CLOETTA FAZER

Year-end report for the Cloetta Fazer Group

January–December 2005

FOURTH QUARTER

Net sales grew by 5 per cent to SEK 973 (922) million

Sustained growth for the prioritised brands

Operating profit was SEK 126 (117) million, or SEK 138 (164) million excluding non-recurring items, equal to an **operating margin** of 14.2 (17.8) per cent

FULL YEAR

Net sales amounted to SEK 3,071 million (3,024)

Operating profit was SEK 314 (380) million, or SEK 369 (418) million excluding non-recurring items, equal to an operating margin of 12.0 per cent (13.8)

Profit after financial items was SEK 333 (396) million, or SEK 388 (434) million excluding non-recurring items

Profit after tax totalled SEK 246 (289) million

Earnings per share were SEK 10.19 (11.96)

Q4

CEO'S COMMENTS

"One of the key challenges in the confectionary business is to achieve profitable growth in a mature market with aggressive competition and price pressure. Cloetta Fazer's greatest strength lies in our popular and well known brands. In 2005 we increased our efforts to boost the twelve prioritised brands, our Top 12, which was visible in a number of new product launches and increased marketing and sales activities.

In the past year we launched more new products than ever before, all of which were enthusiastically received by retailers and consumers. Of the retail trade's total sales of new confectionery products in 2005, Cloetta Fazer's product launches accounted for around 50 per cent in Finland and 40 per cent in Sweden. We have thus increased our share of the Swedish and Finnish home markets.

Successful performance in our core markets in Sweden and Finland continued in the fourth quarter with increased market shares and sustained strong growth for our Top 12 brands. In total, our 12 prioritised brands grew 16 per cent in Finland and 9 per cent in Sweden during 2005.

Compared with the previous year, we delivered weaker earnings in 2005. However, Cloetta Fazer's focus on the prioritised brands is vital in meeting intensifying competition and price pressure, and profit was also impacted by rising raw material costs and disruptions in connection with the relocation of production. Operating margin adjusted for non-recurring items was 12 per cent (13.8), which is in line with our financial targets.

The strategy in our export markets is to create growth through a standardised international product range. In 2005 we took steps to streamline the product range and realign our distributor partnerships. Profit in the export markets was charged with costs for the establishment of a new sales organisation in Poland and stronger investment in the Russian market and other areas."

SALES AND PROFIT IN 2005

Net sales reached SEK 3,071 (3,024) million. Sales in the Nordic market grew 4 per cent to SEK 2,816 million. In the non-Nordic markets, sales dropped by 22 per cent to SEK 255 million.

Cloetta Fazer's greatest strength lies in its popular and well known brands, which showed continued strong growth in sales during 2005. In total, sales of the 12 prioritised brands rose 10 per cent over the preceding year, with growth of 16 per cent in Finland and 9 per cent in Sweden. Miscellaneous brands were down by 4 per cent and pick-and-mix sales by 15 per cent. The launch of several new products, sales campaigns and marketing activities all contributed to this positive development. Successful product launches included a bagged mini-bar under the Kexchoklad brand and a Marianne Crisp variety in the Fazer Blue family. In 2005 sales of Kexchoklad in Sweden grew by 18 per cent and sales of Fazer Blue in Finland by 24 per cent. Of total net sales, the Top 12 brands accounted for 51 (48) per cent in 2005.

Non-Nordic sales decreased following closure of the subsidiary in Poland, whose property, equipment and local Polish brands were sold to the Polish confectionery company Bomilla. Cloetta Fazer will continue to sell a selection of the prioritised brands in Poland through a new sales force that was deployed in the fourth quarter.

Operating profit was SEK 314 (380) million and included non-recurring items of SEK 55 million, of which SEK –33 million was attributable to restructuring charges for the wind-up of the Polish subsidiary and SEK –22 million to the closure of the Norrköping plant. The year-earlier figure included restructuring charges and other non-recurring items of SEK –38 million. Excluding these items, operating profit was SEK 369 (418) million, equal to an operating margin of 12.0 (13.8) per cent.

