

PROVENTUS

ANNUAL REPORT

1996

PROVENTUS AKTIEBOLAG (publ)

Corporate reg. no. 556042-3443

PRESIDENT'S COMMENTS

Proventus (formerly Weil Invest) worked actively during 1996 to manage its assets and, following its acquisition in 1995, to complete the consolidation of the operations of the listed company Proventus Handels (formerly Proventus). Proventus has successfully implemented the required changes and now has a strong balance sheet, with an equity/assets ratio of 62% and short-term interest-bearing investments of MSEK 1,611, which makes us well prepared for future transactions.

At the beginning of 1996, the estimated market value of Proventus' investment in Puma was MSEK 2,481, compared with MSEK 488 for the estimated market value of the Group's other investments. The forceful restructuring of Puma that Proventus initiated in 1993, had been completed and Proventus wanted to attain a more uniform distribution of risks by reducing its interest in Puma. At the same time, it was considered desirable that Puma should increase its exposure to the capital market and in the media. To boost interest in Puma and simultaneously facilitate a decrease in Proventus' ownership, a change in Puma's share structure was implemented whereby three share classes were merged into one. Subsequently, a new issue of Puma shares was made, at the same time as Proventus sold portions of its Puma shareholding. This transaction, which totaled approximately MSEK 2,000, enjoyed a favorable market reception (oversubscribed tenfold) and both new and old Puma shareholders have reason to feel satisfied with the earnings and share price trend in 1996. Following the transaction, Proventus continued to be Puma's largest shareholder, retaining 25% of the share capital and voting rights.

During the autumn, Proventus entered into cooperation with Monarchy/Regency Enterprises regarding the ownership of Puma. This entailed such measures as Monarchy/Regency acquiring 12.5% of the shares in Puma, corresponding to half of Proventus' remaining shareholding. The main purpose of the cooperation is to increase the impact of the renewed efforts being made in North America, where Puma's market share has not matched the strength of its brand and product range in recent years.

When Proventus took over principal ownership of Puma in 1993, this renowned German company was encountering considerable problems, in the form of both declining sales and heavy losses, combined with a very strained balance sheet. Without the comprehensive changes implemented during 1993 and 1994 by Puma's management, in cooperation with Proventus, Puma would probably not have survived as an independent company. This makes me even more gratified to see the record-large profits currently being posted by the company and its confidence in the future.

During 1996, Etonic, whose strengths included being the second largest manufacturer of golf footwear, was sold to Spalding, one of the world's leading companies in the sports wear and equipment market. Proventus is convinced that

Etonic's prospects of successful development have been enhanced by this industrially correct merger. Following fiscal year-end, Tryckinvest i Norden, a printing group owned jointly by Proventus and Bonniergruppen, was sold.

The Finnish furniture company, Artek, became a wholly owned subsidiary of the Proventus Group during 1996, which will facilitate expansive action in terms of both product development and increased sales, mainly in the form of exports.

During autumn, Orrefors Kosta Boda underwent an ownership shift that attracted considerable media coverage. Since owning Kosta Boda during the 1980s, Proventus has had a considerable interest in the glassware industry and in 1996 Proventus wanted to assume increased responsibility for Kosta Boda by ultimately acquiring the entire company. As a result of discussions with the other main owners, Proventus, Scandinavian Equity Partners and Royal Copenhagen made a joint offer for the entire company.

Proventus is currently seeking new investments in companies where Proventus is able to acquire a controlling interest and function as an active owner in order to participate in strategic and/or financial changes that promote the acquired company's future development and generate value for shareholders. In view of the currently high general market price of shares in Sweden and the world at large, few companies appear attractively priced. At the same time, competition for suitable investments has increased, since several funds interested in corporate acquisitions have become active in the Swedish market. However, we believe that Proventus' network of contacts, know-how and well-documented successful track record provide an excellent foundation for several more profitable investments in the next few years.

Since the acquisition of Aritmos in February 1995, Proventus has implemented transactions that have generated a total liquidity contribution of SEK 3.7 billion, which made 1995 and 1996 the most intensive years in the Group's history. I would like to take this opportunity to thank all employees of Proventus, its subsidiaries and associated companies in and outside Sweden for their excellent efforts during this period of change.

Mikael Kamras
President

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.

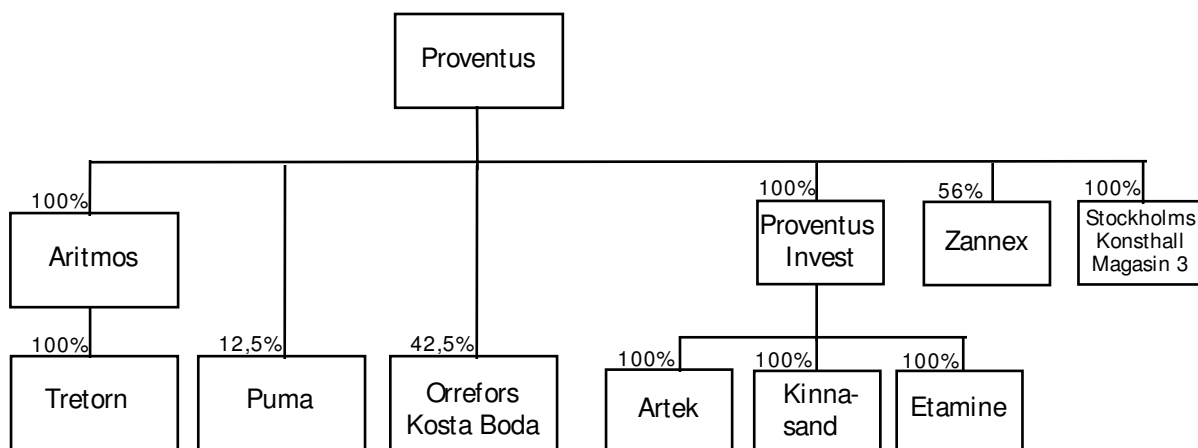
Proventus' *strategy* is to acquire large shareholdings in established companies, thereby providing Proventus with a controlling influence and enabling it to actively participate on the boards of directors and cooperate with the managements of the companies concerned.

