



annual report 08

Beijer Alma AB (publ) is an internationally active industrial group focused on the production of components. Its business concept is to acquire, own and develop small and mid-sized companies with favorable growth potential.

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reports

All reports can be requested from:
Beijer Alma AB
Box 1747, SE-751 47 Uppsala
Telephone +46 18-15 71 60
or downloaded from www.beijer-alma.se

contact persons

Bertil Persson, President & CEO
Telephone +46 8-506 427 50
E-mail bertil.persson@beijer-alma.se

Jan Blomén, Chief Financial Officer
Telephone +46 18-15 71 60
E-mail jan.blomen@beijer-alma.se

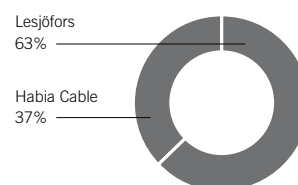
BEIJER ALMA

The Group conducts proactive, long-term strategy and development work, combined with investments and supplementary corporate acquisitions. This results in competitive companies in selected market segments. In all segments, the Group companies focus on developing strong relationships with customers that offer growth and profitability. The key criteria for the companies' long-term profitable growth are:

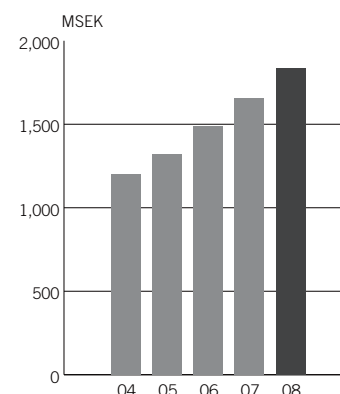
- **Products and concepts with high customer value**
- **International market coverage**
- **High market share within current segments**
- **Diversified customer base**

Beijer Alma takes a proactive and long-term approach to ownership. Its companies are not developed with the aim of a future exit. Instead, the goal is to own and develop successful companies with high growth and favorable profitability. Beijer Alma is listed on the Mid Cap list of the OMX Nordic Exchange (ticker: BEIAb).

Share of total invoicing



Invoicing

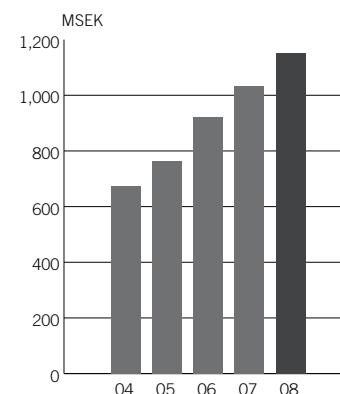


LESJÖFORS

Lesjöfors is an international full-range supplier of industrial springs, wire and flat strip components. The Group offers both standard and customized products and holds leading positions in the European market. Lesjöfors conducts operations in the following business areas:

- **Industrial Springs** – standard industrial springs and customized products
- **Flat Strip Components** – flat strip components and leaf springs
- **Chassis Springs** – aftermarket for passenger cars and light vehicles

Invoicing

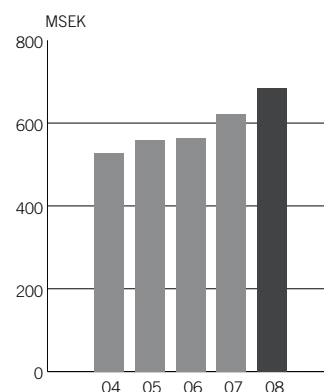


HABIA CABLE

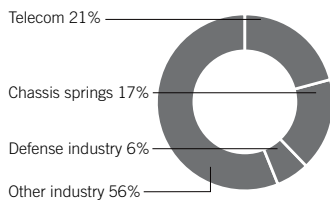
Habia Cable develops, manufactures and sells cables and cable systems for demanding applications. The company is one of the largest players within custom-designed cable in Europe. Habia conducts operations in the following business areas:

- **Radio Frequency & Communication** – mobile telecom
- **High Specification Products** – defense, nuclear power and infrastructure
- **Engineered Cable Solutions** – power generation, tools and offshore
- **Distribution Products** – standard products for such applications as measuring, vehicles, lighting equipment and white goods

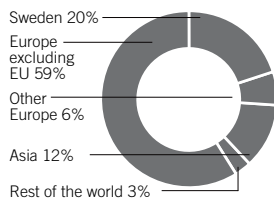
Invoicing



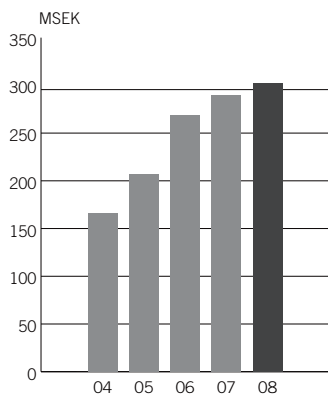
Distribution of customers by segment



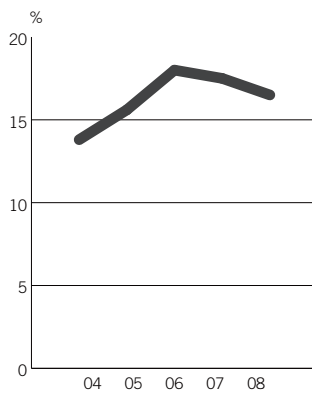
Share of total invoicing



Operating profit



Operating margin



1,836 MSEK in invoicing

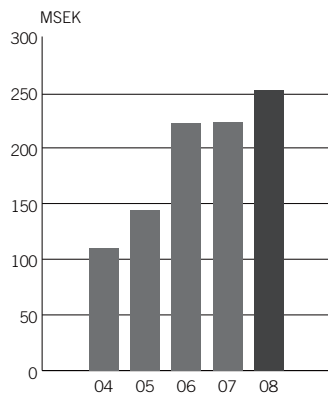
295.0 MSEK in profit after financial items

