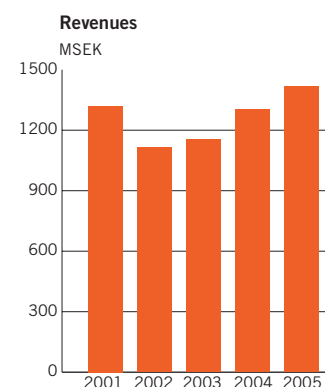


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An international industrial group

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 – which is 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).



Key figures

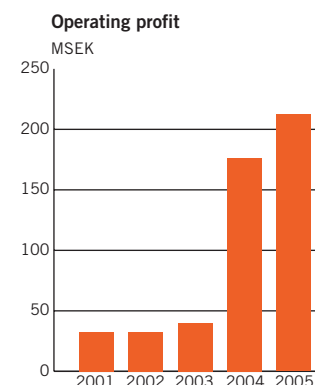
	2005	2004	2003	2002	2001
Net revenues, MSEK	1 416	1 304	1 154	1 113	1 320
Profit after net financial items, MSEK	204.3 ³⁾	163.2	18.0	4.8 ¹⁾	2.0
Shareholders' equity per share, SEK	78	62	50	51	64
Dividend per share, SEK	11.00 ²⁾	5.00	1.50	1.00	2.00

¹⁾ Not including items affecting comparability.

²⁾ As proposed by the Board of Directors.

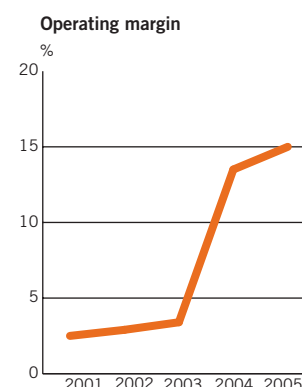
³⁾ Not including capital gain on the sale of AB Stafsjö Bruk.

In this and all other tables years 2005 and 2004 are calculated in accordance with IFRS and prior years in accordance with the then accounting principles.

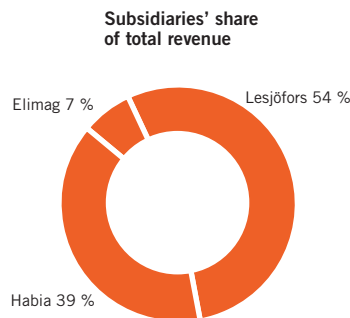


● ● ● 2005 Summary

- Best operating year ever.
- Order bookings **increased by 8.0 percent** to MSEK 1 416 (1 311).
- Net revenues **increased by 9.0 percent** to MSEK 1 416 (1 304).
- AB Stafsjö Bruk was sold with a capital gain of MSEK 31.1.
- Profit after net financial items was MSEK 204.3 (163.2).
- Cash flow was MSEK 160.5 (197.2).
- Earnings per share after standard taxes amounted to SEK 16.09 (12.85).
- Capital expenditures amounted to MSEK 48 (48).
- Proposed dividend **increase to SEK 11.00** (5.00).



Strong market positions



1 416

Beijer Alma's invoicing increased by 9 percent to MSEK 1 416.

204.3

Beijer Alma's profit after financial items increased by 25 percent to MSEK 204.3.

LESJÖFORS AB

Lesjöfors 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 2005 reached MSEK 763. The number of employees was 531.

HABIA CABLE AB

Habia is one of Europe's largest manufacturers of specialty cable for applications in telecommunications, transportation, nuclear power and defence. Manufacturing and research and development is conducted in Sweden, with manufacturing in Germany, Latvia and China. Sales in 2005 reached MSEK 560. The number of employees was 370.

ELIMAG AB

Elimag is a leading manufacturer of precision parts in aluminium for customers in telecom, defence and other high-tech industries. Sales in 2005 reached MSEK 93. The number of employees was 64.

Research reports during 2005

Kaupthing Bank, *Attractive valuation on all methodologies*, 27 October 2005
Avanza, *Q2 was the best quarter ever*, 31 August 2005
Kaupthing Bank, *Bolt-on acquisition imminent*, 18 August 2005
Kaupthing Bank, *Realising hidden values*, 14 June 2005
Kaupthing Bank, *Improved outlook for telecom customers*, 2 May 2005
Kaupthing Bank, *Habia Cable company visit*, 8 April 2005

Articles about Beijer Alma during 2005

Veckans Affärer, *Fund favourite still has more to give*, 14 November 2005
Nya Wermlands-Tidningen, *Success for spring company*, 28 September 2005
Privata Affärer Placeringsguiden, *Beijer Alma on its way to new record year*, 5 September 2005
Uppsala Nya Tidning, *Best six months ever*, 18 August 2005
Södermanlands Nyheter, *Stafsjö Bruk gets new owner*, 14 June 2005
Privata Affärer Placeringsguiden, *Stable Beijer Alma lifts with telecom*, 9 May, 2005
Börsveckan, *Beijer Alma stands up to telecoms decline*, 21 March 2005
Uppsala Nya Tidning, *Beijer Alma's best year*, 10 February 2005
Aktiespararen, *Well-managed Beijer Alma – new record year on the horizon*, January 2005

A proof of strength from Beijer Alma

The year 2005 was very strong for Beijer Alma. In several ways we can speak of harvesting time. The large investments made at the beginning of the decade now contribute to our ability of offering high capacity in development and production. At the same time the persistent work on internal efficiency has improved our competitiveness. Add to this the activities to create strong cash flows in Beijer Alma – initiatives that today have made us almost debt-free.

We have benefited from the strengthening economy, but the successes can also be attributed to Group management's higher demands on the subsidiaries. By means of active steering and control we have seen significantly improved performance, in Habia for example. Our strong balance sheet provides us with increased security, but also creates opportunities. By security I mean that we gain increased preparedness to meet market downturns. By opportunities I mean Beijer Alma's future growth. We get freedom of action to invest in organic development in existing companies, but also to increase growth through acquisitions. Such acquisitions may relate to existing product areas, but also new areas.

SUCCESSFUL WORK

The fact that we have the capacity to enter new areas illustrates the Group's management's successful work regarding efficiency and development issues. Management has demonstrated its ability to take the kind of action that creates shareholder value. Here I want to emphasize that the strong balance sheet also benefits the shareholders in the form of a competitive dividend. After a weak development in earlier years there is reason to reward those shareholders who have been faithful to Beijer Alma. Our strong balance sheet allows a dividend policy which pays out a larger proportion of operating earnings than in previous years. The high dividend yield is an important signal to our approximately 2 900 shareholders.

If conditions permit, the dividend level may be raised further. One such condition would be if the Group had sold off assets which provide extraordinary revenue, for example as is the case with the business in Stafsjö Bruk. In that transaction we received an attractive offer from an industrial

player, the size and broad knowledge of which benefits our future. Since Stafsjö had been a part of Beijer Alma for a long time, shouldn't there be room to feel a bit sentimental? If the transaction creates advantages for both parties – and strengthens Stafsjö's position on a long-term basis – the deal must obviously be done.

Let me conclude by extending my heartfelt gratitude to the Board of Directors and management for their superb contributions. In the course of my work with the Board of Directors, I appreciate the breadth and experience that exists among the directors and – particularly – the open dialogue on issues concerning the Group's future. All our employees have given their utmost during the year and this has resulted in an excellent earnings performance. Today we have our own employees in 11 countries and I wish to emphasize how impressed I am by their work during 2005.



ANDERS WALL
Chairman of the Board



Record earnings for 2005

Beijer Alma's profit before taxes during 2005 amounted to MSEK 204.3. This is almost twice as high as the result for 2000, which was the Group's best year ever during the previous economic cycle. The fact that 2005 was so strong is obviously gratifying, but it is also somewhat surprising. The previous year ended with a weakening of market demand. This trend also continued during the first few months of 2005.

FAVOURABLE MARKET SITUATION

At the beginning of the year I was of the opinion that the economy had peaked and that market demand would subsequently weaken. I was proved wrong. Market demand picked up again in March and remained strong in most of our business areas for the rest of the year. As in previous years, the Group's result benefited from a favourable mix of operations. Demand for mobile telecom infrastructure was strong, which was of particular benefit to Habia. Lesjöfors was positively affected by strong overall industrial demand. The company was also favoured by an extremely strong development in the market for replacement springs for passenger cars. Despite the favourable market demand situation, the Group's companies have maintained good cost control. The effect of this is that a large portion of the invoicing increase transfers to the bottom line. For the full year 2005 the earnings impact was 37 percent.

EXPANDING CAPACITY

Strong demand resulted in high capacity utilisation during much of the year. This was particularly evident at Habia's telecom cable manufacturing facility and at Lesjöfors' chassis spring manufacturing operation. We have therefore decided to expand capacity in both of these areas. Some of these investments were made in 2005, but capacity expansion is continuing during 2006. The level of capital expenditures will therefore rise somewhat during 2006, but will not reach the high levels reported by the Group in 2000 and 2001. The investments at that time entailed sharp increases in capacity in several cases. With today's investments capacity is added

gradually, which means less impact on cash flow and earnings.

We continued to maintain good control over the Group's working capital during 2005. Strong earnings – combined with good control over working capital and limited capital spending – have resulted in a strong cash flow during 2005. Total cash flow amounted to MSEK 160, which boosted the strength of the balance sheet substantially. Since 2001 net liabilities have been reduced by almost MSEK 540, to MSEK 43. This reduces the debt to equity ratio to 6 percent and Beijer Alma's equity ratio is a high 60 percent.

The Group's operating margin for 2005 was 15 percent. This is the highest operating margin reported by Beijer Alma since the Company went public in 1987. The high margin is obviously a consequence of favourable market conditions, however it is also attributable to the persistent efforts to control costs and increase productivity in the Group's companies.

INCREASED GLOBALISATION

Cost control and measures to raise productivity are increasingly important given the challenge that increased globalisation poses for the Group's companies. This means increased pricing pressure from producers in low-cost countries. The Group's companies must meet this development by adding more value to the products, by raising productivity and by moving production to countries where labour costs are lower. For us that means that the number of employees in low-cost countries is rising. In the year 2000 Beijer Alma's subsidiaries had no employees in low-cost countries. Currently the proportion is almost 20 percent and the trend is expected to continue over the next few years.

DEVELOP THE GROUP STRUCTURE

Stafsjö Bruk was sold during 2005. The company had at that point been a part of the Beijer Alma Group for 11 years. In this context I wish to point out that our strategy is based on being a long-term and active owner. This orientation has not changed with the sale of Stafsjö. At the same time it can be advantageous to institute changes

in ownership at certain times, both for Beijer Alma's shareholders and for the company in question. This was the case in Stafsjö. The company is a small player in a mature and competitive global market and it would have required substantial resources to turn Stafsjö into a competitive player in the long term. The buyer of Stafsjö was the German Ebro Group – a major player in the global valve market, but lacking the product niche represented by Stafsjö. The sale therefore generated substantial synergy effects, which Beijer Alma and its shareholders has benefited from in the form of a favourable selling price.

The strategy for developing the Group is solid. The top priority is to develop the existing subsidiaries via organic growth and supplementary acquisitions. Good examples of organic growth are Habia's telecom operations which grew by 19 percent during 2005 and Lesjöfors' sales of chassis springs, which rose 29 percent during the year. Telecom and chassis springs are also



examples of areas where the Group's companies with their own products have created a strong international market position within a relatively narrow niche. In terms of supplementary acquisitions, Lesjöfors is best positioned at present. During 2005 Lesjöfors acquired the Danish spring manufacturing facility of Danfoss, which makes Lesjöfors the largest spring manufacturer in Denmark. Also acquired was 20 percent of the Korean gas spring manufacturer Hanil Precision Co. Ltd. Conditions are good for continued acquisitions in business area Industrial springs – an area where Lesjöfors is a significant European player and where the market is fragmented, both in terms of customers and competitors. Good opportunities thus exist for Lesjöfors to assume an active role in that industry's consolidation.

In the development of Beijer Alma there is also the possibility of acquiring a new operating segment. This alternative has lower priority, however. As we see it, the opportunities of getting a good return relative to the assumption of risk are better in the businesses we already own and know. We also perceive the acquisition market as still being overheated, with many players in highly leveraged situations.

OUTLOOK FOR THE GROUP

As we find ourselves in the beginning of 2006, the opportunities for the Beijer Alma Group look favourable. Lesjöfors is experiencing continued strong demand. Habia is receiving positive signals from major telecom customers. The Group's financial position is strong, which gives us room for further expansion. As indicated above, in the first instance our financial strength will be focused on organic growth and supplementary acquisitions for Lesjöfors.

Combined, this gives us good opportunities to achieve a continued positive development of invoicing and earnings in coming years.



BERTIL PERSSON
President & CEO

Focus on profitable growth

Beijer Alma's business concept is realised through active ownership which will result in concrete value creation. In such active ownership, a long-term approach, clear goals and close co-operation with the Group companies are basic to achieving profitable growth.

AN INDUSTRIAL GROUP WITH A LONG-TERM APPROACH

"To acquire, own and develop small and medium-sized companies with good development potential." Thus reads Beijer Alma's declaration of business concept. A long-term approach and active ownership are basic elements of this business concept. By this is meant that Beijer Alma strives to build an industrial group on a long-term basis

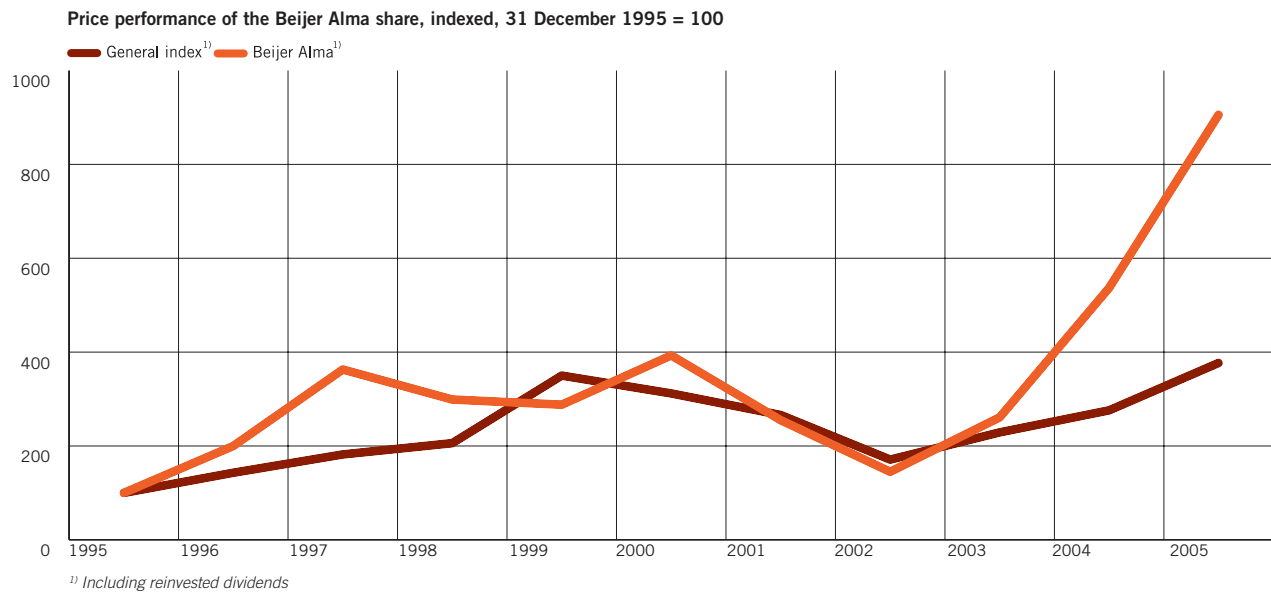
development of the operations of the companies.

This orientation gives investors access to a unique group of established, privately held with operations in interesting growth areas.

Access to the capital market provides financial resources for growth. The Group companies also get indirect access to the capital market. Via the Group structure development and growth can be financed in a way otherwise not possible. Especially if the companies – each by themselves – are too small to be listed on an exchange.

PROFITABLE GROWTH

Active ownership is basic concept within Beijer Alma. It means that Group management work very close to the



with sustainable earnings performance. This is different than the approach of, for instance, private equity companies, where the aim is more to create short-term capital gains via an exit strategy. Beijer Alma is also an industrial group that primarily owns and develops closely held companies, usually as a 100-percent owner. In this respect the Group differs from traditional investment companies, where their holdings consist primarily of other listed companies. For Beijer Alma, the strong ownership makes possible an active and value-creating

subsidiaries, although this interaction does not apply to the day-to-day operative work. It is limited to areas such as strategy, earnings performance, business control and recruiting.

The strategy is to create growth, both organically and via acquisitions. Profitable growth is a key issue. In a situation of choice, priority should therefore be given to profitability over growth. This orientation has also been successful, which is shown by the fact that a significant portion of the growth in invoicing at Habia and Lesjö-

Strategy for value creation

In the long term Beijer Alma creates value 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. Dividends and repurchasing shares can be used as alternatives to growth. The Company's Board of Directors has been 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

fors impacted the companies' profitability in recent years. An analysis of the Group shows that the earnings impact of the increase invoicing has been an average of 53 percent over the past two years.

CLEAR VALUE CREATION

Value creation in the Group is based on good products, high quality and competence. These basic prerequisites are combined with business control, investment in manufacturing capacity, product development and investments in international sales organisations.

In terms of concrete value creation the return on equity during the period 1996–2005 has been an average of 13.7 percent per year. Compared to risk-free interest, for example 10-year government bonds over the same period, this means that Beijer Alma has created excess return of 8.4 percent per year. During the corresponding period one krona invested in Beijer Alma 1 January 1996, has grown to 9.06 kronor, including re-invested dividends. That is equivalent to an annual return of 25 percent. During the same period an investment in the general index, with dividends re-invested, has grown from one krona to 3.77 kronor, or by 14 percent per year.

CONTINUED EARNINGS GROWTH

Future earnings performance is linked primarily to those businesses where the Group has unique products or product concepts. In order to have sufficient growth opportunities, international market coverage is required and the possibility of gaining a high market share in the segments

in question. The customer base must also be diversified in order to get a good risk profile. Overall, these criteria still control the development of the Group's businesses.

LONG-TERM GROWTH

There are three strategic alternatives in the quest for growth. The Group emphasises those alternatives which, over time, are expected to generate the highest earnings per share. If a growth alternative is not expected to give improved earnings on a long-term basis, Beijer Alma will abandon that expansion opportunity. Organic growth is given the highest priority. The reason is that it often gives higher quality at lower risk. This is so because Beijer Alma can utilise its existing organisation and work with markets and products that the Group knows well. Supplementary acquisitions for existing subsidiaries is the next priority. Also here the risk profile is attractive since the acquisitions are made in product areas that the Group companies know well. A third alternative is to acquire entirely new subsidiaries. But this type of acquisition has lower priority. This is because the risk is deemed to be higher than is the case with supplementary acquisitions, without the earnings potential necessarily being better.

The Beijer Alma Group today has a strong balance sheet. At year-end 2005 the net debt equity ratio was 6 percent and the equity ratio was 60 percent. If the Group is not seen as able to utilise the financial strength for organic growth or acquired growth, what then remains is the option of distributing larger amounts to the shareholders, or, alternatively, to buy back shares.

