annual report

04

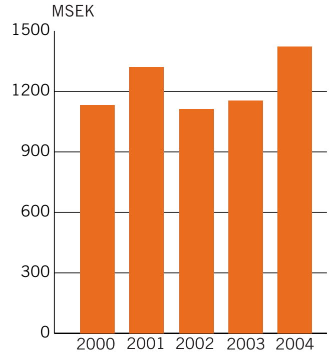
BEIJER • ALMA

Contents

This is Beijer Alma

Beijer Alma AB (publ) is an internationally active industrial group focused on production of components for customers in sectors with a high-technology orientation. 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, combined with 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. Beijer Alma is listed on the O-list of Stockholmsbörsen (The Stockholm Stock Exchange) (ticker: BEIAb).

Revenues

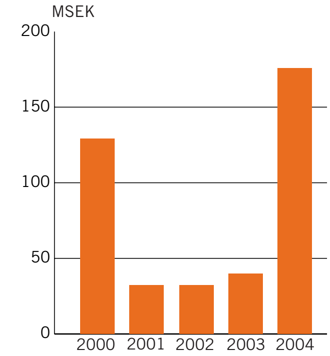


Key figures

	2004	2003	2002	2001	2000
Net revenues, MSEK	1 423	1 154	1 113	1 320	1 133
Profit after net financial items, MSEK	162.0	18.0	4.8 [1]	2.0	110.1
Shareholders' equity per share, SEK	61	50	51	64	60
Dividend per share, SEK	5.00 [2]	1.50	1.00	2.00	4.00

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

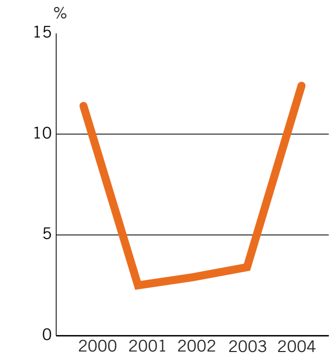
Operating profit



2004 Summary

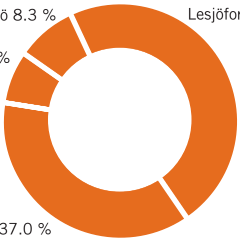
- Best operating year ever.
- Order bookings increased by 17.7 percent to MSEK 1 428 (1 213).
- Net revenues increased by 23.3 percent to MSEK 1 423 (1 154).
- Profit after net financial items was MSEK 162.0 (18.0).
- Cash flow was MSEK 197.2 (74.8).
- Capital expenditures amounted to MSEK 48 (55).
- Proposed dividend increase to SEK 5.00 (1.50).

Operating margin



Beijer Alma's Group companies

Subsidiaries' share of total revenues



LESJÖFORS AB

Lesjöfors AB is 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, Latvia and China. Sales in 2004 reached MSEK 673.4. The number of employees was 429.

HABIA CABLE AB

Habia Cable AB is one of Europe's largest manufacturers of specialty cable for applications in telecommunications, transportation, nuclear power and defense. Manufacturing and product development is conducted in Sweden, with manufacturing also in Germany and China. Sales in 2004 reached MSEK 527.0. The number of employees was 369.

ELIMAG AB

Elimag AB is a leading manufacturer of precision parts in aluminum for customers in telecom, defense, and other high-tech industries. Sales in 2004 reached MSEK 102.8. The number of employees was 63.

AB STAFSJÖ BRUK

AB Stafsjö Bruk develops, manufactures and markets knife gate valves for the process industry worldwide. The company has product development in Sweden and China. Sales in 2004 reached MSEK 118.3. The number of employees was 67.

Articles about Beijer Alma during 2004

Dagens Industri, *Heavy years over for Beijer Alma*, March 1, 2003
Dagens Industri, *End of cost-cutting*, April 14, 2004
Affärsvärlden, *The profit machine starts up*, May 19, 2004
Uppsala Nya Tidning, *Beijer Alma's best time is now*, October 23, 2004
Dagens Industri, *Lesjöfors Fjädrar in strong development*, October 29, 2004
Börsveckan, *Beijer Alma has more to offer*, November 15, 2004

Research reports during 2004

Kaupthing Bank, *Raised target price and updated recommendation*, February 17, 2004
Kaupthing Bank, *Strong start on the year*, March 23, 2004
Avanza, *On its way to record earnings*, April 16, 2004
Alfred Berg ABN Amro Research, *What a turnaround!*, April 19, 2004
Kaupthing Bank, *Impressive leverage*, August 19, 2004
Alfred Berg ABN Amro Research, *First class delivery*, August 19, 2004
Kaupthing Bank, *Small Cap Navigator*, September 27, 2004
Avanza, *Running better than ever*, December 2, 2004
Kaupthing Bank, *Small Cap Navigator*, December 10, 2004
Kaupthing Bank, *Nordic Telecom Update*, December 15, 2004

A long-term approach – the basis for our development

Beijer Alma posted record performance in 2004. After a few weak years, we saw a forceful and positive turnaround in our businesses. With this development as a background, I wish to revisit a concept that marks my vision of the Group's development – that of a long-term approach.

The efforts we are now harvesting the fruits of are the consequences of well thought-out and consistent initiatives at several levels within Beijer Alma. By long-term approach I mean that we have been persistent, we have assumed responsibility and we have acted with foresight to nurture the operations of our subsidiaries, for example when it comes to production and marketing issues. At the same time Beijer Alma's management has been focusing sharply on costs and cash flow, with the result that we now have a very strong financial position. The long-term approach provides for stability and paves the way for industrially sound structures, whether it is a matter of establishing new businesses, or developing existing structures. The exact opposite is the short-term approach, and even greedy action aiming for short-term gains, which unfortunately is becoming more common. I consider it important to point out that Beijer Alma can and wants to act differently. For me as chairman it is also positive that our shareholders have stood firmly behind us during the past challenging years. This show of confidence and trust is gratifying and bodes well for the future.

CLEAR STRATEGY

Beijer Alma's Board of Directors and management worked hard during the year to clarify our corporate strategy. At our joint strategy meetings we have established the course for how the Group will grow and perform in the future. The experience and broad competence of the Board of Directors has been a great asset in these efforts. With this powerful mix of competencies – combined with great commitment to the cause – we have together created the necessary prerequisites for continued long-term and profitable development for Beijer Alma. In this context I wish to point to the excellent cooperation we have enjoyed with management, distinguished by its openness and clarity. This has created a transparency that fosters responsibility coupled with a high degree of independence for management, and good control by the Board of Directors.

When now summing up 2004, I wish to extend my heart-felt gratitude to all of the Group's employees. Your efforts have contributed mightily to the current situation when Beijer Alma is successfully benefiting from the changes taking place in the market. I also want to thank our shareholders for their persistence and trust. The past year's performance allows us to resume a more attractive level of dividends, which I regard as important compensation for your achievements. At the same time I am hoping that this compensation will also serve to encourage continued long-term commitment to Beijer Alma.

ANDERS WALL
Chairman of the Board

2004 – the best operating year ever

2004 was the best operating year in the history of the Beijer Alma Group. Full-year earnings were MSEK 162. The Group has never before performed at even close to these levels. The good result is the effect of a recovery in demand for the Group's products, but also of diligent work in lowering costs and increasing efficiency.

The character of the recovery was beneficial to Beijer Alma. The strategy has been to add businesses with high growth potential - especially in the telecom area – to a stable base of industrial companies.

Most of the capital spending during 2000 and 2001 went towards capacity in the telecom area. Weak demand during 2002 and 2003 meant low utilization of this capacity. When the recovery gained momentum in 2003, we were able to meet the rising demand without major capital expenditures.

During the last few years of weak demand we have devoted a lot of energy to lowering costs, increasing productivity and strengthening the Group's balance sheet. Efforts in marketing have also been intensified as a way of compensating for weak demand and widening the circle of customers.

Also during 2004 -– when sales took off – we have managed to keep a lid on costs in our companies. This means that a sales increase in the Group of MSEK 269 generated an increase in profit of MSEK 144, for an earnings impact of 54 percent.

Despite higher invoicing, working capital decreased at the same time as capital expenditures were held at a relatively low level. The overall effect of this was a record-large cash flow of MSEK 197 for the full year, and a reduction in net indebtedness to MSEK 178. The equity ratio stands at 50 percent. The overall effect is that Beijer Alma now has a financial strength that gives us preparedness for leaner times, and also can be used for action going on the offensive.

STRONG DEVELOPMENT IN THE SUBSIDIARIES

All of the Group's companies generated strong results. Profit at Lesjöfors close to doubled compared to 2003. Invoicing increased by 18 percent and all business areas showed high growth compared to the year before. Over the years Lesjöfors has generated stable and high earnings. For 2004 the operating margin was 16 percent. This makes Lesjöfors one of the most profitable companies in the European spring industry.

Habia made a resounding turnaround in 2004. Weak demand from its largest customer segment, telecom, had weighed on the company for several years. Beijer Alma's management therefore worked hard together with Habia's management to lower costs and working capital in response to the prevailing market situation. Demand from the telecom sector improved significantly in the beginning of 2004. At the same time the effects of streamlining action taken was beginning to take hold. This resulted in a sharp improvement in profit.

Also the Group's smaller companies, Elimag and Stafsjö, performed well in 2004. Elimag increased its invoicing by 50 percent to MSEK 103. Earnings increased from SEK -5.0 to MSEK 8.1. Previously the company had sales to just a few customers. Today sales are spread over a much larger customer base. This has lowered the company's risk level in a big way.

Stafsjö was affected positively by a higher level of capital spending in the pulp and paper industry. The development was particularly strong in the Chinese market. This has benefited Stafsjö because of its strong position in this market.

FAST-PACED CHANGES

The velocity of transformation in the surrounding world is high, perhaps the highest in modern times. Companies focus on their core business and farm out a growing portion of their peripheral operations to sub-suppliers. This trend is apparent, especially in the telecom industry, where the large systems suppliers are moving in the direction of packaging hardware and services. At the same time a growing portion of sub-systems are purchased from contract manufacturers and other sub-suppliers. This development is also seen in many other sectors, such as the auto industry and medical technology industry.

Another clear trend is to relocate production from Sweden to low-cost countries in Eastern Europe and Asia. This trend has accelerated in recent years and is especially apparent in relocation to China. Demand for lower production costs – combined with requirements for proximity to the customers – make a presence in these regions mandatory.

The development is also pointing in the direction of growth of the world economy becoming more divided. The mature economies in the West show low or moderate growth. On the other hand, certain countries in Central and Eastern Europe and Asia – especially China – show high growth. In these countries there is a pent-up need for capital expenditures and consumption. China is also one of the world's largest markets. The Chinese economy is likely to show high growth for a long time to come, especially as the growth is from a low level.

The need for low-cost production and local presence in close proximity to international customers in low-wage countries is therefore great. We meet that need by establishing businesses in these countries. Lesjöfors has built a new factory in Latvia. A growing portion of the production under pricing pressure with a high content of labor is being moved to this factory. Habia has had a factory in China for many years. During 2004, Stafsjö established production operations in China. This after Stafsjö having moved much of its sourcing of components to the country.

Relocation of production is often driven by demands from international customers. The presence in China also improves the opportunities of reaching customers in local markets. The way Habia has established itself in China is an excellent example hereof. In the beginning Habia only had a small number of western customers at the factory in China. Today there are more than 80 customers and several of these are local, Chinese players.

In order to secure future growth and profitability, the focus on proprietary products or product concepts is an important driving force. Control of the business is facilitated hereby. At the same time the company can decide which markets are to be cultivated. More distinct value added can also be built into products, services and distribution.

WEAKER DEMAND IN 2005

In 2004 Beijer Alma benefited from a strong development of global demand for the Group's products. The product mix in the Group's companies was also favorable.

Most likely 2004 was the peak of the current economic cycle for Beijer Alma. Moreover, the first half of the year was stronger than the second half. This was particularly true of demand from the telecom sector. The demand situation here is judged to continue to be favorable. But it is still less likely that the very strong demand from the telecom industry during the first half of 2004 will be repeated in 2005. However, productivity is high, the Group is financially strong and the preparedness to handle volatility in demand is excellent. The prerequisites for continued good earnings for Beijer Alma are thus good.

BERTIL PERSSON
President and CEO

Business concept and value creation

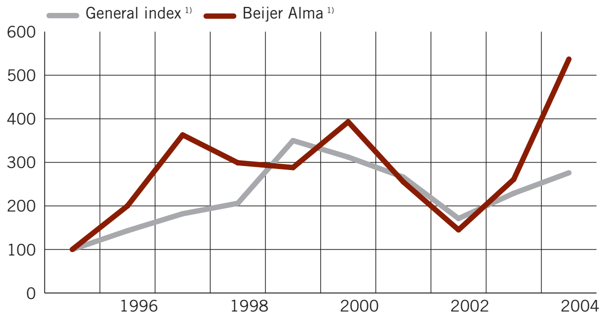
The job of realizing Beijer Alma's business concept is based on active ownership to achieve concrete value creation. A long-term approach and close cooperation with the Group companies are basic to achieving profitable growth. In this section, Beijer Alma's President and CEO explains his vision of the business concept and value creation.

Beijer Alma's business concept is to acquire, own and develop small and medium-sized companies. How well have you succeeded in your efforts?

During the period 1995–2004 the return on equity has been an average of 13.4 percent per year. Compared with risk-free interest – on a ten-year government bond over the same period for instance – Beijer Alma has created an incremental return of 7.4 percent per year.

We can also look at the return Beijer Alma's share has generated during the same period. An invested krona in Beijer Alma in 1995 had grown to SEK 5.37 by year-end 2004, including reinvested dividends. This translates to an annual return of 21 percent. An investment in the general index, with dividends reinvested, has grown during the same period from SEK 1.00 to SEK 2.76, or by 12 percent per year.

Price performance of the Beijer Alma share, indexed, January 1995 = 100



[1)] Including reinvested dividends

How has this value been created?

In the first instance by the fact that the subsidiaries have good fundamentals, good products, high quality and high competence. With this as a foundation, the subsidiaries have evolved through long-term and active work. We have worked on developing the business models and business control of the subsidiaries, we have made investments in manufacturing capacity, product development and international sales organizations, and we have transformed and developed the management groups in response to the requirements of the companies' own organization and the surrounding world.

You talk a lot about active ownership. What does that mean for Beijer Alma?

The concept of active ownership is used by many players and is therefore at risk of becoming empty rhetoric unless it is filled with concrete content. In Beijer Alma's case, active ownership means that Group management works very close to the subsidiaries. We have as a main rule not to interfere in the day-to-day work at the subsidiaries, but in case of need we can still work very close to management in different projects. We are then typically engaged in issues involving the company's strategy, profitability, operational control and staffing.

In recent years much time has been spent on Habia. We have made changes in management. Major cost-containment action has been implemented, working capital has been trimmed, control and follow-up systems have been developed. Obviously, similar work goes on at the other companies to a greater or lesser extent.

What is your take on the opportunities for Beijer Alma subsidiaries to create value in the future?

We have the best of opportunities. Our companies are today highly productive and highly profitable. We are also constantly working on development of the companies strategically. The greatest potential for value creation probably exists in those businesses where we have unique products or product concepts. For this there must be international market coverage and the possibility of achieving a high market share in the segment in question. In order to get a favorable risk profile, the customer base should also be diversified. Our focus going forward

STRATEGY FOR VALUE CREATION

In the long term value is created by growth under profitability. Beijer Alma's strategies are based, in part, on four important prerequisites for profitability and, in part, on three alternatives for creating growth. During 2004 the Company's Board of Directors engaged in efforts to spell out the strategic guidelines, which include the following parts:

PREREQUISITES FOR PROFITABILITY

- Proprietary products
- International market
- High market share
- Diversified customer base

PATHS TO GROWTH

- Organic growth
- Supplementary acquisitions
- Acquisition of new subsidiaries

ALTERNATIVES TO GROWTH

- Dividends/repurchasing shares

will therefore be on those parts of the business that wholly or partially fulfill these criteria.

What does the long-term approach mean for this work?
Beijer-Alma's long-term approach to ownership is probably an important prerequisite for favorable development of the company over time. We do not take action - nor do we abstain from taking action – to optimize the value in a sale of the subsidiary in one or few years time. Our ambition is to run the companies so that we get sustained, long-term profitability.

The balance sheet has become stronger in recent years and you have created an opportunity for going on the offensive again. What are your plans in this regard?
After several years of strong cash flow, the Beijer Alma Group now has a strong balance sheet. By year-end 2004 the net debt equity ratio was 32 percent and the equity ratio stood at 50 percent.

We can use this strength to allow the Group to grow selectively. The first priority is to grow by organic growth. Such growth is normally of higher quality and associated with lower risk. The reason is that we can then utilize the existing organization, at the same time as we know the market and the products.

The next priority is supplementary acquisitions for existing subsidiaries. This type of growth also has an attractive risk profile, since acquisitions are made in markets and products areas that our subsidiaries are familiar with. In a well conceived acquisition, there is also a management team that can take on the acquired company.

We are also open to acquiring entirely new subsidiaries. Right now this type of acquisition has a lower priority. The risks are considered greater than in the case of supplementary acquisitions for existing subsidiaries, without the opportunity for gain necessarily being better. Also, the price level of interesting acquisition objects has become relatively high. This is so because many so-called private equity funds compete for the same objects as Beijer Alma. The high liquidity possessed by these private equity funds, often in combination with highly leveraged acquisitions, mean that the prices on many acquisition objects have been driven up to unreasonably high levels.If our balance sheet continues to strengthen – and if we within the foreseeable future will not be able to utilize our financial strength for organic or acquired growth – the possibility remains of distributing larger amounts to the shareholders, or to repurchase shares.

What will determine the choice between these alternatives?
The choice will always be made on the basis of which alternative, over time, is expected to generate the highest earnings per share. If a growth alternative is not expected to generate a long-term improvement in earnings per share, we will forego the opportunity for expansion.

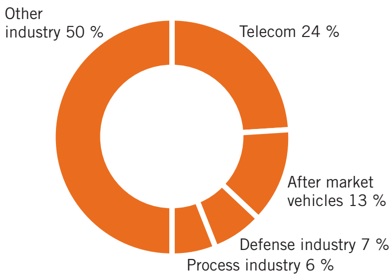
Surrounding world and market

CUSTOMERS

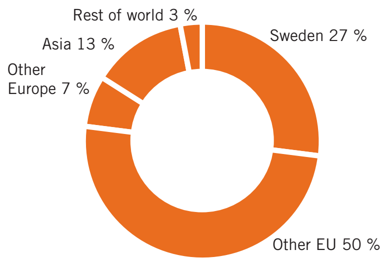
The companies in the Beijer Alma Group are to a large extent suppliers of components. Customers are companies that deliver complete products and systems. Most of the production of the Group's companies is in the form of components for investment goods and different industrial applications. A small number of products are used directly by end consumers. One example of the latter is chassis springs from Lesjöfors, which are sold in the after-market for passenger cars and light vehicles.

