Annual Report

2005

SCRIBONA

Contents

Annual General Meeting

The Annual General Meeting will be held at 3 p.m. on March 30, 2006 at the Seorama Conference Center, Röntgenvägen 2, Solna, Sweden.

Shareholders who wish to participate in the meeting must

- be entered in the share register maintained by the VPC (Swedish Securities Register Center) no later than March 24, 2006, and

- notify Scribona of their intention of participating either in writing at Scribona AB, Box 1374, 171 27 Solna, by phone at 08-734 34 00, by fax at 08-82 85 71 or by e-mail at info@scribona.se no later than 4 p.m. on Tuesday, March 28, 2006.

To be eligible to vote at the meeting, shareholders whose shares are registered in the name of a trust department of a bank or private broker must temporarily re-register their shares in their own name. Such registration must be completed by March 24, 2006.

DIVIDEND

The Board of Directors proposes that no dividend be paid to the shareholders.

CHANGE OF ADDRESS

Shareholders whose names, addresses or account numbers have changed should notify VPC AB, Box 7822, SE-103 97 Stockholm, Sweden, or their trustee, without delay.
Special forms for this purpose are available at banks.

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FINANCIAL CALENDAR

Interim Report, January–March 2006	May 4, 2006
Interim Report, January–June 2006	July 17, 2006
Interim Report, January–September 2006	November 10, 2006
Year-End Report, January–December 2006	February 9, 2007
Annual Report 2006	March 2007

This document is a translation of the original published in Swedish. In the event of any discrepancies between the Swedish and English versions, or in any other context, the Swedish version shall have precedence.

Highlights of 2005

- Business Area Scribona strengthened its position as the leading IT distributor in the Nordic market. The company has undergone a comprehensive restructuring program, and investments in systems and IT infrastructure were made during the year to enhance its ability to compete. New operations with major potential have also been developed in both financing and logistics services.
- Business Area Carl Lamm posted strong volume growth throughout 2005, and strengthened its position as one of the leading document management providers in the Swedish market. Market shares improved in a number of important product areas, and our share of services showed positive growth.
- An extraordinary general meeting held in December 2005 reached a decision in principle to initiate a preliminary project to lay the groundwork for a distribution of assets and separate exchange listing of Business Area Carl Lamm.
- Total earnings for the twelve-month period were SEK 11,758 million (12,014).
- Operating income totaled SEK –7 million (104). Excluding the net gain from the sale of the Toshiba Document Solutions division, the Group's operating income for the past year totaled SEK 60 million. The operating income for 2005 includes SEK 14 million in restructuring costs in Denmark, plus SEK 11 million (39) in amortization of goodwill due to the limited period of use. The operating income also includes SEK 12 million (0) in net currency exchange losses.
- Net income after tax was SEK –19 million (60), and earnings per share totaled SEK –0.37 (1.18).

Performance 2001–2005

SEK millions	2005	2004	2003	2002	2001
Total earnings	11,758	12,014	11,857	12,808	11,872
Operating income	–7	104	20	7	–91
No. of employees	927	1,023	1,310	1,469	1,539

LAPTOPS
BIG SELLER FOR THE YEAR

2005 was the year of the laptop computer. According to IDC statistics, roughly 47 percent of all personal computers sold in the Nordic market were laptops. Just a few years ago the price of a laptop computer was at least twice that of a corresponding desktop model. That price difference has now essentially been erased, and the area of use is becoming an increasingly decisive factor, as a result of which more people are choosing laptops. Laptops accompany us everywhere: at work, at home, on vacation. Scribona has been selling laptop computers for as long as they have been available – from our start as a Nordic agent for Toshiba to our present status as distributor for most of the leading brands.

This is Scribona

Scribona is the leading distributor of IT and communication products in the Nordic region, with annual sales of roughly SEK 12,000 million. Scribona has business operations in Sweden, Denmark, Finland and Norway, and employs some 900 people.

The Group is divided into two business areas:

The Scribona business area is the leading Nordic IT distributor, with a complete selection of hardware, software and IT infrastructure solutions.

The Carl Lamm business area is a leading provider of document management services in Sweden, with its own distribution and retail operations in 25 locations.

Business Area Scribona

BUSINESS CONCEPT

Using superior logistics, distribution and knowledge of the industry, Scribona offers the Nordic market a cost-effective supply chain in the areas of IT and communications.

GOAL

Scribona's goal is to achieve sustainable profitability by

- strengthening its position as the leading distributor in the Nordic market
- developing its role in the channel and thereby ensuring strong margin growth
- achieving reliable cost-effectiveness by offering the industry's best logistics and inventory solutions

Business Area Carl Lamm

BUSINESS CONCEPT

Carl Lamm shall with competence and the best technique offer

- companies and organizations efficient and cost-saving document and information management solutions
- flexible financing solutions with a holistic focus
- convenience and security by providing unique customized service, support and operational solutions for IT infrastructures
- products and services with nationwide coverage through our own Centers, Partners and Resellers, plus worldwide coverage through the manufacturers we represent

GOAL

Carl Lamm's goal is, over the next few years, to improve profitability through growth and a broader offering that includes new IT infrastructure products and services.

President's Statement

Scribona took decisive steps in 2005 to strengthen the Group's future competitive capabilities. We initiated a major change project in Business Area Scribona, while at the same time developing Carl Lamm into an independent unit with a broader offering of products and services.

2005 was a revolutionary year for Scribona. We embarked on a major change project in Business Area Scribona, which will result in a transition from operating separate businesses in four countries to becoming one single pan-Nordic organization with a common IT platform, logistics system and backoffice functions. This will enable us to increase our efficiency and ensure the quality of our offering, while at the same time allowing our local organizations to concentrate on sales and customer support. During the year we also developed Business Area Carl Lamm into an independent unit in order to lay the groundwork for a future separate exchange listing.

These changes have not been painless, as the financial statements for the year reflect. Net income before tax totaled SEK –7 million (SEK 104 million, including SEK 44 million in gains on the sale of the Toshiba Document Solutions division). Earnings were encumbered by SEK –14 million in non-recurring restructuring costs deriving from Business Area Scribona's Danish operations. Added to this were the costs of implementing the new business and logistics system in Sweden, Denmark and Norway. In Norway, diminished sales as a result of technical disruptions were estimated to have had a negative effect of SEK –15 million during the period October-November 2005. An additional SEK –5 million is attributable to increased logistics costs associated with the transition. The negative effects were less pronounced in Sweden and Denmark. The transition will be made during Q2 2006 in Finland.

These changes have cost us in the form of both major investments and running-in problems, but they are essential to making Scribona competitive in the future in an increasingly pressured market.

Once fully implemented, the new platform will greatly enhance our ability to generate profitability. The goal for 2006 is for Business Area Scribona to earn SEK 100 million in operating income. Business Area Carl Lamm has seen a strong increase in volume during the year, posting a result on a par with the 2004 figure. Market shares increased in a number of important product areas, and sales of services showed positive growth. Carl Lamm is continuing to build on its strategy, broadening both its product portfolio and its offering in IT.

NORDIC PLATFORM FOR BUSINESS AREA SCRIBONA

Our entire industry is naturally feeling the effects of rapid technological progress, which brings with it more performance for less money, product convergence and general price pressure in the market. We must constantly develop our offering so that it will be the best and most efficient channel between the manufacturers and Nordic resellers and end customers.

Business Area Scribona's new Nordic platform will make us considerably more competitive. In 2005 we took a major step toward realizing our ideas and creating the most efficient platform for delivering IT and communication products in the Nordic market. By fundamentally changing both our legal structure and our IT system, we have made it possible to treat the Nordic region as one common market. Instead of managing all functions locally in each country, each process will be simplified and performed only once, and by employees who are specialists in their fields. The same applies to physical product management, where we have developed our own unique model for logistics and inventory management in cooperation with the world's leading logistics and shipping companies.

But even in the future Scribona's strength will continue to derive from our strong roots at the local level. Sales, marketing and customer contacts will naturally continue to be handled locally in each country. We must be available near our customers in order to build and maintain profitable long-term business relationships.

The new organization will also provide entirely new opportunities to adapt our business to the prevailing climate in each respective market. We can focus on the most profitable segment in each country while at the same time strengthening our position as the biggest volume distributor in the Nordic region through even higher cost-effectiveness and availability.

Let us take Denmark as an example. The Danish segment of our operations has long had profitability problems. The market there is extremely competitive, with severe price pressure and very thin margins. Despite several savings initiatives, these operations have posted negative results for several years. Now we have instead created the conditions that will enable us to adapt the scale of the Danish organization to the volumes and margin space that exist. We can be more flexible, focusing on those product areas and market segments where the margins are better, and Scribona can become a leading actor. Based on the combination of these factors, we believe that the Danish segment of our business will reach break-even in 2006, and post a profit in 2007.

The Swedish operations have grown positively over the year, and strengthened their earnings. These operations have been streamlined, and the relocation to more suitable premises over the summer has greatly improved the working climate and our sense of teamwork.

Our Norwegian operations posted a strong result even though competition in the Norwegian market increased further during the year. This shows that our strategy of prioritizing profitability rather than seeking volumes at low margins is sound. However, harsh competition combined with disruptions associated with the system implementation process in October resulted in lower invoicing in 2005 than in the previous year, but the result is still more than acceptable, and the year's strong finish offers a preview of 2006.

We worked hard to refine and streamline our operations in Finland, and the effects of those efforts were apparent by year-end. We will be able to move further up the ladder in the Finnish market, thanks both to our new Nordic platform and, not least importantly, our new e-commerce system.

WE ARE CONTINUING TO DEVELOP CARL LAMM'S OFFERING AND OPERATIONS.

In keeping with our long-term strategy of shifting our operations away from pure document management and into solutions that also encompass our customers' entire IT infrastructure, Carl Lamm's future has been an object of focus during the year. Convergence between products such as copiers and printers makes this a natural evolution, but it also poses a potential risk of channel conflicts between our two business areas, and a risk that we will be competing with our own customers.

As a result of this, an extraordinary general meeting was called in December, at which a decision in principle was made to initiate a preliminary project to lay the groundwork for a distribution of assets and separate exchange listing of Business Area Carl Lamm.

During the year, Carl Lamm continued to gain market share and strengthen its position as one of the absolute leading providers of document management products and services in the Swedish market.

As a result of its cooperative arrangements with numerous leading suppliers, Carl Lamm can reach many different customer segments as an independent supplier. We are now building further on this position by broadening our customer offering and product portfolio in the area of IT infrastructure, and by supplementing with additional brands. We acquired three IT companies in Stockholm, Göteborg and Malmö at the start of 2006, thereby enabling rapid, nationwide expansion in this new field of operation.

MARKET

Growth in the total Nordic IT market remained strong in 2005. According to calculations made by the analysis firm IDC, the market grew roughly 25 percent, including sales of services and consulting. According to IDC, PC sales increased 25 percent in terms of volume to roughly 4.5 million laptop computers, desktop computers and servers sold. Of these, over 500,000 were sold through Scribona, corresponding to 11 percent of the total market.

The distributors' share of the total market in the Nordic region has held steady at around 40 percent, in contrast to other markets, where increasingly higher volumes are being sold direct from the manufacturers.

However, we began to see a trend toward increased direct sales in the Nordic region as well during the year. Price pressure and shrinking margins are pushing major actors like HP to try to find their own channels to the market for their really major PC deals. This has been particularly evident during the year with regard to home pc deliveries, where neither distributors nor resellers have been involved in the biggest deals.

In the long run this will, of course, pose a challenge at every level of the sales channel, and not just in the IT industry, and impose severe requirements in terms of clear added value and cost-effectiveness. With our new pan-Nordic IT and logistics platform, we have created the optimum conditions for continuing to be one of the leading actors in the IT market, where the wave of consolidation has just begun.

FULL SPEED INTO THE FUTURE

A new board chairman was appointed in Scribona in December 2005, and the majority of the board members were replaced as a result of ownership changes.

These changes do not affect our long-term strategies, i.e. to strengthen Scribona's position as a leading distributor in the Nordic region and achieve sustainable profitability. In fact, we will become clearer as to when we are to achieve our secondary goals, and will be issuing regular forecasts for our operations.

This spring, the final piece of the puzzle will be put in place with respect to the change process within Business Area Scribona. Certain details will no doubt need to be fine-tuned, but the platform is in place, and 2006 is the year in which we will show that we are on the right track.

I am also convinced that the journey that lies before us with Carl Lamm will be very interesting. Carl Lamm will undoubtedly develop into one of the leading actors in the Swedish IT market, and will be a safe bet both within and outside of Scribona.

Our operations in Business Area Scribona have even greater potential. IT products will definitely be with us in the future, and we will actively endeavor to ensure that our sales channel continues to grow.

Tom Ekevall Larsen
President and Chief Executive Officer

Strong growth in the Nordic market

Volumes in the Nordic IT market rose markedly during 2005. The number of strategic IT investments is increasing, and outsourcing has now reached the small and medium-sized business segment. India and China are increasing their dominance in the global market.

Global growth remained strong in 2005. Economic recovery in the eurozone gained new momentum during the fall of 2005, and GDP is expected to increase by over 2 percent in 2006.

The Nordic market enjoyed relatively strong growth in 2005 in terms of both general economic growth and IT investment. Norway and Finland had the strongest growth, although the differences between the Nordic countries were not particularly great. Growth is expected to slow somewhat in 2006, before picking up again in 2007.

The sales value of the total Nordic IT market rose 6 percent during 2005. According to IDC forecasts, 3 percent sales growth is considered likely during 2006, including sales of services, with an additional 5 percent in 2007. Growth in terms of hardware and software was roughly 6 percent in 2005, and is expected to stand at 1–2 percent in 2006 before increasing by 3.8 percent in 2007.

The analysis firm IDC estimates the value of the total Nordic IT market at roughly SEK 250 billion for 2006, with roughly SEK 130 billion attributable to hardware and software. With an approximately 35 percent share of the market for hardware and software, we estimate the distribution market at about SEK 40 billion. To this must be added areas not covered by IDC's statistics, such as components and consumer electronics. All in all, it is believed that Scribona's total available market will amount to about SEK 60 billion for 2006.

The number of bankruptcies in the IT industry continued to decline during 2005, indicating that profitability remains good. The number of strategic IT investments continues to increase after several years, with an emphasis on infrastructure investments. At the same time price pressure in the market is still present, and no major relief is expected over the next few years.

STRONG INTEREST IN OUTSOURCING

The trend toward outsourcing IT operations continues to accelerate in the Nordic region, and this phenomenon is now starting to spread in the SMB (small and medium-sized business) segment as well. Although the main impetus behind outsourcing was formerly cost savings, more companies are now opting for this solution for mainly practical reasons. They want to concentrate on their core activities, and they also view outsourcing as a means of safeguarding their IT operations against disruptions. The numbers also indicate that as many as one in ten companies that outsources all or parts of its IT operations is dissatisfied with the results, and the term "insourcing" started to be heard with increasing frequency in 2005. Interest in locating segments of IT operations in other countries, such as India and China, is also increasing markedly, but so far offshoring is still relatively rare among Nordic companies.

However, there is no question that India and China will henceforth be playing key roles in the IT industry. Even today over a third of PCs are made in China, regardless of the brand under which they are sold. China further strengthened its position through Lenovo's acquisition of IBM's PC division, which was completed in early 2005.

If China is involved mainly in hardware manufacture, India is investing mostly in software development. Many analysts believe that the companies that will dominate the market in the future are Chinese Lenovo and Huawei, Indian Wipro and Infosys, and American Microsoft and possibly Dell, which is currently the world's biggest PC supplier. Europe and Japan are having a difficult time asserting themselves, except within specific segments such as the mobile segment, where companies like Sony, Ericsson and Nokia hold strong positions.

MORE GENERIC PRODUCTS

As technology advances, products are becoming more accessible, more compatible and more similar, which also makes their specific manufacturer less important to the end customer. If it is possible to buy a comparable or nearly identical computer, TV, digital camera or server for half the price because it lacks a recognized brand name, the choice is a simple one for many people. The same trend is evident in many other industries. Generic grocery store brands are one obvious example.

More generic products make the need for a strong brand and loyal customers even more important for the established manufacturers. This means that marketing investments will increase, while at the same time prices will be held down by increasingly intense competition. It is difficult to say what the confluence of these trends will be in the long run.

New opportunities open up for the distributor when these unbranded products have to be channeled out to the end consumers. The potential for higher margins exists at both the distributor and reseller levels, even though the price to the end consumer is still low. An increased offering of "no brand" or "private label" products shifts the responsibility for both production and marketing farther out into the channel and closer to the customers, which can create entirely new opportunities in today's hard-pressed IT channel. Perhaps things will eventually come full circle, and the distributors will be the agency companies of the future. After all, nothing sells itself, no matter how inexpensive it may be.

IPOD
APPLE'S SUCCESS STORY

When Apple launched its initial version of the iPod in 2001, there were few people who grasped the impending revolution. It was far from being the first mp3 player on the market, and it was considerably more expensive than the competition. But it had a firewire port, 5 GB of memory and, not least importantly, it looked good. The rest is history. iPods are now available in innumerable variants, with the capacity to store up to 15,000 songs, 25,000 pictures and 150 hours of video, and they account for roughly half of Apple's revenues. 14 million were sold in the last quarter of 2005 alone; good news for Scribona, one of Apple's distributors in the Nordic market.

Information technology is everywhere

Scribona's product line spans a broad range, with personal computers and digital technology at its core, and this area is constantly growing, with new products for both home and office.

The technology is constantly being developed at breakneck speed, and the limits of what constitutes IT are constantly being pushed forward. IT stands for Information Technology, and we traditionally tend to think of data and telecom, but nowadays it's just as much about graphics and audio. Products and solutions are mixing business utility with pleasure. And the personal computer stands at the center of it all. Few inventions in the history of mankind have been capable of being used in so many different ways, and in so many different situations.

Scribona's product line spans a broad range, with personal computers and digital technology at its core; this area is constantly growing, and now covers everything from digital consumer products to advanced server, communication and document management systems.

COMPUTING POWER GOES MOBILE

The personal computer is now on its way to leaving the desktop for good. More than half of all the personal computers sold in 2005 were laptops. To this can be added all the computing power that resides in devices such as mobile phones, portable music players, digital cameras and GPS systems. Computing power has truly gone mobile, accompanying us everywhere in our daily lives.

Former limitations in the form of poor compatibility and high storage costs no longer apply. Standards for hardware and software are gaining ground, making it possible to build a personal computer from components. And cameras, printers, audio equipment and game controllers can now simply be plugged in and used simultaneously while communication occurs via the Internet.

THE INTERNET IS EVERYWHERE

It has not been long since computer communication occurred via fixed telephone lines between two computers. Today the internet has taken over, and it is possible to go online nearly everywhere, using unencrypted "hotspots" or 3G. The traditional handheld computer that had to be synched up with a personal computer has vanished, replaced by smart mobile phones with PC functionality, in which e-mail, Powerpoint presentations, vacation photos and music are all stored on memory cards in the phone and accompany us everywhere we go.

The internet continues to challenge the traditional telecom operators, and IP telephony is becoming a more attractive alterative for both businesses and private individuals. But the internet of the future will have much more to offer. The 2006 Consumer Electronics Show in Las Vegas featured robots in many forms, and it does not take too much imagination to picture doing things like turning on the heat in your summer cabin or controlling your camera-equipped lawn mower over the internet. And when the technology becomes so user-friendly that regular consumers get it, that's when professional applications tend to take off – after all, we're only human.

UTILITY AND PLEASURE

The technological advances are most apparent in the consumer market. Digital TV broadcasts, digital cameras and mp3 players are making the home a part of the IT world. Music players like the iPod are being developed into multimedia machines that can handle sound, graphics and video, making entertainment mobile but also allowing it to be hooked up easily in our living rooms or cars.

Will the multimedia PC succeed in getting into our living rooms, or will the smart DVD player with its built-in hard drive and internet connection emerge as the winner? No matter what the outcome may be, it is clear that flat-screen computer monitors and televisions are here to stay, regardless of whether they are based on plasma, LCD or LED technology. The next revolution will arrive when the screens get so thin that it is possible to the roll them up and take them along. The technology already exists, but it needs to be developed further before it will become commonplace.

Digital graphics have clearly conquered the world. Microsoft is planning to launch its first professional design software applications, and Apple founder Steve Jobs is selling Pixar to Disney. IT and entertainment are converging.

BEHIND THE SIMPLICITY, THINGS EASILY GET COMPLEX

Everything appears to be very simple. Bank transactions are done via the internet. Digital images are stored there to be printed out in hard copies that arrive in our mailbox a few days later. Movies and music are downloaded. E-commerce is making it possible to sell products in unlimited markets, and XML links are moving information and connecting businesses.

But all this information has to be stored and processed somewhere. The communication has to be fast and simple, and interruptions in its flow are unacceptable. And it has to be 100 percent secure – no information may go astray, and no accounts may be drained. If the digital world is to work, its built-out and highly efficient infrastructure must meet strict requirements. If the electronic control box in a car breaks down, the car stops. If the internet stops, nearly everything stops.


Adobe Creative Suite
GSX Server 3

Business Area Scribona increases volumes

Scribona is solidifying its position as the biggest distributor in the Nordic region. The major change project initiated by Scribona during the year is making the company even more competitive in a tough market characterized by severe price pressure.

Business area Scribona is maintaining its position as the leading distributor in the Nordic market. The result for the entire year was, however, negative, due to continued profitability problems in Denmark. Investments were made in a new Nordic IT platform and infrastructure during the year to safeguard future growth and development.

Revenues for the year totaled SEK 11,068 million (SEK 11,239 million), a decline of 2 percent compared with the previous year. Operating income was SEK –36 million (SEK 30 million). SEK –14 million were allocated for unused office space, while amortization of goodwill totaled SEK –11 million (–39).

SCRIBONA'S MARKET

IDC estimates the total value of the Nordic IT market for 2005 at roughly SEK 250 billion, including approximately SEK 120 billion in sales of services and consulting. Of the remaining roughly SEK 130 billion, we believe that about SEK 40 billion flowed via distributors, i.e. roughly the same level as in 2004. To this must be added areas that are not included in the IDC market statistics, such as telephony, audio, TV products and computer components. Scribona's total market is estimated at approximately SEK 60 billion.

According to IDC, roughly 4.5 million personal computers (laptops, desktops and PC servers) were sold in the Nordic market in 2005, an increase of 25 percent compared with 2004. Sales of laptops increased in particular; nearly 50 percent more laptops were sold in 2005 than in 2004. The forecast for 2006 calls for continued increases in the laptop share, which would mean that more laptops will be sold than desktop models – a true technology shift.

Trends in other market segments are more difficult to track, but our assessment is that the numerical growth is at roughly the same level, i.e. about 25 percent. Combined with the fact that the rate of growth in the value of the IT market, excluding services, stands at about 6 percent, this tells us something about price trends for IT products.

HEAVIER COMPETITION

Competition between PC manufacturers increased additionally in 2005.

HP and Dell continue to battle for first place, while Lenovo's acquisition of IBM's PC products has brought new blood into the channel. Acer's aggressive pricing has shaken up the laptop segment, at the same time as Fujitsu Siemens, LG, Sony, Toshiba and other established suppliers are trying to defend their positions. This increased competition is causing manufacturers, in their hunt for market share, to try to increase their control over the end customers by moving forward in the channel and selling direct to the major reseller chains and electronics stores, while at the same time signing price agreements directly with the major end customers who determine the pricing picture in the entire IT channel at a single stroke. As a result, the distributors' share of the market is shrinking while also entailing, despite everything, an increase in numbers of units, given that the distributor market is at the same level as in previous years from a value standpoint, while the total PC market is continuing to grow. The distributors' share of the total market for 2005 is estimated at 30–35 percent.

THE DISTRIBUTOR'S ROLE

The Nordic market is, from many standpoints, a heterogeneous one, with many resellers and different languages. It has a relatively limited population dispersed over a large area, and therefore demands differentiated customer communications and efficient logistics.

With product offerings that continue to grow, shorter product life cycles and numerous sales sites, the distributor fills an important, streamlining function for both resellers and manufacturers. But great flexibility and constantly new ways of thinking are needed to maintain and strengthen market position. In its capacity as the market-leading IT distributor in the Nordic region, Scribona enjoys major advantages as manufacturers cut back on the number of distributors they are using in the face of increasingly heavy competition. Our size gives us a head start in terms of logistical and product management efficiency, while our strong local roots, adaptability and high competence are important factors in our success.

Scribona faces competition mainly from both international broadline distributors such as TechData, Ingram Micro, Actebis and GNT/SMG, and from more or less smaller niched actors like Four Leaf, Magirius, BBsoft and AKS.

The Nordic market contains over 300 distributors and wholesalers in the IT field. The competitive situation varies a great deal from country to country, but the major actors all have a similar agenda: consolidation and economies of scale must be balanced against local roots and strong partnerships with both suppliers and resellers.

Developed offering

With superior product knowledge, logistics and distribution, Scribona offers cost-effective product supply through resellers in the Nordic region.

The role that exists between supplier and reseller can accommodate a number of different business models; from pure distributors who work closely with manufacturers and concentrate on inventory management and logistics to wholesalers who are actively involved in, e.g. sales support and developing attractive end consumer offerings together with resellers. With its strong market position and size, Scribona works across the entire spectrum, offering cost-effective inventory and logistics services as well as value-added product and financing packages.

Scribona took additional steps in 2005 to create a competitive and cost-effective company for the future. The new model for supply chain management that we began to implement in 2004, combined with the new Nordic IT and ERP system that we implemented in 2005, has created new opportunities to coordinate and streamline our backoffice functions in terms of purchasing, finances, administration, etc.

The new platform will be implemented in our Finnish operations in April 2006, and once it is in place we have created a Nordic company with local sales companies in each country. We have then built a cost-effective high-volume machine while at the same time strengthening our local presence and flexibility.

SCRIBONA'S OFFERING

Tidy, simple routines and developed processes for order flows, returns management, business support, information and contact flows enable us to efficiently manage everything from the largest manufacturers' total deals in the Nordic market to individual deliveries to small resellers.

In other words, the core of our offering consists in providing the right thing at the right price, in the right place, and at the right time. The fact that we have been successfully managing this for over a decade makes us more competitive and reassures our partners, since the distributor's ability to live up to his delivery promises is decisive for both manufacturers and resellers.

Our broad offering gives our partners "one-stop shopping," and our role as the node through which a major share of all the goods and information in the Nordic IT market flows imposes strict requirements in terms of efficient processing and management. All this has to happen at high inventory turnover rates and with superior precision.

FOUR PRODUCT AREAS

Scribona distributes products from every corner of the world, and from every product area in the IT market. We have strong expertise in advanced server, network and storage solutions, as well as everything having to do with the modern PC world. This includes everything from mobile solutions, office applications and advanced server and security systems to home computer solutions and digital audio and video processing.

Personal computers and peripherals include solutions for both home and office. The personal computer will play a key role both in the living room of the future and as a work tool. The same computer that serves as a mobile entertainment center must also be able to be integrated in the network at the workplace. Our product line includes computers, peripherals and upgrade products, computer monitors, projectors, scanners, printers and consumable products. The list may be long, but the list of areas of application is presumably even longer.

Server, storage and infrastructure products are, in a sense, the brains and nervous system of the digital business and IT world. Processing power, storage capacity, security, wireless, optimization, consolidation and virtualization are keywords in today's complex IT environment. Scribona's product line includes products from all the leading manufacturers.

Software encompasses everything from store-packaged consumer products to corporate licenses from the leading software companies in the industry. Examples of the products in our line include operating systems, office applications, specialized graphics applications, e-mail and communication programs, development tools, security and anti-virus software, games, and server and system applications.

Digital consumer products for audio and graphics represent the latest options in the digital world. Digital photos, digital video, digital audio, digital TV and computer games have more or less pushed aside their analog forebears and now combine utility with entertainment. And we are already seeing the advent of the wireless digital home network, with the personal computer serving as the command and communication center of the home.

KNOWLEDGE AND FINANCING

Determining who will supply what in the value chain is always a difficult balancing act. When margins are thin, it is hard to make major investments in marketing, sales activities and support solutions. No one is willing to pay for the same thing twice. That's why our offering has to provide options.

The bulk of Scribona's deliveries go directly to our resellers' end

INFRASTRUCTURE
THE HIDDEN HEROES

Behind every successful company is a good IT infrastructure. The anonymous heroes of the IT world are often found locked in the server room, and they are expected to work 24/7/365, or 24/7/366 in a leap year. Servers, disk systems, storage robots, routers, switches, firewalls and other high-tech products work together with the right software and applications to provide the support that the business demands. Everything from relatively simple PC servers to advanced server and system solutions, with products from companies such as Fujitsu Siemens, IBM and HP, is a part of our everyday reality. Every fifth server sold in the Nordic market is delivered through Scribona.

customers. That is why we offer numerous ancillary delivery services, from unpacking services and packaging recycling to installing and starting up computers at the customer's workplace. For instance, we can even deliver pre-configured and unpacked computers in secure containers.

We are also constantly developing our offering to resellers with e.g. sales and marketing support, technical support such as communication and security solutions, smart product packages and other value-added activities. We offer complete home PC set-ups and special solutions for small and medium-sized businesses, such as seminars and training programs targeting end customers.

We also work in close cooperation with software companies that develop business-critical applications which, together with the right hardware and infrastructure, can meet the entire IT needs of many small and medium-sized businesses. By packaging and offering these products in our channel, we create new business opportunities for resellers.

To give our resellers access to our advanced knowledge of communication and security solutions, we offer both paid support and consulting services, and we also conduct numerous different seminars and training programs regarding products from companies such as Clavister, Cisco and VMware. We are also creating new financing options to enhance customer benefit in response to an increased need for financing at the reseller level. In the fall of 2005 we launched Scribona Financial Services in the Swedish market, thereby offering an advantageous rent/lease option for our resellers' end customers, so that these transactions need not encumber the individual reseller's credit limit with us.

We can also offer purely agency-based solutions at the reseller level, where the reseller offers the solution and owns the customer relationship, while Scribona delivers, handles the billing, and pays a commission to the reseller. This reduces our credit exposure and creates alternative options in the channel.

SUPPLIERS

Scribona is the link between hundreds of suppliers and 6,000 resellers in the Nordic market. We have long worked in close cooperation with the world's leading manufacturers and, in our capacity as their partner, have access to their combined knowledge. We know what products and what new technologies are in the offing, and we know which factors control demand.

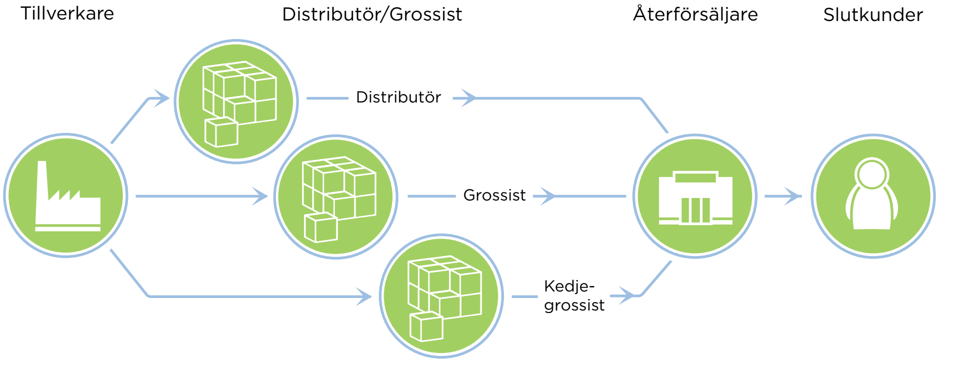
Our biggest suppliers include HP, IBM/Lenovo, Fujitsu Siemens, Xerox, Microsoft, Cisco, Canon, Toshiba, Apple and Samsung.

Scribona has been chosen as a strategic partner by leading manufacturers HP, IBM and Cisco, which gives us a major competitive edge. We have created special competence teams around these suppliers, teams that are working to further develop our market offering and create added value around their products.

Scribona is one of the few IBM Business Partners in the world that operates an IBM Business Partner Innovation Center, where customers can test and evaluate solutions in a complete demo environment. As HP's biggest Nordic hardware distributor, Scribona is active both as a logistics partner and as a channel developer.