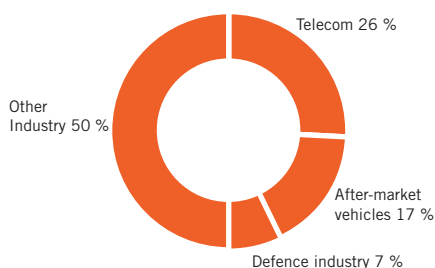
A diversified group

CUSTOMERS

The Group companies are to a large extent suppliers of components to companies that deliver complete products and systems. Most of the companies' production is in the form of components for investment goods and different industrial applications. Only 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.

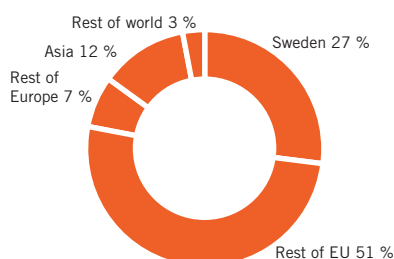
Beijer Alma's customers work in most industrial sectors. Today the largest customer segments are systems manufacturers in the telecom sector, the after-market for passenger cars, the defence industry and other industries making investment goods. In 2005 mobile telecom accounted for approximately 26 percent of revenues, while the after-market for vehicles accounted for 17 percent. The defence industry accounted for 7 percent of the Group's revenues. The remaining portion includes global industrial sectors, such as the transportation and auto industries, power generation and consumer electronics.

Distribution of customers by segment



The group's most important markets are Europe and Asia, but products are exported all over the world.

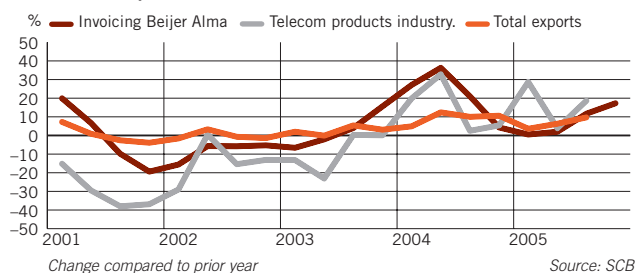
Geographic distribution of sales



INDUSTRY TREND

For the Group companies demand for and production of investment type goods is of crucial importance to sales volumes. 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 illustrates how Swedish exports in telecom has changed by quarter, and also total export of goods relative to the development of Beijer Alma's sales.

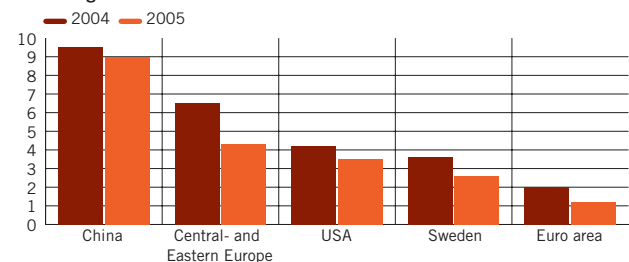
Swedish exports, 2001–2005



SURROUNDING WORLD

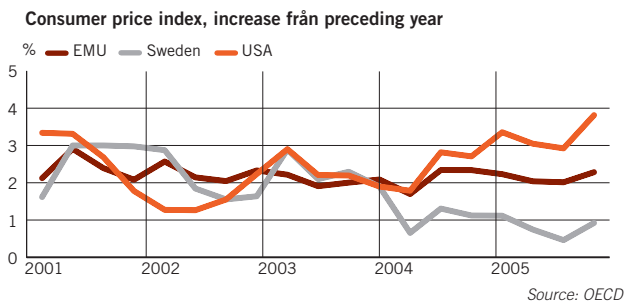
Growth continued to be high during 2005 in large parts of the world. With 2.5 percent, Sweden's growth was almost twice that of the Euro area. Swedish growth was affected positively by strong private consumption and a high level of activity in the export industry. The United States continued to show good adaptability. Despite large imbalances in the budget as well as in foreign trade, the country's economy grew by 3.5 percent. American growth was impacted positively by strong private consumption. China had growth during 2005 of 9 percent. That makes the country an

GDP growth

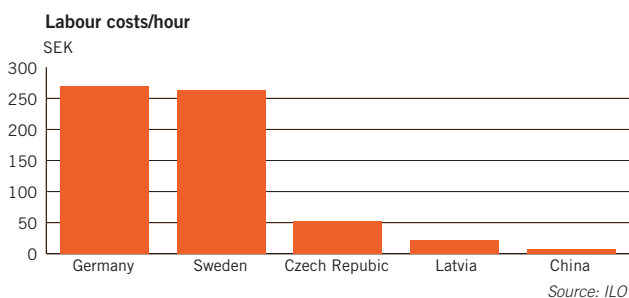


Source: IMF World Economic Outlook, September 2005

important engine, not the least for Swedish export industry. Also the new market economies in Central and Eastern Europe show comparatively good growth.

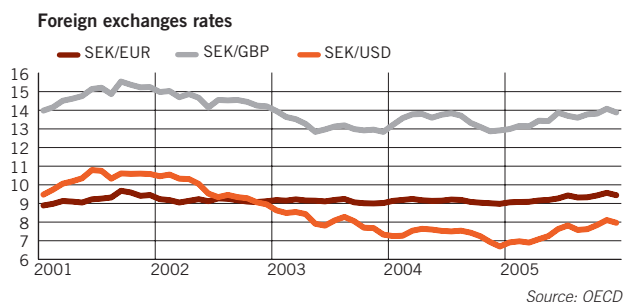


Inflation pressure – measured as CPI – is low all over the world. This is probably because of major downward pressure on prices from low-cost countries, China in particular. Inflation in Sweden has been 1–2 percent during the past couple of years. In the rest of Europe and USA the rate of inflation has been somewhat higher, at a rate of 2–3 percent.

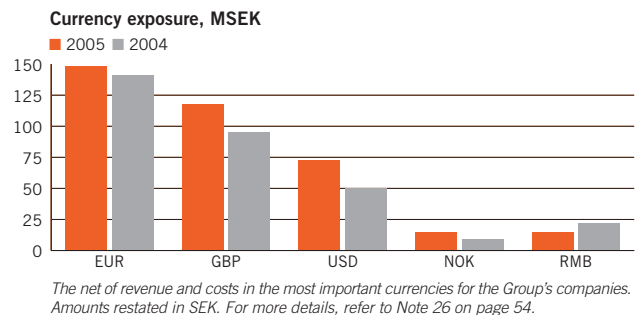


The diagram above shows labour costs in the high-cost countries of Western Europe and the low-cost countries of Eastern Europe and Asia. The large wage disparities mean that more and more employment moves from Sweden to low-cost countries.

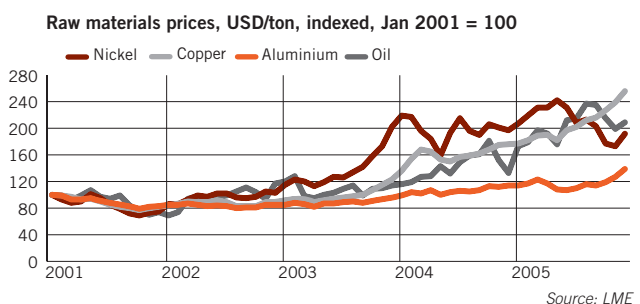
After having strengthened since 2002, the Swedish krona weakened during 2005. Important currencies for Beijer Alma are EUR, USD and GBP. During 2005 the Euro



went from 9.02 to 9.42. The dollar strengthened during the year, from 6.65 to 7.96, while pound sterling went from 12.75 to 13.70. Among the reasons for the weaker krona was probably that Swedish interest rates were low in 2005 compared to the rates in surrounding countries.



The Beijer Alma Group's companies are export companies and are therefore affected by movements in foreign exchange rates. The Group's largest single currency exposure is to 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. In certain cases hedging is done for longer periods. For 2005 this meant that just over half of the flows were hedged via forward contracts, which reduced the earnings effect of the weaker krona. During 2005 the Group's earnings were affected positively by MSEK 10 due to changes in foreign exchange rates.



The Beijer Alma Group companies depend on a number of production elements. Important production elements for Lesjöfors are different types of stainless steel. Habia uses plastics, copper and silver in the production of cable and Elimag uses aluminium. Nickel and oil prices reached a peak during 2005 and fell back thereafter. The price of copper rose sharply all year.

Local environmental responsibility

	ENVIRONMENTAL CERTIFICATION	ENVIRONMENTAL GOALS	ENVIRONMENTAL PERMITS
LESJÖFORS AB	<p>Lesjöfors has production at ten facilities. Five of these are environmentally certified according to ISO 14001.</p> <p>The company's Danish subsidiary is environmentally approved by the local municipality.</p>	<p>Environmental goals are based on environmental aspects identified as significant by each respective unit. There are today goals set to reduce the following environmental aspects: material scrap, the fraction for permanent deposit, energy consumption, chemicals and emulsions.</p>	<p>All units are C facilities, which means that their environmental impact is relatively low.</p> <p>Lesjöfors Banddetaljer in Värnamo is a B facility since 1998. Operations there require an environmental permit from the County Administration.</p>
HABIA CABLE AB	<p>The Swedish operations in Habia are certified according to ISO 14001 since year 2000. During 2006 the certification will be updated to the new version of ISO 14001.</p>	<p>Over-arching environmental goals are set by management. These goals are then broken down into production and process.</p> <p>One of the goals for 2005 was linked to EU's RoHS directive, which comes into force 1 July 2006. For Habia this has meant that pigments and conductive material that contain heavy metals have been replaced by more environmentally friendly alternatives. The change was essentially completed by the end of 2005.</p> <p>One of the most important environmental goals for 2006 is to achieve a higher material utilisation coefficient and lower material waste.</p>	<p>Habia in Söderfors has a production permit issued by the County Administration. For the production at the other factories no permits by the authorities are currently required.</p>
ELIMAG AB	<p>Elimag today operates according to the standards set by ISO 14001.</p>	<p>The company's salt bath was rebuilt during 2005. An important environmental goal in connection with the reconstruction was to create a better and less energy-intensive process.</p> <p>Another goal was to secure the terms of the environmental permit in consultation with the supervisory authority.</p>	<p>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.</p>

WASTE AND RESIDUAL PRODUCTS

Waste is sorted in between five and seven fractions at the different factories. The largest overall fractions are wet grinding waste, fractions for permanent deposit and recycling of raw materials.

Sorting at the source is applied in Söderfors. A depot has been built for sorting waste into 28 fractions. At the other factories metal scrap from the production is currently recycled.

Elimag has as its goal to sort all waste produced at the source. This sorting at the source includes, among other things, composting of organic material and recycling of paper and electronics. No waste is discarded as fractions for permanent deposit. The production is based on machining and generates a large amount of aluminium scrap. Both chips and scrap are recycled in close co-operation with the company's contractor.

RAW MATERIALS AND RESOURCE UTILIZATION

Resource utilization is a prioritized area for Lesjöfors AB. Most units are actively working to reduce the proportion of material that goes to recycling. All scrap material is 100 percent recycled.

In Söderfors two new PTFE extruders are being installed. They will be commissioned during the second quarter of 2006. The consumption of naphtha may rise slightly as a result, but is not expected to reach the levels set as a limit in the production permit. All PTFE extruders are connected to the company's ceramic bed, which provides for more efficient purification and lower emissions.

The company is constantly working on finding and using products with less environmental impact. Today Elimag uses only one product registered on the restriction database. This database is based on the rule book of the Swedish Chemicals Inspectorate.

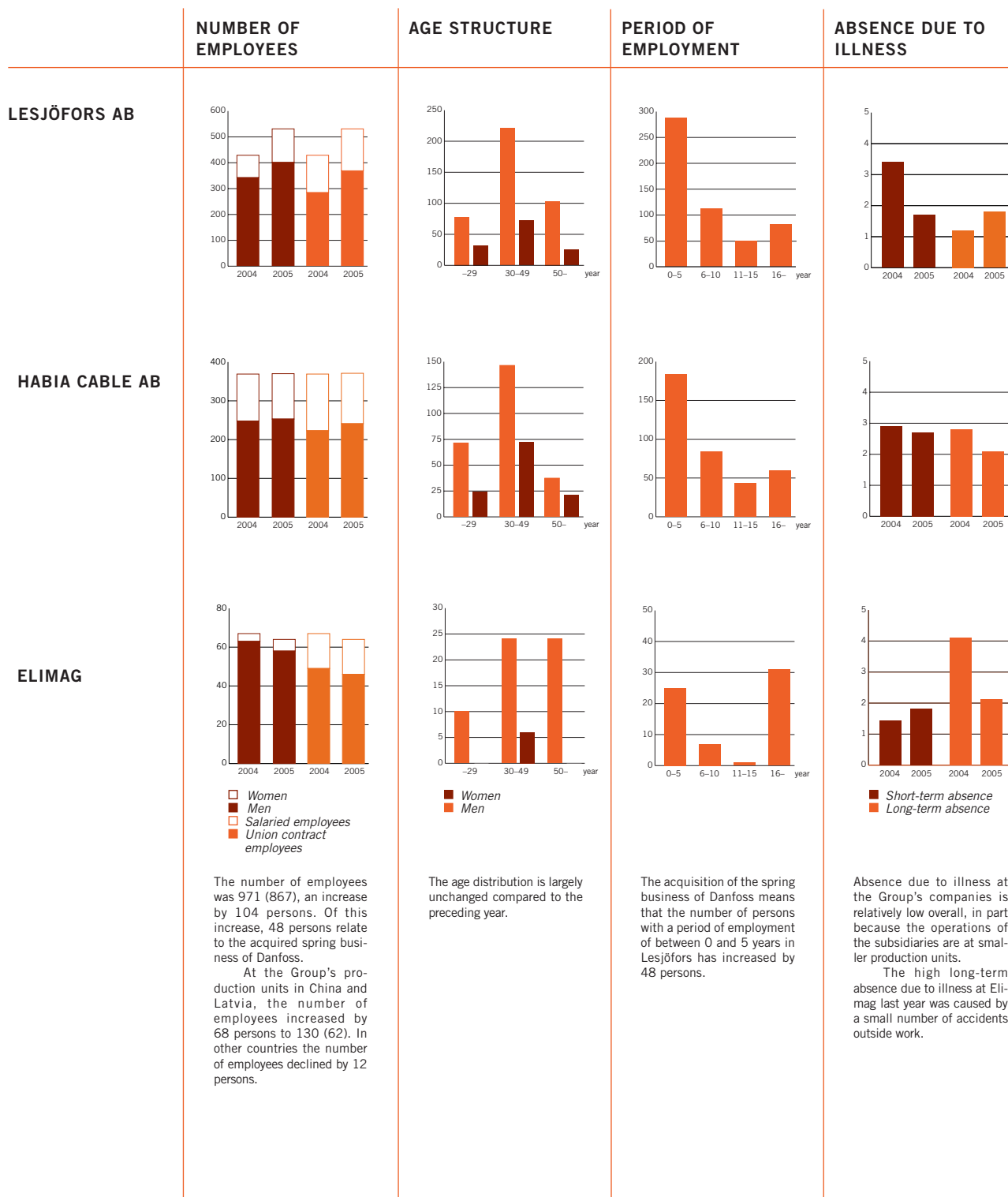
KEY INDICATORS

	2005	2004	2003
Electricity consumption, MWh	11 024	9 552	9 224
Oil consumption, m ³	90	124	149
LGP consumption, tons	642	544	529
Material recycling, tons	905	942	988
Waste, fractions for permanent deposit/combustible, tons	303	243	314

	2005	2004	2003
Electricity consumption, MWh	8 092	8 585	8 252
Oil consumption, m ³	20	-	-
LGP consumption, tons	14	9	10
Material recycling, tons	337	317	254
Waste, fractions for permanent deposit/combustible, tons	119	84	99

	2005	2004	2003
Electricity consumption, MWh	4 624	4 300	3 550
Oil consumption, m ³	-	-	-
LGP consumption, tons	-	-	-
Material recycling, tons	257	218	101
Waste, fractions for permanent deposit/combustible, tons	4.4	6	5

Increase outside Sweden



Ten-year summary

MSEK

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Net revenues	1 416.2	1 304.4	1 154.0	1 113.0	1 320.2	1 132.5	1 031.0	1 072.2	939.9	834.7
Operating profit	212.4	176.4	39.7	32.4	32.3	129.1	88.3	102.2	93.6	81.9
Net financial items	-8.1	-13.2	-21.7	-27.6	-30.3	-19.0	-12.6	-9.3	-6.1	-5.4
Profit after financial items	204.3	163.2	18.0	4.8	2.0	110.1	75.7	92.9	87.5	76.5
Items affecting comparability	-	-	-	-99.9	-	9.6	13.0	5.1	4.7	20.5
Profit before taxes	204.3	163.2	18.0	-95.1	2.0	119.7	88.7	98.0	92.2	97.0
Taxes	-59.3	-42.3	-10.5	11.1	10.3	-38.3	-33.5	-32.8	-45.2	-21.8
Net profit	145.0 ¹⁾	120.9	7.5	-84.0	12.3	81.4	55.2	65.2	47.0	75.2
Non-current assets	558.4	561.3	624.4	657.5	839.3	603.8	444.6	440.8	290.0	258.5
Current assets	621.7	557.5	502.4	519.0	590.0	541.1	424.1	425.0	360.8	310.8
Shareholders' equity	708.9	566.4	449.7	458.3	577.4	482.3	424.7	397.8	350.3	307.9
Long-term liabilities and provisions	126.2	169.2	230.2	299.0	376.6	268.8	204.0	233.9	87.1	104.1
Current liabilities	345.0	383.2	446.9	198.3	475.3	393.8	240.0	244.1	213.4	157.3
Balance sheet total	1 180.1	1 118.8	1 126.8	1 176.5	1 429.3	1 144.9	868.7	865.8	650.8	569.3
Cash flow after capital expenditures	160.5	197.2	74.8	116.2	-85.8	-172.7	50.7	-122.9	2.6	-3.3
Depreciation and amortization	78.7	76.9	89.6	96.6	86.8	64.3	54.7	42.0	31.1	25.4
Net capital expenditures not including corporate acquisition	48.0	48.0	55.1	18.3	116.0	114.0	69.6	66.1	49.0	31.0
Capital employed	823.4	850.2	909.6	967.9	1 189.3	875.5	645.4	627.8	451.6	407.8
Net liabilities	43.0	178.3	386.9	462.4	579.8	375.4	180.7	195.9	65.1	61.2
Ratios, %										
Gross margin	35.3	34.4	28.9	30.7	29.0	35.3	32.4	31.9	34.6	31.7
Operating margin	15.0	13.5	3.4	2.9	2.5	11.4	8.6	9.5	10.0	9.8
Profit margin	14.4	12.5	1.6	0.4	0.1	9.7	7.3	8.7	9.3	9.2
Equity ratio	60	51	40	39	40	42	49	46	54	54
Proportion of risk-bearing capital	62	53	43	43	44	46	53	50	58	59
Net debt equity ratio	6	31	86	101	100	78	43	49	19	20
Return on equity	23.1	23.1	2.9	0.7	0.3	17	13	18	19	20
Return on capital employed	24.8	20.2	4.5	3.3	3.3	17	17	20	23	23
Interest coverage ratio	21.8	12.2	1.7	1.2	1.1	6.1	6.9	8.9	11.4	8.2
Average number of employees	971	867	896	940	1 092	943	851	728	609	537

¹⁾ Continuing operations

IFRS are applied from 2005. For Beijer Alma this means a recalculation of profit for 2004, which improved by MSEK 10.0 before taxes relating to cessation of amortisation of goodwill in accordance with IFRS 3. AB Stafsjö Bruk was sold during 2005. In accordance with IFRS 5, revenue and costs relating to Stafsjö are not included for years 2004 and 2005.

