



# BONG LJUNGDAHL AB

## Year-end report

January - December 2005



## Improved earnings and new acquisitions

- Bong continued its positive earnings trend in the fourth quarter with a profit before tax of SEK 14 (11) million.
- Adjusted profit before tax for the full year increased to SEK 42 <sup>1)</sup> (17 <sup>2)</sup>) million. Including one-time items, profit after tax was SEK 23 (52) million. Earnings per share after dilution were SEK 1.97 <sup>3)</sup> (0.99 <sup>3)</sup>).
- Net sales for the fourth quarter increased to SEK 470 (455) million. For the full year, net sales amounted to SEK 1,782 (1,807) million.
- Fourth quarter cash flow was strong at SEK 36 (12) million. Cash flow for the full year totalled SEK 106 (77) million.
- In December, Bong signed an agreement to acquire German-based RCT Kuvert with annual sales of approximately SEK 250 million and an annual production volume of around 3 billion envelopes. The acquisition of RCT will boost Bong's sales by around 15 per cent, generate productivity gains and enable Bong to postpone replacement investments into the future.
- After the end of the period Bong signed an agreement to acquire the American office supply company SMEAD's envelope factory in Estonia. Among other things, the new unit will provide support for Bong's fast-growing Baltic sales company and increase competitiveness in consumer-packaged envelopes.

SEK M	Q4 2005	Q4 2004	Q1-4 2005	Q1- 4 2004
Net sales	470	455	1,782	1,807
Operating profit	23	21	71	114
Adjusted operating profit	23	21	<sup>1)</sup> 79	<sup>2)</sup> 59
Profit before tax	14	11	34	71
Adjusted profit before tax	14	11	<sup>1)</sup> 42	<sup>2)</sup> 17
Cash flow after investment activities	36	12	106	77

1) Excluding capital gains of SEK 16 million on the sale of a property and restructuring charges of SEK -24 million.

2) Excluding final settlement of SEK 61 million in dispute with former owner of Bauwens Group, capital gains of SEK million on the sale of machinery and restructuring charges of SEK -19 million.

3) Earnings per share after tax for the full year were SEK 1.72 (3.95) excluding one-time items of SEK - 3.4 (39.4) million. Earnings are calculated on the number of shares after full dilution, 13,651,180 shares (13,351,180).

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## **MARKETS**

The fourth quarter saw an improvement in the European envelope market over the preceding year, with particularly strong demand in all markets during October and November. However, volumes for the full year were down by 2-3 per cent compared with 2004. The Scandinavian and German markets declined by an estimated 4-5 per cent year-on-year. The decrease in the UK, the Netherlands and Finland was somewhat smaller, at around 2-3 per cent, while the Eastern European market continued to develop favourably with volume growth of 5-10 per cent in several countries.

Consolidation of the industry gained new momentum in 2005 when Bong's purchase of RCT was only one in a series of seven acquisitions announced during the year. First out was Mayer in Germany, which acquired the Norwegian envelope manufacturer Lyche and later in the year also Eagle Envelopes with production in Scotland and Ireland. During the year, Tompla/La Couronne took over the German/Polish manufacturer Fehling and Mill Lane Envelopes in England. In addition, French-based Hamelin acquired the envelope makers John Dickinson in England and Pflügger in Germany. After these transactions, the five largest envelope manufacturers in Europe command around 68 (57) per cent of the total market.

In pace with declining volumes of traditional administrative mail, the direct mail market is showing strong sustained growth. Furthermore, demand for protective envelopes and envelopes designed for e-business packages is rising in all markets. Our assessment is that within a few years, the shrinking market for administrative mail envelopes will be offset by growth for these higher value added products.

## **SALES AND PROFIT, JANUARY-DECEMBER 2005**

Consolidated net sales for the full year were down by approximately 1 per cent year-on-year to SEK 1,782 (1,807) million, of which around -3 per cent is explained by lower volumes and around +2 per cent to exchange rate fluctuations. Changes in prices and the product mix had a marginal effect on sales. Sales fell most sharply at the beginning of 2005, but in the fourth quarter strengthened to an increase over the same period previous year.