BOARD OF DIRECTORS' REPORT

GROUP OVERVIEW

The Proventus Group engages in investments in several different areas. Proventus and Proventus Handels invest in larger, primarily exchange-listed, companies. Proventus Invest, whose president is Ulf Ericsson, invests in small and medium-sized companies. Aritmos, whose president is Thore Ohlsson, is responsible for the Group's investments in the sports and leisure sector. At year-end 1996, Proventus acquired 56% of Zannex, an Israeli stockbrokerage and investment bank.

Proventus currently has active investments in Puma, Orrefors Kosta Boda and Zannex. Aritmos controls and has operational responsibility for the Group's investments in Puma and Tretorn. The Puma shares are owned by Proventus Handels, although this company does not have operational responsibility for the investment. Proventus Invest controls and has operational responsibility for Kinnasand, Etamine and Artek.



GROUP OVERVIEW, SPRING 1997

PROVENTUS' INVESTMENTS

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. During 1997, Puma will introduce the CELL technology in Europe, thereby further underscoring Puma's pioneering position in the world market for sports shoes.

In 1996, the Puma Group consisted of the German Parent Company, Puma, World Cat, a purchasing company based in Hong Kong, and six wholly owned sales companies in France, Switzerland, Austria, Benelux, North America and Australia. The average number of employees in the Puma Group in 1995 was 807.

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 and North America 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 1996 amounted to approximately DEM 1.2 billion. Of total sales, sports footwear accounted for 53%, sports apparel for 41% and other sporting goods for 6%. Soccer shoes are the most important sport shoes 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 Europe, Asia and South America, which accounted for 43%, 41% and 13%, respectively of total 1996 sales. In terms of sales, Japan is the largest individual market for Puma's products. Of total revenues in 1996, sales by licensees accounted for MDEM 670. Puma's royalties from licensed sales, which amounted to MDEM 50 in 1996, derive mainly from Asian markets.

During 1996, a new issue of Puma shares was effected which raised the company's shareholders' equity by MDEM 70. In addition, Proventus reduced its ownership interest from 82.4% to 12.5%, partly by means of an international book-building process in connection with the Puma new issue, and partly through the sale of 12.5% of the shares to Monarchy/Regency Enterprises. Monarchy/Regency, which is one of the largest independent film producers in Hollywood, and Proventus will devote joint efforts to securing the long-term successful development of Puma.

Sales of Puma shares generated a total liquidity contribution of MSEK 2,036 for Proventus during 1996.

Comments on development

Puma's sales rose to MDEM 490, compared with MDEM 414 in 1995. Total sales, including sales of Puma products on license, rose from MDEM 1,129 to MDEM 1,162. Income after net financial items rose from MDEM 58 to MDEM 65, and net interest-bearing liabilities were reduced from MDEM 14 into net cash of MDEM 11. From income for 1996, an amount of MDEM 55 is paid to Proventus as repayment of 'Besserungsscheine', a type of conditional shareholder contributions.

Financial data	1996 (MDEM)	1995 (MDEM)	1996 (MSEK)
Operating revenues			
Sales revenues	490	414	2,185
Other operating revenues	50	51	223
	<u>540</u>	<u>465</u>	<u>2,408</u>
Operating expenses			
Operating costs	-469	-398	-2,090
Straight-line depreciation	-6	-6	-27
Operating income after depreciation	<u>65</u>	<u>61</u>	<u>291</u>
Net financial items	0	-3	-1
Income after financial items	<u>65</u>	<u>58</u>	<u>290</u>
Key ratios 1)			
Operating margin, %	12.1	13.0	
Interest-bearing net liabilities	-11	14	-47
Capital employed	165	115	730
Risk-bearing capital	123	60	546
Total assets	289	208	1,277
Risk-bearing capital/assets ratio, %	42.7	28.8	
Return on capital employed, %	48.6	46.9	
Average number of employees	807	748	
Proventus ownership share at end of year, %	12.5	82.4	

1) For definitions, see page 39.

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 sport shoes, and products supplied by Puma 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 five wholly owned sales companies in Sweden, Denmark, Germany, the United States and Ireland. The group also includes a manufacturing and sales company, Real de Tennis, in Mexico, in which it has a 51% interest. During 1996, the group had an average of 192 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 364 in 1996. In addition, sales of Tretorn products on license amounted to MSEK 85.

Comments on development

Despite having discontinued the agencies for Abu Garcia and Etonic in Germany during 1996, Tretorn's sales remained virtually unchanged and its income after net financial items improved slightly. Since July 1, 1996, Tretorn's U.S. operations are once again part of the Tretorn Group, after having previously belonged to Etonic Inc.

Tretorn's sales in 1996 amounted to MSEK 364, compared with MSEK 372 in 1995, and the company's income after net financial items rose from MSEK 21 in 1995 to MSEK 22 in 1996, excluding capital gains. During the same period, Tretorn's net interest-bearing liabilities decreased from MSEK 116 to MSEK 59. The changes in total assets and net indebtedness were largely attributable to settlements of intra-Group liabilities and receivables.

Financial data		
MSEK	1996	1995
Operating revenues		
Sales revenues	364	372
Other operating revenues	4	5
	<u>368</u>	<u>377</u>
Operating expenses		
Operating costs	-337	-338
Straight-line depreciation	-9	-16
Operating income after depreciation	<u>22</u>	<u>23</u>
Net financial items	0	-2
Income after financial items	<u>22</u>	<u>21</u>
Key ratios ¹⁾		
Operating margin, %	6.1	6.2
Interest-bearing net liabilities, MSEK	59	116
Capital employed, MSEK	138	315
Risk-bearing capital, MSEK	54	66
Total assets, MSEK	232	383
Risk-bearing capital/assets ratio, %	23.3	17.2
Return on capital employed, %	12.5	11.1
Average number of employees	192	193
Proventus ownership share at end of year, %	100	100

1) For definitions, see page 39.