In the Nordic market, profit fell by SEK 31 million year-on-year to SEK 394 million excluding non-recurring items. The drop in earnings is attributable to the combined effects of increased competition and price pressure and stronger investment in the prioritised brands. Earnings were also burdened by higher raw material costs and disruptions arising from the relocation of production.

In the non-Nordic markets, profit for the year decreased by SEK 18 million to SEK –25 million excluding restructuring charges. Profit was charged with operating losses in the Polish subsidiary and start-up costs for our new sales organisation in Poland. In our export markets, the year's efforts were devoted to creating a competitive and standardised product range. The main focus areas were the Russian market and the Geisha brand.

Profit after financial items was SEK 333 (396) million. Net financial items amounted to SEK 19 million, compared with SEK 16 million in 2004. Adjusted for non-recurring items, profit was SEK 388 million (434).

Profit after tax decreased to SEK 246 (289) million, equal to earnings per share of SEK 10.19 (11.96). Adjusted for non-recurring items, earnings per share were SEK 11.71 (13.16). The year's tax expense was SEK 87 million, corresponding to an effective tax rate of 26 (27) per cent. The tax loss in the Polish subsidiary was covered through a group contribution from the Parent Company. Tax issues have been assessed with respect to the European Court of Justice and Taxation's decision in the "Marks & Spencer" case in December 2005. Group contributions reduced the year's tax rate by 5 percentage units.

Q4

FOURTH QUARTER OF 2005

Net sales were up by 5 per cent to SEK 973 (922) million. Sales of the prioritised brands grew by 17 per cent. Miscellaneous brands showed unchanged sales, while the pick-and-mix segment declined by 26 per cent.

In the Nordic market, the positive sales trend continued in Finland and Sweden through the fourth quarter. The prioritised brands rose 6 per cent in Sweden and 31 per cent in Finland. Kexchoklad grew by 24 in Sweden and Fazer Blue by 48 per cent in Finland. All in all, Nordic sales rose by 7 per cent to SEK 904 million.

Non-Nordic sales fell by 12 per cent to SEK 69 million, mainly due to the closure of the Polish subsidiary.

Operating profit for the fourth quarter was SEK 126 (117) million. The same figure before non-recurring items was SEK 138 million, a year-on-year decrease of SEK 26 million that is mainly attributable to sustained price pressure and stronger investment in the prioritised brands. Operating margin was 14.2 per cent, compared with 17.8 per cent the year before.

STRUCTURAL MEASURES

The wind-up of the Polish subsidiary was completed in December through the sale of facilities and local brands to the Polish confectionery company Bomilla. The year's profit was charged with total wind-up costs of SEK 33 million. Together with a SEK 15 million write-down of plant and property in 2004, the total wind-up cost amounted to SEK 48 million. The subsidiary posted an operating loss of SEK 11 million for 2005. The total charge against profit for 2005 was thus SEK 44 million, which is SEK 6 million lower than the previously reported SEK 50 million.

Oy Karl Fazer Ab acquired the Polish subsidiary in the early 1990s. In connection with this, the company was granted a tax subsidy related to invested capital. In the ongoing liquidation process, a question has arisen as to whether the company will be obligated to repay the received subsidies of SEK 22 million. Because the legal situation is unclear, this amount is reported as a contingent liability.

A new local sales organisation in Poland was set up in the autumn of 2005. A selection of the Cloetta Fazer's brands will continue to be sold on the Polish market.

The closure of the Norrköping plant was completed during the year, generating wind-up costs of SEK 22 million in 2005. Together with the costs of SEK 68 million recognised in 2004, the total cost of the wind-up is SEK 90 million. That which remains in 2006 is to complete fine-tuning of the production that has been transferred to the plants in Ljungsbro and Lappeenranta. The total cost over the period 2004–2006 is expected to reach the previously reported level of SEK 95 million.

FINANCING AND LIQUIDITY

The Group's financial position is very strong. Cash, cash equivalents and short-term investments totalled SEK 1,205 (960) million. Cash flow from operating activities was SEK 523 (477) million. Investments in tangible assets affected cash flow in a net amount of SEK –90 (–168) million. Liquid assets and interest-bearing receivables exceeded interest-bearing liabilities by a net amount of SEK 1,117 (829) million.

