# ANNUAL REPORT 2002

BEIJER • ALMA

# ANNUAL GENERAL MEETING

## TIME AND LOCATION

The regularly scheduled Annual General Meeting will be held on Wednesday, March 19, 2003 at 6:00 p.m., in MIC-aulan, Polacksbacken, Hus 6 Rullan, Lägerhyddsvägen 2, Uppsala, Sweden.

## PARTICIPATION

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

- be entered in their own name in the share register maintained by the Securities Register Centre (VPC AB) no later than by Friday, March 7, 2003; and

- notify the Company of their intent to attend in writing, preferably on the application form enclosed with the Annual Report, under address Beijer Alma AB, P.O. Box 1747, SE-751 47 Uppsala, Sweden, or by telephone +46 18 15 71 60, telefax +46 18 15 89 87, e-mail info@beijer-alma.se or via the Company's Website www.beijer-alma.se, no later than by Friday March 14, 2003 at 4:00 p.m. Such application must include the name, personal or corporate identity number, the number of shares represented and the applicant's telephone number.

Shareholders whose holdings are registered in the name of a nominee must have their shares registered in their own name with VPC in order to be entitled to participate in the proceedings of the Annual General Meeting. Such registration must be completed no later than by Friday March 7, 2003.

Shareholders who wish one or two assistants to participate in the proceedings of the Annual General Meeting must provide notice of their intention to do so in the manner and within the time applicable to shareholders.

## DIVIDEND

The Board of Directors has proposed a dividend of SEK 1.00 per share. The proposed record day for dividends is Monday, March 24, 2003. Provided that Annual General Meeting resolves to approve the proposal, dividends are expected to be distributed by VPC beginning Thursday March 27, 2003.

## AGENDA

A complete agenda and proposals may be obtained from Beijer Alma by telephone +46 18 15 71 60, telefax +46 18 15 89 87 or by e-mail info@beijer-alma.se. This information is also available at www.beijer-alma.se.

## MISCELLANEOUS

The accounts and audit report will be available from Wednesday, March 5, 2003 at the Company's offices, Dragarbrunnsgatan 45, SE-753 20 Uppsala, Sweden. These documents will be mailed to shareholders who so request and give their address.

## INFORMATION SCHEDULE

Beijer Alma will publish financial information for 2003 as follows:

| | |
|---|---|
| March 19 | Annual General Meeting |
| April 29 | Quarterly Report |
| August 8 | Semi-annual Report |
| October 30 | Quarterly Report |
| February 2004 | Financial Report for 2003 |
| March 2004 | Annual Report |

# 2002 IN BRIEF

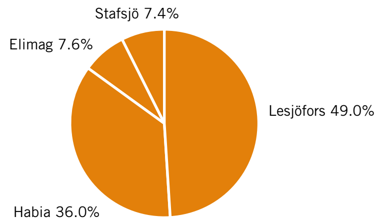
- The effects of weak demand have been countered by cost reductions and low capital expenditures.
- Revenues were MSEK 1 115 (1 320).
- Profit after financial items, not including writedowns, was MSEK 4.8 (2.0).
- Cash flow was MSEK 116 (–85.8).
- Fixed asset values were written down by MSEK 99.9.
- Earnings per share after standard taxes, not including writedowns, were SEK 0.62 (0.32).
- Capital expenditures amounted to MSEK 18 (116).
- A lower dividend of SEK 1.00 per share is proposed (2.00).

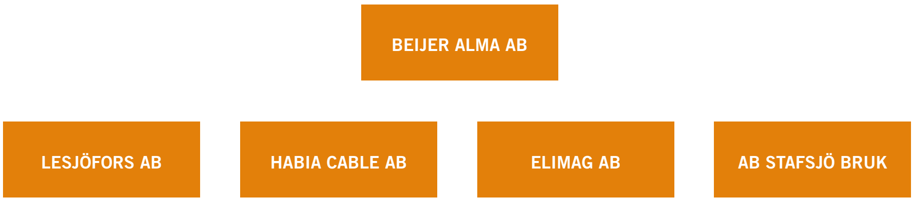
# CONTENTS

# BUSINESS REPORT 2002

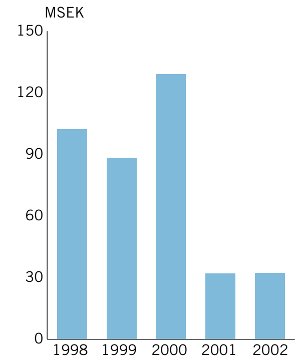
Beijer Alma AB (publ) is an internationally active industrial group focused on production of components for customers in high-technology sectors. The business concept is to acquire, own and develop small and medium-sized companies with good growth potential. The aim is to create competitive company groupings in selected market segments through active, long-term strategic and development work, as well as through investment and complementary corporate acquisitions. In each segment the Group's companies focus on developing strong relationships with customers that can offer growth and profitability.

**Subsidiaries' share of total revenue**



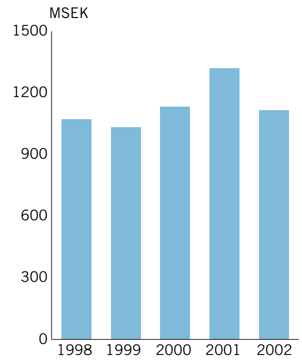

**Operating profit**




*Lesjöfors AB*, a full-range supplier of standard and specially produced industrial springs, wire and flat strip components. The company is a dominating player in the Nordic Region and one of the larger companies in its sector in Europe. Lesjöfors has manufacturing operations in Sweden, Denmark and Finland. Sales in 2002 reached MSEK 546.4. The number of employees was 434.

*Habia Cable AB*, one of Europe's largest manufacturers of specialty cable for applications in telecommunications, transportation, nuclear power and defense. Research and development is conducted in Sweden, while production facilities are located in Sweden, Germany and China. Sales in 2002 reached MSEK 402.8. The number of employees was 366.

**Revenues**

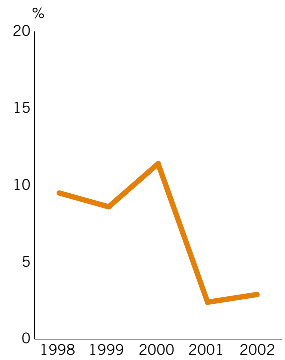



*Elimag AB* conducts high-speed machining of aluminum for customers in telecom, defense and other high-tech sectors. Sales in 2002 reached MSEK 83.7. The number of employees was 73.

*AB Stafsjö Bruk* develops, manufactures and markets knife gate valves for the process industry. The company is internationally active with sales offices in Germany and China and a network of sales representatives in some 30 countries. Sales in 2002 reached MSEK 81.9. The number of employees was 63.

Beijer Alma is listed on the O-list of the Stockholm Stock Exchange (ticker BEIAb).

**Operating margin**




## KEY FIGURES

| | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| Net revenues, MSEK | 1 115 | 1 320 | 1 133 | 1 031 | 1 072 |
| Profit after net financial items, MSEK [1] | 4.8 | 2.0 | 110.1 | 75.7 | 92.9 |
| Shareholders' equity per share, SEK | 51 | 64 | 60 | 53 | 49 |
| Dividend per share, SEK | 1.00 [2] | 2.00 | 4.00 | 3.50 | 3.25 |

[1] Not including items affecting comparability.
[2] As proposed by the Board of Directors.

In Beijer Alma our efforts in 2002 have centered on securing cost-efficiency and competitiveness in our operations. Like so many other companies we have been affected by the sharp downturn in the telecom sector. We have taken the consequences of the changes in the market and have worked to adjust our costs and to increase efficiency during the year. And results have not been long in coming. Beijer Alma's financial position is strong today and that is an important cornerstone to build on for the future. The overhaul has rendered our companies well structured and well prepared to handle any upturn in the market. And I want to emphasize that it is a matter of *when*, not *if* he upturn comes. In times of economic weakness it's easy to forget that aspect. But temporary pessimism can never be allowed to cast its shadow on the fact that business is a long-term undertaking where ups and downs are part of everyday life.

### FORESIGHT AND DIVERSIFICATION

Beijer Alma thus stands strong today. For the most part our companies command well established positions in their respective market segments. The ability to take advantage of opportunities in new and well defined growth areas is also a strength. There are many good examples of this in the Group. Since the mid-nineties, Lesjöfors has expanded its business in business area Automotive in an impressive way. Habia's expansion in the areas of Defense and Energy is also proof of the foresight that exists among the Group's companies. This risk diversification is also very important in a weaker economy. Risk diversification is improved if business is conducted in several core areas. On the other hand, the demands posed by risk diversification are greater. Financial preparedness, good knowledge of the market and strong leadership are basic requirements for companies active in market segments where the international competition is severe. Our Group companies have demonstrated an ability to fulfill these requirements. They are distinguished by high technical competence, innovative force and also a capacity to make sure that the necessary external cutting-edge competence is available. One concrete example of this is Habia's center for research and development in Uppsala, where the proximity to academic basic research provides an extra edge to the operations. Even though Beijer Alma stands well prepared, there are important areas where we have to become even stronger.

The two areas I am thinking of in the first instance are internationalization and sales work. The sales organization was thus strengthened during 2002 in several companies and these efforts continue. Successful selling is and will always be a key competence for further development of our market positions.

### MANY CHALLENGES

It is often said that leadership is more difficult when times are tough. The long-term challenges and the daily agenda is often more complex. During 2002 the leaders in our companies have shown that they – in the face of complicated issues – have managed to make the necessary adjustments, as well as push the envelope of development. Many employees have had to leave the company and these are always painful decisions. And yet we have managed to safeguard our business, taking the long-range view of our development. I would therefore like to extend my heart-felt thanks to Group management, subsidiary managers and all other employees in the Group who have contributed to Beijer Alma completing a year of adaptation in a good way.

Anders Wall
*Chairman*

# 2002 – A YEAR OF ACTIVE CONSOLIDATION

The year of 2002 was the second year with negative sales performance for Beijer Alma. And yet, at the beginning of the year several signs indicated that the negative trend had been broken. Order bookings at our subsidiaries were on the rise at the same time as the order backlog was growing. We also saw an increased level of activity on the part of our telecom customers, probably in response to more normal inventory levels. For certain telecom components deliveries resumed after being stagnant for most of 2001. The level of activity in the world around us also grew. Aggregate order bookings for Swedish companies rose during the first months of the year. The upturn was short-lived, however. The positive trend was broken already in May and order bookings again began to slide. The rest of the year was marked by weak demand.

Going forward, the macro-economic development in Sweden and the world around us will be crucial to market demand. I would therefore like to devote a moment to describe how I look at the economic situation as the year begins.

### WEAK ECONOMY

The for Sweden, and the rest of Europe, important German economy is in a deep recession, with substantial structural problems. Economic activity in Germany is also affected negatively by a locked-up monetary and fiscal policy. Also in the American economy there is a great risk of lower demand. This is particularly true of the all-important consumer demand, which could be affected by the record-high indebtedness of the American consumer. Swedish companies also risk being hurt by the weaker dollar. In Sweden demand is being threatened by higher taxes, but also by rising unemployment after the many notices of layoffs during 2002. All things considered, this means that I am relatively pessimistic about the prospects for improved demand during 2003.

### REQUIREMENTS FOR LOWER COSTS

Manufacturing industry in the Western World is distinguished by a low level of capacity utilization. This sets the stage for pronounced pricing pressures, which in turn raises the pressure for lower production costs. These price and cost pressures result in migration of production and job opportunities to low-cost countries. There is currently a surge in exports of labor-intensive production, in part to Asia – and particularly China – in part to Eastern Europe, and especially the Baltic States.

The companies in Beijer Alma are also affected by market pricing pressures. As part of its efforts to meet these pricing pressures, Beijer Alma Group companies are seeking component sources and establishing manufacturing in low-cost countries. As the only specialty cable company in the World, Habia now has production in China. A growing proportion of the production of telecom products is now located at this plant. In the beginning of 2003, Lesjöfors will also start manufacturing operations of certain telecom components in China. The company is also planning to relocate labor-intensive production to the Baltic States. Stafsjö is getting a growing part of its materials supplies from low-cost countries. Nor can relocating final assembly of valves be excluded in the future.

The recent downturn in especially the telecom sector demonstrates the importance of diversified operations, which reduces the dependence on individual sectors, customers or products. In the Beijer Alma Group certain companies and business areas have been greatly dependent on individual customers. For the Group as a whole, however, this dependence has been partially offset by other operations.

Lesjöfors is a good example of diversification of products and customers in a well defined technology area. Despite experiencing lower total demand, Lesjöfors generated a remarkable earnings improvement during 2002. This was partly due to strong growth in business area Automotive, which to a large extent compensated for weak demand in other parts of the company, and in part to cost reductions.

### IMPROVED FINANCIAL STRENGTH

Overall, we have been sharply focused on cost containment in the entire Group. This has led to major personnel cutbacks, both during 2001 and 2002. During 2002 the average number of employees declined by 115 persons, or 11 percent.

The goal is to adapt costs to the demand we see for each company. In a market with a long period of flagging demand, this means that the cost level is gradually adjusted to each new situation. In certain cases the change in demand is so drastic that balance cannot be reached by personnel cutbacks and lower current costs alone. This was the case in Elimag during the fall of 2002. During the year we had gradually adjusted the organization to an increasingly weak flow of orders from the telecom sector, which was the company's largest customer group. Opportunities to reduce costs further were hampered by large depreciation charges for machinery and low capacity utilization. In that situation we chose to make an adjustment of the value of the fixed assets in order to reach balance in current depreciation costs relative to capacity

utilization. This action became especially pressing as we did not see any quick turnaround in demand.

Cost containment, in combination with low capital expenditure and efforts to reduce the working capital, has given rise to strong positive cash flow and improved financial strength. Capital spending will continue to be held at a low level. Major investments were made in 2000 and the beginning of 2001, which resulted in significant overcapacity. In 2003, as during 2002, the Group companies in Beijer Alma are focusing on utilization of all existing capacity.

**INCREASED SELLING EFFORTS**

It is unlikely that the macro-economic situation will unfold in such a way as to give rise to a general improvement in demand during 2003. Nor are there any signs of an early turnaround in the telecom sector. This means that earnings improvements during 2003 must continue to be derived from cost control.

Our operations are high class. All companies are focused on quality, both in terms of products and in delivery precision and other contacts with customers. The overall technical level is world class in all of the Group's companies. During the past year sales efforts have also increased in several companies. During the economic boom towards the end of the 1990s, production capacity was filled without any major sales efforts. It was actually capacity that was the limiting factor. Systematic and engaged sales efforts are now again of the essence. Despite major personnel cutbacks, we have increased the sales force in several cases, so as to make an increased market presence possible. With efforts in product development, high quality, cost-efficient production and a high level sales activity, we have excellent opportunities of strengthening the market position of our companies.

Bertil Persson
*President and CEO*

## "TO ACQUIRE, OWN AND DEVELOP SMALL AND MEDIUM-SIZED COMPANIES WITH GOOD GROWTH POTENTIAL."

Thus reads Beijer Alma's business concept. The Group strives to create strong and competitive corporate groups in selected market segments. This is accomplished through active strategy and development work in existing companies, for example in issues such as marketing, competence and leadership. The orientation of the business concept may also include acquisition of complementary companies. The overriding goal is for subsidiaries to develop into internationally successful companies. They will be distinguished by technical expertise at a high level and will be focused on competitive products that provide critical volumes and economies of scale in production and sales.

Beijer Alma's shareholders shall be offered attractive value growth. A long-term approach and focus on growth and profitability are crucial elements of this goal. Shareholders value is created when Beijer Alma's strengths are combined with the various assets of the Group companies. This means that Beijer Alma's business competence and financial resources – in combination with the market and industrial knowledge of the Group companies – create a strong driving force in the operations.

### FOCUS ON COMPONENT MANUFACTURE

Via investments and new acquisitions, Beijer Alma has developed into a group with its focus on component manufacture. Operations are today conducted in several different industries, such as mobile telecom, defense industry, aftermarket for vehicles and process industry. The largest single industry is mobile telecom, which in 2002 accounted for 17 percent of Beijer Alma's revenue. Business volumes in telecom have declined during the past two years. Growth during the latter part of the 1990s and 2000 was probably also higher than can be expected in the future. In a longer perspective this sector is still expected to offer good opportunities for development and growth.

The suppliers here are often small and medium-sized companies, which deliver to a small number of large customers. Major structural transformation among these suppliers is expected in coming years. One of the driving forces will be customer demands for internationalization, which forces suppliers to offer production resources in an increasing number of local markets around the world. Aside from flexible production resources, it is also a matter of competence, innovative power and financial strength. In order to live up to these demands, Beijer Alma follows the development of the industry closely. The Group will also exploit the opportunities that arise, for example in terms of acquisitions or other action on the offensive that may strengthen growth or competitive power. As a component supplier, Beijer Alma's Group companies deliver components to so-called systems suppliers, who are located higher up in the value chain, closer to the end users. The level of the Group companies in the value chain is chosen with care. This means that the products from the Group companies are built on a core of competencies and experience developed over the years, and also that Beijer Alma has clearly defined the Group's activities so that they do not compete with the end users and their own operations.

### RISK DIVERSIFICATION

Even if the Group's companies are focused on component manufacture, the diversification between industries, customers and products is important to avoid excessive problems if individual industries or customers develop unfavorably. The downturn in the telecom industry over the past two years puts the spotlight on the importance of effective risk diversification.

#### ARTICLES ABOUT BEIJER ALMA 2002

January 14, 2002 Börsveckan
"Anders Wall and three time Beijer"

March 18, 2002 Börsveckan
"Slimmed costs lifts Beijer Alma"

April 18, 2002 Dagens Industri
"Lesjöfors absorbs the shocks"

November 25, 2002
"Beijer Alma's weak profit hides golden egg and chances"

#### RESEARCH REPORTS DURING 2002

February 8, 2002
Beijer Alma Company Result
Alfred Berg Fondkommission AB

July 8, 2002
OTC-placeraren

August 12, 2002
Beijer Alma Company Result
Alfred Berg Fondkommission AB

November 1, 2002
Beijer Alma News Flash
Alfred Berg Fondkommission AB

December, 2002
Small Cap Guide
Bankaktiebolaget JP Nordiska

### ACTIVE CONTROL

Beijer Alma is an industrial group clearly focused on growth and a consistent business aim and direction. This allows the Group to develop experience and competencies utilized throughout the business. Each Group company operates based on its own business model. In case of a need for resources or competence, Beijer Alma is in a position to provide support to develop the content in the business models of the Group companies. Such active control is aimed at strengthening the ability to compete. This also enhances the ability of the Group's subsidiaries to achieve and maintain their positions as international successful companies. Control and cooperation also makes the companies in Beijer Alma into attractive places to work, which improves the possibility of attracting and keeping cutting-edge talent in the business.

### DIVISION OF RESPONSIBILITY

The individual companies function as independent companies. There are clear lines of responsibility between Group management in Beijer Alma and subsidiary management. However, strategic issues in the areas of overriding business and organizational development are the joint responsibility of subsidiary management and Group management.

### LONG-TERM HOLDING

A long-term approach is a key element of Beijer Alma's strategy. Companies are not acquired with the intention of selling them. Instead, the goal is to create successful company groupings, distinguished by rapid growth and high profitability. The subgroups that make up Beijer Alma are run as if they were listed companies, however. This means, among other things, that each of them have their own complete management functions. This principle makes it easier to seek separate listing of individual companies should that become an option for the future. Such separate listing could be considered if at some future point in time it would be beneficial to the company in question as well to Beijer Alma.

### ACCESS TO THE CAPITAL MARKET

Beijer Alma gives investors access to a unique constellation of established, privately held subsidiaries with operations in interesting growth areas. For Beijer Alma access to the capital market provides financial resources for growth. The Beijer Alma Group companies are also given indirect access to the capital markets. This makes it possible for development and growth to be financed in ways otherwise not possible. Ever growing customer demands for flexible production solutions, innovative skills and financial strength can thus be combined in an efficient manner. Our Group's companies' exposure to the capital market also clarifies the demands and expectations of investors, analysts and the media. With explicit demands from owners and the surrounding world, a business climate is created around the companies that is marked by development and growth.

### CLEAR ECONOMIC INFORMATION

Communication with the capital market is based on clear and open information about Beijer Alma and its subsidiaries. The goal is a liquid market in the listed stock which opens the way for regular analysis and a correct valuation of the Group.

Current economic information about Beijer Alma is always available at the Group's Website, www.beijer-alma.se.

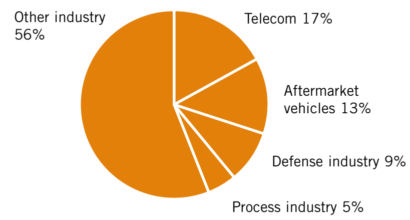
**FOCUS ON INDUSTRIAL CUSTOMERS**

Beijer Alma's Group companies are primarily suppliers of components to companies that deliver complete products and systems. Most of the production is in the form of components used in investment goods in a variety of industrial applications. A limited portion of the production includes products that are used directly by end consumers. An example of such production is chassis springs at Lesjöfors. Chassis springs are produced for the aftermarket for passenger cars and light vehicles.

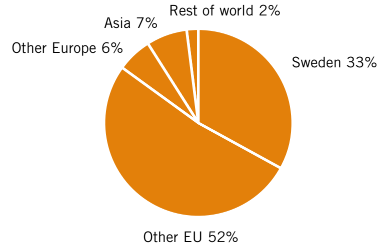
The Group's customers are found in a number of different industries. Large customer segments are systems manufacturers in the telecom sector, the defense industry, the process industry and other industries making industrial investment goods. During 2002 mobile telecom accounted for about 17 percent of revenue, followed by the aftermarket for vehicles 13 percent, the defense industry 9 percent and the process industry 5 percent. The remaining portion, 56 percent, is related to different global industrial sectors, such as the transportation and auto industries, power generation and consumer electronics.

The companies in the Beijer Alma Group export their products all over the world, although the most important markets are in Europe and Asia.

**Distribution of costumers by segment**



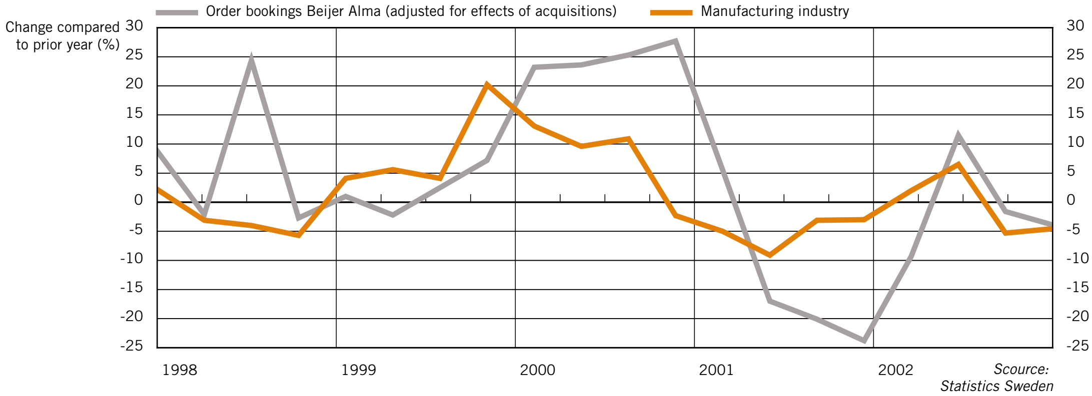

**Geographic distribution of sales**




**WEAK DEMAND OVERALL**

In Sweden, the first part of 2002 was marked by a recovery after a downturn during 2001. Order bookings grew until the beginning of summer 2002, at which time the flow of orders to Swedish industry dipped again. Beijer Alma's subsidiaries followed the general trend. The recovery at the beginning of the year was relatively evenly spread over most industries, including sales to telecom customers as well as sales to customers in other industries. The downturn during the fall mostly befell other industry, while telecom volumes stabilized at relatively low levels.

