ANNUAL REPORT 2003

BEIJER • ALMA

2003 IN BRIEF

- Gradually improved demand during the year.
- Order bookings increased by 7 percent.
- Invoicing increased to MSEK 1 154 (1 113).
- Profit after financial items was MSEK 18.0 (4.8 not including writedowns).
- Cash flow was MSEK 74.8 (116.2).
- Earnings per share after standard taxes amounted to SEK 1.45 (0.62 not including writedowns).
- Capital expenditures amounted to MSEK 55 (18).
- A dividend increase from SEK 1.00 to SEK 1.50 is proposed.

ARTICLES ABOUT BEIJER ALMA 2003

1/9/2003	Upsala Nya Tidning ”Habia Cable får högre riktvärden”
1/27/2003	Börsveckan ”Beijer Almas beredskap är god”
2/28/2003	Smålandsposten ”Fjädrar på export från Växjö”
2/6/2003	Upsala Nya Tidning ”Habia Cable varslar 18”
3/4/2003	Värmlands Folkblad ”Fjädrar ger jobb i glesbygden”
4/29/2003	Smålandsposten ”Lesjöfors blir herre i eget hus”
10/10/2003	Upsala Nya Tidning ”Habia Cable vill anställa 20 under hösten”
October 2003	Stolta Stad – Mölndal ”2002 års miljöpris tilldelades Elimag Göteborg AB”
12/15/2003	Börsveckan ”Vändning i sikte för Beijer Alma”
12/17/2003	Teknikföretagen-Direkt ”Snabbare tull underlättar affärer”

CORPORATE ANALYSES DURING 2003

2/4/2003	Seasonality to play its part, Alfred Berg ABN AMRO Research
2/17/2003	Alfred Berg Small-cap guide, Alfred Berg ABN AMRO Research
4/25/2003	Solid performance expected in Lesjöfors, Alfred Berg ABN AMRO Research
June 2003	Small Cap Guide, Kaupthing Bank
8/5/2003	Focus on cost reductions in Habia Cable, Alfred Berg ABN AMRO Research
8/11/2003	Positiv trend har inletts, Avanza
9/29/2003	Alfred Berg Small-cap guide, Alfred Berg ABN AMRO Research
10/1/2003	Telecommunications equipment, Alfred Berg ABN AMRO Research
10/1/2003	Telecommunications equipment sector report, Alfred Berg ABN AMRO Research
December 2003	Small Cap Guide, Kaupthing Bank

SCHEDULE OF INFORMATION

Beijer Alma publishes financial information for 2004 as follows:

March 17	Annual General Meeting
April 29	Interim Report
August 18	Semi-annual Report
October 22	Interim Report
February 2005	Financial Report for 2004
March 2005	Annual Report

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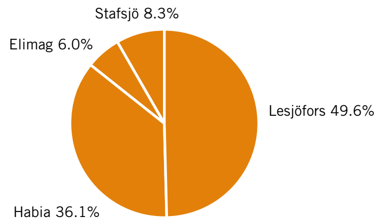
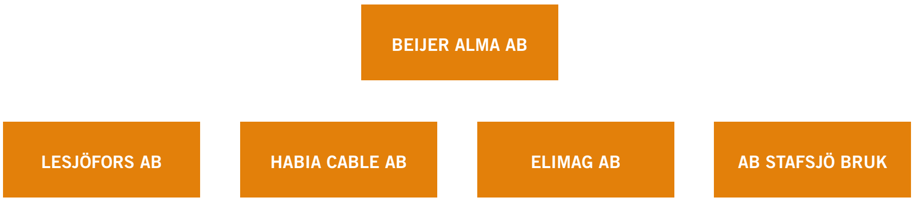
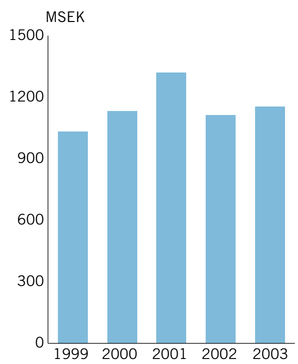
Beijer Alma AB (publ) is an internationally active industrial group focused on production of components for customers in high-technology sectors. The business concept is to acquire, own and develop small and medium-sized companies with good growth potential. Active, long-term strategic and development work, as well as investments and complementary corporate acquisitions, will provide competitive corporate groups in selected market segments. 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





Revenues



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 industry in Europe. Lesjöfors has manufacturing operations in Sweden, Denmark, Finland and Latvia. Sales in 2003 reached MSEK 572.3. The number of employees was 423.

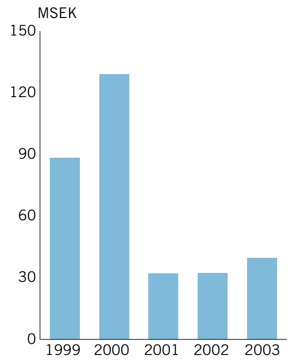
Habia Cable AB, one of Europe's largest manufacturers of specialty cable for applications in telecommunications, transportation, nuclear power and defense. Research and development is conducted in Sweden, while production facilities are located in Sweden, Germany and China. Sales in 2003 reached MSEK 416.8. The number of employees was 349.

Elimag AB conducts high-speed machining of aluminum for customers in telecom, defense, and other high-tech industries. Sales in 2003 reached MSEK 68.4. The number of employees was 56.

AB Stafsjö Bruk develops, manufactures and markets knife gate valves for the process industry. The company is internationally active with its sales offices in Germany and China and a network of sales agents in about 30 countries. Sales in 2003 reached MSEK 95.1. The number of employees was 62.

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

Operating profit

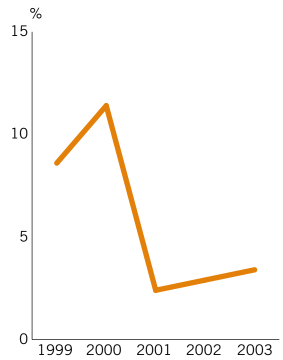


KEY FIGURES

	2003	2002	2001	2000	1999
Net revenues, MSEK	1 154	1 113	1 320	1 133	1 031
Profit after net financial items, MSEK	18,0	4,8 [1]	2,0	110,1	75,7
Shareholders' equity per share, SEK	50	51	64	60	53
Dividend per share, SEK	1,50 [2]	1,00	2,00	4,00	3,50

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

Operating margin



Conscious owners, straightforwardness and openness are important corner-stones of a good corporate culture. Recent developments in trade and industry have indeed highlighted the importance of good corporate culture. As I see it, visible and active owners also have better qualifications for governance and assumption of responsibility. This contrasts with the so-called faceless capital, where the control is passive and the responsibility anonymous, in part because management lacks a clear counterpart in the day-to-day work.

Even if present and involved owners improve governance and control, I also want to emphasize how important the distribution of responsibility is. The president is responsible for day-to-day management within the framework laid down by the Board of Directors. The relationship must obviously be one of openness, but the chief executive must still have a mandate to run the operative side of things without interference from the owners. Via distribution of responsibility, Beijer Alma has been able to adjust its operations in a good way.

The development over the past few years is proof of this. Year 2000 was a peak year for the Swedish economy that also afforded Beijer Alma with strong expansion and good profitability. What followed was a sharp decline in, among other sectors, telecom which hit our Group companies hard, leading to cost-containment action and a variety of activities to strengthen cash flow. The downturn in the economy and in the stock market meant that the wealth of and return to shareholders diminished. Action was then taken to secure the operations on a short-term basis, without impairing the ability to grow in a rising market. In order to handle the swings in the market, it was necessary for the Company's finances to be sound and that owners could work actively and on a long-term basis. Now that it appears that the market is again turning up, our Companies can benefit from the efficiency-promoting measures taken jointly by the Board of Directors and management.

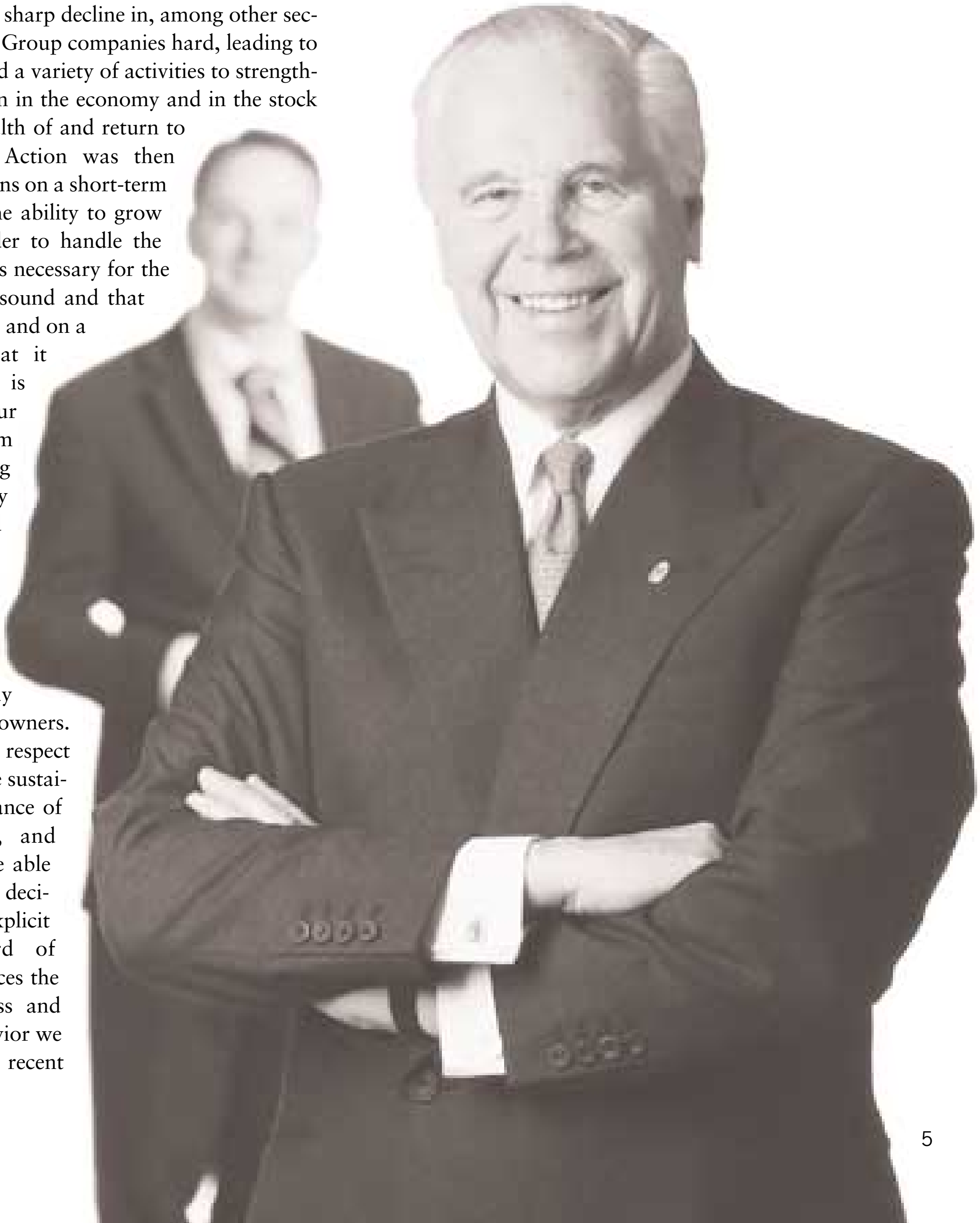
THE IMPORTANCE OF OPENNESS

Active control must also be rooted in a natural way with a broader circle of owners. The reason is simple – the respect for all shareholders must be sustained. They must have a chance of evaluating the company, and major owners must also be able to participate in important decisions. I also feel that explicit openness between Board of Directors and owners reduces the risk of failure, carelessness and the kind of ownerless behavior we have seen examples of in recent years.

The work of the Board of Directors itself is another cornerstone for assuming responsibility. In Beijer Alma we have a broadly based Board of Directors, where industrial and financial competence is well represented. The Board of Directors meets at least six times per year and participates actively in the development of the Group, for example via regular visits at our subsidiaries and the ensuing discussions about the development of the business. By keeping itself well informed, the Board of Directors is able to act with speed and force when circumstances so require.

In closing, I wish to extend my heart-felt thanks and the thanks of the Board of Directors to our Group Management as well as all other co-workers. Their efforts were extraordinary during 2003 – a year that has been extremely demanding in terms of ability to adapt and look forward.

Anders Wall, *Chairman of the Board*



2003 – CLEAR RECOVERY IN SEVERAL BUSINESSES

For several of Beijer Alma's companies 2003 was something of a break in a trend. After a weak beginning, demand grew gradually stronger during the year. The increase in order bookings paved the way for better forward planning. Earlier, the planning horizon was only a few weeks out, but now the order books at several companies covered one to two months of production. The improvement is not across the board, however. Gains have been seen mostly among businesses with their focus on mobile telecom. In other segments demand was relatively unchanged.

Habia experienced the best improvement. The company is today a world-leading supplier of cable for base station antennas for mobile telephony. In this area the company has met sharply higher demand from most customers during the second half of 2003. Also for Elimag we witnessed an improvement in demand. In Lesjöfors, the development in business area Flat Strip Components – an area which among other things includes parts for mobile telephone handsets – was particularly positive. We have also experienced a marked improvement in capital spending in the pulp and paper industry, which is one of Stafsjö's most important market segments.

INCREASED PRICING PRESSURES

Even if volumes have increased, it has been at the expense of lower margins than before. This is because of mounting pricing pressures over the last several years. All of the Group's businesses are subject to pricing pressures that can be linked to overcapacity, competition from low-cost countries and unfavorable exchange rate movements. Overcapacity is most pronounced in the businesses aimed at mobile telecom. Extensive capital spending in 2000 and 2001 – in combination with weaker demand – has resulted in large overcapacity.

All businesses in the Group are affected by competition from low-cost countries, especially Eastern Europe and Asia. Wages in these countries can be less than ten percent of what they are in Western Europe. And then there is the recent weakening of the US dollar. This weakening has had a negative effect on the competitiveness with American companies and companies in other countries that have pegged their currency to the US dollar. These pricing pressures mean that Beijer Alma must focus on cost-efficiency in order to restore and retain prior levels of profitability. The Group's companies have continually adapted their costs to meet lower demand and pricing pressures. Over the past two years the number of employees in the Group has declined by 196 persons, which is equivalent to 18 percent of the number of employees before the cut-backs. Total overhead declined by MSEK 133, or 16 percent, over the same time period. The cut-backs have meant gains in productivity. Revenue per employee has increased from MSEK 1.2 in 2001 to MSEK 1.3 in 2003. This number is expected to improve further during 2004.

It is impossible, however, to meet pricing pressures and tougher competition with higher efficiency and lower overhead in existing businesses alone. The Group's companies must also invest in production in low-cost countries. Habia was early in establishing a plant in China. The company is still the sole cable producer in its product area with manufacturing in China. This establishment provides great advantages in terms of production costs, but also in logistics. This is because a major portion of the cable produced in China is also delivered within the country.

At the same time Habia's plant has become a gateway to China for other companies in the Group. Lesjöfors as well as Stafsjö today have operations on Habia's premises. During 2003 Lesjöfors also established a plant in Liepaja in Latvia. The intention is to move more and more of labor-intensive production to this factory.

RESULTS VIA ACTIVE OWNERSHIP

Despite cost-containment and production in China, earnings performance in Habia has fallen short of expectations. For 2003 the result before taxes was MSEK –13.4. During 2000 and 2001 the company invested in increased production capacity at the same time as the organization was expanded to meet an expected increase in demand. But the expected volume expansion was replaced by a sharp downturn. Together with Habia's management, Beijer Alma has worked actively to restore the company's profitability. This has resulted in a review of its cost structure, operating capital and business and control systems. These efforts resulted in an action program initiated during the spring of 2003. Among other things, the program included further cost-reduction efforts. Measures were also taken to reduce inventory, which resulted in a writedown need in the amount of MSEK 10.

Action taken – in combination with improved demand for the company's products – meant that Habia during the fourth quarter was able to generate a profit of MSEK 10.2. This is equivalent to an operating margin of 9 percent. The efforts to secure the company's profitability will continue during 2004. Habia is well positioned with competitive products, modern production facilities and an international sales organization. The company's prerequisites for sustained good results are therefore excellent.

Lesjöfors has contributed with a very strong result. The operating margin was 10.5 percent. Segments Industrial and Chassis Springs continued to show a stable development of volume and a good result. These business areas contain interesting product segments with good profitability and in certain cases also strong growth. One such example is Chassis Springs. Over a ten-year period Chassis Springs has evolved from a marginal business into one that accounts for more than 25 percent of the total sales of the Lesjöfors Group, and with good profitability. Lesjöfors is the market leader in Europe in the area of sales of chassis springs outside the OEM segment.

STRONG FINANCIAL POSITION

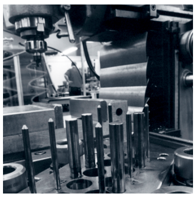
Aside from cost-containment in the Group companies, much effort has been expended on a strengthening of Beijer Alma's financial position. The focus has been on cash flow and lower indebtedness. These efforts have resulted in two years with positive cash flow, MSEK 116 during 2002 and MSEK 75 during 2003. This has meant that net indebtedness has dropped by MSEK 193, from MSEK 580 at the end of 2001 to MSEK 387 at the end of 2003. This has been achieved through less working capital tied up in the business and low capital expenditures. Capital spending was MSEK 55 during 2003. This can be compared with depreciation, which at the same time was MSEK 90. Also during 2004 we will be restrictive with capital expenditures. Going forward, we will concentrate on filling existing capacity, especially in telecom where overcapacity is still substantial.

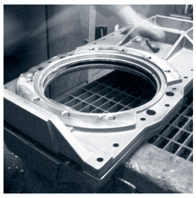
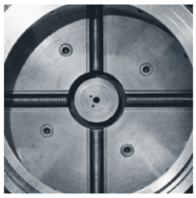
Financial strength is important because it lends credibility to our ambition of conducting the active ownership that characterizes Beijer Alma. Financial stability gives our subsidiaries endurance in tough times. They are also given opportunities of developing new products, which would have been difficult for them to accomplish as independent companies.

During the second half of 2003 we experienced a recovery in telecom – a development where the companies in the Beijer Alma Group in several cases are the winners. Our companies are exposed to segments that show a pronounced recovery. Several competitors have also been eliminated or weakened in the earlier market slump. In our companies customers meet suppliers with financially sound owners, an unbroken record of product development and market cultivation as well as high demands for quality in products and service.

The strategy of the Beijer Alma Group is – to a base of relatively stable businesses – to add businesses with higher expected growth. It is especially the customers and products in telecom that are expected to contribute with higher growth. In recent years this segment has contributed negatively to the Group's growth and profitability. But during the second half of 2003 the negative trend appears to have been broken, which is confirmed by the fact that the telecom segment again made a positive contribution to volume development and profitability in several of the Group's businesses. It appears reasonable to assume that telecom again will be a strong driving force. This means that the strategy with stable basic operations – and a limited proportion of telecom – will result in higher than average growth in coming years.

Bertil Persson
President and CEO

A long-term approach, risk diversification and active ownership are key words in the Beijer Alma Group. In this section Beijer Alma's President and CEO provides a more in-depth description of the Group's business concept, structure and value creation efforts.

Describe your business concept.

BERTIL PERSSON: Beijer Alma is an industrial group. The business concept is to own and develop a group of small and medium-sized privately held companies. Our strategy is based on the notion that Beijer Alma should be a 100-percent owner, or the principal owner of the companies that are part of the Group. The base of the Group is traditional industrial companies. These are companies that in several cases have good profitability, but low growth. In order to add growth to our businesses we have chosen to focus parts of the business on areas where we feel that the future growth potential is greater. One such area is telecom. In an extended perspective, we believe that this orientation will benefit value growth in the Group.

In what ways do you differ from a private equity company?

BP: According to our business concept, we are to be long-term owners of our companies. This is what sets us apart from the private equity companies, for whom the business concept instead is to sell the companies owned, to make so-called exits, hopefully creating capital gains in the process. We feel that the long-term approach we take to ownership adds value to our companies. Companies are managed not for short-term maximization of the exit value, but for building long-term, sustainable earnings performance.

Shouldn't Beijer Alma be likened to a traditional investment company?

BP: Investment companies are typically holders of shares in other listed companies. The difference is that Beijer Alma owns and develops privately held companies that are not listed, often on a 100-percent basis. This gives us greater opportunities of performing the role of an active owner, thus influencing the development of the companies we own. In addition, this gives the shareholders of Beijer Alma a unique investment opportunity that is more difficult to emulate in the stock market.

In concrete terms, what do you contribute to the subsidiaries – wherein lies the value creation?

