
Cash flow from investing activities	-80.2	78.3	-145.8	-12.7	-258.3	-125.2
Cash flow from financing	-20.1	-8.5	-85.2	-51.4	-104.9	-71.1
Cash flow for the period	-46.6	20.0	-88.7	-68.6	-24.3	-4.2

Balance sheet, SEK m	30 Sept 2005	30 Sept 2004	31 Dec 2004
Intangible assets	318.2	302.5	292.4
Tangible assets	110.0	100.7	100.1
Financial assets	198.4	189.2	155.1
Other current assets	1,125.3	913.4	1,009.1
Liquid assets	112.6	128.8	192.7
Total assets	1,864.5	1,634.6	1,749.4
Share capital and reserves attributable to equity holders in the Parent Company	772.5	605.0	652.2
Minority interests	11.0	16.4	14.2
Total equity	783.5	621.4	666.4
Long-term liabilities	331.7	352.9	337.0
Current liabilities	749.3	660.3	746.0
Total equity and liabilities	1,864.5	1,634.6	1,749.4
Pledged assets	60.5		120.7
Contingent liabilities	44.9		41.6

Changes in equity, SEK m	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Equity, opening balance	666.4	552.7	552.7
Effect of changed accounting principle	1.2	-	-
Equity, opening balance after changed accounting principle	667.6	552.7	552.7
Dividends rendered	-67.6	-49.7	-49.7
Repurchase of own shares	-	-17.6	-17.6
Dividends to minority	-5.1	-6.8	-9.3
Purchase of minority shares	-0.2	-	-0.6
Minority share upon acquisition	5.4	-	-
Decrease in minority shares due to changed accounting principle ¹⁾	-7.7	-	-
New share issue	-	30.9	30.9
Issue of warrants	2.9	-	-
Translation difference in foreign currency	13.5	-3.5	-3.8
Revaluation of financial instruments	-1.2	-	-
Net profit for the period	175.9	115.4	163.8
Equity, closing balance	783.5	621.4	666.4

1) See section on accounting principles.

Key ratios	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Operating margin, %	7.4	6.1	6.6
Profit margin, %	9.6	7.0	7.1
Return on equity, %	31.8	²⁾	26.7
Return on capital employed, %	32.8	²⁾	27.7
Equity/assets ratio, %	42.0	38.0	38.1
Equity per share for profit attributable to equity holders in the Parent Company, SEK			
- Before dilution	45.74	35.82	38.61
- After dilution	45.63	35.82	38.61
Interest-bearing liabilities, SEK m	219.0	242.7	214.2
Average number of employees	3,623	3,435	3,445
Number of shares on closing date	16,890,270	16,890,270	16,890,270
Number of shares on closing date after dilution	16,928,211	16,890,270	16,890,270
Number of shares on closing date after full dilution	17,179,270	16,890,270	16,890,270

2) Not available, since these are calculated on a rolling 12-month average and are based on figures preceding the transition to IFRS.

Company	Net sales SEK m		Operating profit SEK m		Operating margin %		No. of employees	
	2005	2004	2005	2004	2005	2004	2005	2004
	9 mths	9 mths	9 mths	9 mths	9 mths	9 mths	9 mths	9 mths
SWECO FFNS	240.3	240.4	17.4	14.7	7.2	6.1	304	301
SWECO BLOCO	107.7	93.1	8.8	-1.2	8.1	-1.3	143	151
SWECO Theorells	204.8	209.8	10.8	6.1	5.3	2.9	329	344
SWECO VBB	388.6	386.6	24.9	18.4	6.4	4.8	431	434
SWECO VIAK	354.9	372.0	27.1	30.1	7.6	8.1	449	418
SWECO Projekttedning	114.8	106.8	8.6	9.1	7.5	8.5	117	113
SWECO Energuide	147.2	117.1	18.8	10.6	12.8	9.0	135	113
SWECO Position	34.3	31.2	3.2	3.3	9.2	10.7	50	43
SWECO Grøner	345.8	329.1	26.4	22.6	7.6	6.9	410	407
SWECO PIC	601.4	504.1	36.0	32.3	6.0	6.4	1,147	1,005
Group-wide, eliminations, etc.	-124.1	-124.1	-3.0	-7.0	-	-	108	106
Total Group	2,415.7	2,266.1	179.0	139.0	7.4	6.1	3,623	3,435

Acquisition and sale of subsidiaries

During the period, SWECO acquired FT-Engineering, FM Konsulterna and Paatela-Paatela & Co and established SWECO Bulgaria. Although SWECO acquired only 30% of the shares in Paatela-Paatela & Co, the acquisition agreement gives SWECO a controlling influence and the company is therefore consolidated. In addition, a minor portion of the minority share in PIC Eesti was acquired. The subsidiaries Tre D - Digital Design Development and Cactus Automation were sold. The effects of proportional method accounting in PI-Rauma (see section on accounting principles) is included in sales. Based on preliminary acquisition analyses, these acquisitions and sales had the following effects on the Group's balance sheet and liquid assets.