No recalculation for IFRS has been done for years prior to 2004.

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 (114.3). 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 quotient 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. There are no convertible subordinated debentures or options outstanding. No issues were floated during 2005.

A total of 2 174 040 shares changed hands during the year. This is equivalent to 27 percent of the number of class B shares outstanding. This is a decrease in turnover of 1 percent compared to 2004. An average of about 8 500 shares were traded each trading day.

MARKET PRICE PERFORMANCE

The Beijer Alma share rose during the year by 62 percent during 2005. Stockholm All-Share index rose by 32.6 percent. The last paid price at year-end was SEK 218.50 (134.50), which is equivalent to a market capitalization of MSEK 1 998.

The highest market price, SEK 220.00, was quoted on December 29. The lowest market price, SEK 118.50, was quoted 31 March, 1 April and 5 April.

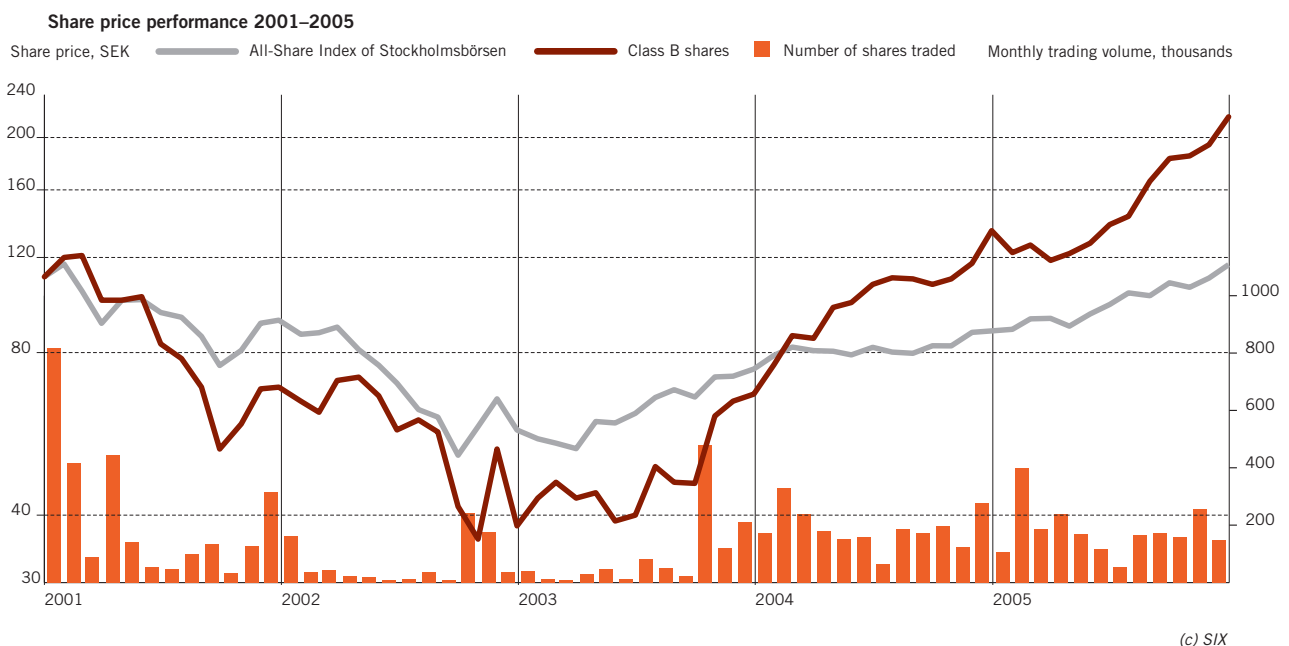
OWNERSHIP

The number of shareholders at year-end was 2 900. Institutional owners accounted for 59.6 percent of these and 35.9 percent of the votes. Foreign ownership was 4.1 percent of capital and 2.0 percent of votes.

DIVIDEND

The Board of Directors has adopted an amended dividend policy according to which the dividend on a long-term basis shall be equivalent to at least one third of the net profit not including items affecting comparability, compared to the former approximately one third of profit after standard taxes.

The Board of Directors and the President have decided to propose that the Annual General Meeting declares a dividend of SEK 11.00 (5.00) per share, consisting of a regular dividend of SEK 8.00 (3.00) per share and an extra dividend of SEK 3.00 (2.00) per share. The extra dividend is roughly equivalent to the capital gain on the sale of Stafsjö Bruk.



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	575 000		575 000	575 000	6.3	3.0
Kjell & Märta Beijer's Foundation	574 950		574 950	574 950	6.3	3.0
Livförsäkrings AB Skandia	555 771		555 771	555 771	6.1	2.9
Anders Wall's Foundations	445 920	151 200	294 720	1 806 720	4.9	9.4
Lannebo Fonder	431 300		431 300	431 300	4.7	2.3
Didner & Gerge Aktiefond	425 000		425 000	425 000	4.7	2.2
Svolder	408 800		408 800	408 800	4.5	2.1
Robur Fonder	369 495		369 495	369 495	4.0	1.9
Kjell Beijers 80-årsstiftelse	250 000		250 000	250 000	2.7	1.3
Göran Hultgren with family and companies	199 470	101 400	98 070	1 112 070	2.2	5.8
Fourth AP-Fund	118 000		118 000	118 000	1.3	0.6
Aktia Savings Bank	110 100		110 100	110 100	1.2	0.6
LF Småbolagsfond	107 200		107 200	107 200	1.2	0.6
Östersjöstiftelsen	97 600		97 600	97 600	1.1	0.5
GRAAL	90 300		90 300	90 300	1.0	0.5
Per Olsson	75 000		75 000	75 000	0.8	0.4
Sven Boode with family	64 610	62 400	4 870	628 670	0.7	3.3
Other	3 000 144	62 000	2 935 484	3 555 684	32.7	18.6
TOTAL	9 143 700	1 110 000	8 033 700	19 133 700	100	100

Source: Share register December 30, 2005

OWNERSHIP STRUCTURE

Size classes	Number of owners	Proportion of owners, %	Number of shares	Of which Class A	Of which Class B	Proportion of owners, %	Proportion of votes, %
1-500	1 968	67.9	377 894	630	377 264	4.1	2.0
501-1 000	494	17.0	397 982	600	397 382	4.4	2.1
1 001-2 000	205	7.1	333 033	0	333 033	3.6	1.7
2 001-5 000	112	3.9	380 719	14 430	366 289	4.2	2.7
5 001-10 000	42	1.4	312 564	46 800	265 764	3.4	3.8
10 001-20 000	31	1.1	485 557	12 400	473 157	5.3	3.1
20 001-50 000	18	0.6	548 056	46 000	502 056	6.0	5.0
50 001-100 000	11	0.4	734 780	56 340	678 440	8.0	6.5
100 001-	19	0.7	5 573 115	932 800	4 640 315	61.0	73.0
TOTAL	2 900	100	9 143 700	1 110 000	8 033 700	100	100

Source: Share register December 30, 2005

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Earnings per share based on average number of shares outstanding										
after 28 % standard taxes, SEK	16.09	12.85	1.45	0.62	0.32	9.53	6.65	8.31	7.84	6.94
after taxes, SEK	15.86	13.22	0.88	-8.65	1.36	9.01	5.59	7.65	5.43	7.52
Shareholders' equity per share, SEK	78	62	50	51	64	60	53	49	44	40
Dividend per share, SEK	11.00 ¹⁾	5.00	1.50	1.00	2.00	4.00	3.50	3.25	3.00	2.50
Payout ratio, %	57	36	103	161	625	42	44	37	36	27
Dividend yield, %	5.0	3.7	2.2	2.6	2.9	3.6	4.1	3.6	2.6	3.8
Market price at end of period, SEK	218.50	134.50	67.00	38.20	69.00	110.50	84.50	91.00	113.50	65.00
Highest market price, SEK	220.00	135.00	72.00	78.00	134.50	115.00	91.00	112.50	120.00	66.00
Lowest market price, SEK	118.50	66.00	38.80	33.90	45.00	72.00	70.00	67.50	57.50	32.00
P/E ratio at year-end	13.6	10.5	46	62	216	11.6	10.9	9.6	13.7	9.4
Cash flow per share, SEK	17.55	21.57	8.29	12.88	-9.51	-3.76	7.24	4.71	5.94	3.55
Closing number of shares outstanding ²⁾	9 143 700	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
Average number of shares outstanding ²⁾	9 143 700	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

¹⁾ Dividend proposed by the Board of Directors²⁾ Including subordinated convertible debentures and personnel options during years 1995-2003.

A spring scale is used measure the force a spring gives in a certain position. This measurement is just one of the methods used to ensure that a spring has the right properties



LESJÖFORS AB

A complete and competitive partner

The Lesjöfors Group is a leading full-range supplier of springs, wire and flat strip components. The company has customers in most industrial sectors. The largest market area is the Nordic Region, followed by the rest of Europe and China. The group's strongest competitive advantage is breadth of product range, high technological competence and distribution in close proximity to customers. Lesjöfors also has its own manufacturing, which also contributes to the strong market positions. The group has three areas of activity – Industrial Springs, Flat Strip Components and Chassis Springs. Industrial Springs is the single largest business area, which in 2005 accounted for 40 percent of sales.

2005 SUMMARY – SHARPLY HIGHER GROWTH

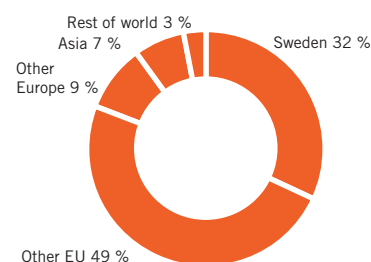
Invoicing 2005 amounted to MSEK 763 (673). The operating profit was MSEK 144.0 (110.2). The group's operating margin was 19 percent (16). In Industrial Springs and Chassis Springs the sales trend was strong. Sales by Industrial Springs amounted to MSEK 304 (259), which is equivalent to an increase of 17 percent. In Chassis Springs sales increased by 29 percent and amounted to MSEK 236 (183). For Chassis Springs sales were especially strong in England and on the markets in Germany, Russia and the rest of Eastern Europe. In August Lesjöfors acquired the spring factory of Danfoss in Danish Tingslev. The facility has about 50 employees and invoicing amounts to MSEK 50 annually. At the end of 2005, 20 percent of the shares in the Korean gas spring manufacturer Hanil Precision Co. Ltd. was also acquired.

MARKET AND SALES

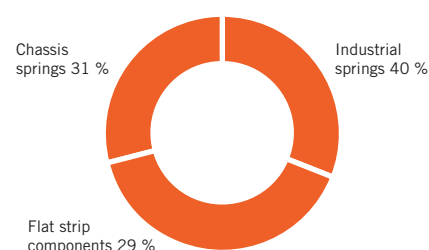
Lesjöfors manufactures springs, wire and flat strip components for a large number of different customer needs. Under its market strategy Lesjöfors shall be a leader in all product areas where the company is active. Specialized customer-specific products today account for approximately 65 percent of sales. In this area Lesjöfors offers complete solutions that include idea, design and manufacturing, with accompanying service and support. In all, the company's products are sold in 60 markets. On the largest and most important markets – the Nordic Countries, Germany and England – sales are handled by the company's own sales companies. On other markets Lesjöfors co-operates with local distributors. During 2005 telecom accounted for approximately 10 percent (10.8) of all sales and the after-market for vehicles for approximately 31 percent (27). The remaining sales went to manufacturing industry.

Proprietary concepts today account for approximately 35 percent of sales. Lesjöfors strives to increase that percentage. The reason is that proprietary concepts make Lesjöfors less vulnerable to fluctuations in demand.

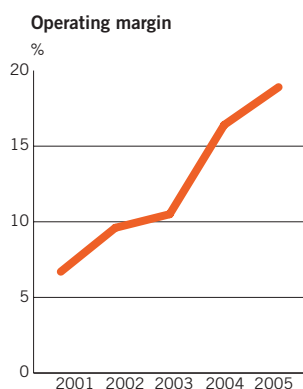
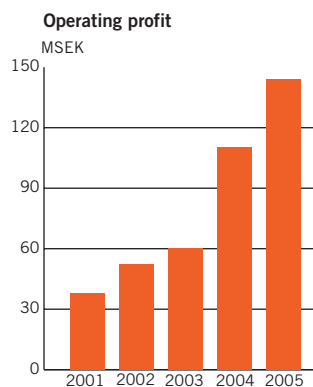
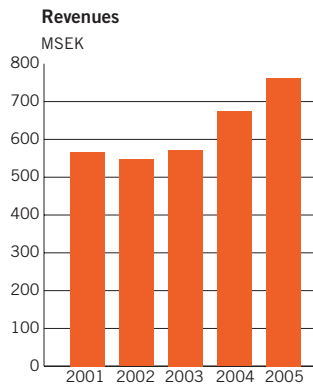
Geographic distribution of total revenues



Business area shares of total revenues



Danfoss' spring factory in Denmark and 20 percent of the Korean gas spring manufacturer Hanil Precision Co Ltd. were acquired during 2005.



Customers also receive value in the form of access to a broad range of a fully developed products with short lead times. For standard springs to industry the goal is to increase market spread by establishing distributors in new markets, primarily in Central and Eastern Europe. Experience shows that growth in standard springs in time also increases the volume of customer-specific products. For after-market products for Chassis Springs the goal continues to the organic growth in existing and new markets.

ORGANISATION – ADAPTED PRODUCTION

The products are manufactured at ten units in Sweden, Denmark, Finland, Latvia and China. The acquisition of the factory in Tingslev in Denmark strengthens Lesjöfors' profile as an international player in the spring market, and this is the result of an agreement with the Danfoss global industrial group. The stake in Hanil Precision strengthens Lesjöfors' position in product area gas springs. In time, the goal is also to develop sales and manufacturing of gas springs in new growth markets.

The units in Lesjöfors are quality-certified in accordance with ISO 9001 and 9002 and most are also environmentally certified in accordance with ISO 14001. In flat strip components in particular, international competition makes for a concentration of production to low-cost countries. For Lesjöfors it is a matter of an ongoing adaptation of the production structure. The relatively newly established business in Latvia can take on new business with personnel-intensive production. The unit is an important complement making it possible for Lesjöfors to take on new business with personnel-intensive production. The expansion continued during 2005 and the number of employees has increased by about 20 percent.

DEVELOPMENT BY BUSINESS AREA

Industrial Springs offers special products for a number of technology areas and a standard assortment of springs, gas springs and other complementary products. The most important competitive advantages are breadth of product range, high quality and a high level of service. Lesjöfors is today the leader in the Nordic Region with a market share of close to 30 percent. Sales of industrial springs in 2005 amounted to MSEK 304 (259).

Flat Strip Components is specialised in manufacturing flat strip components and leaf springs. The customers are primarily systems and component suppliers in telecom and electronics. Qualified tool development, technology and development competence as well as high technical and service levels are Lesjöfors' most important competitive advantages. The number of small players makes it difficult to estimate the market share in this area. Sales of Flat Strip Components during 2005 amounted to MSEK 222 (227).

Chassis Springs is specialised in products in the after-market for passenger cars and light vehicles. The product line includes replacement springs, gas springs, light leaf springs and sport springs. The customers are distributors of automotive spare parts. Lesjöfors has the market's broadest line of chassis springs manufactured in-house and TÜV-approved lowering-kits manu-
factured

red for European and Asian automobiles. Other competitive advantages are quality and fast distribution close to the customers. Lesjöfors' market share in Europe is estimated to be more than 50 percent. Chassis Springs sales in 2005 amounted to MSEK 236 (183).

CUSTOMERS AND COMPETITORS – MORE COMPLETE SOLUTIONS

The market for Industrial Springs and Flat Strip Components includes most industry sectors. Most of Lesjöfors' sales go to the Nordic market, where major customers include companies like Danfoss, ABB, Autoliv, Bang & Olufsen and Volvo Trucks. The most important competitors are Nordic Region are Spinova, Stece, Ewes, Meconet, Hagens Fjädrar and Stansefabriken. Much like Lesjöfors, several of these companies work with wire and flat strip products. In the rest of Europe the competitors are often smaller companies that operate in their own market. However, the development is in the direction where more customers turn to full-range suppliers who are able to assume full responsibility for the customer's product needs. This development creates growth opportunities for Lesjöfors.

In chassis springs competition has become more intense in recent years. Lesjöfors works with customers such as Mekonomen, Koivunen OY and Ferraris UK. The largest competitors are German Suplex, and Monroe and Kayaba. These companies often lack own manufacturing and instead buy products from different suppliers. This is advantageous for Lesjöfors. The company has its own design and manufacturing, which ensures high product quality, short lead times and a high level of service.

In Industrial Springs, Lesjöfors is the leader in the Nordic Region with a market share of close to 30 percent.

Lesjöfors has its own design and manufacturing in Chassis Springs. This ensures high product quality, short lead times and a high level of service.

MARKET DEVELOPMENT – GROWTH IN CHASSIS SPRINGS

The improved economy during the year affected the market for Industrial Springs in a positive direction. Examples of expansive industries are power, energy and heavy vehicles. In Scandinavia the market for Flat Strip Components weakened, primarily because of lower demand from telecom. Most of the manufacturing in this segment is now done in low-cost countries. In recent years the market in Chassis Springs has grown by 30 percent per year. This development continued in 2005 and was especially pronounced in the markets in England, Russia and Central and Eastern Europe. In England, for example, the market grew by about 20 percent. At the same time Lesjöfors increased its sales in this market by 60 percent, which means that the company captured market shares.

The growth in Chassis Springs is because the so-called free after-market is increasing its share of the spare parts market. This is also a clear trend in the markets in Russia and Central and Eastern Europe, where the proportion of European and Asian cars is also growing. The proportion of older cars in many countries also benefits growth in Chassis Springs.

QUALITY – EMPHASIS ON ENTREPRENEURSHIP

Quality issues are an integral part of Lesjöfors' business system. This facilitates control and follow-up. Lesjöfors also uses benchmarking to measure and

The factory in Latvia was quality certified during 2005. The facility in China will also be quality certified in the beginning of 2006.

improve the quality work between different units. The importance of entrepreneurship is also emphasized in the group. By this is meant that issues concerning quality and profitability, for instance, are supported by all employees in the organisation. With this method of working, employee interest and engagement is spurred, which is a contributing reason behind Lesjöfors' growth in recent years.