16.5% operating margin

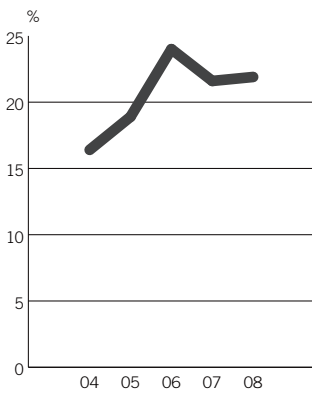
7.90 SEK earnings per share

66% equity ratio

Operating profit



Operating margin

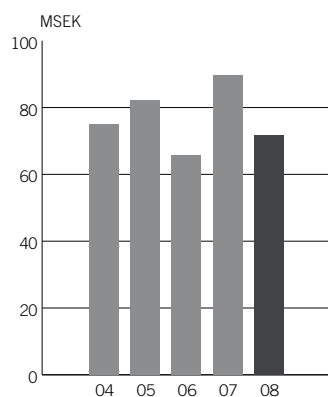


1,151 MSEK in invoicing

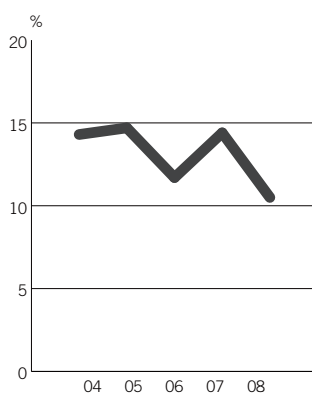
251.6 MSEK in operating profit

21.9% operating margin

Operating profit



Operating margin



685 MSEK in invoicing

71.8 MSEK in operating profit

10.5% operating margin

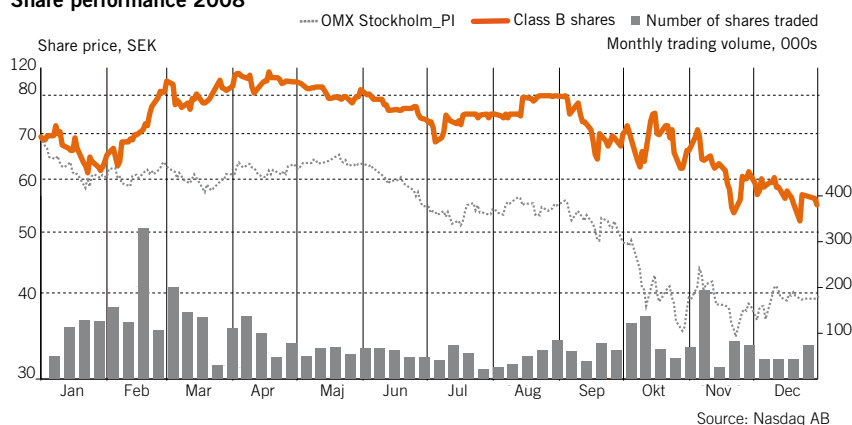
2008 in brief

Beijer Alma AB is an internationally active industrial group focused on the production of components. The Group's operations are conducted through two subsidiaries, Lesjöfors and Habia Cable.

- **Strongest result** to date
- **Order bookings increased** by 7 percent to MSEK 1,785 (1,665)
- **Invoicing increased** by 11 percent to MSEK 1,836 (1,654)
- **Profit after financial items increased** to MSEK 295 (283)
- **Earnings per share increased** to SEK 7.90 (7.49)
- **The board proposed dividend increase** to SEK 5.00 per share (5.00)

Key figures	2008	2007	2006
Net revenues, MSEK	1,836	1,654	1,488
Profit after financial items, MSEK	295.0	282.7	262.2
Operating margin, %	16.5	17.5	18.0
Dividend per share, SEK	5.00	5.00	4.00

Share performance 2008



Net revenues and operating profit

Net revenues					
MSEK	Q 1	Q 2	Q 3	Kv 4	Full-year
Lesjöfors	289.1	323.8	285.0	253.3	1,151.2
Habia Cable	161.3	177.4	174.7	171.5	684.9
Parent Company and intra-Group	0.1	0.1	0.1	–	0.2
Total	450.5	501.3	459.8	412.2	1,836.3

Operating profit

MSEK	Q 1	Q 2	Q 3	Kv 4	Full-year
Lesjöfors	64.3	82.4	62.6	42.3	251.6
Habia Cable	21.5	18.8	20.8	10.7	71.8
Parent Company and intra-Group	–5.4	–7.6	–3.9	–4.1	–21.0
Total	80.4	93.6	79.5	48.9	302.4

annual general meeting

The Annual General Meeting will take place on **Tuesday, March 31, 2009 at 6:00 p.m.** in the Main Hall (Stora Salen) of the **Uppsala Concert and Conference Hall** (Uppsala Konsert & Kongress), Vaksala torg 1, Uppsala, Sweden.

Shareholders who wish to participate in the Annual General Meeting must be listed in Euroclear Sweden AB's (formerly VPC AB) shareholder register by Wednesday, March 25, 2009 and notify the company of their intent to participate not later than Wednesday, March 25, 2009 at 4:00 p.m.

Notification may be given in the following ways: telephone +46 (0)18-15 71 60, fax +46 (0)18-15 89 87, e-mail info@beijer-alma.se, www.beijer-alma.se or in writing, preferably using the registration form attached to the Annual report. Registration must include name, national identity number/corporate registration number, shareholdings and daytime telephone number.

Shareholders whose holdings are registered in the name of a nominee must register the shares in their own name with Euroclear Sweden to be entitled to participate in the Annual General Meeting. Such registration must be completed not later than Wednesday, March 25, 2009.

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

Entry cards will be sent out which entitle the holder to participate in the Annual General Meeting. The entry cards are expected to be received by the shareholders not later than Monday, March 30. Any shareholder who has not received his/her entry card before the Annual General Meeting may obtain a new entry card from the information desk upon presentation of identification.

The proposed record date for the right to receive dividends is Friday, April 3, 2009. If the Annual General Meeting votes in accordance with the proposal, dividends are expected to be paid out through Euroclear Sweden commencing Wednesday, April 8, 2009. The Board of Directors proposes to the Annual General Meeting a dividend of SEK 5.00 per share.

A complete notice, including an agenda and proposals, can be ordered from Beijer Alma: telephone +46 (0)18-15 71 60, fax +46 (0)18-15 89 87 or e-mail info@beijer-alma.se. This information is also available at www.beijer-alma.se.

financial calendar

Beijer Alma's year-end report and interim reports are published on the company's website at www.beijer-alma.se. The Annual Report and quarterly reports are sent automatically to shareholders.