We also participate regularly in

The gap between manufacturer and reseller leaves room for a number of business models, and Scribona works across the entire spectrum. In our capacity as a distributor we offer the manufacturers pure inventory and logistics services, while at the same time functioning as a wholesaler and one-stop shop for our resellers. We are also constantly developing new, value-added product and financing packages and sales support together with our resellers in order to strengthen the offering to the end customer.



supplier and industry forums on strategic product and market development through our membership in HP Partner Advisory Board, IBM EMEA Distributors Board, Cisco Advisory Board and the industry organization GTDC (Global Technology Distribution Council).

CUSTOMERS

Scribona sells its products and services through IT resellers in the Nordic market. The reseller level is fragmented, with many different actors that vary in terms of size and orientation, and thus have different needs. Major electronics stores with their own warehouses are looking for transaction management and financing, while traditional computer resellers and system providers have a greater need for product expertise, configuration solutions and delivery services.

Our customers include companies with multinational operations, such as Atea, Ementor/Topnordic, Informatikk and Siba.

Examples of other major customers include Dustin, Koneo, Martinsson and Office in Sweden; F Group, Iteo, Merlin and Netkoncept in Denmark; Data-Info, Expert, and Musta-Pörssi in Finland, and Alliance, Umoe IKT and Telehuset in Norway.

Our customers also include thousands of small local resellers throughout the entire Nordic region, who can order IT products via Scribona from the world's leading manufacturers at the touch of a button or with a single telephone call – usually with delivery within 24 hours.

E-COMMERCE AND NEW WEB PLATFORM

Electronic commerce is now a prerequisite for doing business in the IT sector. Scribona has been working since the mid-1990s to develop its e-commerce solution, and in 2005 we launched an entirely new web platform that offers many new functions.

Over half of all our business transactions occur electronically, and the Web has become one of the primary sources of product, price and availability information for both resellers and end customers. In addition to receiving orders directly over the Web via our business system, we also offer resellers e-commerce solutions targeting their end customers. The end customer searches products in the reseller's own Web store, which is a pure extension of Scribona's web system targeting resellers.

Scribona's Web solution can also handle more complex processes such as ordering custom-configured products, software license management, order and billing histories, goods tracking, and much more. Our systems also handle different pricing agreements set up directly between manufacturer and end customer, known as "bid prices." Everything happens on line and in real time. For those resellers who, for instance, have their own purchasing portal, the same functionality can in principle be delivered via EDI or XML links directly to our systems.

SUPPLY CHAIN MANAGEMENT

We are working hard to streamline our supply chain management, from purchasing control and logistics to inventory and shipping, in order to improve efficiency and lower costs. Our strategy is based on shifting the focus from warehouse management to information and processes. Instead of managing the entire supply chain via warehouses in each country, Scribona is gradually switching over to more a flexible inventory management process involving a combination of central warehouses, local warehouses and hub-warehouses at shippers.

All warehouse and delivery management is still handled in Scribona's own systems, but through our close cooperation with companies such as DHL, we can obtain precise information in our system as to which products are en route to our warehouse and in what quantities even as the truck is leaving the loading dock at the manufacturer. Back-ordered products can be delivered to customers through one of our shipper's logistics hubs (so called "Cross Docking") without the need to travel to our warehouse, while warehoused goods can be co-delivered with ordered goods (so called "Merge-In-Transit").

This means better information, greater availability and short delivery times for the customers. For Scribona, this new working method enables us to bill more quickly and reduce the amount of tied-up capital.

By taking a new approach to warehouse management, we can half our permanent warehouse area from 33,000 to 17,000 square meters by renting the space we need in huge, super-modern warehousing facilities at our shippers. The advantages are many. Flexibility in response to seasonal variations is increased in terms of both staffing and warehouse area, flows are optimized through improved integration between warehouses and shippers, and heavy investments in ultramodern warehouse management equipment are shared.

The process of implementing the new model will be completed during the course of 2006.

Quality-assured systems

Business Area Scribona has little direct environmental impact, but we ensure that we are a good "corporate citizen" through our careful choices in terms of cooperative partners for shipping, quality-assured systems, and internal competence development.

From Business Area Scribona's perspective, the most important environmental factors are the emissions from our shippers and recycling responsibility for products for which Scribona assumes manufacturer liability based on our role as an importer.

In terms of shipping, Scribona has chosen DHL and Schenker as its primary providers in all the Nordic countries.

DHL is engaged in an active environmental effort on an international basis. For instance, DHL has signed the UN Global Compact, which emphasizes the importance of safety measures, environmental initiatives and the use of environmentally friendly technology.

"Resource-based management" is the strategy for DHL's environmental efforts in the Nordic region. This concept entails that the company's production resources must be managed in an integrated way, to create a sustainable shipping and logistics system in the long term. The short-term objective is to improve resource efficiency and, in turn, achieve higher profitability and lower environmental impact.

DHL's goal is for its entire operations in the Nordic region to be environmentally certified. 88 percent of its operations were certified under ISO 14001 in 2005.

Schenker is also engaged in active environmental work on a global basis. Since 1992, Schenker has had a policy requiring the company to reduce its use of fossil fuels, among other initiatives. All of Schenker's operations in the Nordic region are currently environmentally certified under ISO 14001. Schenker has also signed the International Chamber of Commerce (ICC) Business Charter for Sustainable Development, which obligates them to contribute to sustainable development in the environmental area.

IMPORTER AND MANUFACTURER LIABILITY

Importer and manufacturer liability are also regulated in the EU's WEEE Directive (Waste Electrical and Electronic Equipment), the purpose of which is to improve the environmental aspects associated with the disposal of electronics products. The WEEE Directive was implemented in August 2005, and sets minimum requirements that all EU nations (and Norway) must meet. The directive is based on manufacturer liability, which means that the party that sells a product in a given market (the importer or manufacturer) is responsible for collecting and recycling its relative market share of discarded products within the same category. Public collection sites and resellers are responsible under the directive to accept discarded products for recycling in accordance with set guidelines.

All manufacturers/importers must be affiliated with a collective association for collecting discarded products, or have their own recycling routines. With respect to the limited parts of our product line that are subject to importer liability, Scribona is affiliated with Elkretsen in Sweden, Elretur in Denmark, Elker in Finland and Eurovironment in Norway. WEEE responsibility for the overwhelming bulk of Scribona's products is handled by the manufacturers.

SCOR MODEL FOR SUPPLY CHAIN MANAGEMENT

Scribona is a member of SCC (Supply Chain Council), a global interest group dedicated to developing supply chain management in terms of quality and processes. The supply chain comprises all the steps from supplier to customer, along with the associated processes. The SCC has prepared a reference model that shows how to define the various processes and measure qualitative goals from a competitive perspective. In this way we can ensure that we achieve a quality level that is on a par with or better than what our competitors are offering their customers.

The model is based on regular customer surveys and internal "Balanced Score Cards," and is known as SCOR (Supply Chain Operation Reference Model).

During the year, Scribona installed a new Nordic ERP system that supports the SCOR model. The system enables us to continuously track our ability to live up to our metrics and remain on a par with or better than our competitors. This ensures that Scribona always has a good idea of the processes that need to be developed in order to meet customer requirements.

COMPETENCE DEVELOPMENT

Doing business in the IT industry imposes demands in terms of keeping up with the rapid pace of technological progress. Our close cooperative arrangements with the world's leading manufacturers entail that many of our employees are continuously involved in various certification training programs, which are a requirement for permission to sell certain products, and also essential to safeguarding our product expertise.

When you have large numbers of employees, it is also natural to maintain a strong focus on leadership development and management training. During the year, we committed extensive resources to our leadership program in order to ensure the development and future of both our company and our individual employees. Training in areas such as sales and administration is also provided within the framework of Scribona Academy.

FLAT SCREENS
A SUCCESS STORY

Television was a sensation in the 1950s. When color TV came on the scene, many believed that the technology had reached its full fruition. The monitors for early personal computers were black with green or orange text, and the idea of processing graphics in a computer was unimaginable. Then came color screens, and images began to be digitized as storage and communication capacities increased. Today text, graphics and audio are all digital, and the screens range in size from 7 inches for installation in automobile headrests to over 100 inches for living room walls or to display advertisements in public settings. Scribona currently sells flat screens from most of the leading manufacturers – everything from computer monitors to designer wall TVs.

Record sales in Sweden

Scribona posted a new sales record in Sweden in the last quarter. We also increased our share of the distributor market in many segments during the year.

Following weak demand in early 2005, our Swedish operations posted an excellent result for the year, including a new sales record in the fourth quarter. The number of units sold and delivered rose 20 percent, although sales increased only 4 percent due to severe price pressure.

In the fall of 2005 we introduced our new financing operation in the Swedish market, through which we offer resellers competitive rent/lease solutions that are integrated with our new logistics services.

We also did a great deal of work internally during 2005. At the start of the year we took the first step toward our new, flexible logistics solution, as DHL took over our warehouse staff. Scribona's new pan-Nordic ERP system was implemented during the spring, and a powerful new web solution was launched for our customers. We also moved into a more suitable new space during the summer period.

MARKET

PC sales beat all the old records during the year, with 1.65 million units sold according to IT Research. This easily surpassed the previous record year, 1998. Some 555,000 computers were sold in the fourth quarter alone, representing an increase of 25 percent over the corresponding period the year before.

The sale increase was attributable mainly to laptops and home PCs, while desktop computer sales to businesses declined somewhat. The consumer market grew strongly, and more computers were sold through electronics stores, mail-order companies and web stores. Total IT investments (including hardware, software and services) are estimated to have increased roughly 20 percent, according to the analysis firm IDC.

CUSTOMERS

The year was characterized by consolidation at the reseller level. Atea acquired Martinsson in March 2005, thus becoming the biggest retailer in the Swedish and Nordic markets. Denmark's biggest IT reseller, Topnordic, established itself in earnest in Sweden by acquiring Office Data in Stockholm and Nord Net IT in Göteborg. System supplier SYSteam purchased Implementa in Karlstad and Office in Borås.

Scribona's customer list includes all the major resellers, such as Atea, Caperio, Dustin, Ementor/Topnordic, Koneo, Office, QD and Siba. The number of small and medium-sized resellers is still high; a total of 2,700 resellers purchased from us during the year. Our 100 biggest customers accounted for roughly 80 percent of sales.

SUPPLIERS

HP is the biggest supplier in the Swedish PC market, followed by Dell and Fujitsu Siemens. Scribona's strong position in Sweden was validated by a number of awards, as Novell named us "Distributor of the Year" and HP awarded Scribona their "Distributor of the Year 2004" prize in April 2005.

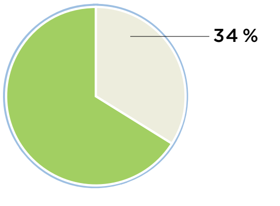
COMPETITORS

As a full-line distributor, Scribona faces competition mainly from global actors like Ingram Micro and Tech-Data. We also face competition from more or less niched distributors within our various product lines. GNT's acquisition of SMG in December 2005 was the biggest event of the year at the distributor level. The acquisition is expected to have a positive effect for Scribona, in that the market has long been over-established, and the merger means one less actor.

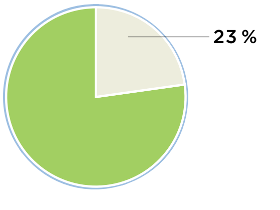
Our Swedish operations enjoyed excellent growth during the year, with record fourth-quarter sales in several segments. The robust improvement in earnings is attributable to the fact that 2004 was encumbered by SEK –24 million in non-recurring expenses for liquidated operations.

Sweden	2005	2004
External revenues, SEK million	3,939	3,776
Operating income, SEK million	28	3
Operating margin, %	0.7	0.1
No. of employees, Dec 31	216	255

SHARE OF GROUP SALES



SHARE OF GROUP EMPLOYEES



Restructuring in Denmark

Our Danish operations underwent extensive restructuring during the year to address profitability problems in that highly competitive market.

After several years of attempts to come to grips with these profitability problems through measures implemented within the Danish operations, structural measures were implemented at the Nordic level in 2005 with the introduction of a Nordic ERP system and common backoffice functions. These changes were made in the Danish operations in June. Some 20 Danish employees received notice in August, and new management was put in place at Scribona Danmark A/S.

The downsizing of the Danish organization resulted in a total staff reduction of 35 employees in 2005. The Danish result for the year was encumbered by SEK 14 million in restructuring costs as a consequence of these changes.

But it was not just the cost structure that was problematic during the year. Continued strong price pressure in the Danish market combined with closeouts on obsolete inventory had a negative impact on margins.

The new IT and logistics platform will enable a continued high level of service without the need to perform all the functions locally. We can instead exploit economies of scale in our Nordic operations and develop our Danish operations into a sales, customer service and marketing company.

The process of adapting the Danish operations will continue in 2006, with additional cutbacks in terms of staff and office space.

MARKET

The Danish IT market grew in volume in 2005. The number of PCs sold rose 28 percent to 1,085,000 units, while sales of hardware and software increased 15 percent, from DKK 26 billion to roughly DKK 30 billion, according to IDC.

The total Danish IT distribution market, including components and telecom products, is estimated at DKK 18 billion, roughly half of which derives from IT products. Scribona's share of the distributor market was 20 percent in 2004, and this figure is believed to have declined somewhat in 2005.

CUSTOMERS

There have been major changes at the reseller level in recent years. Topnordic is maintaining its position as Denmark's biggest IT reseller. Reseller Commitment went bankrupt in August, with Scribona sustaining a loss of roughly SEK –5 million.

The retail channel and actors such as Merlin have grown strongly during the year, and an ever larger share of hardware sales is being made through the major electronics stores. As before, Scribona's 30 biggest customers accounted for 65 percent of sales.

SUPPLIERS

One consequence of the cutbacks in the Danish organization will be a greater emphasis on the biggest and most important local suppliers, such as Fujitsu Siemens, Cisco, HP, IBM, VMWare and Xerox. Other suppliers' lines will be handled centrally to a greater extent, with only local sales support in Denmark.

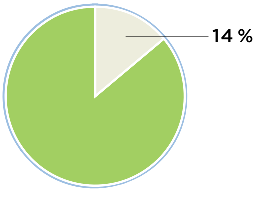
COMPETITORS

Scribona's competitors include broad distributors such as Actebis, Ingram-Micro, TechData and SMG, as well as system distributors like Four Leaf, Magirus and Norsoft.

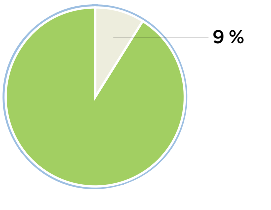
The over-distributed Danish IT market produced continued negative sales growth and heavy losses. A number of restructuring programs were implemented during the year, and operating income was encumbered with SEK –14 million in restructuring costs.

Denmark	2005	2004
External revenues, SEK million	1,700	1,825
Operating income, SEK million	–69	–43
Operating margin, %	–4.0	–2.4
No. of employees, Dec. 31	86	121

SHARE OF GROUP SALES



SHARE OF GROUP EMPLOYEES



2nd biggest in Finland

Scribona consolidated its strong position in the Finnish market during the year. The year ended with an excellent fourth quarter.

Scribona is maintaining its position as the second-biggest IT distributor in the Finnish market. The year was characterized by heavy competition, shrinking margins and price erosion, all of which had a negative effect on earnings growth, particularly in the first three quarters. The efforts undertaken during the year to cut costs and improve margins began to bear fruit in the fourth quarter. The operations were streamlined during the year, and a service operation from a previous acquisition was liquidated.

Our pan-Nordic web, IT and logistics platform will be implemented in Finland in April 2006, which will further enhance both customer benefit and efficiency.

MARKET

Finland enjoyed strong economic growth in 2005, with a total increase of 3 percent in GDP. IT investments increased mainly in the SMB sector (companies with 100 – 500 employees), while investments by major companies and the public sector remained at roughly the same level as the year before.

However, the consumer segment accounted for the largest increase. Sales of mobile phones, mp3 players and LCD screens rose strongly. PC sales to consumers also increased dramatically in numbers but, because of price erosion, this led to very little value growth. Laptops accounted for 50 percent of the sales increase, which means that as many laptops as desktop models are now being sold.

Growth in the IT market is expected to weaken somewhat in 2006. However, the price pressure that has been very severe in Finland in recent years is expected to level out or ease somewhat.

CUSTOMERS

Consolidation among Finnish resellers continued during 2005.

Enfo/Ementor merged, and the Dixon Group established itself in Finland by acquiring Markantalo, which has roughly a 10 percent market share. A number of minor mergers also took place, confirming that size drives profitability, including at the reseller level.

Of the 10 biggest resellers in Finland, Scribona is the leading distributor for half. A total of 1,600 resellers purchased products from Scribona during the year, with the 25 largest resellers accounting for 50 percent, and the 250 largest accounting for 80 percent.

SUPPLIERS

The major suppliers maintained their positions in Finland during the year. HP is the biggest, followed by Fujitsu Siemens and IBM. Then comes Acer, which had the strongest growth in the market in 2005. Dell has not done as well in Finland as in the other Nordic markets. HP holds a very strong position at most resellers.

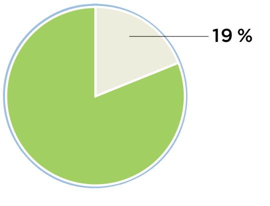
COMPETITORS

Scribona is Finland's second-largest IT distributor, with 36 percent market share. GNT is number one, with 40 percent of the distributor market for PC products. Including neighboring product areas, Scribona's share is roughly 20 percent, while GNT's share is roughly 45 percent, as Scribona does not currently have a complete line of e.g. mobile phones, games and entertainment products. TechData lost market share to both Scribona and GNT during the year. Ingram Micro is maintaining its positions, mainly in software and components. SMG established itself in Finland in 2004, but had not succeeded in staking out a clear market position by the time of its acquisition by GNT at the end of 2005.

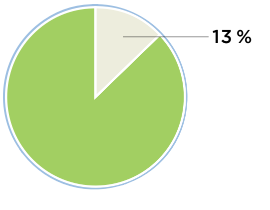
The focus during the year has been on refining our operations and cutting costs. Despite a robust sales increase in the fourth quarter, the Finnish operations posted a negative result, due mainly to pressured margins.

Finland	2005	2004
External revenues, SEK million	2,230	2,242
Operating income, SEK million	–7	7
Operating margin, %	–0.3	0.3
No. of employees, Dec. 31	120	133

SHARE OF GROUP SALES



SHARE OF GROUP EMPLOYEES



Continued good profitability in Norway

Following a tough year of demanding internal adjustments, 2005 ended with a new sales record in December.

The climate in the Norwegian market hardened during 2005 as a result of increased competition at the distributor level and a continued increase in the share of direct sales from manufacturers. We chose to prioritize defending our margins within our Norwegian operations during the year, which had some consequences in terms of volumes.

The new Nordic ERP system was introduced during the last quarter, producing disruptions that negatively affected sales in October and November. The implementation problems were over by December, and the operations were in full swing, with record-high sales for the month.

MARKET

According to IDC, the Norwegian IT market grew roughly 20 percent in value in 2005. The number of personal computers (laptops, desktops and PC servers) sold rose 24 percent to 966,000 units.

The share of laptops continued to increase strongly and, for the first time, more laptops were sold than desktop models. According to manufacturers' forecasts, the market is expected to continue to grow by 5–10 percent in 2006.

350,000 of the computers sold in Norway went through distributors, which corresponds to 36 percent of the total market. Scribona distributed over 120,000 personal computers, which corresponds to a 35 percent share of the distributor market, and Scribona defended its position as Norway's biggest IT distributor.

CUSTOMERS

The year saw no major changes at the reseller level. Along with Allianse, Computerland, Informatikk, Telehuset and Umoe IKT, Ementor is one of Scribona's biggest resellers. Over 2,000 Norwegian resellers handled products from Scribona in 2005. The ten largest resellers accounted for 38 percent of sales, which is representative of the disposition of the market. A major portion of the market's growth occurred in the retail channel. Elkjøp and Expert dominate this segment, and they buy the bulk of their products direct from the manufacturers.

SUPPLIERS

The major suppliers like HP and Dell continue to maintain their grip on the Norwegian market, although Acer performed very well in the laptop segment during the year. HP introduced their new distributor terms and conditions at the end of the year, which will exert further pressure on the margin room in the channel.

Scribona represents most of the leading PC manufacturers in the market, and our line includes products from Apple, Fujitsu Siemens, HP, IBM, Lenovo, LG and Toshiba.

In confirmation of Scribona's reputation among suppliers, Scribona Norway was named "HP Distributor of the Year 2005" and "Most Valuable Distributor of the Year" by Symantec/Veritas. Fujitsu Siemens cited Scribona as the year's fastest growing laptop distributor in Norway, and we received the Novell EMEA Distributor of the Year Partner Award as well.

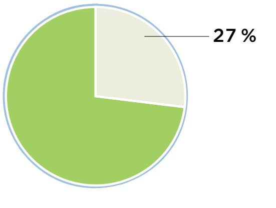
COMPETITORS

Our primary competitors in terms of volume include Actebis, Ingram Micro, Itegra, Hattelco and SMG. Finnish GNT acquired SMG's Norwegian, Swedish and Finnish operations at the end of 2005, and the merger process began in 2006. Noteworthy niched distributors include Azlan (TechData), Securesoft and Fourleaf.

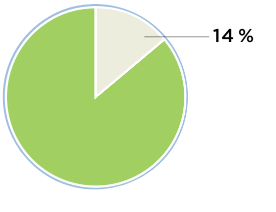
Profitability declined compared with 2004, but remained solid because margin levels were maintained at the expense of volume to some extent. Scribona has succeeded in defending its position as the leading distributor in the increasingly competitive Norwegian IT market, despite demanding internal adjustments.

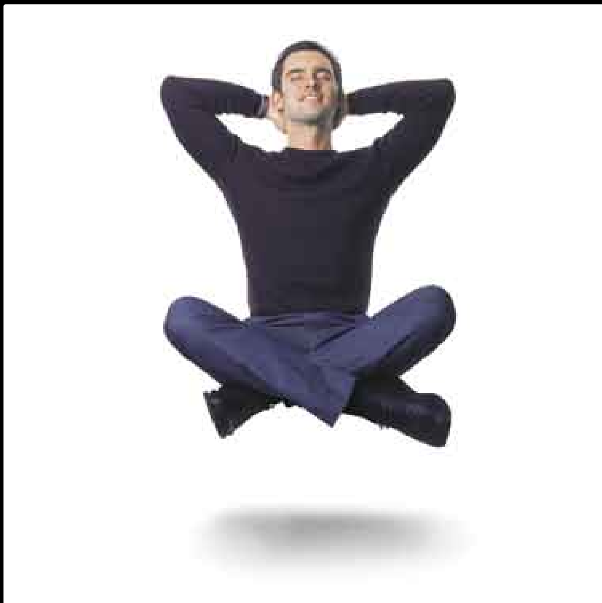
Norway	2005	2004
External revenues, SEK million	3,197	3,316
Operating income, SEK million	41	82
Operating margin, %	1.3	2.5
No. of employees, Dec. 31	134	131

SHARE OF GROUP SALES

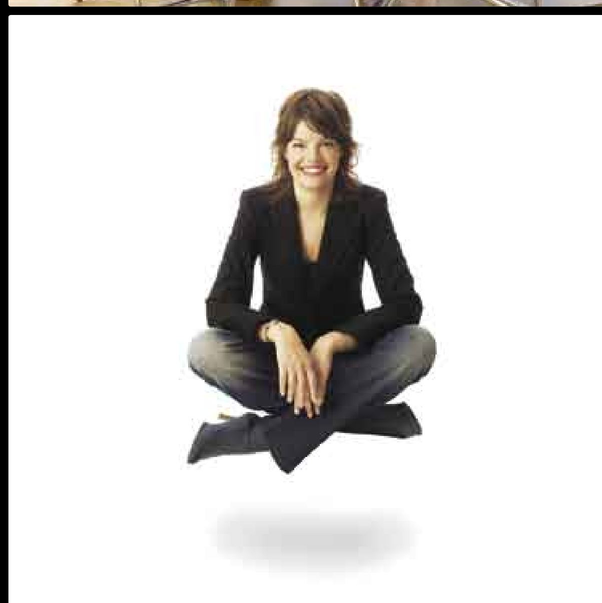


SHARE OF GROUP EMPLOYEES






Carl LAM



Strong Carl Lamm ready for the next step

Carl Lamm enjoyed favorable volume growth throughout 2005, and strengthened its position as one of the leading document management providers in the Swedish market.

2005 was a year of continued good growth for Carl Lamm. Sales for the entire year totaled SEK 703 million (SEK 626 million), with operating income of SEK 37 million (SEK 37 million). Carl Lamm also developed its business model during the year to take advantage of the opportunities that are arising as the document management and IT markets become increasingly volatile.

CARL LAMM'S MARKET

The market for document management products and solutions in Sweden can be divided into several submarkets. One of the most important submarkets for Carl Lamm comprises printers and printer/copier combinations, which are known as copyprinters or multifunction products (MFPs). The Swedish market for these products was estimated at about SEK 5,100 million in 2005. Carl Lamm's sales in this key market rose 7 percent in 2005.

The market for document-related service and other services is estimated at approximately SEK 3,700 million. Thanks to increasing document volumes, the service market, including service, support and training, increased roughly 6 percent during the year.

Multifunction products and color printers comprise the segment that is growing the most. A total of some 61,000 copyprinters/MPS lasers were sold, along with about 275,000 laser printers. Carl Lamm is growing and strengthening its shares in most of the other important product areas as well. Carl Lamm is the clear market leader in the area of digital dictation/speech processing and voice recognition for professional users, mainly in healthcare. We delivered a total of over 10,000 units for digital speech processing with associated software and services in 2005.

NEW OPPORTUNITIES

The ongoing convergence between document management and the IT market is blurring boundaries and opening up new opportunities. Copyprinters were formerly sold primarily through office machine suppliers, and printers mainly via the IT channel. Companies' buying patterns for copiers and IT equipment have traditionally differed, with purchasing often being managed by different managers in different departments within a single customer company. As these products have developed technically, with multifunction products becoming increasingly more likely to be connected to networks and becoming a part of the IT system, this distinction is starting to vanish, and sales are occurring across the old boundaries to an increasing extent. As a result, more and more actors in the document management market are developing offerings that are integrated in terms of IT and document management.

We are seeing a tendency toward demand for integrated solutions mainly among small and medium-sized businesses, although demand among major companies, government agencies and organizations is also expected to increase over the long term.

In response, Carl Lamm's offering currently includes efficient and cost-saving total solutions for both document and information management.

BUSINESS MODEL

Carl Lamm is a unique actor in the Swedish market. The company was founded way back in 1917, and has long been the industry's most well-established and successful company in the document management field.

Carl Lamm's nationwide network of Centers, Partners and resellers gives the company the best geographical coverage in the industry. Carl Lamm had a total of 25 of its own Centers and 17 Partners, along with some 350 resellers in 2005.

To further increase our availability, we developed our own separate e-commerce portal for IT products at the end of 2005. The portal is being launched during the first quarter of 2006, and will include some 100,000 products.

Carl Lamm has a strong position in the market for copiers and MFPs, along with a well-balanced and effective business model that already includes integration between document management and existing IT infrastructure, helping to make the company one of the most profitable in the industry.

DEVELOPED OFFERING

Carl Lamm developed its offering and long-term strategies in 2005 in order to become even more competitive in the area of integrated solutions.

The year was characterized by preparations for changes and growth, which resulted in Carl Lamm broadening its product portfolio in the area of IT infrastructure in late 2005/early 2006. We also made preparations to acquire suitable IT companies in urban regions in order to supplement our offering with interesting IT solutions and increased expertise, with a view to promoting rapid regional growth in this field. Three IT-infrastructure companies were acquired shortly after year-end.

An extraordinary general meeting held in December 2005 also adopted a decision in principle to make preparations and create the conditions necessary to distribute assets to the shareholders of Scribona AB and exchange-list the wholly owned subsidiary Carl Lamm AB separately when the conditions are right to do so.

Leader in document management

With 25 of its own Centers in strategic locations throughout Sweden, Carl Lamm offers smart, total document and information management solutions.

Carl Lamm's business model entails that we assume responsibility for the entire value chain, from needs analysis, delivery, installation and configuration to training, support, service and financing. Digital technology has opened up a host of new opportunities. The new technology is substantially increasing productivity and improving cost-effectiveness by handling the entire information flow and truly tending to it each step of the way.

PRODUCT OFFERING

Carl Lamm's offering includes everything from products for digitizing information and creating documents to products for sharing, storage, reproduction and distribution.

The rapidly growing field of speech processing, where Carl Lamm is the market leader, offers one clear example of what this digital technology brings with it. One of the most revolutionary dictation products is Philips' SpeechMagic with voice recognition. It converts speech into text, and is currently available with medical terminology. In a Swedish context, this product has huge potential in the healthcare field. Given that the bulk of dictation in healthcare is currently done in the analog realm, a transition to modern digital solutions offers major potential gains in terms of efficiency. The same holds true for other occupational groups as well, such as attorneys, the police, the judicial system, institutions, etc.

Carl Lamm also offers scanners and digital cameras that facilitate information gathering, along with software that simplifies document production, monitoring, cost control and document flows. Efficient document management requires the right equipment. Carl Lamm now offers everything needed for a complete network, as well as various server solutions and computers.

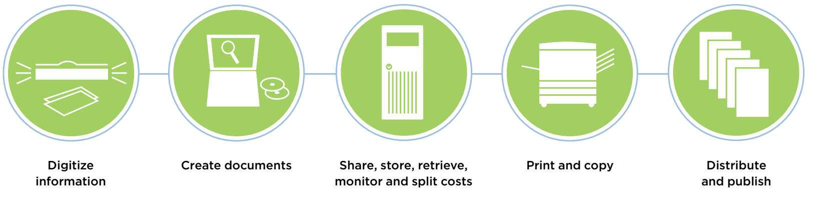
Carl Lamm offers many different products for printing, copying and post-processing, but the trend is increasingly toward multifunction products that serve as scanner, printer, copier and fax machine in one. Finally, we offer different types of products that enable efficient distribution, such as fax machines, postage meters and presentation equipment such as projectors, screens, etc. Of course we also offer consumable materials and accessories for all brands. To ensure operational reliability and quality, Carl Lamm also offers a host of different service agreements and training programs.

SERVICE, TRAINING AND FINANCING

Carl Lamm has roughly 380 employees, 140 of whom are technicians who work exclusively in service and support. This enables us to offer unique, customized service, support and operational solutions in the area of IT infrastructure.

Our service agreements include preventive service, which means, for instance, that we regularly come out and clean, make adjustments and replace wear components. This increases availability and minimizes the risks of faults and operational downtime. To deal with any operational disruptions quickly and efficiently, we also offer emergency service direct from our local service centers. Customers can sign emergency service agreements with different response times, and no matter what option the customer chooses, we guarantee to fulfill its terms. Carl Lamm services many different brands on the market. As a result, a single contact for a customer usually suffices.

All our customers also have access to a Helpdesk function via an 020 number and e-mail, where they can get fast answers to any technical or user questions. Demand for training is constantly increasing. Carl Lamm offers a broad range of training programs to make it easier for employees to do their daily jobs. All our training programs are tailored to meet each customer's needs and wishes. Training is provided on site at the customer's premises, and customized based on each company's document flows and applications. As a complement, we also offer informational materials on the internet. Carl Lamm also offers flexible financing solutions, depending on the customer's policy and wishes. If a customer wants to maintain credit leeway with its bank, it can rent or lease its equipment or functions through Carl Lamm for the appropriate length of time.



Product concept Carl Lamm offers a complete product line for document and information management. Our offering also includes needs analyses, training, support, service and financing.

CUSTOMERS, MAJOR CONTRACTS DURING THE YEAR

An exclusive distributor agreement in the area of digital speech and graphics processing was signed with Euromed AB, under the terms of which Carl Lamm will be able to offer professional-grade combinations in speech, graphics and documents, mainly to the healthcare sector.

Major system installations for speech processing were carried out at Södra Älvsborg Hospital, Skaraborg Hospital and Uppsala University Hospital, among others.

An agreement was signed with Malmö University, where the central solution is a web-based payment system for the students that will enable simplified management of and printing from e.g. the 75 copyprinters included in the initial delivery.

The municipality of Växjö showed renewed confidence in Carl Lamm, ordering a total of roughly SEK 10 million worth of printers and copyprinters.

During the year, SCA signed an exclusive three-year agreement under which their fleet of printers/copyprinters and appurtenant services will gradually be replaced over the term of the agreement.

SUPPLIERS

In contrast to most of the other actors in the market, Carl Lamm is independent of the individual manufacturers, and can consequently offer a unique range of products and act as an impartial advisor, guided solely by the best interests of the customers. All of the manufacturers we represent and with whom we cooperate are among the leaders in their fields.

