



Lundbergs 2004

*On these pages, Lundbergs is reported from the viewpoint of cash flow, whereby only the wholly owned subsidiaries and, in certain cases, their subsidiaries' groups of companies, have been consolidated in accordance with the Annual Accounts Act.*

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#### **Annual Report and consolidated financial statements**

*Report of Lundbergs in accordance with the Annual Accounts Act (AAA)*

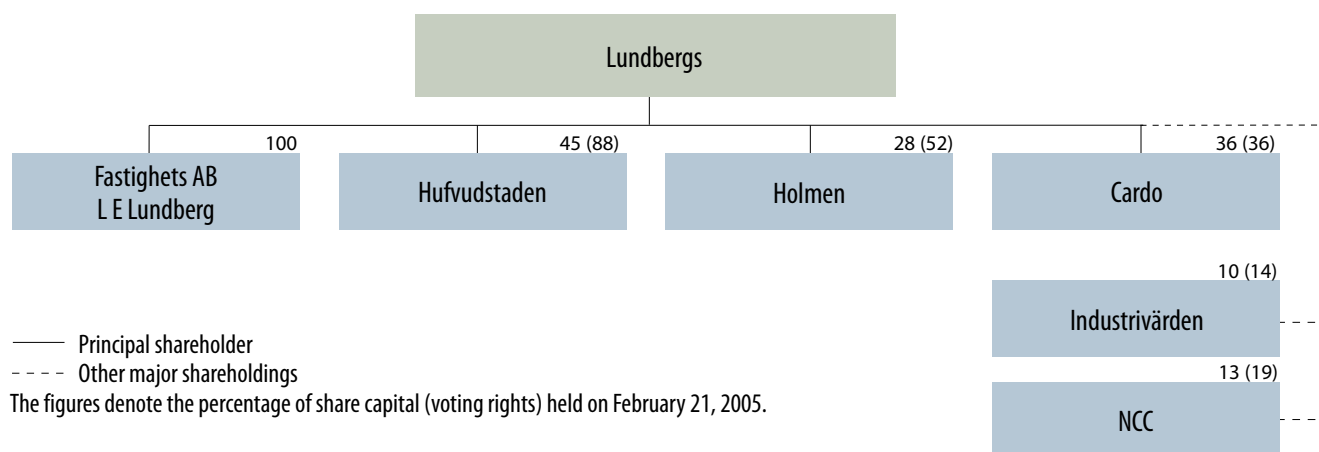
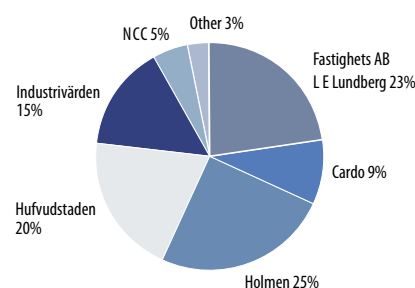
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Lundbergs is a holding company that manages and develops a number of companies by being an active, long-term owner. The portfolio includes a wholly owned unlisted real estate company, Fastighets AB L E Lundberg, the publicly traded subsidiaries Holmen and Hufvudstaden and the associated companies Cardo and NCC. Lundbergs also has a major shareholding in Industrivärden.

Percentage share of Lundbergs' total assets, approx.  
SEK 23 billion, on February 21, 2005.



### Financial information

The following financial reports will be published in Swedish and English on our website, [www.lundbergs.se](http://www.lundbergs.se):

May 31, 2005	Interim Report January-March 2005
August 30, 2005	Interim Report January-June 2005
November 23, 2005	Interim Report January-September 2005
February 2006	Year-end Report for 2005

The Annual Report will be sent to shareholders who have notified VPC that they wish to receive it.

- On December 31, 2004, net asset value after deferred tax amounted to SEK 21.5 billion (SEK 347 per share), compared with SEK 18.0 billion (SEK 290 per share) at the end of 2003.
- Profit after tax rose amounted to SEK 1,694 m. (910), which corresponds to SEK 27.32 (14.65) per share.
- During 2004, Industrivärden shares were acquired for approximately SEK 701 m. and Holmen shares for SEK 344 m.
- An increase in the dividend to SEK 7.00 (6.50) per share is proposed.

### Earnings and key data

	2004	2003
Net asset value after deferred tax, SEK billion	21.5	18.0
Net asset value per share after deferred tax, SEK	347	290
Shareholders' equity per share, SEK	185	165
Net sales, SEK m.	2,945	2,552
Profit after financial items, SEK m.	1,781	984
Profit after tax, SEK m.	1,694	910
Earnings per share, SEK	27.32	14.65
Dividend per share, SEK	7.00 <sup>1</sup>	6.50
Debt/equity ratio	0.22	0.22
Equity/assets ratio, %	78	77
Average number of employees	199	208

1) The Board of Directors' proposal.

### Accounting principles

Lundbergs holds a majority of the voting rights in Holmen and Hufvudstaden. Thus, in accordance with Sweden's Annual Accounts Act (AAA), these companies should be consolidated as subsidiaries (purchase method). At year-end, Lundbergs accounted for 45.2% of the share capital in Hufvudstaden and 27.9% of the share capital in Holmen, which gives rise to a large minority share in the consolidated financial statements if AAA is applied. According to AAA, the holdings in Cardo, NCC, Ramirent and Stadium should be consolidated as associated companies (equity method).

In order to provide a more accurate description of the Group's operations, however, holdings of shares in the above companies are reported from the perspective of cash flow and net asset value. Accordingly, on pages 1-29 of this report, the Lundbergs Group is presented based solely on wholly owned subsidiaries of Lundbergs and, in certain cases, the subsidiaries' own groups of companies, being consolidated in accordance with the Annual Accounts Act, while other shareholdings have been reported in accordance with the acquisition value method.



### Lundbergs celebrates 60 years

In the autumn of 1944, my father Lars Erik Lundberg started a construction business in Norrköping focused on housing construction. During the 1950s and 1960s, urbanization gained strong momentum and people relocated to the cities to earn their living. At the same time, housing standards were extremely poor, which created a substantial demand for new housing. Geographically, the business activities were established in many locations throughout central and southern Sweden. Several companies were acquired, particularly in the Stockholm area. Construction operations were eventually expanded to also include office buildings and department stores.

My father's interest in investments in proprietary management properties was aroused at an early stage. The investments created greater stability in the company, and gradually reduced its dependence on construction operations.

This is the foundation of Fastighets AB L E Lundberg's property operations today.

In the early 1980s, Lundbergs expanded its business operations into other areas. We acquired and developed finance companies and several smaller industrial companies. We also started to invest in shares in certain publicly listed companies.

The Group's operations became increasingly diversified and, during the second half of the 1980s, the prudence of our investments in a limited number of publicly listed companies outside the construction and real estate sectors was confirmed.

In 1983, Lundbergs was listed on the stock exchange. From its original status as a wholly owned family company, we moved into the glare of the public eye.

In the early 1990s, Sweden was afflicted by what was commonly called the finance crisis. As the principal owner of Östgöta Enskilda Bank, a heavy responsibility fell on our shoulders.

Through very substantial capital investments and hard work, we managed to save the bank and, later, expand the activities. In 1997, the bank was sold to Danske Bank. In 1994, we transferred our construction operations to our associated company Siab, which merged with NCC in 1997.

During the 1990s and thus far in the 2000s, we have made large investments and become the principal owner in Holmen, Hufvudstaden and Cardo, and a major shareholder in Industrivärden and NCC.

During the 60 years since we started our operations, we have developed from a construction company to an investment company with interests in several different areas.

Lundbergs' business concept, as an active and long-term owner, is to manage and develop a limited number of investments primarily in publicly listed Swedish companies. Our earnings goal is to achieve an absolute return in the form of value appreciation and dividend yield on invested capital that, over time,

significantly exceeds risk-free interest. It is my belief, and hope, that in the years ahead we shall continue to succeed in our efforts to meet the expectations placed on us by our shareholders.

### 2004

Lundbergs reported after-tax profit of SEK 1,694<sup>1</sup> m. (910), an increase of 86% compared with 2003. The improved profit was attributable mainly to higher extraordinary dividends and reversals of previous write-downs of the shares in NCC.

Net asset value per share after deferred tax rose 20% to SEK 347 (290). The price of the Lundberg share increased by 22%, generating a total return to shareholders of 26% in 2004. Over the past five years, Lundbergs' shareholders have received an average total return of 24% per year. The corresponding return over the past 10 years is 18%.

Our financial position remains strong. Net debt at year-end 2004 amounted to SEK 2.5 billion (2.3), corresponding to a debt/equity ratio of 0.22 (0.22). The market value of Lundbergs' total assets, including properties held by the wholly owned subsidiary Fastighets AB L E Lundberg, was approximately SEK 25 billion at year-end 2004. In relation to the market value of our assets, accordingly, net debt amounted to about 10%.

### Fastighets AB L E Lundberg

Operating profit was down marginally to SEK 404 m. (414). The decline was due mainly to higher costs for maintenance and repairs. The rental market for office premises stabilized during 2004, particularly in Stockholm, where economic growth has gained momentum again.

Continued strong demand was noted for retail premises in Stockholm and other parts of the country, and rent levels are stable or rising.

Demand for housing remains strong, even in smaller towns, resulting in

1) See page 14.

record-low vacancy rates. In February 2005, the vacancy rate for commercial premises in our property portfolio was 4.7% and 1.1% for residential properties.

In the spring of 2004, we acquired a retail property in central Norrköping for SEK 73 m. We already owned the other parts of the property block. During 2005, we plan to invest approximately SEK 80 m. to remodel the property. Our goal is to create a modern and attractive retail sales area, thereby strengthening inner city commercial activities in Norrköping.

Major reconstruction of a residential and office building was started in central Stockholm during 2004 at a cost of approximately SEK 100 m. The project is scheduled for completion in 2006.

#### Portfolio companies

During the first half of 2004, we continued to invest in Industrivärden shares. Share acquisitions amounted to SEK 701 m., and our ownership interest now amounts to 10.5% of the share capital and 14.4% of voting rights. Through the investment in Industrivärden, we are diversifying our risks in areas outside our traditional holdings in real estate and forest products. The shareholding now accounts for approximately 15% of our assets.

The total return on the Industrivärden shares in 2004 was 46%, compared with 21% for the return index. The net asset value increased by 22%.

Holmen reported lower earnings in 2004, compared with 2003. It should be noted, however, that Holmen still shows the best margins in the industry. The earnings of Holmen Paper (printing paper) declined, mainly because of lower product prices, negative currency effects and higher costs for timber and energy.

Iggesund Paperboard's (cartonboard) earnings declined from a record-high level in 2003, as a result of changes in the product and market mix, negative currency effects and higher costs in

conjunction with rebuilding and maintenance stoppages on a cartonboard machine during the fourth quarter.

The ongoing investments in a new recycled-fiber-based newsprint machine in Holmen Paper Madrid is proceeding according to plan. The investment amounts to nearly SEK 3 billion, and production is expected to start at the beginning of 2006.

Hufvudstaden's earnings increased sharply in 2004 as a result of capital gains from two property sales. The Normalmstorg 1 project was completed during the year. The rental market for offices in Stockholm stabilized, contributing to a modest decline in Hufvudstaden's vacancy rate during 2004.

In view of its favorable earnings and strong financial position, Hufvudstaden's Board of Directors has proposed an increase in the dividend to SEK 4.00 per share (1.20), including an extraordinary dividend of SEK 2.70 per share. The dividend will provide Lundbergs with approximately SEK 370 m.

Cardo's earnings for 2004 declined compared with 2003, due to weak conditions in the construction market throughout large parts of Europe and restructuring costs within Pump. The lower level of earnings was also attributable to continued investments in new products and development of the marketing organization in Eastern Europe and Asia. Cardo's financial position remains solid.

NCC reported favorable earnings for 2004. Net debt was reduced sharply as a result of property sales and divestments of certain operations, in addition to improved earnings. Led by President Alf Göransson, efforts by the new management team during recent years have now started to yield results. Geographically, the operations have been concentrated in the Nordic countries and the Baltic Sea region, with primary focus on profitability rather than volume. NCC's Board of Directors proposes an increase in the dividend per share to SEK 14.50 (2.75), including an extraordinary divi-

dend of SEK 10.00 per share. Lundbergs, accordingly, will receive a dividend of approximately SEK 200 m.

Stadium continued to establish new outlets in Sweden and Denmark. Earnings for the past fiscal year were virtually unchanged from the preceding year.

A key prerequisite when Lundbergs became a shareholder in Stadium in 2001 was that the company would be listed on the stock exchange within five to seven years. The principal owners, the Eklöf family, have now decided that they want Stadium to retain its current status as a privately owned company. Against this background, Lundbergs reached an agreement in February 2005 to sell its 20% ownership interest to the Eklöf family for SEK 400 m. The capital gain from the sale amounted to SEK 150 m., which will be reported in the first quarter of 2005.

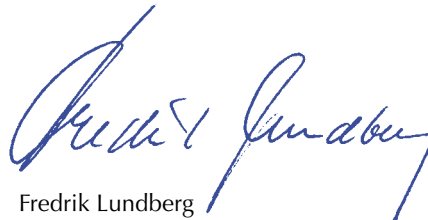
#### Outlook for 2005

Fastighets AB L E Lundberg is expected to report lower earnings compared with 2004, due to higher costs for maintenance, tenant-oriented improvements and renovations.

Earnings from equity management activities are also expected to decline as a result of lower dividends compared with the preceding year.

Overall, this means that I anticipate lower earnings in 2005, compared with 2004.

Stockholm, February 23, 2005



Fredrik Lundberg



The calculation of Lundbergs' net asset value is based on the fair value of assets less liabilities and deferred tax on surplus value. On December 31, 2004, net asset value after deferred tax amounted to SEK 21,520 m. (SEK 347 per share), compared with SEK 18,024 m. (SEK 290 per share) at the end of 2003. Reported shareholders' equity accounted for SEK 185 (165) of net asset value per share.

On February 21, 2005, estimated net asset value per share after deferred tax was SEK 355.

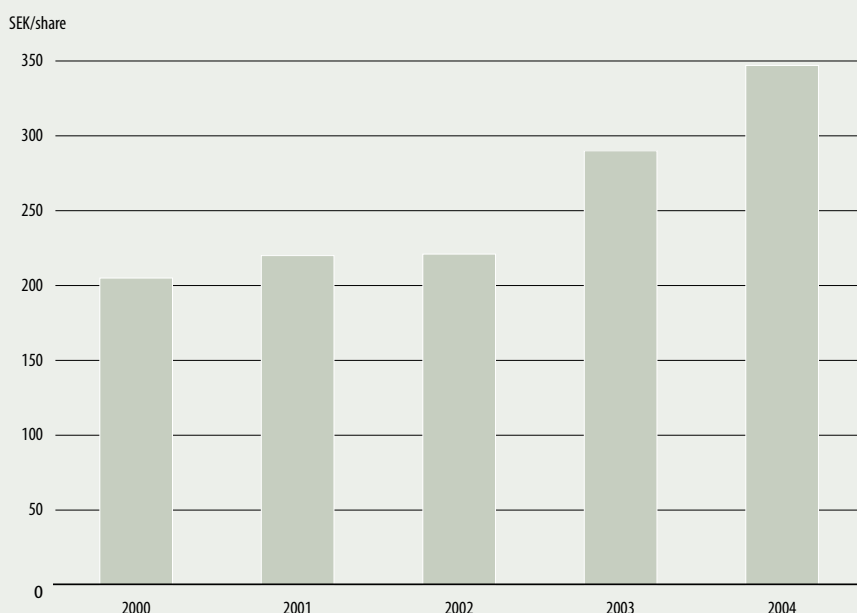
### Calculation of net asset value

	Dec. 31, 2004		Dec. 31, 2003	
	SEK m.	SEK per share	SEK m.	SEK per share
Altima <sup>1</sup>	-	-	98	2
Cardo <sup>1</sup>	2,057	33	2,155	35
Fastighets AB L E Lundberg <sup>2</sup>	5,207	84	4,666	75
Holmen <sup>1</sup>	5,616	91	5,709	92
Hufvudstaden <sup>1</sup>	4,470	72	3,264	53
Industrivärden <sup>1</sup>	3,432	55	1,815	29
NCC <sup>1</sup>	1,223	20	764	12
Ramirent <sup>1</sup>	151	2	-	-
Stadium <sup>3</sup>	250	4	250	4
Other publicly traded assets <sup>1</sup>	382	6	272	4
<b>Total publicly traded and unlisted shares</b>	<b>22,790</b>	<b>368</b>	<b>18,992</b>	<b>306</b>
Interest-bearing assets <sup>4</sup>	5	0	24	0
Interest-bearing liabilities <sup>4</sup>	-1,115	-18	-747	-12
<b>Total, net interest-bearing debt<sup>5</sup></b>	<b>-1,110</b>	<b>-18</b>	<b>-722</b>	<b>-12</b>
Interest-free liabilities, net <sup>4</sup>	-83	-2	-83	-1
<b>Net asset value before deferred tax</b>	<b>21,597</b>	<b>348</b>	<b>18,186</b>	<b>293</b>
Deferred tax, etc. <sup>6</sup>	-77	-1	-162	-3
<b>Net asset value after deferred tax</b>	<b>21,520</b>	<b>347</b>	<b>18,024</b>	<b>290</b>
of which, reported shareholders' equity	11,482	185	10,212	165
Market value	17,639	284.50	14,432	232.50
Price/NAV, %		82		80

- 1) Publicly traded assets have been entered at the current market price or at the exercise price for written options if the latter price is lower.
- 2) The valuation of shares in Fastighets AB L E Lundberg is based on the difference between the book and market value of properties less tax at a standard rate of 10%. The market value of properties is based on internal and external valuations (by Svefa and Forum Fastighetsekonomi). The investment properties were valued individually. In cases where external valuations have been conducted, these values have been used. External valuations account for approximately 35% of the total market value of investment properties. All properties were subject to similar valuations based on both the location-price method and the yield method. Subsequently, an estimated fair value of SEK 7,361 m. (6,911) was assigned to the properties on December 31, 2004, of which development properties accounted for SEK 257 m. (197).
- 3) The Stadium shares, which are unlisted, have been entered at book value. This holding was sold for SEK 400 m. on February 18, 2005.
- 4) Other assets, provisions (excl. deferred tax) and liabilities have been entered at book value at December 31, 2004 and 2003.
- 5) The net interest-bearing debt, including Fastighets AB L E Lundberg net interest-bearing debt, amounted to SEK 2,477 m.
- 6) Deferred tax, etc. has been computed on the basis of the difference between the market value and tax-assessment value. Due to new legislation that became effective on July 1, 2003, deferred tax on business-related participations was not computed on the basis of the difference between the market value and the tax-assessment value.

### Trend of net asset value

Net asset value (after deferred tax) has risen by an average of 12% in the past five years.



# The Lundberg share



Series B Lundberg shares are listed on Stockholm Stock Exchange's O List. A round lot consists of 50 shares. During 2004, an average of 23,791 Series B shares were traded per trading day. Total share turnover amounted to 6 million Series B shares, corresponding to 15% of the total number of Series B shares. The lowest price paid for the share in 2004 was SEK 221.50 and the highest was SEK 290.00. Lundbergs' market capitalization at year-end was SEK 17,639 m. (14,432). The share price rose by 22% during the year.

## Share capital

The share capital of L E Lundberg-företagen AB (publ) amounted to SEK 621 m. (621) during the year. On December 31, 2004, the total number of shares was 62,145,483 (62,145,483), each with a par value of SEK 10. The shares are divided into 24,000,000 (24,000,000) Series A shares, carrying ten votes per share, 38,000,000 (38,075,083) Series B shares, carrying one vote per share, plus 145,483 (70,400) repurchased Series B shares.

## Repurchase of own shares

The Board has been authorized to purchase Lundberg shares. For more detailed information, see page 31.

## Ownership structure

Lundbergs has a total of about 10,800 shareholders (9,000), of whom some 7,100 (5,500) are registered in a nominee's name and about 3,700 (approx. 3,500) in the owner's own name. Foreign ownership amounts to about 4% (2) of the share capital.

## Largest shareholders

	Feb 2005		Feb 2004	
	Holding as % of share capital	votes	Holding as % of share capital	votes
Fredrik Lundberg incl. companies	51.9	89.3	51.9	89.3
Louise Lundberg	7.5	1.7	7.5	1.7
Katarina Lundberg	7.5	1.7	7.5	1.7
FPG	2.3	0.5	2.4	0.5
AMF Pension	2.0	0.4	1.9	0.4
Knowledge Foundation	1.1	0.3	1.1	0.3
Zenit mutual fund	1.1	0.2	1.9	0.4
Robur mutual fund	1.0	0.2	2.0	0.4
Skandia	1.0	0.2	1.0	0.2
SEB mutual fund	1.0	0.2	1.5	0.3
Others	23.4	5.3	21.2	4.8
<b>Subtotal</b>	<b>99.8</b>	<b>100.0</b>	<b>99.9</b>	<b>100.0</b>
Repurchased Lundberg shares <sup>1</sup>	0.2	-	0.1	-
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Swedish shareholders	96.5	99.2	98.4	99.7
Foreign shareholders	3.5	0.8	1.6	0.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1) The Company's own holding of repurchased Lundberg shares amounts to 145,483 (70,400).

## Shareholding

	No. of shareholders	As % of all shareholders	No. of shares held	As % of share capital	Average no. of shares/ shareholders
1 - 500	8,378	77.8	1,213,894	2.0	145
501 - 2 000	1,722	16.0	1,862,292	3.0	1,082
2 001 - 5 000	329	3.1	1,143,390	1.8	3,475
5 001 - 20 000	228	2.1	2,355,332	3.8	10,330
20 001 - 50 000	57	0.5	1,848,189	3.0	32,424
50 001 -	56	0.5	53,722,386	86.4	959,328
<b>TOTAL</b>	<b>10,770</b>	<b>100.0</b>	<b>62,145,483</b>	<b>100.0</b>	<b>5,770</b>

## Trend of share capital, SEK m.

	Total paid-in paid-out amount	Share capital Added/ Canceled	Total
1981 Bonus issue, 3:1		75	100
1982 Bonus issue, 1:1		100	200
1983 New issue		300	230
1984 Bonus issue, 1:1		230	460
1989 New issue		412	506
1990 Bonus issue, 1:2		253	759
2000 Cancellation of repurchased shares	-909	-76	683
2002 Cancellation of repurchased shares	-884	-62	621

SEK m.	2004	2003	2002	2001 <sup>2</sup>	2000 <sup>1</sup>
<b>INCOME STATEMENT</b>					
Net sales					
Asset management	2,062	1,680	779	2,380	848
Fastighets AB L E Lundberg	883	872	852	815	762
<b>Total net sales</b>	<b>2,945</b>	<b>2,552</b>	<b>1,631</b>	<b>3,195</b>	<b>1,610</b>
Operating profit					
Asset management	1,509	675	358	1,686	627
Fastighets AB L E Lundberg	404	414	400	315	277
Central administrative costs etc.	- 26	- 11	- 8	- 8	20
<b>Total operating profit</b>	<b>1,887</b>	<b>1,078</b>	<b>750</b>	<b>1,994</b>	<b>923</b>
Financial items	- 105	- 94	- 98	- 96	- 65
<b>Profit after financial items</b>	<b>1,781</b>	<b>984</b>	<b>652</b>	<b>1,898</b>	<b>858</b>
Taxes	- 87	- 74	- 55	88	- 66
<b>Reported net profit for the year</b>	<b>1,694</b>	<b>910</b>	<b>597</b>	<b>1,986</b>	<b>792</b>
<b>BALANCE SHEET</b>					
Assets					
Fixed assets	14,167	12,855	12,444	11,533	8,589
Properties classified as current assets	130	124	126	133	2,835
Current assets	414	361	231	461	120
Shareholders' equity and liabilities					
Shareholders' equity	11,482	10,212	9,675	9,447	8,286
Long-term liabilities	1,919	1,742	1,495	483	2,530
Current liabilities	1,310	1,385	1,631	2,197	728
<b>Total assets</b>	<b>14,711</b>	<b>13,339</b>	<b>12,801</b>	<b>12,127</b>	<b>11,544</b>
<b>KEY FIGURES</b>					
Shareholders' equity, SEK m.	11,482	10,212	9,675	9,447	8,286
Equity/assets ratio, %	78	77	76	78	72
Return on equity, %	16	9	6	22	9
Net interest-bearing debt, SEK m.	2,500	2,300	2,400	1,750	2,500
Debt/equity ratio	0.22	0.22	0.25	0.19	0.30
Yield on investment properties, %	19	19	18	18	13
Net investments in wholly and partly owned properties, SEK m.	97	-18	24	24	59
Net investments in equity management, SEK m.	1,134	835	883	455	704
Market value of listed shares, SEK m.	17,333	14,076	11,008	10,517	11,827
Average number of employees	199	208	211	212	227
<b>PER SHARE DATA</b>					
Profit, SEK	27.32	14.65	9.62	31.48	11.36
Dividend, SEK	7.00 <sup>3</sup>	6.50	6.00	5.75	5.25
Payout ratio, %	26	44	62	18	46
Shareholders' equity, SEK	185	165	156	152	127
Cash flow <sup>4</sup> , SEK	-0.23	0.27	-1.08	1.61	-1.46
Market price, December 31, SEK	284.50	232.50	195.00	158.00	142.00
P/E ratio, times	10	16	20	5	13
Direct return, %	2.5	2.8	3.1	3.6	3.7
Market price/net asset value, %	82	80	88	72	69

1) As of 2000, amounts are calculated in accordance with the Financial Accounting Standards Council's recommendation RR9 – Income Taxes.

2) As of 2001, RR12 – Income Taxes is applied.

3) The Board of Directors' proposal.

4) Cash flow pertains to the change in cash and bank balances during the year according to the cash flow statement. Cash flow per share was calculated on the basis of the average number of shares outstanding.

#### DEFINITIONS

**Return on equity** – Reported profit as a percentage of average equity during the year.

**Direct return** – Dividend per share as a percentage of market share price on December 31.

**Yield on investment properties** – The operating net in relation to the book value of the properties at year-end.

**P/E ratio** – Market share price on December 31 in relation to earnings per share.

**Pay-out ratio per share** – Dividend as a percentage of earnings per share.

Lundbergs is an investment company that manages and develops a number of companies based on active, long-term ownership. The asset portfolio includes Fastighets AB L E Lundberg, a wholly owned unlisted real estate company, Holmen and Hufvudstaden, wholly owned publicly traded subsidiaries, and Cardo and NCC, associated companies. Lundbergs also has a substantial holding in Industrivärden.

Lundbergs' objective is to generate a return on invested capital over time that substantially exceeds the yield on a risk-free interest-bearing investment. Lundbergs' strategy is to generate such a return and value appreciation while maintaining a low risk. Investments focus mainly on companies characterized by solid market positions, strong and stable cash flow and that have their own products and brands. The financial risk is minimized by combining low indebtedness with good access to funds.

The time perspective of Lundbergs' ownership enables the companies and their management to adopt a long-term approach in their efforts to develop market positions and competitive strengths. Dedicated involvement in boards of directors is important in

efforts to contribute expertise and stability at the ownership level. Lundbergs is represented, through one or more members, on the boards of Cardo, Holmen, Hufvudstaden and NCC.

#### Assets

Lundbergs' assets are concentrated to a few major holdings. The real estate holdings, which comprise shares in Fastighets AB L E Lundberg and Hufvudstaden, represented a value of SEK 9.7 billion at the end of 2004, or 42% of the Group's total assets. The shareholdings in Cardo, Holmen, Industrivärden and NCC amounted to SEK 12.3 billion and accounted for 54% of total assets.

#### Organization

A company that focuses on long-term investments and holdings does not require a large organization. In total, the Lundberg organization involved in such activities has about ten employees, including the personnel of the subsidiary L E Lundberg Kapitalförvaltning. Lundbergs' organizational structure was streamlined on January 1, 2004. The wholly owned real estate holdings were separated in organizational terms from the Parent Company and were assigned

the same status as the Group's other major investments. As of 2004, Lundbergs operates within an organization that focuses exclusively on investment operations and active ownership. The organization is well dimensioned for this task.

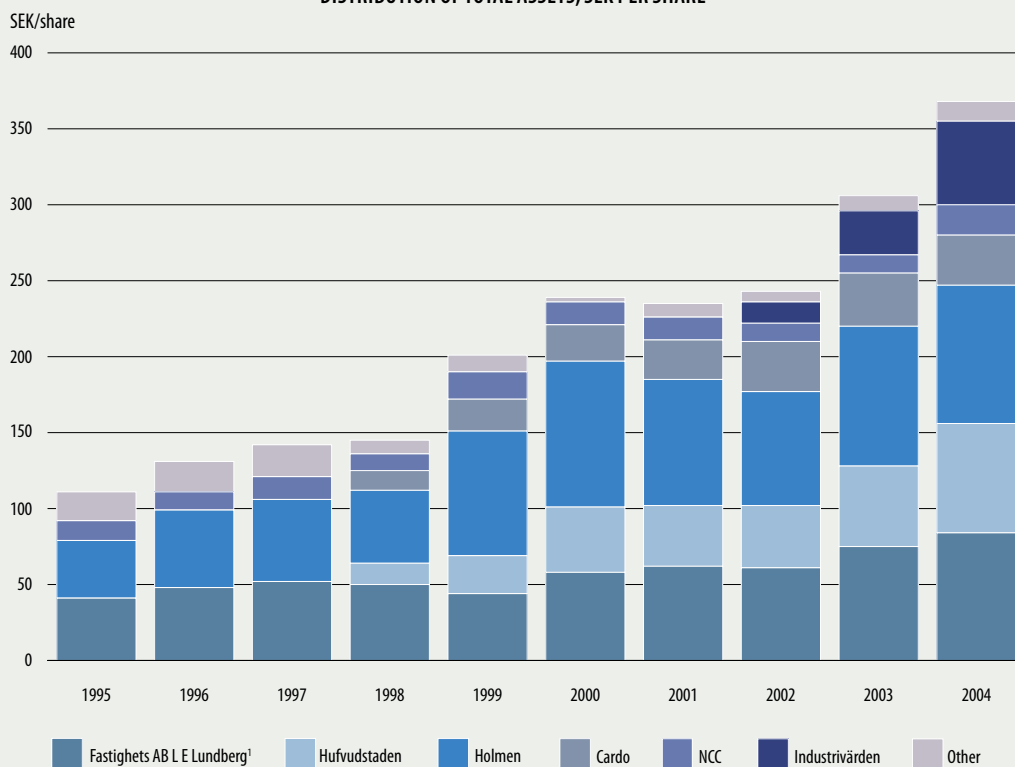
#### L E Lundberg Kapitalförvaltning AB

L E Lundberg Kapitalförvaltning is a wholly owned subsidiary that engages in securities trading. The objective of operations is to utilize macroeconomic and corporate analyses in order to generate a favorable return on capital employed. In addition to securities trading, the company accounts for the analysis and follow-up of other investments within the Group.

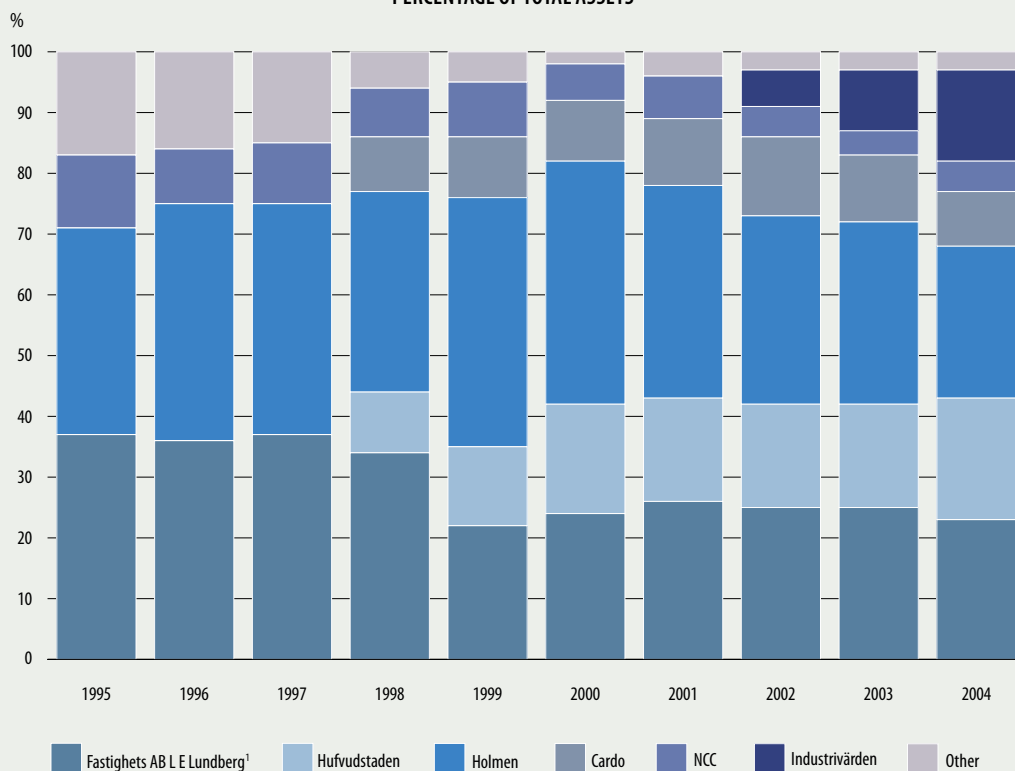
The securities traded include equities and bonds, as well as their derivatives. Although shares listed on Stockholm Stock Exchange account for most of the investments, investments may also be made in other stock markets in Europe and North America. Gross year-end exposure amounted to SEK 402 m. The organization consists of five employees.