The equity ratio at the end of the period was 77 per cent (77).

INVESTMENTS

Gross expenditure in plant and equipment totalled SEK 122 (176) million. Of the year's investments, SEK 39 million pertained to the relocation of production from Norrköping to Ljungsbro and Lappeenranta. Expenditure also included SEK 14 million for supplementary investments in the Kexchoklad and chocolate moulding lines in Ljungsbro and SEK 10 million for the chocolate moulding line in Vantaa. Other investments pertained mainly to replacement investments in the existing production lines.

Depreciation amounted to SEK 135 (135) million.

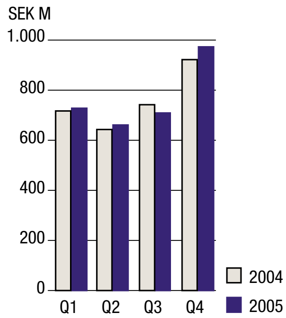
EMPLOYEES

The average number of employees in the Group during the period was 1,801 (1,981).

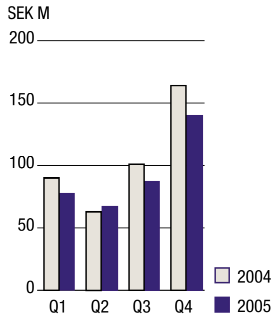
Our Top 12 brands

Fazer Blue	Kexchoklad	Dumle
Geisha	Polly	Center
Marianne	Tutti Frutti	Ässät
Pantteri	Plopp	Tyrkisk Peber

Net sales



Operating profit [1)]



1) Excluding non-recurring items

PARENT COMPANY

The Parent Company's sales are reported at SEK 77 (80) million and referred mainly to intra-group services and rents. Profit after financial items was SEK 183 (76) million.

Net financial items totalled SEK 200 (104) million and included SEK 173 (213) million in dividends from group companies. Profit for the previous year included a SEK 140 million write-down of shares in subsidiaries. Cash, cash equivalents and short-term investments amounted to SEK 1,110 (950) million.

THE CLOETTA FAZER SHARE

Cloetta Fazer's class B share is quoted on the O list of the Stockholm Stock Exchange. A round lot consists of 50 shares. A total of 2,423,280 shares were traded during the period January-December 2005. The highest bid price was SEK 255 and the lowest was SEK 206. The closing price of the share on 31 December was SEK 240. The maximum dilution effect of the outstanding options programme amounts to 0.68 per cent of the share capital and 0.25 per cent of the votes.

SHAREHOLDERS

Cloetta Fazer had 3,996 shareholders at 31 December 2005. The principal shareholders and institutional investors held around 95.8 per cent of the votes and around 88.5 per cent of the share capital.

PROPOSED DIVIDEND

The Board proposes to the Annual General Meeting a dividend of SEK 6.00 (6.00) per share. Based on the current number of shares, dividends will be paid in a total amount of SEK 145 million.

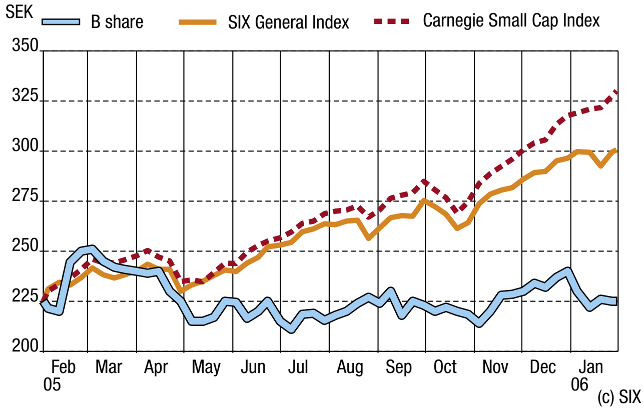
OUTLOOK FOR2006

Two key factors currently affecting the market are an ongoing concentration of the retail trade and the price pressure this is giving rise to. The consolidation into fewer, but larger, grocery chains and their increased cross-border collaboration is largely a result of free trade in Europe. As national borders and trade obstacles disappear and the industry becomes increasingly transparent, we are seeing increased price equalisation between markets. With the introduction of private labels, the retail trade is pushing prices still lower.

