

## Interim Report

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## Interim Report, 1<sup>st</sup> January – 30<sup>th</sup> June 2005

### Key ratios

	First six months of			Change in %	Q2	Q2	Full year 2004
	2005 SEK million	2005 EUR million <sup>1)</sup>	2004 SEK million		2005 SEK million	2004 SEK million	
Net sales	9 179	1 004	9 045	1	4 705	4 547	17 928
Operating result before depreciation and amortisation (EBITDA)	1 390	152	1 513	-8	673	742	2 977
Operating result (EBIT)	783	86	915	-14	369	440	1 831
Operating margin, %	8.5	8.5	10.1		7.8	9.7	10.2
Result after financial items	621	68	698	-11	269	350	1 365
Net result	422	46	630	-33	166	323	1 220
Cash flow from operating activities	961	105	910	6	712	434	1 552
Earnings per share, SEK/EUR	1.46	0.16	2.72		0.57	1.28	4.98
Equity/assets ratio, %	43.8	43.8	39.4		43.8	39.4	45.2
Net debt/shareholders' equity, %	69	69	97		69	97	71

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1404 has been used for conversion to EUR.

### Comparison between the first six months of 2005 and 2004

- Net sales totalled SEK 9,179 million (SEK 9,045 m).
- The operating result was SEK 783 million (SEK 915 m).
- The result after financial items was SEK 621 million (SEK 698 m).
- The net result totalled SEK 422 million (SEK 630 m).
- Earnings per share came to SEK 1.46 (SEK 2.72).
- The cash flow from operating activities totalled SEK 961 million (SEK 910 m).
- The net debt/equity ratio was 69 per cent (97%).

### Comparison between Q2 2005 and Q2 2004

- Net sales totalled SEK 4,705 million (SEK 4,547 m).
- The operating result was SEK 369 million (SEK 440 m).
- The result after financial items was SEK 269 million (SEK 350 m).
- The net result totalled SEK 166 million (SEK 323 m).
- Earnings per share came to SEK 0.57 (SEK 1.28).
- The cash flow from operating activities totalled SEK 712 million (SEK 434 m).

### Other matters

- Production fell during the second quarter, primarily due to planned maintenance shutdowns and a number of unplanned production stoppages in both the company's Product Segments, Zinc and Copper.
- Boliden drew up a commercial paper programme in April totalling a maximum of SEK 1.5 billion with a maximum term of 12 months.
- A reorganisation into new business areas was approved in July with the aim of ensuring an increased focus on the company's main products, copper and zinc.
- Boliden believes that the result after financial items for 2005 will exceed that for 2004, when it posted an historically strong result. A substantial improvement in free cash flow is also expected in 2005.

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

Boliden's operating result totalled SEK 783 million (SEK 915 m) for the first six months of 2005 and SEK 369 million (SEK 440 m) for Q2 2005. The decline in the operating result was primarily due to a lower US dollar exchange rate and to the fact that we not only implemented planned maintenance shutdowns during the second quarter, but also suffered several unplanned production stoppages in both our Product Segments, Copper and Zinc. The production stoppages have reduced revenues from concentrate sales and treatment and refining charges and increased costs. At the same time, continued strong metal prices, the greater impact of higher treatment and refining charges, and process stock profits helped counteract the decline in the operating result compared with corresponding periods in 2004.

The result after financial items totalled SEK 621 million (SEK 698 m) for the first six months of 2005 and SEK 269 million (SEK 350 m) for Q2. Market valuations of shares and currency options (IFRS) had a negative impact on net financial items of SEK 51 million (-), although this has not affected the cash flow. Net financial items were however positively affected by the ongoing reduction in debt and the improvement in loan terms compared with corresponding periods last year. The reported tax cost was considerably higher than the actual amount of tax paid, since Boliden has substantial unutilised tax losses carried forward. This had a negative impact on both the net result and earnings per share, although the cash flow was not affected.

The prices of Boliden's metals in US dollars continued to rise during the reporting period compared with corresponding periods in 2004. Demand for metals was boosted by high growth rates in the global economy, primarily in Asia, and particularly in China, and global consumption of copper and zinc remained high. Copper stocks were at historically low levels, while zinc stocks increased slightly towards the end of the reporting period. Copper and zinc are expected to continue to be in short supply in 2005, although the copper market is moving towards greater balance.

The US dollar weakened against Boliden's most important currencies during both the first six months and the second quarter of 2005 compared with the corresponding periods last year, although it rallied significantly towards the end of the reporting period. Boliden's exchange rate against the US dollar was significantly lower during the reporting period than in 2004. As of 30<sup>th</sup> June 2005, there will no longer be a contribution level for Boliden's currency hedging, and this will leave only currency hedging matched by corresponding metal hedging.

Compared with the corresponding periods last year, the cash flow from operating activities improved during both the first six months of the year and Q2.

Production of both zinc and copper in the form of concentrates from Boliden's mines was lower than in the corresponding periods last year during both the first six months of 2005 and Q2. This was primarily due to lower grades in the ore mined during the first quarter and to the breakdowns suffered by the grinding mills during the second quarter at Boliden's large Tara and Aitik mines. Production in all mining areas has now returned to planned levels.

Production of metal from Boliden's copper smelters was also lower than in the corresponding periods in 2004 for both the first six months and Q2. This was mainly due to the large-scale maintenance shutdowns during the second quarter at Rönnskär and Harjavalta. The scale of these shutdowns was more extensive than planned, mainly because of greater wear and tear to the smelting furnaces than was initially expected. Both copper smelters are now producing at full capacity. Production of zinc was on a par with metal production during corresponding periods in 2004 for both the first six months of 2005 and Q2. Boliden does not believe it will be able to make up for the Q2 deviations from planned production levels over the remainder of the year.

Boliden is implementing organisational changes with a view to making further improvements in the way operations are managed and monitored, as well as to increasing the focus on our main products, copper and zinc. The Business Area Smelting Operations will be divided into two new business areas, namely Copper Smelting Operations and Zinc Smelting Operations. The Business Area Marketing and Sales will also be divided into copper and zinc units linked to the respective smelting operations.

From the market point of view, the first half of 2005 has been strong, with healthy demand, declining stocks and rising metal prices. Lower production levels during the first half of the year in general, and Q2 in particular, were caused by both planned maintenance shutdowns and a number of unplanned production stoppages.