ORREFORS KOSTA BODA

President: Göran Bernhoff

Operations

Orrefors Kosta Boda is one of the world's foremost companies in the design, manufacture and sales of high-quality glassware and art glass. The company sells its products under two brand names, Orrefors and Kosta Boda. Design and product development activities are conducted in two separate organizations, while marketing, distribution and other functions are largely undertaken jointly for both brands.

The group includes Orrefors Kosta Boda's five glassworks, Sea, a subsidiary glassworks, the raw material producer Glasma and sales companies in the U.S., Australia and Japan. The average number of employees in the group during 1996 was 1,079.

Since autumn 1996, Orrefors Kosta Boda is a wholly owned subsidiary of Orrefors Kosta Boda Holding, in which Proventus holds a 42.5% interest, Scandinavian Equity Partners 42.5% and Royal Copenhagen 15%.

Following one and two years of joint ownership, the partners will evaluate their ownership cooperation. At such times, Proventus and Royal Copenhagen will be entitled to make an offer for all of the company's shares. Proventus also holds an option that gives it the right to sell its shares in the company at the same dates.

Orrefors Kosta Boda markets its products through its own sales companies and through distributors. Sales in the consumer market are mainly channeled through department stores and retail chains specializing in glassware. Cooperation with Royal Copenhagen was initiated during 1996, which enhances the impact of the companies' efforts to penetrate major markets outside the Nordic region.

Orrefors Kosta Boda reported total sales of MSEK 664 in 1996. Orrefors products accounted for 45% of total sales revenues and Kosta Boda for 46%. The principal markets are Sweden, representing about 53% of sales, followed by the U.S. (approx. 21%) and Australia (approx. 6%).

Comments on development

Mainly due to declining consumption in Sweden and Western Europe as a whole, Orrefors Kosta Boda's sales and earnings decreased during 1996. As a result, the Board of Directors decided in January 1997 to implement an action program, whose objectives include improving inventory procedures and reducing production capacity. Unfortunately, the measures resulted in the workforce being reduced by 129 persons, mainly from the glassworks in Orrefors and Boda.

Sales in 1996 amounted to MSEK 664, down 6% compared with MSEK 707 in 1995. Income after net financial items amounted to MSEK 37, compared with MSEK 65 in 1995. In addition, net interest-bearing liabilities rose by MSEK 105 during the year, mainly because the low sales resulted in an accumulation of inventories, which was largely financed using borrowed funds.

Financial data		
MSEK	1996	1995
Operating revenues		
Sales revenues	663	706
Other operating revenues	1	1
	<u>664</u>	<u>707</u>
Operating expenses		
Operating costs	-589	-609
Straight-line depreciation	-27	-25
Operating income after depreciation	<u>48</u>	<u>73</u>
Net financial items	-11	-8
Income after financial items	<u>37</u>	<u>65</u>
Key ratios¹⁾		
Operating margin, %	7.2	10.3
Interest-bearing net liabilities, MSEK	105	73
Capital employed, MSEK	329	284
Risk-bearing capital, MSEK	216	207
Total assets, MSEK	483	461
Risk-bearing capital/assets ratio, %	44.8	44.9
Return on capital employed, %	16.2	32.6
Average number of employees	1,079	1,151
Proventus ownership share at end of year, %	42.5	16.1

1) For definitions, see page 39.

OTHER INVESTMENTS

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.

Following a number of difficult years, both Kinnasand and Etamine presented new collections at the beginning of 1997, which were received well by both the trade press and retailers. At year-end, the total consolidated book value of the shareholdings was MSEK 8.

Artek

VD Mauri Heikintalo

Artek, a wholly owned subsidiary of the Proventus Group as of 1996, is a Finnish company that markets furniture designed by Alvar Aalto, and designs 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, Germany and the U.S. At year-end, the total consolidated book value of the shareholding was MSEK 15.

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 1996, Magasin 3 followed up its 1995 exhibitions (which included James Turrell, Georg Baselitz and Carl Fredrik Hill) with exhibitions of works by such artists as Anthony Gormley and Bruce Nauman. In addition, Magasin 3 and Rooseum in Malmö are jointly arranging the exhibition "Painting – the expanded field" during autumn 1996 and spring 1997. The exhibition has met with a positive response.

During 1996, Magasin 3 continued to add works from the exhibitions held during the year to its own collection.

See note 8 for a specification of Proventus' shareholdings.

DIVESTMENTS

Etonic Inc

In July 1996, Proventus' subsidiary Aritmos sold the operations of Etonics to E&S Holdings Corporation, the parent company of the Spalding Group. Spalding is one of the world's leading sports companies, with a particularly strong position in the golf market. The transaction resulted in a total liquidity contribution of MSEK 206 for the Proventus Group.

Tryckinvest i Norden

Tryckinvest i Norden, in which the Proventus Group, through Proventus Invest, owned 50% and the Bonnier Group, through Frili AB, owned 50%, was sold in January 1997. The purchasers were UBS Capital BV and MB Corporate Finance. The transaction generated a liquidity contribution of MSEK 289 for the Proventus Group.

Other divestments

During the year, Drummond Gate, in which the Proventus Group owns a 37% interest, sold its largest investment – Property One, Drummond Gate in London. Following this sale, Drummond Gate owns one property, in Paris.

Proventus also sold its remaining holding in Von Roll during 1996, for MSEK 35.

LIQUIDITY MANAGEMENT

At year-end 1996, Proventus had liquid assets of MSEK 1,611, including interest-bearing investments. Proventus endeavors to minimize the risk of incurring losses in its fixed-income portfolio. For this reason, liquid assets are invested solely in state-owned companies and organizations and private companies with very high credit ratings. The average maturity must not exceed one year. At year-end 1996, the average maturity was approximately three months.

