



Financial statement January-December 2005

	Quarter			Full year	
	2005 IV	2005 III	2004 IV	2005	2004
Net turnover, MSEK	1 742	1 638	1 753	6 823	7 159
Operating profit, MSEK	81	-367	161	-200	781
Operating margin, %	5	-22	9	-3	11
Profit after financial items, MSEK	60	-390	146	-278	707
Net profit, MSEK	61	-281	107	-183	509
Earnings per share, SEK	1.19	-5.47	2.07	-3.56	9.66

Full year 2005 compared with 2004

- Net turnover amounted to MSEK 6,823 (7,159).
- Net loss was MSEK 183 (+509).
- Earnings per share were SEK -3.56 (+9.66).
- Operating loss was MSEK 200 (+781). The deterioration was mainly due to one-off costs of MSEK 400 for organisational changes, negative changed exchange rates, and higher costs for wood, chemicals and energy.
- Operating profit excluding one-off costs was MSEK 200, or MSEK 50 higher than the forecast given in the previous interim report published in November. Lower fixed costs are the main reason for the deviation. Operating profit was hit by a negative effect of currency hedging amounting to MSEK 183.

Final quarter of 2005

- Cost-cutting projects focused on energy and organisation continue according to plan.
- Price rises achieved for most products.

Dividend proposal

- The Board proposes a dividend of SEK 3.25 per share for 2005.

Outlook for 2006

- As a consequence of Billerud's present financial position and ongoing discussions regarding future strategy, the Board of Directors will review Billerud's financial goals during 2006.
- Market situation good. Completed price increases will have an effect during the first quarter.

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Billerud's President Per Lindberg will present the interim report live at a press conference at 3 p.m. today. Location: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.

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Billerud is a packaging paper company. The company's business concept is to supply customers with efficient packaging paper. Billerud has a world-leading position within several product segments. Food packaging accounts for more than 50 per cent of sales. Billerud's customers are mainly European. Production takes place at three integrated pulp and paper mills in Sweden and at one paper mill in the UK. Billerud's mills are among the most cost-efficient in Europe within their segments.

Billerud Group

Market

Billerud's total deliveries during the final quarter amounted to 341,000 tonnes, up 5% on the third quarter of 2005. Deliveries for the full year amounted to 1,351,000 tonnes, down just 1% on 2004.

Deliveries of packaging paper amounted to 270,000 tonnes in the final quarter, up 7% on the previous quarter. Deliveries for the full year totalled 1,053,000 tonnes, down 1% on 2004.

Pulp prices were turbulent during the year. The price of long fibre sulphate pulp was USD 620 at the start of the year and then reached USD 645 at the end of the spring. During the summer and autumn the price fell to around USD 580 but then picked up to the end the year to around USD 600 per tonne. Billerud's deliveries of market pulp amounted to 71,000 tonnes in the final quarter, down 3% on the previous quarter. During the whole year deliveries amounted to 298,000 tonnes, down 4% on 2004.

Delivery volumes

kton	October-December 2005	% change July-Sept, 2005	Full year 2005	% change on 2004
Packaging paper	270	+7%	1 053	-1%
Market pulp	71	-3%	298	-4%
Total	341	+5%	1 351	-1%

Sales and results

Final quarter

Net turnover for the quarter was MSEK 1,742, up 6% on the previous quarter. The rise was due to higher delivery volumes and slightly better average prices.

The operating profit was MSEK 81. Compared with the third quarter, the operating profit improved by MSEK 448, of which MSEK 376 was due to one-off costs in the third quarter. The remaining improvement of MSEK 72 was due to focus on cost control, among others rationalisations but also the effect of higher volumes and achieved price increases.

Earnings for each product area are commented on in greater detail on page 6.

Net financial items were MSEK -21. Tax items for the final quarter were positive at MSEK 1 due to tax expenses from current activities being more than compensated for by a re-assessment of an earlier tax verdict.

Full year 2005

Net turnover was MSEK 6,823, down 5% on the result for 2004. The fall was mainly due to the worse outcome of currency hedging and a 1% drop in delivery volumes.

The operating loss was MSEK 200. This includes one-off costs of MSEK 400 for the implementation of the Billerud 2007 organisational changes, which are commented on in greater detail on page 7 of this report.

Excluding these one-off costs the operating profit was MSEK 200, a fall of MSEK 581 compared with the previous year. This result was MSEK 50 better than forecast in the interim report published in November. The reason for the improvement compared with the previous forecast is primarily lower fixed costs thanks to focus on cost control.

