PROVENTUS

ANNUAL REPORT

1995

PROVENTUS AKTIEBOLAG (publ)
(formerly Weil Invest Aktiebolag (publ))
Corporate reg. no.: 556042-3443

PRESIDENT’S COMMENTS

For Proventus, 1995 was a year of change. Following 14 years as a publicly traded company, Proventus became a privately owned company in 1995. Weil Invest’s offer to Proventus shareholders was both preceded and followed by a number of significant business events.

The Swedish capital market has developed towards valuating companies on a cash flow oriented basis. Proventus shares, which were traded at a premium in relation to net asset value during the 1980s, were traded at an increasing discount to net asset value during the 1990s. After having implemented several measures to reduce the discount, without much success, Weil Invest decided that there was no longer any valid reason for Proventus to continue to be listed on the Stockholm Stock Exchange. Accordingly, Weil Invest decided to make a public offer to the other shareholders, at a premium.

To finance the transaction, Proventus had to have access to operating cash flow, which meant that the acquisition of Proventus had to be preceded by an acquisition of Aritmos. Without access to the future cash flows from Aritmos’ operating companies – Puma, Etonic and Tretorn – Weil Invest would not have been able to finance an acquisition of Proventus. Following the purchase of Aritmos, and with a well-defined action plan to reduce the initially high level of debt, Weil Invest was able to finance the offer to the other shareholders through new bank loans in an amount of approximately MSEK 1,000 together with the issue of two subordinated debentures in a combined amount of MSEK 446 but with different maturities. The debentures were issued to former Proventus shareholders in order to finance the transaction and to provide an opportunity to offer an additional return.

The acquisition of Proventus was undertaken at a time when many Proventus companies had completed comprehensive restructuring programs and were showing favorable profitability. The companies were industrially and financially competitive in their markets and offered additional development potential to industrial owners. Due to the companies’ stability, it was possible to make ownership changes without having their value affected by the Parent Company’s financial position. During 1995, the Group divested the holdings in the flatware manufacturer Gense, the bicycle and lawnmower producer Monark Stiga, the fishing equipment manufacturer Abu Garcia, the construction tiles company United Tiles and the SSRS-Holding hotel chain. All of the companies were purchased by industrial owners who had well defined plans for the further development of the companies. In addition, Puma AG acquired from Tretorn the right to the Puma brand name in the U.S. Operational financing in Etonic and Tretorn has replaced parts of the acquisition financing in the Parent Company. Following the acquisition of Proventus, the financial risk rose substantially. The measures undertaken following the acquisition were designed exclusively to substantially reduce this risk. As a result of the divestments, combined with the positive development of the remaining shareholdings, the Group now has a very stable financial position.

By the end of 1995, the bank loans of approximately MSEK 1,000 undertaken to finance the acquisition had been amortized in full and the consolidated balance sheet had been reduced by MSEK 2,995. The lower risk level is reflected in the valuation of the debentures that were part of the offer to Proventus shareholders. Up to March 1, 1996, the annualized return on the two debenture series was 29.7% and 55.1%. During the same period, the average return on a Swedish stock market investment was 26.1%. The current market valuation of the debentures means that the margin in relation to Swedish treasury bills has been reduced considerably since trading commenced in June 1995.

In March 1996, Weil Invest was renamed Proventus and the two companies will be merged during the year.

Puma is Proventus' largest individual asset, representing 73% of the Group's assets in accordance with the net asset value calculation at March 1, 1996. Puma reported all-time-high earnings for 1995. The purpose of the restructuring process initiated in 1993 was to make Puma competitive and create a platform for future growth. The company's earnings for 1995 show that it has now achieved a favorable level of profitability, with satisfactory margins. This enables Puma's management to focus its efforts on achieving profitable growth, and makes Puma an attractive investment in the stock market.

At Puma's Annual General Meeting in April, a number of proposals will be presented, with the aim of facilitating comparisons of the Puma share with similar companies. These changes, combined with certain concessions made by Proventus, will make it easier for the market to analyze and assess the value of the company. Subsequently, while maintaining principal ownership, Proventus intends to reduce its holding in Puma, in order to broaden the ownership base and improve liquidity in Puma shares. This transaction, which is scheduled to be implemented during the second quarter of 1996, will generate a substantial liquidity contribution for Proventus, which will restore the Group to a position as one of the major players in the market for structured corporate acquisitions.

Finally, I would like to thank all employees of Proventus, its subsidiaries and associated companies in and outside Sweden for their excellent efforts and cooperation during 1995.

Mikael Kamras
President

ACQUISITION OF PROVENTUS

Weil Invest, which was formed in 1969, has been the principal owner of Proventus since 1985. In February 1995, Weil Invest made a public offer to the other Proventus shareholders. The total offer value was approximately MSEK 1,500, which corresponded to a total value for the whole of Proventus of approximately MSEK 2,600. The offer consisted of a cash portion in combination with two subordinated debentures per share. One of the debenture series is listed on the Stockholm Stock Exchange (SOX list), while the other is traded unofficially at Carnegie Fondkommission. In May, 1995, it was announced that the offer had been accepted to the extent that Weil Invest controlled more than 90% of the share capital and voting rights in Proventus. Proventus shares were then delisted from the Stockholm Stock Exchange and compulsory redemption of the remaining shares was requested. On March 1, 1996, Weil Invest received preferential rights to all of the remaining shares in Proventus, and a merger of Weil Invest and Proventus has been initiated. Weil Invest has been renamed Proventus AB (publ), which will be the name of the merged entity. In this annual report, Proventus is used as a designation for the former Weil Invest and the merged unit, while the term former Proventus is used to designate the previous Proventus (whose official name is now Proventus Handels AB (publ)).

THIS IS PROVENTUS

Proventus engages in investments of both an industrial and financial nature. Proventus operates as an active owner, who, together with the boards of directors and managements of the companies in which it invests, focuses primarily on the strategic and financial development of the companies, as well as functioning as a catalyst during processes of change.

Proventus' *business concept* is to create value by investing in companies in which Proventus can contribute to the implementation of strategic and/or structural changes that result in an improved long-term return.

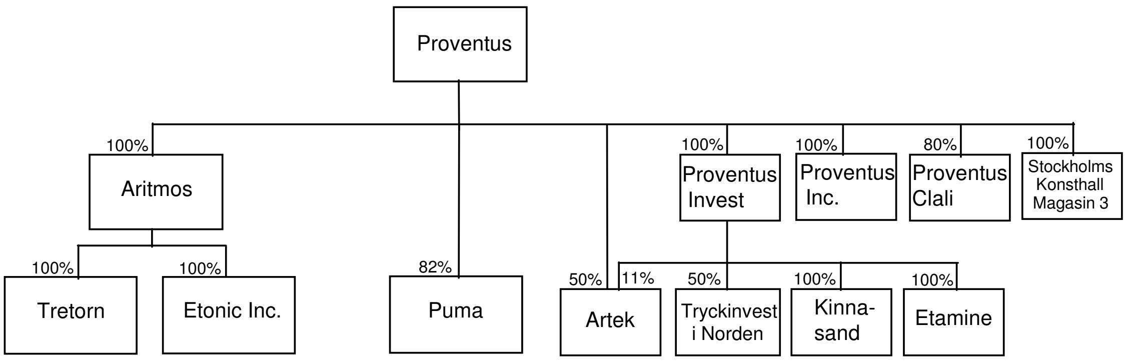
Proventus' *goal* is to generate a high long-term return by maximizing growth in its own net asset value, while maintaining a conservative level of risk.

Proventus' *strategy* is to acquire large shareholdings in established companies, thereby providing Proventus with a controlling influence and enabling it to actively participate on the boards of directors and cooperate with the managements of the companies concerned.

GROUP OVERVIEW

The Proventus Group engages in investments in several different areas. The Parent Company, Proventus, invests in larger, primarily exchange-listed, companies. Proventus Invest, whose president is Ulf Ericsson, invests in small and medium-sized unlisted companies. Aritmos, whose president is Thore Ohlsson, is responsible for the Group's investments in the sports and leisure sector. In addition, Proventus is represented in the U.S. by Proventus Inc., whose chairman is Joel-Tomas Citron, and in Israel by Proventus-Clali, whose president is Tamir Agmon. These companies manage investments in these two markets.

