

## Interim Report

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## Interim Report, 1<sup>st</sup> January - 30<sup>th</sup> June 2004

### Key ratios

	First six months			Change in %	Q 2		Full year 2003 <sup>2)</sup> SEK m
	2004 SEK m	2004 EUR m <sup>1)</sup>	2003 <sup>2)</sup> SEK m		2004 SEK m	2003 <sup>2)</sup> SEK m	
Net sales	9 045	987	4 636	95	4 547	2 298	9 545
Operating result before depreciation	1 514	165	537	182	743	245	633
Operating result (EBIT)	831	91	210	296	397	84	-19
Operating margin %	9.2	9.2	4.5		8.7	3.7	Neg.
Result after financial items	614	67	69	790	307	15	-251
Net result	546	60	169	223	280	39	13
Cash flow from operating activities	910	99	336	171	434	162	956
Earnings per share SEK/EUR <sup>3)</sup>	2.36	0.26	1.59		1.11	0.37	0.12
Equity/assets ratio %	39.1	39.1	27.9		39.1	27.9	30.7
Net debt/Shareholders' equity	99	99	154		99	154	147

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1673 has been used for conversions to EUR.

<sup>2)</sup> 2003 includes operations sold, see page 15 for breakdown into remaining operations and those sold.

<sup>3)</sup> Recalculated for bonus issue effect of rights issue.

## New Boliden reports a record result for the first six months of 2004

### Comparison between the first six months of 2004 and 2003

- Net sales increased to SEK 9,045 million (SEK 4,636 m).
- The operating result increased to SEK 831 million (SEK 210 m).
- The result after financial items improved to SEK 614 million (SEK 69 m).
- The net result increased to SEK 546 million (SEK 169 m).
- Earnings per share increased to SEK 2.36 (SEK 1.59).
- Cash flow from operating activities totalled SEK 910 million (SEK 336 m).
- The debt/equity ratio has improved significantly to 99 percent (154%).

### Comparison between Q2 2004 and Q2 2003

- Net sales increased to SEK 4,547 million (SEK 2,298 m).
- The operating result increased to SEK 397 million (SEK 84 m).
- The result after financial items improved to SEK 307 million (SEK 15 m).
- The net result increased to SEK 280 million (SEK 39 m).
- Earnings per share increased to SEK 1.11 (SEK 0.37).

### Other

- The rights issue, which was over-subscribed, was completed in April and provided Boliden with approximately SEK 1.4 billion.
- A ten-year partnership agreement, increasing supplies of copper concentrate from the Portuguese mine Neves Corvo, was signed in June.
- Additional potential for operating synergies has been identified.
- The sale of the Canadian mine, Myra Falls, was concluded in July.

**COMMENTS BY JAN JOHANSSON, PRESIDENT & CEO**

The structural transaction with Outokumpu, continued strong metal prices, and healthy production levels by both mines and smelters all played a part in enabling new Boliden to report one of the strongest results to date in the company's eighty year history. The operating result for the first six months of 2004 increased to SEK 831 million (SEK 210 m) and to SEK 397 million (SEK 84 m) for the second quarter. The result after financial items for the first half of the year improved to SEK 614 million (SEK 69 m) and to SEK 307 million (SEK 15 m) for the second quarter.

Prices for Boliden's metals were substantially higher during the first six months of 2004 and the second quarter of the year than during the corresponding periods last year. The general recovery in the global economy, combined with continued strong growth in Asia in general, and China in particular, have helped increase the demand for metals. Growth in consumption of copper and zinc, Boliden's main metals, has exceeded growth in production, leading to reduced stock levels and higher prices.

The US dollar weakened against Boliden's most important currencies during both the first six months and the second quarter of 2004 in comparison with corresponding periods in 2003. The US dollar weakened further from Q1 2004 levels during the second quarter. The weakening in the dollar has influenced the recent rise in metal prices.

The cash flow from operating activities improved during the reporting period. Investment levels will remain high during the latter half of the year, returning to normal levels in 2005, due to the investment programmes in Norzink and Tara that will be completed in 2004. Boliden's financial position, which improved substantially as a result of the structural transaction with Outokumpu, was further strengthened during the first half of the year by improved profitability and by the result of the rights issue in the spring.

In the **Business Area Mining Operations**, metal production was up on corresponding periods in 2003 for the majority of Boliden's metals during both the first and second quarters of 2004. The sale of the Canadian mine, Myra Falls, was completed in July. Boliden's mines are now well positioned, with competitive cost levels, and further improvements are expected in this area.

In the **Business Area Smelting Operations**, the **Copper Production Area** increased its metal production during both the first six months and the second quarter of 2004 in comparison with corresponding periods in 2003. The availability of copper concentrate for both Rönnskär and Harjavalta has been stable throughout the reporting period. The increased flexibility that two copper smelters provide has made a positive contribution to the Production Area's performance. The terms in copper-concentrate purchase contracts signed between some mines and smelters towards the end of the reporting period show that treatment and refining charges have increased by 40 percent since the beginning of 2004.

In June, Boliden signed a ten-year partnership agreement that will increase copper concentrate supplies from the Portuguese mine, Neves Corvo. This will significantly improve the balance within the company's copper operations. The partnership agreement comes into force in January 2005 and supplies to Boliden are estimated to reach between 150,000 and 200,000 tonnes of copper concentrate per annum.