March 31	Annual General Meeting
April 28	Interim report: January 1 – March 31
August 19	Interim report: April 1 – June 30
October 23	Interim report: July 1 – September 30
February	Year-end report
March	Annual General Meeting

Ten-year summary

MSEK	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net revenues	1,836.3	1,654.4	1,487.8	1,323.1	1,201.6	1,154.0	1,113.0	1,320.2	1,132.5	1,031.0
Operating profit	302.4	289.6	268.4	206.7	166.4	39.7	32.4	32.3	129.1	88.3
Net financial items	-7.4	-6.9	-6.2	-6.9	-11.4	-21.7	-27.6	-30.3	-19.0	-12.6
Profit after financial items	295.0	282.7	262.2	199.8	155.0	18.0	4.8	2.0	110.1	75.7
Items affecting comparability	-	-	-	-	-	-	-99.9	-	9.6	13.0
Profit before tax	295.0	282.7	262.2	199.8	155.0	18.0	-95.1	2.0	119.7	88.7
Tax	-78.3	-77.2	-72.4	-57.8	-39.7	-10.5	11.1	10.3	-38.3	-33.5
Net profit	216.7	205.5	189.8	142.0	115.3	7.5	-84.0	12.3	81.4	55.2
Non-current assets	657.0	607.8	526.8	558.4	561.3	624.4	657.5	839.3	603.8	444.6
Current assets	803.6	741.6	691.6	621.7	557.5	502.4	519.0	590.0	541.1	424.1
Shareholders' equity	959.6	846.7	747.8	708.9	566.4	449.7	458.3	577.4	482.3	424.7
Long-term liabilities and provisions	107.7	68.0	100.9	126.2	169.2	230.2	299.0	376.6	268.8	204.0
Current liabilities	390.2	434.6	369.7	345.0	383.2	446.9	198.3	475.3	393.8	240.0
Total assets	1,460.8	1,349.4	1,218.4	1,180.1	1,118.8	1,126.8	1,176.5	1,429.3	1,144.9	868.7
Cash flow after capital expenditures	150.1	120.0	121.0	142.6	197.2	74.8	116.2	-85.8	-172.7	50.7
Depreciation and amortization	68.2	65.3	68.8	65.2	76.9	89.6	96.6	86.8	64.3	54.7
Net capital expenditures excluding corporate acquisition	89.1	79.2	71.0	48.0	48.0	55.1	18.3	116.0	114.0	69.6
Capital employed	1,139.4	1,044.9	932.1	876.3	850.2	909.6	967.9	1,189.3	875.5	645.4
Net liabilities	18.4	32.8	-6.8	43.0	178.3	386.9	462.4	579.8	375.4	180.7
<i>Ratios, %</i>										
Gross margin	35.3	37.4	37.9	36.8	35.9	28.9	30.7	29.0	35.3	32.4
Operating margin	16.5	17.5	18.0	15.6	13.8	3.4	2.9	2.5	11.4	8.6
Profit margin	16.1	17.1	17.6	15.1	12.9	1.6	0.4	0.1	9.7	7.3
Equity ratio	66	63	61	60	51	40	39	40	42	49
Proportion of risk-bearing capital	68	65	64	62	53	43	43	44	46	53
Net debt/equity ratio	2	4	-1	6	31	86	101	100	78	43
Return on shareholders' equity	23.5	25.5	25.9	22.6	22.0	2.9	0.7	0.3	17.0	13.0
Return on capital employed	28.3	29.9	30.0	24.3	19.3	4.5	3.3	3.3	17.0	17.0
Interest-coverage ratio	21.4	23.6	29.6	24.2	13.2	1.7	1.2	1.1	6.1	6.9
Average number of employees	1,220	1,163	980	907	805	896	940	1,092	943	851

In this and all other tables, the years 2004 to 2008 are calculated in accordance with IFRS and prior years in accordance with the accounting principles applicable at the time.

Ensuring sustainability and freedom of action

The end of 2008 was a time of upheaval. The combination of credit crisis and recession shook the global economy and confidence among players in the financial market quickly eroded. In light of this, Beijer Alma's ability to again deliver record results is gratifying.

Although the recession set in quickly, it was not unexpected. The signs of overheating were clear and some already evident in our 2007 Annual Report. I am thinking of the unrealistic price levels and high rate of borrowing in the acquisition market, which are now creating problems for many industries and companies.

STRONG FINANCES

In the current situation, I feel secure knowing that Beijer Alma has a strong financial position. We worked hard to achieve this and took a targeted approach to improve our cash flow and equity ratio. Our efforts have faced some criticism, but we are now able to say that we acted correctly. Our strong balance sheet will enable us to ensure sustainability at a time when global economic trends are more unstable than in a long time. Combined with the rapid cost adjustments made by Group management prior to year-end, this will strengthen the Group's overall preparedness and enable more extensive freedom of action. It will be easier to utilize new business opportunities, such as attractive acquisitions, as they arise.

SUCCESSFUL COMPANIES

One of our strengths is our competitive subsidiaries, which for several years have focused on developing profitable niche products and international sales, proving highly successful. Lesjöfors and Habia have established favorable market positions and profitability that far exceeded the average in their respective industries. Although both

companies rely on trends in their operating areas, we remain optimistic about the future thanks to their diversification and the breadth of their establishments in growth markets.

LONG-TERM VALUE GROWTH

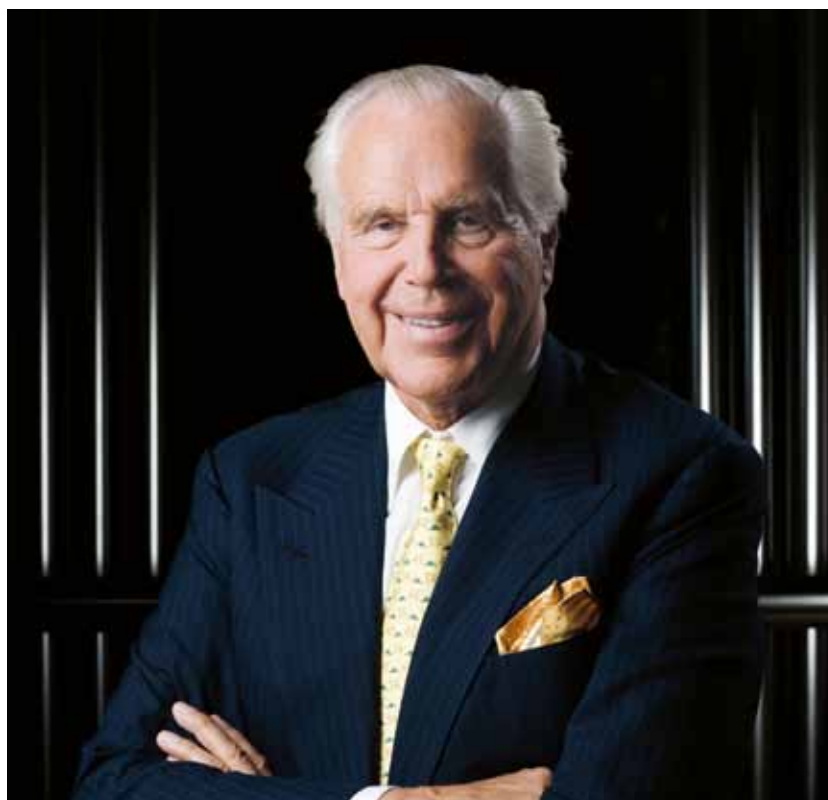
Allow me to briefly address our shareholders. Many of you have followed Beijer Alma for a long time and have been able to benefit from the profitable growth we aim to achieve. Our goal is to be a shareholder-friendly company, combining long-term value growth and a competitive dividend yield. We aim to continue offering attractive dividends despite