ENVIRONMENT – CERTIFICATION IN CHINA

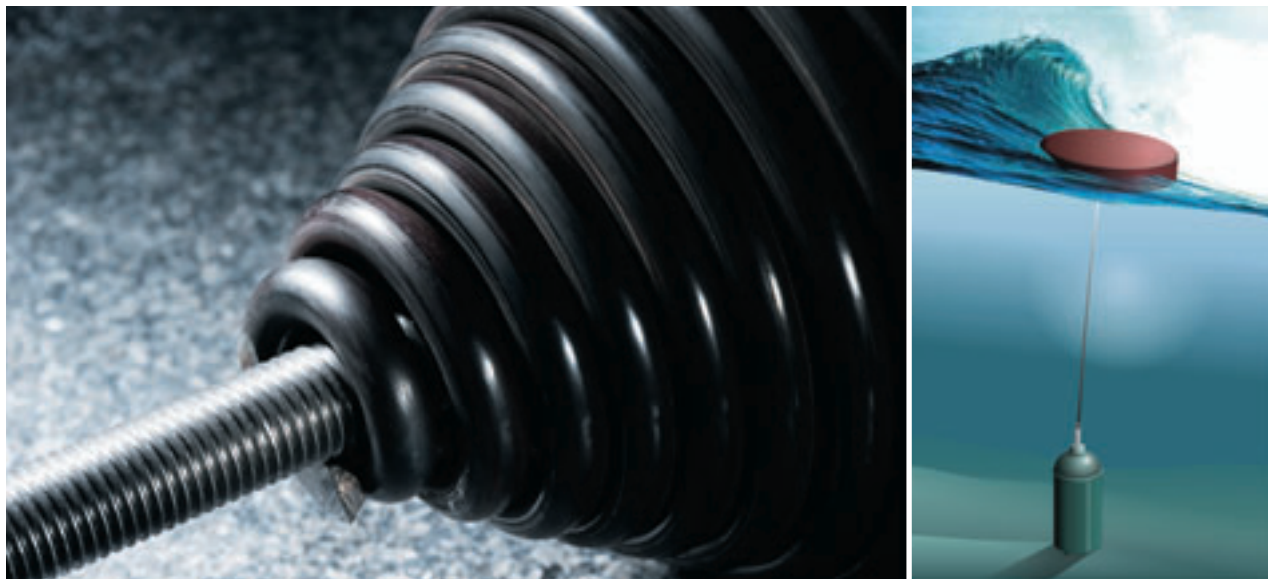
The factory in Latvia was quality-certified during 2005. Environmental and quality certification work was also begun at the factory in China during 2005, an effort expected to be completed during the first quarter of 2006.

IT – JOINT BUSINESS SYSTEMS

Several units and facilities are integrated into the Group's joint business system. The common platform makes internal communication around customer projects, products and services more efficient. The right information at the right time also facilitates day-to-day customer management. The advantages of the system became apparent during 2005 when Lesjöfors – despite a very sharp volume increase in chassis springs – was able to improve the high delivery precision to the customers.

Key financial indicators, MSEK

	2005	2004	2003	2002	2001
Net revenues	762.8	673.4	572.3	546.4	566.1
Cost of goods sold	-473.3	-431.9	-382.0	-361.6	-387.5
Gross profit	289.5	241.5	190.3	184.8	178.6
Selling expenses	-91.0	-83.0	-81.4	-80.6	-80.1
Administrative expenses	-54.5	-48.3	-48.6	-51.8	-60.8
Operating profit	144.0	110.2	60.3	52.4	37.7
Operating margin, %	18.9	16.4	10.5	9.6	6.7
Net financial items	-0.7	-2.2	-4.1	-6.3	-6.7
Profit after financial items	143.3	108.0	56.2	46.1	31.0
Of which depreciation and amortization	39.3	42.7	43.2	43.9	40.2
Capital expenditures not including corporate acquisitions	34.9	31.2	47.0	13.3	23.5
Return on capital employed, %	35	32	17	13	9
Average number of employees	531	429	423	434	483



Lesjöfors participates in a project where electricity is generated by wave power. The company has developed the draw spring in the generator. Electricity is generated when the buoy on the surface lifts the piston in the generator, but also when the spring pulls the piston back in the generator again.

FOCAL POINT

Electricity production with springs

Lesjöfors participates in the development of tomorrow's energy sources. For the past several years the company's springs have been found in a new and pioneering technology for wave power. Electric energy will be generated by using the power of sea waves. The draw spring weighs about 60 kilograms and is one of the largest ever developed by Lesjöfors.

The development project around wave power is run jointly with the University of Uppsala. The first prototype was developed around the turn of the millennium. Since then the technology has been refined, in part by Lesjöfors developing a new and larger draw spring.

– Lesjöfors is the leader in spring solutions in Sweden, in terms of doing calculations for example, and also in technical development and manufacturing. This is certain to have contributed to us getting the assignment. We know all types of springs and know what works in different applications, says Stefan Musslinder, who is responsible for Lesjöfors' work in the wave energy project.

The idea of generating energy from wave power is not new. The problem has been that the mechanics have been too complicated to be transformed into a functioning solution. Researchers at the University Uppsala have begun to develop a new type of generator, however, that uncovered exciting opportunities. Energy is generated by a piston that moves up and down through the magnetic fields in the generator. This is different from conventional generators where energy is generated by a rotating motion.

– The piston generator is attached to a buoy on the surface of the sea and which follows the movement of the waves. A box is anchored on the ocean floor and the box contains a large spring that pulls the buoy back, and hence also the piston. Electricity is generated when the buoy lifts the piston through the generator and

when the spring pulls it down again, explains Stefan Musslinder.

The generators are connected in groups and stay 20–100 metres below the surface. Electricity generated is brought ashore through cables connected to the power grid. The system with buoy, line and generator is considered to be inexpensive, environmentally friendly and stands up to the stresses at sea. Each unit contains eight large draw springs. In full operation, ten units are expected to produce energy equivalent to heating 15 electrically heated single-family homes.

Correct dimensioning

Stefan Musslinder has worked on the project for about two years and has ensured that the dimension of the draw spring is correct. The spring weighs 60 kilograms and is 1.6 metres long. In extended position it can become approximately four metres long, however. Dimensioning is all about calculating tensions in the material, but also about finding the right material for the spring, in this case alloyed, high-tensile steel.

– The dimensioning ensures that the spring has the power necessary to pull the buoy back to the surface, explains Stefan. Since the spring is also anchored on the floor of the ocean, the service life must be virtually unlimited. To replace it after a few years would be too expensive and complicated.

So far, three persons in the company have worked on the project. Stefan is behind the design idea. The spring itself has been manufactured at the factory in Lesjöfors. In the next phase the technology will be tested in the waters outside Lysekil. The test facility is expected to be fully operational by 2008 and in an optimal scenario the technology for wave energy may be fully operational by around 2015. ■



SENSOR
TECHNOLOGIES

Habia uses infrared spectroscopy – FTIR – for quality assurance and delivery control. The instrument explores the quality of the insulation and the sheath, which is the cable's outer casing. Infrared light makes the bindings between the atoms in the polymer chains vibrate. The instrument reads the bindings and shows a spectrum which is unique for each polymer. This quickly and efficiently reveals any changes in a new delivery of plastics.

HABIA CABLE AB

Innovative cable and cable systems for demanding environments

Habia Cable is specialised in developing, manufacturing and selling cable and cable systems for demanding applications. The most important competitive advantages are a high level of service and technical competence, combined with a global service and sales organisation. The company is a leading player in Europe with an orientation towards telecom, defence industry and gas and nuclear technology. The proportion of customer-specific products is high at about 90 percent. The company sells in about 25 markets, the largest being Germany, England, Sweden and China. About 90 percent of the company's production is exported. Telecom has been Habia's largest business area for a succession of years. During 2005 this area accounted for 44 percent of sales, which is an increase by 1 percent compared to the year before.

2005 IN BRIEF – GROWTH IN TELECOM

Habia's 2005 revenues amounted to MSEK 560 (527). The operating profit for the year was MSEK 82.1 (75.1) and the profit after financial items was MSEK 78.0 (69.5). The development in telecom continued to be strong. This is a global trend and applies to the markets in USA, Asia as well as Europe. During 2005 the company also established production in Liepaja in Latvia.

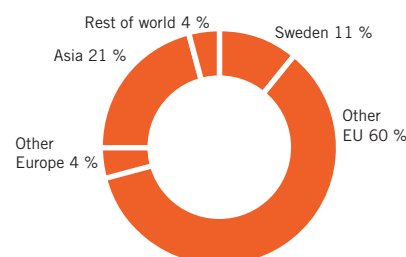
MARKET AND SALES

Habia is a niche player in the global cable market and bases its competitiveness on customer-specific cables and cable systems. Sales efforts in close proximity to the customers are necessary in order for Habia to be successful with its own products. This is where Habia's global organisation comes in. The company has about 60 associates in sales and technical service in 11 countries in Europe and Asia. Habia's organisation targets the approximately 200 largest customers. These key customers account for approximately 80 percent of sales. Habia's products are also sold by agents and distributors in 15 additional markets. Operations are divided into four business areas:

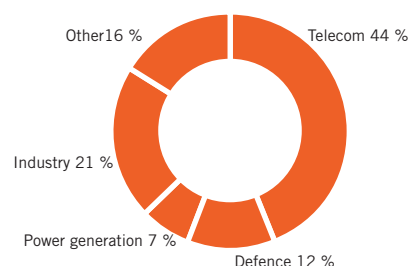
- Telecom
- Defence
- Power generation
- Industry

This orientation contributes to improving risk diversification. Cable products are also sold to the transportation market, for, among other things, cars, trains and civil aviation.

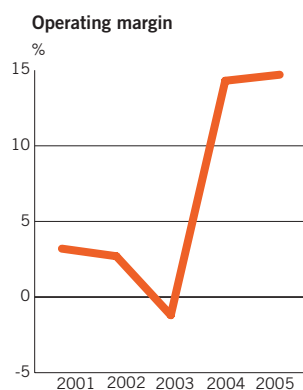
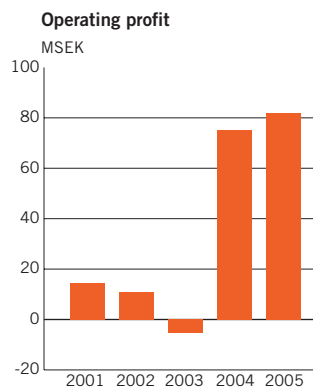
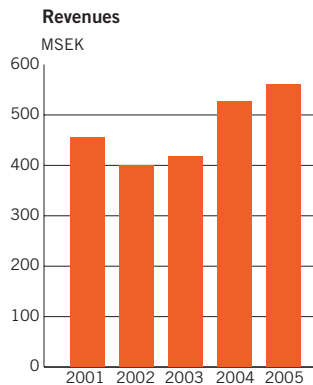
Geographic distribution of total revenues



Business area shares of total revenues



Operating profit for 2005 increased to MSEK 82.1. The development in telecom was strong, especially in the markets in America, Asia and Europe.



DEVELOPMENT BY BUSINESS AREA

Telecom is the largest business area. Operations are focused almost exclusively on mobile telecom. Habia is a world leader in cables for antennas for mobile telecom. Habia sells in a total of 25 markets and during 2005 the company's sales increased by 19 percent in this segment. The largest markets were Germany, China and USA. Expansion of 3G continues to favour Habia since antennas are commonly of the Triple-band type, which requires more cable per antenna. Antenna technology is also changing and this also increases the need for cable. Business area Telecom accounted for 44 (43) percent of the company's revenue during 2005.

Defence comprises cable products in everything from communications and weapons equipment to vessels, aircraft and military vehicles. Sales in this area increased by 3 percent during the year. England, France, Germany and the Nordic Region are the main markets, but during 2005 Habia also expanded sales in Korea and India. Defence accounted for 12 (12) percent of Habia's revenue during 2005.

Power generation mainly focuses on gas, diesel and nuclear technology. The requirements for quality and performance are very high in these areas because of the environments where the cables are located – for example in nuclear reactors – are complex. Habia's main market in Power generation is Europe, with special emphasis on England, Scandinavia and France. Power generation accounted for 7 (7) percent of the company's revenue during 2005.

Industry comprises different types of customer-specific cables for the electro-mechanical industry. Examples of application areas are tools, lighting equipment and control and measuring instruments. The company's largest markets are the Nordic Region, England and Germany. In total, Industry accounted for 21 (22) percent of Habia's revenues during 2005.

MARKET AND COMPETITORS - NEW PLAYERS IN CHINA

The European cable industry is estimated to generate revenue of 15 billion euro. Specialty cable accounts for only a small part of this market and revenues are estimated to be about 1 billion euro. Habia sells for about 60 million euro in the specialty cable segment, which makes the company's market share approximately 4 percent.

The cable market has a small number of very large players with a global orientation. Most competitors are small companies, however, operating in their local markets. At the same time conditions are changing on the Chinese market, where local manufacturers are beginning to compete with western companies active in China. In telecom, Habia's most important competitors are Swiss Huber+Suhner, French Nexans and the American companies Belden CDT and Harbour Industries. In the other business areas the largest competitors are American Tyco/Raychem, Belden CDT, W.L. Gore Wire and Cable and French Nexans.

The cable industry is marked by continuing consolidation. This is true among customers as well as competitors and results in fewer but larger players. Overall, the structural rationalisation leads the industry towards

increased competition. This affects Habia's main segment of specialty cable. The company meets the competition by continued initiatives in product development, efficient sales work and cost-effective production. A concrete example of this is the establishment in low-cost countries, such as in China and most recently in Latvia.

ORGANISATION – PRESERVED MARGINS

Habia has been able to increase its margins despite pricing pressure and increased costs, primarily for raw materials and energy. The reason is continued cost control and rationalisation. Production processes have been reviewed at the Söderfors facility

The background is that the customer-specific products – where the volumes in many cases are comparatively small – must be manufactured in a more cost-efficient manner. The number of employees has increased – primarily at the plants in China and Latvia – and reached 391 by year's end.

PRODUCTION – NEW FACTORY IN LATVIA

Since before, Habia has production facilities in Söderfors, in German Norderstedt and in Changzhou in China. A new production facility was established in Latvian Liepaja during 2005. This facility is focused on manufacturing specialty cable and has about ten employees. By establishing in Latvia, Habia improves its opportunities of competing with more labour-intensive cable applications.

Söderfors accounts for about 65 percent of Habia's aggregate production. Each year the company manufactures approximately 3 000 types of cable and 90 of these relate to demanding applications. By demanding applications is meant that the cables must be able to withstand radioactive radiation, chemicals, vibrations, wear, fire or water. The weight of the cables, their pliability and electrical performance are other important quality properties. The ability to withstand different temperatures is also important.

Accessibility, service, delivery security and customer adaptation are central themes of Habia's production philosophy. The production is to a high degree customer-order driven. High accessibility assumes a decentralised organisation, where technicians and sales engineers are always close to the customers – via the global sales organisation.

PRODUCT DEVELOPMENT – INCREASED CAPACITY

The resources in product development were expanded significantly during the year. This work is conducted both in Söderfors and at a separate unit in Uppsala. The goal is improved capacity in telecom development. Resources will also be used for material development, especially in business area Defence. The rate of development is high. More than half of the company's product line is made of products developed within the past four years.

QUALITY AND ENVIRONMENT – HIGHER QUALITY STANDARD

All of Habia's production facilities, except for the one in Latvia, are certified in accordance with ISO 9001. Starting in 2005, business area Defence also

Habia is a world leader in cables for antennas for mobile telecom. Sales in this segment increased by 19 percent during 2005.

A production facility was established in Latvian Liepaja during 2005. Some ten employees are active there with manufacture of specialty cable.

From 2005 business area Defence also use a separate quality system called EN 9100, which has been developed by AECMA – the industry organisation of the military aviation industry and the air forces.

uses a separate quality system called EN 9100, which has been developed by AECMA – the industry organisation of the military aviation industry and the air forces. The occurrence of heavy metals in the production has been reduced. Following demands from Habia, among others, suppliers of production elements have developed new plastics materials, where heavy metals are no longer used as pigments in the plastics. The Swedish unit is environmentally certified in accordance with ISO 14001.

IT – DESIGNS IN A NEW SYSTEM

A new system for Product Data Management (PDM) was introduced during the year. The system functions as a library for the designs developed by Habia. Good routines in this area are essential, especially since Habia each year develops about 1 000 new designs. PDM facilitates the handling of, for instance, customer inquiries and development of new cables and cable systems.

RISKS – BROADER CUSTOMER BASE

Habia strives to maintain a balance between the different business areas, and also within each business area. The reason is that a relatively large proportion 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. During 2005 the customer base was broadened as the company increased its volumes in new markets, such as USA, Brazil and Thailand.

Key financial indicators, MSEK

	2005	2004	2003	2002	2001
Net revenues	559.6	527.0	416.8	400.6	454.8
Cost of goods sold	-362.8	-338.6	-310.9	-277.1	-302.3
Gross profit	196.8	188.4	105.9	123.5	152.5
Selling expenses	-72.9	-72.6	-73.7	-77.5	-95.6
Administrative expenses	-32.4	-33.2	-29.9	-26.4	-32.4
Research and development	-9.4	-7.5	-7.5	-8.6	-9.9
Operating profit	82.1	75.1	-5.2	10.9	14.6
Operating margin, %	14.7	14.3	-1.2	2.7	3.2
Net financial items	-4.1	-5.6	-8.2	-10.6	-13.3
Profit after financial items	78.0	69.5	-13.4	0.4	1.3
Of which depreciation and amortization	24.4	24.5	31.7	28.5	23.3
Capital expenditures	10.9	13.7	3.9	3.1	47.8
Return on capital employed, %	33	28	neg	3	4
Average number of employees	370	369	349	366	407



Habia Cable delivers cable for the marine and transport helicopter AugustaWestland EH 101. The products are used for, among other applications, power transmission and signal management. The demands for quality and performance are high. This means that the cable must be able to stand up to wear and high temperatures. At the same time it must not be too heavy, so the insulation material must be both thin and durable.

FOCAL POINT

Much effort for demanding customers

Trust and technical know-how are basic to Habia's work for the defence sector. The company today delivers cables for everything from vessels and aircraft to weapons systems and communication equipment. The demands for quality and reliability are very high. The cables must be able to withstand extensive wear and tear and be able to stand up to signal interference of different kinds.

Defence is one of the most important application areas in Habia. It is also an area where Habia has long experience. The defence industry was a primary market already when Habia was established 50 years ago. Customers are now in several different countries. The Nordic Region and the rest of Europe are the largest markets. At the same time these are areas where the defence industry has changed character, which has made for fewer but larger companies. India and South Korea are among Habia's newest markets.

– Very precise technical specifications that control the projects are typical for the defence industry. It is a matter of both national and international standards and ultimately these standards must secure the functionality and the performance of the cables, says Johan Vinberg, President of Habia Cable. Among our competitive advantages are know-how in materials and processes, as well as precise quality systems.

Cables from Habia are used in vessels, aircraft, weapons and communications systems for transmission of, for example, electrical power and communication. The cables must be durable, but also stand up to temperature differences, vibrations, chemical spills, oils and powder stains. They must also withstand radiation.

– The cables are designed with different types of shields against radiation in and out, explains Micael Lindberg, who is responsible for application area Defence. Signal interference has today come more into focus. The shield must therefore withstand a lot more electronic interference. The shield must also prevent the cable's own radiation from affecting adjacent equipment.

References important

Mutual trust is important when dealing with defence customers. Such trust is based on technical know-how and that the ability to deliver quality and continuity can be confirmed by reference projects.

– We prefer to come into projects at an early stage so that we can influence design and specifications, says Micael Lindberg. The projects are complex and can run for a long time if the customer is satisfied with the result. At the same time this increases the demands for reliability in everything from design to production.

Reliability also means that Habia must offer replacement cable for a long time after the original delivery. In vessel applications, for instance, the service life is about 40 years. Upgrades are made over time, where it must be possible to deliver the same type of cable – or better.

– We can make use of our experience from the nuclear industry when working with our defence customers, explains Johan Vinberg. Quality requirements are just as stringent and here it is not enough to be ISO certified. We have therefore developed complementary routines in order to have far-reaching steering and control in the entire supply chain. ■

The drawing is often the starting point for Elimag's work with the customer. The company's experts offer production technical suggestions early in the process based on the content of the drawing. This paves the way for a component that is both production-friendly and cost-effective.