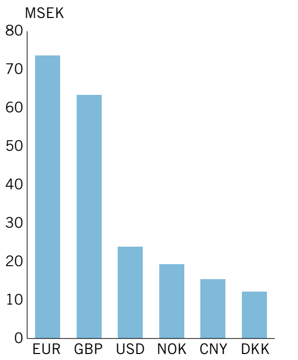
**Order bookings in manufacturing industry, Sweden, 1998–2002**




During 2002 European growth was hampered by the fact that the German market had a very weak development – a market that also is important to Swedish export industry. Germany is the single most important market for both Habia and Stafsjö. In total, Germany accounts for 13 percent of consolidated sales. GDP growth in Germany during 2002 was 0.4 percent[1)] and 0.9 percent[1)] for the entire EU area.

[1)] *OECD, forecast, December 2002*

**Currency exposure**




The net of revenue and costs in the most important currencies. Amounts restated in SEK. For full accounting, refer to Note 32 on page 55.

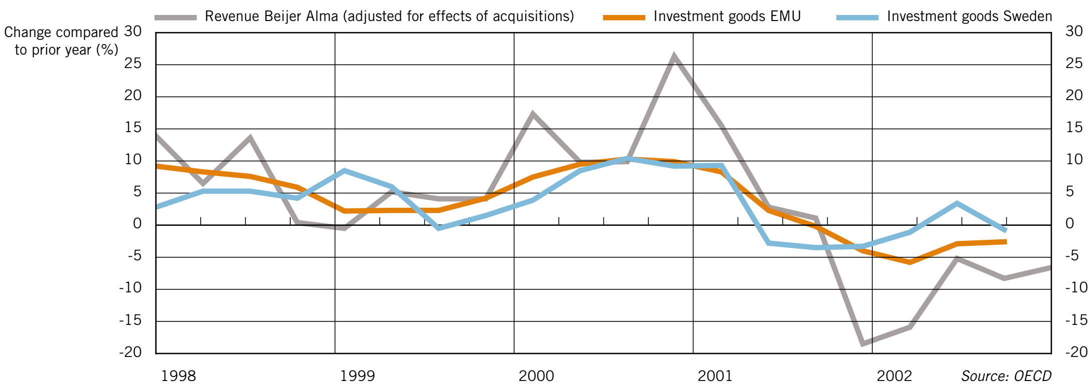
In Asia, China is the most important market for the Group's companies, accounting for 3.4 percent of total sales. The migration of production from high-cost countries to China drives the country's growth. During 2002 Chinese GDP growth was about 8 percent[2].

The North American market is currently of less importance to the companies of the Beijer Alma Group. It is true that Habia, Lesjöfors and Stafsjö had sales to the region, but exports to North America accounted for a mere 1.2 percent of total sales.

## LINK TO INDUSTRY'S DEVELOPMENT

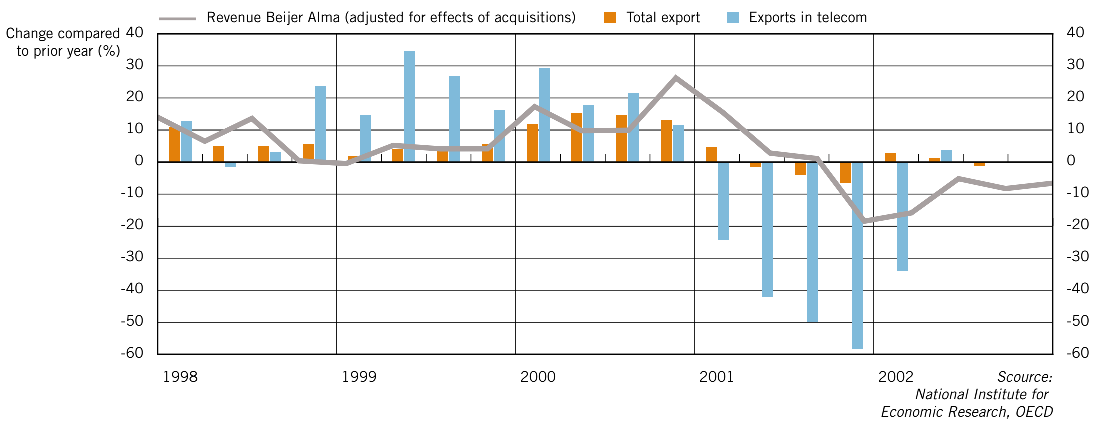
Beijer Alma's Group companies work mostly with components for investment goods. Market demand and production for this type of products are therefore of crucial importance to the sales performance of the companies. The diagram below shows the production of investment goods in Sweden and the EMU area relative to the Beijer Alma Group's sales performance.

**Industrial production index for investment goods, 1998–2002**




The Group's sales of telecom-related products is driven mainly by the global capital spending activity in telecom systems. The companies in the Beijer Alma Group delivers components to systems suppliers and are therefore dependent on their receipt of orders for new systems. The diagram below shows quarterly changes in Swedish exports of telecom products and total exports relative to Beijer Alma's sales performance.

**Swedish exports, 1998–2002**




[2] *National Bureau of Statistics in China, December 2002.*

# ENVIRONMENTAL WORK

*Because of the varying businesses in the Group companies, environmental work is based on the conditions prevailing in each respective company. The environmental responsibility is thus delegated, but each company reports regularly in these matters to the Board of Directors of Beijer Alma. The Board of Directors also sees to it that each Group company drafts and revises the guidelines and the environmental policy that govern each respective business.*

## LESJÖFORS

***Environmental certification***
Lesjöfors AB has production at seven facilities. Three of these are environmentally certified according to ISO 14001, while another two are expected to obtain certification during 2003.

***Environmental goals***
Environmental goals are drafted once per year by the certified businesses. These goals are based on environmental aspects identified as significant. At Industrial Springs in Herrljunga and Wire Parts in Nordmarkshyttan efforts have centered on improving the yield of scrap material. Environmental work at Springs in Lesjöfors has been focused on reducing the fraction for permanent deposit and on improving the yield of scrap material.

***Environmental permits***
The facilities in Herrljunga, Lesjöfors, Nordmarkshyttan, Vagnhärad and Vällingby are under obligation to file reports. Lesjöfors Banddetaljer in Värnamo and Vagnhärad require permits to operate. The permits are in force since 1998. Operations at Lesjöfors A/S in Danish Brøndby has an environmental approval from the Municipality of Brøndby.

***Resource utilization***
This is a prioritized area of work for Lesjöfors. The environmentally certified units in Lesjöfors have in all cases surpassed the internal goals for scrap material. In Herrljunga/Nordmarkshyttan the goal for metal scrap was 9 percent, whereas the actual number was 8.7 percent. In Lesjöfors the goal was set at a maximum of 5.3 percent and the actual number was 5.1 percent.

***Scrap and residual products***
Scrap is sorted in between five and seven fractions at the various plants. The largest single fractions are wet grinding waste and material for permanent deposit.

***Chemical products and raw materials***
Substances included in the limitation database of the National Chemical Inspectorate are not used by the certified businesses. This goal has been reached thanks to prior priorities in the environmental work.

## HABIA CABLE

***Environmental certification***
The Swedish operations of Habia Cable AB are certified according to ISO 14001 since 2000. In a longer perspective the company intends to certify all other parts of the operation.

***Environmental goals***
In Habia Cable overriding and long-term environmental goals are established at group management level. These goals are then broken down to each respective process and production location. Efforts with respect to material resource utilization was given priority during 2002. The goal is to raise the material resource utilization ratio to 80 percent by 2004.

***Environmental permits***
Habia Cable in Söderfors has a production permit issued by the County Administrative Board. For the production in Germany (Norderstedt) and China (Changzhou) no permits by the authorities are currently required.

***Resource utilization***
Material utilization is followed up on a monthly basis since 2001. The material utilization ratio at Söderfors was raised to 72 percent during 2002. The Changzhou plant reached a material utilization ratio of 85 percent during 2002. This was achieved since the company works mostly with semi-finished goods.

***Scrap and residual products***
Waste is sorted at the source at the facilities in Söderfors into about 15 fractions. The goal is to separate the scrap so that as much of it as possible can be recycled. Operations at Söderfors are free of waste for permanent deposit since the fall of 2001. The handling of residual products has not come as far at the factory in Norderstedt, although scrap from the production is recycled. The production in Changzhou generates only small amounts of waste and scrap.

***Chemical products and raw materials***
About 600 different chemical products, including polymers, pigments and chemicals, are used in the operations. The pigments especially contain substances included in the database of the National Chemical Inspectorate or its so-called OBS-list. Included here are, among other, lead chromate and nickel. Habia Cable is trying to replace the products found on this list in cooperation with its suppliers.

## ELIMAG

*Environmental certification*
The work to certify Elimag Göteborg AB according to ISO 14001 is in progress and is expected to be completed during 2003.

*Environmental goals*
An important environmental goal for 2002 was to reduce the use of cutting fluid. To achieve this goal the company has changed supplier of cutting fluid. The new cutting fluid can be used twice as long as the previous fluid, which reduces sharply the volumes used by the company. The new product also reduces the consumption of cutting fluid relative to the amount of machined aluminum.

*Environmental permits*
Elimag Göteborg has a permit for its operations since 2000. Salt bath dip brazing is currently located at premises previously used by Ericsson Microwave Systems in Mölndal. Operations are thus conducted within the framework of a permit linked to that company. All conditions for the permit are fulfilled.

*Scrap and residual products*
Elimag has relatively elaborate processes for sorting residual products at the source. Among other things, there is a fraction of compostable waste. Waste for permanent deposit does not exist. Production is based on machining, which generates a large amount of aluminum scrap. Because of the high purity, the contractor for material scrap handles this fraction separate from other aluminum waste.

*Chemical products*
Elimag uses only one product that is registered in the OBS-list. The product in question is used in very limited quantities and no substitute is currently available in the market. There is constant work in the company with efforts to find less environmentally hazardous products.

## STAFSJÖ BRUK

*Environmental certification*
Discussions about possible environmental certification according to ISO 14001 are in progress. If a decision is made, the work will begin with an environmental impact study.

*Environmental goals*
AB Stafsjö Bruk does not conduct any activity requiring environmental permits. The production has little environmental impact. The company therefore has no separate environmental goals. Issues involving environmental aspects are handled within the framework of normal operational planning.

*Environmental permits*
Only reports have to be filed for the type of operations conducted by Stafsjö Bruk. The company files an annual report of chemical consumption, transportation and handling of hazardous waste.

*Scrap and residual products*
The company's products consist mainly of recyclable material. The type of materials recycled include metal chips, acid-proof steel, worn-out hard metal bits and knives, paper, corrugated board and non-rigid plastic. Included in the category hazardous waste are emulsifying lubricants and hydraulic fluids. Suppliers who handle hazardous waste from Stafsjö have the relevant permits from the authorities.

*Chemical products and raw materials*
The company handles traditional workshop consumables, such as cutting oils, degreasers, cleaning chemicals and paints. Emission of chemicals into the air has decreased. This is in part due to the fact that the company has invested in a so-called thinner distillator, in part because an increasing portion of materials purchased are already surface treated. Changed routines and advanced recycling means that the need to send used thinner for destruction has ceased.

| | Lesjöfors | | | Habia Cable | | | Elimag | | | Stafsjö Bruk | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 2000 | 2001 | 2002 | 2000 | 2001 | 2002 | 2000 | 2001 | 2002 |
| Energy consumption, MWh | 8 900 | 9 500 | 8 000 | 5 390 | 8 440 | 8 640 | 1 500 | 1 600 | 2 870 | 1 700 | 1 700 | 1 700 |
| Oil consumption, $m^3$ | 157 | 180 | 164 | – | – | – | – | – | – | 77 | 97 | 111 |
| LPG consumption, tons | 464 | 467 | 485 | 20 | 42 | 45 | – | – | – | – | – | – |
| Materials recycling, tons | 1 754 | 1 501 | 1 068 | 172 | 237 | 208 | n.a. | 301 | 232 | 97 | 63 | 63 |
| Waste, for permanent deposit/combustible, tons | 115 | 100 | 151 | 300 | 203 | 111 | 7 | 6 | 6 | n.a. | n.a. | n.a. |

**Comment**

| | |
|---|---|
| Lesjöfors | The increase in waste for permanent deposit 2001–2002 is due to a change in classification of wet grinding waste at a waste contractor (formerly material recycling). |
| Habia Cable | The sharp increase in electric energy consumption 2000–2001 is due to greater production capacity. |
| | The sharp decrease in waste 2000–2002 was due to internal sorting at the source and improved utilization of materials. |
| | The increase in liquefied petroleum gas consumption 2000–2002 is due to LPG operation of newly installed purification facility in Söderfors. |
| Elimag | Electricity consumption rose sharply 2001–2002 due to a previously defective meter. |

# THE BEIJER ALMA SHARE

| LARGEST SHAREHOLDERS | Number of shares | of which Class A | of which Class B | Number of votes | Share capital, % | Votes, % |
|---|---|---|---|---|---|---|
| Anders Wall with family and companies including Beijerinvest | 1 245 040 | 733 000 | 512 040 | 7 842 040 | 13.8 | 41.2 |
| Svolder | 893 500 | | 893 500 | 893 500 | 9.9 | 4.7 |
| SEB Fonder | 824 000 | | 824 000 | 824 000 | 9.1 | 4.3 |
| Kjell & Märta Beijers' Foundation | 571 950 | | 571 950 | 571 950 | 6.3 | 3.0 |
| Livförsäkrings AB Skandia | 525 040 | | 525 040 | 525 040 | 5.8 | 2.8 |
| Lannebo Fonder | 483 600 | | 483 600 | 483 600 | 5.4 | 2.5 |
| Anders Walls' Foundations | 438 220 | 140 400 | 297 820 | 1 701 820 | 4.9 | 9.0 |
| Sjätte AP-fonden | 329 000 | | 329 000 | 329 000 | 3.6 | 1.7 |
| Kjell Beijers' 80-years foundation | 275 400 | | 275 400 | 275 400 | 3.1 | 1.4 |
| Didner & Gerge Aktiefond | 267 600 | | 267 600 | 267 600 | 3.0 | 1.4 |
| Göran Huldtgren with family and companies | 199 470 | 101 400 | 98 070 | 1 112 070 | 2.2 | 5.8 |
| Fjärde AP-fonden | 118 000 | | 118 000 | 118 000 | 1.3 | 0.6 |
| Per Olsson | 75 000 | | 75 000 | 75 000 | 0.8 | 0.4 |
| Sven Boode with family | 65 610 | 62 340 | 3 270 | 626 670 | 0.7 | 3.3 |
| Other | 2 711 870 | 72 860 | 2 639 010 | 3 367 610 | 30.1 | 17.9 |
| **Total** | **9 023 300** | **1 110 000** | **7 913 300** | **19 013 300** | **100** | **100** |

The number of shareholders is 2 183. The proportion of institutional ownership is 45.7 percent of the capital and 28.6 percent of votes.
The proportion of foreign ownership is 2.1 percent of capital and 1.0 percent of votes.

*Source: Share register as per December 30, 2002*

## OWNERSHIP STRUCTURE

| *Size classes* | *Number of owners* | *Proportion of owners, %* | *Number of shares* | *of which Class A* | *of which Class B* | *Proportion of shares, %* | *Proportion of votes, %* |
|---|---|---|---|---|---|---|---|
| 1 – 500 | 1 268 | 58.1 | 250 654 | 630 | 250 024 | 2.78 | 1.35 |
| 501 – 1 000 | 471 | 21.6 | 369 174 | 600 | 368 574 | 4.09 | 1.97 |
| 1001 – 2 000 | 206 | 9.4 | 340 900 | 1 200 | 339 700 | 3.78 | 1.85 |
| 2 001 – 5 000 | 126 | 5.8 | 432 328 | 14 430 | 417 898 | 4.79 | 2.96 |
| 5 001 – 10 000 | 45 | 2.1 | 332 036 | 42 000 | 290 036 | 3.68 | 3.73 |
| 10 001 – 20 000 | 27 | 1.2 | 415 548 | 26 800 | 388 748 | 4.61 | 3.45 |
| 20 001 – 50 000 | 19 | 0.9 | 574 100 | 46 000 | 528 100 | 6.36 | 5.20 |
| 50 001 – 100 000 | 6 | 0.3 | 398 240 | 56 340 | 341 900 | 4.41 | 4.76 |
| 100 001 – | 15 | 0.7 | 5 910 320 | 922 000 | 4 988 320 | 65.50 | 74.73 |
| **Total** | **2 183** | **100** | **9 023 300** | **1 110 000** | **7 913 300** | **100** | **100** |

*Source: Share register as per December 30, 2002*

## EVOLUTION OF SHARE CAPITAL

| *Year* | | *Increase in share capital, SEK 000* | *Total share capital, SEK 000* | *Increase in number of shares* | *Total number of shares outstanding* |
|---|---|---|---|---|---|
| 1993 | Opening balance | 0 | 53 660 | 0 | 2 146 400 |
| 1993 | Non-cash issue in connection with acquisition of G & L Beijer Import & Export i Stockholm | 6 923 | 60 583 | 276 900 | 2 423 300 |
| 1993 | New issue | 30 291 | 90 874 | 1 211 650 | 3 634 950 |
| 1994 | Non-cash issue in connection with acquisition of AB Stafsjö Bruk | 5 000 | 95 874 | 200 000 | 3 834 950 |
| 1996 | Conversion of subordinated debentures | 47 | 95 921 | 1 875 | 3 836 825 |
| 1997 | Conversion of subordinated debentures | 2 815 | 98 736 | 112 625 | 3 949 450 |
| 1998 | Conversion of subordinated debentures | 1 825 | 100 561 | 73 000 | 4 022 450 |
| 2000 | Conversion of subordinated debentures | 30 | 100 591 | 1 200 | 4 023 650 |
| 2001 | Non-cash issue in connection with acquisition of Elimag Industri AB | 11 750 | 112 341 | 470 000 | 4 493 650 |
| 2001 | Split 2:1 | | 112 341 | 4 493 650 | 8 987 300 |
| 2001 | Conversion of subordinated debentures | 388 | 112 729 | 31 000 | 9 018 300 |
| 2002 | Conversion of subordinated debentures | 62 | 112 791 | 5 000 | 9 023 300 |

| SHARE DATA | *2002* | *2001* | *2000* | *1999* | *1998* | *1997* | *1996* | *1995* | *1994* | *1993* |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings per share based on average number of shares outstanding | | | | | | | | | | |
| after 28 % standard taxes, SEK | 0.62 | 0.32 | 9.53 | 6.65 | 8.31 | 7.84 | 6.94 | 5.82 | 3.94 | 1.83 |
| after actual taxes, SEK | –8.65 | 1.36 | 9.01 | 5.59 | 7.65 | 5.43 | 7.52 | 6.72 | 4.66 | 2.00 |
| Shareholders' equity per share, SEK | 51 | 64 | 60 | 53 | 49 | 44 | 40 | 33 | 27 | 23 |
| Dividend per share, SEK | 1.00 [1] | 2.00 | 4.00 | 3.50 | 3.25 | 3.00 | 2.50 | 2.00 | 1.50 | 1.00 |
| Dividend payout ratio, % | 161 | 625 | 42 | 44 | 37 | 36 | 27 | 33 | 39 | 84 |
| Dividend yield, % | 2.6 | 2.9 | 3.6 | 4.1 | 3.6 | 2.6 | 3.8 | 5.8 | 4.8 | 3.1 |
| Market price at end of period, SEK | 38.20 | 69.00 | 110.50 | 84.50 | 91.00 | 113.50 | 65.00 | 34.50 | 31.50 | 32.50 |
| Highest market price, SEK | 78.00 | 134.50 | 115.00 | 91.00 | 112.50 | 120.00 | 66.00 | 37.75 | 41.50 | 37.50 |
| Lowest market price, SEK | 33.90 | 45.00 | 72.00 | 70.00 | 67.50 | 57.50 | 32.00 | 26.50 | 27.50 | 12.19 |
| P/E ratio at year-end | 62 | 216 | 11.6 | 10.9 | 9.6 | 13.7 | 9.4 | 5.9 | 8.0 | 17.8 |
| Cash flow per share, SEK | 12.88 | –9.51 | –3.76 | 7.24 | 4.71 | 5.94 | 3.55 | 0 | 0 | 0 |
| Closing number of shares outstanding [2] | 9 610 180 | 9 610 180 | 8 470 180 | 8 470 180 | 8 044 900 | 8 044 900 | 8 044 900 | 8 044 900 | 8 044 900 | 7 269 900 |
| Average number of shares outstanding [2] | 9 610 180 | 9 610 180 | 8 470 180 | 8 328 420 | 8 044 900 | 8 044 900 | 8 044 900 | 8 044 900 | 7 653 234 | 4 734 162 |

[1] Dividend proposed by the Board of Directors
[2] Including subordinated convertible debentures and personnel options outstanding.

Beijer Alma's shares were introduced in 1987 on what was then the Stockholm Stock Exchange's OTC-list. In July 2000 the shares were transferred to the O-list when the two lists were merged.

During 2002 Beijer Alma's share price fell by 45 percent. The Stockholm All-Share index fell by 37.4 percent. The high for the year, SEK 78, was registered April 17 and 19 and the low, SEK 33.90, October 10, 2002. The closing price for the year was SEK 38.20 (69), equivalent to a market capitalization of MSEK 344.

The number of shareholders at year-end was 2 183. Institutional owners accounted for 45.7 percent of the capital and 28.6 percent of the votes. Foreign owners held 2.1 percent of the capital and 1.0 percent of the votes.

A total of 814 565 shares changed hands during the year, equivalent to 9 percent of the shares outstanding.

## EQUITY ISSUES

At the beginning of the year 9 018 300 shares in Beijer Alma were outstanding. Convertible debentures with a nominal value of SEK 435 000 were converted during the year into 5 000 shares. The number of shares outstanding thus increased by 5 000 to 9 023 300.

## SHARE CAPITAL

Beijer Alma's share capital amounted to MSEK 112.8 as of December 31, 2002 (112.7). The number of shares outstanding was 9 023 300 divided into 1 110 000 Class A shares and 7 913 300 Class B shares. All shares have a nominal value of SEK 12.50 and the same rights to the Company's assets and result. Each Class A share entitles its holder to ten votes and each Class B share entitles its holder to one vote.

## CONVERTIBLE DEBENTURES

A five-year convertible debenture loan with a nominal value of MSEK 37.0 was issued to Group employees May 6, 1999. The conversion price is SEK 87. The loan matures for payment May 6, 2004 with conversion permitted from May 6, 1999 to April 22, 2004. The loan carries interest at a rate of Stibor 360 less 1 percent. As of the balance sheet date, a subsidiary held convertible debentures with a nominal value of SEK 9 142 000, equivalent to 105 080 shares. During 2002, conversion was effected into 5 000 Class B shares. Upon full conversion, the outstanding convertible debentures would increase the number of Class B shares by 368 880. This is equivalent to a 4.1 percent increase in the share capital and a 2.0 percent increase in the number of votes.