today's difficult times and believe this will encourage small-scale and major investors to remain interested in Beijer Alma. We are mobilizing our resources to face today's challenges and, despite the current market situation, we anticipate exciting opportunities for the Group in 2009. Finally, I would like to thank Group management and our other employees, who have so successfully handled the complex changes implemented in 2008.



Anders Wall

Chairman of the Board



Beijer Alma remains strong in face of recession

Despite declining demand in the fourth quarter, Beijer Alma again delivered record results in 2008. The Group also holds a strong financial position and is coping with the recession by implementing cost adjustments and continued efficiency enhancements cements.

The year 2008 was a dramatic year. The banking system collapsed. The global economy plummeted and major structural problems were exposed in important industrial sectors. The year's economic trends can largely be divided into two categories: "before" the collapse of Lehman Brothers investment bank and "after".

The problems in the financial markets had already begun in the summer of 2007, when the global banking system became increasingly exposed to bad loans to the US housing sector, resulting in progressively stricter lending policies.

In the autumn of 2008, the crisis in the banking system intensified further. A large number of banks worldwide became fully or partly nationalized and the decline of the global economy accelerated. Growth regions, such as Asia and Eastern Europe, were also affected. The commodities markets collapsed, causing the price of oil, for example, to fall more than 70 percent from its peak in July. By year-end 2008, many raw materials had dropped to the same price level as at the beginning of 2005.

BEST RESULTS TO DATE

Beijer Alma continued to report record results until the third quarter of 2008, making the company's results for the first six months of the year the strongest in the Group's history. However, order bookings for the final two months of the year were weak and considerably lower than the company's invoicing levels. This low level of order bookings, combined with inventory reductions, resulted in low capacity utilization in

the subsidiaries' plants in the final months of the year, which in turn generated weaker profits in the fourth quarter.

- In 2008, Beijer Alma's profit before tax amounted to MSEK 295, up 4 percent compared with 2007.
- The operating margin for 2008 was 16.5 percent, which is somewhat lower than in 2007 but still indicates that our margin is at a comparatively high level.

RECORD RESULTS FOR LESJÖFORS

Despite a weakening in the fourth quarter, Lesjöfors delivered its best result to date. Operating profit amounted to MSEK 252, compared with MSEK 223 in the preceding year. The company's favorable product mix, high efficiency and sound cost control resulted in a continued high operating margin of 22 percent. Invoicing increased by 12 percent to MSEK 1,151. While all business areas displayed growth, Chassis Springs reported a particularly favorable recovery compared with 2007. While the strong growth within telecom had a positive effect on Habia's invoicing in the first six months of 2008, the company's other business areas were relatively stable. Profit was also impacted negatively by the intense price pressure in the telecom area. This price pressure, combined with low capacity utilization in the fourth quarter, contributed to a decline in operating profit to MSEK 72, compared with MSEK 90 in the preceding year.

At year-end, we were hit by a major decline in demand. Nearly all of our business areas were affected. One of the few areas that emerged from the year relatively

unscathed was Lesjöfors Chassis Springs. I believe that the slump experienced by our Group at the end of 2008 was in line with general economic trends and that the decline in demand may have been exacerbated by a number of companies opting to reduce their inventories before year-end. Nonetheless, we do not expect demand to improve in the near future. Accordingly, a significant adjustment to the Group's costs was introduced in the fourth quarter. As a result of this adjustment, we were forced to give notice of our intent to terminate the employment of a total of 200 people, which corresponds to 15 percent of the Group's employees. Of these employees, 150 work in high-cost countries and the remaining 50 in low-cost countries, primarily China.

STRONG FINANCES

Beijer Alma is facing this period of declining demand with a strong financial position. At year-end 2008, the Group was essentially free from debt and shareholders' equity amounted to MSEK 960, compared with the economic cycle in 2001, when the Group's liabilities totaled MSEK 580 and shareholders' equity amounted to MSEK 577. This strong balance sheet will give us the necessary resources to cope with the deteriorating economic situation. Our opportunities to take aggressive action before the next economic upswing are also improving.

Declining demand entails surplus capacity and imposes stricter demands on competitiveness, which in turn intensifies the need for low-cost production. Both

Habia and Lesjöfors are expanding their capacity in low-cost countries. Habia is doubling its production floor space in China, thereby enabling the production of cables for telecom customers and other customer areas. Additionally, Habia is establishing a cabling assembly plant in Poland. Lesjöfors is also expanding its manufacturing capacity in China, where the company previously manufactured pressed products. From 2009, however, traditional spring products will also be produced in China.

For several years, we have focused on a strategic shift of the Group's companies toward a diversified customer portfolio to ensure that they do not become dependent on only a few customers. Small and medium-sized volumes of specially manufactured products have also been prioritized over volume production of standardized products. This focus means that the Group has largely avoided the passenger car industry as a customer group, which has benefitted us in recent years. Beijer Alma is currently relatively well-diversified in terms

of invoicing. The largest individual product areas are telecom and chassis springs, which accounted for 21 and 17 percent, respectively, of the Group's total invoicing in 2008. The company's remaining invoicing is distributed over a large number of customer and product areas. Telecom is the only area in which we are dependent on a small number of customers.

CONTINUED CHALLENGES

The financial crisis facing the world is the result of a combination of economic and structural imbalance. After several years of economic growth, a decline in economic activity is natural. However, the current recession has been exacerbated by excessively intense loan-financed consumption, primarily in the US, as well as structural problems in several industries, particularly the automotive industry. Central banks and governments are doing their utmost to stimulate demand. Despite these efforts, the state of imbalance is so extensive that it will likely be a long time before recovery is achieved. Accordingly,

maintaining a focus on cost control and financial strength will be pivotal in the coming years.