Carl Lamm is also the exclusive Swedish distributor for a number of manufacturers. This is why Carl Lamm has both resellers and end customers.

Ricoh is our biggest brand, with a broad range of advanced document management products and solutions, including both hardware and software. This includes printers, copyprinters, copiers, scanners, fax machines and multifunction products, digital cameras and filing systems. Ricoh is currently the European market leader in copyprinters and copiers.

Carl Lamm is also the exclusive distributor for Samsung's fax machines and multifunction products in the Swedish market. Our cooperative arrangement includes printers as well.

Philips has been a Carl Lamm supplier since 1959. Our primary orientation is system solutions targeting the healthcare sector. Thanks to Philips, Carl Lamm is able to offer the market's broadest product line of both analog and digital dictation products.

Francotyp-Postalia, which specializes in postage meters and mail processing, gives Carl Lamm the second-biggest brand in the Swedish postage meter market.

We also offer computers and servers from suppliers like HP, IBM, Apple and Fujitsu Siemens, along with software from Microsoft, Adobe, Symantec and MacAfee. Other major suppliers include Sony, Hitachi, D-Link, Polycom and Lexmark. Our supplier mix has grown in recent years, in keeping with Carl Lamm's strategy of offering customers a broader range of solutions as an independent supplier.

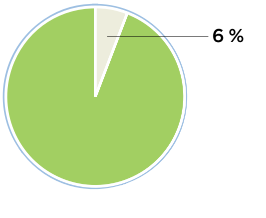
COMPETITION

Carl Lamm faces different competitors in each of its various submarkets. Our competition in traditional document management derives mainly from companies such as Canon and Sharp, while Office, Koneo and Atea-Martinsson and others comprise our competition in other areas.

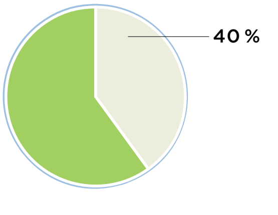
Carl Lamm enjoyed strong volume growth in 2005, and strengthened its position as one of the leading document management providers in the Swedish market in 2005. Market shares increased in a number of product areas, and our share of services grew positively as well.

Carl Lamm	2005	2004
External revenues, SEK million	692	621
Operating income, SEK million	37	37
Operating margin, %	5.3	6.0
No. of employees, Dec. 31	371	377

SHARE OF GROUP SALES



SHARE OF GROUP EMPLOYEES



COPYPRINTERS ALL-IN-ONE

Document management is becoming increasing digital, although the paperless office is still a long way off. Today's copyprinters offer the best of both worlds: documents can be scanned and e-mailed directly, or copied and printed in color at a rate of up to 60 pages per minute. With over 300 GB of memory and customized software and security solutions, the copyprinter has become a vital part of the IT system. Carl Lamm is the exclusive Swedish distributor for Japanese Ricoh, which is at the absolute cutting edge technologically. Ricoh has set numerous industry standards with regard to e.g. copyprinters.

Documented quality assurance and environmental routines

Carl Lamm's operations are certified under ISO 14001 and ISO 9001. This means that we operate in compliance with documented routines to ensure high quality and minimize our environmental impact.

Carl Lamm is constantly developing its management systems, and is currently certified under ISO 14001 and ISO 9001. This means that all our employees work in compliance with documented routines to ensure high quality and minimize the environmental impact from the products and services we deliver.

CERTIFIED BUSINESS SYSTEM

Through our ISO 14001- and 9001-certified business system, we assume the responsibility for ensuring that our entire business is run in a manner that takes environmental considerations into account, and that we strive to conserve resources. Our system is thoroughly integrated into our day-to-day operations, and governs everything from how we plan our business trips to the chemicals we use when we service our products. The system also regulates our purchasing, logistics, sorting at source and handling of worn-out products and consumable materials. Our environmental efforts benefit our customers, Carl Lamm and the environment.

SUPPLIERS AND PRODUCT OFFERING

Just like Carl Lamm itself, our main suppliers are certified under ISO 14001 and 9001. It is important to Carl Lamm that our suppliers share our attitude toward environmental work, and that we are able to conduct an active dialogue with a view to reducing the environmental impact from our products.

Before entering into a new cooperative relationship, we always assess each prospective supplier on the basis of quality and environmental considerations. As a result, we are currently working with suppliers who are extremely progressive in terms of choice of materials, resource utilization and environmentally friendly production methods.

Ricoh is one example of a supplier that has repeatedly garnered international distinctions for its commitment to sustainable development. For instance, Ricoh has won awards for its unique energy-saving technology, QSU (Quick Start Up). QSU reduces energy consumption substantially, and is found in most of the products that we currently deliver to our Swedish customers.

All of our main products come with environmental declarations, so that our customers can make their own assessment of our products' environmental performance. Carl Lamm employs the industry-wide IT Eco Declaration system. These environmental declarations contain all the conceivable environmental and safety information about the product.

ENVIRONMENTALLY FRIENDLY SHIPPING

Carl Lamm introduced two innovations in 2005 that will help us to significantly reduce the environmental impact from our vehicle-related activities.

First, we introduced a mobile service system that enables our technicians to plan their travel and work in a very efficient manner. Second, Carl Lamm has implemented a new clean vehicle policy. This policy demands that all new vehicles within Carl Lamm must be clean vehicles, i.e. they must run on an alternative fuel to the greatest possible extent. We have also established environmental requirements for personal vehicles used for business purposes.

MANUFACTURER LIABILITY

Carl Lamm is subject to laws regarding manufacturer liability for packaging, and for electrical and electronic products. We are a member of REPA in order to fulfill our manufacturer's responsibilities in terms of packaging. With regard to electronics, we are a member of El-Kretsen with respect to our "smaller" products, such as cameras from Ricoh and printers from Samsung. For our larger products we have built up our own collecting system in conjunction with Ragn-Sells Elektronikåtervinning AB. The purpose of having our own system is to promote reuse over recycling, in keeping with the EU's WEEE directive.

COMPETENCE DEVELOPMENT

The rapid pace of IT development makes know-how a decisive success factor. A firm technical grasp of various networks, platforms, operating systems, applications and driver routines is needed today in addition to product knowledge.

Knowledge of work flows, routines, economics and financing is also essential to guarantee cost-effectiveness.

To ensure a high level of competence, we have established our own school, the Carl Lamm Academy, where we are continuously providing advanced training to our technicians, sales people and specialists. The academy offers e.g. various sales training programs, including both basic courses for newly hired sales personnel and more advanced courses. We also offer interactive training for sales staff over the internet, with a focus on product knowledge and network skills, in which various certificates can be earned. This serves as an excellent complement to our traditional product training. Corresponding interactive training is also available for our service technicians and support personnel. Our academy also provides leadership training for managers, where they engage in theoretical studies along with practical training and regular meetings with instructors.

EXECUTIVE MANAGEMENT

Tom Ekevall Larsen
President and Chief Executive Officer, born 1962. Employee since 1988.

Örjan Rebeling
Executive Vice President and Chief Financial Officer, born 1948. Employee since 2002.

BOARD OF DIRECTORS

Ole Oftedal
Born 1954. Board member since March 2005. Founder and CEO of i2i Venture AB.

Eva Elsnert
Born 1944. Board member since 2004. Employed at Scribona Nordic AB since 1998. Union representative (SIF).

Fredrik Danielsson
Born 1974. Board member since March 2005. Consultant on financing and investment.
Represents Straumur-Burdarás Investment Bank HF, one of the major shareholders in Scribona.

Conny Karlsson
Born 1955. Board member since December 2005. Consultant. Chairman of the Board of Zodiak Television AB. Board member of Wilh. Sonesson AB, Tybringgjedde ASA and Lindex AB.

David E. Marcus
Born 1965. Board member since December 2005. Founder and part-owner of M2 Capital Management, L.P. Chairman of the Board of Modern Holdings Inc. Board member of AB Novestra, Shared Value Inc. and Modern Times Group MTG AB.
M2 Capital Management, L.P. manages M2 Capital Master Fund Ltd., a major Scribona shareholder.

Torbjörn Friberg
Born 1943. Board member since 2000. Employed at Carl Lamm AB since 1974. Union representative (SIF).

Johan Hessius
Born 1958. Board member since December 2005. Part-owner of Advokatfirman Lindahl KB. Chairman of the Board of Fastighets AB Sollenta, Bullandö Marina AB and Klippan AB. Board member of Holm and Co AB and Advokatfirman Lindahl KB.

Bruno Amico
Born 1958. Deputy board member since 2005. Employed at Scribona Nordic AB since 1999. Union representative (SIF).

Theodor Dalenson
Born 1959. Chairman of the Board since December 2005. Chairman of the Board of AB Novestra and Nove Capital Management AB.
Board member of ASF Inc., Bytek Systems AB and Pergo AB. Nove Capital Management AB manages Nove Capital Master Fund Ltd., a major Scribona shareholder.

No member of the executive management or Board of Directors owns shares in Scribona.

For detailed information regarding the composition of the Board of Directors in 2005, please see the Company Management Report, page 68.

Scribona share data

TRADING

Scribona is listed on the A-List of the Stockholm Stock Exchange under the stock abbreviation SCRI.

In 2005, a total of 556,101 A-shares and 42,282,807 B-shares were traded, corresponding to a total turnover of 0.84 times. The average value of shares traded per day in 2005 was SEK 1,900,000. A round lot is 2,000 shares.

TREND OF SHARE PRICES

At year-end, the price of Scribona's A-share was SEK 20.50 (14.80). The price of the B-share was SEK 20.50 (14.55). The OMX index, consisting of the 30 most traded shares on the Stockholm Stock Exchange, increased 28.4% over the year. In 2005, the highest and lowest quotation for A-shares was SEK 20.90 (19.90) on December 20 and SEK 13.25 (11.85) on May 10, and for B-shares, SEK 21.00 (20.20) on December 30 and SEK 13.60 (11.70) on May 4. The market value, calculated at the year-end 2005 price, amounted to SEK 1,047 million (744). As of February 17, 2006, the price for B-shares was SEK 21.20.

SHARE CAPITAL

Scribona's share capital amounted to SEK 102 million at December 31, 2005, distributed over 51,061,608 shares. Each share has a par value of SEK 2.00. The share capital is distributed over two classes of shares carrying different voting rights. A-shares, totaling 2,613,299, carry five votes each and B-shares, totaling 48,448,309, carry one vote each.

The company's Articles of Association give holders of A-shares the right to convert their shares into an equal number of B-shares. In 2005, holders of A-shares converted 93,082 of their shares into B-shares.

SHAREHOLDERS

Scribonas largerst shareholder for many years, Bure Equity AB, sold all of its shares to M2 Capital Master Fund Ltd. and Nove Capital Master Fund Ltd. in November. The company's biggest shareholder at the end of the financial year was M2 Capital Master Fund Ltd., with 16.1% of the share capital and 13.8% of the votes.

The number of shareholders decreased in 2005 and totaled 10,368 (10,435) at the end of the year. The ten largest owners hold 64.9% (64.6) of the total shares and control 56.9% (56.3) of the voting rights. Institutional owners are estimated to hold 82.1% (82.7) of the total shares and control 76.4% (76.5) of the total votes. Foreign owners hold 60.9% (28.8) of the shares and control 52.5% (25.2) of the votes.

LIQUIDITY PROVIDER

To increase liquidity in the Scribona share under the liquidity provider system of the Stockholm Stock Exchange, Remium Securities is serving as liquidity provider for the company's shares. Remium undertook this responsibility in August 2004.

FINANCIAL INFORMATION FOR SHAREHOLDERS

Internet

Scribona's financial reports and press releases are published on www.scribona.com as soon as they are released. Investors can subscribe to Scribona's financial reports and press releases via email on Scribona's website.

Printed reports

Keeping shareholders informed about the company's performance is a priority at Scribona. At the same time, Scribona feels it is important not to produce and distribute more printed material than is necessary for both cost and environmental reasons. The Annual Report in English, is published on www.scribona.com in pdf format only. The Annual Report (printed swedish version) can be ordered at www.scribona.com, by e-mailing info@scribona.com or by phoning +46 8 734 34 00.

Notice of the Annual General Meeting

Scribona notifies shareholders of the Annual General Meeting to the extent and in the way required by the company's Articles of Association and in accordance with the regulations of the Stockholm Stock Exchange. The notice of the meeting is published through advertisements in Post- och Inrikes Tidningar and Svenska Dagbladet and a press release. The notice is also published on www.scribona.com. No separate notice is sent to shareholders.

Share data at December 31

	2005	2004	2003	2002	2001
Revenues/share, SEK	230.27	235.28	232.21	250.84	253.37
Earnings/share, SEK	–0.37	1.18	0.02	–0.65	–2.56
Cash flow/share, SEK	–0.16	1.70	–2.70	–5.76	9.63
Equity/share, SEK	18.53	18.43	17.25	18.74	18.82
Earnings per share (proposed 2005)	–	–	–	–	–
Market price of B-share:					
Average price, SEK	15.70	14.73	11.03	14.46	14.27
Year-end price, SEK	20.50	14.55	14.30	11.40	11.40
Direct yield, %	0.0	0.0	0.0	0.0	0.0
P/E ratio	neg	13.7	517	neg	neg
P/S ratio	0.09	0.06	0.06	0.05	0.05
No. of shares	51,061,608	51,061,608	51,061,608	51,061,608	51,061,608
Newly issued shares	–	–	–	–	16,821,980
Average weighted no. of shares	51,061,608	51,061,608	51,061,608	51,061,608	46,856,113

Share classes at Dec 31, 2005

Share class	No. of shares	%	No. of votes	%
A-shares	2,613,299	5.1%	13,066,495	21.2%
B-shares	48,448,309	94.9%	48,448,309	78.8%
Total	**51,061,608**	**100.0%**	**61,514,804**	**100.0%**

Shareholder statistics at Dec 31, 2005

Shareholding	No. of owners	%	No. of shares	%
1– 500	7,428	71.6%	1,123,670	2.2%
501– 1,000	1,249	12.0%	1,070,516	2.1%
1,001– 10,000	1,503	14.5%	4,959,133	9.7%
10,001– 50,000	133	1.3%	3,023,492	5.9%
50,001–100,000	26	0.3%	1,875,701	3.7%
100,001–	29	0.3%	39,009,096	76.4%
Total	**10,368**	**100.0%**	**51,061,608**	**100.0%**

Largest shareholders at Dec 31, 2005

Shareholders	Number A-shares	Number B-shares	% of shares	% of votes
M2 Capital Master Fund Ltd.	73,000	8,139,366	16.1%	13.8%
Straumur-Burdarás Investment Bank HF	–	8,283,190	16.2%	13.5%
Nove Capital Master Fund Ltd.	39,500	5,149,589	10.2%	8.7%
SIS Sega Intersettle AG	11,472	2,424,428	4.8%	4.0%
Svolder AB	–	2,183,000	4.3%	3.5%
Östersjöstiftelsen	348,500	1,493,000	3.6%	5.3%
LGT Bank	–	1,500,000	2.9%	2.4%
SIF	–	1,432,100	2.8%	2.3%
Goldman Sachs	–	1,040,188	2.0%	1.7%
SEB Sverige Småbolag	–	1,000,000	2.0%	1.6%
Total, ten largest owners	**472,472**	**32,644,861**	**64.9%**	**56.9%**
Foreign owners	296,360	30,783,248	60.9%	52.5%

Share price performance over the last five years

ANNUAL REPORT

Board of Directors' Report and Financial Review

The Board of Directors and President of Scribona AB (publ), corporate identity number 556079-1419, hereby present their report on operations for the fiscal year 2005. The financial performance of the parent company and group are reported in the following income statements, balance sheets, cash flow analyses, statement of changes in shareholders' equity, and notes to the financial statements.

OWNERSHIP

Scribona AB, with registered office in Solna, Sweden, is listed on the A-List of the Stockholm Stock Exchange. Scribonas largest shareholder for many years, Bure Equity AB, sold all of its shares to M2 Capital Master Fund Ltd. and Nove Capital Master Fund Ltd. in November. The company's biggest shareholder at the end of the financial year was M2 Capital Master Fund Ltd., with 16.1% of the share capital and 13.8% of the votes. Scribona's ten largest shareholders together own 65% of the share capital (65) and 57% of the votes (56).

ORGANIZATION AND OPERATIONS

Scribona's group structure comprises two business areas: Scribona and Carl Lamm. The Scribona business area was formed on September 1, 2004 through the merging of two former business areas, Scribona Solutions and Scribona Distribution. The former business area Scribona Brand Alliance, which since April 1, 2004 consists only of Carl Lamm, has changed name to Carl Lamm. The Toshiba Document Solutions division, which was part of Scribona Brand Alliance and was sold in March 2004, is included in the accounts under Liquidated Operations in Note 5. This Annual Report shows the group's business areas with corresponding figures for 2004 as if the new organization had been in place throughout 2004.

The Scribona business area is the leading distributor of IT products in the Nordics, with about 6,000 resellers. The business area offers efficient volume distribution and high accessibility to a broad selection of leading brands in

FIVE-YEAR SUMMARY	2005	2004	2003	2002	2001
Sales, income and cash flow					
Total earnings, SEK m.	11,758	12,014	11,857	12,808	11,872
growth in %	–2	1	–7	8	25
Operating income, SEK m.	–7	104	20	7	–91
Income before tax, SEK m.	–22	88	10	–20	–140
Net profit for the year, SEK m.	–19	60	1	–33	–120
Operating margin, %	–0.1	0.9	0.2	0.1	–0.4
Net margin, %	–0.2	0.5	0.0	–0.3	–1.0
Net cash flow for the year, SEK m.	–8	87	–138	–294	451
Capital employed					
Return on capital employed, %	–1	11	2	1	–7
Capital turnover rate, times/year	11.1	12.6	11.6	13.5	9.3
Average capital employed, SEK m.	1,056	956	1,022	946	1,273
Shareholders' equity					
Return on shareholders´ equity, %	–2	7	0	–3	–13
Average shareholders' equity, SEK m.	948	912	865	964	941
Shareholders' equity at December 31, SEK m.	946	941	881	957	961
Equity/assets ratio, %	22	25	24	24	21
Share data					
Price of B-share at December 31, SEK	20.50	14.55	14.30	11.40	11.40
Shareholders´ equity per share, SEK	18.53	18.43	17.25	18.74	18.82
Result per share, SEK	–0.37	1.18	0.02	–0.65	–2.56
Cash flow per share, SEK	–0.16	1.70	–2.70	–5.76	9.63
Dividend per share (proposed 2005), SEK	–	–	–	–	–
Personnel					
Average number of employees	952	1,050	1,376	1,505	1,473
Number of employees at December 31	927	1,023	1,310	1,469	1,539
Sales per employee, SEK m.	12.4	11.4	8.6	8.5	8.1

2001–2003 are not converted as per IFRS. For periods before 2003, figures relating to the effect of the change of accounting principle in respect of accumulated actuarial losses on defined benefit pension plans have not been converted.

PCs, servers, printer devices, monitors, software, network products, data projectors, computer accessories and consumables as well as consumer products in IT. Starting in late autumn 2005, resellers in Sweden were given the opportunity to sell end-customer financing of IT equipment via leasing through external financing companies. The selection includes products from a range of vendors, including HP, IBM/Lenovo, Fujitsu Siemens, Xerox, Microsoft, Cisco, Canon, Toshiba, Apple and Samsung.

Carl Lamm, the group's other business area, operates in Sweden as a nationwide distributor and retailer of document management products. Carl Lamm has exclusive distribution rights for all of Ricoh's product groups and for Samsung's multifunction products, photocopiers and fax machines. The company is also the exclusive distributor of Philips voice managment products and Francotyp-Postalia products. These products and brands are marketed via the company's own Centers, Partners and resellers. Via its own retail operations, Carl Lamm also offers end customers – which are companies and other organizations – a wide selection of products and services with nationwide service and support.

As of December 31, 2005, the group's legal organization consisted of 5 (6) operating subsidiaries with activities in Sweden, Denmark, Finland and Norway. The total number of subsidiaries was 8 (20). To ensure the Scribona business area's continued leading position in the Nordic market, the Nordic coordination and efficiency programs will remain in place, working towards common backoffice functions, a new infrastructure platform and a more flexible and competitive logistics solution. In 2005, the Danish and Norwegian operations were acquired by Scribona Nordic AB, which then began to conduct business in those countries as well as in Sweden. The same change is planned for Finland in 2006. The local companies will continue as agencies that serve customers in the local markets on behalf of Scribona Nordic AB. Scribona Nordic AB manages the entire flow of goods – including purchasing, logistics and sales – in the entire Nordic Region.

FIVE-YEAR SUMMARY

The table shows the group as a whole for each year. For a five-year summary divided into remaining and discontinued operations, see Note 6.

During the past five-year period Scribona made a major acquisition having a significant impact on Scribona's key figures – the purchase of PC LAN ASA, which was listed on the Oslo Stock Exchange and consolidated on April 1, 2001. After the acquisition, the two companies have gone through a comprehensive merger and restructuring process, which is why the effects of the acquisition on Scribona's performance in 2001 cannot be directly estimated.

The following significant individual events should be taken into account when comparing data for these years:

2001 Acquisition of PC LAN ASA was completed on April 1. After adjusting for acquisitions and disposals as well as exchange rate fluctuations, sales decreased by 13%. Goodwill from the acquisition of Alfaskop's product supply operations was written down by SEK 50 million. Operating income suffered from debt losses more than SEK 50 million higher than normal. The sale of an agency business improved operating income by SEK 18 million. Receivables from Proventum were written down by SEK 18 million and reported under Financial items.

2002 Serious profitability problems in the Danish business result in operating income of SEK –68 million.

2003 Good profitability in Norway. Continued serious profitability problems in the Danish business result in operating income of SEK –59 million. Toshiba Digital Media is wound up in the fall, posting operating income of SEK –20 million. Changed payment terms from the group's largest supplier, HP, reduced accounts payable/increased the amount of capital tied up, resulting in a lower capital turnover rate.

2004 Profitability remains good in Norway and in Carl Lamm. The Danish business continues to report losses, amounting to SEK –43 million. The net proceed from the sale of Toshiba Document Solutions, SEK 46 million, is reported in the operating income. Goodwill is written down by SEK 39 million.

2005 This year has seen comprehensive restructuring and investments in business systems and IT infrastructure aimed at improving the competitiveness of the Scribona business area. Continued strong profitability in Norway, but disruptions associated with a change of IT platforms during the last quarter produced negative one-time effects. The Danish business undergoes change process to increase sales and lower costs. After restructuring costs of SEK –14 million, the operating income in Denmark amounts to SEK –69 million. Continued strong profitability at Carl Lamm.

For definitions of financial concepts, see Note 45, Definitions.

COMMENTS TO THE INCOME STATEMENT

Scribona group sales totaled SEK 11,758 million (12,014), a decrease of 2%, compared with last year. The volume, in terms of the number of units, is estimated to have increased by around 2%. Lower unit prices reduced the total value of sales by approximately 7%. Structural changes, primarily due to additional product areas and the winding-up of operations, result in an increase of approximately 1%, and exchange rate effects for an increase of 2%. Adjusted for wound-up units and changes in the exchange rates of Nordic currencies, sales decreased by 3%.

Other operating income, SEK 98 million (105), includes exchange gains of SEK 61 million (22). The exchange gains are a result of the Danish and Norwegian businesses having been incorporated into the Swedish subsidiary, Scribona

Nordic AB, during the year, with Swedish kronor as the accounting currency while purchases and sales are made primarily in local currencies. Last year net income from the sale of the Toshiba Document Solutions division totaled SEK 46 million.

Scribona's revenues outside Sweden, including units that have been wound up and converted into Swedish kronor, were SEK 7,127 million (7,383), or 61% (61) of total revenues. Geographically, sales increased by 5% in Sweden and fell by 7% in Denmark, 1% in Finland and 4% in Norway. In local currencies, the decline was 9% in Denmark, 3% in Finland and 10% in Norway.

The gross profit margin amounted to 9.8% (10.5). The two remaining business areas, Scribona and Carl Lamm, both saw some reduction in gross profit margin.

Other external costs totaled SEK 471 million (432). To reduce its costs and convert fixed costs into variable costs, the group outsourced certain activities to external providers. This initially involved certain logistics and administrative activities, and the process continued in 2005. Outsourcing costs totaled SEK 57 million (17). Bad-debt losses remained low, totalling 0.02% of total sales, SEK 2 million, compared to 0.06% or SEK 7 million for 2004

Personnel costs totaled SEK 567 million (634), a decrease of 11%. At year-end the group had 927 (1,023) employees. The number of employees was reduced by 96 people or 9%.

Depreciation/write-downs fell from SEK 76 million to SEK 47 million.

Amortization of goodwill totaled SEK 11 million (39). The write-downs refer to a limited period of use. Depreciation of other intangible assets totaled SEK 15 million (11) and refer mainly to financial leasing agreements from the end of 2002 and 2003 for parts of the group's enterprise systems. Machinery and equipment were depreciated in the amount of SEK 22 million (25).

Other operating expenses, a total of SEK 73 million (21), consisted of exchange losses on operating liabilities. The increase in exchange losses are a result of the Danish and Norwegian businesses having been incorporated into the Swedish subsidiary, Scribona Nordic AB, during the year, with Swedish kronor as the accounting currency while purchases and sales are made primarily in local currencies.

The group's operating income was SEK –7 million (104). Operating income includes net exchange losses totaling SEK –12 million (0).

The group's operating margin was –0.1% (0.9).

Net financial items totaled SEK –15 million (–16). The weighted interest rate on the group's loans at December 31 was 3.2% (2.9). Since 2003, the securitization program for trade account receivables through the international capital market has reduced the costs of the Scribona group for financing operations. The group had net penalty interest income of SEK 3 million (4).

The group's income before tax was SEK –22 million (88).

The year's tax expense totaled SEK 3 million (–28). The group's tax expense is affected by revaluations of tax receivables relating to unutilized deductions for losses, corrections from previous years, not deductible amortization of goodwill and non-deductible costs.

Income before tax was SEK –19 million (60).

Earnings per share were SEK –0.37 (1.18).

Scribona

During 2005, the market for PC products developed favorably in the Nordic region. According to IDC, PC sales totaled 4,539,000 units and growth in the number of sold PCs was 25%, compared with 2004. Sales increased in all Nordic countries, ranging from 21 to 28%. Sales of other PC-related products also grew at a fast pace. Price erosion continued to be high between the years, due to technological developments and intensive competition between PC manufacturers.

The market for IT products is currently undergoing a major process of change, not least as a result of continuing product convergence and the digitalization of audio and video. The large vendors are launching new products with an emphasis on consumer products. Products in areas such as audio & video, photo, telephony and television are becoming a part of the IT and PC market.

The merger between HP and Compaq in 2003 created the world's largest PC manufacturer. HP's business model and actions set the tone for the entire industry, not least for the distribution and resale channels. For the Scribona business area the three largest suppliers, HP, IBM/Lenovo and Fujitsu Siemens, accounted for 65% of total sales in 2005. Scribona's business is thus dominated by the products and business models of a small number of suppliers.

The share of sales directly from producers to resellers and end customers increased in 2005, at the expense of sales through distributors.

Scribona delivered 514,000 (505,000) PCs in 2005, or 11% (14) of all PCs sold in the Nordic market. Scribona's share of the distributor market remains unchanged.

Revenues in the business area were SEK 11,068 million (11,239), an decline of 2%. Adjusted for comparable units and exchange rate changes, the decline amounted to 4%. In local currencies, revenues declined in all countries except Sweden.

Profitability continued to be strong in Norway, but was affected negatively in the final quarter due to disruptions caused by a change in IT platforms. Sweden showed strong growth in the final quarter. Tough competition in Finland had a negative impact on sales. Sales in the Danish business continued to decline, resulting in continued significant losses. The Danish business is undergoing a change process to increase sales and lower costs. After restructuring costs of SEK 14 million (7), operating income in Denmark amounted to SEK–69 million (–43). Goodwill was written down by SEK –11 million (–39). Operating income was SEK –36 million (30).

Carl Lamm

According to Scribona's own estimates, the Swedish market for document management products increased by 7% between 2004 and 2005 in terms of volume, while prices declined by about half this figure. The total value of the market is therefore estimated to have increased by 3–4%.

Carl Lamm continued to win market shares and enhanced its competitiveness through the delivery of total solutions for document management.

Revenues in the business area were SEK 703 million (626), an increase of 12%. Operating income was SEK 37 million (37).

Liquidated operations

In 2004, income from liquidated operations totaled SEK 234 million. In the first quarter of 2004 the group included the Toshiba Document Solutions division. On March 31, the division was sold to Toshiba TEC. The net proceed from the sale of Toshiba Document Solutions, SEK 46 million, is included in revenues. Operating income for 2004 was SEK 44 million. Excluding the net gain on the sale of Toshiba Document Solutions, operating income for 2004 was SEK –2 million.

COMMENTS TO THE BALANCE SHEET

Financial assets and liabilities are commented on in the section "Financing and liquidity" below. As at December 31, 2004, operating assets less operating liabilities (capital employed) in discontinued businesses were zero.

Assets

Goodwill, SEK 22 million (31) was reduced through write-downs of SEK 11 million (–39). The write-downs primarily refer to the residual value of sales of operations and a limited period of use.

Other intangible assets, totalling SEK 44 million (17), primarily refer to the development of the group's logistics and business systems. The year's investments totaled SEK 35 million (6).

Tangible fixed assets amounted to SEK 35 million (42). Net investments in tangible fixed assets totaled SEK 22 million (25).

Deferred tax receivables, SEK 44 million (48), are reported only to the extent they are estimated to most likely result in lower tax payments in the future. The decrease is primarily due to the use of tax deficits in Norway.

Inventories amounted to SEK 1,091 million (859), corresponding to 10.3% (8.0) of the cost of goods for resale in operating costs. The increase in inventories is partly due to an increase in "products en route" at the end of the year, and partly due to a decline in sales in Norway in the last quarter.

Trade accounts receivable amounted to SEK 2,145 million (1,962), corresponding to 18.4% (16.5) of net sales during the year. The securitization program for accounts receivable had no effect on the accounting of such receivables. Because the credit risk remains with Scribona, the number of sold accounts receivable is reported as accounts receivable in the consolidated balance sheet.

Other receivables, totalling SEK 186 million (98), include SEK 132 million (55) in customer payments received through the securitization program and which became available as liquid funds immediately after the end of the year.

Prepaid expenses and accrued income amounted to SEK 382 million (337). This balance sheet item consisted mainly of accrued compensation from suppliers that is outstanding from sales made to customers.

Liabilities

Deferred tax liabilities have been reduced to zero (17) via the parent company's winding up of periodization funds.

Loans, totalling SEK 841 million (555), include financing via the securitization program, SEK 694 million (419), and the parent company's bank loan of NOK 125 million, which is also used to hedge a part of shareholders' equity in Norway. In 2005, the Norwegian trade accounts receivable were added to the securitization program.

Trade accounts payable totaled SEK 2,026 million (1,830), corresponding to 17.4% (15.1) of net sales. The increase in accounts payable is primarily due to increased "products en route" at the end of the year.

COMMENTS TO THE CASH FLOW ANALYSIS

Cash flow from operations in 2005 totaled SEK –159 million (–149). Operating capital, primarily inventories and operating receivables, increased as a result of high activity toward the end of 2005.

Cash flow from investing activities totaled SEK –56 million (78). Investments in intangible assets, totalling SEK –35 million (–6), primarily refer to the development of the group's logistics and business systems. Investments in equipment totaled SEK –22 million (–25). The sale of Toshiba Document Solutions contributed SEK 105 million last year.

Cash flow from financing activities was SEK 207 million (158) as a result of increased borrowing via the securitization program. Net cash flow for the year was SEK –8 million (87).

FINANCING AND LIQUIDITY

The group's prime source of financing is the securitization program, which runs until June 2010. The financing facility totals a maximum of SEK 330 million plus EUR 16 million and NOK 200 million, for a total of approximately SEK 700 million, and refers to the ongoing sale of trade accounts receivable in operations in Sweden, Finland and Norway. The securitization of the Norwegian trade account receivables was completed in December 2005, generating NOK 184 million. The effective financing is lower than the accounts receivable that are sold, since there is a reduction for a risk reserve relating to doubtful receivables, credits, etc. The securitization thus provides about 70% of the accounts payable total, although this is limited to the maximum amount stated above. Through securitization of trade accounts receivable Scribona has broadened the base for the group's assessed financing requirement excluding major acquisitions.