INCOME

Group

Proventus reported income before taxes of MSEK 1,455, compared with MSEK 333 for 1995, an improvement of MSEK 1,122.

The improved income was mainly attributable to capital gains on sales of shares.

Divestments, primarily of Puma and Etonic, resulted in a capital gain of MSEK 1,585 for the Proventus Group and generated a liquidity contribution of MSEK 2,667.

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 788, compared with income of MSEK 1,187 for 1995. The change in income was mainly attributable to a decrease of MSEK 375 in dividends and Group contributions from subsidiaries and MSEK 98 for write-downs of shares in subsidiaries, while net financial items improved by MSEK 87.

FINANCIAL POSITION

Group

On December 31, 1996, the Group's equity/assets ratio was 62% (15). The Group had total interest-bearing liabilities totaling MSEK 738 (2,288). Of the interest-bearing liabilities, 54% (70) were long term. The Group reported net indebtedness of MSEK 1,644 at year-end 1995, which had been transformed into net cash assets of MSEK 873 at the end of 1996.

Parent Company

On December 31, 1996, the Parent Company's equity/assets ratio was 79% (51). The Parent Company had total interest-bearing liabilities of MSEK 496 (1,185). Of the interest-bearing liabilities, 39% (98) were long term.

INTEREST-BEARING LIABILITIES

Excluding loans from the shareholders Weil and Kamras, MSEK 150 (542) of the Group's total interest-bearing liabilities of MSEK 586 (2,152) is attributable to operating liabilities, which are loans undertaken by companies in which Proventus has direct or indirect investments. The remaining MSEK 436 (1,610) comprises investment liabilities and mainly relates to liabilities undertaken for the acquisitions of Aritmos and Proventus Handels. Taking into account liquid assets, the net indebtedness relating to the above investment liabilities, which amounted to MSEK 1,245 on December 31, 1995, has been transformed into net cash assets of MSEK 1,025, as shown in the condensed balance sheet.

The composition of the Proventus Group's indebtedness is shown in the table below.

MSEK	1996	1995
Investment liabilities		
Proventus, bank loans	-	525
Proventus, subordinated debentures, series I	304	391
Proventus, subordinated debentures, series II	33	77
Proventus Handels, bank loans	-	41
Proventus Handels, promissory note loans	-	428
Robert Weil Inc, property loans	-	15
Aritmos, bank loans	55	67
Pension liabilities and other long-term liabilities	44	66
	<u>436</u>	<u>1,610</u>
Subsidiaries' liabilities		
Operating credits in underlying subsidiaries	150	542
	<u>586</u>	<u>2,152</u>

To be able to view the investment liabilities in context, reference is made to the calculation of net asset value on page 35.

EXCHANGE-RATE EXPOSURE

The Group's objective is that 100% of net exposure in foreign currencies should be hedged. However, the Board of Directors of the Proventus Group may decide to purposely refrain from applying this principle. At year-end 1996, the Group's net exposure related to USD, DEM and SEK, each of which accounted for approximately one third.

SIGNIFICANT EVENT FOLLOWING FISCAL YEAR-END

The subsidiary Tryckinvest i Norden Intressenter AB was sold in January 1997. The sale resulted in a capital gain of MSEK 154 for the Group.

PERSONNEL DATA AND EXPENSES

During the year, the number of employees in the Group was 1,024 (2,001). Personnel expenses amounted to MSEK 249 (534). A specification of the number of employees by country and place of employment is provided in the table on page 27.

PROPOSED DISTRIBUTION OF EARNINGS

Group

The Group's unrestricted shareholders' equity on December 31, 1996 amounted to MSEK 1,743. It is proposed that no allocations be made to restricted reserves.

Parent Company

Funds amounting to MSEK 2,032 are at the disposal of the Annual General Meeting in the form of unrestricted shareholders' equity. The Board of Directors proposes that the total amount be carried forward.

CONSOLIDATED INCOME STATEMENT

MSEK		1996	1995
Operating revenues			
Sales	Note 1	1,501	4,279
Other revenues		23	298
Gain on sale of shares		1,585	262
Dividends on shares and participations		16	14
		3,125	4,853
Operating expenses			
Operating expenses		-1,525	-4,179
Write-down of shares		-	-7
		1,600	667
Operating income before depreciation			
Depreciation			
Straight-line depreciation	Note 3	-48	-186
		1,552	481
Operating income after depreciation			
Financial income and expense			
Interest income		84	96
Interest expense		-181	-275
Exchange-rate differences		0	31
		1,455	333
Income before taxes			
Taxes	Note 4	-6	-34
Minority share in net income for the year	Note 5	-50	-72
		1,399	227
Net income for the year			
		1,399	227

CONSOLIDATED BALANCE SHEET

MSEK

Dec. 31, 1996 Dec. 31, 1995

ASSETS

Current assets

Liquid assets	Note 6	1,611	644
Accounts receivable		169	580
Prepaid expenses and accrued revenues		33	68
Tax receivables		5	4
Other current receivables		254	155
Inventories	Note 7	<u>212</u>	<u>700</u>
		2,284	2,151

Fixed assets

Shares in associated companies	Note 8	109	-
Shares and participations	Note 8	451	164
Other long-term receivables		34	45
Goodwill	Note 9	11	841
Patents and other rights	Note 9	5	133
Machinery and equipment	Note 9	166	201
Buildings	Note 9	98	262
Land and other real estate	Note 9	<u>5</u>	<u>21</u>
		879	1,667

Total assets

	<u>3,163</u>	<u>3,818</u>
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Assets pledged