Although we are facing difficult times, we are well-equipped to deal with them. Our subsidiaries are highly profitable. During the recent time of economic prosperity, we refrained from carrying out acquisitions that would require a high degree of borrowing and chosen not to weaken our balance statement by repurchasing shares or issuing extra dividends. This has given us the necessary strength to withstand the recession and provided us with the resources to take advantage of opportunities when we deem the time to be right for expansion.

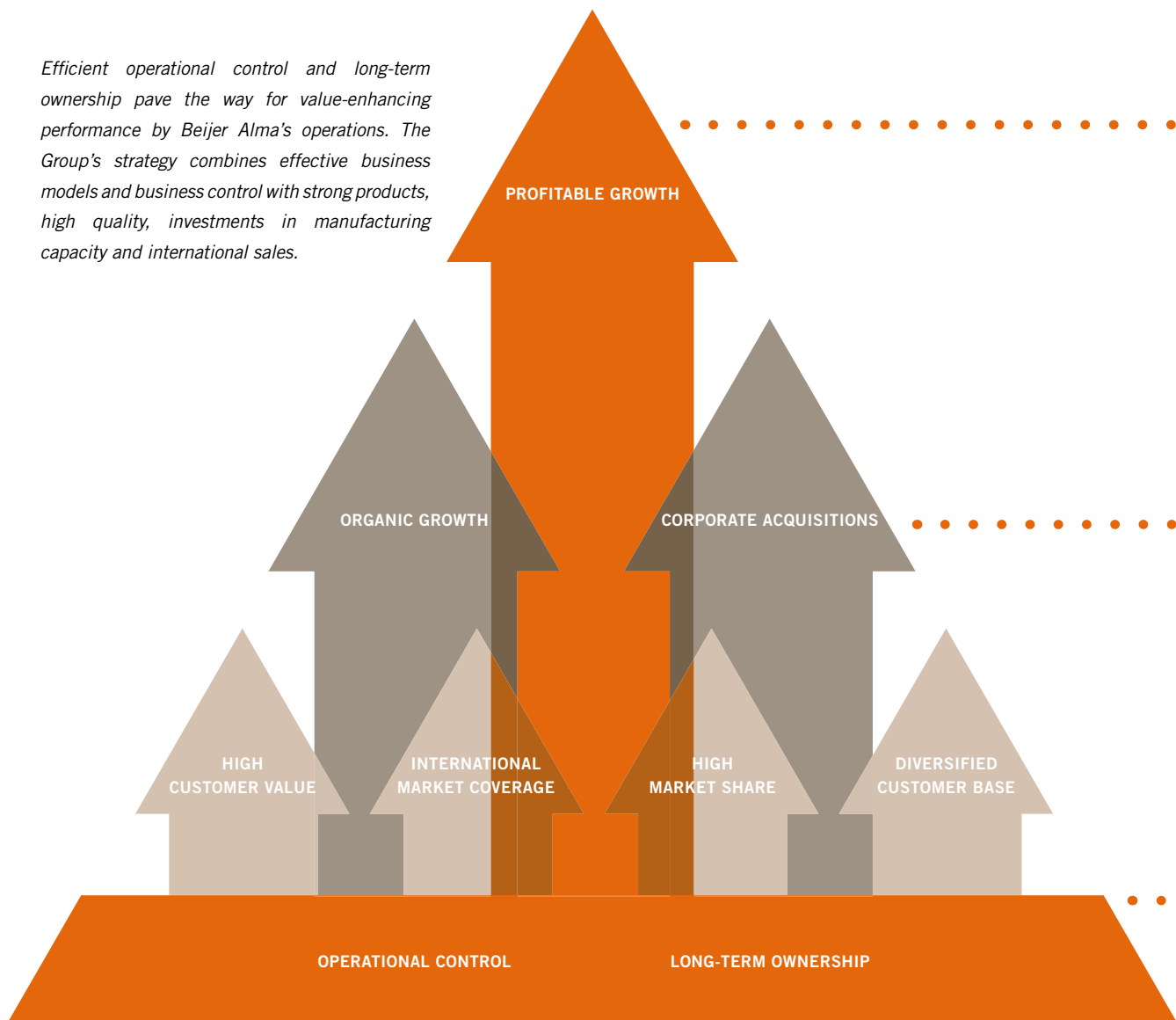


Bertil Persson
President and CEO



Strategy

Efficient operational control and long-term ownership pave the way for value-enhancing performance by Beijer Alma's operations. The Group's strategy combines effective business models and business control with strong products, high quality, investments in manufacturing capacity and international sales.



Operational control

Operational control entails that Beijer Alma works closely with the Group companies to set goals, follow up and exercise long-term control. However, this cooperation does not involve the daily operations, but instead focuses on such areas as strategic development, acquisitions and investments. This provides the Group companies access to management resources that mid-sized companies often lack.

Long-term ownership

The concept of a long-term approach is key to Beijer Alma's ownership strategy. The Group companies are not developed with the aim of a future exit. Instead, the goal is to create groups of companies with industrially sound structures that achieve long-term success and in which growth and profitability are high.

Profitable growth

The main goal of Beijer Alma's operations is growth to ensure the Group's long-term expansion and development. However, for these strategic goals to be classed as fulfilled, the growth must be combined with sustainable profitability. Combining profitability and growth is thus central and governs the company's efforts to increase its value creation. This value creation is achieved in various ways – for example, through work on products with high customer value or investments in international sales. Beijer Alma contributes efficient business models, clear business control and active investment assistance to promote the profitable growth of its subsidiaries.

Organic growth

Organic growth involves making continuous investments in product and market development. Beijer Alma prioritizes this type of growth since it often generates the highest quality and lowest risk. Organic development offers several advantages. It allows the company to utilize the existing organization while focusing its work on markets and products that are particularly familiar to the Group.

Corporate acquisitions

Corporate acquisitions can refer to acquisitions of completely new operations as well acquisitions that supplement existing subsidiaries. Supplementary acquisitions strengthen the Group's companies in selected geographic markets or specific technological areas. The risk involved in supplementary acquisitions is also lower since these acquisitions are performed in markets or product areas that are already familiar. Supplementary acquisitions also enable management within the Group companies to take on new companies quickly and make any necessary adjustments.

High customer value

Most of the products developed sold by the Group companies are adapted to meet specific customer needs, which creates higher value for our customers. Unique product concepts – unlike volume products, for example – provide greater freedom of action in terms of sales and marketing in selected markets.