Beijer Alma's customers are found in most industrial sectors. Today the largest customer segments are systems manufacturers in the telecom sector, the defense industry, the process industry and other industries making investment goods. In 2004 mobile telecom accounted for approximately 24 percent of revenues, while the after-market for vehicles accounted for 13 percent. Defense accounted for 7 percent of the Group's revenues and the process industry for 6 percent. The remaining portion – 50 percent – includes global industrial sectors, such as the transportation and auto industries, power generation and consumer electronics. The most important markets for the Beijer Alma Group are Europe and Asia, although the Group's products are exported all over the world.

Distribution of customers by segment



Geographic distribution of sales



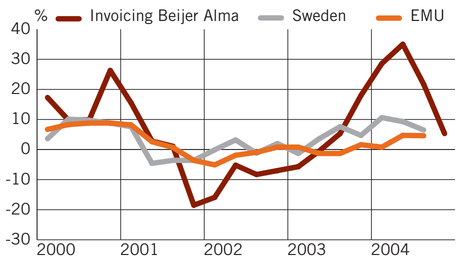
INDUSTRY TREND

For the Beijer Alma Group companies demand for and production of investment type goods is of crucial importance to sales volumes. The diagram below illustrates such production in Sweden and the EMU area relative to the Group's sales volume.

The Group's sales of telecom-related products are driven primarily by global investment activities in telecom systems. The Group's companies deliver components to systems suppliers and are therefore dependent on the flow of orders for such systems.

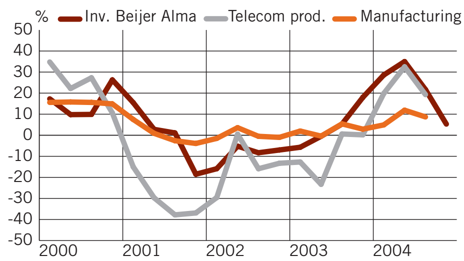
The diagram below shows quarterly changes in Swedish exports of telecom products, and also total exports in relation to the trend of sales for Beijer Alma.

Industrial production index for investment gods



Change compared to prior year. Source: OECD

Swedish exports, 2000–2004



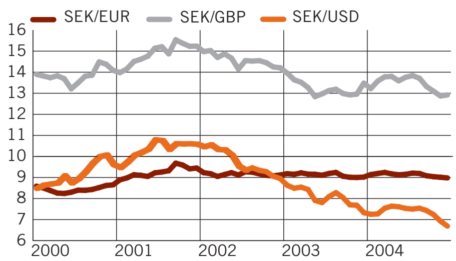
Change compared to prior year. Source: OECD

SURROUNDING WORLD

The latter part of 2003 saw the beginning of a rebound in demand that continued during 2004. The entire industrial economy improved. Demand for infrastructure for mobile telecom recorded a sharp advance, especially during the first half of the year. This was probably a consequence of a pent-up international capital spending need among mobile telecom operators. At the same time demand from the Chinese market was strong. The Chinese economy continued to expand at a very rapid rate. GDP growth for 2004 reached 9.2 percent[1]. During the second half of the year the Chinese government announced measures to dampen growth of the country's economy. Growth in the United States was spurred by strong domestic demand, low interest rates and a weak dollar. GDP grew by 4.4 percent in 2004[1]. Imbalances in the economy grew worse during the year, however, with larger budget deficits and large and growing trade deficits. European nations also showed greater growth than during the preceding year. The EMU area grew at a rate of 1.8 percent, while the English economy grew by 3.2 percent.

The growth of the world economy benefited the Beijer Alma Group, which is dependent on a good industrial economic development. Several of the companies, especially Habia, were also affected positively by strong demand from the telecom sector.

Foreign exchange rates



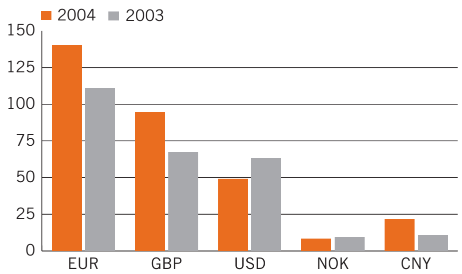
Source: OECD

Year 2004 was marked by major swings in currency and raw materials markets. The U.S. dollar and dollar-related currencies weakened sharply. At the same time the Swedish krona appreciated across the board against most currencies. This affected the competitiveness of Swedish companies negatively. This was particularly true in relation to American companies. The Beijer Alma Group companies are all export companies and are therefore affected by foreign change fluctuations.

[1] *Source: Forecasts from OECD Economic Outlook No. 76, december 2004*

The most important export region is Europe. This means that the most important single currency is EUR, followed by GBP and USD. The Group's foreign exchange policy calls for hedging of a certain portion of prognosticated net flows of foreign currencies for the next twelve months. For 2004 this meant that just over half of the flows were covered by forward contracts, which served to reduce the effects of the stronger krona. The Group's earnings still deteriorated by MSEK 3.5 through changes in foreign exchange rates.

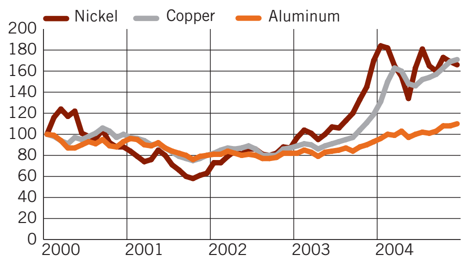
Currency exposure, MSEK



The net of revenue and costs in the most important currencies for the Group's companies. Amounts restated in SEK. For more details, refer to Note 27 on pages 55–56.

Raw materials prices were affected by the strong growth of the Chinese economy and by the global rebound of the world economy. For many raw materials the highest prices ever were recorded during 2004. Different types of stainless steel are important raw materials for Lesjöfors and Stafsjö. The most important raw materials for Habia are plastics, copper and silver, and for Elimag, aluminum. Prices on such raw materials began to rise towards the end of 2003. The rising trend continued in 2004. Overall, the Group's raw materials prices rose by about 8 percent during the year. Our subsidiaries have for the most part been able to compensate them-selves for higher purchasing costs by raising current prices to customers – and via re-negotiation of longer customer contracts. The overall gross margin was therefore unchanged during the year.

Raw materials prices, USD/ton, indexed, January 2000 = 100



Source: OECD

Environment

	LESJÖFORS AB	HABIA CABLE AB
ENVIRONMENTAL CERTIFICATION	Lesjöfors AB has production at eight facilities. Five of these are environmentally certified according to ISO 14001. The Danish company is environmentally approved by the local municipality. Lesjöfors Banddetaljer was certified during 2004.	The Swedish operations in Habia are certified according to ISO 14001 since year 2000. In the longer term the company is planning to certify all remaining operations.
ENVIRONMENTAL GOALS	Environmental goals are based on environmental aspects identified as significant by each respective unit. Goals are set to reduce the following environmental aspects: material scrap, the fraction for permanent deposit, energy consumption, chemicals and emulsions.	Over-arching environmental goals are set by management. These goals are then broken down into production and process. One of the over-arching environmental goals has been to raise the yield on raw materials. This goal was exceeded during 2004.
ENVIRONMENTAL PERMITS	All units are C facilities, which means that their environmental impact is relatively low. Lesjöfors Banddetaljer in Värnamo is a B facility since 1998. Operations there require an environmental permit from the County Administration.	Habia in Söderfors has a production permit issued by the County Administration. For the production in Germany and China no permits by the authorities are currently required.
WASTE AND RESIDUAL PRODUCTS	Waste is sorted in seven fractions at the factories. The largest overall fractions are wet grinding waste, fractions for permanent deposit and recycling of raw materials.	The job of sorting at the source was further developed in Söderfors. A depot has been built for sorting waste into 28 fractions. During the year the proportion of recycling increased from 70 to 75 percent. In Germany and China only metal scrap from the production is currently recycled.
RAW MATERIALS AND RESOURCE UTILIZATION	Resource utilization is a prioritized area for the Group's units. Most units are actively working to reduce the proportion of material that goes to recycling. All scrap material is 100 percent recycled.	During 2004 Habia worked on replacing materials containing substances that will be prohibited by coming RoHS directives. Pigments and conductive materials are primarily affected. A small number of products remain to be replaced. This work is expected to be completed by 2005. Habia's PTFE extruders in Söderfors have been assembled at a single location at the plant. The machines are now connected to the company's ceramic bed, which provides for more efficient purification and lower emissions.

	2004	2003	2002	2004	2003	2002
Electric consumption, MWh	9 552	9 224	9 183	8 585	8 252	8 640
Oil consumption, m³	124	149	164	–	–	–
LGP consumption, tons	544	529	499	9	10	45
Materials recycling, tons	942	988	1 130	317	254	210
Waste, for permanent deposit/combustible, tons	243	314	677	84	99	111

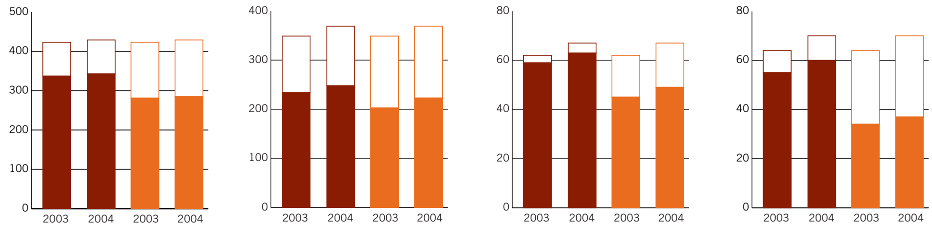
	ELIMAG AB	AB STAFSJÖ BRUK
ENVIRONMENTAL CERTIFICATION	Elimag today operates according to ISO 14001. As an element of future certification, the company will apply for an environmental diploma during 2005.	Stafsjö is currently waiting to certify its continually ongoing environmental work. When a decision has been made to certify according to ISO 14001, the work will begin with an environmental impact study.
ENVIRONMENTAL GOALS	The over-arching goal for 2004 has been to secure the terms of the environmental permit in consultation with the supervisory authority.	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	Since 2003, Elimag has a permit according to the environmental act for its operations in the current premises. All conditions for the permit are fulfilled.	Stafsjö conducts some activity for which it is under obligation to file reports. The company files an annual report of chemical consumption, transportation and handling of hazardous waste.
WASTE AND RESIDUAL PRODUCTS	Sorting at the source of residual products at Elimag includes a fraction of compostable waste. Waste for permanent deposit does not exist. The production – which is based on machining – generates a large amount of aluminum scrap. Because of its high purity, the contractor for material scrap handles this fraction separately from other aluminum waste.	The company's products consist mainly of recyclable material. The type of materials recycled include metal chips, acid-proof steel, worn-out hardmetal 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.
RAW MATERIALS AND RESOURCE UTILIZATION	The company is constantly working on finding and using products with less environmental impact. Today Elimag uses only one product registered on the OBS list. The use of the product is very limited. A substitute is currently not available in the market.	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.

	2004	2003	2002	2004	2003	2002
Electric consumption, MWh	4 300	3 550	2 870	1 700	1 850	1 700
Oil consumption, m^3	–	–	–	120	101	111
LGP consumption, tons	–	–	–	–	–	–
Materials recycling, tons	218	101	232	60	81	63
Waste, for permanent deposit/combustible, tons	6	5	6	54	37	–

Personnel

	LESJÖFORS AB	HABIA CABLE AB	ELIMAG AB	AB STAFSJÖ BRUK

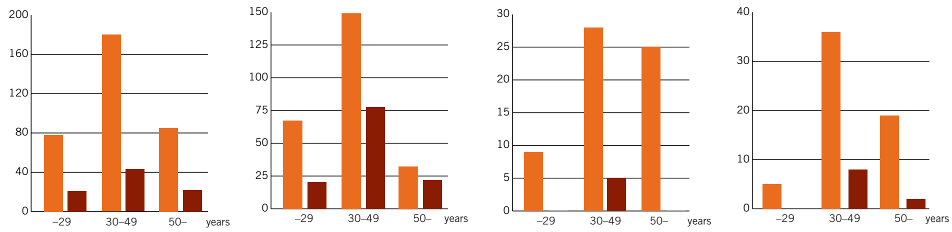
NUMBER OF EMPLOYEES



At the same time as invoicing increased sharply, the number of employees grew only by 38 persons, which is equivalent to 4 percent. Latvia and China accounted for 26 persons of this increase.

- Women
- Men
- Salaried employees
- Union contract employees

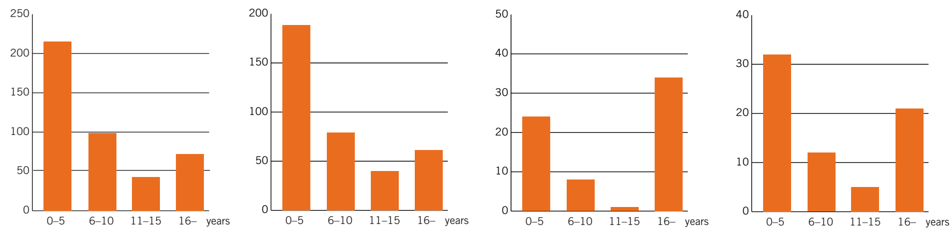
AGE STRUCTURE



The age distribution is largely unchanged compared to the preceding year.

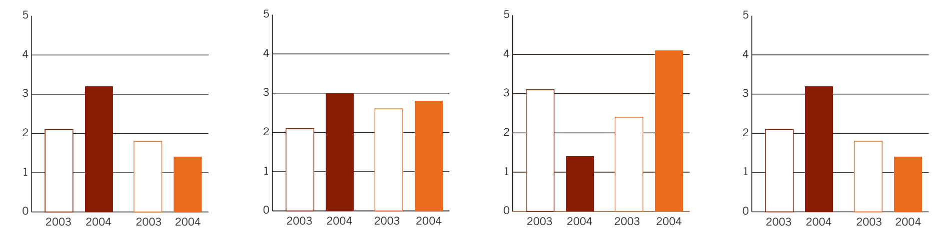
- Women
- Men

PERIOD OF EMPLOYMENT



During 2004 the number of employees increased by 38 persons. This means that the proportion of employees with a short period of employment increased compared to 2003.

ABSENCE DUE TO ILLNESS



Absence due to illness at the Group's companies is relatively low overall, in part because the operations of the subsidiaries are at smaller production units. The high long-term absence due to illness at Elimag is temporary and was caused by a small number of accidents outside work.

- Short-term absence
- Long-time absence

Ten-year summary

MSEK

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Net revenues	1 422.7	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
Operating profit	175.9	39.7	32.4	32.3	129.1	88.3	102.2	93.6	81.9	71.2
Net financial items	-13.9	-21.7	-27.6	-30.3	-19.0	-12.6	-9.3	-6.1	-5.4	-7.4
Profit after financial items	162.0	18.0	4.8	2.0	110.1	75.7	92.9	87.5	76.5	63.8
Items affecting comparability	–	–	-99.9	–	9.6	13.0	5.1	4.7	20.5	–
Profit before taxes	162.0	18.0	-95.1	2.0	119.7	88.7	98.0	92.2	97.0	63.8
Taxes	-45.2	-10.5	11.1	10.3	-38.3	-33.5	-32.8	-45.2	-21.8	-11.0
Net profit	116.8	7.5	-84.0	12.3	81.4	55.2	65.2	47.0	75.2	52.8
Fixed assets	551.2	624.4	657.5	839.3	603.8	444.6	440.8	290.0	258.5	177.2
Current assets	557.5	502.4	519.0	590.0	541.1	424.1	425.0	360.8	310.8	311.8
Shareholders' equity	558.0	451.7	458.3	577.4	482.3	424.7	397.8	350.3	307.9	247.8
Long-time liabilities and provisions	167.5	228.2	299.0	376.6	268.8	204.0	233.9	87.1	104.1	75.6
Current liabilities	383.2	446.9	198.3	475.3	393.8	240.0	244.1	213.4	157.3	165.6
Balance sheet total	1 108.7	1 126.8	1 176.5	1 429.3	1 144.9	868.7	865.8	650.8	569.3	489.0
Cash flow after capital expenditures	197.2	74.8	116.2	-85.8	-172.7	50.7	-122.9	2.6	-3.3	–
Depreciation and amortization	91.4	89.6	96.6	86.8	64.3	54.7	42.0	31.1	25.4	26,9
Net capital expenditures not including corporate acquisition	48.0	55.1	18.3	116.0	114.0	69.6	66.1	49.0	31.0	46.0
Capital employed	841.8	909.6	967.9	1 189.3	875.5	645.4	627.8	451.6	407.8	335.8
Net liabilities	178.3	386.9	462.4	579.8	375.4	180.7	195.9	65.1	61.2	53.2
Ratios, %										
Gross margin	33.7	28.9	30.7	29.0	35.3	32.4	31.9	34.6	31.7	33.0
Operatin margin	12.4	3.4	2.9	2.5	11.4	8.6	9.5	10.0	9.8	7.1
Profit margin	11.4	1.6	0.4	0.1	9.7	7.3	8.7	9.3	9.2	6.3
Equity ratio	50	40	39	40	42	49	46	54	54	51
Proportion of risk-bearing capital	53	43	43	44	46	53	50	58	59	54
Net debt equity ratio	32	86	101	100	78	43	49	19	20	21
Return on equity	23	2.9	0.7	0.3	17	13	18	19	20	20
Interest coverage ratio	11.8	1.7	1.2	1.1	6.1	6.9	8.9	11.4	8.2	5.4
Average number of employees	934	896	940	1 092	943	851	728	609	537	587

The Beijer Alma share

The Beijer Alma share is listed on the O-list of Stockholmsbörsen (The Stockholm Stock Exchange). At year-end the share capital of Beijer Alma amounted to MSEK 114.3 (112.8). The number of shares outstanding was 9 143 700, divided into 1 110 000 class A shares and 8 033 700 class B shares. All shares have a nominal value of SEK 12.50 and entitle their holders to equal rights to the Company's assets and earnings. Each class A share entitles its holder to ten votes and each class B share entitles its holder to one vote.