## Interim Report, January-June 2005

### Forecast<sup>1</sup>

Production has returned to planned levels during early Q3 and Boliden believes that, in spite of deviations from planned production levels in Q2, the result after financial items for 2005 will exceed that for 2004, when the company reported a historically strong result. A substantial improvement in free cash flow is also expected in 2005. Boliden's forecasts for 2005 are based on greater efficiency and on its belief that the healthy current market situation will continue throughout 2005.

<sup>1</sup>The Board of Directors' forecast from 9<sup>th</sup> February 2005: The Board of Directors believes that the current healthy market situation will continue to prevail throughout 2005. Improvements in the underlying operations, increased synergies, healthy metal prices and higher treatment and refining charges will largely offset the effects of the US dollar exchange rate. Bearing this in mind, the result after financial items for 2005 is expected to remain healthy and a substantial improvement in free cash flow is also expected in 2005.

## MARKET

### Economic trends

Global growth rates remained high in early 2005, although they failed to reach the record levels noted in the previous year. An increase of 4.3 per cent (5.1%) in global growth rates is expected for 2005 as a whole. The record oil price levels caused by healthy growth in the global economy may, however, cause global growth rates to slacken, although China's vigorous growth shows no signs of a slow-down, despite the government's attempts to put the brakes on the rapid growth rate. Growth in the USA has stabilised at a healthy level, despite several interest rate hikes, but growth is still sluggish in both the Japanese and the European economies.

Substantial investments in infrastructure and new manufacturing industries are continuing to fuel the Chinese economy, while the main driving forces in the USA are private consumption and high levels of housing construction. In both cases, growth is stimulating demand for energy and metal raw materials.

American industrial production grew by 3.2 per cent during Q2, which was a slightly lower figure than that reported in Q1. Growth rates remained low in Europe during Q2 and were on a par with figures for Q1 2005. Asia continues to report the world's highest growth rate, mainly fuelled by China, where industrial production grew by a massive 16.6 per cent in Q2 2005.

### Metal prices

The prices of all of Boliden's metals strengthened during the reporting period compared with the corresponding period in 2004. The trend towards increasing prices came to an end in Q2 2005, and price changes for Boliden's metals were small compared with those noted during Q1. LME copper stocks continued to fall to highly critical levels in the second quarter, with a figure of just under 30,000 tonnes reported on 30<sup>th</sup> June. LME zinc stocks totalled just over 611,000 tonnes on 30<sup>th</sup> June. This figure was higher than in the previous quarter, although the long-term trend still indicates falling stock levels.

Compared with the corresponding periods in 2004, copper consumption fell by 0.5 per cent during the first six months of the year, and by 0.7 per cent during Q2 2005. The corresponding figures for copper cathode production show increases of 10.9 per cent and 10.7 per cent respectively. Global zinc consumption increased by 4.6 per cent during the first six months of the year, and by 3.2 per cent in Q2 2005 compared with corresponding periods in 2004. The corresponding figures for zinc cathode production show increases of 3.2 per cent and 2.0 per cent respectively.

Compared with the corresponding periods in 2004, changes in the price of lead, gold and silver have largely mirrored the trends for copper and zinc during the reporting period.

Boliden's metal price hedging on 30<sup>th</sup> June 2005 is presented in the table on page 18.

<b>Metal prices (average LME/LBMA)</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Copper (USD/lb)	1.51	1.25	21	1.54	1.27	21
Zinc (USD/lb)	0.59	0.48	23	0.58	0.47	23
Lead (USD/lb)	0.45	0.38	18	0.45	0.37	22
Gold (USD/oz)	427	401	6	428	394	9
Silver (USD/oz)	7.06	6.47	9	7.15	6.25	14

**Exchange rates**

The US dollar was down against Boliden's most important currencies during both the first six months and the second quarter of 2005, compared with corresponding periods last year, although it did rally substantially at the end of the reporting period. The increased strength of the US dollar during the second quarter was due in part to the turbulence surrounding the various referenda on the new EU constitution, which helped weaken both the euro and the Swedish krona. Q2 also saw the Swedish krona weaken against the euro.

Boliden's exchange rate hedging on 30<sup>th</sup> June 2005 is presented in the table on page 17.

<b>Exchange rate (average)</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
USD/SEK	7.11	7.47	-5	7.28	7.56	-4
EUR/USD	1.28	1.23	4	1.26	1.20	5
EUR/SEK	9.14	9.17	0	9.19	9.14	1
USD/NOK	6.34	6.88	-8	6.38	6.86	-7

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

The high copper price has resulted in an increase in the mines' production of copper concentrate. The supply of copper concentrate currently exceeds global smelter capacity, and this in turn has led to an increase in both contract and spot treatment and refining charges in 2005, with spot treatment charges recently stabilising at a high level. Boliden has renegotiated approximately 60 per cent of its external concentrate supplies for 2005, and approximately half of the total volume for 2006 will be renegotiated during the rest of the year.

The higher zinc price has not yet had any significant impact on the mines' production of zinc concentrate. Several years with low zinc prices have led to limited investment in both existing production and the exploitation of new finds. This in turn has led to a shortage of zinc concentrate, particularly in Europe. As a consequence, the 2005 treatment charges for zinc have once again fallen. Boliden has a natural hedge against changes in treatment charges as a result of the zinc concentrate balance that exists between the company's mining and smelting operations.

During Q2, lead treatment charge negotiations for 2005 set a price of USD 125 per tonne, which is on a par with 2004's historically low treatment charges. Despite a sharp increase in the price of lead, the supply of lead concentrate remains limited, and this has had a negative effect on treatment charges. Boliden is a net vendor of lead concentrate, and low treatment charges therefore benefit the company.

The table below shows European benchmark prices for 2005 and 2004.

<b>Treatment and refining charges</b>	2005	2004	Change in %
<b>Copper</b>			
- Treatment charge (TC) USD/tonne	85	40	113
- Refining charge (RC) US\$/lb	8.5	4.0	113
<b>Zinc</b>			
- Treatment charge (TC), base 1,000 USD/tonne	126	142	-11
<b>Lead</b>			
- Treatment charge (TC), base 500 USD/tonne	125	125	0

Source: CRU.