For Cloetta Fazer this demands vigilant cost awareness without compromising on quality. Cloetta Fazer's offering and benefit to the retail trade and consumers is based on a combination of premium quality products and a flow of attractive product launches supported by relevant marketing.

The focus on the 12 prioritised brands, all of which have strong market positions and profitability, has proven successful in meeting changes in the market. The year's new product launches were enthusiastically received and sales of the Top 12 brands grew by 10 per cent in 2005.

Cloetta Fazer share price development, February 2005 – January 2006



Restructuring and rationalisation of the production structure has been underway for several years. In 1998 there were eight production facilities. Today Cloetta Fazer has three production units which together produce some 60,000 tonnes of confectionery annually. The production structure is now optimised with dedicated and specialised units. The top priority for production in 2006 will be to maximise efficiency, profitability and flexibility.

In the coming year the focus on the prioritised brands and continuous product innovations will create scope sustained profitable growth. The new production structure and previous years' marketing investments are also expected to yield tangible gains.

ACCOUNTING PRINCIPLES AND OTHER INFORMATION

General

This interim report has been prepared in compliance IAS 34 Interim Financial Reporting.

New accounting standards in 2005

According to a decision by the European Commission (EC) in 2002, all listed companies in the EU are required to prepare their consolidated financial statements in compliance with the accounting standards established by the International Accounting Standards Board, IASB, with effect from 2005. These standards are known as IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards, adopted prior to 2002). In this report, the term "IFRS" includes the application of both IAS and IFRS standards and the interpretations published by the Standards Interpretation Committee (SIC) and International Financial Reporting Standards Committee (IFRIC). In the interim report, the effects are presented in table form under the heading "Transition to IFRS". The IAS/IFRSs to be applied with effect from 2005 are those that have been endorsed by the European

Commission. IFRS 1 deals with first time adoption of IFRS. According to the main rule, these standards must be applied retrospectively for restatement of prior period comparative information. There are several exceptions to this main rule. According to the exemptions allowed under IFRS 1, Cloetta Fazer will not restate comparative information for years prior to 2004. Consequently, the balance sheet at 1 January 2004, the "opening balance", is the starting date for presentation of the Group's financial position in compliance with IFRS. Furthermore, business combinations occurring prior to 2004 are accounted for according to the previous accounting standards to the extent that these are not in violation of the transitional rules in IFRS 1. No acquisitions were carried out during 2004.

IFRS3 Business Combinations, IAS38 Intangible Assets

According to IFRS 3/IAS 38, goodwill and other intangible assets with indefinite useful lives may no longer be written off. Instead, they must be tested for impairment annually, or more frequently if circumstances indicate a possible impairment. In the closing balance at 31 December 2003, these intangible assets amounted to SEK 236 million and referred primarily to goodwill and brands from the acquisition of Candelia AB in 1998. Amortisation in 2004 according to the previously applied standards amounted to SEK 18 million, corresponding to an amortisation period of 20 years. In restatement of 2004, this amortisation has been added back. Other intangible assets at 31 December 2003 include an item of SEK 10 million pertaining to a power supply contract. The book value constitutes a written-up value, which is not consistent with IAS 38. Consequently, this value has been written down to zero against shareholders' equity in the opening balance.

IAS32 Financial Instruments, IAS39 Hedge Accounting

These recommendations deal with recognition and measurement of financial instruments. Cloetta Fazer applies IAS 39 with effect from 2005. According to an elective exemption, retrospective restatement is not required. Compared with the previously applied standards, all financial derivatives must be stated in the balance sheet at fair value. Changes in the fair values of these derivatives are recognised in the profit and loss account unless they are designated as hedging instruments and their hedge effectiveness can be determined. In the latter case, changes in fair value are recognised directly in equity until the hedged transaction affects profit or loss. Cloetta Fazer uses forward contracts to hedge flows in foreign currency. Until further notice, the rules for hedge accounting according to IAS 39 will not be applied by Cloetta Fazer. Changes in value are thus recognised immediately the profit and loss account, which may give rise to short-term differences compared with the earlier standards. The transition to IAS 39 has only marginally affected the opening and closing balances for 2005.