An approximate division of the deviation of MSEK 981 between the operating results for 2004 and 2005 is given in the table below.

Delivery and production volumes, including product mix	-80
Sales prices (in different sales currencies)	+/-0
Increased variable costs	-300
Reduced fixed costs	+80
One-off costs not relating to 'Billerud 2007'	-20
Increased depreciation	-10
Fall in profit due to changed exchange rates (including hedging)	-250
<u>One-off costs Billerud 2007</u>	<u>-400</u>
Total change in profit/loss (rounded up)	-980

As the table shows, the fall in earnings, apart from the effect of one-off costs, is mainly due to exchange rates and higher variable costs. The latter are mainly higher wood costs (MSEK 120), and higher prices for electricity, gas and chemicals (MSEK 120) and the remainder is primarily higher freight costs.

The reduction in fixed costs is mainly due to the measures Billerud has implemented. The average number of employees has, for comparable units, been cut by around 50. Cost reductions achieved by the Billerud 2007 project amounted to MSEK 25. In general a sharp focus on cost control has achieved reduced costs in most areas. More information about Billerud 2007 is presented on page 7.

Included in the one-off costs of MSEK 20 in the above table is a charge of MSEK 17 in severance pay including payroll overheads for the former CEO of Billerud.

The operating profit/loss per product area excluding the effects of currency hedging and one-off costs is presented in the table below. A more detailed analysis of earnings per product area is presented on page 6.

Operating profit/loss excluding effects of currency hedging and one-off costs from Billerud 2007

MSEK	2005 Full year	2004 Full year	Change
Kraft paper	411	385	+26
Containerboard	81	115	-34
Market pulp	-12	34	-46
Other	-97	-67	-30
Total, excluding effects of currency hedging	383	467	-84
Effects of currency hedging	-183	314	-497
Including effects of currency hedging	200	781	-581
One-off costs 'Billerud 2007'	-400	-	-400
Total	-200	781	-981

Net financial items were MSEK -78, up MSEK 4 on 2004. Higher borrowings compared with last year were countered by lower interest rates.

The loss before tax was MSEK 278. The estimated tax benefit was MSEK 95, of which tax benefit for 2005 of MSEK 74, representing a tax rate of 27%, and the effects of a re-assessment of a earlier tax verdicts to the benefit of Billerud of MSEK 21.

Currency hedging

In 2005 net flows were hedged at the following rates: EUR/SEK 9.19 (9.25), USD/SEK 7.19 (8.61), GBP/SEK 13.12 (13.54) and DKK/SEK 1.23 (-). Currency hedging had an overall negative effect on profits of MSEK 183 (compared with if no hedging had been performed), of which MSEK -81 came in the final quarter. In 2004 currency hedging had a positive effect on profits of MSEK 314 (of which MSEK 87 in the final quarter). See page 7 for operating profit per product area excluding the effects of hedging.

Billerud's outstanding currency contracts as of 31 December 2005 had a market value of MSEK -47. The share of contracts corresponding to accounts receivable affected results in the final quarter. Other contracts, i.e. outstanding contracts as of 31 December 2005 not corresponding to accounts receivable, had a market value of MSEK -19.

In accordance with Billerud's hedging policy and exchange rates at the start of November 2005, hedging of EUR was extended at that time to around 15 months at a forward rate of a minimum of SEK 9.50 per EUR. The products sold in EUR account for around 70% of turnover and comprise virtually all packaging products except for brown sack paper.

Currently, Billerud has hedged around 73% of estimated net flows in EUR over 15 months, or around 65% of flows over 18 months up to June 2007. Billerud has also hedged around 51% of estimated net flows in USD over 12 months, around 49% of estimated net flows in GBP over 12 months and around 49% of estimated net flows in DKK over 12 months. The hedged amount of flows and the hedged rates for EUR, USD and GBP are shown in the table below. DKK accounts for just 0.5% of total hedged flows and is therefore not included in the table.

Hedged amount of currency flows for EUR, USD and GBP and exchange rate for SEK

Valuta		Jan-Jun 2006	Jul-Dec 2006	Jan-Jun 2007	Jul-Dec 2007	Total
EUR	Proportion of total flow	86 %	84 %	26 %	-	65 %
	Rate	9.39	9.50	9.54	-	9.46
USD	Proportion of total flow	82 %	31 %	-	-	51 %
	Rate	7.32	7.81	-	-	7.49
GBP	Proportion of total flow	85 %	26 %	-	-	49 %
	Rate	13.46	13.66	-	-	13.51

Investments and capital employed

Net investments in fixed assets amounted to MSEK 1,069, of which MSEK 670 was for energy investments as described below, and the remainder, MSEK 399, was for other investments, including the biological treatment plant at Gruvön. Depreciation in 2005 amounted to MSEK 413. Billerud has established an investment framework that corresponds to the depreciation level. The energy investments, however, are outside this framework.