SEK m	Acquired	Sold	Total
Assets in acquired/sold companies	17.0	-37.4	-20.4
Liabilities in acquired/ sold companies	-7.7	27.1	19.4
Reduction in minority share	-5.0	7.8	2.8
Goodwill recognised upon acquisition	12.3	-	12.3
Capital gain recognised upon sale	-	-2.0	-2.0
Total purchase price	16.6	-4.5	
Liquid assets in acquired/sold companies	9.3	-10.6	
Effect on the Group's liquid assets	-7.3	-6.1	-13.4

Effects of transition to IFRS on the comparative financial statements for 2004

Income statement, SEK m		Jan – Sept 2004			July – Sept 2004		
	Note	Swedish GAAP	Effect of transition to IFRS	IFRS	Swedish GAAP	Effect of transition to IFRS	IFRS
Net sales		2,266.1	-	2,266.1	688.7	-	688.7
Other external costs		-646.4	-	-646.4	-229.1	-	-229.1
Staff costs		-1,442.8	-	-1,442.8	-414.0	-	-414.0
Depreciation	1	-52.2	14.3	-37.9	-18.1	5.0	-13.1
Share in profit of associated companies	2	-0.2	0.2	-	-	-	-
Operating profit		124.5	14.5	139.0	27.5	5.0	32.5
Net financial items	2	19.0	-0.2	18.8	0.8	-	0.8
Profit after net financial items		143.5	14.3	157.8	28.3	5.0	33.3
Minority share	3	-4.6	4.6	-	-1.2	1.2	-
Profit before tax		138.9	18.9	157.8	27.1	6.2	33.3
Tax	4	-41.7	-0.7	-42.4	-8.2	-0.2	-8.4
Profit after tax		97.2	18.2	115.4	18.9	6.0	24.9

Balance sheet, SEK m		30 September 2004		
	Note	Swedish GAAP	Effect of transition to IFRS	IFRS
Intangible assets	1	288.1	14.4	302.5
Tangible assets		100.7	-	100.7
Financial assets		189.2	-	189.2
Other current assets		913.4	-	913.4
Liquid assets		128.8	-	128.8
Total assets		1,620.2	14.4	1,634.6
Share capital and reserves attributable to equity holders in the Parent Company		590.7	14.3	605.0
Minority interests	3	16.4	-	16.4
Total equity	7	-	-	621.4
Provisions	5,6	188.6	-188.6	-
Long-term liabilities	4,5	188.3	164.6	352.9
Current liabilities	5	636.2	24.1	660.3
Total equity and liabilities		1,620.2	14.4	1,634.6

Note 1 Goodwill

IFRS prohibits the amortisation of goodwill. Instead, goodwill must be tested for impairment at least annually, or more frequently if changes or circumstances indicate a possible decrease in value. Intangible assets have been adjusted to fair value at 1 January 2004. The effect on profit refers to the add-back of amortisation.

Note 2 Share in profit of associated companies

According to IFRS, share in profit of associated companies must be recognised in net financial items.

Note 3 Minority share

IFRS states that minority share must be recognised in profit/loss for the period, divided between the share attributable to equity holders in the Parent Company and the share attributable to the minority. Earnings per share must now be calculated with respect to minority share in profit/loss for the period. In the balance sheet, the minority interest is recognised as a separate component of consolidated equity. According to IFRS, equity per share must be calculated with respect to minority interests.

Note 4 Tax

A minor portion of goodwill refers to tax-deductible goodwill arising from the purchase of the net assets in a business, which, when added back, gives rise to a deferred tax liability and a tax expense.

Note 5 Provisions

According to IFRS, provisions are not reported under a separate heading. At 30 September 2004, provisions of SEK 24.1 million to the restructuring reserve are reclassified as current liabilities and other provisions of SEK 164.6 million as long-term liabilities.

Note 6 Negative goodwill

IFRS states that negative goodwill must be recognised immediately in the income statement. The negative goodwill recognised as an expense in SWECO at 30 September 2004 has therefore been eliminated against equity.

Note 7 Changes in equity

	30 Sept. 2004
Equity according to Swedish GAAP	590.7
Goodwill not amortised after IFRS transition date	14.4
Negative goodwill	0.6
Minority interest	16.4
Tax effects of the above	-0.7
Total adjustment in equity	30.7
Equity according to IFRS	621.4

Effect on the cash flow statement

IFRS classifies certain short-term investments as current financial assets, which means that changes in short-term investments are recognised in cash flow from investing activities.