In addition to securitization, the parent company has raised bank loans of NOK 125 million, which are also used to hedge a part of shareholders' equity in Norway.

On December 31, current financial assets, including liquid funds, amounted to SEK 490 million (413). Liquid funds totaled SEK 348 million (355) and customer payments received through the securitization program, which have not yet become available to Scribona, amounted to SEK 132 million (55).

Current financial liabilities amounted to SEK 843 million (556), of which SEK 696 million (419) through the securitization program and SEK 147 million (136) through bank loans. At year-end, the group had unutilized borrowing facilities totaling SEK 140 million (328).

Financial net capital at year-end was SEK –353 million (–138). Financing needs increased due to larger inventories at the end of the year.

Capital employed at December 31, 2005 amounted to SEK 1,299 million (1,079). Shareholders' equity totaled SEK 946 million (941), corresponding to an equity/assets ratio of 22% (25).

Financial risk management is described in Note 39.

PLEDGED ASSETS

Pledged assets at December 31, 2005 totaled SEK 478 million (634). These assets are pledged for the group's financing.

CAPITAL EXPENDITURES, DEPRECIATION AND AMORTIZATION

The group's capital expenditures on fixed assets amounted to SEK 57 million during the fiscal year (27). Most of the investment refers to the development of the group's logistics and business system. Depreciation for the year amounted to SEK 36 million (37), of which amortization of goodwill accounted for SEK 11 million (39).

Sale during 2004

On March 31, 2004 the group sold Toshiba Document Solutions, a division within the Scribona Brand Alliance business area. The sale resulted in a net proceed of SEK 46 million. The impact on the group's sales and results is shown in Note 5, Liquidated operations. The sale increased the group's liquid assets by SEK 105 million.

PERSONNEL

The average number of employees in the group was 952 (1,050), a decrease of 9%. At year-end the group had the equivalent of 927 (1,023) full-time employees. The laying off of 96 people is primarily attributable to rationalization and outsourcing, mainly of logistics, in the Scribona business area. The percentage of women employees was 29% (29). Average sales per employee increased to SEK 12.4 million (11.4). Wages, salaries and compensation amounted to SEK 421 million (447), a decrease of 6%. Statutory and contract-regulated social costs totaled SEK 141 million (150).

RESEARCH AND DEVELOPMENT

Scribona does not conduct R&D activities.

ENVIRONMENT

Scribona does not conduct operations requiring environmental permits or reporting in accordance with Swedish environmental law. Due to the nature of Scribona's work, the company has no environmental liabilities. Carl Lamm works actively with environmental issues and has ISO 14001 accreditation.

DISPUTES

The group is conducting negotiations over the cost of unused facilities. The group has set aside funds that it believes will cover the probable outcome of these negotiations.

The group is not involved in any other significant disputes.

LIQUIDITY PROVIDER FOR SCRIBONA'S SHARES

To increase liquidity in the Scribona share under the liquidity provider system of the Stockholm Stock Exchange, Scribona AB appointed Remium Securities in 2004 as liquidity provider for the company's shares.

IMPORTANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On January 1, 2006, after the end of the financial year, Carl Lamm acquired three IT infrastructure companies: Saldab AB, Megabyte System Svenska AB and Vinga Datacenter AB. These companies have combined sales of approximately SEK 100 million annually, and employ a total of 55 people. The acquisitions are a part of Carl Lamm's new strategy for providing a range of products and services relating to IT infrastructure.

EXPECTED FUTURE GROWTH

After a year of strong growth in 2005, industry analyst IDC predicts that the number of PCs sold in the Nordic region will fall slightly in 2006. All major vendors disagree, and forecast that volumes will continue to grow in 2006, albeit at a slower pace. In the next few years the market for IT products will be expanded to incorporate a larger share of consumer-oriented products as a result of the ongoing product convergence and the digitalization of audio and video. The Scribona business area's plan is to capture a share of the growth in value in the market, both in the traditional IT market and in these new areas while continuing to increase its internal efficiency.

The goal for 2006 is for the Scribona business area to earn SEK 100 million in operating income. Most of this income, however, is not expected to be earned until the fourth quarter.

Carl Lamm is moving toward complete solutions for entire office network and information management. Existing document management is one component of these solutions. Carl Lamm's nationwide operations allow for expansion and improved profitability over the next few years. After acquiring the three IT infrastructure companies, Carl Lamm is well positioned to take advantage of business opportunities presented by a changing market.

TRANSITION TO IFRS AND NEW ACCOUNTING PRINCIPLES

Starting January 1, 2005, Scribona adopted IFRS accounting principles, which have been approved by the EU Commission. The introduction of the new standard involved changes to accounting principles that have affected the financial results and balance sheet. To ensure comparability concerning the group's development and position, the comparison year has been recalculated in line with the new principles.

In accordance with IFRS 1, there is to be reconciliation of equity on January 1, 2004 and December 31, 2004 and of the income statement and cash flows for 2004 between previous accounting principles and IFRS. This reconciliation is presented in Note 7, along with a description of the new accounting principles.

PARENT COMPANY

Scribona AB is the parent company of the Scribona group. The parent company is responsible for the group's finance function and for leasing premises for the subsidiaries.

The personnel that were employed by the parent company on December 31, 2004 were hired by the subsidiary Scribona Nordic AB on January 1, 2005, meaning that the parent company had no employees in 2005.

Earnings in the parent company totaled SEK 16 million (46). Net earnings from the sale of the Swedish part of Toshiba Document Solutions in the subsidiary Scribona Document Solutions AB totaled SEK 27 million last year. Other earnings chiefly comprise rental income. In 2005 the latter was 83% (86) earnings from subsidiaries, and 0% (6) of the purchases were from subsidiaries. Operating income totaled SEK –7 million (4). The result after financial items was SEK 13 million (115). Dividends of SEK 89 million (153) were received from subsidiaries. The parent company's result has been charged with write-downs of receivables from subsidiaries of SEK 49 million (38).

Total assets declined during the year from SEK 1,495 million to SEK 1,401 million.

At year-end liquid funds totaled SEK 2 million (188). The group's Swedish cash pool was transferred to the Scribona Nordic AB subsidiary during the year. Investments in fixed assets were SEK 1 million (4). The financial net capital at year-end was SEK 358 million (359). The year's cash flow was SEK –186 million (–187). The group's Swedish operations moved into new offices in Solna in 2005. The leasing agreement, signed by Scribona AB, runs until the end of 2010.

The parent company merged with the subsidiaries Copy Consult Team i Göteborg AB, Manora Components AB, Nordic Datadistribution AB, PC LAN AB, SBA Office Document Finans AB and Scribona TPC AB during the year. The profit from the merger was SEK 70 million, and it has increased the non-restricted reserves in the parent company.

GROUP MANAGEMENT

Scribona is governed in accordance with Swedish law, in particular Swedish legislation covering publicly traded companies, the listing agreement with the Stockholm Stock Exchange, the rules and recommendations of NBK, the Articles of Assocation and the Swedish Code of Corporate Governance, which applies from 1 July 2005. After this date, Scribona has adapted its corporate governance policies to comply with the Code.

Annual General Meeting

The AGM (Annual General Meeting) decides whether the current income statement and balance sheet are adopted, and on dividends to the shareholders, discharge from liability for the board and the president, fees for the board and auditors and the election of the board and choice of auditors. New auditors were elected for a period of four years at the 2004 AGM. Shareholders representing 29% of the share capital and 25% of the votes took part in the 2005 AGM, held in March.

At the request of shareholders, the board called an extraordinary meeting on 16 December 2005. The main purpose of this meeting was to elect the board and decide on the shareholders' proposal for a decision in principle concerning the Carl Lamm AB subsidiary. The shareholders elected a new board and adopted a decision in principle to make preparations and create the conditions necessary to distribute assets of the Carl Lamm AB subsidiary to the shareholders of Scribona AB when the conditions were right to do so. Shareholders representing 50% of the share capital and 44% of the votes took part.

Election committee

A decision on how the election committee is to be appointed was taken at the 2005 AGM. In accordance with this, the committee for the 2006 AGM will consist of representatives of the three largest owners:
David Marcus, M2 Capital Master Fund Ltd.
Ragnar Thorisson, Straumur-Burdarás Investment Bank HF
Peter Ekelund, Nove Capital Master Fund Ltd.

Board of Directors

The main job of the board is to take overall responsibility for the company on behalf of its shareholders and to manage the company's affairs such that the owners' interest in strong, long-term capital returns is protected in the best way.

The company's Articles of Association state that Scribona's board is to be elected annually, and should consist of between five and ten regular members and no more than two deputy members. The board that was appointed by the shareholders at the 2005 AGM to serve for one year up to and including the next AGM consists of eight regular members, including the company's president. New board members were Mikael Nachemson, chairman, Fredrik Danielsson and Ole Oftedal, who replaced MatsOla Palm and Per-Henrik Berthelius.

The board that was appointed at the extraordinary meeting held on December 16 consists of 6 regular members. The newly elected board members are Theodor Dalenson, chairman, Johan Hessius, Conny Karlsson and David E. Marcus, replacing Mikael Nachemson, Lisbeth Gustafsson, Stig-Olof Simonsson, Lennart Svantesson and Carl Espen Wollebekk. The company's president Tom Ekevall Larsen is not a member of the board following the extraordinary meeting.

In addition to the members elected at the meetings, the board also includes two regular members and one deputy appointed by the trade unions that represent employees in Sweden. With the exception of the president, during the period from the regular AGM to the extaordinary meeting, none of the board members were in the company management.

The board's procedural plan

Every year at the statutory board meeting after the AGM, the board's procedural plan is established to regulate authorization to sign for the firm, board meetings, matters to be dealt with at the board meetings, distribution of work between the board, the chairman and the president and certain other matters. The president is appointed and instructions to the president regulating tasks and reporting obligations to the board are set, as are rules for deciding on investments. Instructions for the remuneration and audit committees are established and committee members are appointed. The audit committee consists of all members of the board except for the president, in accordance with rules adopted at the 2004 AGM.

The company's auditors are required to take part in at least two board meetings and discuss their planning and audit focus, as well as their observations, conclusions and any proposed measures following the completion of the audit.

The board's work follows an annual meetings schedule with a fixed agenda for every board meeting. Other employees of the company also present reports at the meetings. The secretary of the board is Örjan Rebeling, executive vice president and the group's CFO. In accordance with the procedural plan at least five board meetings and one statutory meeting must be held every year. In addition the board can meet whenever circumstances so require. The board's meetings in February, April, July and October are devoted chiefly to the financial report. In June the board deals with strategic matters and in December the financial plan for the following year. The board's work is mainly concerning strategic matters such as business approach, organization, budget, major investments, result and financial position, and information on the financial statements. The chairman of the board leads the board's work and monitors business progress. Within the framework established by the board, the president manages business and keeps the chairman of the board continuously informed about significant business events. Every month the board receives a report on the company's income and financial position. The report includes comments on competitors, manufacturers/products, channels/customers and analyses of the income statement and balance sheet subdivided according to business area and country. During 2005 the board has performed an evaluation of its work. In the same year the board held twelve (12) meetings. Average attendance at the meetings was 91% (93).

Remuneration to the Board

The chairman and members of the board are paid a fee in accordance with a decision by the AGM. At the 2005 AGM it was decided that the fee for the board members who do not draw a salary from the company would be SEK 1,175,000, distributed such that the chairman receives SEK 275,000 and the other members receive SEK 150,000 each. The board receives no other remuneration than what is decided at the AGM. No special compensation is paid for committee work. The president and employee representatives are not entitled to receive remuneration for serving on the board. Remuneration to board members elected as representatives for their employers are paid in accordance with instructions from the employer. Remuneration to the board elected at the AGM was paid for nine months.

At the extraordinary meeting in 2005, it was decided that the fee for the board up until the next AGM would be SEK 700,000, distributed such that the chairman receives SEK 200,000 and the other members receive SEK 100,000 each. The board receives no other remuneration than what is decided at the AGM. No special compensation is paid for committee work. No fees have been paid for 2005.

Remuneration committee

The remuneration committee's instructions are set by the board. Until the extraordinary meeting, the committee consisted of chairman of the board Mikael Nachemson as chairman and the two regular board members Lisbeth Gustafsson and Lennart Svantesson, with the president presenting reports. The committee submits proposals to the board based on decisions made at the AGM regarding the principles of remuneration and other terms of employment for the company's executives. The board makes decisions on these remunerations and other terms. During 2005 the committee held three official meetings. Lennart Svantesson is not an independent member as former company president within the last five years. After the extraordinary meeeting, the remuneration committtee consists of Theodor Dalenson, chairman, Johan Hessius and Conny Karlsson. The new committee did not hold any meetings in 2005.

Audit committee

The audit committee's instructions are set by the board. It was decided at the 2004 AGM that audit issues are to be dealt with by the entire board. The audit committee therefore consists of the entire board, except for the company president. The chairmen of the board, Mikael Nachemson/ Theodor Dalenson, also chair the committee. The audit committee is to:

- prepare for the board's work by ensuring the quality of the company's financial reporting,
- hold regular meetings with the auditors to keep informed about the focus and scope of the audit, and opinion of risks to the company,
- establish guidelines for determining what services other than audit the external auditors are to provide for the company,
- assess the audit work,
- asssist preparations for elections by proposing auditors and remuneration for audit work.

In 2005, the committee held five meetings that were part of the board meetings. The minutes of the board meetings describe the issues taken up by the audit committee.

Management

The president is responsible for the company's strategic and business development, and manages and coordinates day-to-day business. The president has instructions adopted by the board that regulate the president's tasks and reporting obligations to the board. The president appoints managers for the operational units and group functions.

The group management consists of the group's president Tom Ekevall Larsen and the executive vice president and CFO Örjan Rebeling.

The group's president also heads the Scribona business area and, together with the CFO, heads the managment group for this business area. Management meetings are held every other week, and are also attended by country managers and supply, IT and logistics managers. Reviews of the countries are conducted every other month, and individual reviews of each country's and functional area's books are conducted every quarter. Corresponding reviews of the quarterly budgets are conducted prior to each quarter. Prior to the start of a new financial year, annual budgets presented by the units are reviewed and approved.

The group management team also holds monthly meetings at the Carl Lamm business area with business area manager Hans Johansson.

Auditors

The auditors are appointed at the AGM and entrusted with auditing the company's financial reporting and the board's and the president's administration of the company. At the 2004 AGM, the registered audit company Ernst & Young AB was selected as the audit company for a period of four years, i.e. up to and including the 2008 AGM. The authorized public accountant Bertel Enlund was declared the auditor in charge. It was decided that the auditors will be remunerated according to invoice.

Auditor in charge Bertel Enlund

Ernst & Young AB was selected as the audit company in 1996, with Bertel Enlund as auditor in charge as of the same year. During the period 1996–2004 Arthur Andersen AB (replaced in the last year by Deloitte & Touche AB) were co-auditors. Bertel Enlund's current audit assignments in other listed companies include: Capio AB, New Wave Group AB, Rörvik Timber AB and Artimplant AB. Bertel Enlund is the auditor for Citat AB, a subsidiary of Bure Equity AB.

Presentations of auditors to the board

To ensure the board's/audit committee's need for information is met, the company's auditors will personally present their observations at several board meetings. The auditors will present at a board meeting their risk assessment and planning of the year's audit. At two later meetings they will present their observations on the basis of the audit and their assessment of the company's internal control procedures, as well as proposed measures, partly following the completed audit of the nine-month report in the fall, and partly at the meeting at which the consolidated year-end financial statements are discussed. At one of these meetings the board meets the auditors in the absence of the president and other employees.

Internal audit

Until 2005, Scribona had its own internal audit with the task of proposing measures for increased internal efficiency, better internal control and efficient control processes. Internal audit reported to the president to ensure independence regarding the rest of the organization. Internal audit assisted in parts of external audit's examination of internal control and year-end closing. In 2005, internal audit has ceased following a retirement. The company intends to use external resources to secure a function that maintains internal control in the future.

Financial reporting

The board is responsible for ensuring that the organization is set up to be able to monitor bookkeeping, funds managment and the company's other financial matters in a satisfactory manner. The board therefore provides the president with written instructions regarding when and how financial reporting is to be carried out.

The group's financial and reporting policies provide the framework for financial management, follow-up and reporting principles. The group has a reporting system that is used by the entire group.

Every year a detailed schedule for budget and outcome reporting, including the group management's budget and outcome reviews, is agreed on with the operational units. In the fall, the budget process for the coming financial year is implemented. Before each new quarter, a new updated budget is set for that quarter. Outcome reports are issued to group management every month by the operational units, including income statements and balance sheets plus written comments and analysis. Every month the board receives a written report on the company's income and financial position. A legal report is issued every quarter. In the quarterly financial statement, the report to the board is more extensive in preparation of the board meeting that precedes the press release on the interim report and the press release concerning the annual figures. The audit committee provides an assessment of the financial reporting at these meetings. The nine-month financial statement and the annual figures are assessed at the meeting with the auditors.

Scribona's code of conduct

In December 2004 the board adopted the group's code of conduct. It covers ethical regulations that all employees must adhere to. The code formalizes the principles the group must apply in relationships with customers, suppliers, employees, competitors, shareholders, society as a whole and other interested parties.

DIVIDEND POLICY

The board sees positive opportunities for Scribona to strengthen its positions in several growing areas closely linked to the present business. Bearing this in mind the board does not propose a dividend but proposes that the unappropriated earnings carried forward be used for this investment. The dividend policy will be retained, meaning that over time about a third of the group's result after tax will be distributed.

PROPOSED DISTRIBUTION OF EARNINGS

The board proposes that the amount in the parent company available for distribution at the AGM

Unappropriated earnings carried forward	SEK 421,677,032
Plus net income for the year	SEK 63,695,130
	SEK 485,372,162

Be carried forward	SEK 485,372,162
	SEK 485,372,162

ASSURANCE FROM THE BOARD AND PRESIDENT

The board and the president give their assurance that, to the best of their knowledge, this Annual Report was prepared in accordance with good accounting practices for publicly traded companies, the data presented corresponds to the actual facts, and nothing of significance has been omitted that could influence the picture of the company presented in the Annual Report.

Solna, February 27, 2006

Theodor Dalenson
Chairman of the Board

Fredrik Danielsson   Johan Hessius   Conny Karlsson

David E. Marcus   Ole Oftedal

Eva Elsnert   Torbjörn Friberg

Tom Ekevall Larsen
President

Our audit report was submitted on February 27, 2006.

Ernst & Young AB
Bertel Enlund
Authorized Public Accountants

Consolidated Income Statement

SEK m.	Note	2005	2004
Net sales	2	11,660	11,909
Other operating income	3	98	105
	4, 5	**11,758**	**12,014**
OPERATING EXPENSES			
Goods for resale	8	–10,607	–10,747
Other external costs	9	–471	–432
Personnel costs	10	–567	–634
Depreciation and write-downs of intangible and tangible fixed assets	4, 11	–47	–76
Other operating expenses	12	–73	–21
OPERATING INCOME	4, 5	**–7**	**104**
RESULT FROM FINANCIAL INVESTMENTS			
Interest income and similar profit/loss items	13	18	12
Interest expenses and similar loss items	14	–33	–28
RESULT AFTER FINANCIAL ITEMS	5	**–22**	**88**
Tax	15	**3**	**–28**
NET INCOME FOR THE YEAR	5	**–19**	**60**
Result per share before dilution, SEK		–0.37	1.18
Result per share after dilution, SEK		–0.37	1.17
Number of shares 31 December		51,061,608	51,061,608
Number of shares 31 December after full dilution		51,061,608	51,061,608
Average weighted number of shares after full dilution		51,061,608	51,336,608
Proposed, but not approved, dividend per share, SEK		None	None

For comments see 'Board of Directors' report and financial review', p. 34.

Consolidated Balance Sheet

SEK m.	Note	05-12-31	04-12-31
ASSETS			
Goodwill	16	22	31
Other intangible fixed assets	17	44	17
Tangible fixed assets	18	35	42
Long-term receivables	19	8	7
Deferred tax receivables	15	44	48
Total fixed assets		**153**	**145**
Inventories	20	1,091	859
Trade accounts receivable	21	2,145	1,962
Tax receivables		7	6
Other receivables	22	186	98
Prepaid expenses and accrued income	23	382	337
Liquid funds	24	348	355
Total current assets		**4,159**	**3,617**
TOTAL ASSETS	5	**4,312**	**3,762**
EQUITY AND LIABILITIES			
Shareholders' equity	25	**946**	**941**
Liabilities			
Long-term liabilities	26	1	4
Provisions	27	16	2
Deferred tax liabilities	15	–	17
Total long-term liabilities		**17**	**23**
Loans	28	841	555
Trade accounts payable		2,026	1,830
Tax liabilities		0	7
Other liabilities		241	162
Accrued expenses and deferred income	29	238	238
Provisions	30	3	5
Total current liabilities		**3,349**	**2,798**
Total liabilities		**3,366**	**2,821**
TOTAL EQUITY AND LIABILITIES	5	**4,312**	**3,762**
Capital employed	4	**1,299**	**1,079**
Financial net capital		**–353**	**–138**
Pledged assets	31	**478**	**634**
Contingent liabilities	32	**79**	**60**

For comments see 'Board of Directors' report and financial review', p. 34.

Consolidated Cash Flow Analysis

SEK m.	Note	2005	2004
OPERATING ACTIVITIES			
Result after financial items	33	–22	88
Adjustments for items not included in cash flow, etc.			
Depreciation and write-downs	11	47	76
Total	34	8	–56
Paid tax		–9	0
Cash flow from operations before changes to operating capital		**24**	**108**
Cash flow from changes to operating capital			
Changes to inventories		–232	–120
Changes to operating receivables		–237	–102
Changes to operating liabilities		286	–35
Cash flow from operations	5	**–159**	**–149**
INVESTMENT ACTIVITIES			
Sale of businesses	35	1	105
Acquisitions of fixed assets	16, 17, 18	–57	–27
Sales of fixed assets		0	0
Cash flow from investment activities	5	**–56**	**78**
FINANCING ACTIVITIES			
Changes to loans		207	158
Cash flow from financing activities	5	**207**	**158**
Cash flow for the year	5	**–8**	**87**
Liquid funds at beginning of year		**355**	**268**
Cash flow for the year		–8	87
Exchange difference in liquid funds		1	0
Liquid funds at year-end	24	**348**	**355**

The cash flow analysis has been prepared in accordance with the indirect method. The reported cash flow covers transactions resulting in cash receipts and payments.

For comments see 'Board of Directors' report and financial review', p. 34.

Consolidated changes in equity

SEK m.	Note	Share Equity	Other Restricted Equity	Reserves	Non-restricted Funds	Total Equity
Equity December 31, 2003		**102**	**236**	**–34**	**577**	**881**
Exchange-rate differences				0		0
Net income for the year					60	60
Equity December 31, 2004	25	**102**	**236**	**–34**	**637**	**941**
Exchange-rate differences				24		24
Net income for the year					–19	–19
Equity December 31, 2005	25	**102**	**236**	**–10**	**618**	**946**

Group Notes

Note 1 COMPANY INFORMATION AND GENERAL REPORTING PRINCIPLES

The consolidated financial statements for Scribona AB for the financial year that ends on December 31, 2005 have been approved for publication by the board on February 27, 2006, and will be presented for approval at the the 2006 AGM. The parent company is a Swedish publicly traded company with headquarters in Solna, Sweden.

The group's primary business

Scribona's group structure comprises two business areas: Scribona and Carl Lamm.

The Scribona business area is the leading distributor of IT products in the Nordic region, with about 6,000 resellers. The business area offers volume distribution and accessibility to a broad selection of leading brands in PCs, servers, printer devices, monitors, software, network products, data projectors, storage solutions, computer accessories and consumables as well as consumer products in IT. Starting in late 2005, it also offers end-customer financing of IT equipment. The selection includes products from a range of vendors, including HP, IBM/Lenovo, Fujitsu Siemens, Xerox, Microsoft, Cisco, Canon, Toshiba, Apple and Samsung.

Carl Lamm, the group's other business area, operates in Sweden as a nationwide distributor and reseller of document management products. Carl Lamm has exclusive distribution rights for all of Ricoh's product groups and for Samsung's multifunction products, photocopiers and fax machines. The company is also the exclusive distributor of Philips voice management products and Francotyp-Postalia products. These products and brands are marketed via the company's own Centers, Partners and resellers. Via its own retail operations, Carl Lamm offers end customers – which are companies and other organizations – a wide selection of products and services with nationwide service and support.

Statement concerning compliance with new regulations

The group consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the EU Commission for the European Union. This financial report is the first complete such report prepared in compliance with the IFRS. In connection with the transition from previous reporting principles to IFRS reporting, the group has used IFRS 1, which is the standard that describes how the transition to IFRS should be reported. Furthermore, in compliance with Swedish law, the Swedish Financial Accounting Standards Council's recommendation RR 30, Supplementary reporting rules for groups, has been used.

Note 7 contains a reconciliation with an explanation of how the transition to IFRS has affected the group's financial results and position, and its reported cash flow.

A more detailed description of the principles applied is provided in the relevant subsequent Note.

Bases for preparing the Annual Report

The group consolidated financial statements are based on historical acquisition values, except for deriviative financial instruments valued actually via the income statement. The reported value of assets and liabilities that are hedged and that are normally reported at their purchase value have been adjusted for changes in their actual value that refer to the risks that are hedged.

Amounts shown in SEK million unless stipulated otherwise. Differences as a result of rounding-off may occur. Income statement-related items are for the period January 1 to December 31 and balance sheet-related items are for December 31. Amounts in parentheses indicate the previous year's figures.

Presentation of income statement

The income statement is presented divided into types of expense.

Balance-sheet classification

Receivables with an expected term of less than 12 months are reported as current assets. Receivables with an expected term of more than 12 months are reported as fixed assets. Liabilities with an expected term of less than 12 months are reported as current liabilities. Liabilities with an expected term of more than 12 months are reported as long-term liabilities.

Consolidated financial statements

The consolidated financial statements comprise the accounts of the parent company Scribona AB and all subsidiaries. Subsidiaries are companies in which the parent company has the right to exercise, or actually exercises, direct control on its own.

The consolidated year-end financial statements are based on accounts prepared for all group companies as of December 31.

The consolidated financial statements are prepared in accordance with the purchase method, whereby the parent company's acquisition values for shares in subsidiaries are eliminated against adjusted equity in the subsidiaries at the acquisition date. Adjusted equity is equity and the equity portion of untaxed reserves. Consolidated equity, therefore, only includes the financial results of subsidiaries after the acquisition date.

Companies that are acquired or sold during the year are included in the group income statement with income and costs for the period extending from the acquisition or until the sale. Assets and liabilities in acquired companies are taken into the group at market value at the exchange rate on the transaction day. If there is a difference between the acquisition price and the net market value of acquired assets and liabilities, including deferred tax, this difference is recorded as goodwill.

When the parent company has taken out loans in foreign currency with the aim of protecting itself against exchange-rate differences on a net investment in a subsidiary, the exchange-rate difference on the foreign loan is directly transferred to the group's equity after deductions for tax, to the extent equivalent to translation differences. Earnings and expenses, receivables and liabilities and internal profits within the group are eliminated in the consolidated financial statements.

Translation regarding foreign subsidiaries

Income statements and balance sheets for foreign subsidiaries are translated into SEK using the current method, which means the balance sheets are translated at balance-sheet day exchange rates, and the income statements are translated at the average exchange rate for the year. The exchange-rate differences arising hereby are directly transferred to consolidated equity. Measures for hedging of foreign net investments are undertaken for a subsidiary. Parent company loans to foreign subsidiaries are hedged.

Financial instruments

Financial instruments are valued and reported in the group in accordance with the rules laid out in IAS 39.

Financial instruments reported in the balance sheet include, as assets, customer receivables and liquid funds. Loan liabilities and trade accounts payable can be found under equity and liabilities. The group also conducts transactions with derivatives in the form of foreign exchange contracts with the aim of managing currency risks involved in financing foreign subsidiaries.

A financial asset or liability is included in the balance sheet when the company becomes a party to the instrument's contractual conditions. Trade accounts receivable are entered in the balance sheet once the invoice has been sent. Liabilities are entered once the other party has performed and the agreed debt is due for payment, even if no invoice has been received.

Trade accounts payable are entered once the invoice has been received. A financial asset is removed from the balance sheet when the rights specified in the agreement have been honored, fallen due, or the company looses control over them. The same applies to part of a financial asset.

A financial liability is removed from the balance sheet when the obligation specified in the agreement is fulfilled or met in some other way. The same applies to part of a financial liability. Acquisitions and sales of financial assets are reported on the transaction day, which is the day the company commits to acquiring or selling the asset.

With each report, the company assesses whether there are objective indications that a financial asset or group of financial assets needs to be written down. Usually the reported value coincides with the actual value for the group's financial instruments.

The group's financial assets are receivables attributable to deliveries of goods and services and liquid funds. The acquisition value of trade accounts receivable is equivalent to the actual value, as the payment terms only in exceptional cases exceed 30 days and the time value until payment thus does not need to be taken into consideration. The actual value of liquid funds in the bank is made up of the nominal amount on the closing day, since these funds are immediately available.

The acquisition value of trade accounts payable is equivalent to the actual value, since the payment terms only in exceptional cases exceed 45 days and there is no agreed interest. The acquisition value of loans via the securitization program is equivalent to the actual value, since the borrowing is set at the end of every month at the maximum amount, and interest is set for only a month in advance. The group's borrowing in Norwegian kroner is at the market interest rate, and the binding time of other borrowing is less than 30 days, thus the reported value is equivalent to the actual value.

Transactions in foreign currencies in Swedish consolidated companies
Transactions in foreign currencies are converted to Swedish kronor at the exchange rate that applied on the transaction date. Parent company loans to foreign subsidiaries are hedged. Transations with foreign subsidiaries are valued at the closing-day exchange rate. Financial instruments are valued at their actual value. Operating receivables and liabilities in foreign currencies do not normally receive forward cover. Both realized and unrealized exchange-rate differences are thus recorded in the income statement. Exchange-rate differences regarding operating receivables and liabilities are reported in the operating income, while exchange-rate differences attributable to financial assets and liabilities are reported as results of financial investments.

Note 2 NET SALES

Net sales are entered at the sale value plus invoiced freight and after deductions for discounts, bonuses, returns and VAT, and after deductions for internal group sales. Net sales mainly comprise product sales, but also customer service, consultancy and training.

Net sales of products are reported at the point when practically all risks and rewards of ownership are transferred to the purchaser, and when the group no longer possesses or controls the products, and when the income from sales can be measured reliably and it is probable that the group can reap the financial advantages of the transaction.

Net sales from services provided, mainly technical servicing of photocopiers, are reported when the task has been completed. Income from service and maintenance contracts where the service is provided at a fixed price are reported linearly over the contract period.

The distribution of the change in sales in the group between 2004 and 2005 has been calculated as follows with regard to effects of volume, price, structure and currency:

SEK m.	2005	%	2004	%
Net sales last year	11,909		11,818	
volume change	223	2%	1,527	13%
price changes	–892	–7%	–761	–6%
structural changes	145	1%	–522	–4%
currency effects	275	2%	–153	–1%
Net sales this year	**11,660**	**–2%**	**11,909**	**1%**

Structural changes mainly refer to the net value of additional and outgoing product areas/suppliers during the financial year.

Product sales, including software licences, account for over 99% of the group's sales. Services account for less than 1% of group sales.

Note 3 OTHER OPERATING INCOME

Earnings from secondary activities within normal operations and exchange-rate profits regarding operating receivables and operating liabilities are reported as 'Other operating income'.

SEK m.	2005	2004
Sales activities	–	46
Invoiced services and premises rentals	37	36
Realized exchange-rate profit	58	20
Unrealized exchange-rate profit	3	2
Other	–	1
Total	**98**	**105**

In addition to net income from the sale of the division Toshiba Document Solutions in 2004, other operating income in the group also includes invoiced services and premises rentals to the business sold and premises rentals to other subtenants. This also includes realized and unrealized exchange-rate profits on operating liabilities. Net exchange-rate differences have affected the group's operating income by SEK –12 million (1). Group policy does not normally require any hedging measures on operating receivables and liabilities.

Note 4 SEGMENT REPORTING

The group's business is controlled and reported primarily by business area and secondarily by geographical market. The segments are consolidated in accordance with the same principles as for the group as a whole.