**SUMMARY OF CONSOLIDATED  
INCOME STATEMENTS**

	First six months of			Q2	Q2
	2005	2005	2004	2005	2004
	SEK m	EUR m <sup>1)</sup>	SEK m	SEK m	SEK m
Net sales	9 179	1 004	9 045	4 705	4 547
Operating expenses	-8 396	-919	-8 130	-4 336	-4 107
Operating result	783	86	915	369	440
Financial income and expenses	-162	-18	-217	-100	-90
Result after financial items	621	68	698	269	350
Taxes	-199	-22	-68	-103	-27
Result for the period	422	46	630	166	323
Earnings per share, SEK/EUR	1.46	0.16	2.72	0.57	1.28
Earnings per share after dilution, SEK/EUR	1.45	0.16	2.72	0.57	1.27
Number of shares	289 387 169		252 387 169	289 387 169	252 387 169
Average number of shares	289 387 169		230 825 012	289 387 169	252 387 169
Average number of shares after dilution	289 844 363		231 170 012	289 844 363	252 732 169

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1404 has been used for conversions to EUR.

**SUMMARY OF CONSOLIDATED  
BALANCE SHEETS**

	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec.	30 <sup>th</sup> June
	2005	2005	2004	2004
	SEK m	EUR m <sup>1)</sup>	SEK m	SEK m
Intangible fixed assets	3 216	340	2 915	2 968
Tangible fixed assets	11 834	1 253	11 587	11 663
Deferred tax	628	66	475	497
Interest-bearing assets	78	8	203	90
Other financial fixed assets	45	5	47	89
Inventories	3 206	339	2 679	2 210
Interest-bearing current receivables	–	–	66	–
Other receivables	1 131	121	1 330	1 270
Liquid assets	1 031	109	874	1 161
Total assets	21 169	2 241	20 176	19 948
Shareholders' equity	9 275	982	9 118	7 858
Pension provisions	491	52	475	395
Deferred tax provisions	215	23	205	270
Other provisions	864	91	849	722
Interest-bearing long-term liabilities	5 468	579	6 623	8 361
Other long-term liabilities	–	–	2	6
Interest-bearing current liabilities	1 573	166	514	102
Other current liabilities	3 283	348	2 390	2 234
Total liabilities and shareholders' equity	21 169	2 241	20 176	19 948

<sup>1)</sup> Currency conversion for comparison purposes only. The closing day rate of 9.44775 has been used for conversions to EUR.

**SUMMARY OF CONSOLIDATED  
STATEMENTS OF CASH FLOW**

	First six months of		First six months of
	2005	2005	2004
	SEK m	EUR m <sup>1)</sup>	SEK m
Cash flow from operating activities	961	105	910
Investment activities	-337	-37	-875
Financing activities	-466	-51	-255
Exchange rate difference in liquid assets	0	0	3
Change in liquid assets	158	17	-217

<sup>1)</sup> Currency conversion for comparison purposes only. An average rate of 9.1404 has been used for conversions to EUR.

**Net sales**

Boliden's net sales totalled SEK 9,179 million (SEK 9,045 m) for the first six months of the year and SEK 4,705 million (SEK 4,547 m) for Q2 2005. Net sales were positively affected by improved metal prices, but this trend was offset by a lower US dollar exchange rate and lower levels of metal production compared with corresponding periods last year.

**Profit performance**

The operating result before depreciation and amortisation (EBITDA) totalled SEK 1,390 million (SEK 1,513 m) for the first six months of the year and SEK 673 million (SEK 742 m) for Q2 2005. The operating result (EBIT) fell to SEK 783 million (SEK 915 m) for the first six months of the year and to SEK 369 million (SEK 440 m) for Q2 2005, corresponding to operating margins of 8.5 per cent (10.1%) and 7.8 per cent (9.7%) respectively. The change in the operating result is primarily attributable to the same factors that affected net sales (see above), as well as to increased costs due to the planned maintenance shutdowns and the unforeseen breakdowns suffered by the grinding mills. Compared with corresponding periods last year, there was also an increase in other costs, primarily those associated with input goods (electricity, oil and spare parts).

The result after financial items totalled SEK 621 million (SEK 698 m) for the first six months of the year and SEK 269 million (SEK 350 m) for Q2 2005. Market valuations in accordance with IFRS had a negative impact on net financial items of SEK 51 million, although this has not affected the cash flow. Net financial items were positively affected by lower interest expenses resulting from reduced debt levels, the improvement in loan terms and lower interest rates. Boliden's average interest rate as per June 30, 2005, was 2.8 per cent.

**Cash flow**

The cash flow from operating activities totalled SEK 961 million (SEK 910 m) for the first six months of the year. Acquisitions of tangible fixed assets totalled SEK -549 million (SEK -751 m). The higher investment figure in 2004 is primarily attributable to investments in Odda.

Liabilities totalling a net amount of SEK 466 million (SEK 1,629 m) were amortised during the period.

The operations conducted by Boliden are characterised by major changes in operating capital from one quarter to another, since 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 2005	31 <sup>st</sup> Dec. 2004	30 <sup>th</sup> June 2004
Net debt (SEK m)	6 423	6 468	7 607
Shareholders' equity (SEK m)	9 275	9 118	7 858
Net debt/shareholders' equity, %	69	71	97
Equity/assets ratio, %	43.8	45.2	39.4

Boliden's financial position has improved significantly as a result of improved profitability, as well as the structural transaction with Outokumpu and the new issues implemented in 2004. With a debt/equity ratio of 0.69 at the end of June, Boliden has succeeded in attaining the financial goal it had set itself of a debt/equity ratio within the 0.50 - 0.75 interval. The debt/equity ratio was affected by the new IFRS-compliant reporting method, under which the market valuation of financial contracts has reduced shareholders' equity.

In April 2005, Boliden drew up a commercial paper programme enabling the company to issue commercial paper totalling a maximum of SEK 1.5 billion and with a maximum term of 12 months. The new programme expands Boliden's financing base and generates greater flexibility with regard to debt and liquidity management. At the time of this report, commercial paper has been issued totalling SEK 1,042 million. At the same time, Boliden's liquidity in the form of liquid assets and unutilised binding credit facilities on 30<sup>th</sup> June 2005 totalled SEK 3,935 million.



## Integration process and synergies

Integration of the operations within new Boliden has enabled the company to attain its previously announced goals earlier than planned, with operational synergies totalling at least SEK 270 million on a full-year basis. This work will be continuing in 2005 with a view to identifying further synergies and ensuring that the full effect of the operational synergies achieved so far is felt on an annual basis as of 2006.