Proventus has active investments in three exchange-listed companies: Puma, Orrefors and Von Roll. Aritmos controls and has operational responsibility for the Group's investments in Puma, Etonic and Tretorn. Proventus Invest controls and has operational responsibility for, Tryckinvest i Norden, Kinnasand, Etamine and Artek. Proventus-Clali has investments in Eltec and Clali Capital Development.



OTHER INVESTMENTS

Proventus: Von Roll 1%
Orrefors 16%
Aritmos: Drummond Gate 37%
Proventus-Clali: Eltec 19%
Clali Capital Development 20%

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ROVENTUS' INVESTMENTS

ARITMOS

President: Thore Ohlsson

Following a public offer made in December 1994, Aritmos became a wholly owned subsidiary of the former Proventus. The resulting overlapping functions in the two organizations have been rationalized and Aritmos' structure has been adapted to the new situation. Proventus' active ownership also generated a very favorable return for Aritmos' other shareholders. During 1994, the return on an Aritmos share corresponded to 86%.

Aritmos' main operation comprises the control and operational responsibility for Proventus' investments in Puma, Etonic and Tretorn. The Puma shares are currently owned by the former Proventus, although this has no impact on operational responsibility.

PUMA

President: Jochen Zeitz

Operations

Puma develops, manufactures and markets footwear for soccer, running, basketball and racquet sports, as well as sports apparel. The company's products mainly focus on the medium and upper price categories. Puma is the world's second largest brand of soccer footwear.

In 1995, the Puma Group consisted of the German Parent Company, Puma, World Cat, a purchasing company based in Hong Kong, and five wholly owned sales companies in France, Switzerland, Austria, Benelux and Australia. During 1995, Puma repurchased the right to the Puma brand in the U.S., and in the beginning of 1996 it also purchased Puma North America Inc., the licensee for the North American market. Puma shares are listed on the Frankfurt and Munich stock exchanges. The average number of employees in the Puma Group in 1995 was 748.

Sports footwear is purchased mainly in the Far East, Puma sells products through its own sales companies and some 80 distributors and licensees. In Asia and South America the products are almost exclusively sold on license, while in Europe sales are effected through Puma's own organization and via distributors. The main distribution channels are sporting goods stores, department stores and specialist footwear stores.

Including licensed sales of Puma products, Puma's revenues in 1995 amounted to slightly more than SEK 5.6 billion. Of total sales, sports footwear accounted for 54%, sports apparel for 40% and other sporting goods for 6%. Soccer shoes are the most important sports category, followed by running shoes. Sports apparel is produced as a complementary product in all product groups. Other sports goods include sports bags, protective equipment and balls.

Puma's products are sold in approximately 80 countries. The major markets are Asia, Europe and South America, which accounted for 42%, 40% and 16%, respectively of total 1995 sales. In terms of sales, Japan is the largest individual market for Puma's products. Of total revenues in 1995, sales by licensees accounted for SEK 3.5 billion. Puma's royalties from licensed sales, which amounted to MSEK 225 in 1995, derive mainly from Asian markets.

Comments on development

Puma's sales rose to MSEK 2,053, compared with MSEK 1,850 in 1994. Total sales, including sales of Puma products on license, rose from MSEK 5,032 to MSEK 5,628. Income after net financial items rose from MSEK 140 to MSEK 269, and net interest-bearing liabilities were reduced from MSEK 74 to MSEK 67. From income for 1995, an amount of MSEK 168 was paid to Proventus as partial repayment of 'Besserungs-scheine', a type of conditional shareholder contributions.

FINANCIAL DATA

MSEK	1995	1994
Operating revenues		
Sales revenues	2,053	1,850
Other operating revenues	254	256
	2,307	2,106
Operating expenses		
Operating costs	-2,000	-1,920
Straight-line depreciation	-31	-23
Operating income after depreciation	276	163
Net financial items	-7	-23
Income after financial items	269	140
Key ratios 1)		
Operating margin, %	11.9	7.7
Interest-bearing net liabilities, MSEK	67	74
Capital employed, MSEK	636	547
Risk-bearing capital, MSEK	377	322
Total assets, MSEK	1,081	904
Risk-bearing capital/assets ratio, %	34.9	35.7
Return on capital employed, %	45.4	31.5
Average number of employees	748	725

1) For definitions, see page 41.

New issue and broadening of ownership base

After concentrating efforts on a restructuring of the company's operations in recent years, Puma's owners, board of directors and executive management are proposing that the 1996 Annual General Meeting approves a number of motions designed to further adapt Puma to the needs of the capital market. For the first time since its flotation in 1986, Puma will pay a dividend to shareholders, which, if approved, will facilitate a streamlining of the share structure into a single series of shares. At the same time, a new share issue corresponding to 10% of the share capital and a 10 for 1 share split will be effected.

Effective the 1995 fiscal year, the company presents its financial statements in accordance with international accounting standards, to enable better comparisons to be made with its international peers.

Following these measures, Puma shares will be traded in a lower price range and will be easier to analyze, which will facilitate trading by a larger number of shareholders. To further improve pricing and increase liquidity in Puma shares, Proventus intends to reduce its holding to less than 50% during 1996. However, Proventus will remain the largest shareholder and while maintaining principal ownership responsibility it will continue to work for Puma's future growth.

The conditional shareholder contributions, Besserungsscheine, in Puma complicate analyses and pricing of Puma shares. Accordingly, as the owner of all of the remaining shareholder contributions, Proventus has decided to waive its right to repayment of shareholder contributions not serviced by 1995 and 1996 earnings. This concession, which is subject to the above transaction being implemented during 1996, is expected to amount to approximately MSEK 130.

ETONIC

President: Bill Kirkendall

Operations

Etonic develops, manufactures and markets golf, running and walking footwear. Etonic also markets Tretorn's products in the North American market via a license agreement.

Etonic is organized in four divisions: Etonic Golf, Etonic Athletic, Etonic International and Tretorn USA. The divisions are served by a joint administrative and distribution organization but each has separate marketing, sales and product development departments. Puma North America Inc., which was formerly part of the Etonic Group, was demerged during 1995 and is currently part of the Puma Group. The average number of employees in the Etonic Group during 1995 was 206.

The greater part of Etonic's production is conducted in the Far East. Etonic's premium quality golf shoes are manufactured in the company's own plant in the U.S. Sales of Etonic's products take place through specialist sports stores and retail sporting goods chains plus pro shops located on golf courses.

In 1995, Etonic's sales amounted to MSEK 493. Etonic Golf accounted for 51% of sales, Etonic Athletic for 34% and Tretorn USA 11%. Sales are mainly accounted for by the U.S. market. The predominant portion of Tretorn's U.S. revenues derives from sales of the leisure shoe, Tretorn Nylite.

Combined, Etonic and Tretorn USA had a share of slightly more than 1% of total sports footwear sales in the U.S. Etonic is the world's second largest supplier of golf shoes, with a market share of approximately 15%. In the U.S. golf shoe market, the share is approximately 18%.

Comments on development

Etonic has implemented a comprehensive savings program over the past three years, which with just a marginal decrease in sales in local currency has transformed a loss after net financial items of MSEK 9 for 1994 into a profit of MSEK 1 for 1995. Due to a substantial depreciation in the exchange rate for the U.S. dollar during the period, the sales decrease is considerably larger when reported in Swedish currency.

Etonic's sales amounted to MSEK 493 in 1995, compared with MSEK 633 in 1994, a decrease of 22% in SEK. Income after net financial items amounted to MSEK 1, compared with a loss of MSEK 9 in the preceding year. During 1995, net interest-bearing liabilities were reduced from MSEK 265 to MSEK 180, since Etonic effected a new share issue during the year in which loans from the Parent Company were converted into shareholders' equity.

FINANCIAL DATA [1)]

MSEK	1995	1994
Operating revenues		
Sales revenues	493	633
Other operating revenues	15	14
	508	647
Operating expenses		
Operating costs	-481	-614
Straight-line depreciation	-9	-20
Operating income/loss after depreciation	18	13
Net financial items	-17	-22
Income/loss after financial items	1	-9
Key ratios [2)]		
Operating margin, %	3.6	1.9
Interest-bearing net liabilities, MSEK	180	265
Capital employed, MSEK	282	371
Risk-bearing capital, MSEK	95	79
Total assets, MSEK	304	433
Risk-bearing capital/assets ratio, %	31.3	18.2
Return on capital employed, %	6.1	3.5
Average number of employees	206	236

1) Data for the year 1994 has been restated on a pro forma basis to reflect the current structure.
2) For definitions, see page 41.