Energy investments include new turbines for back-pressure power and the rebuild of the bark boilers at all three mills and new electricity supply at the Gruvön mill. The investment sum is MSEK 1,050, of which MSEK 785 has been spent during 2004 and 2005. These investments are expected to double the company's generation of electricity and significantly cut consumption of heating oil. The new equipment will be brought on stream from the second half of 2005 up to the end of 2006. The projects are proceeding according to plan.

The energy investments more than match Billerud's requirements for financial return and the repayment period is less than five years. The external energy volumes will be decreased, which is expected to increase the results before depreciation by MSEK 250 per year from 2007. For 2006 an effect of about MSEK 100 is expected. The project is estimated to increase depreciations by MSEK 50 per year.

Billerud's capital employed amounted to MSEK 5,029 as of 31 December 2005, compared with MSEK 4,506 at the end of 2004.

The return on capital employed over the most recent 12 months was -4%, compared with 17% last year. The return on shareholders' equity after tax was -7%. Discounting the effects of the one-off costs from the Billerud 2007 project, the return on capital employed was 4% in 2005. Discounting the effects of currency hedging, the return on capital employed was 8%.

Cash flow and financial position

Cash flow from current activities in 2005 amounted to MSEK 413, compared with MSEK 1,210 for last year. The lower cash flow was mainly due to the reduced profit. Ongoing investments are higher than in the previous year, mainly due to the energy projects that have started.

Operating cash flow amounted to MSEK -656, compared with MSEK 646 in 2004. The dividend of SEK 6.50 per share, or a total of MSEK 334, was paid during May. Net debt thus increased during the 2005 by MSEK 1,034.

On 31 December 2005 interest-bearing net debt amounted to MSEK 2,503, compared with MSEK 1,469 on 31 December 2004. The Group's net debt/equity ratio at the end of the period was 0.99, compared with 0.48 at the end of 2004. The target is between 0.6 and 0.9. The current investments in energy projects are expected to take the net debt/equity ratio over 0.9 during 2005 and 2006.

Financial goals

As a consequence of Billerud's present financial position and ongoing discussions regarding future strategy, the Board of Directors will review Billerud's financial goals during 2006.

Cash flow summary

MSEK (positive figure indicates a reduction in debt)	Jan- Dec 2005	Oct -Dec 2005	July- Sept 2005	Jan- Dec 2004
Current activities	413	-53	225	1 210
Current net investments, excluding energy projects	-399	-105	-94	-449
Energy project investments	-670	-226	-206	-115
Operating cash flow	-656	-384	-75	646
Acquisition of Billerud Beetham Ltd	-	-	-	-213
Cash flow after investments	-656	-384	-75	433
Dividend	-334	-	-	-346
Share buy-back	-	-	-	-317
To shareholders	-334	-	-	-663
Other items not affecting cash flow	-44	-13	8	-19
Change in net debt during the period	-1 034	-397	-67	-249

Financing

Interest-bearing loans as of 31 December 2005 amounted to MSEK 2,532. This includes utilisation of a syndicated bank loan of MSEK 224, bond loans of MSEK 1,532 and utilisation of Billerud's certificate programme of MSEK 747 (of a maximum MSEK 1,000). There is also a convertible debenture with a market value of MSEK 30.

During the first half of 2005 Billerud signed four new bond loans worth MSEK 925 in total. The maturity periods are between five and eight years. One of these loans (MSEK 150)

concerned refinancing of a previous loan. The money from this loan will be used to fund Billerud's investment programme within the energy field.

During the third quarter Billerud signed a new five-year agreement concerning a syndicated bank loan of MSEK 1,800. The new loan replaces a previous syndicated bank loan of MSEK 1,200. The money from this loan will also be used to fund Billerud's investment programme within the energy field. As of 31 December 2005, MSEK 224 of the new syndicated bank loan had been utilised.

Personnel

The average number of employees in 2005 was 2,600, compared with 2,623 in 2004, i.e. a fall of 23. Adjusted for the acquisition of Billerud Beetham the average number of employees has fallen by around 50 compared with the same period last year.

