

Interim report

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Full-year report 2004

Key ratios	Full year			Change in %	Fourth quarter	
	2004 SEK m	2004 EUR m ¹⁾	2003 ²⁾ SEK m		2004 SEK m	2003 ²⁾ SEK m
Net sales	17 928	1 964	9 545	88	4 618	2 583
Operating result before depreciation (EBITDA)	2 977	326	633	370	777	-153
Operating result (EBIT)	1 666	183	-19		472	-316
Operating margin %	9.3	9.3	Neg		10.2	-12.2
Result after financial items	1 200	131	-251		313	-331
Net result	1 055	116	13	8 015	253	-237
Cash flow from operating activities	1 552	170	956	62	295	338
Earnings per share, SEK/EUR ³⁾	4.31	0.47	0.12		0.98	-2.18
Equity/assets ratio, %	44.8	44.8	30.7		44.8	30,7
Net debt/shareholders' equity, %	74	74	147		74	147

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.1268 has been used for conversions to EUR.

²⁾ 2003 includes operations sold, see page 17 for breakdown into remaining operations and operations sold.

³⁾ Recalculated for bonus issue effects of new issues.

New Boliden reports historically strong full-year results

Comparison between full year 2004 and full year 2003

- Increased production of most of the main metals.
- Net sales increased to SEK 17,928 million (SEK 9,545 m).
- The operating result rose to SEK 1,666 million (SEK -19 m).
- The result after financial items improved to SEK 1,200 million (SEK -251 m).
- The net result increased to SEK 1,055 million (SEK 13 m).
- Earnings per share rose to SEK 4.31 (SEK 0.12).
- The cash flow from operating activities totalled SEK 1,552 million (SEK 956 m).
- The net debt/equity ratio has improved substantially to 74 per cent (147%).

Comparison between Q4 2004 and Q4 2003

- Net sales increased to SEK 4,618 million (SEK 2,583 m).
- The operating result rose to SEK 472 million (SEK -316 m).
- The result after financial items improved to SEK 313 million (SEK -331 m).
- Financial items were negatively affected by non-recurring items totalling SEK 73 million.
- The net result increased to SEK 253 million (SEK -237 m).
- Earnings per share rose to SEK 0.98 (SEK -2.18).

Other matters

- Boliden's refinancing of the company's bank loans for a total of EUR 840 million was completed in October.
- In December, a directed share issue aimed at international and Swedish investors was implemented, generating a net sum of SEK 889 million for the company.
- Boliden sold all its shares in North Atlantic Natural Resources AB in December, making a capital gain of SEK 67 million.
- In January 2005, Boliden stopped the sale of the Bergsöe lead smelter in Landskrona.
- The company is expecting the result after financial items to remain healthy in 2005 and is also predicting a substantial improvement in free cash flow, bearing in mind the improvements in efficiency and the fact that the current healthy market situation is expected, by and large, to last throughout the year.
- Boliden has created a strong position with a good platform for internal and external growth opportunities in the years to come.

COMMENTS BY JAN JOHANSSON, PRESIDENT AND CEO

The structural transaction with Outokumpu, continued strong metal prices and healthy production levels at both mines and smelters have all helped new Boliden report historically strong results. The operating result for the full year 2004 increased to SEK 1,666 million (SEK -19 m) and to SEK 472 million (SEK -316 m) for the fourth quarter. The result after financial items for the reporting period improved to SEK 1,200 million (SEK -251 m) and to SEK 313 million (SEK -331 m) for the fourth quarter.

Prices for Boliden's metals were substantially higher during both 2004 as a whole and the fourth quarter than during the corresponding periods of the previous year. During the latter part of the fourth quarter, metal prices strengthened even more, particularly for zinc, in comparison with the third quarter of 2004. The high growth rate of the global economy, with Asia, and particularly China, reporting extremely strong growth, has contributed to an increased demand for metals. The production of copper and zinc has been outstripped by higher global consumption of these metals, leading to a decrease in stock levels. Copper stock levels have reached a historic low and zinc stock levels have fallen dramatically during the fourth quarter of 2004.

The US dollar weakened significantly against Boliden's most important currencies, SEK, EUR and NOK, during both 2004 as a whole and the fourth quarter compared with the corresponding periods in 2003. The US dollar weakened still further during the fourth quarter compared with the third quarter of 2004. During early 2005, however, the dollar has regained strength in comparison with the lowest levels reached in the fourth quarter.

The cash flow from operating activities improved during the reporting period. The higher investment level is mainly due to the investment programmes at Odda and Tara that were completed during the fourth quarter. For 2005, investments will be lower than the depreciation figures for the Group. Boliden's financial position improved substantially as a result of the structural transaction with Outokumpu and was further consolidated during the year, partly as a result of improved profitability and partly due to the implementation of two new share issues. Boliden's net debt/equity ratio improved and is now within the range set as a financial goal.

In the **Business Area Mining Operations**, metal concentrate production increased for most of Boliden's metals both during the full year 2004 and during the fourth quarter compared with the corresponding periods in 2003. Zinc, lead and gold reported top production performances during the year. Boliden's mines are now well positioned, with competitive price levels, and the improvement is expected to continue during 2005.

In the **Business Area Smelting Operations**, the Production Area **Copper** increased its metal production for both the full year 2004 and the fourth quarter in comparison with the corresponding periods in 2003. Rönnskär reported a production record for copper, while production at Harjavalta was healthy. Increases in the volume of copper concentrate on the market have had a positive impact on treatment and refining charges. Boliden, a net buyer of copper concentrate, is favoured by increased treatment and refining charges. However, this will not have a positive impact on Boliden until 2005, when the company's treatment and refining charges will be substantially higher than in 2004. In addition, copper cathode premiums are on the increase and taken together, this will have a positive impact on the Production Area Copper in 2005.