IAS37 Cash Flow Statements

Liquid assets consist of cash, cash equivalents and short-term investments with a maturity of three months or less. Changes in investments with a maturity of more than three months are recognised as cash flow from investing activities. The transition to IFRS has entailed reclassifications between liquid assets and short-term investments.

Other changed accounting standards affecting the balance sheet at 1 January 2004 compared with the balance sheet at 31 December 2003

IAS 19 prescribes the procedures for reporting of employee benefits. This recommendation corresponds to RR 29, Employee Benefits, which is applied with effect from 1 January 2004. Information about the impact on shareholders' equity was provided in the interim report for the first quarter of 2004. Consequently, the application of IAS 19 has not had any additional effects on profit and financial position.

Related party disclosures

Sales of goods and services to companies in the Fazer Group made up 2.7 (2.6) per cent of total sales. Of other operating revenue (excluding capital gains), 14.7 (15.2) per cent referred to services sold to related parties. Purchases from related parties were negligible. Buying and selling of goods and services between closely related companies has been carried out at market-based prices. Transactions with these companies amounted to a net receivable of SEK 8 (5) million.

Stockholm, 10 February 2006

Cloetta Fazer AB (publ)
The Board of Directors

The information in this report has not been reviewed by the company's auditors.

Summary consolidated profit and loss accounts

SEK M	Fourth quarter 2005	Fourth quarter 2004	Full year 2005	Full year 2004
Net sales	**973**	922	**3,071**	3,024
Cost of goods sold	**–603**	–633	**–2,032**	–2,002
Gross profit	**370**	289	**1,039**	1,022
Selling and administrative expenses	**–256**	–186	**–772**	–703
Share in profit of associated companies	**0**	1	**0**	1
Other operating income	**16**	15	**51**	62
Other operating expensesr	**–4**	–2	**–4**	–2
Operating profit	**126**	117	**314**	380
Financial items	**4**	5	**19**	16
Profit after financial items	**130**	122	**333**	396
Tax	**–17**[2]	–29	**–87**	–107
Net profit for the period	**113**	93	**246**	289
The period's net profit attributable to:				
Equity holders of the Parent Company	**113**	93	**245**	288
Minority interest	**0**	0	**1**	1
Earnings per share				
– before dilution	**4.70**	3.87	**10.19**	11.96
– after dilution [1]	**4.70**	3.87	**10.19**	11.95

[1] The exercise price per share for the outstanding employee options programmes exceeded the average share price in 2005. The options are therefore regarded as having no dilution effect.
[2] The tax effect of group contributions is recognised in the fourth quarter

Comparative information [1]
Profit was affected by the following non-recurring items affecting comparability between years:

	Fourth quarter 2005	Fourth quarter 2004	Full year 2005	Full year 2004
Cost of goods sold				
Closure of Norrköping plant	**–7**	–68	**–21**	–68
Wind-up of operations in Poland	**0**	–15	**–14**	–15
Adjustment of pension provision in Finland	**0**	26	**0**	26
Total cost of goods sold	**–7**	–57	**–35**	–57
Selling and administrative expenses				
Closure of Norrköping plant	**–1**	–	**–1**	–
Wind-up of operations in Poland	**–4**	–	**–19**	–
Adjustment of pension provision in Finland	**0**	10	**0**	10
Total selling and administrative expenses	**–5**	10	**–20**	10
Other operating income				
Gain on the sale of associated company	**0**	0	**0**	9
Effect on operating profit	**–12**	–47	**–55**	–38
Tax	**14**[2]	9	**18**	9
Effect on net profit	**2**	–38	**–37**	–29

[1] In connection with preparation of the annual accounts, the classification by cost type for earlier quarters in 2005 has been reallocated.
[2] The tax effect of group contributions is recognised in the fourth quarter