Product areas

Billerud's activities consist of three product areas - Kraft paper, Containerboard and Market pulp – which are strongly integrated in terms of production, making them hard to identify for accounting purposes. The activities can be controlled in these areas in terms of income, but not in terms of costs and investments. This means that the product areas are not directly identifiable for accounting purposes. Risks and opportunities do not differ significantly between the product areas. Billerud has chosen to report and control its activities in these three product areas, which in the company's judgement form a joint operation and a primary segment. Markets are not considered to differ significantly in terms of risks and opportunities.

Net turnover and operating profit

	Net turnover						Operating profit					
	Q 4	Q 3	%	Jan-	Jan-	%	Q 4	Q 3	%	Jan-	Jan-	%
MSEK	2005	2005	change	2005	2004	change	2005	2005	change	2005	2004	change
Kraft paper	953	884	+8	3 683	3 613	+2	109	98	+11	339	485	-30
Containerboard	518	486	+7	2 012	2 131	-6	5	-20	-	33	171	-81
Market pulp	271	268	+1	1 128	1 415	-20	-1	-44	-	-75	192	-
Other and eliminations		-		0	0		-32	-401	-	-497	-67	-
Total Group	1 742	1 638	+6	6 823	7 159	-5	81	-367	-	-200	781	-

Kraft paper

Final quarter

The operating profit for the quarter was MSEK 109, up MSEK 11, or 11%, on the previous quarter mainly due to higher volumes.

Full year 2005

Compared with 2004, the operating profit fell 30% to MSEK 339. Deliveries fell by 2%. The fall in earnings was mainly due to changed exchange rates and higher variable costs.

Containerboard

Final quarter

The operating profit was MSEK 5, up MSEK 25 on the previous quarter. Major maintenance stoppages reduced earnings in the third quarter.

Full year 2005

The operating loss was MSEK 33, a fall of MSEK 138 on the previous year, mainly due to higher variable costs and changed exchange rates. Volumes fell by 3%.

Market pulp

Final quarter

The operating loss was MSEK 1, up MSEK 43 on the previous quarter due to changed exchange rates and slightly higher pulp prices in USD.

Full year 2005

Deliveries fell by 4% compared with 2004 mainly due to internal deliveries to the acquired mill in Beetham. The operating loss was MSEK 75, down MSEK 267 on last year mainly due to higher variable costs and changed exchange rates. The list price for long fibre sulphate pulp fell to USD 610 per tonne in 2005 (USD 620 in 2004).

Operating profit/loss per product area, excluding effects of currency hedging

MSEK	Full year 2005	Full year 2004
Kraft paper	411	385
Containerboard	81	115
Market pulp	-12	34
Other, including one-off costs	-497	-67
Total	-17	467

Parent company

Billerud AB includes the Gruvön mill, the sales organisation for the Nordic markets and markets outside Europe, and head office staffs.

Net sales in 2005 reached MSEK 2,955. The loss after financial items was MSEK -326. Results include an MSEK 20 write-down in shares in subsidiaries. Investment in fixed assets, excluding shares, amounted to MSEK 523. The average number of employees was 1,173. Liquid funds and current investments totalled MSEK 100.

Cost reductions from Billerud 2007 organisation project

On 8 June the Board decided to implement a programme of changes to Billerud's organisation. This will include a reduction of 450 full-time jobs compared with the existing organisation. The proposed staff changes affect all four of the Group's mills; Gruvön, Karlsborg and Skärblacka in Sweden and Beetham in the UK. Staff reductions will be achieved primarily through early retirement.

The programme will reduce annual costs by at least MSEK 250. Implementation started immediately, is proceeding according to plan and should be completed by 2006. The full effect on earnings should be noted in 2007. In 2005 cost reductions of MSEK 25 were achieved and around one third of the effect on profits will be noted in 2006. One-off costs for implementation amount to MSEK 400, of which MSEK 71 was spent in 2005. All one-off costs were charged to the January-September period.

Transition to IFRS and other changes in accounting

From the start of 2005 when they were introduced in Sweden, Billerud is following International Financial Reporting Standards, IFRS. The consequences for Billerud are explained in supplement 2 on pages 13-22 of the interim report for the first quarter of 2005, supplement 2 on pages 13-14 of the interim report for the second quarter of 2005, supplement 2 on pages 12-13 of the interim report for the third quarter of 2005 and below. In this interim report all comparable figures for 2004 have been restated in accordance with IFRS principles. Alongside the first-time adoption of IFRS, from 2005 the direct costs for annual maintenance stoppages will no longer be distributed over the year but charged to the period when the stoppage occurs. Comparable figures for 2004 have been restated to include this change. For further information, see supplement 2 on page 13.