A total of 2 251 490 shares changed hands during the year. This is equivalent to 28 percent of the number of class B shares outstanding. This is twice the turnover compared to 2003. An average of about 9 000 shares were traded each trading day.

MARKET PRICE PERFORMANCE
The Beijer Alma share rose during the year by 101 percent. Stockholm All-Share index rose by 17.6 percent. The last paid price at year-end was SEK 134.50 (67.00), which is equivalent to a market capitalization of MSEK 1 230. The highest market price, SEK 135, was quoted on December 29. The lowest market price, SEK 66, was quoted January 2.

OWNERSHIP
The number of shareholders at year-end was 2 603. Institutional owners accounted for 55.4 percent of these and 33.7 percent of the votes. Foreign ownership was 2.2 percent of capital and 1.0 percent of votes.

ISSUES
At the beginning of the year there were 9 023 300 shares in Beijer Alma outstanding. In conjunction with the maturity on May 6, 2004 of the subordinated convertible debenture loan outstanding, 120 400 new class B shares were issued. At year-end the number of shares outstanding was 9 143 700.

SUBORDINATED CONVERTIBLE DEBENTURE LOAN
The subordinated convertible debenture loan issued to the employees of the Group on May 6, 1999 fell due for payment on May 6, 2004. In connection with the maturity, loans amounting to MSEK 10.5 were converted to 120 400 shares. Together with prior conversions during the life of the loan, total loans amounting to MSEK 13.8 have been converted to 158 800 shares.

At year-end there was no outstanding subordinated convertible debenture loan.

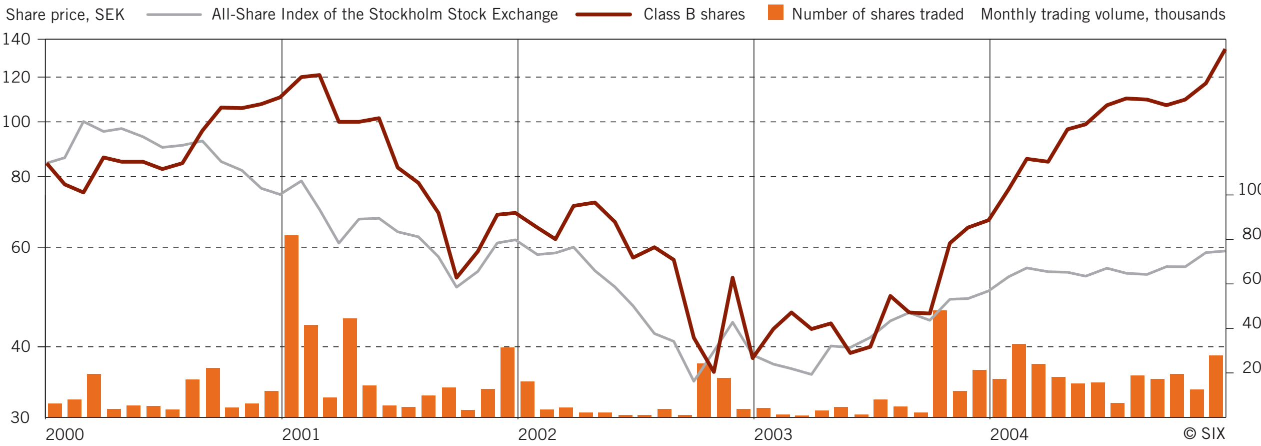
PERSONNEL OPTION
During 2001 an option program for members of senior management in the Group was resolved. The options entitle their holders the right to subscribe for new Class B shares during the period May 1, 2001 - November 30, 2005 at a price of SEK 105.00.

During 2004 all outstanding personnel options were acquired by the wholly owned subsidiary Aihuk AB, which thereafter holds 200 000 personnel options.

DIVIDEND
Beijer Alma's policy 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.

The Board of Directors and the President has decided to propose that the Annual General Meeting declares a dividend of SEK 5.00 per share for the 2004 financial year. The dividend consists of a regular dividend of SEK 3.00 (1.50) per share and an extra dividend of SEK 2.00 (0) per share. This is equivalent to a dividend yield of 3.7 percent of the ending market price of the class B share of SEK 134.50 on December 30, 2004.

Share price performance 2000–2004



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	13.6	41.0
SEB Fonder	737 300		737 300	737 300	8.1	3.9
Kjell & Märta Beijer's Foundation	574 950		574 950	574 950	6.3	3.0
Livförsäkrings AB Skandia	540 840		540 840	540 840	5.9	2.8
Anders Wall's Foundations	441 120	146 400	294 720	1 758 720	4.8	9.2
Didner & Gerge Aktiefond	442 600		442 600	442 600	4.8	2.3
Lannebo Fonder	426 600		426 600	426 600	4.7	2.2
Svolder	390 000		390 000	390 000	4.3	2.0
Robur Fonder	364 200		364 200	364 200	4.0	1.9
Kjell Beijer's 80-year Foundation	268 900		268 900	268 900	2.9	1.4
Carnegie Fonder	217 200		217 200	217 200	2.4	1.1
Göran W Huldtgren with family and companies	199 470	101 400	98 070	1 112 070	2.2	5.8
Fjärde AP-fonden	118 000		118 000	118 000	1.3	0.6
Aktia Savings Bank	103 900		103 900	103 900	1.1	0.5
Per Olsson	75 000		75 000	75 000	0.8	0.4
LF Småbolagsfond	65 400		65 400	65 400	0.7	0.3
Carlsson Småbolagsfond	65 000		65 000	65 000	0.7	0.3
Sven Boode with family	64 610	62 340	2 270	625 670	0.7	3.3
Other	2 803 570	66 860	2 736 710	3 405 310	30.7	18.0
TOTAL	**9 143 700**	**1 110 000**	**8 033 700**	**19 133 700**	**100**	**100**

Source: Share register December 30, 2004

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	1 650	63.4	330 450	630	329 820	3.61	1.76
500–1 000	504	19.4	399 724	600	399 124	4.37	2.12
1 000–2 000	210	8.1	346 084	–	346 084	3.78	1.81
2 001–5 000	122	4.7	425 021	14 430	410 591	4.65	2.90
5 001–10 000	45	1.7	332 597	51 600	280 997	3.64	4.17
10 001–20 000	27	1.0	404 864	12 400	392 464	4.43	2.70
20 001–50 000	18	0.7	519 500	46 000	473 500	5.68	4.88
50 001–100 000	8	0.3	510 840	56 340	454 500	5.59	5.32
100 001–	19	0.7	5 874 620	928 000	4 946 620	64.25	74.35
TOTAL	**2 603**	**100**	**9 143 700**	**1 110 000**	**8 033 700**	**100**	**100**

Source: Share register December 30, 2004

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 AB i Stockholm	6 923	60 583	276 900	2 423 300
1993	New issue	30 291	90 874	1 211 650	3 634 950
1994	Non-cash issue in connection with acquisition of AB Stafsjö Bruk	5 000	95 874	200 000	3 834 950
1996	Conversion of subordinated debentures	47	95 921	1 875	3 836 825
1997	Conversion of subordinated debentures	2 815	98 736	112 625	3 949 450
1998	Conversion of subordinated debentures	1 825	100 561	73 000	4 022 450
2000	Conversion of subordinated debentures	30	100 591	1 200	4 023 650
2001	Non-cash issue in connection with acquisition of Elimag Industri AB	11 750	112 341	470 000	4 493 650
2001	Split 2:1		112 341	4 493 650	8 987 300
2001	Conversion of subordinated debentures	388	112 729	31 000	9 018 300
2002	Conversion of subordinated debentures	62	112 791	5 000	9 023 300
2004	Conversion of subordinated debentures	1 505	114 296	120 400	9 143 700

PER SHARE DATA

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Earnings per share based on average number of shares outstanding										
after 28 % standard taxes, SEK	12.76	1.45	0.62	0.32	9.53	6.65	8.31	7.84	6.94	5.82
after actual taxes, SEK	12.77	0.88	-8.65	1.36	9.01	5.59	7.65	5.43	7.52	6.72
Shareholders' equity per share, SEK	61	50	51	64	60	53	49	44	40	33
Dividend per share, SEK	5.00 [1]	1.50	1.00	2.00	4.00	3.50	3.25	3.00	2.50	2.00
Payout ratio, %	39	103	161	625	42	44	37	36	27	33
Dividend yield, %	3.7	2.2	2.6	2.9	3.6	4.1	3.6	2.6	3.8	5.8
Market price at end of period, SEK	134.50	67.00	38.20	69.00	110.50	84.50	91.00	113.50	65.00	34.50
Highest market price, SEK	135.00	72.00	78.00	134.50	115.00	91.00	112.50	120.00	66.00	37.75
Lowest market price, SEK	66.00	38.80	33.90	45.00	72.00	70.00	67.50	57.50	32.00	26.50
P/E ratio at year-end	10.5	46	62	216	11.6	10.9	9.6	13.7	9.4	5.9
Cash flow per share, SEK	21.57	8.29	12.88	-9.51	-3.76	7.24	4.71	5.94	3.55	0
Closing number of shares outstanding [2]	9 143 700	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
Average number of shares outstanding [2]	9 143 700	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

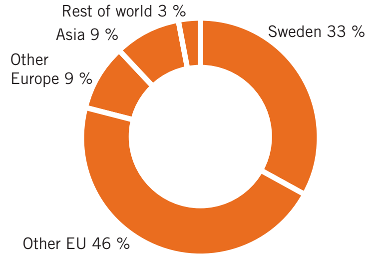
[1] *Dividend proposed by the Board of Directors.*
[2] *Including subordinated convertible debentures and personnel options during years 1995–2003.*

LESJÖFORS AB

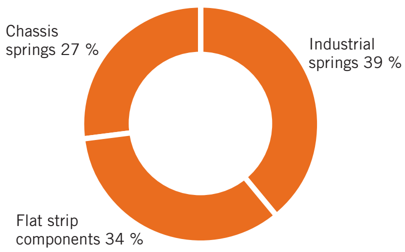
A full-range supplier

The Lesjöfors Group is focused on manufacturing and marketing of springs, wire and flat strip components. Lesjöfors is a full-range supplier that not only has a broad offering of standard products, but also products with a high degree of specialization to customer needs. The most important competitive advantages are technical know-how, distribution close to the customers and in-house production with a focus on total quality. The company's principal markets are the Nordic Region and the rest of Europe, which today account for about 90 percent of sales. The Lesjöfors Group is organized in three business areas – Industrial Springs, Flat Strip Components and Chassis Springs. Industrial Springs is the single largest business area, which in 2004 accounted for 39 percent of sales.

Geographic distribution of total revenues



Business area shares of total revenues



2004 SUMMARY – GROWTH IN ALL BUSINESS AREAS

Invoicing 2004 amounted to MSEK 673 (572). The operating profit was MSEK 107.3 (60.3) and the operating margin was 16 percent (10.5). Sales were strong in all business areas. In Industrial Springs sales amounted to MSEK 259 (223), an increase by 16 percent. For Flat Strip Components sales were MSEK 229 (195), an increase by 17 percent. Here, the telecom segment accounted for a large part of the increase. Sales of Chassis Springs amounted to MSEK 185 (152) – an increase by 21 percent.

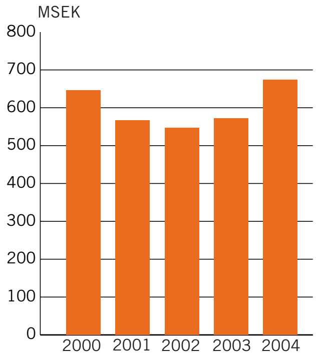
MARKET AND SALES

Lesjöfors manufactures springs, wire and flat strip components in most dimensions – from very small parts in telecom, to heavy hot-wound springs for, for example, the off-shore industry. The goal is to be a leader in all business and product areas where the company is active. As a full-range supplier Lesjöfors satisfies the needs for both standard products and customer-specific product concepts. Specialized customer-specific products dominate and today accounts for approximately two thirds of sales. In this area Lesjöfors can offer complete solutions that includes idea, design and manufacturing, with accompanying service and support.

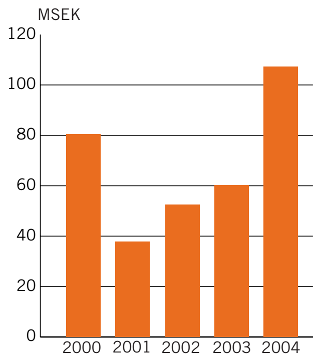
In selected markets sales are organized via eight own sales companies. Lesjöfors also cooperates with local distributors who cover other prioritized markets. In all, the company's products are sold in 60 markets. During 2004 telecom accounted for approximately 10.8 percent (10) of sales, while 27 (27) percent of sales referred to the after-market for vehicles. Other manufacturing industry accounted for the remainder of sales. It is the ambition of Lesjöfors to increase the proportion of proprietary product concepts of total operations.

Lesjöfors' invoicing increased by 18 percent compared to 2003. All business areas showed strong growth.

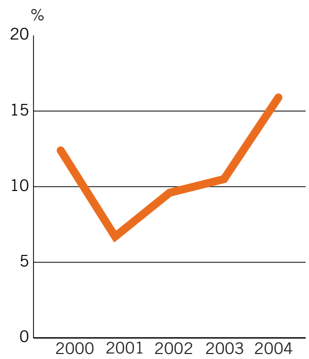
Revenues



Operating profit



Operating margin



Today these concepts account for approximately 35 percent of sales. For standard springs to industry, the goal is to increase market diversification by via establishment of distributors in new markets, primarily Central and Eastern Europe. In time, this will also lead to an increase in the volume of customer-adapted products. Another expanding area is flat strip components for mobile handsets, where sales of panels for mobile telephone handsets have shown extraordinary strength. The products are exported to the Chinese market, which has made China Lesjöfors' largest single export market.

ORGANIZATION – CHINA ON ITS OWN

Lesjöfors' products are manufactured at nine units in Sweden, Denmark, Finland, Latvia and China. All units have quality certification according to ISO 9002 and 9001, and a majority of them are also environmentally certified according to ISO 14001. Lesjöfors expends much energy on its own cost effectiveness, in part by establishing production in China and the Baltic States. Manufacturing in China was previously in cooperation with sister company Habia. During 2005 Lesjöfors will begin to conduct these operations on its own.

Manufacturing was established in Latvia during 2003. The unit in Liepaja has become an important complement that enables Lesjöfors to take on new business with more personnel-intensive production.

DEVELOPMENT BY BUSINESS AREA

Industrial Springs is focused on manufacturing, stocking and distribution of standard springs and customer-specific products. Customers are found in virtually every segment of the industrial sector. Product-range, quality and service degree are important competitive factors. Lesjöfors' market share in the Nordic Region is approximately 30 percent. During 2004 sales of Industrial Springs amounted to MSEK 259 (223).

Flat Strip Components is active in the manufacture of flat strip components and leaf springs. The largest customers are systems and components suppliers in the telecom and electronics industries. The most important success factors are access to qualified development of tools, technical competence and high quality and service levels. The market share for this business area is hard to judge because of the multitude of small players. During 2004 sales in Flat Strip Components amounted to MSEK 229 (195).

Chassis Springs manufactures, stocks and distributes chassis springs for passenger cars and light vehicles. The customers are distributors of spare parts for vehicles. The most important competitive advantages are quality, product range and effective distribution in close proximity to the customers. Lesjöfors today has the market's broadest range of chassis springs and TÜV-approved lowering-kits manufactured in-house for European and Asian automobiles. Lesjöfors' market share in Europe is estimated to be approximately 45 percent. Sales in Chassis Springs amounted to MSEK 185 (152) in 2004.

CUSTOMERS AND COMPETITORS – SMALL NUMBER OF LARGE PLAYERS

In Industrial Springs and Flat Strip Components demand essentially follows the development of the general industrial economy. For chassis springs, on the other hand, growth previously increased when growth in the general economy slackened. This pattern is changing, however, as market penetration has increased.

The market for Industrial Springs and Flat Strip Components is very broad. Most of Lesjöfors' sales go to the Nordic market. Several of Lesjöfors' competitors work with both wire and flat strip products. Some of the larger competitors in the Nordic Region are Spinova, Stece, Kendrion Springs, Meconet, Hagens Fjädrar and Stansefabriken. The competitive picture is fragmented in the rest of Europe, with many smaller companies that operate in their local markets. This pattern is apparent in countries like Germany and England, where there are today hundreds of local manufacturers. At the same time the development is in the direction where many customers turn to full-range suppliers who are able to assume full responsibility for the customer's product needs. This creates growth opportunities for Lesjöfors.

In chassis springs Lesjöfors has a product breadth that is unique. Competition has become more intense in this market in recent years. Lesjöfors' largest competitors are German Suplex and now also Monroe and Kayaba, who before were solely makers of shock absorbers. The competitors often lack own manufacturing and instead buy products from different suppliers. Important competitive factors are proprietary design and manufacturing, which ensures high product quality, short lead times and a high level of service.

In Chassis Springs the most important competitive tools are proprietary design and in-house manufacturing. This ensures high product quality, short lead times and a high level of service.

MARKET DEVELOPMENT – INCREASED DEMAND

The improved economy in manufacturing industry has impacted the market for Industrial Springs in a positive direction. Competition has become more intense due to the over-capacity that exists in the industry. Pricing pressures are mounting gradually and several of Lesjöfors' competitors are showing poor profitability. The market for Flat Strip Components also showed a positive development during 2004. Growth was primarily concentrated to telecom. Other customer segments have experienced growth in line with the overall economic development. Competition is mounting also in Flat Strip Components, with greater pricing pressures as a consequence. Already now the market is affected by major customers moving out their production, especially to Asia. This trend is expected to continue, which not only increases demand for production in low-cost countries, but also increases demand for access to growing markets in Asia and Eastern Europe. The market for Chassis Springs has grown over the past ten years by 15 to 20 percent per year. The development continued to be strong during 2004. This is probably so because the free after-market gradually increases its share of the replacement parts market, but also the auto fleets in several countries are becoming older.

All manufacturing units in Sweden are environmentally certified according to ISO 14001. The goal is that all facilities will be certified during 2005.