Real estate mortgages	44	80
Chattel mortgages	58	395
Liquid assets	35	2
Accounts receivables	35	-
Other assets	<u>0</u>	<u>1,083</u>
	172	<u>1,560</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	Note 10		
Accounts payable		101	231
Tax liabilities		71	74
Accrued expenses and prepaid revenues		216	500
Other current liabilities	Note 12	<u>429</u>	<u>806</u>
		817	1,611
Long-term liabilities			
Overdraft facilities	Note 11	29	36
Other loans		18	755
Provisions for pensions, PRI		87	87
Provisions for pensions, other		29	110
Deferred tax liabilities		2	16
Other long-term liabilities		48	25
Debenture loans	Note 12	33	468
Loans from shareholders	Note 13	128	112
Convertible loans	Note 13	<u>24</u>	<u>24</u>
		398	1,633
Minority interest	Note 5	142	170
Shareholders' equity	Note 14		
Restricted equity			
Share capital		53	53
Restricted reserves		10	0
Unrestricted equity			
Unrestricted reserves		344	124
Net income for the year		<u>1,399</u>	<u>227</u>
Total shareholders' equity		1,806	404
Total liabilities and shareholders' equity		<u><u>3,163</u></u>	<u><u>3,818</u></u>
Contingent liabilities			
Sureties		5	28
Guarantees		2	1
Pension commitments		1	1
Conditional shareholders' contributions		39	39
Other contingent liabilities		<u>2</u>	<u>3</u>
		<u><u>49</u></u>	<u><u>72</u></u>

CONSOLIDATED CASH FLOW ANALYSIS

MSEK	1996	1995
BUSINESS OPERATIONS		
Cash flow from operations during the year		
Sales and other revenues	1,524	4,577
Purchase and sale of shares	2,016	206
Investments in other fixed assets, net	308	588
Dividends received	16	14
Operating expenses	-1,525	-4,179
Financial income and expense	-93	-170
Taxes	-6	-29
Change in working capital	355	1,045
Cash flow from operations	2,595	2,052
FINANCING		
Shareholder financing		
Minority share	-78	-1,541
External interest-bearing financing		
Short-term loan financing	-329	-71
Long-term loan financing	-1,221	-842
Cash flow after financing	967	-402
Opening cash balance	644	1,046
Closing cash balance	1,611	644

PARENT COMPANY INCOME STATEMENT

MSEK	1996	1995
Operating revenues		
Dividends from subsidiaries	Note 2 <u>1,000</u>	<u>1,400</u>
	1,000	1,400
Operating expenses		
Operating expenses	-7	-2
Earnings from participations	-8	0
Group contributions	Note 2 -1	-26
Write-down of shares	<u>-98</u>	<u>-</u>
Operating income before financial items	<u>886</u>	<u>1,372</u>
Financial income and expense		
Interest income	17	5
Interest expense	-140	-215
Exchange-rate differences	<u>25</u>	<u>25</u>
Net income for the year	<u><u>788</u></u>	<u><u>1,187</u></u>

PARENT COMPANY BALANCE SHEET

MSEK

Dec. 31, 1996

Dec. 31, 1995

ASSETS

Current assets

Liquid assets	Note 6	41	3
Receivables from subsidiaries		322	252
Other short-term receivables		2	-
		365	255

Fixed assets

Shares in subsidiaries	Note 8	2,197	2,277
Receivables from subsidiaries		70	-
Other long-term receivables		-	1
Buildings	Note 9	5	9
		2,272	2,287

Total assets

	2,637	2,542
--	-------	-------

Assets pledged

Liquid assets		35	-
Shares in subsidiaries		-	525
		35	525
		35	525

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	Note 10		
Accrued expenses and prepaid revenues		26	50
Other current liabilities	Note 12	<u>304</u>	<u>21</u>
		330	71
 Long-term liabilities			
Other loans		-	525
Liabilities to subsidiaries		21	30
Other long-term liabilities		6	5
Debentures	Note 12	33	468
Loans from shareholders	Note 13	128	112
Convertible loans	Note 13	<u>24</u>	<u>24</u>
		212	1,164
 Shareholders' equity	Note 14		
Restricted equity			
Share capital		53	53
Legal reserve		10	0
 Unrestricted equity			
Unappropriated income		1,244	67
Net income for the year		<u>788</u>	<u>1,187</u>
Total shareholders' equity		<u>2,095</u>	<u>1,307</u>
 Total liabilities and shareholders' equity		<u><u>2,637</u></u>	<u><u>2,542</u></u>
 Contingent liabilities			
Sureties		160	28
Conditional shareholders' contribution		<u>39</u>	<u>39</u>
		<u>199</u>	<u>67</u>

PARENT COMPANY CASH FLOW ANALYSIS

MSEK	1996	1995
BUSINESS OPERATIONS		
Cash flow from operations during the year		
Purchase and sale of shares	-27	-1,548
Investments in other fixed assets, net	-69	-1
Income contributions from subsidiaries	999	1,374
Operating expenses	-3	-2
Financial income and expense	-98	-185
Working capital employed	-75	-209
Cash flow from operations	727	-571
FINANCING		
External interest-bearing financing		
Short-term loan financing	284	18
Long-term loan financing	-973	554
Cash flow after financing	38	1
Opening cash balance	3	2
Closing cash balance	41	3

COMMENTS 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

	1996			1995		
	Wome n	Men	Total	Wome n	Men	Total
Falkenberg		1	1		1	1
Göteborg		1	1		1	1
Helsingborg	6	31	37	7	31	38
Jönköping	4	19	23	4	18	22
Katrineholm	90	265	355	96	259	355
Kinna	39	29	68	36	29	65
Stockholm	40	226	266	37	224	261
Total in Sweden	179	572	751	180	563	743
Australia				23	42	65
Austria				14	37	51
Belgium				2		2
Denmark	4	13	17	4	17	21
Finland	29	20	49	27	21	48
France	22	9	31	41	43	84
Holland				5	14	19
Hong Kong				72	73	145
Ireland	52	48	100	54	49	103
Mexico	21	5	26	17	4	21
Switzerland				8	12	20
Germany	27	15	42	225	221	446
United States	4	4	8	137	96	233
Total outside Sweden	159	114	273	629	629	1,258
Total	338	686	1,024	809	1,192	2,001

Personnel expenses

MSEK	1996	1995
Wages, salaries and other remuneration		
Parent Company	0	-
of which, Board of Directors and President	(0)	(-)
Subsidiaries in Sweden	187	168
Subsidiaries outside Sweden	62	366
Group total	249	534

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 Proventus Handels that has the same executives as Proventus.