During the transition period Billerud is affected by IAS16 Tangible Assets, IFRS 3 Company/Business Acquisitions, and IAS 39 Financial Instruments; Recognition and Measurement. RR 29 Employee Benefits is being applied by Billerud from 1 January 2004. RR29 Employee Benefits corresponds to all intents and purposes to IAS 19 Employee Benefits. To comply with IAS16 Tangible Assets, Billerud will start using component depreciation. The transfer to this method according to IFRS is not judged to have any material effect on the opening balance on 1 January 2004 and the closing balance on 31 December 2004.

The application of IFRS 3 Company/Business Acquisitions produces an effect for Billerud from the acquisition of Billerud Beetham in 2004. The net profit for 2004 and shareholders' equity at the end of 2004, in accordance with IFRS, will be affected by MSEK 5.

IAS 39 Financial Instruments; Recognition and Measurement is being applied from 1 January 2005. In accordance with IAS 39 all financial instruments shall be identified and either given a market value at the closing date or valued at the accrued acquisition value, which means that, for example, currency derivatives, interest rate swaps and electricity derivatives shall be booked on the balance sheet. The effects increased shareholders' equity on 1 January 2005 by MSEK 43 after tax. At the end of the first nine months of 2005 the corresponding effect of the market value meant a reduction in shareholders' equity of MSEK 2, MSEK 41 lower than the figure for 1 January 2005.

Share distribution

The share capital amounts to SEK 665,662,475 distributed among 53,252,998 shares. There were no share buy-backs during 2005.

As of 31 December 2005 the distribution of shares was as follows:

Registered amount of shares	53 252 998
Bought-back shares in company ownership	- 1 910 000
Shares on the market	51 342 998
Convertible debenture loan (on full conversion)	268 047
Shares on the market (after full conversion)	51 611 045

Billerud's ten largest shareholders according to the register of VPC (the Swedish Securities Register Centre) and according to details from Sanderson Asset Management as of 31 December 2005 (excluding shares owned by the company itself):

Owner/Manager/Bank	No. of shares (million)	Proportion of shares on market, % (shares = votes)
Frapag Vermögensverwaltung GmbH	8.0	15.7
Sanderson Asset Management	2.5	4.8
SEB Funds/SEB Trygg Liv/Securities	2.1	4.0
Robur Funds	0.7	1.3
Dimension Fund Advisors	0.6	1.2
Mellon	0.5	1.0
Södra Skogsägarna Ekonomisk Förening	0.5	1.0
Nordea Funds	0.5	1.0
JP Morgan Chase	0.5	1.0
Handelsbanken Funds	0.5	0.9
Total 10 largest	16.4	31.9
Total no. of shares on market	51.3	100

Annual General Meeting, dividend, etc

Billerud AB's Annual General Meeting will take place on Tuesday 3 May 2006 at 4 p.m. in Aula Magna at Stockholm University. Notification will be published in the Swedish national press four weeks before the meeting at the latest. The annual report will be distributed in April and will be made available at the company's website.

Billerud's Board proposes a dividend of SEK 3.25 for 2005.

It is proposed that the record date for the right to receive the dividend be 8 May 2006. Payment via VPC would take place on 11 May 2006.

Outlook

As a consequence of Billerud's present financial position and ongoing discussions regarding future strategy, the Board of Directors will review Billerud's financial goals during 2006.

The market situation for Billerud's packaging paper remains good and is much better than at the beginning of 2005. The price increases implemented at the start of the year for both European and non-European customers will have full impact in the first quarter of 2006. The price of long fibre market pulp had risen to USD 630 per tonne in February and further increases are expected during the spring. This will have a positive effect on the packaging paper market.

Costs are expected to remain high in 2006 for wood, energy and chemicals. Billerud's programme of cost-cutting measures for energy and organisation are proceeding according to plan and are expected to produce the cost reductions previously announced.

Stockholm, Sweden
8 February 2006
Billerud AB (publ)

The Board of Directors

Interim reports 2006

First quarter 2006	3 May 2006
Second quarter 2006	27 July 2006
Third quarter 2006	15 November 2006

The AGM will be held on 3 May 2005 at Aula Magna, Stockholm University, Frescati.

Billerud Group

Supplement 1

Accounting principles

The accounts are prepared in accordance with IAS 34 Interim reports and RR 31 Group Interim Reports. In comparison with the 2004 Annual Report, the accounting principles have been adapted to IFRS. For further information about the effects of introducing IFRS, see Supplement 2. Concerning IAS 14 Segment reporting, see comments under Product areas on page 5 of this report. For details of accounting principles and definitions of key figures, see the 2004 Annual Report pages 41-42, 48-53 and page 67.