International market coverage

To a large extent, the Group companies focus on niche products that are manufactured in relatively small series and generate a higher value for the customer. To create growth with this type of product, the companies must have broad international sales.

High market share

Quality, breadth of product range and a high level of product and service customization provide a foundation for strong market positions. This foundation enables the Group companies to compete by offering added value in addition to low prices.

Diversified customer base

While the focus of the Group is on manufacturing components, Beijer Alma also strives to achieve a broad customer base, which reduces risk and our dependency on individual geographic markets, industries and companies.

DISTINCT VALUE CREATION

“To acquire, own and develop small and mid-sized companies with favorable growth potential.” This is Beijer Alma's business concept, which means that the Group, using a long-term approach, aims to build an industrial group with sustainable profit development.

- Beijer Alma owns and develops unlisted companies, usually as 100-percent owner. This is how the Group differs from traditional investment companies, whose holdings primarily comprise other listed companies. Beijer Alma's long-term ownership philosophy also distinguishes the Group from private equity players.
- This approach gives investors access to a unique group of established, unlisted subsidiaries in attractive operating areas.
- Access to the capital market provides financial resources for growth. This Group structure enables Beijer Alma to finance development and growth in a manner that otherwise would not be possible, particularly since the individual Group companies are probably too small to be listed on the stock exchange.

SURPLUS RETURN

Value creation within the Group has resulted in a clear surplus return. From 2000 to 2008, the average return on shareholders' equity was 15.7 percent annually. Compared with risk-free interest returns, such as 10-year government bonds, this means that the Group has generated a surplus return of 11.2 percent annually.

SUSTAINABLE DEVELOPMENT

Sustainability issues are having an increasingly large impact on society and the business world. Focus is being placed on questions concerning companies' environmental and social responsibility. At Beijer Alma, environmental work is governed by company-specific goals and guidelines. This work is discussed in more detail in the company presentations included in this Annual Report.

Beijer Alma's work in the area of social responsibility is based on the UN's and OECD's “The Ten Principles,” which deal with such issues as human rights, child labor, forced labor, the environment and corruption. These principles are included in the directive issued to the subsidiary presidents. Local rules and guidelines are also provided in the form of company values, also known as the Code of Conduct. The presidents of the subsidiaries, together with their business area managers and local presidents, are responsible for ensuring that the companies' internal work and cooperation with customers, suppliers and other external stakeholders are characterized by ethics and social responsibility.

Risk analysis

Beijer Alma is affected by various risk factors that can have repercussions on the Group's earnings and financial position. The following section describes the market-related and financial risks to which the Group is exposed. Operational risks are reported in the Corporate Governance report on page 52 and in Note 28.

CUSTOMER SEGMENTS

In 2008, the largest customer segment was other industry, which accounted for 56 percent of invoicing. This segment includes various customers, industries and companies, each of which accounts for a very small portion of the Group's total invoicing. Other industry's status as the largest individual segment demonstrates that the Group's focus on diversification has yielded results.

With 21 percent of invoicing, telecom is the second-largest segment. The number of customers in this segment is smaller and each customer accounts for a relatively large portion of the Group's total invoicing. Within telecom, Beijer Alma is affected to a larger degree by the purchasing decisions and technology choices made by individual customers.

The third-largest segment is the aftermarket for vehicles, which accounted for 17 percent of the Group's total invoicing in 2008. These operations are conducted within Lesjöfors and comprise a large number of markets, primarily in Northern and Eastern Europe. Dependency on individual customers, industries and companies is more extensive within this segment than in the other industry segment, but smaller than within telecom.

Defense is the fourth-largest segment, with 6 percent of invoicing. Operations pertaining to this segment are conducted primarily within Habia and are dominated by a few large customers. The defense market operates on a project basis. Accordingly, sales volumes can vary over time and are dependent on the number of projects in which a company participates.

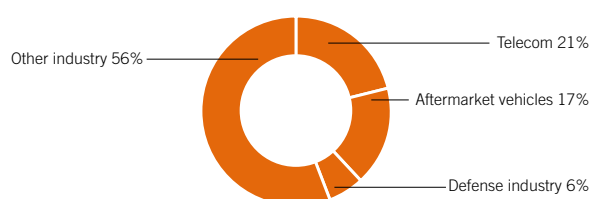
GEOGRAPHIC SEGMENTS

The Group companies conduct sales worldwide and the company's products are currently available in approximately 60 different markets. The largest markets are Europe and Asia, while sales are lower in North and South America. The single largest market is Europe, including such countries as Sweden, the UK, Germany and Denmark. In Asia, China has grown significantly in recent years, mainly due to strong national growth, as well as the expansion of Beijer Alma's sales and production organizations in that country. At year-end 2008, China accounted for 8 percent of invoicing. It is also a hub for re-export to other markets in Asia, primarily Korea and India.

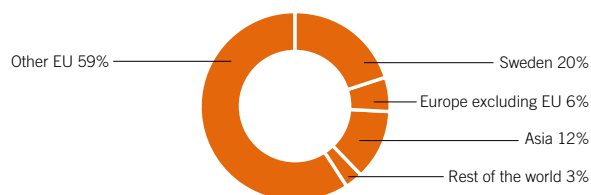
MARKET RISKS

Beijer Alma's most significant market risks are linked to the interest-rate, exchange and raw material markets.

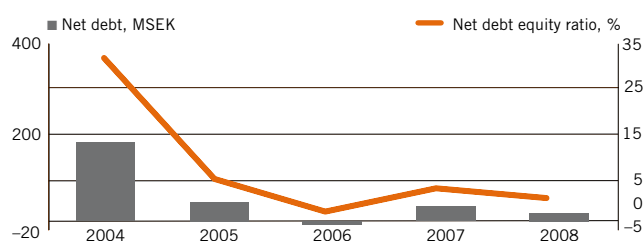
Invoicing by segment



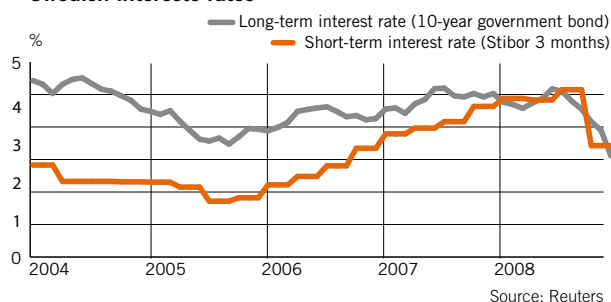
Invoicing by geographic market



Net debt and net debt/equity ratio



Swedish interest rates



INTEREST-RATE RISK

Interest-rate trends have a direct impact on the Group through net debt. Today, this risk is relatively limited since net debt has decreased substantially in recent years and is currently almost zero.