The Bergsöe lead smelter reported record results in 2004, in spite of the fact that lead production in 2004 was slightly lower than in 2003. The sale of Bergsöe was stopped in January 2005 because the parties were unable to reach agreement concerning the terms and conditions of the sale. The lead smelter will now be integrated into Boliden's Production Area Copper.

Metal production in the Production Area **Zinc** increased for the year as a whole. During the fourth quarter, Kokkola reported continued healthy production, while Odda's production was lower during the fourth quarter due to the running in of the new leaching process, which also led to higher costs. Production levels at Odda improved during January 2005. Low treatment charges for zinc had a negative impact on profitability in the Production Area Zinc and a positive impact on the Business Area Mining Operations. Most of the positive impact of the higher zinc price in the fourth quarter will only be reflected in the results of the Production Area Zinc in the first quarter of 2005. One of strengths of new Boliden is the balance between mines and smelters in the production of zinc, showing a satisfactory result during 2004.

Boliden successfully completed the refinancing of the company's bank loans for a total of EUR 840 million in October. The new loan agreement involves a normalisation of terms and conditions and will, among other things, enable a future shareholder dividend to be paid. A directed new share issue aimed at Swedish and international investors was completed in December. At the same time, Outokumpu's ownership of Boliden was halved in accordance with its stated Boliden ownership policy. All the goals established by Boliden for these transactions were attained – a consolidation of the financial position, a reduction of Outokumpu's shareholding that releases shares for trading, a wider and more international ownership structure for Boliden and improved liquidity for Boliden's shares.

2004 has seen several major transactions that are crucial to Boliden. Their purpose has been to strengthen both the operational and the financial position, in the long and short term alike. Metal production for a number of our operations was higher than in previous years, and we have at the same time been able to capitalise on higher metal prices. The integration and co-ordination of the new Group is proceeding better than originally planned and further potential has been identified. It is with great satisfaction that we are able to report that we have attained the highly ambitious goals we set ourselves and that new Boliden has truly lived up to expectations. Boliden now occupies a strong position and we have created a good platform for internal and external growth opportunities in the years to come.

Forecast

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 rate of the US dollar. 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

During 2004, the global economy reported a historically high growth rate, with global industrial production increasing by approximately 4.5 per cent. All parts of the world contributed to the growth increase, even if the levels of their contributions varied.

Despite the fact that US industrial production tapered off slightly during the fourth quarter, a high growth rate of 4.5 per cent was recorded in 2004. During 2004, the US Federal Reserve began gradually raising the interest rate to avoid overheating in the economy. Industrial production in Europe increased by 1.7 per cent in 2004, an increase that was largely related to exports.

Asia continues to report the highest growth rate in the world, mainly fuelled by China. China's industrial production increased by approximately 16 per cent in 2004. The largest growth is reported in the transport and infrastructure sectors, both of which consume large volumes of copper and zinc. Despite borrowing restrictions, macroeconomics still do not indicate any noticeable tapering off in China's growth rate. Japan's industrial production, however, continued to taper off during the fourth quarter, although the industrial sector is optimistic about the future and deflationary pressures are declining steadily.

Metal prices

Prices for the majority of Boliden's metals continued to increase during the fourth quarter. The price trend for zinc was strongest, with a hike of approximately 15 per cent compared with the third quarter of 2004. LME zinc stocks declined steadily during the fourth quarter by approximately 100,000 tonnes to approximately 630,000 tonnes, which is equivalent to eight weeks' consumption. There was a 7 per cent increase in global zinc consumption, while metal production only increased 2 per cent in 2004 compared with 2003.

The price of copper continued to increase during the fourth quarter, compared with the third. LME copper stocks remain at historically low levels. Global copper consumption increased by approximately 7 per cent in 2004, while the production of copper cathodes increased by 6 per cent compared with 2003. Silver and gold prices have also risen, while the price of lead has remained high and stable during the fourth quarter compared with the third.

Metal price hedging

Copper – 46 per cent of planned copper production in Swedish mines has been hedged at USD 2,568/tonne (USD 1.17/lb) for 2005, with 13 per cent hedged at USD 2,446/tonne (USD 1.11/lb) for 2006.

Gold – 74 per cent of planned gold production in Swedish mines has been hedged at USD 367/oz for 2005, with 44 per cent hedged at USD 424/oz for 2006.

Silver – 66 per cent of planned silver production in Swedish mines has been hedged at USD 6.90/oz for 2005, with 52 per cent hedged at USD 7.38/oz for 2006.

In all significant respects, Boliden's exposure to metal price fluctuations is otherwise unhedged.

Metal prices (average LME/LBMA)	2004	2003	Change in %	Q4		Change in %
				2004	2003	
Copper (USD/lb)	1.30	0.81	60	1.40	0.93	51
Zinc (USD/lb)	0.48	0.38	26	0.51	0.42	21
Lead (USD/lb)	0.40	0.23	74	0.43	0.29	48
Gold (USD/oz)	410	364	13	434	392	11
Silver (USD/oz)	6.66	4.88	36	7.23	5.27	37

Exchange rates

The US dollar weakened 9 per cent against the Swedish krona in the fourth quarter. This weakening is largely due to continued concern about US deficits. The euro remained largely unchanged against the Swedish krona over the period. The interest rates market was characterised by rising US short rates, while Swedish interest rates have been relatively stable.

During the fourth quarter, Boliden purchased put options with a nominal value of USD 167 million and a strike rate of USD/SEK 6.70 in this way eliminating the currency exposure in SEK in the company's metal price hedging. Boliden's exchange rate hedging on 31 December 2004 is presented in the table on page 18.