BP: An important part of the value creation lies in active ownership. By working closely with the companies with goals, follow-up and control, Beijer Alma contributes to the value creation process in its Group companies. Small and medium-sized companies do not always have access to the same management resources as larger companies. This is true of our subsidiaries as well. Beijer Alma can therefore contribute with competence and experience, for example in terms of management, control and financial issues.

Belonging to a larger and financially stronger group also gives our subsidiaries stability and endurance. During the recession of the past few years we have seen how independent competitors of our companies have run into financial problems and in several cases have disappeared from the market. By belonging to a financially strong group, our companies have evolved also during the recession.

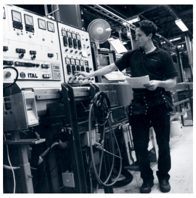
You often speak of active ownership. Can you give an example of what you mean by active ownership?

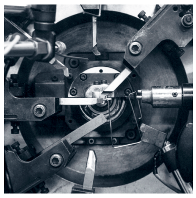
BP: : One example is the work of adapting Elimag to the weak demand in the telecom sector. We have worked very actively with Elimag's management to adjust the company to the new market conditions. Concrete measures were identified and they in turn resulted in a number of measures. A new sales organization was built. Sales strategies were created and the administrative systems were developed. Changes also included a virtual halving of the employee count, at the same time as a new management structure with fewer levels of managers was introduced. There was close cooperation between Elimag's management and Beijer Alma throughout this process.

During 2003 similar efforts have been implemented in Habia. Here again, the company has been adapted to the weaker telecom market. The company's overhead has been lowered. The business systems have also been overhauled, and reporting and control routines have been changed. Projects were also initiated to reduce the company's working capital.

How is the distribution of responsibility arranged between Beijer Alma and subsidiary managements?

BP: Beijer Alma's people never intervene in the operative processes in the subsidiaries. This is always handled by subsidiary management teams. On the other hand Beijer Alma's management devote much effort to driving control and strategy issues in the companies.

Beijer Alma's management also drives issues on organizational structure and filling senior positions. The subsidiaries are organized with complete management groups, formally reporting to the Board of Directors of each respective company.

Is Beijer Alma a conglomerate?

BP: If by conglomerate one means ownership of several businesses, one could describe Beijer Alma in this manner. The term conglomerate often has a negative undertone. I would instead like to see our conglomerate-like structure as something positive. It gives us risk diversification. We have clearly seen the positive effects of this risk diversification over the past several years. By owning several companies with partially different orientation, we have been able to somewhat neutralize the effects of the recession. This is especially true for the sharp drop in those parts of the Group exposed to the telecom market. At the same time it should be remembered that there is a red thread and a focus in our group structure. We have narrowed our focus in recent years. We previously owned companies in trade as well as industry. Today the concentration is more on manufacturing companies. Our companies are also suppliers to other companies that manufacture the end product.

Why do you focus on industrial companies and subcontractors?

BP: The companies we have owned for a long time have a background as subcontractors. There is thus a culture and competence in this area within the Group. This orientation has contributed to several years of strong growth and high profitability for the Group's companies. Convincing evidence suggests that such performance can be repeated in the future. It is also important to choose the role one should play in the value chain. If one has a presence at several levels of the value chain, the risk that one competes with one's own customers from time to time increases. In order to avoid this we have trained our focus on the subcontractor level. We feel that this strengthens the market position of our companies, thus also creating value for our shareholders.

Why aren't the subsidiaries publicly traded?

BP: Today all of our companies are too small to be listed on a stock exchange. This fact would cause each of the companies to get very little attention, relegating them to lead a languishing life on the stock exchange. But this doesn't mean that our companies never can be listed. If it could be demonstrated that a listing would be better for a company – and for Beijer Alma's shareholders – we will naturally consider a listing.

Interest in the Beijer Alma share has been low in recent years. Wherein lies the value of being listed?

BP: The listing gives Beijer Alma – and indirectly all of the Group's companies – access to the capital markets. This makes it possible for us to finance organic and acquired growth via a capital market that would be difficult for us to access if we were not a listed company. We utilized this opportunity to obtain financing most recently in 2001 when we acquired Elimag.

We are aware that the low level of interest over an extended period has resulted in poor liquidity in the share. This is a problem we share with many companies, especially small and medium-sized ones. The slump in the stock market has reduced overall market interest for equities. The trading volume on the stock exchange has declined. This has hurt all listed companies, but smaller ones have been hurt the most. Beijer Alma's exposure to the telecom industry has contributed further to reducing market interest for the share for some time.

Action was taken during the fall of 2003 to increase the share's liquidity, and hopefully also market interest for the Beijer Alma share overall. In November an agreement was reached with Remium Securities under which the firm will act as a market maker for the Beijer Alma share. In the short period during which the agreement has been in force, the spread between buy bid and asked prices has narrowed and the proportion of days when trades are made has grown. Market interest for the share has probably also been raised by the fact that Beijer Alma recorded a better result during the second half of 2003.

Will you be engaging in acquisitions or disposals?

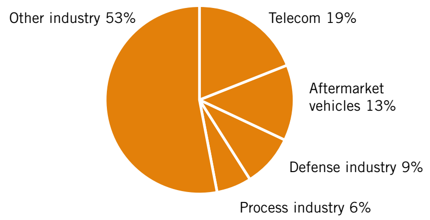
BP: It can not be excluded that Beijer Alma will be doing additional acquisitions in the future. Nor should we underestimate the opportunities for organic growth among several of our subsidiaries. During 2000 and 2001 there was a large volume of capital spending, especially in the telecom area. Utilization of the capacity created in the process is still low. There are thus great opportunities for the Group to grow by focusing on higher utilization of capital investments already made.

Selling businesses may also become a reality, the whole or merely parts of our holdings, if a change in ownership would benefit the long-term development of the company in question.

INDUSTRIAL CUSTOMERS DOMINATE

The companies in the Beijer Alma Group are in many cases 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.

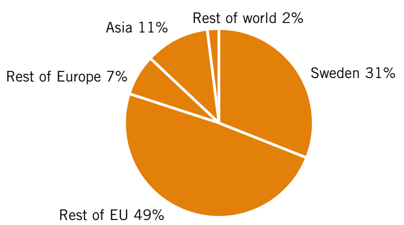
Distribution of customers by segment



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 2003 mobile telecom accounted for about 19 percent of revenue, followed by the aftermarket for vehicles 13 percent, the defense industry 9 percent and the process industry 6 percent. The remaining portion, 53 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.

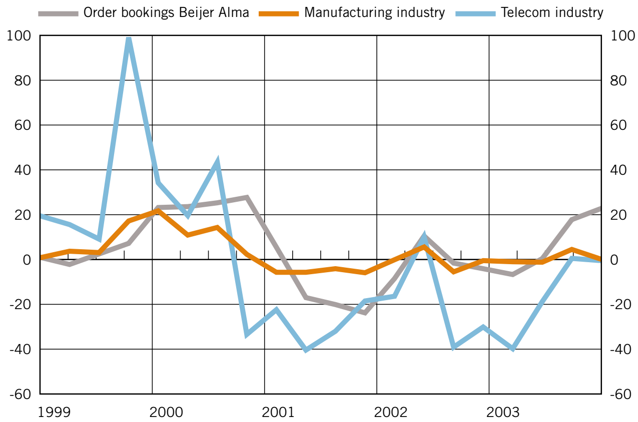
Geographic distribution of sales



INCREASED DEMAND

Market demand was weak in Swedish industry at the beginning of the year. The downturn that marked the latter part of 2002 continued into the first half of 2003. During the second half, however, an improvement in demand was seen. The change was most apparent in the telecom sector. Sales of mobile telephone handsets increased and sales of systems products turned up from low levels. The market's performance benefited Beijer Alma's Group companies. This is reflected in the relatively strong recovery that occurred in order bookings and invoicing during the second half of the year.

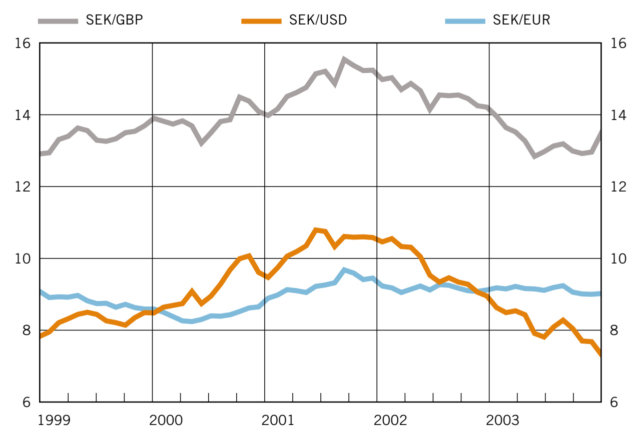
Order bookings to manufacturing industry, Sweden, 1999 – 2003
Change compared to the preceeding year (%)



Source: Statistics Sweden

The European economy continued to be negatively influenced by the weak economy in Germany. In spite hereof the Group's order bookings improved, also in Germany, the primary reason being that important customers in the telecom area increased the demand, especially for cable products from Habia. Overall, Europe accounts for 87 percent of the Group's invoicing. Germany is the

Foreign exchange rates, 1999 – 2003



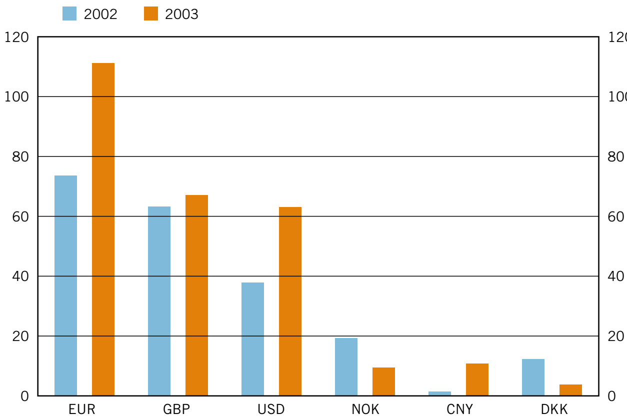
Source: OECD

single largest export country, accounting for 15 percent of the Group's invoicing. GDP growth in Germany was 0.0 percent during 2003 and 0.7 percent for the entire EU area.[1)]

The Chinese market continued to display strong growth. During 2003 Chinese GDP growth was about 8.4 percent.[1)] As much as 7.4 percent of the Group's invoicing was delivered to China during the year. The importance of the Chinese market is underestimated however, since deliveries often go via producers of end products in Europe and the rest of the world.

Foreign exchange volatility affected the competitiveness of Group companies during the past year. The US dollar (USD) and currencies pegged to the USD dropped sharply in value during 2003. This reduces the competitiveness of European companies relative to companies that have their costs based in USD or currencies pegged to the USD. The value of sales to these countries is also affected negatively in many cases. This is so because foreign currency revenue becomes less valuable in SEK.

Currency exposure, MSEK
The net of revenue and costs in the most important currencies
Amounts restated in SEK. For full accounting, refer to Note 34 on page 55

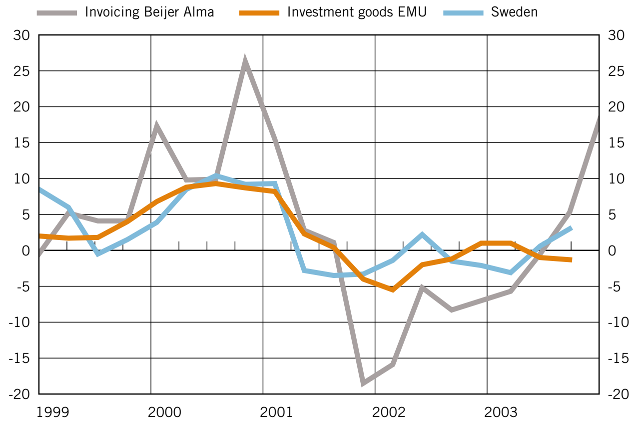


Source: Beijer Alma

INDUSTRY'S DEVELOPMENT CONTROL SALES

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.

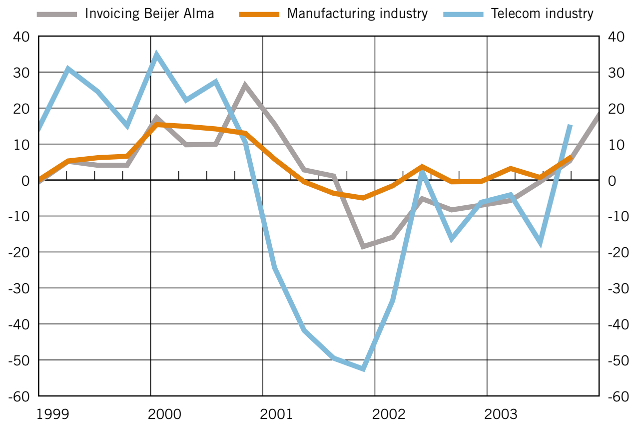
Industrial production index for investment goods, 1999 – 2003
Change compared to prior year (%)



Source: OECD, Statistics Sweden

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, 1999 – 2003
Change compared to prior year (%)



Source: Statistics Sweden

[1)] *Source: OECD Economic Outlook No 74, December 2003*

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 AB

Environmental certification

Lesjöfors AB has production at eight facilities. Four of these are environmentally certified according to ISO 14001, while another two are expected to obtain certification during 2004.

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, Nordmarkshyttan, Vagnhärad and Vällingby are under obligation to file reports. Lesjöfors Banddetaljer in Värnamo requires a permit to operate. The permit is in force since 1998. Lesjöfors Fjädrar AB requires a permit to operate from 2004. Operations at Lesjöfors A/S in Danish Brøndby has an environmental approval from the Municipality of Brøndby.

Resource utilization

Resource utilization is a prioritized area of work for the units in Lesjöfors AB. In Herrljunga and Nordmarkshyttan the goal for metal scrap was 8 percent. The actual number was 7.9 percent. Lesjöfors Fjädrar had a goal for maximum amount of material for permanent deposit[1] of 2.5 percent and a maximum energy consumption[2] of 0.7 percent. These goals were not met in full. There will be active efforts to reach these goals during 2004. Lesjöfors Stockholms Fjäder AB had the goal of reducing the number of chemicals from 35 to 25, and to reduce material for permanent deposit from 80 to 20 m^3. Both goals were fulfilled.

Scrap and residual products

Waste 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. Efforts are ongoing to identify chemicals with less environmental impact.

HABIA CABLE AB

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 continued priority during 2003. The goal is to raise the material resource utilization ratio to 80 percent by 2004. This goal was reached at the Söderfors facility during 2003. For 2004 the goal is to increase the material resource utilization ratio by an additional 5 percent.

Environmental permits

Habia Cable in Söderfors has a production permit issued by the County Administrative Board in the County of Uppsala. For the production in Germany and China no permits by the authorities are currently required.

Resource utilization

Material utilization is now followed up on a monthly basis. The material utilization ratio at Söderfors was 80 percent during 2003. The Changzhou plant reached a material utilization ratio of 92 percent during 2003. 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 or be reused to the greatest extent possible. During the period 2000 to 2003 the proportion of recycling increased from 30 percent to 70 percent. 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 550 different chemical products, including polymers, pigments and chemicals, are used in the operations. The pigments especially – but also some other conductive materials – contain substances that will be prohibited in the upcoming RoHS directive.[3] The pigments in question are gradually being replaced. The number of pigments prohibited by the RoHS directive has been reduced from 20 to 5 since 2000. Efforts continue and the work is expected to be completed during 2004.

[1] *material for permanent deposit kg/delivered kg springs*

[2] *kwh/ delivered kg springs*

[3] *The RoHS directive – EU directive that will come into force July 1, 2006. The directive prohibits contents of lead, hexavalent chromium, mercury, cadmium and certain polybromated substances in electric and electronic products.*

ELIMAG AB

Environmental certification
The work to certify Elimag Göteborg AB according to ISO 14001 is in progress and is expected to be completed during 2005. The schedule has been amended due to a move and the current integration of the company's salt bath facility. The level of the company's environmental work was verified in June 2003 when Elimag was awarded the official environmental award for 2002 from the Municipality of Mölndal.

Environmental goals
An important environmental goal for 2003 was to receive a new and expanded permit for all of Elimag's operations in Balltorp. The permit was a necessary condition for the move and integration of salt bath brazing, which was previously located at Ericsson Microwave Systems in Mölndal.

Environmental permits
Elimag Göteborg received a new a permit under the Swedish environmental code in June 2003. The permit refers to existing and expanded operations within the present property. All conditions for the permit have been fulfilled and the move of the salt bath brazing facility could therefore begin in November 2003.

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 and raw materials
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.

AB STAFSJÖ BRUK

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

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

Environmental permits
Stafsjö conducts business for which it is under obligation to file reports. 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 paper, corrugated board and non-rigid plastic. Included in the category hazardous waste are emulsifying lubricants and hydraulic fluids. Suppliers handling 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, primarily because of improved environmental technology and because an increasing portion of materials purchased are already surface treated.

	Lesjöfors			Habia Cable			Elimag			Stafsjö Bruk		
	2001	**2002**	**2003**	**2001**	**2002**	**2003**	**2001**	**2002**	**2003**	**2001**	**2002**	**2003**
Energy consumption, MWh	9 500	9 183	9 224	8 440	8 640	8 252	1 600	2 870	3 550	1 700	1 700	1 850
Oil consumption, m^3	180	164	149	–	–	–	–	–	–	97	111	101
LPG consumption, tons	467	499	529	42	45	10	–	–	–	–	–	–
Materials recycling, tons	1 501	1 130	988	273	210	254	301	232	101	63	63	81
Waste, for permanent deposit/combustible, tons	674	677	314	203	111	99	6	6	5	i.u	i.u	37,5

Comments

Habia Cable	The decrease in liquefied petroleum gas consumption 2002–2003 is due to greater production and generation in-house of energy in the purification plant.
Elimag	Electricity consumption rose sharply 2002 due to a previously defective meter.

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 2003 Beijer Alma's share price rose by 75.4 percent. The Stockholm All-Share index rose by 29.8 percent. The high for the year, SEK 72.00, was registered December 12 and the low, SEK 38.80, May 21, 2003. The closing price for the year was SEK 67.00 (38.20), equivalent to a market capitalization of MSEK 605.

The number of shareholders at year-end was 2 091. Institutional owners accounted for 56.3 percent of the capital and 33.9 percent of the votes. Foreign owners held 2.0 percent of the capital and 0.9 percent of the votes.

A total of 1 112 942 shares changed hands during the year, equivalent to 14 percent of the Class B shares outstanding.

EQUITY ISSUES

At the beginning of the year 9 023 300 shares in Beijer Alma were outstanding. No shares were issued during the year, so the number of shares outstanding was unchanged at year-end.

SHARE CAPITAL

Beijer Alma's share capital amounted to MSEK 112.8 as of December 31, 2003 (112.8). 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.

SUBORDINATED CONVERTIBLE DEBENTURE LOAN

A five-year subordinated 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 days less 1 percent. As of the balance sheet date, a subsidiary held convertible debentures with a nominal value of SEK 9 577 000, equivalent to 110 080 shares. During 2003, no subordinated convertible debentures were converted into shares. Upon full conversion, the outstanding subordinated convertible debentures would increase the number of Class B shares outstanding by 391 880. This is equivalent to a 4.3 percent increase in the share capital and a 2.1 percent increase in the number of votes.

PERSONNEL OPTIONS

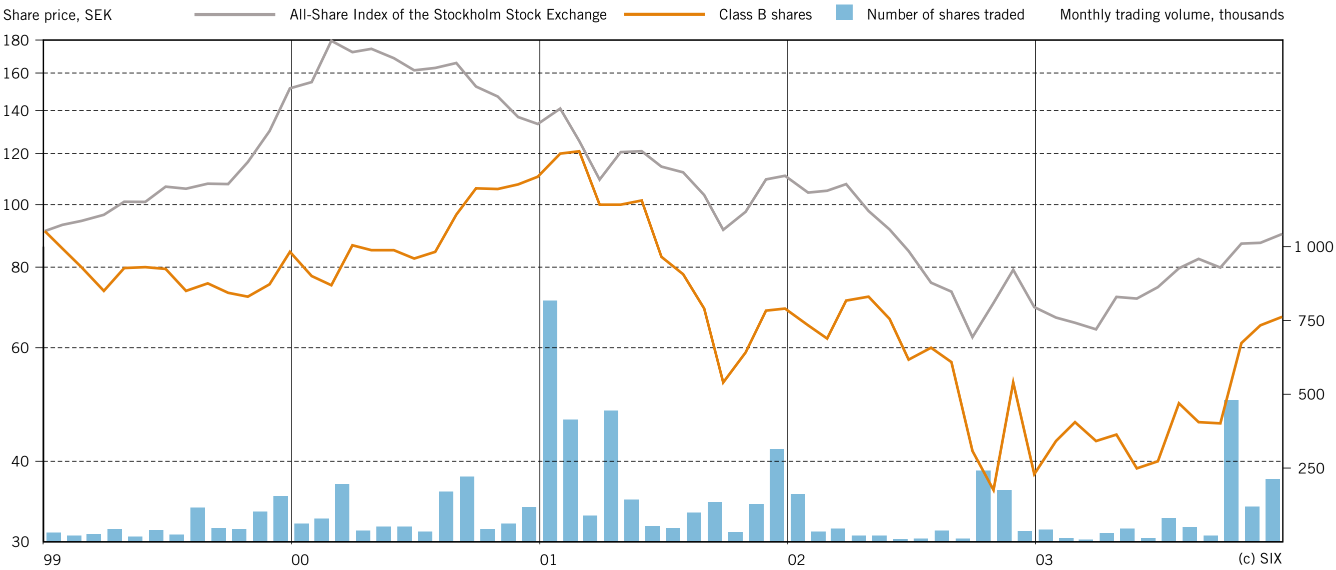
During 2001 an option program for members of senior management in the Group was resolved. The options entitle their holders the right to subscribe for new Class B shares during the period May 1, 2001 – November 30, 2005 at a price of SEK 105.00.