After working systematically over the past two years to improve gross margins through analysis of customer profitability and more selective marketing, the emphasis is now shifting towards productivity gains. Part of this effort has consisted of the profitability and productivity improvement programme that was announced in August. This reduction in staff and fixed costs was completed at year-end 2005 and the Group is taking new steps to boost productivity, such as the implementation of benchmarking between the production units. The establishment of a new envelope factory in Russia was started in the second half of the year, for which profit was charged with start-up costs of SEK 4 million.

Adjusted operating profit was SEK 79 <sup>1)</sup> (59 <sup>2)</sup>) million. The reported operating profit was positively affected by a capital gain of SEK 16 million on the sale of Bong's property in Denmark in the third quarter. Following the sale, Bong is leasing parts of the sold property as a tenant with premises that are better suited to its needs. At the same time, profit was burdened with restructuring charges of SEK 24 million for the profitability and productivity improvement programme announced earlier in the year.

Net financial items totalled SEK -37 (-42) million and were strengthened by the Group's cash flow and low interest rates. Adjusted profit before tax was SEK 42 <sup>1)</sup> (17 <sup>2)</sup>) million.

## **SALES AND PROFIT, OCTOBER-DECEMBER 2005**

Sales for the fourth quarter rose by around 3 per cent year-on-year to SEK 470 (455) million. Exchange rate fluctuations boosted sales by around 5 percentage units, while lower volumes had a negative effect of approximately 1 percentage unit. Changes in prices and the product mix reduced sales by around 1 percentage unit.

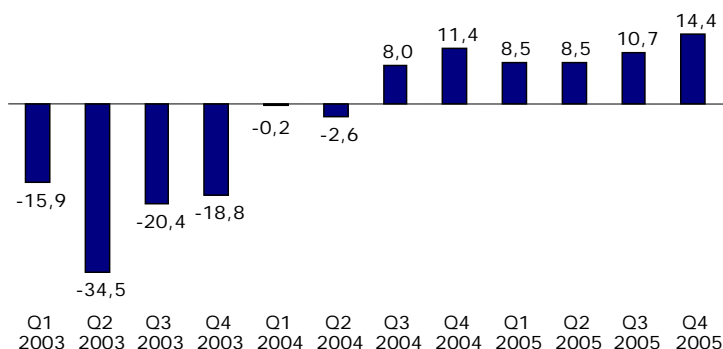
1) Excluding capital gains of SEK 16 million on the sale of a property and restructuring charges of SEK -24 million.

2) Excluding final settlement of SEK 61 million in dispute with former owner of Bauwens Group, capital gains of SEK 12 million on the sale of machinery and restructuring charges of SEK -19 million

The fourth quarter saw a continuation of the Bong's positive earnings trend. Operating profit for the fourth quarter was SEK 23 (21) million and profit before tax was SEK 14 (11) million. Start-up costs for the production unit in Russia were charged to profit in an amount of approximately SEK 2 million.

The quarterly profit trend over the past 3 years is shown in diagram 1 below.

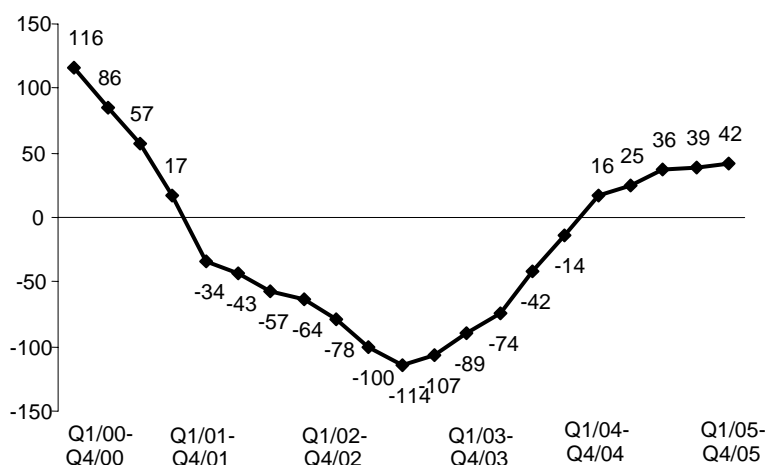
Diagram 1: Adjusted profit before tax by quarter  
SEK M, excluding one-time items



\* \* According to the earlier accounting rules, profit for periods prior to 2004 was charged with goodwill amortisation of around SEK 5 million per quarter. Under IFRS, goodwill is no longer amortized after 1 January 2004.