Exchange rate (average)	Change			Q 4		Change In %
	2004	2003	in %	2004	2003	
USD/SEK	7.32	8.09	-10	6.93	7.58	-9
EUR/USD	1.24	1.13	10	1.30	1.19	9
EUR/SEK	9.08	9.14	-1	9.01	9.02	0
USD/NOK	6.73	7.07	-5	6.33	6.91	-8
USD/CAD	1.30	1.40	-7	1.22	1.32	-8

Treatment charges/Refining charges (TC/RC)

The shortage of copper concentrate in 2003 resulted in historically low TC/RC levels in 2004. Due to the increased availability of copper concentrate, spot treatment charges (TC) have risen sharply in 2004. Boliden has contracted the vast majority of 2004's copper concentrate supplies and will not feel the impact of the increased TC/RC until 2005. Boliden will be renegotiating around 60 per cent of its copper concentrate supplies for 2005, and will renegotiate the remaining supplies in 2006.

Zinc concentrate remains in short supply and there has thus been no corresponding increase in TC for zinc. Spot TC for zinc have a limited impact on new Boliden and have remained at historically low levels. As a result of the zinc concentrate balance that exists between the company's mining and smelting operations, new Boliden has a natural hedge against changes in TC.

Lead concentrate availability remains limited, despite sharp rises in the price of lead, with historically low spot TC, although these improved slightly during the fourth quarter. Boliden is a net vendor of lead concentrate and low TC therefore benefit the company.

The table below shows the European benchmark prices for 2004.

	2004	2003	Change in %
Treatment and refining charges			
Copper			
- Treatment charge (TC), USD/tonne	40	54	-26
- Refining charge (RC), US\$/lb	4.0	5.4	-26
Zinc			
- Treatment charge (TC), base 1,000, USD/tonne	142	147	-3.4
Lead			
- Treatment charge (TC), base 500, USD/tonne	125	135	-7.4

Source: CRU.

SUMMARY OF CONSOLIDATED INCOME STATEMENTS	Full year			Q 4	
	2004	2004	2003 ²⁾	2004	2003
	SEK m	EUR m ¹⁾	SEK m	SEK m	SEK m
Net sales	17 928	1 964	9 545	4 618	2 583
Operating expenses	-16 262	-1 781	-9 564	-4 146	-2 899
Operating result	1 666	183	-19	472	-316
Financial income and expenses	-466	-52	-232	-159	-15
Result after financial items	1 200	131	-251	313	-331
Taxes	-145	-15	264	-60	94
Result for the period	1 055	116	13	253	-237
Earnings per share, SEK/EUR ²⁾	4.31	0.47	0.12	0.98	-2.18
Earnings per share after dilution, SEK/EUR ²⁾	4.30	0.47	0.12	0.98	-2.18
<i>Number of shares</i>	289 387 169		168 258 113	289 387 169	168 258 113
<i>Average number of shares ²⁾</i>	244 944 346		107 834 334	258 298 133	108 674 419
<i>Average number of shares after dilution ²⁾</i>	245 368 696		108 258 684	258 722 483	109 098 769

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.1268 has been used for conversions to EUR.

²⁾ Recalculated for bonus issue effect of rights issue.

**SUMMARY OF CONSOLIDATED
BALANCE SHEETS**

	Full year		
	2004	2004	2003
	SEK m	EUR m ¹⁾	SEK m
Intangible fixed assets	2 756	306	2 745
Tangible fixed assets	11 587	1 285	11 481
Deferred tax	475	53	425
Interest-bearing assets	15	2	3
Other financial fixed assets	235	26	171
Inventories	2 679	297	2 236
Interest-bearing current receivables	66	7	25
Other receivables	1 330	148	1 397
Liquid assets	874	97	1 378
Total assets	20 017	2 221	19 861
Shareholders' equity	8 959	994	6 100
Pension provisions	475	53	224
Deferred tax provisions	205	23	307
Other provisions	849	94	687
Interest-bearing long-term liabilities	6 623	735	8 637
Other long-term liabilities	2	0	0
Interest-bearing current liabilities	513	57	1 502
Other current liabilities	2 391	265	2 404
Total liabilities and shareholders' equity	20 017	2 221	19 861

¹⁾ Currency conversion for comparison purposes only. The closing day rate of 9.01625 has been used for conversions to EUR.

**SUMMARY OF CONSOLIDATED STATEMENTS
OF CASH FLOWS**

	Full year		
	2004	2004	2003
	SEK m	EUR m ¹⁾	SEK m
Cash flows from operating activities	1 552	170	956
Investment activities	-1 508	-165	-8 031
Financing activities	-549	-60	7 686
Exchange rate difference in liquid assets	1	-	-1
Change in liquid assets	-504	-55	610

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.1268 has been used for conversions to EUR.

Net sales

Boliden's net sales totalled SEK 17,928 million (SEK 9,545 m) for the full year 2004 and SEK 4,618 million (SEK 2,583 m) for the fourth quarter. The increase in net sales is largely an effect of the structural transaction with Outokumpu, in which Boliden acquired mining and smelting operations. Substantial improvements in metal prices and increased production in the Business Areas Mining Operations and Smelting Operations also had a positive impact on net sales, which were negatively affected by lower US dollar exchange rates than in the corresponding periods of the previous year.

Profit performance

The operating result before depreciation (EBITDA) totalled SEK 2,977 million (SEK 633 m) for the full year 2004 and SEK 777 million (SEK -153 m) for the fourth quarter. The operating result (EBIT) improved to SEK 1,666 million (SEK -19 m) for the full year 2004 and to SEK 472 million (SEK -316 m) for the fourth quarter, corresponding to operating margins of 9.3 per cent (neg.) and 10.2 per cent (neg.) respectively. The improvement in the operating result is primarily attributable to a better result from the copper mining and smelting operations. The positive effects of increased synergies have been partially offset by increased costs for input goods during the year. Non-recurring items have had a positive net impact of SEK 47 million on the operating result during the reporting period, of which SEK 67 million was during the fourth quarter (SEK -300 million in provisions for cartel fines, SEK 86 million in utilisation of provisions for operations sold, SEK 19 million from the sale of the Myra Falls mine, SEK 175 million from the sale of land at the Tara mine and SEK 67 million from the sale of shares in North Atlantic Natural Resources AB). In addition, the full-year result was affected by a stock profit at Rönnskär of SEK 45 million (SEK -18 m), while the figure for the fourth quarter was SEK 28 million (SEK 4 m).