Upon full subscription, 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 1.50 per share to the shareholders for the 2003 financial year, equivalent to a dividend yield of 2.2 percent on the Class B share's closing price of SEK 67.00 December 30, 2003. 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 1999 – 2003



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	1 245 040	733 000	512 040	7 842 040	13.8	41.2
Svolder	810 000		810 000	810 000	9.0	4.3
SEB Fonder	749 000		749 000	749 000	8.3	3.9
Kjell & Märta Beijers Stiftelse	578 950		578 950	578 950	6.4	3.0
Livförsäkrings AB Skandia	525 040		525 040	525 040	5.8	2.8
Didner & Gerge Aktiefond	474 800		474 800	474 800	5.3	2.5
Lannebo Fonder	451 600		451 600	451 600	5.0	2.4
Anders Walls Stiftelser	435 920	145 200	290 720	1 742 720	4.8	9.2
Kjell Beijers 80-årsstiftelse	272 900		272 900	272 900	3.0	1.4
Robur Fonder	208 000		208 000	208 000	2.3	1.1
Göran Huldtgren with family and companies	199 470	101 400	98 070	1 112 070	2.2	5.9
Carnegie Fonder	158 000		158 000	158 000	1.8	0.8
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	64 610	62 340	2 270	625 670	0.7	3.3
Other	2 656 970	68 060	2 588 910	3 269 510	29.5	17.2
TOTAL	**9 023 300**	**1 110 000**	**7 913 300**	**19 013 300**	**100**	**100**

The number of shareholders is 2 091. The proportion of institutional ownership is 56.3 percent of the capital and 33.9 percent of votes.
The proportion of foreign ownership is 2.0 percent of capital and 0.9 percent of votes. *Source: Share register as per December 30, 2003*

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	1 220	58.3	240 491	630	239 861	2.67	1.29
501 – 1 000	442	21.1	346 588	600	345 988	3.84	1.85
1 001 – 2 000	198	9.5	329 097	1 200	327 897	3.65	1.79
2 001 – 5 000	120	5.7	415 480	14 430	401 050	4.60	2.87
5 001 – 10 000	44	2.1	324 336	51 600	272 736	3.59	4.15
10 001 – 20 000	27	1.3	411 148	12 400	398 748	4.56	2.75
20 001 – 50 000	18	0.9	542 700	46 000	496 700	6.02	5.03
50 001 – 100 000	6	0.3	378 240	56 349	321 900	4.19	4.66
100 001 –	16	0.8	6 035 220	926 800	5 108 420	66.88	75.61
TOTAL	**2 091**	**100**	**9 023 300**	**1 110 000**	**7 913 300**	**100**	**100**

Source: Share register as per December 30, 2003

EVOLUTION OF SHARE CAPITAL

Year		*Increase of share capital, SEK thousand*	*Total share capital, SEK thousand*	*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 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

	2003	*2002*	*2001*	*2000*	*1999*	*1998*	*1997*	*1996*	*1995*	*1994*
Earnings per share based on average number of shares outstanding										
after 28 % standard taxes, SEK	1.45	0.62	0.32	9.53	6.65	8.31	7.84	6.94	5.82	3.94
after actual taxes, SEK	0.88	–8.65	1.36	9.01	5.59	7.65	5.43	7.52	6.72	4.66
Shareholders' equity per share, SEK	50	51	64	60	53	49	44	40	33	27
Dividend per share, SEK	1.50 [1]	1.00	2.00	4.00	3.50	3.25	3.00	2.50	2.00	1.50
Payout ratio, %	103	161	625	42	44	37	36	27	33	39
Dividend yield, %	2.2	2.6	2.9	3.6	4.1	3.6	2.6	3.8	5.8	4.8
Market price at end of period, SEK	67.00	38.20	69.00	110.50	84.50	91.00	113.50	65.00	34.50	31.50
Highest market price, SEK	72.00	78.00	134.50	115.00	91.00	112.50	120.00	66.00	37.75	41.50
Lowest market price, SEK	38.80	33.90	45.00	72.00	70.00	67.50	57.50	32.00	26.50	27.50
P/E ratio at year-end	46	62	216	11.6	10.9	9.6	13.7	9.4	5.9	8.0
Cash flow per share, SEK	8.29	12.88	–9.51	–3.76	7.24	4.71	5.94	3.55	0	0
Closing number of shares outstanding [2]	9 610 180	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
Average number of shares outstanding [2]	9 610 180	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

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

TEN-YEAR SUMMARY

MSEK	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Net revenues	1 154.0	1 113.0	1 320.2	1 132.5	1 031.0	1 072.2	939.9	834.7	1 008.5	801.3
Operating profit	39.7	32.4	32.3	129.1	88.3	102.2	93.6	81.9	71.2	49.0
Net financial items	–21.7	–27.6	–30.3	–19.0	–12.6	–9.3	–6.1	–5.4	–7.4	–7.8
Profit after financial items	18.0	4.8	2.0	110.1	75.7	92.9	87.5	76.5	63.8	41.2
Items affecting comparability, net	–	–99.9	–	9.6	13.0	5.1	4.7	20.5	–	–
Profit before taxes	18.0	–95.1	2.0	119.7	88.7	98.0	92.2	97.0	63.8	41.2
Taxes	–10.5	11.1	10.3	–38.3	–33.5	–32.8	–45.2	–21.8	–11.0	–6.0
Net profit	7.5	–84.0	12.3	81.4	55.2	65.2	47.0	75.2	52.8	35.2
Fixed assets	624.4	657.5	839.3	603.8	444.6	440.8	290.0	258.5	177.2	167.3
Current assets	502.4	519.0	590.0	541.1	424.1	425.0	360.8	310.8	311.8	298.5
Shareholders' equity	451.7	458.3	577.4	482.3	424.7	397.8	350.3	307.9	247.8	207.9
Long-term liabilities and provisions	228.2	299.0	376.6	268.8	204.0	233.9	87.1	104.1	75.6	94.8
Current liabilities	446.9	198.3	475.3	393.8	240.0	244.1	213.4	157.3	165.6	163.1
Balance sheet total	1 126.8	1 176.5	1 429.3	1 144.9	868.7	865.8	650.8	569.3	489.0	465.8
Cash flow after capital expenditures	74.8	116.2	–85.8	–172.7	50.7	–122.9	2.6	–3.3	–	–
Depreciation and amortization	89.6	96.6	86.8	64.3	54.7	42.0	31.1	25.4	26.9	21.6
Net capital expenditures not including corporate acquisition	55.1	18.3	116.0	114.0	69.6	66.1	49.0	31.0	46.0	27.0
Capital employed	909.6	967.9	1 189.3	875.5	645.4	627.8	451.6	407.8	335.8	313.8
Net liabilities	386.9	462.4	579.8	375.4	180.7	195.9	65.1	61.2	53.2	70.1
Ratios (%)										
Gross margin	28.9	30.7	29.0	35.3	32.4	31.9	34.6	31.7	33.0	34.8
Operating margin	3.4	2.9	2.5	11.4	8.6	9.5	10.0	9.8	7.1	6.1
Profit margin	1.6	0.4	0.1	9.7	7.3	8.7	9.3	9.2	6.3	5.1
Equity ratio	40	39	40	42	49	46	54	54	51	45
Proportion of risk-bearing capital	43	43	44	46	53	50	58	59	54	48
Net debt equity ratio	86	101	100	78	43	49	19	20	21	34
Return on equity	2.9	0.7	0.3	17	13	18	19	20	20	16
Interest coverage ratio	1.7	1.2	1.1	6.1	6.9	8.9	11.4	8.2	5.4	4.3
Average number of employees	896	940	1 092	943	851	728	609	537	587	567

SUBSIDIARIES

LESJÖFORS AB

HABIA CABLE AB

ELIMAG AB

AB STAFSJÖ BRUK

Kjell-Arne Lindbäck
President, Lesjöfors AB

LESJÖFORS – A COMPLETE SUPPLIER

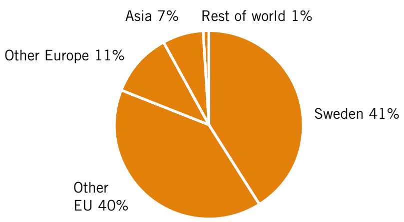
The Lesjöfors Group is focused on springs, wire and flat strip components. In these areas the group is a full-range supplier with the Nordic Region as its largest market. Aside from the wide product range, the most important competitive advantage is a high level of technical knowledge and a focus on total quality, which constitutes the base for satisfied customers and profitable growth.

The Lesjöfors Group is organized in three business areas – Industrial Springs, Flat Strip Components and Chassis Springs. The largest single business area is Industrial Springs. During 2003 this area accounted for 39 percent of aggregate sales. Springs and flat strip components are delivered to customers in most branches of industry, such as engineering, electronics and telecom.

2003 IN SUMMARY – INCREASED DEMAND IN TELECOM

Revenues in 2003 amounted to MSEK 572 (546). The operating profit was MSEK 60.3 (52.4) and the operating margin was 10.5 percent (9.6). All business areas posted growth of about 5 percent. Among the key characteristics of the year was increased demand from telecom, which had a positive effect on business area Flat Strip Components. Despite severe pricing pressures in the market, Flat Strip Components was able to double its invoicing in the telecom segment.

Geographic distribution of total revenues



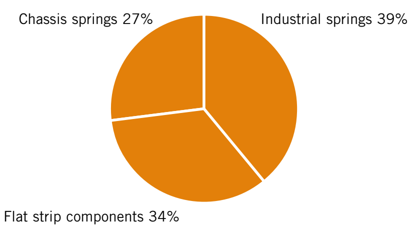
ORGANIZATION – NEW PRODUCTION UNIT IN LATVIA

Lesjöfors conducts manufacturing at a total of nine units in Sweden, Denmark, Finland and Latvia. Sales are organized via company-owned sales companies in Sweden, Norway, Denmark, Finland, United Kingdom, Germany, the Netherlands and the United States. The group also cooperates with distributors who cover other important markets in Europe and a number of countries in Asia. The number of employees is 423. All companies have obtained certification according to ISO 9002 and 9001. Several companies have obtained environmental certification according to ISO 14001.

In recent years Lesjöfors has taken a number of measures to increase its own cost efficiency. One of the measures is establishing a greater presence in low-cost countries. In the spring of 2003 project-oriented production of telecom products was started in cooperation with sister company Habia Cable. Some 30 persons were engaged in this venture during the year. Establishing a facility in China contributes to lowering the group's production costs, and also to get closer to customers in the Chinese market.

During 2003 Lesjöfors established a production unit in Latvia. Products manufactured include industrial springs and flat strip components. Manufacturing in Latvia allows Lesjöfors to offer a wider range of products – offerings that makes it possible to bid on assignments where an increasing proportion of manual labor is combined with machinery solutions. During 2004 the plant in Latvia is expected to have about 50 employees.

Business area shares of total revenues



OPERATIONS – TECHNICAL KNOW-HOW AND TOTAL QUALITY

The group's business concept is based on service and customer orientation that satisfies customers' complete need for springs and flat strip components. This is achieved in part by a standard range of products, and in part by products developed for specific customer needs. In order to create satisfied customers and profitable growth, the company focuses on technical know-how and total quality. The concept of total quality also means that far-sighted and profitable production solutions are utilized optimally in the cooperation with the customer.

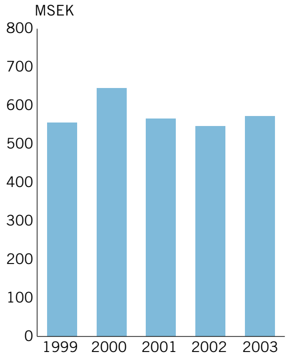
The goal of Lesjöfors is to be a leader in the different business and products areas where the company is active. The group manufactures springs, wire and flat strip components in most dimensions – from micro-parts for, among others, the telecom industry, to heavy hot-wound springs for things such as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

About 10 percent (8) of total 2003 sales went to the telecom industry, 27 percent (26) to the aftermarket for vehicles and 63 percent (66) to other manufacturing industry. Among Lesjöfors' customers are found companies such as ABB, Ericsson, Atlas Copco, Bang & Olufsen and Siemens.

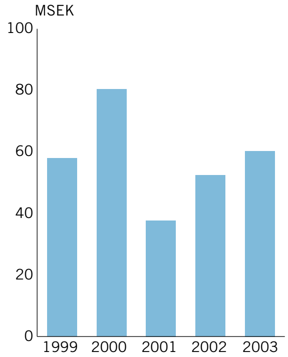
Overall, Lesjöfors has a well-balanced offering of products and services. Compared to many other subcontractor-oriented businesses, this reduces the company's sensitivity to economic cycles. Within each area, the company's goal is to grow more than average in each respective market. This will be achieved through focus on growth areas, a larger proportion of proprietary products and increased geographic market diversification.

During 2003 increased efforts were made to widen market diversification in the so-called standard assortment of springs – a range that includes about 10 000 different articles. Agreements were concluded with new distributors in Poland and Russia. Marketing was also developed via a new product catalog, and by making all products easily accessible to the customers as three-dimensional CAD models on Lesjöfors' home page. In Flat Strip Components, cooperation with Sony Ericsson resulted in sharply higher volumes of panels for mobile telephone handsets. Operations in Chassis Springs was developed, in part by new cooperation with distributors in France and Spain. The relatively newly established unit in the United States also continued to develop according to plan.

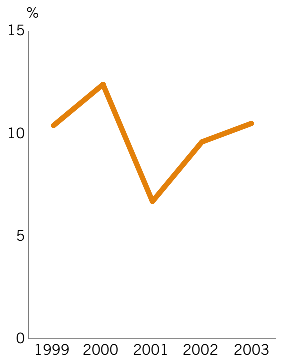
Revenues



Operating profit



Operating margin



DEVELOPMENT BY BUSINESS AREA

Lesjöfors Industrial Springs works with manufacturing, stocking and distribution of standard springs and customer-specific products. Manufacturing – which includes cold-wound as well as hot-wound springs – covers wire dimensions from 0.04 mm to 65 mm. 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 2003 of MSEK 226 (221).

Lesjöfors Flat Strip Components includes manufacture of 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. In addition, tools are developed at each plant. The most important success factors 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 industries, and in other industries. Lesjöfors Flat Strip Components had sales in 2003 of MSEK 194 (181).

Lesjöfors Chassis Springs manufactures chassis springs and gas springs for passenger cars and light vehicles. The most important competitive advantages are quality, breadth of product range and degree of service. The customer are active in the aftermarket for vehicles. Distribution is via central warehouses in Sweden, Germany 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. The gas spring line, which is used in applications such as engine hoods and trunk lids, contains some 400 different models. Lesjöfors Chassis Springs had sales in 2003 of MSEK 152 (144).

MARKET, CUSTOMERS AND COMPETITORS – A WORLD-LEADING MANUFACTURER

Lesjöfors is one of Europe's leading spring companies. The dominating market area is the Nordic Region, followed by the rest of EU and China. The company is a subcontractor to companies in the engineering, electronics and telecom industries. The relationships with customers are of a long-term nature and often based on joint development work with complex tool solutions and high requirements for production systems and quality. In the field of Chassis Springs the customers consist of distributors of spare parts and automotive accessories in Europe and the rest of the world. In this market Lesjöfors is one of the leading suppliers, offering the world's largest product range manufactured in-house.

Market demand for Industrial Springs and Flat Strip Components by and large follows the development of general industrial production. For after-market products on the other hand, demand increases when growth in the general economy is abates. This is so because the need for spare parts for vehicles generally increases in times of economic slowdown.

Growth for Lesjöfors' products is closely related to market demand development in manufacturing industry, telecom and in the aftermarket for vehicles. For Industrial Springs and Flat Strip Components the market is very broad. The competitive picture is fragmented with many smaller firms that work for a local circle of customers. In the German market, 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. There appears to be a trend in the direction that a growing number of customers want suppliers that are able to assume more responsibility for their total product needs and technical solutions. These circumstances open major growth opportunities for Lesjöfors. The company is one of the few players in the industry with an ambition of being a global full-range supplier. Via Chassis Springs, Lesjöfors offers the market's broadest array of quality-assured products manufactured in-house. Most of the other players are smaller trading companies without their own production and quality control.

During 2003 the market for Industrial Springs was largely unchanged compared to the preceding year. Competition continued to be severe during the year, and this resulted in pricing pressures. For Flat Strip Components, telecom products showed strong growth compared to 2002. Demand was weaker for other products in the area of Flat Strip Components. Chassis Springs has posted a strong development in recent years. Demand continued to be strong during 2003, but the growth rate was weaker than the year before.

LINKING QUALITY AND OPERATIONS

The Lesjöfors Group gives priority to quality issues. Quality work is based on a system for follow-up of total quality. It is based on measurements taken at regular intervals in order to achieve constant improvements in all work performed. Delivery security as well as overall quality numbers were improved during the year. Quality issues are an integrated part of the enterprise system used for control and follow-up in the group.

ENVIRONMENT

Operations in Vällingby outside Stockholm received environmental certification during 2003. This was the third company in the Lesjöfors Group to receive certification according to ISO 14001. Certification of the unit in Värnamo is planned for 2004. This puts the group one step closer to having all units – not later than 2005 – with certified environmental management systems according to ISO 14001.

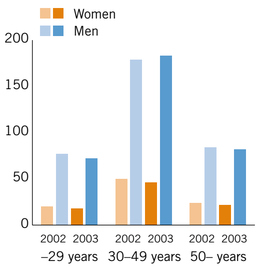
IT

The enterprise management system introduced in 2002 was updated during 2003. Since before, the system allowed more efficient communication with customers, but also co-ordinated management of transactions and projects among the company's plants. The upgrade improves the adaptability of the system, which makes more tailor-made information accessible to selected groups of users. One effect is that the information can be delegated in a more efficient manner, for example in production, marketing and administration. The advantage is improved overview which will pave the way for faster and even better decentralized decision-making.

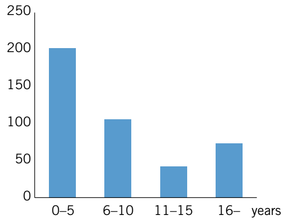
PERSONNEL

Number of employees

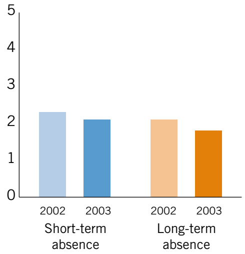
Age structure



Time of employment



Absence due to illness, %



KEY FINANCIAL INDICATORS

MSEK	2003	2002	2001	2000	1999
Net revenues	572.3	546.4	566.1	645.9	556.3
Cost of goods sold	–382.0	–361.6	–387.5	–436.2	–380.6
Gross profit	190.3	184.8	178.6	209.7	175.7
Selling expenses	–81.4	–80.6	–80.1	–71.8	–65.7
Administrative expenses	–48.6	–51.8	–60.8	–57.5	–52.1
Operating profit	60.3	52.4	37.7	80.4	57.9
Operating margin, %	10.5	9.6	6.7	12.4	10.4
Net financial items	–4.1	–6.3	–6.7	–7.7	–7.6
Profit after financial items	56.2	46.1	31.0	72.7	50.3
Of which depreciation and amortization	43.2	43.9	40.2	39.1	35.6
Capital expenditures not including corporate acquisitions	47.0	13.3	23.5	49	40
Return on capital employed, %	17	13	9	22	18
Average number of employees	423	434	483	543	539

Standardization is a key concept for Lesjöfors. Through pioneering work, the company has built a leading position in the market for standard springs. The product line today covers about 10 000 articles used in most branches of industry.

The idea behind the standard product line is as simple as brilliant – to stock and distribute the most common types of springs in the market. The man behind the idea is Göran Andersen at Lesjöfors Stockholms Fjäder who launched it in the beginning of the 1970s. Göran Andersen saw advantages in being able to avoid "customizing" certain types of springs.