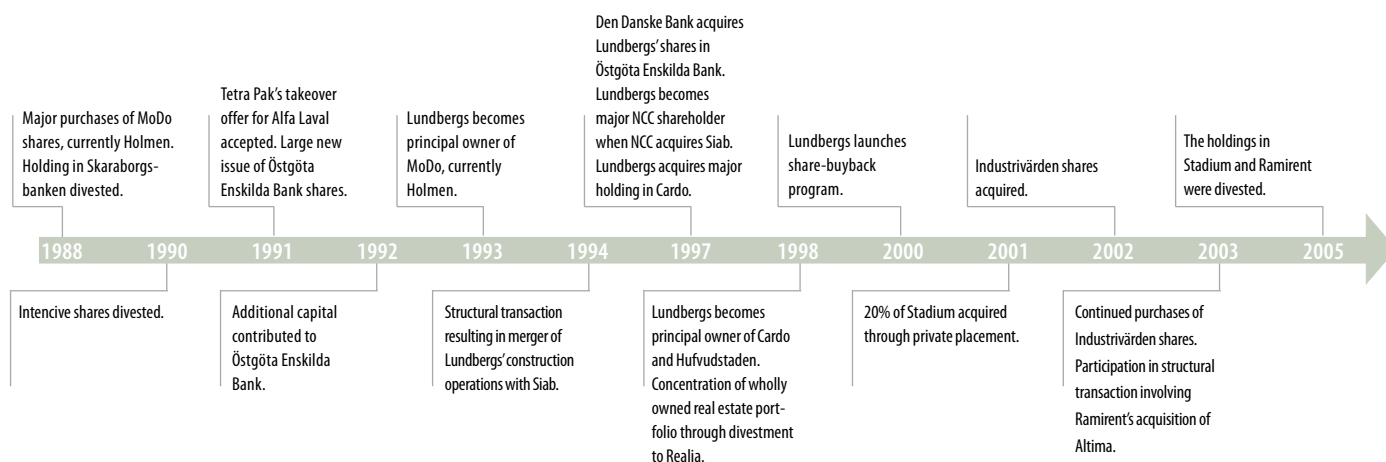
### DISTRIBUTION OF TOTAL ASSETS, SEK PER SHARE



### PERCENTAGE OF TOTAL ASSETS



1) Market valued assets less net debt and estimated tax. Values for 1995 to 2001 were calculated on a pro forma basis.



### Investment activities

During 2004, Lundbergs increased its holding in Industrivärden by acquiring slightly more than 5.2 million shares for SEK 701 M. All of the shares were purchased during the first half of the year. The average acquisition price of the acquired shares was SEK 134.

In the third quarter, nearly 1.6 million Holmen shares were purchased for SEK 344 m.

On February 18, 2005, Lundbergs sold its Stadium shareholding to Stadium's principal owners, Ulf and Bo Eklöf, for SEK 400 m. The sale was due to the principal owners' decision not to list the company, since a listing of the

company had been a key prerequisite for Lundbergs' decision to become a shareholder in the company.

The holding in the machinery rental company Ramirent Oyj, which is listed on the Helsinki Stock Exchange, was divested on February 25, 2005. The sales price was SEK 175 m.

The sales during February generated capital gains of SEK 150 m. and SEK 81 m., respectively, for Lundbergs.

### Return

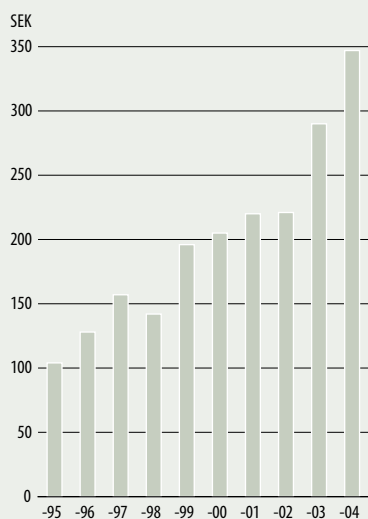
Lundbergs' mission is to generate an absolute return. The aim over time is to report a healthy total return<sup>1</sup> in the form of growth in net asset value and dividends.

During 2004, net asset value per share rose by 20% after deferred tax. Since 1995, net asset value per share after deferred tax has grown by an annual average of 12%. The average total annual return has been 18% during the past ten years and 24% over the past five years. The total return in 2004 was 26%.

1) The total return is defined as the sum total of changes in the share price plus reinvested dividends.



NET ASSET VALUE PER SHARE AFTER TAX



CHANGE IN NET ASSET VALUE PER SHARE



TOTAL RETURN



DIVIDEND AND DIRECT RETURN



## Key figures

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net asset value, SEK m.	7,899	9,748	11,892	10,783	14,874	13,380	13,665	13,692	18,024	21,520
Net asset value per share, SEK	104	128	157	142	196	205	220	221	290	347
Change in net asset value per share, %	-10	23	23	-10	38	5	7	0	32	20
Dividend per share, SEK	3.00	3.25	3.75	4.25	4.75	5.25	5.75	6.00	6.50	7.00 <sup>1</sup>
Growth in dividend per share, %	9	8	15	13	12	11	10	4	8	8
Direct return, %	4.1	3.4	3.2	4.5	5.1	4.6	3.6	3.1	2.8	2.5
Total return, %	-0.3	35.3	25.4	-17.0	27.9	28.6	15.4	27.2	23.1	25.9
Stock market price, SEK	73.00	95.00	116.00	94.00	94.00	115.00	158.00	195.00	232.50	284.50

1) Board of Directors' proposal.

## Earnings report

SEK m.	2004	2003
<b>ASSET MANAGEMENT</b>		
Dividends	1,221	952
Gain/loss on securities	23	59
Write-down reversal/write-down of NCC shares	282	- 311
Overhead expenses	- 16	- 24
<b>PROFIT</b>	<b>1,509</b>	<b>675</b>
<b>FASTIGHETS AB L E LUNDBERG</b>		
Operating revenues	850	845
Property costs	- 423	- 405
Sales of properties classed as fixed assets	7	8
Central administrative costs, etc.	- 30	- 33
<b>PROFIT</b>	<b>404</b>	<b>414</b>
Central administrative costs, etc.	- 26	- 11
<b>OPERATING PROFIT</b>	<b>1,887</b>	<b>1,078</b>
Financial items	- 105	- 94
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>1,781</b>	<b>984</b>
Taxes	- 87	- 74
<b>REPORTED NET PROFIT FOR THE YEAR</b>	<b>1,694</b>	<b>910</b>
<b>EARNINGS PER SHARE</b>	<b>27.32</b>	<b>14.65</b>

## Cash flow report

SEK m.	2004	2003
Cash flow from operations	1,488	1,285
Cash flow from investing activities	- 1,166	- 684
Cash flow from financing activities	- 336	- 628
Change in cash and bank balances	- 14	- 26
Cash and bank balances on January 1	17	43
Cash and bank balances on December 31	3	17

## DEFINITIONS

**Earnings per share** – Reported net profit divided by the average number of shares out-standing.

**Net sales, Equity Management** – Dividends, proceeds from sales of shares and gains/losses from other operations.

**Net sales, Fastighets AB L E Lundberg** – Rental revenues and interest subsidies, proceeds from sales of properties classed as current assets and sales of shareholdings, and other revenues.

**Operating revenues, Fastighets AB L E Lundberg** – Rental revenues and interest subsidies, gains/losses from sales of properties classed as current assets and other revenues.

**Property costs** – Operating expenses, property tax, expensed costs for maintenance and tenantoriented improvements, direct sales and administrative costs and depreciation.

**Taxes** – Net profit for the year divided by average number of shares outstanding.

## Comments

**This section comprises a report on Lundbergs in which only wholly owned subsidiaries and, in certain cases, the subsidiaries' groups of companies, have been consolidated in accordance with the Annual Accounts Act. For reasons specified below, other shareholdings have been reported in accordance with the acquisition-value method.**

Lundbergs holds a majority of the voting rights in Holmen and Hufvudstaden. Thus, in accordance with Sweden's Annual Accounts Act (AAA), these companies should be consolidated as subsidiaries (purchase method). At year-end, Lundbergs accounted for 45.2% of the share capital in Hufvudstaden and 27.9% of the share capital in Holmen which, if AAA is applied, results in large minority shares in the consolidated financial statements. According to AAA, the holdings in Cardo, NCC, Ramirent and Stadium should be consolidated as associated companies (equity method). In order to provide a more accurate description of the Group's operations, however, holdings in the above companies are reported from the perspective of cash flow and net asset value. A report of the Lundberg Group in accordance with AAA is presented on pages 30-63.

## Earnings report

### Equity management

Profit includes dividends of SEK 1,221 m. (952). The increase is mainly attributable to an extraordinary dividend from Holmen and dividends from the expanded holding in Industrivärden. Previous write-downs of the NCC shareholding were reversed by SEK 282 m.

### Fastighets AB L E Lundberg

Profit before financial items declined to SEK 404 m. (414). Also see page 18, for a more detailed description of real estate operations. Profit after financial items amounted to SEK 287 m. (350).

### Net sales

The Group's net sales amounted to SEK 2,945 m. (2,552), of which equity management accounted for SEK 2,062 m. (1,680) and Fastighets AB L E Lundberg for SEK 883 m. (872).

### Operating profit

Operating profit amounted to SEK 1,887 m. (1,078), of which equity management accounted for SEK 1,509 m. (675) and Fastighets AB L E Lundberg for SEK 404 m. (414), while central administrative costs amounted to SEK 26 m. (11).

### Financial items and net profit

Financial items amounted to an expense of SEK 105 m. (expense: 94), of which net interest expense accounted for SEK 143 m. (expense: 97). The increase in interest expense was due to premature redemption of property loans in an amount of SEK 1,200 m. in December 2004. At the same time, new loans in an amount of SEK 1,400 m. were raised based on an average period of fixed interest of 6.5 years. This measure reduced the average interest rate by 0.8 percentage points and the average period of fixed interest for the property loans rose by 3.8 years. Profit before tax amounted to SEK 1,781 m. (984) and profit after tax to SEK 1,694 m. (910), which corresponds to SEK 27.32 (14.65) per share.

## Cash flow report

Cash flow from operations amounted to SEK 1,488 m. (1,285). Cash flow included taxes paid of SEK 26 m. (29). Interest of SEK 152 m. (114) was paid and of SEK 2 m. (8) was received. Investments totaled SEK 1,166 m. (684). Dividends received amounted to SEK 1,221 m. (952) for the Group and SEK 1,109 m. (849) for the Parent Company. Dividends paid to Lundberg shareholders totaled SEK 403 m. (372).

### Financing

Lundbergs' strategy is to create long-term value growth while maintaining financial balance. Since, to a considerable extent, Lundbergs is an equity-managing company, a strong financial position is an essential requirement. The financial risk is minimized by maintaining a low debt/equity ratio combined with good access to funds. An additional aim is to have low interest-rate and refinancing risks. Credit risks are limited by having interest-bearing assets that consist exclusively of instruments with a high credit rating.

The Standard & Poor's credit-rating institute has assigned Lundbergs a long-term rating of *A/stable* outlook and short-term ratings of *A-1* and *K-1*. These high ratings facilitate less expensive borrowing and more effective access to money and bond markets.

Ongoing financing is arranged through the issue of commercial paper in the Swedish money market. The contracted limit for such issues is a total nominal amount of not more than SEK 2,000 m., of which SEK 250 m. (150) had been utilized on December 31, 2004.

In addition to raised loans of approximately SEK 1,500 m., Lundbergs had committed, long-term lines of credit totaling SEK 1,000 m. on December 31, 2004. Lundbergs also had a total of SEK 100 m. in committed lines of credit with a maturity of less than 12 months. In January 2005, committed long-term lines of credit were expanded by SEK 500 m. to total SEK 3,000 m. (of which, SEK 1,400 m. had been utilized).

#### MATURITY PERIODS FOR LOANS

	SEK m.	Average interest rate %
2005	986	2.5
2008	100	4.7
2009	700	3.8
2012	700	4.3

## Balance report

SEK m.	Dec 31, 2004	Dec 31, 2003
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>Tangible fixed assets</b>		
Buildings and land	2,664	2,603
Other tangible fixed assets	17	31
	<b>2,681</b>	<b>2,634</b>
<b>Financial fixed assets</b>		
Long-term holdings of securities	11,473	10,181
Financial fixed assets	13	39
	<b>11,486</b>	<b>10,221</b>
<b>TOTAL FIXED ASSETS</b>	<b>14,167</b>	<b>12,855</b>
<b>CURRENT ASSETS</b>		
Development properties	130	124
Securities	328	254
Operating receivables	38	45
Cash and bank balances and short-term investments	47	62
<b>TOTAL CURRENT ASSETS</b>	<b>544</b>	<b>485</b>
<b>TOTAL ASSETS</b>	<b>14,711</b>	<b>13,339</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
<b>Restricted equity</b>		
Share capital (62,145,483 shares)	621	621
Restricted reserves	665	744
	<b>1,287</b>	<b>1,365</b>
<b>Unrestricted equity</b>		
Unrestricted reserves	8,500	7,937
Reported net profit for the year	1,694	910
	<b>10,195</b>	<b>8,847</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>11,482</b>	<b>10,212</b>
<b>Provisions</b>	<b>406</b>	<b>426</b>
<b>Long-term liabilities</b>	<b>1,513</b>	<b>1,315</b>
<b>Current liabilities</b>	<b>1,310</b>	<b>1,385</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>14,711</b>	<b>13,339</b>
<b>ASSETS PLEDGED</b>	<b>2,057</b>	<b>2,062</b>
<b>CONTINGENT LIABILITIES</b>	<b>179</b>	<b>224</b>

## DEFINITIONS

**Debt/equity ratio** – Interest-bearing debt in relation to equity and minority interest.

**Equity/assets ratio** – Reported equity as a percentage of total assets.

**Provisions** – PRI pensions, provisions for guarantees, deferred tax liability in untaxed reserves and temporary differences.

**Liquid assets** – Cash and bank balances and interest-bearing short-term investments.

**Net interest-bearing debt** – Interest-bearing liabilities less interest-bearing assets.

## Comments

### Fixed assets

The Group's tangible fixed assets consist mainly of buildings and land. The investment properties, which have a book value of SEK 2,664 m. (2,603), had an estimated fair value of SEK 7,103 m. (6,715) and a tax assessment value of SEK 4,755 m. (5,032).

Financial fixed assets consist of long-term holdings of securities, predominantly in publicly traded companies. The proportion of voting rights and share capital and the book value and market value of these shareholdings are presented in the tables below.

During 2004, Industrivärden shares (Series A) were acquired for SEK 701 m. and Holmen shares (Series B) for SEK 344 m. The percentage of Holmen's share capital and voting rights has been affected by new issues and the acquisition of shares. The percentage of voting rights in NCC has been affected by the restamping of shares and the percentage of the share capital and voting rights has been affected by share repurchases required under the company's options program. The percentage of Ramirent's share capital and voting rights was affected by the new issue of shares. The Ramirent holding was divested in February 2005.

The Other long-term securities item includes Stadium shares in an amount of SEK 250 m. (250). Lundbergs' share of the voting rights and share capital is 20%. The holding was divested in February 2005.

### Current assets

The book value of development proper-

ties was SEK 130 m. (124), the estimated fair value SEK 257 m. (197) and the tax assessment value SEK 143 m. (145). At year-end, securities were held with a book value of SEK 328 m. (254) and a market value of SEK 361 m. (272). The corresponding amounts on February 21, 2005 were SEK 312 m. and SEK 355 m., respectively.

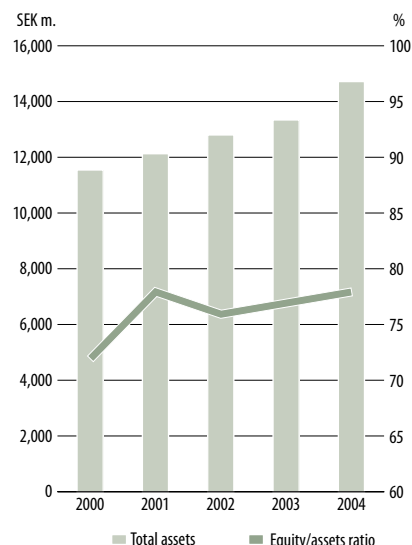
### Financial position

Cash and bank balances and short-term investments totaled SEK 47 m. (62) at year-end. Liquid assets (excluding credit facilities) decreased by SEK 14 m. to SEK 3 m. (17). The Group's reported shareholders' equity on December 31, 2004 was SEK 11,482 m. (10,212). The equity/assets ratio was 78% (77). Interest-bearing liabilities rose to SEK 2,486 m. (2,324), of which property loans accounted for SEK 1,500 m. (1,303) and other interest-bearing liabilities for SEK 986 m. (1,021). Loans with collateral in the form of properties accounted for 53.7 percent (47.8) of the book value of the Group's real estate portfolio. As at December 31, 2004, the debt/equity ratio was 0.22 (0.22) and the Group's interest-bearing net debt amounted to SEK 2,477 m. (2,296). On December 31, 2004, the average period of fixed interest was approximately 47 months and the average interest rate was 3.4% (4.2).

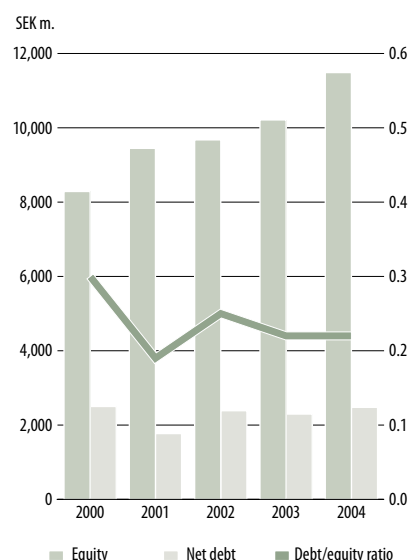
### MATURITY PERIODS FOR INTEREST-BEARING LIABILITIES

	SEK m.
2005	986
2006	0
Later	1,500
<b>TOTAL</b>	<b>2,486</b>

### TOTAL ASSETS AND EQUITY/ASSETS RATIO



### EQUITY, NET DEBT AND DEBT/EQUITY RATIO



% Voting rights	Feb 21, 2005		Dec 31, 2004		Dec 31, 2003	
	Share holding		Share holding		Share holding	
Altima <sup>1</sup>	—	—	—	—	13,6	13,6
Cardo	36,0	36,0	36,0	36,0	36,0	36,0
Holmen	51,9	27,9	51,9	27,9	52,2	27,5
Hufvudstaden	88,0	45,2	88,0	45,2	88,0	45,2
Industrivärden	14,4	10,5	14,4	10,5	10,7	7,8
NCC	18,7	13,2	18,5	13,6	17,7	13,6
Ramirent <sup>1</sup>	6,5	6,5	6,5	6,5	—	—
<b>TOTAL</b>						

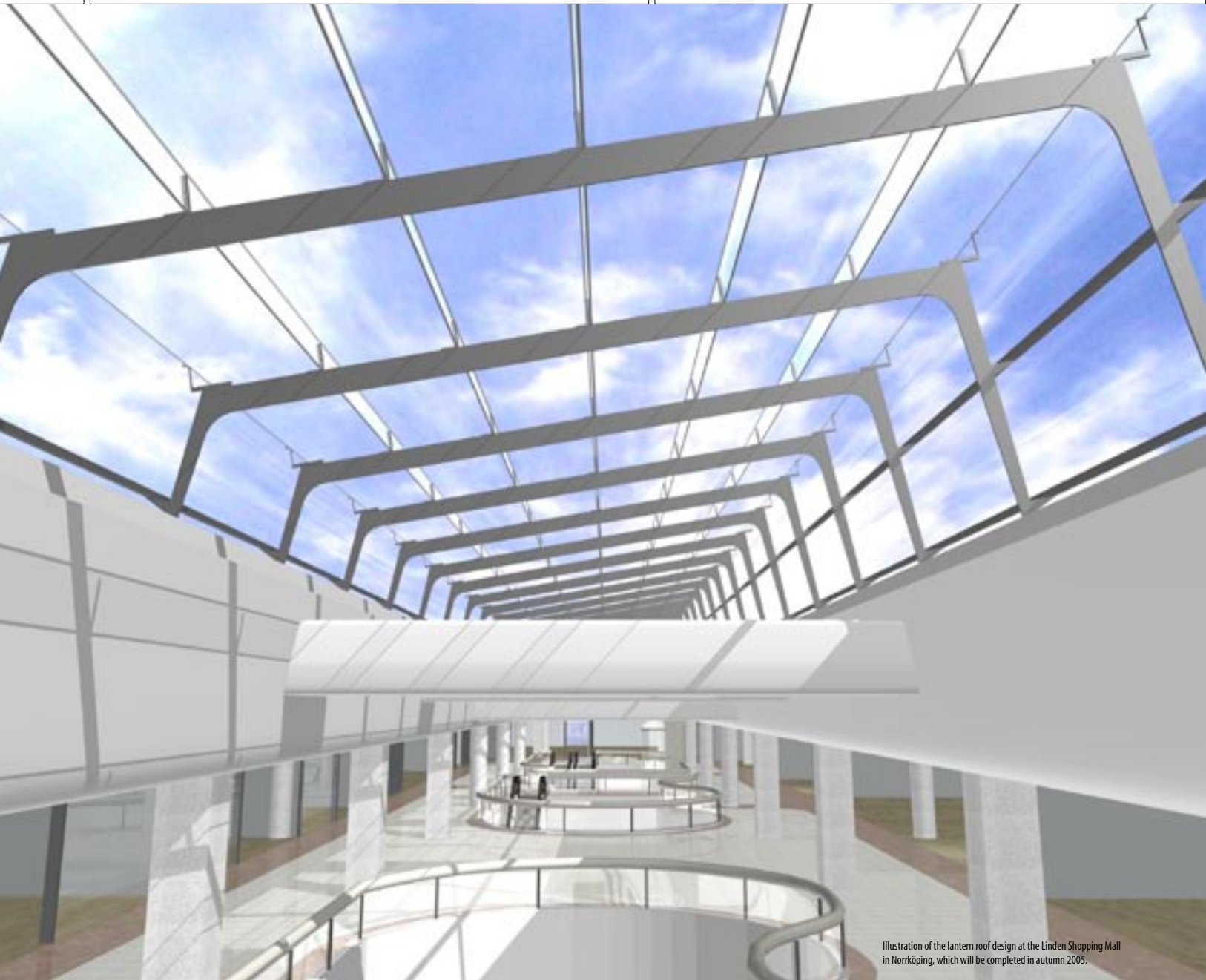
  

SEK m.	Feb 21, 2005		Dec 31, 2004		Dec 31, 2003	
	Book value	Market value <sup>2</sup>	Book value	Market value <sup>2</sup>	Book value	Market value <sup>2</sup>
Altima <sup>1</sup>	—	—	—	—	94	98
Cardo	2,021	1,976	2,021	2,057	2,021	2,155
Holmen	2,941	5,635	2,941	5,616	2,597	5,709
Hufvudstaden	2,828	4,665	2,828	4,470	2,828	3,264
Industrivärden	2,280	3,382	2,280	3,432	1,579	1,815
NCC	1,046	1,531	1,046	1,223	764	764
Ramirent <sup>1</sup>	94	175	94	151	—	—
<b>TOTAL</b>	<b>11,209</b>	<b>17,364</b>	<b>11,209</b>	<b>16,949</b>	<b>9,882</b>	<b>13,805</b>

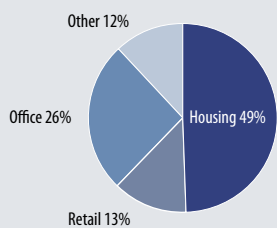
1) In January 2004, a public offer for Altima shares in return for Ramirent shares was accepted. The Ramirent shares were received on January 30, 2004.

The holding was divested on February 25, 2005.

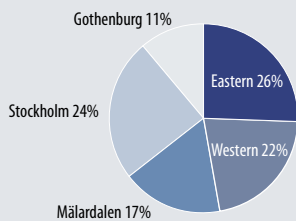
2) Publicly traded assets are entered at current market price or, for written options, at the exercise price if the latter price is lower.



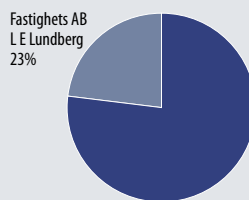
Distribution of annual rental revenues by type of premises



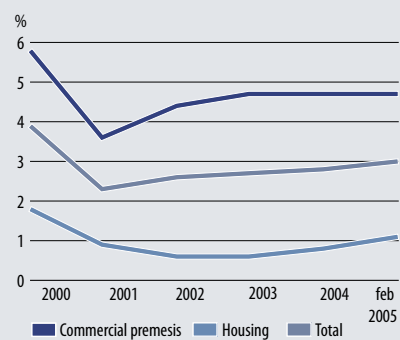
Distribution of annual rental revenues by region



Share of Lundbergs' total assets



Vacancy rates



Fastighets AB L E Lundberg is one of the major private real estate owners in Sweden. The real estate portfolio consists of 155 wholly or jointly owned investment properties and about 100 development objects, as well as a number of external management assignments. A total of 1.3 million square meters of floor space is managed. The wholly and jointly owned properties, including development properties, have an estimated market value of SEK 7,361 m. (6,911) and a book value of SEK 2,794 m. (2,727).

The real estate portfolio comprises approximately one million square meters of floor space, of which residential premises account for 54% (54) and commercial premises, etc. for 46% (46). Lundbergs' real estate portfolio consists primarily of centrally located residential properties and large retail and office properties. The oldest property was built around 1750 and the newest in 1998. Most of the buildings in the real estate portfolio originate from Sweden's construction boom of the 1960s and 1970s and were built on a proprietary basis. The portfolio has been supplemented over the years, mainly through the addition of commercial properties during the 1980s and 1990s. See page 68 for a real estate specification.

### **Business concept and strategy**

The business concept is to manage and develop residential and commercial properties in municipalities where favorable growth is expected. The strategy is to have a decentralized, efficient and market-oriented organization that possesses expert knowledge of customer needs and can thus offer well-managed properties combined with good service. Property-development operations are also conducted in order to generate the best possible operational and development gains based on the potential of each individual property.

### **Market**

The office-rental market stabilized during 2004, particularly in Stockholm,

while demand for office space in other parts of the country remained relatively weak.

Demand for housing and retail premises in major metropolitan regions and cities with colleges and universities remained favorable. The central location of Lundbergs' properties in the various municipalities provides competitive advantages in relation to commercial and residential properties situated in peripheral areas. The even distribution between residential and commercial properties makes the operations less sensitive to economic fluctuations. The strong local presence of Lundbergs' property-management operations provides excellent knowledge of conditions and potential in the various markets. Comprehensive market knowledge, combined with long-standing experience of property-management and construction operations, enables the organization to efficiently combine the role of property manager with a high level of tenant service.

A tenant survey was conducted during the year among residential tenants. The survey confirms that customers are satisfied with the product and services they are offered. More than 90% readily recommend Fastighets AB L E Lundberg as a landlord and as many as 94% are satisfied or very satisfied with their living conditions.

### **Organization and operations**

The holdings of investment properties are located in 17 municipalities, and municipalities with more than 75,000 inhabitants account for 77% (76) of total rentable floor space. The holdings in each municipality consist predominantly of centrally situated residential and commercial premises with good access to services and communications. The company has a total of 7,482 (7,559) residential units for which the overall rental rate is more than 99%. Day-to-day property management and rental activities are conducted locally in each municipality.

Property-development operations are conducted centrally from the head office in Norrköping, which also has resources for administration, operations, accounting, purchasing, information, IT and environmental and quality matters.

The commitment and expertise of employees are key factors in relations with tenants and the company's decentralized approach to activities functions well.

Property-management operations are divided into five regions, each with its own management office.

*The Eastern region* consists of Linköping and Norrköping, with Norrköping accounting for 89% of the region's rentable floor space. The rental situation for housing and retail space is favorable throughout the region, while demand for office space is weak.

*The Western region* consists of Arvika, Jönköping, Karlstad and Örebro, with Jönköping and Karlstad jointly accounting for nearly 71% of total rentable floor space in the region. Housing accounts for 68% of the real estate holdings in the region. As a result of favorable demand for housing, the rental situation is excellent throughout the entire region.

*The Mälardalen region* includes Enköping, Eskilstuna, Katrineholm, Motala and Nyköping. Real estate holdings in the region consist mainly of housing (76%) and the close proximity of most of the municipalities to Stockholm facilitates a healthy rental trend.

*The Stockholm region* consists of Solna, Stockholm, Södertälje and Uppsala. Demand for housing is generally very strong throughout the region. Market conditions for commercial premises remain buoyant, particularly for retail space.

*The Gothenburg region* consists of Gothenburg and Landskrona. The properties in central Gothenburg consist of three relatively large units, mainly comprising office space, but including one with residential features. Demand

for housing is excellent, but weaker for office space. The holding in Landskrona consists of a large industrial property.

*The development properties* are situated mainly in central Sweden and comprise farmland and forests. There are also a number of centrally located sites in municipalities in central Sweden. Development properties are distributed among nearly 100 objects covering a total area of about 30 million square meters. The book value of the properties is SEK 130 m. (124) and the estimated fair value is SEK 257 m. (197).

The purpose of property-development operations is to convert developable land into sites suitable for commercial development, and to create new projects for resale. This is achieved through active involvement in planning and property formation matters, and cooperation with the parties who need developable land. Pending completion of the planning process, development holdings that currently comprise farmland are leased out and the forestland is managed by subcontractors.

Detailed development planning is under way for about 600 single-family homes in Enköping, Eskilstuna, Nacka, Norrköping, Nyköping, Strängnäs, Svedala and Örebro. The largest development currently in progress is at Ekeby-Almby, outside Örebro, where 145 plots of land have been prepared for single-family homes to date.

### Quality and the environment

Fastighets AB L E Lundberg's operations have been quality certified in accordance with ISO 9001:2000 since 1998. The main environmental issues are integrated in the quality-control system, in which security, safety and environmental consideration are the key concepts.

Fastighets AB L E Lundberg's greatest impact on the environment derives from purchased heat, of which district heating accounts for 98%. The environmental impact of district heating depends on the fuel the district heating supplier uses for the production of heat. During recent years, approximately 80% of the purchased district heating has been based on renewable fuel sources.

### Operating revenues

Operating revenues in 2004 totaled SEK 850 m. (845). In addition to rental revenues and interest subsidies, operating revenues include capital gains from sales of development properties and other revenues. Rental revenues (including interest subsidies) amounted to SEK 845 m. (831), of which housing accounted for SEK 417 m. (406), commercial premises for SEK 395 m. (395), other rents for SEK 29 m. (28) and development properties for SEK 4 m. (3).

The average vacancy rate in 2004 was 2.8% (2.7). The vacancy rate for housing was 0.8% (0.6), while the vacancy rate for commercial premises was

4.7% (4.7). The vacancy rate in February 2005 was 3.0%, comprising vacancy rates of 1.1% for housing and 4.7% for commercial premises.

Development properties were sold for SEK 15 m. (24) during 2004, generating capital gains of SEK 2 m. (10).

### Property costs

Operating expenses rose by SEK 9 m. to SEK 184 m. (175), mainly as a result of higher costs for heating and property maintenance. Property tax amounted to SEK 34 m. (38). Expensed costs for maintenance and tenant-oriented property improvements increased by SEK 14 m. to SEK 132 m. (118). The operating net was SEK 494 m. (500). The investment properties generated a yield of 18.8% (19.2) in relation to book value. Direct sales and administrative costs totaled SEK 46 m. (42). Depreciation according to plan amounted to SEK 29 m. (29), corresponding to 1-2% of the acquisition value of the buildings.