Business areas
The group's business areas are managed and organized separately, based on the nature of the products and services offered. The group is organized into two business areas: Scribona and Carl Lamm. Scribona's operations comprise distribution of IT products on the Nordic market in Sweden, Denmark, Finland and Norway. Carl Lamm operates in Sweden as an exclusive distributor of leading document management brands. These are marketed both via Carl Lamm's own retail business and through resellers.

BUSINESS AREAS	Scribona		Carl Lamm		Liquidated operations		Group wide		Elimination		Group	
SEK m.	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Income												
External	11,066	11,159	692	621	–	234	–	–	–	–	11,758	12,014
Internal	2	80	11	5	–	0	–	–	–13	–85	–	–
Total earnings	**11,068**	**11,239**	**703**	**626**	**–**	**234**	**–**	**–**	**–13**	**–85**	**11,758**	**12,014**
Result												
Operating income	–36	30	37	37	–	44	–8	–7	–	–	–7	104
Operating margin, %	–0.3	0.3	5.3	5.9	–	–	–	–	–	–	–0.1	0.9
Other information												
Assets, December 31	3,646	3,077	169	143	–	–	7	126	0	–2	3,822	3,344
Liabilities, December 31	–2,291	–1,968	–202	–193	–	–	–30	–105	0	2	–2,523	–2,265
Capital employed, December 31	**1,355**	**1,108**	**–33**	**–50**	**–**	**–**	**–23**	**21**	**0**	**–**	**1,299**	**1,079**
Investments	48	24	9	6	–	1	0	0	–	–	57	31
Depreciation	–19	–20	–6	–5	–	–1	–11	–11	–	–	–36	–37
Amortization of goodwill	–11	–39	–	–	–	–	–	–	–	–	–11	–39
Income not eliminated by payments	10	6	0	5	–	9	0	0	–2	–6	8	13
Expenses beyond write-offs not eliminated by payments	–12	–5	–5	0	–	0	–1	–4	2	6	–16	–3
Number of employees, December 31	556	646	371	377	–	–	–	–	–	–	927	1,023

Countries	Sweden		Denmark		Finland		Norway		Common/elim		Group	
SEK m.	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
External revenues	4,631	4,397	1,700	1,825	2,230	2,242	3,197	3,316	–	234	11,758	12,014
Operating income	65	40	–69	–43	–7	7	41	82	–38	19	–7	104
Operating margin, %	1.4	0.9	–4.1	–2.4	–0.3	0.3	1.3	2.5	–	–	–0.1	0.9
Assets, December 31	1,640	1,381	588	555	574	712	1,039	749	–19	–53	3,822	3,344
Investments	53	25	1	1	1	1	2	2	0	1	57	31
Number of employees, December 31	587	632	86	121	120	133	134	131	–	6	927	1,023

Group wide and sold businesses included in Common/elim

Note 4 SEGMENT REPORTING – cont.

Liquidated operations
The sale of Toshiba Document Solutions during 2004 is reported in Note 5, Liquidated operations. IFRS 5 Fixed assets held for sales and liquidated operations will be applied starting in 2005, and have thus not been converted for 2004. The sale of Toshiba Document Solutions was completed on March 31, 2004. Income from the division during Q1 2004 totalled SEK 187 million, resulting in operating income of SEK –2 million. Capital gains from the sale of Toshiba Document Solutions totalled SEK 46 million and are reported in Other operating income, see Note 3.

Countries
The group carries out operations in Sweden, Denmark, Finland and Norway. The earnings are attributable to the countries on the basis of where the assets generating the earnings are situated. External sales are in local currency.

Group-wide functions
Expenses for group-wide support functions such as IT, logistics etc. are allocated to business areas and countries according to degree of utilization and are included in their operating income.

Capital employed: The operating assets included in the business area in question include all operating assets used in the business area, chiefly intangible fixed assets, tangible fixed assets, inventories and trade accounts receivable. Most of the assets are directly attributable to the business area in question. The operating liabilities included in the business area in question include all operating liabilities used in the business area, chiefly trade accounts payable, other liabilities and accrued expenses and prepaid income. The majority of the liabilities are directly attributable to the business area in question. Deferred tax is not included in the business areas' capital employed.

Internal deliveries: Earnings, expenses and income for the business areas have been affected by internal deliveries. Internal prices are market-based. Internal deliveries are eliminated when preparing the consolidated financial statements.

Note 5 LIQUIDATED OPERATIONS

The same principles have been used regarding liquidated operations that Scribona otherwise uses in its accounting. IFRS 5 has not been used for operations liquidated prior to 2005.

Income statement	Remaining operations		Liquidated operations		Group	
SEK m.	2005	2004	2005	2004	2005	2004
Earnings external	11,758	11,780	–	234	11,758	12,014
Operating expenses	–11,765	–11,720	–	–190	–11,765	–11,910
Operating income	–7	60	–	44	–7	104
Net interest	–15	–16	–	0	–15	–16
Income before tax	–22	44	–	44	–22	88
Tax	3	–24	–	–4	3	–28
Net income for the year	**–19**	**20**	**–**	**40**	**–19**	**60**
Result per share before dilution, SEK	–0.37	0.39	–	0.79	–0.37	1.18
Result per share after dilution, SEK	–0.37	0.39	–	0.78	–0.37	1.17

Balance sheet	Remaining operations		Liquidated operations		Group	
SEK m.	2005	2004	2005	2004	2005	2004
Total assets						
Operating assets	3,822	3,344	–	–	3,822	3,344
Financial assets	490	418	–	–	490	418
Total assets	**4,312**	**3,762**	**–**	**–**	**4,312**	**3,762**
Equity and liabilities						
Shareholders' equity	946	941	–	–	946	941
Operating liabilities	2,523	2,265	–	–	2,523	2,265
Financial liabilities	843	556	–	–	843	556
Total equity and liabilities	**4,312**	**3,762**	**–**	**–**	**4.312**	**3.762**

Cash flow	Remaining operations		Liquidated operations		Group	
SEK m.	2005	2004	2005	2004	2005	2004
From ongoing operations	–159	–114	–	–35	–159	–149
From investment operations	–56	–27	–	105	–56	78
From financing operations	207	177	–	–19	207	158
Cash flow for the year	**–8**	**36**	**–**	**51**	**–8**	**87**

Toshiba Document Solutions operated in the four Nordic countries. The sale of Toshiba Document Solutions was completed on March 31, 2004. Income from the division during Q1 2004 totalled SEK 187 million, resulting in operating income of SEK –2 million. Capital gains from the sale of Toshiba Document Solutions totalled SEK 46 million and are reported in Other operating income, see Note 3.

The five-year summary reported in the Directors' Report is divided into Remaining and Liquidated operations in Note 6.

Note 6 FIVE-YEAR SUMMARY DIVIDED INTO REMAINING AND LIQUIDATED OPERATIONS

2001–2003 are not converted as per IFRS. IFRS 5 has not been used for operations that were liquidated prior to 2005. For periods before 2003, figures relating to the effect of the change of accounting principle in respect of accumulated actuarial losses on defined benefit pension plans have not been converted.

	2005		2004		2003		2002		2001	
	Rem	Liquid	Rem	Liquid	Rem	Liquid	Rem	Liquid	Rem	Liquid
Sales, income and cash flow										
Total earnings, SEK m.	11,758	–	11,780	234	11,022	835	11,828	980	10,652	1,220
growth in %	0	–	7	–	–7	–15	11	–20	35	–25
Operating income, SEK m.	–7	–	60	44	40	–20	13	–6	–73	–18
Income before tax, SEK m.	–22	–	44	44	31	–21	–11	–9	–116	–24
Net profit for the year, SEK m.	–19	–	20	40	20	–19	–24	–9	–102	–18
Operating margin, %	–0.1	–	0.5	–	0.4	–2.4	0.1	–0.6	–0.7	–1.5
Net margin, %	–0.2	–	0.2	–	0.2	–2.3	–0.2	–0.9	–1.0	–1.5
Net cash flow for the year, SEK m.	–8	–	36	51	–133	–5	–262	–32	454	–3
Capital employed*										
Return on capital employed, %	–1	–	6	–	4	–31	2	–5	–7	–8
Capital turnover rate, times/year	11.1	–	12.6	–	11.5	12.8	14.3	8.4	10.2	5.3
Average capital employed, SEK m.	1,056	–	956	–	957	65	829	117	1,044	229
Personnel*										
Average number of employees	952	–	1,050	–	1,102	274	1,200	305	1,150	323
Number of employees at December 31	927	–	1,023	–	1,069	241	1,162	307	1,238	301
Sales per employee, SEK m.	12.4	–	11.2	–	10.0	3.0	9.9	3.2	9.3	3.8

Rem refers to remaining operations
Liquid refers to liquidated operations
Equity and Share Data are not subdivided in remaining and liquidated operations and have therefore not been included in the table.
* Information on capital employed and personnel not meaningful for Liquidated Operations during 2004.
For definitions of financial concepts, see Note 45, Definitions.

Note 7 RECONCILIATION OF THE 2004 FINANCIAL REPORTS WITH PREVIOUS ACCOUNTING PRINCIPLES

The group's financial reports for 2005 are in line with IFRS and the information for the comparative year 2004 has been recalculated. The regulations regarding introduction and translation can be found in IFRS 1, 'First time adoption of IFRS'.

IFRS 1 requires that accounting is carried out in accordance with IFRS standards applicable as of December 31, 2005. The point of departure of IFRS 1 is that all standards must be applied retroactively, but it includes a number of exceptions from this rule. The extent to which Scribona has utilized any of these exceptions is evident from the comments below.

Summary of the group's income statement 2004

SEK m.	In accordance with earlier accounting principles	Effect of IFRS 3	In accordance with IFRS
Total earnings	**12,014**	**–**	**12,014**
Operating expenses			
Goods for resale	–10,747	–	–10,747
Other external costs	–432	–	–432
Personnel costs	–634	–	–634
Depreciation	–43	6	–37
Amortization of goodwill	–39	–	–39
Other operating expenses	–21	–	–21
Operating income	**98**	**6**	**104**
Net interest	–16	–	–16
Result after financial items	**82**	**6**	**88**
Tax	–28	0	–28
Net income for the year	**54**	**6**	**60**

Summary of the group's balance sheet December 31, 2004

SEK m.	In accordance with earlier accounting principles	Effect of IFRS 3	In accordance with IFRS
Goodwill	25	6	31
Other intangible fixed assets	17	–	17
Tangible fixed assets	42	–	42
Long-term receivables	7	–	7
Deferred tax receivables	48	–	48
Inventories	859	–	859
Trade accounts receivable	1,962	–	1,962
Tax receivables	6	–	6
Other receivables	98	–	98
Prepaid expenses and accrued income	337	–	337
Liquid funds	355	–	355
Total assets	**3,756**	**6**	**3,762**
Shareholders' equity	935	6	941
Other long-term liabilities	4	–	4
Other provisions	2	–	2
Deferred tax liabilities	17	–	17
Loans	555	–	555
Trade accounts payable	1,830	–	1,830
Tax liabilities	7	–	7
Other liabilities	162	–	162
Accrued expenses and deferred income	239	–	239
Provisions	5	–	5
Liabilities and equity	**3,756**	**6**	**3,762**

Changes in the group's equity 2004

SEK m.	In accordance with earlier accounting principles	Effect of IFRS 3	In accordance with IFRS
Amount at start of the year	881	–	881
Exchange-rate differences	0	–	0
Net income for the year	54	6	60
Amount at year-end	**935**	**6**	**941**

IFRS 3, Business Combinations, means changes in the way of reporting company acquisitions and that depreciation of goodwill must not take place. The changes include a requirement for more detailed distribution of the purchase price, whereby values must be given to identifiable intangible assets such as brands, customer relations, technology, etc. These assets must be written off over their period of utilization, unless it is unlimited, in which case no depreciation shall be done. Goodwill and other intangible assets that are not continuously written off must be examined at least once a year with regard to whether writedown requirements exist. Furthermore, in the acquisition analysis there must be no allocation for restructuring measures that are a result of the acquisition.

Company acquisitions before January 1, 2004 have not been recalculated.

In 2004 the group's total depreciation and amortization of goodwill was SEK 45 million, of which SEK 39 million was with regard to goodwill items that have been written off during the year and in the annual financial statements have been written down after examination of write-down. Other goodwill depreciation, which totals SEK 6 million, must be reversed in the comparative year in accordance with IFRS. For the Scribona group the application of IFRS 3 thus means a SEK 6 million increase in net income for the year 2004.

IAS 32 Financial Instruments, Information and classification, and IAS 39 Financial Instrumens, Recognition and Measurement, are applied from 2005 without recalculation of the comparison year, 2004.

The application of IAS 32 did not have any effect on the company's equity upon introduction on January 1, 2005.

IAS 39 requires that financial assets and financial liabilities be classified in various categories and then be reported and evaluated in accordance with the principles applying to the category in question. The financial instruments in Scribona that are subjected to re-evaluation in accordance with IAS 39 are restricted to currency-related derivative instruments in the parent company. These shall be reported in the balance sheet at their actual value. The effect on equity as of January 1, 2005 by the application of IAS 39 was SEK 0 million. See also Note 41, 'Reported and actual values'.

The cash-flow analysis is only affected by redistribution between the line 'Result after financial items' and the line 'Depreciation and write-downs'.

The way in which the income and balance statements are presented has changed from 2004.

Note 8 GOODS FOR RESALE

Scribona's distributor agreements with the suppliers include the terms normally occurring in the industry. In addition to the purchase cost in accordance with the invoice from the supplier, the cost of goods for resale also includes a number of different types of adjustments. These are in part made up of remuneration from the supplier in the form of remuneration for targets achieved, consolidation of the margin on individual deals, remuneration for price decreases related to this, discounts on goods, etc., and in part they arise internally in the form of obsolescence and inventory differences. The cost of goods for resale is reported at the same time as the net income from product sales in accordance with Note 2.

Remuneration for targets achieved is received from the supplier afterwards for various value-added services such as logistics services, availability, volume and quality targets achieved etc., and are reported as these targets are achieved. Margin consolidation is obtained from the supplier afterwards to consolidate the gross profit on such sales as have been implemented with extra discounts for the customer, and is reported as performance is achieved/income from product sales is reported. Price-decrease expenses arise when products in stock are written down after the supplier has reduced his sales price. Price-decrease compensation is obtained from the supplier to compensate for the write-down cost for products purchased within a fixed period of time before the price reduction. Price-decrease costs and price-decrease compensation are reported in conjunction with the product in stock being written down. Upon payment of the supplier's invoice within a stipulated brief credit period, cash discounts are obtained from certain suppliers. These discounts are of such a size that they are seen as goods discounts by Scribona, and the discounts are reported when the supplier's invoice is settled. Obsolescence relates to the expenses arising when products in stock are written down at net-sale value including inventory differences. Obsolescence and inventory differences are reported as soon as they are established.

Note 9 OTHER EXTERNAL COSTS

SEK m.	2005	2004
Premises	–103	–96
Freight	–93	–90
IT	–50	–59
Travel	–52	–54
Consultants	–42	–35
Marketing	–18	–24
Tele/postage	–15	–17
Outsourcing	–57	–17
Customer losses	–2	–7
Other expenses	–38	–33
Total	**–471**	**–432**

To reduce its costs and convert fixed costs into variable costs, the group outsourced certain activities to external providers. The areas primarily affected are logistics and administration.

Fees to auditors

SEK m.		2005	2004
Ernst & Young	Audit	3	2
	Other assignments	2	1
Total		**5**	**3**

Audit is a review of the annual report and the accounting records and the board's and the president's management, other tasks incumbent upon the company's auditor and advice or other assistance as a result of observations upon such audit or implementation of such other tasks. Everything else falls under other assignments.

Note 10 PERSONNEL

Salaries, other remuneration and social-insurance expenses, SEK m.
This section has been prepared in accordance with the Swedish Accounting Standards Board's Recommendation R4.

Board and president/ vice president	2005 Salaries and other remuneration (of which bonus etc.)	2005 Social ins. costs (of which pension costs)	2004 Salaries and other remuneration (of which bonus etc.)	2004 Social ins. costs (of which pension costs)
Sweden	5 (1)	3 (1)	6 (1)	3 (2)
Denmark	1 (0)	0 (0)	1 (0)	0 (0)
Finland	1 (0)	0 (0)	1 (0)	0 (0)
Norway	1 (0)	0 (0)	– (-)	0 (-)
Total	**8 (1)**	**4 (2)**	**8 (2)**	**4 (3)**

Other employees	2005 Salaries and other remuneration	2005 Social ins. costs (of which pension costs)	2004 Salaries and other remuneration	2004 Social ins. costs (of which pension costs)
Sweden	231	103 (24)	231	112(31)
Denmark	61	5 (4)	73	6 (4)
Finland	49	12 (9)	48	11 (8)
Norway	72	17 (4)	87	17 (4)
Total	**413**	**137 (41)**	**439**	**146(47)**

Salaries, other remuneration and social-insurance costs are the amounts expensed during the year, including accrued expenses at year-end.

Average number of employees (converted into full-time positions)
This section has been prepared in accordance with the Swedish Accounting Standards Board's Recommendation R4.

		2005 Total	2005 Of which women	2004 Total	2004 Of which women
Sweden	Parent company	–	–	10	3
	Subsidiaries	600	168	621	174
Denmark		93	27	125	39
Finland		128	40	143	47
Norway		131	40	151	41
Total		**952**	**275**	**1,050**	**304**

The average number of employees has been calculated as an average of the four quarters of the year.

Full-time positions in the group
At year-end Scribona had 927 (1,023) employees converted into full-time positions. Of these, 587 (638) or 63% (62) were in Sweden. The number of places of employment in Sweden was 26 (26).

Gender distribution in all group company management as of December 31

	2005 Total	2005 Of which women	2004 Total	2004 Of which women
Board (excl. president)	21	1	35	2
President	6	–	8	–
Other (excl. president)	46	12	45	12
Total	**73**	**13**	**88**	**14**

Remuneration for employees
Remuneration for employees is reported in accordance with the IAS 19, 'Employee Benefits'.

Remuneration for employees following completion of employment
In the group there are both contribution-related and defined-benefit pension plans. In contribution-related pension plans Scribona pays set contributions to a separate legal unit and has no commitment to pay further contributions. The group's result is debited with expenses as the benefits are earned. In defined-benefit pension plans remuneration is paid to employees and former employees based on the salary upon retirement and the number of years' employment. The group bears the risk of payment of the set remuneration.

In the group, only the Norwegian pensions are reported as defined-benefit pensions. The pensions in other countries are reported as contribution-related pensions.

In the balance sheet, the net value of the calculated present value of commitments and the actual value of management assets is reported either as a provision or as a long-term receivable.

The pension cost and the pension commitment for defined-benefit pension plans is calculated in accordance with the so-called Projected Unit Credit Method. This method distributes costs of pensions as the employees perform services for the company that increase their right to future remuneration. Scribona's undertaking is calculated annually by independent actuaries. The undertaking comprises the current value of expected future payments. The discount rate used is equivalent to the interest for the average term of commitments. The most important actuarial undertakings are stipulated below in this Note.

Upon ascertainment of the commitment's current value and the actual value of management assets, actuarial profits and losses may arise. They occur either through the actual outcome deviating from the assumption previously made, or through assumptions changing. The part of the accumulated actuarial profits and losses at the end of the preceding year in excess of 10% of the greater of the commitments' current value and the management assets' actual value is reported in the local report in Norway in the result of the expected average remaining period of employment for those employees covered by the plan. The same method is used in the consolidated financial statements.

In Sweden, senior executives' pensions and pensions of blue-collar employees under collective agreements are contribution-related. Undertakings for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance in Alecta. In accordance with a report from the Swedish Financial Accounting Standards Council's Emergency Group, URA 42, this is a defined-benefit plan covering several employers. For the financial years 2004 and 2005 Scribona has not had access to such information as makes it possible to report this plan as a defined-benefit plan. The pension plan in accordance with ITP, which is secured through insurance with Alecta, is thus reported as a defined-contribution plan. The year's contributions for pension insurances signed with Alecta total SEK 14 million (14). Alecta's surplus can be distributed among the policy holders and/or the insured. At the end of 2005 Alecta's surplus in the form of the collective consolidation level was 129% (128). The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance undertakings calculated in accordance with Alecta's technical insurance calculation assumptions, which are not in line with IAS 19. The collective consolidation level above 100% is a buffer for Alecta's insurance activities against fluctuations in capital returns and insurance risks.

In Denmark and Finland the pension plans are entirely contribution-related.

The defined-benefit pension plans in Scribona are partly funded. The management assets can only be used to pay remuneration in accordance with the pension agreements.

Defined-benefit commitments and the value of management assets

The defined-benefit pension plan in Norway

SEK m.	2005	2004
Current value of defined-benefit commitments	37	23
Management assets' actual value	–23	–25
Accumulated unreported acturial profits (+)/losses (–)	–16	–
Net funded commitments	**–2**	**–2**
Net amount in balance sheet (commitment +, asset –)	–2	–2

Net amount is reported under 'Other long-term receivables'

Pension costs

SEK m.	2005	2004
The defined-benefit pension plan in Norway		
Cost of pensions for which credit has been earned during the year	5	4
Cost of interest	1	1
Expected return on management assets	–1	–1
Actuarial profits (–)/losses (+) reported during the year	0	
Total cost of the defined-benefit pension plan in Norway	**5**	**4**
Total cost of contribution-related plans in other countries	39	43
Employment tax and tax on return	8	7
Total cost of remuneration after completion of employment	**52**	**54**

This cost is reported under 'Personnel costs'

Reconciliation of current value of defined-benefit commitments

SEK m.	2005	2004
Balance brought forward on current value of defined-benefit commitments	23	17
Pensions for which credit has been earned during the year	5	4
Cost of interest	3	1
Actuarial profits (-)/losses (+) reported during the year	4	1
Currency differences for foreign plans	2	0
Balance carried forward on current value of defined-benefit commitments	**37**	**23**

Actuarial assumptions for the Norwegian pension plan	2005	2004
Discount rate, %	4.5	5.0
Expected return on management assets, %	5.5	6.0
Future salary increases, %	3.0	3.0
Future increases in pensions, %	2.5	2.5
Expected remaining period of employment, years	19	20

Remuneration upon notice of dismissal

A provision is only reported in conjunction with dismissal of personnel if the company has been proven to be obliged to terminate an employment before the normal time or when remuneration is supplied as an offer to encourage voluntary severance. In instances where the company dismisses personnel, a detailed plan is prepared that includes a minimum of workplace, positions, the approximate number of persons affected, the remuneration for each personnel category or position and the time of implementation of the plan.

Share-related remuneration

There is no share-related remuneration in the group.

Remuneration for senior executives

This section has been prepared in accordance with the regulations of the Swedish Industry and Commerce Stock Exchange Committee.

Principles

The chairman and members of the board are paid a fee in accordance with a decision by the AGM. The board receives no other remuneration than what is decided at the AGM. No special compensation is paid for committee work. The president and employee representatives are not entitled to receive remuneration for serving on the board.

Principles for remuneration and other terms of employement for the company's senior management adopted at the 2005 AGM:

The company's senior managment consists of the president and the vice president. Remuneration for senior executives comprises basic salary, variable remuneration, certain taxable benefits and a pension. The distribution between basic salary and variable remuneration will be in proportion to the employee's responsibility and authorization. The maximum variable remuneration is 50% of basic salary. 70% of the variable remuneration is based on the group's operating income and capital turnover rate, and 30% is based on individual targets set by the board. Benefits include a company car, mobile telephone, food benefits, a broadband connection for the employee's home, medical insurance and, for the vice president, travel benefits. Pension benefits for senior executives consist of defined-benefit pension with a premium of no more than 33% of the pension-based salary. An extra pension is offered in addition through salary exchange, whereby surrender of 5% of the salary, but no more than SEK 60,000 per annum, means that Scribona pays an amount equal to that which the employee contributes. In addition Scribona pays a supplement comprising the difference between employer contributions and special employment tax on this extra pension premium. Dismissal compensation, including severance pay, is not to exceed 24 months' salary.

Remuneration and other benefits during the year

SEK k.	Basic salary/ board fee	Variable remun- eration	Other ben- efits	Pen- sions cost	Fin. instru- ments etc.	Other remun- eration	Total
Chairman of the Board							
MatsOla Palm	56	–	–	–	–	–	56
Mikael Nachemson	206	–	–	–	–	–	206
Board member							
Ole Oftedal	113	–	–	–	–	70	183
Carl Espen Wollebekk	141	–	–	–	–	70	211
Other board members (five people)	565	–	–	–	–	–	565
The board's combined fee	**1,081**	**–**	**–**	**–**	**–**	**140**	**1,221**
President							
Tom Ekevall Larsen	2,100	162	112	841	–	–	3,215
Vice president							
Örjan Rebeling	1,620	126	114	632	–	–	2,492
Total	**4,801**	**288**	**226**	**1,473**	**–**	**140**	**6,928**

Comments to the table

- Remuneration to board members elected as representatives for their employers are paid in accordance with instructions from the employer.
- Remuneration for other senior executives relate to those people who for the whole year or parts of it have been in group management. Remuneration only includes the time they have been in group management.
- Basic salary is the fixed monthly salary minus deductions for sickness plus additions for vacation supplements.
- Variable remuneration is the expensed bonus for the financial year 2005, which is paid during 2006. For information on the way variable remuneration is calculated, see below.
- Other benefits are taxable benefits: company car including fuel, food benefits and, for one senior executive, travel benefits.
- The pension plans are contribution-related. The cost of the pension is the cost that has affected net income for the year. For further information on pension terms, see below.
- No benefits in the form of financial instruments or other remuneration have been paid during 2005.
- Other remuneration refers to Ole Oftedal and Carl Espen Wollebekk's consulting fee for serving on the management team of the Carl Lamm business area.
- No fees for 2005 have been paid to the board that was elected at the extraordinary meeting on December 16, 2005.

Variable remuneration

For the president, 70% (64) of the bonus for 2005 was based on the group's operating income and capital turnover rate, and 30% (36) was based on individual targets set by the board. The maximum possible bonus for 2005 was 50% (65) of the basic salary. The actual bonus for 2005 was equivalent to 8% (44) of the basic salary.

For the vice president, 70% (70) of the bonus for 2005 was based the group's operating income and capital turnover rate, and 30% (30) was based on individual targets set by the board. The maximum possible bonus for 2005 was 50% (50) of the basic salary. The actual bonus for 2005 was equivalent to 8% (34) of the basic salary.

Share-related incentive programs for the board and senior managment

The company has not offered a share-related incentive program for the board and senior management.

Pensions

The retirement age for the president is 60. The cost of the pension comprises a fee-defined pension premium that constitutes a fixed percentage: 33% of the pension-based salary. The pension-based salary is the basic salary for as long as that president remains as an employee of the company. The severance salary is pensionable. An extra pension is offered in addition through salary exchange, whereby surrender of 5% of the salary, but no more than SEK 60,000 per annum, means that Scribona pays an amount equal to that which the employee contributes. In addition Scribona pays a supplement comprising the difference between employer contributions and special employment tax on this extra pension premium. The actual cost of the pension on salary paid, after salary exchange, is 40%.

The retirement age for the vice president is 65. The cost of the pension comprises a fee-defined pension premium that constitutes a fixed percentage: 30% of the pension-based salary. The pension-based salary is the basic salary for as long as that vice-president remains as an employee of the company. The severance salary is pensionable. An extra pension is offered in addition through salary exchange, whereby surrender of 5% of the salary, but no more than SEK 60,000 per annum, means that Scribona pays an amount equal to that which the employee contributes. In addition

Note 10 PERSONNEL – cont.

Scribona pays a supplement comprising the difference between employer contributions and special employment tax on this extra pension premium. The actual cost of the pension on salary paid, after salary exchange, is 39%.

Vacation
The president and vice president are entitled to 30 days vacation a year.

Sickness pay
The president and vice president are entitled to 100% of their salary for a maximum of 90 days during a period of 12 months without any qualifying day.

Other employment benefits
In addition to the taxable benefits described above these include mobile phone, broadband connection for the employee's home address and medical insurance.

Termination and severance pay
Between the company and the president there is a period of notice of 12 months if the termination is on the part of the company and 6 months if the termination is on the part of the president. In the event of termination on the part of the company, additional severance pay amounting to 12 monthly salaries will be paid. The severance pay is not set against other income. In the event of termination on the part of the president, no severance pay will be paid.

Between the company and the vice president there is a mutual period of notice of 6 months. In the event that the termination is on the part of the company, additional severance pay amounting to 12 monthly salaries will be paid. The severance pay is not set against other income. In the event of termination on the part of the vice president, no severance pay will be paid.

Preparatory and decision-making process
The remuneration committee's instructions are set by the board. The remuneration committee is appointed by the board. From the start of the year until the statutory board meeting after the AGM, the remuneration committee consisted of the chairman of the board, MatsOla Palm, and the two regular members Lennart Svantesson and Lisbeth Gustafsson, with the president as the person presenting reports. From the date of the statutory board meeting after the AGM up to and including the statutory board meeting after the extraordinary meeting, MatsOla Palm was replaced by the chairman of the new board, Mikael Nachemson. The other members remained in place. As of the statutory board meeting after the extraordinary meeeting, the remuneration committee consisted of Theodor Dalenson, chairman, and board members Johan Hessius and Conny Karlsson. The committee met three times in 2005. The committee has given the board recommendations regarding principles of remuneration and other terms of employement for senior executives. The board has submitted these recommendations as proposals for the AGM. These principles were adopted at the AGM. The remuneration committee has proposed criteria for assessment of bonus outcomes. The board has discussed the remuneration committee's proposals and made decisions with the guidance of the committee's recommendations. Remuneration for the president for the financial year 2005 has been decided on by the board. Remuneration for the vice president has been decided on by the remuneration committee.

Note 11 DEPRECIATION AND WRITE-DOWN OF INTANGIBLE AND TANGIBLE FIXED ASSETS

Depreciation of intangible and tangible fixed assets is based on historical acquisition values and assessed periods of utilization for various groups of facilities. Residual values are deemed to be negligible and have not been taken into consideration when depreciable amounts have been set. No changes in periods of utilization were implemented during 2005 and 2004. On assets acquired during the year, depreciation is calculated from the time of acquisition. Depreciation is linear, with the following periods of utilization:

Intangible assets	3 years
Tangible fixed assets, Equipment	
Computers	3 years, which is deemed to be the average period of utilization
Office equipment and furniture	5 years, which is deemed to be the average period of utilization
Vehicles	5 years, which is deemed to be the average period of utilization
Conversions in rented premises	5 years, but no longer than the duration of the contractual period.

Book values for fixed assets are constantly scrutinized to ascertain any writedown requirement. If at the time of year-end closing there is an indication that a fixed asset has decreased in value there will be a calculation of the asset's recoverable value. The recoverable value is the higher of the asset's net sale value and its utilization value. The net sale value comprises the price that it is estimated can be achieved upon sale of the asset, with deductions for sales costs. The utilization value is calculated using an estimate of the future payments received and paid to which the asset gives rise in operations and in conjunction with its sale and discounting of future payments by an interest rate, before tax, that is intended to take into account the market's assessment of risk-free interest and risk associated with the specific asset. If the calculated recoverable value is less than the recorded value, there will be a write-down at the asset's recoverable value.

To the extent that fiscal legislation permits higher depreciation, this will be reported in the individual group companies as appropriations and untaxed reserves.

SEK m.	2005	2004
Goodwill	–11	–39
Other intangible fixed assets	–15	–11
Tangible fixed assets	–22	–25
Total	**–47**	**–76**

The year's amortization of goodwill is described in Note 16, 'Goodwill'.

Write-offs and depreciation per business area is reported in Note 4, 'Segment Reporting'.

Note 12 OTHER OPERATING INCOME

Costs of secondary activities within normal operations and exchange-rate losses regarding operating receivables and operating liabilities are reported as 'Other operating costs'.

For information on how the group's operating income has been affected by exchange-rate differences, see Note 3, 'Other operating income'.

SEK m.	2005	2004
Realized exchange-rate losses	–66	–19
Unrealized exchange-rate losses	–7	–2
Total	**–73**	**–21**

Note 13 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

Interest income is reported in pace with the earning of the same.

SEK m.	2005	2004
Penalty interest received	5	6
External financial interest income	8	5
Exchange gains	5	1
Total	**18**	**12**

On bank balances the group receives interest in accordance with a variable rate based on the banks' daily investment interest.

Net exchange-rate differences have affected the group's net interest income/expense by SEK –4 million (0). Through hedging measures positive exchange-rate differences have been reduced by SEK 16 million (negative exchange-rate differences have been reduced by 2).