QUALITY – FOCUS ON CUSTOMER NEEDS

The Lesjöfors Group works with total quality. In simple terms this means that the focus is on the needs of the customer and that projects are linked to operations in a way that as a minimum meets the requirements posed by the customer. Total quality also means that well thought-out production schemes are developed in cooperation with the customer. Quality is also achieved through far-reaching interaction between sales and production. Concretely, this means that due consideration is given to production premises already when the project is sold in to the customer. In this way a balance is created between business-like conduct and efficient, quality-oriented production. Today the quality issues are also an integrated part of Lesjöfors business system, which facilitates control and follow-up.

ENVIRONMENT – EXPANDED CERTIFICATION

The operations in Värnamo were certified during 2004. That makes all manufacturing units in Sweden certified according to ISO 14001. The Group thereby comes one step closer to the goal where all units – no later than in 2005 – have certified environmental management systems according to ISO 14001.

IT – EFFECTIVE CONTROL

The use of IT is constantly growing in the Group. Focus during the year was on increasing the business benefit of existing systems, which has had a significant positive effect on operations. Lesjöfors is today able to get an overview very quickly of individual business transactions and production processes. This creates opportunities of quickly identifying and implementing business improvements. The information can be utilized broadly in the company, which opens the way for more efficient management and further delegation.

Key financial indicators, MSEK

	2004	2003	2002	2001	2000
Net revenues	673.4	572.3	546.4	566.1	645.9
Cost of goods sold	-434.8	-382.0	-361.6	-387.5	-436.2
Gross profit	238.6	190.3	184.8	178.6	209.7
Selling expenses	-83.0	-81.4	-80.6	-80.1	-71.8
Administrative expenses	-48.3	-48.6	-51.8	-60.8	-57.5
Operating profit	107.3	60.3	52.4	37.7	80.4
Operating margin, %	15.9	10.5	9.6	6.7	12.4
Net financial items	-2.2	-4.1	-6.3	-6.7	-7.7
Profit after financial items	105.1	56.2	46.1	31.0	72.7
Of which depreciation and amortization	45.6	43.2	43.9	40.2	39.1
Capital expenditures not including corporate acquisitions	31.2	47.0	13.3	23.5	49
Return on capital employed, %	31	17	13	9	22
Average number of employees	429	423	434	483	543

FOCAL POINT

Initiative in Latvia an important complement

Since 2003, Lesjöfors also has production in Latvia. The establishment in the Baltic States strengthens the company competitively and opens the way for new business – business that previously was not possible to engage in because the cost level was too high.

Lesjöfors Latvian factory is located in Liepaja on the coast of the Baltic and today has a staff of about 30. Production started gradually at the new facility around mid-year 2003. Hundreds of different products are now made at the facility, primarily flat strip and wire parts. Manufacturing is based primarily on pressing, but the plant in Liepaja is also active in grinding and spring winding. Components are made for, among others, Autoliv. A supply agreement was also concluded recently with a local customer which is part of a major international Group.

– The facility in Latvia complements our existing operations in a good way, says Kjell-Arne Lindbäck, President of Lesjöfors. Via this establishment we can broaden the offering to our customers. We can take on business that previously was not possible because costs were too high.

– We also see advantages by establishing ourselves some distance away from Riga, the capital, he continues. The general cost level is likely to rise faster in the capital's metropolitan area. We therefore feel that the facility in Liepaja will maintain its competitiveness in a better way.

But it is not only the cost level that made Lesjöfors choose an establishment in Liepaja. Transportation work and logistics are simplified by the port city's attractive location. Lesjöfors has access to daily ferry service across the Baltic less than 100 kilometers away. Expansion of the facility in Liepaja is being considered for 2005. Lesjöfors will then begin to manufacture a special spring product for the medical technology industry.

– During 2004 we invested in a number of specialized machines that will be delivered to Liepaja during the spring, informs Kjell-Arne Lindbäck. This is a new niche for Lesjöfors, based on several complex manufacturing steps. Our competitiveness in this niche is largely based on the cost-efficient production in Liepaja.

Internal collaboration

All business units in Lesjöfors will contribute to the further development of the operations in Liepaja. In the corporate group there is today a strategy founded on seeing Latvia as a resource for joint business projects.

– We have chosen to work with delegated responsibility in these matters. I believe that we will achieve more by creating local business networks within Lesjöfors, where the individual units see opportunities and capitalize on mutual advantages, says Kjell-Arne Lindbäck. In time, Liepaja will also be able to offer entirely new opportunities, for example by having external enterprises outsource their stamping operations to us. ■

HABIA CABLE AB

Global sales of cables and cable systems

Habia develops, manufactures and sells cable and cable systems for demanding applications, such as in telecom and defense industry, and for gas and nuclear power technology. Some 90 percent of the production relates to cable adapted to the specific requirements of the customer. Habia's operations are global, with sales in more than 25 markets. The largest markets are Germany, England, Sweden and China. Almost 90 percent of all sales are outside Sweden. In Europe, Habia is one of the leading manufacturers in its segment. Habia's own competitive power is based on technical competence, innovative ability, and responsive and well-functioning customer service. Habia's largest business area is telecom, which in 2004 accounted for 39 percent of the company's revenues - an increase by 6 percent over the year before.

2004 SUMMARY - SHARPLY HIGHER SALES

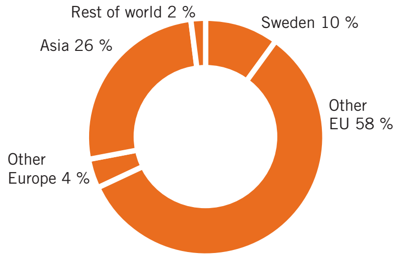
Invoicing during 2004 amounted to MSEK 527 (417). Operating profit for the year was MSEK 68.7 (-5.2) and profit after net financial items was MSEK 63.1 (-13.4). Much stronger demand in telecom had a positive effect on Habia's invoicing and earnings. On the important German market sales increased by 37 percent compared to 2003. Sales also rose on the markets in the Nordic Region and Asia, where the increase was just over 40 percent.

MARKET AND SALES

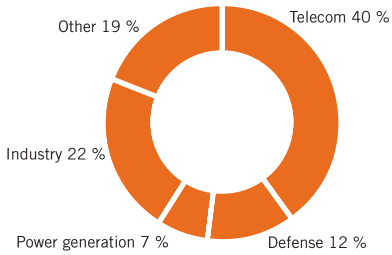
Habia's sales organization has a staff of 60 persons in 11 countries. This organization focuses on the 300 largest customers, which account for approximately 80 percent of the company's revenues. Smaller customers are handled via agents, who sell the company's products in 15 markets. The market strategy is based on innovative, technical solutions, efficient production and high availability. The ability to combine production volume with a high degree of customer customization is a significant part of Habia's competitive force – a combination that generates advantages against smaller as well as larger competitors. Habia focuses on four business areas, which contributes to the company's risk diversification. Cable products are also sold to the transportation market, for, among other things, cars, trains and civil aviation.

- Telecom
- Defense
- Power generation
- Industry

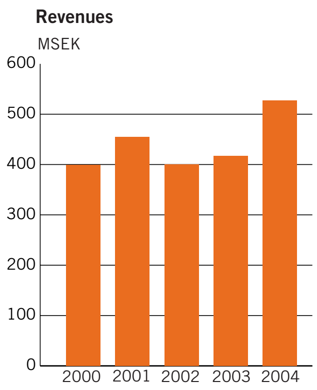
Geographic distribution of total revenues

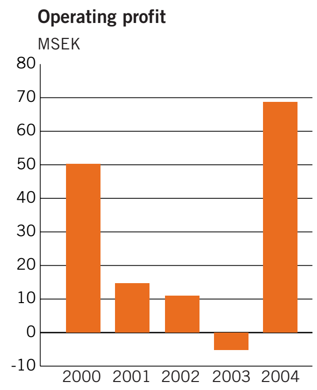


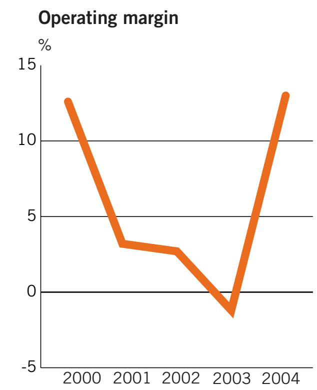
Business area shares of total revenues



Improved demand in telecom had a positive effect on Habia's invoicing and earnings. In Germany sales increased by 37 percent compared to 2003.







DEVELOPMENT BY BUSINESS AREA

Telecom includes mobile telecom and is the company's largest single business area. The global strategy – which covers a total of 25 markets – is based on local presence in Europe and Asia. During 2004 Habia's sales in telecom increased by 43 percent. The largest markets were Germany, China and other Asia. Habia benefits from the expansion of 3G – an area which is estimated to account for approximately one quarter of the company's telecom sales. This technology is based on a higher frequency, which increases the need for antennas, for which Habia delivers cable. Compared to the GSM technology, the need for antennas is estimated to increase two to three times with the new 3G technology. Overall, telecom accounted for 40 percent of the company's revenues during 2004.

Defense comprises cable products for, among other things, submarines, surface vessels, satellites and armored vehicles. In total, sales in this area increased by 17 percent during 2004. The most important markets are England, France, Germany and the Nordic Region. One segment that grew during the year is military surface vessels, where Habia delivered cable products to customers in Norway and England. During 2004, business area Defense accounted for 12 percent of the company's revenues.

Power Generation is primarily aimed at gas and nuclear power technology, which technically are very demanding areas. Since before, Habia has strong positions in Europe in the field of power generation. The most important markets are the U.K., Scandinavia and France. Since the nuclear industry is expanding primarily in Asia, Habia's shipments to this market have increased gradually. In total, Power Generation accounted for 7 percent of the company's revenues in 2004.

Industry primarily comprises tools and measuring instruments. The Nordic Region, England and Germany are the most important markets. Habia has long been a global supplier to manufacturers of measuring instruments. The company also delivers cable products to the heavier tools segment – so-called power tools. Lighting cable for high heat release lamps is another expanding area in industry. In total, this business area accounted for 22 percent of the company's revenues in 2004.

MARKET AND COMPETITORS – ONGOING CONSOLIDATION

The European cable industry is estimated to generate revenue of 15 billion euro, of which special cable accounts for 1 billion euro. With revenues of just below 60 million euro, Habia's share of the market is just over 5 percent. The company's competitive landscape varies between business areas and geographic markets. A small number of very large players have a global orientation. Most competitors are small companies, however, operating in their local markets. At the same time the industry is marked by ongoing consolidation – both among customers and competitors – which results in fewer but larger players. One such example is the merger between the American cable manufacturers Belden and CDT during 2004. Such consolidation spells increased competition. Habia counters by continuing initiatives in product development and improved cost efficiency, for example by locating more production to low-cost countries. In telecom the most important competitors are Swiss Huber+Suhner, French Nexans and the American companies Belden and Harbour Industries. In the other business areas the largest competitors are British Brand Rex and American Tyco/Raychem and W.L. Gore Wire and Cable.

ORGANIZATION – SHARP COST FOCUS

In spite of a production increase of 25 percent, the company – via a sharp cost focus – was able to contain the cost levels during the year. One contributing reason is also the extensive capital expenditures that took place in the beginning of the 2000s – investments that Habia has been able to utilize fully now that demand has again picked up. Johan Vinberg was appointed as the new President of Habia Cable during the year.

Habia continues its initiatives in increased productivity and cost efficiency, for example by locating more production in low-wage countries.

PRODUCTION – ADAPTING TO THE CUSTOMER

Habia has production facilities in Söderfors, in German Norderstedt and in Changzhou in China. The facility in Söderfors accounts for 65 percent of all production. Each year Habia makes about 3 000 different types of cable, where 90 percent refers to demanding applications. By that is meant that the wire's conductivity is high and the cables' insulation must be able to stand up to a number of different environmental conditions. This may be everything from radioactive radiation and chemicals, to vibrations, wear, fire or water. The weight of the cables, their pliability and electrical performance are other important quality properties. The ability to withstand temperatures is also important. There are types of cable that can handle temperatures from -200 to 400 degrees Centigrade.

Habia has chosen to profile its operations around availability and customer service. This assumes prompt delivery, but also a high degree of adaptability to new demand patterns. The production is to a high degree customer-order driven. Customer inquiries around standard products are responded to within 24 hours. Such high availability requires a decentralized organization, where technicians and sales engineers are in close proximity to the customers. More complex inquiries are handled by Habia's product experts, or by the specialists in product development.

Each year Habia makes about 3 000 different types of cable. About 90 percent of this cable is for demanding applications.

PRODUCT DEVELOPMENT – FOCUS ON TELECOM

Product development work is performed in Söderfors and at the development unit in Uppsala. More than half of the company's product line is made of products developed within the past four years. Designers, technicians and marketing people interact in the projects. During 2004 the work was aimed at developing new applications in telecom and measuring technology. Habia also strived to increase the tempo and the precision in the product development work.

A large portion of Habia's sales goes to telecom customers. The goal is to balance this exposure.

QUALITY AND ENVIRONMENT – CERTIFICATION IN CHINA

In September 2004 the facility in Changzhou was certified according to ISO 9002. That makes all production units certified according to this system. A quality system common to all facilities was also launched during the year. Both the ISO certification and the common system enhance the quality work in Habia. When all new working routines, processes and flows in the day-to-day work are based on the same structure, improvements can be implemented more rapidly and in an efficient manner. In the environmental area, incineration of solvents - which is a residual product from the production of cable - has been rendered more effective. Two different techniques were previously used – catalysts and ceramic bed. Since 2004 all combustion is handled via ceramic bed – a technique where the degree of purification exceeds 99 percent, which minimizes Habia's direct emission of solvents.

IT– ENHANCED PRODUCT INFORMATION

In December 2004 Habia launched a new website on the Internet. The website – which is primarily a channel for product and market information – offers more detailed information about Habia's product offerings. Since before, customers can utilize a special search tool to find out exactly where in the production and distribution chain their order is located.

RISKS – CREATING BALANCE

Habia strives to create a balance between the different business areas. The background is that a relatively large share of sales is tied to telecom, where a small number of customers account for a major part of the sales volume. The goal is therefore to balance the company's exposure to the telecom market, and also to broaden both the customer and the product base in this business area.

Key financial indicators, MSEK

	2004	2003	2002	2001	2000
Net revenues	527.0	416.8	400.6	454.8	399.5
Costs of goods sold	-345.0	-310.9	-277.1	-302.3	-242.2
Gross profit	182.0	105.9	123.5	152.5	157.3
Selling expenses	-72.6	-73.7	-77.5	-95.6	-74.5
Administrative expenses	-33.2	-29.9	-26.4	-32.4	-25.1
Research and development	-7.5	-7.5	-8.6	-9.9	-7.5
Operating profit	68.7	-5.2	10.9	14.6	50.2
Operating margin, %	13.0	-1.2	2.7	3.2	12.6
Net financial items	-5.6	-8.2	-10.6	-13.3	-7.1
Profit after financial items	63.1	-13.4	0.4	1.3	43.1
Of which depreciation and amortization	30.9	31.7	28.5	23.3	18.2
Capital expenditures	13.7	3.9	3.1	47.8	62
Return on capital employed, %	-26	neg	3	4	23
Average number of employees	369	349	366	407	337

FOCAL POINT

Strong growth in mobile telecom

The development in the telecom market was strong during 2004. For Habia, demand was especially strong in China, but also in Germany the development gained momentum. High product quality and prompt deliveries are among Habia's foremost competitive advantages in this fast-growing area.

Mobile Telecom accounts for close to 40 percent of Habia's aggregate sales. Sharply higher demand notwithstanding, Habia had no trouble in meeting customer needs.

– The background is that we expanded production capacity already during 2000 and 2001. Capital investments were made both in Söderfors and Changzhou, China. This is something we could benefit from, now that the market has turned sharply higher, says Johan Vinberg, President of Habia Cable. We have also lived up to customer needs without compromising quality or delivery promptness. This allowed Habia to capture market shares during the year.

China ever more important

In mobile telecom Habia's biggest product area is cables for antennas for base stations. The largest single product is a coaxial cable, Flexiform. China today accounts for approximately one third of the company's total sales in mobile telecom. Habia's own establishment in China is an important explanation to why now benefits from the market's performance.

– We are close to the market, which means more prompt deliveries and higher flexibility overall in the cooperation with the customers, says Johan Vinberg. This gives us an advantage against the competitors, since the time from order to delivery in many instances is a mere two to three weeks.

Habia's modern production facilities offer several competitive advantages. The gradual improvements in recent years have resulted in constantly improving product quality. Compared to the competition, Habia's antenna cables offer closer tolerances in terms of electrical properties and that is important.

More telecom products

Habia is constantly working to improve both efficiency and quality in its own operations. One example of this applies to materials development, which means that the material in the cables is being constantly developed in the quest for new and better properties. At the same time the company is also expending a lot of energy on securing its own cost efficiency activity. The decision to move production to China is one of the most important initiatives in this area.

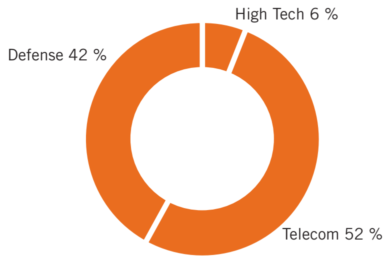
– As far as the market is concerned, we are seeing that demand for mobile telecom is also beginning to gain momentum in India, says Johan Vinberg. In our product development we are right now working on the development of several strong telecom products. That will increase our breadth in this expansive area. ■

ELIMAG AB

A leading European player

Elimag is specialized on high-speed machining in aluminum. The precision parts manufactured by the company are used in, among other, the defense and telecom sectors, and in other high-tech industry. Elimag is a leading player in Europe with sales in some ten countries. The most important competitive advantages are high quality, customer-adapted production facilities and high delivery precision. The company's largest customer segment is defense and telecom, which in 2004 accounted for 42 and 52 percent of sales, respectively.

Business area shares of total revenues



2004 SUMMARY – SHARPLY HIGHER SALES

Invoicing during 2004 amounted to MSEK 102.8 (86.4). Operating profit was MSEK 10.0 (-2.0). This fine sales performance is linked primarily to customers in defense and telecom. The company has broadened its customer base and captured market shares in both of these areas. The development was particularly strong in telecom, where sales increased by 180 percent compared to 2003. An important reason for this was the growing investments in GSM systems. In the defense sector, the company increased its sales among new as well as existing customers. Sales outside Sweden accounted for 20 percent of total invoicing – an increase by 66 percent compared to the year before.