## PRODUCT SEGMENTS COPPER AND ZINC

As of 2005, the Board of Directors and management of Boliden have decided to present the company's reports in the form of segment reporting for its primary products, Copper and Zinc. The main reasons for changing to segment reporting from the previous division into Mining Operations and Smelting Operations, with Production Areas Copper and Zinc, relate to the company's wish to ensure that the strategic governance of Boliden corresponds to its financial reporting. One of the principal reasons for the structural transaction with Outokumpu was to create an integrated mining and smelting company based on the company's main metals, copper and zinc. In addition, the majority of our international competitors present segment reporting, and our doing so will make comparison with them easier.

### PRODUCT SEGMENT COPPER

Product Segment Copper comprises the operations at the Aitik mine in Sweden, together with those of the copper smelters at Rönnskär in Sweden and Harjavalta in Finland, as well as the Boliden Bergsöe lead smelter in Sweden. Mining production mainly comprises copper, but also includes precious metals in the form of gold and silver. Smelter production consists primarily of copper, but also includes lead, gold, silver and lead alloys (Boliden Bergsöe).

#### Production, Copper

<b>Metal production Mines, COPPER</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Copper, tonnes	27 336	30 065	-9	14 185	16 078	-12
Gold, kg	645	846	-24	329	486	-32
Silver, kg	21 035	25 533	-18	10 314	12 532	-18

Production of copper in the form of concentrate from Aitik was lower during both the first six months of the year and Q2 2005 than in corresponding periods in 2004. Production of copper, gold and silver were all negatively affected, primarily by a combination of lower grades and a breakdown at the grinding mills, which caused reduced production levels lasting approximately two weeks.

<b>Metal production Smelters, COPPER</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Copper, tonnes	170 135	178 726	-5	80 939	89 113	-9
Gold, kg	10 265	10 199	1	5 082	4 166	22
Silver, kg	251 530	229 458	10	128 432	119 147	8
Lead, tonnes	16 256	16 128	1	7 460	7 987	-7
Lead alloys, tonnes (Bergsöe)	25 006	24 137	4	12 006	11 782	2

Production of copper cathodes at Rönnskär and Harjavalta was lower during both the first six months of the year and Q2 2005 than in corresponding periods in 2004. Large-scale maintenance shutdowns were implemented as planned at the copper smelters during Q2. Prior to these maintenance shutdowns, production at the smelters was affected by a number of disturbances and unplanned stoppages due primarily to greater wear and tear to the smelting furnaces than previously expected, which also increased the scale of the smelter maintenance shutdowns beyond what had been anticipated. Both copper smelters are now producing at full capacity following the maintenance shutdowns.



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Boliden also smelts nickel at the Harjavalta smelter on behalf of its customers. The market is experiencing a severe shortage of nickel concentrate, forcing Boliden to temporarily shut down the nickel smelting towards the end of Q2. The company does not anticipate being able to restart nickel smelting until September.

Boliden Bergsöe's production of lead was higher during both the first six months of the year and Q2 2005 than in corresponding periods in 2004.

### Net sales, results and investments

SEK m	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Net sales	6 494	6 472	0	3 307	3 230	2
Result before depreciation and amortisation	753	997	-24	378	514	-26
Depreciation and amortisation	298	288	3	154	144	7
Operating result	455	709	-36	224	370	-39
Investments	233	129	81	156	80	95
Capital employed	8 089	8 005	1	8 035	8 005	0

Net sales for the Product Segment Copper totalled SEK 6,494 million (SEK 6,472 m) for the first six months of the year and SEK 3,307 million (SEK 3,230 m) for Q2 2005. The operating result was SEK 455 million (SEK 709 m) for the first six months of the year and SEK 224 million (SEK 370 m) for the second quarter, corresponding to operating margins of 7.0 per cent (11.0%) and 6.8 per cent (11.5%) respectively. The operating result was positively affected by higher metal prices and treatment and refining charges, and by a stock profit of SEK 147.7 million (SEK 51.3 m) in the copper process stores. A total of SEK 116.9 million (SEK 16.6 m) of this sum accrued during Q2 2005. At the same time, the negative impact on the result was principally due to lower revenues resulting from the deterioration in the US dollar exchange rate, as well as lower production levels and higher costs caused primarily by the planned maintenance shutdowns at the copper smelters during the reporting period.

### PRODUCT SEGMENT ZINC

Product Segment Zinc comprises the operations at the mines in the Boliden area, Garpenberg and Tara. The segment also includes the Boliden Kokkola and Boliden Odda zinc smelters in Finland and Norway respectively. Production at the mines mainly comprises zinc, but also includes copper and lead, as well as precious metals in the form of gold and silver. Smelter production mainly comprises zinc, although Boliden Odda also produces aluminium fluoride.

#### Production, Zinc

Metal production Mines, ZINC	First six months of 2005	First six months of 2004*	Change in %	Q2 2005	Q2 2004*	Change in %
Zinc, tonnes	167 185	170 467	-2	80 164	88 946	-10
Copper, tonnes	10 948	9 032	21	5 073	4 276	19
Lead, tonnes	23 080	27 334	-16	11 085	15 133	-27
Gold, kg	1 377	1 653	-17	640	904	-29
Silver, kg	100 292	95 393	5	52 485	43 332	21

\* Excludes Myra Falls, whose figures for the first half and Q2 2004 were: Zn 26,404 (12,405) tonnes, Cu 4,357 (2,159) tonnes, Au 463 (269) kg and Ag 11,012 (7,000) kg.

Production of zinc and lead in the form of concentrate was lower during both the first six months of the year and the second quarter than in corresponding periods last year. During both the first six months of the year and Q2 2005, production of copper and silver in concentrate form increased, while production of gold fell from the levels reported during corresponding periods last year.

The Tara mine suffered a breakdown at its grinding mill in early June, leading to a production loss of approximately 40 per cent over a six-week period. Coupled with lower grades during the first quarter, this had a negative impact on zinc and lead production. Production has now returned to planned levels since early July, following the completion of repairs at the grinding mill.

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In the Boliden area, production of zinc in the form of concentrate improved during both the first six months of the year and Q2 2005, while production of gold in the form of concentrate declined in comparison with corresponding periods in 2004.

Garpenberg is continuing to report healthy production levels, although production was somewhat lower during the first half of the year than in the corresponding period in 2004. A smaller proportion of the high-grade Lappberget ore was mined in early 2005, and this had a negative impact on production.

### Smelter production

<b>Metal production Smelters, ZINC</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Zinc, tonnes	213 223	208 355	2	104 378	102 212	2
Aluminium fluoride, tonnes	16 267	15 721	3	8 292	7 447	11

Zinc production at Boliden's zinc smelters in Kokkola in Finland and Odda in Norway increased slightly during both the first six months of the year and Q2 2005 compared with corresponding periods in 2004.