## PERSONNEL OPTIONS

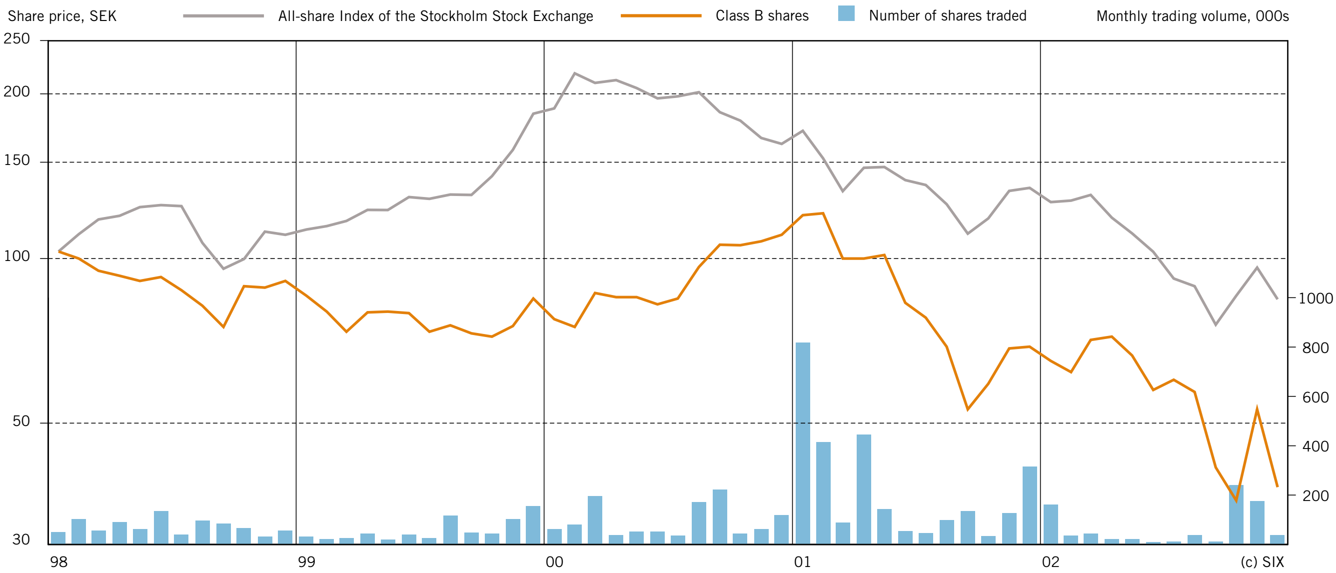
During 2001 an option program for members of senior management in the Group was resolved. The options entitle their holders the right to subscribe for new Class B shares during the period May 1, 2001 – November 30, 2005. The strike price of the option is SEK 105.

Upon full conversion, this means an increase in the number of shares outstanding by 200 000 Class B shares.

## DIVIDEND AND DIVIDEND POLICY

The Board of Directors and the President propose a dividend of SEK 1.00 per share to the shareholders for the 2002 financial year, equivalent to a dividend yield of 2.6 percent on the Class B share's closing price of SEK 38.20 December 30, 2002. The objective is that the dividend, over the long term, shall amount to about one third of Beijer Alma's average profit after standard taxes, while always taking into account the Group's long-term financing needs.

**Share price performance 1998 – 2002**



# TEN-YEAR SUMMARY

MSEK

| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | 1 115.3 | 1 320.2 | 1 132.5 | 1 031.0 | 1 072.2 | 939.9 | 834.7 | 1 008.5 | 801.3 | 545.6 |
| Operating profit | 32.4 | 32.3 | 129.1 | 88.3 | 102.2 | 93.6 | 81.9 | 71.2 | 49.0 | 27.7 |
| Net financial items | –27.6 | –30.3 | –19.0 | –12.6 | –9.3 | –6.1 | –5.4 | –7.4 | –7.8 | –15.7 |
| Profit after financial items | 4.8 | 2.0 | 110.1 | 75.7 | 92.9 | 87.5 | 76.5 | 63.8 | 41.2 | 12.0 |
| Items affecting comparability | –99.9 | – | 9.6 | 13.0 | 5.1 | 4.7 | 20.5 | – | – | – |
| Result before taxes | –95.1 | 2.0 | 119.7 | 88.7 | 98.0 | 92.2 | 97.0 | 63.8 | 41.2 | 12.0 |
| Year-end appropriations | – | – | – | – | – | – | – | – | – | – |
| Taxes | 11.1 | 10.3 | –38.3 | –33.5 | –32.8 | –45.2 | –21.8 | –11.0 | –6.0 | –2.6 |
| Net result | –84.0 | 12.3 | 81.4 | 55.2 | 65.2 | 47.0 | 75.2 | 52.8 | 35.2 | 9.4 |
| Fixed assets | 657.5 | 839.3 | 603.8 | 444.6 | 440.8 | 290.0 | 258.5 | 177.2 | 167.3 | 137.4 |
| Current assets | 519.0 | 590.0 | 541.1 | 424.1 | 425.0 | 360.8 | 310.8 | 311.8 | 298.5 | 233.8 |
| Shareholders' equity | 458.3 | 577.4 | 482.3 | 424.7 | 397.8 | 350.3 | 307.9 | 247.8 | 207.9 | 167.5 |
| Long-term liabilites and provisions | 519.9 | 629.7 | 421.0 | 246.7 | 257.1 | 123.0 | 125.2 | 102.2 | 118.3 | 99.8 |
| Short-term liabilities | 198.3 | 222.2 | 241.6 | 197.3 | 210.9 | 177.5 | 136.2 | 139.0 | 139.6 | 103.9 |
| Balance sheet total | 1 176.5 | 1 429.3 | 1 144.9 | 868.7 | 865.8 | 650.8 | 569.3 | 489.0 | 465.8 | 371.2 |
| Cash flow after capital expenditures | 116.2 | –85.8 | –172.7 | 50.7 | –122.9 | 2.6 | –3.3 | – | – | – |
| Depreciation and amortization | 96.6 | 86.8 | 64.3 | 54.7 | 42.0 | 31.1 | 25.4 | 26.9 | 21.6 | 18.3 |
| Net capital expenditures not including corporate acquisitions | 18.3 | 116.0 | 114.0 | 69.6 | 66.1 | 49.0 | 31.0 | 46.0 | 27.0 | 11.8 |
| Capital employed | 967.9 | 1 189.3 | 875.5 | 645.4 | 627.8 | 451.6 | 407.8 | 335.8 | 313.8 | 265.9 |
| Net liabilities | 462.4 | 579.8 | 375.4 | 180.7 | 195.9 | 65.1 | 61.2 | 53.2 | 70.1 | 59.5 |
| *Ratios (%)* | | | | | | | | | | |
| Gross margin | 30.7 | 29.0 | 35.3 | 32.4 | 31.9 | 34.6 | 31.7 | 33.0 | 34.8 | 39.1 |
| Operating margin | 2.9 | 2.5 | 11.4 | 8.6 | 9.5 | 10.0 | 9.8 | 7.1 | 6.1 | 5.1 |
| Profit margin | 0.4 | 0.1 | 9.7 | 7.3 | 8.7 | 9.3 | 9.2 | 6.3 | 5.1 | 2.2 |
| Equity ratio | 39 | 40 | 42 | 49 | 46 | 54 | 54 | 51 | 45 | 45 |
| Proportion of risk-bearing capital | 43 | 44 | 46 | 53 | 50 | 58 | 59 | 54 | 48 | 48 |
| Net dept equity ratio | 101 | 100 | 78 | 43 | 49 | 19 | 20 | 21 | 34 | 36 |
| Return on equity | 0.7 | 0.3 | 17 | 13 | 18 | 19 | 20 | 20 | 16 | 8 |
| Interest coverage ratio | 1.2 | 1.1 | 6.1 | 6.9 | 8.9 | 11.4 | 8.2 | 5.4 | 4.3 | 1.5 |
| Average number of employees | 940 | 1 092 | 943 | 851 | 728 | 609 | 537 | 587 | 567 | 516 |

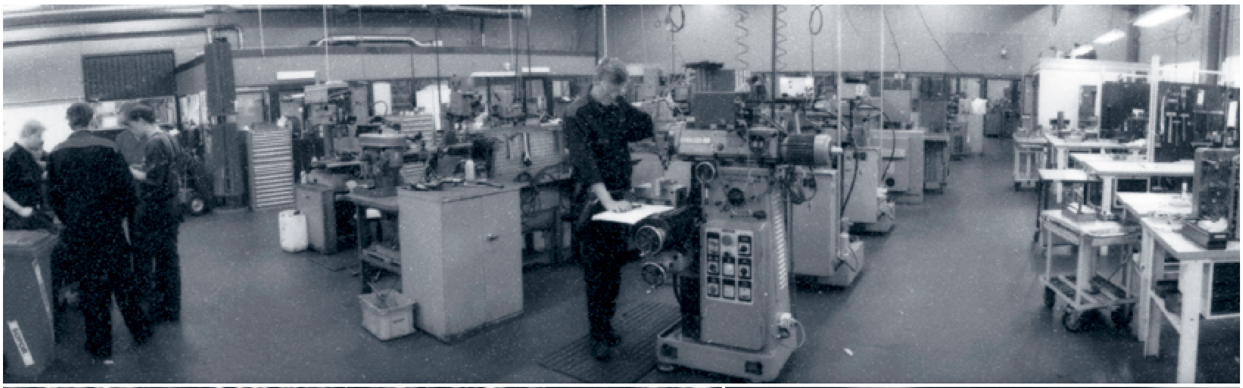
# SUBSIDIARIES

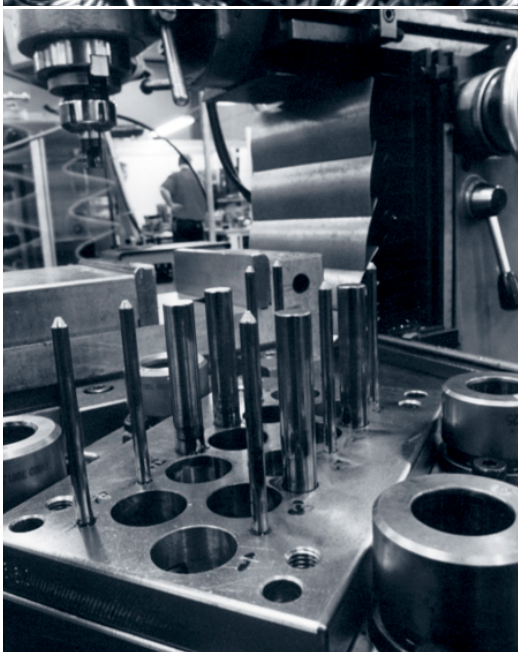
LESJÖFORS AB

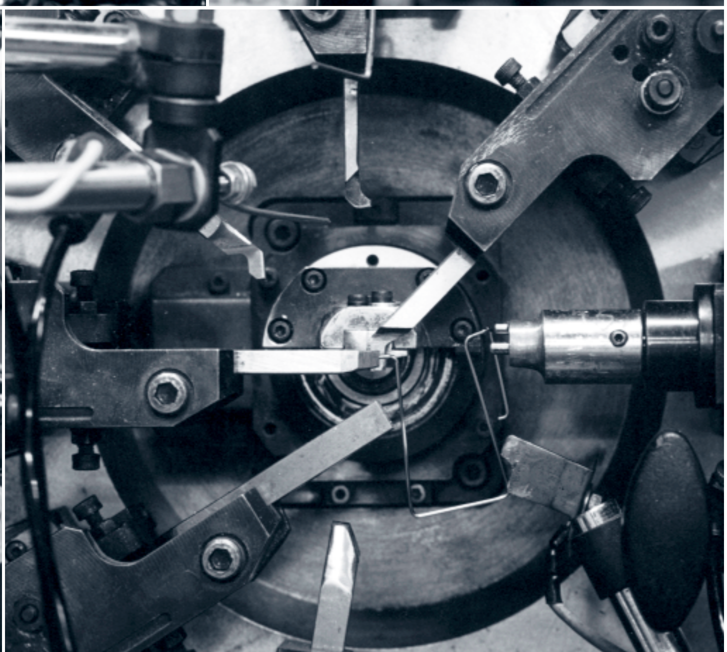
HABIA CABLE AB

ELIMAG AB

AB STAFSJÖ BRUK







Kjell-Arne Lindbäck
President, Lesjöfors AB

## LESJÖFORS – A COMPLETE SUPPLIER

Lesjöfors is a full-range supplier of springs, wire and flat strip components with the Nordic Region as its largest market. The company's foremost competitive tool is a high level of technical knowledge and a focus on total quality, which constitutes the base for satisfied customers and profitable growth.

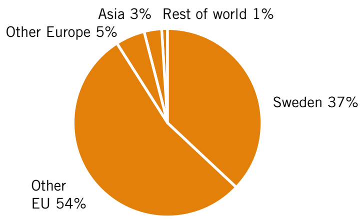
The business is organized in three business areas – Industrial Springs, Flat Strip Components and Automotive (aftermarket products for cars and light vehicles). The largest single business area is Industrial Springs, which in 2002 accounted for 39 percent of sales. The group's products are used in most sectors of industry, for example engineering, electronics and telecom. Among Lesjöfors' customers are found companies such as ABB, Ericsson and Atlas Copco.

### 2002 IN BRIEF – WEAK DEMAND

Revenues in 2002 amounted to MSEK 546 (566), while the operating margin was 9.6 percent (6.7). The operating profit for the year was MSEK 52.4 (37.7). Year 2002 as a whole was distinguished by weak demand. This was particularly true of the market for telecom products. The inventories held by several important customers were reduced during the year. This had the effect that deliveries resumed, albeit from a low level. In addition to this structural problem, there was a general weakening of demand in industry, which had a negative effect on sales. Sales of products for the automotive aftermarket increased by 18 percent, which compensated for part of the decline in other business areas. Overall, sales of the Lesjöfors Group declined by about 4 percent.

During 2001 and 2002 the company has adapted its costs to the current market conditions. The primary way of accomplishing this was through personnel reductions, co-ordination and concentration of businesses. As a result, and despite a volume decrease, earnings grew by over 45 percent. The positive development in business area Automotive also contributed to the improvement in earnings.

**Geographic distribution of total revenues**



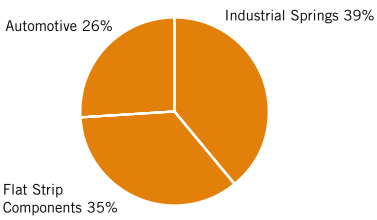

### ORGANIZATION – ESTABLISHING A PRESENCE IN THE UNITED STATES

The job of focusing operations on growth areas, a higher technology level and a larger proportion of proprietary products has continued. The proportion of new customers in business area Automotive has increased. Lesjöfors has established itself in the U.S. market with a sales organization and with a warehouse and distribution in San Diego, California.

The company is working constantly on evaluating new business opportunities in its core areas, both in the form of acquisitions and in-house development. It is believed that a significant portion of future expansion will be based on such projects. The company is also establishing manufacturing operations in low-cost countries. At the present time Lesjöfors is building up a manufacturing base for products for mobile telephones in China. Alternative opportunities for production in the Baltic States are also being evaluated.

The rate of capital spending has been very high at Lesjöfors in recent years. The deteriorating market situation lowered the levels of capital spending in 2001 and 2002, however. Because of over-capacity in production, Lesjöfors is expected to keep its capital spending at relatively modest levels in the years immediately ahead.

**Business area shares of total revenues**




### OPERATIONS – TECHNICAL EXPERTISE AND TOTAL QUALITY

Lesjöfors' business concept is to be a customer-oriented service company that satisfies its customers' complete needs for springs and flat strip components, both via its standard product line and via products developed for specific needs. In order to create satisfied customers and profitable growth, the company focuses on technical expertise and total quality.

About 8 percent (20) of total sales relates to the telecom industry, 29 percent (25) consists of in-house product concepts, while 63 percent (55) refers to other manufacturing industry.

The Lesjöfors Group has eight manufacturing units in Sweden, Denmark and Finland, and its own sales companies in Norway, Finland, the United Kingdom, Germany and the Netherlands. There are distributors in a number of other markets. The number of employees is about 430. All units in the group are quality certified according to ISO 9002 and 9001. Several of the companies have obtained environmental certification according to ISO 14000.

Springs, wire and flat strip components are manufactured in most dimensions – from micro-parts for, among others, the telecom industry, to heavy hot-wound springs for things such as railroad rolling stock and for the off-shore industry. In order to satisfy customer demands in terms of quality, service and precision, continuous development work is needed, which is combined with advanced machinery and high competence among employees. Lesjöfors goal is to be a leader in the business and product areas where the company is active.

Lesjöfors Industrial Springs works with manufacture, stocking and distribution of standard springs and customer-specific products. Manufacturing covers wire dimensions from 0.04 mm to 65 mm and includes both cold-wound and hot-wound springs. The competitive force is based on product range, quality and service level. The products are used virtually throughout the industrial sector. Lesjöfors has a broad product range of stocked standard springs and gas springs that are distributed to customers within 24 hours. Much of sales are by way of the company's own product catalog. The market share in the Nordic Region is about 30 percent. Industrial Springs had sales in 2002 of MSEK 241 (243).

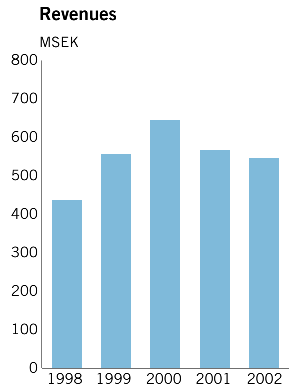
Lesjöfors Flat Strip Components manufactures flat strip components and leaf springs in the dimension range 0.10 mm to 4 mm. The company has a technical center for developing tools and production concepts in Denmark; tools are also developed at each plant. The key to Lesjöfors' success in this area is access to qualified development of tools, technical competence and high levels of quality and service. The customers are systems and component suppliers to the telecom and electronics sectors, and in other industries. Lesjöfors Flat Strip Components had sales in 2002 of MSEK 161 (202).

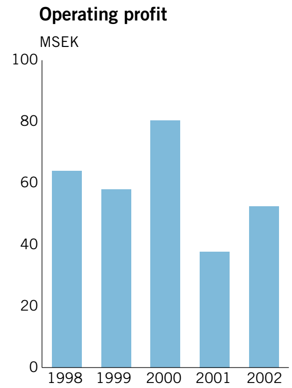
Lesjöfors Automotive's business includes chassis springs and gas springs for cars and light vehicles. The greatest competitive advantages are quality, product range and service level. Customers are mostly companies in the aftermarket for vehicles. Products are distributed from central warehouses in Sweden, Germany, the Netherlands and the United Kingdom. Lesjöfors has the market's broadest range of chassis springs manufactured in-house and lowering kits approved by TÜV for European and Asian automobiles and for gas springs. Lesjöfors Automotive had sales in 2002 of MSEK 144 (121).

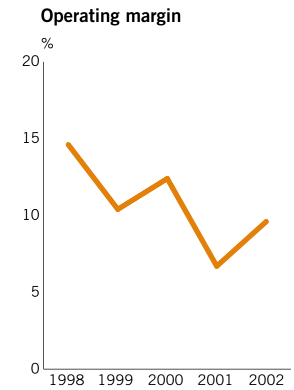
### MARKET AND COMPETITORS – A LEADING PLAYER

Lesjöfors is one of Europe's leading spring companies. The dominating market area is the Nordic Region. The company is a supplier to companies in the engineering, electronics and telecom industries. The relationships with customers are of a long-term nature and are often based on joint development work with complex tool solutions and high requirements for production systems and quality. Lesjöfors is also one of the leading suppliers of its own products to companies that work with spare parts and automotive accessories in Europe and the rest of the world.

The market for Industrial Springs and Flat Strip Components is very broad. The



competitors are often smaller companies that work with a local circle of customers. In Germany, for example, there are several hundred local players in the industry. The competitive picture is much the same in the United Kingdom and other European countries. Customers increasingly want suppliers that can assume greater responsibility for their total product needs and technical solutions. These circumstances opens major growth opportunities for Lesjöfors. The company is one of the few players in the industry who aims to be a global full-range supplier. Lesjöfors is one of the leading companies in Europe in industrial springs.

The market development for Lesjöfors' products is currently closely related to the development in manufacturing industry, telecom and in the aftermarket for vehicles. The market for telecom remained weak during 2002. In combination with a weak development in other industries, this made the total invoicing volume drop for the second consecutive year. This can be compared with an unbroken string of growth years during the previous ten – at a rate of expansion exceeding 20 percent per year. For the aftermarket products demand increases when growth in the general economy subsides. This has to do with increasing demand for spare parts for vehicles. The other business areas by and large follow the development of general industrial production.

In terms of sensitivity to economic cycles, Lesjöfors has a well balanced offering of products and services. Relatively seen, this gives lower sensitivity compared to many other supplier-related businesses. The company's goal is to grow at a faster rate than the average growth in each respective area. This will be achieved by focusing on growth areas, a greater proportion of in-house products and wider geographic diversification.

#### QUALITY – NEW ISO CERTIFICATION

Quality is a high-priority area in the Lesjöfors Group. Systems for total quality follow-up with measurements and constant improvements of important processes and quality goals have been introduced at all of Lesjöfors' manufacturing units. Major improvements have thus been achieved by several companies. The job of certifying the companies according to the new ISO standard is in progress and will be completed in full during 2003.

#### ENVIRONMENT

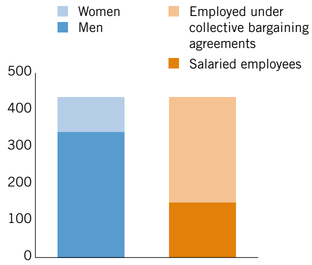
Lesjöfors has introduced an environment management system in the operations and is constantly working on improving the business and systems. These efforts include training of personnel in environmental issues and introduction of more and better routines for recycling materials. The goal is that all units must have certified environmental management systems meeting the ISO 14001 standard during 2004. Three of the Lesjöfors Group's units are certified at the present time. Routines and measurements have been introduced at those companies yet to be certified.

#### IT

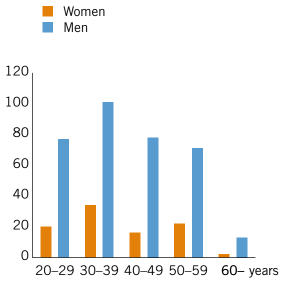
Utilization of the opportunities offered by IT is a strategically prioritized issue for Lesjöfors. A concrete example is the new, common business system for all units. During 2002 all essential parts of the system were implemented at all Swedish production units. The system allows efficient communication with the customers. It also provides opportunities for coordinated handling of business and projects between the company's plants. This information management was secured during the year by the installation of a backup system that is run on a separate hardware platform. Lesjöfors is also continuing to upgrade the company's Website, which will further improve communication with the customers.

## PERSONNEL

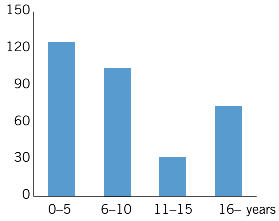
**Number of employees**



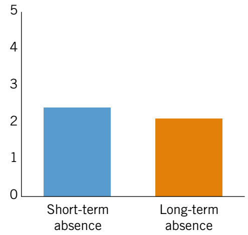

**Age structure**




**Time of employment**




**Absence due to illness, %**




## OUTLOOK FOR 2003

Lesjöfors enjoys a strong position and the group stands well prepared in all areas of operation. Cost-containment actions taken in combination with reduced inventories with customers in telecom gives the company a strong position emerging from the crisis that marked 2001 and 2002.

Uncertainty regarding the trend of the general economy remains great, however, which makes any forecast for 2003 uncertain. The opinion is that 2003 will be largely unchanged compared to 2002. The fact that Lesjöfors has rationalized its operations make prospects for improved earnings when the economy again turns upward.