Metal production in the **Zinc Production Area** also increased during the first six months of the year, whilst production in the second quarter was on a par with that in the corresponding period last year. The modernisation of Norzink, which will further improve the smelter's efficiency, is proceeding according to plan and will be completed in the autumn of 2004.

New Boliden has developed very positively during the first six months. The integration and coordination work within the new corporate Group is proceeding well, and additional potential has been identified as part of the ongoing integration and coordination projects that will result in increased synergy benefits. Metal production at the majority of our operations has reached higher levels than before during the first six months of the year - a period that also saw a substantial rise in the price of our metals. Taken as a whole, these factors have helped bring about a further improvement in our profitability and have resulted in the creation of a stronger company, both operationally and financially.

**Forecast**

The board of directors believes that the relatively healthy market situation will continue for the remainder of the year, and this together with the ongoing integration and efficiency-boosting programmes will contribute to a continued good result after financial items for the latter half of 2004.

**MARKET****Economic trends**

The recovery in the global economy continued during the first half of 2004, with growth levels at around 4 percent for this period. Low interest rates, coupled with vigorous growth in the majority of the world's regions, are the two main reasons for the global growth we are now seeing.

The American economy's recovery continued, growing by approximately 4 percent during the first half of 2004. The European economies, however, only grew by approximately 1.5 percent during this period. American economic growth is primarily being led by increased private consumption, with growth in industrial production lagging behind growth in the economy as a whole.

Asia is still the region with the fastest growth and China is the driving force. The Chinese economy grew by 9 percent during the first half of 2004, with growth strongest in the fields of transport and infrastructure - two sectors that consume large volumes of copper and zinc. Japan also reported strong growth during the first half of the year, with an increase of approximately 5 percent.

**Metal prices**

The price trend for Boliden's base metals continued to be positive during the first half of 2004. Stock levels for copper and zinc continued to fall during the reporting period and are currently at historically low levels. This has led, in turn, to the copper spot price stabilising at a relatively high level. Global consumption of copper increased by approximately 5 percent during the second quarter of 2004, but copper concentrate production during the same period only rose by around 1 percent.

The stock situation is more balanced for zinc, and this has been reflected in a slight fall of the zinc price during the second quarter. Whilst global consumption of zinc increased by approximately 5 percent during the second quarter of 2004, production of zinc concentrate remained unchanged during the period, and this is expected to lead to a future reduction in zinc stocks. Silver and gold prices have remained stable, with the metals benefiting from a weakened US dollar and renewed interest on the part of investment funds.

**Metal price hedging**

Gold - 79 percent of planned gold production in Swedish mines has been hedged at USD 367/oz for 2004, with 83 percent hedged at USD 367/oz for 2005 and 22 percent hedged at USD 408/oz for 2006.

Silver - 76 percent of planned silver production in Swedish mines has been hedged at USD 6.37/oz for 2004, with 30 percent hedged at USD 6.91/oz for 2005.

Copper - 44 percent of planned copper production in Swedish mines has been hedged at USD 2,780/tonne (USD 1.26/lb) for 2004, with 22 percent hedged at USD 2,572/tonne (USD 1.17/lb) for 2005.

<b>Metal prices (average LME/LBMA)</b>	<b>First six months</b>		<b>Change in %</b>	<b>Q 2</b>		<b>Change in %</b>
	<b>2004</b>	<b>2003</b>		<b>2004</b>	<b>2003</b>	
Copper (USD/lb)	1.25	0.75	67	1.27	0.74	72
Zinc (USD/lb)	0.48	0.35	37	0.47	0.35	34
Lead (USD/lb)	0.38	0.21	81	0.37	0.21	76
Gold (USD/oz)	401	350	15	394	347	14
Silver (USD/oz)	6.47	4.63	40	6.25	4.59	36

**Exchange rates**

The initial strengthening in the US dollar during the first quarter of 2004 abated during the second quarter, and the dollar has now once again weakened against the Swedish krona, the Euro and the Canadian dollar. The US dollar was negatively affected by several factors including the American budget and balance of payments deficits and the uncertainty regarding American growth trends. The Euro has remained relatively stable against the majority of currencies, despite the European economies being slightly outperformed by those elsewhere in the world. The interest rates market has primarily been characterised by rising long rates. The improved outlook for the global economy has not, however, had any significant effect on short rates to date.

<b>Exchange rates (average)</b>	<b>First six months</b>		<b>Change In %</b>	<b>Q2</b>		<b>Change In %</b>
	<b>2004</b>	<b>2003</b>		<b>2004</b>	<b>2003</b>	
USD/SEK (realised by Boliden)	9.39	10.28	-9	9.36	10.31	-9
USD/SEK	7.47	8.31	-10	7.56	8.06	-6
EUR/USD	1.23	1.10	12	1.20	1.13	+6
EUR/SEK	9.16	9.16	0	9.14	9.14	0
USD/NOK	6.88	7.02	-2	6.86	7.00	-2
USD/CAD	1.34	1.46	-8	1.36	1.40	-3

In 2003, Boliden closed out part of the market value of the company's currency hedging contracts in respect of hedging of future US dollar revenues. A new currency option programme was implemented in 2003 in order to limit the risk associated with any further weakening in the US dollar. Boliden's flows in other currencies are, in every significant respect, unhedged. Boliden's exchange rate hedging, as of 30<sup>th</sup> June 2004, is presented in the table on page 16.