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:

MSEK	Sales		Income before taxes	
	1996	1995	1996	1995
Proventus and others ¹⁾	205	224	1,288	99
Tretorn AB	364	372	55	21
Tryckinvest i Norden AB	934	870	114	73
Sold subsidiaries	-	2,856	-	270
Group eliminations ²⁾	-2	-43	-2	-130
	<u>1,501</u>	<u>4,279</u>	<u>1,455</u>	<u>333</u>

- 1) Excluding internal dividends and capital gains, as well as other internal items with an impact on income before taxes.
- 2) Group eliminations relating to sales consist of internal sales within the Group. Group eliminations relating to income consist primarily of goodwill amortization and exchange-rate differences transferred directly to shareholders' equity.

Note 2. Profit contributions to / from subsidiaries

MSEK	Received		Given	
	1996	1995	1996	1995
Dividends	520	1,400	-	-
Group contributions	480	-	-1	0
Shareholders' contribution	-	-	-	-26
Total	<u>1,000</u>	<u>1,400</u>	<u>-1</u>	<u>-26</u>

Note 3. Straight-line depreciation

MSEK	Annual depreciation %	Group	
		1996	1995
Goodwill in subsidiaries	10	-2	-94
Patents and other rights	10-20	-1	-19
Machinery and equipment	10-20	-38	-59
Buildings	1-5	-7	-14
Land and other real estate	0-4	0	0
Total		<u>-48</u>	<u>-186</u>

Note 4. Taxes

MSEK	Group	
	1996	1995
Income taxes	-6	-30
Deferred taxes	0	-4
Total	<u>-6</u>	<u>-34</u>

The deferred tax receivables 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 exceeded by the deferred tax receivables, is that it is not possible to fully utilize deferred tax receivables to offset tax liabilities in the underlying companies.

Note 5. Minority interests

MSEK	Group	
	1996	1995
Minority share in income/loss before taxes		
Proventus Handels AB (former Proventus AB)	-	-44
Tryckinvest i Norden Intressenter AB	-50	-28
Other subsidiaries	0	2
Divested subsidiaries	-	-2
Total in the Proventus Group	<u>-50</u>	<u>-72</u>
Minority interest in shareholders' equity		
Tryckinvest i Norden Intressenter AB	134	84
Other subsidiaries	8	7
Divested subsidiaries	-	79
Total in the Proventus Group	<u>142</u>	<u>170</u>

Note 6. Liquid assets

MSEK	Group		Parent company	
	1996	1995	1996	1995
Cash and bank deposits	535	543	41	3
Loans to states	596	35	-	-
Loans to banks	238	7	-	-
Loans to other credit institutions	235	-	-	-
Loans to others	7	59	-	-
Total	<u>1,611</u>	<u>644</u>	<u>41</u>	<u>3</u>

Note 7. Inventories

MSEK	Group	
	1996	1995
Raw materials	25	34
Semifinished goods	9	21
Finished goods	178	645
Total	<u>212</u>	<u>700</u>

Note 8. Shares and participations

Shares and participations, Dec. 31, 1996	Number	Percentage of share-capital	Book value	Market value
MSEK				
Parent Company's shares and participations in subsidiaries				
AB Weil Marketing	10,000	100%	1	1
Mezzanine Stratus Partners AB	5,000	100%	14	14
Pro Commercias AB	500	100%	0	0
Proventus & Weil Invest (Israel) Ltd	28,000	100%	0	0
Proventus Handels AB	32,832,689	100%	2,150	2,150
Proventus Kapitalförvaltning AB	5,325	100%	0	1
Robert Weil Inc	100	100%	30	32
Stockholms Konsthall, Magasin 3 KB		99%	2	2
Total			<u>2,197</u>	<u>2,200</u>
Subsidiaries' shares in associated companies				
Orrefors Kosta Boda Holding AB	425,000	43%	109	
Subsidiaries' shares and participations in other companies				
<i>Foreign shares</i>				
Clali Capital Development Ltd	900,000	20%	8	
Eltec Ltd	318,366	19%	12	
Puma AG Rudolf Dassler Sport	1,923,750	13%	333	
<i>Swedish listed shares</i>				
Other listed shares ¹⁾			0	
<i>Other securities</i>				
Drummond Gate AB ¹⁾			84	
Other shares and participations ¹⁾			14	
Group shares and participations in other companies			<u>560</u>	

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

Note 9. Plants and equipment

MSEK	Acquisition value		Accumulated straight-line depreciation		Book value	
	1996	1995	1996	1995	1996	1995
Group						
Goodwill	17	974	-6	-133	11	841
Patents and other rights	7	140	-2	-7	5	133
Machinery and equipment	264	273	-98	-72	166	201
Buildings	123	297	-25	-35	98	262
Land and other real estate	5	21	0	0	5	21
Total	416	1,705	-131	-247	285	1,458
Parent Company						
Buildings	9	9	-4	-	5	9
Total	9	9	-4	-	5	9

Tax assessment values for Swedish properties

MSEK	Group		Parent Company	
	1996	1995	1996	1995
Buildings	36	37	4	4
Land	3	3	-	-
Total	39	40	4	4
Corresponding net book value	58	64	5	9

Note 10. Current liabilities

MSEK	Group		Parent Company	
	1996	1995	1996	1995
Interest-free current liabilities	475	940	26	50
Interest-bearing current liabilities	342	671	304	21
Total	817	1,611	330	71

Note 11. Overdraft facilities

MSEK	Group		Parent Company	
	1996	1995	1996	1995
Approved credit facilities	292	72	250	-
Unutilized credit facilities	-263	-36	-250	-
Utilized credit facilities	29	36	0	-

Note 12. Subordinated debentures

Payment for the acquisition of the shares in Proventus Handels consisted of a cash portion plus two convertible debenture loans. The loans are affiliated to account system administered by the Swedish Securities Register Center (VPC).