Profit and Loss Account	3 months				Full year		
	Oct-Dec 2005	July-Sept 2005	Apr-June 2005	Jan-Mar 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
MSEK							
Net turnover	1 742	1 638	1 704	1 739	1 753	6 823	7 159
Other income	2	3	3	2	3	10	9
Operating income	1 744	1 641	1 707	1 741	1 756	6 833	7 168
Raw materials and consumables	-812	-705	-724	-741	-741	-2 982	-2 766
Change in stock	49	-15	-32	-23	24	-21	13
Other external expenses	-459	-511	-467	-460	-437	-1 897	-1 885
Staff expenses	-337	-675	-360	-348	-352	-1 720	-1 350
Depreciation	-104	-102	-104	-103	-89	-413	-399
Results from participation in associated companies	0	0	0	0	-	0	-
Operating expenses	-1 663	-2 008	-1 687	-1 675	-1 595	-7 033	-6 387
Operating profit	81	-367	20	66	161	-200	781
Financial items	-21	-23	-17	-17	-15	-78	-74
Profit after financial items	60	-390	3	49	146	-278	707
Tax	1	109	-1	-14	-39	95	-198
Net profit for the period	61	-281	2	35	107	-183	509
Earnings per share, SEK	1.19	-5.47	0.04	0.68	2.07	-3.56	9.66
Earnings per share after dilution of shares, SEK	1.19	-5.47	0.04	0.68	2.06	-3.56	9.62
Balance Sheet		31 Dec	30 Sept	30 June	31 Mar	31 Dec	1 Jan
MSEK		2005	2005	2005	2005	2004	2005
Fixed assets		5 350	5 122	4 930	4 788	4 681	4 681
Stocks		739	691	723	707	749	749
Accounts receivable		1 204	1 116	1 207	1 155	1 128	1 096
Other current assets		282	249	259	180	170	277
Cash, bank balances and short-term investments		182	597	669	401	378	378
Total assets		7 757	7 775	7 788	7 231	7 106	7 181
Shareholders' equity		2 526	2 452	2 679	3 089	3 037	3 080
Interest-bearing liabilities		2 532	2 559	2 566	1 855	1 720	1 720
Interest-bearing provisions, pensions		153	144	143	140	127	127
Deferred tax liabilities		1 081	1 073	1 149	1 179	1 177	1 193
Non-interest-bearing provisions		346	356	10	8	7	7
Accounts payable		555	586	542	452	487	487
Other, non-interest-bearing liabilities		564	605	699	508	551	567
Total shareholders' equity, provisions and liabilities		7 757	7 775	7 788	7 231	7 106	7 181
Specification of change in equity		Jan-Dec	Jan-Sept	Jan-June	Jan-March	Full year	
MSEK		2005	2005	2005	2005	2004	
Opening equity		3 037	3 037	3 037	3 037	3 194	
Adjustment for new accounting principles, IAS 39		43	43	43	43	-	
Adjusted opening equity according to IFRS		3 080	3 080	3 080	3 080	3 194	
Profit/loss for the period		-183	-244	37	35	509	
Market value of financial instruments in accordance with IAS 39		-41	-53	-107	-29	-	
Dividend		-334	-334	-334	-	-346	
Share buy-back		-	-	-	-	-317	
Translation difference in shareholders' equity		4	3	3	3	-3	
Closing equity		2 526	2 452	2 679	3 089	3 037	

Cash Flow Statement	Oct-Dec	Oct-Dec	Jan-Dec	Full year
MSEK	2005	2004	2005	2004
Operating surplus, etc 1)	172	225	555	1 185
Change in working capital, etc.	-215	-4	-44	91
Net financial items, taxes, etc.	-10	9	-98	-66
Cash flow from operating activities	-53	260	413	1 210
Investment in fixed assets	-336	-206	-1 075	-568
Acquisition of Billerud Beetham Ltd	-	-	-	-213
Disposal of fixed assets	5	1	6	4
Cash flow from investment activities	-331	-205	-1 069	-777
Change in interest-bearing debt	-31	-175	790	258
Dividend	-	-	-334	-346
Share buy-back	-	-88	-	-317
Cash flow from financing activities	-31	-263	456	-405
Total cash flow (= change in liquid assets)	-415	-208	-200	28
Liquid assets at the beginning of the period	597	588	378	353
Translation difference in liquid funds	-	-2	4	-3
Liquid assets at the end of the period	182	378	182	378

1) The amount for January-September 2005 includes an operating deficit of MSEK -200, returned depreciation of MSEK 413, a returned allocation for structural measures of MSEK 333, an increase in pension liabilities of MSEK 20 and other items of MSEK -11.