ELIMAG AB

Specialist on precision parts

Elimag is active as a contract manufacturer of precision parts in aluminium. The most important customer segments are the defence and the telecom sectors and other high-tech industry. Elimag has sales in some ten countries and is a leading player in Europe. The most important competitive advantages are high quality, high delivery precision and low total costs. Customer segments Defence and Telecom accounted for 38 and 51 percent of sales, respectively, during 2005.

2005 IN BRIEF – LOWER SALES TO DEFENCE

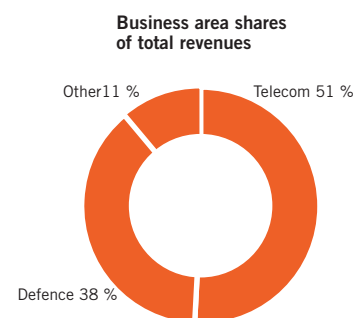
Invoicing during 2005 amounted to MSEK 93.1 (102.8), while operating profit was MSEK 5.7 (10.0). A somewhat weaker development in Defence was the reason for the decline in sales. Elimag also faced significantly higher maintenance costs during 2005, which had a negative earnings impact.

MARKET AND SALES

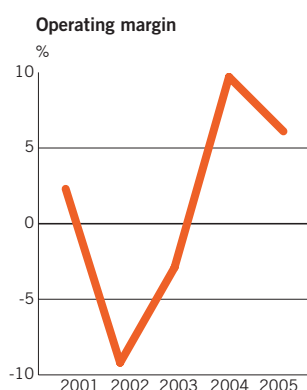
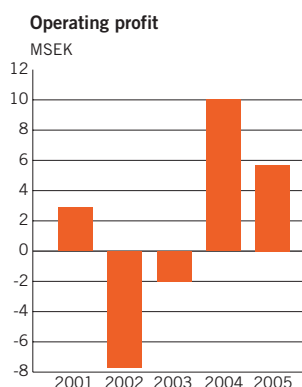
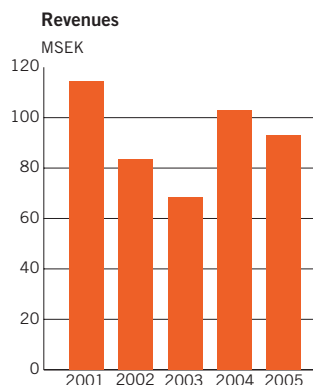
During 2005 Elimag developed its strategic orientation and today focuses on two market segments – Defence/Aerospace/Aviation and Telecom/High tech. This orientation is believed to offer a good mix of customers and projects. The reason is that Defence/Aerospace/Aviation is associated with long-term contracts and long manufacturing runs, whereas Telecom/High tech is characterised by shorter agreements and smaller production runs. Elimag's sales are handled by the company's own marketing organisation based in Sweden. The company strives to achieve good risk diversification between different customer segments and markets. Marketing activities aimed at civil aviation were intensified during the year. Growth in this market is growing and Elimag's offer is well in line with customer demands in terms of quality and delivery precision. The customer base has more than doubled over the past four years. Among customers today are Ericsson Microwave Systems, Saab Ericsson Space, Saab Bofors Dynamics, Powerwave Technologies and Koenigsegg Automotive.

BUSINESS – OFFERING COMPLETE SOLUTIONS

Operations are concentrated to Elimag's facility in Mölndal. Aluminium parts from Elimag are used in advanced products or technical structures. The requirements for precision, strength and finish are far-reaching. In order to meet these requirements Elimag offers a totality, from prototype to finished product. This work contains elements such as design support, machining, quality control and final assembly. Manufacturing is based on two basic methods – high-speed machining (HSM) and salt bath dip brazing. HSM – which today accounts for approximately 80 percent of the company's production – offers



Marketing activities aimed at civil aviation increased during 2005. Elimag's offer is well in line with customer demands in terms of quality and delivery precision.



a unique combination of high precision and rapid production. In salt bath dip brazing aluminium parts are fused together to form a homogenous component. The method is cost-effective and allows entirely new design solutions. Elimag is quality certified in accordance with ISO 9001:2000.

MARKET AND COMPETITORS – MORE EFFICIENT PRODUCTION

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 Swedish Arkivator, Danish Aluline and Mekoprint. Competition from manufacturers in low-cost countries – China among others – is growing gradually. This is particularly true in the telecom area, where most of all production is now in Asia. Generally speaking, pricing pressures are increasing in Elimag's main markets, at the same time as customer requirements for fast and flexible deliveries are mounting. Elimag is the largest independent player in the Swedish market. A special strength is that the company – regardless of volume – can offer both competence and production capacity.

In order to ensure its competitiveness, the company works actively to increase its own cost effectiveness and productivity. A review of work processes, lead times, maintenance costs and delivery precision was begun in 2005. The production processes will also be adapted to customer demands in Defence/Aerospace/Aviation and Telecom/High tech. Beginning in 2006, Elimag will commence work on the next generation of technology in HSM, 5-axis machining. This technology will mean more advanced machining in less time with fewer operations. This will ensure high precision, which improves Elimag's competitiveness.

Key financial indicators, MSEK

	2005	2004	2003	2002	2001
Net revenues	93.1	102.8	68.4	83.7	114.5
Cost of goods sold	-80.0	-85.5	-58.5	-74.9	-93.4
Gross profit	13.1	17.3	4.7	8.8	21.1
Selling expenses	-2.9	-3.0	-3.1	-3.9	-5.7
Administrative expenses	-4.5	-4.3	-3.6	-12.6	-12.8
Operating result	5.7	10.0	-2.0	-7.7 ¹⁾	2.6
Operating margin, %	6.1	9.7	-2.9	-9.2 ¹⁾	2.3
Net financial items	-1.2	-1.9	-3.0	-4.1	-3.0
Result after financial items	4.5	8.1	-5.0	-11.8 ¹⁾	-0.4
Of which depreciation and amortization	7.5	7.5	7.4	14.9	12.1
Capital expenditures, not including corporate acquisitions	0.9	0.9	2.3	0.4	72.3
Return on capital employed, %	8	12	neg	neg	6.2
Average number of employees	64	63	56	73	90

¹⁾ Not including write-downs.



Elimag manufactures some thirty parts for the exclusive Koenigsegg CCR sports car, for example a milled intake manifold for the engine with double injectors for each cylinder. This arrangement improves fuel injection and combustion. Koenigsegg CCR is the world's fastest mass-produced car. It can reach a speed of 400 km/h. About 25 cars have been produced since the start in 2000.

FOCAL POINT

Prestige project at warp speed

Swedish Koenigsegg is one of the world's most exclusive sports cars. The goal is to compete with brand names such as Ferrari and Lamborghini and the company has made the world's fastest series-produced car. Elimag has been delivering a number of components for this prestige project since 2002. Key words in the co-operation are precision and speed.

Koenigsegg is generally associated with speed. The car can accelerate from 0 to 100 km/h in 3.2 seconds and reach top speeds of around 400 km/h. Production began in 2000 and since then about 25 cars have been made. Speed was also a part of the scenario when Elimag and Koenigsegg began to co-operate. It was in 2002 that the car company began to place parts of their aluminium component manufacturing with Elimag.

– We were able to manufacture components much faster than their previous supplier, and with at least as high quality. For Koenigsegg this meant lower costs. The number of components has increased steadily since then, says Lars Lundh, President of Elimag.

Advanced machines

Elimag today makes some thirty parts for the exclusive sports car – both for the engine and the car's suspension. One explanation to why the co-operation has developed so well is Elimag's advanced equipment for high-speed machining. The advanced machines can even perform three-dimensional machining. High RPMs and precision control are combined for components with very close tolerances, which means that precision is very high. The largest single component is a so-called dry sump frame.

Simply put, the dry sump replaces the oil pan used on a regular passenger car. In the case of Koenigsegg, this frame is a load-bearing part of the car's design. The finished component weighs about nine kilograms. However, the machining begins with a piece of aluminium that weighs 159 kilograms. The machines have to be utilised optimally in order to achieve profitability in the machining process.

– Basically, we want each component to be manufactured in as short a process time as possible, explains Lars Lundh. To do that – and to assure quality at the same time – our technicians must plan each individual step of the machining process. Internally, this is called “strategy of attack” and it helps us achieve efficiency as well as profitability.

– In order to render a machining cycle more efficient, we often develop special tools together with our own supplier, he continues. Using such special tools, we can do more operations without interrupting the process, thereby improving cost-efficiency.

The dialogue with the customer's designers is important in order to achieve a good result. In its co-operation with Koenigsegg, Elimag's production technicians provide ideas for the design suggestions from the auto maker. This may lead to changes that pave the way to more effective manufacturing.

– Since we have several different types of machines, we can offer a flexible production, Lars Lundh sums up. For ultimate quality-assurance, add the measuring resources that are an integrated part of our production. This is yet another competitive advantage for us. ■

Administration Report

The Board of Directors and the President of Beijer Alma AB (publ) hereby submits its Administration Report and Annual Accounts for the 2005 operating year, its twenty-third 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 over-arching organisation. The Chief Executive Officer is responsible for the day-to-day business and the control thereof, and the Group's three 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 Company's President and Chief Executive Officer 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 2005. 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 these owners.

During 2005 the Board of Directors held nine meetings at which Minutes were taken. 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. For the subsidiaries there are also a number of policies and instructions that govern operations with respect to, for instance, IT, the environment, quality, equality and attestation routines. Subsidiary instructions for the President rule that the U.N.'s and O.E.C.D.'s "The ten principles" shall be followed. "The ten principles" deal with issues such as human rights, child labour, forced

labour, environment and corruption.

Beijer Alma is not currently covered by the code for corporate governance, but intends to gradually and in all essential aspects implement the code's body of regulations.

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 good development in the Group's companies, the focus of the Board of Directors during 2005 was on capacity and strategy issues. The price development of proprietary products, as well as production elements, has been the subject of close scrutiny. Also dealt with have been issues concerning the development of foreign exchange rates, capital spending, corporate acquisitions and strategic direction. 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 2005 Annual General Meeting resolved to appoint at least three 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 2006 Annual General Meeting. In consultation, a group

of the Company's major owners has appointed Caroline af Ugglas, Livförsäkrings AB Skandia, Jan Andersson, Robur Fonder and Henrik Didner, Didner & Gerge Aktiefond, to participate in this work.

COMPENSATION ISSUES

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 programmes 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.

REVENUES AND RESULT

Group

During 2004 market demand was very strong during the first half of the year, then to taper off gradually at the end of the year. Relatively weak order bookings ensued during the first quarter of 2005. During the second quarter order bookings improved and the remainder of the year was marked by good levels of demand. These swings in demand can largely be explained by the telecoms sector, whose orders are considerably more volatile than that of other customer Groups. Business area Chassis Springs in Lesjöfors showed a very good development during the year and demand from other customer groups was stable.

In the aggregate, this means that order bookings during 2005 amounted to MSEK 1 416 (1 311), an increase by 8 percent. Net revenues rose by 9 percent to MSEK 1 416 (1 304). The proportion of international sales was 73 percent (72).

Operating profit was MSEK 212.4 (176.4) and the operating margin was 15.0 percent (13.5). Profit after financial items amounted to MSEK 204.3 (163.2). This is equivalent to earnings per share after standard taxes of SEK 16.09 (12.85).

AB Stafsjö Bruk was sold during the second quarter. After the sale, the company was name-changed to Stavsjö Ventiler AB as Beijer Alma retained the right to the Stafsjö Bruk name. In accordance with accounting rules in force, revenue and costs emanating from Stafsjö are not included in the consolidated income statement for 2004 or 2005. The sale of Stafsjö Bruk gave rise to a capital gain of MSEK 31.1. The reported profit, including this capital gain, amounted to MSEK 176.1 (127.2), equivalent to earnings per share of SEK 19.25 (13.91).

Profit before taxes was affected in the amount of MSEK 10.1 (-3.5) as a consequence of changed foreign exchange rates. The Group's performance over the past five years is shown in the next column:

MSEK	2005	2004	2003	2002	2001
Net revenues	1 416.2	1 304.3	1 154.0	1 113.0	1 320.2
Profit after net financial items	204.3	163.2	18.0	-95.1	2.0
Reported result	176.1	127.2	7.5	-84.0	12.3
Shareholders' equity	708.9	566.4	451.7	458.3	577.4
Balanced sheet total	1 180.1	1 118.8	1 126.8	1 176.5	1 429.3

Subsidiaries

Lesjöfors, a full-range supplier of standard and specially produced industrial springs and wire and flat strip components, increased order bookings by 12.0 percent to MSEK 763 (681). Total invoicing was MSEK 763 (673), an increase by 13.3 percent.

The spring business of Danfoss was acquired during 2005 and this affected 2005 order bookings and invoicing by MSEK 11.2 and MSEK 11.6, respectively. Business area Flat Strip Components, which has telecoms customers among other, decreased its invoicing by 2.1 percent. Business area Chassis Springs, the sales of which go to the aftermarket for passenger cars, increased invoicing by 28.9 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 17.2 percent, including the above mentioned corporate acquisition.

Lesjöfors reports a result after net financial items of MSEK 143.3 (108.0). The operating margin was 18.9 percent (16.4).

Habia Cable, a manufacturer of specialty cable, increased its order bookings by 7.8 percent to MSEK 568 (527). Compared to 2004 order bookings during spring were weaker, whereas autumn performance was significantly stronger. Invoicing rose by 6.2 percent, reaching MSEK 560 (527). Profit after net financial items amounted to MSEK 78.0 (69.6) and the operating margin was 14.7 percent (14.3).

Elimag, active in high-speed machining of aluminium, lowered its order bookings by 16.5 percent to MSEK 85 (101). Invoicing amounted to MSEK 93 (103), a decrease of 9.4 percent. Profit was MSEK 4.5 (8.1) and the operating margin was 6.1 percent (9.8).

Stafsjö Bruk was sold during the year and profit is reported as Net profit in discontinued operations.

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 overarching Group functions. The company, which has no external sales, reports a result of MSEK 51.2 (12.2). This result includes dividends from Group companies in an amount of MSEK 44.0 (33.2) and a capital gain on the sale of Stafsjö Bruk in the amount of MSEK 28.6 (0). The reported profit was MSEK 56.9 (17.7).

CAPITAL EXPENDITURES

Capital expenditures in tangible fixed assets amounted to MSEK 48 (48), which can be compared to depreciation of tangible non-current assets of MSEK 72 (67). Approximately

two thirds of the investments were made in the Lesjöfors Group. The value of non-current assets increased by MSEK 11 through the acquisition of the spring business in Danfoss.

Investment in shares in associated companies were made by Lesjöfors when that company acquired 20 percent of the shares outstanding in the Korean gas spring manufacturer Hanil Precision Co Ltd for MSEK 14.2.

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, lower capital expenditures than depreciation, the sale of Stafsjö Bruk and controlled development of working capital generated a cash flow after capital expenditures of MSEK 160.5 (197.2). 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 135.3 to MSEK 43.0 (178.3). Available liquidity, defined as liquid funds plus approved but unutilised committed credit facilities, was MSEK 473 at year-end (415).

The equity ratio at year-end was 60.1 percent (50.6). Interest-bearing net liabilities relative to shareholders' equity, the net debt equity ratio, was 6.1 percent (31.5).

PROFITABILITY

The return on average capital employed was 24.8 (20.2). Average shareholders' equity yielded a return of 23.1 (23.1).

PERSONNEL

The number of employees was 971 (867), an increase by 104 persons. Of this increase, 48 persons are with the acquired spring business in Danfoss. At the Group's production units in low-cost countries China and Latvia, the number of employees increased by 68 persons to 130 (62). In the other countries the number of employees declined by 12 persons.

Of the employees, 554 persons (569) work in Sweden and 417 (298) in other countries.

OWNERSHIP SITUATION

The Company has about 2 900 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 in terms of capital are SEB Fonder with 6.3 percent, Kjell & Märta Beijer's Foundation with 6.3 percent, Livförsäkrings AB Skandia with 6.1 percent, Anders Wall's Foundations with 4.9 percent, Lannebo Fonder and Didner & Gerge Aktiefond with 4.7 percent. Carnegie Fonder AB sold its holding during 2005.

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 aluminium scrap, which is handled according to environmental rules and regulations in force.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

PROSPECTS FOR 2006

Overall conditions look good for the Beijer Alma Group for the first part of 2006. Lesjöfors is facing continued strong demand. Habia is getting positive signals from major telecoms customers. The Group's financial position is strong, which gives room for further expansion. The Board of Directors and management are placing primary focus on development of the existing Group companies, organically as well as by acquisition. Acquisition activities are primarily aimed at Lesjöfors.

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	61 598
Net result for the year	56 857
Total	118 455

be allocated as follows:

A dividend to the shareholders of SEK 11 per share	
SEK 8 of which as regular dividend and SEK 3 as extra dividend	100 581
To be carried forward	17 874
Total	118 455

The dividend will be paid beginning 30 March 2006.

STATEMENT OF THE BOARD OF DIRECTORS REGARDING THE PROPOSED DIVIDEND

After the proposed dividend the Parent Company's equity ratio stands at 64 percent and the Group's equity ratio stands at 52 percent. The equity ratio is adequate against the background that the Company and the Group continue to operate profitably. It is believed that the Company's and the Group's liquid position can be maintained at a continued adequate level.

In the opinion of the Board of Directors, the proposed dividend will not threaten the ability of the Parent Company or the other Group companies from fulfilling their obligations on a short-term or a long-term basis, nor will it prevent any company from making necessary capital investments. The proposed dividend can therefore be defended with regard to the provisions in the Swedish Companies Act, Chapter 17, § 3, section 2-3 (the prudence rule).