Adjusted rolling 4-quarter profit continued to improve and amounted to SEK 42 million after the fourth quarter. (Fig.2)

Diagram 2: Adjusted profit before tax,  
rolling 4 quarters  
SEK M, excluding one-time items



\* According to the earlier accounting rules, profit for periods prior to 2004 was charged with goodwill amortisation of around SEK 5 million per quarter. Under IFRS, goodwill is no longer amortized after 1 January 2004.

## CASH FLOW

The Group's cash flow after investment activities for the year was positive and amounted to SEK 106 (77) million. Cash flow was positively affected by proceeds of SEK 34 million from the sale of the property in Denmark. The strong cash flow was also aided by positive earnings and restrictive investment.

Cash flow after investment activities for the fourth quarter totalled SEK 36 (12) million.

## **FINANCIAL POSITION**

Liquid assets at 31 December 2005 amounted to SEK 69 million (31 Dec. 2004: SEK 39 million) excluding granted but unutilised overdraft facilities of SEK 181 million (31 Dec. 2004: SEK 148 million).

Consolidated equity at 31 December 2005 was SEK 561 million (31 Dec. 2004: SEK 510 million). Translation of the net assets of foreign subsidiaries to Swedish kronor increased consolidated equity by SEK 26 million.

In 2005 net loan debt decreased by SEK 69 million to SEK 706 million (31 Dec. 2004: SEK 775 million). Exchange rate movements caused net loan debt to rise by around SEK 37 million, while the positive cash flow reduced net debt by SEK 106 million. The net debt/equity ratio improved to 1.26 (31 Dec. 2004: 1.52).

The equity ratio was 34 per cent (31 Dec. 2004: 30 per cent). The Group's target is an equity ratio of at least 30 per cent over time.

## **CAPITAL EXPENDITURE**

The period's net investments in fixed assets, excluding property sales, amounted to SEK 23 (82) million. The property in Denmark was sold for SEK 34 million in the third quarter. The year-earlier figure included the acquisition of Kirjekuori OY in Finland.

## **PERSONNEL**

The average number of employees during the period was 1,280 (1,391). At the end of December 2005, the number of employees in the Group was 1,241 (1,351).

## **HIGHER PAPER PRICES**

In the fourth quarter a number of suppliers announced price increases for uncoated fine papers. In response to this, Bong has raised its prices to customers in all countries.

## **WARRANT PROGRAMME**

By decision of the 2005 AGM, senior executives in Bong were offered the opportunity to buy subscription warrants in the company during the second quarter. All five members of the group executive board purchased the maximum allotment of warrants amounting to 50,000 each, worth a combined SEK 1.65 million, which was paid in and added to shareholders' equity. The warrants, issued in three separate series, may be exercised for subscription during the period from 1 July 2007 to 30 June 2010 inclusive. An additional 50,000 subscription warrants were reserved for future members of the group executive board.

## **PARENT COMPANY**

The activities of the Parent Company include administration of operating subsidiaries and Group management functions. Net sales amounted to SEK 0 (0) and the period's profit before tax was SEK -4 (29) million. The year's investments amounted to SEK 1 (0) million. The Parent Company's liquid assets totalled SEK 0 million (31 Dec. 2004: SEK 1 million) excluding granted but unutilised overdraft facilities of SEK 30 (28) million.

## **KEY EVENTS AFTER THE END OF THE REPORTING PERIOD**

### Acquisition of RCT Kuvert

As announced in a press release on 16 December 2005, Bong has signed an agreement to acquire German RCT Kuvert. RCT is one of Europe's 10 largest envelope makers, with annual sales of around EUR 27 million. The acquisition of RCT will strengthen Bong's position in Germany and other European envelope markets. Furthermore, RCT's new and modern machinery will enable Bong to further improve its manufacturing productivity and postpone replacement investments into the future.