The result after financial items climbed to SEK 1,200 million (SEK -251 m) for the full year 2004 and to SEK 313 million (SEK -331 m) for the fourth quarter. Costs connected to the company's refinancing process (mainly attributable to the old loans) had a negative impact on net financial items of SEK 73 million in the fourth quarter.

During 2004, losses carried forward amounting to SEK 214 million, which were not utilized, were taken up as revenue.

Cash flow

The cash flow from operating activities totalled SEK 1,552 million (SEK 956 m). Acquisitions of tangible fixed assets totalled SEK -1,534 million (SEK -610 m). The increased investments can mainly be attributed to investments at Odda and Tara, as well as to the final adjustment of the purchase price for the Outokumpu acquisition.

Liabilities totalling a net amount of SEK 2,799 million (SEK 4,613 million in net borrowing) were amortised during the period. The new issues had a positive impact of SEK 2,250 million on the cash flow, of which SEK 1,361 million came from the rights issue implemented in the first quarter of 2004 and SEK 889 million from the directed share issue implemented in the fourth quarter.

The operations conducted by Boliden are characterised by major changes in working 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

	31 Dec. 2004	31 Dec. 2003
Net debt (SEK m)	6 656	8 957
Shareholders' equity (SEK m)	8 959	6 100
Net debt/shareholders' equity, %	74	147
Equity/assets ratio, %	44.8	30.7

New Boliden's financial position has improved significantly as a result of improved profitability, the structural transaction with Outokumpu and the new issues that have been implemented. With a net debt/equity ratio of 0.74 at the turn of the year, Boliden has succeeded in attaining the financial goal it had set itself of a net debt/equity ratio within the 0.50 – 0.75 interval.

Integration process and synergies

The integration of the operations within new Boliden has attained its previously announced goals earlier than planned, with operational synergies totalling at least SEK 270 million on a full-year basis. The synergy and integration efforts 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.

BUSINESS AREAS

Unaudited pro forma data for 2003, including units acquired from Outokumpu, are reported for comparative purposes. The Myra Falls accounts have also been corrected in the pro forma data for 2003, again for comparative purposes, and only include data for the period up to and including June this year.

BUSINESS AREA MINING OPERATIONS

Production

Metal production ¹⁾	Full year			Q 4		
		Pro forma	Change		Pro forma	Change
	2004	2003	in %	2004	2003	in %
Zinc (tonnes)	374 950	339 708	10	98 422	85 601	15
Copper (tonnes)	86 692	88 398	-2	20 560	21 222	-3
Lead (tonnes)	54 458	48 160	13	14 995	12 279	22
Gold (kg)	5 691	4 677	22	1 371	1 227	12
Silver (kg)	238 569	260 137	-8	50 607	60 449	-16

¹⁾ 1 kg = 2.20462 lb, 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 – as well as at the Tara mine in Ireland.

Total production of the majority of Boliden's metals increased during both the year as a whole and the fourth quarter of 2004 in comparison with the corresponding periods in the previous year.

Production of zinc at Tara increased substantially during the fourth quarter in comparison with the third quarter of 2004. The increase is primarily a result of higher levels of zinc contained in the ore from Tara, including the ore from the new Nevinstown ore body that has successively been brought into production during the second half of the year.

At the Aitik mine, production of gold and copper increased for both the year as a whole and the fourth quarter of 2004. Copper production at Aitik has however declined during the fourth quarter in comparison with the third due to a temporary decline in the level of copper contained in the Aitik ore. Boliden's total copper production for the full year was on a par with the corresponding period in 2003.

Garpenberg continues to report healthy production levels. Production from Lappberget accounted for an increased percentage of total production from this mining area during 2004, and this has primarily resulted in gradual increases in zinc production. Results in the Boliden Area improved during 2004 despite somewhat lower production levels.

All in all, the position of Boliden's mines is now a healthy one, with competitive cost levels that are expected to improve even more in 2005. Boliden's exploration activities will be allocated greater resources in 2005, with a view to expanding the proven and probable ore reserves, particularly in the Garpenberg and the Boliden areas.

Net sales, results and investments

SEK m	Full year			Q 4		
		Pro forma	Change		Pro forma	Change
	2004	2003	in %	2004	2003	in %
Net sales	4 568	3 346	37	1 140	926	23
Result before depreciation	1 864	666	180	434	295	47
Depreciation	469	474	-1	85	120	-29
Operating result	1 395	192	627	349	175	99
Investments	699	745	-6	261	228	14
Capital employed	3 361	3 086	9	3 361	3 086	9

Full-year report 2004

Net sales for Boliden's mining operations totalled SEK 4,568 million (SEK 3,346 m) for the full year 2004 and SEK 1,140 million (SEK 926 m) for the fourth quarter. The operating result improved substantially, totalling SEK 1,395 million (SEK 192 m) for the full year 2004 and SEK 349 million (SEK 175 m) for the fourth quarter, which corresponds to an operating margin of 30.5 per cent (5.7%) and 30.6 per cent (18.9%) respectively. The sale of land at the Tara mine (SEK 175 million), together with increased metal prices, higher metal production and lower treatment and refining charges, had a positive effect on the operating result. At the same time, the result was negatively affected by lower revenues resulting from the weakening of the US dollar both during 2004 as a whole and during the fourth quarter, as compared with the corresponding periods in the previous year.