– By concentrating on a standard line we were able to offer already designed springs with high quality and excellent performance. This meant a simplification for us and the customers. At the same time as we were able to keep many different types of springs in stock, which resulted in very prompt deliveries, says Göran Andersen, President of Lesjöfors Stockholms Fjäder AB.

BROAD OFFERINGS

Lesjöfors' standard product range now contains about 10 000 different articles. Here is everything from millimeter-long springs for fine mechanical applications to really large springs for heavy industry, such as makers of agricultural machinery and off-the-road equipment. The common denominator is that springs in this standard product range must satisfy a general need in the market. The company today has the broadest offering of standard springs in the market. Over time, other standard programs have emerged in Europe, but Lesjöfors still commands a leading position.

– Most of all springs needed by industry are still custom made, says Göran Andersen. But standard springs are gaining an ever increasing share of the market.

OWN SALES COMPANIES

Lesjöfors Stockholms Fjäder works primarily with sales and distribution of the standard product range. Most of the product line is manufactured by other companies in the group. Sales in 2003 were about MSEK 50. Sales have increased by 5–10 percent per year in recent years. The largest markets are Sweden, the other Nordic countries and the United Kingdom.

– So far we have used our own sales companies as distributors in each respective country, but now we are also working with local distributors. We recently initiated cooperation with distributors in Russia, Poland and Belgium, informs Göran Andersen.

CATALOG IN EIGHT LANGUAGES

Lesjöfors' own product catalog is central to sales and marketing. The catalog – which has been published regularly since the 1970s – offers springs with complete technical specifications. The latest issue was published in 2003. The circulation is 85 000 copies and the catalog is published in eight languages. With each edition the product range is expanded, most recently with more than 1 200 articles.

– Another new feature is the three-dimensional CAD models available at our Website. Customers may retrieve technical information on our springs via the Internet and then download the complete models directly into their design drawings, says Göran Andersen. We are alone in the world with this service, which further strengthens the competitive power of the standard product range.


Habia Cable

Kaj Samlin
President, Habia Cable AB

HABIA CABLE – A LEADER IN CUSTOMIZED CABLE AND CABLE SYSTEMS

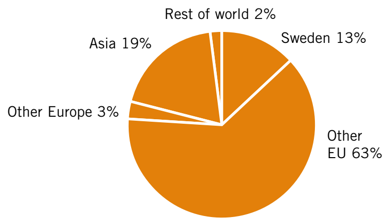
Habia develops, manufactures and sells cable and cable systems for demanding applications. Customization is an important element of Habia's competitive power. Today some 90 percent of the production is in customer-adapted cable and cable systems. In the international market, Habia is one of the leading manufacturers in its segment. This position is based on technical competence and innovative ability, but also on well-functioning customer service. Habia's business has a global orientation. Sales cover more than 30 markets all over the world. The largest of these markets are Germany, the United Kingdom, Sweden and China. Operations are conducted in three business areas. Telecom is the biggest area accounting for 35 percent of the company's sales, which is an increase by 4 percentage points compared to 2002. Habia's aggregate sales outside Sweden was 87 percent of the total in 2003.

2003 IN SUMMARY – RISING DEMAND IN TELECOM

Habia entered 2003 with weak demand and a low backlog of orders. This resulted in low capacity utilization in production and a weak result. During the first half of the year the company lost MSEK 23.9, of which MSEK 10 was a charge for inventory reduction. Due to the weak market demand personnel was laid off and other cost saving programs were implemented. Demand improved during the second half of the year, especially from customers in the telecom sector. Sales and results improved gradually and for the fourth quarter Habia posted a profit of MSEK 10.2 The operating result for the full year 2003 was MSEK –5.2 (10.9) and the result after financial items was MSEK –13.4 (0.4).

Invoicing during 2003 amounted to MSEK 417 (401). Germany, which is Habia's largest single market, accounted for 30 percent of sales. The sales performance in telecom was positive in the Asian market, in part at the expense of Nordic sales. In China, sales increased in local currency by 150 percent. China's share of Habia's sales is 12 percent. In England and the Nordic Region demand for defense-related cable products increased.

Geographic distribution of total revenues

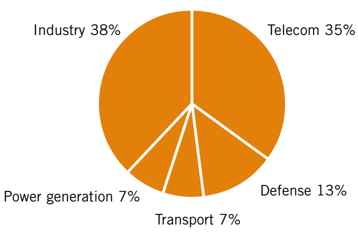


MARKETING AND SALES STRATEGY

Habia has production facilities in Sweden, Germany and China, and its own sales companies in Europe and Asia. The marketing and sales strategy is based on innovative, technical solutions and on high availability. In concrete terms availability means things such as rapid response to questions from customers, and prompt and secure deliveries. The emphasis on customer service and availability is believed to be an important element of Habia's competitive power. The company's own sales organization consists of 60 employees in 15 countries. This organization consists of technical sales people as well as specially trained designers. Aside from via its own organization, the company's products are also sold via agents in about 15 markets. Habia concentrates its resources on large customers in five different business areas, which also helps increase the company's risk diversification:

- Telecom
- Defense
- Transport
- Power Generation
- Industry

Business area shares of total revenues



FIVE BUSINESS AREAS

Telecom includes mobile telecom and is the company's single largest business area. The most important product is the flexible coaxial cable that is insulated with teflon plastic (PTFE). Habia's sales strategy requires a local presence all over the world. Geographically and in terms of products the company is well positioned in 30 different markets. In terms of sales, the most important markets during 2003 were Germany, China and Sweden. During 2003 Habia continued to take market shares in cables for antennas for base stations. The company's leading product in this area is named Flexiform.

The positive development applies mostly to the markets in Germany, China and South Korea. Since operations started in 2000, the number of customers in China has increased to 70. In total, business area Telecom accounted for 35 percent of the company's aggregate sales during 2003.

Defense is a business area where Habia has had a strong position for a long time. The company's cable products are used in applications such as submarines, surface vessels, satellites and armored vehicles. In recent years a new product family of so-called irradiation cross-linked materials has been developed, which has strengthened Habia's market positions in defense applications even more. In terms of sales, the most important markets during the year were the United Kingdom, France, Germany and the Nordic Region. Habia also began to cultivate the markets in India and China. The fastest growing market was the United Kingdom, where Habia in 2003 began deliveries for applications in military telecom. Overall, business area Defense accounted for 13 percent of the company's aggregate sales during 2003.

Transport comprises cable products for applications such as trains, automobiles and civil aviation. A driving force in this market is the current expansion of infrastructure for public transportation all over the world. In this area a new product family based on irradiation cross-linked materials has been launched. During 2003 deliveries were also started to the Korean auto industry. Overall, business area Transport accounted for 7 percent of the company's aggregate sales during 2003.

Power Generation is an area where Habia by tradition has a strong position in the European market. Among other things, the business area includes gas and nuclear technology, where especially nuclear power is a technically very demanding application. Today, the nuclear power industry records growth primarily in Asia. Countries like South Korea and India are among the most expansive. During the latter part of 2002 Habia concluded agreements for delivery with customers in both of these countries. Deliveries continued during 2003 and are expected to give rise to significant business volumes in the years to come. Gas turbines is another segment that belongs to this business area. It showed a slow development during 2003. Despite a weaker market, Habia has managed to retain its market shares in the field of gas turbines. Overall, business area Power Generation accounted for 7 percent of the company's aggregate sales during 2003.

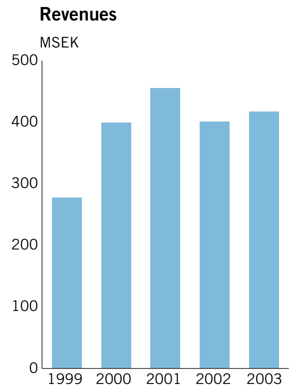
Industry includes applications such as tools and measuring instruments. Habia is a long-time global supplier to manufacturers of measuring instruments. Tools is a segment that displayed strong growth during 2003. Habia's deliveries primarily consisted of cable products for the heavier tool segment, or power tools. Overall, business area Industry accounted for 38 percent of the company's aggregate sales during 2003.

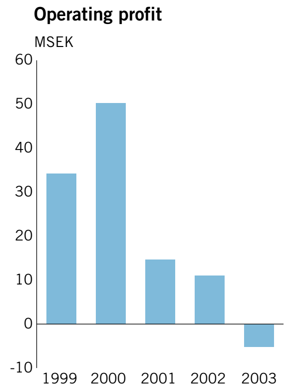
MARKET AND COMPETITORS – LOCAL PLAYERS DOMINATE

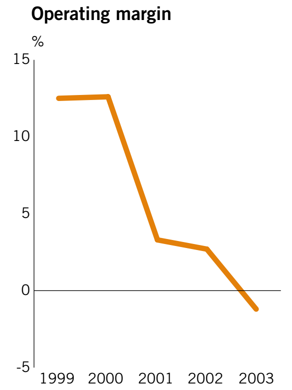
The competitive situation for Habia varies depending on which business area and geographic market one looks at. Most of the competitors are local actors. A small number of competitors are global like Habia. The most important competitors in the telecom sector are Swiss Huber+Suhner, French Nexans and the two American companies, Belden and Harbour Industries. In the other four 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 THE DEMAND SITUATION

In the beginning of the year Habia implemented cost cutting programs in the organization, in part by closing the company-owned sales companies in the United States, Japan







and Poland, in part by personnel reductions at several units. This action was taken against the background of weak market demand at the end of 2002 and in the beginning of 2003. The most drastic personnel reduction took place at the German production facility. As demand picked up during the fall, Habia hired personnel at the production facilities at Söderfors and in China. By the end of 2003 Habia had 328 employees, which is a decrease by 27 persons compared to the year before.

Habia has also made changes in its business areas. The number of business areas was reduced to five – Telecom, Defense, Transport, Power Generation and Industry. With these changes Habia has achieved sufficient business volumes per area.

PRODUCTION – CUSTOMER REQUIREMENTS IN CONTROL

Cable production at Habia was started more than 50 years ago. Today the company has three facilities that each year produce about 3 000 different types of cable. The Swedish facility is located in Söderfors and it offers the broadest product range. This facility also accounts for approximately two thirds of Habia's aggregate production.

Most of the cable production is aimed at demanding applications. This means for example that the conductive quality of the wire used must be high. The protective cover of the cable must also be able to stand up to a number of different environmental conditions, such as radioactive radiation, chemicals, vibrations, wear, fire and water. The quality of the cable is also linked to its weight, pliability and electrical performance. The ability to withstand different temperatures is also important. Certain types of cable must withstand temperatures from –200 to + 400 degrees Centigrade.

Production work at Habia is distinguished by speed and flexibility. This is true of the organization as well as of the work methods. Habia has chosen to profile its operations around availability and customer service. In concrete terms this means high delivery preparedness, prompt delivery and the ability to adapt operations to new production patterns.

The rate of development is high. About one quarter of the product line is renewed each year through further development of existing products. Production work is to a large extent customer order driven. Customer inquiries for standard products are responded to within 24 hours. Such short response times require a decentralized organization, where technicians and sales engineers always are in close proximity to the customer. More complex inquiries are handled by Habia's product experts, or by the specialists in research and development in Söderfors and Uppsala.

RESEARCH AND DEVELOPMENT – A TEAM EFFORT

Habia has set its mind to leading the development of technology in selected areas. Research and development work is conducted in Söderfors and Uppsala. Specialists at the R&D unit work in close cooperation with designers and technicians, but also with the people responsible for marketing. 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 – JOINT QUALITY SYSTEM

Since before, Habia's facilities in Sweden and Germany have received quality certification according to ISO 9001. Work to obtain certification for the Chinese plant was also begun during 2003. This project is expected to be completed before the end of the second quarter 2004. For one year now, Habia's quality and environmental assurance organizations are coordinated in one unit. In order to further improve effectiveness of the quality work, a joint quality system will be introduced during 2004. With the new system in place, it will be possible to coordinate guidelines and practical routines for the quality work in a better way.

IT

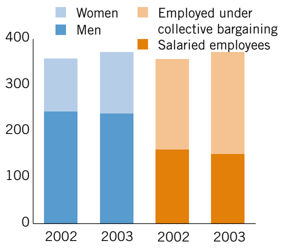
The Internet is used in marketing and sales work, and also for providing selected customers with more specific information. These customers can now use a special search engine to locate exactly where in the production and distribution chain their product is.

RISKS

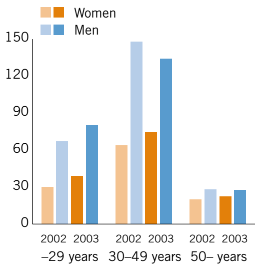
Habia has a high proportion of its sales in the telecom sector. In this segment a small number of players account for the majority of the volume. Habia is working actively towards creating a balance between the company's different business areas. In recent years these efforts have been focused mostly on balancing the exposure to the telecom market, but also to broaden the customer and product base in telecom.

PERSONNEL

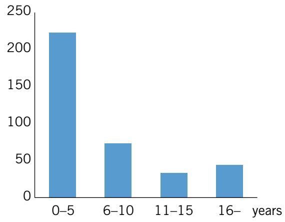
Number of employees



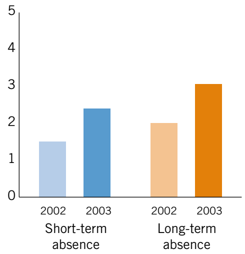
Age structure



Time of employment

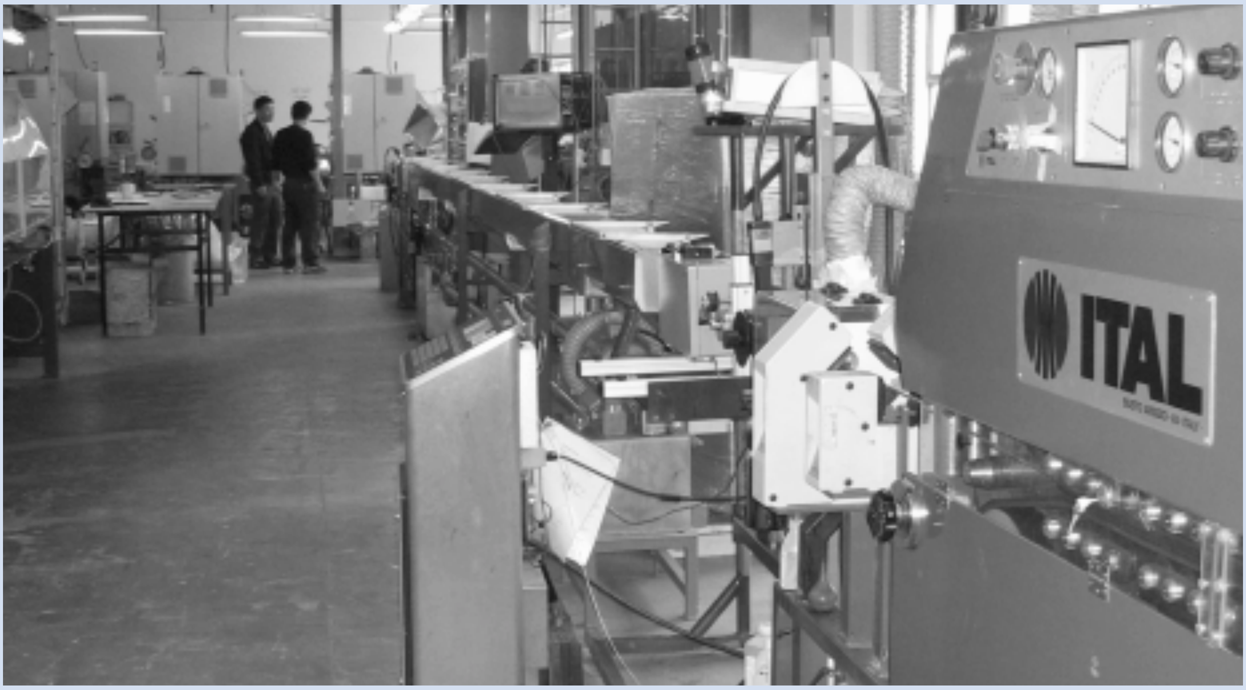


Absence due to illness, %



KEY FINANCIAL INDICATORS

MSEK	2003	2002	2001	2000	1999
Net revenues	416.8	400.6	454.8	399.5	277.8
Cost of goods sold	–310.9	–277.1	–302.3	–242.2	–170.0
Gross profit	105.9	123.5	152.5	157.3	107.8
Selling expenses	–73.7	–77.5	–95.6	–74.5	–50.8
Administrative expenses	–29.9	–26.4	–32.4	–25.1	–17.4
Research and development	–7.5	–8.6	–9.9	–7.5	–5.0
Operating result	–5.2	10.9	14.6	50.2	34.2
Operating margin, %	–1.2	2.7	3.2	12.6	12.5
Net financial items	–8.2	–10.6	–13.3	–7.1	–2.4
Result after financial items	–13.4	0.4	1.3	43.1	32.2
Of which depreciation and amortization	31.7	28.5	23.3	18.2	11.3
Capital expenditures not including corporate acquisitions	3.9	3.1	47.8	62	26
Return on capital employed, %	neg	3	4	23	24
Average number of employees	349	366	407	337	218



China has become an increasingly important market for Habia Cable. Sales to the Chinese market have grown by a factor of ten over the past five years. In order to meet market demand as well as customer requirements, Habia has established a plant for manufacturing cable in China.

The year was 1998 when Habia delivered its first products to the Chinese market. The end customer was Ericsson and the cable from Habia were used in base stations for mobile telecom. By the end of the 1990s Habia's sales volume in China had grown to about MSEK 5. Today the number is ten times that. In terms of volume, the Chinese market is of about the same size as the Swedish or the U.K. market.

– Telecom is still the dominating area for us. But we now have about 70 different customers in China and our cable is used in a number of different applications in the telecom area, says Kaj Samlin, President of Habia. Recently we have also completed our first delivery to customers in the defense market. Together with nuclear power, defense is the area where we hope to grow even more in China.

OWN PLANT

As Habia's sales volumes have grown, customers have begun to ask for a local establishment in China. The underlying reason is both political and economic and is based on the premise that the products sold by Habia must be made in China. In order to meet these requirements a plant was established during 2000 in Changzhou not far from the Shanghai metropolis.

– In the beginning the plant was focused on the more simple elements towards the end of the production process. In recent years manufacturing has become more advanced and today virtually all production steps are performed at the plant in Changzhou, says Kaj Samlin.

LOCAL PRODUCTION IMPORTANT

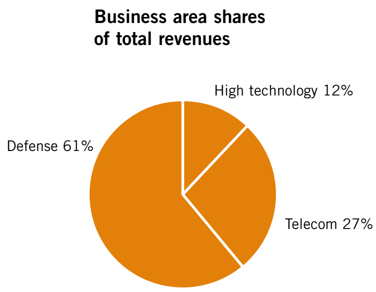
The factory has about 40 employees. Habia's marketing organization in China consists of three sales representatives. Operations are led from the company's office in Hong Kong.

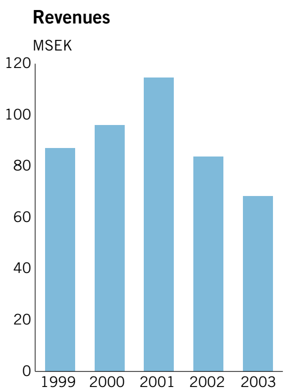
– We see many advantages with having become established locally. The proximity makes it possible for us to offer the customers better service. Delivery times are shorter and greater flexibility is attained since it is easier and faster to meet their requirements, asserts Kaj Samlin. But there are also economic advantages, primarily thanks to the substantially lower personnel costs. In Sweden, for example, wage costs for a factory worker are about 17 times higher than in China.

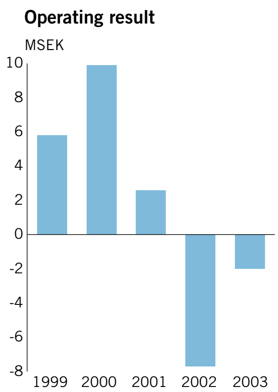
In time, the factory in China will be developed into a center for the market in the entire region. Already today, Habia's sales both to India and Korea are increasing. The goal is to expand the operation to, among other countries, Australia. Against that background, the company's own plant in China may become a significant competitive tool.


Elimag

Lars Lundh
President, Elimag AB







ELIMAG – A LEADING COMPONENT MANUFACTURER

In the European market Elimag has a leading position in high-speed machining of aluminum. Elimag's products are included in products such as aviation and missile technology, radar and surveillance systems, telecommunication systems, vehicles and in medical/technical applications. The largest single customer segment is defense, which in 2003 accounted for 61 percent of sales.

2003 IN BRIEF – BROADER CUSTOMER BASE

Invoicing for 2003 amounted to MSEK 68.4 (83.7). The operating result for the year was MSEK –2.0 (–7.7). Defense accounted for 61 percent of total sales, Telecom for 27 percent and High Tech Industry for 12 percent. Compared to 2002, sales in Defense declined by 8 percent. In Telecom the drop in sales was 39 percent, but towards the end of 2003 demand in Telecom gradually increased, albeit from a low level. Sales volumes were also affected by increased efforts in customer and market cultivation initiated by Elimag during 2002.