The properties are entered in the accounts at the lower of acquisition value and estimated fair value. Write-downs/reversals during 2004 amounted to SEK 10 m. (1).

The write-downs and reversals were based on independent valuations of the properties conducted by Svefa and Forum Fastighetsekonomer.

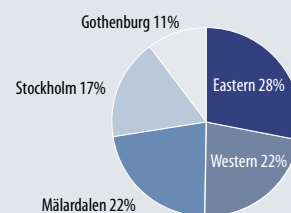
Value of rental contracts

SEK m.	Number	% of rental revenues
< 1	821	17
1 - 3	66	12
3 - 5	12	7
> 5	11	10
Total premises	910	46
Housing	7,482	49
Other	10,945	5
Total	19,337	100

Maturity of rental contracts distributed by rental revenues

	%
2005	6.1
2006	10.2
2007	9.1
2008	7.8
2009	3.8
2010 -	10.3
Total premises	47.3
Housing	49.3
Garage	2.2
Other	1.2
Total	100.0

Distribution of floor space by region, approximately 1.0 million square meters



### Administrative costs

Central administrative costs include costs for corporate resources employed in real estate operations, in such areas as administration, accounting, information and IT. In 2004, these costs amounted to SEK 30 m. (33).

### Gain on sales of properties classed as fixed assets

Sales of investment properties during the year totaled SEK 11 m. (5), generating gains of SEK 7 m. (5). Sales during the year pertain to the jointly owned property Kronhjorten 22 in Falköping, with a total rentable space 7,000 square meters.

Properties sold in 2004 had rental revenues of SEK 3 m. and an operating net of SEK 1 m. The properties had total floor space of 3,000 square meters.

### Operating profit

The company's operating profit amounted to SEK 404 m. (414). Before write-downs and reversals of write-downs, the operating profit was SEK 431 m. (447).

### Investments

The Linden 14 retail property in central Norrköping was acquired in March 2004 for a purchase price of SEK 73 m. Linden 14 includes about 10,000 square meters of retail space. The company already owned the other parts of the property block. The Linden property

comprises total retail space of 19,000 square meters. During 2005, approximately SEK 80 m. will be invested in remodeling to create a modern and attractive shopping area, thus strengthening retail activities in central Norrköping.

Excluding expensed costs, additional investments in investment properties totaled SEK 24 m. (33), of which tenant-oriented property improvements accounted for SEK 11 m. (11). The largest individual investment, SEK 5 m., was in the completion of the Braxen property block in Linköping. The property's retail premises were refurbished and, in June 2004, the tenant Clas Ohlson took occupancy.

During 2005, a minor expansion of the Spiralen department store in Norrköping will also be made for approximately SEK 20 m.

In central Stockholm, major renovations of the Klippan office and residential property were started in 2004. Total investment costs are estimated at about SEK 100 m. The project is scheduled for completion in 2006.

## Definitions

### Yield on development properties

Operating net in relation to the book value of properties at year-end.

### Operating expenses

Costs for property upkeep, water, heating, electricity, chimney sweeping, etc.

### Operating net

Rental revenues, including interest subsidies, less property tax and expensed maintenance measures and tenant-oriented improvements, as well as operating expenses. The operating net does not include direct sales and administrative costs or central administrative costs.

### Vacancy rate

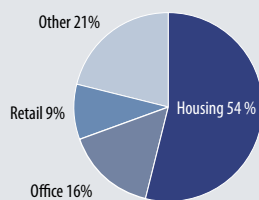
Vacant space estimated at market rental revenues in relation to total annual rental revenues.

### Other definitions

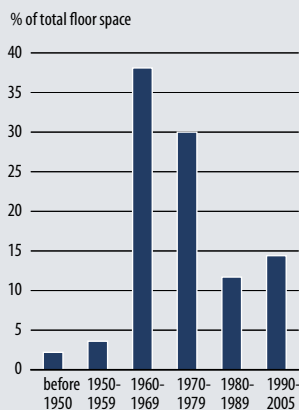
See pages 14 and 16.

Book value and depreciation of investment properties is based on value without regard to previous internal sales from the Parent Company to Fastighets AB L E Lundberg.

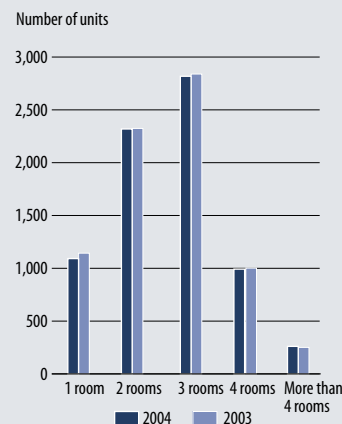
Distribution of floor space by category  
approximately 1.0 million square meters



Age structure of investment properties

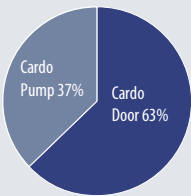


Residential apartments by type

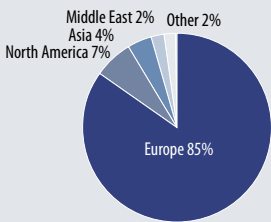




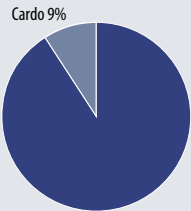
Net sales  
by business area



Net sales  
by geographic area



Proportion of Lundbergs' total assets



The Cardo share



Cardo is a multinational engineering group with strong positions in the markets for doors and pumps. Cardo is mainly active in Europe, which accounts for 85% of net sales. The Cardo group has production units in 12 countries and sales companies in 29 countries, and an average of approximately 5,900 employees in 2004, of whom 80% work outside Sweden.

Operations are divided into two business areas: Cardo Door and Cardo Pump. *Cardo Door's* operations are conducted in the areas of Industry and Garage. The Industry segment includes industrial doors, docking systems and service. Garage comprises garage doors for private consumers. Cardo Door is one of the world's largest manufacturers of industrial doors and Europe's leading supplier of docking equipment. Products in these segments are marketed under such brands as Crawford and Hafa. An extensive service organization has been built up, and Cardo Door is the market leader in service for industrial doors. Cardo Door is also one of Europe's largest manufacturers of garage doors, which are marketed under such brands as Crawford, Normstahl and Henderson.

*Cardo Pump's* operations are conducted in the areas of Pumps and Measurement Equipment. Cardo Pump is a global supplier of pumps, agitators, aerators and compressors as well as control and monitoring systems for water and sewage treatment applications, the pulp and paper industry and the construction market. Its products are marketed under the ABS and Scanpump brands. The measurement equipment product segment comprises Lorentzen & Wettre, the world's largest supplier of quality equipment used in paper mill labora-

tory applications. Lorentzen & Wettre also manufactures sensors and measuring devices used to monitor production measurements in pulp and paper mills.

Cardo's strategy is to be a leading supplier of high-quality products and systems with a solid after-market. The after-market comprises sales of spare-parts and repair, maintenance and up-grading services.

The goal of the Board of Directors is, with due consideration for the group's earnings trend, financial position and future business growth, to propose a dividend to shareholders corresponding to at least 40% of net consolidated profit for the year after tax.

#### KEY FINANCIAL DATA

	2004	2003
Net sales, SEK m.	7,686	7,687
Profit after net financial items, SEK m.	336	428
Earnings/share after tax, SEK	8.32	10.28
Dividend/share, SEK	8.00 <sup>1)</sup>	8.00
Share price, Dec. 31, SEK	190.50	199.50

<sup>1)</sup> Board of Directors' proposal.

#### LARGEST SHAREHOLDERS, DEC 31, 2004

	% of share capital and voting rights
Lundbergs	36.0
Third AP Fund	6.1
Robur Funds	4.3
SEB Funds	2.9
Skandia Funds	2.3
SHB/SPP Funds	1.4

#### LUNDBERGS' HOLDING DEC 31, 2004

Number of shares	10,800,000
------------------	------------

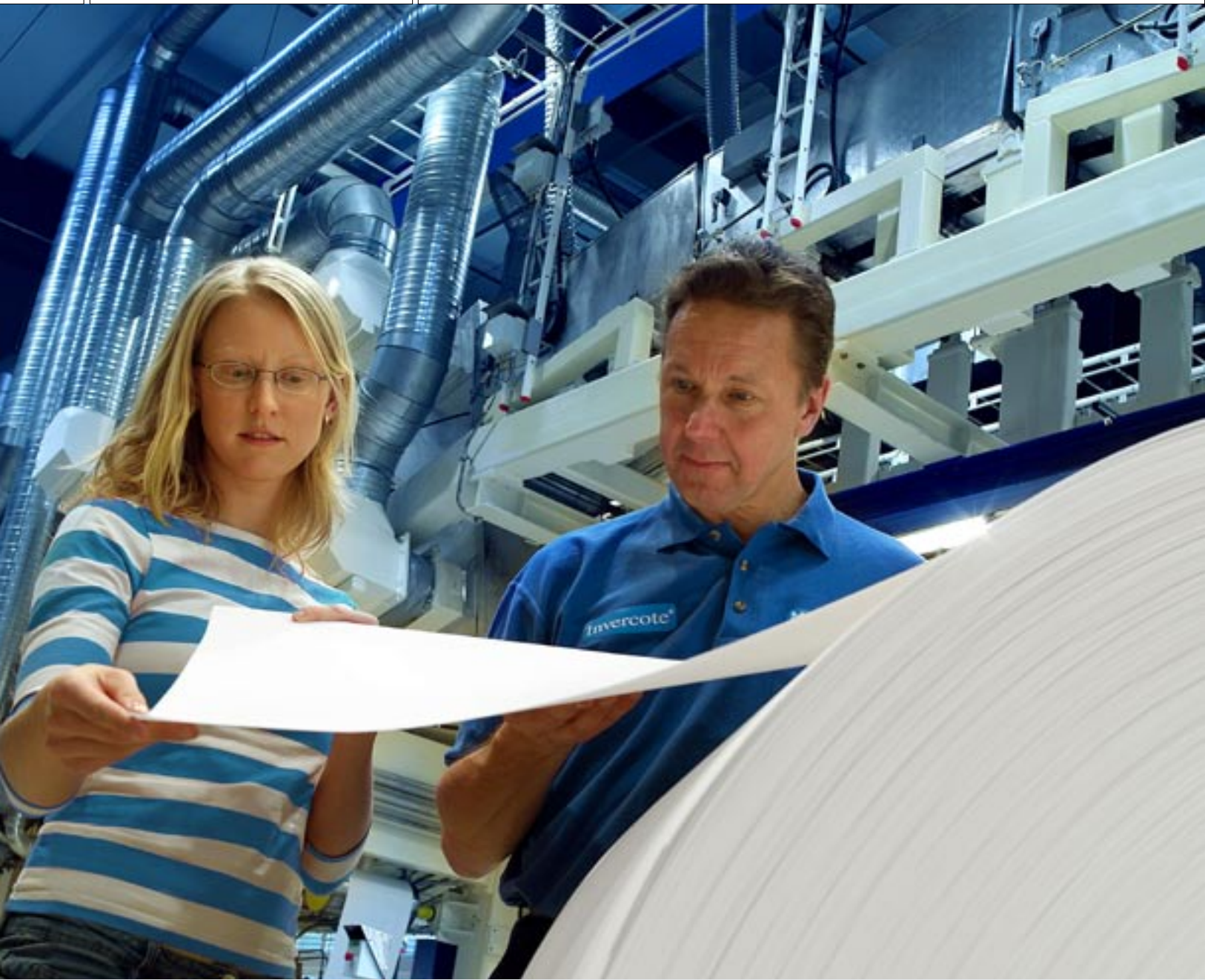
#### Significant events

- A reorganization of Pump operations was announced during the year as part of efforts to increase competitiveness and accelerate the rate of geographical expansion. Costs for the restructuring measures amounted to SEK 70 m. and were charged against earnings for the year. The measures are expected to generate annual net savings in the range of SEK 40 m., with the bulk of savings realized beginning in 2005.

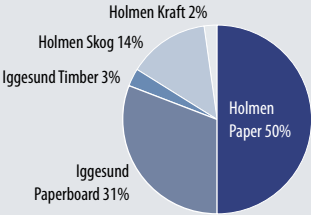
- Sales of shares in SAB WABCO during the year generated a capital gain of SEK 40 m. The shares had been received through the utilization of warrants that were included as part of the sale price in the divestment of Cardo Rail in September 2002.

- Cardo Door completed substantial parts of the comprehensive program of activities initiated during 2003 in the Industry business segment. In addition to rationalization measures, the program included increased activities within sales and product development.

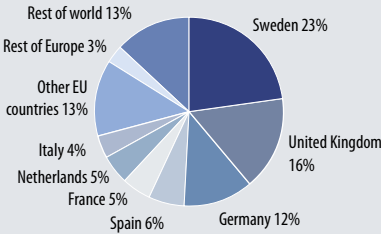
- Cardo Door started a new production line in China and signed an agreement with a distributor in Russia. An expansion of Cardo Pump's organization in Asia was also completed.



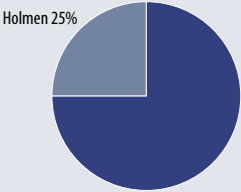
External net sales by business area



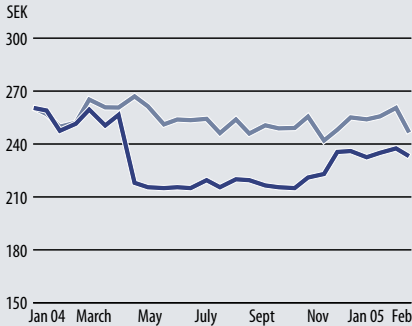
External net sales by market



Proportion of Lundbergs' total assets



The Holmen share



In March, an extraordinary dividend of SEK 30.00 per share was detached. The price diagram has not been adjusted for this.

Holmen is a specialist forest products group with annual production capacity of 2.4 million tons of paper and board. Europe is by far the company's predominant market, accounting for nearly 90% of sales. The Holmen group has about 4,900 employees, including slightly more than 20% outside Sweden.

Holmen is organized in five business areas. *Holmen Paper* produces and sells newsprint, magazine and catalog paper based on virgin-fiber and recycled fiber raw materials. The products are used mainly in the production of newspapers, magazines, catalogs and advertising materials. The product areas comprising special newsprint, telephone directory paper and colored newsprint have particularly strong market positions. Production capacity amounts to about 1.8 million metric tons annually. The business area's largest markets are Sweden, the UK and Germany.

*Iggesund Paperboard* manufactures and sells solid bleached board and folding boxboard, based solely on virgin-fiber raw materials. The products are used mainly as packaging materials for products such as food, cosmetics, pharmaceuticals, tobacco and confectionary, and for graphic-design applications. Annual production capacity amounts to slightly more than 500,000 metric tons. The business area's largest markets are the UK, Germany and France. *Iggesund Paperboard* is the market leader for high-grade solid board.

*Iggesund Timber* manufactures and sells sawn redwood timber to industrial manufacturers of consumer products. Its largest markets are the UK and Scandinavia.

*Holmen Skog* is responsible for timber supplies to the group's Swedish units and manages slightly more than one million hectares of productive forest-land. Holmen's annual timber consumption amounts to approximately 4.5 million cubic meters and annual felling in wholly owned forests totals approximately 2.5 million cubic meters.

*Holmen Kraft* is responsible for the group's holdings of hydroelectric power

assets and electricity supplies to the group's Swedish units.

In addition to financial return, the group's forest and power assets, sawmills and recycled paper companies provide Holmen with knowledge of and control over key raw materials in terms of purchasing, price, availability and quality.

Holmen has strong market positions in the group's main product areas, newsprint, magazine paper and board. The aim is to outperform the market in terms of growth in these product areas. Business growth will be generated organically and through selective acquisitions.

Holmen strives to maintain a strong financial position, with a debt/equity multiple of 0.3–0.8. The goal for ordinary dividend payments corresponds to 5–7% of shareholders' equity. Extraordinary dividends and share repurchases may be effected when permitted by the company's capital structure and financing requirements. Holmen aims to show favorable profitability in the form of a return that consistently and sustainably exceeds the cost of capital in the market.

#### KEY FINANCIAL DATA

	2004	2003
Net sales, SEK m.	15,653	15,816
Profit after net financial items, SEK m.	1,654	2,126
Earnings/share after tax, SEK <sup>1</sup>	14.49	18.14
Dividend/share, SEK	10.00 <sup>2</sup>	40.00 <sup>3</sup>
Share price, Dec. 31, Holmen B, SEK	230.00	255.50

<sup>1</sup>) Before dilution.

<sup>2</sup>) Board of Directors' proposal

<sup>3</sup>) Ordinary dividend of SEK 10 and extraordinary dividend of SEK 30.

#### LARGEST SHAREHOLDERS DECEMBER 31, 2004

	% of share capital	% of voting rights
Lundbergs	27.9	51.9
Kempe Foundations	6.2	16.4
Alecta	3.3	1.0
Handelsbanken pension funds	2.9	8.5
Robur Funds	2.0	0.6
SHB/SPP Funds	2.0	0.6

#### LUNDBERGS' HOLDING DECEMBER 31, 2004

Series A shares	14,010,196
Series B shares	9,598,720

#### Significant events

- Holmen's shareholders received an extraordinary dividend of SEK 30 per share in 2004, in addition to the ordinary dividend of SEK 10 per share.

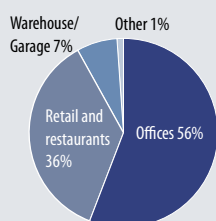
- Magnus Hall succeeded Göran Lundin as President and CEO in April 2004. Magnus Hall has been employed by Holmen since 1985 and served as president of Holmen Paper since 2001.

- In September, construction was started on the new recycled-fiber-based newsprint machine, PM62, at Holmen Paper Madrid. The machine's annual capacity will be 300,000 tons and production is scheduled to start in early 2006. Investment costs are estimated at nearly SEK 3 billion. After completion of the investment, the mill's capacity will total 470,000 tons annually, divided between two machines.

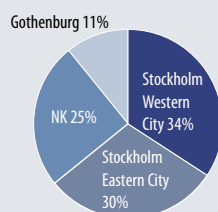
- The Hallsta Paper Mill initiated a savings program during the third quarter corresponding to annual cost cuts of SEK 50 m. The program is expected to yield its full impact during the second half of 2005.



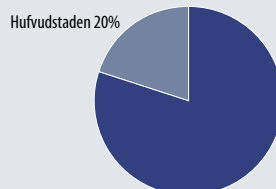
Annual rental revenues  
by category



Annual rental revenues  
by business area



Proportion of Lundbergs'  
total assets



The Hufvudstaden share



Hufvudstaden is one of Sweden's largest real estate companies, with one of the most specialized and concentrated property portfolios. The company's business concept is to use its own properties in central Stockholm and Gothenburg as a platform for offering high-quality office and retail premises in attractive marketplaces. Operations are divided into four business areas: Stockholm Eastern City, Stockholm Western City, NK and Gothenburg.

*Stockholm Eastern City* consists of 16 properties east of Sveavägen and two properties in the Old Town. Most of the properties are situated on Biblioteksgatan, Norrmalmstorg and adjacent streets. *Stockholm Western City* consists of properties in the district around and west of Sveavägen. The business area has eight properties situated on the corner of Kungsgatan/Sveavägen, on Drottninggatan and Klarabergsgatan. Effective January 1, 2005, the subsidiary Parkaden is also included in the business area. Parkaden has parking operations in two of Hufvudstaden's properties in Stockholm. The property portfolio in these two business areas is commercial and consists of office and retail buildings.

*The NK business area* comprises the NK department stores in Stockholm and Gothenburg. The NK department stores are marketed externally under a uniform trademark, NK, but all of the stores are operated by private retailers. The aim is that NK department stores will be perceived as world-class marketplaces in terms of product offering, customer service, atmosphere and function.

*The Gothenburg business area* consists of four properties in Gothenburg's central business district. The largest property includes the Femman department store, which is part of the Nordstans shopping mall. The property portfolio is fully commercial and consists of office and retail buildings. Retail premises account for nearly 60% of total rental revenues.

Hufvudstaden's customers are companies that value centrally located high-quality premises. Most rental revenue is attributable to retail sales outlets, law firms, companies in the bank and financial sector and advertising and media companies. The company works with a long-term business approach and strives to preserve and develop the real estate portfolio. Hufvudstaden aims to gradually increase earnings from continuing operations.

Hufvudstaden aims to distribute dividends corresponding to more than half of net profit from continuing operations, unless the company's investments or financial position require an alternative course of action. Another aim is to achieve an adjusted equity/assets ratio of at least 40% over time.

#### KEY FINANCIAL DATA

	2004	2003
Revenues, SEK m.	1,358	1,369
Profit after net financial items, SEK m.	747	431
Earnings/share after tax, SEK	3.22	1.78
Dividend/share, SEK	4.00 <sup>1)</sup>	1.20
Share price, Dec. 31, SEK, Series A share	47.60	34.70

<sup>1)</sup> Board of Directors' proposal, including extraordinary dividend of SEK 2.70 per share.

#### LARGEST SHAREHOLDERS

	% of share holders	% of voting rights
Lundbergs	45.2	88.0
SEB Trygg Liv	10.9	2.2
Skandia Liv	3.6	0.7
SPP Livförsäkring AB	3.0	0.6
Boston Safe Deposit and Trust Co.	2.6	0.5
Robur	2.5	0.5

#### LUNDBERGS' HOLDING DECEMBER 31, 2004

Series A shares	85,141,229
Series C shares	8,177,680

#### Significant events

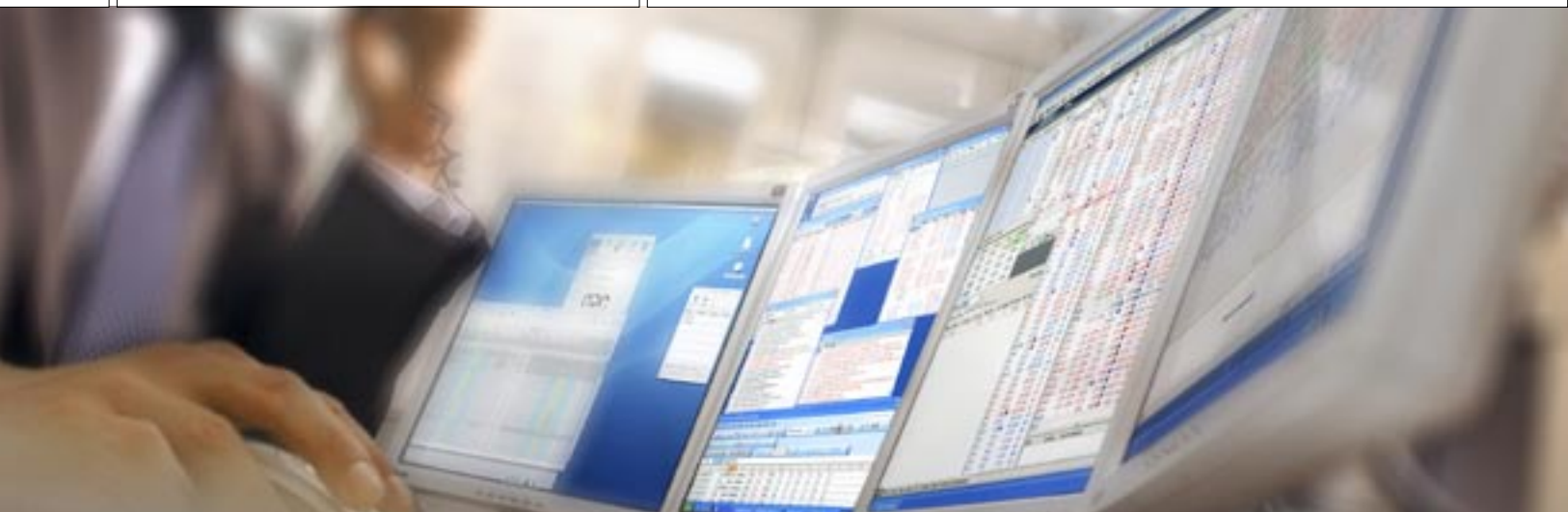
- In May, the Schönborg 6 property in Södermalm, Stockholm, was sold. The purchase price, including accrued profit through May 31, amounted to SEK 168 m. The sale yielded a capital gain after tax of approximately SEK 100 m.

- In June, the Roddaren 58 office and residential property in Kungsholmen, Stockholm, was sold. The purchase price, including accrued profit through August 4, amounted to SEK 295 m. The sale yielded a capital gain after tax of approximately SEK 210 m.

- The classic Birger Jarlspassagen in Stockholm was modernized and given a new concept based mainly on small, fashionable Swedish clothing shops. Glass doors were installed to provide a pleasant climate all year round. The premises were officially re-opened in the autumn of 2004.

- Hufvudstaden valued its entire property portfolio as of December 31, 2004 at SEK 15 billion. To verify the accuracy of the valuation, independent valuations were provided by two property valuation companies, DTZ Värderingshuset AB and FS Fastighetsstrategi AB.

- The Board of Directors has proposed an increase in the ordinary dividend to SEK 1.30 per share, and an extraordinary dividend of SEK 2.70 per share. The total proposed dividend, accordingly, is SEK 4.00 per share.



Industrivärden is one of the Nordic region's largest investment companies, with shareholdings in a concentrated number of exchange-listed companies with good growth potential. The business concept is to create shareholder value based on professional investment operations and active ownership. Active ownership is exercised through representation on boards of directors.

The stock portfolio is well diversified and the company's balance sheet is strong. In the past five years, Industrivärden's net debt/equity ratio has varied between 5 and 17%.

Industrivärden has major shareholdings in some of Sweden's leading companies. Exchange-listed companies account for slightly more than 90% of the stock portfolio, of which holdings

in Ericsson, Handelsbanken, SCA and Sandvik account for about four-fifths. Industrivärden is also the largest owner of Skanska, SSAB, Munters and the Icelandic company Össur. Unlisted holdings consist mainly of two wholly owned subsidiaries, Indutrade and Isaberg Rapid.

Industrivärden's objective over time is to generate high growth in net asset value, with the aim of providing a total return that exceeds the average for Stockholm Stock Exchange. Industrivärden's dividend policy is to distribute to shareholders a direct return that exceeds the Stockholm Stock Exchange average. In the past 10 years, net asset value has risen by an average of 9% annually. The total return during the same period was 19% per year.

#### KEY FINANCIAL DATA

	2004	2003
Adjusted shareholders' equity, SEK m.	36,563	31,827
Net asset value per share, SEK	189	156
Net debt/equity ratio, %	11.5	7.4
Dividend/share, SEK	6.00 <sup>1</sup>	5.50
Share price, Dec. 31, Industrivärden A, SEK	169.50	121.00

<sup>1</sup>) Board of Directors' proposal.

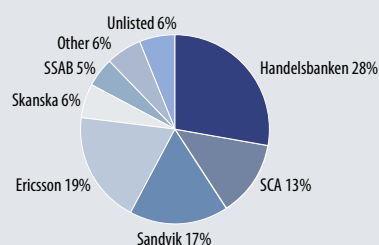
#### LARGEST SHAREHOLDERS, DEC 31, 2004

	% of share capital	% of voting rights
AMF Pension	11.8	4.6
Lundbergs	10.5	14.4
Handelsbanken's Pension Foundation	6.7	9.2
Handelsbanken's Pension Fund	6.6	9.1
Wallander & Hedelius Foundation	5.9	8.1
SCA Pension Fund	4.6	6.4
Oktogonen	3.4	4.6

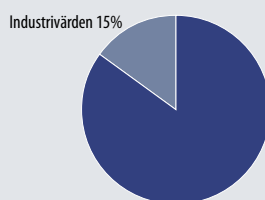
#### LUNDBERGS' SHAREHOLDING

Series A shares	20,250,000
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Composition of stock portfolio, market value



Proportion of Lundbergs' total assets



The Industrivärden share





NCC is a leading Nordic construction and property development company. Sales in 2004 amounted to SEK 45 billion, and the average number of employees was 22,000.

The group develops housing and property projects, builds office and industrial premises, housing, roads and installations as well as other civil engineering structures. NCC also offers input goods for production and is responsible for paving, operations and maintenance of roads. Its primary geographic focal area is the Nordic region, with Sweden as its largest single market.

NCC's construction operations, *Construction*, are organized geographically. NCC Construction is represented in Sweden, Denmark, Finland, Norway and Germany. The construction units develop housing projects and build homes, offices and other buildings, in-

dustrial premises, roads, installations and other civil engineering structures.

The *NCC Property Development* business area develops commercial properties for investors, and the core operations of *NCC Roads* comprise aggregates, asphalt, paving and road maintenance. In addition to the Nordic countries, NCC Roads also has business operations in Poland, the Baltic region and the St. Petersburg area of Russia. The *NCC International Projects* business area was discontinued at the beginning of 2005.

NCC's profitability goal is to generate a return on equity of 15% after taxes. Net debt shall not exceed shareholders' equity, and the group shall maintain a positive cash flow. In accordance with the dividend policy, at least half of profit for the year after tax shall be distributed to the shareholders.

#### KEY FINANCIAL DATA

	2004	2003
Net sales, SEK m.	45,437	45,252
Profit after net financial items, SEK m.	955	-323
Earnings/share after tax, SEK	8.35	-4.10
Dividend/share, SEK	14.50 <sup>1</sup>	2.75
Share price, Dec. 31, NCC B, SEK	88.00	55.50

<sup>1</sup>) Board of Directors' proposal, including extraordinary dividend of SEK 10.00 per share.

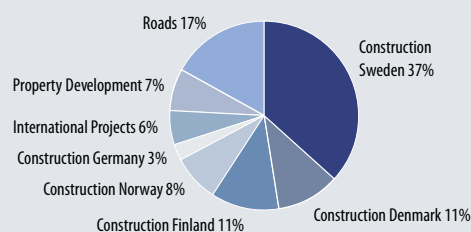
#### LARGEST SHAREHOLDERS

	% of share capital	% of voting rights
Nordstjernan	35.3	54.6
Lundbergs	13.6	18.5
Robur Funds	5.8	5.5
Eikos Fund	2.2	2.3
SIF	2.1	0.4

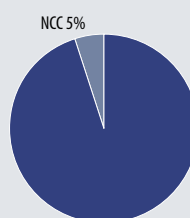
#### LUNDBERGS' SHAREHOLDING DEC 31, 2004

Series A shares	10,721,140
Series B shares	3,242,860

Distribution of net sales per business area



Proportion of Lundbergs' total assets



The NCC share



The Board of Directors and President  
of L E Lundbergföretagen AB (publ)  
hereby submit their Annual Report  
and financial statements for fiscal  
year 2004 for the Parent Company  
and the Group.



## Group

The Lundberg Group's operations consist of real estate management operations, the manufacture and sale of newsprint, magazine paper, paperboard, sawn wood products, forest and power operations, and equity management (including securities trading). Since Lundbergs holds a majority of the voting rights in Holmen and Hufvudstaden, these companies are consolidated as subsidiaries (purchase method). The Group also has major holdings in Cardo, NCC, Ramirent and Stadium, which are consolidated as associated companies (equity method). In addition, the Group has a major shareholding in Industrivärden.

Lundbergs' total operations are described below. Information about the Group's business sectors (Lundbergs, Hufvudstaden and Holmen) is presented on pages 32-34. Management of the financial risks associated with the various operations is described on pages 34-37. The Parent Company is described on page 37.

### Consolidated sales and profit

The Group's net sales amounted to SEK 18,835 m. (18,857), of which Lundbergs accounted for SEK 1,824 m. (1,672), Hufvudstaden for SEK 1,358 m. (1,369) and Holmen for SEK 15,653 m. (15,816). Operating profit totaled SEK 3,445 m. (3,438). The corresponding operating profit for the business sectors was SEK 720 m. (514) for Lundbergs, SEK 918 m. (613) for Hufvudstaden and SEK 1,832 m. (2,322) for Holmen.

Financial items amounted to an expense of SEK 535 m. (expense: 495), of which net interest expense accounted for SEK 573 m. (expense: 497). Profit after financial items totaled SEK 2,909 m. (2,944). After minority interest, reported net profit was SEK 1,010 m. (822), which corresponds to SEK 16.28 (13.25) per share.

### Investments

Investments are reported under the different business sectors and the Parent Company below.

### Financing

Interest-bearing net debt rose SEK 1,286 m. to SEK 10,539 m. (9,253), mainly because of an extraordinary dividend from Holmen to minority shareholders. Interest-bearing liabilities amounted to SEK 11,021 m. (10,119) and interest-bearing assets to SEK 482 m. (866). The equity/assets ratio was 54% (56). The debt/equity ratio was 0.41 (0.36). The Group's shareholders' equity was SEK 12,596 m. (12,054) and the minority interest amounted to SEK 12,875 m. (13,790).