BUSINESS AREA SMELTING OPERATIONS

Production Area Zinc

Production

Metal production ¹⁾	Full year			Q 4		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Zinc (tonnes)	425 426	409 405	4	109 097	107 986	1
Aluminium fluoride (tonnes)	29 740	27 500	8	8 296	8 486	-2

¹⁾ 1 kg = 2.20462 lb, 1 kg = 32.15 ounces

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

Output rose in the Production Area Zinc both for 2004 as a whole and for the fourth quarter in comparison with the corresponding periods in 2003. New Boliden's co-ordination of zinc concentrate production from the mines has had a positive impact on zinc smelter production. During the fourth quarter, Odda failed to reach expected production levels, mainly due to the fact that the newly installed direct leaching facility has not been producing to capacity. Production levels at Odda have however improved during January.

Net sales, results and investments

SEK m	Full year			Q 4		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Net sales	3 912	3 640	7	962	1 013	-5
Result before depreciation	260	517	-50	39	165	-76
Depreciation	250	247	1	71	66	8
Operating result	10	270	-96	-32	99	Neg
Investments	667	569	17	107	272	-61
Capital employed	2 952	2 756	7	2 952	2 756	7

The Production Area Zinc's net sales totalled SEK 3,912 million (SEK 3,640 m) for 2004 as a whole and SEK 962 million (SEK 1,013 m) for the fourth quarter. The operating result totalled SEK 10 million (SEK 270 m) for the full year and SEK -32 million (SEK 99 m) for the fourth quarter, corresponding to an operating margin of 0.3 per cent (7.4%) and neg. (9.8%) respectively. Increased production and higher metal prices than during the corresponding periods of the previous year had a positive effect on the operating result. At the same time, lower US dollar exchange rates, lower treatment and refining charges, planned shutdowns for maintenance and increased costs in connection with disruptions to production at Odda had a negative effect on the result. Most of the positive impact of the higher zinc price during the fourth quarter will not be reflected in the results of the Production Area Zinc until the first quarter of 2005. The increased investments are primarily attributable to the modernisation at Odda.

Production Area Copper

Production

Metal production ¹⁾	Full year			Q 4		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Copper (tonnes)	359 987	339 816	6	91 363	82 687	10
Lead (tonnes)	27 962	24 208	16	7 253	7 233	0
Gold (kg)	19 899	17 839	12	4 661	4 301	8
Silver (kg)	474 727	490 524	-3	131 102	120 626	9
Lead alloys, Bergsöe (tonnes)	45 586	49 132	-7	12 331	12 978	-5

¹⁾ 1 kg = 2.20462 lb, 1 kg = 32.15 ounces

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

The output trend in the Production Area Copper was very healthy, with increased figures primarily for copper, lead and gold for both 2004 as a whole and for the fourth quarter in comparison with the corresponding periods in 2003.

Production of copper cathodes at Rönnskär reached record levels for both the full year 2004 and the fourth quarter. This was partly a result of the fact that blister copper from Harjavalta can now be processed and refined into copper cathodes at Rönnskär. Copper cathode production at Harjavalta was on a par with the previous year's production both for the year as a whole and for the fourth quarter of 2004. Increased production optimisation and greater stability in flows of external mining concentrate had a positive impact on production at the smelters. Boliden Bergsöe's lead production was slightly lower in 2004 than in the corresponding period in the previous year.

Boliden's access to external mining concentrate will remain stable during 2005. As of the turn of the year, deliveries from the Portuguese Neves Corvo mine also increased in accordance with the ten-year partnership agreement signed in 2004. Deliveries to Boliden will total between 150,000 and 200,000 tonnes of copper concentrate per year.

Net sales, results and investments

SEK m	Full year			Q 4		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Net sales	12 688	9 579	32	3 319	2 614	27
Results before depreciation	1 184	803	47	311	245	27
Depreciation	443	469	-6	109	131	-17
Operating result	741	334	122	202	114	77
Investments	168	145	16	58	40	45
Capital employed	6 566	6 224	5	6 566	6 224	5

The Production Area Copper's net sales totalled SEK 12,688 million (SEK 9,579 m) for 2004 as a whole and SEK 3,319 million (SEK 2,614 m) for the fourth quarter. The operating result totalled SEK 741 million (SEK 334 m) for the full year and SEK 202 million (SEK 114 m) for the fourth quarter, which corresponds to an operating margin of 5.8 per cent (3.5%) and 6.1 per cent (4.4%) respectively. Higher metal prices, increased production and a stock profit of SEK 45 million (SEK -18 m) in the process stores at Rönnskär had a positive impact on the operating result. The stock profit for the fourth quarter of 2004 totalled SEK 28 million (SEK 4 m). At the same time, lower US dollar exchange rates and lower treatment and refining charges had a negative impact on the result. Boliden Bergsöe is reporting one of the best ever results in the history of the company.

Employees

The average number of employees at new Boliden at the end of the year was 4,479, which breaks down into 2,243 in Sweden, 1,180 in Finland, 366 in Norway, 661 in Ireland and 29 in other countries. This corresponds to a reduction of 418 in the number of employees since the turn of the year 2004, when the number of employees was 4,897. The reduction is attributable to the sale of the Myra Falls mine in Canada.

The Parent Company

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

Other matters

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 was over-subscribed and generated a total of SEK 1,361 million for the company.

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

Boliden's sale of its wholly owned Canadian subsidiary, Boliden Westmin (Canada) Limited (BWCL), to the Canadian mining company, Breakwater Resources Ltd (Breakwater), was completed in July. BWCL owns the Myra Falls mine. Boliden received 18 million newly issued Breakwater shares, corresponding to approximately 5 per cent of the outstanding shares. The sale of the mine generated a capital gain of SEK 19 million.

During the second quarter, Boliden's Board of Directors established new overall financial goals for the operations. These goals state that, over the course of a business cycle, Boliden shall achieve good profitability with a return on capital employed that exceeds the market capital cost. Considering the current capital base, the return on capital employed shall exceed 10 per cent over the course of an economic cycle. Boliden's goal is to achieve a net debt/equity ratio of between 0.50 and 0.75. In addition, the company aims to be in a position to pay a dividend as of the 2005 financial year.