TRETORN

President: Stefan Jacobsson

Operations

Tretorn develops, manufactures and markets products for tennis and outdoor leisure activities. Permanent pressure tennis balls are the main tennis product, an area in which Tretorn is the market leader in the world. Rubber boots are the company's major outdoor leisure product, an area in which Tretorn is the market leader in Sweden. Tretorn also markets products supplied by Puma and Etonic in certain markets and holds a small number of agencies for sporting goods manufactured by other companies.

In addition to the headquarters in Helsingborg, Sweden, the Tretorn Group consists of the Irish manufacturing company, Tretorn Sport, and four wholly owned sales companies in Sweden, Denmark, Germany and Ireland. The group also includes a manufacturing and sales company, Real de Tenis, in Mexico, in which it has a 51% interest. During 1995, the group had an average of 193 employees.

Tennis balls are manufactured in Ireland and, to a lesser extent, in Mexico. Sales of tennis balls are conducted through Tretorn's own sales companies, distributors and agents. Production of rubber footwear is carried out via suppliers in Eastern Europe and the Far East.

Tretorn's products are sold primarily in Europe, where the main markets are Sweden, Benelux, Denmark, Italy, Switzerland and Germany. The company markets tennis balls in most of the Western European countries, where Switzerland and Germany are the two largest individual markets. Rubber boots are sold mainly in the Nordic region and in Germany. Tretorn had sales of MSEK 372 in 1995. In addition, sales of Tretorn products on license amounted to MSEK 125.

Comments on development

With the help of internal rationalization and cost-saving measures, Tretorn has reversed the negative trend experienced by the company during the first part of the 1990s, and is now endeavoring to establish profitable growth. As part of its continued development, Tretorn's head office was relocated to Helsingborg and Stefan Jacobsson, former president of Abu Garcia, was appointed new president.

Tretorn's sales in 1995 amounted to MSEK 372, compared with MSEK 371 in 1994, and its income after net financial items rose from MSEK 11 in 1994 to MSEK 21 in 1995. During the same period, Tretorn's net interest-bearing liabilities rose from MSEK 74 to MSEK 116.

FINANCIAL DATA [1)]

MSEK	1995	1994
Operating revenues		
Sales revenues	372	371
Other operating revenues	5	7
	377	378
Operating expenses		
Operating costs	-338	-344
Straight-line depreciation	-16	-17
Operating income after depreciation	23	17
Net financial items	-2	-6
Income after financial items	21	11
Key ratios [2)]		
Operating margin, %	6.2	4.4
Interest-bearing net liabilities, MSEK	116	74
Capital employed, MSEK	315	218
Risk-bearing capital, MSEK	66	74
Total assets, MSEK	383	341
Risk-bearing capital/assets ratio, %	17.2	21.6
Return on capital employed, %	11.1	8.6
Average number of employees	193	219

1) Data for the year 1994 has been restated on a pro forma basis to reflect the current structure.
2) For definitions, see page 41.

TRYCKINVEST I NORDEN

Operations

Tryckinvest i Norden, which is owned jointly with the Bonnier Group, makes investments in the graphic industries. Tryckinvest i Norden consists of Interprint Kungens Kurva (president: Hans Carlsson), which is Sweden’s largest and only independent rotogravure printer, Sörmlands Grafiska, one of Sweden’s leading offset printing companies, and the small sheet-offset printing firm, Tryckeri AB Småland (Ulf Persson is president of both companies). Combined, these companies represent Sweden’s largest contract printing group. The average number of employees in the Tryckinvest Group during 1995 was 619. Tryckinvest’s sales in 1995 amounted to MSEK 870, of which Interprint accounted for 51%, Sörmlands Grafiska for 46% and Tryckeri AB Småland for 3%. Sweden accounts for virtually all sales. Operations mainly consist of the printing of large series of periodicals and daily newspaper supplements. Spare time is utilized for the printing of such products as printed advertisements and maps.

Comments on development

Tryckinvest reported sales of MSEK 870 in 1995, compared with MSEK 727 in 1994, an increase of 20%. Income after net financial items rose from MSEK 37 in 1994 to MSEK 73 in 1995. The improvement in profitability was mainly attributable to better margins. The company was able to capitalize on the favorable business conditions to attract new contracts and renew existing ones on good terms, and for longer periods. Net interest-bearing liabilities were reduced from MSEK 25 to a cash surplus of MSEK 15.

FINANCIAL DATA

MSEK	1995	1994
Operating revenues		
Sales revenues	870	727
Other operating revenues	2	2
	872	729
Operating expenses		
Operating costs	-776	-668
Straight-line depreciation	-24	-22
Operating income after depreciation	72	39
Net financial items	1	-2
Income after financial items	73	37
Key ratios 1)		
Operating margin, %	8.3	5.4
Interest-bearing net liabilities, MSEK	-15	25
Capital employed, MSEK	188	175
Risk-bearing capital, MSEK	169	140
Total assets, MSEK	332	311
Risk-bearing capital/assets ratio, %	50.8	45.0
Return on capital employed, %	40.3	24.5
Average number of employees	619	607

1) For definitions, see page 41.

OTHER INVESTMENTS

Von Roll

President: Max Amstutz

Proventus owns 1% of the shares in Von Roll, a Swiss industrial conglomerate active in the areas of steel, environmental engineering, electrical insulation systems, casting and machinery. Following several financial and industrial reconstructions during the 1990s, Von Roll's profitability has been restored. Proventus and a number of major Swiss banks actively participated in the restructuring of the company. By retaining representation on Von Roll's Board of Directors, Proventus is still working for the continued development of the company. At year-end, Proventus' shareholding had a market value of MSEK 33.

Orrefors

President: Göran Bernhoff

Proventus owns 16% of the shares in Orrefors Kosta Boda. The company is active in the design, manufacture and marketing of innovative and high-quality crystal and glassware for household and decorative applications. Exports account for 50% of the company's sales, and the main export markets are the U.S. and Australia. At year-end, Proventus' shareholding had a market value of MSEK 57.

Kinnasand and Etamine

Presidents: Bengt Gullbrandsson (Kinnasand) and Pierre Bouvet (Etamine)

Kinnasand, a wholly owned subsidiary in the Proventus Group, develops, manufactures and markets curtain and furniture fabrics, as well as wall and floor coverings. Curtain and furniture fabrics account for 75% of sales and wall and floor coverings for 25%. Kinnasand's principal markets are Sweden and Germany. Etamine, which is a wholly owned subsidiary in the Proventus group, is operationally subordinate to Kinnasand. Etamine is active in the interior design fabrics segment, mainly in the French market. At year-end, the total consolidated book value of the shareholdings was MSEK 27.

Artek

President: Reino Kurki

Artek, in which the Proventus Group holds a 61% interest, is a Finnish company that markets furniture designed by Alvar Aalto, as well as designing new series in his style. Manufacturing is conducted in Finland, which is also the company's largest market. Exports account for about 35% of revenues, but Artek's goal is to increase the export share to 50%, mainly through increased sales in markets where Artek is already established, primarily, Sweden, Denmark and the U.S. At year-end, the total consolidated book value of the shareholding was MSEK 12.

Stockholms Konsthall Magasin 3

Proventus owns 100% of Stockholms Konsthall Magasin 3, an exhibition hall for modern art with premises in the Stockholm Free Harbor. During 1995, Magasin 3 was the venue of critically acclaimed and well-visited exhibitions of works by such artists as James Turrell, Georg Baselitz and Carl Fredik Hill. This is a nonprofit operation.

See Note 9 for a specification of Proventus' shareholdings.

DIVESTMENTS

Gense

In February 1995, Proventus Invest sold the flatware company, Gense, to the Norwegian group, K.A. Rasmussen, the Nordic region's leading producer of gold, silver and platinum alloys. The transaction resulted in a liquidity contribution of MSEK 250 for the Proventus Group.