Summary consolidated profit and loss accounts in Euro

EUR M	Fourth quarter 2005	Fourth quarter 2004	Full year 2005	Full year 2004
Net sales	**103.3**	101.9	**330.9**	331.3
Cost of goods sold	**–63.9**	–69.9	**–218.9**	–219.3
Gross profit	**39.4**	32.0	**112.0**	112.0
Selling and administrative expenses	**–27.2**	–20.6	**–83.2**	–77.0
Share in profit of associated companies	**0.0**	0.1	**0.0**	0.1
Other operating income	**1.7**	1.7	**5.5**	6.8
Other operating expenses	**–0.4**	–0.2	**–0.4**	–0.2
Operating profit	**13.5**	13.0	**33.9**	41.7
Financial items	**0.4**	0.5	**2.0**	1.7
Profit after financial items	**13.9**	13.5	**35.9**	43.4
Tax	**–1.8**	–3.2	**–9.4**	–11.7
Net profit for the period	**12.1**	10.3	**26.5**	31.7
The period's net profit attributable to:				
Equity holders of the Parent Company	**12.1**	10.3	**26.4**	31.6
Minority interest	**0.0**	0.0	**0.1**	0.1

Summary consolidated profit and loss accounts by segment

	Fourth quarter		Full year	
SEK M	**2005**	2004	**2005**	2004
Net sales				
Nordic countries	**904**	844	**2,816**	2,699
Other markets	**69**	78	**255**	325
Total net sales	**973**	922	**3,071**	3,024
Operating profit				
Nordic countries 1)	**152**	138	**372**	402
Other markets 2)	**–26**	–21	**–58**	–22
Total operating profit	**126**	117	**314**	380
1) Of which, non-recurring items	**–8**	–32	**–22**	–23
2) Of which, non-recurring items	**–4**	–15	**–33**	–15
	–12	–47	**–55**	–38

Quarterly data

SEK M	Q1 2005	Q2 2005	Q3 2005	**Q4 2005**	**Full year 2005**	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Full year 2004
Net sales	728	661	709	**973**	**3,071**	717	643	742	922	3,024
Operating profit	66	44	78	**126**	**314**	99	63	101	117	380
Operating profit 1)	77	67	87	**138**	**369**	90	63	101	164	418
Operating margin, % 1)	10.6	10.0	12.4	**14.2**	**12.0**	12.5	9.9	13.6	17.8	13.8
Earnings per share, SEK	1.93	1.22	2.34	**4.70**	**10.19**	3.18	1.90	3.01	3.87	11.96
Cash flow from operating activities	152	24	67	**280**	**523**	124	45	96	212	477

1) Excluding non-recurring items

Summary consolidated balance sheets

SEK M	**31 Dec 2005**	31 Dec 2004
Intangible assets	**245**	247
Tangible assets	**975**	975
Financial assets	**20**	18
Inventories	**285**	280
Current receivables	**416**	481
Short-term investments	**674**	800
Cash, cash equivalents and short-term investments	**531**	160
Total assets	**3,146**	2,961
Shareholders' equity	**2,427**	2,292
Long-term liabilities	**277**	265
Current liabilities	**442**	404
Total shareholders' equity and liabilities	**3,146**	2,961

Specification of changes in shareholders' equity

SEK M	**31 Dec 2005**	31 Dec 2004
Opening balance equity, 1 January	**2,292**	2,159
Effect of changed accounting standard 1)	**–**	–30
Adjusted equity	**2,292**	2,129
Conversion of convertible debenture loan	**–**	8
Dividend	**–145**	–133
Translation differences	**34**	–1
Net profit for the period	**246**	289
Closing balance equity, end of period	**2,427**	2,292
Minority interest in equity	**2**	2

1) Changed accounting standard for pensions. See further information about IAS 19/RR29 on page 5.