**Treatment charges/Refining charges (TC/RC)**

The vigorous expansion in the base metal industry, primarily in China, is boosting the demand for concentrate, putting pressure on the TC/RC for all base metal concentrates. The table below shows the European benchmark prices for 2004.

The fall in copper concentrate TC/RC was greater than expected, mainly because the majority of major mine producers experienced production disruptions at the end of 2003, resulting in increased shortage of concentrate. Copper concentrate TC/RC are now at historically low levels. However, the spot TC/RC for copper concentrate strengthened considerably during the period. One of the consequences of this was that terms in copper-concentrate purchase contracts signed between some mines and smelters towards the end of the reporting period increased by 40 percent since the beginning of 2004. This is expected to lead to higher TC/RC in 2005.

Treatment charges for zinc concentrate in the Far East and Europe have now been negotiated and the lower levels confirmed. As a result of the balance that exists between the company's mining and smelting production, new Boliden has a natural hedge against changes in zinc concentrate treatment charges. Negotiations regarding 2004's terms and conditions for lead concentrate have now also been concluded, resulting in lower treatment charges. There is currently a global shortage of lead concentrate of which new Boliden is a net vendor.

	<b>2004</b>	<b>2003</b>	<b>Change in %</b>
<b>Treatment and refining charges <sup>1)</sup></b>			
<b>Copper</b>			
- Treatment charge (TC) USD/tonne	40	54	-26
- Refining charge (RC) US\$/lb	4.0	5.4	-26
<b>Zinc</b>			
- Treatment charge (TC) USD/tonne	142	147	-3,4
<b>Lead</b>			
- Treatment charge (TC) USD/tonne	125	135	-7.4

<sup>1)</sup> Refers to benchmark prices

Source: CRU.

<b>SUMMARY OF CONSOLIDATED INCOME STATEMENTS</b>	First 6 months			Q2	
	2004	2004	2003 <sup>2)</sup>	2004	2003
	SEK m	EUR m <sup>1)</sup>	SEK m	SEK m	SEK m
Net sales	9 045	987	4 636	4 547	2 298
Operating expenses	-8 214	-896	-4 426	-4 150	-2 214
Operating result	831	91	210	397	84
Financial income and expenses	-217	-24	-141	-90	-69
Result after financial items	614	67	69	307	15
Taxes	-68	-7	100	-27	24
Result for the period	546	60	169	280	39
Earnings per share, SEK <sup>2)</sup>	2.36	0.26	1.59	1.11	0.37
Earnings per share after dilution, SEK <sup>2)</sup>	2.36	0.26	1.58	1.10	0.37
<b>Number of shares</b>	252 387 169		85 811 638	252 387 169	85 811 638
<b>Average number of shares<sup>2)</sup></b>	230 825 012		106 479 685	252 387 169	106 479 685
<b>Average number of shares after dilution<sup>2)</sup></b>	231 170 012		106 824 685	252 732 169	106 824 685

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1673 has been used for conversions to EUR.

<sup>2)</sup> Recalculated for bonus issue effect of rights issue.

<b>SUMMARY OF CONSOLIDATED BALANCE SHEETS</b>	First 6 months		Full year	First 6 months
	2004	2004	2003	2003
	SEK m	EUR m <sup>1)</sup>	SEK m	SEK m
Intangible fixed assets	2 884	315	2 745	8
Tangible fixed assets	11 663	1 276	11 481	7 494
Deferred tax	497	54	425	232
Interest-bearing assets	24	3	3	3
Other financial fixed assets	155	17	171	63
Inventories	2 210	242	2 236	1 290
Interest-bearing current receivables	-	-	25	71
Other receivables	1 270	139	1 397	961
Liquid assets	1 161	127	1 378	803
<b>Total assets</b>	<b>19 864</b>	<b>2 173</b>	<b>19 861</b>	<b>10 925</b>
Shareholders' equity	7 774	850	6 100	3 053
Minority interests	-	-	-	2
Pension provisions	395	43	224	74
Provisions for deferred tax	270	30	307	9
Other provisions	722	79	687	664
Interest-bearing long-term liabilities	8 361	915	8 637	5 174
Other long-term liabilities	6	1	0	92
Interest-bearing current liabilities	102	11	1 502	341
Other current liabilities	2 234	244	2 404	1 516
<b>Total liabilities and shareholders' equity</b>	<b>19 864</b>	<b>2 173</b>	<b>19 861</b>	<b>10 925</b>

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.14225 has been used for conversions to EUR.

<b>SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOW</b>	First 6 months		
	2004	2004	2003
	SEK m	EUR m <sup>1)</sup>	SEK m
Cash flow from operating activities	910	99	336
Investment activities	-875	-95	-280
Financing activities	-255	-28	-20
Exchange rate difference in liquid assets	3	0	-1
<b>Change in liquid assets</b>	<b>-217</b>	<b>-24</b>	<b>35</b>

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1673 has been used for conversions to EUR.