## KEY FINANCIAL INDICATORS

| MSEK | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| Net revenues | 546.4 | 566.1 | 645.9 | 556.3 | 437.0 |
| Cost of goods sold | –361.6 | –387.5 | –436.2 | –380.6 | –282.7 |
| Gross profit | 184.8 | 178.6 | 209.7 | 175.7 | 154.3 |
| Selling expenses | –80.6 | –80.1 | –71.8 | –65.7 | –54.8 |
| Administrative expenses | –51.8 | –60.8 | –57.5 | –52.1 | –35.6 |
| Operating profit | 52.4 | 37.7 | 80.4 | 57.9 | 63.9 |
| Operating margin, % | 9.6 | 6.7 | 12.4 | 10.4 | 14.6 |
| Net financial items | –6.3 | –6.7 | –7.7 | –7.6 | –6.4 |
| Profit after financial items | 46.1 | 31.0 | 72.7 | 50.3 | 57.5 |
| | | | | | |
| Of which depreciation and amortization | 43.9 | 40.2 | 39.1 | 35.6 | 25.1 |
| Capital expenditures not including corporate acquisitions | 13.3 | 23.5 | 49 | 40 | 38 |
| Return on capital employed, % | 13 | 9 | 22 | 18 | 24 |
| Average number of employees | 434 | 483 | 543 | 539 | 385 |

Foto: Urban Nilsson

*Lesjöfors is a leading player in Europe in the market for replacement springs for vehicles. The key to this success has been product line development, cataloging, deliveries from stock and efficient distribution. The company's chassis and gas springs are today sold in 53 markets around the world.*

Automotive is one of three business areas in Lesjöfors. Customers are automotive parts suppliers in the aftermarket for vehicles. The product line consists of chassis springs/replacement springs and gas springs for European and Japanese cars. Chassis springs are the load-carrying elements of the suspension system in vehicles, while gas springs are, for example, used to hold the trunk lid on a car in its open position. Gas springs have been part of the product line since the end of the 1990s and is a fast-growing segment. Lesjöfors today has the widest offering in the marketplace of replacement springs manufactured in-house for vehicles. Behind this position lies a decade of work with product line development and effective distribution.

### STANDARDIZED PRODUCT LINE

The transformation work at Lesjöfors Automotive began in 1992. Revenues at the time were MSEK 8. The product line consisted of about 4 000 different articles. The differences in technical properties were small and many solutions were intended for the same application. This made for a complex production process with short runs and long delivery times.

– We therefore implemented extensive standardization of the product line and we initiated a development process for new articles to meet demand all over Europe. The goal was a cataloged product line adapted to the European market that we could offensively be marketing and steer the customers towards. This, in turn, would give Lesjöfors a more effective production process with longer runs of each article number. Despite a well adapted product line, we were able to reduce the number of articles by more than 50 percent, says Stefan Engdahl, responsible for the business area at Lesjöfors Automotive.

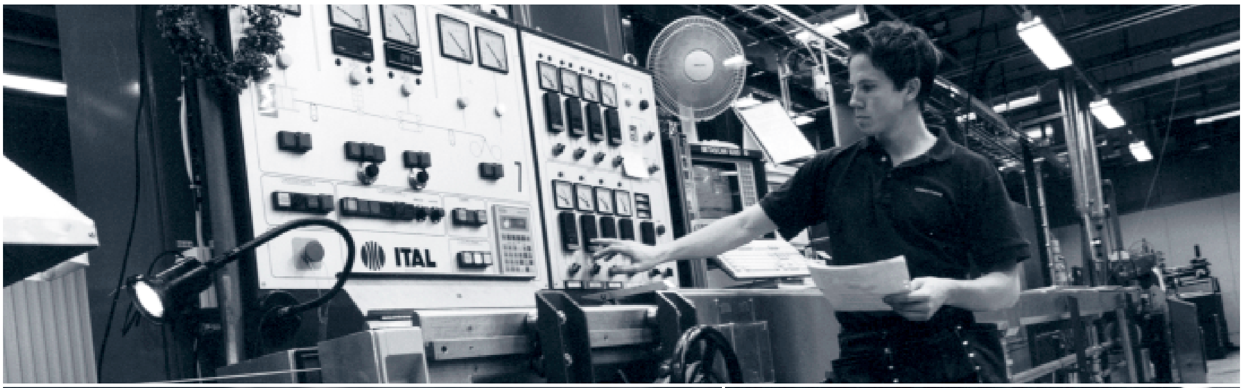
In parallel with these product line efforts, major resources were assigned to sales and distribution. The goal was to initiate long-term cooperation with leading automotive parts distributors in new markets. During the first half of the 1990s the sights were aimed at Scandinavia, where Automotive quickly captured about 90 percent of the aftermarket for chassis springs.

– In 1996 Automotive acquired a competitor, Kilen Industri AB in Strängnäs. This was also the start of our expansion into the rest of Europe, says Stefan Engdahl. We participated in international trade shows and put a lot of effort into finding suitable distributors in the markets outside Scandinavia.

Today business area Automotive has subsidiaries in Germany, the Netherlands and the United States. In ten years sales have increased to MSEK 144. All chassis springs are manufactured at the plant in Lesjöfors and are then sent to the company's central warehouse in Växjö.

– The facility is a logistics center for the entire business area and it keeps in stock, distributes both internally and externally, and compiles the entire business area's need of springs for production. With this type of organization we have been able to adapt the lead times to the requirements of our customers.

During 2002, Automotive established itself in the United States. This is a long-term initiative which is based in San Diego, California.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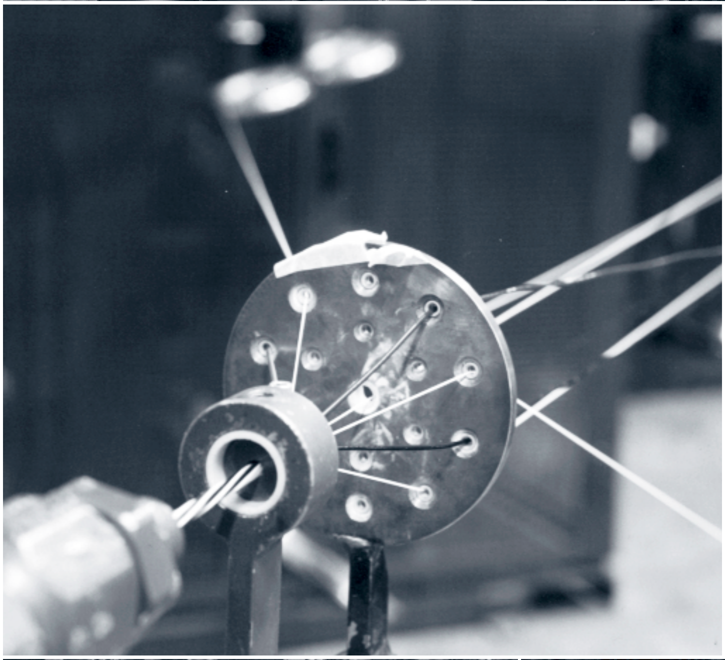
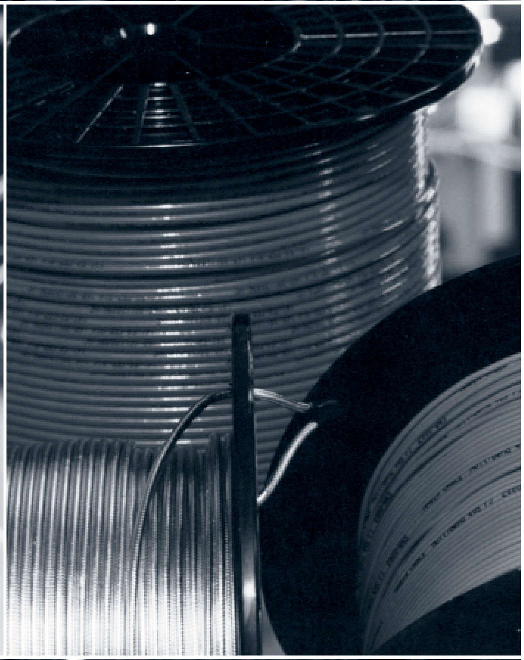




Kaj Samlin
President, Habia Cable AB

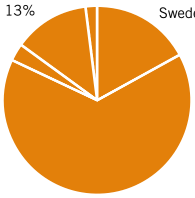
## HABIA CABLE – A LEADING CABLE PRODUCER

Habia Cable develops, manufactures and markets customer-adapted cables and cable systems for demanding industrial applications. In its segment, Habia is today one of Europe's leading manufacturers. The company has a global focus and sales in more than 30 markets all over the world. Habia's most important competitive advantages are a high level of service, high technical competence and a global organization. Operations are organized in 6 business areas. Telecom is the largest area and accounts for 30 percent of the company's revenues. Habia's aggregate proportion of exports is high, with 83 percent of its total sales to customers outside Sweden.

### 2002 IN BRIEF – WEAK TELECOM MARKET

Sales in 2002 amounted to MSEK 403 (454), while the operating margin was 2.7 percent (3.2). The year's operating profit was MSEK 10.9 (14.6). Continued weakness in telecom during the year had a pronounced negative effect on the company's revenues and earnings. Germany is Habia's largest single market and the effect of the weak economic development there is considerable. Sales in Germany dropped by MSEK 46 compared to 2001.

**Geographic distribution of total revenues**

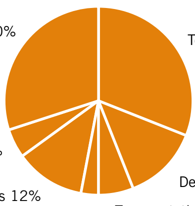



### MARKETING AND SALES STRATEGY – EMPHASIS ON SERVICE

Habia has production facilities in Sweden, Germany and China. Habia also has its own sales companies in Europe, Asia and North America. The main features of Habia's sales strategy include quick and effective service to the customers. By service is meant technical solutions, rapid response to questions and prompt and secure deliveries. To meet these requirements, the company has created a sales organization with its own personnel in 15 countries. This organization consists of technical sales people as well as specially trained designers. Habia today concentrates its resources on large customers in six different business areas:

- Telecom
- Transportation systems
- Gas turbines
- Defense
- Nuclear power
- Measuring instruments

**Business area shares of total revenues**




In order to safeguard risk diversification the company is constantly working on programs to reduce the dependency on individual business areas. Telecom (mobile telecom) is today the company's largest business area. For successful cultivation of this global business area, local presence is required in Europe, Asia, and North and South America. Habia is well positioned, both geographically and in terms of products. During 2002 Habia captured significant market shares in cable for antennas in base stations. Increased market shares were captured in Europe as well as Asia. For example, the number of antenna customers in China increased from two to eight during the year. The very weak economy in telecom notwithstanding, the business area accounted for 31 percent of the company's total revenues. The primary reason for this is the strong development in products for antennas.

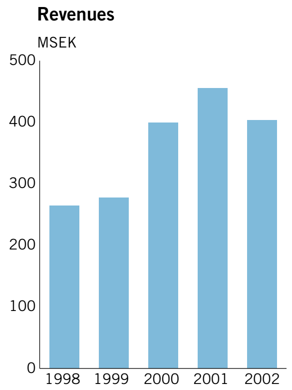
Defense is a business area where Habia has a long-standing strong position. In recent years an entirely new product family of so-called irradiation cross-linked materials have been developed. These new materials have strengthened even more the company's position in the area of defense applications. The new products have been very well received in the market. One example of this was the British order for military telecom received by Habia towards the end of 2002. The assignment will generate significant shipments for at least five years, and at the same time constitutes a good reference order for Habia. During 2002 business area Defense showed very good growth and accounted for 13 percent of total sales.

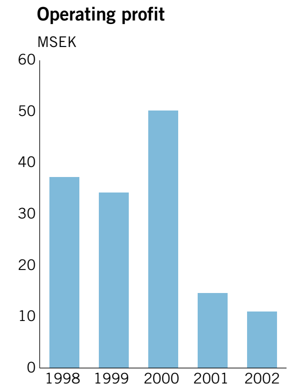
Transportation systems includes trains and civil aviation. The current expansion of infrastructure for public transportation in the world harbors significant growth potential. Towards the end of 2002 the company launched a new competitive product series for train systems. The new product series is based on irradiation cross-linked materials. The launch is the result of an initiative in in-house materials development that Habia started a few years ago. The new materials are expected to become very important for the development in Transportation Systems in coming years. During 2002 the business area accounted for 6 percent of total sales.

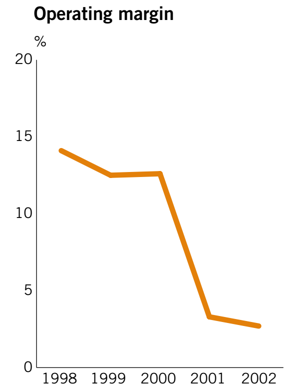
Nuclear power is an area where Habia has a long-standing strong position in Europe. Technically, this is a highly demanding business area. Most of the growth in this area is found in Asia. The company has therefore put a lot of effort into establishing itself in this market. During the second half of 2002 Habia obtained major assignments for nuclear power plants, both in India, which is a new market for the company, and in South Korea. Both of these countries have large programs for building nuclear power generation capacity. Orders received are therefore important for the future. Towards the end of the year Habia also received its first order from the American nuclear power industry. During 2002 the business area accounted for 3 percent of total sales.

Gas turbines is a relatively new business area for Habia. Efforts have so far been concentrated on markets in Europe and Asia, which has been successful. For some time now, Habia has also begun to cultivate the North American market. The company has also developed a new competitive concept based on delivery of cable harnesses instead of just cable, which makes installation at the customer considerably cheaper. These deliveries will begin during the first quarter of 2003. During 2002 the business area accounted for 5 percent of total sales.

Measuring instruments have been an important market for Habia for a long time. Habia is today a global supplier to makers of measuring instruments. The introduction of new halogen-free, irradiated, cross-linked products has contributed to strengthening Habia's positions in the area. During 2002 the business area accounted for 12 percent of total sales.




### MARKET AND COMPETITORS – FEW GLOBAL PLAYERS

The competitive situation for Habia varies depending on which business area and geographic market one looks at. A small number of competitors are global like Habia, but in each major market there is usually one or more local competitors that operate mainly in their own home markets. The most important competitors in the telecom sector are Swiss Huber+Suhner, French Nexans (formerly Alcatel) and the two American companies, Belden and Harbour Industries. In the other business areas the most important competitors are British Brand Rex and the two American companies Tyco/Raychem and W.L. Gore Wire and Cable.

### ORGANIZATION – ADAPTING TO LOWER REVENUE

The organization was adapted to the current economic situation during the year. This adjustment has touched upon all parts of the organization and continues into 2003. What remains to be done will affect the production units in Europe in particular. The job is expected to be completed by the end of the first quarter of 2003. After these structural changes Habia will have about 320 employees. This is a reduction by 20 percent since the economic slowdown began during the second quarter of 2001.

### PRODUCTION – A BROAD PRODUCT LINE

Habia has worked with cable production for more than 50 years. The company's three plants now produce about 3 000 different types of cable every year. The Swedish factory located in Söderfors offers the broadest product line and accounts for about two thirds of the Group's total output.

Habia's cables are made for demanding applications. Aside from the conductive properties of the wire, the outer covering of the cable must withstand a wide range of environmental conditions. This can be everything from radioactive radiation, chemicals and vibrations, to abrasion, fire and water. Weight, elasticity and electrical performance are other properties that are crucial to cable quality. The ability to stand up to different temperatures is also an important feature. Certain cable types made by Habia must, for example, withstand temperatures from –200 to +400°C.

Production work at Habia is distinguished by speed and flexibility. This is true of the organization as well as of the work methods. In concrete terms this means high delivery preparedness, prompt delivery and the ability to develop and quickly adapt operations to new production patterns.

The company continuously develops new types of cable. The high rate of development means that about one quarter of Habia's product line is renewed every year. The production is highly customer-order-driven. Response must be given to customer inquiries for standardized products within 24 hours. In order to respond within that time, Habia operates in a decentralized organization where technicians and sales engineers are close to the customer. More complex inquiries are often handled by Habia's product experts or by the specialists in research and development in Söderfors and Uppsala. In recent years Habia has expended much effort on further strengthening the company's competence. As the number of specialists has been increased, the company can handle technical specifications and other customer requirements in a faster as well as more efficient manner.

### RESEARCH AND DEVELOPMENT – CAPTURING CHANGE

Research and development are an essential part of the company's strategy, especially against the background of Habia's ambition to be the leader in selected application areas. Research and development efforts are aimed at long-term product and material development, but also at being able to adapt operations to changes in the market. The high rate of development is demonstrated by the company's current product line: More than half of the product line is made up of products developed within the past three years.

### QUALITY AND ENVIRONMENTAL WORK

The company's quality and environmental assurance organizations were coordinated in one unit during the year. The goal is to achieve greater internal efficiency at the same time as the level of both quality and environmental work will be raised. It is important for Habia to maintain its leading position in the fields of quality and environment.

### IT

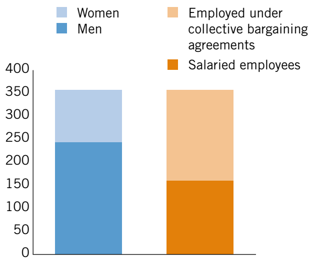
The Internet is used in marketing and sales work, and also for providing selected customers with specific information. These customers can now use a special search engine to locate exactly where in the production and distribution chain their product is.

### RISKS

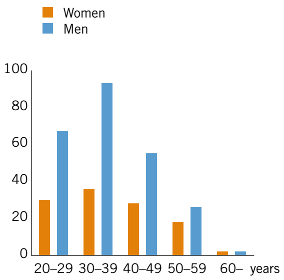
The high proportion of sales to the telecom sector has the effect that Habia has a large exposure to the development in that market. In order to reduce that risk, Habia continued to broaden both the customer and product base in telecom during 2002. At the same time work was intensified to improve the company's position in other business areas.

## PERSONNEL

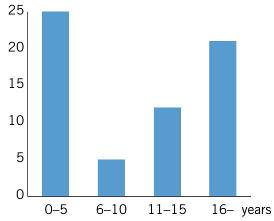
Number of employees



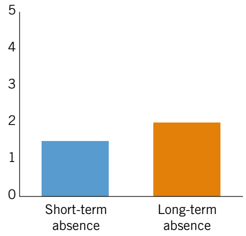

Age structure




Time of employment




Absence due to illness, %




## OUTLOOK FOR 2003

The latter part of last year saw a marked slowdown in the general economy, especially in Germany. This fact – coupled with the great uncertainty in the telecom industry – makes it difficult to make reliable forecasts for 2003. Habia is still experiencing certain optimism for the new year, primarily because of the new materials and products introduced in most business areas.

## KEY FINANCIAL INDICATORS

| MSEK | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| Net revenues | 402.8 | 454.8 | 399.5 | 277.8 | 264.2 |
| Cost of goods sold | –279.3 | –302.3 | –242.2 | –170.0 | –159.1 |
| Gross profit | 123.5 | 152.5 | 157.3 | 107.8 | 105.1 |
| Selling expenses | –77.5 | –95.6 | –74.5 | –50.8 | –46.1 |
| Administrative expenses | –26.4 | –32.4 | –25.1 | –17.4 | –16.9 |
| Research and development | –8.6 | –9.9 | –7.5 | –5.0 | –4.9 |
| Operating profit | 10.9 | 14.6 | 50.2 | 34.2 | 37.2 |
| Operating margin, % | 2.7 | 3.2 | 12.6 | 12.5 | 14.1 |
| Net financial items | –10.6 | –13.3 | –7.1 | –2.4 | –2.2 |
| Profit after financial items | 0.4 | 1.3 | 43.1 | 32.2 | 35.0 |
| | | | | | |
| Of which depreciation and amortization | 28.5 | 23.3 | 18.2 | 11.3 | 9.3 |
| Capital expenditures | | | | | |
| not including corporate acquisitions | 3.1 | 47.8 | 62 | 26 | 21 |
| Return on capital employed, % | 3 | 4 | 23 | 24 | >30 |
| Average number of employees | 366 | 407 | 337 | 218 | 198 |

*High competence in product development is one of the strengths at Habia. This is a matter of teamwork, where specialists in materials development and electricity cooperate with designers and technicians. During 2002 this teamwork resulted in the launch of six new cable products.*

The centers for Habia's development work are in Uppsala and Söderfors. This is where the company's specialists in research and development are located. Here, a total of ten persons devote themselves full-time to research and development work.

– We are working with electrical measuring technology and among our tasks are to try to optimize the electrical properties of the cables in terms of their capacity to transfer and shield signals at high frequencies, informs Hans Forsgren, head of research and development at Habia. In materials development we are focusing on the polymers used as insulation in the cables. Properties such as chemical resistance and ability to withstand heat can be improved by creating new bindings via electron radiation.

The R&D unit in Uppsala has six employees and focuses on precisely materials development. During 2001 a major investment was made in this unit, both in terms of technology and competence development. Advanced measuring instruments are crucial aids for the materials analyses performed here. The results are assembled in an information bank for later use in the development work.

– Habia also has technical cooperation with the University of Uppsala, informs Hans Forsgren. In this way both parties have access to instruments and other technical equipment at the respective laboratories.

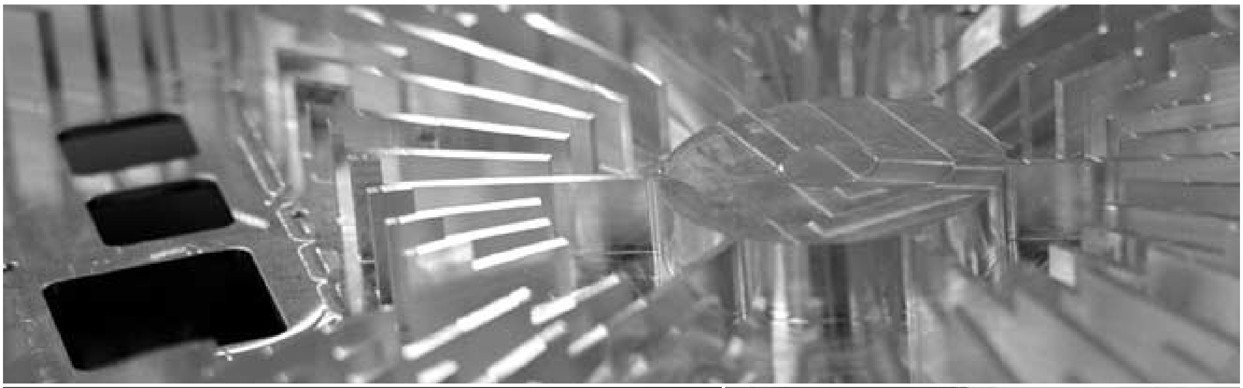
**TEAMWORK**

At Habia, product development is teamwork – teamwork the result of which is that at least three new products are developed each year. The specialists at the R&D unit work in close cooperation with the company's engineering designers and technicians. The development work is also closely linked to Habia's six business areas.

– Each area has a marketing specialist who also captures any customer needs that the development will focus on, explains Hans Forsgren. We then assemble a project group charged with responsibility for development and production of the new product.

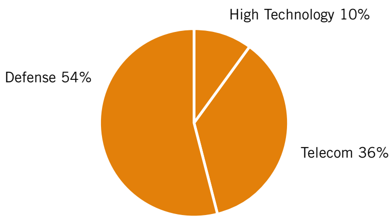
R&D work today is based on a model called Aggregate Planning. Based on parameters such as degree of innovation and utilization of resources, the model provides guidelines as to how the work should be conducted. To develop a new type of cable takes at least six months. It is becoming more and more common for customers to turn to Habia to get help in developing a certain type of cable.

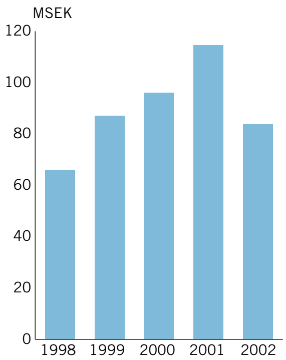
– This is probably due to the broad competence we are able to offer today, says Hans Forsgren. As our competence has sharpened, customer confidence in our development work has increased gradually.

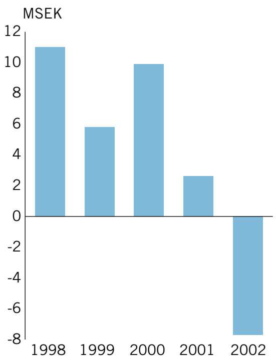



Elimag

Lars Lundh
President, Elimag AB




## ELIMAG – A LEADING COMPONENT MANUFACTURER

Elimag is one of Sweden's leading players in the field of high-speed machining of aluminum. Operations are focused on defense-related products, infrastructure products for mobile telecom and precision parts for other high-tech industry. Elimag's products are included in products such as radar and surveillance systems, military and civil telecommunication systems, aviation and missile systems, satellite systems and measurement-technology applications for industrial use.