Summary consolidated cash flow statements

	Fourth quarter		Full year	
SEK M	**2005**	2004	**2005**	2004
Cash flow from operating activities	**280**	212	**523**	477
Investing activities				
Sale of associated company	**0**	0	**0**	53
Net investment in fixed assets	**–5**	–23	**–90**	–168
Change in short-term investments 1)	**–292**	–133	**126**	–433
Cash flow from investing operations	**–297**	–156	**36**	–548
Financing activities				
Change in interest-bearing liabilities	**–12**	5	**–42**	–10
Dividends to shareholders including minority	**0**	0	**–145**	–133
Cash flow from financing activities	**–12**	5	**–187**	–143
The period's cash flow	**–29**	61	**372**	–214
Liquid assets at beginning of period	**559**	98	**160**	372
Translation difference in liquid assets	**1**	1	**–1**	2
Liquid assets at end of period 1)	**531**	160	**531**	160
1) Cash, cash equivalents and short-term investments < 3 months	**531**	160	**531**	160
Short-term investments > 3 months	**674**	800	**674**	800
	1,205	960	**1,205**	960

Key ratios

	Full year	
	2005	2004
Profit after financial items, SEK M	**333**	396
Earnings per share, SEK	**10.19**	11.96
Earnings per share, SEK 1)	**11.71**	13.16
Operating margin, % 1)	**12.0**	13.8
Return on capital employed, % 1)	**15.7**	18.6
Return on equity after tax, % 1)	**11.9**	14.2
Net receivable, SEK M	**1,117**	829
Equity ratio, %	**77.2**	77.4
Equity per share, SEK	**100.56**	94.98
Average number of employees	**1,801**	1,981
Number of shares at end of period	**24,119,196**	24,119,196
Average number of shares during the period	**24,119,196**	24,100,477
Number of shares added upon exercise of outstanding options/warrants	**168,200**	188,200

1) Excluding non-recurring items affecting comparability between years

Transition to IFRS, Summary consolidated profit and loss accounts

	Fourth quarter			Full year		
SEK M	2004	2004 Adjustment to IFRS	2004 IFRS	2004	2004 Adjustment to IFRS	2004 IFRS
Net sales	922		922	3,024		3,024
Cost of goods sold	–633	0	–633	–2,003	1	–2,002
Gross profit	289	0	289	1,021	1	1,022
Selling and administrative expenses	–190	4	–186	–720	17	–703
Share in profit of associated companies	1	–	1	1	–	1
Other operating income	15		15	62		62
Other operating expenses	–2	–	–2	–2	–	–2
Operating profit	113	4	117	362	18	380
Financial items	5		5	16		16
Profit after financial items	118	4	122	378	18	396
Tax	–29	0	–29	–106	–1	–107
Minority share in profit for the period	0	0	0	–1	1	–
Net profit for the period	89	4	93	271	18	289
The period's amortisation of goodwill and brands		4			18	
Tax		0			–1	
Minority share		0			1	
Net amount		4			18	

Q4

Transition to IFRS, Summary consolidated balance sheets

SEK M	31 Dec 2004	Adjustment to IFRS 2004	31 Dec 2004, IFRS
Intangible assets	239	8	247
Tangible assets	975		975
Financial assets	18		18
Inventories	280		280
Current receivables	481		481
Short-term investments	407	393	800
Liquid assets	553	–393	160
Total assets	2,953	8	2,961
Shareholders' equity	2,280	12	2,292
Minority interests	2	–2	0
Provisions	273	–273	0
Long-term liabilities	–	265	265
Current liabilities	398	6	404
Total shareholders' equity and liabilities	2,953	8	2,961
Adjustments in opening balance			
Write-down of power supply contract		–10	
Minority interest in equity		–2	
Deferred tax		–3	
The period's adjustments			
The period's amortisation of goodwill and brands		18	
Deferred tax		1	
Reclassification of liquid assets		–393	
Reclassification of provisions		–271	