MARKET AND SALES

Elimag focuses on three market segments – defense, telecom and high tech, where high technology stands for aerospace, aviation, medical-technical and other industry. All sales are handled by Elimag's own sales organization based in Sweden. The company strives to achieve good risk diversification between different segments and geographic markets. One element of this ambition is to increase export sales. The efforts to broaden sales to more segments, customers and geographic market has generated good results so far. The customer base has more than doubled since 2002. Among the company's customers are Ericsson, Saab Ericsson Space, Powervawe Technologies and Medtronic Xomed.

The development in Telecom was strong during 2004. In this segment Elimag's sales increased by 180 percent compared to 2003.

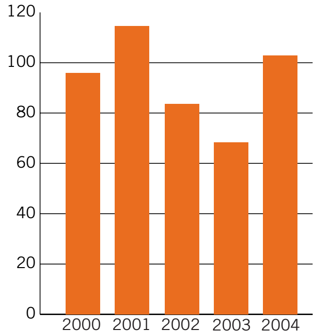
BUSINESS – SPECIALISTS IN HIGH-SPEED MACHNING

All manufacturing is located at Elimag's facility in Mölndal. Manufacturing is based on two basic methods – high-speed machining (HSM) and salt bath dip brazing. HSM today accounts for approximately 80 percent of the company's production. With this type of high-speed milling, a unique combination of high precision and rapid production is achieved. In salt bath dip brazing aluminum parts are fused together to form a homogenous component. Salt bath dip brazing – which has long been used in military applications – is actively marketed by Elimag for wider use.

Aluminum parts from Elimag are included in advanced products or technical structures. The requirements for precision, strength and finish are great. In order to meet these requirements Elimag offers a total solution, with production and development support early in the collaboration process. High technical competence, short lead times and efficient logistics solutions are also important elements of the services provided by Elimag.

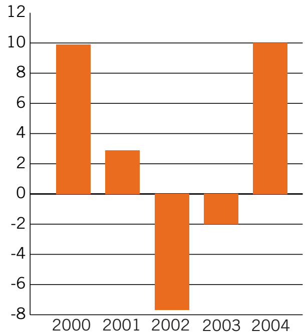
Revenues

MSEK



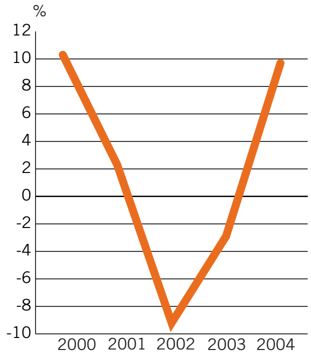
Operating profit

MSEK



Operating margin

%



MARKET AND COMPETITORS – NEW COLLABORATION

The Swedish market is distinguished by a large number of small and niched players. The size of the market - and Elimag's own market share - is therefore difficult to assess. Some of the most evident competitors are Arkivator, Danish Aluline and Mekoprint and Finnish Nordic Aluminium. At the same time there have been major changes in Swedish market in recent years. The recession reduced the number of competitors. Companies have thus shifted their business focus, closed businesses or filed for bankruptcy. In Sweden Elimag is today the largest independent player that can offer both competence and production capacity to larger and demanding customers. In order to ensure its competitiveness, Elimag works diligently to increase its own cost effectiveness. One example hereof is new collaboration with suppliers in low-cost countries and via continuing development of its own manufacturing capacity.

Key financial indicators, MSEK

	2004	2003	2002	2001	2000
Net revenues	102.8	68.4	83.7	114.5	96.0
Costs of goods sold	-85.5	-58.5	-74.9	-93.4	-74.3
Gross profit	17.3	4.7	8.8	21.1	21.7
Selling expenses	-3.0	-3.1	-3.9	-5.7	-3.9
Administrative expenses	-4.3	-3.6	-12.6	-12.8	-7.9
Operating profit	10.0	-2.0	-7.7[1)]	2.6	9.9
Operating margin, %	9.7	-2.9	-9.2[1)]	2.3	10.3
Net financial items	-1.9	-3.0	-4.1	-3.0	-0.9
Profit after financial items	8.1	-5.0	-11.8[1)]	-0.4	9.0
Of which depreciation and amortization	7.5	7.4	14.9	12.1	6.1
Capital expenditures	0.9	2.3	0.4	72.3	26.0
Return on capital employed, %	12	neg	neg	6.2	21.2
Average number of employees	63	56	73	90	73

[1)] *Not including writedowns.*

FOCAL POINT

Exporting broadens the customer base in Elimag

Increased exports - that was the objective behind the initiative Elimag took in 2002. Profiling at trade shows and exhibitions and tailor-made customer cultivation are some of the methods used. Two years later the efforts have yielded concrete results. Today the export market accounts for more than 20 percent of sales.

Basically, the decision to venture into markets outside Sweden was rather obvious. Elimag already had good positions in Sweden, among customers who use the aluminum components the company specializes in.

– We needed to broaden our customer base in order to reduce the dependency on certain customers and industries, says Lars Lundh, President of Elimag. We also set a clear financial goal, saying that exports should account for 20 percent of our sales.

Broader knowledge

During the spring of 2003 Elimag's own team in marketing and sales was strengthened by four persons with a focus on this area. They also have support from specialists in logistics and purchasing. The marketing effort targeted the Nordic Region and Germany. Prioritized industries are defense, aviation and telecom, where Elimag commands strong positions.

– Trade shows and exhibitions were important cornerstones of our marketing effort. There were three or four supplier trade shows where we were able to profile ourselves and spread the word about our business, says Lars Lundh.

Competitive pricing, adapting to customer needs and manufacturing precision, competence when it comes to surface finish and painting as well as logistics know-how and design support for the customers are some of the strengths Elimag has used to profile itself.

Potential in Germany

A major effort was launched in Germany during 2004. Via a market survey in cooperation with the German-Swedish Chamber of Commerce, close to one hundred potential customer companies were identified.

– Since then we have made further selections and are now beginning direct marketing aimed at these companies, informs Lars Lundh. It is a matter of contacting and visiting a large number of companies to see if we can find ways to cooperate in the future.

In Germany its is primarily high-tech industry that is of interest. In Finland, Elimag works with the aerospace industry, while defense customers dominate in Norway and telecom customers in Denmark. Denmark is currently Elimag's largest single export market. Overall, the 20-percent goal has been reached. The goal for 2005 is 25 percent.

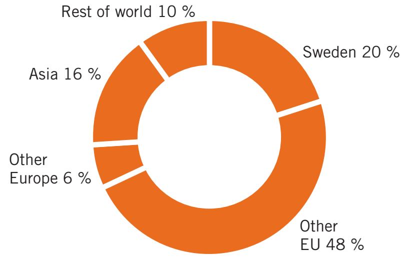
– Next we are expecting Germany to yield concrete results, says Lars Lundh. At the same time we are engaged in internal strategy work, which will further improve the accuracy of the marketing work with selected industries and companies. ■

AB STAFSJÖ BRUK

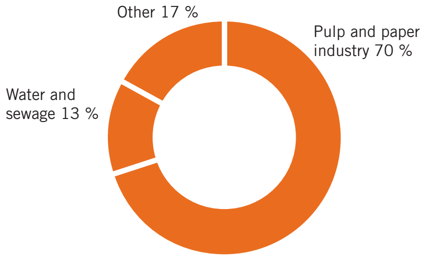
Global supplier of quality valves

AB Stafsjö Bruk develops, manufactures and markets knife gate valves for shutting off and regulating flows in the process industry. Stafsjö's products are sold in more than 25 markets around the world, where the largest markets are Germany, China and Sweden. High product quality, short delivery times, effective customer support and global market coverage are the company's strongest competitive advantages. The most important customer segment is the pulp and paper industry. During 2004 this segment accounted for approximately 70 percent of sales, which brought an increase of MSEK 8.5 compared to the year before.

Geographic distribution of total revenues



Business area shares of total revenues



2004 IN SUMMARY – CHINA AN IMPORTANT DRIVING FORCE

Invoicing for 2004 amounted to MSEK 118 (95). Operating profit was MSEK 8.9 (3.9). Demand from the pulp and paper industry increased throughout the year on most of Stafsjö's markets. Order bookings increased by about 13 percent compared to 2003. New investments in pulp and paper plants are rising rapidly in China, which affects sub-suppliers and component manufacturers in the whole world, directly and indirectly. Germany, Sweden and Norway are other markets that developed in a positive way for Stafsjö. The company's second largest segment is water and sewage treatment. Sales increased during the year in this segment as well. The largest markets are Sweden and Germany. The water and sewage treatment segment accounted for 13 percent of Stafsjö's sales during 2004, which gave an increase of MSEK 7.8 compared to 2003.

MARKET AND SALES

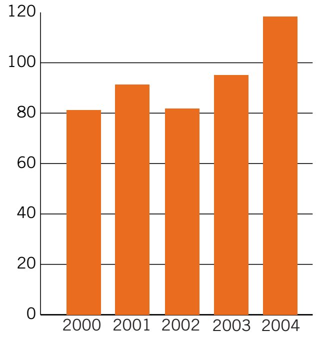
Sales are organized from Sweden and via the company's own sales offices in Germany and China. The export share is high and reached 80 percent in 2004. Sales are aimed both at end customers and machinery builders (OEM) with total responsibility to design e.g. paper mills or fiber lines for the account of end customers. One third of the sales to the pulp and paper industry during 2004 went to OEM customers and the remainder to end customers. Today most major investments in the pulp and paper industry are global projects. Stafsjö must therefore also offer local presence in the contacts with machinery builders as well as end customers. Aside from its own sales offices, Stafsjö therefore has a network of about 30 local distributors all over the world.

Stafsjö is quality certified according to ISO 9001:2000. All of the company's products also meet EU's requirements for quality and strength according to the so-called pressure equipment directive (PED).

During 2004 demand from the pulp and paper industry increased on most of Stafsjö's markets. The most important markets are Germany, China and Sweden.

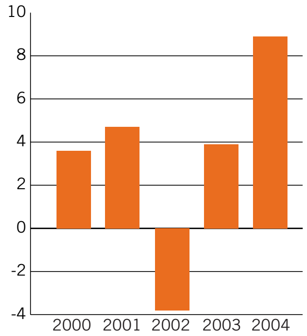
Revenues

MSEK



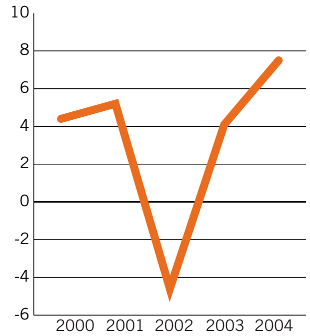
Operating profit

MSEK



Operating margin

%



BUSINESS – STRONGER COMPETITIVE POWER

Manufacturing and product development takes place at the facility in Stafsjö. Since 2002 Stafsjö also has a supply unit in China. A growing proportion of the company's components comes from suppliers in China. The initiative with purchasing and production in low-cost countries will continue and is aimed at strengthening Stafsjö's competitive power on a long-term basis. In all, Stafsjö manufactured about 15 000 valves during 2004 - an increase by 11 percent compared to the year before. During 2004 Stafsjö developed a new knife gate valve which is double-sealing and self-cleaning and also has superior flow properties. Already in 2005 this valve is expected to account for a significant share of sales.

MARKET, CUSTOMERS AND COMPETITORS – INCREASED COST EFFICIENCY

Among Stafsjö's customers are companies like Stora Enso, Metso Paper, Andritz, Holmen Paper and Voith. Despite sharply stronger demand, pricing pressures on valves continued to be fierce during 2004, both for special applications and major volume assignments. The reason is that there is still a capacity surplus in the industry where Stafsjö is active. In the pulp and paper industry segment Stafsjö's biggest competitors are German Lohse and Spanish CMO and Orbinox. In the water and sewage segment the biggest competitor is German Erhardt.

Stafsjö has significant market shares in the pulp and paper industry on several important markets. In Sweden the market share is estimated to be approximately 70 percent. In order to maintain its positions Stafsjö must meet the competition from valves manufactured in low-cost countries. The changes being made in purchasing and production are elements of this effort. What is being done is expected to improve Stafsjö's competitiveness in the years to come.

Key financial indicators, MSEK

	2004	2003	2002	2001	2000
Net revenues	118.3	95.1	81.9	91.4	81.3
Costs of goods sold	-77.8	-63.9	-55.1	-58.7	-54.1
Gross profit	40.5	31.2	26.8	32.7	27.2
Selling expenses	-18.5	-15.4	-19.3	-17.3	-13.4
Administrative expenses	-13.1	-11.9	-11.3	-10.7	-10.2
Operating profit	8.9	3.9	-3.8	4.7	3.6
Operating margin, %	7.5	4.1	-4.6	5.2	4.4
Net financial items	-0.7	-0.7	-0.9	-0.6	-0.5
Profit after financial items	8.2	3.2	-4.7	4.1	3.1
Of which depreciation and amortization	4.5	4.5	4.5	4.6	3.6
Capital expenditures	2.2	1.5	1.5	2	3
Return on capital employed, %	31	12	neg	12	7
Average number of employees	67	62	63	62	56

FOCAL POINT

Chinese components increase competitiveness

China is an increasingly important country for Stafsjö, both in terms of production and sales. During 2004 the company's sales on the Chinese market doubled. At the same time the company had a key role in the production of a new valve used in, among other, the pulp and paper industry.

In just a few short years China has been transformed into Stafsjö's second largest market. Sales of knife gate valves are primarily benefiting from the rapid growth of the Chinese pulp and paper industry. The consumption of paper is growing relentlessly. According to China National Pulp and Paper Research Institute paper consumption will double by 2010. The situation will be handled by a doubling of domestic production and increased imports. Despite such rapid growth, China is far behind the United States and EU in per capita paper consumption. Even if the growth of the economy is dampened, there is a long-term potential for suppliers to the Chinese paper industry.

– Our sales to China gained momentum during 1997 and since then the growth has been about 15 percent per year, tells Magnus Westher, President of AB Stafsjö Bruk. During 2004 sales doubled compared to 2003. This includes direct sales to China, but also indirect sales via machinery builders and other external suppliers.

Lower costs

China also plays an important role in Stafsjö's production. Since 2002 a growing number of components are purchased from Chinese vendors. The company now also has its own facility for assembly in China.

– More component purchases in China allow us to lower our costs and maintain our competitive edge, says Magnus Westher. We are also making gains in proximity to the market since the proportion of Chinese customers is growing constantly.

During 2004 Stafsjö developed an entirely new knife gate valve, which to a large extent consists of components made in China. The new valve is used for secure shutting off and regulating flows in the process industry. The valve is double-sealing, self-cleaning and has unique flow properties.

– Seven suppliers in China have contributed components for this valve, tells Magnus Westher. Our strategy is to spread the purchases over several suppliers. This gives us greater flexibility and cost-efficiency since we are not dependent on any one single company.

Important dialogue

With increased component deliveries from China follow new requirements. Trust, communication, and competence transfer are key words in the cooperation with the Chinese suppliers.

– You must be patient and work with a long-term approach, emphasizes Magnus Westher. It can take time to get full understanding for your own requirements and desires. Having an open dialogue and following up on results is crucial. We have three associates in China who work with follow-up with suppliers, for example in the areas of technical specifications and quality requirements. ■

Administration Report

The Board of Directors and the President of Beijer Alma AB hereby submits its Administration Report and Annual Accounts for the 2004 operating year, its twenty-second year of operation.

Work of the board of directors and management of the group

Management of the Beijer Alma Group is affected by decisions in different corporate organs. At the general meeting of shareholders, shareholders exercise their voting rights in various issues, including appointment of directors and auditors. The Board of Directors appoints a president and chief executive officer and makes decisions in matters regarding the strategic direction of the business and the company's overarching organization. The Chief Executive Officer is responsible for the day-to-day business and the control thereof, and the Group's four subsidiary chief executives report to him. Each subsidiary has a board of directors with the chief executive officer as its chairman. Subsidiary boards of directors include external directors and representatives of the employees.

According to its Articles of Incorporation, Beijer Alma's 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 2004. The composition of the Board of Directors is shown in Note 2. Among the directors are persons who represent the major shareholders, and also persons who are independent of the owners.

In addition to its statutory meeting, the Board of Directors held seven meetings during which minutes were taken during 2004. 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. The rules of procedure for the Board of Directors include rules regarding the number of meetings to be held and the issues to be dealt with. The instruction in writing for the President includes a distribution of responsibilities between the Board of Directors and the President and regulations governing the President's authority. There are corresponding rules of procedure for the boards of directors of the subsidiaries and instructions in writing for the chief executives.

In addition to the tasks that rest 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.

In order for the Board of Directors to perform its duties in a satisfactory manner, it is important that the Board of Directors has at its disposal relevant and current information on the development in and performance of each of the Group's companies. This has been arranged in a manner whereby the Board of Directors on a monthly basis receives a report in a format decided by the Board of Directors. This report contains, among other things, an account of important events, information about order booking trends, invoicing, earnings and cash flow, financial position and the number of employees in the Group and the individual subsidiaries. The report also contains three, six, and twelve month trends for order bookings invoicing and contribution margin. These trend diagrams quickly react to changes and provide early-warning signals.

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 procedures. In addition hereto, the auditors provide information on developments in the accounting area and how these affect Beijer Alma.

Against the background of the much improved market demand situation, the focus of the Board of Directors has shifted from cost savings to capacity issues. The price development on production elements has been the subject of close scrutiny. The Group's cash flow and financial position has been closely followed. Issues concerning capital spending, corporate acquisitions and strategic direction have also been dealt with. One of the meetings of the Board of Directors was held at a subsidiary and was combined with workplace tours and presentations by local management. One Board of Directors meeting dealt exclusively with strategy issues.

Nomination Committee

The regularly scheduled 2004 Annual General Meeting resolved to appoint two representatives for the major owners, who are not directors, together with the Chairman of the Board and also principal owner Anders Wall and Director Thomas Halvorsen to work out a proposal for a board of directors and directors fees. This proposal will be put before the 2005

Annual General Meeting. A group of the Company's major owners has appointed Mats Gustafsson, SEB Fonder, and Ulf Hedlundh, AB Svolder, to participate in this work.

Compensation issues

Informally within the Board of Directors, Anders Wall and Thomas Halvorsen have been appointed to prepare issues regarding compensation of the chief executive, retirement benefits and other compensation. They also prepare issues regarding bonus programs for members of senior management of the Group. Decisions in this type of issue are taken by the Board of Directors. Principles, levels of compensation, terms of employment, etc. are set forth in Note 1.