### 2002 IN BRIEF – THE EFFECTS FROM TELECOM

Beijer Alma reduced its holding in Elimag Stockholm to 50 percent during the first quarter of 2002. Operations in Elimag were thus concentrated to the facility in Gothenburg. All comparative data refer to that operation alone. Sales during 2002 amounted to MSEK 83.7 (114.5). Because weak demand from the telecom sector led to very low capacity utilization, fixed asset values were written down by MSEK 52.1. The operating result for the year, not including these writedowns, was MSEK –7.7 (2.6). The proportion of sales by segment was distributed as follows: defense 54 percent, telecom 36 percent and other high-tech industry 10 percent. Compared to 2001, telecom sales declined by 42 percent, sales in defense dropped by 11 percent while sales to the high-tech segment grew slightly. Sharply reduced capital spending in the telecom industry was the major reason for Elimag's deterioration in sales and earnings performance during the year.

Elimag adapted its operations to the lower level of sales during the year. The full effect of those structural measures will be seen during 2003. At the same time the lower volumes in telecom have created more intense competition for the customers, which led to pricing pressures in the market. Contracts were renewed during the year with the major customers in defense and telecom. This means that Elimag will retain its market position despite the poor performance in telecom.

### THE BUSINESS – COST-EFFICIENT SOLUTIONS

Elimag's business concept is to function as a leading supplier in the European market for precision parts in aluminum. By making total commitments, customers' needs for complete products/sub-systems are satisfied. Elimag operates in three market segments – telecom, defense and high-tech industry. The high-tech segment stands for aerospace, aviation, medical-technical and other high-tech industry.

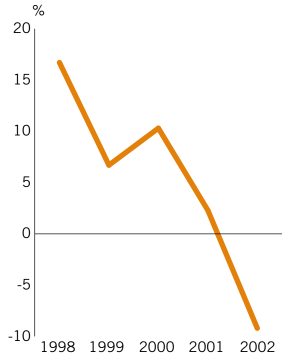
The basis for the business is computerized multi-operation machine tools for machining aluminum. The manufacturing method goes under the name HSM (High Speed Machining). The method is based on fast revolving tools capable of up to 30 000 revolutions per minute. The machines work simultaneously along five axes and perform three-dimensional machining.

High-speed machining in combination with the company's unique competence in salt bath dip brazing – a technique for fusing together aluminum – which gives cost-efficient design solutions for the customer. Among salt bath dip brazing components can be mentioned radar elements and electronics chassis, which are parts of the Swedish JAS system, for instance. In telecom the main products are base station and antenna-near components.

Operations are conducted at Elimag's facility in Gothenburg, which has 73 employees. The competitiveness is based on a modern assembly of machinery, high competence, customer-specific technology solutions, extensive experience of complex products and well developed quality assurance systems and a high level of service. Efforts in conjunction with the quality assurance system have led to certification according to ISO 9001. The goal for 2003 is to fulfill the requirements for certification according to the ISO 14001 environmental management system.

## MARKET AND COMPETITIVE SITUATION – GREATER PRICING PRESSURES

Operating margin




In each customer segment – telecom, defense and high-tech – the company's commitment to the customer is total. This responsibility includes everything from prototype and zero-series to serial production, including surface treatment and assembly. In order to further strengthen its competitiveness, Elimag also meets the customer's requirements for production and development support as a part of the cooperation process. Elimag satisfies these customer requirements through its aggregate technology, purchasing and logistics competence, and via a well developed network of suppliers.

As a direct consequence of lower demand from the telecom industry, the competitive situation can today be characterized as a buyer's market with depressed prices. Despite an increased number of potential suppliers, major customer choose to maintain their cooperation with their established suppliers. The market's development has prompted several players to alter their business focus by entering other markets with a changed production strategy.

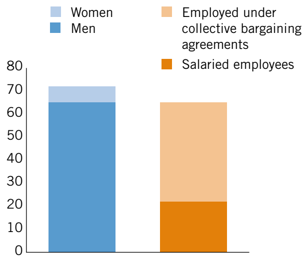
The rapid technical development in HSM during the 1990s is likely to be halted, the primary reason being lower volumes in the telecom sector. The result is great HSM over-capacity, which holds back new capital spending, which in turn means that the technology level is likely to be unchanged for the next 4–6 years. During this period the technology will instead develop in the direction of new and better production methods for optimal utilization of the HSM concept.

Market interest for salt bath dip brazing increased markedly during 2002. The principal reason is a more offensive marketing of the method, and customer needs for inexpensive and fast production methods.

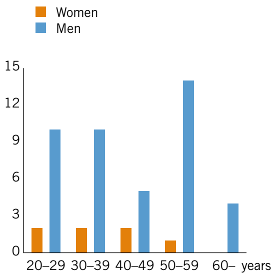
Rapid development of prototypes is also an important competitive tool towards new customers to open the door for later series production.

## PERSONNEL

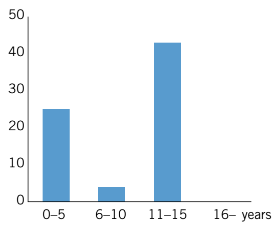
Number of employees



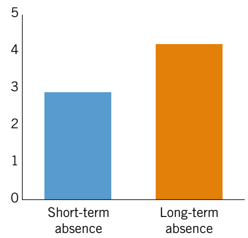

Age structure




Time of employment




Absence due to illness, %




## KEY FINANCIAL INDICATORS

| MSEK | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| Net revenues | 83.7 | 114.5 | 96.0 | 87.0 | 65.9 |
| Cost of goods sold | –74.9 | –93.4 | –74.3 | –71.2 | –45.8 |
| Gross profit | 8.8 | 21.1 | 21.7 | 15.8 | 20.1 |
| Selling expenses | –3.9 | –5.7 | –3.9 | –2.9 | –3.1 |
| Administrative expenses | –12.6 | –12.8 | –7.9 | –7.1 | –6.0 |
| Operating result [1] | –7.7 | 2.6 | 9.9 | 5.8 | 11.0 |
| Operating margin, % [1] | –9.2 | 2.3 | 10.3 | 6.7 | 16.7 |
| Net financial items | –4.1 | –3.0 | –0.9 | –0.8 | –1.0 |
| Result after financial items [1] | –11.8 | –0.4 | 9.0 | 5.0 | 10.0 |
| Of which depreciation and amortization | 14.9 | 12.1 | 6.1 | 5.0 | 3.0 |
| Capital expenditures | | | | | |
| not including corporate acquisitions | 0.4 | 72.3 | 26.0 | 9.0 | 20.0 |
| Return on capital employed, % | neg | 6.2 | 21.2 | 12.6 | 36.5 |
| Average number of employees | 73 | 90 | 73 | 67 | 65 |

[1] not including writedowns

*Tight and strong joints with good heat and conductivity performance. This is the strength of salt bath dip brazing – a manufacturing method for aluminum components used by Elimag.*

Salt bath dip brazing is based on the premise of joining together several aluminum components by brazing them into a whole. The method has been used for long in military applications, primarily in radar and micro-wave technology. Nowadays salt bath dip brazing is used in a growing array of applications, where aluminum is the basic material for mechanical designs, for example in the telecom and electronics industry.

– Elimag is thoroughly experienced in salt bath dip brazing of complicated structures. We make things such as antenna elements for flying radar equipment for surveillance and early-warning systems, reveals Lars Lundh, President of Elimag.

– Our strength lies in our total commitment to the customer, he continues. We adapt the product for production together with the customer's engineers. In the next step we take over the entire process to machine, salt bath dip braze and verify the product to the customer's requirements.

### COST-EFFICIENT METHOD

One of the greatest advantages with salt bath dip brazing is that the component joints themselves consist of aluminum. The material then gets identical properties, for example in terms of electrical and heat conductivity. The joining is performed in one single step without any temperature differences causing undesirable distortion.

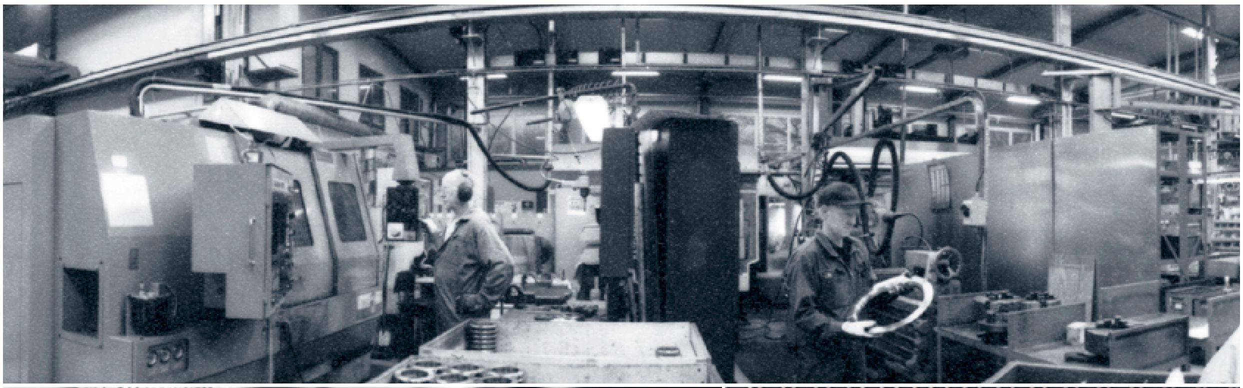
– Salt bath dip brazing is in many cases a cost-efficient method, continues Lars Lundh. Making the same product by turning and milling would become very expensive. Certain products can't even be made by any method other than salt bath dip brazing.

The technology behind salt bath dip brazing was developed during World War II and introduced by Ericsson in Sweden during the 1960s. Elimag has used salt bath dip brazing since 1989. Salt bath dip brazing today accounts for about 15 percent of annual capacity.

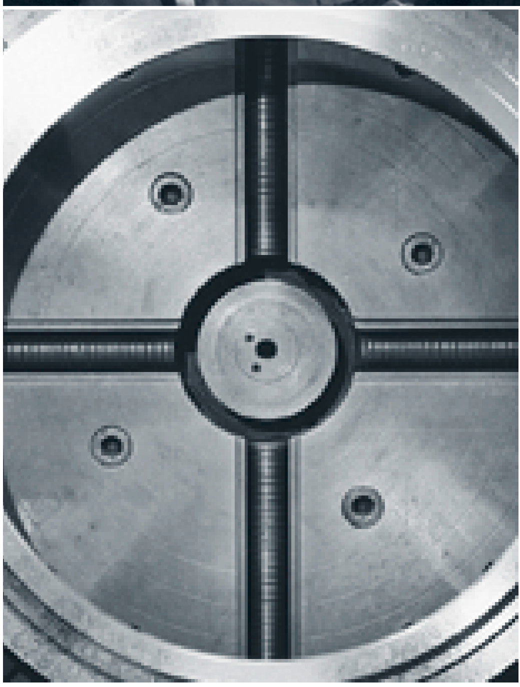
### INCREASED USE

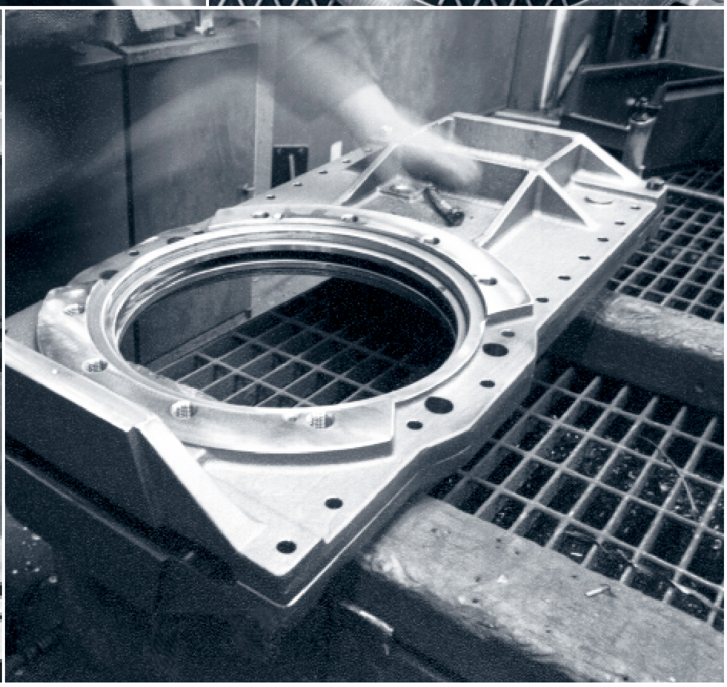
Before salt bath dip brazing, the surfaces to be joined are prepared with a brazing agent (pure aluminum). This may be either in the form of a plated aluminum sheet, aluminum powder or an aluminum foil. In a first step the components are fixed and preheated to 550° C. They are then lowered into the salt bath itself, which consists of chlorides and fluorides. The salt bath is heated to about 600° C. When the components are immersed in the salt bath, the brazing agent melts and the aluminum components are fused together. The individual parts are integrated into one solid aluminum component which is allowed to cool in a controlled manner.

– Aluminum is becoming an increasingly common material in many industries, which means that salt-bath dip brazing has an exciting potential for the future, says Lars Lundh. One of our strengths lies in prototype production and short series, but the method is a cost-efficient alternative to traditional machining methods and casting also for longer series production.



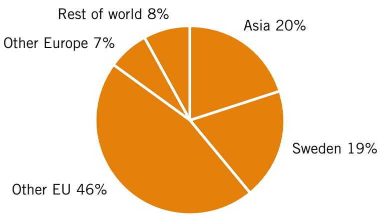

STAFSJÖ



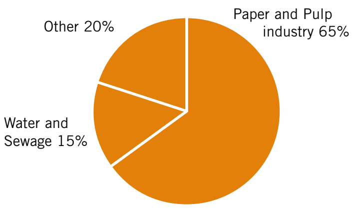


Magnus Westher
President, AB Stafsjö Bruk

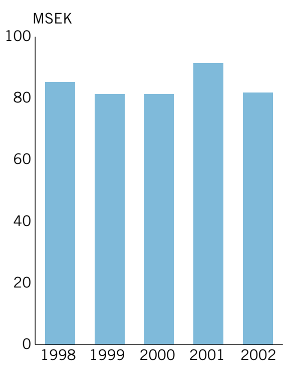
**Geographic distribution of total revenues**




**Business area shares of total revenues**




**Revenues**




## STAFSJÖ BRUK – A RELIABLE QUALITY SUPPLIER

AB Stafsjö Bruk develops, manufactures and markets valves for closing and controlling flows in the process industry. The company's strongest competitive advantages are high product quality in terms of function and life, prompt deliveries, efficient support and global market coverage. The largest customer segments are the pulp and paper industry and installations in water and sewage treatment, which account for 64 and 15 percent, respectively, of Stafsjö's sales. Among the customers are found companies such as Stora Enso, Metso Paper, Voith and Holmen Paper.

### 2002 IN BRIEF – DOWNTURN IN NORTH AMERICA AND EUROPE

Invoicing during 2002 amounted to MSEK 82 (91). The operating result was MSEK –3.8 (4.1). Capital spending in the pulp and paper industry was low during the entire year. Investments were held back especially in North America and Europe. New investments in South America and Asia are on the rise, but not enough to compensate for the downturn in North America and Europe. In the aggregate this has meant significantly lower sales for Stafsjö than expected.

The supply of valves continues to exceed demand by a significant margin. The result is continuous pricing pressure, which benefits producers in the low-cost countries. As far as Stafsjö is concerned, this development was most apparent in Germany and Central Europe. It was thus in the German market that Stafsjö was hardest hit by the weak state of the market. Because of the economic downturn increased selling efforts have only led to an unchanged level of sales. In most European markets, however, the recession has resulted in significantly lower sales than expected. The markets in Japan and China showed a continued positive development. At the same time the pulp and paper industry in South East Asia began investing again, despite a drawn-out financial crisis. Sales in the Swedish domestic market increased compared to last year thanks to intensified marketing efforts.

### OPERATIONS – SALES OFFICES IN CHINA AND GERMANY

Stafsjö's largest customer segment is the pulp and paper industry, and facilities for water purification and sewage treatment. Products offered are valves that handle flows containing solid particles. A majority of the annual production of about 12 000 valves are made of acid-proof steel or other corrosion-resisting material, such as titanium or Hastelloy. All product development and most of the production takes place in Stafsjö, although a growing proportion of the company's components are made by suppliers in Asia. Sales are handled out of Stafsjö, through company-owned sales offices in China and Germany, and via some 30 representatives on all continents the world over.

Stafsjö has a better than 100-year history as a supplier of valves to the process industry. The company has created a very strong and well-known name for itself over the years, with a focus on reliability and quality. Aside from the function and service life of the products, quick delivery and a global presence are strong competitive advantages. More than 80 percent of sales are linked to sales in export markets. Most major capital spending projects in the pulp and paper industry are global projects. Machine builders – so-called OEMs – based in various countries participate in these projects. Against this background it is a great advantage for Stafsjö to be able to participate with local presence when the time comes for delivery to end customer. Stafsjö has 63 employees. With its relatively small personnel turnover, the company has built up solid competence for product development, production and customer needs.

Since May 2002, valves to be sold in EU must conform to the pressure vessel directive (PED) and also fulfill the requirements for CE-marking. The main goal of the directive is to raise personal safety and also to coordinate previous national rules. The certification work means that the quality and the strength of the products are assured for different pressure classes. Stafsjö has completed this work and is certified.

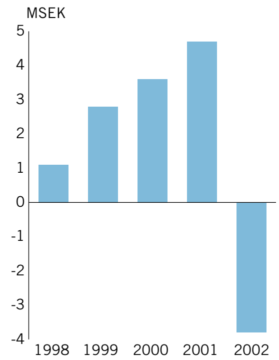
### MARKET AND COMPETITORS – MORE FORCEFUL SALES EFFORTS

Price competition continued to be severe for standard applications and major volume assignments. Even for day-to-day sales and for the more advanced applications price levels have been lowered. This puts continued focus on efforts to reduce costs.

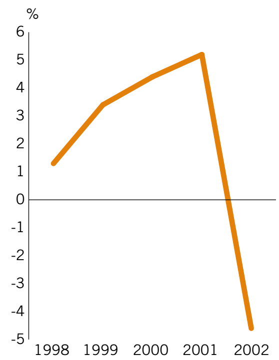
The efforts to broaden the product portfolio and to find new customer segments continues. The launch of a broader product portfolio to existing customer segments has been limited to a few selected market so far in order to secure control over logistics and inventory build-up. The product portfolio will be broadened gradually in more markets, however. When it come to new customer segments, reference installations are being made at the same time as Stafsjö markets the brand name to customers where the company is not yet established.

The need for valves has diminished in several of Stafsjö's most important customer segments. Another trend is that customers often choose simpler valves form producers in low-cost countries. This means that pricing pressures will mount for manufacturers of high-grade valves as well. Marketing and sales efforts were intensive during the year with participation at several major international trade shows. A number of potential customers with a need for high-grade valves have been identified. The development work also has a partially new focus. Stafsjö now puts more emphasis on development of competitive products for customer who choose valves from low-cost countries. The goal is to create a product line where both high-grade and low-grade valves can contribute to Stafsjö's competitiveness.

**Operating result**

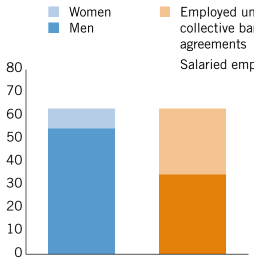



**Operating margin**

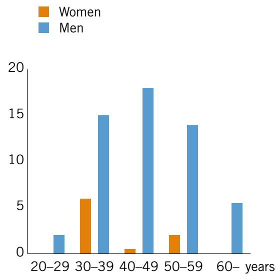



### PERSONNEL

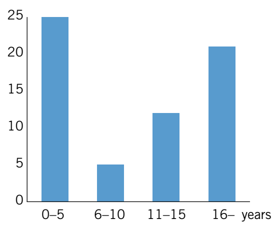
**Number of employees**



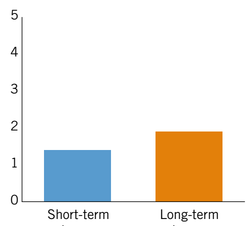

**Age structure**




**Time of employment**




**Absence due to illness, %**




### KEY FINANCIAL INDICATORS

| MSEK | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|
| Net revenues | 81.9 | 91.4 | 81.3 | 81.3 | 85.3 |
| Cost of goods sold | –55.1 | –58.7 | –54.1 | –56.3 | –60.9 |
| Gross profit | 26.8 | 32.7 | 27.2 | 25.0 | 24.4 |
| Selling expenses | –19.3 | –17.3 | –13.4 | –10.8 | –12.1 |
| Administrative expenses | –11.3 | –10.7 | –10.2 | –11.4 | –11.2 |
| Operating result | –3.8 | 4.7 | 3.6 | 2.8 | 1.1 |
| Operating margin, % | –4.6 | 5.2 | 4.4 | 3.4 | 1.3 |
| Net financial items | –0.9 | –0.6 | –0.5 | –1.2 | –1.3 |
| Result after financial items | –4.7 | 4.1 | 3.1 | 1.6 | –0.2 |
| | | | | | |
| Of which depreciation and amortization | 4.5 | 4.6 | 3.6 | 3.4 | 2.3 |
| Capital expenditures, not including corporate acquisitions | 1.5 | 2 | 3 | 2 | 4 |
| Return on capital employed, % | neg | 12 | 7 | 5 | 2 |
| Average number of employees | 63 | 62 | 56 | 53 | 58 |


*Germany and China are two important markets for Stafsjö. About one third of the company's products is delivered to these two countries. Stafsjö has sales offices in both countries, contributing to making the local marketing work more effective*

Germany accounts for 21 percent of Stafsjö's sales and is at the same time one of the company's oldest markets. Stafsjö's products have been sold in Germany since the mid-1950s. The largest customer category today is paper mills, who account for two thirds of the sales. The second largest category is water purification and sewer treatment. Stafsjö's valves for closing and regulating are also used in other process industries such as chemical industry and for granulate handling.

– Among the German customers we have seen several new and interesting areas of use for our products. In the next step we hope to introduce these ideas to new markets, says Magnus Westher, President of Stafsjö Bruk.

Stafsjö works not only with end customers in industry, but also with so-called machinery builders for the process industry. Düsseldorf is the center for Stafsjö's German operations. A sales office with six employees is located there. This office is company-operated since the fall of 2000.

– We wanted to broaden the scope of cultivating the German market and then chose to build our own sales organization, says Magnus Westher. Today we can see that that was a correct decision. Even though the German economy is weak at the moment, we have managed to increase the market shares for our products.

**CHINA – A FAST GROWING MARKET**

Stafsjö came to China towards the end of the 1990s. A sales office was established after about a year and three employees are now active there. Customers are almost exclusively paper mills. Many of the mills are located in the industrial regions around Shanghai and Hong Kong.

– China is currently the only paper and pulp market in the world that is expanding. Consequently there are many players that compete with us, says Magnus Westher.

– Trust is a key word in the sales work in the Chinese market, he continues. You must build long-term relationships if your sales efforts are to yield results. Since we have been in the country for a few years, we have been able to gain experience and form valuable networks.

Stafsjö's products are sold to end customers in China and also to machinery builders who deliver plants to the Chinese market. This means that more than 10 percent of Stafsjö's total sales reach the Chinese market.

# ADMINISTRATION REPORT

Annual accounts for Beijer Alma AB (publ), organization number 556229-7480, for the financial year ended December 31, 2002.

## REPORT OF THE BOARD OF DIRECTORS

In addition to its statutory Board of Directors meeting, the Board of Directors held seven regular meetings, at which formal minutes were taken.