Production at Boliden Kokkola remained stable during the reporting period and on a par with levels during the corresponding period of the previous year. In principle, Boliden Odda has now attained anticipated production levels following the introduction of direct leaching, and zinc production levels were consequently higher during both the first half of the year and Q2 2005 than in corresponding periods in 2004.

### Net sales, results and investments

SEK m	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Net sales	3 266	3 048	7	1 749	1 567	12
Result before depreciation and amortisation	715	638	12	337	274	23
Depreciation and amortisation	323	304	6	163	156	4
Operating result	392	334	17	174	118	47
Investments	317	583	-46	172	301	-43
Capital employed	8 298	7 436	12	8 155	7 436	10

Net sales in Product Segment Zinc totalled SEK 3,266 million (SEK 3,048 m) for the first six months of the year and SEK 1,749 million (SEK 1,567 m) for Q2 2005. The operating result increased to SEK 392 million (SEK 334 m) for the first six months of the year and to SEK 174 million (SEK 118 m) for Q2 2005, corresponding to operating margins of 12.0 per cent (11.0%) and 9.9 per cent (7.5%) respectively. The operating result was positively affected by increased production and higher metal prices. At the same time, the negative impact on the result was mainly due to lower revenues resulting from the deterioration in the US dollar exchange rate during both the first half of the year and Q2 2005.

### Mining production, total

<b>Metal production Mines, TOTAL</b>	First six months of 2005	First six months of 2004	Change in %	Q2 2005	Q2 2004	Change in %
Zinc, tonnes	167 185	170 467	-2	80 164	88 947	-10
Copper, tonnes	38 285	39 097	-2	19 258	20 354	-5
Lead, tonnes	23 080	27 334	-16	11 085	15 133	-27
Gold, kg	2 022	2 499	-19	969	1 390	-30
Silver, kg	121 327	120 926	0	62 799	55 864	12

## **Employees**

The average number of employees in new Boliden at the end of the reporting period was 4,548, of whom 2,289 work in Sweden, 1,160 in Finland, 401 in Norway, 670 in Ireland and 28 in other countries. This represents an increase of 69 compared with 2004 as a whole, when the average number of employees was 4,479.

## **Health, environmental and safety matters**

A sustained decline in sick-leave figures is apparent in the Group and a Group-wide health promotion project has also been launched as part of the integration work, with a view to reinforcing this trend. A similar long-term decline may also be discerned in the accident frequency figures reported by all units in Product Segments Copper and Zinc. June was however sadly marred by an accident at Tara Mine, in which one of our employees was fatally injured.

## **Parent Company**

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

## **Other matters**

### **Taxes**

The reported tax expense for the first half of the year comprised 32 per cent of the pre-tax profit. This exceeds the tax payable at the current taxation rate (28 per cent) and is due to non-deductible expenses. Boliden's booked tax for the first half of 2005 totalled SEK 199 million (SEK 68 m), while tax paid totalled SEK 51 million (SEK 10 m). Boliden has substantial unutilised tax losses carried forward and the actual amount of tax paid will therefore continue to be low in 2005.

### **Important events**

In January 2005, the sale of Bergsöe was stopped when the parties failed to reach agreement on terms and conditions. The lead smelter has now been integrated into Boliden's Business Area Copper Smelting Operations.

In February, Boliden sold all of its shares in the Lundin Mining Corporation. The sale proceeds totalled SEK 147 million and generated a capital gain for Boliden of SEK 20 million.

In April, Boliden drew up a commercial paper programme that enables the company to issue commercial paper up to a maximum of SEK 1.5 billion with a maximum term of 12 months.

In June, the Tara mine suffered a breakdown at its grinding mill that led to a 40 per cent reduction in production of zinc and lead concentrate over a period of six weeks. By July, Tara was once again operating at full production capacity according to plan. The impact on the result was just over SEK -40 million.

In July, Boliden announced, in conjunction with the Q2 production reports, that the company had, in addition to the planned maintenance shutdowns at the copper smelters, suffered a number of unplanned stoppages within both its Product Segments, Copper and Zinc. The production stoppages resulted in lower revenues and higher costs during the second quarter.

In July, Boliden also reported that the company will be implementing organisational changes with a view to effecting additional improvements in the way operations are managed and monitored and to increasing the focus on our main products, copper and zinc. The Business Area Smelting Operations will be divided into two new business areas, namely Copper Smelting Operations and Zinc Smelting Operations. The Business Area Marketing and Sales will also be divided into two separate units for each of the two main products and these will be linked to the respective smelting operations.

**Preparation principles for interim reports**

As of 1<sup>st</sup> January 2005, Boliden will prepare its consolidated accounts in accordance with the new EU-approved international accounting principles, IFRS, or International Financial Reporting Standards. IFRS requires the recalculation of comparative years, and the comparative figures for 2004 have consequently been recalculated in accordance with IFRS in this report. The Interim Report has been prepared in accordance with IAS 34 Interim Reporting. Please see page 19, the press release published on 21<sup>st</sup> April 2005 and Boliden's website at [www.boliden.com](http://www.boliden.com) for details of the ways in which the transition has affected Boliden's financial information.

**Interim Reports**

The Interim Report for January-September 2005 will be published on 25<sup>th</sup> October 2005.

Stockholm  
25<sup>th</sup> July 2005

Jan Johansson  
President and CEO

This Interim Report has not been subjected to specific examination by the company's auditors.

**Conference call on 25<sup>th</sup> July**

The capital market is hereby invited, with reference to this Interim Report, to a conference call with Boliden's President, Jan Johansson, and members of the Group Management on **Monday, 25<sup>th</sup> July 2005**.

The conference call will begin at 4 p.m. (CET 16.00)  
To take part in the conference call, please phone:  
- from Sweden: 08-50 52 01 10 (remember to dial the area code)  
- from abroad: +44 (0)207 162 00 79  
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 start of the conference call. A recording of the conference call will be available from 6 p.m. on 25<sup>th</sup> July until 6 p.m. on 1<sup>st</sup> August to callers dialling 08-505 20 333 or +44 (0)20 7031 4064 and using the code 666932.