Monark Stiga

In May, 1995, the Proventus Group sold most of the shares in Monark Stiga to VenCap AB and Grimaldi Industrier AB, which also acquired an option to purchase the Proventus Group's remaining holding. Following the exercise of this option in November 1995, the Proventus Group holds no shares in Monark Stiga. The transactions generated a total liquidity contribution of MSEK 312 for the Group.

Since Proventus became the principal owner of Monark Stiga, the company has developed very favorably and up to year-end 1995, the company's shareholders had received an annual return of 46% since the company's listing in October 1994.

Abu Garcia

In May 1995, the Proventus Group accepted a public offer from the U.S. company Berkley Inc. and sold its shares in Abu Garcia. The divestment of Abu Garcia generated a liquidity contribution of MSEK 224 for the Proventus Group. The shareholders who invested in Abu Garcia in connection with its listing in October 1994, received a return corresponding to 116% per year.

United Tiles

In December 1995, the operational subsidiaries of United Tiles were sold to one of the largest groups in the construction tiles industry. The sale generated a liquidity contribution of MSEK 192 for the Proventus Group.

Other divestments

The Nya Knutpunkten 2 property in Helsingborg was sold during the year, generating a liquidity contribution of MSEK 38. In addition, the shares in SSRS-Holding were sold to the company's management, a transaction that will generate a liquidity contribution of MSEK 29 for the Proventus Group.

INCOME

Group

Proventus reported income before taxes of MSEK 333, compared with a loss of MSEK 180 for 1994, an improvement of MSEK 513. The main reason for the improvement is that income for 1994 was charged with MSEK 496 for a write-down of the shares in Von Roll.

The improved income was also attributable to the restructuring work implemented within the Group. Puma reported pretax income of MSEK 269, compared with MSEK 140 in the preceding year. Etonic, Tretorn and Tryckinvest i Norden also reported improved earnings compared with 1994.

The divestments of Abu Garcia, Gense, Monark Stiga, SSRS-Holding and United Tiles resulted in a gain of MSEK 272 for the Proventus Group and generated a liquidity contribution of MSEK 1,007.

Due to Proventus' acquisition of the shares outstanding in the former Proventus, the Parent Company's increased indebtedness resulted in a deterioration in net financial items by MSEK 185.

Note 1 contains a specification of the Group's sales and income by company.

Parent Company

The Parent Company reported income before tax of MSEK 1,187, compared with income of MSEK 19 for 1994. Income consists of MSEK 1,400 for anticipated dividends from subsidiaries and MSEK 185 for the deterioration in net financial items.

CHANGED FINANCIAL RISK

Through a public offer, Proventus increased its shareholding in the former Proventus during 1995. Initially, this investment meant that indebtedness increased by slightly more than MSEK 1,500.

On February 27, 1995, Proventus made a public offer to acquire all of the shares outstanding in the former Proventus. On May 19, 1995, Proventus' shareholding amounted to 99.2% of the shares whereby the compulsory redemption of the remaining shares outstanding was requested. At the end of 1995, 260,092 shares were required to attain 100% ownership. Proventus has posted a liability of MSEK 21 for the remaining shares and reports the former Proventus as a wholly owned subsidiary effective May 26, 1995, when payment for the shares was made. Proventus was granted prior rights to these shares on March 1, 1996.

FINANCIAL POSITION

Group

On December 31, 1995, the Group's equity/assets ratio was 15% (27). The Group's total interest-bearing liabilities amounted to MSEK 2,288 (3,201). Of the interest-bearing liabilities, 70% (77%) were long term. The Group's net indebtedness amounted to MSEK 1,644 (2,155). Compared with the pro forma indebtedness at March 30, 1995, net indebtedness has been reduced by MSEK 1,714.

Parent Company

On December 31, 1995, the Parent Company's equity/assets ratio was 51% (16). The Parent Company had total interest-bearing liabilities of MSEK 1,185 (613). Of the interest-bearing liabilities, 98% (100%) were long term.

INTEREST-BEARING LIABILITIES

Of the Group's total interest-bearing liabilities of MSEK 2,152, excluding loans from the shareholders Weil and Kamras, MSEK 542 is accounted for by operating liabilities, which are loans undertaken by companies in which Proventus has direct or indirect investments. The remaining MSEK 1,610 comprises investment liabilities and mainly relates to liabilities undertaken for the acquisitions of Aritmos and the former Proventus. Taking into account liquid assets, which are mainly found in Aritmos and the former Proventus, the net indebtedness relating to the above investment liabilities amounts to MSEK 1,245. The composition of the Proventus Group's indebtedness is shown in the table below.

Investment liabilities	
Proventus, bank loans	525
Proventus, subordinated debentures, series I	391
Proventus, subordinated debentures, series II	77
Former Proventus, bank loans	41
Former Proventus, promissory note loans	428
Robert Weil Inc, property loan	15
Aritmos, bank loans	67
Pension liabilities and other long-term liabilities	66
	1,610
Subsidiaries' liabilities	
Operating credits in underlying subsidiaries	542
	2,152

To be able to view the investment liabilities in context, reference is made to the calculation of net asset value on page 37.

BONUS ISSUE

An Extraordinary General Meeting on March 15, 1995 approved a bonus issue in an amount of MSEK 52, through the utilization of disposable earnings. The face value of the Company's shares was raised from SEK 50 to SEK 10,000 per share.

CURRENCY RISK

The Group's international focus results in a substantial flow of payments in different foreign currencies. To limit the currency risk, the subsidiaries undertake various hedging measures, such as currency clauses, netting and forward contracts. The objective is to hedge 100% of the net exposure in foreign currencies during the period considered to be required for the subsidiaries to adapt to the changes in exchange rates. At present, this means that hedging measures in the Group's companies are undertaken for periods of between three and twelve months.

The assets of foreign subsidiaries less their liabilities constitute a net investment in foreign currencies which, in connection with changes in exchange rates, results in translation differences on consolidation into the Group's accounts. To restrict the effects of translation differences on the Group's shareholders' equity, Proventus hedges the net value of the assets in foreign subsidiaries through financing in the same currencies, or through forward contracts. Exchange differences on loans and forward contracts that are undertaken to hedge the net value of foreign assets are included in shareholders' equity, after taking tax effects into account.

In order to minimize the effects of unfavorable exchange-rate movements, however, the Board of Directors may purposely refrain from applying the principles described above, by consciously assuming risk.

The DEM-denominated Puma shareholding gives rise to the Group's principal exposure in foreign currency. At year-end 1995, Puma's net assets were hedged at a rate of approximately 160%, the Group's book value of the Puma shareholding was hedged at approximately 50% and the market value at approximately 25%.

PERSONNEL DATA AND EXPENSES

During the year, the number of employees in the Group was 2,001 (4,523). Personnel expenses amounted to MSEK 534 (1,070). A specification of the number of employees by country and place of employment is provided in the table on page 28.

PROPOSED DISTRIBUTION OF EARNINGS

Group

The Group's unrestricted shareholders' equity on December 31, 1995 amounted to MSEK 351. It is proposed that no allocations be made to restricted reserves.

Parent Company

Funds amounting to SEK 1,253,775,309.83 are at the disposal of the Annual General Meeting in the form of unrestricted shareholders' equity. The Board of Directors proposes that SEK 10,329,400 be transferred to legal reserves and that the remaining amount, SEK 1,243,445,909.83, be carried forward.

INTERIM REPORT FOR 1996

The interim financial statements for the 1996 fiscal year cover the first six months of the year. The press release relating to the interim financial statements will be published on August 29, 1996.