**Net sales**

Boliden's net sales totalled SEK 9,045 million (SEK 4,636 m) for the first six months of 2004 and SEK 4,547 million (SEK 2,298 m) for the second quarter. The increase in net sales is largely an effect of the structural transaction with Outokumpu, whereby Boliden acquired mining and smelting operations. Net sales were also positively affected by substantially improved metal prices and by increased production in the Business Areas Mining Operations and Smelting Operations, and negatively by lower US dollar exchange rates than in the corresponding periods last year.

**Profit performance**

The operating result before depreciation (EBITDA) totalled SEK 1,514 million (SEK 537 m) for the first six months of the 2004 and SEK 743 million (SEK 245 m) for the second quarter. The operating result (EBIT) improved to SEK 831 million (SEK 210 m) for the first six months of 2004 and SEK 397 million (SEK 84 m) for the second quarter, corresponding to operating margins of 9.2 percent (4.5%) and 8.7 percent (3.7%), respectively. The improvement in the operating result is primarily attributable to an improvement in the results of the mining operations and copper smelting operations. The result after financial items increased to SEK 614 million (SEK 69 m) for the first six months of 2004 and SEK 307 million (SEK 15 m) for the second quarter.

**Cash flow**

Cash flow from operating activities totalled SEK 910 million (SEK 336 m), and cash flow from investment activities totalled -SEK 875 million (-SEK 280 m). The increased investments can mainly be attributed to the units acquired from Outokumpu and to an adjustment of the purchase price for the Outokumpu acquisition.

Liabilities totalling a net of SEK 1,762 million (SEK 20 m) were amortised during the period. The rights issue implemented also positively affected the cash flow by SEK 1,374 million.

The operations conducted by Boliden are characterised by large changes in operating capital from one quarter to another, in that individual incoming and outgoing deliveries of metal concentrate and outgoing deliveries of products from the smelters command substantial values.

**Financial position**

	30 <sup>th</sup> June 2004	31 <sup>st</sup> Dec 2003	30 <sup>th</sup> June 2003
Net debt (SEK m)	7 673	8 957	4 712
Shareholders' equity (SEK m)	7 774	6 100	3 053
Net debt/Shareholders' equity, %	99	147	154
Equity/assets ratio, %	39.1	30.7	27.9

New Boliden's financial position has improved substantially as a result of improved profitability, the structural transaction with Outokumpu and the rights issue implemented.

**Integration process and synergies**

The integration of the operations within new Boliden is proceeding well and according to plan. Synergies were realised during the first six months of 2004 corresponding to approximately SEK 180 million on a full year basis, SEK 125 million of which refer to the second quarter. The synergy benefits derive primarily from the fields of raw materials, commercial optimisation and logistics, and from administration. The other main areas from which synergies will be realised are production optimisation, marketing, servicing of installations, purchasing and operational best practice.

As noted earlier, operational synergies totalling between SEK 225 million and SEK 270 million per annum have been identified, half of which will be realised in 2004 and the remainder in 2005. Additional potential has been identified and we are consequently now aiming even higher, with a new operational synergies target figure of at least SEK 270 million.

## Interim Report, January-June 2004

### THE BUSINESS AREAS

Unaudited pro forma data for 2003, which include units acquired from Outokumpu, are reported for comparison purposes.

### BUSINESS AREA MINING OPERATIONS

#### Production

Metal production <sup>1)</sup>	First 6 months			Q2		
	2004	Pro forma	Change in %	2004	Pro forma	Change in %
		2003			2003	
Zinc (tonnes)	196 871	173 196	14	101 351	85 456	19
Copper (tonnes)	43 454	46 690	-7	22 513	24 929	-10
Lead (tonnes)	27 334	23 761	15	15 133	12 354	22
Gold (kg)	2 962	2 489	19	1 659	1 252	33
Silver (kg)	131 944	141 429	-7	62 864	68 950	-9

<sup>1)</sup> 1 kg = 2.20462 lbs., 1 kg = 32.15 ounces

The operations of the Business Area Mining Operations are conducted in three areas in Sweden - Aitik, the Boliden area and Garpenberg. The Tara mine in Ireland and the Myra Falls mine in Canada are also part of the Business Area.

Total production of the majority of Boliden's metals increased both during the first six months of 2004 and during the second quarter in comparison with corresponding periods last year.

Garpenberg continues to report good production levels. Production from Lappberget accounts for an increased percentage of the total production from the mining area, with the increase in metal production boosted by the high levels of zinc, silver and lead contained in the ore from Lappberget. Production from Lappberget will be successively increased during the year.

Production at Tara improved still further during the second quarter of 2004. The Nevinstown ore body has successively been brought into production, and this had positive effects on Tara's metal production during the reporting period.

The total lower copper production during the reporting period, caused mainly by lower production at the Storliden mine owned by North Atlantic Natural Resources, was compensated by improved copper production at Aitik. Gold production also developed well at Aitik.

The sale of Myra Falls to the listed Canadian mining company, Breakwater Resources Ltd (Breakwater) was completed in July. The sale generated a capital gain of SEK 5 million for Boliden, which will be reported during the third quarter of 2004.