Income Statements

Amounts in SEK thousand

	Note	Group		Parent Company	
		2005	2004	2005	2004
Net revenues	3, 4	1 416 161	1 304 337	-	-
Cost of goods sold	1, 5, 7, 8	-915 789	-855 934	-	-
Gross result		500 372	448 403	-	-
Selling expenses	1, 5, 7, 8	-166 900	-161 365	-	-
Administrative expenses	1, 5, 7, 8	-120 823	-111 958	-31 320	-29 489
Other operating expenses		-	-	12 226	12 171
Revenue from shares in associated companies	6	-223	1 335	-	-
Gross profit	7, 8	212 426	176 415	-19 094	-17 318
Revenue from shares in associated companies	9	-	-	72 646	33 207
Interest income and similar items		1 727	1 337	22	214
Interest expense and similar items		-9 838	-14 563	-2 325	-3 916
Result after financial items		204 315	163 189	51 249	12 187
Taxes on the year's result	10	-59 320	-42 330	5 608	5 527
Net result in continuing operations		144 995	120 859	56 857	17 714
Net result in discontinued operations		31 058	6 309	-	-
Net result for the year		176 053	127 168	56 857	17 714
Earnings per share in continuing operations	11				
- without dilution, SEK		15.86	13.21		
- fully diluted basis, SEK		15.86	13.21		
Earnings per share in discontinued operations					
- without dilution, SEK		3.40	0.70		
- fully diluted basis, SEK		3.40	0.70		
Net result for the year					
- without dilution, SEK		19.25	13.91		
- fully diluted basis, SEK		19.25	13.91		
Proposed/declared dividend per share, SEK				11.00	5.00

Balance Sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		2005	2004	2005	2004
ASSETS					
Fixed assets					
<i>Intangible non-current assets</i>					
Goodwill	12	72 701	65 167	-	-
Other intangible non-current assets		-	6 021	-	-
<i>Tangible fixed assets</i>					
Land and land improvements	13	16 323	16 748	-	-
Buildings	14	168 861	169 597	-	-
Plant and machinery	15	222 647	248 211	-	-
Equipment tools, fixtures and fittings	16	35 632	33 280	231	371
<i>Financial non-current assets</i>					
Deferred tax claims	17	4 930	3 023	-	-
Other long-term receivables		1 004	980	-	-
Other securities	18	16 686	12 902	16 625	12 722
Shares in associated companies	19	19 662	5 345	-	-
Shares in Group companies	20	-	-	217 292	238 645
Total non-current assets		558 446	561 274	234 148	251 738
Current assets					
Inventories	21	222 497	223 064	-	-
<i>Receivables</i>					
Accounts receivable		244 467	202 795	-	-
Due from Group companies		-	-	227 608	192 021
Other receivables		17 050	12 833	204	370
Prepaid expenses and accrued income	22	13 281	13 314	748	1 580
Cash and cash equivalents		124 391	105 492	295	271
Total current assets		621 686	557 498	228 855	194 242
TOTAL ASSETS		1 180 132	1 118 772	463 003	445 980

Balance Sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		2005	2004	2005	2004
SHAREHOLDERS EQUITY AND LIABILITIES					
Shareholders' equity	23				
				<i>Restricted equity</i>	
Share capital		114 296	114 296	114 296	114 296
Premium reserve/Legal reserve		165 351	165 351	165 351	165 351
Other reserves		5 004	-7 159	-	-
Total restricted equity				279 647	279 647
				<i>Unrestricted equity</i>	
Retained earnings		248 195	166 745	61 598	35 462
Net result for the year		176 053	127 168	56 857	17 714
Total unrestricted equity				118 455	53 176
Total shareholders' equity		708 899	566 401	398 102	332 823
Long-term liabilities					
Deferred taxes	24	28 357	31 446	-	-
Pension obligations	25	625	7 260	-	-
Liabilities to financial institutions	26	97 208	130 500	-	-
Total long-term liabilities		126 190	169 206	-	-
Current liabilities					
Committed credit facility	26	52 843	125 114	26 332	68 212
Due to Group companies		-	-	16 142	30 109
Accounts payable		80 087	71 258	494	516
Tax liabilities		44 754	30 374	11 133	5 351
Accrued expenses and prepaid income	27	116 086	103 603	10 270	8 680
Liabilities to credit institutions	26	16 706	20 891	-	-
Other current liabilities		34 567	31 925	530	289
Total current liabilities		345 043	383 165	64 901	113 157
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1 180 132	1 118 772	463 003	445 980
Pledged assets	30			12 260	112 261
Contingent liabilities	31			11 744	13 544

Changes in Shareholders' Equity

GROUP

	Share capital	Premium reserve	Other reserves	Retained earnings	Net profit for the year	Total share-holders' equity
31-12-2003	112 791	156 598	-	175 116	7 186	451 691
Effect of IFRS	-	-	-	-2 022	-	-2 022
Reclassification of previous year's profit	-	-	-	7 186	-7 186	-
Dividend paid	-	-	-	-13 535	-	-13 535
New issue	1 505	8 753	-	-	-	10 258
Translation differences	-	-	-7 159	-	-	-7 159
Net profit for the year	-	-	-	-	127 168	127 168
31-12-2004	114 296	165 351	-7 159	166 745	127 168	566 401
Reclassification of previous year's profit	-	-	-	127 168	-127 168	-
Opening hedging reserve	-	-	5 200	-	-	5 200
Taxes on hedging reserve	-	-	-1 456	-	-	-1 456
Dividend paid	-	-	-	-45 718	-	-45 718
Translation differences	-	-	13 531	-	-	13 531
Change in value of hedging reserve	-	-	-7 100	-	-	-7 100
Taxes on hedging reserve	-	-	1 988	-	-	1 988
Net profit for the year	-	-	-	-	176 053	176 053
31-12-2005	114 296	165 351	5 004	248 195	176 053	708 899

PARENT COMPANY

	Share capital	Legal reserve	Retained earnings	Net profit of the year	Total share-holders' equity
31-12-2003	112 791	156 598	28 184	-10 355	287 218
Reclassification of previous year's profit	-	-	-10 355	10 355	-
Dividend paid	-	-	-13 535	-	-13 535
New issue	1 505	8 753	-	-	10 258
Group contribution, less taxes	-	-	31 168	-	31 168
Net profit for the year	-	-	-	17 714	17 714
31-12-2004	114 296	165 351	35 462	17 714	332 823
Reclassification of previous year's profit	-	-	17 714	-17 714	-
Dividend paid	-	-	-45 718	-	-45 718
Group contribution, less taxes	-	-	54 140	-	54 140
Net profit for the year	-	-	-	56 857	56 857
31-12-2005	114 296	165 351	61 598	56 857	398 102

Proposed dividend of SEK 11.00 per share, a total of 100 581.

Cash Flow Statements

Amounts in SEK thousand

	Note	Group		Parent Company	
		2005	2004	2005	2004
Current operations					
Operating result		212 426	176 683	-19 094	-17 318
Net financial items	28	-7 837	-13 944	69 303	-4 880
Current taxes		-49 138	-11 827	-10 373	-1 066
Items not affecting cash flow	29	70 024	73 814	140	134
Cash flow from current operations before changes in working capital and capital expenditures		225 475	224 726	39 976	-23 130
Cash flow in discontinued operations		73 295	1 587	-	-
Change in inventory		-22 350	-13 848	-	-
Change in receivables		-64 653	-2 025	-12 196	33 898
Change in current liabilities		35 240	24 162	9 605	24 151
Cash flow from current operations		247 007	234 602	37 385	34 919
Investment operations					
Investment in tangible non-current assets		-39 198	-41 644	-	81
Investment in intangible non-current assets		-	-	-	-
Investments in other shares		-18 324	-1 480	-3 903	-3 798
Change in other financial non-current assets		-1 931	5 716	-	-
Corporate acquisitions	33	-27 072	-	-	-
Cash flow from investment operations		-86 525	-37 408	-3 903	-3 717
Cash flow after capital expenditures		160 482	197 194	33 482	31 202
Financing operations					
New issue		-	10 258	-	10 258
Loans raised		-	2 739	-	-
Repayment of long-term liabilities and committed credit facilities		-98 995	-159 444	-41 880	-58 864
Group contribution received/rendered and owner contribution, not including taxes		-	-	54 140	31 168
Dividend paid		-45 718	-13 535	-45 718	-13 535
Cash flow from financing operations		-144 713	-159 982	-33 458	-30 973
CHANGE IN LIQUID FUNDS		15 769	37 212	24	229
Liquid funds at beginning of year		105 492	70 959	271	42
Translation difference in liquid funds and cash sold		3 130	-2 679	-	-
Liquid funds at year-end		124 391	105 492	295	271
Unutilised committed credit facilities		349 576	309 288	123 692	81 788
Available liquidity		473 967	414 780	123 987	82 059

NOTES

All amounts in SEK thousand unless otherwise stated.

ACCOUNTING AND VALUATION PRINCIPLES APPLIED

Accounting principles

Beijer Alma AB's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the European Union until 31 December 2005.

The effects of adopting IFRS as described in the Annual Report for 2004 and the interim reports during 2005 have been preliminary and based on IAS/IFRS in force during 2005. Standards that have been changed and which have been resolved and adopted by EU as of 31 December 2005 have had no other effects on Beijer Alma than those already reported.

The consolidated financial statements have been prepared in accordance with the acquisition value method, except in the case of certain financial assets and liabilities, including derivative instruments, which are valued at fair value. Also refer to the description of accounting principles for each respective item in the income statements and balance sheets below.

Comparative data for 2004 have been recalculated to conform with accounting in accordance with IFRS. A reconciliation between present and prior accounting principles will be found in Note 33 to these financial statements.

The financial statements of the Parent Company, Beijer Alma AB, are prepared in accordance with Recommendation 32 "Accounting for legal entities" of the Swedish Accounting Standards Council and the Swedish Annual Accounts Act.

Application of standards or amendments that come into force 1 December 2005 or later

IAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions comes into force 1 January 2006, but early application is encouraged. Beijer Alma has chosen to apply this amendment for 2005. Other standards where early application is encouraged have not affected Beijer Alma's financial statements for 2005.

Critical estimates and assumptions for accounting purposes

In order to prepare the financial statements in accordance with generally accepted accounting principles, management must make estimates and assumptions that affect reported revenue and expense items as well as asset and liability items and other information. Actual outcomes may differ from estimates made. The areas where estimates and assumptions could involve risks for adjustment of reported values for assets and liabilities during coming financial years are primarily as follows:

Assumptions for testing of need for write-down of goodwill

The Group performs tests on a regular basis of the need for write-down of goodwill according to the accounting principles described

under intangible assets. The assumptions and estimates with respect to expected cash flows and discount interest rates in the form of weighted average capital cost are described in Note 12. Forecasts of future cash flows are based on the best possible estimates of future revenue and operating expenses.

Cash flow

The cash flow statement is compiled using the indirect method. Reported cash flow only includes transactions that involve payments and disbursements.

Consolidated accounting

The consolidated financial statements include those companies where the Parent Company, directly or indirectly, own more than 50 percent of the votes or in other ways have a controlling influence.

The purchase method of accounting has been used in compiling the consolidated financial statements. The acquired equity of subsidiaries is determined as the difference between identifiable assets and the fair value of liabilities and contingent liabilities taken over, based on a market valuation made at the time of acquisition. The equity of acquired subsidiaries is eliminated in its entirety, which means that consolidated equity only includes the portion of equity in subsidiaries earned after the acquisition.

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

Companies acquired during the year are included in the consolidated financial statements from the date when the Group gains control in the form of a controlling influence over the company and in the amount relating to the period after the acquisition.

Subsidiaries sold are included in the consolidated financial statements up to and including the date the Group still controls the Company through a controlling interest.

Internal gains within the Group are eliminated in their entirety, without taking any minority interest into account.

Translation of foreign subsidiaries

The assets and liabilities of foreign subsidiaries are converted using the year-end rate of exchange. All income statement items are converted using the average rate of exchange during the year. Translation differences are carried directly to consolidated shareholders' equity.

Significant foreign exchange rates	Year-end rate of exchange		Average rate of exchange	
	31-12-2005	31-12-2004	2005	2004
USD	7.95	6.62	7.54	7.33
EUR	9.40	9.01	9.31	9.13
GBP	13.67	12.71	13.62	13.43

Reporting of associated companies

Associated companies are defined as companies which are not subsidiaries, but where the Parent Company, directly or indirectly, holds more than 20 percent of the votes for all shares. Shares in associated companies are reported in the consolidated financial statements according to the equity method. Under the equity method shares in an associated company are reported at acquisition cost, which is subsequently adjusted by the Group's proportion of any change in the net assets of the associated company.

Accumulated but not distributed shares in profit attributable to associated companies are accounted for as Other reserves in the consolidated balance sheet. Any accumulated share of losses reduces the Group's retained earnings. Unrealised internal gains are eliminated against share of the gain attributable to the Group.

Shares in profit in associated companies are reported on separate lines in the consolidated income statement and the consolidated balance sheet. Shares in profit in associated companies are reported after taxes.

The Parent Company's financial statements include shares in associated companies at acquisition cost, less any write-downs. As revenue from associated companies is reported only dividends received from profit earned after the acquisition.

Segment reporting

Operating segments contain products which are subject to risks and returns that differ from other operating segments. Beijer Alma's primary segments are the Group's operating segments Springs, Specialty cable and High speed machining. Geographic markets generate products in a special economic environment that differs from the risks and returns that apply to the units that are active in other economic environments. Geographic areas are classified in the Group as secondary segments.

Operations sold

During the second quarter the sale of independent operating segment Knife gate valves in AB Stafsjö Bruk was decided and consummated. In accordance with IFRS 5 the result of the sale is reported on a separate line in the income statement – Net result from operations sold. Earnings per share are reported as earnings per share in continuing operations and earnings per share in operations sold, respectively. Comparative data in the income statement and information have been adjusted for the sale.

Revenue recognition

The Group's net revenues consist of sales of goods. Beijer Alma reports revenue when the risk associated with the goods has been transferred to the customer pursuant to the terms and conditions of sale. Sales are reported net after value added tax, rebates and translation differences in the case of sales in foreign currency. Intra-Group sales are eliminated in the consolidated financial statements.

Borrowing costs

Borrowing costs are charged to earnings in the period to which they refer.

Taxes

Deferred taxes are calculated according to the balance sheet method for all temporary differences that arise between reported values and values for taxes purposes on assets and liabilities.

Tax loss carryforwards that can be utilised against future profits are capitalised as a deferred tax claim. This applies to accumulated tax loss carryforwards at the time of acquisition as well as subsequently arising losses.

Valuation is performed using the tax rates prevailing at year-end. Deferred taxes are reported in the balance sheet as a financial non-current asset or provision. The year's tax expense consists of current taxes and deferred taxes.

If the actual outcome differs from the amount first reported, such differences will affect the provisions for current taxes and deferred taxes.

Tangible non-current assets

In the income statement the operating result is charged with depreciation according to plan, which is computed based on the original acquisition values and based on the estimated useful life of the assets as follows:

■ 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 an asset's reported value exceeds its estimated recovery value, the asset is written down to its recovery value. Expenses for improvement of the performance of an asset beyond its original level increases the reported value of the asset. Expenses for repair and maintenance are expensed.

Intangible assets

Goodwill: Goodwill is defined as the amount by which the acquisition cost to the Group of shares exceeds the value of the company's net assets in the acquisition analysis at the time of acquisition.

In accordance with IFRS 3, goodwill is no longer amortised on a straight-line basis but is instead tested regularly for any need for write-down. Goodwill is allocated to cash flow-generating units, which by and large is equivalent to business units, for testing of any need for write-down. For a description of methods and assumptions used for testing for any need for write-down, refer to Note 12.

Other intangible non-current assets are amortised based on the estimated useful life of the asset.

Research and product development: Costs for product development are expensed immediately to the extent such expenses occur.

Research and development work in the real sense, or of major magnitude, is not carried out in the Group. Development work in the Beijer Alma Group is conducted on a continuous basis and is an integrated part of the day-to-day work. Such expenses are therefore difficult to define and are also insignificant as to amount.

Write-downs: When there is an indication that an asset has diminished in value, an assessment is made of the reported value of the asset, including goodwill. In the event that the reported value exceeds the estimated recovery value, the asset is written down to its recovery value.

Leasing contracts

Leasing contracts relating to non-current assets where the Group essentially bears the same risks and enjoys the same benefits as in the case of direct ownership are classified as financial leasing. Financial leasing is reported at the beginning of the leasing period at the lower of the leasing object's value and the present value of the minimum leasing fees. Financial leasing contracts are reported in the balance sheet as non-current assets and financial liability, respectively. Future leasing payments are distributed among repayment of the liability and financial expenses in such a way that each accounting period is charged with an interest amount that is equivalent to a fixed interest rate for the liability during each respective period. Leasing assets are depreciated according to the same principles as other assets of the same kind. In the income statement, costs for the leasing contract are allocated to depreciation and interest.

Leasing of assets where the lessor essentially remains as the owner of the asset is classified as operational leasing. The leasing fee is expensed on a straight-line basis over the leasing period. Operational leasing contracts are reported in the income statement as an operating expense. Leasing of automobiles and personal computers is normally defined as operational leasing. The value of these leasing contracts is not deemed to be significant.

In the Parent Company all leasing contracts, regardless of whether financial or operational, are reported as rental contracts.

Inventories

Inventories consist of finished goods, semi-manufactured goods and raw materials. Inventories are valued, using the first-in-first-out method, at the lower of acquisition cost and fair value. (net realisable value) on the balance sheet date. Finished goods and semi-manufactured goods are valued at manufacturing cost, direct labour, other direct overhead and production-related overhead based on normal production. Collective valuation is used for homogenous groups of goods. Interest expense is not included in valuation of inventory.

A deduction is made for internal profits that arise when deliveries are made among the Group's companies. A requisite deduction for obsolescence has been made.

Receivables

Receivables that fall due more than 12 months after the balance sheet date are reported as non-current assets, all other as current assets. Receivables are carried at the amount by which they are expected to be collected.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the year-end rate of exchange.

Beijer Alma applies hedge accounting for intra-Group foreign currency flows to the extent they qualify for hedge accounting in accordance with the requirements of IAS 39.

Hedge accounting means that unrealised gains and losses that arise when the hedging instruments are valued according to market, and which fulfils the requirements for hedge accounting, are carried to equity.

Financial instruments

Financial instruments reported in the balance sheet include liquid funds, securities, other financial receivables, accounts receivable, accounts payable, leasing commitments and loan liabilities.

Accounts receivable: Accounts receivable are reported as current assets in the amount expected to be collected, after deduction of estimated bad debts.

Securities and financial assets: Securities and financial assets intended to be held on a long-term basis are reported at acquisition cost. Such assets are written down where a permanent diminution of value is established. Short-term financial holdings are reported at acquisition cost, which essentially corresponds to the market value. All transactions are reported on the settlement date.

Liquid funds: Liquid funds are defined as cash and cash equivalents, and short-term investments with a term of not exceeding three months. Liquid funds are valued at fair value.

Financial liabilities/Borrowing: Loan liabilities are initially reported at the amount received after deduction of transaction costs. Where this initially reported amount differs from the amount to be repaid on the due date, the difference is allocated to right period over the life of the loan. All transactions are reported on the settlement date.

Derivative instruments: Beijer Alma uses derivative instruments to cover risks associated with foreign exchange rate changes. Beijer Alma obtains hedging for the commercial exposure within the framework of the policy adopted by the Board of Directors. Beijer Alma applies hedge accounting for the contracts that fulfil the criteria for this in accordance with IAS 39 Financial instruments: Recognition and Measurement.

Hedge accounting means that the unrealised gains and losses that arise when hedging instruments are valued at market, and which fulfils the conditions for hedge accounting, are carried to equity.

Transaction exposure: Accounts receivable and accounts payable in foreign currency are valued at the year-end rate of exchange. Currency hedging transactions in the form of foreign exchange forward contracts relating to future flows in foreign currency affect the result at the rate they expire.

Provisions

Provisions are reported in the balance sheet among current and long-term liabilities when the Group has a legal or informal obligation as a consequence of an event that has occurred and it is probable that a flow of resources is required to settle the obligation and a reliable estimate of the amount can be made.

Compensation to employees

In the Group there are both defined contribution and defined benefit pension plans. Pension plans are financed by payments from each respective Group company and the employees. The defined benefit plans refer to ITP plans that are insured with Alecta. Such plans are reported as defined contribution plans since Alecta is unable to provide the necessary information.

The Group's payments relating to pension plans are reported as costs during the period when the employees have performed the services to which the payment refers.

Incentive programmes: Compensation to employees is reported in accordance with IFRS. There are no option programs outstanding at the present time.

1 PERSONNEL

Job locations	Average number of employees	
	2005	2004
SWEDEN		
<i>Parent Company</i>		
Uppsala	2	2
Stockholm	4	4
<i>Subsidiaries</i>		
Filipstad	100	88
Göteborg	64	63
Herrljunga	51	52
Karlstad	10	9
Stockholm	42	45
Tierp	185	209
Uppsala	7	2
Värnamo	62	67
Växjö	27	28
Total Sweden	554	569
<i>Of whom men 422 (434) and women 132 (135).</i>		

	Men	Women	Total	Men	Women	Total
			2005			2004
OUTSIDE SWEDEN						
Denmark	93	37	130	63	23	86
Finland	23	4	27	21	4	25
Norway	4	2	6	4	2	6
Latvia	23	20	43	10	8	18
France	4	2	6	4	2	6
The Netherlands	4	2	6	5	2	7
UK	23	7	30	22	6	28
Germany	54	17	71	52	17	69
Hong Kong	4	5	9	2	4	6
China	60	27	87	34	10	44
USA	2	-	2	3	-	3
Total outside Sweden	294	123	417	220	78	298
TOTAL			971			867

Of the employees 716 are men (654) and 255 are women (213).