Proventus has gradually acquired the issued debentures in the marketplace. The remaining debentures outstanding have been booked at market value.

	Debenture loan I	Debenture loan II
Maturity	April 30, 1997	December 31, 1998
Interest	15.3%	0.0%
Interest due dates	April 30, 1996 and 1997	-
Nominal value of debentures	SEK 21.50	SEK 6.00
No. of debentures issued	18,202,759	18,202,759
Repurchased	<u>- 5,723,651</u>	<u>- 11,953,196</u>
No. of debentures remaining	12,479,108	6,249,563
Remaining principal, book value ¹⁾	MSEK 304	MSEK 33
Exchange registration	Stockholm Stock Exchange	-
Trading	Stockholm Bond Exchange (SOX)	Carnegie Fondkommission AB

¹⁾The debenture loan in an amount of MSEK 304 is reported as a current liability and the debenture loan in an amount of MSEK 33 as a long-term liability.

Note 13. Loans from shareholders

Effective March 15, 1995, loans from shareholders totaling MSEK 128, including accrued interest, have been converted to subordinated loans, as has a convertible debenture loan in an amount of MSEK 24.

The loan of originally MSEK 95 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.

When calculating key ratios, these loans has been included in risk-bearing capital and net asset value.

Note 14. Shareholders' equity

	Share capital ¹⁾	Restricted reserves	Un-restricted reserves	Total capital
Change in shareholders' equity, Group				
MSEK				
As per balance sheet, Dec. 31, 1995	53	0	351	404
Transfer between restricted and unrestricted reserves		10	-10	
Translation differences			3	3
Net income for the year			1,399	1,399
As per balance sheet, Dec. 31, 1996	53	10	1,743	1,806

	Share capital ¹⁾	Legal reserves	Un-restricted equity	Total capital
Change in shareholders' equity, Parent company				
MSEK				
As per balance sheet, Dec. 31, 1995	53	0	1,254	1,307
Transfer between restricted and unrestricted reserves		10	-10	
Net income for the year			788	788
As per balance sheet, Dec. 31, 1996	53	10	2,032	2,095

- 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, 1997

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 27, 1997

Ingvar Pramhäll
Authorized Public Accountant

Peter Clemedtsen
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 1996. 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 27, 1997

Ingvar Pramhäll
Authorized Public Accountant

Peter Clemedtson
Authorized Public Accountant

DISTRIBUTION OF MARKET-VALUED ASSETS

The distribution of Proventus' assets among various investments 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 each company.

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 2,250 on December 31, 1996.

NET ASSET VALUE CALCULATION

MSEK	Book value Dec. 31, 1996	Estimated market value Dec. 31, 1996	Estimated market value March 1, 1997
ASSETS			
Current assets			
Liquid assets	1,461	1,486	1,917
Other current assets	322	322	183
Fixed assets			
Swedish shares			
Kinnasand and Etamine	8	8	8
Orrefors Kosta Boda Holding	109	110	112
Tretorn	19	19	19
Tryckinvest i Norden Intressenter	135	289	-
Others	98	98	98
Foreign shares			
Artek	15	15	15
Proventus-Clali	21	21	21
Puma	333	444	458
Other fixed assets	94	94	94
	2,615	2,906	2,925
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Interest-free liabilities	220	220	182
Interest-bearing external liabilities ¹⁾	436	436	422
Shareholders' equity and loans from shareholders / Net asset value	1,959	2,250	2,321
	2,615	2,906	2,925

1) The liabilities are specified in the Report of the Board of Directors on page 15.

Net asset value refers to the difference between assets and liabilities, marked to market. 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.
- Orrefors Kosta Boda Holding has been valued at the current value of the sales option.
- Tryckinvest i Norden Intressenter has been valued at the sales proceeds received.
- Book values are used for all other assets and liabilities.

Adjustments have been made to the balance sheet for 1997 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.

FIVE YEAR SUMMARY

CONSOLIDATED INCOME STATEMENT

MSEK	1992	1993	1994	1995	1996
Operating revenues					
Sales	1,406	1,728	7,541	4,279	1,501
Gain on sale of shares	187	14	150	262	1,585
Share in income of associated companies	-	78	19	-	-
Other operating revenues	17	29	268	312	39
	<u>1,610</u>	<u>1,849</u>	<u>7,978</u>	<u>4,853</u>	<u>3,125</u>
Operating expenses					
Operating expenses	-1,352	-1,669	-7,334	-4,179	-1,525
Write-down of shares	-143	-2	-496	-7	-
Depreciation	-78	-85	-274	-186	-48
	<u>37</u>	<u>93</u>	<u>-126</u>	<u>481</u>	<u>1,552</u>
Operating income/loss after depreciation					
Financial income and expense					
Interest income	299	105	177	96	84
Interest expense	-199	-117	-224	-275	-181
Exchange-rate differences	-20	16	-7	31	0
	<u>117</u>	<u>97</u>	<u>-180</u>	<u>333</u>	<u>1,455</u>
Income/loss before tax					
Taxes	-4	25	-203	-34	-6
Minority share in net income/loss for the year	-88	-117	233	-72	-50
	<u>25</u>	<u>5</u>	<u>-150</u>	<u>227</u>	<u>1,399</u>
Net income/loss for the year					