#### Net sales, results and investments

SEK m	First 6 months			Q2		
	2004	Pro forma	Change in %	2004	Pro forma	Change in %
		2003			2003	
Net sales	2 318	1 664	39	1 210	803	51
Result before depreciation	809	214	278	437	88	397
Depreciation	266	233	14	139	115	21
Operating result	543	-19	-	297	-27	-
Investments	302	375	-19	151	207	-27
Capital employed	3 093	2 992	3	3 093	2 992	3

Net sales in Boliden's mining operations totalled SEK 2,318 million (SEK 1,664 m) for the first six months of 2004 and SEK 1,210 million (SEK 803 m) for the second quarter. The operating result improved significantly and totalled SEK 543 million (- SEK 19 m) for the first six months of the year and SEK 297 million (-SEK 27 m) for the second quarter, corresponding to an operating margin of 23.4 percent (neg.) and 24.5 percent (neg.), respectively. The main positive factors in the operating result were increased metal prices, higher production, lower treatment and refining charges, and productivity improvements. The result was, at the same time, negatively affected by lower revenues resulting from a deterioration in the US dollar exchange rate during both the first half of the year and the second quarter in comparison with the corresponding periods last year.

## BUSINESS AREA SMELTING OPERATIONS

### Production Area Zinc

#### Production

Metal production <sup>1)</sup>	First 6 months			Q2		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Zinc (tonnes)	208 355	200 679	4	102 212	102 539	0
Aluminium fluoride (tonnes)	15 721	14 307	10	7 447	7 855	-5

<sup>1)</sup> 1 kg = 2.20462 lbs., 1 kg = 32.15 ounces

Production in the Production Area Zinc is conducted at the Kokkola smelter at Kokkola in Finland and the Norzink smelter at Odda in Norway. Production mainly comprises zinc, although Norzink also manufactures aluminium fluoride.

Production in the Production Area Zinc improved during the first six months of the year, and remained at the same level during the second quarter, compared to the corresponding periods in 2003. The modernisation work at the smelter at Odda is proceeding according to plan and is scheduled for completion in the autumn of 2004. Once the modernisation is completed, Boliden anticipates both a capacity increase of approximately 10 percent and an increase in production efficiency. The coordination of production of zinc concentrate within new Boliden's mines has also had a positive effect on production at the zinc smelters.

### Net sales, results and investments

SEK m	First 6 months			Q2		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Net sales	1 980	1 727	15	1 057	887	19
Result before depreciation	129	226	-43	38	99	-62
Depreciation	120	124	-3	59	61	-3
Operating result	9	102	-91	-21	37	-
Investments	387	159	143	215	105	105
Capital employed	2 924	2 593	13	2 924	2 593	13

The Production Area Zinc's net sales totalled SEK 1,980 million (SEK 1,727 m) during the first six months of the year and SEK 1,057 million (SEK 887 m) for the second quarter. The operating result totalled SEK 9 million (SEK 102 m) for the first six months of the year and -SEK 21 million (SEK 37 m) for the second quarter, corresponding to an operating margin of 0.5 percent (5.9%) and neg. (4.2%), respectively. Increased production and higher metal prices than during corresponding periods last year had a positive effect on the operating result. Lower US dollar exchange rates, lower treatment and refining charges, and planned shutdowns for repair work had a negative effect on the result. Adjustments were made during the second quarter for the entire reporting period for the lower treatment charges now settled for 2004. The increased investments are primarily attributable to the ongoing modernisation of Norzink.

### Production Area Copper

#### Production

Metal production <sup>1)</sup>	First 6 months			Q2		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Copper (tonnes)	178 726	170 325	5	89 113	87 767	2
Lead (tonnes)	16 128	12 999	24	7 987	6 936	15
Gold (kg)	10 199	8 219	24	4 166	4 264	-2
Silver (kg)	229 458	252 169	-9	119 147	123 518	-4
Lead alloys, Bergsöe (tonnes)	24 137	26 124	-8	11 782	12 851	-8

<sup>1)</sup> 1 kg = 2.20462 lbs., 1 kg = 32.15 ounces



Production in the Production Area Copper is conducted at the Rönnskär and Bergsöe smelters in Sweden and at Harjavalta/Pori in Finland. Production mainly comprises copper, lead, precious metals and zinc clinker.

Production of copper cathodes at Rönnskär reached record levels during the second quarter of 2004, partly because blister copper from Harjavalta can now be refined into copper cathodes at Rönnskär. Production of copper cathodes at Harjavalta was slightly down on corresponding periods last year during both the first six months of the year and the second quarter. Increased production optimisation and greater stability in flows of external mining concentrate had a positive effect on production at the smelters. Boliden's access to external mining concentrate will continue stable for the rest of the year.

Boliden's agreement regarding increased supplies of copper concentrate from the Portuguese mine, Neves Corvo, will significantly improve the balance of copper between Boliden's mines and smelters. The partnership agreement will come into force in January 2005, with supplies to Boliden totalling between 150,000 and 200,000 tonnes of copper concentrate per annum.

### Net sales, results and investments

SEK m	First 6 months			Q2		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Net sales	6 353	4 492	41	3 145	2 228	41
Result before depreciation	615	368	67	283	140	102
Depreciation	224	227	-1	111	111	0
Operating result	391	141	177	171	29	490
Investments	62	56	11	37	32	16
Capital employed	6 398	6 621	-3	6 398	6 621	-3

The Production Area Copper's net sales totalled SEK 6,353 million (SEK 4,492 m) during the first six months of the year and SEK 3,145 million (SEK 2,228 m) for the second quarter. The operating result totalled SEK 391 million (SEK 141 m) for the first six months of the year and SEK 171 million (SEK 29 m) for the second quarter, corresponding to an operating margin of 6.2 percent (3.1%) and 5.4 percent (1.3%), respectively. Higher metal prices, increased production and a stock profit of SEK 46 million (-SEK 6 m) in the process stores at Rönnskär had a positive effect on the operating result. The stock profit for the second quarter of 2004 was SEK 4 million (-SEK 12 m). At the same time, a lower US dollar exchange rate and lower treatment and refining charges had a negative effect on the result.