There is a total of 35 directors in the Group's companies; 34 of these are men.

All 20 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 expensed by the Swedish units of the Group:

	2005	2004
Salary/fees, President and Board of Directors	19 084	19 213
Of which bonus, President and Board of Directors	5 027	3 705
Social benefits, President and Board of Directors	11 371	10 883
Of which pension costs	4 691	4 096
Salaries, other	177 599	170 805
Social benefits, other	74 289	71 280
Of which pension costs	14 351	18 830

Salaries and compensation outside Sweden have been expensed as follows:

	President/Board of Directors				2005 Other		President/Board of Directors				2004 Other	
	Salaries	of which bonus	Social ben.	of which pension liab.	Salaries	Social ben.	Salaries	of which bonus	Social ben.	of which pension liab.	Salaries	Social ben.
Denmark	1 284	150	70	67	42 460	2 731	1 227	147	64	61	36 646	2 213
Finland	1 540	223	411	180	7 684	1 924	1 287	155	383	173	6 793	1 653
Norway	1 800	-	240	47	1 891	267	717	-	115	-	1 937	279
Latvia	437	53	123	-	1 270	357	321	41	90	-	599	168
France	-	-	-	-	3 269	1 397	-	-	-	-	3 269	1 397
The Netherlands	-	-	-	-	2 886	894	-	-	-	-	2 876	1 004
UK	1 689	109	736	627	11 305	1 621	1 571	121	618	537	11 402	537
Germany	1 760	111	223	19	24 876	4 953	1 698	100	219	18	24 277	4 473
Hong Kong	-	-	-	-	2 951	219	-	-	-	-	2 332	590
China	-	-	-	-	2 511	934	-	-	-	-	1 689	182
USA	385	-	113	-	505	151	396	-	117	-	352	103
Total salaries and compensation	8 895	646	1 916	940	101 608	15 448	7 217	564	1 606	789	92 172	12 599
Total salaries and compensation in Sweden as above	19 084	5 027	11 371	4 691	177 599	74 289	19 213	3 705	10 883	4 096	170 805	71 280
GROUP TOTAL	27 979	5 673	13 287	5 631	279 207	89 737	26 542	4 269	12 489	4 885	262 977	83 879

Parent Company		
	2005	2004
Salary, President and Board of Directors	8 554	7 861
Of which bonus, President and Board of Directors	3 414	2 577
Social benefits, President and Board of Directors	4 046	3 619
Of which pension costs	1 342	1 118
Salaries, other	6 186	6 098
Social benefits, other	2 738	2 781
Of which pension costs	765	792

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 defined benefits that covers several employers. For the 2005 financial year the Company has not had access to sufficient information to enable it to report this plan as a plan with defined benefits. The pension plan according to ITP, which is secured through insurance in Alecta, is therefore reported as a defined contribution pension plan. The fees for pension insurance written by Alecta amount to MSEK 4.1 (2004: MSEK 4.0). Alecta's surplus can be distributed to the policyholders and/or the insured. At year-end 2005 Alecta's surplus measured as the collective solvency margin was 128.5 percent (2004: 128.0 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 fee 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 three 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 for year 2004 personnel options to the President & CEO and members of senior management are paid as part of the total compensation.

Compensation and benefits during year 2005

	Board of Directors fee/ basic salary incl. benefit of company car	Bonus	Pension costs	Personnel options	Total
Directors (7 persons)	1 300	-	-	-	1 300
Of which Chairman	700	-	-	-	700
Members of Senior Management	9 628	6 229	3 552	-	19 409
Of which President & CEO	3 820	3 414	1 342	-	8 576
TOTAL	10 928	6 229	3 552		20 709

Compensation and benefits during year 2004

	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	9 194	4 929	3 000	2 240	19 363
Of which President & CEO	3 173	2 577	1 118	840	7 708
TOTAL	10 375	4 929	3 000	2 240	20 544

Comments on the table

Members of the Group's senior management have only defined contribution pension plans. 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 programme issued to members of senior management during 2001. Wholly owned subsidiary Aihuk AB acquired all outstanding options during the year 2004 for SEK 14 per option, computed as the current market price of the share at the time of acquisition of SEK 119, 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 160 000 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. The period of notice upon termination at the initiative of the employee is 6 months. For four of the five 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.

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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, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB. Director of Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), Sponsor Stiftelseförvaltning AB, G & L Beijer Import & Export AB i Stockholm, Stiftelsen Anders Walls Professur i Entreprenörskap and other assignments. Honorary Fellow, Uppsala University, Luxembourg's Consul General, Member, Royal Academy of Engineering Science (IVA).

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

Thomas Halvorsen, President, Fourth AP Fund. Director since 1992. Other assignments: Director of Miris AB.

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

Marianne Nivert, Director since 2002. Other assignments: Chairman of Posten AB and Save the Children. Director of SSAB, Wallenstams Byggnads AB, Karolinska University Hospital, Systembolaget AB and Fourth AP Fund.

Johan Norman, Director since 2002. Other assignments: Director of Nike Hydraulics AB.

Johan Wall, President, Enea Data AB. Deputy Director 1997–2000, Director since 2000. Other assignments: Director of Kjell & Märta Beijer's Foundation, Anders Wall's Foundations, and other assignments.

Bertil Persson, President and CEO, Beijer Alma AB. Deputy director 2000–2001, Director 2001–2002, Deputy Director since 2002. Other assignments: Director of Posten AB.

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NET REVENUES

	2005	2004
Sweden	382 868	366 618
Other EU	728 953	652 903
Other Europe	91 819	85 148
Asia	175 605	171 700
Rest of world	36 916	27 968
TOTAL	1 416 161	1 304 337

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INFORMATION ABOUT OPERATING SEGMENTS AND GEOGRAPHIC AREAS

(all amounts in MSEK)

Operating segments

The Group is organized in three sub-groups: Lesjöfors (springs), Habia Cable (specialty cable) and Elimag (high-speed machining of aluminium). Stafsjö Bruk (knife gate valves) was sold during 2005. 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

2005	Springs	Specialty cable	High-speed machining	Knife gate valves	Other (Parent Company, etc.)	Eliminations	Group
Net revenues	762.8	559.6	93.1	-	0.7	-	1 416.2
Operating result	144.0	82.1	5.7	-	-19.4	-	212.4
Result before taxes	143.3	78.0	4.5	-	-21.5	-	204.3
Assets	662.4	422.3	66.6	-	466.8	-438.0	1 180.1
Liabilities	329.9	225.0	36.0	-	74.7	-194.4	471.2
Capital expenditures	46.3	10.9	0.9	-	-	-	58.1
Depreciation and amortization	46.4	24.4	7.5	-	0.4	-	78.7
2004	Springs	Specialty cable	High-speed machining	Knife gate valves	Other (Parent Company, etc.)	Eliminations	Group
Net revenues	673.4	527.0	102.8	-	1.2	-	1 304.4
Operating result	110.2	75.1	10.0	-	-16.2 ¹⁾	-2.7	176.3
Result before taxes	108.0	69.5	8.1	-	-19.7 ¹⁾	-2.8	163.1
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	-	-	-	45.8
Depreciation and amortization	42.7	24.5	7.5	-	0.1	2.1	76.9

¹⁾ Revenue from affiliated companies included in the amount of -0.2 for 2005 and 1.3 for 2004.

Geographic areas

2005	Sweden	Other EU	Other Europe	Asia	Other world
Net revenues	382.9	729.0	91.8	175.6	36.9
Capital expenditures	43.9	9.9	0.1	4.1	0.1
Assets	685.4	411.3	6.7	74.9	1.3
2004	Sweden	Other EU	Other Europe	Asia	Other world
Net revenues	360.6	652.9	85.1	171.7	28.0
Capital expenditures	36.8	7.8	0.1	1.2	-
Assets	647.8	324.9	6.1	60.2	2.9

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ADMINISTRATIVE EXPENSES

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

	Group		Parent Company	
	2005	2004	2005	2004
<i>Öhrlings PricewaterhouseCoopers AB</i>				
- audit assignments	2 338	2 708	427	757
- other assignments	-	-	-	-
<i>Other auditors</i>				
- audit assignments	734	640	-	-
- other assignments	277	220	-	-
TOTAL	3 349	3 568	427	757

Costs for product development are included in the Group's administrative expense an amount of 9 432 (7 512).

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INCOME FROM SHARES IN ASSOCIATED COMPANIES

	2005	2004
<i>Share in result from:</i>		
- Pendax Holding AB	-1 192	497
- Medical Device Technology AB	1 057	1 006
- BCB Baltic AB	-88	-168
TOTAL	-223	1 335

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OPERATING RESULT

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

	2005	2004
Plant and equipment	54 178	50 404
Equipment, tools, fixtures and fittings	9 629	8 975
Buildings	7 820	7 402
Land improvements	55	52
Goodwill	-	10 681
TOTAL	71 682	77 514

Depreciation has been effected in the Parent Company on equipment, tools, fixtures and fittings in an amount of 139 (134).

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OPERATIONAL LEASING

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

	Group		Parent Company	
	2005	2004	2005	2004
Year's leasing costs	16 220	16 325	1 697	2 106
<i>Future minimum leasing fees fall due as follows:</i>				
Within one year	13 486	11 953	1 730	1 713
Later than in one year, but within five years	33 901	32 950	3 893	2 539
Later than in five years	436	577	-	-
	47 823	45 480	5 623	4 252

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

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INCOME FROM SHARES IN GROUP COMPANIES

Parent Company	2005	2004
Capital gain on sale of the shares in AB Stafsjö Bruk	28 646	-
<i>Anticipated dividend from:</i>		
Beijer Alma Utveckling AB	4 000	-
Habia Cable AB	40 000	21 707
Elimag AB	-	10 500
Aihuk AB	-	1 000
TOTAL	72 646	33 207

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TAXES ON THE YEAR'S RESULT

	Group		Parent Company	
	2005	2004	2005	2004
Current taxes for the period	-58 355	-45 976	-15 447	-6 594
Share in taxes of associated company	-	-174	-	-
<i>Temporary differences relating to</i>				
- untaxed reserves	-418	6 444	-	-
- supplementary depreciation	-2 914	1 078	-	-
- provisions for structural costs	2 981	-3 027	-	-
- tax loss carryforward	262	-3 534	-	-
Tax effect of Group contribution	-	1 944	21 055	12 121
Current taxes attributable to prior years	-876	915	-	-
TOTAL	-59 320	-42 330	5 608	5 527

Difference between tax expense and 28 percent taxes

	Group		Parent Company	
	2005	2004	2005	2004
Profit before taxes	204 315	163 089	51 249	12 187
28 % taxes	-57 208	-45 665	-14 350	-3 412
Current taxes for the period	-59 320	-42 330	5 608	5 527
Amount of difference	-2 112	3 335	19 958	8 939

Specification of difference

	Group		Parent Company	
	2005	2004	2005	2004
<i>Effect of</i>				
- taxes attributable to prior years	381	1 816	-	-
- write-down of intangible				
non-current assets	-6 304	-1 195	-	-
- foreign tax rates	2 389	3 440	-	-
- non-deductible items	-3 644	-2 156	-389	-367
- other write-downs	-665	-54	-	-
- non-taxable revenue	1 773	1 428	20 347	9 306
Other	3 958	56	-	-
TOTAL	-2 112	3 335	19 958	8 939

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EARNINGS PER SHARE

Group	2005	2004
<i>Result used for calculating</i>		
Profit in continuing operations	144 995	120 859
Profit in discontinued operations	31 058	6 309
Reported profit	176 053	127 168
Number of shares outstanding	9 143 700	9 143 700

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GOODWILL

Group	2005	2004
Opening acquisition value	244 287	244 806
Purchases	11 220	-
Sales of companies	-6 572	-
Translation differences	3 538	-519
Closing accumulated acquisition value	252 473	244 287
Opening amortization	99 683	89 159
Sales of companies	-1 726	-
Amortization	-	10 731
Translation differences	1 352	-207
Closing amortization	99 309	99 683
Opening write-downs	79 437	71 013
Write-downs for the year	1 026	8 424
Closing accumulated write-downs	80 463	79 437
Closing residual value according to plan	72 701	65 167

The value of the Group's intangible assets is assessed annually using so-called impairment tests.

For this assessment the following discount interest rates before taxes were used at the end of 2005:

Equity financing	8.7 percent
Debt financing	4.2 percent

Budgets are used for assumptions of future cash flow for 2006. For subsequent years the assumed rate of growth is at the level of GDP forecasts.

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LAND AND LAND IMPROVEMENTS

	Group	
	2005	2004
Opening acquisition value	17 240	17 584
Purchases	185	149
Sales of companies	-1 009	-
Sales and disposals	-	-450
Translation differences	292	-43
Closing accumulated acquisition value	16 708	17 240
Opening depreciation	492	429
Sales of companies	-162	-
Depreciation for the year	55	63
Closing accumulated depreciation	385	492
Closing residual value according to plan	16 323	16 748
Book value of land in Sweden	8 227	9 075
Tax assessment value of land in Sweden	5 590	7 784

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BUILDINGS

	Group	
	2005	2004
Opening acquisition value	237 399	234 440
Purchases	8 869	8 712
Sales of companies	-11 979	-
Sales and disposals	-	-5 251
Translation differences	3 341	-502
Closing accumulated acquisition value	237 630	237 399
Opening depreciation	67 802	61 532
Sales of companies	-7 805	-
Sales and disposals	-	-1 261
Depreciation for the year	7 820	7 670
Translation differences	952	-139
Closing accumulated depreciation	68 769	67 802
Closing residual value according to plan	168 861	169 597
Book value of buildings in Sweden	106 025	108 969
Tax assessment value of buildings in Sweden	34 310	41 222

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PLANT AND MACHINERY

	Group	
	2005	2004
Opening acquisition value	668 352	662 734
Purchases	37 986	31 086
Sales of companies	-19 514	-
Sales and disposals	-	-14 845
By acquisition of subsidiaries	-27 543	-
Reclassification	-4 239	-9 185
Translation differences	6 856	-1 438
Closing accumulated acquisition value	661 898	668 352
Opening depreciation	381 709	341 487
Sales of companies	-12 343	-
By acquisition of subsidiaries	-26 374	-9 069
Reclassification	-	-2 167
Depreciation for the year	54 178	51 966
Translation differences	3 649	-508
Closing accumulated depreciation	400 819	381 709
Opening write-downs	38 432	39 097
Reclassification	-	-5 707
Write-downs for the year	-	5 042
Closing accumulated write-downs	38 432	38 432
Closing residual value according to plan	222 647	248 211

Financial leasing contracts

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

	2005	2004
Acquisition value	58 258	59 519
Residual value	28 806	35 674

Future minimum leasing fees fall due for payment as follows:

	2005	2004
Within one year	8 821	7 605
Later than in one year, but within five years	40 509	26 591
Later than in five years	-	321
	49 330	34 517

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EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent Company	
	2005	2004	2005	2004
Opening acquisition value	118 826	109 837	1 900	2 156
Purchases	12 722	14 207	-	42
Sales of companies	-14 924	-	-	-
Sales and disposals	-11 796	-6 481	-	-297
Reclassification	4 240	1 735	-	-
Translation differences	1 994	-472	-	-
Closing accumulated acquisition value	111 062	118 826	1 900	1 901
Opening depreciation	72 635	67 492	1 530	1 570
Sales of companies	-10 938	-	-	-
Sales and disposals	-10 067	-5 084	-	-174
Reclassification	-	-441	-	-
Depreciation for the year	9 629	11 026	139	134
Translation differences	1 260	-358	-	-
Closing accumulated depreciation	62 519	72 635	1 669	1 530
Opening write-downs	12 911	13 020	-	-
Reclassification	-	-109	-	-
Write-downs for the year	-	-	-	-
Closing accumulated write-downs	12 911	12 911	-	-
Closing residual value according to plan	35 632	33 280	231	371

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OTHER SECURITIES

	Company number	Proportion of capital	Registered office	Book value
<i>Parent Company</i>				
Innoventus Uppsala Life Science 1 KB and related companies ^{*)}	969677-8530	8	Uppsala	16 625
<i>Koncernen</i>				
Drug Safety Inc. (f d PharmaSoft Inc.)		<1	Delaware, USA	0
Industrial Development & Investment AB	556518-9973	<1	Stockholm	0
Other		-		61
TOTAL				16 686

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

^{*)} Commitment exists to invest another MSEK 9.