### Tax

The Group's tax costs amounted to SEK 662 m. (867), corresponding to 23% (29) of pretax profit.

### Lundbergs

Lundbergs has filed an appeal with the administrative appeal court regarding a decision made by the county appeal court in November 2004, whereby the Parent Company's claim for a deduction for Group contributions to a subsidiary was not approved. An appeal has also been filed with the county appeal court regarding a decision by the tax authorities to refuse to exempt leasing fees from taxation. These cases trace their roots to previously rejected claims for value depletion in the 1989-1991 tax returns. The appealed decisions should be viewed in a single context. The combined amount for tax and charges is SEK 96 m. A provision of SEK 52 m. has already been posted. It is not considered necessary to post a provision for the remaining amount.

### Holmen

The county appeal court has accepted MoDo Capital's appeal and dismissed the tax authorities' decision to charge the company taxes and charges of SEK 538 m. in arrears. Since Holmen had not posted provisions for tax costs pertaining to this matter, the county appeal court's decision had no impact on earnings. The tax authorities have appealed the county appeal court's decision to the administrative appeal court.

The tax authorities' decision in December 2003 to increase Holmen AB's tax costs by slightly more than SEK 700 m. was reassessed and has been withdrawn by the National Tax Board. However, the National Tax Board has returned to the matter and appealed to the county appeal court that tax for the 1999-2002 tax years be increased by about SEK 400 m. Holmen will contest the claim. Holmen has not posted provisions for any tax consequences.

### Repurchase of own shares

The Annual General Meeting on April 1, 2004 resolved to renew the Board's authorization to make decisions regarding the repurchase of Series B Lundbergs shares during the period up to the next Annual General Meeting. The Board decided at its statutory meeting to exercise the renewed authorization, which enabled it to purchase a maximum of 10% of total Lundberg shares issued if and when required. As at December 31, 2004, Lundbergs held 145,483 of the Company's Series B shares. These shares had been repurchased for a total of SEK 30 m., or an average of SEK 205.09 per share. The repurchased shares correspond to 0.23% of the share capital and 0.05% of the voting rights. During 2004, a total of 75,083 shares were repurchased. The average number of shares outstanding during the year was 62,013,093. The number of shares outstanding on December 31, 2004 was 62,000,000.

The Board proposes that the Annual General Meeting authorize the Board to repurchase Series B Lundberg shares during the period up to the 2006 Annual General Meeting, subject to the limit that the Company's holding may not exceed 10% of the total number of Lundberg shares at any point in time. The shares are to be purchased on Stockholm Stock Exchange on one or more occasions at the stock-market price prevailing at the date of purchase. The reason for the repurchase authorization is to enable the Board to adjust the Company's capital structure.

Share buyback programs have also been decided within Cardo, Hufvudstaden, Holmen, NCC and Ramirent.

### Transition to IFRS

The effects of the transition to IFRS/IAS, reported in accordance with a recommendation from Stockholm Stock Exchange, are presented on page 38. Application of these principles in the 2004 accounts would have increased shareholders' equity on January 1, 2004, excluding minority interests, by SEK 3,826 m. Profit for 2004, excluding minority interests, would have been SEK 514 m. higher and shareholders' equity at the end of 2004 would have been SEK 4,340 m. higher. On January 1, 2005, shareholders' equity would have increased by a further SEK 1,174 m.

### Board of Directors' work

Lundbergs' Board of Directors consists of eight members. The Board includes members representing the principal owner and external members. Company officers participate in Board meetings to present information. Eight meetings were held during 2004, at which specific attention was devoted to matters of importance from a strategic, financial or accounting viewpoint. Auditors participate in two meetings per year, one in February when the annual accounts are addressed and adopted and one in August. During these meetings, the auditors are asked to make an account of the focus and scope of their audit and there is a discussion about the observations made. The Board has adopted a written finance policy, information policy and working procedures and has issued written instructions regarding the division of work between the Board of Directors and the President and about information that should be provided to the Board on a continuous basis.

### Events during 2005

The Stadium holding was sold on February 18, 2005.

The consolidated income statement and balance sheet and Parent Company income statement and balance sheet will be on the agenda for adoption by the Annual General Meeting on April 7, 2005.

## Reporting by business sector

### Lundbergs

Lundbergs consists of the Parent Company L E Lundbergföretagen AB and the wholly owned subsidiaries of Lundbergs and, in certain cases, the subsidiaries' groups of companies active within real estate and equity management (including securities trading), plus associated companies. Hufvudstaden and Holmen are presented below as separate business sectors.

### Sales and earnings

Net sales totaled SEK 1,824 m. (1,672), of which real estate management accounted for SEK 883 m. (872) and equity management for SEK 941 m. (800). The increased sales were attributable to equity management. Operating profit amounted to SEK 720 m. (514).

### Real estate management

Operating profit amounted to SEK 404 m. (414). In April 2004, a property sale in Falköping affected pretax profit by SEK 7 m.

### Investments

On March 1, 2004, a retail property was acquired in central Norrköping at a value of SEK 73 m. Apart from the aforementioned acquisition, SEK 24 m. (33) was invested in wholly and partly owned properties during the year. The investment properties had a book value of SEK 2,794 m. (2,727). The market value of the properties on December 31, 2004 was SEK 7,361 m. (6,911). The tax assessment value was SEK 4,898 m. (5,177).

### Equity management

Operating profit amounted to SEK 316 m. (100). In 1998, Holmen issued a convertible debenture loan and warrants to personnel at market price. During the first quarter of 2004, 4.8 million shares were converted or subscribed for, which had a negative impact of SEK 64 m. on profit.

Results from participations in associated companies amounted to profit of SEK 293 m. (loss: 6), of which Cardo accounted for profit of SEK 59 m. (88), NCC for profit of SEK 209 m. (loss: 105), Ramirent for profit of SEK 10 m. (-) and Stadium for profit of SEK 15 m. (11). The results include a write-down reversal of the NCC shareholding by SEK 80 m.

### Major shareholdings in publicly traded companies

The voting rights, percentage holding, book value and market value of the shareholdings are presented in Notes 14 to 16.

### Other publicly traded shareholdings

Holdings of other publicly traded securities had a book value of SEK 341 m. (254) and a market value of SEK 382 m. (272). The corresponding amounts on February 21, 2005 were SEK 325 m. and 375 m., respectively.

**Unlisted shareholdings**

The financial fixed assets item includes shares in the associated company Stadium with a book value of SEK 257 m. (250). The Stadium holding was sold for SEK 400 m. on February 18, 2005.

**Financing**

Net interest-bearing debt rose to SEK 2,477 m. (2,296). Interest-bearing liabilities amounted to SEK 2,486 m. (2,324) and interest-bearing assets to SEK 9 m. (28).

**Environment**

No operations that require permits or reporting in accordance with the Ordinance on Environmentally Hazardous Operations and Safety Precautions (1998:899) were conducted during 2004.

**Anticipated trend in 2005**

Earnings from real estate management are expected to be lower than in 2004, due to higher costs for maintenance and tenant-oriented property improvements.

**Hufvudstaden**

Hufvudstaden's operations involve the ownership and management of commercial office and retail properties in central Stockholm and central Gothenburg.

**Sales and earnings**

Net sales totaled SEK 1,358 m. (1,369). Operating profit amounted to SEK 918 m. (613).

**Real estate management**

The vacancy rate at year-end was 8.2% (8.3 for a comparable portfolio). During the second quarter, two office and residential properties in Stockholm were sold, which yielded an effect of SEK 216 m. on pretax profit.

**Investments**

Investments amounted to SEK 61 m. (138). The properties had a book value of SEK 11,313 m. (11,641). The market value of the real estate portfolio on December 31, 2004 was SEK 15.0 billion (15.1, or 14.7 for a comparable portfolio).

**Financing**

Net interest-bearing debt totaled SEK 3,121 m. (3,588). Interest-bearing liabilities amounted to SEK 3,135 m. (3,751) and interest-bearing assets to SEK 14 m. (163).

**Environment**

No operations that require permits or reporting in accordance with the Ordinance on Environmentally Hazardous Operations and Safety Precautions (1998:899) were conducted during 2004.

**Anticipated trend in 2005**

In 2005, Hufvudstaden will continue to devote its efforts mainly to its core operations of managing and developing the property holdings to ensure the greatest possible yield. It is estimated that economic growth in Sweden will increase slightly during 2005, which is expected to reduce rental losses and increase new leasing. This will result in increased costs for tenant-oriented adaptations. Strategic acquisitions and sales of individual properties cannot be excluded.

**Holmen**

Holmen's operations consist of the manufacture and sale of newsprint, magazine paper (Holmen Paper), paperboard (Iggesund Paperboard), sawn wood products and forest and power operations.

**Sales and earnings**

Net sales amounted to SEK 15,653 m. (15,816). Demand for newsprint and magazine paper continued to rise. Holmen Paper's deliveries rose 5%, compared with 2003. Demand for virgin-fiber-based paperboard remained stable, while Iggesund Paperboard's deliveries rose 4% compared with 2003.

Operating profit amounted to SEK 1,832 m. (2,322). Higher delivery volumes had a favorable impact on earnings, while lower prices, exchange-rate effects and higher costs had an adverse effect.

**Investments**

Investments amounted to SEK 1,291 m. (755), of which SEK 597 m. pertained to the investment in a new paper mill in Madrid.

**Financing**

Net interest-bearing debt amounted to SEK 4,941 m. (3,369). In addition to the positive cash flow, payment of dividends had a negative effect of SEK 3,199 m. on interest-bearing debt, while conversion of a convertible debenture loan and subscription of shares had an effect of SEK 474 m. Interest-bearing liabilities amounted to SEK 5,400 m. (4,044), of which current liabilities accounted for SEK 2,408 m. (2,130). Interest-bearing assets amounted to SEK 459 m. (675).

**Hedging exchange rate and electricity prices**

The result of currency hedging measures was SEK 218 m. For 2005, 83% of flows in EUR have been hedged at an exchange rate of SEK 9.37. Of estimated net consumption of electricity in Sweden, approximately 85% has been hedged during 2005. For 2006, about 40% and for 2007-2011 approximately one third has been hedged.

### Environment

At the end of 2004, Holmen conducted operations requiring permits at seven mills. Three of these have environmental permits in accordance with the Environmental Protection Act and three have permits based on the Environmental Code. The seventh mill, Ström Mill, is expected to be reclassified during 2005 as a plant subject to reporting requirements. The mills' sales corresponded to 67% of Holmen's net sales. The main environmental impact from the mills is caused by emissions to air and water as well as by noise and the production of waste. The pulp and paper mills at Braviken and Wargön received permits in 2002 in accordance with the Environmental Code. The Skärnäs Harbor terminal has had an environmental permit in accordance with the Environmental Code since 1999. Hallsta has held a new permit on the basis of the Environmental Protection Act since 2000. The Iggesunds Mill received a new permit during 2003 in accordance with the same act. The company appealed to the Supreme Court against a decision regarding emissions to water. Since permission to appeal was not granted, the ruling from 2003 stands firm. The Iggesund Sawmill has held a permit in accordance with the Environmental Code since 1994. Holmen Kraft generates electricity at Holmen's wholly and jointly owned hydroelectric power plants. The permits held by all power plants under the terms of the Water Act include environmental conditions.

Activities in forests and at pulp and paper mills in Sweden were certified in accordance with ISO 14001 at the end of 2004. Forestry activities were also certified in accordance with FSC and PEFC. A few cases of exceeded limits, incidents and complaints regarding Holmen's industrial and forestry activities were noted during 2004. These non-conformities had no impact on results and were resolved by means of corrective action within the environmental management systems.

Of the Group's activities outside Sweden, the mills at Workington, UK, and Fuenlabrada (Holmen Paper Madrid), Spain, are associated with some form of environmental impact. The mills' sales corresponded to 14% of Holmen's net sales. Workington received an environmental permit for its activities in 2002, in accordance with the EU's IPPC directive. Holmen Paper Madrid received a permit in 2002 from the local environmental authorities in Spain. Since autumn 2002, an adjustment of the permit to the IPPC directive has been under way. A ruling, which will cover both the current and newly built operations, is expected during the first half of 2005. The operations conducted at Workington and Holmen Paper Madrid are ISO 14001 certified.

### Anticipated trend in 2005

The stronger demand for newsprint and magazine paper in Europe in 2004 has meant that capacity utilization is very high. Price negotiations are in progress and it may be concluded that there will be an increase for 2005. Paperboard is still enjoying stable demand and here too negotiations are tak-

ing place on price increases.

Global demand has been strong, which has created a sound environment for relatively high exports from European producers, primarily to Asia. However, despite price increases, the profitability of exports has deteriorated as a result of the continuing weakness of the US dollar.

When it comes to costs, Holmen is affected by rising electricity prices and the effects that higher oil prices have on the costs of distribution, certain chemicals and other kinds of energy. As far as the cost of wood is concerned, there is considerable uncertainty ahead, as a result of the extensive storm damage in southern Sweden. Although Holmen's own forests were only slightly damaged, the indirect consequences for the Swedish wood market will be great. In the short term, wood prices will fall, but in the medium term, there is likely to be imbalance on the market, which makes it difficult to determine the effects.

### Management of financial risks

The Lundberg Group's risk management is decided by the respective Board of Directors of Lundbergs, Holmen and Hufvudstaden. Risk management is pursued in accordance with the finance policy established by the Board of the particular company with the aim of minimizing the risk level. In all three companies, risk management is centralized in a special department. The risks that are managed primarily are the interest-rate risk and the refinancing -risk associated with financing. Within Holmen, exchange-rate risks associated with business operations (transaction exposure), financing and net investments in foreign operations are also managed.

### Financing risk

The financing risk is the risk that it will not be possible to secure necessary financing for operations at a given point in time.

LUNDBERGS' strategy is to create long-term value growth while maintaining financial balance. The financial risk is limited by maintaining a low debt/equity ratio combined with good access to funds. Since, to a considerable extent, Lundbergs is an equity-managing company, a strong financial position is an essential requirement. The Group's strong financial position is confirmed by the Standard & Poor's credit-rating institute, which has assigned Lundbergs a long-term rating of A/stable outlook and short-term ratings of A-1 and K-1. These high ratings facilitate less expensive borrowing and more effective access to money and bond markets.

On December 31, 2004, Lundbergs' interest-bearing net debt totaled SEK 2,477 m. (2,296), of which interest-bearing liabilities accounted for SEK 2,486 m. (2,324) and interest-bearing assets for SEK 9 m. (28). The maturity structure is presented in the table below. In addition to raised loans of ap-

proximately SEK 1,500 m., Lundbergs had committed, long-term lines of credit totaling SEK 1,000 m. on December 31, 2004 and a total of SEK 100 m. in committed lines of credit with a maturity of less than 12 months. In January 2005, committed long-term lines of credit were expanded by SEK 500 m. to total SEK 3,000 m. (of which, SEK 1,400 m. had been utilized). Ongoing financing is arranged through the issue of commercial paper in the Swedish money market. The contracted limit for such issues is a total nominal amount of not more than SEK 2,000 m., of which SEK 250 m. (150) had been issued on December 31, 2004.

**Maturity structure, capital amounts, Lundbergs, December 31, 2004**

Maturity	Volume, SEK m.	Proportion, %
2005	986	40
2008	100	4
2009	700	28
2012	700	28
<b>Total</b>	<b>2,486</b>	<b>100</b>

HUFVUDSTADEN has decided that it must have committed lines of credit that cover its financing requirements. These committed lines of credit ensure that necessary financing can be obtained and that borrowing costs can be minimized. Hufvudstaden endeavors to have a credit portfolio with diversified capital maturities that enable possible amortization. The surplus -liquidity that is not used for amortization may only be invested in highly liquid instruments subject to a low risk. Borrowing at year-end amounted to SEK 3,135 m., compared with SEK 3,751 m. at the end of 2003. The average capital maturity was 19 months (26). Net debt amounted to SEK 3,121 m., compared with SEK 3,588 m. at the end of 2003. The capital maturity structure is presented in the table below.

**Maturity structure, capital amounts, Hufvudstaden, December 31, 2004**

Maturity	Volume, SEK m.	Proportion, %
2005	955	31
2006	790	25
2007	790	25
2008	600	19
<b>Total</b>	<b>3,135</b>	<b>100</b>

HOLMEN has a committed line of credit totaling EUR 500 m. that runs until 2007. It also has a committed line of credit totaling EUR 80 m. connected to the ongoing investment in Spain. Holmen's day-to-day financing during the year was arranged during 2004 mainly via the group's Swedish commercial paper program subject to a limit of SEK 6,000 m. and through a Swedish Medium Term Note subject to a limit of SEK 4,000 m. At year-end, SEK 1,096 m. of the commercial paper program and SEK 2,266 m. of the MTN program was outstanding. Holmen's interest-bearing net debt at December 31, 2004 amounted to SEK 4,941 m., of which interest-bearing

liabilities accounted for SEK 5,400 m., short-term investments and cash and bank deposits for SEK 401 m. and interest-bearing assets for SEK 58 m. The maturity profile of the net debt is shown in the table below.

Holmen has a BBB+ long-term corporate credit rating and an A-2 / K-1 short-term rating with stable outlook from the Standard & Poor's credit rating institution.

**Maturity structure, capital amounts, Holmen, December 31, 2004**

Maturity	Volume, SEK m.	Proportion, %	Unutilized lines of credit
2005	2,445	45	-
2006	1,056	20	100
2007	567	11	4,600
2008	37	0	100
2009-	1,295	24	400
<b>Total</b>	<b>5,400</b>	<b>100</b>	<b>5,200</b>

**Interest-rate risk**

The interest-rate risk pertains to the impact of a change in interest rates on the Group's financing costs.

LUNDBERGS' indebtedness is relatively low, which means its interest-rate risk is limited. Derivative instruments are not used. The average period of fixed interest on December 31, 2004 was 47 months. Based on periods of fixed interest and net indebtedness on December 31, 2004, a one-percentage-point change in market interest rates would have an effect of approximately SEK 10 m. on earnings in 2005. Longer term, changes in interest rates would impact on the entire net indebtedness. The maturity structure for fixed-interest loans on December 31, 2004 is presented in the table below.

**Maturity structure, fixed-interest loans, Lundbergs, December 31, 2004**

Maturity	Volume, SEK m.	Proportion, %	Average effective interest rate, %
2005	986	40	2.5
2008	100	4	4.7
2009	700	28	3.8
2012	700	28	4.3
<b>Total</b>	<b>2,486</b>	<b>100</b>	<b>3.4</b>

HUFVUDSTADEN manages interest-rate risks by adapting periods of fixed interest to the expiration dates of leases. An overall objective is that the expiration structure of tenant leases must be taken into account when deciding maturity periods, and that there must be a well-considered balance between current borrowing costs and the risk of a significant negative impact on earnings arising from a sudden major change in interest rates.

The average period of fixed interest was approximately 27 months (29) and the average interest rate was 4.2% (5.3). Without taking the effects of the interest maturities of deriva-

tives into account, a one-percentage-point change in interest rates would affect Hufvudstaden's pretax earnings in 2004 by approximately SEK 31 m.

**Maturity structure, fixed-interest loans, Hufvudstaden, December 31, 2004**

Maturity	Volume, SEK m.	Proportion, %	Average effective interest rate, %
2005	755	24	3.8
2006	1,080	35	4.2
2007	200	6	3.5
2008	600	19	4.8
2009	-	-	-
2010	500 <sup>1</sup>	16	4.1
<b>Total</b>	<b>3,135</b>	<b>100</b>	<b>4.2</b>

1) Derivatives signed in 2004 with starting dates in 2005.

HOLMEN'S interest maturities are normally short. However, they could be lengthened in order to limit the effect of a rise in interest rates. Interest swaps are used to lengthen maturities without changing the underlying loans. During 2004, the maturities varied from 16 to 25 months and the maturity at the end of 2004 was 24 months. Calculated on the basis of maturities and net debt at December 31, 2004, a one-percentage-point change in market interest rates would affect earnings for 2005 by about SEK 17 m.

The interest maturities of liabilities, the distribution by currency and the average interest rate for various maturities are shown in the table below. Items in the column named "Other" mainly relate to provisions for pensions in the UK, and to loans in SEK with interest rates linked to future inflation. Costs for loans, other than interest expense, are accrued over the maturity of the particular loan.

**Maturity structure, fixed-interest loans, Holmen, December 31, 2004**

	Total	0-1 year	1-3 years	3-5 years	>5 years	Other
SEK	-2,576	-1,188	-400	-650		-338
EUR	-2,842	-1,942		-900		
GBP	-2	328				-330
Other	20	20				
<b>Total</b>	<b>-5,400</b>	<b>-2,782</b>	<b>-400</b>	<b>-1,550</b>	<b>0</b>	<b>-668</b>
Average interest rate, %	4.0	3.2	5.9	3.8	0	6.5

**Credit risk**

LUNDBERGS has limited exposure to credit risks. The exposure that does exist mainly derives from past-due accounts receivable and rent. The risks are limited through conscious selection of customers with good payment ability and advance invoicing of rent. The credit risk is also limited by the fact that financial assets consist solely of instruments with a high credit rating.

HUFVUDSTADEN'S operations have limited exposure to credit risks. The exposure that does exist mainly derives from past-due accounts receivable and rent and financial derivative contracts with positive values. The risks are limited through conscious selection of customers who have well-documented business acumen and competitive operations. Hufvudstaden's main rule is to demand a bank guarantee or a surety in connection with new leasing. Rent is invoiced in advance. Exposure to financial derivative contracts is limited by the group policy of only concluding such contracts with large financial institutions with a high credit rating. In addition, framework agreements with these institutions have been concluded regarding the netting of different derivative contracts, which further reduces exposure to credit risks.

HOLMEN'S customer credit risk is limited by conducting checks of credit ratings, whereby information about the customers' financial position is ordered from credit disclosure companies and, in certain cases, by insuring accounts receivable against bad customer debts. On December 31, 2004, approximately 15% of the group's accounts receivable were insured against bad customer debts. Financial transactions give rise to credit risks in relation to financial counterparties. The risk of a counterparty not meeting his commitments is limited by selecting counterparties with solid credit ratings, limiting exposure to individual counterparties and by using ISDA and FEMA agreements. At December 31, 2004, the group had outstanding derivative contracts in a nominal amount of SEK 12,500 m. and a market value of SEK 70 m.

**Currency risk**

HOLMEN has considerable amounts of sales in currencies other than the cost currency. In order to reduce the impact of currency fluctuations on earnings, Holmen hedges its net currency flows by means of currency forward contracts or currency options. The net flows in EUR, GBP and USD for the coming four months are always hedged, which normally corresponds to accounts receivable and outstanding orders. The Board could decide to hedge the flows for a longer period if this is deemed appropriate taking product profitability, the company's competitive position and currency forecasts into account.

At the beginning of 2004, the group had hedged most of the estimated currency flows in EUR for 2004, as well as portions of the flows in GBP and USD. The result of the currency hedges, which are reported in operating profit as the contracts expire, in 2004 was SEK 218 m. (460). Currency hedges for the estimated flow of commercial payments in 2005 are shown in the table below. The value of hedges not yet recognized in the income statement amounted to SEK 145 m.

**Transaction exposure, Holmen, December 31, 2004, SEK m.**

	12 months estimated net flows	Nominal	Hedging <sup>1</sup> of flows	Average exchange rate
EUR	4,950	4,100	83	9.37
GBP	950	300	32	12.89
USD	900	300	34	7.16
Other	350	0		
<b>Totalt</b>	<b>7,150</b>	<b>4,700</b>	<b>65</b>	

1) All hedging applies to 2005.

Holmen's earnings are affected by exchange-rate changes when the earnings of foreign subsidiaries are translated to SEK. This exposure is not normally hedged. Shareholders' equity is affected by exchange-rate changes when the assets and liabilities of foreign subsidiaries are translated to SEK. Hedging of this exposure is assessed from case to case and is then applied on the consolidated value of the net assets. Currency forward contracts or loans in foreign currency are used for hedging.

**Net assets and equity hedges at December 31, 2004, SEK m.**

	Net assets	Equity hedges
EUR	1,275	1,270
GBP	1,364	127
Other	26	

Exchange-rate differences arising from the translation of foreign net assets were a negative SEK 13 m. in 2004, while gains on equity hedges amounted to SEK 10 m., both which are reported directly against shareholders' equity.

**Other financial risk management****Electricity derivatives**

Holmen manages its exposure to changes in electricity prices by utilizing physical supply agreements at fixed prices and financial hedges. The market value of outstanding financial hedges on December 31, 2004 was a negative SEK 37 m.

**Insurance**

All of Lundbergs' and Hufvudstaden's properties are covered by full-value insurance. Holmen insures its mills against property damage and consequential losses. The level of risk accepted varies from mill to mill, subject to a maximum of SEK 46 m. for an individual loss. The group's forest holdings are not insured, because they are widely dispersed throughout the country, and the risk of comprehensive, simultaneous damage over large areas of the forest holdings is therefore regarded as small.

## Parent Company

L E Lundbergföretagen AB (publ) reported net sales of SEK 1,109 m. (1,021) and net profit of SEK 1,515 m. (574). The improvement in sales and profit was attributable mainly to an extraordinary dividend from Holmen in an amount of SEK 661 m. and dividends from the expanded holding in Industrivärden. A reversal of a previous write-down in NCC by SEK 282 m. also affected earnings. The Parent Company's liquidity is satisfactory. Investments amounted to SEK 1,061 m. (806).

**Investments in shares**

During 2004, Industrivärden shares (Series A) were acquired for SEK 701 m. and Holmen shares (Series B) for SEK 344 m. The Industrivärden shares were acquired during the first two quarters and the Holmen shares during the third quarter of

2004. The percentage of voting rights in NCC has been affected by the restamping of shares and the percentage of the share capital and voting rights has been affected by share repurchases required under the company's options program. The percentage of Ramirent's share capital and voting rights was affected by the new issue of shares. The voting rights, share of capital, book value and market value of the shareholdings are presented in Notes 14 to 16.

**Significant events during 2005**

On February 18, Lundbergs sold its shares in Stadium to Stadium's principal shareholders, the Eklöf family. The sales price was SEK 400 m., resulting in a capital gain of SEK 150 m., which will be reported during the first quarter.

## Transition to IFRS/IAS

As of January 1, 2005, Lundbergs will apply International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in its consolidated accounting. This is a result of an EU ordinance that applies to all listed companies within the EU.

When reporting for 2005, the comparative figures for 2004 are also to be recalculated in accordance with these regulations. The principal effects resulting from the transition, and how the opening balance at January 1, 2004 and earnings for 2004 would have been affected had IFRS/IAS been applied rather than the current rules, are presented below. Figures are reported after taking tax effects into account and after making deductions for minority shareholdings.

### IFRS 3 Business Combinations

As a result of this recommendation, goodwill resulting from company acquisitions will no longer be amortized according to plan. Instead, goodwill will be subject to annual impairment tests to determine whether there is any write-down (impairment) requirement. Profit for 2004 would have improved by SEK 159 m. According to the new standard, minority shareholdings in the shareholders' equity of subsidiaries shall henceforth be reported under a separate heading within shareholders' equity.

### IAS 12 Income taxes

Previously, deferred tax deriving from the acquisition of real estate operations was reported on the basis of the value assigned to the acquisition according to RR 9 Income Taxes. According to IAS 12, deferred taxes are to be reported in nominal amounts, which for Swedish companies amount to 28 percent. The effect of the recalculation to full deferred tax liabilities amounts to SEK 369 m., which was charged against opening shareholders' equity.

### IAS 19 Employee Benefits

As of January 1, 2004, the Group applies the Financial Accounting Standards Council recommendation RR 29, Employee Benefits, which corresponds well with IAS 19. Within the Group, there are pension obligations that are financed in various ways. Certain parts are secured by means of premiums paid to Alecta. According to a statement from the Financial Accounting Standards Council's Emerging Issues Task Force, Alecta pensions are considered to be a defined-benefit plan that covers several employers. For 2004, the Group did not have access to the type of information that would enable it to report the Alecta plan as a defined-benefit plan, which is why it is being reported as a defined-contribution plan until further notice. Accordingly, this plan has no impact on the opening balance.

Certain pension obligations are part of the PRI/FPG system, which is a defined-benefit plan. The transition to RR 29 has been reported as a changed accounting principle for 2004 and has had a negative impact of SEK 5 m. on shareholders'

equity. Actuarial losses of SEK 1 m. affected profit for 2004.

The subsidiary Holmen switched to RR 29 as early as 2003. When applying IAS 19, non-reported actuarial gains and losses have been set at zero, in accordance with the transitional rules. As a result, the opening balance for shareholders' equity in Lundbergs rose by SEK 13 m.

### IAS 28 Reporting of holdings in associated companies

The effects of the listed associated companies' transition to IFRS/IAS also affects Lundbergs' shares in their earnings and equity, by an amount corresponding to Lundbergs' percentage shareholding. This had a negative effect of SEK 4 m. on the opening balance for shareholders' equity. Profit for 2004, excluding goodwill amortization, which is reported under IFRS 3 above, was reduced by SEK 15 m.

### IAS 32 Financial instrument (Disclosures and Classification) and IAS 39 (Financial Instruments)

These recommendations are to be applied as of January 1, 2005. Comparative figures for 2004 are not to be recalculated. At the beginning of 2005, it is estimated that this will result in consolidated shareholders' equity rising by SEK 1,174 m. Of this amount, SEK 1,161 m. pertains to the difference between the book and fair value of shares held as capital investments.

### IAS 40 Investment Properties

Lundbergs has elected to report its investment properties at fair value. This increases shareholders' equity on January 1, 2004 by SEK 3,691 m.

The change in the value of the portfolio on December 31 compared with the preceding year's valuation amounts to SEK 252 m., which is credited to earnings for 2004.

Investment properties entered at fair value are not to be depreciated. This had a positive effect of SEK 59 m. on earnings for 2004.

According to IAS 40, expenditure for planned maintenance, tenant-oriented improvements and special projects may only be expensed if the measures satisfy the standard's requirements for entering items as an expense. Otherwise, the expenditure is to be capitalized as an asset. This improved earnings for 2004 by SEK 46 m.

### IAS 41 Agriculture and Forestland

In every closing account, standing timber shall be reported at fair value. Changes in value are included in profit for the period. The valuation of standing timber must reflect the present value of future net cash flow. For the opening balance for 2004, it is estimated that this will increase the value of forest assets by SEK 2.5 billion and simultaneously increase the deferred tax liability by SEK 0.7 billion. Lundbergs' shareholders' equity will rise by SEK 0.5 billion. Changes in the value of for-

## General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act, the recommendations issued by the Swedish Financial Accounting Standards Council and the statements made by the Council's Emerging Issues Task Force. The following recommendation became effective on January 1, 2004: RR 29 Employee Benefits. The effect is explained on page 44 and Note 26. In Lundbergs' accounts, the year of comparison has not been adjusted.

## Presentation of the financial statements

The Group comprises operations within areas where differing industry practices have been developed regarding the presentation of financial information, whereby the type of information in annual reports that is of key importance to consumers, namely comparability with other players in the sector, requires that the income statement be presented in a manner that is divided by both function and type of costs. Lundbergs and Hufvudstaden present their results divided into function, while Holmen applies a cost-divided presentation. The chosen presentation format provides a clearer impression, because Holmen's operations differ sharply from the other operations.

## Registered office of the Company's Board of Directors, etc.

L E Lundbergföretagen AB conducts its operations in the form of a limited liability company and the registered office of the Company's Board of Directors is in Stockholm, Sweden. The address of the Head Office is PO Box 14048, SE-104 40 Stockholm.

## Segment reporting

The primary criterion for classification of the Group's segments is by business sector. Since the Group's internal reporting system is designed for monitoring the return on the Group's goods and services, it is natural to have business sectors as the primary criterion for reporting by segment.

## Classifications, etc.

Fixed assets, long-term liabilities and provisions consist in all essential respects solely of amounts that are expected to be recovered or paid later than twelve months after the balance-sheet date. Current assets and current liabilities consist in all essential respects solely of the amounts expected to be recovered or paid within twelve months of the balance-sheet date.

## Valuation principles, etc.

Assets, provisions and liabilities are reported at acquisition value, unless otherwise stated below.

## Intangible assets

Research costs are expensed as they occur. Development costs are capitalized to the extent they are expected to generate economic benefits in the future. The reported value includes expenditure on materials, direct labor costs and indirect costs that can be attributed to an asset in a reasonable and consistent manner. Other development expenditure is expensed in the income statement when it is incurred. Development costs capitalized in the balance sheet are entered at acquisition value less accumulated amortization and write-downs. Intangible assets also include goodwill, patents and licenses. When such assets are acquired, the acquisition value is entered as an asset, which is amortized straight line over the expected useful life of the asset.