Pursuant to the provisions of the Swedish Companies Act, rules of procedure for the work of the Board of Directors have been adopted. The following, among other things, is governed by this procedure:

- The type of matters to be brought before the Board of Directors;
- The number of regularly scheduled meetings to be held by the Board of Directors;
- The agenda for individual meetings of the Board of Directors;
- Reporting of the Auditors to the Board of Directors.

Beijer Alma's Board of Directors has no special committees or councils. All matters and issues are thus dealt with by the Board of Directors in its entirety.

## STRATEGY AND STRUCTURAL ISSUES

A pronounced slowdown of demand appeared during the second quarter of 2001. This weak demand prevailed through 2002. In response to this slowdown in demand efforts were focused on reducing costs to achieve profitability at lower levels of sales and production. Among other things, this has meant a low level of capital expenditures and cost containment action. The average number of employees was reduced during the year by 152 persons to 940 persons.

## REVENUES AND RESULT

### Group

Consolidated revenues were MSEK 1 115 (1 320), a decrease of 16 percent. Revenues in continuing operations declined by 8 percent. The proportion of sales outside Sweden was 67 (60) percent. Order bookings were MSEK 1 131 (1 224). Order bookings in continuing operations declined by 1 percent.

In the quarterly closing of the books in September 2002 a charge was taken for fixed assets in an amount of MSEK 94.9 and a provision was set aside for restructuring costs in the amount of MSEK 5. These charges relate to subsidiary Elimag AB and are reported in the Group as items affecting comparability. The reason is that weak demand from the telecom sector has led to a situation, where at current levels of demand, continued cutbacks of personnel and other overhead are not sufficient to restore profitability.

The large over-capacity in machinery means that adjustment is required of machinery values to reach profitability. MSEK 42.8 of the writedown refers to remaining goodwill from the acquisitions and MSEK 52.1 relates to machinery values in Elimag.

Profit after financial items, not including items affecting comparability as outlined above of MSEK 99.9, was MSEK 4.8 (2.0). This is equivalent of earnings per share after standard taxes of 0.62 (0.32). The result after taxes was MSEK –84.0 (12.3).

### Subsidiaries

Lesjöfors, a full-range supplier of industrial springs, chassis springs and flat strip components, had invoicing of MSEK 546 (566), a drop of 3 percent. In business area Flat Strip Components, with among others telecom customers, invoicing declined by 14 percent. Business area Automotive, sales of which go to the aftermarket for passenger cars, increased invoicing by 18 percent. The third business area, Industrial springs, recorded a reduction in invoicing of 2 percent. Order bookings for Lesjöfors increased by 3 percent till MSEK 542 (526). Profit was MSEK 46.1 (31.0).

Habia Cable, a manufacturer of specialty cable, reduced its invoicing by 11 percent to MSEK 403 (455). A pronounced weakness in capital spending and the weak telecom sector have had a negative effect on Habia. Germany is Habia's largest individual market and the weak development there is painful for the company. Sales in Germany declined by MSEK 46 compared to 2001. Order bookings were MSEK 419 (422) and the result was MSEK 0.4 (1.3).

Elimag has reduced its ownership stake in contract manufacturing of medical technology components conducted in Stockholm through a private placement. From 2002, this business is reported as shares in associated companies. Hereafter Elimag is active solely in high-speed machining of aluminum. Invoicing in continuing operations declined by 27 percent to MSEK 84, primarily due to weak demand from the telecom sector. Order bookings declined by 19 percent. As mentioned above, machinery values have been written down by MSEK 52.1. The result, not including this charge, was MSEK –11.8.

Stafsjö Bruk, a manufacturer of knife gate valves primarily for the process industry, invoiced for MSEK 82 (91), a decrease of 10 percent. Order bookings were MSEK 84 (89). The result was MSEK –4.7 (4.1).

### Parent Company

The Parent Company, which has no external sales, reports a result including dividends from Group companies of MSEK –22.7 (–4.1). This result has been charged with the writedown of the value of shares in Elimag by MSEK 70.3. The Parent Company's reported result was MSEK –19.8 (2.0).

## CAPITAL EXPENDITURES

Capital expenditures were MSEK 18 (116). No acquisitions were made during 2002.

## FINANCING AND LIQUIDITY

Interest-bearing liabilities were reduced during the year by MSEK 102 and liquid funds increased by MSEK 15. Net indebtedness was thus reduced by MSEK 117.

The operative cash flow after capital expenditures was MSEK 116.2 (–85.8). The equity ratio stood at 39 percent (40). Available liquidity, or the sum total of cash and approved committed but unutilized credit facilities, was MSEK 275 (239).

## PROFITABILITY

The return on average capital employed was 3.3 percent (3.4). Average shareholders' equity yielded a return of 0.7 percent (0.3). Both of these measures of return refer to the result not including items affecting comparability.

## PERSONNEL

The average number of employees was 940 (1 092). 711 of these are men (842) and 229 are women (250). Of these worked 628 (733) in Sweden and 312 (359) worked outside Sweden. The number of employees declined gradually during the year and was by year-end 909 (1 006). Job locations, payroll data, etc. are provided in Note 1.

## COMPOSITION OF THE BOARD OF DIRECTORS

Jan-Erik Wikström resigned from the Board for reasons of age in connection with the Annual General Meeting for 2002. Bertil Persson resigned from the Board of Directors and was elected as alternate. Marianne Nivert and Johan Norman were elected as regular members of the Board of Directors. The Board of Directors is presented in Note 2.

## OWNERSHIP SITUATION

The Company has about 2 000 shareholders. The largest owner is Anders Wall with family and companies, with 41.2 percent of the votes and 13.8 percent of the capital. Other major owners are Svolder AB with 9.9 percent of the capital, SEB Fonder with 9.1 percent, Kjell & Märta Beijer's Foundation with 6.3 percent, Livförsäkrings AB Skandia with 5.8 percent and Lannebo Fonder with 5.4 percent. Didner & Gerge Aktiefond acquired shares equivalent to 3.0 percent of the capital during the year.

## ENVIRONMENT

Lesjöfors conducts business that requires a permit under the Swedish environmental code at the production facilities in Värnamo and Vagnhärad. There are also operations with a filing requirement at all Swedish manufacturing units for spring and band products, which by their production processes, for example winding, grinding, painting, etc. affect the external en vironment.

Habia Cable conducts business that requires a permit under the Swedish environmental code at the production facility in Söderfors. Operations there impact the environment by discharge of volatile hydrocarbons into the air, emission of process water and by generating waste.

Elimag Göteborg AB conducts business that requires a permit under the Swedish environmental code. The number of machine tool working sites, storage of chemical products and hazardous waste, marking of surface water wells, handling of solid waste and noise level are regulated.

Stafsjö Bruk conducts no business that requires a permit under the Swedish environmental code.

## PROSPECTS FOR 2003

The weak demand experienced in 2002 is expected to continue, at least through the first part of 2003. The cost level and the financial position has gradually improved during the year. The companies in the Group enter 2003 with a considerably lower cost level that at the previous turn of the year. This means that the Group is well positioned when the economy improves.

## PROPOSED ALLOCATION OF EARNINGS

The Board of Directors and the President propose that the funds available for distribution by the Annual General Meeting:

| SEK thousand | |
|---|---|
| Retained earnings | 37 118 |
| Net result for the year | –19 773 |
| **Total** | **17 345** |

be allocated as follows:

| | |
|---|---|
| A dividend to the shareholders of SEK 1.00 per share | 9 023 |
| To be carried forward | 8 322 |
| **Total** | **17 345** |

The Group's unrestricted equity amounts to SEK 159 909 thousand. No allocation to restricted reserves is proposed.

Uppsala, February 6, 2003

Anders Wall
*Chairman*

Anders G. Carlberg — Thomas Halvorsen — Göran W Huldtgren

Marianne Nivert — Johan Norman — Johan Wall

Bertil Persson
*President and CEO*

| AMOUNTS IN SEK THOUSAND | Note | Group | | Parent Company | |
|---|---|---|---|---|---|
| | | **2002** | **2001** | **2002** | **2001** |
| Net revenues | 3 | 1 115 262 | 1 320 226 | – | – |
| Cost of goods sold | | –772 983 | –937 818 | – | – |
| **Gross profit** | | **342 279** | **382 408** | **–** | **–** |
| Selling expenses | | –185 540 | –203 980 | – | – |
| Administrative expenses | 4 | –118 916 | –147 585 | –20 612 | –30 013 |
| Other operating revenue | | – | – | 9 467 | 10 178 |
| Items affecting comparability | 5 | –99 941 | – | –70 267 | – |
| Revenue from shares in Group companies | 6 | – | – | 64 900 | 22 400 |
| Revenue from shares in associated companies | 7 | –5 410 | 1 490 | – | – |
| **Operating result** | 8 | **–67 528** | **32 333** | **–16 512** | **2 565** |
| Interest income and similar items | | 3 344 | 5 390 | 1 970 | 1 279 |
| Interest expense and similar items | | –30 933 | –35 718 | –8 189 | –7 964 |
| **Result after financial items** | 9 | **–95 117** | **2 005** | **–22 731** | **–4 120** |
| Year-end appropriations | | – | – | 45 | 1 033 |
| **Result before taxes** | | **–95 117** | **2 005** | **–22 686** | **–3 087** |
| Taxes on result for the year | 10 | 11 133 | 10 263 | 2 913 | 5 108 |
| **NET RESULT FOR THE YEAR** | | **–83 984** | **12 268** | **–19 773** | **2 021** |
| Earnings per share before dilution | | –9.31 | 1.36 | –2.19 | 0.22 |
| Earnings per share, fully diluted basis | | –8.65 | 1.36 | –1.97 | 0.29 |

# BALANCE SHEETS

| AMOUNTS IN SEK THOUSAND | *Note* | *Group* | | *Parent Company* | |
|---|---|---|---|---|---|
| | | **2002** | **2001** | **2002** | **2001** |
| **ASSETS** | | | | | |
| **Fixed assets** | | | | | |
| *Intangible fixed assets* | | | | | |
| Goodwill | 11 | 107 708 | 169 090 | – | – |
| *Tangible fixed assets* | | | | | |
| Land and land improvements | 12 | 12 861 | 13 116 | – | – |
| Buildings | 13 | 160 360 | 166 385 | – | – |
| Plant and machinery | 14 | 313 865 | 405 568 | – | – |
| Equipment, tools, fixtures and fittings | 15 | 31 754 | 55 675 | 746 | 1 278 |
| *Financial assets* | | | | | |
| Deferred tax claims | 16 | 10 567 | 9 389 | 14 | – |
| Other receivables | | 7 076 | 7 310 | – | – |
| Other securities | 17 | 8 808 | 7 895 | 6 183 | 5 358 |
| Shares in associated companies | 18 | 4 476 | 4 820 | – | – |
| Shares in Group companies | 19 | – | – | 276 378 | 346 645 |
| **Total fixed assets** | | **657 475** | **839 248** | **283 321** | **353 281** |
| **Current assets** | | | | | |
| Inventories | 20 | 251 648 | 289 531 | – | – |
| *Receivables* | | | | | |
| Prepaid expenses and accrued income | 21 | 13 014 | 20 485 | 2 830 | 4 072 |
| Accounts receivable | | 183 439 | 223 729 | – | – |
| Due from Group companies | | – | – | 181 936 | 128 974 |
| Tax claims | | 938 | 2 432 | 2 663 | 1 825 |
| Other receivables | | 22 780 | 21 824 | – | 870 |
| Liquid funds | | 47 171 | 32 037 | 34 | 27 |
| **Total current assets** | | **518 990** | **590 038** | **187 463** | **135 768** |
| **TOTAL ASSETS** | | **1 176 465** | **1 429 286** | **470 784** | **489 049** |

| AMOUNTS IN SEK THOUSAND | Note | Group | | Parent Company | |
|---|---|---|---|---|---|
| | | 2002 | 2001 | 2002 | 2001 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' equity** | 22 | | | | |
| *Restricted equity* | | | | | |
| Share capital | | 112 791 | 112 729 | 112 791 | 112 729 |
| Other restricted equity | | 185 577 | 203 616 | 156 598 | 156 225 |
| **Total restricted equity** | | **298 368** | **316 345** | **269 389** | **268 954** |
| *Unrestricted equity* | | | | | |
| Unrestricted reserves/Retained earnings | | 243 893 | 248 793 | 37 118 | 49 074 |
| Net result for the year | | –83 984 | 12 268 | –19 773 | 2 021 |
| **Total unrestricted equity** | | **159 909** | **261 061** | **17 345** | **51 095** |
| **Total shareholders' equity** | | **458 277** | **577 406** | **286 734** | **320 049** |
| Untaxed reserves | 23 | – | – | – | 45 |
| **Provisions** | | | | | |
| Provisions for taxes | 24 | 43 483 | 56 869 | – | – |
| Provisions for pensions and similar obligations | 25 | 7 195 | 7 398 | – | – |
| **Total provisions** | | **50 678** | **64 267** | **–** | **–** |
| **Long-term liabilities** | | | | | |
| Committed credit facilities | 26 | 220 954 | 253 119 | 113 969 | 93 497 |
| Liabilites to financial institutions | 27 | 224 825 | 289 084 | – | 2 749 |
| Convertible subordinated debenture loan | 28 | 23 458 | 23 215 | 32 600 | 32 357 |
| **Total long-term liabilities** | | **469 237** | **565 418** | **146 569** | **128 603** |
| **Current liabilities** | | | | | |
| Due to Group companies | | – | – | 28 505 | 27 371 |
| Accounts payable | | 61 649 | 61 429 | 232 | 210 |
| Tax liabilities | | – | – | – | – |
| Accrued expenses and prepaid income | 29 | 74 745 | 96 632 | 3 670 | 3 401 |
| Liabilites to credit institutions | | 33 146 | 39 058 | 4 500 | 9 000 |
| Other current liabilities | | 28 733 | 25 076 | 574 | 370 |
| **Total current liabilities** | | **198 273** | **222 195** | **37 481** | **40 352** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **1 176 465** | **1 429 286** | **470 784** | **489 049** |
| Pledged assets | 30 | 692 868 | 744 071 | 114 261 | 115 261 |
| Contingent liabilities | 31 | 7 328 | 3 810 | 11 775 | 9 775 |

# STATEMENTS OF CASH FLOW

| AMOUNTS IN SEK THOUSAND | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | **2002** | **2001** | **2002** | **2001** |
| **Current operations** | | | | |
| Operating profit | 32 413 | 32 333 | 53 755 | 2 565 |
| Depreciation and amortization | 96 617 | 86 830 | 463 | 479 |
| Net financial items | –27 589 | –30 328 | –6 219 | –6 685 |
| Current taxes | –3 014 | 2 958 | –1 441 | –3 726 |
| **Cash flow from current operations before changes in working capital and capital expenditures** | **98 427** | **91 793** | **46 558** | **–7 367** |
| Change in inventory | 18 858 | –22 979 | – | – |
| Change in receivables | 28 469 | 63 900 | –51 688 | –8 673 |
| Change in current liabilities | –11 654 | –77 464 | –2 871 | –11 827 |
| **Cash flow from current operations** | **134 100** | **55 250** | **–8 001** | **–27 867** |
| **Investment operations** | | | | |
| Investments in | | | | |
| intangible fixed assets | 783 | –5 623 | – | – |
| tangible fixed assets | –18 310 | –140 058 | 69 | –1 378 |
| shares in subsidiaries | – | – | – | –5 018 |
| other shares | –571 | 2 279 | –825 | 1 233 |
| other financial assets | 232 | 2 364 | – | – |
| Increase/decrease in short-term financial investments | – | – | – | – |
| **Cash flow from investment operations** | **–17 866** | **–141 038** | **–756** | **–5 163** |
| **Financing operations** | | | | |
| New issue | 435 | 2 697 | 435 | 2 697 |
| Repayment of long-term liabilities | –80 295 | 111 087 | 17 966 | 34 737 |
| Group contributions and owner contributions received/rendered | – | – | 8 400 | 31 550 |
| Dividend paid | –18 037 | –35 953 | –18 037 | –35 953 |
| **Cash flow from financing operations** | **–97 897** | **77 831** | **8 764** | **33 031** |
| **CHANGE IN LIQUID FUNDS** | **18 337** | **–7 957** | **7** | **1** |
| Liquid funds at beginning of year | 32 037 | 17 788 | 27 | 26 |
| Translation difference in liquid funds | –3 177 | 90 | – | – |
| Cash funds sold/acquired | –26 | 22 116 | – | – |
| Liquid funds at year-end | 47 171 | 32 037 | 34 | 27 |
| Unutilized committed credit facilities | 226 959 | 206 956 | 36 031 | 56 503 |
| Available liquidity | 274 130 | 238 993 | 36 065 | 56 530 |

*All amounts in SEK thousand unless otherwise stated.*

## ACCOUNTING AND VALUATION PRINCIPLES APPLIED

### General

Beijer Alma AB's annual report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations and statements of the Swedish Accounting Standards Council.

The following new recommendations of the Swedish Accounting Standards Council are applied from this financial year:

- RR 1:00 Consolidated accounting
- RR 15 Intangible assets
- RR 16 Provisions, contingent liabilities and contingent assets
- RR 17 Writedowns
- RR 21 Loan costs
- RR 23 Information about closely related parties

Implementation of these rules have had no significant effect on results or financial position. The transitional provisions for restatement of goodwill as set forth in accounting recommendation RR 1:00 have not been applied.

### Consolidated accounting

The consolidated financial statements include the Parent Company and those companies in which Beijer Alma AB, directly or indirectly, own more than 50 percent of the votes.

The purchase method of accounting has been used in compiling the Group's balance sheet. This means that the subsidiaries equity, determined as the difference between the actual value of assets and liabilities is eliminated in its entirety. This means that the Group's equity includes only that portion of the subsidiaries' equity earned after the date of acquisition.

If the acquisition value of the shares in the Group exceeds the value of the company's net assets entered in the acquisition analysis, the difference is reported as goodwill in the Group.

Companies acquired during the year are included in the consolidated reporting for the period after the acquisition. The result from companies sold during the year are included in the consolidated income statements for the period until the date of divestiture.

All of Beijer Alma AB's foreign subsidiaries are classified as independent companies. The current rate method is applied in connection with translation of their balance sheets, which means that assets and liabilities are translated using the exchange rate in effect on the balance sheet date. All items in the income statements are translated at the average foreign exchange rate for the year. Translation differences are carried directly to the consolidated equity.

When the Parent Company or another Group company in the Beijer Alma Group has engaged in hedging operations to balance and protect against foreign exchange rate differences on the net investments in an independent subsidiary, the translation difference of the hedging instrument is carried directly to equity to the extent it corresponds to a translation difference booked there for the subsidiary during the year.

Internal gains in the Group are eliminated in their entirety.

### Reporting of associated companies

Companies which are not subsidiaries, but in which the Parent Company, directly or indirectly, owns more than 20 percent of the votes of all outstanding shares are considered to be associated companies.

Shares in associated companies are accounted for in accordance with the so-called equity method. Shares in associated companies are carried at cost with an adjustment for the Group's share of change in the net assets of the associated company, including goodwill (after deduction for accumulated depreciation). The Group's share in the result of the associated company is included as revenue in the consolidated income statement. Accumulated shares in profit not paid out as dividends but attributable to associated companies are accounted for in the consolidated balance sheet as restricted reserves. Unrealized internal gains are eliminated with the share in profit related to the gain.

Shares in associated companies are carried in the Parent Company's books at cost. Only distribution of profit earned after the time of acquisition is accounted for as revenue from associated companies.

### Foreign currencies

Receivables and liabilities in foreign currency are valued at the year-end rate of exchange. In cases where hedging has taken place, such as forward cover, the forward rate is used. Transactions in foreign currency are converted at the spot rate of the transaction date.

In cases of forward cover for future budgeted currency flows, the hedging instrument is not revalued in cases of changing foreign exchange rates. The entire effect of changes in foreign exchange rates is accounted for in the income statement when the hedging instrument falls due for payment.

### Revenue

Sales of goods are accounted for upon delivery of product to the customer pursuant to the terms and conditions of sale. Sales are reported net after value added tax, rebates and discounts. Intra-Group sales are eliminated in the consolidated accounting.

### Income taxes

Reported income taxes included taxes to be paid or received for the current year, and any adjustment to actual taxes paid in prior years, changes in deferred tax liability and share in taxes of associated company.

Valuation of tax liabilities and tax claims are at nominal amounts according to the rules of each individual country and at current tax rates or tax rates that have been announced and will in all likelihood be resolved.

The tax effects of items accounted for in the income statement are reported in the income statement. Tax effects of items accounted for directly against equity are reported against equity.

Deferred tax is calculated on all temporary differences arising between book values and values for tax purposes on assets and liabilities. Temporary differences arise through depreciation of real estate, structural costs and tax deficits.

Deferred tax liability referring to tax loss carryforwards or other future tax deductions are reported to the extent it is probable that the deductions can be offset against surpluses in connection with future payments Deferred tax liability referring to investments in subsidiaries and associated companies are not reported in the consolidated financial statements when the Parent Company in all cases can control the timing for reversal of the temporary differences and it is not judged likely that a reversal will take place within the foreseeable future.

Due to the relationship between accounting and taxation, the deferred tax liability on untaxed reserves is reported in the Parent Company as a part of untaxed reserves.

### Receivables

Receivables are carried at the amount which after individual assessment is expected to be collected.

### Inventories

Inventories are valued at the lower of cost and market value at year-end using the so-called FIFO (first-in, first-out) method.

### Fixed assets

Tangible and intangible fixed assets are depreciated and amortized, respectively, systematically over the estimated period of use of the asset. When the amount to be depreciated or amortized has been determined, the residual value of the asset is taken into consideration as the case may be.

All assets are depreciated and amortized on a straight-line basis. The following periods of depreciation and amortization are applied:

| | |
|---|---|
| Goodwill | 10–20 years |
| Office buildings | 25–40 years |
| Industrial buildings | 20–40 years |
| Plant and machinery | 2–10 years |
| Equipment, tools, fixtures and fittings | 2–10 years |

### Research and development work

Expenditure for research and development is expensed as incurred. Customer-order-based research and development is reported as a cost in connection with invoicing of goods and services.

### Financial leasing contracts

When leasing contracts have the effect that the Group as lessee for all intents and purposes enjoys the economic benefits and bears the economic risk attributable to the leasing object, the object is reported as a fixed asset in the consolidated balance sheet. The corresponding obligation to pay leasing fees in the future is reported as a liability.

### Statement of cash flow

The statement of cash flow is compiled in accordance with the indirect method. The reported cash flow includes only transactions that give rise to payments and disbursements.