CONSOLIDATED BALANCE SHEET

MSEK	1992	1993	1994	1995	1996
ASSETS					
Current assets					
Liquid assets	1,829	521	1,046	644	1,611
Other current assets	1,088	914	3,375	1,507	673
Restricted accounts with the Bank of Sweden	2	2	2	-	-
Fixed assets					
Shares and participations	849	1,706	226	164	560
Other fixed assets	638	732	2,164	1,503	319
Total assets	4,406	3,875	6,813	3,818	3,163

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities					
Interest-free current liabilities	509	471	1,585	940	475
Interest-bearing current liabilities	147	26	742	671	342
Long-term liabilities					
Interest-free long-term liabilities	84	1	188	16	2
Interest-bearing long-term liabilities	1,111	897	2,340	1,481	244
Loans from shareholders	10	4	119	136	152
Minority interest	2,120	2,038	1,639	170	142
Shareholders' equity	425	438	200	404	1,806
Total liabilities and shareholders' equity	4,406	3,875	6,813	3,818	3,163

CONSOLIDATED CASH FLOW ANALYSIS

MSEK	1992	1993	1994	1995	1996
BUSINESS OPERATIONS					
Cash flow from operations during the year					
Sales	1,406	1,728	7,541	4,279	1,501
Other operating revenues	17	57	268	312	39
Operating costs	-1,352	-1,669	-7,334	-4,179	-1,525
Purchase/sale of shares	827	-833	319	206	2,016
Other investments, net	-202	-174	-877	588	308
Net financial items	79	12	-60	-170	-93
Taxes	-5	-17	-79	-29	-6
Change in working capital	-366	128	-1,278	1,045	355
Cash flow from operations	404	-768	-1,500	2,052	2,595
FINANCING					
Shareholder financing					
Dividend	-	-	-83	-	-
Minority share	-1,177	-199	-166	-1,541	-78
External interest-bearing financing					
Short-term loan financing	-265	-121	716	-71	-329
Long-term loan financing	94	-220	1,558	-842	-1,221
Cash flow after financing	-944	-1,308	525	-402	967
Opening cash balance	2,773	1,829	521	1,046	644
Closing cash balance	1,829	521	1,046	644	1,611

KEY RATIOS

	1992	1993	1994	1995	1996
Income statement data					
Operating revenues, MSEK	1,610	1,849	7,978	4,853	3,125
Operating income/loss after depreciation, MSEK	37	93	-126	481	1,552
Income/loss before taxes, MSEK	117	97	-180	333	1,455
Net income/loss for the year, MSEK	25	5	-150	227	1,399
Balance sheet data					
Total assets, MSEK	4,406	3,875	6,813	3,818	3,163
Interest-bearing net liabilities	neg	406	2,155	1,664	neg
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	2,639	2,481	2,145	726	2,102
Risk-bearing capital/assets ratio, %	60	64	31	19	66
Visible shareholders' equity, MSEK	2,545	2,476	1,839	574	1,948
Equity/assets ratio, %	58	64	27	15	62
Net asset value, MSEK	443	477	620	1,771	2,250
Adjusted equity/assets ratio, %	58	64	31	38	62
Profitability data					
Return on shareholders' equity, %	6	1	-47	75	127
Return on capital employed, %	8	6	1	15	59

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 average capital employed. Capital employed consists of total assets reduced by interest-free liabilities and deferred tax liabilities.

BOARD OF DIRECTORS

MEMBERS:

ROBERT WEIL, Chairman

Born 1948, elected 1985

Other board duties: Orrefors Kosta Boda Holding AB, Zannex Ltd and Stiftelsen Framtidens Kultur

MIKAEL KAMRAS, President and CEO

Born 1949, elected 1985

Other board duties: Orrefors Kosta Boda Holding AB (chairman), SSRS Holding AB (chairman), Drummond Gate AB, Puma AG Rudolf Dassler Sport, Von Roll AG and Zannex Ltd.

PATRIK ENGELLAU, President of AB Samhällsrådet

Born 1945, elected 1984¹⁾

Other board duties: Svenska Jobs & Society and Den Nya Valfärden

PEHR LAGERMAN, Master of engineering

Born 1941, elected 1991²⁾

Other board duties: Matteus Fondkommission AB, Skandigen AB and Active AB

LENNART LÅFTMAN, President of Allmänna Pensionsfonden 5:e Fondstyrelsen

Born 1945, elected 1991²⁾

Other board duties: Avisa AB (chairman), AB Dala Demokraten (chairman), AB Förenade Arebolagen, Handu AB, Kungliga Dramatiska Teatern, RFSU AB, Stiftelsen Oscar Hirsch Minne and Fastighets AB Östgöten

JOAKIM SANTESSON, M.D. Associate Professor

Born 1946, elected 1984¹⁾

JOHN WATTIN, President of Investering och Kunskap AB

Born 1947, elected 1991²⁾

Other board duties: Skandiarådet (chairman), Astral AB (chairman), Pantherex Publishing 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 1990¹⁾

PETER CLEMEDTSON, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1956, auditor for Proventus since 1990¹⁾

Deputy auditors

BERTIL EDLUND, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1933, auditor for Proventus since 1990¹⁾

STAFFAN KJELLSTRÖM, Authorized Public Accountant Öhrlings Coopers & Lybrand AB
Born 1946, auditor for Proventus since 1990¹⁾

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 Proventus Handels 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 Proventus Handels 1984-1992)

Zannex 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

Orrefors Kosta Boda AB (publ)

GÖRAN BERNHOFF, President

Born 1946, employed 1980

Puma AG Rudolf Dassler Sport

JOCHEN ZEITZ, President

Born 1963, employed 1990

Tretorn AB

STEFAN JACOBSSON, President

Born 1952, employed 1995

Artek oy ab

MAURI HEIKINTALO, President

Born 1947, employed 1996

Kinnasand AB

BENGT GULLBRANDSON, President

Born 1940, employed 1993

ADDRESSES

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Orrefors Kosta Boda AB

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Puma AG Rudolf Dassler Sport

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