### Employees

The average number of employees at new Boliden at the end of July was 4,942, which breaks down into 2,283 employees in Sweden, 1,193 in Finland, 393 in Norway, 660 in Ireland, 396 in Canada and 17 in other countries. This corresponds to an increase of 45 employees since the turn of the year, when the number of employees was 4,897.

### The Parent Company

The Parent Company, Boliden AB, conducts no operations and has no employees.

### Other

The rights issue launched during the first quarter of 2004 as an integral part of the transaction with Outokumpu was concluded during the second quarter. The rights issue, which was over-subscribed, generated SEK 1,374 million for the company.

In June 2004, Boliden signed a partnership agreement with the Canadian mining company, EuroZinc Mining Corporation (EuroZinc), with regard to supplies of copper concentrate from the Portuguese mine, Neves Corvo.

**Interim Report, January-June 2004**

The sale of the Myra Falls mine to the Canadian mining company, Breakwater Resources Ltd (Breakwater), was completed in July. Boliden received 18 million newly issued Breakwater shares. The sale of the mine generated a capital gain of SEK 5 million.

Boliden's Board of Directors established overall financial goals for the operations during the second quarter. These goals state that over the course of an economic cycle, Boliden shall achieve good profitability with a return on capital employed that exceeds the market capital cost. The return on capital employed shall, considering the current capital base, exceed 10% over an economic cycle. Boliden's goal is to achieve a debt/equity ratio of 0.50-0.75. The company further aims to be in a position to pay a dividend within two years.

**Interim Report in 2004**

The Interim Report for January-September will be published on 25<sup>th</sup> October 2004.

Stockholm, 5<sup>th</sup> August 2004

Jan Johansson  
President and CEO

This Interim Report has been drawn up in accordance with recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. Accounting principles and calculation methods comply with the recommendations and guidelines issued by the Swedish Financial Accounting Standards Council. The Swedish Financial Accounting Standards Council's recommendation, RR 29, Remuneration to employees, has been applied as of 1<sup>st</sup> January 2004. Preliminary actuarial calculations of pension plans defined as benefits indicate that the pension liability will increase by SEK 125 million. The net increase after tax of SEK 90 million has been reported directly to shareholders' equity as a result of the change in accounting principles. The amount may change when final actuarial calculations are completed.

The Interim Report has not been subject to specific examination by the company's auditors.

**Lunch presentation and conference call**

The capital market is hereby invited to a lunch presentation and conference call with Boliden's President and CEO, Jan Johansson, and members of the Group Management to discuss issues arising from this Interim Report. The lunch presentation will take place on Thursday, 5<sup>th</sup> August at 12 noon (12.00 CET) at Operaterassen, Karl XII:s torg, Stockholm, Sweden.

Please send your request to attend the lunch presentation to Helen Sand [helen.sand@boliden.com](mailto:helen.sand@boliden.com).

The conference call (in English) will be held on Thursday, 5<sup>th</sup> August at 4 p.m. (16.00 CET). To take part in the conference call, please phone:

-from Sweden: 08-50 52 01 14 (remember to dial the area code)

-from abroad: +44 (0)207 162 0185

a couple of minutes before the conference call starts.

OH slides will be available on the Boliden website at [www.boliden.com](http://www.boliden.com) approximately one hour before the conference call. A recording of the conference call will be available from 6 p.m. on 5<sup>th</sup> August until 6 p.m. on 10<sup>th</sup> August, on tel: +44 (0)20 8288 4459, using the code: 543522.

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**Contact persons for information:**

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Boliden's website: [www.boliden.com](http://www.boliden.com)

**INCOME STATEMENTS**

The Group	First 6 months		Q2		Full year
	2004	2003	2004	2003	2003
SEK m					
Net sales	9 045	4 636	4 547	2 298	9 545
Cost of goods sold	-7 849	-4 116	-3 970	-2 042	-8 507
<b>Gross result</b>	<b>1 196</b>	<b>520</b>	<b>577</b>	<b>256</b>	<b>1 038</b>
Selling expenses	-157	-171	-77	-84	-344
Administrative expenses	-198	-164	-108	-89	-336
Research and development costs	-85	-44	-47	-25	-89
Other operating income and expenses	65	64	42	21	86
Result from participation in associated companies	10	5	10	5	20
Loss on sale of operations	-	-	-	-	-394
<b>Operating result</b>	<b>831</b>	<b>210</b>	<b>397</b>	<b>84</b>	<b>-19</b>
Financial income and expenses	-217	-141	-90	-69	-232
<b>Result after financial items</b>	<b>614</b>	<b>69</b>	<b>307</b>	<b>15</b>	<b>-251</b>
Taxes	-68	101	-27	25	265
Minority share in earnings for the period	-	-1	-	-1	-1
<b>Result for the period</b>	<b>546</b>	<b>169</b>	<b>280</b>	<b>39</b>	<b>13</b>
Earnings per share, SEK <sup>1)</sup>	2.36	1.59	1.11	0.37	0.12
Earnings per share after dilution, SEK <sup>1)</sup>	2.36	1.58	1.10	0.37	0,12
Shareholders' equity per share, SEK	30.80	35.57	30.80	35.57	36.25
<i>Number of shares</i>	<i>252 387 169</i>	<i>85 811 638</i>	<i>252 387 169</i>	<i>85 811 638</i>	<i>168 258 113</i>
<i>Average number of shares <sup>1)</sup></i>	<i>230 825 012</i>	<i>106 479 685</i>	<i>252 387 169</i>	<i>106 479 685</i>	<i>106 759 970</i>
<i>Average number of shares after dilution <sup>1)</sup></i>	<i>231 170 012</i>	<i>106 824 685</i>	<i>252 732 169</i>	<i>106 824 685</i>	<i>107 104 970</i>