There are no special committees or councils in addition to the nomination committee and the informal group for preparing compensation issues. 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. The matter of electing auditors was thus prepared in this manner for presentation to the regularly scheduled 2004 Annual General Meeting.

Revenues and result

Group

Order bookings increased gradually during 2003 from the telecom sector and capacity utilization in the Group's production units improved. This development continued and also encompassed other industries during 2004. The development was particularly strong during the first six months of 2004. Order bookings increased by 30 percent compared to the corresponding year-ago period and the invoicing volume rose by 32.6 percent. During the second half of the year order bookings increased by 5.5 percent and invoicing rose by 14.3 percent. This somewhat uneven rate of increase during the year, especially with respect to order bookings, is explained by a downturn in the telecom sector during the fall of 2004, in combination with the fact that the comparative figures for 2003 were considerably stronger during the second half of 2003.

Overall, this means that order bookings in 2004 amounted to MSEK 1 427 (1 213), an increase by 18 percent. Net revenues rose by 23 percent to MSEK 1 423 (1 154). The proportion of sales outside Sweden was 73 percent (70).
The increased invoicing was handled within the confines of existing production facilities and with only minimal increases in staff. Invoicing per employee increased by 18 percent during the year. This improvement in productivity gave the increase in invoicing major impact on earnings and after net financial items, which, in turn, resulted in a strong cash flow. The increase in invoicing of MSEK 269 generated a result improvement of MSEK 144, which means a profit margin of 54 percent on the increase in invoicing.

Profit after net financial items was MSEK 162.0 (18.0). This is equivalent to earnings per share of SEK 12.76 (1.45). Profit after taxes was MSEK 116.8 (7.5). Profit before taxes was affected by MSEK -3.5 (-13.4) as a consequence of changed foreign exchange rates.

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

MSEK	2004	2003	2002	2001	2000
Net revenues	1 422.7	1 154.0	1 113.0	1 320.2	1 132.5
Profit after net financial items	162.0	18.0	-95.1	2.0	119.7
Reported result	116.8	7.5	-84.0	12.3	81.4
Shareholders' equity	558.0	451.7	458.3	577.4	482.3
Balance sheet total	1 108.7	1 126.8	1 176.5	1 429.3	1 144.9

Subsidiaries

Lesjöfors, a full-range supplier of standard and specially produced industrial springs, wire and flat strip components, increased order bookings by 18.5 percent to MSEK 681 (575). Total invoicing was MSEK 673 (572), an increase of 17.7 percent. Business area Flat Strip Components, which among other has telecom customers, increased invoicing by 16.4 percent. Business area Chassis Springs, sales of which go to the aftermarket for passenger cars, increased invoicing by 21.5 percent. The third business area, Industrial Springs, with engineering companies, primarily in the Nordic Region, as its customer base recorded an increase in invoicing of 16.2 percent. Lesjöfors reports a profit after net financial items of MSEK 105.1 (56.2). All three business areas display good and rising profitability.

Habia Cable, a manufacturer of specialty cable, increased its order bookings by 14.0 percent to MSEK 527 (462). Most of the increase occurred during the first half of the year, while the second half saw a muting within the telecom industry. Invoicing rose by 26.4 percent, reaching MSEK 527 (417). Profit after net financial items was MSEK 63.1 (-13.4).

Elimag, active in high-speed machining of aluminum, increased its order bookings by 41.8 percent to MSEK 101 (72). Invoicing amounted to MSEK 103 (68), an increase of 50.3 percent. Earnings improved from MSEK -5.0 to MSEK 8.1.

Stafsjö Bruk, a manufacturer of knife gate valves, primarily for the process industry, increased its order bookings by 13.3 percent to MSEK 117 (103). Invoicing reached MSEK 118 (95), an increase by 24.3 percent. Profit rose to MSEK 8.2 (3.2).

Parent Company

The Parent Company is engaged primarily in owning and managing shares and participations in subsidiaries and associated companies, and in being responsible for certain over-arching Group functions. The company, which has no external sales, reports a result after financial items of

MSEK 12.2 (-14.8). This result includes dividends from Group companies in an amount of MSEK 33.2 (2.3). The reported result was MSEK 17.7 (-10.4).

Capital Expenditures

Capital expenditures in tangible fixed assets amounted to MSEK 48.0 (55.1), which is equivalent to roughly half of depreciation and amortization. Approximately two thirds of the investments were made in the Lesjöfors Group. No corporate acquisitions were made during the year, nor were any companies sold.

Research and development

The Group conducts no research and development and the costs for product development are not of significant importance for the business. Most costs are for order-related development and are borne by each respective order.

Cash flow, liquidity and financing

Strong earnings, low capital expenditures and controlled development of working capital generated a cash flow after capital expenditures of MSEK 197.2 (74.8). This cash flow was applied to repayment of interest-bearing liabilities. Interest-bearing net liabilities, that is interest-bearing liabilities, less liquid funds, decreased by MSEK 208.6 to MSEK 178.3 (386.9). Available liquidity, defined as liquid funds plus approved but unutilized committed credit facilities, was MSEK 415 at year-end (275).

The equity ratio at year-end was 50.3 percent (40.1). Interest-bearing net liabilities relative to shareholders' equity, the net debt equity ratio, was 31.9 percent (85.7).

Profitability

The return on average capital employed was 23.1 percent (4.5). Average shareholders' equity yielded a return of 20.2 percent (2.9).

Personnel

The average number of employees was 934 (896); 712 of these are men (682) and 222 are women (214). 623 (612) of these worked in Sweden and 311 (284) worked outside Sweden. The number of employees at year-end was 922 (879).

Ownership situation

The Company has about 2 600 shareholders. The largest owner is Anders Wall with family and companies, with 13.6 percent of the capital and 41.0 percent of the votes. Other major owners are SEB Fonder with 8.1 percent of the capital, Kjell & Märta Beijer's Foundation with 6.3 percent, Livförsäkrings AB Skandia with 5.9 percent, Anders Wall's Foundations with 4.8 percent and Didner & Gerge Aktiefond with 4.8 percent. AB Svolder decreased its ownership during the year, while Carnegie Fonder increased its holding.

Environment

Lesjöfors conducts business that requires a permit under the Swedish environmental code at its production facility in Värnamo. There are also operations with a filing requirement under the Swedish environmental code 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 and emission of process water that affects the external environment.

Elimag conducts business that requires a permit under the Swedish environmental code. The machining process generates large amounts of aluminum scrap, which is handled according to environmental rules in force.

Stafsjö Bruk conducts no business that requires a permit under the Swedish environmental code. A filing requirement exist for the company's consumption of chemicals.

Events after the end of the financial year

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

Prospects for 2005

The Beijer Alma Group's prospects for a continued positive development of earnings are good. Market demand is favorable, costs have been lowered in all companies and after several years of positive cash flows, the balance sheet is strong. At the same time it is less likely that the extremely good demand situation from the telecom industry – which especially benefited Habia during the first half of 2004 – will return during 2005.

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	35 462
Net result for the year	17 714
Total	**53 176**

be allocated as follows:

A dividend to the shareholders of SEK 5.00 per share SEK 3.00 of which as regular dividend and SEK 2.00 as extra dividend	45 718
To be carried forward	7 458
Total	**53 176**

The Group's unrestricted equity amounts to SEK 277 346 thousand. An allocation to restricted reserves of SEK 1 851 thousand is proposed.

Statements of Income

Amounts in SEK thousand

	Note	Group		Parent Company	
		2004	2003	2004	2003
Net revenues	3, 4	1 422 658	1 154 024	–	–
Cost of goods sold		-943 135	-821 035	–	–
Gross profit		**479 523**	**332 989**	**–**	**–**
Selling expenses		-179 914	-176 017	–	–
Administrative expenses	5	-125 028	-116 155	-29 489	-20 944
Other operating expenses		–	–	12 171	10 318
Revenue from shares in associated companies	6	1 335	-1 070	–	–
Operating profit	**7, 8**	**175 916**	**39 747**	**-17 318**	**-10 626**
Revenue from shares in Group companies	9	–	–	33 207	2 264
Interest income and similar items	10	1 337	2 832	214	515
Interest expense and similar items	10	-15 204	-24 532	-3 916	-6 954
Result after net financial items		**162 049**	**18 047**	**12 187**	**-14 801**
Taxes on the year's result	11	-45 258	-10 525	5 527	4 446
NET RESULT FOR THE YEAR		**116 791**	**7 522**	**17 714**	**-10 355**
Earnings per share before dilution, SEK	12	12.77	0.83	–	–
Earnings per share, fully diluted basis, SEK	12	12.77	0.83	–	–
Proposed/declared dividend per share, SEK				5.00	1.50

Balance Sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		2004	2003	2004	2003
ASSETS					
Fixed assets					
Intangible fixed assets					
Goodwill	13	61 147	90 655	–	–
Tangible fixed assets					
Land and land improvements	14	16 748	17 155	–	–
Buildings	15	169 597	172 908	–	–
Plant and machinery	16	248 211	282 150	–	–
Equipment tools, fixtures and fittings	17	33 280	29 325	371	586
Financial assets					
Deferred tax claims	18	3 023	10 065	–	–
Other long-term receivables		980	6 697	–	–
Other securities	19	12 902	11 617	12 722	8 924
Shares in associated companies	20	5 345	3 815	–	–
Shares in Group companies	21	–	–	238 645	238 645
Total fixed assets		**551 233**	**624 387**	**251 738**	**248 155**
Current assets					
Inventories	22	223 064	205 473	–	–
Receivables					
Accounts receivables		202 795	200 538	–	–
Due from Group companies		–	–	192 021	192 023
Other receivables		12 833	9 917	370	348
Prepaid expenses and accrued income	23	13 314	15 502	1 580	2 291
Liquid funds		105 492	70 959	271	42
Total current assets		**557 498**	**502 389**	**194 242**	**194 704**
TOTAL ASSETS		**1 108 731**	**1 126 776**	**445 980**	**442 859**

Balance Sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		2004	2003	2004	2003
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	24				
Restricted equity					
Share capital		114 296	112 791	114 296	112 791
Restricted reserves		166 404	182 227	165 351	156 598
Total restricted equity		**280 700**	**295 018**	**279 647**	**269 389**
Unrestricted equity					
Unrestricted reserves/Retained earnings		160 555	149 151	35 462	28 184
Net result for the year		116 791	7 522	17 714	-10 355
Total unrestricted equity		**277 346**	**156 673**	**53 176**	**17 829**
Total shareholders' equity		**558 046**	**451 691**	**332 823**	**287 218**
Provisions					
Deferred tax	25	29 760	36 952	–	–
Provisions for pensions and similar obligations	26	7 260	7 251	–	–
Total provisions		**37 020**	**44 203**	**–**	**–**
Long-term liabilities					
Due to financial institutions	27	130 500	184 026	–	–
Total long-term liabilities		**130 500**	**184 026**	**–**	**–**
Current liabilities					
Committed credit facility	27	125 114	213 274	68 212	93 802
Due to Group companies		–	–	30 109	21 137
Accounts payable		71 258	62 573	516	266
Tax liabilities		30 374	4 100	5 351	2 841
Accrued expenses and prepaid income	28	103 603	85 701	8 680	4 085
Convertible subordinated debenture loan	27	–	23 697	–	33 274
Due to credit institutions	27	20 891	29 652	–	–
Other current liabilities		31 925	27 859	289	236
Total current liabilities		**383 165**	**446 856**	**113 157**	**155 641**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 108 731**	**1 126 776**	**445 980**	**442 859**
Pledged assets	29	733 963	721 180	112 261	113 261
Contingent liabilities	30	5 413	6 275	13 554	20 775

Changes in Shareholders' Equity

GROUP

	Share capital	Restricted reserves	Unrestricted equity	Total shareholders' equity
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**
Dividend paid	–	–	-13 535	-13 535
New issue	1 505	8 753	–	10 258
Transfer between restricted and unrestricted equity	–	-24 576	24 576	–
Translation difference	–	–	-7 159	-7 159
Net result for the year	–	–	116 791	116 791
12/31/2004	**114 296**	**166 404**	**277 346**	**558 046**

PARENT COMPANY

	Share capital	Premium reserve	Unrestricted equity	Total shareholders' equity
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**
Dividend paid	–	–	-13 535	-13 535
New issue	1 505	8 753	–	10 258
Group contribution received, less taxes	–	–	38 952	38 952
Group contribution rendered, less taxes	–	–	-7 784	-7 784
Net result for the year	–	–	17 714	17 714
12/31/2004	**114 296**	**165 351**	**53 176**	**332 823**

Proposed dividend of SEK 5.00 per share, a total of 45 718

Statements of Cash Flow

Amounts in SEK thousand

	Note	Group		Parent Company	
		2004	2003	2004	2003
Current operations					
Operating result		175 916	39 747	-17 318	-10 626
Net financial items	31	-14 585	-24 169	-4 880	-4 841
Current taxes		-11 942	-5 487	-1 066	1 000
Items not affecting cash flow	32	86 810	89 238	134	11 937
Cash flow from current operations before changes in working capital and capital expenditures		**236 199**	**99 329**	**-23 130**	**-2 530**
Change in inventory		-18 791	32 477	–	–
Change in receivables		-7 026	-18 052	33 898	-7 233
Change in current liabilities		26 227	12 377	24 151	-12 528
Cash flow from current operations		**236 609**	**126 131**	**34 919**	**-22 291**
Investment operations					
Investment in tangible fixed assets		-43 626	-48 988	81	-41
Sale of shares in subsidiaries		–	–	–	25 997
Investments in other shares		-1 480	-3 219	-3 798	-2 741
Change in other financial assets		5 716	873	–	14
Cash flow from investment operations		**-39 390**	**-51 334**	**-3 717**	**23 229**
Financing operations					
New issue		10 258	–	10 258	–
Loans raised		2 739	10 000	–	–
Repayment of long-term liabilities and committed credit facilities		-159 469	-49 801	-58 864	-19 493
Group contribution received/rendered and owner contribution		–	–	31 168	27 586
Dividend paid		-13 535	-9 023	-13 535	-9 023
Cash flow from financing operations		**-160 007**	**-48 824**	**-30 973**	**-930**
CHANGE IN LIQUID FUNDS		**37 212**	**25 973**	**229**	**8**
Liquid funds at beginning of year		70 959	47 171	42	34
Translation difference in liquid funds		-2 679	-2 185	–	–
Liquid funds at year-end		105 492	70 959	271	42
Unutilized committed credit facilities		309 288	204 445	81 788	56 198
Available liquidity		414 780	275 404	82 059	56 240

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.

Starting with the current financial year, recommendation RR 29 – Compensation to employees of the Swedish Financial Accounting Standards Council, will be applied.

The implementation thereof has not had any material impact on the Company's result or financial position. It is not possible, however, to render a full assessment of the effects of implementing RR 29 with respect to ITP plans, since Alecta is not yet capable of providing the necessary basic information.

CONSOLIDATED ACCOUNTING

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

The purchase method of accounting has been used in compiling the Group's balance sheet. This means that the equity 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 balance sheets, which means that assets and liabilities are translated using the exchange rate in effect on the balance sheet date. All items in the income statements are translated at the average foreign exchange rate for the year. Translation differences are carried directly to 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 within 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 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 amortization). 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 Group's share in profit related to the gain.

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

FOREIGN CURRENCIES

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

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

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 include 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 and machinery untaxed reserves and tax loss carryforwards.

Deferred tax liabilities 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 liabilities referring to investments in subsidiaries and associated companies are not reported in the consolidated financial statements when the Parent Company in all cases can control the timing for reversal of the temporary differences and it is not deemed 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 relating to development projects (attributable to design and testing of new and improved products) are carried as intangible assets to the extent these expenses are believed to generate future economic benefits. All other development expenses 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. 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. The residual value of the asset is taken into consideration, as the case may be, when the amount to be depreciated has been determined.

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.

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.

LEASING

When the effect of leasing contracts is that the Group, as lessor, enjoys essentially 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.

Leasing of assets where the lessee for all intents and purposes remains as the owner of the asset is classified as operational leasing.

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

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 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 has, 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.

PENSION COMMITMENTS

The Group has pension plans with predetermined premiums as well as plans with predetermined benefits. The pension plans are financed by payments from each respective Group company and their employees. Pension plans with predetermined benefits are the ITP plans, that are insured by Alecta. These are reported as pension plans with predetermined premiums since Alecta is not yet able to provide the necessary information.

The Group's payments with respect to pension plans are reported as costs during the period when the employee has performed the services to which the fee refers.

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.

1 PERSONNEL

Job locations	Average number of employees	
	2004	2003
SWEDEN		
Parent Company		
Uppsala	2	2
Stockholm	4	4
Subsidiaries		
Filipstad	88	84
Göteborg	63	56
Herrljunga	52	60
Karlstad	9	9
Nyköping	54	52
Stockholm	45	46
Tierp	209	199
Trosa	–	10
Uppsala	2	2
Värnamo	67	60
Växjö	28	28
Total Sweden	**623**	**612**

Of whom men 482 (471) and women 141 (141).

	2004			2003		
	Men	Women	Total	Men	Women	Total
OUTSIDE SWEDEN						
Denmark	63	23	86	66	25	91
Finland	21	4	25	18	5	23
Norway	4	2	6	4	2	6
Latvia	10	8	18	2	–	2
Belgium	–	–	–	1	1	2
France	4	2	6	4	2	6
The Netherlands	5	2	7	5	1	6
Poland	–	–	–	–	1	1
UK	22	6	28	22	5	27
Germany	56	19	75	48	17	65
Hong Kong	2	4	6	6	3	9
China	40	11	51	31	10	41
USA	3	–	3	4	1	5
Total outside Sweden	**230**	**81**	**311**	**211**	**73**	**284**
TOTAL			**934**			**896**

Of the employees 712 are men (682) and 222 are women (214).

There is a total of 40 directors in the Group's companies; 39 of these are men. All 23 Group company presidents are men. On the Parent Company's Board of Directors six of seven directors are men and the President & Chief Executive Officer is a man.