1) The amount for the period January-December 2004 includes the operating profit of MSEK 781, returned depreciation of MSEK 399 and other items of MSEK 5.

Key figures	Jan-Dec	Jan-Sept	Jan-June	Jan-Mar	Full year
	2005	2005	2005	2005	2004
<i>Margins</i>					
Gross margin, %	3	1	8	10	16
Operating margin, %	-3	-6	2	4	11
<i>Return (rolling 12 months)</i>					
Return on capital employed, %	-4	-3	11	13	17
Return on equity, %	-7	-5	11	12	16
Return on equity after full conversion, %	-7	-5	11	12	16
<i>Capital structure at end of period</i>					
Capital employed, MSEK	5 029	4 558	4 719	4 683	4 506
Shareholders' equity, MSEK	2 526	2 452	2 679	3 089	3 037
Interest-bearing net debt, MSEK	2 503	2 106	2 039	1 594	1 469
Net debt/equity ratio, times	0.99	0.86	0.76	0.52	0.48
Net debt/equity ratio after full conversion, times	0.97	0.84	0.74	0.50	0.47
Equity ratio, %	33	32	34	43	43
Equity ratio after full conversion, %	33	32	35	43	43
<i>Per share</i>					
Earnings per share, SEK	-3.56	-4.75	0.72	0.68	9.66
Average no. of shares, '000	51 343	51 343	51 343	51 343	52 735
Earnings per share after dilution of shares, SEK	-3.56	-4.75	0.72	0.68	9.62
Average no. of shares, '000	51 611	51 611	51 611	51 611	53 004
<i>Per share at end of period</i>					
Equity per share, SEK	49.20	47.76	52.18	60.17	59.16
No. of shares, '000	51 343	51 343	51 343	51 343	51 343
Equity per share after full conversion, SEK	49.52	48.08	52.48	60.43	59.41
No. of shares, '000	51 611	51 611	51 611	51 611	51 611
Gross investments, MSEK	1 075	740	440	203	568
Acquisition of Billerud Beetham Ltd	-	-	-	-	213
Average number of employees	2 600	2 624	2 571	2 556	2 623

Product areas

Quarterly breakdown of net turnover by product area and for the Group

	2005					2004				
	Full year	IV	III	II	I	Full year	IV	III	II	I
MSEK										
Kraft paper	3 683	953	884	919	927	3 613	878	904	929	902
Containerboard	2 012	518	486	499	509	2 131	568	573	470	520
Market pulp	1 128	271	268	286	303	1 415	307	345	365	398
Other and eliminations	-	-	-	-	-	-	-	-	-	-
Total Group	6 823	1 742	1 638	1 704	1 739	7 159	1 753	1 822	1 764	1 820

Quarterly breakdown of operating profit by product area and for the Group

	2005					2004				
	Full year	IV	III	II	I	Full year	IV	III	II	I
MSEK										
Kraft paper	339	109	98	57	75	485	110	151	72	152
Containerboard	33	5	-20	11	37	171	58	96	-26	43
Market pulp	-75	-1	-44	-23	-7	192	18	45	59	70
Other and eliminations	-497	-32	-401	-25	-39	-67	-25	-22	-10	-10
Total Group	-200	81	-367	20	66	781	161	270	95	255

Operating margin per product area and for the Group

	2005					2004				
	Full year	IV	III	II	I	Full year	IV	III	II	I
%										
Kraft paper	9	11	11	6	8	14	13	17	8	17
Containerboard	2	1	-4	2	7	8	10	17	-5	8
Market pulp	-7	-0	-16	-8	-2	14	6	13	16	18
Group	-3	5	-22	1	4	11	9	15	5	14

Quarterly delivery volumes per product area

	2005					2004				
	Full year	IV	III	II	I	Full year	IV	III	II	I
'000 tonnes										
Kraft paper	538	138	127	133	140	528	131	129	132	136
Containerboard	515	132	125	128	130	531	143	137	117	134
Market pulp	298	71	73	75	79	312	78	73	74	87
Total	1 351	341	325	336	349	1 371	352	339	323	357

Effects of introduction of IFRS on consolidated results for first nine months of 2004

For further details of the effects of the introduction of IFRS on Billerud, see pages 13-22 in supplement 2 of the interim report for the first quarter of 2005 dated 3 May 2005, and pages 13-14 in supplement 2 of the interim report for the second quarter of 2005, and pages 12-13 in supplement 2 of the interim report for the third quarter of 2005.