Bong took control over RCT on 2 January 2006. Closing accounts as at 31 December 2005 are currently being finalised and the purchase price is currently estimated at around EUR 2.5 million. Preliminary acquisition analyses indicate that the acquisition will not generate any goodwill. Financing of the acquisition will consist entirely of new bank loans. The acquisition of RCT is expected to make a positive contribution to Bong's profit starting in the second half of 2006.

### Acquisition of envelope production in Estonia

As announced in a press release on 3 February, Bong has signed an agreement to acquire the American office supply company SMEAD's envelope factory in Kohila, Estonia. The unit's production consists primarily of consumer-packaged envelopes that are sold to customers in several countries through SMEAD's European sales organisation. The purchase price is approximately EUR 1.1 million on a debt-free basis. Of the total purchase price, finished goods inventories account for an estimated EUR 0.3 million. Bong will take over all of the unit's employees and continue production in the existing leased premises.

Bong's annual sales will increase by an estimated EUR 2.2 million through the acquisition. The transaction is expected to have a positive impact on the Group's earnings starting from the second half of 2006. The acquisition will be fully financed through the utilisation of already existing and committed credit facilities, and is expected to be completed in the first quarter of 2006.

## **ACCOUNTING PRINCIPLES**

With effect from 1 January 2005, Bong presents its financial statements in compliance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34. The date of transition to IFRS is 1 January 2004, which means that the comparative figures for 2004 have been restated to IFRS. The effects of transition to IFRS and changed accounting principles are described in Appendix 1. With effect from 1 January 2005, the Parent Company applies the Swedish Financial Accounting Standards Council's recommendation RR 32 Accounting for Legal Entities, with retrospective restatement as of January 2004. The main rule in the recommendation states that legal entities whose securities are listed on a Swedish stock exchange on the balance sheet date shall apply those IFRSs that are applied in the consolidated financial statements. The transition to RR 32 has not had any effect on the reported results for 2004.

## **DIVIDEND**

The Board of Directors proposes that no dividend (SEK 0 per share) be paid for the financial year 2005.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday, 9 May 2006, at 4:00 p.m. in the auditorium of Bong Ljungdahl AB, Uddevägen 3, Kristianstad, Sweden. The interim report for January-March 2006 will be published in connection with the Annual General Meeting.

## FUTURE OUTLOOK

Bong anticipates a continued positive earnings trend in the coming year and expects pre-tax profit for 2006 to exceed the previous year's level.

Kristianstad, 13 February 2006

BONG LJUNGDAHL AB

The Board of Directors

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## AUDITORS' REPORT

*We have reviewed the consolidated financial report for Bong Ljungdahl AB (publ.) for the period ended 30 June 2005 in accordance with the recommendation of the Institute for the Accountancy Profession in Sweden (FAR).*

*A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly we do not express an audit opinion.*

*Based on our review, we have not become aware of any matter that makes us believe that the interim report does not fulfil the requirements for interim financial reports according to the Swedish Annual Accounts Act and IAS 34.*

Kristianstad, 13 February 2005

Anders Lundin  
Authorised Public Accountant

Dan Andersson  
Authorised Public Accountant

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*The interim report will be presented in a teleconference starting at 3:00 p.m. on 13 February 2005. The number to the teleconference is +46 (0)8- 505 20 110, ask for conference "Bong Year-End Report 2005". The following web link can also be used: <http://eventreg1.conferencing.com/inv/reg.html?Acc=735161&Conf=138416> By 2:00 p.m. there will be pictures available on our website [www.bongljungdahl.se](http://www.bongljungdahl.se)*

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## Financial calendar:

Interim report January – March 2006

9 May 2006

Interim report January – June 2006

14 August 2006

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*Bong is one of Europe's leading envelope companies. The Group has an annual turnover of approximately SEK 2 billion, some 1,400 employees and an annual manufacturing capacity of around 18 billion envelopes at its factories in Sweden, Denmark, Norway, Finland, Poland, Germany, Belgium, the UK, Ireland and Russia.. Bong has a very strong market position, particularly in Northern Europe, and conducts sales and marketing in twelve European countries through its own sales organisations. The Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are quoted on the O list of the Stockholm Stock Exchange*

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# **YEAR-END REPROT 31 DECEMBER 2005**

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)</b>	Oct - Dec		Jan - Dec	
	2005 3 mths	2004 3 mths	2005 12 mths	2004 12 mths
Net sales	470.1	454.8	1,782.1	1,807.4
Cost of goods sold	-375.8	-362.7	-1,444.0	-1,476.1
Gross profit	94.3	92.1	338.1	331.3
Selling expenses	-36.7	-34.9	-145.9	-140.9
Administrative expenses	-37.6	-39.8	-148.0	-155.9
Other operating income and expenses	3.2	3.3	26.4	79.1
Operating profit	23.2	20.7	70.6	113.6
Net financial items	-8.8	-9.3	-36.9	-42.2
Profit before tax	14.4	11.4	33.7	71.4
Tax	-5.9	-7.4	-10.4	-19.0
Profit after tax	8.5	4.0	23.3	52.4
Earnings per share before dilution	0.65	0.31	1.79	4.03
Earnings per share after dilution	0.62	0.30	1.72	3.95

<b>CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)</b>	31 Dec	
	2005	2004
<b>Assets</b>		
Intangible assets	1) 330.9	317.1
Tangible assets	642.7	704.1
Financial assets	57.2	62.9
Inventories	227.0	242.4
Current receivables	308.4	306.8
Cash and bank	69.2	38.6
<b>Total assets</b>	<b>1,635.4</b>	<b>1,671.9</b>
<b>Equity and liabilities</b>		
Equity	561.4	510.2
Long-term liabilities	2) 492.9	586.1
Current liabilities	2) 581.1	575.6
<b>Total equity and liabilities</b>	<b>1,635.4</b>	<b>1,671.9</b>
1) Of which, goodwill	326.3	313.1
2) Of which, interest-bearing	777.1	816.6

**KEY RATIOS**

		Jan - Dec	
		2005	2004
Earnings per share after dilution, SEK		1.72	3.95
Ditto calculated on adjusted profit/loss, SEK		1.97	0.99
Earnings per share before dilution, SEK		1.79	4.03
Ditto calculated on adjusted profit/loss, SEK		2.05	1.00
Equity per share after dilution, SEK		44.09	39.79
Ditto before conversion		43.17	39.23
Operating margin, %	1)	4.4	3.3
Profit margin, %	1)	2.4	0.9
Return on equity, %	1)	4.9	2.6
Return on capital employed, %	1)	5.9	4.4
Equity ratio, %		34.3	30.5
Net debt/equity ratio, times		1.26	1.52
Interest coverage ratio, times	1)	2.1	1.4
Capital employed, SEK M		1,338.6	1,326.8
Interest-bearing net loan debt, SEK M		706.1	775.1
No. of shares outstanding at end of period before conversion		13,004,986	13,004,986
No. of shares outstanding at end of period after full conversion		13,651,180	13,351,180
Average number of shares before conversion		13,004,986	13,004,986
Average number of shares after full conversion		13,651,180	13,351,180

1) Calculated on adjusted profit/loss as stated below.

**Adjusted profit:**

Operating profit according to the consolidated profit and loss account	<b>70,6</b>	<b>113,6</b>
Final settlement in dispute with former owner of Bauwens Group	-	-61.5
Capital gain on the sale of fixed assets	-16.0	-12.4
Restructuring charges	24.4	19.1
Adjusted operating profit	<b>79.0</b>	<b>58.8</b>

**CHANGES IN CONSOLIDATED EQUITY (SEK M)**

	Jan - Dec 2005	Jan - Dec 2004
Opening balance for the period	510.2	463.4
Payment for warrants	1.6	
Translation differences	26.3	-5.6
Profit for the period	23.3	52.4
<b>Closing balance for the period</b>	<b>561.4</b>	<b>510.2</b>