<sup>1)</sup> Recalculated for bonus issue effect of rights issue

Other key ratios	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec
	2004	2003	2003
Return on capital employed, %	11.1	5.8	-
Return on shareholders' equity, %	15.3	11.8	0.4
Equity/assets ratio, %	39.1	27.9	30.7
Net debt/Shareholder's equity, %	99	154	147
Depreciation, SEK m	683	327	652
Investments, SEK m	751	301	611
Capital employed, SEK m	15 095	7 476	14 790
Net debt, SEK m	-7 673	-4 712	-8 957

**BALANCE SHEETS**

<b>The Group</b>	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec
SEK m	2004	2003	2003
Intangible fixed assets	2 884	8	2 745
Tangible fixed assets	11 663	7 494	11 481
Deferred tax	497	232	425
Interest-bearing assets	24	3	3
Other financial fixed assets	155	63	171
Inventories	2 210	1 290	2 236
Interest-bearing current receivables	0	71	25
Other receivables	1 270	961	1 397
Liquid assets	1 161	803	1 378
<b>Total assets</b>	<b>19 864</b>	<b>10 925</b>	<b>19 861</b>
Shareholders' equity	7 774	3 053	6 100
Minority interests	0	2	–
Pension provisions	395	74	224
Deferred tax provisions	270	9	307
Other provisions	722	664	687
Interest-bearing long-term liabilities	8 361	5 174	8 637
Other long-term liabilities	6	92	0
Interest-bearing current liabilities	102	341	1 502
Other current liabilities	2 234	1 516	2 404
<b>Total liabilities &amp; shareholders' equity</b>	<b>19 864</b>	<b>10 925</b>	<b>19 861</b>

<b>Specification of change in shareholders' equity</b>	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec
SEK m	2004	2003	2003
Opening balance	6 100	2 590	2 590
Effect of change in according principle after tax (RR 29)	-90	–	–
Non-cash issue	–	–	3 073
Rights issue	1 390	–	–
Result for the period	546	169	13
Closed out futures contracts, after fiscal effect	-176	314	454
Accumulated translation difference in companies sold	–	–	6
Translation differences	4	-20	-36
Closing balance	7 774	3 053	6 100

**STATEMENTS OF CASH FLOWS**

SEK m	Jan-June 2004	Jan-June 2003	Full year 2003
<b>Cash flow from operating activities before changes in working capital</b>	<b>1 149</b>	<b>326</b>	<b>682</b>
Cash flow from changes in working capital	-239	10	274
<b>Cash flow from operating activities</b>	<b>910</b>	<b>336</b>	<b>956</b>
Investment activities <sup>1)</sup>			
- Acquisition of tangible fixed assets	-751	-301	-610
- Other	-124	21	-7 421
Cash flow from investment activities	-875	-280	-8 031
<b>Cash flow before financial activities</b>	<b>35</b>	<b>56</b>	<b>-7 075</b>
Financial activities <sup>1)</sup>	-255	-20	7 686
Exchange rate difference on liquid assets	3	-1	-1
<b>Change in liquid assets</b>	<b>-217</b>	<b>35</b>	<b>610</b>

<sup>1)</sup>In order to provide an overall picture of the transaction with Outokumpu, the non-cash issue is reported in the Statement of Cash Flow 2003, even though it does not affect cash flow.

## INFORMATION PER AREA

SEK m

### First 6 months, 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	2 318	6 353	1 980	-1 606	9 045
Operating result	543	391	9	-112	831
Depreciation	266	224	120	73	683
Investments	302	62	387	-	751
Capital employed	3 093	6 398	2 924	2 680	15 095

### First 6 months, 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	1 335	2 838	-	463	4 636
Operating result	136	128	-	-54	210
Depreciation	148	146	-	33	327
Investments	232	30	-	39	301
Capital employed	1 477	5 317	-	682	7 476

### Q2, 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	1 210	3 145	1 057	-865	4 547
Operating result	297	171	-21	-50	397
Depreciation	139	111	59	37	346
Investments	151	37	215	-	403
Capital employed	3 093	6 398	2 924	2 680	15 095

### Q2, 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	655	1 424	-	219	2 298
Operating result	66	47	-	-29	84
Depreciation	74	70	-	17	161
Investments	133	16	-	20	169
Capital employed	1 477	5 317	-	682	7 476

### Full Year 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	2 791	5 905	-	849	9 545
Operating result	369	225	-	-613	-19
Depreciation	300	294	-	58	652
Investments	477	67	-	67	611
Capital employed	3 141	6 224	2 756	2 669	14 790

Surplus values in conjunction with the acquisition from Outokumpu are reported under "Other". Operations sold are reported under "Other".