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

**INCOME STATEMENTS**

	First six months of	First six months of	Q2	Q2	Full year
	2005	2004	2005	2004	2004
Net sales	9 179	9 045	4 705	4 547	17 928
Cost of goods sold	-7 967	-7 765	-4 099	-3 927	-15 398
<b>Gross result</b>	<b>1 212</b>	<b>1 280</b>	<b>606</b>	<b>620</b>	<b>2 530</b>
Selling expenses	-175	-157	-94	-77	-333
Administrative expenses	-204	-198	-100	-108	-396
Research and development costs	-100	-85	-61	-47	-169
Other operating income and expenses	52	65	20	42	328
Results from participations in associated companies	-2	10	-2	10	85
Loss on the sale of operations	-	-	-	-	-214
<b>Operating result</b>	<b>783</b>	<b>915</b>	<b>369</b>	<b>440</b>	<b>1 831</b>
Financial income and expenses	-162	-217	-100	-90	-466
<b>Result after financial items</b>	<b>621</b>	<b>698</b>	<b>269</b>	<b>350</b>	<b>1 365</b>
Taxes	-199	-68	-103	-27	-145
<b>Result for the period</b>	<b>422</b>	<b>630</b>	<b>166</b>	<b>323</b>	<b>1 220</b>
Earnings per share, SEK	1.46	2.72	0.57	1.28	4.98
Earnings per share after dilution, SEK	1.45	2.72	0.57	1.27	4.97
Shareholders' equity per share, SEK	32.05	30.96	32.05	30.96	31.51
Number of shares	289 387 169	252 387 169	289 387 169	252 387 169	289 387 169
Average number of shares	289 387 169	230 825 012	289 387 169	252 387 169	244 944 346
Average number of shares after dilution	289 844 363	231 170 012	289 844 363	252 732 169	245 401 540

<b>Other key ratios</b>	First six months of	First six months of	Full year
	2005	2004	2004
Return on capital employed, %	10.1	12.0	11.9
Return on shareholders' equity, %	9.2	17.9	16.1
Equity/assets ratio, %	43.8	39.4	45.2
Net debt/shareholders' equity, %	69	97	71
Depreciation and amortisation, SEK m	607	598	1 146
Investments, SEK m	551	751	1 536
Capital employed, SEK m	15 373	15 264	15 393 <sup>1)</sup>
Net debt, SEK m	6 423	7 607	6 468 <sup>1)</sup>

1) The amounts have changed marginally in relation to those previously published due to a redefinition.

**BALANCE SHEETS**

	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec.
	2005	2004	2004
Intangible fixed assets	3 216	2 968	2 915
Tangible fixed assets	11 834	11 663	11 587
Deferred tax	628	497	475
Interest-bearing assets	78	90	203
Other financial fixed assets	45	89	47
Inventories	3 206	2 210	2 679
Interest-bearing current receivables	–	–	66
Other receivables	1 131	1 270	1 330
Liquid assets	1 031	1 161	874
<b>Total assets</b>	<b>21 169</b>	<b>19 948</b>	<b>20 176</b>
Shareholders' equity	9 275	7 858	9 118
Pension provisions	491	395	475
Deferred tax provisions	215	270	205
Other provisions	864	722	849
Interest-bearing long-term liabilities	5 468	8 361	6 623
Other long-term liabilities	–	6	2
Interest-bearing current liabilities	1 573	102	514
Other current liabilities	3 283	2 234	2 390
<b>Total liabilities and shareholders' equity</b>	<b>21 169</b>	<b>19 948</b>	<b>20 176</b>

Specification of change in shareholders' equity	30 <sup>th</sup> June	30 <sup>th</sup> June	31 <sup>st</sup> Dec.
SEK m	2005	2004	2004
Opening balance	9 118	6 100	6 100
Effect of change in accounting principle, net after tax			
IAS 19, Remuneration to employees	–	-90	-115
IAS 39, Financial instruments	6	–	–
New issue	–	1 390	2 283
Result for the period	422	630	1 220
Closed out futures contracts, after fiscal effect	-101	-176	-341
Market valuation of financial instruments, after fiscal effect	-163	–	–
Translation differences	-7	4	-29
Closing balance	9 275	7 858	9 118

**STATEMENTS OF CASH  
FLOW**

SEK m	First six months of 2005	First six months of 2004	Full year 2004
<b>Cash flow from operating activities before changes in operating capital</b>	731	1 149	2 341
Cash flow from change in operating capital	230	-239	-789
<b>Cash flow from operating activities</b>	<b>961</b>	<b>910</b>	<b>1 552</b>
Investment activities			
- Acquisition of tangible fixed assets	-549	-751	-1 534
- Other	212	-124	26
Cash flow from investment activities	-337	-875	-1 508
<b>Cash flow before financing activities</b>	<b>624</b>	<b>35</b>	<b>44</b>
Financing activities	-466	-255	-549
Exchange rate difference on liquid assets	0	3	1
<b>Change in liquid assets</b>	<b>158</b>	<b>-217</b>	<b>-504</b>



**INFORMATION PER SEGMENT**

SEK m

**First six months, 2005**

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	6 494	3 266	-581	9 179
Operating result	455	392	-64	783
Depreciation and amortisation	298	323	-14	607
Investments	233	317	1	551
Capital employed	8 089	8 298	-1 014	15 373

**First six months, 2004**

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	6 472	3 048 <sup>1)</sup>	-475	9 045
Operating result	709	334	-128	915
Depreciation and amortisation	288	304	6	598
Investments	129	583	39	751
Capital employed	8 005	7 436	-177	15 264

**Q2 2005**

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	3 307	1 749	-351	4 705
Operating result	224	174	-29	369
Depreciation and amortisation	154	163	-13	304
Investments	156	172	–	328
Capital employed	8 089	8 298	-1 014	15 373

**Q2 2004**

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	3 230	1 567 <sup>1)</sup>	-250	4 547
Operating result	370	118	-48	440
Depreciation and amortisation	144	156	2	302
Investments	80	301	20	401
Capital employed	8 005	7 436	-177	15 264

**Full year 2004**

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	12 901	6 036 <sup>1)</sup>	-1 009	17 928
Operating result	1 393	808	-370	1 831
Depreciation and amortisation	578	573	-5	1 146
Investments	410	1 085	41	1 536
Capital employed	8 227	7 656	-490	15 393

1) To enable comparison between 2005 and 2004, net sales within Segment Zinc for 2004 have been corrected. This is a result of the organisational changes within the Group in 2005.