	Group		Parent Company	
	2005	2004	2005	2004
Opening acquisition value	17 782	13 922	12 722	8 924
Purchases	3 903	3 860	3 903	3 798
Closing accumulated acquisition value	21 685	17 782	16 625	12 722
Opening write-downs	4 880	2 305	-	-
Write-downs for the year	119	2 575	-	-
Closing accumulated write-downs	4 999	4 880	-	-
Closing book value	16 686	12 902	16 625	12 722

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DEFERRED TAX CLAIM

	2005	2004
<i>Temporary claim relating to</i>		
- currency hedge accounting	532	-
- tax loss carryforward	220	252
- provisions for structural costs	-	140
- write-downs	-	597
Other temporary differences	4 178	2 034
TOTAL	4 930	3 023

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SHARES IN ASSOCIATED COMPANIES

	Company number	Proportion of capital	Registered office	Book value 2005	Book value 2004
<i>Group</i>					
Pendax Holding AB	556536-1457	36	Stockholm	1 979	4 137
Medeto Medical Device Technology AB	556444-9386	50	Stockholm	1 637	580
BCB Baltic AB	556649-7540	20	Uppsala	1 890	628
Hanil Precision Co Ltd		20	Pusan, Korea	14 156	-
TOTAL				19 662	5 345
	2005	2004			
Opening acquisition value	14 718	12 761			
Share in profit after taxes	-223	1 161			
Purchases	15 506	796			
Closing accumulated acquisition value	30 001	14 718			
Opening write-downs	9 373	8 946			
Write-downs for the year	966	427			
Closing accumulated write-downs	10 339	9 373			
Closing book value	19 662	5 345			

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SHARES IN GROUP COMPANIES

	Company number	Proportion of capital	Registered office	Book value	Book value
Lesjöfors AB	556001-3251	603 500	Karlstad	100 000	322 546
Habia Cable AB	556050-3426	500 000	Täby	87 575	197 262 ¹⁾
AB Stockholms Rörsmede	556222-0482	10 000	Stockholm	2 560	2 665
Aihuk AB	556218-4126	9 000	Uppsala	2 056	2 958
Alma Nova Industri AB	556077-6022	60 000	Uppsala	14 782	19 192 ²⁾
Beijer Alma Industri AB	556210-3274	60 000	Uppsala	4 329	7 292
AB Stafsjö Bruk	556551-9005	1 000	Uppsala	100	100
(formerly Beijer Alma Industri & Handel AB)					
Bierrepac AB	556067-1793	4 000	Uppsala	473	949
Carepilot AB	556589-8235	153 846	Uppsala	4 417	5 099
Shipping & Aviation Sweden AB	556500-0535	10 000	Uppsala	1 000	1 324
TOTAL				217 292	
¹⁾ Including anticipated dividend to the Parent Company in the amount of 40 000.					
²⁾ Including anticipated dividend to the Parent Company in the amount of 4 000.					
All companies are 100-percent owned.					
	2005	2004			
Acquisition value	243 800	243 800			
Sales	-21 354	-			
Closing accumulated acquisition value	222 446	243 800			
Opening write-downs	5 155	5 155			
Closing accumulated write-downs	5 155	5 155			
Closing book value	217 291	238 645			

Subsidiary holdings of shares in Group companies

	Company number	Percentage stake	Registered office	Book value
Lesjöfors Fjädrar AB	556063-5244	100	Filipstad	9 532
Lesjöfors Tråddetaljer AB	556207-6520	100	Filipstad	1 724
Lesjöfors Automotive AB	556335-0882	100	Växjö	24 000
Lesjöfors Stockholms Fjäder AB	556062-9890	100	Stockholm	24 619
Lesjöfors Industrifjädrar AB	556593-7967	100	Herrljunga	10 500
Lesjöfors Banddetaljer AB	556204-0773	100	Värnamo	28 103
Lesjöfors A/S		100	Copenhagen, Denmark	56 603
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	0
Lesjöfors Springs LV		100	Liepāja, Latvia	992
Habia Benelux BV		100	Breda, The Netherlands	1 020
Habia Cable Asia Ltd		100	Hong Kong, China	55
Habia Cable China Ltd		100	Changzhou, China	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	33 468
Habia Cable SA		100	Orleans, France	679
Habia Cable SP.Z O.O		100	Warsaw, Poland	470
Habia Cable Nordic AB	556240-7485	100	Täby	205
Isotec Beteiligungs GmbH		100	Norderstedt, Germany	189
Elimag AB	556480-0133	100	Mölnådal	21 896
Elimag Göteborg AB	556359-5640	100	Mölnådal	7 150
Elimag Ratio AB	556059-2486	100	Mölnådal	2 322
Alma Industri & Handel Fastigheter AB	556030-3686	100	Malmö	3 764
Beijer & Alma Utvecklings AB	556230-9608	100	Uppsala	2 200

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INVENTORIES

	2005	2004
Raw materials	85 219	97 488
Work in progress	45 375	40 985
Finished goods	91 903	84 591
TOTAL	222 497	223 064

Value of the inventory valued at net sales value

	2005	2004
Raw materials	2 726	1 264
Work in progress	677	3 191
Finished goods	82	90
TOTAL	3 485	4 545

Difference between acquisition value and net sales value

	2005	2004
Raw materials	1 870	1 172
Work in progress	645	935
Finished goods	236	507
TOTAL	2 751	2 614

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PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2005	2004	2005	2004
Leasing fees and rents	3 439	3 016	-	532
Accrued interest income	-	146	-	-
Other	9 842	10 152	748	1 048
TOTAL	13 281	13 314	748	1 580

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SHAREHOLDERS EQUITY

Other reserves

	Translation reserve	Hedging reserve	Total
31-12-2003	0	0	0
2004 translation difference	-7 159	0	-7 159
31-12-2004	-7 159	0	-7 159
Opening cash flow hedging	0	5 200	5 200
Deferred taxes thereon	-	-1 456	-
Change in value of cash flow hedging	-	-7 100	-7 100
Deferred taxes thereon	-	1 988	1 988
2005 translation difference	13 531	-	13 531
31-12-2005	6 372	-1 368	5 004

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

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DEFERRED TAXES

	2005	2004
<i>Temporary liability relating to</i>		
- untaxed reserves	22 915	28 918
- accelerated depreciation	5 442	2 528
TOTAL	28 357	31 446
	2005	2004
Opening value	31 446	38 974
Sales of companies	-2 835	-
Increased allocation	2 914	232
Reversal	-3 168	-7 760
Closing value	28 357	31 446

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PENSION OBLIGATIONS

	2005	2004
Opening value	7 260	7 251
Sales of companies	-6 649	-
Increased allocation	18	401
Reversal	-4	-6
Paid during the period	-	-379
Exchange rate effect	-	-7
Closing value	625	7 260

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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.)

2005	USD	EUR	DKK	NOK	GBP	RMB	AUD	JPY	HKD	KRW	Totalt
Lesjöfors	21.7	71.7	5.8	14.2	66.2	-	-	-	-	-	179.6
Habia Cable	50.4	76.1	-	-	51.0	14.0	-	2.6	-22.7	20.5	191.9
TOTAL	72.1	147.8	5.8	14.2	117.2	14.0	-	2.6	-22.7	20.5	371.5
	USD	EUR	DKK	NOK	GBP	RMB	AUD	JPY	HKD	KRW	Totalt
2004											
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

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 contracts. Currency options may be used in exceptional cases. Following a decision by Group management, currency options may be used in exceptional cases.

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

	31-12-2005	31-12-2004
USD	57.3	32.0
EUR	83.7	75.8
GBP	95.4	52.7
HKD	15.0	13.4
NOK	13.3	-
TOTAL	264.7	173.9

IAS 39 (see Note 33) is applied from 1 January, 2005. In Beijer Alma's opinion, all derivative instruments meet the requirements of hedge accounting. The changes in fair value of the derivative instruments are therefore carried to shareholders' equity. At year-end 2005 there was a deficit in the value of derivative instruments of MSEK 1.9, which has reduced shareholders' equity, after deduction for deferred taxes.

As of 31 December 2004 there was a surplus value in the contracts of MSEK 5.2.

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 reduce 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	
	2005	2004	2005	2004
Long-term liabilities				
Liabilities to credit institutions	97 208	130 500	-	-
Current liabilities				
Liabilities to credit institutions	16 706	20 891	-	-
Committed credit facility utilisation	52 843	125 114	26 332	68 212
Total interest-bearing liabilities	166 757	276 505	26 332	68 212
Amounts that fall due for payment in more than five years	11 400	35 761	-	-

Liabilities to credit institutions consist of 17 loans in different currencies and on varying terms and conditions. The interest rate levels vary between 2.58 percent and 6.75 percent. The average rate of interest is 3.6 percent. The average interest rate on the committed credit facilities is 3.4 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 fulfil 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	
	2005	2004	2005	2004
Liquid funds	124 391	105 492	295	271
Committed credit facilities	402 419	434 402	150 000	150 000
Utilized portion of committed credit facilities	-52 843	-125 114	-26 332	-68 212
Available liquidity	473 967	414 780	123 963	82 059

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ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2005	2004	2005	2004
Accrued personnel costs	64 367	65 218	9 668	7 916
Accrued interest	37	65	14	-
Other	51 682	38 320	588	764
TOTAL	116 086	103 603	10 270	8 680

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NET FINANCIAL ITEMS

	Group		Parent Company	
	2005	2004	2005	2004
Dividends received	-	-	50 000	-
Payment for shares	-	-	21 606	-
Interest income	1 837	1 859	22	214
Interest expense	-9 674	-15 803	-2 325	-5 094
TOTAL	-7 837	-13 944	69 303	-4 880

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ITEMS NOT AFFECTING CASH FLOW

	Group		Parent Company	
	2005	2004	2005	2004
Depreciation and amortization	63 043	70 027	140	134
Write-down of intangible non-current assets	7 047	13 466	-	-
Result in associated companies	223	-1 335	-	-
Provisions	-289	-7 024	-	-
Allocations	-	-1 320	-	-
TOTAL	70 024	73 814	140	134

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PLEGDED ASSETS

	Group		Parent Company	
	2005	2004	2005	2004
Corporate mortgages	236 728	252 190	-	-
Real estate mortgages	75 844	107 333	-	-
Shares	27 617	304 929	12 260	112 261
Machinery used according to financial leasing agreements	28 976	35 674	-	-
Assets with retention of title	28 806	33 837	-	-
TOTAL	397 971	733 963	12 260	112 261

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CONTINGENT LIABILITIES AND COMMITMENTS

The Group has contingent liabilities in the form of guarantees and issues that emerge in the normal course of doing business. No significant actual liabilities are expected to arise due to these contingent liabilities. In the normal course of business the Group and the Parent Company have entered into the following obligations.

	Group		Parent Company	
	2005	2004	2005	2004
Guarantees	-	792	-	-
Sureties	1 744	3 000	11 744 ¹⁾	13 554
Pension obligations	-	121	-	-
Regional development grants received	1 500	1 500	-	-
TOTAL	3 244	5 413	11 744	13 554

¹⁾ SEK 10 000 of the Parent Company's sureties have been issued for subsidiaries and SEK 1 744 for associated companies.

The Group has not identified any material obligations that are not reported in the financial reports.

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TRANSITION TO REPORTING IN ACCORDANCE WITH IFRS

Accounting in accordance with IAS/IFRS was introduced 1 January 2005. The main principle is that IFRS will be applied retroactively. The recalculation performed increased the profit after net financial items for 2004 by MSEK 10.0 and shareholders' equity increased by MSEK 8.4. These effects relate to the cessation of amortisation of goodwill in accordance with IFRS 3 and reallocation from goodwill to other intangible assets and deferred taxes attributable thereto. Goodwill is no longer amortised. Tests are instead performed annually or more frequently of whether or not there are indications reduction in value. Beijer Alma has performed write-down tests as 1 January 2004 and as of 31 December 2004.

IFRS 1 contains the possibility of certain exceptions from the main rule and Beijer Alma has chosen to apply the following exceptions:

Beijer Alma has chosen to set to zero translation differences in equity at the beginning of 2004.

Beijer Alma has chosen not to apply IAS 39, Financial Instruments: Recognition and Measurement, for the 2004 comparative year. No recalculation for IAS 39 has thus been performed of the comparative data.

Certain IAS/IFRS rules provide the user with the option of choosing between different accounting principles. Beijer Alma has chosen those alternatives which are closest to the immediately prior accounting principles. The most important selections refer to:

IAS 16, Property, Plant and Equipment, where Beijer Alma, as before, chooses to value the assets in accordance with the main rule, which means valuation at historical acquisition value less accumulated depreciation.

IAS 38, Tangible non-current assets, where the Company chooses to value the assets in accordance with the main rule,

which means valuation at historical acquisition value less accumulated depreciation.

IAS 2, Inventories, where Beijer Alma, as before, chooses to apply the first-in-first-out principle.

IAS 7, Cash Flow Statements, where Beijer Alma, as before, chooses to compile the cash flow statement in accordance with the indirect method.

IAS 23, Borrowing Costs, where Beijer Alma, as before according to the main rule, chooses not to capitalise borrowing costs.

The implementation has not entailed significant effects on the result or the financial position. In all other respects, but with the following exceptions, the same accounting principles and calculation methods have been used as in the most recent Annual Report.

IAS 39 is applied from 1 January 2005. Beijer Alma has financial derivative instruments in the form of foreign exchange forward contracts, held to minimise the uncertainty of future sales values. These derivative instruments have previously not been accounted for at fair value, which is mandatory according to IAS 39. As of 1 January 2005 there was a surplus value in the foreign exchange contracts in the amount of MSEK 5.2, which has been entered as a short-term receivable and against shareholders' equity. The changes in fair value of derivative instruments identified as cash flow hedging, and which meet the conditions for hedge accounting, are carried to shareholders' equity. Accumulated amounts in equity are reversed to the income statement in the periods when the hedged item affected profit (e.g. when the prognosticated sale that is hedged occurred). The change in fair value of derivative instruments identified as hedges of fair value, and which meet the conditions for hedge accounting, are accounted for in the income statement together with changes in fair value of the asset or the liability that gave rise to the hedged risk. All derivative instruments are deemed to qualify for hedge accounting in accordance with IAS 39. With support from IFRS 1, Beijer Alma has chosen not to recalculate comparative data for 2004.

The Group has applied IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, from 1 January 2005. IFRS 5 deals with disclosure requirements and valuation in connection with the sale of non-current assets and parts of the business.

The decision regarding, as well as the implementation of, the sale of AB Stafsjö Bruk took place during the second quarter, which means that the profit from this business and the sale thereof are reported separately in the income statement under the heading Net result in discontinued operations.

The application of IFRS 5 had no other effect on previous financial reports than a change in the presentation of result and cash flows from discontinued operations.

Comparative data from 1 January 2004 have been restated in accordance with IFRS. No recalculation has been performed for prior periods.

Preliminary effect of adopting of IFRS

<i>Income statement</i>	Before adopting IFRS	IFRS 3	IFRS 5	After adopting IFRS
1-1-31-12 2004				
Net revenues	1 422.7	-	-118.3	1 304.4
Operating result	175.9	10.0	-9.5	176.4
Result after net financial items	162.0	10.0	-8.9	163.1
Net result in continuing operations	116.8	10.4	-6.4	120.8
Net result in discontinued operations	-	-	6.4	6.4
Reported net result	116.8	10.4	-	127.2
Earnings per share in continuing operations, SEK	12.77	1.14	-0.70	13.21
Earnings per share in discontinued operations, SEK	-	-	0.70	0.70
Earnings per share, SEK	12.77	1.14	-	13.91
Balance sheet				
	Before adopting IFRS	IFRS 3	IFRS 5	After adopting IFRS
31-12-2004				
Intangible non-current assets	61.1	10.0	-	71.1
Shareholders' equity	558.0	8.4	-	566.4
Deferred taxes	29.8	1.6	-	31.4

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CORPORATE ACQUISITIONS

On 1 October 2005 Lesjöfors acquired the spring business of Danfoss. The acquisition is a so-called asset purchase. The net revenues of the acquired business was MSEK 11.2 and profit before taxes for the fourth quarter was MSEK 0.9. Full-year net 2005 revenues were MSEK 48.8 and profit before taxes was MSEK 4.3.

The purchase money paid in cash was	MSEK 27.1
Acquired net assets amounted to	MSEK 15.9
Goodwill	MSEK 11.2

The goodwill is attributable to the profitability of the business and the synergy effects expected to arise after the acquisition.

The assets included in the acquisition are as follows (fair value):	
Tangible non-current assets	MSEK 11.3
Inventories	MSEK 4.6
	MSEK 15.9

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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 taxes

Reported result, less current taxes, relative to average number of shares outstanding.

Earnings per share after 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 P.O. Box 1747, SE-751 47 Uppsala, Sweden. The company number is 556229-7480.

The Statement of Income and the Balance Sheet will be presented to the Annual General Meeting to be held 22 March 2006 for adoption.

Uppsala, 10 February 2006

Anders Wall
Chairman

Anders G. Carlberg

Thomas Halvorsen

Göran W Hultdtgren

Marianne Nivert

Johan Norman

Johan Wall

Bertil Persson
President & CEO

Our audit report was submitted 15 February 2006.
Öhrlings PricewaterhouseCoopers AB

Hans Lindén
Authorised Public Accountant

Audit report

To the annual meeting of the shareholders 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 2005. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of 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 15 February, 2006

PricewaterhouseCoopers AB

Hans Lindén
Authorized Public Accountant



BOARD OF DIRECTORS

- ① **Anders Wall**, Chairman, b 1931
 Med Dr h.c., Generalkonsul
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, Konsul Th C Bergh's
 Foundation, Ryda Bruk AB, Svenskt Tenn AB, Morgongåva
 Företagspark AB.
Director of: Domarbo Skog AB, Hargs Bruk AB,
 Innoventus Project AB, Scandinavian Life Science Venture
 (SLS), Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls
 Professur i Entreprenörskap and other assignments.
 Honorary Fellow of Uppsala University, Consul General of
 Luxemburg, 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.,
 Sapa AB, SSAB, Säkil and other assignments.

- ③ **Thomas Halvorsen**, b 1949
 President, Fourth AP Fund
Director since: 1992
Share ownership: 1 000
Director of: Miris AB
- ④ **Göran W Hultgren**, 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, Save the Children
Director of: SSAB, Wallenstams Byggnads AB,
 Karolinska University Hospital, Systembolaget AB,
 Fourth AP Fund.



- ⑥ **Johan Norman**, b 1957
Director since: 2002
Share ownership: 55 000
Director of: Nike Hydraulics AB.
- ⑦ **Johan Wall**, b 1964
 President, Enea Data AB
Alternate Director: 1997–2000
Director since: 2000
Share ownership: 1 000
Director of: Kjell & Märta Beijer's Foundation, Anders Wall's Foundations and other assignments.
- ⑧ **Bertil Persson**, b 1961
 President and CEO, Beijer Alma AB
Alternate Director: 2000–2001 and then in 2002
Director: 2001–2002
Share ownership: 3 600
Call options: 100 000
Director of: Posten AB.

SENIOR MANAGEMENT

Bertil Persson, b 1961, Master of Business Administration
 President and CEO
Beijer Alma employee since: 2000
Share ownership: 3 600
Call options: 100 000

Jan Blomén, b 1955, Master of Business Administration
 Chief Financial Officer
Beijer Alma employee since: 1986
Share ownership through family: 16 600

Carl Modigh, b 1972, Master of Engineering, MBA
 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
 Authorised Public Accountant
 Auditor of Beijer Alma AB since 1999.

ADRESSER

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Annual General Meeting • • •

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.

2006

- 22 March Annual General Meeting
- 27 April Quarterly Report, 1 January–31 March
- 17 August Quarterly Report, 1 April–30 June
- 24 October Quarterly Report, 1 July–30 September

2007

- February Year-end Report for 2006
- March Annual General Meeting

All reports can be requested from:
Beijer Alma AB
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Telefax +46 18 15 89 87
or via the website www.beijer-alma.se

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Chief Financial Officer
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The regularly scheduled Annual General Meeting will be held at 6:00 p.m., Wednesday, 22 March 2006 in the MIC hall, Polacksbacken, Hus 6 Rullan, Lägerhyddsvägen 2, Uppsala.

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 Thursday, 16 March 2006; and
- notify the Company of their desire to attend not later than 4:00 p.m., Thursday, 16 March 2006.

Notice can be given in any of the following ways:

- by telephone +46 18 15 71 60,
- by telefax +46 18 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 ID or company 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 Thursday, 16 March 2006.

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.

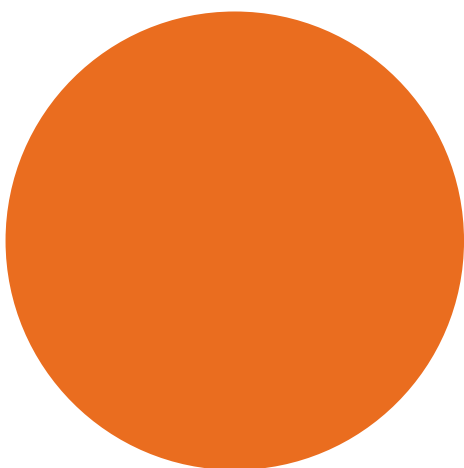
DIVIDEND

As record date for the right to receive dividend is proposed Monday, 27 March 2006. On the condition that the Annual General Meeting adopts this proposal, dividend payments are expected to be remitted by VPC beginning Thursday, 30 March 2006.

The Board of Directors and the President proposes to the Annual General Meeting a dividend for the 2005 operating year of SEK 11.00 (5.00) per share, consisting of a regular dividend of SEK 8.00 (3.00) and an extra dividend of SEK 3.00 (2.00).

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.



»The highest priority is to develop existing subsidiaries via organic growth and supplementary acquisitions. Good examples hereof are Habia's telecom operations, which during 2005 grew by 19 percent and the sales by Lesjöfors of chassis springs, which increased by 29 percent.«

BERTIL PERSSON, President & CEO

BEIJER • ALMA

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