CONSOLIDATED INCOME STATEMENT

MSEK		1995	1994
Operating revenues			
Sales	Note 1	4,279	7,541
Other revenues		298	267
Share in income of associated companies	Note 2	-	19
Gain on sale of shares		262	150
Dividends on shares and participations		14	1
		4,853	7,978
Operating expenses			
Operating expenses		-4,179	-7,334
Write-down of shares		-7	-496
Operating income before depreciation		667	148
Depreciation			
Straight-line depreciation	Note 3	-186	-274
Operating income/loss after depreciation		481	-126
Financial income and expense			
Interest income		96	177
Interest expense		-275	-224
Exchange-rate differences		31	-7
Income/loss before taxes	Note 1	333	-180
Taxes	Note 4	-34	-203
Minority share in net income/loss for the year	Note 5	-72	233
Net income/loss for the year		227	-150

CONSOLIDATED BALANCE SHEET

MSEK		Dec. 31, 1995	Dec. 31, 1994
ASSETS			
Current assets			
Liquid assets	Note 6	644	1,046
Accounts receivable		580	1,426
Prepaid expenses and accrued revenues		68	120
Tax receivables		4	22
Other current receivables		155	101
Inventories	Note 7	700	1,706
		2,151	4,421
Restricted accounts with the Bank of Sweden		-	2
Fixed assets			
Shares and participations	Note 8	164	226
Other long-term receivables		45	83
Goodwill	Note 9	841	824
Patents and other rights	Note 9	133	189
Machinery and equipment	Note 9	201	542
Buildings	Note 9	262	474
Land and other real estate	Note 9	21	52
		1,667	2,390
Total assets		3,818	6,813

Assets pledged			
Real estate mortgages		80	364
Chattel mortgages		395	1,623
Liquid assets		2	146
Accounts receivables		-	12
Shares in subsidiaries		1,339	779
Other assets		-	48
		1,816	2,972

MSEK		Dec. 31, 1995	Dec. 31, 1994
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	Note 10		
Accounts payable		231	605
Tax liabilities		74	106
Accrued expenses and prepaid revenues		500	630
Other current liabilities		806	986
		1,611	2,327
Long-term liabilities			
Overdraft facilities	Note 11	36	340
Other loans		755	1,592
Provisions for pensions, PRI		87	230
Provisions for pensions, other		110	170
Deferred tax liabilities		16	188
Other long-term liabilities		25	8
Debenture loans	Note 12	468	-
Loans from shareholders	Note 13	112	95
Convertible loans	Note 13	24	24
		1,633	2,647
Minority interest	Note 5	170	1,639
Shareholders' equity	Note 14		
Restricted equity			
Share capital		53	0
Restricted reserves		0	0
Unrestricted equity			
Unrestricted reserves		124	350
Net income/loss for the year		227	-150
Total shareholders' equity		404	200
Total liabilities and shareholders' equity		3,818	6,813
Contingent liabilities			
Sureties		28	102
Guarantees		1	8
Pension commitments		1	19
Conditional shareholders' contribution		39	39
Other contingent liabilities		3	77
		72	245

CONSOLIDATED CASH FLOW ANALYSIS

MSEK	1995	1994
BUSINESS OPERATIONS		
Cash flow from operations during the year		
Sales and other revenues	4,577	7,808
Purchase and sale of shares	206	319
Investments in other fixed assets, net	588	-877
Dividends received	14	1
Operating expenses	-4,179	-7,334
Financial income and expense	-171	-60
Taxes	-29	-74
Change in working capital	1,046	-1,283
Cash flow from operations	2,052	-1,500
FINANCING		
Shareholder financing		
Dividends paid	-	-83
Minority share	-1,541	-166
External interest-bearing financing		
Short-term loan financing	-71	716
Long-term loan financing	-842	1,558
Cash flow after financing	-402	525
Opening cash balance	1,046	521
Closing cash balance	644	1,046

PARENT COMPANY INCOME STATEMENT

MSEK	1995	1994
Operating revenues		
Dividends from subsidiaries	1,400	23
	1,400	23
Operating expenses		
Operating expenses	-2	-1
Earnings from participations	0	-1
Operating income/loss before financial items	1,398	21
Financial income and expense		
Interest income	5	33
Interest expense	-215	-32
Exchange-rate differences	25	-1
Income/loss after financial items	1,213	21
Appropriations		
Shareholders' contribution/group contribution	-26	-2
Net income for the year	1,187	19

PARENT COMPANY BALANCE SHEET

MSEK		Dec. 31, 1995	Dec. 31, 1994
ASSETS			
Current assets			
Liquid assets	Note 6	3	2
Receivables from subsidiaries		252	-
		255	2
Fixed assets			
Shares in subsidiaries	Note 8	2,277	729
Other long-term receivables		1	-
Buildings	Note 9	9	9
		2,287	738
Total assets		2,542	740
Assets pledged			
Shares in subsidiaries		2,244	701
		2,244	701

LIABILITIES AND SHAREHOLDERS' EQUITY

MSEK		Dec. 31, 1995	Dec. 31, 1994
Current liabilities	Note 10		
Accrued expenses and prepaid revenues		50	4
Other current liabilities		21	3
		71	7
Long-term liabilities			
Other loans		525	478
Liabilities to subsidiaries		30	9
Other long-term liabilities		5	7
Debentures	Note 12	468	-
Loans from shareholders	Note 13	112	95
Convertible loans	Note 13	24	24
		1,164	613
Shareholders' equity	Note 14		
Restricted equity			
Share capital		53	0
Legal reserve		0	0
Unrestricted equity			
Unappropriated income		67	101
Net income for the year		1,187	19
Total shareholders' equity		1,307	120
Total liabilities and shareholders' equity		2,542	740
Contingent liabilities			
Sureties		175	31
Conditional shareholders' contribution		39	39
		214	70

PARENT COMPANY CASH FLOW ANALYSIS

MSEK	1995	1994
BUSINESS OPERATIONS		
Cash flow from operations during the year		
Purchase of shares	-1,548	-315
Investments in other fixed assets, net	-1	27
Income contributions from subsidiaries	1,374	21
Operating expenses	-2	-2
Financial income and expense	-185	0
Working capital employed	-209	-25
Cash flow from operations	-571	-294
FINANCING		
Shareholder financing		
Dividends paid	-	-83
External interest-bearing financing		
Short-term loan financing	18	-3
Long-term loan financing	554	381
Cash flow after financing	1	1
Opening cash balance	2	1
Closing cash balance	3	2

NOTES TO THE FINANCIAL STATEMENTS

Principles of consolidation

The consolidated accounts have been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council and the Swedish Association of Authorized Public Accountants.

Purchase method

Companies in which the Parent Company directly or indirectly holds more than 50% of the voting rights at year-end are included in the consolidated accounts according to the purchase method of accounting. In accordance with this method, the consolidated shareholders' equity contains only that portion of the shareholders' equity in subsidiaries, and the equity portion of untaxed reserves, that has accrued after the date of acquisition.

In the consolidated accounts, acquired assets and liabilities in subsidiaries are reported at market value according to an established purchase analysis. If the consolidated acquisition value of the shares exceeds the market value of the company's net assets specified in the purchase analysis, the difference is reported as goodwill.

Companies acquired during the year are included in the consolidated accounts in amounts relating to the period after the acquisition. In connection with divestments of subsidiaries during the year, the consolidated financial result is the difference between the sales price and the divested companies' opening value in the consolidated balance sheet.

Deferred tax

Deferred tax liabilities in the untaxed reserves of subsidiaries on the date of acquisition, as well as deferred tax liabilities attributable to the difference between the market value according to the purchase analysis and the book value in the individual company's accounts, are reported as a long-term liability.

In the consolidated accounts, untaxed reserves are divided into deferred tax liability and shareholders' equity in accordance with the recommendations of the Swedish Financial Accounting Standards Council. The deferred tax liability in untaxed reserves is booked at the current tax rate. The deferred tax receivable on tax-loss carryforwards is reported, although only in proportion to the tax loss carryforwards that can be expected with considerable certainty to be utilized over the next few years and only in an amount corresponding to the deferred tax liability. The deferred tax receivable is netted against the deferred tax liability. When calculating consolidated capital gains on sales of subsidiaries, no adjustment is made for tax due to tax loss carryforwards.

Minority interest

Minority interest is reported in consolidated net income. Minority shares in income before tax and in taxes are specified in a note.

Translation of foreign subsidiaries

The financial statements of foreign subsidiaries are translated to Swedish currency in accordance with the current rate method. This means that all assets and liabilities are translated at year-end exchange rates, while all income statement items are translated at average annual rates. Translation differences are transferred directly to shareholders' equity.

Equity accounting method

Companies in which the Parent Company directly or indirectly holds between 20% and 50% of the voting rights at year-end and in which it holds a significant influence are included in the consolidated accounts in accordance with the equity accounting method. Accordingly, the consolidated shareholders' equity only contains that portion of the shareholders' equity in associated companies that has accrued after the date of acquisition.