Salaries, compensation and social benefits

Group

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

	2004	2003
Salary/fees, President and Board of Directors	20 568	18 478
Of which bonus, President and Board of Directors	4 060	933
Social benefits, President and Board of Directors	11 479	11 896
Of which pension costs	4 294	4 978
Salaries, other	186 378	165 126
Social benefits, other	77 726	74 343
Of which pension costs	20 296	14 176

Salaries and compensation have been paid outside Sweden as follows:

	2004 President/Board of Directors				2004 Other		2003 President/Board of Directors				2003 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	1 227	147	64	61	36 646	2 213	1 136	–	2	54	39 275	215
Finland	1 287	155	383	173	6 793	1 653	1 340	137	357	167	6 122	1 517
Norway	717	–	115	–	1 937	279	641	–	157	–	1 708	264
Latvia	321	41	90	–	599	168	84	–	–	–	71	–
Belgium	–	–	–	–	–	–	–	–	–	–	603	173
France	–	–	–	–	3 269	1 397	–	–	–	–	2 757	1 306
The Netherlands	–	–	–	–	2 876	1 004	–	–	–	–	3 433	822
Poland	–	–	–	–	–	–	–	–	–	–	212	66
UK	1 571	121	618	537	11 402	537	1 608	53	711	553	9 894	1 358
Germany	1 698	100	219	18	27 080	5 085	1 607	100	210	18	27 554	5 953
Hong Kong	–	–	–	–	2 332	590	–	–	–	–	3 231	503
China	–	–	–	–	1 823	235	–	–	–	–	1 102	395
USA	396	–	117	–	352	103	433	–	40	–	873	128
Total salaries and compensation	**7 217**	**564**	**1 606**	**789**	**95 109**	**13 264**	**6 849**	**290**	**1 477**	**792**	**96 835**	**12 700**
Total salaries and compensation in Sweden as above	**20 568**	**4 060**	**11 479**	**4 294**	**186 378**	**77 726**	**18 478**	**933**	**11 896**	**4 978**	**165 126**	**74 343**
Group total	**27 785**	**4 624**	**13 085**	**5 083**	**281 487**	**90 990**	**25 327**	**1 223**	**13 373**	**5 770**	**261 961**	**87 043**

Parent Company

	2004	2003
Salary, President and Board of Directors	7 861	4 094
Bonus, President and Board of Directors	2 577	–
Social benefits, President and Board of Directors	3 619	2 286
Of which pension costs	1 118	1 025
Salaries, other	6 098	3 031
Social benefits, other	2 781	1 706
Of which pension costs	792	639

Commitments for retirement pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to a statement, URA 42, by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council this is a pension plan with predetermined benefits that covers several employers. For the 2004 financial year the Company has not had access to sufficient information to enable it to report this plan as a plan with predetermined benefits. The pension plan according to ITP, which is secured through insurance in Alecta, is therefore reported as a pension plan with predetermined premium. The fees for pension insurance written by Alecta amount to MSEK 4.5 (2003: MSEK 4.5). Alecta's surplus can be distributed to the policyholders and/or the insured. At year-end 2004 Alecta's surplus measured as the collective solvency margin was 128.0 percent (2003: 119.9 percent). The collective solvency margin is defined as the market value of Alecta's assets as a percentage of its insurance commitments computed in accordance with Alecta's actuarial calculation assumptions, which do not correspond to RR 29.

Employment conditions and compensation to members of senior management

Principles

Fees are paid to the Chairman of the Board of Directors and directors according to resolution of general meeting of shareholders. No special fees are paid for committee work. No fee is paid to employees of the Group for work as director in subsidiaries.

Compensation to the President & CEO and members of senior management consists of basic salary, including the benefit of a company car, bonus, pension costs and personnel options. Members of senior management include the President & CEO, the presidents of the four subsidiaries, the Parent Company's Chief Financial Officer and the Parent Company's controller.

The distribution between basic salary and bonus must be proportional to the person's responsibilities and authority. For the President & CEO the bonus is maximized at 100 percent of the basic salary. For other members of senior management the bonus is maximized at 40-100 percent of the basic salary, not including the benefit of a company car. The bonus is based on actual performance relative to individually set goals.

Pension benefits, car benefits and personnel options to the President & CEO and members of senior management are paid as part of the total compensation.

Compensation and benefits during the year

	Board of Directors fee/ basic salary incl. benefit of company car	Bonus	Pension costs	Personnel options	Total
Directors (7 persons)	1 181				1 181
Of which Chairman	726				726
Members of Senior Management	10 082	5 284	3 198	2 352	20 916
Of which President & CEO	3 173	2 577	1 118	840	7 708
TOTAL	**11 263**	**5 284**	**3 198**	**2 352**	**22 097**

Comments on the table

Members of the Group's senior management have only pensions plans with predetermined premiums. Pension costs refer to the cost charged to the year's result. The amount above includes a special payroll tax of 24.26 percent of the premium paid.

Personnel options refer to the program issued to members of senior management during 2001. Wholly owned subsidiary Aihuk AB acquired all outstanding options during the year for SEK 14 per option, computed as the current market price of the share at the time of acquisition, less the subscription price of the option, SEK 105. SEK 14 per share has been reported in the table above. Aihuk AB acquired a total of 188 000 personnel options, of which 168 000 from members of senior management.

Employment conditions

President & CEO

The period of notice upon termination at the initiative of the Company is 24 months and upon termination at the initiative of the employee the period of notice is 9 months. The termination salary is not to be offset against other income. The retirement age is 65. Pension premiums are paid by the Company in an amount which is equal to 30 percent of the basic salary, not including the benefit of a company car.

Other members of senior management

The period of notice upon termination at the initiative of the Company varies between 6 and 24 months. For five of the six persons in question, any termination pay is offset against compensation from other employers. The retirement is 65 years in all cases. The pension premiums, which are paid by the Company, are 20–33 percent of the basic salary, not including the benefit of a company car.

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), AB Stafsjö Bruk, Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professur i Entreprenörskap. 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 AB.

Marianne Nivert, Director since 2002. Other assignments: Chairman of Posten AB, Director of SSAB, Wallenstams Byggnads AB, Karolinska Universitetssjukhuset, Systembolaget AB, Fjärde AP-fonden, Chalmers Tekniska Högskola AB and SNS.

Johan Norman, Director since 2002.

Johan Wall, President, Enea AB. Deputy Director 1997–2000, Director since 2000. Other assignments: Chairman of Glocalnet AB. Director of Enea AB, Anders Wall's foundations, and other assignments, 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 SweMaint AB, EuroMaint AB, AB Svensk Bilprovning and other assignments.

3
NET REVENUES

	2004	2003
Sweden	390 709	352 844
Other EU	709 866	561 197
Other Europe	92 641	85 913
Asia	191 130	132 388
Rest of world	38 312	21 682
TOTAL	**1 422 658**	**1 154 024**

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. Amounts refer solely to external sales.

Operating segments

2004	Springs	Specialty cable	High-speed machining	Knife gate valves	Other (Parent Company, etc.)	Eliminations	Group
Net revenues	673.4	527.0	102.8	118.3	1.2	–	1 422.7
Operating result	107.3	68.7	10.0	8.9	-16.2 [1]	-2.8	175.9
Result before taxes	105.1	63.1	8.1	8.2	-19.7 [1]	-2.8	162.0
Assets	564.2	390.9	100.6	66.8	471.2	-485.0	1 108.7
Liabilities	284.0	245.3	62.6	50.3	131.9	-223.4	550.7
Capital expenditures	31.2	13.7	0.9	2.2	–	–	48.0
Depreciation and amortization	45.6	30.9	7.5	4.5	0.1	2.8	91.4

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 [1]	-2.5	39.7
Result before taxes	56.2	-13.4	-5.0	3.2	-20.5 [1]	-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

[1] Revenue from associated companies included in the amount of 1.3 for 2004 and -1.1 for 2003.

Geographic areas

2004	Sweden	Other EU	Other Europe	Asia	Rest of world
Net revenues	390.7	709.9	92.6	191.1	38.3
Capital expenditures	38.7	7.9	0.1	1.3	–
Assets	706.7	331.1	6.1	61.9	2.9

2003	Sweden	Other EU	Other Europe	Asia	Rest of 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	721.6	328.6	10.1	64.2	2.3

5
ADMINISTRATIVE EXPENSES

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

	Group		Parent Company	
	2004	2003	2004	2003
Öhrlings PricewaterhouseCoopers AB				
Audit fee	2 823	2 005	757	497
Other auditors				
- Audit fee	676	791	–	–
- Other assignments	220	281	–	–
TOTAL	**3 719**	**3 077**	**757**	**497**

Costs for product development are included in the Group's administrative expense an amount of 7 512 (7 493).

6
INCOME FROM SHARES IN ASSOCIATED COMPANIES

	2004	2003
Share in result from:		
Pendax Holding AB	497	118
Medical Device Technology AB	1 006	-1 188
BCB Baltic AB	-168	–
TOTAL	**1 335**	**-1 070**

7
OPERATING RESULT

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

	2004	2003
Plant and equipment	51 966	53 431
Equipment, tools, fixtures and fittings	11 026	12 048
Buildings	7 670	7 467
Land improvements	63	61
Goodwill	20 722	16 598
TOTAL	**91 447**	**89 605**

Depreciation has been effected in the Parent Company on equipment, tools, fixtures and fittings in an amount of 134 (201).

8
OPERATIONAL LEASING

The operating result has been charged with costs for operational leasing as follows:

		Group		Parent Company
	2004	2003	2004	2003
Year's leasing costs	16 742	16 660	2 106	1 921
Future minimum leasing fees fall due as follows:				
Within one year	12 172	11 277	1 713	1 668
Later than in one year, but within five years	32 950	15 718	2 539	3 073
Later than in five years	577	739	–	–
	45 699	**27 734**	**4 252**	**4 741**

A majority of the amounts refer to rental contracts for operating premises.

9
INCOME FROM SHARES IN GROUP COMPANIES

Parent Company	2004	2003
Capital loss on sale within the Group of shares in Group companies	–	-11 736
Anticipated dividend from:		
Lesjöfors AB	–	10 000
Habia Cable AB	21 707	4 000
Elimag AB	10 500	–
Aihuk AB	1 000	–
TOTAL	**33 207**	**2 264**

10
INTEREST INCOME AND INTEREST EXPENSE

184 (447) of the Parent Company's interest income refers to interest from Group companies. 0 (33) of the Parent Company's interest expense refers to interest to Group companies.

11
TAXES ON THE YEAR'S RESULT

		Group		Parent Company
	2004	2003	2004	2003
Current taxes for the period	-46 491	-16 263	-6 594	-3 264
Share in taxes of associated company	-174	-23	–	–
Temporary differences relating to				
- untaxed reserves	6 198	5 025	–	–
- supplementary depreciation	1 078	1 117	–	–
- provisions for structural costs	-3 027	927	–	–
- tax loss carryforward	-3 757	-912	–	–
Tax effect of Group contribution	–	–	12 121	7 724
Current taxes attributable to prior years	915	-396	–	-14
TOTAL	**-45 258**	**-10 525**	**5 527**	**4 446**

Difference between tax expense and 28 percent taxes

		Group		Parent Company
	2004	2003	2004	2003
Profit before taxes	162 049	18 047	12 187	-14 801
28 % taxes	-45 374	-5 053	-3 412	4 144
Current taxes for the period	-45 258	-10 525	5 527	4 446
Amount of difference	**-116**	**5 472**	**-8 939**	**-302**

Specification of difference

		Group		Parent Company
	2004	2003	2004	2003
Effect of:				
- taxes attributable to prior years	-1 816	–	–	–
- amortization of goodwill	4 314	2 251	–	–
- foreign tax rates	-3 416	681	–	–
- non-deductible items	2 228	2 580	367	351
- writedowns	54	–	–	3 286
- non-taxable revenue	-1 428	-949	-9 306	-3 939
Other	-52	909	–	–
TOTAL	**-116**	**5 472**	**-8 939**	**-302**

12
EARNINGS PER SHARE

		Group
	2004	2003
Reported result	116 791	7 522
Result for calculation of earnings per share before dilution	**116 791**	**7 522**
Interest expense for convertible debentures	–	1 305
Taxes attributable to this interest	–	-365
Result for calculation of earnings per share after dilution	**116 791**	**8 462**
Number of shares outstanding before dilution	**9 143 700**	**9 023 300**
Anticipated conversion of convertible debentures and outstanding personnel options	–	586 880
Number of shares outstanding after dilution	**9 143 700**	**9 610 180**

13
GOODWILL

	2004	Group 2003
Opening acquisition value	250 827	251 391
Translation differences	-519	-564
Closing accumulated acquisition cost	**250 308**	**250 827**
Opening amortization	89 159	72 670
Amortization for the year	20 772	16 598
Translation differences	-207	-109
Closing amortization	**109 724**	**89 159**
Opening writedowns	71 013	71 013
Writedowns for the year	8 424	–
Closing accumulated writedowns	**79 437**	**71 013**
Closing residual value according to plan	**61 147**	**90 655**

The value of the Group's intangible assets is assessed annually using so-called impairment tests. This assessment has resulted in writedowns of 8 424 of goodwill in the Lesjöfors Group attributable to prior acquisitions in Denmark and Sweden.

14
LAND AND LAND IMPROVEMENTS

	2004	Group 2003
Opening acquisition value	17 584	13 229
Purchases	149	4 409
Sales and disposals	-450	–
Reclassification	–	-3
Translation differences	-43	-51
Closing accumulated cost	**17 240**	**17 584**
Opening depreciation	429	368
Amortization for the year	63	61
Closing accumulated writedown	**492**	**429**
Closing residual value according to plan	**16 748**	**17 155**
Book value of land in Sweden	9 075	9 512
Tax assessment value of land in Sweden	7 784	8 125

15
BUILDINGS

	2004	Group 2003
Opening acquisition value	234 440	216 246
Purchases	8 712	20 475
Sales and disposals	-5 251	-1 680
Translation differences	-502	-601
Closing accumulated cost	**237 399**	**234 440**
Opening depreciation	61 532	55 886
Sales and disposals	-1 261	-1 680
Amortization for the year	7 670	7 467
Translation differences	-139	-141
Closing accumulated depreciation	**67 802**	**61 532**
Closing residual value according to plan	**169 597**	**172 908**
Book value of buildings in Sweden	108 969	112 630
Tax assessment value of buildings in Sweden	41 222	43 137

16
PLANT AND MACHINERY

	2004	Group 2003
Opening acquisition value	662 734	649 731
Purchases	31 086	29 872
Sales and disposals	-14 845	-11 591
By acquisition and divestiture of subsidiaries	–	-32
Reclassification	-9 185	-3 018
Translation differences	-1 438	-2 228
Closing accumulated acquisition value	**668 352**	**662 734**
Opening depreciation	341 487	296 769
Sales and disposals	-9 069	-8 157
Reclassification	-2 167	17
Depreciation for the year	51 966	53 431
Translation differences	-508	-573
Closing accumulated depreciation	**381 709**	**341 487**
Opening depreciation	39 097	39 097
Reclassification	-5 707	–
Writedowns for the year	5 042	–
Closing accumulated writedowns	**38 432**	**39 097**
Closing residual value according to plan	**248 211**	**282 150**

So-called impairment tests are performed annually on the Group's tangible assets. Writedown of surplus values in plant and machinery has been effected in an amount of 5 042 attributable to prior acquisitions in the Lesjöfors Group.

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

	2004	2003
Acquisition value	59 519	63 695
Residual value	35 674	42 381

Future minimum leasing fees fall due for payment as follows:

	2004	2003
Within one year	7 605	8 605
Later than in one year, but within five years	26 591	29 764
Later than in five years	321	3 805
	34 517	**42 174**

17
EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

		Group		Parent Company
	2004	2003	2004	2003
Opening acquisition value	109 837	102 401	2 156	2 115
Purchases	14 207	8 053	42	41
Sales and disposals	-6 481	-3 312	-297	–
Reclassification	1 735	3 821	–	–
Translation differences	-472	-1 126	–	–
Closing accumulated acquisition value	**118 826**	**109 837**	**1 901**	**2 156**
Opening depreciation	67 492	57 627	1 570	1 369
Sales and disposals	-5 084	-1 825	-174	–
Reclassification	-441	298	–	–
Depreciation for the year	11 026	12 048	134	201
Translation differences	-358	-656	–	–
Closing accumulated depreciation	**72 635**	**67 492**	**1 530**	**1 570**
Opening writedown	13 020	13 020	–	–
Reclassification	-109	–	–	–
Closing accumulated writedown	**12 911**	**13 020**	–	–
Closing residual value according to plan	**33 280**	**29 325**	**371**	**586**

18
DEFERRED TAX CLAIM

	2004	2003
Temporary claim relating to		
- tax loss carryforward	252	5 851
- provisions for structural costs	140	2 240
- writedowns	597	–
Other temporary differences	2 034	1 974
TOTAL	**3 023**	**10 065**

19
OTHER SECURITIES

	Org.no.	Proportion of capital, percent	Registered office	Book value
Parent Company				
Innoventus Uppsala Life Science 1 KB *)	969677-8530	8	Uppsala, Sweden	12 722
Group				
Drug Safety Inc. (formerly PharmaSoft Inc.)		<1	Delaware, USA	0
Industrial Development & Investment AB	556518-9973	<1	Stockholm, Sweden	61
Other		–		119
TOTAL				**12 902**

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

*) *Commitment exists to invest another MSEK 14.*

		Group		Parent Company
	2004	2003	2004	2003
Opening acquisition value	13 922	11 113	8 924	6 183
Purchases	3 860	2 809	3 798	2 741
Closing accumulated acquisition value	**17 782**	**13 922**	**12 722**	**8 924**
Opening writedowns	2 305	2 305	–	–
Depreciation for the year	2 575	–	–	–
Closing accumulated writedowns	**4 880**	**2 305**	**–**	**–**
Closing book value	**12 902**	**11 617**	**12 722**	**8 924**

20
SHARES IN ASSOCIATED COMPANIES

	Org.no.	Proportion of capital, percent	Registered office	Book value 2004	Book value 2003
Group					
Pendax Holding AB	556536-1457	36	Stockholm, Sweden	4 137	3 814
Medeto Medical Device Technology AB	556444-9386	50	Stockholm, Sweden	580	1
BCB Baltic AB	556649-7540	22	Uppsala, Sweden	628	–
TOTAL				**5 345**	**3 815**

	2004	2003
Opening acquisition value	12 761	13 182
Share in profit after taxes	1 161	-1 047
Purchases	796	626
Closing accumulated acquisition value	**14 718**	**12 761**
Opening writedown	8 946	8 706
Writedown for the year	427	240
Closing accumulated writedowns	**9 373**	**8 946**
Closing book value	**5 345**	**3 815**

21
SHARES IN GROUP COMPANIES

	Org.no.	Number	Registered office	Book value	Adjusted equity
Lesjöfors AB	556001-3251	603 500	Karlstad, Sweden	100 000	280 225
Habia Cable AB	556050-3426	500 000	Täby, Sweden	87 575	145 608 [1]
AB Stafsjö Bruk	556093-2112	45 000	Nyköping, Sweden	21 354	16 510
AB Stockholms Rörsmide	556222-0482	10 000	Stockholm, Sweden	2 560	2 665 [2]
Aihuk AB	556218-4126	9 000	Uppsala, Sweden	2 056	3 962
Alma Nova Industri AB	556077-6022	60 000	Uppsala, Sweden	14 781	15 192
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	101
Bierrepac AB	556067-1793	4 000	Uppsala, Sweden	473	949
Carepilot AB	556589-8235	153 846	Uppsala, Sweden	4 417	5 057
Shipping & Aviation Sweden AB	556500-0535	10 000	Uppsala, Sweden	1 000	1 300
TOTAL				**238 645**	

[1] Including anticipated dividend to the Parent Company in the amount of 21 707.
[2] Including anticipated dividend to the Parent Company in the amount of 1 000.
All companies are 100-percent owned.