# **CONSOLIDATED CASH FLOW STATEMENTS**

(SEK M)	Oct - Dec		Jan - Dec	
	2005 3 mths	2004 3 mths	2005 12 mths	2004 12 mths
<b>Operating activities</b>				
Operating profit	23.2	20.6	70.6	113.5
Depreciation and write-downs	24.5	24.4	100.7	100.1
Financial items	-8.8	-9.3	-36.9	-42.2
Paid tax	-0.5	-1.4	-6.5	-11.8
Other non-cash items	1.6	-14.4	-20.5	-16.0
Cash flow from operating activities before changes in working capital	40.0	19.9	107.4	143.6
Changes in working capital	5.9	0.3	-13.5	15.2
<b>Cash flow from operating activities</b>	<b>45.9</b>	<b>20.2</b>	<b>93.9</b>	<b>158.8</b>
<b>Cash flow from investing activities</b>	<b>-9.9</b>	<b>-8.0</b>	<b>11.6</b>	<b>-82.2</b>
<b>Cash flow after investing activities</b>	<b>36.0</b>	<b>12.2</b>	<b>105.5</b>	<b>76.6</b>
<b>Cash flow from financing activities</b>	<b>-45.6</b>	<b>-13.2</b>	<b>-77.2</b>	<b>-124.0</b>
<b>Cash flow for the period</b>	<b>-9.6</b>	<b>-1.0</b>	<b>28.3</b>	<b>-47.4</b>
Liquid assets at beginning of period	78.8	39.9	38.6	85.7
Exchange rate difference in liquid assets		-0.3	2.3	0.3
<b>Liquid assets at end of period</b>	<b>69.2</b>	<b>38.6</b>	<b>69.2</b>	<b>38.6</b>

## **QUARTERLY DATA**

GROUP (SEK M)	4/2005	3/2005	2/2005	1/2005	4/2004	3/2004	2/2004	1/2004	4/2003 **)	3/2003 **)	2/2003 **)	1/2003 **)
Net sales	470.1	411.8	446.6	453.7	454.8	418.2	444.3	490.1	460.2	444.9	459.7	543.6
Operating expenses *)	-446.9	-401.0	-429	-435	-434.1	-399.0	-382.1	-479	-514.8	-454.6	-478.3	-546
<b>Operating profit/loss</b>	<b>23.2</b>	<b>10.8</b>	<b>18.0</b>	<b>18.6</b>	<b>20.7</b>	<b>19.2</b>	<b>62.2</b>	<b>11.5</b>	<b>-54.6</b>	<b>-9.7</b>	<b>-18.6</b>	<b>-2.6</b>
Net financial items *)	-8.8	-8.5	-9.5	-10.1	-9.3	-11.1	-10.1	-11.7	-11.8	-10.7	-11.3	-13.3
<b>Profit before tax</b>	<b>14.4</b>	<b>2.3</b>	<b>8.5</b>	<b>8.5</b>	<b>11.4</b>	<b>8.1</b>	<b>52.1</b>	<b>-0.2</b>	<b>-66.4</b>	<b>-20.4</b>	<b>-29.9</b>	<b>-15.9</b>
Capital gain on sale of fixed assets		16.0				12.4					4.6	
Write-downs									-26.9			
Restructuring charges		-24.4				-12.3	-6.8		-20.7			
Final settlement in Bauwens dispute							61.5					
	0	-8.4				0.1	54.7		-47.6		4.6	
<b>Adjusted operating profit/loss</b>	<b>23.2</b>	<b>19.2</b>	<b>18.0</b>	<b>18.6</b>	<b>20.7</b>	<b>19.1</b>	<b>7.5</b>	<b>11.5</b>	<b>-7.0</b>	<b>-9.7</b>	<b>-23.2</b>	<b>-2.6</b>
<b>Adjusted profit/loss before tax</b>	<b>14.4</b>	<b>10.7</b>	<b>8.5</b>	<b>8.5</b>	<b>11.4</b>	<b>8.0</b>	<b>-2.6</b>	<b>-0.2</b>	<b>-18.8</b>	<b>-20.4</b>	<b>-34.5</b>	<b>-15.9</b>

\*) Interest expenses on certain defined benefit pensions were reclassified in the accounts for 2004, whereby operating expenses were reduced and financial expenses increased by SEK 4,300 thousand. A corresponding adjustment has been made in the above quarterly figures for 2004

\*\*) The quarterly results for 2003 have been charged with goodwill amortisation of approximately SEK 5.0 million according to the accounting standards applied at that time.