In September, the European Commission fined Boliden's former subsidiary, Boliden Cuivre et Zinc SA (BCZ), which has now been sold, for having operated a cartel with regard to sanitary copper tubes in the European market during the period between 1988 and 2001. The fine totals EUR 32.6 million (approximately SEK 300 million) and Boliden made a special allocation for the fine in its results for the third quarter of 2004. Boliden has appealed the decision.

In September, Boliden sold an area of land adjacent to the Tara zinc mine in Ireland. The land is of no significance to the mining operations at Tara. The proceeds of the land sale totalled approximately SEK 183 million and the sale will generate a capital gain for Boliden of around SEK 150 million after tax.

In October, Boliden completed the refinancing of the company's bank loans for a total of EUR 840 million. The new loan agreement runs for five years and among other things, it involves a normalisation of the terms and conditions of the loans.

In December, the directed shares issue comprising 37 million Boliden shares and aimed at institutional investors in Sweden and abroad was completed. The new issue, which was over-subscribed, generated SEK 889 million for the company.

In December, Boliden sold all its shares in the associated company, North Atlantic Natural Resources AB, to Lundin Mining AB. Boliden received 2,176,800 newly issued shares in Lundin Mining AB, which corresponds to 6.7 per cent of the votes and capital in the company following full dilution. The transaction generated a gain of SEK 67 million for Boliden.

In January 2005, the sale of Bergsöe was stopped because the parties failed to reach agreement concerning the terms and conditions of the sale. The lead smelter will now be integrated into Boliden's Production Area Copper.

The adoption of International Financial Reporting Standards (IFRS) as of 2005

As of 1st January 2005, the Boliden Group will apply International Financial Reporting Standards (IFRS). The Interim Report for Q1 2005 will be presented in accordance with IFRS, with recalculated comparative figures for 2004.

The recommendations of the Swedish Financial Accounting Standards Council, which are applied by the group, are primarily based on earlier versions of IAS that, in certain respects, have subsequently been updated under IFRS. As a consequence most of Boliden's accounts are already in compliance with 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 transition to IFRS is expected to increase in shareholders' equity with SEK 159 million for 31st December 2004 and SEK 165 million for 1st January 2005 respectively. The net result for 2004 is expected to increase by SEK 165 million. The change is mainly attributable to the fact that goodwill will no longer be amortised. Appendix 1 provides a more detailed analysis of the preliminary effects.

The Annual General Meeting

Boliden's AGM will be held on Wednesday, 27th April 2005 at the Expolaris Congress Centre in Skellefteå.

Dividend

Boliden's Board of Directors intends to propose to the AGM that no dividend be paid for the 2004 financial year. Boliden's Board has established a policy for dividends by which 1/3 of the result, after tax, will be paid over a business cycle. In the proposed yearly dividend the Board will take into account the company's development and investment requirements. The Board aims to propose to the AGM that a dividend be paid in accordance with this policy as of the 2005 financial year.

Annual Report

Boliden's Annual Report for 2004 will be published in April and will be available from the Boliden head office in Stockholm.

Interim Reports

The Interim Report for January-March 2005 will be published on 27th April 2005.
The Interim Report for January- June 2005 will be published on 25th July 2005.
The Interim Report for January-September 2005 will be published on 25th October 2005.

Stockholm
9th February 2005

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. Boliden continues to apply these recommendations as of 1st January 2005 with the exception of The Swedish Financial Accounting Standards Council's recommendation, RR 29, Remuneration to employees, which has been applied as of 1st January 2004. Actuarial calculations of pension plans defined as benefits increase the pension liability by SEK 160 million. The net increase after tax of SEK 115 million has been reported directly to shareholders' equity as a result of the change in accounting principles.

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

Lunch presentation and conference call on 9th February

The capital market is hereby invited to a lunch presentation and conference call with Boliden's President, Jan Johansson, and members of the Group Management on Wednesday, 9th February 2005. The lunch presentation will begin at 12 noon (CET 12.00) at Operaterrassen, Karl XII:s torg, Stockholm, Sweden. Please send your request to attend the lunch presentation to Helén Sand, helen.sand@boliden.com.

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 14 (remember to dial the area code)

- from abroad: +44 (0)207 162 0181

a couple of minutes before the conference call starts.

OH slides will be available on the Boliden website at www.boliden.se approximately one hour before the start of the conference call. A recording of the conference call will be available from 6 p.m. on 9th February until 6 p.m. on 16th February to callers dialling +44 (0)20 8288 4459 and using the code 643396.

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INCOME STATEMENTS

The Group	Full year		Q 4	
	2004	2003	2004	2003
SEK m				
Net sales	17 928	9 545	4 618	2 583
Cost of goods sold	-15 563	-8 507	-4 033	-2 307
Gross result	2 365	1 038	585	276
Selling expenses	-333	-344	-88	-88
Administrative expenses	-396	-336	-84	-98
Research and development costs	-169	-89	-48	-27
Other operating income and expenses	328	86	32	10
Result from participation in associated companies	85	20	75	5
Loss on the sale of operations	-214	-394	-	-394
Operating result	1 666	-19	472	-316
Financial income and expenses	-466	-232	-159	-15
Result after financial items	1 200	-251	313	-331
Taxes	-145	265	-60	94
Minority share in earnings for the period	-	-1	-	-
Result for the period	1 055	13	253	-237
Earnings per share, SEK ¹⁾	4.31	0.12	0.98	-2.18
Earnings per share after dilution, SEK ¹⁾	4.30	0.12	0.98	-2.18
Shareholders' equity per share, SEK	30.96	36.25	30.96	36.25
<i>Number of shares</i>	<i>289 387 169</i>	<i>168 258 113</i>	<i>289 387 169</i>	<i>168 258 113</i>
<i>Average number of shares ¹⁾</i>	<i>244 944 346</i>	<i>107 834 334</i>	<i>258 298 133</i>	<i>108 674 419</i>
<i>Average number of shares after dilution ¹⁾</i>	<i>245 368 696</i>	<i>108 258 684</i>	<i>258 722 483</i>	<i>109 098 769</i>

¹⁾ Recalculated for bonus issue effect of rights issue.