*All amounts in SEK thousand unless otherwise stated.*

**Note 1 PERSONNEL**

| *Job locations* | *Number of employees* 2002 | 2001 |
|---|---|---|
| **SWEDEN** | | |
| *Parent Company* | | |
| Uppsala | 3 | 3 |
| Stockholm | 4 | 4 |
| *Subsidiaries* | | |
| Filipstad | 84 | 63 |
| Göteborg | 72 | 92 |
| Herrljunga | 67 | 59 |
| Karlstad | 9 | 11 |
| Nyköping | 54 | 54 |
| Stockholm | 39 | 88 |
| Strängnäs | 2 | 9 |
| Sundsvall | 1 | 4 |
| Tierp | 199 | 234 |
| Trosa | 16 | 33 |
| Uppsala | 4 | – |
| Värnamo | 54 | 70 |
| Växjö | 20 | 9 |
| **Total Sweden** | **628** | **733** |

Of whom men 481 (571) and women 147 (162).

| | 2002 | | | 2001 | | |
|---|---|---|---|---|---|---|
| | *Men* | *Women* | *Total* | *Men* | *Women* | *Total* |
| **OUTSIDE SWEDEN** | | | | | | |
| Denmark | 80 | 27 | 107 | 113 | 35 | 148 |
| Finland | 20 | 5 | 25 | 19 | 5 | 24 |
| Norway | 4 | 2 | 6 | 4 | 2 | 6 |
| Belgium | 1 | 1 | 2 | 1 | 1 | 2 |
| France | 4 | 2 | 6 | 4 | 2 | 6 |
| Germany | 76 | 20 | 96 | 79 | 21 | 100 |
| The Netherlands | 6 | 2 | 8 | 14 | 4 | 18 |
| Poland | – | 2 | 2 | – | 2 | 2 |
| UK | 21 | 7 | 28 | 18 | 7 | 25 |
| China | 16 | 10 | 26 | 16 | 6 | 22 |
| Hong Kong | 1 | 3 | 4 | 2 | 2 | 4 |
| USA | 1 | 1 | 2 | 1 | 1 | 2 |
| **Total, outside Sweden** | **230** | **82** | **312** | **271** | **88** | **359** |
| **TOTAL** | | | **940** | | | **1 092** |

*Of the number of employees 711 are men (842) and 229 are women (250).*

**Payroll, compensation and social benefits**

**Group**
Compensation as follows has been paid by the Swedish units of the Group:

| | 2002 | 2001 |
|---|---|---|
| Salaries, President and Board of Directors | 15 009 | 15 789 |
| Bonus, President and Board of Directors | 815 | 591 |
| Social benefits, President and Board of Directors | 10 929 | 9 753 |
| Of which pension costs | 5 029 | 3 639 |
| Salaries, other | 167 881 | 195 035 |
| Social benefits, other | 71 772 | 78 451 |
| Of which pension costs | 12 984 | 12 647 |

**Salaries and compensation has been paid outside Sweden as follows:**

| | 2002 | | | | | | 2001 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **President/Board of Directors** | | | | **Other** | | **President/Board of Directors** | | | | **Other** | |
| | *Compensation* | *of wich bonus* | *Soc. ben.* | *of wich pension liab.* | *Salaries* | *Soc. ben.* | *Compensation* | *of wich bonus* | *Soc. ben.* | *of wich pension liab.* | *Salaries* | *Soc. ben.* |
| Denmark | 1 045 | – | 45 | 43 | 46 753 | 256 | 1 950 | – | 123 | 118 | 58 328 | 333 |
| Finland | 1 229 | 178 | 367 | 166 | 5 635 | 1 313 | 1 226 | 179 | 348 | 161 | 5 853 | 1 755 |
| Norway | 792 | – | 204 | – | 1 748 | 450 | 706 | 116 | 210 | – | 1 580 | 406 |
| Belgium | – | – | – | – | 630 | 173 | – | – | – | – | 790 | 232 |
| France | – | – | – | – | 2 712 | 1 205 | – | – | – | – | 2 257 | 1 858 |
| Germany | 2 867 | 100 | 228 | 18 | 31 394 | 6 303 | 2 669 | 71 | 434 | 19 | 32 983 | 6 660 |
| The Netherlands | – | – | – | – | 3 506 | 986 | 743 | – | 80 | 80 | 6 151 | 920 |
| Poland | – | – | – | – | 427 | 130 | – | – | – | – | 457 | 303 |
| UK | 1 953 | 102 | 790 | 604 | 10 415 | 1 550 | 2 990 | 102 | 915 | 645 | 8 890 | 2 010 |
| China | – | – | – | – | 1 271 | 261 | – | – | – | – | 678 | 158 |
| Hong Kong | – | – | – | – | 1 740 | 360 | – | – | – | – | 1 640 | 360 |
| USA | – | – | – | – | 1 190 | 145 | – | – | – | – | 771 | 104 |
| **Total salaries and compensation** | **7 886** | **380** | **1 634** | **831** | **107 421** | **13 132** | **10 284** | **468** | **2 110** | **1 023** | **120 378** | **15 099** |
| **Total salaries and compensation in Sweden as above** | **15 009** | **815** | **10 929** | **5 029** | **167 881** | **71 772** | **15 789** | **591** | **9 753** | **3 639** | **195 035** | **78 451** |
| **GROUP TOTAL** | **22 895** | **1 195** | **12 563** | **5 860** | **275 302** | **84 904** | **26 073** | **1 059** | **11 863** | **4 662** | **315 413** | **93 550** |

*All amounts in SEK thousand unless otherwise stated.*

**Parent Company**

| | 2002 | 2001 |
|---|---|---|
| Salary, President and Board of Directors | 3 954 | 4 763 |
| Bonus, President and Board of Directors | – | – |
| Social benefits, President and Board of Directors | 2 016 | 2 120 |
| Of which pension costs | 932 | 941 |
| Salaries, other | 3 057 | 3 356 |
| Social benefits, other | 1 936 | 1 627 |
| Of which pension costs | 621 | 569 |

**Terms of employment and compensation of senior management**
The following costs were charged to the Parent Company in 2002:

*President and CEO:*

| | |
|---|---|
| Salary including benefit of automobile | 2 645 |
| Bonus | – |
| Social benefits | 1 782 |
| of which pension costs | 932 |

Among other things, the employment contract of the President and CEO contains a clause for termination at the Company's initiative with a period of notice of two years.

*Chairman of the Board:*

| | |
|---|---|
| Director's fee | 260 |
| Fee as approved by Annual General Meeting | 500 |
| Social benefits | 184 |

Fees have been paid to other Directors in a total amount of 550.

**Note 2 BOARD OF DIRECTORS**

**Anders Wall**, Med Dr h.c. Consul General. Director since 1992 and Chairman. Other assignments: Chairman of Beijerinvest AB, Kjell & Märta Beijer's Foundation, Anders Wall's foundations, Konsul Th C Berghs Stiftelse, G & L Beijer Import & Export AB i Stockholm, Chemapol Scandinavia AB, Ryda Bruk AB, Svenskt Tenn AB, Morgongåva Företagspark AB. Director of Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), AB Stafsjö Bruk, Sponsor Stiftelseförvaltning AB, Uppsvenska Handelskammaren, Swedish Chamber of Commerce in London and USA, and other assignments. Honorary Fellow Uppsala University, Member, Royal Academy of Engineering Science (IVA).

**Anders G. Carlberg,** President, Axel Johnson International AB. Director since 1997. Other assignments: Director of Axel Johnson AB, Axel Johnson Inc., Elkem ASA, Sapa AB, SSAB, Säkl and other assignments.

**Thomas Halvorsen,** President, Fjärde AP-fonden. Director since 1992. Other assignments: Director of AB Electrolux, AP Fastigheter AB and other assignments.

**Göran W Huldtgren,** President, Scandecor Marketing AB. Director since 1983. Other assignments: Director of LeanOn Group AB.

**Marianne Nivert,** Director since 2002. Other assignments: Director of SSAB, Wallenstam Byggnads AB, Posten AB, Huddinge Universitetssjukhus AB, Systembolaget AB, Fjärde AP–fonden, Svensk Exportkredit AB, Chalmers Tekniska Högskolas Stiftelse and SNS.

**Johan Norman,** Director since 2002. Other assignments: Director of Lundqvist Inredningar AB and Terminal Real Estate Sweden AB.

**Johan Wall,** Deputy Director 1997–2000, Director since 2000. Other assignments: Chairman of AB Ljungskogens Strandbad. Director of Anders Wall's foundations and Deputy Director of Kjell & Märta Beijer's Foundation.

**Bertil Persson,** President and CEO, Beijer Alma AB. Deputy director 2000–2001, Director 2001–2002, Deputy Director since 2002. Other assignments: Director of AB Swedcarrier, AB Svensk Bilprovning and other assignments.

**Note 3 NET REVENUES**

| | 2002 | 2001 |
|---|---|---|
| Sweden | 367 189 | 525 980 |
| Other EU | 578 410 | 610 620 |
| Other Europe | 67 466 | 81 479 |
| Asia | 81 489 | 79 584 |
| Rest of world | 20 708 | 22 563 |
| **TOTAL** | **1 115 262** | **1 320 226** |

**Note 4 ADMINISTRATIVE EXPENSES**

Administrative expenses include, .i.a., fees to the auditors as follows:

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Öhrlings PricewaterhouseCoopers AB | | | | |
| Audit fee | 1 959 | 1 905 | 581 | 934 |
| Other assignments | 100 | 96 [1] | – | –[1] |
| Other auditors | | | | |
| Audit fee | 1 257 | 1 422 | – | – |
| Other assignments | 372 | 359 | – | – |
| **TOTAL** | **3 688** | **3 782** | **581** | **934** |

[1] *In addition to expensed compensation, there are capitalized fees in the amount of 573 for investigations attributable to corporate acquisitions made in 2001.*

**Note 5 ITEMS AFFECTING COMPARABILITY**

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Refers to Elimag AB | | | | |
| Writedown of goodwill | –42 824 | – | – | – |
| Writedown of machinery and equipment | –52 117 | – | – | – |
| Writedown of shares in Group company | – | – | –70 267 | – |
| Provision for structural expenses | –5 000 | – | – | – |
| **TOTAL** | **–99 941** | **–** | **–70 267** | **–** |

**Note 6 INCOME FROM SHARES IN GROUP COMPANIES**

| | *Parent Company* | |
|---|---|---|
| | 2002 | 2001 |
| Anticipated dividend from | | |
| Lesjöfors AB | 30 000 | – |
| Habia Cable AB | 34 500 | – |
| Beijer Alma Industri AB (the former E. Bierregaard AB) | – | 6 100 |
| Shipping & Aviation Sweden AB | – | 16 300 |
| AIHUK AB | 400 | – |
| **TOTALT** | **64 900** | **22 400** |

**Note 7 INCOME FROM SHARES IN ASSOCIATED COMPANIES**

| | 2002 | 2001 |
|---|---|---|
| Share in profit from Pendax Holding AB | 1 184 | 1 490 |
| Capital gain on sale of shares in Professional Genetics Laboratory AB | 2 112 | – |
| Losses in and writedown of shares in Medical Device Technology AB (the former Elimag Stockholm) | –8 706 | – |
| **TOTAL** | **–5 410** | **1 490** |

**Note 8 OPERATING RESULT**

Depreciation and amortization has been charged to the operating result as follows:

| | 2002 | 2001 |
|---|---|---|
| Plant and machinery | 59 908 | 50 783 |
| Equipment, tools, fixtures and fittings | 15 135 | 14 894 |
| Buildings | 5 993 | 7 381 |
| Land improvements | 36 | 37 |
| Goodwill | 15 545 | 13 735 |
| **TOTAL** | **96 617** | **86 830** |

Writedown of goodwill and machinery in Elimag, see Note 5.
Depreciation of equipment, tools, fixtures and fittings has been charged in the Parent Company by 463 (479).

**Note 9 RESULT AFTER NET FINANCIAL ITEMS**

| | *Net revenues* | | *Result after net financial items* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Lesjöfors | 546 386 | 566 099 | 46 058 | 30 987 |
| Habia Cable | 402 829 | 454 769 | 402 | 1 342 |
| Elimag | 83 722 | 205 833 | –11 763 | –12 877 |
| Stafsjö Bruk | 81 937 | 91 361 | –4 722 | 4 093 |
| Parent Company, etc. and consolidation eliminations | 388 | 2 164 | –25 151 | –21 540 |
| | **1 115 262** | **1 320 226** | **4 824** | **2 005** |
| Items affecting comparability | – | – | –99 941 | – |
| **TOTAL** | **1 115 262** | **1 320 226** | **–95 117** | **2 005** |

**Note 10 TAXES ON PROFIT FOR THE YEAR**

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Current taxes for the period | –1 592 | –12 184 | – | –2 726 |
| Share in taxes of associated companies | –115 | –405 | – | – |
| Temporary differences relating to | | | | |
| untaxed reserves | 13 851 | 1 281 | – | – |
| supplementary depreciation | –954 | –983 | – | – |
| provisions for structural costs | 325 | 3 108 | – | – |
| Tax loss carryforward | 657 | 4 304 | 14 | – |
| Writedowns | 383 | – | – | – |
| Tax effect of Group contribution | – | – | 4 340 | 8 834 |
| Current taxes attributable to prior years | –1 422 | 15 142 | –1 441 | –1 000 |
| **TOTAL** | **11 133** | **10 263** | **2 913** | **5 108** |

Difference between tax expense and current taxes

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Result before taxes | –95 117 | 2 005 | –22 686 | –3 087 |
| 28 % taxes | 26 633 | –562 | 6 352 | 864 |
| Current taxes for the period | –1 592 | –12 184 | – | –2 726 |
| **Difference** | **28 225** | **11 622** | **6 352** | **3 590** |

**Specification of difference**

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Effect of: | | | | |
| tax loss offset against foreign profits from prior years | –3 108 | 3 108 | – | – |
| amortization of goodwill | 2 741 | 2 121 | – | – |
| foreign tax rates | 1 397 | 1 107 | – | – |
| non-deductible items | 3 849 | 6 245 | 506 | 236 |
| writedowns | 28 224 | – | 19 675 | 793 |
| non-taxable revenue | –4 462 | –380 | –18 183 | –6 273 |
| Group contributions | – | – | 4 340 | 8 834 |
| Other | –416 | –579 | 14 | – |
| **TOTAL** | **28 225** | **11 622** | **6 352** | **3 590** |

**Note 11 GOODWILL**

| | | *Group* |
|---|---|---|
| | 2002 | 2001 |
| Opening cost | 254 671 | 202 405 |
| Purchases | 100 | 47 253 |
| Sales | – | – |
| Reclassification | –1 040 | – |
| Translation differences | –2 340 | 5 013 |
| **Closing accumulated cost** | **251 391** | **254 671** |
| Opening amortization | 57 392 | 44 017 |
| Sales | – | – |
| Reclassification | – | –470 |
| Amortization for the year | 15 545 | 13 735 |
| Translation differences | –267 | 110 |
| **Closing amortization** | **72 670** | **57 392** |
| Opening writedowns | 28 189 | 28 189 |
| Writedowns for the year | 42 824 | – |
| **Closing accumulated writedowns** | **71 013** | **28 189** |
| **Closing residual value according to plan** | **107 708** | **169 090** |

Goodwill in the amount of MSEK 42.8 attributable to the acquisition of Elimag was written off in its entirety during the year. Remaining goodwill is attributable to corporate acquisitions made before 2001.

Goodwill arising in connection with acquisition of companies with industrial manufacturing and its own marketing organization is amortized over ten years according to main rule of the Group. After special examination, the period of amortization for Isotech has been set at 20 years in view of volume, manufacturing technique, product line market position and assessed future market potential.

**Note 12 LAND AND LAND IMPROVEMENTS**

| | | *Group* |
|---|---|---|
| | 2002 | 2001 |
| Opening cost | 13 395 | 12 831 |
| Purchases | – | 707 |
| Sales and disposals | – | –562 |
| Reclassification | 53 | – |
| Translation differences | –219 | 419 |
| **Closing accumulated cost** | **13 229** | **13 395** |
| Opening depreciation | 279 | 407 |
| Sales and disposals | – | –165 |
| Reclassification | 53 | – |
| Depreciation for the year | 36 | 37 |
| **Closing accumulated depreciation** | **368** | **279** |
| **Closing residual value according to plan** | **12 861** | **13 116** |
| | | |
| Book value of land in Sweden | 5 727 | 6 111 |
| Tax assessment value of land in Sweden | 5 925 | 5 626 |

### Note 13 BUILDINGS

| | 2002 | Group 2001 |
|---|---|---|
| Opening cost | 215 121 | 192 284 |
| Purchases | 2 338 | 26 544 |
| Sales and disposals | – | –7 503 |
| Reclassification | – | –792 |
| Translation differences | –1 213 | 4 588 |
| **Closing accumulated cost** | **216 246** | **215 121** |
| Opening depreciation | 48 736 | 43 931 |
| Sales and disposals | 1 582 | –2 705 |
| Reclassification | – | –793 |
| Depreciation for the year | 5 993 | 7 381 |
| Translation differences | –425 | 922 |
| **Closing accumulated depreciation** | **55 886** | **48 736** |
| Opening writeups | – | 549 |
| Sales and disposals | – | –549 |
| Year's depreciation on amount of writeup | – | – |
| **Closing accumulated writeups, net** | **–** | **–** |
| **Closing residual value according to plan** | **160 360** | **166 385** |
| Book value of buildings in Sweden | 105 180 | 100 135 |
| Tax assessment value of buildings in Sweden | 34 033 | 29 501 |

### Note 14 PLANT AND MACHINERY

| | 2002 | Group 2001 |
|---|---|---|
| Opening cost | 654 373 | 470 859 |
| Purchases | 20 529 | 119 031 |
| Sales and disposals | –27 997 | –70 676 |
| By acquisition and divestiture of subsidiaries | –4 143 | 86 979 |
| Reclassification | 10 197 | 40 000 |
| Translation differences | –3 228 | 8 180 |
| **Closing accumulated cost** | **649 731** | **654 373** |
| Opening depreciation | 248 805 | 215 565 |
| Sales and disposals | –16 378 | –53 043 |
| Reclassification | 5 894 | 26 341 |
| Depreciation for the year | 59 908 | 50 783 |
| Translation differences | –1 460 | 9 159 |
| **Closing accumulated depreciation** | **296 769** | **248 805** |
| Writedowns for the year | 39 097 | – |
| **Closing accumulated writedowns** | **39 097** | **–** |
| **Closing residual value according to plan** | **313 865** | **405 568** |

**Financial leasing contracts**

The Group's plant and machinery includes leasing contracts as follows:

| | 2002 | 2001 |
|---|---|---|
| Cost | 61 728 | 66 823 |
| Residual value | 49 377 | 58 854 |

Future minimum leasing fees fall due as follows:

| | 2002 | 2001 |
|---|---|---|
| Within one year | 9 068 | 10 082 |
| Later than in one but within five years | 28 272 | 34 352 |
| Later than in five years | 11 467 | 22 184 |
| | 48 807 | 66 618 |

### Note 15 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

| | 2002 | Group 2001 |
|---|---|---|
| Opening cost | 105 733 | 84 530 |
| Purchases | 10 964 | 28 382 |
| Sales and disposals | –8 778 | –26 486 |
| By acquisition and divestiture of subsidiaries | –2 712 | 17 158 |
| Reclassification | –1 432 | – |
| Translation differences | –1 374 | 2 149 |
| **Closing accumulated cost** | **102 401** | **105 733** |
| Opening depreciation | 50 058 | 52 093 |
| Sales and disposals | –6 830 | –22 112 |
| Reclassification | –51 | 4 946 |
| Depreciation for the year | 15 135 | 14 894 |
| Translation differences | –685 | 237 |
| **Closing accumulated depreciation** | **57 627** | **50 058** |
| Writedowns for the year | 13 020 | – |
| **Closing accumulated writedowns** | **13 020** | **–** |
| **Closing residual value according to plan** | **31 754** | **55 675** |

### Note 16 DEFERRED TAX CLAIM

| | 2002 | 2001 |
|---|---|---|
| Temporary claim relating to | | |
| tax loss carryforward | 5 510 | 6 281 |
| provisions for structural costs | 3 623 | 3 108 |
| writedowns | 1 085 | – |
| Other temporary differences | 349 | – |
| **TOTAL** | **10 567** | **9 389** |

### Note 17 OTHER SECURITIES

| | *Organization number* | *Proportion of capital* | *Registered office* | *Book value* |
|---|---|---|---|---|
| **Parent Company** | | | | |
| Innoventus Uppsala Life Science 1 KB *) | 969677–8530 | 8% | Uppsala | 6 183 |
| | | | | 6 183 |
| **Group** | | | | |
| Drug Safety Inc. (formerly PharmaSoft Inc.) | | <1% | Delaware, USA | 0 |
| Industrial Development & Investment AB | 556518–9973 | <1% | Stockholm | 2 553 |
| Other | | – | | 72 |
| **Total** | | | | **8 808** |

*) *Commitment exists to invest another MSEK 19.*

| | 2002 | 2001 |
|---|---|---|
| Opening cost | 12 200 | 10 307 |
| Purchases | 913 | 6 293 |
| Reclassification | –2 000 | –4 400 |
| **Closing accumulated cost** | **11 113** | **12 200** |
| Opening writedowns | 4 305 | – |
| Reclassification | –2 000 | – |
| Writedowns for the year | – | 4 305 |
| **Closing accumulated writedowns** | **2 305** | **4 305** |
| **Closing book value** | **8 808** | **7 895** |

*All amounts in SEK thousand unless otherwise stated.*

**Note 18 SHARES IN ASSOCIATED COMPANIES**

| | *Organization number* | *Proportion of capital* | *Registered office* | *Book value* |
|---|---|---|---|---|
| **Group** | | | | |
| Pendax Holding AB | 556536–1457 | 36 | Stockholm | 4 276 |
| Medeto Medical Device Technology AB | 556444–9386 | 50 | Stockholm | 200 |
| **Total** | | | | **4 476** |

| | 2002 | 2001 |
|---|---|---|
| Opening cost | 6 868 | 5 783 |
| Share in profit after taxes | 1 069 | 1 085 |
| Purchases | 6 133 | – |
| Sales | –888 | – |
| **Closing accumulated cost** | **13 182** | **6 868** |
| Opening writedowns | 2 048 | 2 048 |
| Sales | –2 048 | – |
| Writedowns for the year | 8 706 | – |
| **Closing accumulated writedowns** | **8 706** | **2 048** |
| **Closing book value** | **4 476** | **4 820** |

**Note 19 SHARES IN GROUP COMPANIES**

| | *Organization number* | *Number* | *Registered office* | *Book value* | *Adjusted equity* |
|---|---|---|---|---|---|
| Habia Cable AB | 556050-3426 | 500 000 | Täby | 87 576 | 159 646 [1] |
| Lesjöfors AB | 556001-3251 | 603 500 | Karlstad | 100 000 | 267 787 [2] |
| Elimag AB | 556480-0133 | 50 000 | Sundsvall | 37 632 | 25 896 |
| AB Stafsjö Bruk | 556093-2112 | 45 000 | Nyköping | 21 354 | 19 018 |
| AB Stockholms Rörsmide | 556222-0482 | 10 000 | Stockholm | 2 560 | 2 651 |
| Alma Nova Industri AB | 556077-6022 | 60 000 | Uppsala | 14 780 | 15 187 |
| Beijer Alma Industri AB | 556210-3274 | 60 000 | Uppsala | 4 330 | 7 253 |
| Aihuk AB | 556218-4126 | 9 000 | Uppsala | 2 056 | 2 539 [3] |
| Shipping & Aviation Sweden AB | 556500-0535 | 10 000 | Uppsala | 1 000 | 2 556 |
| Bierrepac AB | 556067-1793 | 4 000 | Malmö | 473 | 945 |
| Beijer & Alma Industri & Handel AB | 556551-9005 | 1 000 | Uppsala | 100 | 84 |
| O-Pack AB | 556201-8639 | 1 000 | Stockholm | 100 | 114 |
| Care Pilot AB | 556589-8235 | 153 846 | Uppsala | 4 417 | 4 695 |
| **TOTAL** | | | | **276 378** | |

[1] *Including anticipated dividend to the Parent Company in the amount of SEK 34 500.*
[2] *Including anticipated dividend to the Parent Company in the amount of SEK 30 000.*
[3] *Including anticipated dividend to the Parent Company in the amount of SEK 400.*

All companies are 100-percent owned.

| | 2002 | 2001 |
|---|---|---|
| Opening cost | 351 800 | 238 639 |
| Purchases | – | 113 161 |
| **Closing accumulated cost** | **351 800** | **351 800** |
| Opening writedowns | 5 155 | 600 |
| Writedowns for the year | 70 267 | 4 555 |
| **Closing accumulated writedowns** | **75 422** | **5 155** |
| **Closing book value** | **276 378** | **346 645** |