Previously implemented structural measures began to generate effects during the latter part of the year and this resulted in lower costs. These structural measures included personnel reductions equivalent to 30 percent of the workforce. The lower costs – in combination with increased demand – gave a clear earnings boost during the second half of 2003. Demand in Telecom has been weak for the past several years and this has resulted in pricing pressures on Elimag's products. The pricing picture is believed to have stabilized during 2003, however.

THE BUSINESS – COMPETITIVE DESIGNS

Elimag's business is focused on the European market for precision components in aluminum. With its total commitment Elimag can satisfy the customer's need for complete products and sub-systems. Operations are conducted at Elimag's own facility in Mölndal, with 56 employees. Elimag's competitiveness is based on a modern assembly of machinery, a high level of competence, customer-specific solutions, long experience of complex products and on well developed quality systems and a high degree of service. Elimag is active in three market segments – Defense, Telecom and High Tech. The High Tech segment stands for aerospace, aviation, medical-technical and other high-tech industry.

Manufacturing is based on two basic methods – high-speed machining (HSM) and salt bath dip brazing. The technique in HSM is based on computer-controlled, multi-operation machine tools for machining aluminum. The rotating tools used are capable of up to 30 000 revolutions per minute. This allows for a unique combination of high precision and rapid production. Salt bath dip brazing is a method where aluminum parts are fused together into a homogenous component. Salt bath dip brazed components from Elimag are included in, among other, radar applications and in the JAS system.

In all market segments the company assumes total responsibility towards the customer. 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 at an early stage in the cooperation process. This is accomplished via the company's aggregate technology, purchasing and logistics competence, and via close cooperation with sub-contractors. In products delivered Elimag can now also offer assistance to the customers in the form of installation of cable harnesses and electrical verification.

MARKET AND COMPETITIVE SITUATION – FEWER ACTORS

Lower demand from the telecom industry have had major effects on the market in which Elimag is active. Several companies have chosen to shift their business focus, close down operations or file for bankruptcy. For Elimag this development has created opportunities. In the Swedish market the company is now the largest independent player. Most competitors are smaller firms.

SALES – NEW MARKETING STRATEGY

For its own sales and marketing work, Elimag adopted a new strategy during 2002. Sales to new customers in high-tech industries have increased gradually. Another significant difference is that the company's share of exports has increased sharply. For 2003 the export share was about 20 percent of total sales. This can be compared with the preceding year when export sales were about 2 percent.

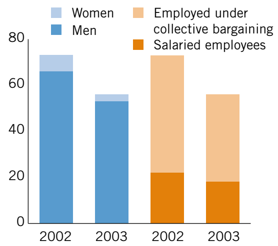
QUALITY AND ENVIRONMENT – PRIZE-WINNING ENVIRONMENTAL WORK

The previous goal was to gain environmental certification according to ISO 14001 during 2003. Due to the structural changes implemented, the work with environmental certification has been delayed, however. The goal now is that certification will take place during 2005. The past year still confirms that the environmental work in Elimag is of a high standard. In June 2003 the company was awarded the official environmental prize of the Municipality of Mölndal.

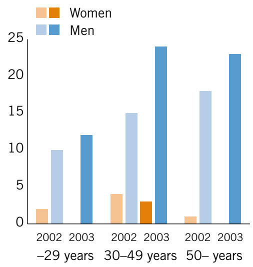
Operating margin

PERSONNEL

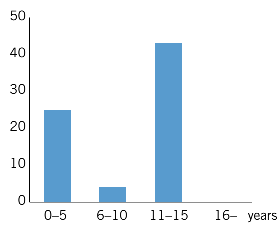
Number of employees



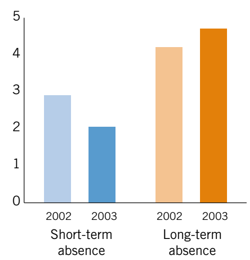
Age structure



Time of employment



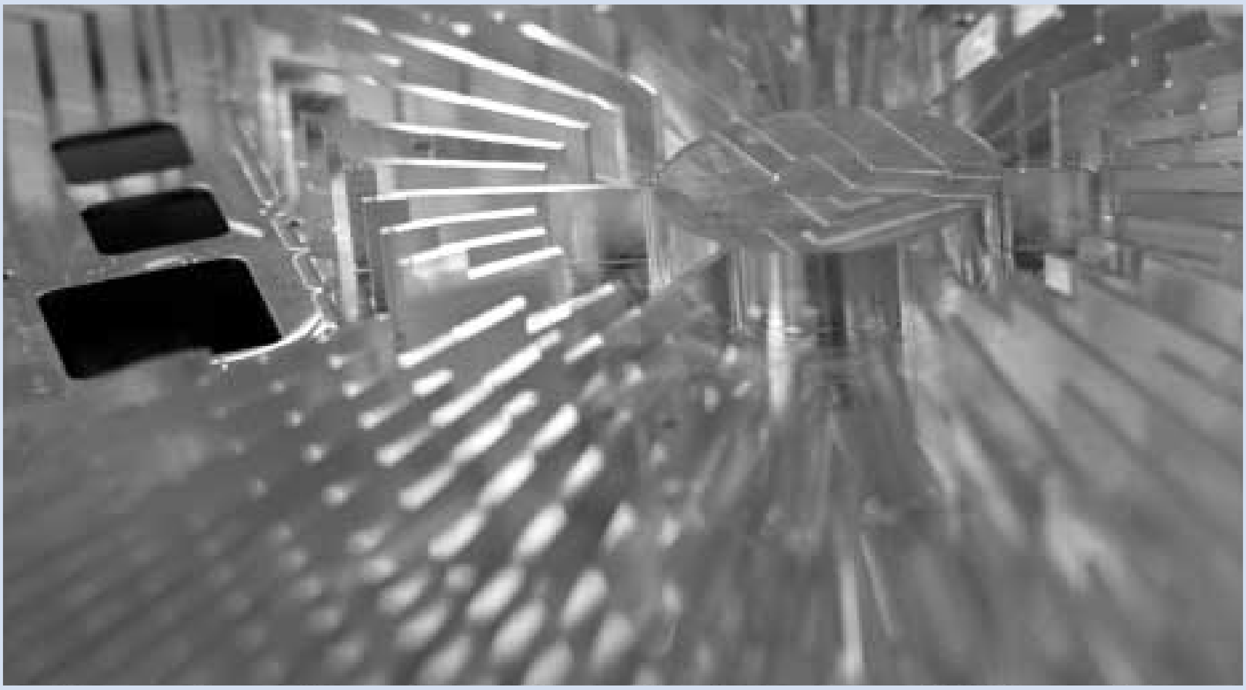
Absence due to illness, %



KEY FINANCIAL INDICATORS

MSEK	2003	2002	2001	2000	1999
Net revenues	68.4	83.7	114.5	96.0	87.0
Cost of goods sold	–58.5	–74.9	–93.4	–74.3	–71.2
Gross profit	4.7	8.8	21.1	21.7	15.8
Selling expenses	–3.1	–3.9	–5.7	–3.9	–2.9
Administrative expenses	–3.6	–12.6	–12.8	–7.9	–7.1
Operating result	–2.0	–7.7 [1]	2.6	9.9	5.8
Operating margin, %	–2.9	–9.2 [1]	2.3	10.3	6.7
Net financial items	–3.0	–4.1	–3.0	–0.9	–0.8
Result after financial items	–5.0	–11.8 [1]	–0.4	9.0	5.0
Of which depreciation and amortization	7.4	14.9	12.1	6.1	5.0
Capital expenditures not including corporate acquisitions	2.3	0.4	72.3	26.0	9.0
Return on capital employed, %	neg	neg	6.2	21.2	12.6
Average number of employees	56	73	90	73	67

[1] not including writedowns



Sales have been in focus for the past two years at Elimag. The main goal has been to find new customers and markets and to build internal competence to match the requirements that follow from the new initiatives.

The sharp downturn in the telecom market began in 2001. At this time the company's marketing and sales activities amounted to nothing more than keeping the order window open. Products and services sold themselves and customers were only searching for capacity. But when the trend suddenly turned, new and forceful action was of the essence. Costs suddenly came into focus and sharply increased efforts in marketing and sales became a matter of survival.

– The first phase was to identify new, potential customers and then establish contact via telemarketing, says Lars Lundh, President of Elimag. At the same time we needed to strengthen our competence and raise quality, which prompted us to recruit a marketing manager and a new sales representative.

Since then the marketing and sales department has evolved at a rapid pace. Today the work is characterized by strong engagement and broad presence in the market. Elimag has also become better at identifying and suggesting design improvements to customer products – improvements aimed at cost-effective production and hence competitiveness for the customer.

– The new marketing work is aimed at increasing revenue, improved risk diversification and on developing long-term relationships with strategic customers, says Lars Lundh. Elimag utilizes more structured work methods based on adapting our own focus, machining pace and pricing to the premises of each market, and to match our own resources.

– Results have not been slow in coming, he continues. The export share has rapidly gone from 2 percent to 20 percent. During the second half of 2003 the number of inquiries also increased by 48 percent and the number of new customers by well over 10 percent.

BETTER SUPPORT SYSTEMS

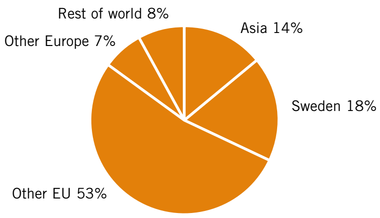
The marketing department now uses a sales support system to make planning and follow-up of the marketing work more efficient. Via this system an information bank is created in a structured manner where all customer activities are recorded. Based on this history there is then opportunities for analyzing the results and to make qualified forecasts of the future development.

– Since the sales support system improves planning and follow-up, our sales effort becomes more efficient and our marketing work becomes more structured, says Lars Lundh. It also becomes easier to make accurate forecasts. Since the follow-up work is better controlled, we can also secure more satisfied customers.

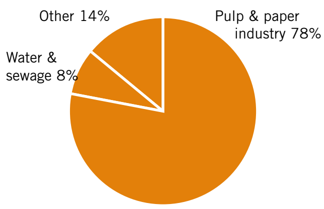

STAFSJÖ

Magnus Westher
President, AB Stafsjö Bruk

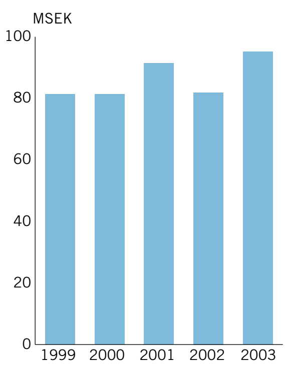
Geographic distribution of total revenues



Business area shares of total revenues



Revenues



STAFSJÖ BRUK – A QUALITY SUPPLIER OF VALVES

The core business of Stafsjö Bruk is the development, manufacture and marketing of valves. The products are used primarily for closing and controlling flows in the process industry. Stafsjö's competitiveness is based on high quality products, short delivery times, efficient customer support and global marketing coverage. The company's products are today sold in about 20 markets all over the world. The pulp and paper industry is the largest single customer segment, followed by facilities for water and sewage management. During 2003 the pulp and paper industry accounted for 78 percent of sales.

2003 IN BRIEF – ORDER BOOKINGS INCREASED BY 25 PERCENT

Invoicing during 2003 amounted to MSEK 95 (82). The operating result for the year was MSEK 3.9 (–3.8). Demand increased gradually during 2003, primarily from customers in the pulp and paper industry. This trend resulted in a situation where aggregate order bookings by Stafsjö increased by about 25 percent compared to 2002. The principal source of new investment was among Chinese pulp and paper manufacturing plants. Also in the German market capital spending increased once again in the pulp and paper industry. This development is positive for Stafsjö since Germany always has been an important market for the company. In the water and sewage treatment area demand was slower overall in the markets where Stafsjö is active. In total, however, the strong increase in demand from the pulp and paper industry resulted in higher invoicing than expected.

SALES – A GLOBAL NETWORK

Sales are managed directly from Stavsjö. The company also has its own sales offices in China and Germany, and a network of about 30 distributors around the world. As much as 82 percent of total sales are linked to sales outside Sweden. During 2003 the marketing and sales work was primarily aimed at handling the rapidly rising demand. At the same time previous efforts and initiatives to develop new product, customer and market segments have received less priority.

BUSINESS – FOCUS ON EXISTING CUSTOMERS

The largest customer segment for Stafsjö is the pulp and paper industry, and facilities for water and sewage treatment. Product offerings of valves are thus concentrated on flows containing solid particles. Among the customers are found companies such as Stora Enso, Metso Paper, Voith and Holmen Paper. About 13 500 valves are manufactured each year.

During 2003 Stafsjö had 62 employees. Thanks to its relatively low personnel turnover, the company has built solid competence in areas such as product development, production and customer needs. Product development is concentrated to the facility in Stavsjö, where also most of the production is located.

Stafsjö has delivered valves to the process industry for more than 100 years. The brand name is today associated with reliability and quality. The function and long life of the products also constitute competitive advantages. Stafsjö can also offer its customers rapid delivery and a global presence. Most major investments in the pulp and paper industry are today global projects.

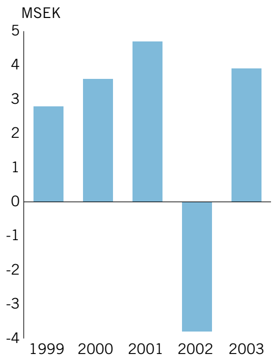
MARKET AND COMPETITORS – CONTINUED PRICING PRESSURES

Within the pulp and paper industry segment Stafsjö's largest competitor is the German company Lohse and the Spanish companies CMO and Orbinox. In the water and sewage segment Stafsjö competes primarily with the German company Erhardt.

Pricing pressures on valves were severe during 2003 despite rising demand. This was true both in the case of special applications and major volume assignments. These pricing pressures are explained by the fact that there is surplus capacity in the industry. The strong market development during the latter part of the year indicates that prices may stabilize during 2004.

Another circumstance affecting prices is that a growing number of customers choose valves manufactured in low-price countries. In recent years Stafsjö has therefore expended more effort on development of competitive products for customers who choose valves from low-cost countries. In consequence herewith Stafsjö has established production cooperation as well as its own business in China in recent years.

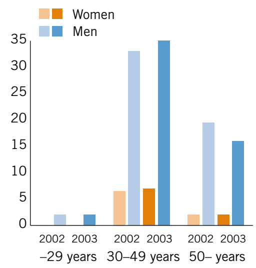
Operating result



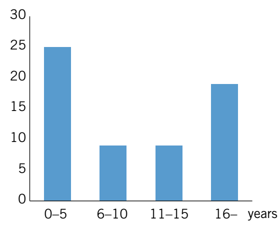
PERSONNEL

Number of employees

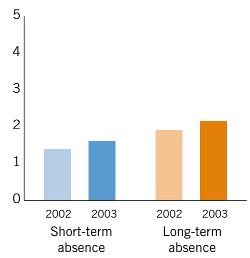
Age structure



Time of employment



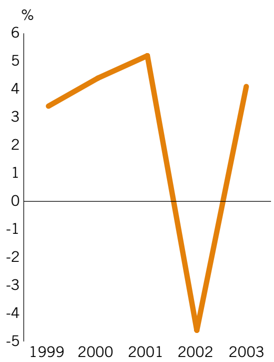
Absence due to illness, %

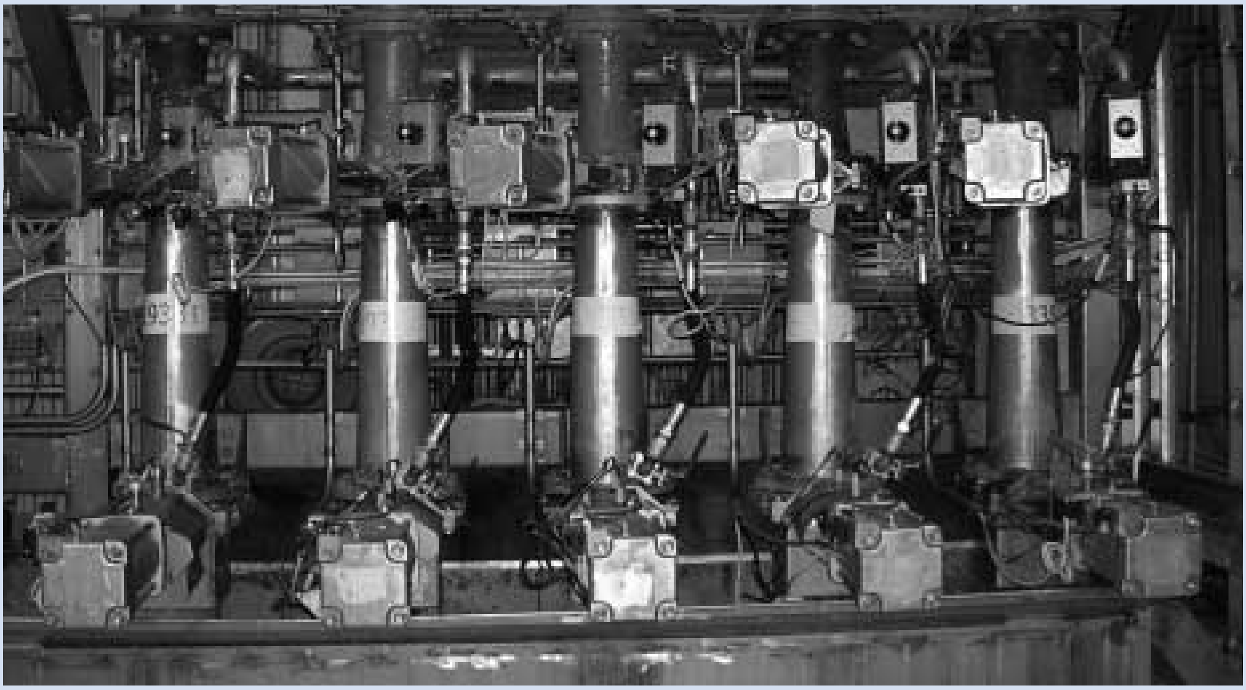


KEY FINANCIAL INDICATORS

MSEK	2003	2002	2001	2000	1999
Net revenues	95.1	81.9	91.4	81.3	81.3
Cost of goods sold	–63.9	–55.1	–58.7	–54.1	–56.3
Gross profit	31.2	26.8	32.7	27.2	25.0
Selling expenses	–15.4	–19.3	–17.3	–13.4	–10.8
Administrative expenses	–11.9	–11.3	–10.7	–10.2	–11.4
Operating result	3.9	–3.8	4.7	3.6	2.8
Operating margin, %	4.1	–4.6	5.2	4.4	3.4
Net financial items	–0.7	–0.9	–0.6	–0.5	–1.2
Result after financial items	3.2	–4.7	4.1	3.1	1.6
Of which depreciation and amortization	4.5	4.5	4.6	3.6	3.4
Capital expenditures not including corporate acquisitions	1.5	1.5	2	3	2
Return on capital employed, %	12	neg	12	7	5
Average number of employees	62	63	62	56	53

Operating margin





Stafsjö's most important customer segment is the pulp and paper industry. During 2003 this segment accounted for 78 percent of all invoicing. The company's competitiveness is based on technical quality, rapid and secure deliveries and broad competence about the customer's processes.

The pulp and paper industry is becoming increasingly important for Stafsjö. To customers in this industry, the company delivers knife gate valves used for closing off and regulating flows.

– Our valves have a broad area of use in the customer's flow processes. They can for example be installed near pumps, filters, storage towers and in conjunction with various purification processes, says Magnus Westher, President of Stafsjö. The valves are used both for high and low frequency action for closing off and regulating flows.

Stafsjö manufactures a large number of different knife gate valves. The smallest valves have a diameter of about 50 mm and the largest of about 1 000 mm. At a pulp plant Stafsjö's largest valves are installed under the so-called pulp tower, where the raw material is stored. Such a valve can weigh up to about 7 tons and is used to channel the pulp on out into the production.

– For the most part our valves are made of acid-proof steel, but we also use titanium, says Magnus Westher. Titanium valves are resistant to corrosion and are used in paper processes which include bleaching with chlorine.

BROAD KNOWLEDGE

Between 2002 and 2003 Stafsjö increased its invoicing to the pulp and paper industry, from 65 to 78 percent of aggregate invoicing. The background is that capital spending in this sector again has gained momentum, especially in the Chinese market. Growth in China also increases demand from sub-contractors in other countries, which is beneficial to Stafsjö overall.

– International machinery builders – so-called OEMs – is an important customer group for us. They build paper machines for instance, says Magnus Westher. Our valves are then included as a component in the facilities delivered by the machine builders to the end customer.