CURRENCY RISK

Beijer Alma's subsidiaries are export companies with production facilities in several countries. Slightly than 80 percent of Beijer Alma's sales are conducted outside Sweden, while approximately 60 percent of production takes place within Sweden. Accordingly, the Group's operations are affected by currency fluctuations. The Group's single largest currency exposure is in EUR, followed by GBP, USD and NOK. Beijer Alma's exchange-rate policy stipulates that a portion of the company's forecast net flows in foreign currencies for the coming twelve months are to be hedged. Currency hedging provides the scope to take measures to mitigate the effects of any currency fluctuations. From a stable level of approximately SEK 9.40 for most of the year, the EUR strengthened significantly in relation to the SEK in connection with the deterioration of the global financial crisis in September 2008. By year-end, the EUR rate had risen approximately 15 percent to nearly SEK 11. The SEK also weakened significantly in relation to the USD. Compared with the beginning of the year, the USD rate rose 20 percent from 6.47 to 7.75. However, both the NOK and the GBP declined in value in conjunction with the turbulence in the financial markets. The NOK fell 7 percent in relation to the SEK, finishing the year at a rate of 1.10, compared with 1.18 at the beginning of the year. The GBP declined by 13 percent during the period, from 12.90 to 11.25.

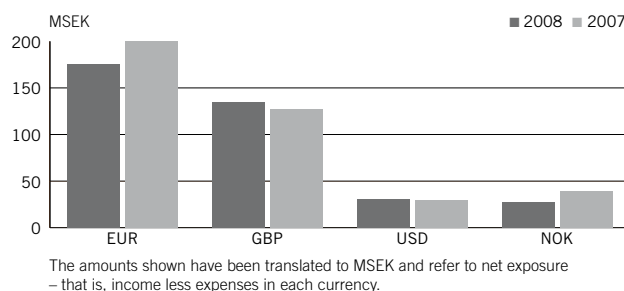
COMMODITIES RISK

Beijer Alma's production costs are affected by the prices of various metals, as well as energy prices. The most crucial metals are copper, steel and alloy steel. Prices in the commodities markets were extremely turbulent in 2008. In connection with the deterioration of the financial crisis in September 2008, the prices of a large number of raw materials collapsed. Early in the year, the price of copper was approximately USD 7,000 per ton. Although the price rose to between USD 8,000 and USD 9,000 by midyear, the price fell to approximately USD 3,000 per ton by year-end. The price of nickel dropped from between USD 25,000 and USD 30,000 per ton to USD 11,000. Oil prices also fluctuated considerably, from approximately USD 100 per barrel at the beginning of the year to nearly USD 150 in the third quarter. The price of oil then fell sharply to about USD 40 at year-end. Although electricity prices increased by about 30 percent in 2008, the Group's exposure to the price of electricity is comparatively limited.

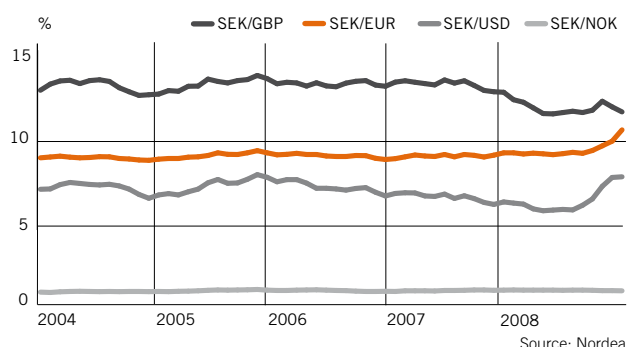
SENSITIVITY ANALYSIS

Many events can impact Beijer Alma's financial position. The table to the right shows how profit is affected by price changes in important input commodities and currencies. The sensitivity analysis shows the impact on profit before tax of a 5-percent price change.

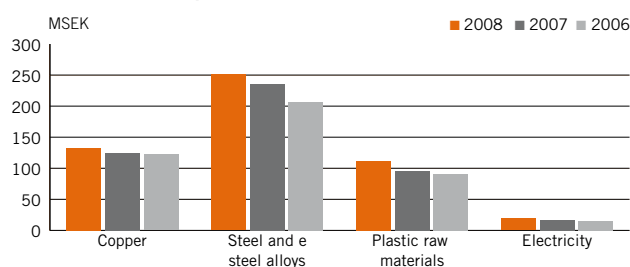
Currency exposure



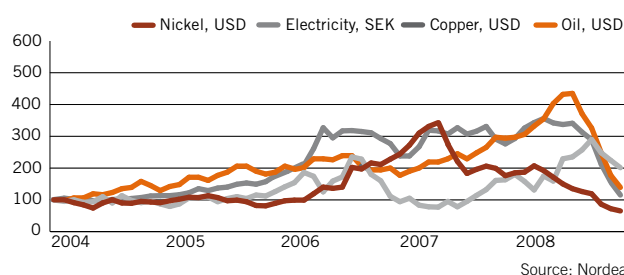
Exchange rates



Raw material exposure



Raw material prices, indexed, January 2004 = 100



Sensitivity analysis

Input commodity/currency	Change	Impact on operating profit
Copper	+/- 5 %	MSEK 6.7
Steel and steel alloys	+/- 5 %	MSEK 12.6
Plastic raw materials	+/- 5 %	MSEK 5.6
Electricity	+/- 5 %	MSEK 1.0
EUR	+/- 5 %	MSEK 8.8
GBP	+/- 5 %	MSEK 6.7
USD	+/- 5 %	MSEK 1.5

The Beijer Alma share

The Beijer Alma share was listed on the stock exchange in 1987. At year-end 2008, the Group had 3,261 shareholders and a market capitalization of MSEK 1,495. Beijer Alma's policy is that not less than one third of the Group's net profit, excluding items affecting comparability, shall be distributed to the shareholders.

- The Beijer Alma share is listed on the Mid Cap list of the OMX Nordic Exchange Stockholm.
- At year-end, Beijer Alma's share capital amounted to MSEK 114.3 (114.3).
- All shares have a quotient value of SEK 4.17 and entitle the shareholder to equal rights to participation in the company's assets and earnings.
- There are no convertible subordinated debentures or options outstanding.
- No issues were carried out in 2008.