Consolidated profit and loss accounts

MSEK	Jan-Dec 2004			Oct-Dec 2004		
	Using previous accounting principles ¹⁾	Effect of introducing IFRS	Using IFRS	Using previous accounting principles ¹⁾	Effect of introducing IFRS	Using IFRS
Net turnover	7 159		7 159	1 753		1 753
Other operating income	9		9	3		3
Operating income	7 168		7 168	1 756		1 756
Raw materials and consumables	-2 766		-2 766	-741		-741
Change in inventories	13		13	24		24
Other external costs	-1 879	-6 B1)	-1 885	-437	0 B1)	-437
Staff costs	-1 350		-1 350	-352		-352
Depreciation	-400	1 B2)	-399	-89	0 B2)	-89
Operating expenses	-6 382	-5	-6 387	-1 595	0	-1 595
Operating profit	786	-5	781	161	0	161
Financial items	-74		-74	-15	0	-15
Profit after financial items	712	-5 B3)	707	146	0 B3)	146
Taxes	-198	0	-198	-39	0	-39
Net profit for the year	514	-5	509	107	0	107
Earnings per share, SEK	9.75		9.66	2.07		2.07
Earnings per share after dilution of shares, SEK	9.72		9.62	2.06		2.06

¹⁾ Includes effects of changed principle concerning reporting of maintenance costs. Further details on page 14.

Specification of change in profit in accordance with IFRS	Jan-Dec 2004	Oct-Dec 2004
Profit for the period in accordance with previous accounting principles	514	107
B1) Change in costs for restructuring due to application of IFRS 3	-6	0
B2) Change in depreciation due to application of IFRS 3	1	0
B3) Change in deferred tax due to application of IFRS 3	0	0
Profit for the period using IFRS	509	107

Effects of introduction of IFRS on operating profit per product area

MSEK	Jan-Dec 2004			July-Dec 2004		
	Using previous accounting principles	Effect of introducing IFRS	Using IFRS	Using previous accounting principles	Effect of introducing IFRS	Using IFRS
Kraft paper	490	-5	485	110	-	110
Containerboard	171		171	58		58
Market pulp	192		192	18		18
Other and eliminations	-67		-67	-25		-25
Total Group	786	-5	781	161	-	161

¹⁾ Includes effects of changed principles concerning reporting of maintenance costs. For further details, see page 14.

Effects of changed principles concerning reporting of maintenance costs on profit/loss for the Group's product areas, per quarter in 2004

	Using previous accounting principles				Effects of change				Using new accounting principles			
	Jan-March 2004	Jan-June 2004	Jan-Sept 2004	Jan-Dec 2004	Jan-March 2004	Jan-June 2004	Jan-Sept 2004	Jan-Dec 2004	Jan-March 2004	Jan-June 2004	Jan-Sept 2004	Jan-Dec 2004
MSEK												
Kraft paper	138	244	394	490	14	-14	-14	-	152	230	380	490
Containerboard	34	35	122	171	9	-18	-9	-	43	17	113	171
Market pulp	63	127	181	192	7	2	-7	-	70	129	174	192
Other	-10	-20	-42	-67	-	-	-	-	-10	-20	-42	-67
Total Group	225	386	655	786	30	-30	-30	-	255	356	625	786

Effects of introduction of IFRS on consolidated shareholders' equity 2004

MSEK	Jan-March	Jan-June	Jan-Sept	Jan-Dec
Shareholders' equity on 1 Jan 2004 in accordance with previous accounting principles	3 204	3 204	3 204	3 204
Adjustment in accordance with recommendation RR 29 of the Swedish Financial Accounting Standards Council / IAS 19	-10	-10	-10	-10
Adjusted shareholders' equity, 1 January 2004	3 194	3 194	3 194	3 194
Dividend	-	-346	-346	-346
Share buy-back	-96	-168	-229	-317
Translation difference in shareholders' equity	-	-	-3	-3
Profit/loss for the period	147	248	429	514
Change in accounting principle for maintenance	22	-22	-22	-
Closing equity in accordance with previous principles	3 267	2 906	3 025	3 042
Effect on equity of introduction of IFRS due to:				
Recalculation of fixed assets due to application of IFRS 3	-9	-9	-8	-8
Change in deferred tax liability due to application of IFRS 3	3	2	2	2
Change in non-interest-bearing provisions due to application of IFRS 3	6	1	1	1
Shareholders' equity 31 Dec 2004 in accordance with IFRS	3 267	2 900	3 020	3 037