In contrast to companies consolidated in accordance with the purchase method, the associated companies' assets and liabilities are reported net on a separate line in the balance sheet. Only the Group's share of the associated companies' income is reported in the consolidated income statement.

In all other respects, the same principles as in the purchase method are applied.

Valuation principles

Inventories

Raw materials and purchased finished and semifinished goods are valued at the lower of acquisition cost and replacement price. Manufactured finished and semifinished goods are valued at the lower of manufacturing cost and actual value. Actual value is defined as the estimated sales price less estimated sales expenses.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are translated at the year-end exchange rate. Exchange-rate differences on receivables and liabilities are reported continuously in the income statement as they occur.

Share investments in foreign currencies

The Parent Company's direct investments in foreign shares are valued at the rate in effect on the date of acquisition.

As a result of changes in exchange rates, the Group's holdings of shares in foreign subsidiaries give rise to translation differences on consolidation. To limit the effect of these translation differences on the Group's shareholders' equity, the foreign subsidiaries' net assets are hedged through financing in the same currency or through forward contracts. Exchange-rate differences on loans and forward contracts undertaken to hedge foreign net assets are transferred directly to shareholders' equity, after taking tax effects into account.

PERSONNEL DATA

Average number of employees, and place of work Group

	1995	1994
Bjuv	-	163
Eskilstuna	-	99
Helsingborg	38	41
Jönköping	22	-
Karlshamn	-	320
Katrineholm	355	-
Kinna	65	73
Norrtälje	-	11
Norsborg	-	15
Ronneby	-	7
Stockholm	261	41
Tranås	-	264
Vansbro	-	49
Varberg	-	224
Örebro	-	17
Others	2	12
Total in Sweden	743	1,336
Australia	65	74
Austria	51	47
Belgium	2	215
Canada	-	41
Denmark	21	211
Finland	48	413
France	84	99
Germany	446	601
Holland	19	24
Hong Kong	145	122
Ireland	103	119
Italy	-	415
Mexico	21	21
Norway	-	408
Switzerland	20	21
United Kingdom	-	10
United States	233	346
Total outside Sweden	1,258	3,187
Total	2,001	4,523
Women	809	1,643
Men	1,192	2,880
Total	2,001	4,523

Personnel expenses		Group
MSEK	1995	1994
Wages, salaries and other remuneration		
Parent Company	-	-
of which, Board of Directors and President	(-)	(-)
Subsidiaries in Sweden	168	293
Subsidiaries outside Sweden	366	777
Group total	534	1,070

With the exception of the president, the Parent Company had no employees and paid no wages, salaries or remuneration during the year. Salaries and other benefits to senior executives were paid by the former Proventus that has the same executives as Proventus.

Benefits of senior executives		
	Chairman of the Board	President
Remuneration in the form of salaries and benefits	MSEK 2.5	MSEK 2.3
Bonus	MSEK 7.5	None
Pension benefits	75% of salary, as of age of 55	75% of salary, as of age of 55
Retirement payment[1)]	None	36 months' salary

1) Four months of salary for each 12-months period of employment, although not less than 12 and not more than 36 months of salary.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Distribution of sales and income
Sales and income before taxes were distributed among subsidiary groups and companies as follows:

	Sales		Income before taxes	
MSEK	1995	1994	1995	1994
Proventus and others[1)]	534	680	99	-385
Etonic Inc	493	633	1	-9
Puma AG Rudolf Dassler Sport	2,053	1,850	269	140
Tretorn AB	372	371	21	11
Tryckinvest i Norden AB	870	727	73	37
Divested subsidiaries	-	4,044	-	101
Other Group eliminations[2)]	-43	-764	-130	-75
	4,279	7,541	333	-180

1) Excluding internal dividends and capital gains as well as other internal items with an impact on income before taxes.
2) Group eliminations consist of internal sales within the Group. The sales figures for 1994 include sales by Tryckinvest i Norden. However, since the company was reported as an associated company in 1994, Group eliminations have been adjusted accordingly. Group eliminations relating to income consist primarily of goodwill amortization and exchange-rate differences transferred directly to shareholders' equity.

Note 2. Share in income of associated companies
Tryckinvest i Norden was reported as an associated company in 1994 and Proventus' share of its income was reported in the income statement. In 1995, the company is reported as a subsidiary and the company's income items are included in their entirety in consolidated income less a deduction for minority share.

Note 3. Straight-line depreciation

	Annual depreciation	Group	
MSEK	%	1995	1994
Goodwill in subsidiaries	10	94	56
Patents and other rights	10-20	19	22
Machinery and equipment	10-20	59	166
Buildings	1-5	14	28
Land and other real estate	0-4	0	2
Total		186	274

Note 4. Taxes

	Group	
MSEK	1995	1994
Income taxes	30	74
Share in associated companies' taxes	-	5
Deferred taxes	4	124
Total	34	203

The deferred tax cost for 1994 was mainly attributable to changed rules, effective year-end 1994, regarding the taxation of tax equalization reserves. The deferred tax receivable has only been included in an amount corresponding to the deferred tax liability. The reason for the deferred tax liability reported in the consolidated accounts, despite the fact that the liability is significantly exceeded by the deferred tax receivable, is that it is not possible to fully utilize deferred tax receivables to offset tax liabilities in the underlying companies.

Note 5. Minority interests

	Group	
MSEK	1995	1994
Minority share in income/loss before taxes		
Proventus Handels AB (former Proventus AB)	-44	285
Aritmos AB	-	-47
Puma AG Rudolf Dassler Sport[1)]	-2	-2
Tryckinvest i Norden AB	-28	-
Other subsidiaries	2	1
Divested subsidiaries	-	-4
Total in the Proventus Group	-72	233
Minority interest in shareholders' equity		
Proventus Handels AB (former Proventus AB)	-	1,130
Puma AG Rudolf Dassler Sport[1)]	79	79
Tryckinvest i Norden AB	84	-
Other subsidiaries	7	9
Divested subsidiaries	-	421
Total in the Proventus Group	170	1,639

1) The minority share, 17.6%, of Puma's shareholders’ equity amounts to MSEK 66, which is less than the reported liability to the minority holders. Holders of preferred shares in Puma are guaranteed a dividend. As a minority interest, Proventus, as in previous years, has entered a liability relating to the minority share in this dividend. In accordance with the same principle, dividends relating to 1995 have been charged against the income statement as a minority share in net income for year.

Note 6. Liquid assets

	Group		Parent company	
MSEK	1995	1994	1995	1994
Cash and bank deposits	543	421	3	2
Loans to states	35	600	-	-
Loans to banks	7	25	-	-
Loans to others	59	-	-	-
Total	644	1,046	3	2

Note 7. Inventories

	Group	
MSEK	1995	1994
Raw materials	34	262
Semifinished goods	21	89
Finished goods	645	1,355
Total	700	1,706

Note 8. Shares and participations

Shares and participations Dec. 31, 1995	Number	Percentage of share capital	Book value	Market value
MSEK				
Parent Company's shares and participations in subsidiaries				
HJM Holding AB	5,000	100%	14	14
Israel Invest AB	5,325	100%	0	1
Pro Commercia AB	500	100%	0	0
Proventus Handels AB (former Proventus AB)	32,832,689	100%	2,244	2,571
Robert Weil Inc	100	100%	15	16
Stockholms Konsthall, Magasin 3 KB		100%	2	2
AB Weil Marketing	10,000	100%	2	2
Total			2,277	2,606
Subsidiaries' shares and participations in other companies				
Foreign shares				
Clali Capital Development Ltd	900,000	20%	7	7
Eltec Ltd	318,366	19%	12	12
Von Roll AG	248,415	1%	0	33
Swedish listed shares				
Orrefors AB	580,189	16%	55	57
Other listed shares[1)]			0	1
Other securities[1)]				
Drummond Gate AB			84	84
Other shares and participations			6	6
Group shares and participations in other companies			164	200

1) A complete specification of other shares and participations is available at Proventus.