Note 14 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

Interest expenses are reported as they arise.

SEK m.	2005	2004
Penalty interest paid	–1	–2
External financial interest expense	–23	–25
Exchange losses	–9	–1
Total	**–33**	**–28**

External financial interest expenses include loan-related charges. The SEK 13 million set-up expenses for the securitization program were activated and periodized linearly as an external financial interest expense in 2003 during the program's 5-year term.

The balanced interest rate, including the above-mentioned periodized set-up expenses, on the group's loans as of December 31 was 3.2% (2.9).

External interest expenses also include charges for company mortgages, totaling SEK 2 million.

For information on how the group's net interest income/expense has been affected by exchange-rate differences, see Note 13, 'Interest income and similar profit/loss items'.

Note 15 TAX

In the income statement item Tax, current and deferred income tax is reported.

The companies in the group are liable for tax in accordance with current legislation in the country in question. The income tax is calculated on the basis of the book result, with supplements for non-deductible items and with deductions for non-taxable earnings, i.e. the taxable result for the year. Current tax is tax calculated on the taxable result for the year. This also includes any adjustment of current tax attributable to previous periods.

Fiscal legislation in the countries in which Scribona carries out business has regulations other than what follows from generally accepted accounting practice regarding the time of taxation of certain business events. Deferred tax is reported on differences that arise hereby between the fiscal value and the reported value of assets and liabilities, so-called temporary differences, as well as on fiscal deficit deductions. The amounts are calculated on the basis of the way the temporary differences are expected to be utilized, and by applying the tax rates and tax regulations that have been decided on or advised on the balance- sheet date. Deferred tax receivables in deductible temporary differences and deficit deductions are only reported in as far as it is deemed probable that they will bring lower future tax payments.

SEK m.	2005	2004
Current tax	–1	–9
Deferred tax	4	–18
Total	**3**	**–28**

Summary of the group's balanced average tax based on the national tax rates compared with the effective tax:

SEK m.	2005	2004
Income before tax	–22	88
Balanced average tax based on national tax rates	6	–25
Tax effect of:		
Non-deductible goodwill depreciation	–2	–
Other non-deductible expenses	–1	–4
Corrections from previous years	–5	–
Fiscal deficit for which no deferred tax claim has been reported	–3	–15
Revaluations of previous fiscal deficits	9	8
Non-taxable capital gains upon sale of shares	–	8
Other	–1	0
Stated tax	**3**	**–28**
Effective tax rate	14%	32%

Fiscal deficits for which no deferred tax claim has been reported are for operations in Denmark.

The exchange-rate effect attributable to the parent company's loans in foreign currencies for hedging of equity is taxable/deductible. The tax effect is SEK 2 million (0).

Deferred tax receivables and income tax liabilities in the group are attributable to:

	2005			2004		
SEK m.	Assets	Liabilities	Net balance	Assets	Liabilities	Net balance
Tangible fixed assets	7	–	7	9	2	7
Inventories	1	–	1	1	–	1
Current receivables	2	–	2	4	–	4
Fiscal deficit deductions	34	–	34	36	–	36
Untaxed reserves	–	–	–	–	17	–17
Other	1	1	0	2	2	0
Deferred tax receivables/ liabilities	**45**	**1**	**44**	**52**	**21**	**31**
Net assets/liabilities	–1	–1	0	–4	–4	0
Deferred net tax claims	**44**	**–**	**44**	**48**	**17**	**31**

At year-end the group had total fiscal deficit deductions and temporary differences of SEK 476 million (393), equivalent to deferred tax receivables of SEK 133 million (116). Of the latter, SEK 44 million (31) has been reported as a claim as it has been deemed probable that there will be future fiscal surpluses against which these deficits/temporary differences can be set. The valuation reserve, SEK 89 million (85), refers to the Danish fiscal deficits and temporary differences that have not been taken into consideration when calculating deferred tax receivables. There are no significant tax disputes.

Accumulated fiscal deficit deductions can be utilized as follows, at the latest:

SEK m.	Sweden	Denmark	Finland	Norway	Group
2005	–	–	–	–	–
2006	–	32	–	–	32
2007	–	–	–	–	–
2008	–	–	–	–	–
2009	–	–	–	–	–
2010 and later	–	–	–	–	–
Unrestricted lifespan	43	261	4	87	395
Total	**43**	**293**	**4**	**87**	**427**

Note 16 GOODWILL

In the event that the acquisition value for businesses or shares in subsidiaries exceeds the actual value of acquired assets and liabilities, goodwill arises. Goodwill is included in the balance sheet at historical acquisition values, with deductions for accumulated depreciation up until 2003 and any write-downs.

IFRS 3, Business Combinations, means changes in the way of reporting company acquisitions and that depreciation of goodwill must not take place from 2004. The changes include a requirement for more detailed distribution of the purchase price, whereby values must be given to identifiable intangible assets such as brands, customer relations, technology, etc. These assets must be written off over their period of utilization, unless it is unlimited, in which case no depreciation shall be done. Goodwill and other intangible assets that are not continuously written off must be examined at least once a year with regard to whether writedown requirements obtain.

Company acquisitions before January 1, 2004 have not been recalculated. There have been no acquisitions during 2004 and 2005.

SEK m.	2005	2004
Opening acquisition value	132	231
Sale of businesses	–9	–4
Scrapping	–	–95
Exchange-rate differences	1	0
Closing acquisition value	**124**	**132**
Opening accumulated depreciation	–83	–154
Sale of businesses	9	2
Scrapping	–	69
Closing accumulated depreciation	**–74**	**–83**
Opening accumulated write-downs	–17	–4
Write-downs for the year	–11	–39
Scrapping	–	26
Closing accumulated write-downs	**–28**	**–17**
Closing reported value	**22**	**31**

Write-down tests for cash-generating units containing goodwill

Write-downs have been reported within the following cash-generating units in the Scribona business unit.

SEK m.	2005	2004
Sweden, business system market	–4	–35
Denmark, acquisitions customer agreements specific products	–1	–2
Finland, residual value after sale of business	–6	–
Norway	–	–2
Write-downs	**–11**	**–39**

Negotiations with Intentia to extend the product distribution agreement for 2000–2004 resulted in 2004 in a third party receiving the exclusive right to sell to Intentia's customers. Scribona continues to supply these products, although the margins are now considerably lower than previously. Goodwill was therefore amortized in 2004 to the margins expected for 2005 and 2006, with deductions for the marginal cost of these products, in total SEK 8 million. In 2005 additional write-downs were reported regarding half of the agreed period of 2005–2006. At the end of 2005 the agreement was extended an additional year, up until 2007, but with the right of either party to terminate the agreement after half the period has passed. The write-down test is based on calculations of the utilization

Note 16 GOODWILL – cont.

value. This value is based on a non-discounted cash-flow prognosis for 2006. Important variables are assumptions regarding sales and margins. The calculated utilization value as of December 31, 2005 is SEK 1.7 million higher than the reported value. The following changes in assumptions should each make the utilization value equal the reported value: 25% lower sales and 33% lower margins. The management deems that likely changes in sales and in margins would not have such a great effect that they, individually, would be able to reduce the utilization value to a level below the reported value. The reported value after write-downs totaled SEK 4 million.

In Finland, Hard Group, which was acquired in 1999 has been sold and the remaining goodwill for this business written down to zero. A write-down test has been performed on the remaining goodwill in Finland. The write-down test is based on calculations of the utilization value. This value is based on a discounted cash-flow prognosis with 12% interest over the next four years based on the 2006 budget. The calculated utilization value is considerably higher than the reported value. Changes in assumptions about meeting budgets would make the utilization value equal the reported value if only 1/5 of the budgeted income is achieved for these four years. The management deems that reasonable possible changes in budget fulfilment would not have such a great effect that they would be able to reduce the utilization value to a level below the reported value. The reported value after write-downs totaled SEK 12 million.

The Norwegian business is highly profitable, with an annual cash flow many times greater than recorded goodwill. The reported value of the goodwill in Norway totaled SEK 5 million.

Note 17 OTHER INTANGIBLE FIXED ASSETS

Other intangible fixed assets are included in the balance sheet at historical acquisition values, with deductions for accumulated depreciation and any write-downs. Depreciation starts when the asset is taken into use. Applied periods of utilization are evident from Note 11, 'Depreciation and write-down of intangible and tangible fixed assets'. Intangible fixed assets are written off linearly during the assessed period of utilization.

SEK m.	2005	2004
Opening acquisition value	36	30
Reclassification	7	–
Investments for the year	35	6
Closing acquisition value	**78**	**36**
Opening accumulated depreciation	–19	–8
Reclassification	–	–
Depreciation for the year	–15	–11
Closing accumulated depreciation	**–34**	**–19**
Closing reported value	**44**	**17**

Of which are financial leasing agreements:

SEK m.	2005	2004
Opening acquisition value	30	30
Closing acquisition value	**30**	**30**
Opening accumulated depreciation	–16	–7
Depreciation for the year	–10	–10
Closing accumulated depreciation	**–26**	**–16**
Closing reported value	**4**	**14**

Most of the investments made in 2005 involved development of the group's logistics and business systems. The reported value of developments to the group's logistics and business systems totaled SEK 37 million, with a remaining depreciation period of 3 years.

Note 18 TANGIBLE FIXED ASSETS, EQUIPMENT

Equipment is included in the balance sheet at historical acquisition values, with deductions for accumulated depreciation and any write-downs. On equipment acquired during the year, depreciation is calculated from the time of acquisition. Applied periods of utilization are evident from Note 11, 'Depreciation and write-down of intangible and tangible fixed assets'. Equipment is written off linearly during the assessed period of utilization.

SEK m.	2005	2004
Opening acquisition value	204	263
Reclassification	–7	–
Investments for the year	22	25
Sale of businesses	–	–10
Scrapping	–19	–74
Closing acquisition value	**200**	**204**
Opening accumulated depreciation	–162	–217
Reclassification	–	–
Sale of businesses	–	6
Depreciation for the year	–22	–25
Scrapping	19	74
Closing accumulated depreciation	**–165**	**–162**
Closing reported value	**35**	**42**

Note 19 OTHER LONG-TERM RECEIVABLES

SEK m.	2005	2004
Set-up charge for the securitization program	6	5
Pension surplus	2	2
Total	**8**	**7**

Set-up charge for the securitization program refers to the long-term part for the years 2007–2010 of the initial prepaid set-up charge for the securitization program (see description in Note 28, 'Loans'). The short-term part is covered in Note 23.

Pension surplus is the difference between the actual value of the pension capital and the actuarially calculated pension undertaking for the defined-benefit pension plans in the Norwegian subsidiaries calculated in accordance with IAS 19, 'Remuneration for employees'. See Note 10, Personnel, 'Defined-benefit commitments and the value of management assets'.

Note 20 INVENTORIES

Inventories are valued at the lowest of the acquisition value in accordance with the first-in/first-out method and the actual value (net sale value). The net sale value is equivalent to the estimated sale price with deductions for estimated expenses required to implement the sale. The requisite reserves take place for obsolescence, partly through individual valuation and partly through collective valuation. When assessing obsolescence, the articles' age and sale speed are taken into consideration. The obsolescence reserve is 2.5% (3.4) of the acquisition value. The change between the year's opening and closing obsolescence reserves affects the operating income in its entirety. Internal profits within the group are eliminated.

SEK m.	2005	2004
Acquisition value	1,118	889
Obsolescence reserve	–27	–30
Reported value	**1,091**	**859**

The group's inventories consist entirely of finished products.

Note 21 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable, normally due within 30 days, are valued at invoice amounts, with deductions for reserve for uncertain receivables. Provision for uncertain trade accounts receivable is based on individual assessment of the risk of loss per customer plus template methods for overdue invoices and historically confirmed risk of loss. The expected term on trade accounts receivable is short, which is why the value is reported at the nominal amount with no discount.

SEK m.	2005	2004
Invoiced receivables	2,161	1,982
Reserve for uncertain receivables	–16	–21
Reported value	**2,145**	**1,962**

Sold trade accounts receivable in the securitization program are reported in the group's balance sheet as trade accounts receivable (see description in Note 28, Short-term loans). As of December 31, these trade accounts receivables were SEK 694 million (419).

Customer losses are reported in Note 9, Other external costs.

Note 22 OTHER RECEIVABLES

SEK m.	2005	2004
Cash from customers	132	55
Other	54	43
Total	**186**	**98**

Cash from customers refers to such payments from customers into the securitization program that will later become available to Scribona.

Note 23 PREPAID EXPENSES AND ACCRUED INCOME

SEK m.	2005	2004
Prepaid rents	5	5
Set-up charge for the securitization program	3	2
Other prepaid expenses	22	27
Remuneration due from suppliers	351	298
Other accrued income	1	5
Total	**382**	**337**

Remuneration due from suppliers chiefly includes the following earned but not yet received remuneration: remuneration for targets achieved, consolidation of the margin on individual deals and remuneration for price decreases hitherto.

Set-up charge for the securitization program refers to the short-term part for 2006 of the initial prepaid set-up charge for the securitization program (see description in Note 28, 'Loans'). The long-term part is covered in Note 19.

Note 24 LIQUID FUNDS

Liquid funds are valued at the nominal amount on the closing day.

SEK m.	2005	2004
SEK	114	189
DKK	32	30
EUR	26	40
NOK	174	96
Other currencies	2	0
Total	**348**	**355**

Liquid funds comprise ready cash and money in bank accounts.

Note 25 EQUITY

Share capital

In accordance with the Articles of Association for Scribona AB, the minimum share capital must be SEK 60,000,000 and the maximum SEK 240,000,000. All shares, 51,061,608 for a nominal SEK 2, are fully paid and give entitlement to equal portions of the company's assets. Series 'A' shares, of which there are 2,613,299, give entitlement to 5 votes/share. Series 'B' shares, of which there are 48,448,309, give entitlement to 1 vote/share. No shares are held by the company itself or by its subsidiaries.

The company's Articles of Association give holders of A-shares the right to convert their shares into an equal number of B-shares. In 2005, holders of A-shares converted 93,082 of their shares into B-shares.

There are no outstanding convertibles or options in the group. The board has not been authorized to buy back or issue shares, options or similar.

Other restricted equity

Other restricted equity consists of the parent company's premium funds generated through the new issuing in connection with the acquisition of PC LAN ASA 2001.

Reserves

Reserves reported in the group consist of exchange-rate differences arising from translating subidiaries that operate with currencies other than the Swedish krona. The group's accumulated exchange-rate difference is SEK –10 million (–34). The change for the year, SEK 24 million, is the overall effect of the Swedish krona's change in value against DKK, EUR and NOK in translation of equity in foreign operations. NOK 125 million of equity in Norway is hedged as of January 2004 through the parent company's borrowing of the equivalent amount in NOK. In addition, equity in Norway totaling NOK 285 million has been hedged against adjustments in Scribona Nordic AB referring to the acquisition of the Norwegian business in October 2005. As a result of this hedging, the exchange-rate differences have been reduced by SEK 8 million (2). The tax effect is SEK 2 million (0). Otherwise, no other hedging measures are being undertaken regarding equity in foreign subsidiaries.

Non-restricted funds

Non-restricted funds reported for the group include income for the year and previous years arising in the parent company, as well as income from previous years arising in the subsidiaries subsequent to acquisition.

Earnings per share

Net income for the year in the group is SEK –19 million (60). The number of shares is 51,061,608 (51,061,608). The number of shares after full dilution is 51,061,608 (51,061,608). The average weighted number of shares after full dilution is 51,061,608 (51,336,608). Earnings per share were SEK –0.37 (1.18). Earnings per share after full dilution were –0.37 (1.17).

Dividend

The dividend is only reported in the parent company as a decrease in unrestricted equity at the time of payment to the shareholders.

Unrestricted equity in the parent company amounted to SEK 485 million at December 31 (371).

There are restrictions in the right of disposal regarding equity due to the company's choice of financing solution. The dividend is proposed by the board in accordance with the stipulations in the Companies Act and is set by the AGM. The proposed dividend for 2005, which has not yet been decided on, is SEK 0.

Note 26 LONG-TERM LIABILITIES

SEK m.	2005	2004
Leasing undertaking	1	4
Total	**1**	**4**

Leasing undertaking refers to the agreements regarding parts of the group's ERP system that are reported in Note 17 'Other intangible fixed assets'. The long-term part of the leasing charges will become due during 2007. The short-term part is covered in Note 29.

Note 27 PROVISIONS

Commitments that pertain to the financial year, and that on the closing day are probable as to their occurrence but uncertain as to amount or time, are reported as provisions. A provision is reported when there is an undertaking as a result of an event that has occurred and it is probable that an outflow of resources will be required to regulate the undertaking and that a reliable estimate of the amount can be made. Provision for restructuring measures is performed when there is a detailed formal plan for the measures and well-founded expectations have been created in those who will be affected by the measures.

SEK m.	Taxes	Premises
Opening balance	2	–
Provisions	–	14
Utilization	–	–
Closing balance	**2**	**14**

Provisions for taxes refers to marketing expenses within the division Toshiba Digital Media, liquidated in 2003, that have been questioned by the Swedish tax authorities.

Provisions for premises refers to assessed expenses for non-utilized premises. The payments will probably be implemented during 2007.

Note 28 LOANS

SEK m.	2005	2004
Securitization of trade account receivables	694	419
Bank loans	147	136
Total	**841**	**555**

The securitization program through the international capital market was implemented in 2003 regarding trade account receivables in the Scribona Nordic AB, Carl Lamm AB and Scribona Oy subsidiaries. The program originally ran for five years. In 2005 the arranger was replaced and the new program runs until June 2010. In December 2005 Scribona Nordic AB's trade account receivables in Norwegian kroner were added to the program. The financing framework is a maximum of SEK 330 million plus EUR 16 million and NOK 200 million, i.e. a total of about SEK 700 million, and is with regard to ongoing sale of trade accounts receivable in the Swedish, Finnish and Norwegian operations. Sold trade accounts receivable are reported in the consolidated balance sheet as trade accounts receivable, since the credit risk remains with Scribona. Sales proceeds are reported as short-term loans. Payments from customers that later become available are reported as other receivables, see Note 22. The set-up costs for the securitization program have been balanced and divided into long-term and short-term financial assets, see Notes 19 and 23. This is expensed during the 5-year term of the program and reported as a financial expense. After the new program started in June 2005, non-expensed set-up costs for the original securitization program were re-periodized and expensed during the term of the new program. The variable interest rate for loans consists of the basic interest rate for STIBOR (1 month), EUROBOR (1 month) and NIBOR (1 month) with a margin that, as of December 31, was 0.63% (0.87), 0.62%

Note 28 LOANS – cont.

(0.78) and 0.64% respectively. The contractual terms for the securitization program include the customary limit values.

Utilized financing through the securitization program as of December 31 was SEK 694 million (419), which is equal to the amount available.

Bank overdraft facilities granted as of December 31 are SEK 100 million (164). The utilized amount is SEK 0 million (0).

Other credit facilities as of December 31 were SEK 187 million (300), of which SEK 147 million (136) has been utilized, which is classified as a bank loan and is with regard to the parent company's borrowing of NOK 125 million, which also secures part of the equity in Norway, see Note 25, Equity. The liquidity reserves, i.e. liquid funds and non-utilized credit facilities as of December 31, were SEK 488 million (672).

Note 29 ACCRUED EXPENSES AND DEFERRED INCOME

SEK m.	2005	2004
Vacation liabilities	60	60
Accrued personnel costs	36	42
Employment tax	10	8
Prepaid rents/service income	48	35
Other accrued expenses	84	93
Total	**238**	**238**

Other accrued expenses include the short-term part of leasing undertakings, totaling SEK 3 million (3).

Note 30 PROVISIONS

SEK m.	Premises
Opening balance	5
Provisions	–
Utilization	–2
Closing balance	**3**

Provisions for premises refers to assessed expenses for non-utilized premises.

Note 31 PLEDGED ASSETS

SEK m.	2005	2004
Company mortgages	478	144
Trade accounts receivable	–	381
Inventories	–	109
Total	**478**	**634**

These assets are pledged for the group's financing.

Note 32 CONTINGENT LIABILITIES

A contingent liability is a possible obligation dependent on past events whose occurrence is confirmed only by one or more uncertain future events, which are not completely within the company's control, occur or do not occur, or an undertaking dependent on past events which is not reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the undertaking, or the size of the undertaking cannot be estimated with sufficient reliability. Information about contingent liabilities is provided unless their settlement is highly improbable.

SEK m.	2005	2004
Guarantees	1	2
Warranties	78	58
Total	**79**	**60**

Guarantees are mainly for employees' loans to buy cars.

Warranties are mainly for premises and the residual value of leasing contracts for office equipment rented through financing companies.

There was no indication at year-end that guarantees provided will involve outgoing payment.

Note 33 INTEREST RECEIVED AND PAID

After financial items, interest received and paid during the financial year is as follows:

SEK m.	2005	2004
Interest received	17	12
Interest paid	–31	–26
Total	**–14**	**–14**

Note 34 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW, ETC.

Other, SEK m.	2005	2004
Capital gains on sale of business	–	–46
Change in obsolescence reserves	–4	–14
Provisions	11	7
Change in bad-debt loss reserves	–4	–6
Periodization of set-up charge for loans	1	3
Unrealized exchange-rate profits/losses	4	0
Total	**8**	**–56**

Note 35 SALE OF BUSINESSES

SEK m.	2005	2004
Intangible fixed assets	–	2
Tangible fixed assets	–	4
Long-term receivables	–	6
Inventories	1	79
Trade accounts receivable	–	140
Other current assets	–	17
Liquid funds	–	1
Trade accounts payable	–	–125
Other liabilities	–	–69
Purchase price beyond book values	0	60
Purchase price	1	115
Purchase price paid in cash	1	115
Sales expenses paid	–	–9
Liquid funds in businesses sold	–	–1
Effect on the group's liquid funds	**1**	**105**

On March 31, 2004 the division Toshiba Document Solutions was sold. In 2005 a small part of the Finnish business was sold. The purchase price was SEK 2 million, of which SEK 1 million was paid in 2005 and the remaining amount will be paid in 2006–2008.

Note 36 GROUP COMPANIES

	Org.reg. no.	Registered office
Scribona Nordic AB	556064-2018	Solna
Carl Lamm AB	556228-8851	Solna
Scribona Danmark Holding A/S	25 11 34 46	Copenhagen
Scribona Danmark A/S	73 39 90 17	Copenhagen
Scribona Oy	FI-1437531-3	Esbo
Instru Data Latvia SIA	336189	Riga
Scribona Latvia AS	336229	Riga
Scribona AS	979 460 198	Oslo

The consolidated financial statements comprise the Parent Company Scribona AB and the subsidiaries, all wholly owned, in the table above. Companies in the left margin are subsidiaries of Scribona AB. Companies that are indented are subsidiaries of subsidiaries.

Operating subsidiaries are marked in bold text.

During the year, the parent company merged with the subsidiaries Copy Consult Team Göteborg AB, Manora Components AB, Nordic Datadistribution AB, PC LAN AB, SBA Office Document Finans AB, Scribona TPC AB and Scribona Platform Partner AB.

The Lithuanian subsidiaries Instru Data UAB and Scribona Lietuva were liquidated in 2005. The Latvian subsidiaries Instru Data Latvia SIA and Scribona Latvia AS are in liquidation.

The subsidiaries Connectus AS and Oppland Dokumentutvikling AS were liquidated in 2005. The subsidiary Office Document AS was sold in 2005.

In the Norwegian subsidiary Scribona AS there are fiscal-related limitations regarding dividends to the parent company. The maximum dividend for 2005 that does not entail an additional tax burden is NOK 147 million

Note 37 LEASES

Leasing is classified in the consolidated financial statements as either financial or operational leasing. In finance leases, the risks and rewards associated with ownership are basically transferred to the lessee. Substantial assets acquired through financial leasing agreements are included in the consolidated financial statements as fixed assets as of the time the contract was entered into. Assets are valued at the current value of the leasing charges for the leasing period. Assets under finance leases are written off over the shortest period of their estimated period of utilization and the term of the lease contract. The future obligation to the lessor is recognized as a liability in the balance sheet. Payment of the leasing charges is divided into financial expenses and amortization of the liability in such a way that a constant rate of interest is achieved for the interest expense for the reported liability. A leasing agreement that is not a financial leasing agreement is an operational leasing agreement. Operational leasing means that no item is reported in the balance sheet - the leasing charges are expensed continuously throughout the term of the agreement.

As the lessee, Scribona has entered financial and operational leasing agreements and rental agreements. The principal assets that the group leases under financial leases are reported as other intangible fixed assets included in Note 17. The principal assets that the group leases under operational leases are mainly premises for offices and warehousing stock, plus vehicles, computers and other equipment. The nominal amounts of future payment commitments in the group at December 31, 2005, for non-determinable lease contracts, are distributed as follows:

SEK m.	Financial leases	Operational leases	of which premises
2006	3	81	61
2007	1	65	45
2008	–	50	33
2009	–	25	25
2010	–	15	15
2011 and later	–	7	7
	4	**243**	**186**

Rents and leasing charges paid over the year totaled SEK 99 million (102), of which financial leasing was SEK 11 million (11). Leasing charges for cars totaled SEK 7 million (7). Leasing income regarding objects further leased out was SEK 17 million (14).

At year-end 2005, rental agreements for premises covered approximately 67,000 square meters of space. The remaining agreement periods vary between 3 months and 6 years, with an average remaining term of about 2.5 years. The rental agreements are signed on the customary market terms.

Vehicles under financial leases do not involve substantial amounts and have therefore been included in operating leases.

Note 38 RISK AND SENSITIVITY ANALYSIS

Scribona's business and profitability is influenced by a number of external and internal factors. The risks to which the group is exposed include market risks, supplier risks, customer risks, financial risks, of which exchange-rate risks are the most significant, and the risk of IT disruptions. Financial risk management is described in Note 39.

Risks

Market risks
Macro-economic factors such as demand and the state of the economy affect Scribona. For many years, prices in the IT sector have been falling, and this places heavy demands on Scribona's efficiency. Changes in the market situation influence both sales volumes and profit margins. The distributors' share of the total volume in the industry is falling as producers sell more directly.

Supplier risks
Scribona's business is dominated by the products and business models of a small number of suppliers. For the Scribona business area the three largest suppliers accounted for 65% of total sales in 2005. In the Carl Lamm busines area, the largest supplier had a share of more than 40% of sales for 2005. Significant changes to crucial agreements with these important suppliers can have a great effect on Scribona's profitability.

Customer risks
Scribona has a very large number of customers of differing sizes. In 2005 Scribona's biggest customer made purchases totaling about SEK 450 million. Significant changes in the purchasing patterns of the group's largest customers can influence Scribona's profitability. For credit risks, see Note 39 Financial risk managment, Credit risk.

Product risks
Any flaws that arise in products sold by Scribona are always the responsibility of the manufacturer, and the group's risks in this area are therefore deemed to be low.

Exchange-rate risks
Exchange-rate risks influence Scribona's balance sheet and income statement. See Note 39 Financial risk management, exchange-rate risks.

Employees
Scribona competes for occupational groups that are attractive in the industry, among manufacturers, other distributors and resellers. This requires the management to create workplaces that will attract highly competent employees. To reduce the risk of staff losses while also attracting new employees, Scribona strives to provide a stimulating, fulfilling working environment, as well as offering competitive salaries. All managers receive management training.

IT-related intrusions and disruptions
The risk of intrusion and theft of databases is countered by always using the very latest forms of physical and software-related protection available. The risk of IT disruptions is managed via mirroring of operations and disruption-free power supply, and by providing several lines of data communication for critical parts of the business.

Disputes
Scribona is conducting negotiations over the cost of unused facilities. The group has set aside funds that it believes will cover the probable outcome of these negotiations. Otherwise, the group is not a party in any significant dispute, lawsuit or arbitral procedure. There are no known circumstances that could be expected to lead to a dispute and that are deemed as having the potential to harm Scribona's position significantly.

Sensitivity analysis

The risks described above could result in either lower income or higher costs for Scribona. The table below presents a calculation of how Scribona's pre-tax result for 2005 could be influenced by changes in a number of major income and expense items and altered financial circumstances. The reported effects are to be seen as an indication of an isolated change in the variable in question. If several factors deviate simultaneously, this can alter the influence on the result.

Change variable	Change	Result before tax, SEK m.
Net sales	+/– 1%	10
Gross profit margin	+/– 1%	118
External expenses	+/– 1%	5
Personnel costs	+/– 1%	6
Exchange-rate sensitivity		
DKK/SEK	+/– 1%	1
EUR/SEK	+/– 1%	3
NOK/SEK	+/– 1%	2
USD/SEK	+/– 1%	1
Market interest rate	+/– 1%	2

Note 39 FINANCIAL RISK MANAGEMENT

In its operations the group is exposed to financial risks that may cause fluctuations in the result and cash flow. These risks are chiefly credit risk, liquidity risk, interest risk and exchange-rate risk. In addition there are risks regarding property and liability, which are insurable. The board examines the risks and decides how they are to be handled. A summary of the group's principles is given below.

Credit risk

Outstanding credits to major customers come to substantial amounts. The biggest single customer's balance in the group's accounts receivable ledgers was SEK 149 million (154) as of December 31. If one of the group's major customers were to become insolvent or experience other payment difficulties, Scribona may suffer substantial financial damage. To reduce the risks of such events, the group's credit policy regulates the decision-making process for credit commitments, guarantees, credit insurance, terms of sale and payment, order control based on credit limits, credit monitoring, reminder routines and reporting. All customers who receive credit must undergo a credit rating check. Trade accounts receivable are continuously monitored to restrict risk exposure. The credit period is normally 30 days. At the monthly meetings the group's credit committee decides on the terms for the major customers. Provisions are continuously made to bad-debt loss reserves. Bad-debt losses during the year in relation to the group's earnings totaled 0.02% (0.06).

Liquidity risk

Liquidity risk is defined as the risk of being unable to carry out ongoing payments as a result of insufficient liquidity or difficulties in getting external financing. Through securitization of trade accounts receivable Scribona has broadened the base for the group's assessed financing requirement excluding major acquisitions.

Interest risk

The group's financing sources constitute equity, securitization of accounts receivable, bank loans, financial leasing and liquid funds. The borrowing, which is interest-bearing, means the group is exposed to interest risk. Changes in the level of interest have a direct effect on Scribona's net interest income/expense, but there is also an indirect effect on the group's operating income through the interest level's effect on the entire economy. The group's financing in its entirety is at a variable rate of interest. In Scribona's opinion, variable interest leads to a lower cost of loans over time. The current rate of interest at year-end, including the distribution of set-up costs for the securitization program, on the group's borrowing totaled 3.2% (2.9). The group's interest-bearing liability at year-end was SEK 841 million (555), see Note 28. The average net financial liabilities totaled about SEK 200 million. A 1% change in the interest rate with constant liability means for the group a decreased or increased cost of interest of SEK 2 million.

Exchange-rate risk

Exchange-rate risks affect Scribona mainly through translation of capital employed and net liability or so-called **balance exposure**, translation of equity in foreign subsidiaries or so-called **exposure of the group's equity**, translation of result in foreign subsidiaries or so-called **exposure of the group's result**, and through flow of goods between different countries or so-called **transaction exposure**.

Balance exposure. The effects of translation of capital employed are restricted by the fact that the financing of foreign subsidiaries takes place through the parent company and is secured at forward rates. This means that individual currencies' movements have a limited effect on the group's debt/ equity ratio.

Note 39 FINANCIAL RISK MANAGEMENT – cont.

Exposure of the group's equity. Net investments in foreign businesses as of December 31, translated into Swedish kronor, was SEK 601 million (337), made up of SEK 36 million (–35) in DKK, SEK 32 million (42) in EUR and SEK 497 million (330) in NOK. The change in value of the Swedish krona against these currencies in translation of equity in foreign subsidiaries affects the group's equity. Equity in foreign subsidiaries is not hedged, with the exception of NOK 125 million of equity in Norway, which has been hedged as of January 2004 through the parent company's borrowing of the equivalent amount in NOK and an additional NOK 285 million through adjustments in Scribona Nordic AB referring to the acquisition of the Norwegian business in October 2005. If the value of the Swedish krona weakens by 1% against the currencies in which Scribona has foreign net assets, the group's equity is affected positively by SEK 1 million, based on the exposure level as of December 31, 2005.