Transition to IFRS, Specification of changes in shareholders' equity

SEK M	31 Dec 2004	Adjustment to IFRS 2004	31 Dec 2004, IFRS
Opening balance equity, 1 January 2004	2,164	–5	2,159
Effect of changed accounting standard	–30		–30
Adjusted equity	2,134	–5	2,129
Conversion of convertible debenture loan	8		8
Dividends	–132	–1	–133
Translation differences	–1		–1
Net profit for the period	271	18	289
Closing balance equity, end of period	2,280	12	2,292
Adjustments in opening balance			
Write-down of power supply contract		–10	
Deferred tax		3	
Minority interest in equity		2	
Total, 1 January 2004		–5	
The period's adjustments			
Adjustments in the profit and loss account		18	
Dividends to minority during the year		–1	
Total effect on shareholders' equity		12	

Transition to IFRS, Key ratios

	31 Dec 2004	Adjustment to IFRS 2004	31 Dec 2004, IFRS
Profit after financial items, SEK M	378	18	396
Earnings per share, SEK	11.23	0.73	11.96
Operating margin, %	13.2	0.6	13.8
Return on capital employed, %	17.8	0.8	18.6
Return on equity after tax, %	13.4	0.8	14.2
Equity ratio, %	77.2	0.2	77.4
Equity per share, SEK	94.52	0.46	94.98

CLOETTA FAZER

Key events during the fourth quarter

- The closure of the Norrköping plant was completed as a step in the rationalisation of Cloetta Fazer's production structure. Today the Group has three production facilities; two in Finland and one in Sweden.
- The wind-up of Cloetta Fazer's Polish subsidiary was completed with the sale of the unit's property, equipment and local brands to the Polish confectionery company Bomilla Sp Z.o.o. Cloetta Fazer has also signed a production agreement with Bomilla under which the company will manufacture certain products for Cloetta Fazer.
- Cloetta Fazer is channelling additional resources into its export business. In Poland the company has set up a local sales organisation which is responsible for sales and marketing of the prioritised brands. The focus on the Russian market was also intensified through increased media investments during the fourth quarter.
- Net sales were up by 6 per cent in the fourth quarter. Christmas is the peak season for filled chocolates. For the holidays in 2005 Cloetta Fazer launched the new Utvalda Favoriter (Selected Favourites) box in Sweden, containing a mix of traditional Swedish favourites and a few new varieties – Dark Premium 70%, Lemon/Lime, Coffee Truffle, and Irish Cream.
- In response to a sharp increase in Nordic demand for semi-sweet chocolate in recent years, Cloetta Fazer developed the Karl Fazer Exclusive series during 2005 and started the launch in January 2006. The Thin Dark chocolate bar contains 70 per cent cocoa from carefully selected cocoa beans. Thin Mocha combines creamy soft mocha with aromatic dark chocolate. Thin Blue is the well known Fazer Blue in a new, thinner format.

The Cloetta Fazer Group is the Nordic region's leading confectionery company, with a market share of around 22 per cent. The company has production facilities in Sweden and Finland. Cloetta Fazer's strength lies in its many popular brands, such as Fazer Blue, Kexchoklad, Dumle, Geisha, Polly and Center. The average number of employees is around 1,800 and annual sales in 2005 amounted to approximately SEK 3 billion.

Annual General Meeting 2006

The Annual General Meeting of Cloetta Fazer AB will be held on Thursday, 20 April 2006, 3:00 p.m., at Cloetta Center, Gumpekullavägen 1 in Linköping, Sweden.

Financial calendar 2006

- Annual report for 2005 – early April 2006
- Interim reports
  - First quarter – 20 April 2006
  - Second quarter – 17 August 2006
  - Third quarter – 19 October 2006

For additional information contact

Karsten Slotte, Managing Director and CEO, mobile +46 (0)70-687 99 22 or
Curt Petri, CFO, mobile +46 (0)70-593 21 69.

The annual report and quarterly reports are also published at:

www.cloettafazer.com

Cloetta Fazer AB (publ) Corp. reg. no. 556014-2357 www.cloettafazer.com
Head office: WTC, Klarabergsviadukten 70, Box 735, SE-101 35 Stockholm, Sweden
Tel +46 (0)8 534 817 00, Fax +46 (0)8 411 27 66
Registered office: SE-590 69 Ljungsbro, Sweden, Tel +46 (0)13 28 50 00, Fax +46 (0)13 655 60