Note 9. Plant and equipment

MSEK	Acquisition value 1995	Acquisition value 1994	Accumulated straight-line depreciation 1995	Accumulated straight-line depreciation 1994	Book value 1995	Book value 1994
Group						
Goodwill	974	916	133	92	841	824
Patents and other rights	140	211	7	22	133	189
Machinery and equipment	273	955	72	413	201	542
Buildings	297	602	35	128	262	474
Land and other real estate	21	55	0	3	21	52
Total	1,705	2,739	247	658	1,458	2,081
Parent Company						
Buildings	9	9	-	-	9	9
Total	9	9	-	-	9	9

Tax assessment values for Swedish properties

MSEK	Group 1995	Group 1994	Parent Company 1995	Parent Company 1994
Buildings	37	113	4	4
Land	3	24	-	-
Total	40	137	4	4
Corresponding net book value	64	143	9	9

Note 10. Current liabilities

MSEK	Group 1995	Group 1994	Parent company 1995	Parent company 1994
Interest-free current liabilities	940	1,585	50	4
Interest-bearing current liabilities	671	742	21	3
Total	1,611	2,327	71	7

Note 11. Overdraft facilities

MSEK	Group 1995	Group 1994
Approved credit facilities	72	948
Unutilized credit facilities	-36	-608
Utilized credit facilities	36	340

Note 12. Subordinated debentures

At the acquisition of the shares in former Proventus, the payment consisted of, apart from a cash settlement, two subordinated debenture loans. The debentures are connected to the VPC account based system.

	Debenture loan I	Debenture loan II
Repayment date	April 30, 1997	Dec. 31, 1998
Coupon	15.3%	0.0%
Interest payments	April 30, 1996 and 1997	-
Nominal value	SEK 21.50	SEK 6.00
Issued number	18,202,759	18,202,759
Total nominal amount	MSEK 391	MSEK 109
Booked nominal amount	MSEK 391	MSEK 77
Registered at trading place	Stockholms Fondbörs AB	-
Traded at	Stockholms Obligationsbörs (SOX)	Carnegie Fondkommission AB

Note 13. Loans from shareholders

Effective March 15, 1995, loans from shareholders totaling MSEK 112, including accrued interest, have been converted to subordinated loans, as has a convertible debenture loan in an amount of MSEK 24. Amortization, and the payment of accrued interest, on both the original loan of MSEK 95 and the convertible debenture loan of MSEK 24, will not be effected while the debenture loan issued to Proventus shareholders is outstanding. When calculating key ratios, these loans are included in risk-bearing capital and net asset value. The MSEK 95 loan carries interest of 15.3% and the convertible debenture loan carries interest of 10%. The convertible debenture loan falls due for payment on December 30, 1999 and may be converted into 1,182 shares at a price of SEK 20,300 per share.

Note 14. Shareholders' equity

Change in shareholders' equity, Group	Share capital[1)]	Restricted reserves	Un-restricted equity	Total capital
MSEK				
As per balance sheet, Dec. 31, 1994	0	0	200	200
Bonus issue	53	0	-53	
Translation differences			-23	-23
Net income for the year			227	227
As per balance sheet, Dec. 31, 1995	53	0	351	404

Change in shareholders' equity, Parent Company	Share capital[1)]	Legal reserves	Un-restricted equity	Total capital
MSEK				
As per balance sheet, Dec. 31, 1994	0	0	120	120
Bonus issue	53	0	-53	
Net income for the year			1,187	1,187
As per balance sheet, Dec. 31, 1995	53	0	1,254	1,307

1) Proventus' share capital amounts to SEK 52,680,000, represented by 5,268 shares, each with a face value of SEK 10,000. All the shares carry the same rights in the Company. At general meetings of shareholders, each person is entitled to exercise unlimited voting rights on the full number of shares that he or she owns or represents.

Stockholm, March 20, 1996

Robert Weil
Chairman

Patrik Engellau

Pehr Lagerman

Lennart Låftman

Joakim Santesson

John Wattin

Mikael Kamras
President and CEO

Our Auditors’ Report was submitted on March 20, 1996

Ingvar Pramhäll
Authorized Public Accountant

Peter Clemedtson
Authorized Public Accountant

AUDITORS' REPORT

We have examined the annual report, the consolidated financial statements, the accounts and the administration of the Board of Directors and the President for the fiscal year 1995. Our examination was carried out in accordance with generally accepted auditing practices.

Parent company

The annual report has been prepared in accordance with the Swedish Companies Act.

We recommend that the income statement and balance sheet be adopted, that income be distributed in accordance with the proposal in the Board of Directors' Report, and that the members of the Board of Directors and the President be discharged from personal liability for the fiscal year.

Group

The consolidated financial statements have been prepared in accordance with the Swedish Companies Act.

We recommend that the consolidated income statement and the consolidated balance sheet be adopted.

Stockholm, March 20, 1996

Ingvar Pramhäll	Peter Clemedtson
Authorized Public Accountant	Authorized Public Accountant

DISTRIBUTION OF MARKET-VALUED ASSETS

The distribution of Proventus' assets is shown in the condensed balance sheet below. In this context, those subsidiaries named specifically in the balance sheet have been reported net, which means that the difference between the various companies' assets and liabilities, adjusted for internal transactions, has been reported net as an asset item in the consolidated balance sheet. Accordingly, this net item shows Proventus' total risk exposure in the various companies.

Proventus' net asset value is calculated on the basis of the market values of assets that are publicly traded and the book values of assets that are not publicly traded, adjusted for internal transactions. According to this valuation, Proventus had a net asset value of MSEK 1,771 on December 31, 1995.

CALCULATION OF NET ASSET VALUE

MSEK	Book value Dec. 31, 1995	Estimated market value Dec. 31, 1995	Estimated market value March 1, 1996
ASSETS			
Current assets			
Liquid assets	365	365	477
Other current assets	166	166	77
Fixed assets			
Swedish investments			
Kinnasand and Etamine	27	27	31
Tretorn	3	3	25
Tryckinvest i Norden	84	84	68
Others	145	147	147
Foreign investments			
Artek	12	12	12
Etonic	160	160	160
Proventus-Clali	22	22	22
Puma	1,285	2,481	3,165
Von Roll	0	33	32
Other fixed assets	106	106	106
	2,375	3,606	4,322
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Interest-free liabilities	225	225	164
Interest-bearing external liabilities[1)]	1,610	1,610	1,588
Shareholders' equity + loans from shareholders/ Net asset value	540	1,771	2,570
	2,375	3,606	4,322

1) The liabilities are specified in the Report of the Board of Directors on page 16.

Net asset value refers to the difference between assets and liabilities, valued at market prices. Market value has been calculated as follows:

- The valuation of liquid assets, which include short-term investments, takes current interest rates into account.
- Listed shares are valued at the current market price and exchange rate.
- The face value of the conditional shareholder contribution (Besserungscheine) in Puma has been added to the market value.
- Book values are used for all other assets and liabilities.

Adjustments have been made to the balance sheet for 1996 to take into account flows of payments and income up to March 1.

When estimating deferred tax, a 28% standard tax rate is used. Existing tax loss carryforwards have been taken into account.

CONSOLIDATED INCOME STATEMENT

MSEK	1991	1992	1993	1994	1995
Operating revenues					
Sales	435	1,406	1,728	7,541	4,279
Gain on sale of shares	344	187	14	150	262
Share in income of associated companies	-	-	78	19	-
Other operating revenues	86	17	29	268	312
	865	1,610	1,849	7,978	4,853
Operating expenses					
Write-down of shares	-43	-143	-2	-496	-7
Operating expenses	-520	-1,352	-1,669	-7,334	-4,179
Depreciation	-21	-78	-85	-274	-186
Operating income/loss after depreciation	281	37	93	-126	481
Financial income and expense					
Interest income	311	299	105	177	96
Interest expense	-205	-199	-117	-224	-275
Exchange-rate differences	21	-20	16	-7	31
Income/loss before tax	408	117	97	-180	333
Taxes	-46	-4	25	-203	-34
Minority share in net income/loss for the year	-323	-88	-117	233	-72
Net income/loss for the year	39	25	5	-150	227

CONSOLIDATED BALANCE SHEET

MSEK	1991	1992	1993	1994	1995
ASSETS					
Current assets					
Liquid assets	2,773	1,829	521	1,046	644
Other current assets	784	1,088	914	3,375	1,507
Restricted accounts with the Bank of Sweden	0	2	2	2	-
Fixed assets					
Shares and participations	1,673	849	1,706	226	164
Other fixed assets	473	638	732	2,164	1,503
Total assets	5,703	4,406	3,875	6,813	3,818