## **APPENDIX TO INTERIM REPORT, JANUARY - DECEMBER 2005**

### **ACCOUNTING STANDARDS IN 2005**

With effect from 1 January 2005, Bong presents its financial statements in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. The comparative figures for 2004 have been retrospectively restated. The most significant adjustment is the add-back of goodwill amortisation reported during 2004 (SEK 20.8 million).

The transition to IFRS has been carried out with the application of the provisions in IFRS 1, First Time Adoption of IFRS. As permitted by IFRS 1, the Group has chosen not to restate acquisitions prior to 1 January 2004 and has reset accumulated translation differences in equity to zero.

Goodwill is valued at cost less accumulated write-downs, and is tested for impairment at least annually. In this interim report, the goodwill amortisation that is stated in the annual report for 2004 has been added back in the comparative figures for 2004 in this interim report.

IAS 39 and 32 as applied with effect from 1 January 2005. The application of IAS 39 has had no effect on the opening balance for 2005. Compared with the earlier rules, derivatives (forward exchange contracts) are taken up at fair value in the balance sheet. Changes in value are recognised in the profit and loss account for the period in which they arise. Accounts receivable and payable in foreign currency were previously translated at the hedged forward rate, but are now translated at the closing day rate. In other respects, the application of IAS 39 has not given rise to any changes in the Group's financial statements. Restatement of the profit and loss accounts and balance sheets for 2004 according to the rules in IAS 39 would require recognition of outstanding forward contracts at fair value.

The items under the heading "Provisions" have been reclassified as long-term and current liabilities. Aside from the above adaptations to IFRS, the financial statements have been prepared according to the same accounting and valuation methods used in the most recent annual report.

### **TRANSITION TO IFRS 2005**

The effects of adjustments in historical data are described below.

#### **Notes**

1. Add-back of goodwill. The tax effect refers to locally reported goodwill arising on the acquisition of net assets.
2. Reclassification of "Provisions" to long-term and current liabilities.

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY</b>		<b>Effect of 2004 transition to IFRS</b>		<b>IFRS 2004</b>
<b>(SEK thousands)</b>	<b>Note</b>	<b>Jan - Dec</b>		<b>Jan - Dec</b>
Net sales		1,807,436	-	1,807,436
Cost of goods sold		-1,476,074	-	-1,476,074
<b>Gross profit</b>		<b>331,362</b>	<b>-</b>	<b>331,362</b>
Selling expenses		-140,931	-	-140,931
Administrative expenses		-155,972	-	-155,972
Other operating income and expenses		79,089	-	79,089
Goodwill amortisation		-20,806	20,806	0
<b>Operating profit</b>	<b>1</b>	<b>92,742</b>	<b>20,806</b>	<b>113,548</b>
Net financial items		-42,183	-	-42,183
<b>Profit before tax</b>		<b>50,559</b>	<b>20,806</b>	<b>71,365</b>
Tax	<b>1</b>	-17,386	-1,577	-18,963
<b>Profit after tax</b>		<b>33,173</b>	<b>19,229</b>	<b>52,402</b>