Additional costs for intangible assets are only added to the acquisition value if they increase the future economic benefits. All other costs are expensed as they occur.

## Tangible fixed assets

Tangible fixed assets are entered at their acquisition value less accumulated depreciation and any write-downs. The acquisition value of properties built on a proprietary basis consists of direct costs plus a reasonable portion of indirect costs. Additional costs are only capitalized if they generate economic benefits that enhance the asset's original performance. Refurbishment costs of a maintenance character are charged against the income statement. Reported write-ups of properties to fair value have been posted. Deferred tax on depreciation is reported under deferred tax liabilities. The Group applies RR24 Investment Properties. The fair value of the Group's investment properties is presented in Note 13.

## Depreciation/amortization principles

Depreciation/amortization according to plan is based on historical acquisition value less calculated residual value, taking the need for any write-ups/write-downs into account. Depreciation/amortization is applied straight line over the useful life of the assets. The acquisition of the associated companies Cardo and Stadium gave rise to goodwill. In view of the long-term and strategic nature of these acquisitions, this goodwill is being amortized straight line over a period of 20 years. The same principle applies to Holmen's holding of Holmen Paper Madrid shares.

Depreciation/amortization is computed in accordance with the following percentages:

Buildings	1 – 5%
Land improvements	3.75 – 5%
Production machinery	5 – 8%
Machinery and equipment	10 – 33%
Building equipment	5 – 10%
Leasing equipment, annuity depreciation	10 – 20 %
Forest roads	10%
Goodwill	5 – 20%
Other intangible assets	10 – 33%

### Write-downs (impairment of assets)

The reported value of the Group's assets is assessed in connection with each balance sheet date to determine whether there is an indication that a write-down (impairment) of the assets is required. If there is such an indication, the assets' recoverable value is calculated at the higher of its value in use and net selling price. A write-down is posted if the recoverable value is lower than the reported value. When calculating the value in use, future cash flow is discounted using an interest rate before tax that is intended to take into account the market's assessment of the risk-free interest rate and the risk associated with the specific asset. An asset that depends on other assets is not considered to generate any independent cash flow. Such an asset is instead attributed to the smallest cash-generating unit where independent cash flow can be determined.

A write-down is reversed if there are changes to the calculation used to determine the recoverable value. A reversal is only posted insofar as the book value of the asset does not exceed the book value that would have been reported, less depreciation, if the original write-down had not been posted.

### Inventories

Inventories are valued at the lower of acquisition value and production cost after an allowance for obsolescence at a standard rate of 3%, or the net selling value. The acquisition cost of finished or semi-finished products manufactured by the company consists of direct production costs and a reasonable portion of indirect production costs.

### Reporting of contracts and similar assignments

Construction contracts in progress are reported in accordance with the Financial Accounting Standards Council's Recommendation RR10, Contracts and Similar Assignments. According to this recommendation, profit recognition based on the percentage-of-completion method is to be applied for all assignments whose results can be calculated in a satisfactory manner. Revenues and costs are reported in the income statement in relation to the assignment's completion rate. The completion rate is measured on the basis of costs incurred in the assignment in relation to estimated costs for the entire assignment. For assignments whose results cannot be calculated in a satisfactory manner, revenues are reported corresponding to the costs incurred at year-end. Anticipated losses are expensed immediately. Reporting in accordance with the percentage-of-completion method is only applied in the consolidated accounts.

In the legal entity, work in progress at a fixed price has been valued at the lower of incurred direct costs plus a reasonable portion of indirect costs and the net selling price taking into account the remaining costs for completion. Work in progress on a current account basis is recognized as revenues at a pace that matches invoicing and costs incurred are expensed during the same period as they arise.

### Properties classified as current assets

Properties classified as current assets are valued in accordance with the lower of cost and market value principle per property or per valuation unit. Any write-downs and reversals of previous write-downs that are required in accordance with this principle are reported as "Write-downs/reversals of write-downs."

### Financial instruments

All financial instruments are entered in the balance sheet, with the exception of derivative instruments used to hedge forecast flows. A financial asset or a financial liability is entered in the balance when the company becomes a contractual party to the financial instrument. Accounts receivable are entered in the balance sheet when an invoice has been sent. However, rents receivable are entered when each particular rental period begins. Liabilities are entered when the counterparty has performed a service and a contractual obligation to pay arises, even if an invoice has not yet been received.

A financial asset (or a part of such an asset) is removed from the balance sheet when the rights stipulated in the agreement have been realized or expired, or when the company has lost control over the rights. A financial liability (or a part of such a liability) is removed from the balance sheet when the obligation stated in the agreement has been satisfied or in some other way expires.

Loans are initially reported at acquisition value corresponding to the fair value of the amount received less transaction costs. The loans are then reported at accrued acquisition value applying the effective interest rate method, whereby the value is adjusted by accruing any discounts, premiums and costs connected to the loans over the duration of the loans. For loans whose interest has been hedged, hedge reporting is applied.

Gains and losses that arise when loans are settled are reported in the income statement.

Interest income and interest expense on financial instruments are reported in the income statement for the period to which the amounts are attributed. Accordingly, interest expense is not capitalized.

Interest swaps are used for the hedging of interest-rate risks associated with borrowing. Amounts that are to be paid or received under interest swaps are reported on a current account basis as interest income or interest expense.

Financial instruments intended to be held permanently within operations are classified as fixed assets. Financial fixed assets in the form of shares are reported at acquisition value or at fair value after any write-downs (impairments). Assessments are made on the basis of each share series and a write-down to fair value is posted when the share price is less than the acquisition value. Write-downs are reversed when the share price exceeds the acquisition value prior to the write-down.

Interest-bearing receivables and securities are valued at accrued acquisition value after a deduction for write-downs. The accrued acquisition value is determined on the basis of the ef-

fective interest rate calculated at the date of acquisition. The means that surplus and deficit values, as well as direct transaction costs, are accrued over the duration of the instrument. Impairment tests are performed on an item-by-item basis in relation to the estimated recoverable value.

Short-term investments are valued at the lower of acquisition value and net realizable value on the balance sheet date.

Accounts receivable have short durations and are reported, without discounting, at the amount expected to be received after a deduction for doubtful receivables. Write-down requirements are assessed on an individual basis. Accounts payable have short anticipated durations and are reported, without discounting, at the nominal amount.

Receivables and liabilities in foreign currency are translated at the year-end exchange rate. Exchange-rate differences on current receivables and current liabilities are included in operating profit, while differences on financial receivables and liabilities are reported among financial items. Insofar as currency forward contracts have been used to hedge receivables and liabilities, such receivables and liabilities are translated at the forward rate. The difference between the forward exchange rate and the current exchange rate prevailing when the forward contract was signed is accrued over the duration of the forward contract. The forward exchange rate is used for current receivables and current liabilities.

Forward contracts used to hedge forecast flows (transaction exposure) are not entered in the balance sheet. Changes in the value of these forward contracts are reported in the balance sheet and the income statement at the same time and using the same principles as for the hedged item.

Derivative instruments are defined as forward contracts, options and swaps that are used to hedge risks associated with exchange-rate changes or exposure to interest-rate risks. Derivative instruments are classified either as hedging instruments or as other derivatives. Derivative instruments that are not held for hedging purposes are valued at the lower of acquisition value and net realizable value.

Hedge accounting may be applied if there is a connection with the hedged item and the hedging effectively protects the hedged position. Changes in the value of hedging contracts are reported in the income statement at the same time as changes in the value of the hedged items.

## Pensions

The Group's salaried employees in Sweden are covered by Sweden's ITP plan. An insurance policy with Alecta has been arranged to cover obligations for old-age pensions and family pensions. In accordance with URA 42 (issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force), this is a defined-benefit pension plan that covers several employers.

Reporting of this obligation shall correspond to the Group's proportional share of the defined-benefit obligation, and of the investment assets and costs associated with the plan. For

the 2004 fiscal year, the Company did not have access to the type of information that would enable it to report the Alecta plan as a defined-benefit plan. Accordingly, ITP plans secured through pension insurance with Alecta are being reported as defined-contribution plans. Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2004, Alecta's surplus in the form of its collective solvency rate amounted to 128% (2003: 120). The collective solvency rate consists of the market value of Alecta's assets, expressed as a percentage of the insurance obligations computed in accordance with Alecta's actuarial calculation assumptions, which do not comply with RR 29.

Pensions for salaried employees who have chosen the possibility of alternative ITP plans are defined-contribution pensions, as are occupational pensions for wage earners.

In addition to the above obligations, there are defined-benefit obligations in accordance with the PRI/FPG system. The pension liability and cost for these obligations are reported with the help of the projected unit credit method. Calculations are conducted by actuaries who re-evaluate the pension plans annually. The pension obligations are calculated as the present value of the estimated future payments using the interest rate on first-class corporate bonds with a remaining maturity that corresponds to the obligations in question. Actuarial gains and losses outside the so-called corridor, which amounts to 10% of the higher of the plan assets and pension obligations at fiscal year-end, can be entered in the income statement and accrued over the remaining working life of the employees.

Actuarial gains and losses within Lundbergs fall within this corridor.

Holmen has different pension plans in various countries, in which the assets are usually separated for special management. The pension plans are normally financed via payments from the particular group company and in certain cases from the employee. The size of the payments is determined in consultation with independent authorized actuaries. Within Holmen, the costs for defined-contribution pension plans are expensed during the period to which the employees performed the service to which the contributions pertain. Actuarial gains and losses within Holmen are accrued over the employees' remaining working life.

## Taxes

The Company and the Group apply the Financial Accounting Standards Council's RR 9 Recommendation, Income Taxes. Total tax consists of current tax and deferred tax.

Taxes are reported in the income statement, with the exception of items where the underlying transactions are reported directly against shareholders' equity, in which case the relating tax effect is reported in shareholders' equity. Current tax is the tax to be paid or received for the current year. Adjustment of current tax attributable to previous periods is also

included here. Deferred tax is calculated in accordance with the balance-sheet method, on the basis of the temporary differences between the reported and tax-assessment value of assets and liabilities.

The amounts are computed on the basis of expectations of how the temporary differences will offset each other and by applying the tax rates and tax regulations that have been decided or announced at year-end. Temporary differences are not taken into account in consolidated goodwill or in differences pertaining to shares in subsidiaries or associated companies that are not expected to become subject to tax in the foreseeable future. Within a legal entity, untaxed reserves are reported including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided between deferred tax liabilities and shareholders' equity.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are only reported to the extent that they are likely to result in lower tax payments in the future.

Temporary differences pertaining to net-asset acquisitions are reported on the basis of the value assigned in connection with the acquisition.

### **Provisions (apart from negative goodwill and deferred tax)**

In accordance with the Financial Accounting Standards Council's recommendation RR 16 Provisions, Contingent Liabilities and Contingent Assets, a provision is reported in the balance sheet when the company has a formal or informal commitment resulting from an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount concerned can be reliably estimated. Present-value calculations are performed to take into account the time effect in respect of significant future payments.

### **Costs for restoring the environment**

Costs for environmental measures associated with former operations and which do not contribute to current or future revenues are expensed as they arise. On the basis of interpretations of current environmental legislation and environmental regulations, reserves for future forestry charges are calculated whenever it is probable that a payment obligation will arise and when a reasonable estimation of the amount can be made.

### **Convertible debenture loan and warrants in Holmen**

Conversion and subscription occurred during 2004.

### **Options issued for the benefit of employees in subsidiaries**

Options are booked at the premium received. If the premium plus exercise price is less than the year-end stock market price of the particular share, the difference is reported in the income statement and as a liability in the balance sheet.

### **Contingent liabilities**

A contingent liability is reported as a memorandum item if:

- there is a possible commitment deriving from events that have occurred whose existence can only be confirmed if one or more uncertain future events that are not fully within the control of the company occur or fail to occur, or
- a commitment deriving from events that have occurred has not been reported as a liability or entered as a provision because it is not certain that an outflow of resources will be required to settle the commitment or it is not possible to estimate the amount of the commitment with sufficient accuracy. No reporting is required when the probability of an outflow of resources is extremely limited.

### **Recognition of revenues**

Revenues are recognized in accordance with the Financial Accounting Standards Council's RR 11 recommendation – Revenues. Revenues are recognized in the income statement when it is probable that the future economic benefits will flow into the company and those benefits can be measured reliably. Revenues are reported at a rate that matches the transfer of significant risks and benefits associated with the Group's products and services to a tenant or purchaser, so that the Group no longer exercises any real control over the sold services or products. Revenues are reported at the fair value of what has or will be received. Dividend revenues are reported when the dividend has been established and the right to receive the dividend is regarded as secure. The Group's principal revenue sources consist of rents, dividends, sales of securities, sales of properties classed as current assets and sales of products (newsprint and magazine paper and paperboard), timber and energy.

### **Other operating revenues**

Within Holmen, revenues from non-core activities are reported as other operating revenues. This item mainly includes rental income and ground rent, freight activities, revenues from allotted electricity certificates in pace with electricity production that fulfils the allotment conditions, sales of by-products and capital gains/losses on sales of fixed assets.

### **Leasing**

Leasing is classified in the consolidated accounts as either financial leasing or operational leasing. Since the financial agreements that exist within the Group represent insignificant amounts, they are reported as operational. As a lessee, the operational leasing agreements do not represent significant amounts. As a lessor, all rental agreements within property management are included. For a specification, see Note 13.

### **Items affecting comparability**

The Swedish Accounting Standards Council's Recommendation RR 4 is applied, which means that the effect on profit of special events and transactions of special significance are specified within each profit concept. Examples of such events and transactions include capital gains/losses on the divestment of a line of business or significant fixed assets, write-downs and restructuring costs.

## Consolidated financial statements

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's RR 1:00 recommendation.

### Subsidiaries

Subsidiaries are companies in which the Parent Company, directly or indirectly, owns more than 50% of the voting rights or in some other manner has a controlling influence over the company's operational and financial management. Subsidiaries are normally reported in accordance with the purchase method, which means that the acquisition of a subsidiary is regarded as a transaction that results in the Parent Company indirectly acquiring the assets and taking over the liabilities of the subsidiary. As of the date of acquisition, the acquired company's revenues and costs are included in the consolidated accounts, as are identifiable assets and liabilities and any goodwill or negative goodwill. Surplus value is amortized in accordance with the principles for the type of asset concerned.

### Goodwill

Consolidated goodwill arises when the acquisition value of shares in subsidiaries exceeds the fair value of the acquired company's identifiable net assets. Goodwill is reported at acquisition value less accumulated amortization and any write-down (impairment).

### Associated companies

Shareholdings in associated companies in which the Group holds more than 20% and a maximum of 50% of the voting rights or in some other manner has a decisive influence over operational and financial control are normally reported in accordance with the equity method. In the consolidated financial statements, this entails that the book value of shares in associated companies corresponds to the share in the associated companies' equity, as well as any residual value for consolidated surplus or deficit value. The amortization period for surplus value is 5 to 20 years. The Group's share in the profit of associated companies after financial income and expense and adjusted, where appropriate, for amortization of acquired surplus or deficit value is reported as "Results from participations in associated companies" in the consolidated income statement.

The Group's participation in the reported tax of associated companies is included in the Group's tax costs. Profit participations accumulated after the acquisition of associated companies and which have not yet been realized through dividend distribution are allocated to the equity participation reserve, which represents part of the Group's restricted shareholders' equity. If the associated company is entered at a value that is lower than that computed in accordance with the acquisition value method, the difference

is charged against unrestricted shareholders' equity in the Group.

### Joint ventures

Holdings in joint ventures are consolidated in accordance with the proportional consolidation method. This means that the companies are reported as if they were subsidiaries but with the difference that only the Group's participation in the companies' revenues and expenses, and assets and liabilities, is reported in the Group's income statement and balances sheet, respectively.

### Translation of accounts of foreign subsidiaries or other foreign operations

Since the foreign Group companies are defined as independent companies, their accounts are translated using the current method. According to the current method, all assets, provisions, and other liabilities are translated at year-end rates and all income-statement items are translated at average rates for the year. Any arising exchange-rate differences are entered directly in equity. In the event of the divestment of an autonomously managed foreign business, the accumulated translation differences attributable to the business are realized in the consolidated income statement less the result of any hedging.

Loans and forward contracts in foreign currencies may be used to reduce the exchange-rate effects of the translation of foreign net assets to SEK. Such loans and forward contracts are revalued at the year-end rate and exchange-rate differences, after taking tax into account, are eliminated directly against shareholders' equity, insofar as they are matched by exchange-rate differences on foreign net assets. The hedging contracts are based on the consolidated value per currency of the net assets.

When independently operated foreign operations are divested, the accumulated translation differences, less deductions for any currency hedging, are realized in the consolidated income statement.

### Intra-Group transactions

The Parent Company's purchases from other Group companies amounted to SEK 3 m. (3). Sales to such companies amounted to SEK 0 m. (0). There are only small amounts of intra-Group rents. Rents have not been eliminated.

### Group and shareholder contributions

In the Parent Company accounts, Group and shareholder contributions are entered directly in shareholders' equity, taking the effects of tax into account.

### Cash flow statements

The cash flow statements are prepared in accordance with the indirect method.

## Related companies

### Corporate relationships that result in a controlling influence

#### Group

Via his wholly owned subsidiary Byggnads AB Karlsson & Wingsjö (including subsidiaries), Fredrik Lundberg directly or indirectly holds 89.4% of the voting rights and 52.4% of the share capital in L E Lundbergföretagen AB (publ.).

#### Parent Company

In addition to the close relationships stated for the Group, the Parent Company has close relationships that result in controlling influence over its subsidiaries (see Note 14).

### Transactions with related companies

#### Group

See Note 2 for information regarding wages, salaries, remuneration and expenses, and commitments with respect to pensions and similar benefits, as well as agreements regarding severance pay.

#### *With shareholders and companies over which the Group has a controlling influence:*

Loans from these shareholders and companies amounted to SEK 684 m. (818) at the end of 2004. Interest expense of SEK 21 m. (29) was paid on normal market terms. Management and consulting services of a technical or administrative nature were provided by the Lundberg Group for SEK 8 m. (8). during the year. These services were priced on normal market terms.

#### *With associated companies:*

Products and services in an amount of SEK 30 m. (19) were purchased. These purchases were conducted on normal market terms. The liability on December 31, 2004 was SEK 1 m. (1).

## Changed accounting principle

The transition to the Financial Accounting Standards Council's recommendation RR 29, Employee Benefits, has been completed. This had a negative impact of SEK 5 m. (75) on shareholders' equity in the Lundberg Group. Holmen applied RR29 as early as 2003, which had a negative impact of SEK 75 m. on shareholders' equity.

## Other

In certain cases, reported figures have been rounded off. As a result, amounts in tables and calculations do not always tally. In running texts and tables, amounts between 0 and 0.5 are rounded down to 0. If no figure is applicable, this is designated with a dash (-).

## Definitions

### Debt/equity ratio

Net interest-bearing debt divided by the sum total of shareholders' equity and minority interest.

### Earnings per share

Net profit after tax divided by the average number of shares out-standing.

### Equity/assets ratio

Shareholders' equity plus minority interest as a percentage of total assets.

### Interest-bearing assets

Interest-bearing receivables, short-term investments and cash and bank balances.

### Liquid assets

Cash and bank balances and short-term investments.

### Net interest-bearing debt

Interest-bearing liabilities and interest-bearing provisions less interest-bearing assets.

### Net sales, Equity Management

Dividends, proceeds from sales of shares and gains/losses from other operations.

### Net sales, Holmen

Invoiced sales from products, timber and energy (excluding value added tax, discounts granted and similar revenue reductions and exchange-rate differences on sales in foreign currencies).

### Net sales, Real Estate Management

Rental revenues and interest subsidies, proceeds from sales of properties classed as current assets and sales of shareholdings, plus other revenues.

### Operating revenues, Lundbergs

Rental revenues, interest subsidies (rental revenues, etc.), gains on sales of properties classed as current assets and other revenues.

### Taxes

Current tax, deferred tax and tax on profit participations in associated companies

### Vacancy rate

The total possible rental revenues less actual rental revenues during the year as a percentage of the total possible annual rental revenues.

SEK m.		2004	Group 2003	Parent Company 2004	2003
<b>LUNDBERGS</b>					
<b>Real estate management <sup>1</sup></b>	Note 3				
Operating revenues, etc.		850	845		
Operating expenses		- 184	- 175		
Property tax		- 34	- 38		
Maintenance and tenant-oriented property improvements		- 132	- 118		
Direct sales and administrative costs, etc.		- 46	- 42		
Depreciation	Note 4	- 37	- 34		
Write-downs/reversals of write-downs		10	1		
<b>Gross profit</b>		<b>427</b>	<b>439</b>	-	-
Central administrative costs, etc.	Note 4	- 30	- 33		
Gain on sales of fixed assets		7	8		
<b>Operating profit</b>		<b>404</b>	<b>414</b>	-	-
<b>Asset management <sup>1</sup></b>					
Dividends	Note 3	100	72	100	72
Gain/loss on securities		- 61	58	- 1	37
Operating expenses	Note 4	- 16	- 24	- 13	- 11
Result from participations in Group companies	Note 5			881	242
Result from participations in associated companies	Note 5	293	- 6	410	224
<b>Operating profit</b>		<b>316</b>	<b>100</b>	<b>1,376</b>	<b>564</b>
<b>OPERATING PROFIT, LUNDBERGS</b>		<b>720</b>	<b>514</b>	<b>1,376</b>	<b>564</b>
<b>HUFVUDSTADEN</b>					
Net sales	Note 3	1,358	1,369		
Operating expenses	Note 4	- 197	- 198		
Property tax		- 106	- 129		
Maintenance and tenant-oriented property improvements		- 81	- 162		
Other operations, expenses	Note 4	- 74	- 74		
Direct sales and administrative costs, etc.		- 58	- 58		
Depreciation	Note 4	- 110	- 106		
<b>Gross profit</b>		<b>732</b>	<b>642</b>	-	-
Central administrative costs, etc.	Note 4	- 29	- 29		
Gain on sale of investment properties		216			
<b>OPERATING PROFIT, HUFVUDSTADEN</b>		<b>918</b>	<b>613</b>	-	-
<b>HOLMEN</b>					
Net sales	Note 3	15,653	15,816		
Other operating revenues	Note 6	414	423		
Raw materials, goods for resale and supplies		- 7,534	- 7,392		
Change in inventories of finished products		95	- 73		
Personnel costs		- 2,420	- 2,365		
Other external costs		- 3,185	- 2,899		
Depreciation	Note 4	- 1,216	- 1,182		
Result from participations in associated companies	Note 5	25	- 6		
<b>OPERATING PROFIT, HOLMEN</b>		<b>1,832</b>	<b>2,322</b>	-	-
Central administrative costs, etc.	Note 4	- 26	- 11	- 13	- 10
<b>OPERATING PROFIT</b>	Note 2	<b>3,445</b>	<b>3,438</b>	<b>1,364</b>	<b>553</b>
<b>RESULTS FROM FINANCIAL ITEMS</b>					
Result from participations in Group companies (anticipated dividends)				41	
Result from other securities and receivables classed as fixed assets	Note 4, 7	38	2	37	0
Interest income and similar income statement items	Note 8	32	35	12	10
Interest expense and similar income statement items	Note 9	- 605	- 532	- 35	- 42
<b>PROFIT AFTER FINANCIAL ITEMS</b>		<b>2,909</b>	<b>2,944</b>	<b>1,419</b>	<b>521</b>
Appropriations	Note 10			167	92
<b>PROFIT BEFORE TAXES</b>		<b>2,909</b>	<b>2,944</b>	<b>1,586</b>	<b>614</b>
Taxes	Note 11	- 662	- 867	- 72	- 40
Minority share in net profit		- 1,237	- 1,254		
<b>NET PROFIT FOR THE YEAR</b>		<b>1,010</b>	<b>822</b>	<b>1,515</b>	<b>574</b>
<b>EARNINGS PER SHARE, SEK (there is no possible dilution effect)</b>		<b>16.28</b>	<b>13.25</b>	<b>24.43</b>	<b>9.24</b>
1) Net sales: Real estate management		883	872		
Asset management		941	800	1,109	1,021

## Balance sheets

ASSETS SEK m.		Group		Parent Company	
		Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
<b>FIXED ASSETS</b>					
<b>Intangible fixed assets</b>					
Goodwill, rental rights and similar rights	Note 12	620	586		
		<b>620</b>	<b>586</b>	-	-
<b>Tangible fixed assets</b>					
	Note 13				
Buildings and land		22,160	22,528		
Construction, extension and rebuilding in progress		764	236		
Real estate equipment		386	285		
Machinery and equipment		9,038	9,505	3	2
		<b>32,349</b>	<b>32,553</b>	<b>3</b>	<b>2</b>
<b>Financial fixed assets</b>					
Participations in Group companies	Note 14			4,275	3,930
Participations in associated companies	Note 15	4,805	4,748	3,411	3,129
Other long-term holdings of securities	Note 16	2,379	1,715	2,293	1,628
Deferred tax assets	Note 25	411	414		
Other long-term receivables	Note 17	155	183	5	25
		<b>7,750</b>	<b>7,059</b>	<b>9,983</b>	<b>8,711</b>
<b>TOTAL FIXED ASSETS</b>		<b>40,719</b>	<b>40,199</b>	<b>9,986</b>	<b>8,714</b>
<b>CURRENT ASSETS</b>					
Properties classified as current assets	Note 18	130	124	-	-
Inventories, etc.	Note 19	2,727	2,458	-	-
<b>Current receivables</b>					
Rent and accounts receivable		2,350	2,206	0	1
Receivables from Group companies				916	983
Receivables from associated companies			4		
Other receivables		344	292	33	27
Prepaid expenses and accrued income	Note 20	139	142	1	1
		<b>2,833</b>	<b>2,644</b>	<b>951</b>	<b>1,011</b>
<b>Short-term investments</b>		<b>34</b>	<b>60</b>	<b>-</b>	<b>-</b>
<b>Cash and bank balances</b>	Note 21	<b>428</b>	<b>794</b>	<b>80</b>	<b>37</b>
<b>TOTAL CURRENT ASSETS</b>		<b>6,153</b>	<b>6,081</b>	<b>1,030</b>	<b>1,048</b>
<b>TOTAL ASSETS</b>	Note 30	<b>46,872</b>	<b>46,280</b>	<b>11,016</b>	<b>9,761</b>
<b>PLEGDED COLLATERAL</b>					
<b>For own liabilities and provisions</b>					
Property mortgages		3,539	3,846		
Shares in subsidiaries		1,608	1,589		
Bank accounts		44	45		
Other long-term receivables		46	46		
		<b>5,238</b>	<b>5,526</b>	<b>-</b>	<b>-</b>

SHAREHOLDERS' EQUITY AND LIABILITIES, SEK m.		Group		Parent Company	
		Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
<b>SHAREHOLDERS' EQUITY</b>	Note 22				
<b>Restricted equity</b>					
Share capital (62,145,483 shares with a par value of SEK 10 each)		621	621	621	621
Restricted reserves		676	744	344	344
		<b>1,297</b>	<b>1,365</b>	<b>965</b>	<b>965</b>
<b>Unrestricted equity</b>					
Unrestricted reserves		10,289	9,866	6,587	6,481
Reported net profit for the year		1,010	822	1,515	574
		<b>11,299</b>	<b>10,688</b>	<b>8,102</b>	<b>7,054</b>
<b>TOTAL EQUITY</b>		<b>12,596</b>	<b>12,054</b>	<b>9,067</b>	<b>8,019</b>
<b>Minority interest</b>		<b>12,875</b>	<b>13,790</b>		
<b>Untaxed reserves</b>					
Accumulated depreciation in excess of plan	Note 23			0	0
Tax allocation reserve	Note 24			190	357
		-	-	<b>190</b>	<b>358</b>
<b>Provisions</b>					
Provisions for deferred tax	Note 25	6,719	6,826		
Provision for pensions	Note 26	409	418		
Other provisions	Note 27	424	482		
		<b>7,552</b>	<b>7,726</b>	-	-
<b>Long-term liabilities</b>					
Liabilities to credit institutions	Note 28	4,039	5,472		
Other liabilities	Note 29	2,280	54		
		<b>6,319</b>	<b>5,526</b>	-	-
<b>Current liabilities</b>					
Liabilities to credit institutions	Note 28	2,191	1,650		
Accounts payable		1,610	1,284	1	1
Liabilities to Group companies				963	402
Liabilities to associated companies		23	19		
Tax liabilities		310	210	109	153
Other liabilities	Note 29	2,448	2,896	680	823
Accrued costs and prepaid income	Note 32	947	1 125	6	5
		<b>7,530</b>	<b>7,184</b>	<b>1,760</b>	<b>1,385</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	Note 30	<b>46,872</b>	<b>46,280</b>	<b>11,016</b>	<b>9,761</b>
<b>CONTINGENT LIABILITIES</b>					
Contingent liabilities on behalf of subsidiaries				1,091	904
Contingent liability as partner with unlimited liability		126	130		
Capital value of pension obligations exceeding the amount reported among liabilities		1	1		
Sureties and other contingent liabilities	Note 31	1,302	1,767	44	93
		<b>1,429</b>	<b>1,898</b>	<b>1,135</b>	<b>998</b>

CHANGE IN SHAREHOLDERS' EQUITY AND LIABILITIES, SEK m.		Group		Parent Company	
		Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
On January 1	Note 22	12,054	11,780	8,019	7,708
Dividend		- 403	- 372	- 403	- 372
Repurchase of own shares		- 17		- 17	
Effect of new accounting principle		- 41	- 75		
Translation differences, etc.		- 6	- 101	- 47	111
Reported net profit for the year		1,010	822	1,515	574
		<b>12,596</b>	<b>12,054</b>	<b>9,067</b>	<b>8,019</b>

## Cash flow statements

SEK m.	Group		Parent Company	
	2004	2003	2004	2003
<b>CASH FLOW, OPERATIONS</b>				
Profit from Real Estate Management, excl. depreciation, write-downs and sales of properties	1,244	1,148		
Sales of properties	28	50		
Profit from Equity Management, excl. depreciation and gains on shares <sup>1</sup>	215	462	1,124	705
Profit from Holmen, excl. depreciation	2,941	3,507		
Financial items <sup>1</sup>	- 493	- 477	66	- 32
Taxes paid	- 579	- 843	- 83	- 26
Change in current receivables	- 321	705	- 6	- 6
Change in current liabilities	- 96	11	- 140	103
<b>CASH FLOW FROM OPERATIONS</b>	<b>2,940</b>	<b>4,562</b>	<b>960</b>	<b>744</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Buildings and land	- 529	- 50		
Properties classed as current assets	201	- 99		
Machinery and equipment	- 562	- 751	- 1	- 0
Sales of shares	8	174		171
Purchases of shares	- 716	- 831	- 1,060	- 805
Long-term receivables	72	- 354	4	- 0
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>- 1,526</b>	<b>- 1,909</b>	<b>- 1,058</b>	<b>- 635</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Intra-Group transactions			561	256
Financial investments	- 165	- 359		
Loans against security in properties	- 291	- 6		
Other loans	604	- 355		
Long-term liabilities	219	- 311		1
Repurchase of own shares			- 17	
Dividends to shareholders	- 403	- 373	- 403	- 372
Minority interest	- 1,743	- 982		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>- 1,779</b>	<b>- 2,386</b>	<b>141</b>	<b>- 116</b>
<b>CASH FLOW DURING THE YEAR</b>	<b>- 365</b>	<b>268</b>	<b>43</b>	<b>- 7</b>
Cash and bank balances on January 1	794	528	37	44
Exchange-rate effects	- 1	- 2		
<b>Cash flow on December 31</b>	<b>428</b>	<b>794</b>	<b>80</b>	<b>37</b>
1) Dividends received	228	607	1,109	849

	Group		Parent Company	
INTEREST PAYMENTS, SEK M.	2004	2003	2004	2003
Interest paid	18	20	12	10
Interest received	- 592	- 529	- 35	- 41
	<b>- 574</b>	<b>- 509</b>	<b>- 23</b>	<b>- 32</b>

**Note 1 - Information concerning business segments, SEK m.**

The primary basis for the division of the Group into segments is by business sector. The Group and the Board of Directors monitor the return from Hufvudstaden and Holmen at business-sector level.