LIABILITIES AND SHAREHOLDERS' EQUITY

MSEK	1991	1992	1993	1994	1995
Current liabilities					
Interest-free current liabilities	583	509	471	1,585	940
Interest-bearing current liabilities	412	147	26	742	671
Long-term liabilities					
Interest-free long-term liabilities	67	84	1	188	16
Interest-bearing long-term liabilities	1,023	1,111	897	2,340	1,481
Loans from shareholders	9	10	4	119	136
Minority interest	3,209	2,120	2,038	1,639	170
Shareholders' equity	400	425	438	200	404
Total liabilities and shareholders' equity	5,703	4,406	3,875	6,813	3,818

CONSOLIDATED CASH FLOW ANALYSIS

MSEK	1991	1992	1993	1994	1995
BUSINESS OPERATIONS					
Cash flow from operations during the year					
Purchase/sale of shares	984	827	-758	196	30
Other investments, net	-380	-202	-174	-877	588
Operating revenues	522	1,423	1,785	7,809	4,591
Operating expenses	-520	-1,352	-1,669	-7,334	-4,179
Net financial items	125	79	12	-60	-171
Taxes	7	-5	-17	-74	-29
Change in working capital	-1,010	-366	53	-1,160	1,222
Cash flow from operations	-272	404	-768	-1,500	2,052
FINANCING					
Shareholder financing					
Dividend	-	-	-	-83	-
Minority share	61	-1,177	-199	-166	-1,541
External interest-bearing financing					
Short-term loan financing	-501	-265	-121	716	-71
Long-term loan financing	133	94	-220	1,558	-842
Cash flow after financing	-579	-944	-1,308	525	-402
Opening cash balance	3,352	2,773	1,829	521	1,046
Closing cash balance	2,773	1,829	521	1,046	644

KEY RATIOS

	1991	1992	1993	1994	1995
Income statement data					
Operating revenues, MSEK	865	1,610	1,849	7,978	4,853
Operating income/loss after depreciation, MSEK	281	37	93	-126	481
Income/loss before taxes, MSEK	408	117	97	-180	333
Net income/loss for the year, MSEK	39	25	5	-150	227
Balance sheet data					
Total assets, MSEK	5,703	4,406	3,875	6,813	3,818
Interest-bearing net liabilities	neg	neg	406	2,155	1,644
Net indebtedness ratio, times			0.2	1.2	2.9
Net indebtedness ratio based on market value, times			0.2	0.9	0.8
Risk-bearing capital, MSEK	3,685	2,639	2,481	2,145	726
Risk-bearing capital/assets ratio, %	65	60	64	31	19
Visible shareholders' equity, MSEK	3,609	2,545	2,476	1,839	574
Equity/assets ratio, %	63	58	64	27	15
Net asset value, MSEK	394	443	477	620	1,771
Adjusted equity/assets ratio, %	63	58	64	31	38
Profitability data					
Return on shareholders’ equity, %	10	6	1	-47	75
Return on capital employed, %	12	8	6	1	15

DEFINITIONS

Operating margin
Operating income after depreciation in relation to operating revenues.

Interest-bearing net liabilities
Interest-bearing liabilities less liquid assets.

Net indebtedness ratio
Interest-bearing net liabilities in relation to visible shareholders' equity.

Net indebtedness ratio based on market value
Interest-bearing net liabilities, excluding loans from shareholders, in relation to estimated net asset value plus minority interests.

Risk-bearing capital
Shareholders' equity plus minority interests, deferred tax liabilities in untaxed reserves and loans from shareholders.

Risk-bearing capital/assets ratio
Risk-bearing capital in relation to total assets.

Visible shareholders' equity
Shareholders' equity including minority interests.

Equity/assets ratio
Visible shareholders' equity in relation to total assets.

Net asset value
Net asset value designates the difference between assets and liabilities, valued at market price. Liabilities are not including loans from shareholders.

Adjusted equity/assets ratio
Net asset value including minority interest in relation to the market value of assets.

Return on shareholders' equity
Net income for the year, after taxes, in relation to average shareholders' equity.

Return on capital employed
Income after net financial income and expense plus interest expense, in relation to capital employed. Capital employed consists of total assets reduced by interest-free liabilities and deferred tax liabilities.

BOARD OF DIRECTORS

ROBERT WEIL, Chairman
Born 1948, elected 1985
Other board duties: Artek oy ab (chairman), Proventus Clali Development & Investment in Israel Ltd and Stiftelsen Framtidens Kultur

MIKAEL KAMRAS, President and CEO
Born 1949, elected 1985
Other board duties: Proventus Clali Development & Investment in Israel Ltd (chairman), SSRS-Holding AB (chairman), Artek oy ab, Drummond Gate AB, Interprint Kungens Kurva AB, Orrefors Kosta Boda AB, Puma AG Rudolf Dassler Sport, Sörmlands Grafiska AB, Transventor Trading AB, Tryckinvest i Norden AB and Von Roll AG

PATRIK ENGELLAU, President of AB Samhällsrådet
Born 1945, elected 1984[1)]
Other board duties: Svenska Jobs & Society and Den Nya Välfärden

PEHR LAGERMAN, President of Transventor Trading AB
Born 1941, elected 1991[2)]
Other board duties: Matteus Fondkommission AB (chairman) and Skandigen AB

LENNART LÅFTMAN, MBA
Born 1945, elected 1991[2)]
Other board duties: Avisa AB (chairman), AB Dala Demokraten (chairman), Bankstödsnämnden, AB Förenade Arebolagen, Handu AB, RFSU AB, Stiftelsen Oscar Hirsch Minne and Öhman Fondkommission AB

JOAKIM SANTESSON, Associate Professor
Born 1946, elected 1984[1)]

JOHN WATTIN, President of Investering och Kunskap AB
Born 1947, elected 1991[2)]
Other board duties: Skandiarådet (chairman), Astral IT Konsult AB (chairman), Cherryföretagen AB and TV-journalisterna AB

DEPUTY
JONAS WEIL, management consultant
Born 1967, elected 1991

1) Elected to the Board of Directors of Investment AB Proventus in the year stated and to the Board of Directors of the former Proventus 1985/86 and member of Proventus AB's Board of Directors as of 1995.
2) Elected to the Board of Directors of the former Proventus AB in the year stated and a member of Proventus AB's Board of Directors as of 1995.

AUDITORS

Auditors
INGVAR PRAMHÄLL, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1942, auditor for Proventus since 1990[1)]

PETER CLEMEDTSON, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1956, auditor for Proventus since 1990[1)]

Deputy auditors
BERTIL EDLUND, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1933, auditor for Proventus since 1990[1)]

STAFFAN KJELLSTRÖM, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1946, auditor for Proventus since 1990[1)]

1) Auditor for the former Proventus since the year stated, and from 1995 also in Proventus.

EXECUTIVE MANAGEMENT

Proventus AB (publ)
ROBERT WEIL, Chairman

MIKAEL KAMRAS, President and CEO
Employed in the former Proventus 1985

WILLY KRANTZ, Chief Financial Officer
Born 1943, employed 1984

Proventus Invest AB
ULF ERICSSON, President
Born 1943, employed 1992 (member of the board of the former Proventus 1984-1992)

Proventus Inc
JOEL-TOMAS CITRON
Born 1962, employed 1993

Proventus-Clali Development & Investment in Israel Ltd
TAMIR AGMON, President
Born 1941, employed 1992

AB Aritmos (publ)
THORE OHLSSON, President
Born 1943, employed 1993

JAN-ARTHUR DELIN, Chief Financial Officer
Born 1945, employed 1978

Puma AG Rudolf Dassler Sport
JOCHEN ZEITZ, President
Born 1963, employed 1990

Etonic Inc
BILL KIRKENDALL, President
Born 1953, employed 1986

Tretorn AB
STEFAN JACOBSSON, President
Born 1952, employed 1995

Artek oy ab
REINO KURKI, President
Born 1947, employed 1991

Kinnasand AB
BENGT GULLBRANDSON, President
Born 1940, employed 1993

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