### Sensitivity analysis, 2005

The following table shows an estimate of the full-year effects of changes in metal prices, exchange rates and treatment and refining charges (TC/RC) on Boliden's results for 2005 as a whole, based on average metal prices, exchange rates and treatment and refining charges for the second quarter of 2005, and on planned production volumes for 2005. The sensitivity analysis does not take into account the effects of metal price hedging, currency hedging, contracted treatment and refining charges, or stock exposure at the smelters. To some extent, there is a delay in the impact of price and currency fluctuations on Boliden's results.

Change in metal prices +10%	Effect on the result SEK m	Change in USD +10%	Effect on the result SEK m	Change in TC/RC +10%	Effect on the result SEK m
Copper	233	USD/SEK	516	TC/RC Copper	74
Zinc	353	EUR/USD	265	TC Zinc	44
Lead	52	USD/NOK	60	TC Lead	-3
Gold	52				
Silver	48				
Nickel	37				

### Exchange rate hedging

Currency contracts on 30<sup>th</sup> June 2005 in respect of exchange rate hedging of estimated commercial currency exposure in USD/SEK are reported in summary form in the table below. Boliden's other currency risks in respect of commercial exposure are, in all significant respects, unhedged.

USD m		Currency options	
		Floor	Cap
Maturity year 2005	Amount, sold	103	11
	Rate <sup>1</sup>	6.90	9.08
Maturity year 2006	Amount, sold	89	
	Rate <sup>1</sup>	6.79	
<b>Total, unrealised contracts</b>		<b>192</b>	<b>11</b>

<sup>1)</sup> This rate refers to weighted strike for currency options.

The floor and cap spreads in the options portfolio are from USD/SEK 6.70 to 8.30 and USD/SEK 8.31 to 9.34 respectively.

The contribution levels for exposure to USD/SEK are 29 and 13 per cent respectively for 2005 and 2006, calculated on the basis of the price assumptions in the sensitivity analysis table.

Additional options contracts with a floor of USD/SEK 7.35 have been bought in July, corresponding to 14 per cent of the estimated US dollar exposure in 2006.

**Metal price hedging**

The following table provides a summary of metal price hedging for copper, lead, gold and silver on 30<sup>th</sup> June 2005. Boliden's exposure to future metal price fluctuations is otherwise, in every significant respect, unhedged.

		Copper	Lead	Gold	Silver
Maturity year 2005	Hedged percentage of planned production	43 %	52 %	65 %	69 %
	Rate <sup>1</sup>	2 556	908	358	6.91
	(USDc/lb)	(1.16)	(0.41)		
Maturity year 2006	Hedged percentage of planned production	18 %	23 %	50 %	49 %
	Rate <sup>1</sup>	2 587	916	427	7.38
	(USDc/lb)	(1.17)	(0.42)		

<sup>1)</sup> Contract rate, USD/tonne for copper and lead, and USD/oz for gold and silver

Additional futures contracts in respect of copper have been bought in July 2005 at an average price of USD 2,754/tonne (USDc 1.25/lb), corresponding to 26 per cent of estimated exposure in 2006.

**Adoption of International Financial Reporting Standards (IFRS) 2005.**

As of 1<sup>st</sup> January 2005, the Boliden Group will be applying International Financial Reporting Standards (IFRS).

The transition to IFRS means that the comparative figures for 2004 are recalculated. An exception has been made for the IAS 32/IAS 39 recommendations concerning financial instruments, which will be applied as of 2005. The 2005 opening balance includes the effects of these recommendations.

The recommendations of the Swedish Financial Accounting Standards Council that are applied by the Group are primarily based on earlier versions of IAS that have later been updated in certain respects under IFRS. This means that most of Boliden's accounts have already been adapted to IFRS. The effects that arise are thus mainly limited to the updates made to existing IAS standards and the issuing of new standards (IFRS 1-6) and statements.

The EU directives under which the transition is reported require IFRS to be presented in complete financial reports, which means that the rules in force at the end of 2005 are the rules that should be applied to the transition to IFRS.

Recalculated Income Statements and Balance Sheets for the second quarter and the relevant interim reporting period of 2004 are presented below. The opening balance for 2004 has not been affected by the transition to IFRS. No significant differences exist between the Statement of Cash Flow in accordance with IFRS and the Statement of Cash Flow in accordance with previously applied accounting principles.

**Background**

The recommendations of the Swedish Financial Accounting Standards Council that are applied by the Group are based on the recommendations issued by IASC and the statements made by SIC (Standing Interpretation Committee). IASB has thereafter updated several of the recommendations and introduced certain SIC statements into the standards that form the basis for the introduction of IFRS. In addition, IASB has issued another 5 standards that will be applied by Boliden when the transition to IFRS takes place.

The work involved in charting the effects of the transition to IFRS has focused primarily on identifying the effect on Boliden of changes in prevailing norms and standards, as compared with the standards on which the Swedish Financial Accounting Standards Council based its recommendations. Boliden has also charted the effects of the application of the new standards that have been issued (IFRS 1-5). The standards that are relevant to Boliden correspond relatively well with the previously applied recommendations of the Swedish Financial Accounting Standards Council, and the effects are therefore primarily limited to the new standards.

**Voluntary exceptions**

In conjunction with the transition to IFRS, Boliden will be applying IFRS 1 (First-time adoption of International Financial Reporting Standards). As a rule, IFRS 1 requires the standards in force at the point of transition to IFRS to be applied retroactively when determining the opening balance on 1<sup>st</sup> January 2004 in accordance with IFRS. IFRS 1 does however permit certain exceptions from this retroactive application and Boliden has thus chosen to apply the following principles:

- Only corporate acquisitions and mergers implemented as of the transition point on 1<sup>st</sup> January 2004 are recalculated in accordance with IFRS 3. The requirements imposed by IFRS 1 with regard to the recalculation in certain respects of acquisitions prior to this point in time are not considered to have any impact on Boliden's shareholders' equity at the time of the transition.
- Boliden has chosen to apply IAS 19 as of the transition date of 1<sup>st</sup> January 2004, which means, among other things, that actuarial profits and losses arising prior to this date are booked to opening shareholders' equity.
- Under IFRS, fixed assets may not be written up, unless the option of re-valuing the fixed assets on an ongoing basis is applied ("the revaluation method"). IFRS 1 does however permit write-ups performed prior to the transition point to continue to be regarded as the acquisition value at the time that the write-up was performed. Bearing in mind the write-up of the Rönnskär plant, among others, that was performed in 2001 and totalled SEK 2,066 million once the deferred tax effect had been taken into account, Boliden has chosen to make use of this exemption. The exemption rule also requires the value of the write-up to be comparable with the market value of the relevant asset.
- Accumulated translation differences when translating foreign subsidiaries are closed out at the time of transition.
- Share-related remuneration is reported in accordance with IFRS 2 for all share-related remuneration awarded after 7<sup>th</sup> November 2002 and not earned on 1<sup>st</sup> January 2005. Boliden has chosen not to apply IFRS 2 retroactively prior to this date.