**BUSINESS SECTORS**

	Lundbergs Real Estate Management		Lundbergs Equity Management		Hufvudstaden		Holmen		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Operating revenues	850	845	941	800	1,358	1,369	15,653	15,816	18,802	18,830
Operating expenses	- 409	- 397	- 918	- 695	- 329	- 648	- 12,630	- 12,306	- 14,285	- 14,046
Depreciation	- 37	- 34			- 111	- 108	- 1,216	- 1,182	- 1,364	- 1,324
Participations in associated companies			293				25		318	
<b>Profit per business segment</b>	<b>404</b>	<b>414</b>	<b>316</b>	<b>106</b>	<b>918</b>	<b>613</b>	<b>1,832</b>	<b>2,328</b>	<b>3,471</b>	<b>3,461</b>
Undistributed costs									- 26	- 23
<b>Operating profit</b>	<b>404</b>	<b>414</b>	<b>316</b>	<b>106</b>	<b>918</b>	<b>613</b>	<b>1,832</b>	<b>2,328</b>	<b>3,445</b>	<b>3,438</b>
Net financial items									- 536	- 494
Taxes									- 662	- 867
Minority share									- 1,237	- 1,254
<b>Net profit</b>									<b>1,010</b>	<b>822</b>
<b>Other information</b>										
Operating assets	2,843	2,793	2,700	1,987	11,435	11,793	24,227	23,736	41,205	40,309
Equity shares			3,137	3,068			1,668	1,680	4,805	4,748
Undistributed assets									862	1,223
									<b>46,872</b>	<b>46,280</b>
Operating liabilities	204	247			330	462	2,842	2,391	3,376	3,100
Undistributed liabilities									30,899	31,126
									<b>34,276</b>	<b>34,226</b>
Investments	97	33	1,133	793	57	135	1,291	755	2,578	1,716
Depreciation	39	36	0	0	111	108	1,216	1,182	1,366	1,326

**GEOGRAPHIC MARKETS**

	Sweden		United Kingdom		Spain		Other areas		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
External sales	6,806	6,744	2,460	2,444	951	1,026	8,585	8,616	18,802	18,830
Net assets	38,843	38,708	1,103	1,072	2,625	2,075	63	102	42,634	41,957
Investments	1,781	1,532	167	81	623	101	7	2	2,578	1,716

External sales are reported in accordance with where the customers are domiciled. Net assets and investments are reported in accordance with where the operations are located. The Group's products and services are presented on pages 31 and 42.

**Note 2 - Employees, personnel costs and director and auditor fees, SEK m.**

Average number of employees	2004	of whom men (%)	2003	of whom men (%)
Parent Company - Sweden	9	79	7	72
<b>Total in Parent Company</b>	<b>9</b>	<b>79</b>	<b>7</b>	<b>72</b>
Wholly owned subsidiaries - Sweden	190	74	201	72
Hufvudstaden - Sweden	122	44	123	46
Holmen				
- Sweden	3,811	83	3,872	83
- Australia	3	33	3	33
- Belgium	4	50	4	50
- Denmark	3	33	3	33
- Estonia	22	82	20	80
- France	29	72	29	72
- Hong Kong	4	75	4	75
- Ireland	1	100	1	100
- Italy	4	25	3	-
- Netherlands	130	63	135	62
- Poland	4	25	4	25
- Portugal	2	50	2	50
- Switzerland	10	70	8	63
- Singapore	6	50	6	50
- Spain	293	84	259	83
- United Kingdom	539	89	542	90
- Germany	18	61	19	63
- USA	14	57	13	54
<b>Total in subsidiaries</b>	<b>5,209</b>	<b>81</b>	<b>5,251</b>	<b>81</b>
<b>Total in Group</b>	<b>5,218</b>	<b>81</b>	<b>5,258</b>	<b>81</b>

Wages, salaries and remuneration, and social security costs, SEK m.	2004		2003	
	Wages, salaries and other remuneration	Social security costs	Wages, salaries and other remuneration	Social security costs
Parent Company	9.7	5.2	5.5	3.2
- of which, pension costs <sup>1</sup>		1.5		1.1
Wholly owned subsidiaries	67.3	34.0	66.0	33.3
- of which, pension costs		9.0		8.9
<b>Total in Parent Company and wholly owned subsidiaries</b>	<b>77.1</b>	<b>39.1</b>	<b>71.5</b>	<b>36.5</b>
- of which, pension costs		<b>10.5</b>		<b>10.0</b>
Hufvudstaden	50.9	28.9	49.5	27.6
- of which, pension costs		7.8		7.2
Holmen	1,732.0	688.0	1,685.0	680.0
- of which, pension costs		199.0		216.0
<b>Total in other subsidiaries</b>	<b>1,782.9</b>	<b>716.9</b>	<b>1,734.5</b>	<b>707.6</b>
- of which, pension costs		<b>206.8</b>		<b>223.2</b>
<b>Total in Group</b>	<b>1,859.9</b>	<b>756.1</b>	<b>1,805.9</b>	<b>744.1</b>
- of which, pension costs <sup>2</sup>		<b>217.3</b>		<b>233.2</b>

Wages, salaries and remuneration by country and distributed among Board of Directors and Presidents and other employees, SEK m.	2004		2003	
	Board of Directors and presidents	Other employees	Board of Directors and presidents	Other employees
Parent Company - Sweden	6.5	3.2	3.1	2.4
<b>Total in Parent Company</b>	<b>6.5</b>	<b>3.2</b>	<b>3.1</b>	<b>2.4</b>

Wages, salaries and remuneration by country and distributed among Board of Directors and Presidents and other employees, SEK m.	2004		2003	
	Board of Directors and presidents	Other employees	Board of Directors and presidents	Other employees
Wholly owned subsidiaries - Sweden	7.3	60.0	4.3	61.7
Hufvudstaden - Sverige	4.2	46.7	3.6	45.9
Holmen				
- Sweden	16.0	1,324.0	15.0	1,297.0
- Other Nordic countries	1.0	1.0	1.0	1.0
- France	1.0	11.0	1.0	10.0
- Netherlands	5.0	43.0	4.0	44.0
- Spain	1.0	84.0	3.0	78.0
- United Kingdom	4.0	196.0	5.0	181.0
- Germany	1.0	11.0	1.0	11.0
- Eastern Europe	1.0	3.0	1.0	2.0
- Other European countries	4.0	10.0	3.0	10.0
- Other countries	3.0	12.0	2.0	15.0
<b>Total in Group</b>	<b>55.0</b>	<b>1,804.9</b>	<b>47.0</b>	<b>1,759.0</b>

1) The Board of Directors/Presidents category accounts for SEK 1.2 m. (0.8) of the Parent Company's pension costs.

2) The Board of Directors/Presidents category accounts for SEK 11.0 m. (13.2) of the Group's pension costs.

The Group's outstanding pension obligations regarding these pension costs amounts to SEK 5.5 m. (3.6).

3) Vice Presidents are regarded as equivalent to Presidents.

In addition to the above information regarding remuneration, wages and salaries paid during 2004, the following information pertaining to remuneration and benefits paid to senior executives is provided in accordance with the recommendation from Sweden's Industry and Commerce Stock Exchange Committee.

**Group**

In 2003, Lundbergs issued a total of 256,000 options to senior Holmen executives in return for market payment. Premiums paid amounted to SEK 25 per option. The number of options outstanding at the end of 2004 was 246,000. Each option carries entitlement during the period February 1, 2007 to March 15, 2007 to purchase 1.12 Series B Holmen shares for SEK 194.70 per share. The estimated value of a fictive exercise at December 31, 2004 is SEK 9.7 m. Less the option premium paid, the net profit for the option holders would be SEK 3.6 m. The aforementioned option program has not been taken into account in the table above.

**Parent Company and wholly owned subsidiaries**

The Chairman of the Parent Company Board received a total of SEK 0.3 m. (0.3) in director fees. Other director fees amounted to SEK 0.8 m. (0.6). Director fees in subsidiaries totaled SEK 0.1 m. (-). The President, also Board Member in the Parent Company, was paid a total of SEK 1.5 m. (1.5). There are no agreements regarding variable or other types of remuneration. Subsidiary presidents and executive vice presidents in the Parent Company and subsidiaries were paid SEK 11.2 m. (4.9). During 2004, no remuneration was paid to the Chairman or any members of the Parent Company Board for consulting services unrelated to their assignments as a Board member (SEK 2.1 m.).

Subsidiary presidents and vice presidents received bonus payments of SEK 1.5 m. (0.6) in 2004. Remuneration and benefits received by other senior executives totaled SEK 7.2 m. (7.3), including bonus payments of SEK 1.5 m. (1.1).

An equal-status system is applied in Group companies, whereby payroll costs and payroll overheads are distributed among the Group companies concerned in relation to the time booked for projects and work performance.

For all employees in Fastighets AB L E Lundberg, there was a bonus program for 2004 based on earnings and profitability targets. The maximum bonus payment was two months' salary for senior executives and three months' salary for the president. Other employees can receive a maximum payment corresponding to one month's, or alternatively half a month's, salary. For all employees in L E Lundberg Kapitalförvaltning AB, there is a bonus program based on the results of activities. The maximum total bonus is approximately 15% of the achieved result over time. Bonus payments do not qualify as pensionable income.

The pension obligations are covered by the ITP plan and are premium defined. Pensions according to the current ITP plan are paid to the President and other senior executives as of age 65. Pensionable salary may not exceed 30 base amounts.

There are no special agreements covering severance pay for the President of the Parent Company. If the employment of other senior executives is terminated by the Company, they will be entitled, where applicable, to severance pay corresponding to six months of salary. In the event of employment terminated by the Company, the President of the Parent Company is entitled to a period of notice of six months and other senior executives to periods of notice of 4-12 months. If they

terminate their employment themselves, the President of the Parent Company is entitled to a period of notice of six months and other senior executives to periods of notice stipulated in collective bargaining agreements, which depend on age and period of employment.

The remuneration paid to the President of the Parent Company is proposed by the Remuneration Committee, consisting of the Chairman of the Board and one other Board member, and is decided by the Board of Directors as a whole. The President negotiates and reaches agreements with other senior executives regarding their remuneration.

#### Hufvudstaden

The Chairman of the Board received SEK 0.3 m. in 2004 (0.3). Other Board members who are not employed by Hufvudstaden received a total of SEK 0.9 m. (0.8).

Hufvudstaden's President received total remuneration of SEK 3.0 m. (2.6) in 2004, of which a bonus accounted for SEK 0.4 m. (0.1).

Remuneration and benefits received by other senior executives totaled SEK 7.8 m. (5.9), including bonus payments of SEK 1.2 m. (0.6).

In the case of notice of termination by the company, the President is entitled to a term of notice of two years. If the President resigns, a term of notice of six months applies. In both instances, any remuneration from a new employer will be deducted. The Group's pension obligations and the pension plan for the President are covered by the ITP pension plan and are benefit defined. According to the current pension plans, the President's retirement age is 65.

When the employment of other senior executives is terminated by the company, they are entitled to a term of notice of one year. If senior executives terminate their employment themselves, a six-month period of notice applies. In both cases, earnings from any new employer are deductible.

The Chairman of the Board has been delegated by the Board to negotiate with the President about his remuneration, following which decisions are made by the Board. The President has been delegated by the Board to negotiate with other senior executives and agree on their remuneration and to then report back to the Chairman.

Permanent employees of the Group participated in a bonus program during the year. The criteria for bonus payments were business results and customer satisfaction. Managers with personnel responsibility were also subject to a personal assessment based on individual goals. The maximum bonus payment for permanent employees was half a month's salary, but not less than SEK 15,000 kronor. The maximum bonus for managers was a month's salary. For members of Executive Management, there was a bonus program during the year based on business results, customer satisfaction and personal targets. The maximum bonus payment for the year was SEK 500,000 for the President and a total of SEK 1,750,000 for other senior executives, including bonus payments to senior executives who were leaving the Group.

In the final accounts, a bonus provision, at fair value, has been posted for the achievement of earnings targets and customer satisfaction. For the personal targets, the provision corresponds to half of the maximum outcome (SEK 476,000). A precondition for both bonus programs is that decisions are made by the Board for one year at a time and that a ceiling is set for bonus payments. No bonus will be paid if the company reports a loss. Bonuses paid for 2004 totaled SEK 3.8 m. (1.3), or an average of SEK 19,000 per employee and for Executive Management an average of SEK 198,000 per person. Bonus payments do not qualify as pensionable income.

#### Holmen

The Chairman of the Board received remuneration of SEK 0.4 m. in 2004 (0.4). The current President received salary and other remuneration of SEK 4.0 m. (April-December). The former President received salary and other remuneration of SEK 2.3 m. (5.8).

All senior executives receive a contractual fixed annual salary. There are no variable salary increments or payments in the form of bonuses or similar programs.

The period of notice is 12 months if employment is terminated by the company, and six months if it is terminated by the President. If employment is terminated by the company, severance pay corresponding to two annual salaries is payable. Under an agreement with the President regarding a future pensions, the retirement age has been set at 65, with each party having the right to activate the pension but not earlier than when the President turns 60. The pension, which is benefit defined, is payable at a rate of 60% of salary up to age 65 and thereafter in an amount corresponding to customary ITP pension plans, complemented by a retirement pension of 32.5% and a family-pension of 16.25% linked to the portion of salary corresponding to between 20 and 50 base amounts. Pensionable income is defined as the average of total annual salary over the most recent three years.

The Board has appointed a Remuneration Committee from among its members to prepare matters regarding the President's regarding salary and other employment terms and then to present them to the Board for a decision. The Committee has also established a pay policy for other senior executives.

In addition to the President, Executive Management consists of ten persons who report directly to the President, five business area presidents and five corporate staff heads. Salaries and other benefits paid to these executives (excl. the President) totaled SEK 15.7 m. (14.5).

The period of notice for these senior executives is 12 months if employment is terminated by the

company, and six months if it is terminated by the executive. If the termination notice is served by the company, severance payment ranging from 1.0 to 2.5 annual salaries could be payable, depending on age.

Under agreements with the senior executives regarding future pensions, the retirement age has been set at 65, but with a mutual right for either party to activate the pension after age 60. Pension payable between age 60 and 65 corresponds to 65% of pensionable salary up to 30 base amounts and 32.5% between 30 and 50 base amounts. The executives' regular pension schemes at age 65 comply with the ITP plan. In addition, supplementary old-age pension benefits in an amount of 32.5% and family pensions of 16.25% are paid for the portion of salary corresponding to 20 to 50 base amounts. Pensionable income is defined as the average of total annual salary over the most recent three years.

#### Distribution of company management by gender

Percentage of woman	Group		Parent Company	
	Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
Board of Directors	11	-	13	-
Other senior executives	6	6	-	-

#### Statistics regarding sickness, % <sup>1, 2</sup>

	Parent Company	
	Dec 31, 2004	Dec 31, 2003
<b>Total sickness absence</b>	-	-
Long-term sickness absence	-	-
Sickness absence, men	-	-
Sickness absence, women	-	-
Sickness absence, 29 years or younger	-	-
Sickness absence, 30 to 49 years	-	-
Sickness absence, 50 years or older	-	-

1) The requirement regarding sickness absence was introduced on July 1, 2003. Figures prior to July 1, 2004 are not reported.

2) A dash (-) in the table denotes an item that is not obligatory because the category comprises fewer than ten people or because the data can be attributed to a specific individual.

#### OPTIONS AND CONVERTIBLE DEBENTURES

In 2003, Lundbergs issued call options to senior executives of Holmen regarding the purchase of shares in Holmen. On December 31, 2004, 246,000 options were outstanding. In 2004, all of the options in Hufvudstaden were repurchased and in 2003 the options written by Cardo and Holmen prior to 2003 were repurchased or exercised.

Options	Holmen		Hufvudstaden		Cardo	
	2004	2003	2004	2003	2004	2003

#### Change in number of options held by employees

Options outstanding, beginning of year	256,000	198,000	160,000	160,000		471,000
Issued		256,000				
Exercised		- 3,000				- 24,000
Repurchased	- 10,000	- 195,000	- 160,000			- 447,000
<b>Options outstanding, year-end</b>	<b>246,000</b>	<b>256,000</b>	<b>0</b>	<b>160,000</b>		<b>0</b>

#### Information regarding stock options allotted during the year

Maturity	2007-03-15
Exercise price per share, SEK	219.00
Amount reported in balance sheet, SEK m.	6,400

#### Information regarding stock option exercised during the year

Maturity	2003-06-30	2003-09-30
Exercise price per share, SEK	180.60	140.40 <sup>1</sup>
Amount reported in balance sheet, SEK m.	478	17

1) Exercise price recalculated to compensate for extraordinary dividend in 2003.

## Note 2, continued

	Holmen		Hufvudstaden		Cardo	
	2004	2003	2004	2003	2004	2003
<b>Information regarding stock options repurchased during the year</b>						
Maturity	2007-03-15	2003-06-30	2004-12-31		2003-09-30	
Price per option, SEK	44.20	33.40-60.34	7.30 - 17.40		40.70-49.60	
Total payments, SEK 000s	442	10,681	1,442		18,229	
Amount reported in income statement, SEK 000s	- 192	- 4,246	- 962		- 9,487	
<b>Terms and conditions for options outstanding at year-end</b>						
Maturity	1/2-15/3 2007		1/7-31/12 2004			
Exercise price, SEK	194.70 <sup>2</sup>	219.00		29.50		
Number	246,000	256,000		160,000		

2) Exercise price recalculated to compensate for extraordinary dividend in 2004.

**Convertible debentures**

In 1998, Holmen issued a convertible debenture loan and call options to all employees at market price. Conversion to Series B Holmen shares was effected during the first half of 2004, which increased Holmen's shareholders' equity by SEK 474 m. Subsequently, there are no outstanding debentures or call options within Holmen

**AUDIT**

The Annual General Meeting in 2003 re-elected Bo Ribers and Hans Wilhelmsson of KPMG Bohlins as the Company's auditors for a period of four years. Remuneration paid to KPMG Bohlins for audit assignments and for other assignments is reported below.

Fees and other compensation to auditors, SEK m.	Group		Parent Company	
	2004	2003	2004	2003
Auditing assignments	7.9	7.3	0.2	0.2
Other assignments	10.6	8.5	1.5	1.2
	18.5	15.8	1.8	1.4

**Note 3 - Net sales, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
<b>Real estate management</b>				
Rental revenues, etc.	843	830		
Interest subsidies	2	2		
Sales, properties classified as current assets and participations, revenues	15	24		
Other revenues	23	16		
	883	872	-	-
<b>Equity management</b>				
Sales of securities, etc.	833	724		171
Dividends on shares entered as fixed assets	100	72	100	72
Dividends on shares entered as current assets	8	5		
Result from shares in Group companies, dividends			881	242
Result from shares in associated companies, dividends			128	536
	941	800	1,109	1,021

	Group		Parent Company	
	2004	2003	2004	2003
<b>Hufvudstaden</b>				
Real estate management	1,273	1,286		
Other operations	85	83		
	1,358	1,369	-	-
<b>Holmen</b>				
Newsprint and magazine paper	7,814	7,788		
Paperboard	4,745	4,760		
Pulp	106	133		
Wooden products	492	510		
Timber	2,141	2,077		
Power	344	537		
Other	11	11		
	15,653	15,816	-	-
	18,835	18,857	1,109	1,021

**Note 4 - Depreciation/amortization, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
<b>Depreciation/amortization according to plan by type of asset</b>				
Goodwill, rental rights and similar rights	- 63	- 48		
Buildings and land				
Business properties	- 126	- 127		
Investment properties	- 113	- 114		
Real estate equipment	- 31	- 23		
Machinery and equipment	- 1,043	- 1,030	- 0	- 0
	- 1,377	- 1,343	- 0	- 0
<b>Depreciation/amortization according to plan by business segment and function</b>				
<b>Lundbergs</b>				
Real Estate Management				
- Depreciation	- 37	- 34		
- Central administrative costs	- 2	- 2		
Equity Management				
- Operating expenses	- 0	- 0		
<b>Hufvudstaden</b>				
- Administration	- 2	- 2		
- Depreciation	- 110	- 106		
- Other operations	- 1	- 1		
<b>Holmen</b>				
- Depreciation	- 1,216	- 1,182		
Central administrative costs	- 0	- 0	- 0	- 0
Financial items	- 9	- 15		
	- 1,377	- 1,343	- 0	- 0

**Note 5 - Results from participations in Group and associated companies, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Group companies				
Holmen AB (publ)				
Dividends received			881	242
	-	-	881	242
Associated companies				
Cardo AB (publ)				
Dividends received			86	402
Participation in profit	121	148		
Amortization of goodwill	- 62	- 60		
	59	88	86	402
NCC AB (publ)				
Dividends received			38	132
Write-down reversal/write-down	80	- 80	282	- 311
Participation in profit/loss	130	- 25		
	209	- 105	320	- 179
Ramirent Oyj				
Dividends received			2	
Participation in profit <sup>1</sup>	11			
Amortization of goodwill	- 1			
	10	-	2	-
Stadium AB				
Dividends received			1	1
Participation in profit	24	20		
Amortization of goodwill	- 9	- 9		
	15	11	1	1
Indirectly owned associated companies via Holmen				
Participation in loss	25	- 6		
	318	- 12	1,290	466

1) Based on estimates.

**Note 6 - Other operating revenues, SEK m.**

	Group	
	2004	2003
Sale of by-products	163	220
Electricity certificates	67	38
Sale of fixed assets	61	18
Rental fees and ground rent	22	19
Forestry assignments	51	43
Other	50	85
	414	423

Government support of SEK 67 m. (38), as defined in RR 28, was received in the form of revenues pertaining to electricity certificates.

**Note 7 - Results from other securities and receivables classified as fixed assets, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Dividends	89		89	
Capital gains	0	0	0	0
Write-downs	- 51	- 0	- 51	- 0
Leasing revenues		1		
Other	- 0	2	- 1	- 0
	38	2	37	0

**Note 8 - Interest income and similar income statement items, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Interest income, Group companies			11	7
Interest income, others	27	26	1	3
Other	5	10		
	32	35	12	10

**Note 9 - Interest expense and similar income statement items, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Interest expense, Group companies			- 13	- 9
Interest expense, others	- 255	- 271	- 22	- 32
Compensation for interest-rate differences, property loans	- 243	- 259		
Interest expense, property loans	- 107			
Other	- 1	- 1	- 1	- 1
	- 605	- 532	- 35	- 42

**Note 10 - Appropriations, SEK m.**

	Parent Company	
	2004	2003
Difference between book depreciation and depreciation according to plan	0	- 0
Tax allocation reserve, allocation during the year	- 49	- 102
Tax allocation reserve, reversal	216	194
	167	92

**Note 11 - Taxes, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Current tax cost				
Tax cost during the year	- 483	- 679	- 58	- 42
Tax attributable to previous years	8	45	2	1
Deferred tax cost/tax revenue				
- pertaining to temporary differences	- 127	- 151	- 16	1
- resulting from previous capitalization of tax value in loss carryforwards		- 26		
Tax on participation in associated company profit	- 61	- 56		
	- 662	- 867	- 72	- 40
<b>Reported profit before taxes</b>	<b>2,909</b>	<b>2,944</b>	<b>1,586</b>	<b>614</b>
Tax according to tax rate				
applying for Parent Company	- 815	- 824	- 444	- 172
Effect of other tax rates				
for foreign subsidiaries	- 18	- 26		
Amortization of consolidated goodwill	- 43	- 25		
Other non-tax-deductible costs	- 20	- 45	- 15	- 92
Non-taxable revenues	220	38	401	233
Tax disputes	26	- 41		
Tax attributable to prior years	8	46	2	1
Utilization of previously non-capitalized loss carryforwards	0	31		
Tax in associated companies	19	- 22		
Other	- 40	2	- 16	- 10
	- 662	- 867	- 72	- 40
Reported effective tax	22.8%	29.5%	4.5%	6.5%
Tax items entered directly in shareholders' equity				
Group contributions received/granted			18	- 43
	-	-	18	- 43

**Note 11, continued****Ongoing tax disputes**

*Lundbergs* - Lundbergs has filed an appeal with the administrative appeal court regarding a decision made by the county appeal court in November 2004, whereby the Parent Company's claim for a deduction for Group contributions to a subsidiary was not approved. An appeal has also been filed with the county appeal court regarding a decision by the tax authorities to refuse to exempt leasing fees from taxation. These cases trace their roots to previously rejected claims for value depletion in the 1989–1991 tax returns. The appealed decisions should be viewed in a single context. The combined amount for tax and charges is SEK 96 m. A provision of SEK 52 m. has already been posted. It is not considered necessary to post a provision for the remaining amount.

*Holmen* - The county appeal court has accepted MoDo Capital's appeal and dismissed the tax authorities' decision to charge the company taxes and charges of SEK 538 m. in arrears. Since Holmen had not posted provisions for tax costs pertaining to this matter, the county appeal court's decision had no impact on earnings. The tax authorities have appealed the county appeal court's decision to the administrative appeal court.

The tax authorities' decision in December 2003 to increase Holmen AB's tax costs by slightly more than SEK 700 m. was reassessed and has been withdrawn by the National Tax Board. However, the National Tax Board has returned to the matter and appealed to the county appeal court that tax for the 1999–2002 tax years be increased by about SEK 400 m. Holmen will contest the claim. Holmen has not posted provisions for any tax consequences.

**Note 12 - Goodwill, rental rights and similar rights, SEK m.**

	Group	
	2004	2003
<b>Accumulated acquisition value</b>		
On January 1	848	832
Translation differences during the year	- 6	- 5
Acquisitions during the year	102	21
	<b>943</b>	<b>848</b>
<b>Accumulated depreciation according to plan</b>		
On January 1	- 261	- 213
Divestments and scrappage during the year	1	0
Amortization during the year	- 63	- 49
	<b>- 324</b>	<b>- 261</b>
<b>PLANNED RESIDUAL VALUE</b>	<b>620</b>	<b>586</b>

Goodwill accounts for SEK 583 m. (556) of planned residual value.

**Note 13 - Tangible fixed assets, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
<b>BUILDINGS AND LAND</b>				
<b>BUSINESS PROPERTIES</b>				
<b>Accumulated acquisition value</b>				
On January 1	10,763	10,778		
Acquisitions during the year	14	35		
Divestments and scrappage during the year	- 12	- 14		
Translation differences during the year	2	- 36		
	<b>10,767</b>	<b>10,763</b>	-	-
<b>Accumulated depreciation according to plan</b>				
On January 1	- 2,014	- 1,924		
Divestments and scrappage during the year	7	11		
Translation differences during the year	6	26		
Depreciation during the year	- 126	- 127		
	<b>- 2,127</b>	<b>- 2,014</b>	-	-
<b>PLANNED RESIDUAL VALUE</b>	<b>8,640</b>	<b>8,749</b>	-	-
of which, forestland	6,301	6,301		

Includes SEK 2,423 m. (2,425) for a write-up of forestland.

	Group		Parent Company	
	2004	2003	2004	2003
<b>INVESTMENT PROPERTIES</b>				
<b>Accumulated acquisition value</b>				
On January 1	10,000	9,996		
Acquisitions during the year	91	42		
Reclassification	40	9		
Write-downs/reversals of write-downs	- 283	- 47		
	<b>9,848</b>	<b>10,000</b>	-	-
<b>Accumulated depreciation according to plan</b>				
On January 1	- 891	- 805		
Divestments and scrappage during the year	3	1		
Depreciation during the year	- 88	- 87		
	<b>- 977</b>	<b>- 891</b>	-	-
<b>Accumulated write-ups</b>				
On January 1	4,758	4,785		
Depreciation during the year	- 25	- 27		
	<b>4,733</b>	<b>4,758</b>	-	-
<b>Accumulated write-downs</b>				
On January 1	- 87	- 93		
Reversed write-downs during the year	4	6		
Write-downs during the year	- 1	- 0		
	<b>- 84</b>	<b>- 87</b>	-	-
<b>PLANNED RESIDUAL VALUE</b>	<b>13,520</b>	<b>13,779</b>	-	-
of which, land	5,070	5,060		
<b>CONSTRUCTION, EXTENSIONS OR REFURBISHMENT IN PROGRESS</b>				
<b>Accumulated acquisition value</b>				
On January 1	236	248		
Acquisitions during the year	668	125		
Reclassification	- 140	- 137		
	<b>764</b>	<b>236</b>	-	-
<b>REAL-ESTATE EQUIPMENT</b>				
<b>Accumulated acquisition value</b>				
On January 1	504	426		
Reclassification	99	66		
New acquisitions	33	13		
Divestments and scrappage during the year	- 0	0		
	<b>636</b>	<b>504</b>	-	-
<b>Accumulated depreciation according to plan</b>				
On January 1	- 220	- 196		
Divestments and scrappage during the year	0			
Depreciation according to plan during the year	- 31	- 23		
	<b>- 251</b>	<b>- 220</b>	-	-
<b>PLANNED RESIDUAL VALUE</b>	<b>386</b>	<b>285</b>	-	-

	Group		Parent Company	
	2004	2003	2004	2003
<b>MACHINERY AND EQUIPMENT</b>				
<b>Accumulated acquisition value</b>				
On January 1	21,080	20,778	4	4
Acquisitions during the year	628	724	1	0
Translation differences during the year	- 67	- 225		
Divestments and scrappage during the year	- 148	- 197	- 0	- 1
	<b>21,493</b>	<b>21,080</b>	<b>5</b>	<b>4</b>
<b>Accumulated depreciation according to plan</b>				
On January 1	- 11,575	- 10,879	- 2	- 2
Divestments and scrappage during the year	131	178	0	1
Translation differences during the year	33	157		
Depreciation according to plan during the year	- 1,044	- 1,030	- 0	- 0
	<b>- 12,454</b>	<b>- 11,575</b>	<b>- 2</b>	<b>- 2</b>
<b>PLANNED RESIDUAL VALUE</b>	<b>9,038</b>	<b>9,505</b>	<b>3</b>	<b>2</b>
Accumulated depreciation includes write-downs of SEK 532 m. (write-downs: 539). The scope of operational leasing agreements in the Group is limited. For reasons of prudence, supplementary information about these items is therefore not provided.				
<b>LEASING EQUIPMENT</b>				
<b>Accumulated acquisition value</b>				
On January 1		1		
Divestments and scrappage during the year		- 1		
	-	-	-	-
<b>Accumulated depreciation according to plan</b>				
On January 1		- 1		
Divestments and scrappage during the year		1		
	-	-	-	-
<b>PLANNED RESIDUAL VALUE</b>	-	-	-	-
<b>Tax-assessment value of properties reported as fixed assets</b>				
Business properties				
Forest and agricultural properties	8,117	7,702		
Buildings, other land, etc.	3,728	3,487		
	<b>11,845</b>	<b>11,189</b>	-	-
Investment properties				
Buildings	8,701	14,241		
Land	5,686	3,221		
	<b>14,387</b>	<b>17,463</b>	-	-

In the consolidated accounts, a total of SEK 110 m. has been added to the value of buildings and land to cover write-ups of shares in associated companies during prior years.

#### DUE DATES, RENTAL REVENUES

Rental revenues during the year (gross less vacancies) totaled SEK 2,118 m. (2,117). Future rents attributable to non-cancelable operational leasing contracts have the following due dates.

	Group	
Due dates, SEK m.	2004	2003
Within one year		
Commercial premises	268	220
Housing	424	421
Other	76	64
Between one and five years		
Commercial premises	1,048	1,104
Other	94	88
Later than five years		
Commercial premises	139	184
Other	3	17
	<b>2,052</b>	<b>2,097</b>

#### INFORMATION REGARDING FAIR VALUE OF INVESTMENT PROPERTIES

	Group	
	2004	2003
January 1 <sup>1</sup>	21,841	21,931
December 31	22,103	21,841

1) Hufvudstaden's value is based on a valuation conducted on March 31, 2003.

When calculating fair value, 11% of the figure is based on valuations conducted by independent appraisers with acknowledged qualifications and with current knowledge about the valuation of properties of the type and location concerned. Other valuations were performed by internal appraisers. Fair value was appraised using a combination of the location-price and yield methods.

Hufvudstaden's properties were valued using the yield method, which is based on the operating surplus calculated in accordance with market-adapted rental revenues, vacancy rates of 5-7% and standardized operation, maintenance and property-administration costs. The required yield varies from location to location and ranges from 5.75 to 7.0%. The required yield for leasehold properties has been increased by 0.5 of a percentage point. The required yield for other properties is based on discounted cash flow during the forthcoming ten-year period and thereafter at a perpetual yield. The discounting factor ranges from 6.0 to 12.9%. The cash flow calculations are based on an assumed inflation rate of 2 to 2.5%, standardized maintenance costs and a normalized vacancy rate. This valuation is then weighted with location-price factors in order to arrive at a final valuation per property.

#### INVESTMENT PROPERTIES – IMPACT ON PROFIT DURING THE PERIOD

Since all investment properties generate rental revenues, see the income statement for information on revenues and direct costs.