Exposure of the group's result. If during the financial year the Swedish krona weakens by 1% against the other currencies in which the group carries out business, it is calculated that translation to SEK will affect the group's sales positively by about SEK 70 million, based on the average exchange rates during 2005. The group's result will be affected by less than SEK 1 million.

Transaction exposure. During the year, the Danish and Nowegian operations were acquired by Scribona Nordic AB, which then began to conduct business in those countries as well as in Sweden. The same change is planned for Finland in 2006. The local companies will continue as agencies that serve customers in the local markets on behalf of Scribona Nordic AB. Scribona Nordic AB manages the entire flow of goods – including purchasing, logistics and sales – in the entire Nordic region.

Purchases for the Scribona business area are primarily conducted in local currencies, and all sales are in principle conducted in the local currency of each country. From June, 2005 for Denmark and from October, 2005 for Norway, mainly all purchases and all invoicing is exposed to exchange-rate fluctuations between SEK/DKK and SEK/NOK. Purchasing and sales in the respective currencies match each other relatively well, which means that the actual net exposure is limited. In 2005 net exchange-rate differences totaled SEK –3 million (1). For the Carl Lamm business area, which conducts most of its purchasing in EUR, the net exchange-rate differences totaled SEK –9 million (0).

Of the goods purchased in 2005, about 85% (87) have been in the local currency. The most important goods purchases in other foreign currencies are in EUR (excluding Finland), with 10% (8) and USD, with 5% (4) of the total purchase volume. The group's policy is that purchase of foreign currencies normally be conducted at the spot rate. The effects of exchange rates as a result of goods purchased in foreign currency are reported in the operating income.

Financial derivative instruments

The parent company's financial receivables with foreign subsidiaries, which as of December 31 were SEK 153 million (451), are continuously secured at forward rates. This means that neither the parent company nor the group has to assume any current exchange-rate risk for inter-group financial transactions. Arbitrage premiums are periodized over the term of the contract and reported in the net interest income/expense. The forward-exchange contracts are valued at their actual value.

No currency derivatives are included for the purposes of speculation.

Insurable risks

The parent company manages the insurance protection for the entire group, except for personal insurance, which is managed by the relevant employer, and vehicle insurance, which in foreign subsidiaries is managed locally. The group is deemed to have satisfactory protection against traditional insurance risks such as stoppage, fire, theft, liability etc. through the insurance policies that have been taken out.

Note 40 SIGNIFICANT ACCOUNTING ISSUES, ESTIMATES AND ASSESSMENTS

In order to prepare the financial statements, executive management and the board make estimates and assessments that have an effect on items reported in the year-end closing regarding assets and liabilities, revenues and costs, plus other information provided. The actual outcome may differ from these assessments. The effect of changes in estimates and assessments is reported in the income statement for the period during which the changes were carried out and with unchanged classification of these items.

The management has discussed with the audit committee the developments, choice and information regarding the group's critical accounting principles and estimates, and the application of these.

Significant evaluations in applying the group's accounting principles

Activation of intangible fixed assets

The group activates the development of logistics and business systems that are expected to increase productivity. Depreciation is carried out over the assessed periods of utilization. The principles for activation and depreciation are set forth in the group's accounting manual. The principles applied are in accordance with IAS 38.

Reporting of acquisitions

The group has for the first time applied the rules in IFRS 3 and not written off reported goodwill. Tests as to whether there is a need for write-downs in accordance with IAS 36 Write-downs have been conducted. These write-down tests showed that the entered value of goodwill can be defended. The principles applied in this valuation are in accordance with the guidelines in IFRS 3 and IAS 36.

Obsolescence of inventories

The group uses a template model that means that all articles older than 120 days are written down to zero if not returns, price protection or existing orders justify other action. Obsolescence reserves include supernumerary quantities based on comparison of stock values against historical sales. The principle is fair, as it is supported by history and experience.

Provision for uncertain trade receivables

The group is required by its accounting principles to reserve all trade receivables that are overdue more than 90 days. Reserving is based on age analysis and the identified specific value with reference to previous experience and current developments. The principle is fair, as it is supported by history and experience.

Reserves for accrued remuneration from suppliers

The group is required by its accounting principles to reserve all accrued remunerations from suppliers that are overdue more than 90 days. Reserving is based on age analysis and the identified specific value with reference to previous experience and current developments. The principle is fair, as it is supported by history and experience.

Significant sources of uncertainty in estimates

Certain assumptions about the future and certain estimates and assessments on the closing day are especially important for the valuation of assets and liabilities in the balance sheet. Areas where the risk for changes in value during the following year are greatest, due to a need to alter assumptions or estimates, are discussed below.

Write-down test of goodwill

In calculating the cash-generating units' recoverable value for evaluating any need for write-down of goodwill, a number of assumptions regarding future circumstances and estimates of variables have been made. An account of these is found in Note 16, Goodwill. As Note 16 describes, changes during 2006 of the conditions on which these assumptions and estimates were based could have a significant effect on the value of goodwill.

Deferred tax receivables

Deferred tax receivables in deductible temporary differences and deductions for losses are reported only to the extent they are estimated to most likely result in lower tax payments in the future. In these assessments, a number of assumptions regarding future circumstances and estimates of variables have been made, of which the most important is an assessment of the units' future profitability.

Provisions

Group provision for taxes and non-utilized premises is based on estimates of the most likely result of settling the undertaking. In these assessments, a number of assumptions regarding future circumstances and estimates of variables have been made, of which the most important is an assessment of decisions and actions of third parties.

Note 41 REPORTED AND ACTUAL VALUES

Outstanding forward contracts have been valued at their actual value at December 31. The net effect before tax on the group's income was SEK 0 million (0).

Note 42 EVENTS AFTER THE CLOSING DAY

Company acquistions

On January 11, 2006, after the end of the financial year, the Carl Lamm business area acquired three IT infrastructure companies, effective from January 1, 2006: Saldab AB, Megabyte System Svenska AB and Vinga Datacenter AB. These companies have combined sales of approximately SEK 100 million annually, and employ a total of 55 people. The acquisitions are a part of Carl Lamm's new strategy for providing a range of products and services relating to IT infrastructure.

The acquisitions consisted of 100% of the shares in these companies, and the purchase price preliminarily totaled SEK 30 m. The purchase price is based on the balances as of take-over, which have not yet been fixed. The purchase agreement stipulates that these balances be fixed no later than in the begining of April.

The actual value of the identifed assets and liabilities on the take-over day was preliminarily:

Saldab AB SEK m.	Actual values	Book value
Intangible fixed assets	4	–
Tangible fixed assets	1	1
Inventories	1	1
Current receivables	9	9
Liquid funds	2	2
Total assets	**17**	**13**
Current liabilities	10	10
Deferred tax liabilities	1	0
Total liabilities	**11**	**10**
Actual value of net assets	6	3
Goodwill	10	
Purchase price	**16**	
Purchase price paid in cash	–9	
Liquid funds in acquired company	2	
Effect on the group's liquid funds	–7	

Megabyte System Svenska AB SEK m.	Actual values	Book value
Intangible fixed assets	1	–
Tangible fixed assets	0	0
Inventories	1	1
Current receivables	6	6
Liquid funds	4	4
Total assets	**12**	**11**
Current liabilities	5	5
Total liabilities	**5**	**5**
Actual value of net assets	7	6
Goodwill	2	
Purchase price	**8**	
Purchase price paid in cash	–6	
Liquid funds in acquired company	4	
Effect on the group's liquid funds	**–2**	

Vinga Datacenter AB SEK m.	Actual values	Book value
Intangible fixed assets	2	–
Tangible fixed assets	0	0
Inventories	1	1
Current receivables	6	6
Liquid funds	2	2
Total assets	**11**	**9**
Current liabilities	7	7
Deferred tax liabilities	1	–
Total liabilities	**8**	**7**
Actual value of net assets	3	2
Goodwill	3	
Purchase price	**6**	
Purchase price paid in cash	–3	
Liquid funds in acquired company	2	
Effect on the group's liquid funds	–1	

Preliminarily, costs directly attributable to the three acquisitions total SEK 1 million, which will be booked in 2006.

Acquired intangilbe assets

Customer list

The actual value of the companies' combined relationship to their customers has been calculated at SEK 4 million and the utilization period set at 5 years.

Service and support contracts

The companies' service and support contracts has been valued based on annual invoicing, contract terms, profit margins, etc. The actual combined value is calucated at SEK 3 million, and the utilization period set at 5 years.

Acquired goodwill

Acquired goodwill, totaling SEK 15 million refers to the value of the companies' high level of skills in the area of IT infrastructure. The acquisition enables Carl Lamm to form working relationships with leading IT suppliers. The acquired companies will help to raise Carl Lamm's IT competence level and enable the company to develop into a supplier of complete network solutions. In synergy with Carl Lamm's nationwide operations, the acquired companies will enable increased profitability.

Financial reports

The financial reports were approved for issuing by the board of the parent company on February 27, 2006. The financial reports are to be approved at the AGM.

Note 43 TRANSACTIONS WITH AFFILIATED PARTIES

Group companies

For delivery of products between group companies, business terms and market pricing are applied.

Relations with affiliated parties

Relations with affiliated parties with a controlling influence are restricted to Scribona's largest shareholder until November 2005, Bure Equity AB, with its subsidiaries and associated companies. Other relations with affiliated parties with a significant influence include Scribona's board members and group management, including family members, and companies in which these people have board assignments or positions as senior executives and/or have significant shareholdings. The group's transactions with the Bure group up to and including November, 2005 were limited to the subsidiaries and totaled around SEK 103 million (86), and relate to sales to Bure Equity AB's subsidiaries and associated companies, which have been on market terms, and SEK 1 million (1) which relates to purchases from Bure Equity AB's subsidiaries and associated companies, which have been on market terms. As of December 31, trade accounts receivable with the Bure group totaled around SEK 12 million (15) and trade accounts payable totaled SEK 0 million (0) with the customary terms of payment. The group's transactions with other affiliated parties with a significant influence were limited to the subsidiaries and total around SEK 51 million (60) relating to sales that have taken place on market terms and around SEK 16 million (33) relating to purchases that have been on market terms. As of December 31, trade accounts receivable with these affiliated parties amounted to about SEK 0 million (9) and trade accounts payable to about SEK 1 million (2) with the customary payments terms.

Note 44 EXCHANGE RATES

The exchange rates for the currencies in the group and USD, in relation to SEK in a weighted average and as of the closing day, were as follows:

	Average rate		Closing-day rate	
	2005	2004	2005	2004
DKK, Denmark	1.25	1.23	1.26	1.21
EUR, Finland	9.28	9.13	9.43	9.01
NOK, Norway	1.16	1.09	1.18	1.09
USD, USA	7.47	7.35	7.95	6.61

Note 45 DEFINITIONS

Terms and key ratios

Average number of employees: Average number of employees at the end of the four quarters of the financial year.

Number of employees: Number of employees convered into full-time positions.

Average equity: Average equity at the end of the four quarters of the financial year.

Equity per share: Equity at the end of the period divided by the number of shares at the end of the period.

Net financial capital: Financial assets minus financial liabilities.

Capital turnover rate: Total earnings divided by average capital employed.

Cash flow per share: Cash flow for the year divided by the average number of shares.

Net investments: Investments at acquisition value after deductions for sales at sale value.

Net margin: Net income for the year as a percentage of total earnings.

Sales per employee: Total earnings divided by the average number of employees.

Operating cash flow: Operating income plus change in capital employed.

Earnings per share: Net profit for the period divided by the average number of shares.

Earnings per share after full dilution: Net profit for the period divided by the average weighted number of shares after full dilution.

Return on equity: Net profit for the year as a percentage of average equity.

Return on capital employed: Operating income before financial items as a percentage of average capital employed.

Operating margin: Operating income as a percentage of total earnings.

Equity/assets ratio: Equity as a percentage of total assets.

Capital employed: Operating assets minus operating liabilities.

Average capital employed: Average capital employed at the end of the four quarters of the financial year.

Parent Company Income Statement

SEK m.	Note	2005	2004
Other operating income	2	16	46
Total earnings		**16**	**46**
Other external costs	3	–21	–26
Personnel costs	4	–2	–16
Depreciation of equipment	5	0	0
Operating income		**–7**	**4**
Result from financial items			
Result from participations in group companies	6	89	153
Write-downs of financial fixed assets	7	–49	–38
Interest income and similar profit/loss items	8	9	16
Interest expenses and similar loss items	9	–29	–20
Result after financial items		**13**	**115**
Appropriations	10	60	18
Income before tax		**74**	**133**
Tax	11	–10	2
Net income for the year		**64**	**135**

For comments see Board of Directors' Report and Financial Review page 38.

Parent Company Balance Sheet

SEK m.	Note	05-12-31	04-12-31
TOTAL ASSETS			
Tangible fixed assets			
Equipment	12	1	0
Total tangible fixed assets		**1**	**0**
Financial fixed assets			
Participations in group companies	13	487	454
Receivables from group companies		153	146
Other long-term receivables	14	6	5
Deferred tax receivables		0	1
Total financial fixed assets		**646**	**605**
Total fixed assets		**647**	**605**
Current assets			
Current receivables			
Receivables from group companies		738	688
Other receivables	15	9	10
Prepaid expenses and accrued income	16	5	3
Total current receivables		**752**	**701**
Cash and bank balances		**2**	**188**
Total current assets		**754**	**889**
TOTAL ASSETS		**1,401**	**1,495**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		102	102
Premium funds/reserve funds		250	250
Total restricted equity		**352**	**352**
Profit carried forward		421	236
Net income for the year		64	135
Total unrestricted equity		**485**	**371**
Total equity	17	**837**	**723**
Untaxed reserves	10	**–**	**60**
Provisions			
Long-term provisions	18	2	–
Total provisions		**2**	**–**
Long-term liabilities			
Liabilities to group companies		–	75
Total long-term liabilities		**–**	**75**
Current liabilities			
Interest-bearing liabilities	19	147	136
Trade accounts payable		3	1
Liabilities to group companies		402	475
Tax liabilities		0	7
Other liabilities		0	1
Accrued expenses and deferred income	20	9	17
Total current liabilities		**561**	**637**
TOTAL EQUITY AND LIABILITIES		**1,401**	**1,495**
Pledged assets	21	**81**	**32**
Contingent liabilities	22	**901**	**998**

For comments see Board of Directors' Report and Financial Review page 38.

Parent Company Cash Flow Analysis

SEK m.	Note	2005	2004
Operating activities			
Result after financial items	23	13	115
Adjustments for items not included in cash flow, etc.			
Depreciation and write-downs		0	0
Other	24	–27	–128
Paid tax		–7	0
Cash flow from operations before changes in operating capital		**–21**	**–13**
Cash flow from changes to operating capital			
Changes to operating receivables		–18	9
Changes to operating liabilities		–146	–1
Cash flow from operations		**–185**	**–5**
Investment activities			
Acquisition of subsidiaries		–	–4
Sale of subsidiaries		–	29
Acquisitions of fixed assets		–1	0
Sale of fixed assets		–	0
Cash flow from investment activities		**–1**	**25**
Financing activities			
Changes to loans		–	167
Cash flow from financing activities		**–**	**167**
Cash flow for the year		**–186**	**187**
Liquid funds at beginning of year		**188**	**1**
Cash flow for the year		–186	187
Exchange difference in liquid funds		0	0
Liquid funds at year-end		**2**	**188**

The cash flow analysis has been prepared in accordance with the indirect method. The reported cash flow includes transactions resulting in cash receipts and payments.
For comments see Board of Directors' Report and Financial Review page 38.

Parent company changes in equity

SEK m.	Note	Share Equity	Premium fund	Reserve fund	Carried forward profit	The year's result	Total Equity
Equity December 31, 2003		**102**	**236**	**14**	**299**	**–95**	**556**
Distribution of income					–95	95	0
Merger result					4		4
Group contributions/shareholders' contributions, net of deferred tax					28		28
Net income for the year						135	135
Equity December 31, 2004		**102**	**236**	**14**	**236**	**135**	**723**
Distribution of income					135	–135	0
Merger result					70		70
Group contributions, net of deferred tax					–20		–20
Net income for the year						64	64
Equity December 31, 2005	17	**102**	**236**	**14**	**421**	**64**	**837**

Parent Company Notes

Note 1 GENERAL ACCOUNTING PRINCIPLES

Amounts shown in SEK million unless stipulated otherwise. Differences as a result of rounding-off may occur. Income statement-related items are for the period January 1 to December 31 and balance sheet-related items are for December 31. Amounts in parentheses indicate the previous year's figures.

The parent company has used the same accounting principles as the group, except for the exceptions and additions listed in the Swedish Financial Accounting Standards Council's recommendation RR 32 Accounting for legal entities. The deviations between the parent company's principles and those of the group result from limited options for applying IFRS in the parent company due to the Swedish Annual Accounts Act and, in some cases, tax considerations.

The income statement is in accordance with the Swedish Annual Accounts Act subdivided into types of expense.

A more detailed description of the principles applied is provided in the relevant subsequent note.

Balance-sheet classification
Assets and liabilities with a life in excess of one year are classified as long-term.

Operating receivables and operating liabilities
Receivables are taken up after individual valuation at amounts whereby it is estimated they will be received.

Group-internal financial receivables and liabilities
Financial receivables and liabilities with foreign subsidiaries are covered by forward contracts. Forward surcharges/deductions are periodized over the term of the contract as interest expenses/income.

Deviation between the groups' and the parent company's accounting principles
Tax legislation in Sweden gives companies the possibility of deferring tax payments by making appropriations to untaxed reserves in the balance sheet through the income-statement item 'Appropriations'. The parent company thus reports untaxed reserves in the balance sheet and appropriations in the income statement.

Other exceptions and additions in RR 32, Accounting for legal representatives, are, in the parent company's accounts, limited to IAS 1 Preparing financial reports.

Note 2 OTHER OPERATING INCOME

Other operating income mainly includes invoicing group companies for rents. In the previous year, the net income from the sale of the Toshiba Document Solutions AB subsidiary, totaling SEK 27 million was also included.

Note 3 OTHER EXTERNAL COSTS

Fees to auditors

SEK m.		2005	2004
Ernst & Young	Audit	1	0
	Other assignments	1	1
Total		**2**	**1**

Audit is a review of the annual report and the accounting records and the board's and the president's management, other tasks incumbent upon the company's auditor and advice or other assistance as a result of observations upon such audit or implementation of such other tasks. Everything else is other assignments.

Note 4 PERSONNEL

Salaries, other remuneration and social-insurance expenses, SEK million
This section has been prepared in accordance with the Swedish Accounting Standards Board's Recommendation R4.

	2005		2004	
	Salaries and other remuneration (of which bonus etc.)	Social costs (of which pension costs)	Salaries and other remuneration (of which bonus etc.)	Social costs (of which pension costs)
The board and the president/vice president	1 (–)	0	5 (1)	3(2)
Other employees	–	–	5	4 (1)
Total	**1 (–)**	**0**	**10 (1)**	**7(3)**

Salaries, other remuneration and social-insurance costs are the amounts expensed during the year, including accrued expenses at year-end. As of January 1, 2005, all parent company personnel were employed by Scribona Nordic AB.

Average number of employees (converted into full-time positions)
This section has been prepared in accordance with the Swedish Accounting Standards Board's Recommendation R4.

	2005		2004	
	Total	Of which women	Total	Of which women
Average number of employees	–	–	10	3

The average number of employees has been calculated as an average of the four quarters of the year.

In 2004, the number of places of employement in the parent company was 1.

Gender ratio in the parent company management, December 31

	2005		2004	
	Total	Of which women	Total	Of which women
Board (excl. president)	6	–	6	1
President	1	–	1	–
Other (excl. president)	1	–	1	–
Total	**8**	**–**	**8**	**1**

Absences due to illness
In 2005, no personnel were employed in the parent company.

The total absences due to illness in 2004 in relation to the empolyees' combined regular work time totaled 0.0%.

Note 5 DEPRECIATION OF EQUIPMENT

Depreciation of equipment is based on historical acquisition values and assessed periods of utilization. No changes to utilization periods were made in 2005 or 2004. On assets acquired during the year, depreciation is calculated from the time of acquisition. Depreciation is calculated linearly over 3–5 years.

Note 6 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

During the year the parent company has received dividends from subsidiaries amounting to SEK 89 million (153). The year's dividends were received from the Scribona AS subsidiary.

Note 7 WRITE-DOWNS OF FINANCIAL FIXED ASSETS

Book values for shares in subsidiaries are constantly scrutinized in order to ascertain any need for write-down. Write-down is performed in instances when there is deemed to be a drop in value, bearing in mind the discounted future cash flows the asset is expected to generate. If the book value is greater than these calculated cash flows, write-down to this level will be performed.

During the year, the parent company wrote down receivables from subsidiaries of SEK 49 million (38). This year's and the preceding year's write-downs apply to the subsidiary Scribona Danmark Holding A/S.

The Danish operations have created a deficit for several years, thus the company's equity has been consumed. The parent company has remitted receivables to restore the equity in Scribona Danmark Holding A/S.

Note 8 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

Interest income is reported in pace with the earning of the same.

SEK m.	2005	2004
External financial interest income	1	3
Internal interest income	5	9
Exchange gains	3	4
Total	**9**	**16**

Note 9 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

Interest expenses are reported as they arise.

SEK m.	2005	2004
External financial interest expenses	–14	–14
Internal financial interest expenses	0	–2
Other financial earnings/expenses	0	0
Exchange losses	–15	–5
Total	**–29**	**–20**

External financial interest expenses include loan-related charges. The SEK 13 million set-up expenses for the securitization program were activated and periodized linearly as an external financial interest expense in 2003 during the program's 5-year term.

Note 10 APPROPRIATIONS AND UNTAXED RESERVES

Tax legislation in Sweden gives companies the possibility of deferring tax payments by making appropriations to untaxed reserves in the balance sheet through the income-statement item 'Appropriations'.

Appropriations, SEK m.	2005	2004
Winding up of periodization funds	60	26
Provision for periodization funds	–	–8
Total	**60**	**18**

Untaxed reserves, SEK m.		
Periodizations funds		
Tax 2000	–	20
Tax 2001	–	31
Tax 2005	–	8
Total	**–**	**60**

Note 11 TAX

In the income statement item Tax, current and deferred income tax is reported.

SEK m.	2005	2004
Current tax	–9	5
Deferred tax	–1	–2
Total	**–10**	**2**

The parent company's effective tax is 14% (–2). The difference from the tax rate in Sweden, 28%, is primarily due to the fact that write-downs on receivables from subsidiaries are not tax deductible, and because dividends from subsidiaries are not taxable.

Note 12 EQUIPMENT

Equipment is included in the balance sheet at historical acquisition values, with deductions for accumulated depreciation and any write-downs. On equipment acquired during the year, depreciation is calculated from the time of acquisition. Applied periods of utilization are described in Note 5, 'Depreciation of equipment'. Equipment is written off linearly during the assessed period of utilization.

SEK m.	2005	2004
Opening acquisition value	2	2
Investments for the year	1	0
Closing acquisition value	**3**	**2**
Opening accumulated depreciation	–2	–1
Depreciation for the year	0	0
Closing accumulated depreciation	**–2**	**–2**
Closing reported value	**1**	**0**

Note 13 PARTICIPATIONS IN GROUP COMPANIES

Participations in group companies are valued at their acquisition value. Write-down test is performed in accordance with Note 7.

SEK m.	Org. reg. no.	Registered office	Number shares	Equity share	Nominal value in resp. currency x 1,000	Reported value in parent company
Scribona Nordic AB	556064-2018	Solna	1.000	100	10.000	109
Carl Lamm AB	556228-8851	Solna	1.000	100	100	40
Scribona Danmark Holding A/S	25 11 34 46	Copenhagen	2	100	DKK 27,500	0
Scribona Danmark A/S	73 39 90 17	Copenhagen	3	100	DKK 31,500	
Scribona Oy	FI-1437531-3	Esbo	10	100	EUR 10	7
Instru Data Latvia SIA	336189	Riga	20	100	LVL 2	
Scribona Latvia AS	336229	Riga	10	100	LVL 2	
Scribona AS	979 460 198	Oslo	5.067	100	NOK 5,067	331
Total						**487**

Companies in the left margin are subsidiaries of Scribona AB. Companies that are indented are subsidiaries of subsidiaries.

The Parent Company merged with the subsidiaries Copy Consult Team Göteborg AB, Manora Components AB, Nordic Datadistribution AB, PC LAN AB, SBA Office Document Finans AB, Scribona TPC AB and Scribona Platform Partner AB during 2005.

The Office Document AS subsidiary was sold at the book value in 2005. The Connectus AS and Oppland Dokumentutvikling AS subsidiaries were liquidated in 2005.

Note 14 OTHER LONG-TERM RECEIVABLES

Refers to the long-term part for the years 2007–2010 of the initial prepaid set-up charge for the securitization program (see description in Note 28, 'Loans' in the group notes).

Note 15 OTHER RECEIVABLES

SEK m.	2005	2004
Cash from customers	5	6
Other	4	4
Total	**9**	**10**

Cash from customers refers to such payments from customers into the securitization program that will later become available to Scribona.

Note 16 PREPAID EXPENSES AND ACCRUED INCOME

SEK m.	2005	2004
Set-up charge for the securitization program	3	2
Other prepaid expenses	2	1
Total	**5**	**3**

Note 17 EQUITY

Share capital
In accordance with the Articles of Association for Scribona AB, the minimum share capital must be SEK 60,000,000 and the maximum SEK 240,000,000. All shares, 51,061,608 for a nominal SEK 2, are fully paid and give entitlement to equal portions of the company's assets. Series 'A' shares, of which there are 2,613,299, give entitlement to 5 votes/share. Series 'B' shares, of which there are 48,448,309, give entitlement to 1 vote/share. There are no programs with convertibles or options that entail dilution of the share capital. No shares are held by the company itself or by its subsidiaries.

The company's Articles of Association give holders of A-shares the right to convert their shares into an equal number of B-shares. In 2005, holders of A-shares converted 93,082 of their shares into B-shares.

Restricted and unrestricted equity
In accordance with Swedish law, equity must be divided into non-distributable (restricted) and distributable (non-restricted) funds.

Group contributions and the tax effect on them to Swedish subsidiaries are reported in the parent company directly against equity and thus do not affect net income for the year.

Dividend
The dividend is only reported as a decrease in unrestricted equity at the time of payment to the shareholders.

Unrestricted equity in the parent company amounted to SEK 485 million at December 31 (371).

There are restrictions in the right of disposal regarding equity due to the company's choice of financing solution.

The dividend is proposed by the board in accordance with the stipulations in the Swedish Companies Act and is set by the AGM. The proposed dividend for 2005, which has not yet been decided on, is SEK 0.

Note 18 LONG-TERM PROVISIONS

SEK m.	Taxes
Opening balance	0
Provisions	2
Utilization	–
Closing balance	**2**

Provisions for taxes refers to marketing expenses within the Scribona TPC AB subsidiary, merged with the parent company in 2005, that have been questioned by the Swedish tax authorities.

Note 19 INTEREST-BEARING LIABILITIES

SEK m.	2005	2004
Bank loans	147	136
Total	**147**	**136**

Bank overdraft facilities granted as of December 31 are SEK 0 million (100). The utilized amount is SEK 0 million (0). The group's Swedish group bank and credit accounts were transferred to the Scribona Nordic AB subsidiary during 2005.

As of December 31, other credit facilities totaled SEK 187 million. (300), of which SEK 147 million (136) was utilized.

The liquidity reserves, i.e. liquid funds and non-utilized credit facilities as of December 31, were SEK 42 million (441).

Note 20 ACCRUED EXPENSES AND DEFERRED INCOME

SEK m.	2005	2004
Vacation liabilities	–	2
Accrued personnel costs	0	0
Employment tax	2	2
Interest	1	1
Other accrued expenses	6	12
Total	**9**	**17**

Note 21 PLEDGED ASSETS

SEK m.	2005	2004
Company mortgages	81	32
Total	**81**	**32**

These assets are pledged for the parent company's financing.

Note 22 CONTINGENT LIABILITIES

A contingent liability is a possible obligation dependent on past events whose occurrence is confirmed only by one or more uncertain future events, which are not completely within the company's control, and which occur or do not occur, or an undertaking dependent on past events which is not reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the undertaking, or the size of the undertaking cannot be estimated with sufficient reliability. Information about contingent liabilities is provided unless their settlement is highly improbable.

SEK m.	2005	2004
Guarantees	1	50
Warranties referring to subsidiaries	900	948
Total	**901**	**998**

Guarantees are mainly for subsidiary employees' loans to buy cars.

Warranties referring to subsidiaries refer to their liabilities to suppliers.

There was no indication at year-end that guarantees provided will involve outgoing payment.

Note 23 INTEREST RECEIVED AND PAID

Interest received and paid during the financial year is as follows:

SEK m.	2005	2004
Interest received	6	16
Interest paid	–12	–18
Total	**–6**	**–2**

Note 24 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW, ETC.

Other, SEK m.	2005	2004
Capital gains on sale of business	–	–27
Periodization of set-up charge for loans	1	2
Net exchange losses	12	0
Unpaid part of dividends from subsidiaries	–89	–141
Write-downs on receivables from subsidiaries	49	38
Total	**–27**	**–128**

Audit Report

To the AGM of Scribona AB (publ.)

Organization registration number: 556079-1419

We have audited the annual report, the consolidated financial statements, the accounting records and administration on the part of the board and the president of Scribona AB for the year 2005. It is the board and the president who are responsible for the accounts and the administration of the company and for application of the Swedish Annual Accounts Act in the preparation of the annual report, and for the application of the IFRS international accounting standards as these have been adopted by the EU and the Swedish Annual Accounts Act in the preparation of the consolidated financial statements. Our responsibility is to express an opinion of the annual report, the consolidated financial statements and the administration based on our audit.

The audit has been performed in accordance with generally accepted audit standards in Sweden. This means we have planned and performed the audit to obtain reasonable assurance that the annual report and the consolidated financial statements are free of material misstatement. An audit includes examining a selection of documentation supporting the amounts and other information in the financial statements. An audit also includes assessing the accounting principles and the board's and the president's application of them as well as assessing the important estimations on the part of the board and the president when preparing the annual report and the consolidated financial statements and evaluating the collected information in the annual report and the consolidated financial statements. As a basis for our opinion concerning discharge from liability we have examined significant decisions, measures and circumstances in the company to facilitate assessment of whether any board member or the president has any liability towards the company. We have also examined whether any board member or the president has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. We consider that our audit gives us reasonable grounds for our opinions, as set out below.

The annual report and the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and thus provide a true picture of the company's result and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with the IFRS international accounting standards as they have been adopted by the EU and the Swedish Annual Accounts Act and thus provide a true picture of the group's result and finanical position. The directors' report is consistent with the other parts of the annual report and the consolidated financial statements.

We recommend that the AGM adopt the income statement and the balance sheet for the parent company and the group, deal with the profit for the parent company in accordance with the proposal in the directors' report and grant the board's members and the president discharge from liability for the financial year.

Solna, February 27, 2006

Ernst & Young AB
Bertel Enlund
Authorized Public Accountant

Corporate Governance Report 2005

Scribona is governed in accordance with Swedish law, in particular Swedish legislation covering publicly traded companies, the listing agreement with the Stockholm Stock Exchange, the rules and recommendations of the Swedish Industry and Commerce Stock Exchange Committee, the Companies Act and the Swedish Code of Corporate Governance, which applies from 1 July 2005. After this date, Scribona has adapted its corporate governance policies to comply with the Code. Deviations from the rules laid out in the Code in 2005 are decribed and explained under 'Application of the Code' below.

This Corporate Governance Report is not a part of the formal annual accounts. The report has not been reviewed by the company's auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's supreme decision-making body, where the owners exercise their right to influence. Scribona holds its AGM in accordance with Swedish legislation covering publicly traded companies and the Articles of Association.

Scribona notifies shareholders of the Annual General Meeting to the extent and in the way required by the company's Articles of Association and in accordance with the regulations of the Stockholm Stock Exchange. The notice of the meeting is published through advertisements in Post- och Inrikes Tidningar and Svenska Dagbladet and a press release. The notice is also published on www.scribona.com. No separate notice is sent to shareholders.

The AGM (Annual General Meeting) decides whether the current income statement and balance sheet are adopted, and on dividends to the shareholders, discharge from liability for the board and the president, fees for the board and auditors and the election of the board and choice of auditors. The board elected at the 2005 AGM is described under 'The board' below. New auditors were elected for a period of four years at the 2004 AGM.

Decisions taken at the AGM are announced immediately after the meeting via a press release.