Stafsjö's competitiveness is based on high technical quality and on rapid and secure deliveries. The local presence is also important, regardless of whether it is a matter of meeting the requirements of an OEM or end customers. Stafsjö therefore operates both via a network of local representatives, and with its own sales representatives in certain markets. Knowledge of how the customers work is also a strong competitive factor. When Stafsjö hires new sales representatives, they must undergo special training at the school of the forest industry in Markaryd.

– Overall, our sales representatives and engineers have very broad competence, both in terms of applications and processes. Those qualifications are really needed if we are to meet the varying demands in the pulp and paper industry, Magnus Westher points out.

ADMINISTRATION REPORT 2003

FINANCIAL REPORT

The Board of Directors and the President of Beijer Alma AB hereby submits its Administration Report and Annual Report for the 2003 operating year, its twenty-first year of operation.

WORK OF THE BOARD OF DIRECTORS

According to Beijer Alma's Articles of Incorporation, its Board of Directors shall consist of not less than seven and not more than ten regular members and not more than two alternates elected by the Annual General Meeting. The Board of Directors currently consists of seven regular members and one alternate. The President is an alternate member of the Board of Directors. Also other officers in the Group participate in the meetings of the Board of Directors as reporters. The minutes of the Board of Directors are taken by independent legal counsel. The Board of Directors was re-elected in its entirety at the regularly scheduled Annual General Meeting held 2003. The composition of the Board of Directors is shown in Note 2.

In addition to its statutory meeting, the Board of Directors held six meetings during which minutes where taken during 2003. The Board of Directors has adopted rules of procedure in writing for its work and instructions in writing for its President. These basic documents are revised annually.

In addition to the tasks that rests with the Chairman in accordance with the Swedish Companies Act and general practice, Beijer Alma's Chairman – without encroaching on the tasks and domain of responsibility of the President – shall perform special tasks, among which are to participate in the recruitment of key executives, to participate in business negotiations relating to issues of crucial importance to the Group and to support the marketing efforts of subsidiaries, especially with respect to export markets.

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. However, individual matters may be referred for preparation to a temporary committee formed for the purpose.

Beijer Alma's auditors personally report to the Board of Directors at least twice per year on their findings from examination and their assessment of the Group's internal control.

Against the background of the weak demand prevailing at the beginning of the operating year in many of the Group's markets, the Board of Directors devoted a lot of attention to cost savings aimed at lowering the break-even levels for several of the manufacturing units. The Group's financial position, especially its cash flow, has been subject to careful scrutiny. Issues concerning capital expenditures, corporate acquisitions and strategic direction have also been dealt with. Two Board of Directors meetings were held at major manufacturing facilities, where the Board of Directors was offered special presentations and workplace tours.

The Board of Directors has given the assignment to the Chairman of the Board of Directors and Thomas Halvorsen to prepare for election of directors before the regularly scheduled Annual General Meeting to be held in 2004. The purpose is to form an informal or formal nomination committee, also consisting of other major shareholders in the Company. The results of this preparatory work will be reported in the notice for the Annual General Meeting.

The Annual General Meeting of 2004 will appoint auditors for the period until the opening of the Annual General Meeting to be held in 2008. The Board of Directors has appointed Thomas Halvorsen to prepare this issue together with the Chairman of the Board of Directors. The result will be presented in the notice for the Annual General Meeting.

REVENUES AND RESULT

Group

Order bookings were weak during latter part of 2002. This resulted in a low backlog of orders at the outset of 2003 and low capacity utilization at several of the Group's production units during the first six months of the year. From July on, order bookings improved markedly and hence also capacity utilization in production. Shipments and net revenues gained momentum during the fourth quarter. The improvement in demand was derived mainly from customers in the telecom sector. The Group's profit performance follows the same pattern. The year began on a weak note, but improved gradually.

Consolidated revenues were MSEK 1 154 (1 113), an increase of 4 percent. The proportion of sales outside Sweden was 70 (67) percent. Order bookings increased by 7 percent to MSEK 1 213 (1 131).

Profit after financial items was MSEK 18.0 (4.8 not including writedown of items affecting comparability). This is equivalent of earnings per share after standard taxes of SEK 1.45 (0.62). The result after taxes was MSEK 7.5 (–84.0).

The Group's performance over the last five years is shown below:

MSEK	2003	2002	2001	2000	1999
Net revenues	1 154.0	1 113.0	1 320.2	1 132.5	1 031.0
Result after financial items	18.0	–95.1	2.0	119.7	88.7
Reported result	7.5	–84.0	12.3	81.4	55.2
Shareholder's equity	451.7	458.3	577.4	482.3	424.7
Balance sheet total	1 126.8	1 176.5	1 429.3	1 144.9	868.7

Subsidiaries

Lesjöfors, a full-range supplier of industrial springs, chassis springs and flat strip components, had invoicing of MSEK 572 (546), an increase of 4.7 percent. In business area Flat Strip Components, with many telecom customers, invoicing increased by 4 percent. Business area Chassis Springs, sales of which go to the aftermarket for passenger cars, increased invoicing by 5 percent. The third business area, Industrial Springs, recorded an increase in invoicing of 4 percent. Order bookings for Lesjöfors increased by 6 percent to MSEK 575 (542). Profit was MSEK 56.2 (46.1).

Habia Cable, a manufacturer of specialty cable, increased its invoicing by 4.0 percent to MSEK 417 (401). During the second half of the year, when demand from the telecom sector improved, the increase was 17 percent. Order bookings increased by 10 percent to MSEK 462 (419). The result, which was charged with inventory reduction costs of MSEK 10, was MSEK –13.4 (0.4).

Elimag, active in high-speed machining of aluminum, had invoicing of MSEK 68.4 (83.7). Order bookings were MSEK 71.5 (85.6). The result was MSEK –5.0 (–11.8 before writedowns of fixed assets). Over the past two years Elimag has adjusted its costs to a lower level of demand. During the fourth quarter the result after financial items was MSEK 1.0.

Stafsjö Bruk, a manufacturer of knife gate valves, primarily for the process industry, invoiced for MSEK 95 (82), an increase of 16 percent. Order bookings were MSEK 103 (84). The result was MSEK 3.2 (–4.7).

Parent Company

The Parent Company, which has no external sales, reports a result of MSEK –14.8 (–22.7), including dividends from Group companies. The result for 2003 includes a capital loss of MSEK 11.7 on a sale of shares within the Group. The Parent Company's reported result was MSEK –10.4 (–19.8).

CAPITAL EXPENDITURES

Capital expenditures in tangible fixed assets amounted to MSEK 55.1 (18.3). Capital expenditures for 2003 included MSEK 24.8 for purchasing an operating facility in Lesjöfors. No corporate acquisitions were made during 2003.

FINANCING AND LIQUIDITY

Interest-bearing liabilities declined by MSEK 51.7 during the year and liquid funds increased by MSEK 23.8. Net indebtedness was thus reduced by MSEK 75.5. The net debt equity ratio stood at 86 percent (101) at year-end.

Cash flow after capital expenditures was MSEK 74.8 (116.2). The equity ratio at year-end was 40.1 percent (39.0). Available liquidity, or the sum total of cash and approved committed but unutilized credit facilities was MSEK 275 (274).

PROFITABILITY

The return on average capital employed was 4.5 percent (3.3). Average shareholders' equity yielded a return of 2.9 percent (0.7). Both of these measures of return refer to the result not including items affecting comparability for 2002.

PERSONNEL

A change of chief executive will take place in Habia Cable in the beginning of 2004. Kaj Samlin leaves the Group after 18 years. Recruitment of a new president is under way. Costs in conjunction with replacing the president was charged to 2003 results in an amount of MSEK 6.0

The average number of employees was 896; (940) of these are men (711) and 214 are women (229). 612 (628) of these worked in Sweden and 284 (312) worked outside Sweden. The number of employees at year-end was 879 (909). Job locations, payroll data, etc. are provided in Note 1.

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 9.0 percent of the capital, SEB Fonder with 8.3 percent, Kjell & Märta Beijer's Foundation with 6.4 percent, Livförsäkrings AB Skandia with 5.8 percent, Didner & Gerge Aktiefond with 5.3 percent and Lannebo Fonder with 5.0 percent. Didner & Gerge and Robur increased their holdings, while Sjätte AP-fonden sold its interest.

ENVIRONMENT

Lesjöfors conducts business that requires a permit under the Swedish environmental code at the production facilities in Värnamo and Lesjöfors. 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 environment.

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 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 is regulated by these permits.

Stafsjö Bruk conducts no business that requires a permit under the Swedish environmental code. Operations with a filing requirement exist for consumption of oil and lowering viscosity, and for a number of machine tool working sites, storage of chemical products and hazardous waste.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

PROSPECTS FOR 2004

Demand increased markedly during the second half of 2003 from customers in the telecom sector, while demand from other customer was unchanged. All companies have larger order backlogs than at the preceding year-end and the rate of order bookings is better. Conditions are therefore ripe for continued improvement in earnings during 2004.

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	28 184
Net result for the year	-10 355
Total	**17 829**

be allocated as follows:

A dividend to the shareholders of SEK 1.50 per share	13 535
To be carried forward	4 294
Total	**17 829**

The Group's unrestricted equity amounts to SEK 156 673 thousand. No allocation to restricted reserves is proposed.

The Statement of Income and the Balance Sheet will be presented to Annual General Meeting to be held March 17, 2004 for approval.

Uppsala, February 13, 2004

Anders Wall
Chairman

Anders G. Carlberg   Thomas Halvorsen   Göran W Huldtgren   Marianne Nivert

Johan Norman   Johan Wall   Bertil Persson
President & CEO

AMOUNTS IN SEK THOUSAND	*Note*	*Group*		*Parent Company*	
		2003	**2002**	**2003**	**2002**
Net revenues	3, 4	1 154 024	1 113 016	–	–
Cost of goods sold		–821 035	–770 737	–	–
Gross profit		**332 989**	**342 279**	**–**	**–**
Selling expenses		–176 017	–185 540	–	–
Administrative expenses	5	–116 155	–118 916	–20 944	–20 612
Other operating revenue		–	–	10 318	9 467
Items affecting comparability	6	–	–99 941	–	–70 267
Revenue from shares in associated companies	7	–1 070	–5 410	–	–
Operating result	1, 8	**39 747**	**–67 528**	**–10 626**	**–81 412**
Revenue from shares in associated companies	9	–	–	2 264	64 900
Interest income and similar items	10	2 832	3 344	515	1 970
Interest expense and similar items	10	–24 532	–30 933	–6 954	–8 189
Result after financial items		**18 047**	**–95 117**	**–14 801**	**–22 731**
Year-end appropriations		–	–	–	45
Result before taxes		**18 047**	**–95 117**	**–14 801**	**–22 686**
Taxes on result for the year	11	–10 525	11 133	4 446	2 913
NET RESULT FOR THE YEAR		**7 522**	**–83 984**	**–10 355**	**–19 773**
Earnings per share before dilution, SEK	12	0.83	–9.31		
Earnings per share, fully diluted basis, SEK	12	0.88	–8.65		
Proposed/declared dividend per share, SEK				1.50	1.00

BALANCE SHEETS

AMOUNTS IN SEK THOUSAND	*Note*	*Group*		*Parent Company*	
		2003	**2002**	**2003**	**2002**
ASSETS					
Fixed assets					
Intangible fixed assets					
Goodwill	13	90 655	107 708	–	–
Tangible fixed assets					
Land and land improvements	14	17 155	12 861	–	–
Buildings	15	172 908	160 360	–	–
Plant and machinery	16	282 150	313 865	–	–
Equipment, tools, fixtures and fittings	17	29 325	31 754	586	746
Financial assets					
Deferred tax claims	18	10 065	10 567	–	14
Other long-term receivables		6 697	7 076	–	–
Other securities	19	11 617	8 808	8 924	6 183
Shares in associated companies	20	3 815	4 476	–	–
Shares in Group companies	21	–	–	238 645	276 378
Total fixed assets		**624 387**	**657 475**	**248 155**	**283 321**
Current assets					
Inventories	22	205 473	251 648	–	–
Receivables					
Prepaid expenses and accrued income	23	15 502	13 014	2 291	2 830
Accounts receivable		200 538	183 439	–	–
Due from Group companies		–	–	192 023	181 936
Tax claims		–	938	–	2 663
Other receivables		9 917	22 780	348	–
Liquid funds		70 959	47 171	42	34
Total current assets		**502 389**	**518 990**	**194 704**	**187 463**
TOTAL ASSETS		**1 126 776**	**1 176 465**	**442 859**	**470 784**

AMOUNTS IN SEK THOUSAND	Note	Group		Parent Company	
		2003	**2002**	**2003**	**2002**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	24				
Restricted equity					
Share capital		112 791	112 791	112 791	112 791
Other restricted equity		182 227	185 577	156 598	156 598
Total restricted equity		**295 018**	**298 368**	**269 389**	**269 389**
Unrestricted equity					
Unrestricted reserves/Retained earnings		149 151	243 893	28 184	37 118
Net result for the year		7 522	–83 984	–10 355	–19 773
Total unrestricted equity		**156 673**	**159 909**	**17 829**	**17 345**
Total shareholders' equity		**451 691**	**458 277**	**287 218**	**286 734**
Provisions					
Deferred taxes	25	36 952	43 483	–	–
Provisions for pensions and similar obligations	26	7 251	7 195	–	–
Total provisions		**44 203**	**50 678**	**–**	**–**
Long-term liabilities					
Due to financial institutions	27	184 026	224 825	–	–
Convertible subordinated debenture loan	27, 28	–	23 458	–	32 600
Total long-term liabilities		**184 026**	**248 283**	**–**	**32 600**
Current liabilities					
Committed credit facility	27, 29	213 274	220 954	93 802	113 969
Due to Group companies		–	–	21 137	28 505
Accounts payable		62 573	61 649	266	232
Tax liabilities		4 100	–	2 841	–
Accrued expenses and prepaid income	30	85 701	74 745	4 085	3 670
Convertible subordinated debenture loan	27, 28	23 697	–	33 274	–
Due to credit institutions	27	29 652	33 146	–	4 500
Other current liabilities		27 859	28 733	236	574
Total current liabilities		**446 856**	**419 227**	**155 641**	**151 450**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 126 776**	**1 176 465**	**442 859**	**470 784**
Pledged assets	31	721 180	740 245	113 261	114 261
Contingent liabilities	32	6 275	8 828	10 775	11 775

CHANGES IN SHAREHOLDERS' EQUITY

(Note 24)

GROUP

AMOUNTS IN SEK THOUSAND	*Share Capital*	*Restricted reserves*	*Unrestricted equity*	*Total equity*
12/31/2001	**112 729**	**203 616**	**261 061**	**577 406**
Dividend paid	–	–	–18 037	–18 037
Conversion of subordinated debentures	62	373	–	435
Transfer between restricted and unrestricted equity	–	–18 412	18 412	–
Translation difference	–	–	–17 543	–17 543
Net result for the year	–	–	–83 984	–83 984
12/31/2002	**112 791**	**185 577**	**159 909**	**458 277**
Dividend paid	–	–	–9 023	–9 023
Transfer between restricted and unrestricted equity	–	–3 350	3 350	–
Translation difference	–	–	–5 085	–5 085
Net result for the year	–	–	7 522	7 522
12/31/2003	**112 791**	**182 227**	**156 673**	**451 691**

PARENT COMPANY

AMOUNTS IN SEK THOUSAND	*Share Capital*	*Premium reserve*	*Unrestricted equity*	*Total equity*
12/31/2001	**112 729**	**156 225**	**51 095**	**320 049**
Dividend paid	–	–	–18 037	–18 037
Conversion of subordinated debentures	62	373	–	435
Group contribution received, less taxes	–	–	11 160	11 160
Owner contribution rendered	–	–	–7 100	–7 100
Net result for the year	–	–	–19 773	–19 773
12/31/2002	**112 791**	**156 598**	**17 345**	**286 734**
Dividend paid	–	–	–9 023	–9 023
Group contribution received, less taxes	–	–	26 519	26 519
Group contribution rendered, less taxes	–	–	–6 657	–6 657
Net result for the year	–	–	–10 355	–10 355
12/31/2003	**112 791**	**156 598**	**17 829**	**287 218**

Proposed dividend of SEK 1.50 per share, a total of 13 535

AMOUNTS IN SEK THOUSAND	Note	Group		Parent Company	
		2003	2002	2003	2002
Current operations					
Operating profit		39 747	–67 528	–10 626	–81 412
Net financial items		–24 169	–27 589	–4 841	58 681
Current taxes		–5 487	–3 014	1 000	–1 441
Items not affecting cash flow	33	89 238	201 968	11 937	70 730
Cash flow from current operations before changes in working capital and capital expenditures		**99 329**	**103 837**	**–2 530**	**46 558**
Change in inventory		32 477	18 858	–	–
Change in receivables		–18 052	28 469	–7 233	–51 688
Change in current liabilities		12 377	–11 654	–12 528	–2 871
Cash flow from current operations		**126 131**	**139 510**	**–22 291**	**–8 001**
Investment operations					
Change in intangible fixed assets		–	783	–	–
Investment in tangible fixed assets		–48 988	–18 310	–41	69
Sale of shares in subsidiaries		–	–	25 997	–
Investment in other shares		–3 219	–5 981	–2 741	–825
Change in other financial assets		873	232	14	–
Cash flow from investment operations		**–51 334**	**–23 276**	**23 229**	**–756**
Financing operations					
New issue		–	435	–	435
Loans raised		10 000	–	–	–
Repayment of long-term liabilities and committed credit facilities		–49 801	–80 295	–19 493	17 966
Group contribution and owner contribution received/rendered		–	–	27 586	8 400
Dividend paid		–9 023	–18 037	–9 023	–18 037
Cash flow from financing operations		**–48 824**	**–97 897**	**–930**	**8 764**
CHANGE IN LIQUID FUNDS		**25 973**	**18 337**	**8**	**7**
Liquid funds at beginning of year		47 171	32 037	34	27
Translation difference in liquid funds		–2 185	–3 177	–	–
Cash funds sold/acquired		–	–26	–	–
Liquid funds at year-end		70 959	47 171	42	34
Unutilized committed credit facilities		204 445	226 959	56 198	36 031
Available liquidity		275 404	274 130	56 240	36 065

NOTES

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 2:02 Inventories
- RR 22 Design of financial reports
- RR 24 Properties under management
- RR 25 Reporting by segment
- RR 26 Events after financial year-end
- RR 27 Financial instruments: Disclosures and classification
- RR 28 Government grants

In the transition to reporting according to RR 28, transitional provisions are applied as follows: The accounting principle is applied only to transactions after the recommendation came into force. The change in accounting principle has had no significant effect on results or financial position.

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 financial statements. This means that the capital of the subsidiaries, 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 acquisition.

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 subsidiaries. The current rate method is applied in connection with translation of their financial statements, 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, or where a decisive influence exists, are considered to be associated companies.

Shares in associated companies are accounted for in the consolidated financial statements 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 hedging 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.

Revenues

The Group's net revenues consist of sales of goods. 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 and translation differences on sales in foreign currency. 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 mainly through depreciation of real estate, structural cost 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 tax payments. Deferred tax liability referring to investments in subsidiaries and associated companies is 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.

Intangible assets

Research and development: Expenses for research and development are expensed as incurred. The cost of research projects (attributable to the design and testing of new or improved products) are capitalized as intangible assets to the extent these expenses are expected to generate future economic benefits. Other development costs are expensed as incurred. Previously capitalized development costs are not capitalized as assets in later periods.

Goodwill: Goodwill is defined as the amount by which the acquisition cost exceeds the actual value of the Group's share of the acquired subsidiary's net assets at the time of acquisition.

Goodwill is amortized on a straight-line basis over the estimated period of use. Goodwill arising as a result of strategic acquisitions made by the Group to expand its product line in adjacent product areas, or to establish itself in new geographic markets, is amortized over 10 years. All remaining goodwill is amortized over 10 years. Amortization of goodwill is reported in the income statement in items Cost of goods sold or Selling expenses.

Writedown of intangible assets: Where there is an indication that an asset's value has deteriorated, an assessment is made of the reported value of the asset in question, including goodwill. In cases where the reported value exceeds the estimated recovery value, the asset is written down to its recovery value immediately.

Tangible fixed assets

Tangible fixed assets are carried at acquisition value, less accumulated depreciation. Costs for improvement of an asset's performance beyond its original level of performance increases the reported value of the asset. Costs for repair and maintenance are expensed as incurred.

Interest on capital borrowed to finance the manufacture of an asset is not included in the acquisition cost.

All borrowing costs are reported as costs in the Parent Company.

Tangible fixed assets are depreciated systematically over the estimated useful life of the asset in question. When the amount to be depreciated 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 are applied:

Office buildings used in operations	25 – 40 years
Industrial buildings used in operations	20 – 40 years
Plant and machinery	2 – 10 years
Equipment, tools, fixtures and fittings	2 – 10 years

In cases where the reported value of an asset exceeds its estimated recovery value, the asset in question is written down immediately to its recovery value.