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY</b>		<b>Effect of 2004 transition to IFRS</b>		<b>IFRS 2004</b>
<b>(SEK thousands)</b>	<b>Note</b>	<b>Oct - Dec</b>		<b>Oct - Dec</b>
Net sales		454,820	-	454,820
Cost of goods sold		-362,748	-	-362,748
<b>Gross profit</b>		<b>92,072</b>	<b>-</b>	<b>92,072</b>
Selling expenses		-34,885	-	-34,885
Administrative expenses		-39,788	-	-39,788
Other operating income and expenses		3,259	-	3,259
Goodwill amortisation		-5,780	5,780	0
<b>Operating profit</b>	<b>1</b>	<b>14,878</b>	<b>5,780</b>	<b>20,658</b>
Net financial items		-9,250	-	-9,250
<b>Profit before tax</b>		<b>5,628</b>	<b>5,780</b>	<b>11,408</b>
Tax	<b>1</b>	-6,890	-551	-7,441
<b>Profit after tax</b>		<b>-1,262</b>	<b>5,229</b>	<b>3,967</b>

**CONSOLIDATED BALANCE SHEETS  
IN SUMMARY (SEK M)**

		<b>CB</b>	<b>Effect of transition to IFRS</b>	<b>IFRS CB</b>
	<b>Note</b>	<b>31 Dec. 2004</b>		<b>31 Dec. 2004</b>
<b>Assets</b>				
Intangible assets	1	296,646	20,483	317,129
Tangible assets		704,062		704,062
Financial assets		62,904		62,904
Total fixed assets		1,063,612	20,483	1,084,095
Inventories		242,414		242,414
Current receivables		306,784		306,784
Cash and bank		38,572		38,572
Total current assets		587,770	0	587,770
<b>Total assets</b>		<b>1,651,382</b>	<b>20,483</b>	<b>1,671,865</b>
<b>Equity and liabilities</b>				
Equity	1	491,232	18,922	510,154
Provisions	2	170,527	-170,527	0
Long-term liabilities	2	418,033	168,109	586,142
Current liabilities	2	571,590	3,979	575,569
<b>Total equity and liabilities</b>		<b>1,651,382</b>	<b>20,483</b>	<b>1,671,865</b>

**CONSOLIDATED CASH FLOW STATEMENTS 2004**  
(SEK thousands)

	Note	2004 Jan - Dec	Effect of transition to IFRS	Adjusted 2004 Jan - Dec
<b>Operating activities</b>				
Operating profit	1	92,742	20,806	113,548
Depreciation and write-downs	1	120,874	-20,806	100,068
Financial items		-42,183	-	-42,183
Paid tax		-11,823	-	-11,823
Other non-cash items		-16,064	-	-16,064
Cash flow from operating activities before changes in working capital		143,546	0	143,546
Changes in working capital		15,217	-	15,217
<b>Cash flow from operating activities</b>		<b>158,763</b>	<b>0</b>	<b>158,763</b>
<b>Cash flow from investing activities</b>		<b>-82,157</b>	<b>-</b>	<b>-82,157</b>
<b>Cash flow after investing activities</b>		<b>76,606</b>	<b>0</b>	<b>76,606</b>
<b>Cash flow from financing activities</b>		<b>-124,001</b>	<b>-</b>	<b>-124,001</b>
<b>Cash flow for the period</b>		<b>-47,395</b>	<b>0</b>	<b>-47,395</b>
			-	

**CONSOLIDATED CASH FLOW STATEMENTS, Q4 2004**  
(SEK thousands)

	Note	2004 Oct - Dec	Effect of transition to IFRS	Adjusted 2004 Oct - Dec
<b>Operating activities</b>				
Operating profit	1	14,878	5,780	20,658
Depreciation and write-downs	1	30,151	-5,780	24,371
Financial items		-9,250	-	-9,250
Paid tax		-1,432	-	-1,432
Other non-cash items		-14,456	-	-14,456
Cash flow from operating activities before changes in working capital		19,891	0	19,891
Changes in working capital		297	-	297
<b>Cash flow from operating activities</b>		<b>20,188</b>	<b>0</b>	<b>20,188</b>
<b>Cash flow from investing activities</b>		<b>-8,021</b>	<b>-</b>	<b>-8,021</b>
<b>Cash flow after investing activities</b>		<b>12,167</b>	<b>0</b>	<b>12,167</b>
<b>Cash flow from financing activities</b>		<b>-13,229</b>	<b>-</b>	<b>-13,229</b>
<b>Cash flow for the period</b>		<b>-1,062</b>	<b>0</b>	<b>-1,062</b>