23 shareholders representing 29 percent of the share capital and 25 percent of the votes took part in the AGM, held in March, 2005 at Scribona's offices in Solna. The 2006 AGM will take place at Scribona's offices in Solna on March 30.

At the request of shareholders, the board called an extraordinary meeting, held at Scribona's offices in Solna on 16 December 2005. The main purpose of this meeting was to elect the board and decide on the shareholders' proposal for a decision in principle concerning the Carl Lamm AB subsidiary. The board elected at the extraordinary meeting is described under 'The board' below. The shareholders adopted a decision in principle to make preparations and create the conditions necessary to distribute assets of the Carl Lamm AB subsidiary to the shareholders of Scribona AB when the conditions were right to do so. 13 shareholders representing 50 percent of the share capital and 44 percent of the votes took part.

The minutes of the meeting are published on the company's website.

APPOINTMENT OF THE BOARD AND AUDITORS

AGM decisions 2005:

There is to be an election committee for preparing and presenting prosals for the company's shareholders regarding

- the election of the AGM's presiding officer, board members, the chairman of the board and, if needed, auditors, and
- decisions regarding board fees, divided between the chairman of the board, other board members and, if any, remuneration for committee work, and the auditors' fee.

The election committee is to consist of four members representing the four largest shareholders in terms of voting rights as of August 31. As soon as possible after the end of August, the chairman of the board is to summon the four largest shareholders in the company, who each should appoint a committee member who should not be a member of the company's board, to the election committee. If any of the four largest shareholders abstains from appointing a member to the election committee, the next largest shareholder should be given the opportunity to appoint an election committee member. If several shareholders should abstain from appointing election committee members, no more than the eight largest shareholders need to be asked if this is not needed for the committee to consist of at least three members. If ownership changes by the end of the fourth quarter, the composition of the committee should, if possible, be adjusted to reflect the the new ownership. After this point, ownership changes should not occasion changes in the composition of the election committee. If a vacancy should arise on the election committee, a new member should be appointed quickly in accordance with the principles stated above.

The chairman of the election committee is to be appointed by and from within the committee and should, if possible, not also be a member of the board.

The election committee's mandate extends until a new election committee is appointed. In carrying out its work, the election committee is to follow the guidelines for the committee's work set forth in the corporate governance code.

Individual shareholders in the company may submit proposals to the election committee for further evaluation in the course of the committee's work.

Information regarding the composition of the election committee (consisting of the names of the members and the shareholders they represent) are to be announced as soon as the election committee has been appointed, but no later than six months prior to the company's AGM.

The above rules concerning the company's election committee are to apply until the AGM decides otherwise.

Election committee

The members of the election committee for the 2006 AGM were published on September 30, 2005. Subsequent to changed ownership in November 2005 and the calling of the extraordinary meeting on December 16, 2005, the four largest shareholders appointed a new election committee, which was announced on December 8, 2005:

David E. Marcus, M2 Capital Master Fund Ltd.
Skuli Valberg, Straumur-Burdarás Investment Bank HF
Peter Ekelund, Nove Capital Master Fund Ltd.
Åke Smids, Östersjöstiftelsen

The election committee's proposals for the election of board members at the extraordinay meeting were announced on December 9, 2005. The committee added one more person to its proposal prior to the meeting.

Instructions regarding how other shareholders can submit proposals for nomination to the board are found on the company's website under information about the AGM.

The election committee's proposals are presented in the notice of the meeting and on the company's website.

The election committee's proposals to the 2006 AGM for election of the board chairman and other members:
Major changes were made to Scribona's ownership structure in November 2005. Because of this, the election committee at that time resigned effective immediately. The four largest shareholders, M2 Capital Master Fund Ltd., Straumur-Burdarás Investment Bank HF, Nove Capital Master Fund Ltd. and Östersjöstiftelsen, formed a new election committee to prepare a proposal for a new board prior to the extraordinary meeting that was held December 16, 2005. Subsequent to Östersjöstiftelsen's selling its stake in Scribona shortly thereafter, Åke Smids resigned effective immediately. Straumur-Burdarás Investment Bank HF replaced its representative with Ragnar Thorisson. A new major shareholder, Savannah-Baltimore, was offered a seat on the committee, but declined.

The election committee then prepared and proposed a new board of directors for the Carl Lamm AB subsidiary in February 2006. Carl Lamm's new board consists of Theodor Dalenson (chairman), Niklas Flyborg, Johan Hessius, Conny Karlsson and David E. Marcus, with Marcus Söderblom as a deputy.

The election committee has tried to strike a form of meeting and discussing that works well with the fast pace of change in the company. board members have been sought who represent the major shareholders, but who are also independent and have broad and varied competence and experience. Due to the aforementioned circumstances, the election committee has not conducted a formal evaluation of the board's work. It might be advisable to do this in due course.

For Scribona's board the election committee proposes:

Theodor Dalenson, chairman (re-elected)
Fredrik Danielsson (re-elected)
Johan Hessius (re-elected)
Conny Karlsson (re-elected)
David E. Marcus (re-elected)
Peter Ekelund (new)
Henry Guy (new)

Ole Oftedal declined re-election.

As a board fee, the election committee proposes: SEK 300,000 per year for the chairman and SEK 200,000 per year to the regular board members. For work in the remuneration committee, an additional fee of SEK 50,000 per year is proposed.

AUDITORS

The auditors are appointed at the AGM and entrusted with audit the company's financial reporting and the board's and the president's administration of the company. The auditors are selected by the shareholders and report to them. At the 2004 AGM, the registered audit company Ernst & Young AB was selected as the audit company for a period of four years, i.e. up to and including the 2008 AGM. The authorized public accountant Bertel Enlund was declared the auditor in charge. It was decided that the auditors will be remunerated according to invoice.

BOARD OF DIRECTORS

The main job of the board is to take overall responsibility for the company on behalf of its shareholders and to manage the company's affairs in such way that the owners' interest in strong, long-term capital returns is protected in the best way.

The company's Articles of Association state that Scribona's board is to be elected annually, and should consist of between five and ten regular members and no more than two deputy members. The board that was appointed by the shareholders at the 2005 AGM to serve for one year up to and including the next AGM consists of eight regular members, including the company's president. The board that was appointed at the extraordinary meeting held on December 16, 2005 consists of 6 regular members. The company's president is no longer on the board after the extraordinary meeting. In addition to the members elected at the meetings, the board also includes two regular members and one deputy appointed by the trade unions that represent employees in Sweden. With the exception of the president, up to the extraordinary meeting, none of the board members were in the company management.

The board in 2005
Scribona's elected board members for the period from the AGM on March 30, 2005 up to and including the extraordinary meeting on December 16, 2005:

Mikael Nachemson, b 1959. Chairman and board member since the 2005 AGM. President and CEO of Bure Equity AB. Board member Acando-Frontec AB, Avanza AB, Bilia AB, Nilörngruppen AB and C Tybring-Gjedde ASA (Norway).
Education: MSc Economics and Business, Stockholm School of Economics
Previous positions: President of AB Custos and E. Öhman J:r AB.
Did not hold shares in Scribona at the time of the 2005 AGM.
Not independent member as employed at Bure Equity AB, major shareholder in the company.

Fredrik Danielsson, b 1974. Board member since the 2005 AGM. Consultant on financing and investment.
Education: Degrees in economics from the University of Uppsala and the University of Stockholm.
Previous positions: Chief analyst at Carnegie AB.
Did not hold shares in Scribona at the time of the 2005 AGM.
Not independent member as representing Straumur-Burdarás Investment Bank HF, one of the major shareholders in Scribona.

Lisbeth Gustafsson, b 1947. Board member since 2003. Senior Vice President Sales, Posten Sverige AB. Deputy chairman, Svensk Handel. Board member, WM Data AB, Karolinska University Hospital, Prevas AB and Axel Johnson International.
Education: Fil. Mag. University of Stockholm, INSEAD management courses and the advanced management training program, IFL.
Previous positions: Business area manager, PostNet and many years' experience in top positions at Digital Equipment AB.
Held 2,000 Scribona shares at the time of the 2005 AGM.
Independent member.

Ole Oftedal, b 1954. Board member since the 2005 AGM. Founder and CEO of i2i Venture AB.
Education: Bachelor of Science.
Previous positions: Many years' experience in top positions at Burroughs, Nordstjernan AB, Linjebuss AB, Fritidsresor Group AB, Adcore AB and Permira.
Did not hold shares in Scribona at the time of the 2005 AGM.
Independent member.

Stig-Olof Simonsson, b 1948. Board member since 2000. Chairman, T-Emballage AB, Smedjan AB, Brain Books AB and Handelsbanken i Jönköping AB. Board member, SYSteam AB, Jeeves AB, ITAB Shop Center AB and ITAB AB.
Education: Bachelor of Science.
Previous positions: Project manager for systemsdevelopment project, group reporting and consultant for subsidiary managers re. IT at AB Sv. Fläkt. Own consultancy within ADB-Konsulterna and founder and group CEO of SYSteam AB.
Held 93,000 Scribona shares at the time of the 2005 AGM.
Independent member.

Lennart Svantesson, b 1953. Board member since 1998. Chairman of Viamare Boats AB, Carl Bro AB, SYSteam AB, Vittra AB and Mercuri AB.
Education: Master of Engineering, studies in economics at the School of Business, Economics and Law, Göteborg University.
Previous positions: Many years' experience in top positions at KG Knutsson, Fundo Alluminium AB, Nobel Plast AB, Volvo Personvagnar AB, Arthur D. Little, Scribona AB (President 2000–2003) and Bure Equity AB.
Held 20,500 Scribona shares at the time of the 2005 AGM.
Not an independent member as former company president within the last five years.

Carl Espen Wollebekk, b 1961. Board member since 2001. President of Formentor AS. Chairman of Axcess A/S (Denmark), CamSolutions AS (Norway), Inndevelop Technologies (Denmark). Board member, Hands ASA (Norway), Topnordic (Norway), Invistra ApS (Denmark), Heest Invest AS (Norway) and Joca Eiendom AS (Norway)
Education: MSc in Economics and Business Administration, Copenhagen Business School; MBA, Schiller Int. University in London.
Previous positions: Many years' experience in top positions at Norges Kreditt, Norsk Data and Merkantildata.
Did not hold shares in Scribona at the time of the 2005 AGM.
Independent member.

Tom Ekevall Larsen, b 1962. President and CEO, board member since 2003. Employed since 1988.
Education: Marketing and economics, Norwegian School of Management (BI).
Previous positions: Many years' experience in top positions at Scribona.
Number of shares in Scribona: 0. No positions in other companies or organizations. No significant shares or ownership in companies with which Scribona does business.
Not independent member as president of the company.

Board members replaced at the 2005 AGM:

MatsOla Palm, b 1941. Chairman of the board since 2000. Chairman of Svolder AB and Åby Travsällskap. Board member, Svedbergs i Dalstorp AB.
Held 30,000 Scribona shares at the time of the 2005 AGM.
Independent member.

Per-Henrik Berthelius, b 1944. Board member since 2000. Chairman of Panacé AB.
Did not hold shares in Scribona at the time of the 2005 AGM.
Independent member.

Scribona's elected board members for the period from the extraordinary meeting on December 16, 2005 up to and including the AGM on March 30, 2006:

Theodor Dalenson, b 1959. Chairman of the board since the extraordinary meeting in 2005. Chairman of AB Novestra and Nove Capital Management AB. Board member, ASF Inc. (USA), Bytek Systems AB and Pergo AB.
Previous positions: Many years' experience in top positions within strategic planning and business development in companies in Sweden and abroad, including Clorox, Kingsforth and Frontiers International.
Not independent member as chairman of Nove Capital Management AB, which manages Nove Capital Master Fund Ltd., a major Scribona shareholder.

Fredrik Danielsson, b 1974. Board member since the 2005 AGM. Consultant on financing and investment.
Education: Degrees in economics from the University of Uppsala and the University of Stockholm.
Previous positions: Chief analyst at Carnegie AB.
Not independent member as represents Straumur-Burdarás Investment Bank HF, one of the major shareholders in Scribona.

Johan Hessius, b 1958. Board member since the extraordinary meeting in 2005. Part-owner of Advokatfirman Lindahl KB. Chairman of Fastighets AB Sollenta, Bullandö Marina AB and Klippan AB. Board member, Holm and Co AB and Advokatfirman Lindahl KB.
Education: English studies at the University of Victoria, Canada, and Bachelor's degree in law from the University of Stockholm.
Previous positions: Attorney, Johnsson & Johnson Advokatbyrå.
Independent member.

Conny Karlsson, b 1955. Board member since the extraordinary meeting in 2005. Consultant. Chairman of Zodiak Television AB. Board member, Wilh. Sonesson AB, Tybringgjedde ASA (Norway) and Lindex AB.
Education: MBA.
Previous positions: President of Duni AB and a number of positions at Procter & Gamble.
Independent member.

David E. Marcus, b 1965. Board member since the extraordinary meeting in 2005. Founder and part owner of M2 Capital Management, L.P. (Cayman Islands). Chairman of Modern Holdings Inc. (USA). Board member of AB Novestra, Shared Value Inc. (Great Britain) and Modern Times Group MTG AB.
Previous positions: Founder and part owner of Marcstone Capital Management, L.P. Many years' experience in top positions at Franklin Mutual European Fund, Franklin Mutual Shares, Franklin Mutual Discovery Funds and Franklin Mutual Advisers, L.L.C.
Not independent member as chairman of M2 Capital Management, L.P., which manages M2 Capital Master Fund Ltd., a major Scribona shareholder.

Ole Oftedal, b 1954. Board member since the 2005 AGM. Founder and CEO of i2i Venture AB.
Education: Bachelor of Science.
Previous positions: Many years' experience in top positions at Burroughs, Nordstjernan AB, Linjebuss AB, Fritidsresor Group AB, Adcore AB and Permira.
Independent member.

None of the board members elected at the extraordinary meeting are shareholders in Scribona.

Employee members:

Bruno Amico, b 1958. Deputy board member since 2005. Employed at Scribona Nordic AB since 1999. Union representative (SIF).

Eva Elsnert, b 1944. Board member since 2004. Employed at Scribona Nordic AB since 1998. Union representative (SIF).

Torbjörn Friberg, b 1943. Board member since 2000. Employed at Carl Lamm AB since 1974. Union representative (SIF).

None of the employee board members are shareholders in Scribona.

Employee board members replaced during 2005:

Johan Hedström, b 1937. Board member since 1992. Employed at Scribona Nordic AB since 1979. Union representative (SIF). Held 1,822 Scribona shares at the time of the 2005 AGM.

Kjell Bergström, b 1947. Deputy board member since 2003. Employed at Scribona Nordic AB since 1996. Union representative (HAF). Held 500 Scribona shares at the time of the 2005 AGM.

Procedural plan

Every year at the statutory board meeting after the AGM, the board's procedural plan is established to regulate authorization to sign for the firm, board meetings, matters to be dealt with at the board meetings, distribution of work between the board, the chairman and the president and certain other matters. The president is appointed and instructions to the president regulating tasks and reporting obligations to the board are set, as are rules for deciding on investments. Instructions for the remuneration and audit committees are established and committee members are appointed. The audit committee consists of all members of the board except for the president, in accordance with rules adopted at the 2004 AGM.

The company's auditors are required to take part in at least two board meetings and discuss their planning and audit focus, as well as their observations, conclusions and any proposed measures following the completion of the audit.

The board's work follows an annual meetings schedule with a fixed agenda for every board meeting. Other employees of the company also present reports at the meetings. The secretary of the board is Örjan Rebeling, executive vice president and the group's CFO. In accordance with the procedural plan at least five board meetings and one statutory meeting must be held every year. In addition the board can meet whenever circumstances so require. The board's meetings in February, April, July and October are devoted chiefly to the financial report. In June the board deals with strategic matters and in December the financial plan for the following year.

The board's work is mainly concerning strategic matters such as business approach, organization, budget, major investments, result and financial position, and information on the financial statements. The chairman of the board leads the board's work and monitors business progress. Within the framework established by the board, the president manages business and keeps the chairman of the board continuously informed about significant business events. Every month the board receives a report on the company's income and financial position. The report includes comments on competitors, manufacturers/products, channels/customers and analyses of the income statement and balance sheet subdivided according to business area and country.

During 2005 the board has performed an evaluation of its work.

During 2005 the board held twelve (12) meetings. Average attendance at the meetings was 91 percent (93).

Except for the statutory meeting, the new board elected at the extraordinary meeting in 2005 has not met during 2005

Remuneration to the Board

The chairman and members of the board are paid a fee in accordance with a decision by the AGM. At the 2005 AGM it was decided that the fee for the board up until the next AGM would be SEK 1,175,000, distributed such that the chairman receives SEK 275,000 and the other members receive SEK 150.000 each. The board receives no other remuneration than what is decided at the AGM. No special compensation is paid for committee work. The president and employee representatives are not entitled to receive remuneration for serving on the board. Remuneration to board members elected as representatives for their employers are paid in accordance with instructions from the employer. Remuneration to the board elected at the AGM was paid for nine months.

Board members Ole Oftedal and Carl Espen Wollebekk were involved in the management of the Carl Lamm business area as external consultants. Their fees for April, 2005 to December, 2006 totaled SEK 70,000 each. In addition, consultancy fees of SEK 150,000 were paid to i2i Venture AB, of which Ole Oftedal is president.

At the extraordinary meeting in 2005, it was decided that the fee for the board up until the next AGM would be SEK 700,000, distributed such that the chairman receives SEK 200,000 and the other members receive SEK 100,000 each. The board receives no other remuneration than what is decided at the AGM. No special compensation is paid for committee work. No fees have been paid for 2005.

Share-related incentive programs for the board and senior managment

The company has not offered a share-related incentive program for the board and senior management.

Remuneration committee

The remuneration committee's instructions are set by the board. The remuneration committee is appointed by the board. From the start of the year until the statutory board meeting after the AGM, the remuneration committee consisted of the chairman of the board, MatsOla Palm, and the two regular members Lennart Svantesson and Lisbeth Gustafsson, with the president as the person presenting reports. From the date of the statutory board meeting after the AGM up to and including the statutory board meeting after the extraordinary meeting, MatsOla Palm was replaced by the chairman of the new board, Mikael Nachemson. The other members remained in place. As of the statutory board meeting after the extraordinary meeeting, the remuneration committee consisted of Theodor Dalenson, chairman, and board members Johan Hessius and Conny Karlsson. The committee met three times in 2005. The committee has given the board recommendations regarding principles of remuneration and other terms of employement for senior executives. The board has submitted these recommendations as proposals for the AGM. These principles were adopted at the AGM. The remuneration committee has proposed criteria for assessment of bonus outcomes. The board has discussed the remuneration committee's proposals and made decisions with the guidance of the committee's recommendations. Remuneration for the president for the financial year 2005 has been decided on by the board. Remuneration for the vice president has been decided on by the remuneration committee.

Lennart Svantesson was not an independent member as former company president within the last five years.

Audit committee
The audit committee's instructions are set by the board. It was decided at the 2004 AGM that audit issues are to be dealt with by the entire board. The audit committee therefore consists of the entire board, except for the company president. The chairmen of the board, Mikael Nachemson/Theodor Dalenson, also chair the committee. The audit committee is to:
– prepare for the board's work by ensuring the quality of the company's financial reporting,
– hold regular meetings with the auditors to keep informed about the focus and scope of the audit, and opinion of risks to the company,
– establish guidelines for determining what services other than audit the external auditors are to provide for the company,
– assess the audit work,
– asssist the company's election committee by proposing auditors and remuneration for audit work.

In 2005, the committee held five meetings that were part of the board meetings. The minutes of the board meetings describe the issues taken up by the audit committee.

Attendance at board and committee meetings
The members' attendance during 2005 (present/possible)

	Board	Remuneration committee	Audit committee
Per-Henrik Berthelius	2/2	–	1/1
Theodor Dalenson	1/1	–	–
Fredrik Danielsson	8/10	–	3/4
Lisbeth Gustafsson	10/11	3/3	5/5
Johan Hessius	1/1	–	–
Conny Karlsson	1/1	–	–
Tom Ekevall Larsen	11/11	–	–
David E. Marcus	0/1	–	–
Mikael Nachemson	9/9	2/2	4/4
Ole Oftedal	9/10	–	3/4
MatsOla Palm	1/2	1/1	1/1
Stig-Olof Simonsson	9/11	–	5/5
Lennart Svantesson	11/11	3/3	5/5
Carl Espen Wollebekk	10/11	–	5/5

MANAGEMENT
The president is responsible for the company's strategic and business development, and manages and coordinates day-to-day business. The president has instructions adopted by the board that regulate the president's tasks and reporting obligations to the board. The president appoints managers for the operational units and group functions.

The group management consists of the group's president Tom Ekevall Larsen and the executive vice president and CFO Örjan Rebeling.

The group's president also heads the Scribona business area and, together with the CFO, heads the managment group for this business area. Management meetings are held every other week, and are also attended by country managers and supply, IT and logistics managers. Reviews of the countries are conducted every other month, and individual reviews of each country's and functional area's books are conducted every quarter. Corresponding reviews of the quarterly budgets are conducted prior to each quarter. Prior to the start of a new financial year, annual budgets presented by the units are reviewed and approved. The group management team also holds monthly meetings at the Carl Lamm business area with business area manager Hans Johansson. Ole Oftedal and Carl Espen Wollebekk also took part in these meetings once per quarter as external consultants. Oftedal and Wollebekk were also members of Scribona AB's board during 2005. Ole Oftedal's and Carl Espen Wollebekk's fee for their involvement in the management of the Carl Lamm business area from April, 2005 to December, 2005 totaled SEK 70,000 each.

The principles adopted at the AGM 2005 for remuneration and other terms of employment for the company's management:
The company's senior managment consists of the president and the executive vice president.

The principle behind remuneration for senior executives comprises basic salary, variable remuneration, certain taxable benefits and a pension. The distribution between basic salary and variable remuneration will be in proportion to the employee's responsibility and authorization.

For senior management, the maximum variable remuneration is 50% of basic salary. 70% of the variable remuneration is based on the group's operating income and capital turnover rate, and 30% is based on individual targets set by the board. Benefits include a company car, mobile telephone, food benefits, a broadband connection for the employee's home, health insurance and, for one executive, travel. Pension benefits for senior executives consist of defined-benefit pension with a premium of no more than 33% of the pensionable salary. An extra pension is offered in addition through salary exchange, whereby surrender of 5% of the salary, but no more than SEK 60,000 per annum, means that Scribona pays an amount equal to that which the employee contributes. In addition Scribona pays a supplement comprising the difference between employer contributions and special employment tax on this extra pension premium. Dismissal compensation, including severance pay, is not to exceed 24 months' salary.

AUDITORS
The auditors are appointed at the AGM and entrusted with auditing the company's financial reporting and the board's and the president's administration of the company. At the 2004 AGM, the registered audit company Ernst & Young AB was selected as the audit company for a period of four years, i.e. up to and including the 2008 AGM. The authorized public accountant Bertel Enlund was declared the auditor in charge. It was decided that the auditors will be remunerated according to invoice.

Auditor in charge Bertel Enlund
Ernst & Young AB was selected as the audit company in 1996, with Bertel Enlund as auditor in charge as of the same year. During the period 1996–2004 Arthur Andersen AB (replaced in the last year by Deloitte & Touche AB) were co-auditors. Bertel Enlund's current audit assignments in other listed companies include: Capio AB, New Wave Group AB, Rörvik Timber AB and Artimplant AB. Bertel Enlund is the auditor for Citat AB, a subsidiary of Bure Equity AB.

Auditors' presentations to the board
To ensure that the board's/audit committee's need for information is met, the company's auditors will personally present their observations at several board meetings. The auditors will present at a board meeting their risk assessment and planning of the year's audit. At two later meetings they will present their observations on the basis of the audit and their assessment of the company's internal control procedures, as well as proposed measures, partly following the completed audit of the nine-month report in the fall,

and partly at the meeting at which the consolidated year-end financial statements are discussed. At one of these meetings the board meets the auditors in the absence of the president and other employees.

Internal audit
Until 2005, Scribona had its own internal audit with the task of proposing measures for increased internal efficiency, better internal control and efficient control processes. Internal Audit reported to the president to ensure independence regarding the rest of the organization. Internal Audit assisted in parts of External Audit's examination of internal control and year-end closing. In 2005, Internal Audit has ceased following a retirement. The company intends to use external resources to secure a function that maintains internal control in the future.

FINANCIAL REPORTING

The board is responsible for ensuring that the organization is set up to be able to monitor bookkeeping, funds managment and the company's other financial matters in a satisfactory manner. The board therefore provides the president with written instructions regarding when and how financial reporting is to be carried out.

The group's financial and reporting policies provide the framework for financial management, follow-up and reporting principles. The group has a reporting system that is used by the entire group.

Every year a detailed schedule for budget and outcome reporting, including the group management's budget and outcome reviews, is agreed on with the operational units. In the fall, the budget process for the coming financial year is implemented. Before each new quarter, a new updated budget is set for that quarter. Outcome reports are issued to group management every month by the operational units, including income statements and balance sheets supplemented with written comments and analysis. Every month the board receives a written report on the company's income and financial position. A legal report is issued every quarter. In the quarterly financial statement, the report to the board is more extensive in preparation of the board meeting that precedes the press release on the interim report and the press release concerning the annual figures. The audit committee provides an assessment of the financial reporting at these meetings. The nine-month financial statement and the annual figures are assessed at the meeting with the auditors.

SCRIBONA'S CODE OF CONDUCT

In December 2004 the board adopted the group's conduct. It covers ethical regulations that all employees must adhere to. The code formalizes the principles the group must apply in relationships with customers, suppliers, employees, competitors, shareholders, society as a whole and other interested parties.

INFORMATION ABOUT CORPORATE GOVERNANCE

Since June, 2005, the company's website features a special section devoted to corporate governance. The information published there is updated within one week of changes becoming known to the company.

APPLICATION OF THE CODE

Scribona applies the Swedish Code of Corporate Governance. Deviations from the Code in 2005 and explanations:

Attendance at AGM 2005 (1.3.1)
The chairman of the board did not attend the AGM.

The chaiman was at that time conducting aid work abroad. The chairman of the board had also declined re-election. The deputy chairman of the board attended the AGM.

Independent members of the remuneration committee (4.2.1)
According to the Code, Lennart Svantesson, who was a member of the remuneration committee during part of the financial year, was not independent of the company, as he had been president of Scribona AB within the last five years.

It was the board's wish that the remuneration committee should benefit from the knowledge and experience that Lennart Svantesson possesses in matters of remuneration, fully aware that Lennart Svantesson had served as president of the company.

Report on internal control of financial reporting (3.7.2)
The board has not provided any comments regarding how well the internal control, to the extent to which it refers to financial reporting, has worked during the finanical year.

In a report from the Commission on Business Confidence, SOU 2004:47, the commission states that it takes time to develop a functioning framework to which reporting can relate, and that there is a need for rules governing the audit of such reporting. The commission also states that this rule is to be applied for the first time for the financial year that starts on January 1, 2006 or later. Guidelines for how to formulate this report were published by working groups from the Confederation of Swedish Enterprise and FAR on October 17, 2005. With reference to the little time available, there is still some uncertainty regardng how the internal control is to be evaluated. For this reason, no description of how well the internal control has worked has been submitted.

The board's report on internal control concerning financial reporting has not been reviewed by the company's auditors. According to FAR, the auditors' association, such an evaluation is not in accordance with acceptable audit practices, as the required criteria for evaluation do not exist for 2005.

Solna, February 27, 2006

Board of Directors

Board's report on internal control of financial reporting for financial year 2005

INTRODUCTION

Swedish legislation governing publicly traded companies and the Swedish Code of Corporate Governance (the Code) state that the board is responsible for internal control. This report explains how internal control of Scribona's financial reporting is conducted in accordance with paragraph 3.7.2 of the Code. With reference to a lack of clarity regarding how evaluation of internal control is to be conducted, this report does not include a description of how well internal control has worked.

Regarding paragraph 3.7.3 of the Code, it can be stated that Scribona has had an internal auditor during 2005.

This report is not a part of the formal annual accounts. The report has not been reviewed by the company's auditors. According to FAR, the auditors' association, such an evaluation is not in accordance with acceptable audit practices, as the required criteria for evaluation do not exist for 2005.

The Swedish Code of Corporate Governance has been in force since July 1, 2005. Scribona has adapted the company's corporate governance policies in line with the Code, and will apply the Code starting from the 2006 AGM. The documentation of processes required by the Code and intended to allow the board to produce a report on how internal control of financial reporting is organized and how well it has worked during the past financial year will begin to be put in place in 2006. This report has therefore been prepared without these processes having yet been documented.

In 2005, the Scribona business area has initiated a comprehensive restructuring of the business. Consequently, the Swedish company Scribona Nordic AB will be managing the entire flow of goods, including purchasing, warehousing and sales, in all the Nordic countries. Thus in 2005, Scribona Nordic AB took over all inventories and flow of goods from Scribona Danmark A/S and Scribona AS (Norway). At the start of 2006, the same process will occur for the Finnish business conducted by Scribona Oy. The existing companies in these countries will continue as sales agencies for Scribona Nordic AB. This realignment will result in major changes to organization, systems, processes and internal control. Determining how internal control is to be organized and documented in the new structure is expected to be completed during 2006.

DESCRIPTION

Control environment (definition of bases for effective internal control)

The basis for internal control of financial reporting is the control environment. This comprises the framework of the organisation, decision paths, authorizations and responsibilities being decided, documented and communicaed. Examples of such documents at Scribona include:

The board's procedural plan, which details the division of labor among the board, audit committee, chairman and president.

Instructions to the president detaling his tasks and reporting obligations etc. to the board.

Code of conduct containing ethical considerations, etc.

Organization chart showing division of responsibilities and authorizations.

Finance manual containing rules for authorization and responsibilities, instructions for certification, accounting and reporting, and different policies, such as credit and financial policy.

Instructions for certification, including decision paths, authorizations and responsibilities and amount limits.

Management's follow-up processes, including regular reviews of operations.

Starting January 1, 2005, Scribona's accounting practices will accord with the International Reporting Standards, IFRS. Due to these new accounting principles, Scribona has initiated a program to update the finance manual, routines, policies and report templates.

Risk evaluation (identifying potential events)

The board's risk evaluation regarding internal control is based on legislation for publicly traded companies. The board has therefore maintained regular dialog with the auditors, but also based its risk evaluation on other issues dealt with by the board. For the management, risk evaluation is always on the agenda in planned follow-up work concerning the different businesses. These evaluations are conducted regularly regarding all aspects of the business, but without following a structured, documented process, as the Code requires.

Risk evaluation of the financial reporting has identified the income statement and balance sheet items for which there is an increased risk of signficant error. For Scribona, these risks lie primarily in the flow of goods, with the risk of incorrect valuation of gross profits and stocks due to obsolescence, and the large, ongoing remuneration from suppliers for the consolidation of margin on individual deals and related price decreases. The company's finance manual contains accounting and valuation principles for all important income statement and balance sheet items.

Control activities (ensuring optimal handling of events)

The company's control activities are design to systematically handle significant risks concerning finanical reporting, including important accounting questions that are identified during risk evaluation. Control activities aim at prevention or early detection of errors in financial reporting, so as to minimize the consequences thereof.

With the introduction of IFRS, Scribona has analysed the risks of implementing the new accounting principles. Employees affected by these changes have received training to increase their competence in this area.

The risks concerning financial reporting that have been identified are managed via Scribona's control activities, which consist of policies and routines that describe the control and how to carry it out. Examples of such activities are budget follow-up, division of responsibilities and certification routines, inventories and checks. However, Scribona's control environment is not completely documented as the Code requires.

Information and communication (continual information about status and outcome)

Effective information and communication paths enable reporting and contact between the company and the board and management. It is important that the right people have the information needed to be able to understand the implications of guidelines and internal policies, and understand the consequences of failing to adhere to them.

Scribona has infomation and communication paths that aim to promote completeness and accuracy of financial reporting, for example by making governing documents such as codes, manuals and policies concerning financial reporting accessible to the appropriate employees. Throughout the company, regular internal meetings are held, which enable dialog between managers and others, including dialog concerning issues relating to financial reporting.

Follow-up (the board's and the management's follow-up on the functioning of internal control)

Follow-up on compliance with internal policies, guidelines and manuals, as well as on the appropriateness and functioning of established control activities, takes place on a regular basis. An evaluation of how internal control of financial reporting is organized is conducted annually. This work involves the board/audit committee, internal auditors and the group finance department.

Solna, February 27, 2006

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