## Note 14 - Participations in Group companies, SEK m.

							Parent Company	
							2004	2003
<b>Accumulated acquisition value</b>								
On January 1							3,930	3,921
Acquisitions during the year							344	9
Divestments during the year								- 1
<b>BOOK VALUE</b>							<b>4,275</b>	<b>3,930</b>
<b>Specification of the Parent Company's holdings of shares and shareholdings in Group companies</b>								
	Corp. reg. no.	Registered Head Office	Number of participations 2004	Shareholding as a % <sup>1</sup>		Market value 2004-12-31	Book value	
				2004	2003		2004	2003
Fastighets AB L E Lundberg (publ)	556049-0483	Norrköping	250,000	100	100		165	165
L E Lundberg Kapitalförvaltning AB	556188-2290	Stockholm	150,000	100	100		15	15
L E Lundberg Invest AB	556033-7171	Stockholm	16,419,018	100	100		0	0
L E Lundberg Holding AB	556563-2477	Stockholm	1,000	100	100		1,153	1,153
Förvaltnings AB L E Lundberg	556036-2260	Stockholm	1,000	100	100		0	0
Östgöta Holding AB	556330-0895	Stockholm	1,000	100	100		0	0
							<b>1,333</b>	<b>1,333</b>
Holmen AB (publ)	556001-3301	Stockholm	23,608,916	27.9 (51.9)	27.5 (52.2)	5,626	2,941	2,597
							<b>4,275</b>	<b>3,930</b>
<b>Indirekt ägda koncernföretag (större innehav)</b>								
<i>Owned by L E Lundberg Holding AB</i>								
Hufvudstaden AB (publ)	556012-8240	Stockholm	93,318,909	45.2 (88.0)	45.2 (88.0)	4,470		
- AB Citypalatset	556034-7246	Stockholm	1,200	100	100			
- AB Nordiska kompaniet	556008-6281	Stockholm	19,460,666	100	100			
- Aktiebolaget Hamngatsgaraget	556068-6601	Stockholm	3,000	100	100			
- Fastighetsaktiebolaget Medusa	556018-7238	Stockholm	300	100	100			
- Vasaterminalen AB	556118-8722	Stockholm	2,022,000	100	100			
- Parkaden AB	556085-3599	Stockholm	5,000	100	100			
<i>Owned by Holmen AB (publ)</i>								
Fiskeby AB	556000-9218	Norrköping	2,000,000	100	100			
Holmens Bruk AB	556002-0264	Norrköping	49,514,201	100	100			
AB Iggesunds Bruk	556000-8053	Hudiksvall	6,002,500	100	100			
Junkaravan AB	556227-3630	Örnsköldsvik	1,537,398	100	100			
MoDo Holding AB	556537-6281	Örnsköldsvik	100	100	100			
Holmen UK Ltd, United Kingdom		Workington	1,197,100	100	100			
Holmen Suecia Holding SL, Spain		Madrid	9,448,557	100	100			

1) The proportion of voting rights is presented within parentheses under the proportion of share capital, if these two percentages are not identical.

## Note 15 - Participations in associated companies

		Group		Parent Company	
		2004	2003	2004	2003
<b>Accumulated acquisition value</b>					
On January 1		4,991	4,814	3,129	3,216
Purchases			178		131
Divestments		- 11			
Write-down reversal/Write-down		80	- 94	282	- 311
Reclassification, etc.			94		94
		<b>5,060</b>	<b>4,991</b>	<b>3,411</b>	<b>3,129</b>
<b>Accumulated profit participations, etc.</b>					
On January 1		- 244	320		
Participation in associated companies' net profit		119	- 441		
Changes in associated companies' shareholders' equity		- 43	- 53		
Goodwill amortization during the year		- 72	- 69		
Divestments		- 15			
		<b>- 255</b>	<b>- 244</b>		
<b>BOOK VALUE</b>		<b>4,805</b>	<b>4,748</b>	<b>3,411</b>	<b>3,129</b>

## Specification of Parent Company and Group holdings of participations in associated companies

	Corp. reg. no.	Registered Head Office	Number of participations 2004	Shareholding as a % <sup>1</sup>		Market value Dec 31, 2004	Group		Parent company <sup>2</sup>	
				2004	2003		2004	2003	2004	2003
<b>Directly owned</b>										
Altima AB (publ)	556223-6371	Solna	-	-	13.6		-	94	-	94
Cardo AB (publ)	556026-8517	Malmö	10,800,000	36.0	36.0	2,057	1,866	1,960	2,021	2,021
NCC AB (publ)	556034-5174	Solna	13,964,000	13.6	13.6	1,223	918	764	1,046	764
				(18.5)	(17.7)					
Ramirent Oyj <sup>3</sup>		Helsingfors	845,380	6.5	-	151	98	-	94	-
Stadium AB	556187-3299	Norrköping	25,000	20.0	20.0		257	250	250	250
							<b>3,137</b>	<b>3,068</b>	<b>3,411</b>	<b>3,129</b>
<b>Indirectly owned</b>										
Harrsele AB	556036-9398	Sundsvall	9,886	49.4	49.4		1,488	1,489		
Industriskog AB	556193-9470	Falun	25,000	33.3	33.3		0	0		
Les Bois de la Baltique SA		Rouen			33.3		-	20		
Cartón y Papel Reciclado SA		Madrid	1,100,098	50.0	50.0		91	91		
Ets Emilie Llau SA		Lorp-Sentaraille	7,381	38.0	38.0		28	28		
Peninsular Cogenaracion SA		Madrid	4,500	50.0	50.0		56	48		
Misc. shareholdings							5	5		
							<b>4,805</b>	<b>4,748</b>	<b>3,411</b>	<b>3,129</b>

1) The proportion of voting rights is presented within parentheses under the proportion of share capital, if these two percentages are not identical.

2) The book value of the Series B NCC shares is SEK 27 m. (135) less than the acquisition value. In the preceding year, the book value of the Series A NCC shares was SEK 176 m. less than the acquisition value. The recoverable value is determined on the basis of the stock-market price of the shares.

3) Consolidated goodwill on the acquisition was SEK 5 m.

In the Group's income statement, participations in the results of associated companies are reported in two items: firstly, as pretax profit including any amortization of surplus value, which is included in operating profit; and secondly, as participations in the taxes of associated companies, which are reported together with the Group's taxes.

Non-distributed accumulated participations in the results of associated companies are allocated to an equity participation reserve, which constitutes part of the Group's restricted reserves. The equity participation reserve for directly owned associated companies amounts to SEK 10 m. (0). Accumulated losses of SEK 284 m. (61) were charged against the Group's unrestricted shareholders' equity. The consolidated shareholders' equity is SEK 272 m. (59) lower than if the participations were reported at acquisition value.

## Note 16 - Other long-term holdings of securities, SEK m.

						Group		Parent company	
						2004	2003	2004	2003
<b>Accumulated acquisition value</b>									
On January 1						1,774	1,296	1,671	1,181
Acquisitions during the year						716	654	716	666
Divestments during the year						- 0	- 176	0	- 176
						<b>2,490</b>	<b>1,774</b>	<b>2,387</b>	<b>1,671</b>
<b>Accumulated write-downs</b>									
On January 1						- 60	- 115	- 43	- 98
Divestments during the year						0	55	0	55
Write-downs during the year						- 51	0	- 51	0
						<b>- 111</b>	<b>- 60</b>	<b>- 94</b>	<b>- 43</b>
<b>BOOK VALUE</b>						<b>2,379</b>	<b>1,715</b>	<b>2,293</b>	<b>1,628</b>
			Percentage shareholding		Market value		Group		Parent Company
			2004	2003	2004-12-31	2004	2003	2004	2003
<b>PARENT COMPANY</b>									
<b>Major shareholdings</b>									
Industrivärden A		Proportion of share capital	10.5	7.8	3,432	2,280	1,579	2,280	1,579
		Proportion of voting rights	14.4	10.7					
<b>Other shares</b>									
Industrial Development & Investment Equity KB						0	49	0	49
Other shares						13	0	13	0
						<b>13</b>	<b>49</b>	<b>13</b>	<b>49</b>
<b>GROUP</b>									
<b>Other shares</b>									
Brännälvens Kraft AB						36	36		
Papeles Allende SA, Spain						49	49		
Other shares						0	1		
						<b>86</b>	<b>86</b>	<b>-</b>	<b>-</b>
						<b>2,379</b>	<b>1,715</b>	<b>2,293</b>	<b>1,628</b>

**Note 17 - Other long-term receivables, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
<b>Accumulated acquisition value</b>				
On January 1	187	219	25	25
Receivables added	13	1	0	20
Receivables settled	- 45	- 32	- 20	- 20
	<b>156</b>	<b>187</b>	<b>5</b>	<b>25</b>
<b>Accumulated write-downs</b>				
On January 1	- 4	- 4	- 1	- 1
Receivables settled	4	0		0
Write-downs during the year	- 0	- 0	- 0	- 0
	<b>- 1</b>	<b>- 4</b>	<b>- 1</b>	<b>- 1</b>
<b>BOOK VALUE</b>	<b>155</b>	<b>183</b>	<b>5</b>	<b>25</b>

**Note 18 - Properties classified as current assets, SEK m.**

	Group	
	2004	2003
<b>Development properties</b>		
On January 1	124	126
Acquisitions during the year	6	11
Reclassifications	1	0
Divestments and scrappage	- 8	- 14
Write-downs	7	- 0
<b>BOOK VALUE</b>	<b>130</b>	<b>124</b>

The tax-assessed value of the Group's properties amounted to SEK 143 m. (145). The estimated fair value in accordance with internal valuations is SEK 257 m. (197).

**Note 19 - Inventories, etc., SEK m.**

	Group	
	2004	2003
Shares in publicly traded companies	328	254
Felling rights	285	234
Finished products, goods for resale and products in progress	1,157	1,062
Advances to suppliers	6	4
Raw materials and consumables	808	772
Timber and pulpwood	143	132
	<b>2,727</b>	<b>2,458</b>

At year-end, the market value of shares in publicly traded companies was SEK 361 m. (272).

**Note 20 - Förutbetalda kostnader och upplupna intäkter, Mkr**

	Group		Parent Company	
	2004	2003	2004	2003
Prepaid expenses	118	106	1	1
Accrued rental revenues, etc.	12	18		
Accrued interest on rental revenues	3	10		
Other	6	9		
	<b>139</b>	<b>142</b>	<b>1</b>	<b>1</b>

**Note 21 - Cash and bank balances, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Overdraft facility granted	2,160	2,165	100	100
Overdraft facility utilized	- 70	- 55	- 70	- 55
<b>Amount disposable</b>	<b>2,090</b>	<b>2,110</b>	<b>30</b>	<b>45</b>

**Note 22 - Shareholders' equity, SEK m.**

	Un-restricted equity	Restricted equity Share capital	Restricted reserves	Total equity
<b>Group</b>				
On January 1, 2003	10,067	621	1,092	11,780
Dividend	- 372			- 372
Effect of new accounting principle	- 75			- 75
Translation difference during the year	- 88			- 88
Change in Group composition, due to such factors as repurchase of own shares in other Group companies	- 13			- 13
Transfer between restricted and unrestricted shareholders' equity	348		- 348	0
Reported net profit for the year	822			822
<b>BALANCE, DECEMBER 31, 2003</b>	<b>10,688</b>	<b>621</b>	<b>744</b>	<b>12,054</b>
Dividend	- 403			- 403
Repurchase of own shares in Parent Company	- 17			- 17
Effect of new accounting principle	- 41			- 41
Translation difference during the year	- 6			- 6
Transfer between restricted and unrestricted shareholders' equity	68		- 68	0
Reported net profit for the year	1,010			1,010
<b>BALANCE, DECEMBER 31, 2004</b>	<b>11,299</b>	<b>621</b>	<b>676</b>	<b>12,596</b>
<b>Parent Company</b>				
On January 1, 2003	6,743	621	344	7,708
Dividend	- 372			- 372
Group contributions received/granted	154			154
Tax effect of Group contributions	- 43			- 43
Reported net profit for the year	574			574
<b>BALANCE, DECEMBER 31, 2003</b>	<b>7,054</b>	<b>621</b>	<b>344</b>	<b>8,019</b>
Dividend	- 403			- 403
Repurchase of own shares	- 17			- 17
Group contributions received/granted	- 65			- 65
Tax effect of Group contributions	18			18
Reported net profit for the year	1,515			1,515
<b>BALANCE, DECEMBER 31, 2004</b>	<b>8,102</b>	<b>621</b>	<b>344</b>	<b>9,067</b>

**RESTRICTED RESERVES**

Restricted funds may not be reduced by means of profit distribution. Legal reserves – The purpose of legal reserves is to save a portion of the net profit that is not required to cover any carried forward loss. Other items that may be included in restricted reserves are, for example, the equity participation reserve, the premium reserve, the write-up reserve and exchange-rate differences.

**UNRESTRICTED SHAREHOLDERS' EQUITY**

Earnings brought forward – Consists of the preceding year's unrestricted shareholders' equity, possibly following an allocation to legal reserves and after any profit distribution has been granted. This item plus reported net profit for the year constitutes total unrestricted shareholders' equity, that is the amount that is freely available for distribution as dividends to shareholders.

	Series A shares	Series B shares
Total shares issued (all shares are fully paid)	24,000,000	38,145,483
Number of shares outstanding at beginning of year	24,000,000	38,075,083
Number of shares outstanding at year-end	24,000,000	38,000,000
Number of voting rights per share	10	1
The average number of shares outstanding during 2004 was 62,013,093 (62,075,083). Series B shares are listed on Stockholm Stock Exchange's O List.		
Shareholders are entitled to request conversion of Series A shares to Series B shares. No such conversions were effected during the year.		

**Note 23 - Accumulated depreciation in excess of plan, SEK m.**

	Parent Company 2004	2003
Machinery and equipment	0	0
	0	0

Untaxed reserves include SEK 0 m. (0) for deferred tax. Deferred tax is not included in the Parent Company's balance sheet, only in the Group's.

**Note 24 - Tax allocation reserves, SEK m.**

	Parent Company 2004	2003
Tax allocation reserve, allocated for 1999 tax year		36
Tax allocation reserve, allocated for 2000 tax year		174
Tax allocation reserve, allocated for 2001 tax year	14	14
Tax allocation reserve, allocated for 2002 tax year	25	30
Tax allocation reserve, allocated for 2003 tax year	1	1
Tax allocation reserve, allocated for 2004 tax year	101	102
Tax allocation reserve, allocated for 2005 tax year	49	
	190	357

Untaxed reserves include SEK 53 m. (100) for deferred tax. Deferred tax is not included in the Parent Company's balance sheet, only in the Group's.

**Note 25 - Provision for deferred taxes, SEK m**

	Group 2004			Group 2003		
	Asset	Liability	Net	Asset	Liability	Net
Buildings and land	- 3,701	- 3,701		- 3,760	- 3,760	
Machinery and equipment	- 1,564	- 1,564		- 1,615	- 1,615	
Pension provisions	100		100	109		109
Untaxed reserve		- 858	- 858		- 894	- 894
Tax loss carryforwards	299		299	271		271
Other provisions	12	- 595	- 583	34	- 557	- 523
	411	- 6,719	- 6,308	414	- 6,826	- 6,412

There were no tax loss carryforwards that were not matched by deferred tax assets at year-end. The tax rate used for net-asset acquisitions is 10%.

**Note 26 - Avsättningar för pensioner, Mkr**

For a description of the Group's pension obligations, see the accounting principles on page 41. Occupational pension plans in Sweden (ITP plan) for which premiums were paid to Alecta and alternative ITP plans amount to SEK 52 m. (54). The item called provision for pensions totals SEK 409 m., of which Lundbergs accounts for SEK 38 m., Holmen for SEK 367 m. and Hufvudstaden for SEK 5 m.

Lundbergs – Within this business segment, there are also occupational pension solutions in accordance with FPG/PRI. Information on these defined-premium pension plans is presented below.

	Group	
Pension costs, SEK m.	2004	2003
Cost of employee pensions	1	2
Interest expense	2	1
	3	3

The cost of employee pensions is reported as an operating expense. The interest expense is reported in net financial items.

Insofar as the total gain or loss resulting from changed actuarial assumptions falls outside a corridor corresponding to 10% of the higher of either the pension obligation or the fair value of the plan assets, the gain or loss is entered in the income statement.

**Net value of defined-benefit pension obligations, SEK m.**

	Group 2004
Defined-benefit pension obligations	39
Unreported actuarial gains and losses, net	-1
<b>Provision for pensions, net</b>	<b>38</b>
Of which, credit insured via FPG/PRI	33
<b>Trend of pension liability, SEK m.</b>	
Opening balans	30
Effect of transition to RR 29 on January 1, 2003	5
	34
Pension cost	3
Pension payments	0
Redeemed benefits	0
	3
	38

**Significant actuarial assumptions, %**

	Dec 31, 2004	Dec 31, 2003
Discount interest rate	4.5	5.0
Future pay increases	3.0	3.5
Future inflation	2.0	2.0

**Holmen** – Within this business segment, there are pension obligations in the UK that are within trusts. Obligations for Executive Management in Sweden exceeding the ITP plan are funded via pension foundations. Information regarding pension plans reported as defined-benefit pensions is presented below.

	Group	
Pension costs, SEK m.	2004	2003
Cost of employee pensions	28	26
Interest expense	75	70
Anticipated return on plan assets	- 69	- 57
	34	39

The cost of employee pensions is reported as an operating expense. The net of interest expense and the anticipated return on plan assets is reported in net financial items as an interest expense. Insofar as the total gain or loss resulting from changed actuarial assumptions falls outside a corridor corresponding to 10% of the higher of either the pension obligation or the fair value of the investment assets, the gain or loss is entered in the income statement evenly accrued over the employees' remaining average period of employment. The actual return on investment assets in 2004 was SEK 97 m. The obligations below pertain mainly to pension plans in the UK.

	Group	
Net value of defined-benefit pension obligations, SEK m.	2004	2003
Defined-benefit pension obligations	1,474	1,358
Fair value of plan assets	- 1,138	- 1,039
	336	319

Unreported actuarial gains and losses, net	31	65
<b>Provision for pensions, net</b>	<b>367</b>	<b>384</b>

The investment assets do not include any financial instruments issued by Group companies or any assets used by the Group.

	Group	
Trend of pension liability, SEK m.	2004	2003
Funded plans, opening balance	362	-
Effect of transition to RR 29 on January 1, 2003	-	392
	362	392
Pension cost	34	39
Funds contributed by employer	- 58	- 37
Translation effects	- 3	- 32
	335	362
Other pensions	32	22
<b>Provision for pensions, net</b>	<b>367</b>	<b>384</b>

**Significant actuarial assumptions, %  
(weighted average)**

	Dec 31, 2004	Dec 31, 2003	Jan 1, 2003
Discount interest rate	5.1	5.4	5.4
Anticipated return on plan assets	5.8	6.0	6.3
Future pay increases	3.7	3.6	3.3
Future inflation	2.7	2.6	2.3

**Note 27 - Other provisions, SEK m.**

	Forestry reserve <sup>1</sup>	Personnel and restruct- uring costs	Property tax <sup>2</sup>	Taxes	Other	Total
<b>Group</b>						
January 1	142	27	163	85	65	482
Provisions during the year	85	28	2	2	24	141
Utilized during the year	- 82	- 17	- 94		- 5	- 199
	<b>145</b>	<b>38</b>	<b>70</b>	<b>87</b>	<b>84</b>	<b>424</b>
Current portion	85	32			1	118
Long-term portion	60	6	70	87	83	306
	<b>145</b>	<b>38</b>	<b>70</b>	<b>87</b>	<b>84</b>	<b>424</b>

- 1) The forestry reserve pertains to a provision for reforestation measures after completed felling.
- 2) Hufvudstaden subsidiary Vasaterminalen AB previously received the right to appeal to the Supreme Administrative Court regarding whether or not the property Terminalen 1 should be classified as a rental unit for the purpose of property taxation. The matter has now been resolved and the company's appeal has been rejected. A provision was previously posted for an amount corresponding to the tax authority's claim, plus interest on the additional tax. During 2004, the 1991-1993 tax years were finally settled for tax purposes.

**Note 28 - Liabilities to credit institutions, SEK m.**

	Group	
	2004	2003
Loans for completed properties	3,680	3,984
Other liabilities to credit institutions	359	1,488
	<b>4,039</b>	<b>5,472</b>
Current portion of loans on investment properties	955	1,071
Current portion of liabilities to credit institutions	1,236	579
	<b>2,191</b>	<b>1,650</b>
<b>Total liabilities to credit institutions</b>	<b>6,230</b>	<b>7,121</b>
Payment due 1 – 5 years after December 31, 2004	3,339	5,160
Payment due later than 5 years from December 31, 2004	700	312
	<b>4,039</b>	<b>5,472</b>
<b>Pledged assets</b>		
Property mortgages	3,539	3,846
	<b>3,539</b>	<b>3,846</b>

**Note 29 - Other liabilities, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
<b>Long term</b>				
Subordinated loans		42		
<b>Other liabilities</b>	2,280	12		
	<b>2,280</b>	<b>54</b>	-	-
<b>Current</b>				
Commercial paper	1,346	1,243		
Subordinated loans		358		
<b>Other liabilities</b>	1,102	1,295	680	823
	<b>2,448</b>	<b>2,896</b>	<b>680</b>	<b>823</b>
<b>Collateral pledge</b>				
Bank accounts	44	45		
	<b>44</b>	<b>45</b>	-	-

Other liabilities include a total of SEK 10 m. (market value) for options on shares in Holmen AB (publ) that were issued to senior executives in these companies. The corresponding amount in 2003 was SEK 10 m., which also included options on Hufvudstaden AB (publ) shares.

Agreements have been concluded concerning the issue of commercial paper in the Swedish money market in a total nominal amount of not more than SEK 2,000 m. for Lundbergs. Holmen has a committed line of credit totaling EUR 500 m. that runs until 2007. It also has a committed line of credit totaling EUR 80 m. connected to the ongoing investment in Spain. Holmen's day-to-day financing was arranged mainly via the group's Swedish commercial paper program subject to a limit of SEK 6,000 m. and through a Swedish Medium Term Note subject to a limit of SEK 4,000 m. At year-end, Lundbergs had SEK 250 m. and Holmen had SEK 1,096 m. of the commercial paper programs outstanding, and Holmen had SEK 2,266 m. of the MTN program outstanding.

**Note 30 - Information regarding fair value of financial instruments, SEK m.**

	Group Value, Dec. 31, 2004		Group Value, Dec. 31, 2003		Parent Company Value, Dec. 31, 2004		Parent Company Value, Dec. 31, 2003	
	Book	Fair	Book	Fair	Book	Fair	Book	Fair
<b>Assets</b>								
Financial receivables	135	138	139	143	1	1	4	4
Accounts receivable and other receivables	2,675	2,675	2,459	2,459	4	4	3	3
Short-term investments and cash and bank balances	428	428	832	832	80	80	37	37
Unrealized gains on fixed-income derivatives/interest-rate swaps	7	20	3	50				
Unrealized gains on currency derivatives	8	8	19	17				
Receivables from Group companies	-	-	-	-	916	916	986	986
	<b>3,253</b>	<b>3,269</b>	<b>3,452</b>	<b>3,501</b>	<b>1,001</b>	<b>1,001</b>	<b>1,030</b>	<b>1,030</b>
<b>Liabilities</b>								
Long-term liabilities	6,313	6,408	5,526	5,644				
Pensions	409	378	384	319				
Accounts payable	1,610	1,610	1,284	1,284	1	1	1	1
Other current liabilities	4,587	4,600	4,458	4,497	680	680	823	823
Unrealized loss on fixed-income derivatives/interest-rate swaps	37	154	35	148				
Unrealized loss on currency derivatives	10	12	30	28				
Liabilities to Group companies	-	-	-	-	963	963	402	402
	<b>12,965</b>	<b>13,161</b>	<b>11,717</b>	<b>11,920</b>	<b>1,644</b>	<b>1,644</b>	<b>1,227</b>	<b>1,227</b>

The reason for the difference between fair and book value is that assets and liabilities are not entered at market value in the balance sheet but at acquisition value. Fair value is based on discounted present value and market prices for currency forward contracts and interest-rate swaps.

**Note 31 - Contingent liabilities**

The contingent liabilities for the Parent Company and the Group include SEK 44 m. related to rejected tax deductions for Group contributions granted to subsidiaries and to a rejected claim for tax-exemption for leasing fees. The other contingent liabilities for the Group mainly pertain to the ongoing tax processes described in Note 11.

Supported by provisions under the Environmental Code, Swedish environmental authorities are currently focusing on matters involving land surveys and post-processing of closed down operations. In each individual case, the responsibility for post-processing is determined with the help of feasibility assessments. Accordingly, Holmen may have environmentally related contingent liabilities that cannot be quantified at present but which could give rise to costs or investments in the future.

**Note 32 - Accrued expenses and prepaid income, SEK m.**

	Group		Parent Company	
	2004	2003	2004	2003
Wages, salaries and social security costs	618	613	4	3
Rental revenues	274	299		
Interest expense	19	98		
Share payments	0	37		
Other	37	78	3	2
	<b>947</b>	<b>1,125</b>	<b>6</b>	<b>5</b>

## Proposed distribution of profits

### Group

The Group's unrestricted equity amounts to SEK 11,299 m. (10,088). An allocation of SEK 10,000 to restricted reserves is proposed.

To shareholders, a dividend of

SEK 7.00 per share

SEK 434 m.

To be carried forward

SEK 7,668 m.

SEK 8,102 m.

### L E Lundbergföretagen AB (publ)

The Board of Directors and President propose that the funds available for distribution by the Annual General Meeting, in an amount of SEK 8,102 m., or to be precise SEK 8,101,597,445.61, be distributed as follows:

April 12, 2005 is proposed as the record date for payment of dividends. If the Annual General Meeting approves the proposal, the dividends will be distributed by VPC on April 15, 2005.

Stockholm, February 29, 2005

Per Welin  
Chairman of the Board

Gunilla Berg

Lennart Bylock

Tom Hedelius

Sten Peterson

Bengt Pettersson

Christer Zetterberg

Fredrik Lundberg  
President and Chief Executive Officer

We have audited the annual report, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President of L E Lundbergföretagen (publ) for the 2004 fiscal year. The Board of Directors and the President are responsible for these accounts and the administration of the Company, and for ensuring that the Annual Accounts Act is applied when the annual report and the consolidated financial statements are compiled. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, evaluating the material estimations made by the Board of Directors and President when compiling the annual report and the consolidated financial statements, and evaluating the overall presentation of information in the annual report and consolidated financial statements.

We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and consequently provide a true and fair picture of the Company's and the Group's earnings and financial position in accordance with Generally Accepted Auditing Standards in Sweden. The Report of the Board of Directors is compatible with the other parts of the annual report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and the Group, that the profit in the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors, and that the members of the Board and the President be discharged from liability for the fiscal year.

Stockholm, March 4, 2005

Bo Ribers

Authorized Public Accountant

Hans Wilhelmsson

Authorized Public Accountant

**Per Welin**

Born 1936  
 Licentiate in Engineering. Chairman.  
 Elected to the Board 1990.  
 Board member of Autoliv, among others.  
 Number of shares (incl. companies): 12,700.

**Gunilla Berg**

Born 1960.  
 Elected to the Board 2004.  
 Board member of Alfa Laval.

**Lennart Bylock**

Born 1940  
 Elected to the Board 1997.  
 Chairman of Swede Ship Marine AB.  
 Board member of Malfors Promotor, the Swedish Nature and Culture Foundation and the Svenfeltska Foundation.  
 Number of shares (incl. companies): 35,000.

**Tom Hedelius**

Born 1939  
 Elected to the Board 2004.  
 Chairman of Industrivärden, Bergman & Beving and Anders Sandrew Foundation.  
 Board member of Addtech, Lagercrantz Group, SCA, the Jan Wallanders and Tom Hedelius Foundation, and Volvo.  
 Honorary Chairman of Handelsbanken.

**Fredrik Lundberg**

Born 1951  
 Doctor of Economics.  
 President and Chief Executive Officer of Lundbergs.  
 Elected to the Board 1975.  
 Chairman of Cardo, Holmen and Hufvudstaden. Board member of Handelsbanken, Industrivärden and NCC.  
 Number of shares (including companies): 32,250,047.

**Sten Peterson**

Born 1956  
 Elected to the Board 2001.  
 Number of shares: 4,000.

**Bengt Pettersson**

Born 1938  
 Elected to the Board 1999.  
 Chairman of BabyBjörn.  
 Board member of Cardo, Econova and Holmen.  
 Number of shares: 1,000.

**Christer Zetterberg**

Born 1941  
 Elected to the Board 1990.  
 Chairman of Mekonomen.  
 Board member of D Carnegie & Co, Ekman Co, Boo Forssjö AB, Micronic Laser Systems, Swedfund and Swede Ship Marine AB, among other companies.  
 Member of the Swedish Academy of Engineering Sciences.  
 Number of shares: 5,000.

**Auditors****Bo Ribers**

Born 1942. Authorized Public Accountant. KPMG.

**Hans Wilhelmsson**

Born 1944. Authorized Public Accountant. KPMG.

**DEPUTY AUDITORS**

**Carl Lindgren** Born 1958. Authorized Public Accountant. KPMG.

**Hans Åkervall** Born 1953. Authorized Public Accountant. KPMG.



Per Welin, Fredrik Lundberg



Upper photo: Christer Zetterberg, Tom Hedelius, Lennart Bylock. Lower photos: Sten Peterson, Bengt Pettersson, Gunilla Berg.

## L E Lundbergföretagen AB

**Fredrik Lundberg (1)**

Born 1951, employed since 1977.

President and Chief Executive Officer.

Number of shares (including companies): 32,250,047.

**Ulf Lundahl (2)**

Born 1952, employed since 2004.

Executive Vice President and Deputy CEO.

Number of shares: 10,000.

**Bernt-Olof Jalkner (3)**

Born 1942, employed since 1989.

Executive Vice President, Chief Financial Officer.

**Claes Boustedt (4)**

Born 1962, employed since 1991.

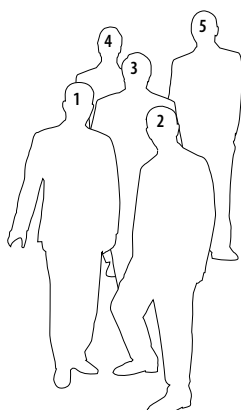
Executive Vice President,

President of L E Lundberg Kapitalförvaltning AB.

**Michael Grundberg (5)**

Born 1961, employed since 2002.

Portfolio Manager.





## Fastighets AB L E Lundberg

### **Peter Whass (1)**

Born 1954, employed since 1989.  
President.

### **Roger Ekström (2)**

Born 1961, employed since 2001.  
Information Manager, L E Lundbergföretagen AB,  
and Executive Vice President, Fastighets AB L E Lundberg AB.

### **Ingvar Nordén (3)**

Born 1943, employed since 1992.  
Executive Vice President, Head of Development Properties.  
Number of shares: 700.

### **Bertil Eskilstorp (4)**

Born 1936, employed since 1970.  
Regional Manager, Gothenburg.  
Number of shares: 1,000.

### **Lars Johansson (5)**

Born 1966, employed since 1991.  
Vice President Administration and Business Control.

### **Lars Klint (6)**

Born 1946, employed since 1970.  
Regional Manager, Stockholm.

### **Peter Landin (7)**

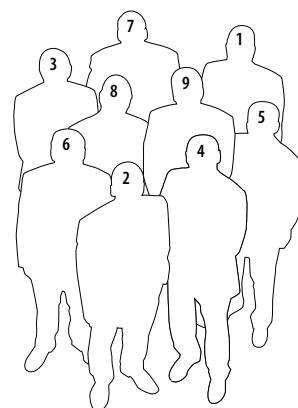
Born 1963, employed since 1995.  
Regional Manager, Mälardalen.

### **Dag Sundqvist (8)**

Born 1945, employed since 1968.  
Regional Manager, Western Sweden.  
Number of shares: 600.

### **Lars Svensson (9)**

Born 1958, employed since 1999.  
Regional Manager, Eastern Sweden.



The number of shares pertains to L E Lundbergföretagen.

## Real estate specification

Lundbergs real estate operations consist of 155 wholly and partly owned completed properties and about 100 development objects, as well as a number of external management assignments. Lundbergs' own properties have an estimated market value of SEK 7,361 m. (6,911) and a book value of SEK 2,794 m. (2,727). A total of approximately 1.3 million square meters of floor space is managed. Lundbergs' own real estate portfolio comprises 54% (54) residential and 46% (46) commercial premises, etc.

Rental revenues in 2005 comprise actual rental income plus estimated market rents for unrented floor space. The figures shown for tax assessment value, floor space and annual rental revenues correspond to the share owned by the Group. The Group's holding in jointly owned properties is shown within parentheses. In cases where a property has more than two value years, only the oldest and most recent figures are shown in this specification.