*All amounts in SEK thousand unless otherwise stated.*

**Subsidiary holdings of shares in Group companies**

| | *Organization number* | *Percentage stake* | *Registered office* | *Book value* |
|---|---|---|---|---|
| Alma Industri & Handel Fastigheter AB | 556030-3686 | 100 | Malmö, Sweden | 3 764 |
| Habia Benelux BV | | 100 | Breda, The Netherlands | 1 020 |
| Habia Cable Asia Ltd | | 100 | Hong Kong, China | 55 |
| Habia Cable China Ltd | | 100 | Changzhou, China | 8 480 |
| Habia Cable GmbH | | 100 | Düsseldorf, Germany | 29 797 |
| Habia Cable Inc. | | 100 | New Jersey, USA | 0 |
| Habia Cable Isotec GmbH & Co KG | | 100 | Norderstedt, Germany | 81 295 |
| Habia Cable Ltd. | | 100 | Bristol, United Kingdom | 3 614 |
| Habia Cable NV/SA | | 100 | Leuven, Belgium | 439 |
| Habia Cable Production AB | 556095-2012 | 100 | Söderfors, Sweden | 33 468 |
| Habia Cable SA | | 100 | Orleans, France | 679 |
| Habia Cable SP.Z O.O | | 100 | Warsaw, Poland | 310 |
| Habia Cable Svenska AB | 556240-7485 | 100 | Täby, Sweden | 205 |
| Beijer Alma Utvecklings AB | 556230-9608 | 100 | Uppsala, Sweden | 2 200 |
| Lesjöfors Fjädrar AB | 556063-5244 | 100 | Filipstad, Sweden | 9 532 |
| Lesjöfors Tråddetaljer AB | 556207-6520 | 100 | Filipstad, Sweden | 1 724 |
| Lesjöfors Automotive AB | 556335-0882 | 100 | Strängnäs, Sweden | 24 000 |
| Lesjöfors Stockholms Fjäder AB | 556062-9890 | 100 | Stockholm, Sweden | 24 619 |
| Lesjöfors Industrifjädrar AB | 556593-7967 | 100 | Herrljunga, Sweden | 10 500 |
| Lesjöfors Banddetaljer AB | 556385-2143 | 100 | Trosa, Sweden | 2 000 |
| Lesjöfors Banddetaljer i Värnamo AB | 556204-0773 | 100 | Värnamo, Sweden | 28 103 |
| Lesjöfors Tool A/S | | 100 | Copenhagen, Denmark | 577 |
| Lesjöfors DK Fjedre A/S | | 100 | Copenhagen, Denmark | 37 657 |
| Lesjöfors A/S | | 100 | Oslo, Norway | 53 |
| Oy Lesjöfors AB | | 100 | Åminnefors, Finland | 1 000 |
| Lesjöfors Springs Oy | | 100 | Åbo, Finland | 1 492 |
| Lesjöfors Springs Ltd. | | 100 | Elland, United Kingdom | 316 |
| Lesjöfors Automotive Ltd. | | 100 | Elland, United Kingdom | 774 |
| Lesjöfors Springs GmbH | | 100 | Hagen, Germany | 446 |
| B & G Suspension B.V. | | 100 | Almelo, The Netherlands | 10 |
| Lesjöfors North America Inc. | | 80 | San Diego, USA | 11 |
| Buck Jeppesen Fjederfabrik A/S | | 100 | Copenhagen, Denmark | 1 562 |
| Stafsjö Armaturentechnik GmbH | | 100 | Düsseldorf, Germany | 5 216 |
| Elimag Affärsutveckling AB | 556283-1031 | 100 | Mölndal, Sweden | 2 465 |
| Elimag Göteborg AB | 556359-5640 | 100 | Mölndal, Sweden | 7 150 |
| Elimag Ratio AB | 556059-2486 | 100 | Mölndal, Sweden | 2 535 |
| Elimag Mecha tronics A/S | | 100 | Bergen, Norway | 103 |

**Note 20 INVENTORIES**

| | 2002 | 2001 |
|---|---|---|
| Raw materials | 85 884 | 108 581 |
| Work in progress | 62 499 | 66 146 |
| Finished goods | 103 265 | 114 804 |
| **TOTAL** | **251 648** | **289 531** |

**Note 21 PREPAID EXPENSES AND ACCRUED INCOME**

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Leasing fees and rents | 3 862 | 5 398 | – | – |
| Accrued interest income | 192 | 2 670 | – | – |
| Other | 8 960 | 12 417 | 2 830 | 4 072 |
| **TOTAL** | **13 014** | **20 485** | **2 830** | **4 072** |

**Note 22 SHAREHOLDERS' EQUITY**

| | *Share capital* | *Restricted reserves* | *Unrestricted equity* |
|---|---|---|---|
| **Group December 31, 2000** | 100 591 | 107 010 | 274 721 |
| Dividend paid | – | – | –35 953 |
| New issue | 11 750 | 91 838 | – |
| Conversion of subordinated loan | 388 | 2 309 | – |
| Transfer between restricted and unrestricted equity | – | 2 459 | –2 459 |
| Translation differences | – | – | 12 484 |
| Net profit for the year | – | – | 12 268 |
| **December 31, 2001** | **112 729** | **203 616** | **261 061** |
| Dividend paid | – | – | –18 037 |
| Conversion of subordinated loan | 62 | 373 | – |
| Transfer between restricted and unrestricted equity | – | –18 412 | 18 412 |
| Translation differences | – | – | –17 543 |
| Net result for the year | – | – | –83 984 |
| **December 31, 2002** | **112 791** | **185 577** | **159 909** |

*Restricted reserves include equity reserves in the amount of –6 431 year 2002 and –117 year 2001.*

| | *Share capital* | *Restricted reserves* | *Unrestricted equity* |
|---|---|---|---|
| **Parent Company** | | | |
| **December 31, 2000** | 100 591 | 62 078 | 62 312 |
| Dividend paid | – | – | –35 953 |
| New issue | 11 750 | 91 838 | – |
| Conversion of debenture loan | 388 | 2 309 | – |
| Group contribution received less taxes | – | – | 22 715 |
| Net profit for the year | – | – | 2 021 |
| **December 31, 2001** | **112 729** | **156 225** | **51 095** |
| Dividend paid | – | – | –18 037 |
| Conversion of debenture loan | 62 | 373 | – |
| Group contribution received less taxes | – | – | 11 160 |
| Group contribution rendered | – | – | –7 100 |
| Net result for the year | – | – | –19 773 |
| **December 31, 2002** | **112 791** | **156 598** | **17 345** |

Shares outstanding are of Class A and Class B, as follows:

| | *Shares* | | *Votes* |
|---|---|---|---|
| Class A shares | 1 110 000 | with 10 votes | 11 100 000 |
| Class B shares | 7 913 300 | with 1 vote | 7 913 300 |
| **TOTAL** | **9 023 300** | | **19 013 300** |

In addition to these shares, there are also a convertible subordinated debenture loan and personnel options. The personnel options carry a subscription price of SEK 105 and have been issued to members of senior management in the Group's companies.

The number of shares outstanding, including subordinated debentures and personnel options are as follows:

| | |
|---|---|
| Current number of shares outstanding | 9 023 300 |
| Convertible subordinated debentures | 386 880 |
| Personnel options | 200 000 |
| **TOTAL** | **9 610 180** |

Both the convertible subordinated debentures and the personnel options entitle their holders to subscribe for class B shares.

**Evolution of share capital**

| *Year* | | *Increase in share capital SEK 000* | *Total share capital SEK 000* | *Increase in number of shares* | *Total number of shares* |
|---|---|---|---|---|---|
| 1993 | Opening balance | – | 53 660 | – | 2 146 400 |
| 1993 | Shares issued to acquire G & L Beijer Import Export AB i Stockholm | 6 923 | 60 583 | 276 900 | 2 423 300 |
| 1993 | New issue | 30 291 | 90 874 | 1 211 650 | 3 634 950 |
| 1994 | Shares issued to acquire AB Stafsjö Bruk | 5 000 | 95 874 | 200 000 | 3 834 950 |
| 1996 | Conversion of subordinated debenture loan | 47 | 95 921 | 1 875 | 3 836 825 |
| 1997 | Conversion of subordinated debenture loan | 2 815 | 98 736 | 112 625 | 3 949 450 |
| 1998 | Conversion of subordinated debenture loan | 1 825 | 100 561 | 73 000 | 4 022 450 |
| 2000 | Conversion of subordinated debenture loan | 30 | 100 591 | 1 200 | 4 023 650 |
| 2001 | Shares issue to acquire Elimag AB | 11 750 | 112 341 | 470 000 | 4 493 650 |
| 2001 | Split 2:1 | – | 112 341 | 4 493 650 | 8 987 300 |
| 2001 | Conversion of subordinated debenture loan | 388 | 112 729 | 31 000 | 9 018 300 |
| 2002 | Conversion of subordinated debenture loan | 62 | 112 791 | 5 000 | 9 023 300 |

### Note 23 UNTAXED RESERVES

| *Parent Company* | 2002 | 2001 |
|---|---|---|
| Accelerated depreciation | – | 45 |
| Tax allocation reserve | – | – |
| **TOTAL** | **–** | **45** |

### Note 24 PROVISION FOR TAXES

| | 2002 | 2001 |
|---|---|---|
| Temporary liability relating to | | |
| untaxed reserves | 38 704 | 53 851 |
| accelerated depreciation | 4 779 | 3 018 |
| **TOTAL** | **43 483** | **56 869** |

### Note 25 PROVISION FOR PENSIONS AND SIMILAR COMMITMENTS

| | 2002 |
|---|---|
| Opening value | 7 398 |
| Increased provision | 216 |
| Paid during the period | –402 |
| Foreign exchange effect | –17 |
| **Closing value** | **7 195** |

### Note 26 COMMITTED CREDIT FACILITY

| | 2002 | 2001 |
|---|---|---|
| The Group's limit | 447 913 | 460 495 |
| The Parent Company's limit | 150 000 | 150 000 |

### Note 27 DUE TO CREDIT INSTITUTIONS

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Amount due later than in 5 years | 102 999 | 131 219 | – | – |

### Note 28 CONVERTIBLE SUBORDINATED DEBENTURE LOAN

A five-year subordinated convertible debenture loan in the amount of 36,999 was issued the Group's employees May 6, 1999. The conversion price is SEK 87 and full conversion will increase the number of Class B shares outstanding by 386 880. Up to December 31, 2002 subordinated convertible debentures in a nominal amount of SEK 3 340 800 have been converted into 38 400 class B shares. The loan matures May 6, 2004 and conversion may take place from May 6, 1999 until April 22, 2004. Interest payable on the loan is 360 day STIBOR less 1 percentage point. In accordance with recommendation RR3 of the Swedish Financial Accounting Standards Council, the lower interest payable on the subordinated convertible debenture loan compared to the market rate of interest, which has been estimated to be two percent per year, has been carried to restricted equity. The reported loan liability is raised by two percent in interest, such that the reported liability amount will correspond to the nominal loan amount at the time of maturity. As of December 31, 2002 the subordinated convertible debentures held by wholly owned subsidiary Aihuk AB in the amount of 9 142 have been eliminated in consolidation.

### Note 29 ACCRUED EXPENSES AND PREPAID INCOME

| | *Group* | | *Parent Company* | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Accrued personnel expenses | 45 997 | 65 436 | 1 973 | 1 150 |
| Accrued interest | 1 132 | 2 039 | 1 029 | 1 074 |
| Prepaid income | 14 | 3 227 | – | – |
| Other | 27 602 | 25 930 | 668 | 1 177 |
| **TOTAL** | **74 745** | **96 632** | **3 670** | **3 401** |

## Note 30 PLEDGED ASSETS

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Corporate mortgages [1] | 253 196 | 290 682 | – | – |
| Corporate mortgages [1] | 97 167 | 84 147 | – | – |
| Shares [2] | 295 197 | 297 526 | 112 261 | 112 261 |
| Assets with retention of title | 45 308 | 68 716 | – | – |
| Receivables | 2 000 | 3 000 | 2 000 | 3 000 |
| **TOTAL** | **692 868** | **744 071** | **114 261** | **115 261** |

[1] *Refers to liabilities to credit institutions.*
[2] *These are pledged for loans in the amount of 4 500 (11 749) and for committed credit facility in the amount of 150 000 (150 000), of which 113 969 (93 497) was utilized at year-end.*

## Note 31 CONTINGENT LIABILITIES

| | Group | | Parent Company [1] | |
|---|---|---|---|---|
| | 2002 | 2001 | 2002 | 2001 |
| Guaranties | 701 | – | – | – |
| Sureties | 4 500 | 681 | 9 775 | 6 775 |
| Pension obligations | 2 127 | 3 129 | 2 000 [2] | 3 000 [2] |
| **TOTAL** | **7 328** | **3 810** | **11 775** | **9 775** |

[1] *6 775 of the Parent Company's sureties have been issued for subsidiaries and 3 000 for associated companies.*
[2] *Refers to pension obligation to previous CEO.*

## Note 32 FOREIGN EXCHANGE EXPOSURE AND FOREIGN EXCHANGE POLICY

The table below shows the net exposure, i.e. the net of revenue and costs in the most important currencies for the Group's companies. The amounts are converted to MSEK.

Net exposure in currencies converted to MSEK

| 2002 | USD | EUR | DKK | NOK | GBP | CNY | AUD | JPY | HKD |
|---|---|---|---|---|---|---|---|---|---|
| Lesjöfors | 3.6 | 37.0 | 14.0 | 20.2 | 36.2 | – | – | – | – |
| Habia Cable | 15.9 | 15.7 | – | – | 27.3 | 15.4 | 1.2 | 1.8 | –3.4 |
| Elimag | – | – | – | – | – | – | – | – | – |
| Stafsjö Bruk | 4.4 | 20.9 | –1.8 | –0.9 | –0.2 | – | – | – | – |
| **Total** | **23.9** | **73.6** | **12.2** | **19.3** | **63.3** | **15.4** | **1.2** | **1.8** | **–3.4** |

| 2001 | USD | EUR | DKK | NOK | GBP | CNY | AUD | JPY | HKD |
|---|---|---|---|---|---|---|---|---|---|
| Lesjöfors | 3.7 | 32.7 | –12.4 | 22.0 | 33.6 | – | – | – | – |
| Habia Cable | 9.6 | 31.5 | – | – | 43.9 | 16.9 | 4.2 | 6.0 | –12.1 |
| Elimag | –1.8 | –2.3 | –0.2 | – | –1.6 | – | – | – | – |
| Stafsjö Bruk | 3.5 | 15.5 | –2.0 | –1.0 | –0.5 | – | – | – | – |
| **Total** | **15.0** | **77.4** | **–14.6** | **21.0** | **75.4** | **16.9** | **4.2** | **6.0** | **–12.1** |

Each of the subsidiaries handle their own currency exposure in consultation with the Parent Company. Normally, between 80 and 85 percent is hedged for up to one year's prognosticated currency flows. The goal is to balance assets and liabilities in foreign currency.

## Note 33 TRANSACTIONS WITH CLOSELY RELATED PARTIES

Beijer Alma AB rents premises from Heinge Konsult AB, which is owned indirectly by Anders Wall. During 2002 the rent amounted to SEK 975. The rent is set on market terms.

## Note 34 DEFINITIONS

**Capital employed**
Balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions.

**Debt equity ratio**
Interest-bearing liabilities and interest-bearing provisions relative to shareholders' equity.

**Earnings per share**
Earnings per share after actual taxes.

**Earnings per share after current taxes**
Profit less current taxes, relative to average number of shares outstanding.

**Earnings per share after standard taxes**
Profit after financial items, not including items affecting comparability, less 28 percent taxes, relative to average number of shares outstanding.

**Equity ratio**
Shareholders' equity relative to balance sheet total.

**Interest coverage ratio**
Profit after financial items, not including items affecting comparability, plus financial expenses, divided by financial expenses.

**Net debt**
Interest-bearing liabilities and interest-bearing provisions, less interest-bearing assets.

**Operating cash flow**
Cash flow from continuing operations, less effects of acquisitions and sales, financial leasing and converting the balance sheets of foreign Group companies.

**Operating result**
Result before financial items, not including items affecting comparability.

**Profit, result**
The terms profit and result refer to profit after financial items, not including items affecting comparability, unless otherwise expressly noted.

**Proportion of risk-bearing capital**
The sum total of shareholders' equity, deferred tax liability and minority interest, divided by balance sheet total.

**Return on capital employed**
Profit after financial items, not including items affecting comparability, plus interest expense, relative to average capital employed.

**Return on equity**
Profit after financial items, not including items affecting comparability, less 28 percent taxes, relative to average equity.

# AUDIT REPORT

*To the Annual General Meeting of the shareholders of Beijer Alma AB*
*Corporate identity number 556229-7480*

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Beijer Alma AB for the year 2002. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and, therefore, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the Statements of Income and Balance Sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, Sweden, February 13, 2003.
Öhrlings PricewaterhouseCoopers AB

Hans Lindén
*Authorized Public Accountant*

# BOARD OF DIRECTORS, MANAGEMENT, AUDITOR, DEFINITIONS AND ADDRESSES

## BOARD OF DIRECTORS

**Anders Wall** *b. 1931*
*Chairman*
Med Dr h.c., Consul General

*Director since:* 1992
*Share ownership through companies and family:* 1 245 040 whereof 733 000 Class A shares
*Chairman of:* Beijerinvest AB, Kjell & Märta Beijers Stiftelse, Anders Walls Stiftelser, Konsul Th C Berghs Stiftelse, G & L Beijer Import och Export AB i Stockholm, Chemapol Scandinavia AB, Ryda Bruk AB, Svenskt Tenn AB, Morgongåva Företagspark AB,
*Director of:* Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), AB Stafsjö Bruk, Sponsor Stiftelse-förvaltning AB, Uppsvenska Handelskammaren, Swedish Chambers of Commerce in London and USA and other assignments
*Honorary Fellow of Uppsala University, member of the Royal Swedish Academy of Engineering Science (IVA)*

**Anders G. Carlberg** *b. 1943*
President, Axel Johnson International AB

*Director since:* 1997
*Share ownership:* 1 000
*Director of:* Axel Johnson AB, Axel Johnson Inc., Elkem ASA, Sapa AB, SSAB, SäkI and other assignments

**Thomas Halvorsen** *b. 1949*
President, Fjärde AP-fonden

*Director since:* 1992
*Share ownership:* 0
*Director of:* AB Electrolux, AP Fastigheter AB and other assignments

**Göran W Huldtgren** *b. 1941*
President, Scandecor Marketing AB

*Director since:* 1983
*Share ownership through companies and family:* 199 470
*Director of:* LeanOn Group AB

**Marianne Nivert** *b. 1940*

*Director since:* 2002
*Share ownership:* 0
*Director of:* SSAB, Wallenstam Byggnads AB, Posten AB, Huddinge Universitetssjukhus AB, System-bolaget AB, Fjärde AP-fonden, Svensk Exportkredit AB, Chalmers Tekniska Högskolas Stiftelse and SNS

**Johan Norman** *b. 1957*

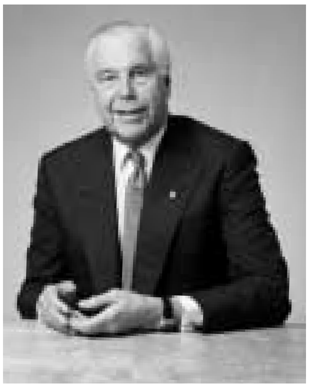
*Director since:* 2002
*Share ownership:* 55 000
*Director of:* Lundquist Inredningar AB and Terminal Real Estate Sweden AB

**Johan Wall** *b. 1964*

*Deputy Director:* 1997–2000
*Director since:* 2000
*Share ownership:* 1 000
*Chairman of:* AB Ljungskogens Strandbad
*Director of:* Anders Walls Stiftelser
*Deputy Director of:* Kjell & Märta Beijers Stiftelse

**Bertil Persson** *b. 1961*
President and CEO

*Deputy Director:* 2000–2001 and since 2002
*Director:* 2001–2002
*Share ownership:* 0
*Call options:* 200 000
*Personnel options:* 60 000
*Director of:* AB Swedcarrier, AB Svensk Bilprovning and other assignments


Anders Wall


Marianne Nivert


Anders G. Carlberg


Johan Norman


Thomas Halvorsen


Johan Wall


Göran W Huldtgren


Bertil Persson

## MANAGEMENT

**Bertil Persson** *b. 1961*
President and CEO

*Beijer Alma employee since:* 2000
*Share ownership:* 0
*Call options:* 200 000
*Personnel options:* 60 000

**Jan Blomén** *b. 1955*
Chief Financial Officer

*Beijer Alma employee since:* 1986
*Share ownership, with family:* 40 000
*Subordinated convertible debentures:* SEK 435 000
*Personnel options:* 20 000

**Carl Modigh** *b. 1972*
Business Development

*Beijer Alma employee since:* 2000
*Share ownership:* 1 500
*Personnel options:* 20 000

**Jan Olsson** *b. 1956*
Group Controller

*Beijer Alma employee since:* 1993
*Share ownership:* 0
*Subordinated convertible debentures:* SEK 435 000
*Personnel options:* 20 000

## AUDITOR

Auditing firm of
Öhrlings PricewaterhouseCoopers AB

Chief Auditor
**Hans Lindén** *b. 1948*
Authorized Public Accountant
*Auditor of Beijer Alma AB since 1999*

# DEFINITIONS

| | |
|---|---|
| **Capital employed** | Balance sheet total less non-interest-bearing liabilities and non-interest-bearing provisions. |
| **Cash flow after capital expenditures** | Cash flow after change in working capital and after net capital expenditures including company acqusitions. |
| **Debt equity ratio** | Interest-bearing liabilities and interest-bearing provisions relative to shareholders' equity. |
| **Divided pay-out ratio** | Divided as a percentage of income after financial items after 28 percent standard tax. |
| **Divied yield** | Dividend for the year in relation to the share price at year-end. |
| **Earnings per share** | Earnings per share after actual taxes. |
| **Earnings per share after current taxes** | Profit less current taxes, relative to average number of shares outstanding. |
| **Earnings per share after standard taxes** | Profit after financial items, not including items affecting comparability, less 28 percent taxes, relative to average number of shares outstanding. |
| **Equity ratio** | Shareholders' equity relative to balance sheet total. |
| **Gross margin** | Gross income as a percentage of sales. |
| **Interest coverage ratio** | Profit after financial items, not including items affecting comparability, plus financial expenses, divided by financial expenses. |
| **Net capital expenditures not including corporate acqusitions** | Net investments in tangible fixed assets. |
| **Net debt** | Interest-bearing liabilities and interest-bearing provisions, less interest-bearing assets. |
| **Operating cash flow** | Cash flow from continuing operations, less effects of acquisitions and sales, financial leasing and converting the balance sheets of foreign Group companies. |
| **Operating cash flow per share** | Operating cash flow divided by the average number of shares. |
| **Operating marging** | Operating income, not including items affecting comparability, as a percentage of sales. |
| **Operating result** | Result before financial items, not including items affecting comparability. |
| **P/E ratio as of 31 December** | Price paid per share divided by ernings per share after 28 percent standard tax. |
| **Profit margin** | Income after financial items, not including items affecting comparability, as a percentage of sales. |
| **Profit, result** | The terms profit and result refer to profit after financial items, not including items affecting comparability, unless otherwise expressly noted. |
| **Proportion of risk-bearing capital** | The sum total of shareholders' equity, deferred tax liability and minority interest, divided by balance sheet total. |
| **Return on capital employed** | Profit after financial items, not including items affecting comparability, plus interest expense, relative to average capital employed. |
| **Return on equity** | Profit after financial items, not including items affecting comparability, less 28 percent taxes, relative to average equity. |
| **Revenue/sales** | The terms revenue and sales refer to net revenue unless otherwise specifically noted. |
| **Shareholders' equity per share** | Shareholders' equity divided by the number of shares at year-end before dilution from outstanding convertible debentures. |

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