Other key ratios

	31 Dec.	31 Dec.
	2004	2003
Return on capital employed, %	11.1	-
Return on shareholders' equity, %	13.8	0.4
Equity/assets ratio, %	44.8	30.7
Net debt/shareholders' equity, %	74	147
Depreciation, SEK m	1 311	652
Investments, SEK m	1 535	611
Capital employed, SEK m	15 197	14 790
Net debt, SEK million	6 656	8 957

BALANCE SHEETS

The Group	31 Dec.	31 Dec.
SEK m	2004	2003
Intangible fixed assets	2 756	2 745
Tangible fixed assets	11 587	11 481
Deferred tax	475	425
Interest-bearing assets	15	3
Other financial fixed assets	235	171
Inventories	2 679	2 236
Interest-bearing current receivables	66	25
Other receivables	1 330	1 397
Liquid assets	874	1 378
Total assets	20 017	19 861
Shareholders' equity	8 959	6 100
Pension provisions	475	224
Deferred tax provisions	205	307
Other provisions	849	687
Interest-bearing long-term liabilities	6 623	8 637
Other long-term liabilities	2	0
Interest-bearing current liabilities	513	1 502
Other current liabilities	2 391	2 404
Total liabilities and shareholders' equity	20 017	19 861

Specification of change in shareholders' equity

	31 Dec.	31 Dec.
SEK m	2004	2003
Opening balance	6 100	2 590
Effect of change in accounting principle after tax (RR 29)	-115	–
Non-cash issue	–	3 073
Rights issue	2 283	–
Result for the period	1 055	13
Closed out futures contracts, after fiscal effects	-341	454
Accumulated translation difference in companies sold	–	6
Translation differences	-23	-36
Closing balance	8 959	6 100

STATEMENTS OF CASH FLOWS

SEK m	Full year	
	2004	2003
Cash flow from operating activities before changes in working capital	2 341	682
Cash flow from changes in working capital	-789	274
Cash flow from operating activities	1 552	956
Investment activities ¹⁾		
- Acquisition of tangible fixed assets	-1 534	-610
- Other	26	-7 421
Cash flow from investment activities	-1 508	-8 031
Cash flow before financing activities	44	-7 075
Financing activities ¹⁾	-549	7 686
Exchange rate difference on liquid assets	1	-1
Change in liquid assets	-504	610

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

INFORMATION PER BUSINESS AREA

SEK m

Full year 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	4 568	12 688	3 912	-3 240	17 928
Operating result	1 395	741	10	-480	1 666
Depreciation	469	443	250	149	1 311
Investments	699	168	667	1	1 535
Capital employed	3 361	6 566	2 952	2 318	15 197

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	2 755	2 670	14 790

Q4 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	1 140	3 319	962	-803	4 618
Operating result	349	202	-32	-47	472
Depreciation	85	109	71	40	305
Investments	261	58	107	-1	425
Capital employed	3 361	6 566	2 952	2 318	15 197

Q4 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	785	1 611	-	187	2 583
Operating result	159	36	-	-511	-316
Depreciation	76	76	-	11	163
Investments	162	21	-	14	197
Capital employed	3 141	6 224	2 755	2 670	14 790

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

INCOME STATEMENTS

Broken down by remaining operations and operations sold

SEK m

Full year	Remaining operations		Operations sold		THE GROUP	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net sales	17 928	7 153	-	2 392	17 928	9 545
Operating expenses	16 133	-6 640	-	-2 550	-16 133	-9 190
Result of participation in assoc. companies	85	20	-	-	85	20
Loss on sale of operations	-	-	-214	-394	-214	-394
Operating result	1 880	533	-214	-552	1 666	-19
Financial items	-466	-205	-	-27	-466	-232
Result before tax	1 414	328	-214	-579	1 200	-251
Taxes	-145	268	-	-3	-145	265
Minority share in the result	-	-	-	-1	-	-1
Result for the period	1 269	596	-214	-583	1 055	13

Q4	Remaining operations		Operations sold		THE GROUP	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net sales	4 618	1 973	-	610	4 618	2 583
Operating expenses	-4 221	-1 812	-	-698	-4 221	-2 510
Result of participation in assoc. companies	75	5	-	-	75	5
Loss on sale of operations	-	-	-	-394	-	-394
Operating result	472	166	-	-482	472	-316
Financial items	-159	-6	-	-9	-159	-15
Result before tax	313	160	-	-491	313	-331
Taxes	-60	97	-	-3	-60	94
Minority share in the result	-	-	-	-	-	-
Result for the period	253	257	-	-494	253	-237

Sensitivity analysis 2005

The following table contains an estimate of the effects of changes in metal prices, exchange rates and smelting and refining charges (TC/RC) on Boliden's result for 2005, based on average metal prices, exchange rates and treatment charges for the fourth quarter 2004, and on planned production levels for 2005. The sensitivity analysis does not take into account the effects of metal price hedging or currency hedging. The effects of changes in prices and exchange rates are slightly delayed in the Business Area Smelting Operations.