	2004	2003
Acquisition cost	243 800	351 799
Sales [1]	–	-107 999
Closing accumulated acquisition cost	**243 800**	**243 800**
Opening writedowns	5 155	75 422
Sales	–	-70 267
Closing accumulated writedowns	**5 155**	**5 155**
Closing book value	**238 645**	**238 645**

[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 were also sold externally during 2003.

Subsidiary holdings of shares in Group companies

	Organization number	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 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	11 402
Habia Kabel GmbH		100	Düsseldorf, Germany	29 797
Habia Cable Inc.		100	New Jersey, USA	0
Habia Kabel Produktions GmbH & Co.KG		100	Norderstedt, Germany	81 295
Habia Cable Ltd.		100	Bristol, UK	3 614
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 Nordic AB	556240-7485	100	Täby, Sweden	205
Isotec Beteiligungs GmbH		100	Norderstedt, Germany	189
Elimag AB	556480-0133	100	Mölndal, Sweden	25 896
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

22 INVENTORIES

	2004	2003
Raw materials	97 488	79 503
Work in progress	40 985	46 507
Finished goods	84 591	79 463
TOTAL	**223 064**	**205 473**

Value of the inventory valued at net sales value

	2004	2003
Raw materials	1 264	336
Work in progress	3 191	1 910
Finished goods	90	1 043
TOTAL	**4 545**	**3 289**

Difference between acquisition value and net sales value

	2004	2003
Raw materials	1 172	3 541
Work in progress	935	5 971
Finished goods	507	1 523
TOTAL	**2 614**	**11 035**

23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2004	2003	2004	2003
Leasing fees and rents	3 016	1 722	532	–
Accrued interest income	146	668	–	–
Other	10 152	13 112	1 048	2 291
TOTAL	**13 314**	**15 502**	**1 580**	**2 291**

24 SHAREHOLDERS' EQUITY

Restricted reserves include equity reserves in the amount of 902 year 2004 and 0 year 2003.

Accumulated translation differences amount to -12 723 (-5 564).

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	8 033 700	with 1 vote	8 033 700
TOTAL	**9 143 700**		**19 133 700**

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 i Stockholm	6 923	60 583	276 900	2 423 300
1993	New issue	30 291	90 874	1 211 650	3 634 950
1994	Shares issued to acquire AB Stafsjö Bruk	5 000	95 874	200 000	3 834 950
1996	Conversion of subordinated debenture loan	47	95 921	1 875	3 836 825
1997	Conversion of subordinated debenture loan	2 815	98 736	112 625	3 949 450
1998	Conversion of subordinated debenture loan	1 825	100 561	73 000	4 022 450
2000	Conversion of subordinated debenture loan	30	100 591	1 200	4 023 650
2001	Shares issued 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
2004	Conversion of subordinated debenture loan	1 505	114 296	120 400	9 143 700

25
DEFERRED TAXES

	2004	2003
Temporary liability relating to:		
- untaxed reserves	27 232	33 321
- accelerated depreciation	2 528	3 631
TOTAL	**29 760**	**36 952**

	2004	2003
Opening value	36 952	43 483
Increased allocation	232	1 116
Reversal	-7 424	-7 647
Closing value	**29 760**	**36 952**

26
PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS

	2004	2003
Opening value	7 251	7 195
Increased allocation	401	430
Reversal	-6	–
Paid during the period	-379	-374
Exchange rate effect	-7	–
Closing value	**7 260**	**7 251**

27
FINANCIAL INSTRUMENTS

Financial risk management

The Beijer Alma Group is exposed to different financial risks in its operations. Management of these risks is based on joint Group policies, adopted by the Board of Directors, at different levels in the Group. The goals of these policies are to get an overall representation of the risk situation, to minimize negative result effects and to clarify and define responsibilities and authority within the Group. To ensure compliance with policies adopted, there is regular follow-up at the local and central level and findings are reported to the Board of Directors.

Currency risk

Transaction exposure

The Group's companies have revenue and costs in different currencies and are thus exposed to risks of foreign exchange rate movements. This risk affects operating earnings and is called transaction exposure.

Net exposure to currencies translated to MSEK

(Net exposure is defined as revenue less costs.)

2004	USD	EUR	DKK	NOK	GBP	CNY	AUD	JPY	HKD	KRW	Total
Lesjöfors	15.3	40.2	4.2	10.1	37.9	–	–	–	–	–	107.7
Habia Cable	33.8	61.2	-2.4	–	57.3	21.7	0.9	3.9	-16.6	9.7	169.5
Stafsjö Bruk	0.1	39.1	-2.5	-1.7	-0.3	–	–	–	–	–	34.7
TOTAL	**49.2**	**140.5**	**-0.7**	**8.4**	**94.9**	**21.7**	**0.9**	**3.9**	**-16.6**	**9.7**	**311.9**

2003	USD	EUR	DKK	NOK	GBP	CNY	AUD	JPY	HKD	KRW	Total
Lesjöfors	29.5	62.8	6.0	11.3	29.6	–	–	–	–	–	139.2
Habia Cable	30.7	18.7	–	–	37.8	11.4	1.1	0.9	-9.5	8.2	99.3
Stafsjö Bruk	2.9	29.6	-2.3	-1.8	-0.3	-0.6	–	–	–	–	27.5
TOTAL	**63.1**	**111.1**	**3.7**	**9.5**	**67.1**	**10.8**	**1.1**	**0.9**	**-9.5**	**8.2**	**266.0**

Transaction risks are managed centrally by each respective subsidiary. Between 50 and 100 percent of the prognosticated net flow for the next six months, i.e. the difference between revenue and costs in a single currency, is hedged. For months 7 to 12 between 35 and 100 percent is hedged. In most cases the level of hedging is in the middle of the range. The most commonly used hedging instrument used is forward agreements. Currency options may be used in exceptional cases.

Below is a table showing foreign exchange contracts as of the balance sheet date, translated to MSEK.

	12/31/2004	12/31/2003
USD	32.0	37.5
EUR	75.8	82.3
GBP	52.7	18.1
HKD	13.4	–
TOTAL	**173.9**	**137.9**

There was a surplus value of MSEK 5.2 in the contracts as of December 31, 2004.

Translation exposure

Beijer Alma's income statement and balance sheet are denominated in SEK. Several of the Group's companies use other currencies for their accounting. This means that the Groups' results and equity are exposed when accounts are consolidated and translated to SEK. This exposure mostly affects the Group's equity and is termed translation exposure.

Such exposure is not hedged in the normal instance. Under certain circumstances the parent company of a subsidiary group has raised so-called hedging loans in the currency in question to cover the risk.

Interest risk

Beijer Alma's net financial items and earnings are affected by interest rate level fluctuations. The Group is also exposed indirectly by the effect of interest rate levels on the economy at large. Beijer Alma holds the view that fixed interest on a short-term basis is consistent with the industrial activity conducted by the Group. The period of fixed interest on loans is therefore typically up to twelve months. Over the past ten years the short-term interest has also been lower than the long-term interest rate and this has had a positive effect on the Group's earnings.

Outstanding loans and committed credit facilities are listed below:

	Group		Parent Company	
	2004	2003	2004	2003
Long-term liabilities				
Due to credit institutions	130 500	184 026	–	–
Current liabilities				
Due to credit institutions	20 891	29 652	–	–
Committed credit facility utilization	125 114	213 274	68 212	93 802
Subordinated convertible loan	–	23 697	–	33 274
Total interest-bearing liabilities	**276 505**	**450 649**	**68 212**	**127 076**
Amounts that fall due for payment in more than five years	35 761	69 206	–	–

Liabilities to credit institutions consist of some 25 loans in different currencies and on varying terms and conditions. The interest rate levels vary between 2.65 percent and 6.75 percent. The average rate of interest is 3.6 percent. The average interest rate on the committed credit facilities is 3.5 percent. A fee on the approved amount averaging 0.4 percent is also payable.

Refinancing risk and liquidity

Beijer Alma has loans that fall due at different points in time. A large portion of the credits are in the form of committed credit facilities that are formally approved for a period of one year. By refinancing risk is meant the risk that Beijer Alma is unable to fulfill its obligations because loans are cancelled and difficulties in raising new loans arise.

Beijer Alma manages this risk by maintaining a strong liquid position. The Group's policy is that available liquidity, defined as liquid funds plus approved but unutilized committed credit facilities should equal at least two months worth of invoicing. The Group's liquid position at recent year-ends is shown in the table below.

	Group		Parent Company	
	2004	2003	2004	2003
Liquid funds	105 492	70 959	271	42
Committed credit facilities	434 402	432 609	150 000	150 000
Utilized portion of committed credit facilities	-125 114	-213 274	-68 212	-93 802
Available liquidity	**414 780**	**290 294**	**82 059**	**56 240**

28
ACCRUED EXPENSES AND PREPAID INCOME

		Group		Parent Company
	2004	2003	2004	2003
Accrued personnel costs	65 218	50 398	7 916	1 654
Accrued interest	65	1 305	–	1 178
Other	38 320	33 998	764	1 253
TOTAL	**103 603**	**85 701**	**8 680**	**4 085**

29
PLEDGED ASSETS

		Group		Parent Company
	2004	2003	2004	2003
Corporate mortgages [1]	252 190	265 044	–	–
Real estate mortgages [1]	107 333	105 797	–	–
Shares [2]	304 929	267 346	112 261	112 261
Machinery used according to financial leasing agreements	35 674	42 381	–	–
Assets with retention of title	33 837	40 612	–	–
Receivables	–	–	–	1 000
TOTAL	**733 963**	**721 180**	**112 261**	**113 261**

1) Refers to liabilities to credit institutions.
2) These have been pledged as security for a committed credit facility of 150 000 (150 000), of which 68 212 has been utilized (93 802).

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CONTINGENT LIABILITIES

		Group		Parent Company
	2004	2003	2004	2003
Guaranties	792	650	–	–
Sureties	3 000	3 000	13 554	19 775 [1]
Pension obligations	121	1 125	–	1 000 [2]
Regional development grants	1 500	1 500	–	–
TOTAL	**5 413**	**6 275**	**13 554**	**20 775**

1) 10 554 of the Parent Company's sureties have been issued for subsidiaries and 3 000 for associated companies.
2) Refers to pension obligation to previous CEO.

31
NET FINANCIAL ITEMS

		Group		Parent Company
	2004	2003	2004	2003
Interest received	1 859	190	214	515
Interest paid	-16 444	-24 359	-5 094	-5 356
TOTAL	**-14 585**	**-24 169**	**-4 880**	**-4 841**

32
ITEMS NOT AFFECTING CASH FLOW

		Group		Parent Company
	2004	2003	2004	2003
Depreciation and amortization	83 173	80 642	134	201
Writedown of fixed assets	13 466	–	–	–
Capital loss	–	–	–	11 736
Inventory reduction costs	–	10 000	–	–
Result in associated companies	-1 335	1 070	–	–
Provisions	-7 174	-6 466	–	–
Allocations	-1 320	3 992	–	–
TOTAL	**86 810**	**89 238**	**134**	**11 937**

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TRANSITION TO REPORTING ACCORDING TO IFRS

From January 1, 2005 the Company will apply the new accounting standard International Financial Reporting Standards (IFRS). Regarding Compensation to employees RR29/IAS19, reference is made to what has been written in the accounting principles above about ITP plans insured by Alecta.

The most important difference between current accounting principles and reporting according to IFRS is that, according to IFRS, there is no amortization according to plan of goodwill. Instead of amortization, the book value of goodwill must be assessed regularly to determine if any need for writedown exists.

In the transition to IFRS, a so-called opening balance must be compiled. In conjunction herewith, thorough reviews have been performed of historic acquisition analyses. In the course of such reviews, it has been established if surplus values previously classified as goodwill should instead have been classified as other intangible fixed assets. Corrections have been made in the opening balance.

The table below shows the effects of transition to IFRS based on currently applicable regulatory framework for IFRS. The regulatory framework is subject to change prior to December 31, 2005. Any changes may affect the information in the table.

MSEK	12/31/2004 according to current accounting principles	12/31/2004 according to IFRS
Statement of Income		
Operating profit	175.9	185.9
Profit after net financial items	162.0	172.0
Net profit for the year	116.8	127.2
Balance Sheet		
Goodwill	61.1	65.1
Licenses	–	6.0
Shareholders' equity	558.0	566.4
Deferred taxes	29.8	31.4

The improvement in profit refers to amortization of goodwill of MSEK 10.0 not charged.

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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.

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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 Box 1747, SE-751 47 Uppsala, Sweden.

The Statements of Income and the Balance Sheets will be presented to the Annual General Meeting to be held March 30, 2005 for adoption.

Uppsala, February 9, 2005

Anders Wall
Chairman

Anders G. Carlberg | Thomas Halvorsen | Göran W Huldtgren | Marianne Nivert

Johan Norman | Johan Wall | Bertil Persson, *President & CEO*

Our audit report was submitted February 16, 2005
Öhrlings PricewaterhouseCoopers AB

Hans Lindén
Authorized Public Accountant

Audit report

To the Annual General Meeting of Beijer Alma AB (publ), Corporate Identity Number 556229-7480

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Beijer Alma AB (publ) for the year 2004. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, February 16, 2005

Öhrlings PricewaterhouseCoopers AB

Hans Lindén
Authorized Public Accountant


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BOARD OF DIRECTORS

1 **Anders Wall**, Chairman, b. 1931
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), AB Stafsjö Bruk, Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professur i Entreprenörskap.
Honorary Fellow of Uppsala University, member of the Royal Swedish Academy of Engineering Science (IVA).

2 **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.

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

Director since: 1992
Share ownership: 1 000
Director of: AB Electrolux, AP Fastigheter and other assignments.

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

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

5 **Marianne Nivert** b. 1940

Director since: 2002
Share ownership: 2 000
Chairman of: Posten AB
Director of: SSAB, Wallenstams Byggnads AB, Karolinska Universitetssjukhuset, Systembolaget AB, Fjärde AP-fonden, Chalmers Tekniska Högskola AB and SNS.

6 **Johan Norman** b. 1957

Director since: 2002
Share ownership: 55 000

7 **Johan Wall** b. 1964
President, Enea AB

Alternate Director: 1997–2000
Director since: 2000
Share ownership: 1 000
Chairman of: Glocalnet AB
Director of: Enea AB, Anders Wall's foundations and other assignments.
Alternate Director of: Kjell & Märta Beijer's foundation.

8 **Bertil Persson** b. 1961
President and CEO, Beijer Alma AB

Alternate Director: 2000–2001 and since 2002
Director: 2001–2002
Share ownership: 3 600
Call options: 150 000
Director of: SweMaint AB, EuroMaint AB, AB Svensk Bilprovning and other assignments.

SENIOR MANAGEMENT

Bertil Persson b. 1961, Master of Business Administration
President and CEO
Beijer Alma employee since: 2000
Share ownership: 3 600
Call options: 150 000

Jan Blomén b. 1955
Chief Financial Officer
Beijer Alma employee since: 1986
Share ownership, with family: 45 000

Carl Modigh b. 1972, Master of Engineering
Business Development
Beijer Alma employee since: 2000
Share ownership: 0

Jan Olsson b. 1956, Master of Business Administration
Group Controller
Beijer Alma employee since: 1993
Share ownership: 0

AUDITOR

Auditing firm of
Öhrlings PricewaterhouseCoopers AB

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

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Annual General Meeting

The regularly scheduled Annual General Meeting will be held at 6:00 p.m., Wednesday, March 30, 2005 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 18, 2005; and
- notify the Company of their desire to attend not later than 4:00 p.m., Wednesday, March 23, 2005.

Notice can be given in any of the following ways:

- by telephone +46-8-15 71 60
- by telefax +46-8-15 89 87
- by e-mail to info@beijer-alma.se
- at www.beijer-alma.se
- in writing, preferably using the form attached to the Annual Report, under address Beijer Alma AB, Box 1747, SE-751 47 Uppsala, Sweden.

Such application must contain the name, personal or corporate identity number, the number of shares represented and the applicant's (daytime) 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 18, 2005.

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

As record date for the right to receive dividend is proposed Monday, April 4, 2005. On the condition that the Annual General Meeting adopts this proposal, dividend payments are expected to be remitted by VPC beginning Thursday, April 7, 2005.

The Board of Directors and the President proposes to the Annual General Meeting a dividend for the 2004 operating year of SEK 5.00 per share, consisting of a regular dividend of SEK 3.00 (1.50) and an extra dividend of SEK 2.00 (0).

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 16, 2005 at the Company's offices, Dragarbrunnsgatan 45, SE-753 20 Uppsala, Sweden. These documents will be mailed to shareholders who so request and provide their address.

SCHEDULE OF FINANCIAL INFORMATION

A year-end report and quarterly reports are published at Beijer Alma's website, www.beijer-alma.se. The Annual Report and quarterly reports are sent automatically to shareholders of record who have notified the Company that they wish to receive such information.

2005

March 30	Annual General Meeting
April 28	Quarterly Report, Januray 1–March 31
August 17	Quarterly Report, April 1–June 30
October 26	Quarterly Report, July 1–September 30

2006

February	Year-end Report for 2005
March	Annual General Meeting

All reports can be requested from:
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Production: Waldton
Photography: Sune Fridell, all portraits and images on pages 16, 22, 28, 32.
Page 21 G.R. Richardson, page 27 Andreas Pollok, page 35 Brad Rickerby, ©Getty Images, page 31 Anders Ekholm, ©Tiofoto
Translation: Ole Böök
Printing: S-M Ewert AB

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