All amounts in SEK thousand unless otherwise stated.

Government support
Government support is reported at actual value when it is reasonably certain that the support will be received and that the Group will be able to fulfill all conditions associated with the support.

Government support relating to costs is deferred and recognized as revenue in the period when the costs are incurred that the government support is intended to compensate for.

Government support for acquiring tangible fixed assets reduces the reported value of the asset in question.

The Group has received no significant government support during the financial year.

Financial leasing contracts
When the effect of leasing contracts is that the Group, as lessor, essentially enjoys the economic benefits and bears the economic risks attributable to leasing objects, the object in question is reported as a fixed asset in the consolidated balance sheet. The corresponding obligation to pay future leasing fees is reported as a liability.

All leasing contracts are reported in the Parent Company as rental agreements (operational leasing contracts), regardless of whether they are financial or operational.

There are no significant amounts in the Group relating to operational leasing.

Financial instruments
Financial instruments reported in the balance sheet include liquid funds, securities, receivables, operating liabilities, leasing obligations and borrowing.

Securities: Securities intended to be held on a long-term basis are carried at cost and are depreciated if a permanent diminution of value is established.

All transactions in securities are reported on the settlement date.

Borrowing: Financial liabilities are carried at nominal value, adjusted for any surplus or deficiency in value. Surplus or deficient values are reported as interest allocated over the term of the relative loan.

Derivative instruments: The Group utilizes derivative instruments to hedge against foreign exchange rate changes.

Foreign exchange forward contracts protect the Group against foreign exchange rate changes by determining the rate of exchange at which an asset or a liability denominated in foreign currency will be realized. An increase or decrease of the amount required to settle the asset/liability is compensated for by a corresponding change in value of the forward contract. These gains and losses are therefore offset and are not disclosed in the financial reports.

Inventories
Inventories are valued at the lower of cost and market value at year-end using the so-called FIFO method. Collective valuation is applied to homogenous goods groups.

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

Provisions
Provisions are reported when the Group can, or is believed to have an obligation as a result of events that have occurred and when it is probable that payments will be demanded to fulfill the obligation. A further condition is that it is possible to make a reliable prediction as to the amount to be paid.

Reporting by segment
Operating segments contain products that are subject to risks and return that differs from those of other operating segments. Geographic markets provide products in a special economic environment that is subject to risks and return that differs from those that apply to units active in other operating environments. The Group classifies operating segments as primary segments and geographic areas as secondary.

Statement of cash flow
The statement of cash flow is compiled using the indirect method. Reported cash flow includes only transactions that result in cash receipts or payments.

Cash and bank balances are classified as liquid funds.

Note 1 PERSONNEL

Job locations		*Number of employees*
	2003	2002
SWEDEN		
Parent Company		
Uppsala	2	3
Stockholm	4	4
Subsidiaries		
Filipstad	84	84
Göteborg	56	72
Herrljunga	60	67
Karlstad	9	9
Nyköping	52	54
Stockholm	46	39
Strängnäs	–	2
Sundsvall	–	1
Tierp	199	199
Trosa	10	16
Uppsala	2	4
Värnamo	60	54
Växjö	28	20
Sweden total	**612**	**628**

Of whom men 471 (481) and women 141 (147).

			2003			2002
	Men	*Women*	*Total*	*Men*	*Women*	*Total*
OUTSIDE SWEDEN						
Denmark	66	25	91	80	27	107
Finland	18	5	23	20	5	25
Norway	4	2	6	4	2	6
Latvia	2	–	2	–	–	–
Belgium	1	1	2	1	1	2
France	4	2	6	4	2	6
The Netherlands	5	1	6	6	2	8
Poland	–	1	1	–	2	2
UK	22	5	27	21	7	28
Germany	48	17	65	76	20	96
Hongkong	6	3	9	1	3	4
China	31	10	41	16	10	26
USA	4	1	5	1	1	2
Total, outside Sweden	**211**	**73**	**284**	**230**	**82**	**312**
TOTAL			**896**			**940**

Of the number of employees 682 are men (711) and 214 are women (229).

There are a total of 40 directors in the Group's companies; 39 of these are men. All 24 subsidiary presidents are men. Six of the Parent Company's seven directors are men and the President & CEO is a man.

Payroll, compensation and social benefits

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

	2003	2002
Salaries, President and Board of Directors	18 478	15 009
Bonus, President and Board of Directors	933	815
Social benefits,		
President and Board of Directors	11 896	10 929
Of which pension costs	4 978	5 029
Salaries, other	165 126	167 881
Social benefits, other	74 343	71 772
Of which pension costs	14 176	12 984

All amounts in SEK thousand unless otherwise stated.

Note 1 PERSONNEL (cont'd)

Salaries and compensation have been paid outside Sweden as follows:

	2003						2002					
	President/Board of Directors				Other		President/Board of Directors				Other	
	Salaries	*of which bonus*	*soc. ben.*	*of which pension liab.*	*Salaries*	*soc. ben.*	*Salaries*	*of which bonus*	*soc. ben.*	*of which pension liab.*	*Salaries*	*soc. ben.*
Denmark	1 136	–	2	54	39 275	215	1 045	–	45	43	46 753	256
Finland	1 340	137	357	167	6 122	1 517	1 229	178	367	166	5 635	1 313
Norway	641	–	157	–	1 708	264	792	–	204	–	1 748	450
Latvia	84	–	–	–	71	–	–	–	–	–	–	–
Belgium	–	–	–	–	603	173	–	–	–	–	630	173
France	–	–	–	–	2 757	1 306	–	–	–	–	2 712	1 205
The Netherlands	–	–	–	–	3 433	822	–	–	–	–	3 506	986
Poland	–	–	–	–	212	66	–	–	–	–	427	130
UK	1 608	53	711	553	9 894	1 358	1 953	102	790	604	10 415	1 550
Germany	1 607	100	210	18	27 554	5 953	2 867	100	228	18	31 394	6 303
Hongkong	–	–	–	–	3 231	503	–	–	–	–	1 740	360
China	–	–	–	–	1 102	395	–	–	–	–	1 271	261
USA	433	–	40	–	873	128	–	–	–	–	1 190	145
Total salaries and compensation	**6 849**	**290**	**1 477**	**792**	**96 835**	**12 700**	**7 886**	**380**	**1 634**	**831**	**107 421**	**13 132**
Total salaries and compensation in Sweden as above	**18 478**	**933**	**11 896**	**4 978**	**165 126**	**74 343**	**15 009**	**815**	**10 929**	**5 029**	**167 881**	**71 772**
GROUP TOTAL	**25 327**	**1 223**	**13 373**	**5 770**	**261 961**	**87 043**	**22 895**	**1 195**	**12 563**	**5 860**	**275 302**	**84 904**

Parent Company

	2003	2002
Salaries, President and Board of Directors	4 094	3 954
Bonus, President and Board of Directors	–	–
Social benefits,		
President and Board of Directors	2 286	2 016
of which pension costs	1 025	932
Salaries, other	3 031	3 057
Social benefits, other	1 706	1 936
of which pension costs	639	621

Terms of employment and compensation of senior management

The following costs were charged to the Parent Company in 2003:

President and CEO:

Salary including benefit of automobile	2 914
Bonus	–
Social benefits	1 961
of which pension costs	1 025

No options or financial instruments were awarded to the President and CEO during the year. Since before, there are 60 000 personnel options issued to the President and CEO. 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. The salary and compensation of the President and CEO are set by the Board of Directors.

Chairman of the Board

Director's fee	200
Fee as approved by Annual General Meeting	500
Social benefits	170

Fees have been paid to other Directors in a total amount of 455.

The Group's management group consists of seven persons, all of whom are men. Compensation to the management group has been paid as follows:

Salaries	9 586
of which bonus	576
Social benefits	6 219
of which pension costs	2 904

Among other things, the employment contracts contain clauses for termination on between 12 and 24 months notice. No options or financial instruments were awarded to the management group during the year. Since before, there are 180 000 personnel options issued to persons in the management group.

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, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB. Director of Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professur i Entreprenörskap, Uppsvenska Handelskammaren, Swedish Chamber of Commerce in London and USA, and other assignments.

Honorary Fellow, Uppsala University, Member, Royal Academy of Engineering Science.

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: Chairman of Posten AB, Director of SSAB, Wallenstams Byggnads 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 Terminal Real Estate Sweden AB.

Johan Wall, President, Enea Data AB. Deputy Director 1997–2000, Director since 2000. Other assignments: Chairman of Glocalnet AB and 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

	2003	2002
Sweden	352 844	367 189
Other EU	561 197	576 164
Other Europe	85 913	67 466
Asia	132 388	81 489
Rest of world	21 682	20 708
TOTAL	**1 154 024**	**1 113 016**

Note 4 INFORMATION ABOUT OPERATING SEGMENTS AND GEOGRAPHIC AREAS

(all amounts in MSEK)

Operating segments

The Group is organized in four sub-groups: Lesjöfors (springs), Habia Cable (specialty cable), Elimag (high-speed machining of aluminum) and Stafsjö Bruk (knife gate valves). Each has its own manufacturing, administration, development and marketing. Each sub-group is lead by a president. The sub-groups are the primary basis for classification.

Geographic areas

Production is located in Sweden, Finland, Denmark, Latvia, Germany and China. Sales are mostly to Europe and Asia. Production outside Sweden supplies mainly local markets, whereas a major portion of the production in Sweden is exported. Comparative data for 2002 have been recalculated according to RR:25. Amounts refer solely to external sales.

Operating segments

2003	Springs	Specialty cable	High-speed machining	Knife gate valves	Other (Parent Company, etc.)	Eliminations	Group
Net revenues	572.3	416.8	68.4	95.1	1.4	–	1 154.0
Operating result	60.3	–5.2	–2.0	3.9	–14.8	–2.5	39.7
Result before taxes	56.2	–13.4	–5.0	3.2	–20.5	–2.5	18.0
Assets	541.6	423.4	100.0	58.4	509.7	–506.3	1 126.8
Liabilities	290.1	312.5	72.5	42.4	192.9	–235.7	674.7
Capital expenditures	47.0	3.9	2.3	1.5	0.4	–	55.1
Depreciation and amortization	42.3	31.7	7.4	4.5	1.2	2.5	89.6

2002	Springs	Specialty cable	High-speed machining	Knife gate valves	Other (Parent Company, etc.)	Eliminations	Group
Net revenues	546.4	400.6	83.7	81.9	0.4	–	1 113.0
Writedowns	–	–	–52.4	–	–70.3	22.8	–99.9
Operating result	52.4	10.9	–60.1	–3.8	–88.6	21.7	–67.5
Result before taxes	46.1	0.4	–64.2	–4.7	–94.4	21.7	–95.1
Assets	545.2	450.8	112.5	56.6	531.1	–519.7	1 176.5
Liabilities	277.4	291.1	86.6	37.6	308.1	–282.6	718.2
Capital expenditures	13.3	3.1	0.4	1.5	–	–	18.3
Depreciation and amortization	43.9	28.5	14.9	4.5	0.6	4.2	96.6

Geographic areas

2003	Sweden	Other EU	Other Europe	Asia	Other world
Net revenues	352.8	561.2	85.9	132.4	21.7
Capital expenditures	43.8	4.0	2.6	4.6	0.6
Assets	730.4	328.6	10.1	64.2	2.3

2002	Sweden	Other EU	Other Europe	Asia	Other world
Net revenues	367.2	576.2	67.5	81.5	79.6
Capital expenditures	7.2	5.5	–	4.3	–
Assets	729.3	364.8	7.7	44.8	4.3

All amounts in SEK thousand unless otherwise stated.

Note 5 ADMINISTRATIVE EXPENSES

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

	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Öhrlings PricewaterhouseCoopers AB				
audit fee	2 005	1 959	497	581
other assignments	–	100	–	–
Other auditors				
audit fee	791	1 257	–	–
other assignments	281	372	–	–
TOTAL	**3 077**	**3 688**	**497**	**581**

Research and Development has been expensed in the Group among administrative expenses in an amount of 7 493 (8 607).

Note 6 ITEMS AFFECTING COMPARABILITY

	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Refers to Elimag AB				
Writedown of				
goodwill	–	–42 824	–	–
machinery and equipment	–	–52 117	–	–
shares in Group companies	–	–	–	–70 267
Provision for structural expenses	–	–5 000	–	–
TOTAL	**–**	**–99 941**	**–**	**–70 267**

Note 7 INCOME FROM SHARES IN ASSOCIATED COMPANIES

	2003	2002
Share in revenue from Pendax Holding AB	118	1 184
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)	–1 188	–8 706
TOTAL	**–1 070**	**–5 410**

Note 8 OPERATING RESULT

The operating result has been charged with depreciation and amortization as follows.

	2003	2002
Plant and equipment	53 431	59 908
Equipment, tools, fixtures and fittings	12 048	15 135
Buildings	7 467	5 993
Land improvements	61	36
Goodwill	16 598	15 545
TOTAL	**89 605**	**96 617**

Writedown of goodwill and machinery in Elimag for 2002, see Note 6.

In the Parent Company equipment, tools, fixtures and fittings have been written off by 201 (463).

Note 9 INCOME FROM SHARES IN GROUP COMPANIES

Parent company	2003	2002
Capital loss on sale within the Group of shares in Group company	–11 736	–
Anticipated dividend from:		
Lesjöfors AB	10 000	30 000
Habia Cable AB	4 000	34 500
AIHUK AB	–	400
TOTAL	**2 264**	**64 900**

Note 10 INTEREST INCOME AND INTEREST EXPENSE

447 (1 923) of the Parent Company's interest income refers to interest from Group companies. 33 (195) of the Parent Company's interest expense refers to interest to Group companies.

Note 11 TAXES ON THE YEAR'S RESULT

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Current taxes for the period	–16 263	–1 592	–3 264	–
Share in taxes of associated companies	–23	–115	–	–
Temporary differences relating				
to untaxed reserves	5 025	13 851	–	–
supplementary depreciation	1 117	–954	–	–
provisions for structural costs	927	325	–	–
tax loss carryforward	–912	657	–	14
writedowns	–	383	–	–
Tax effect of Group contribution	–	–	7 724	4 340
Current taxes attributable to prior years	–396	–1 422	–14	–1 441
TOTAL	**–10 525**	**11 133**	**4 446**	**2 913**

Difference between tax expense and current taxes

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Profit before taxes	18 047	–95 117	–14 801	–22 686
28 % taxes	–5 053	26 633	4 144	6 352
Current taxes for the period	–10 525	–11 133	–4 446	–2 913
Difference	**5 472**	**15 500**	**–302**	**3 439**

Specification of difference	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Effect of:				
tax attributable to prior years	–	–	–	1 441
amortization of goodwill	2 251	2 741	–	–
foreign tax rates	681	1 397	–	–
non-deductible items	2 580	3 849	351	506
writedowns	–	11 990	3 286	19 675
non-taxable revenue	–949	–4 462	–3 939	–18 183
Other	909	–15	–	–
TOTAL	**5 472**	**15 500**	**–302**	**3 439**

Note 12 EARNINGS PER SHARE

	Group 2003	Group 2002
Reported result	7 522	–83 984
Result for calculation of earnings per share before dilution	**7 522**	**–83 984**
Interest expense for convertible debentures	1 305	1 141
Taxes attributable to this interest	–365	–319
Result for calculation of earnings per share after dilution	**8 462**	**–83 162**
Number of shares outstanding before dilution	**9 023 300**	**9 023 300**
Anticipated conversion of convertible debentures and outstanding personnel options	586 880	586 880
Number of shares outstanding after dilution	**9 610 180**	**9 610 180**

Not 13 GOODWILL

	Group 2003	Group 2002
Opening acquisition value	251 391	254 671
Purchases	–	100
Reclassification	–	–1 040
Translation differences	–564	–2 340
Closing accumulated acquisition cost	**250 827**	**251 391**
Opening amortization	72 670	57 392
Amortization for the year	16 598	15 545
Translation differences	–109	–267
Closing amortization	**89 159**	**72 670**
Opening writedowns	71 013	28 189
Writedowns for the year	–	42 824
Closing accumulated writedowns	**71 013**	**71 013**
Closing residual value according to plan	**90 655**	**107 708**

Goodwill in the amount of MSEK 42.8 attributable to the acquisition of Elimag was written off in its entirety during 2001. Remaining goodwill is attributable to corporate acquisitions made before 2001. For Isotec the period of amortization now is ten years, the same as for other holdings of goodwill. The remaining goodwill value attributable to Isotec is MSEK 48,8 and the remaining period of amortization is seven years.

Note 14 LAND AND LAND IMPROVEMENTS

		Group
	2003	2002
Opening acquisition value	13 229	13 395
Purchases	4 409	–
Reclassification	–3	53
Translation differences	–51	–219
Closing accumulated acquisition value	**17 584**	**13 229**
Opening depreciation	368	279
Reclassification	–	53
Amortization for the year	61	36
Closing accumulated deppreciation	**429**	**368**
Closing residual value according to plan	**17 155**	**12 861**
Book value of land in Sweden	9 512	5 727
Tax assessment value of land in Sweden	8 125	5 925

Note 15 BUILDINGS

		Group
	2003	2002
Opening acquisition value	216 246	215 121
Purchases	20 475	2 338
Sales and disposals	–1 680	–
Translation differences	–601	–1 213
Closing accumulated acquisition value	**234 440**	**216 246**
Opening depreciation	55 886	48 736
Sales and disposals	–1 680	1 582
Amortization for the year	7 467	5 993
Translation differences	–141	–425
Closing accumulated depreciation	**61 532**	**55 886**
Closing residual value according to plan	**172 908**	**160 360**
Book value of buildings in Sweden	112 630	105 180
Tax assessment value of buildings in Sweden	43 137	34 033

Note 16 PLANT AND MACHINERY

		Group
	2003	2002
Opening acquisition value	649 731	654 373
Purchases	29 872	20 529
Sales and disposals	–11 591	–27 997
By acquisition and divestiture of subsidiaries	–32	–4 143
Reclassification	–3 018	10 197
Translation differences	–2 228	–3 228
Closing accumulated acquisition value	**662 734**	**649 731**
Opening depreciation	296 769	248 805
Sales and disposals	–8 157	–16 378
Reclassification	17	5 894
Depreciation for the year	53 431	59 908
Translation differences	–573	–1 460
Closing accumulated depreciation	**341 487**	**296 769**
Opening writedown	39 097	–
Writedowns for the year	–	39 097
Closing accumulated writedowns	**39 097**	**39 097**
Closing residual value according to plan	**282 150**	**313 865**

Financial leasing contracts

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

	2003	2002
Acquisition value	63 695	61 728
Residual value	42 381	49 377

Future minimum leasing fees fall due for payment as follows:

	2003	2002
Within one year	8 605	9 068
Later than in one year, but within five years	29 764	28 272
Later than in five years	3 805	11 467
	42 174	48 807

Note 17 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

		Group		Parent company
	2003	2002	2003	2002
Opening acquisition value	102 401	105 733	2 115	2 202
Purchases	8 053	10 964	41	14
Sales and disposals	–3 312	–8 778	–	–101
By acquisition and divestiture of subsidiaries	–	–2 712	–	–
Reclassification	3 821	–1 432	–	–
Translation differences	–1 126	–1 374	–	–
Closing accumulated acquisition value	**109 837**	**102 401**	**2 156**	**2 115**
Opening depreciation	57 627	50 058	1 369	923
Sales and disposals	–1 825	–6 830	–	–17
Reclassification	298	–51	–	–
Depreciation for the year	12 048	15 135	201	463
Translation differences	–656	–685	–	–
Closing accumulated depreciation	**67 492**	**57 627**	**1 570**	**1 369**
Opening writedown	13 020	–	–	–
Writedowns for the year	–	13 020	–	–
Closing accumulated writedowns	**13 020**	**13 020**	**–**	**–**
Closing residual value according to plan	**29 325**	**31 754**	**586**	**746**

Note 18 DEFERRED TAX CLAIM

	2003	2002
Temporary claim relating to		
tax loss carryforward	5 851	5 510
provisions for structural costs	2 240	3 623
writedowns	–	1 085
Other temporary differences	1 974	349
TOTAL	**10 065**	**10 567**

Note 19 OTHER SECURITIES

	Org. no.	*Proportion of capital*	*Registered office*	*Book value*
Parent company				
Innoventus Uppsala Life Science 1 KB *)	969677–8530	8	Uppsala	8 924
Group				
Drug Safety Inc. (formerly PharmaSoft Inc.)		<1	Delaware, USA	–
Industrial Development & Investment AB	556518–9973	<1	Stockholm	2 634
Other		–		59
TOTAL				**11 617**

In our opinion the actual value of these investments is not less than book value.