## Rentable floor space, January 1, 2005, thousands of square meters

Region	Housing	Offices	Retail	Industrial	Other	Garage	Total	%
Eastern	111	35	47	15	31	42	281	28
Western	154	24	23	0	6	21	226	22
Mälardalen	171	9	13	0	8	19	221	22
Stockholm	104	40	9	0	6	17	176	17
Gothenburg	6	51	2	32	4	11	106	11
<b>Total</b>	<b>546</b>	<b>158</b>	<b>94</b>	<b>47</b>	<b>56</b>	<b>110</b>	<b>1,010</b>	<b>100</b>
<b>Total, %</b>	<b>54</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>100</b>	

## Annual rental revenues, January 1, 2005, SEK m.

Region	Housing	Offices	Retail	Industrial	Other	Garage	Total	%
Eastern	89	38	59	6	28	7	227	26
Western	123	24	28	0	7	3	185	22
Mälardalen	120	8	11	0	7	3	149	17
Stockholm	87	89	13	0	13	4	206	24
Gothenburg	5	65	2	15	3	2	93	11
<b>Total</b>	<b>424</b>	<b>224</b>	<b>113</b>	<b>21</b>	<b>58</b>	<b>19</b>	<b>859</b>	<b>100</b>
<b>Total, %</b>	<b>49</b>	<b>27</b>	<b>12</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>100</b>	

Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Eastern Region											
LINKÖPING											
Blåklockan 24	Storg. 7-9										
Braxen 19	Snickareg. 13	25,745	1956	1,987	0	0	0	2,631	400	5,018	3,890
	Åg. 12										
Brushanen 8	Storg. 13-19										
	Snickareg. 18-24										
	Repslagareg. 21	59,400	1967	0	1,015	7,014	0	1,403	2,500	11,932	12,918
Flodhästen 17	Klosterg. 7-9										
	Vasav. 3	39,808	1960	6,239	455	0	0	89	1,020	7,803	5,458
Forskaren 7	Västanåg. 16	11,277	1962	1,989	0	0	0	83	85	2,157	1,630
	Västanåg. 15-17	16,251	1969-70	2,796	0	0	0	17	1,144	3,957	2,280
Total Linköping		152,481		13,011	1,470	7,014	0	4,223	5,149	30,867	26,176
NORRKÖPING											
Ankarstocken 17 (51,9%)	Repslagareg.	1,889	1978	0	0	0	0	0	2,803	2,803	441
Asken 42	Tunnbindareg. 18-24										
	Vatteng. 7	40,674	1979	7,362	88	0	0	839	1,420	9,709	7,243
Bomullsspinneriet 1 (50,0%)	Holmeng. 26										
Bron 3	Holmentorget 10	0	1998	0	0	0	0	3,855	0	3,855	5,525
	Hamng. 2-4										
Djupet 19	Flemingg. 1										
	Drottningg. 2-4	19,947	1940	2,682	1,140	679	0	810	0	5,311	4,221
	S:t Persg. 86, 90-92										
Eken 8	Hörng. 2										
	Nyg. 79-81										
	Bryggareg. 1-7	38,251	1949/77	7,708	40	1,164	0	431	470	9,813	7,411
Enväldet 9	Skolg. 9-11										
	Generalsg. 20-26										
Exportzonen 1	Knäppingsborgsg. 18	28,385	1974	6,255	0	351	0	0	0	6,606	5,227
	Bräddg. 7-15	58,000	1964	0	8,003	2,635	0	3,343	4,570	18,551	12,876
	Terminalg.	787	1989	0	0	0	0	3,440	0	3,440	1,025



Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Gamlabron 17 (50%) Gladan 18	Västgöteg. 7 Trozellig. 20-22 Askebyg. 3	6,900	1982	0	0	0	0	1,476	0	1 476	1 141
God Vän 17 (50,0%)	Petter Swartzg. 24 Nyg. 35	23,517 7,832	1960 1960	5,377 1,913	247 0	0 0	0 0	284 0	349 330	6 257 2 243	4 353 1 523
Gropen 6 (50,0%)	Holmentorget 1 Källvindsg. 3-5	0	1959	0	0	0	0	2,104	460	2 564	3 320
Gropen 8 (50,0%)	Holmentorget 3 Källvindsg. 1	98	1930	0	0	0	0	590	0	590	606
Gördeln 14	Vatteng. 14 Tunnbindareg. 25-31 Bråddg. 33-39 Kungsg. 19-21	75,996	1983	14,985	68	389	0	57	3,288	18,787	13,941
Johannes 21 (51,9%)	Repslagareg.	1,556	1970	0	0	0	0	0	2,811	2,811	441
Konstantinopel 15 (50,0%)	G:a Rådstugug. 42-44	2,471	1998	257	0	132	0	0	0	389	428
Kopparkypen 34 (50,0%)	Kungsg. 57-59	2,656	1929/54	0	63	0	0	848	0	911	87
Kopparn 1	Kopparg. 9	9,934	1973	0	1,320	0	4,565	0	0	5,885	3,405
Kromen 3	Kopparg. 7	25,662	1966/98	0	250	0	10,454	0	0	10,704	5,685
Kvarnholmen 3 (50,0%)	Holmeng. 8, 14 Dalsg. 11-13	13,502	1992-93	0	1,887	257	0	252	0	2,396	2,349
Linden 13	Drottningg. 41 Hantverkareg. 23-29	93,200	1976	0	0	9,052	0	1,502	300	10,854	18,594
Linden 14	Prästg. 14-16	45,000	1977	0	0	10,239	0	0	0	10,239	8,554
Linjen 1	Spjutg. 1-35	41,419	1964	9,689	0	0	0	0	588	10,277	7,721
Lybeck 24	Trädgårdsg. 49 Styrmansg. 10	14,687	1980	2,787	311	0	0	0	994	4,092	2,785
Lyckan 14 (50%)	Olai Kyrkog. 35-37	2,528	1960	415	0	126	0	77	0	618	509
Nyckeln 3	Skolg. 39 Östra Prom. 24	6,003	1959	1,458	0	0	0	0	0	1,458	1,151
Paraden 8 (50%)	Dalsg. 18-20	2,377	1975	0	840	0	0	0	0	840	347
Spinnrocken 1	Olai Kyrkog. 39	2,348	1930	350	0	354	0	0	0	704	504
Spiran 9	G:a Rådstugug. 35 Drottningg. 54-62	83,002	1969/79	0	6,264	4,460	0	4,010	14,000	28,734	18,406
Stabben 9 (50%)	S:t Persg. 95-97	5,033	1959	0	0	0	0	1,502	0	1,502	885
Staren 14	Källvindsg. 2-4 Skeppareg. 44-48	49,957	1961	10,321	946	830	0	156	1,656	13,909	9,693
Torget 6	Generalsg. 43-47 Nya Rådstugug. 1-3 G:a Rådstugug. 1B	30,274	1960	1,342	5,679	519	0	138	0	7,678	6,164
Tulpanen 18	Flemingg. 2 Drottningg. 6 Drottningg. 55	95,483	1965/80	0	4,663	8,859	0	892	1,679	16,093	22,379
Västra Huken 10	Hantverkareg. 24-26 S:t Persg. 101-105 Olai Kyrkog. 36-38	30,510	1959/74	7,071	0	0	0	0	0	7,071	5 695
Vinpipan 12	Repslagareg. 39-43 Skeppareg. 37-41 Styrmansg. 38	44,935	1980	8,344	1,426	133	0	0	1,251	11,154	8,572
Ärlan 14	Bråddg. 38-42 Luntg. 24-26 Slottsg. 137-143	39,676	1959/77	9,166	0	295	0	99	0	9,560	7,587
Various minor properties	Hantverkareg. 60-68 S:t Persg. 149-153 Skeppareg. 45-47 Östra Prom. 36-38	3,241		589	0	0	0	0	0	589	60
<b>Total Norrköping</b>		<b>947,730</b>		<b>98,071</b>	<b>33,235</b>	<b>40,474</b>	<b>15,019</b>	<b>26,705</b>	<b>36,969</b>	<b>250,473</b>	<b>200,854</b>
<b>Total Eastern Region</b>		<b>1,100,211</b>		<b>111,082</b>	<b>34,705</b>	<b>47,488</b>	<b>15,019</b>	<b>30,928</b>	<b>42,118</b>	<b>281,340</b>	<b>227,030</b>



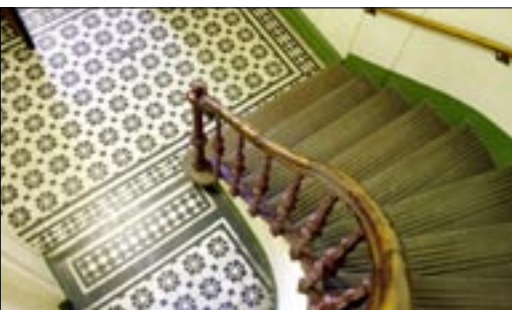
Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Western Region											
ARVIKA											
Bagaren 2	Östra Torgg. 1	9,870	1970	809	1,552	474	0	0	740	3,575	2,426
Filaren 9	Norra Esplanaden 5-7										
	Jakobsbg. 6-8	12,939	1968	5,118	44	0	0	0	464	5,626	3,579
Fogden 2	Kyrkog. 33	935	1935	143	0	207	0	0	0	350	327
Fogden 8	Magasinsg. 6										
	Storg. 36	5,583	1974	361	0	1,450	0	40	0	1,851	1,366
Hammaren 5, 6	Parkg. 13-19	30,244	1975-76	11,122	0	0	0	0	1,510	12,632	8,056
Juvelen 8	Storg. 30	8,941	1961	1,338	0	1,409	0	55	733	3,535	2,494
Långdansen 6	Hagag. 4 - 6										
	Västra Kyrkog. 52-54	14,299	1970	5,476	0	0	0	0	474	5,950	3,809
Skepparen 9	Kyrkog. 14-16	16,110	1983	4,515	751	0	0	0	1,216	6,482	4,198
Vakten 9	Kyrkog. 22	4,700	1970	243	69	1,105	0	213	0	1,630	964
Total Arvika		103,621		29,125	2,416	4,645	0	308	5,137	41,631	27,219
JÖNKÖPING											
Almen 13	Östra Storg. 20										
	Smedjeg. 15										
	Borgmästargr. 8	26,458	1964	0	796	2,864	0	0	0	3,660	5,159
Astern 9	Borgmästargr. 3										
	Östra Storg. 24										
	Smedjeg. 21		1959	0	706	1,595	0	0	0	2,301	3,537
Björnen 10	Oskarsg. 10										
	Tormenäsg. 13	9,898	1969	2,454	0	0	0	0	260	2,714	1,865
Cedern 1	Föreningsg. 7	11,322	1964	2,735	0	0	0	10	0	2,745	2,077
Censorn 10	Norra Strandg. 74										
	Östra Storg. 75	11,061	1963	2,048	0	244	0	0	61	2,353	1,798
Cikadan 6	Norra Strandg. 70-72										
	Östra Storg. 73										
	Strandgr. 2	23,808	1960	4,646	0	286	0	0	155	5,087	3,799
Farkosten 3	Östra Storg. 155-161	31,400	1965	7,228	0	0	0	0	0	7,228	5,763
Farkosten 4	Östra Storg. 151-153	16,704	1975	3,746	0	0	0	0	0	3,746	2,915
Faust 1	Mellang. 35	5,181	1965	1,212	0	0	0	0	130	1,342	960
Färgen 9	Östra Storg. 116										
	Rosenbergsg. 1-5	17,735	1962	3,760	0	448	0	0	450	4,658	3,179
Gasellen 6	Barnarpsg. 23										
	Nyg. 11										
	Smålandsg. 20	19,907	1965	0	2,325	958	0	135	1,184	4,602	3,346
Grundlagen 5	Kyrkog. 34										
	Brunnsg. 5	41,000	1987	0	5,740	0	0	0	1,520	7,260	7,241
Hinden 8	Brunnsg. 14A-B										
	Barnarpsg. 30-34	23,196	1998	2,427	0	289	0	0	516	3,232	3,207
Klubban 1	Braheg. 18	7,300	1968	1,491	0	0	0	0	170	1,661	1,173
Korallen 5	Tegnérsg. 17-25	16,464	1975	3,264	0	0	0	0	0	3,264	2,557
Laxen 10	Tormenäsg. 24-26	10,558	1967	2,706	0	0	0	0	150	2,856	2,019
Total Jönköping		271,992		37,717	9,567	6,684	0	145	4,596	58,709	50,595
KARLSTAD											
Bokhällaren 2	Rudsv. 12										
	Svarvareg. 2-4	20,631	1964	3,876	120	224	0	20	0	4,240	3,590
Bokhällaren 3	Skeppareg. 5-7										
	Svarvareg. 6-8	26,800	1980	5,098	0	0	0	0	0	5,098	4,380
Bävern 1	Östra Kanal. 4	9,179	1967	1,695	0	0	0	107	663	2,465	1,608
Glasberget 19	Karlag. 1	42,541	1970	8,389	104	0	0	0	1,501	9,994	7,139
Grodan 11	Fabriksg. 3-5	8,492	1962	1,691	0	0	0	22	100	1,813	1,427
Grävlingen 5	Herrhagsg. 41										
	Mellqvistg. 4	10,502	1965	1,789	105	134	0	49	545	2,622	1,885
Hjorten 7	Mellqvistg. 6-8	12,595	1966	2,522	0	0	0	0	283	2,805	2,186
	Järnvägsg. 3										
	Fredsg. 6	147,000	1962/91	0	10,259	8,588	0	2,519	0	21,366	27,189
Karlsvik 1	Södra Kyrkog. 2	16,406	1960	3,203	0	0	0	0	0	3,203	2,860



Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Krokodilen 1	Garvareg. 7	23,745	1960	4,411	0	426	0	0	125	4,962	4,184
Kusken 5	Åttkantsg. 6	14,610	1968	2,942	0	0	0	0	465	3,407	2,554
Örren 24, 26	Kvarnbergsg. 52										
	Stingsg. 1-7										
	Vänersg. 10-12										
Potatisen 1	Vikeng. 1-3	43,048	1961-62	8,410	0	23	0	0	596	9,029	7,447
Sleipner 12	Solviksg. 6-32	37,886	1969	6,665	0	0	0	1,330	0	7,995	6,446
	Geijersg. 4										
	Långg. 10-16										
	Vasag. 5	26,902	1975	5,125	0	0	0	0	1,550	6,675	4,376
Sleipner 5	Vasag. 3	5,060	1986	894	0	62	0	0	0	956	825
Stären 10	Malmtorpsg. 14										
	Norra Klarag. 5	10,208	1963	2,002	56	0	0	0	107	2,165	1,726
Trätälja 6	Fredsg. 1	15,554	1963	1,744	371	338	0	252	680	3,385	2,803
Ödlan 5	Hagag. 14-16										
	Garvareg. 9	39,164	1959	8,146	0	0	0	0	510	8,656	7,030
Ässjan 6		748		0	0	0	0	690	0	690	50
<b>Total Karlstad</b>		<b>511,071</b>		<b>68,602</b>	<b>11,015</b>	<b>9,795</b>	<b>0</b>	<b>4,989</b>	<b>7,125</b>	<b>101,526</b>	<b>89,705</b>
<b>ÖREBRO</b>											
Betan 23	Malmg. 10-18	32,000	1981	4,951	0	0	0	0	0	4,951	4,072
Kråkan 20	Kristinag. 18										
	Engelbrektsg. 37-39										
	Sankta Birgittag. 5-7	20,870	1940/65	2,801	293	556	0	0	0	3,650	2,988
Melonen 1	Markg. 21-23	20,776	1965	3,301	205	350	0	135	0	3,991	2,955
Tulpanen 10	Ekersg. 3-7										
	Ringg. 22-24										
	Angelg. 2-6										
	Vasatorget 4	51,800	1976	7,021	364	501	0	138	3,810	11,834	7,222
<b>Total Örebro</b>		<b>125,446</b>		<b>18,074</b>	<b>862</b>	<b>1,407</b>	<b>0</b>	<b>273</b>	<b>3,810</b>	<b>24,426</b>	<b>17,237</b>
<b>Total Western Region</b>		<b>1,012,130</b>		<b>153,518</b>	<b>23,860</b>	<b>22,531</b>	<b>0</b>	<b>5,715</b>	<b>20,668</b>	<b>226,292</b>	<b>184,756</b>

## Mälardalen Region

<b>ENKÖPING</b>											
Albäck 3:107	Lövstigen 1-35	4,572	1993	1,800	0	0	0	0	0	1,800	1,063
Centrum 12:1, 12:6	Källg. 7										
	Kungsg. 25	3,059	1929	0	351	198	0	0	0	549	539
Centrum 16:5	Källg. 14										
Centrum 20:1	Västra Ringg. 21-23	12,461	1969	171	0	2,121	0	0	401	2,693	2,144
	Kryddgårdsg. 22-24										
	Källg. 4										
	Eriksgr. 23	21,643	1981	1,553	2,285	0	0	85	0	3,923	3,835
Gånsta 10:2	Fannag. 28	8,267	1992	0	0	0	0	3,159	0	3,159	2,219
<b>Total Enköping</b>		<b>50,002</b>		<b>3,524</b>	<b>2,636</b>	<b>2,319</b>	<b>0</b>	<b>3,244</b>	<b>401</b>	<b>12,124</b>	<b>9,800</b>
<b>ESKILSTUNA</b>											
Frisören 13	Norra Knoopg. 1-3										
	Norra Brog. 6-10										
	Bergsg. 12-18										
	Nyforsg. 19-27	57,177	1970	14,068	271	0	0	718	5,321	20,378	11,731
Hökaren 26	Rosenhällsg. 3-5										
	Snopptorpsg. 6	23,213	1961	6,066	90	205	0	154	351	6,866	4,817
Nystanet 6	Klosterg. 2-4										
	Alfveltsgr. 7										
	Strandg. 4	35,405	1963	8,562	113	889	0	0	1,538	11,102	7,127
Saxen 36	Stenkivistav. 13-19	24,480	1965	6,424	166	395	0	113	346	7,444	5,079
Skräddaren 23	Andbergsg. 14	8,703	1967	2,393	0	0	0	101	184	2,678	1,803
Steglitsan 9	Köpmang. 22	23,938	1981	6,267	0	0	0	0	0	6,267	4,788
Stämjärnet 3	Kvarngårdsg. 10										
	Noreusg. 1	12,568	1949/79	3,379	0	0	0	40	0	3,419	2,583



Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Ättlingen 4	Bruseng. 1-9 Backanäsgr. 1-7 Värgårdsgr. 1-3	43,113	1967-69	18,362	0	0	0	673	809	19,844	13,288
<b>Total Eskilstuna</b>		<b>228,597</b>		<b>65,521</b>	<b>640</b>	<b>1 489</b>	<b>0</b>	<b>1,799</b>	<b>8,549</b>	<b>77,998</b>	<b>51,216</b>
<b>KATRINEHOLM</b>											
Apeln 5	Brogr. 2	11,985	1970	3,501	0	0	0	43	187	3,731	2,606
Hagtornen 11	Brogr. 1	11,199	1964	3,342	0	0	0	0	336	3,678	2,489
Humlen 1	Köpmang. 8	6,182	1940	834	692	170	0	239	51	1,986	1,358
Hämplingen 18	Fortunag. 8-10		1967								
	Florag. 3-7	18,568	1969-70	5,806	65	0	0	90	0	5,961	4,138
Hämplingen 3	Fortunag. 6	685	1940	224	0	0	0	0	22	246	163
Linden 22	Storg. 27										
	Tingshusg. 4	18,873	1962	4,067	19	1,143	0	85	898	6,212	4,142
Nejlåkan 4	Drottningg. 7										
	Fredsg. 28	1,464	1939	0	0	568	0	0	0	568	306
Nejlåkan 16, 17	Djulgö. 33-37										
	Drottningg. 13	20,173	1956/59	3,855	965	1,269	0	303	1,450	7,842	4,325
Nålen 5	Blomsterv. 5-7										
	Tulpanv. 1-3	18,794	1966	5,776	0	0	0	94	378	6,248	4,286
Oliven 3	Bondeg. 32	3,885	1975	1,148	0	0	0	0	0	1,148	842
Pionen 4	Fabriksg. 4-8										
	Stortorget 2-6										
	Köpmang. 5	24,748	1992	3,158	622	1,116	0	23	1,250	6,169	4,871
Prästkragen 28	Trädgårdsg. 7-11	25,788	1967-68	7,578	37	0	0	0	664	8,279	5,603
Syrenen 8	Gersnäsgr. 9-13										
	Stensättersgr. 10-20	19,306	1960	5,731	0	0	0	0	599	6,330	4,243
Sädesårlan 11	Florag. 6	126	1987	0	0	0	0	0	133	133	28
<b>Total Katrineholm</b>		<b>181,776</b>		<b>45,020</b>	<b>2,400</b>	<b>4,266</b>	<b>0</b>	<b>877</b>	<b>5,968</b>	<b>58,531</b>	<b>39,400</b>
<b>MOTALA</b>											
Garvaren 5	Kungsg. 1-3										
	Prästg. 6-8										
	Bispmotalag. 6-8	47,274	1963	1,624	3,171	3,231	0	2,157	0	10,183	9,438
Repslagaren 10	Kungsg. 16-20	11,216	1965	908	73	1,388	0	0	863	3,232	2,444
Tellus 1	Agneshögsgr. 31-57	105,940	1969-71	36,352	188	0	0	0	1,680	38,220	22,367
<b>Total Motala</b>		<b>164,430</b>		<b>38,884</b>	<b>3,432</b>	<b>4,619</b>	<b>0</b>	<b>2,157</b>	<b>2,543</b>	<b>51,635</b>	<b>34,249</b>
<b>NYKÖPING</b>											
Elektrikern 1	Höglundav. 14-18	6,144	1970	1,664	0	0	0	0	0	1,664	1,241
Mekanikern 1	Runebergsg. 24-38	22,225	1969	5,622	53	0	0	40	789	6,504	4,379
Svarvaren 4	Höglundav. 4	2,948	1970	840	0	0	0	0	0	840	559
Svetsaren 8, 9	Runebergsg. 44-50	28,451	1967-68	10,069	0	715	0	0	712	11,496	7,860
<b>Total Nyköping</b>		<b>59,768</b>		<b>18,195</b>	<b>53</b>	<b>715</b>	<b>0</b>	<b>40</b>	<b>1,501</b>	<b>20,504</b>	<b>14,039</b>
<b>Total Mälardalen Region</b>		<b>684,573</b>		<b>171,144</b>	<b>9,161</b>	<b>13,408</b>	<b>0</b>	<b>8,117</b>	<b>18,962</b>	<b>220,792</b>	<b>148,704</b>



Name of property	Address	Taxable value SEK 000s, 2004	Value year	Rentable floor space, square meters							Rental revenues, 2005
				Housing	Offices	Retail	Industrial	Other	Garage	Total	
Stockholm Region											
SOLNA											
Valnöten 2	Strandv. 21-23 Korta Gatan 7-9	110,800	1964/87	0	12 465	0	0	386	1 300	14 151	19,043
STOCKHOLM											
Klippan 12	Strandv. 7A Artillerig. 2	181,000	1929	1,638	4,136	1,217	0	1,351	0	8,342	22,218
Käpplingeholmen 6	Blasieholmsg. 2 Hovslagarg. 5 Nybrokajen 3	347,000	1950	0	10,390	0	0	553	173	11,116	38,228
Skogsfrun 1	Strömkarlsv. 60	23,288	1965	2,426	234	0	0	52	112	2,824	2,650
Sumpen 8	Kungsg. 3	104,000	1929	0	1,972	853	0	0	0	2,825	10,823
Vattuormen 43	Garvareg. 9-11	74,800	1950	1,230	2,830	0	0	1,483	0	5,543	9,737
Total Stockholm		730,088		5,294	19,562	2,070	0	3,439	285	30,650	83,656
SÖDERTÄLJE											
Fasaden 5	Förvaltarv. 1,2 Skogvaktarv. 1,2	45,995	1996-97	6,629	245	2,676	0	486	2,593	12,629	8,633
Gäddan 6	Vårdsholmsg. 1	35,588	1978	4,674	1,045	0	0	240	2,116	8,075	5,499
Kupolen 1,2,3,4,5	Förmansv. 1-3, 2-28	141,450	1968-70	35,798	0	0	0	7	3,978	39,783	30,103
Petunian 1,2 och Lobelian 1	Bodast. 1-17, 2-54	180,119	1966-67	44,963	217	0	0	478	4,284	49,942	37,266
Tulpanen 1	Syrenv. 6-10	10,022	1970	1,983	0	0	0	0	0	1,983	1,679
Vinkeln 5	Torekällg. 36-38	8,867	1968	1,752	0	0	0	0	195	1,947	1,479
Total Södertälje		422,041		95,799	1,507	2,676	0	1,211	13,166	114,359	84,659
UPPSALA											
Dragarbrunn 10:3	Svartbäcksg. 12-14 Klosterg. 4 Östra Äg. 9-11 S:t Olofsg. 9-11	133,630	1960/65	2,930	6,234	4,120	0	1,455	2,360	17,099	18,798
Total Stockholm Region		1,396,559		104,023	39,768	8,866	0	6,491	17,111	176,259	206,156
Gothenburg Region											
Gothenburg											
Gårda 8:6	Anders Perssonsg. 18 Källhusg. 3	89,000	1973	0	9,304	164	0	262	2,800	12,530	10 777
Krokslätt 149:16	Mölndalsv. 22-34	195,600	1989/92	0	21,365	1,423	0	450	5,904	29,142	30 982
Stampen 9:31	Färgareg. 6-10 Stampg. 28-34	257,000	1974-75	5,791	19,986	0	0	3,636	2,048	31,461	35 744
Älvsborg 32:98	Folkungag. 15-17 Lavettg. 11	1,743	1929	175	0	0	0	0	0	175	0
Total Gothenburg		543,343		5,966	50,655	1,587	0	4,348	10,752	73,308	77 503
LANDSKRONA											
Bromsregulatorn 1	Instrumentg. 15	50,352	1968/96	0	0	0	31,939	0	0	31,939	15 155
Total Gothenburg Region		593,695		5,966	50,655	1,587	31,939	4,348	10,752	105,247	92 658
Total all regions		4,787,168		545,733	158,149	93,880	46,958	55,599	109,611	1 009 930	859,304



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**www.lundbergs.se**

On Lundbergs' website, you will find general information about the Company, financial information and the current share price.

There are also links to the companies in which Lundbergs has major shareholdings. You can also visit the individual companies' own websites directly, as follows:

www.cardo.se  
 www.holmen.com  
 www.hufvudstaden.se  
 www.industrivarden.se  
 www.ncc.se

INVITATION TO LUNDBERGS'

# ANNUAL GENERAL MEETING

THURSDAY, APRIL 7, 2005, AT THE WORLD TRADE CENTER

Shareholders in L E Lundbergföretagen AB (publ) are hereby summoned to the Annual General Meeting to be held on Thursday, April 7, 2005, at 4:00 p.m. in the World Trade Center, Klarabergsviadukten 70, Stockholm, Sweden.

## NOTIFICATION AND REGISTRATION

Shareholders wishing to participate in the business of the Meeting must be recorded in the Securities Register maintained by VPC AB (Swedish Securities Registry Center) no later than by noon on Monday, March 28, 2005, and notify the company of their intention to attend the Meeting no later than by noon on Thursday, March 24, 2005.

### The company can be notified in the following ways:

- by letter to L E Lundbergföretagen AB (publ),  
S-601 85 Norrköping, Sweden
- by telephone to +46-11-21 65 00
- by telefax to +46-11-21 65 65
- by e-mail to [siv.pettersson@lundbergs.se](mailto:siv.pettersson@lundbergs.se)

Notifications must include details of the shareholder's name, address, telephone number, personal identification/corporate registration number and number of shares held. If participation is to be based on proxy, the original proxy document must be sent to the Company before the Annual General Meeting.

To be permitted to vote at the Meeting, shareholders whose shares are registered in a nominee's name, through a bank's trust department or an individual broker, must temporarily register their shares in their own names. Such registration must be completed by Thursday, March 24, 2005. This means the nominee must be given adequate notice of the shareholder's wishes before this date.

## NOTIFICATION

Please write in capital letters

NAME OF SHAREHOLDER

POSTAL ADDRESS

ZIP CODE

TELEPHONE NUMBER

SHAREHOLDERS: PERSONAL IDENTIFICATION NO

/ COMPANIES: CORPORATE REGISTRATION NO

NUMBER OF SHARES

- ☐ I will attend L E Lundbergföretagen AB's Annual General Meeting at 4 p.m. on April 7, 2005 in person.
- ☐ I will be represented by proxy, in accordance with the following authorization.
- ☐ I will be accompanied by an assistant/s

NAME OF ASSISTANT/S

## PROXY FOR

NAME

POSTAL ADDRESS

ZIP CODE

TELEPHONE NUMBER

The above person is hereby authorized to represent me and exercise my voting rights at L E Lundbergföretagen AB's Annual General Meeting on April 7, 2005, since I will be unable to attend the Meeting in person or be represented by another party.

LOCATION

DATE

SHAREHOLDER'S SIGNATURE

NAME IN CAPITAL LETTERS

#### PROPOSED AGENDA

1. Opening of the Meeting
2. Election of Chairman of the Meeting.
3. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
4. Election of one or two minute-checkers.
5. Approval of the agenda.
6. Determination of whether the Meeting has been duly convened.
7. Address by the President
8. Presentation of the Annual Report, the Auditors' Report, the consolidated financial statements and the auditors' report on the Group.
9. Motions concerning:
  - a) adoption of the Income Statement and Balance Sheets and the Consolidated Income Statement and the Consolidated Balance Sheets.
  - b) the discharge of the Board of Directors and the President from personal liability for the fiscal year.
  - c) the disposition to be made of the Company's profits or losses as shown in the Balance Sheet adopted by the Meeting.
10. Determination of the number of Board members and, where applicable, of deputies to be elected by the Annual General Meeting.
11. Determination of the fees to be paid to the Board of Directors and auditors.
12. Information regarding the Board candidates' assignments for other companies and the election of the Board of Directors.
13. Motion regarding authorization of the Board of Directors to acquire Company shares.
14. Closing of the Meeting.

#### DIVIDEND

##### (Item 9c on the agenda)

The Board of Directors proposes that a dividend of SEK 7.00 per share be paid for the 2004 fiscal year. The Board proposes Tuesday, April 12, 2005 as the record day for payment of dividends. If the Meeting approves the proposal, it is anticipated that dividends will be distributed by VPC on Friday, April 15, 2005.

#### ELECTION OF BOARD MEMBERS AND DIRECTOR FEES

##### (Items 10, 11 and 12 on the agenda)

Shareholders representing slightly more than 90% of the voting rights have proposed the following. That the Board of Directors should have eight members, with no deputies. That current Board Members Gunilla Berg, Lennart Bylock, Tom Hedelius, Fredrik Lundberg, Sten Peterson, Bengt Pettersson, Per Welin and Christer Zetterberg be re-elected.

Authorized Public Accountant Hans Wilhelmsson, who has two years remaining of his elected period as Company auditor, has declined re-election because he is retiring. Authorized Public Accountant is nominated as the Company's auditor.

That director fees totaling SEK 1,200,000 be granted, to be allocated among the Board Members in accordance with decisions made by the Board. That fees to auditors be paid in return for invoices.

#### BOARD OF DIRECTORS' MOTION REGARDING AUTHORIZATION OF THE BOARD OF DIRECTORS TO ACQUIRE COMPANY SHARES

##### (Item 13 on the agenda)

The Board proposes that the Annual General Meeting authorize the Board to repurchase Series B Lundberg shares during the period up to the 2006 Annual General Meeting, subject to the limit that the Company's holding may not exceed 10% of the total number of Lundberg shares at any point in time. The shares are to be purchased on Stockholmsbörsen on one or more occasions at the stock-market price prevailing at the date of purchase. The reason for the repurchase authorization is to enable the Board to adjust the Company's capital structure. A precondition for the validity of the aforementioned motion is that shareholders representing at least two thirds of both the total votes cast and the total number of shares represented at the Meeting vote in favor of the motion.

If the aforementioned measures are implemented and assuming that Fredrik Lundberg, including companies, and spouse do not divest any shares, their share of the voting rights will exceed 90%. Accordingly, Fredrik Lundberg has informed the Company's Board that he is prepared to convert Series A shares to B shares to such an extent that the aforementioned combined share of the voting rights will not exceed 90%.

The Annual Report, Audit Report and the Board of Directors' complete motions concerning Item 13 will be available at the Company's office as of Monday, March 21, 2005. Upon request, the motion will also be sent to shareholders who contact the Company and state their address.

Stockholm, February 2005  
BOARD OF DIRECTORS



L E LUNDBERGFÖRETAGEN AB (publ)

608 65 NORRKÖPING