Change in metal prices +10%	Effect on op. result SEK m	Change in USD +10%	Effect on op. result SEK m	Change in TC/RC +10%	Effect on op. result SEK m
Copper	208	USD/SEK	447	TC/RC Copper	56
Zinc	304	EUR/USD	263	TC Zinc	24
Lead	55	USD/NOK	52	TC Lead	-9
Gold	49				
Silver	42				
Nickel	13				

Currency risks

Currency contracts on 31st December 2004 in respect of exchange rate hedging of 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 forwards	Currency options		
			Floor	Cap	
Maturity year, 2005	Amount, sold	18	186	79	
	Rate ¹	10.29	7.30	9.09	
Maturity year, 2006	Amount, sold		60		
	Rate ¹		6.70		
Total, unrealised contracts			18	246	79

¹⁾ 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 options portfolio are divided between USD/SEK 6.70-8.30 and the caps between USD/SEK 8.22-9.50.

The contribution level in respect of USD/SEK income rates according to the table above for 2005 and 2006 is 32 per cent and 9 per cent respectively, calculated on the basis of the price assumptions in the sensitivity analysis table.

The adoption of International Financial Reporting Standards (IFRS) as of 2005

As of the financial year starting on 1st January 2005, the Boliden Group will be applying International Financial Reporting Standards (IFRS).

According to the transition rules governing first-time adoption of IFRS, a comparative year is required. In all reporting for 2005, financial information for 2004 must be reported in accordance with IFRS. The transition date for Boliden's reporting in accordance with IFRS is therefore 1st January 2004 and all financial information for this fiscal year is recalculated for comparison purposes.. The Interim Report for Q1 2005 will thus be presented in accordance with IFRS and will include recalculated comparative figures for 2004.

IAS 39, which relates to financial instruments, is exempted from the requirement concerning recalculation of the comparative year and will therefore only be applied by Boliden as of 1st January 2005.

Those EU directives, under which the transition is reported, require that IFRS is presented in full financial reports, which means that the rules in force at the end of 2005 are the rules that should be applied in the IFRS transition. The effects presented below are preliminary, since new standards or statements may be introduced during 2005, which Boliden may choose to apply retroactively. Among other things, IASB issued IFRS 6 in December 2004, "Exploration for and Evaluation of Mineral Resources", which has not yet been adopted by the EU. The standard applies to financial years beginning after 1st January 2006, with the possibility of an earlier adoption. Boliden's initial assessment is that the standard will not have an effect on the company's results and position.

Since major changes have been made to IFRS standards during 2004, it is possible that new interpretations may emerge during the period before the publication of the 2005 Annual Report.

Background

The recommendations of the Swedish Financial Accounting Standards Council which 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 performed in identifying the effects of the transition to IFRS has primarily been focused 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 identified the effects of the application of standards newly 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 the transition to IFRS, Boliden applies 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 1st 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 acquisitions and mergers completed from the transition date of 1st January 2004 are recalculated in accordance with IFRS 3. The requirements imposed by IFRS 1 with regards to recalculation in respect of certain acquisitions prior to this point in time are not considered to have an impact on Boliden's equity at the time of the transition.
- Boliden has chosen to apply IAS 19 as of the transition date of 1st January 2004, which means, among other things, that actuarial profits and losses arising prior to this date are recorded in the opening balance of shareholders' equity.

Full-year report 2004

- According to IFRS, fixed assets may not be written up, unless the revaluation method is applied. IFRS 1 does however permit that a write-up made prior to the transition point can be regarded as the acquisition value at the time when the write-up was performed. In light of the write-up of the Rönnskär plant, which that was performed in 2001 with SEK 2,066 million net of deferred taxes, Boliden has chosen to make use of this exemption. The exemption rule also requires that the value of the write-up was comparable with the market value of the asset.
- Accumulated translation differences when translating foreign subsidiaries are closed out at the time of transition.
- Share-related remunerations are reported in accordance with IFRS 2 for all share-related remunerations awarded after 7th November 2002 and not earned on 1st January 2005. Boliden has chosen not to apply IFRS 2 retroactively prior to this date.

Below is a preliminary summary of the expected effects the adoption of IFRS will have on the Group's shareholders' equity at the time of the transition and at the end of 2004, as well as on the net result for 2004. It also specifies the effects on the Group's shareholders' equity on 1st January 2005.

Recalculated of shareholders' equity and net result for the Group

Consolidated reconciliation of group shareholders equity

	2004-01-01	2004-12-31	2005-01-01	Note
Equity according to Swedish GAAP	6,100	8,959	8,959	
Goodwill amortisation		165	165	1
Goodwill amortisation, translation effect		-6	-6	1
Financial instrument, net of deferred taxes			-3	2
Market value of other shares, net of deferred taxes			8	2
Total change to IFRS	0	159	165	
Equity according to IFRS	6,100	9,118	9,124	

Consolidated reconciliation of group net results

	2004	Note
Net result according to Swedish GAAP	1,055	
Goodwill amortisation	165	1
Net result according to IFRS	1,220	

Explanatory notes

1. Intangible assets

According to IAS 38, intangible assets should be classified as assets with a definable period of use or as assets with an indefinable period of use. According to Boliden's current principles, goodwill has been amortised over a maximum of 20 years. According to IFRS 3, goodwill should be classified as an asset with an indefinable lifetime and may no longer be amortised. Instead, impairment tests should be performed as soon as there are indications that there is a need for a write-down and 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 1st 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 1st January 2004 or at the end of the financial year ending on 31st December 2004.

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

2. Financial instruments

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

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

Boliden intends to apply hedge accounting for financial derivatives acquired in order to hedge part of forecasted currency, metal and interest flows. At the start of 2005, the market value of these derivatives was negative SEK 3 million net of deferred taxes, and has been recorded against shareholders' equity.

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

At the start of 2005, the difference between market value the book value for other shareholdings was SEK 8 million net of deferred taxes. The effect has been recorded directly against shareholders' equity.

The values of embedded derivatives in contracts currently in force are not regarded as material.

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

3. Component depreciation

With regard to IAS 16 (Tangible fixed assets), Boliden will now be applying component depreciation. The transition to the application of component depreciation in accordance with IFRS is not believed to have an material effect on the opening balance on 1st January 2004 or on the closing balance on 31st December 2004.