**) Commitment exists to invest another MSEK 16.*

		Group		Parent company
	2003	2002	2003	2002
Opening acquisition value	11 113	12 200	6 183	5 358
Purchases	2 809	913	2 741	825
Reclassification	–	–2 000	–	–
Closing accumulated acquisition value	**13 922**	**11 113**	**8 924**	**6 183**
Opening writedowns	2 305	4 305	–	–
Reclassification	–	–2 000	–	–
Closing accumulated writedowns	**2 305**	**2 305**	**–**	**–**
Closing book value	**11 617**	**8 808**	**8 924**	**6 183**

All amounts in SEK thousand unless otherwise stated.

Note 20 SHARES IN ASSOCIATED COMPANIES

	Org. no.	*Proportion of capital*	*Registered office*	*Book value 2003*	*Book value 2002*
Group					
Pendax Holding AB	556536-1457	36	Stockholm	3 814	4 276
Medeto Medical Device Technology AB	556444-9386	50	Stockholm	1	200
TOTAL				**3 815**	**4 476**

	2003	2002
Opening acquisition value	13 182	6 868
Share in profit after taxes	–1 047	1 069
Purchases	626	6 133
Sales	–	–888
Closing accumulated acquisition value	**12 761**	**13 182**
Opening writedown	8 706	2 048
Sales	–	–2 048
Writedowns for the year	240	8 706
Closing accumulated writedowns	**8 946**	**8 706**
Closing book value	**3 815**	**4 476**

Note 21 SHARES IN GROUP COMPANIES

	Org. no.	*Number*	*Registered office*	*Book value*	*Adjusted equity*
Lesjöfors AB	556001-3251	603 500	Karlstad, Sweden	100 000	251 472 [1]
Habia Cable AB	556050-3426	500 000	Täby, Sweden	87 575	110 959 [2]
AB Stafsjö Bruk	556093-2112	45 000	Nyköping, Sweden	21 354	15 987
AB Stockholms Rörsmide	556222-0482	10 000	Stockholm, Sweden	2 560	2 666
AIHUK AB	556218-4126	9 000	Uppsala, Sweden	2 056	2 468
Alma Nova Industri AB	556077-6022	60 000	Uppsala, Sweden	14 781	15 191
Beijer Alma Industri AB	556210-3274	60 000	Uppsala, Sweden	4 329	7 292
Beijer & Alma Industri & Handel AB	556551-9005	1 000	Uppsala, Sweden	100	85
Bierrepac AB	556067-1793	4 000	Uppsala, Sweden	473	949
Care Pilot AB	556589-8235	153 846	Uppsala, Sweden	4 417	4 771
Shipping & Aviation Sweden AB	556500-0535	10 000	Uppsala, Sweden	1 000	1 257
TOTAL				**238 645**	

[1] *Including anticipated dividend to the Parent Company in the amount of 10 000.*
[2] *Including anticipated dividend to the Parent Company in the amount of 4 000.*

All companies are 100-percent owned.

	2003	2002
Acquisition value	351 799	351 800
Sales [1]	–107 999	–
Purchases	–	–
Closing accumulated acquisition value	**243 800**	**351 800**
Opening writedowns	75 422	5 155
Sales	–70 267	–
Writedowns for the year	–	70 267
Closing accumulated writedowns	**5 155**	**75 422**
Closing book value	**238 645**	**276 378**

[1] *Refers to internal sales within the Group of Elimag AB with 107 899 in acquisition value and 70 267 in writedowns. O-Pack AB with an acquisition value of 100 has also been sold externally.*

All amounts in SEK thousand unless otherwise stated.

Subsidiary holdings of shares in Group companies

	Organization no.	*Percentage stake*	*Registered office*	*Book value*
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	Växjö, 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 Försäljnings AB	556385-2143	100	Trosa, Sweden	2 000
Lesjöfors Banddetaljer AB	556204-0773	100	Värnamo, Sweden	28 103
Lesjöfors A/S		100	Köpenhamn, 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, UK	316
Lesjöfors Automotive Ltd.		100	Elland, UK	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	893
Lesjöfors Springs LV		100	Liepaja, Latvia	992
Habia Benelux BV		100	Breda, The Netherlands	1 020
Habia Cable Asia Ltd		100	Hongkong, China	55
Habia Cable China Ltd		100	Changzou, China	11 333
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, UK	3 614
Habia Cable NV/SA		100	Leuven, Belgium	90
Habia Cable Production AB	556094-2012	100	Söderfors, Sweden	33 468
Habia Cable SA		100	Orleans, France	679
Habia Cable SP.Z O.O		100	Warzawa, Poland	310
Habia Cable Svenska AB	556240-7485	100	Täby, Sweden	205
Elimag AB	556480-0133	100	Mölndal, Sweden	25 896
Elimag Affärsutveckling AB	556283-1031	100	Mölndal, Sweden	2 452
Elimag Göteborg AB	556359-5640	100	Mölndal, Sweden	7 150
Elimag Ratio AB	556059-2486	100	Mölndal, Sweden	2 322
Stafsjö Armaturentechnik GmbH		100	Düsseldorf, Germany	5 216
Stafsjö Service Centre China		100	Changzou, China	668
Alma Industri & Handel Fastigheter AB	556030-3686	100	Malmö, Sweden	3 764
Beijer Alma Utvecklings AB	556230-9608	100	Uppsala, Sweden	2 200
Guldskålen D 190 AB	556649-7540	100	Sundsvall, Sweden	100

Note 22 INVENTORIES

	2003	2002
Raw materials	79 503	85 884
Work in progress	46 507	62 499
Finished goods	79 463	103 265
TOTAL	**205 473**	**251 648**

Value of the inventory valued at net sales value

	2003	2002
Raw materials	336	–
Work in progress	1 910	–
Finished goods	1 043	–
TOTAL	**3 289**	**–**

Difference between acquisition cost and net realizable value.

	2003	2002
Raw materials	3 541	500
Work in progress	5 971	500
Finished goods	1 523	822
TOTAL	**11 035**	**1 822**

Note 23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		*Parent company*	
	2003	2002	2003	2002
Leasing fees and rents	1 722	3 862	–	–
Accrued interest income	668	192	–	–
Other	13 112	8 960	2 291	2 830
TOTAL	**15 502**	**13 014**	**2 291**	**2 830**

Note 24 SHAREHOLDERS' EQUITY

	Share capital	*Restricted reserves*	*Unrestricted equity*
Group, Dec. 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
Dec. 31, 2002	**112 791**	**185 577**	**159 909**
Dividend paid	–	–	–9 023
Transfer between restricted and unrestricted equity	–	–3 350	3 350
Translation differences	–	–	–5 085
Net result for the year	–	–	7 522
Dec. 31, 2003	**112 791**	**182 227**	**156 673**

Restricted reserves include equity reserves in the amount of –7 524 year 2003 and –6 431 year 2002. Accumulated translation differences amount to –5 564 (–479).

	Share capital	*Premium reserve*	*Unrestricted equity*
Parent Company, Dec. 31, 2001	**112 729**	**156 225**	**51 095**
Dividend paid	–	–	–18 037
Conversion of subordinated loan	62	373	–
Group contribution received less taxes	–	–	11 160
Group contribution rendered	–	–	–7 100
Net result for the year	–	–	–19 773
Dec. 31, 2002	**112 791**	**156 598**	**17 345**
Dividend paid	–	–	–9 023
Group contribution received less taxes	–	–	26 519
Group contribution rendered less taxes	–	–	–6 657
Net result for the year	–	–	–10 355
Dec. 31, 2003	**112 791**	**156 598**	**17 829**

The Board of Directors proposes a dividend of SEK 1.50 per share, equivalent to 13 535.

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 thousand*	*Total share capital SEK thousand*	*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 in 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

Evolution of share capital (cont'd)

Year		*Increase in share capital SEK thousand*	*Total share capital SEK thousand*	*Increase in number of shares*	*Total number of shares*
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 25 DEFERRED TAXES

	2003	2002
Temporary liability relating to:		
untaxed reserves	33 321	38 704
supplementary depreciation	3 631	4 779
TOTAL	**36 952**	**43 483**

	2003	2002
Opening value	43 483	56 869
Increased allocation	1 116	830
Reversal	–7 647	–14 216
Closing value	**36 952**	**43 483**

Note 26 PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS

	2003	2002
Opening value	7 195	7 398
Increased allocation	430	216
Paid during the period	–374	–402
Exchange rate effect	–	–17
Closing value	**7 251**	**7 195**

Note 27 INTEREST-BEARING LIABILITIES

		Group		*Parent company*
	2003	2002	2003	2002
Long-term liabilities				
Liabilities to credit institutions	184 026	224 825	–	–
Convertible debenture loan	–	23 458	–	32 600
TOTAL	**184 026**	**248 283**	**–**	**32 600**
Current liabilities				
Liabilities to credit institutions	29 652	33 146	–	4 500
Convertible debenture loan	23 697	–	33 274	–
Committed credit facility	213 274	220 954	93 802	113 969
	266 623	**254 100**	**127 076**	**118 469**
Total interest-bearing liabilities	**450 649**	**502 383**	**127 076**	**151 069**
Of which liabilities to credit institutions with terms over five years	69 206	102 999	–	–

The liabilities to credit institutions consist of some 30 different facilities in different currencies and with varying terms and conditions. The period of fixed interest is usually short, typically up to six months. Interest levels are STIBOR plus between 0.5 and 1.5 percent.

The committed credit facilities carry similar terms, in addition to which so-called limit fees are payable at a rate of between 0.3 percent and 0.75 percent of the approved amount.

The Group does not utilize interest rate swaps.

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, 2003 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, 2003 the subordinated convertible debentures held by wholly owned subsidiary AIHUK AB in the amount of 9 577 have been eliminated in consolidation.

Note 29 COMMITTED CREDIT FACILITY

	2003	2002
The Group's limit	432 609	447 913
The Parent Company's limit	150 000	150 000

Note 30 ACCRUED EXPENSES AND PREPAID REVENUE

		Group		*Parent company*
	2003	2002	2003	2002
Accrued personnel expenses	50 398	45 997	1 654	1 973
Accrued interest	1 305	1 132	1 178	1 029
Prepaid income	–	14	–	–
Other	33 998	27 602	1 253	668
TOTAL	**85 701**	**74 745**	**4 085**	**3 670**

Note 31 PLEDGED ASSETS

		Group		*Parent company*
	2003	2002	2003	2002
Corporate mortgages [1]	265 044	253 196	–	–
Property mortgages [1]	105 797	97 167	–	–
Shares [2]	267 346	295 197	112 261	112 261
Machinery covered by financial leasing contracts	42 381	49 377	–	–
Assets with retention of title	40 612	45 308	–	–
Receivables	–	–	1 000	2 000
TOTAL	**721 180**	**740 245**	**113 261**	**114 261**

[1] *Refers to liabilities to credit institutions.*
[2] *These are pledged for loans in the amount of 0 (4 500) and for committed credit facility in the amount of 150 000 (150 000), of which 93 802 (113 969) was utilized at year-end.*

Note 32 CONTINGENT LIABILITIES

		Group		*Parent company*
	2003	2002	2003	2002
Guaranties	650	701	–	–
Sureties	3 000	4 500	9 775 [1]	9 775
Pension obligations	1 125	2 127	1 000 [2]	2 000
Regional development grants	1 500	1 500	–	–
TOTAL	**6 275**	**8 828**	**10 775**	**11 775**

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

Note 33 ITEMS NOT AFFECTING CASH FLOW

		Group		*Parent company*
	2003	2002	2003	2002
Depreciation and amortization	80 642	96 617	201	463
Writedown of fixed assets	–	99 941	–	70 267
Capital loss	–	–	11 736	–
Inventory reduction costs	10 000	–	–	–
Result in associated companies	1 070	5 410	–	–
Provisions	–6 466	–	–	–
Allocation	3 992	–	–	–
TOTAL	**89 238**	**201 968**	**11 937**	**70 730**

Note 34 FOREIGN EXCHANGE EXPOSURE AND FOREIGN EXCHANGE POLICY

The Group is active internationally and is exposed to transaction risks on purchases and sales of foreign currency. The principal currencies to which the Group is exposed are EUR, GBP and USD.

Foreign exchange risk management is handled by each of the subsidiaries in consultation with the Parent Company pursuant to principles approved by the Board of Directors. The companies use forward contracts to hedge their exposure to the most important currencies. The subsidiaries normally hedge a maximum of 80-85 percent of up to 1 year's prognosticated currency flow in the most important currencies. The goal is to balance assets and liabilities in foreign currency.

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 SEK

2003	**USD**	**EUR**	**DKK**	**NOK**	**GBP**	**CNY**	**AUD**	**JPY**	**HKD**	**KRW**
Lesjöfors	29.5	62.8	6.0	11.3	29.6	–	–	–	–	–
Habia Cable	30.7	18.7	–	–	37.8	11.4	1.1	0.9	–9.5	8.2
Stafsjö Bruk	2.9	29.6	–2.3	–1.8	–0.3	–0.6	–	–	–	–
TOTAL	**63.1**	**111.1**	**3.7**	**9.5**	**67.1**	**10.8**	**1.1**	**0.9**	**–9.5**	**8.2**

2002	**USD**	**EUR**	**DKK**	**NOK**	**GBP**	**CNY**	**AUD**	**JPY**	**HKD**	**KRW**
Lesjöfors	3.6	37.0	14.0	20.2	36.2	–	–	–	–	–
Habia Cable	29.9	15.7	–	–	27.3	1.4	1.2	1.8	–3.4	–
Stafsjö Bruk	4.4	20.9	–1.8	–0.9	–0.2	–	–	–	–	–
TOTAL	**37.9**	**73.6**	**12.2**	**19.3**	**63.3**	**1.4**	**1.2**	**1.8**	**–3.4**	**–**

Outstanding forward contracts to sell currency as of December 31, 2003 converted to MSEK. All contracts mature during 2004.

	2003	2002
EUR	82.3	24.3
GBP	18.1	29.5
USD	37.5	5.4
TOTAL	**137.9**	**59.2**

Note 35 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 current taxes.

Earnings per share after actual taxes Reported result, less current taxes, relative to average number of shares outstanding.

Earnings per share after current taxes after dilution Reported result, less current taxes, plus 72 percent of the interest on the convertible, relative to average number of shares outstanding including outstanding convertible debentures and personnel options.

Earnings per share after standard taxes Result 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 corporate acquisitions and disinvestments, and the effects of financial leasing and converting the balance sheets of foreign Group companies.

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

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

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

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

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

Note 36 CORPORATE DATA

The Company is a public limited liability company (publ) with its registered office in the County of Uppsala, Municipality of Uppsala, Sweden. The Company's postal address is P.O. Box 1747, SE-751 47 Uppsala, Sweden.

AUDIT REPORT

To the Annual General Meeting of Beijer Alma AB, organization number 556229-7480

We have examined the Annual Accounts, the consolidated financial statements, the accounting records and the management by the Board of Directors and the President of Beijer Alma AB for 2003. Responsibility for the accounting records and management rests with the Board of Directors and the President. Our responsibility is to render our opinion on the Annual Accounts, the consolidated financial statements and the management based on our audit.

The audit has been performed in accordance with generally accepted auditing standards in Sweden. This means that we have planned and performed the audit in such a way as to get reasonable assurance that the Annual Accounts and the consolidated financial statements contain no material errors. The audit procedure includes examination of a sample of supporting documentation for amounts and other information in the accounting records. An audit also includes a test of the accounting principles, and the Board of Directors' and the management's application thereof, and forming an opinion of the aggregate information contained in the Annual Accounts and the consolidated financial statements. We have also examined significant decisions, actions and circumstances in the company to allow us to form an opinion as to whether any Director or the President is liable for damages to the company, or in any other way has acted contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. We are of the opinion that our audit gives us a reasonable ground for our statements below.

The Annual Accounts and the consolidated financial statements are prepared in accordance with the Annual Accounts Act and therefore provide a true and fair picture of the Company's and the Group's performance and financial position in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopts the Statement of Income and the Balance Sheet for the Parent Company and the Group, deals with the earnings in the Parent Company in accordance with the recommendation contained in the Administration Report and that the members of the Board of Directors and the President be granted discharge from liability for the financial year.

Stockholm, February 20, 2004

Öhrlings PricewaterhouseCoopers AB

Hans Lindén
Authorized Public Accountant

BOARD OF DIRECTORS, MANAGEMENT, AUDITOR, DEFINITIONS AND ADDRESSES

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 Beijer's Foundation, Anders Wall's Foundations, Consul Th C Bergh's Foundation, G & L Beijer Import och Export AB i Stockholm, 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), Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professur i Entreprenörskap, Chamber of Commerce for Uppsala County, 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: 1 000
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
Chairman of: Posten AB
Director of: SSAB, Wallenstam Byggnads AB, Huddinge Universitetssjukhus AB, Systembolaget AB, Fjärde AP-fonden, Svensk Exportkredit AB, Chalmers Tekniska Högskolas AB and SNS

Johan Norman *b 1957*

Director since: 2002
Share ownership: 55 000
Director of: Terminal Real Estate Sweden AB

Johan Wall *b 1964*
President: Enea Data AB

Alternate Director: 1997–2000
Director since: 2000
Share ownership: 1 000
Chairman of: Glocalnet AB, AB Ljungskogens Strandbad
Director of: Anders Wall's foundations
Alternate Director of: Kjell & Märta Beijer's foundation

Bertil Persson *b 1961*
President and CEO

Alternate Director: 2000–2001 and since 2002
Director: 2001–2002
Share ownership: 5 000
Call options: 150 000
Personnel option: 60 000
Director of: AB Swedcarrier, AB Svensk Bilprovning and other assignments

SENIOR MANAGAMENT

Bertil Persson *b 1961*
Master of Business Administration
President and CEO

Beijer Alma employee since: 2000
Share ownership: 5 000
Call options: 150 000
Personnel options: 60 000

Jan Blomén *b 1955*
Master of Business Administration
Chief Financial Officer

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

Carl Modigh *b 1972*
Master of Engineering
Business Development

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

Jan Olsson *b 1956*
Master of Business Administration
Group Controller

Beijer Alma employee since: 1993
Share ownership: 0
Subordinated convertible debentures: SEK 435
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 changes in working capital and after net capital expenditures.
Cash flow per shares	Cash flow after capital expenditures divided by the average number of shares outstanding.
Debt equity ratio	The sum total of interest-bearing liabilities and interest-bearing provisions relative to shareholders' equity.
Dividend payout ratio	Dividend in percent of result after net financial items charged with 28 percent standard taxes.
Dividend yield	Dividend for the year divided by market price of share at year-end.
Earnings per share	Earnings per share after actual taxes.
Earnings per share after standard taxes	Result after net financial items, not including items affecting comparability, less 28 percent taxes, relative to average number of shares outstanding.
Earnings per share after actual taxes	Reported result, less current taxes, relative to average number of shares outstanding.
Earnings per share after actual taxes, fully diluted basis	Reported result, less current taxes, plus 72 percent of interest on outstanding subordinated convertible debentures, relative to average number of shares including subordinated convertible debentures and personnel options outstanding.
Equity ratio	Shareholders' equity relative to balance sheet total.
Gross margin	Gross profit as a percent of invoicing (sales).
Interest coverage ratio	Result after financial items, not including items affecting comparability, plus financial expenses, divided by financial expenses.
Invoicing/sales	The terms invoicing and sales refer to net revenues unless otherwise stated.
Net capital expenditures not including corporate acquisitions	Net capital expenditures in tangible fixed assets.
Net debt equity ratio	Net liabilities divided by shareholders' equity.
Net liabilities	Interest-bearing liabilities and interest-bearing provisions, less interest-bearing assets.
Operating margin	Operating income not including items affecting comparability as a percent of invoicing.
Operating result	Result before financial items, not including items affecting comparability.
Price earnings ratio as of Dec. 31	Paid quoted market price of share divided earnings per share after 28 percent standard taxes.
Profit margin	Result after net financial items, not including items affecting comparability in percent of invoicing.
Proportion of risk-bearing capital	The sum total of shareholders' equity, deferred tax liability and minority interest, divided by balance sheet total.
Result, profit	Unless otherwise specifically stated, the terms result and profit refer to result after net financial items, not including items affecting comparability.
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.
Shareholders' equity per share	Shareholders' equity divided by the number of shares outstanding at year-end, before dilution by outstanding subordinated convertible debentures.

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ANNUAL GENERAL MEETING

TIME AND LOCATION

The regularly scheduled Annual General Meeting will be held at 6:00 p.m., Wednesday March 17, 2004 in the MIC hall, 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 VPC AB no later than by Friday, March 5, 2004; and
- notify the Company of their desire to attend, either in writing, preferably using the form attached to 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 at the Company's Website www.beijer-alma.se, no later than by 4:00 p.m., Friday, March 12, 2004. Such application must contain 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 5, 2004.

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

DIVIDEND

The Board of Directors proposes a dividend to the shareholders of SEK 1.50 per share. Monday, March 22, 2004 is proposed as record date for the dividend. On the condition that the Annual General Meeting adopts this proposal, dividend payments are expected to be remitted by VPC beginning Thursday, March 25, 2004.

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 3, 2004 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.

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