**The following recommendations have affected Boliden's reporting:****1. Intangible assets**

Under IAS 38, intangible assets should be classified as assets with a definable period of use or as assets with an indefinable period of use. Under Boliden's current principles, goodwill has been amortised over a maximum of 20 years. Under IFRS 3, goodwill should be classified as an asset with an indefinable lifetime and may no longer be amortised. Instead, write-down tests shall be performed as soon as there are indications of a need for a write-down, as well as at least once a year. The transitional rules in IFRS 1 also require a write-down test to be performed at the time of the transition on 1<sup>st</sup> January 2004. Boliden has performed write-down tests that show that there is no need for a write-down, either at the time of the transition on 1<sup>st</sup> January 2004 or at the end of the financial year ending on 31<sup>st</sup> December 2004.

In view of the adoption of IFRS as of 1<sup>st</sup> January 2004, all amortisation according to plan performed in 2004 has been reversed, boosting both the result and shareholders' equity at the end of the year by SEK 165 million.

**2. Financial instruments**

Under the version of IAS 39 approved by the EU, financial instruments shall initially be valued at their actual value, and shall be valued on an ongoing basis at either their actual value or their accrued acquisition value, depending on how they are categorised. Under IAS 39, all financial derivative instruments shall be reported on an ongoing basis at their market value.

Changes in the market value of hedging instruments, which under IAS 39 qualify as hedging of future cash flows or net investment in overseas operations, are booked to shareholders' equity until such time as the underlying flows are reflected in the income statement.

Boliden applies hedging accounting for financial derivatives acquired in order to hedge part of forecast currency, metal and interest flows. At the start of 2005, the market value of these derivatives was SEK -3 million after deferred tax, and the total has been booked to shareholders' equity.

Changes in the market value of other financial derivative instruments are reported on an ongoing basis in the income statement.

At the start of 2005, the difference between the market value and the book value of other shareholdings was SEK 8 million after deferred tax. The effect has been booked directly to shareholders' equity.

The values of embedded derivatives in contracts currently in force are not classified as tangible.

The comparative figures for 2004 will not be recalculated in accordance with IAS 39. Instead, the transition effects will be reported as an adjustment of the opening balance in 2005.

**THE GROUP – JUNE 2004**

**INCOME STATEMENTS**

SEK m	First six months of 2004			Q2 2004		
	In acc. with Sw GAAP	Adjusted for IFRS	In acc. with IFRS	In acc. with Sw GAAP	Adjusted for IFRS	In acc. with IFRS
Net sales	9 045	–	9 045	4 547	–	4 547
Cost of goods sold	-7 849	84	-7 765	-3 970	43	-3 927
<b>Gross result</b>	<b>1 196</b>	<b>84</b>	<b>1 280</b>	<b>577</b>	<b>43</b>	<b>620</b>
Selling expenses	-157	–	-157	-77	–	-77
Administrative expenses	-198	–	-198	-108	–	-108
Research and development costs	-85	–	-85	-47	–	-47
Other operating income and expenses	65	–	65	42	–	42
Results from participations in associated companies	10	–	10	10	–	10
Loss on the sale of operations	–	–	–	–	–	–
<b>Operating result</b>	<b>831</b>	<b>84</b>	<b>915</b>	<b>397</b>	<b>43</b>	<b>440</b>
Financial income and expenses	-217	–	-217	-90	–	-90
<b>Result after financial items</b>	<b>614</b>	<b>84</b>	<b>698</b>	<b>307</b>	<b>43</b>	<b>350</b>
Taxes	-68	–	-68	-27	–	-27
<b>Result for the period</b>	<b>546</b>	<b>84</b>	<b>630</b>	<b>280</b>	<b>43</b>	<b>323</b>
Earnings per share, SEK	2,36		2,72	1,11		1,28
Earnings per share after dilution, SEK	2,36		2,72	1,10		1,27
Shareholders' equity per share, SEK	30,80		30,96	30,80		30,96
Number of shares	252 387 169		252 387 169	252 387 169		252 387 169
Average number of shares	230 825 012		230 825 012	252 387 169		252 387 169
Average number of shares after dilution	231 170 012		231 170 012	252 732 169		252 732 169

**Other key ratios**

	First six months of 2004	
	In acc. with Sw GAAP	In acc. with IFRS
Equity/assets ratio, %	39.1	39.4
Net debt/shareholders' equity %	99	97
Depreciation and amortisation, SEK m	683	598
Investments, SEK m	751	751
Capital employed, SEK m	15 095	15 264
Net debt, SEK m	7 673	7 607



**BALANCE SHEETS**

SEK m	30 <sup>th</sup> June 2004		30 <sup>th</sup> June 2004	
	In acc. with Sw GAAP	Adjusted for IFRS	In acc. with IFRS	
Intangible fixed assets	2 884	84	2 968	
Tangible fixed assets	11 663	–	11 663	
Deferred tax	497	–	497	
Interest-bearing assets	90	–	90	
Other financial fixed assets	89	–	89	
Inventories	2 210	–	2 210	
Interest-bearing current receivables	–	–	–	
Other receivables	1 270	–	1 270	
Liquid assets	1 161	–	1 161	
<b>Total assets</b>	<b>19 864</b>	<b>84</b>	<b>19 948</b>	
Shareholders' equity	7 774	84	7 858	
Pension provisions	395	–	395	
Deferred tax provisions	270	–	270	
Other provisions	722	–	722	
Interest-bearing long-term liabilities	8 361	–	8 361	
Other long-term liabilities	6	–	6	
Interest-bearing current liabilities	102	–	102	
Other current liabilities	2 234	–	2 234	
<b>Total liabilities and shareholders' equity</b>	<b>19 864</b>	<b>84</b>	<b>19 948</b>	

**Specification of change in shareholders' equity**

Opening balance	6 100	–	6 100
Effect of change in accounting principle, net after tax			
RR 29, Remuneration to employees	-90	–	-90
New issue	1 390	–	1 390
Result for the period	546	84	630
Closed out futures contracts, after fiscal effect	-176	–	-176
Translation differences	4	–	4
Closing balance	7 774	84	7 858