## Interim Report, January-June 2004

### INCOME STATEMENTS

Broken down by remaining operations and operations sold

SEK m

First 6 months	Remaining operations		Operations sold		THE GROUP	
	2004	2003	2004	2003	2004	2003
Net sales	9 045	3 440	–	1 196	9 045	4 636
Operating expenses	-8 224	-3 209	–	-1 222	-8 224	-4 431
Result from participation in assoc. companies	10	5	–	–	10	5
Loss on sale of operations	–	–	–	–	–	–
<b>Operating result</b>	<b>831</b>	<b>236</b>	<b>–</b>	<b>-26</b>	<b>831</b>	<b>210</b>
Financial items	-217	-130	–	-11	-217	-141
<b>Result before tax</b>	<b>614</b>	<b>106</b>	<b>–</b>	<b>-37</b>	<b>614</b>	<b>69</b>
Taxes	-68	102	–	-1	-68	101
Minority share in the result	–	–	–	-1	–	-1
<b>Result for the period</b>	<b>546</b>	<b>208</b>	<b>–</b>	<b>-39</b>	<b>546</b>	<b>169</b>

  

Q2	Remaining operations		Operations sold		THE GROUP	
	2004	2003	2004	2003	2004	2003
Net sales	4 547	1 719	–	579	4 547	2 298
Operating expenses	-4 160	-1 625	–	-594	-4 160	-2 219
Result from participation in assoc. companies	10	5	–	–	10	5
Loss on sale of operations	–	–	–	–	–	–
<b>Operating result</b>	<b>397</b>	<b>99</b>	<b>–</b>	<b>-15</b>	<b>397</b>	<b>84</b>
Financial items	-90	-63	–	-6	-90	-69
<b>Result before tax</b>	<b>307</b>	<b>36</b>	<b>–</b>	<b>-21</b>	<b>307</b>	<b>15</b>
Taxes	-27	25	–	–	-27	25
Minority share in the result	–	–	–	-1	–	-1
<b>Result for the period</b>	<b>280</b>	<b>61</b>	<b>–</b>	<b>-22</b>	<b>280</b>	<b>39</b>

  

Full year	Remaining operations		Operations sold		THE GROUP	
	2003	2003	2003	2003	2003	2003
Net sales	7 153	–	2 392	–	9 545	–
Operating expenses	-6 640	–	-2 550	–	-9 190	–
Result from participation in assoc. companies	20	–	–	–	20	–
Loss on sale of operations	–	–	-394	–	-394	–
<b>Operating result</b>	<b>533</b>	<b>–</b>	<b>-552</b>	<b>–</b>	<b>-19</b>	<b>–</b>
Financial items	-206	–	-26	–	-232	–
<b>Result before tax</b>	<b>327</b>	<b>–</b>	<b>-578</b>	<b>–</b>	<b>-251</b>	<b>–</b>
Taxes	269	–	-4	–	265	–
Minority share in the result	–	–	-1	–	-1	–
<b>Result for the period</b>	<b>596</b>	<b>–</b>	<b>-583</b>	<b>–</b>	<b>13</b>	<b>–</b>

### Sensitivity analysis, 2004

The following table comprises an estimate of the effects of changes in metal prices, exchange rates and smelting charges (TC/RC) on Boliden's result for the full year, based on average metal prices, exchange rates and smelting charges for 2003, and on planned production levels for 2004. The sensitivity does not take into account the effects of metal price hedging or currency hedging.

Change in metal prices +10%	Effect on op. result SEK m	Change of USD +10%	Effect on op. result SEK m	Change in TC/RC +10%	Effect on op. result SEK m
Copper	153	USD/SEK	324	TC/RC Copper	30
Zinc	303	USD/CAD	49	TC Zinc	10
Lead	35	EUR/USD	218	TC Lead	-6
Gold	75	USD/NOK	52		
Silver	41				

### Currency risks

Currency contracts, as of 30<sup>th</sup> June 2004, in respect of exchange rate hedging of commercial currency exposure in USD/SEK, is reported in summary form in the table below. Boliden's other currency risks in respect of commercial exposure are, in every significant respect, unhedged.

USD m		Currency forwards	Currency options	
			Floor	Cap
Maturity year 2004	amount, sold	19	111	88
	rate <sup>1</sup>	10.61	8.23	8.75
Maturity year 2005	amount, sold	18	79	79
	rate <sup>1</sup>	10.29	8.12	9.09
<b>Total, unrealised contracts</b>		<b>37</b>	<b>190</b>	<b>167</b>

<sup>1)</sup> Income rate on currency options and strike for puts and calls respectively. Rates for options have been calculated as weighted strike rates in the portfolio. The floors in the option portfolio are divided between USD/SEK 7.65 – 9.00 and the caps between USD/SEK 8.14 – 9.50.

The contribution level in respect of income rates according to the table above (forwards) are for 2004 and 2005, 65 percent and 25 percent respectively, calculated using the price assumptions in the table for Sensitivity analysis.