- A total of 1,918,974 shares were traded during the year. This corresponds to 8 percent of the outstanding Class B shares, a drop of 18 percentage points from 2007.

- An average of approximately 7,615 shares were traded each trading day.

OWNERSHIP

- The number of shareholders at year-end was 3,261.
- Of these shareholders, institutional owners accounted for 56.1 percent of the capital and 37.7 percent of the votes.
- The holdings of foreign shareholders amounted to 11.4 percent of the capital and 5.4 percent of the votes.

	Number of shareholders	% of votes	% of capital
Swedish shareholders	3,059	94.6	88.6
Foreign shareholders	202	5.4	11.4
Total	3,261	100	100

LARGEST SHAREHOLDERS

Name	Total	Number of class A shares	Number of class B shares	Number of votes	% of share capital	% of votes
Anders Wall, with family and companies	3,513,120	1,974,000	1,539,120	21,279,120	12.81	37.07
Anders Wall Foundations	1,562,160	693,000	869,160	7,799,160	5.69	13.59
Göran W Hultgren, with family and companies	539,010	304,800	234,210	3,282,210	1.96	5.72
Svolder Aktiebolag	2,762,100	0	2,762,100	2,762,100	10.07	4.81
Sven Boode, with family	179,054	171,248	7,806	1,720,286	0.65	3.00
Kjell and Märta Beijer Foundation	1,682,050	0	1,682,050	1,682,050	6.13	2.93
Livförsäkrings AB Skandia	1,425,810	0	1,425,810	1,425,810	5.20	2.48
Lannebo Funds	1,350,000	0	1,350,000	1,350,000	4.92	2.35
Didner & Gerge Mutual Fund	1,217,900	0	1,217,900	1,217,900	4.44	2.12
Swedbank Robur Funds	1,209,685	0	1,209,685	1,209,685	4.41	2.11
Tierps Grafiska AB	89,652	74,852	14,800	763,320	0.33	1.33
Kjell Beijer 80-year Foundation	754,200	0	754,200	754,200	2.75	1.31
Odin Sverige 1, Nordea Bank Norway	741,429	0	741,429	741,429	2.70	1.29
Fourth AP Fund	699,800	0	699,800	699,800	2.55	1.22
SEB Asset	611,500	0	611,500	611,500	2.23	1.07
Aktie-Ansvar Funds	483,300	0	483,300	483,300	1.76	0.84
AKTIA BANK PLC	335,000	0	335,000	335,000	1.22	0.58
Handelsbanken Funds	316,604	0	316,604	316,604	1.15	0.55
Other	7,958,726	112,100	7,846,626	8,967,626	29.03	15.63
Total	27,431,100	3,330,000	24,101,100	57,401,100	100	100

Source: Shareholder register December 28, 2008, including known changes.

OWNERSHIP STRUCTURE

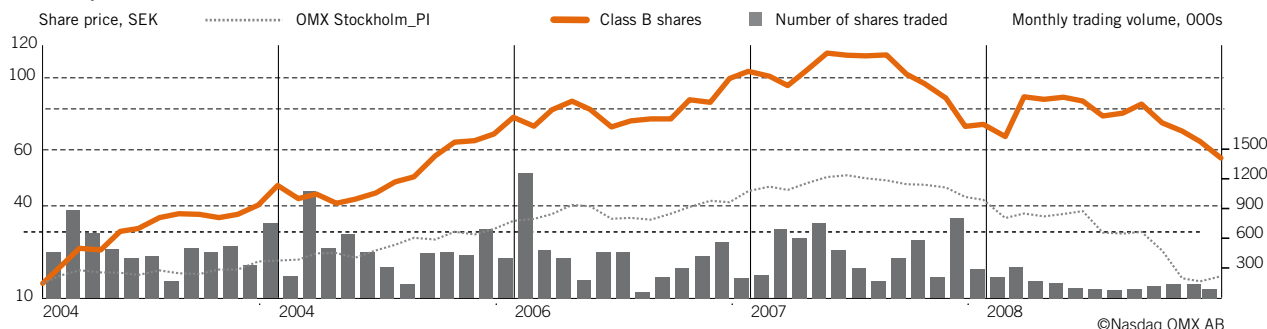
Size of holding	Number of shareholders	% of shareholders	Number of shares	of which Class A	of which Class B	% of shares	% of votes
1-500	1,559	47.8	291,701	0	291,701	1.1	0.5
501-1,000	630	19.3	479,687	1,800	477,887	1.8	0.9
1,001-2,000	482	14.8	735,084	0	735,084	2.7	1.3
2,001-5,000	317	9.7	1,018,092	0	1,018,092	3.7	1.8
5,001-10,000	121	3.7	833,248	0	833,248	3.0	1.5
10,001-20,000	57	1.7	821,625	43,200	778,425	3.0	2.1
20,001-50,000	39	1.2	1,209,353	153,500	1,055,853	4.4	4.5
50,001-100,000	24	0.7	1,685,208	318,100	1,367,108	6.1	7.9
100,001-	32	1.0	20,357,102	2,813,400	17,543,702	74.2	79.5
Total	3,261	100.0	27,431,100	3,330,000	24,101,100	100.00%	100.00%

Source: Shareholder register December 28, 2008

SHARE PERFORMANCE

- In 2008, the market price of the Beijer Alma share dropped 21 percent. The Stockholm All Share Index fell 42 percent.
- The closing price at year-end was SEK 54.50 (69.25), which corresponds to a market capitalization of MSEK 1,495.
- The highest price was SEK 87.50, which was quoted on April 8, 2008. The lowest price was SEK 50, which was quoted on December 22, 2008.

Share performance 2004–2008



SHARE CAPITAL TREND

Year		Increase in share capital, SEK 000s	Total share capital, SEK 000s	Increase in number of shares	Total numbers 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
2006	Split 3:1		114,296	18,287,400	27,431,100

PER-SHARE DATA

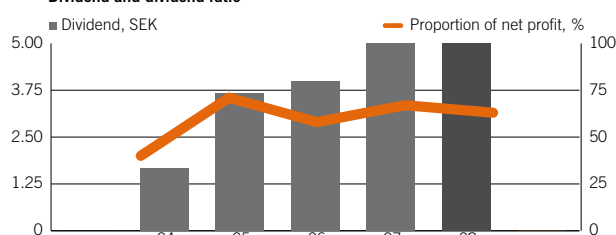
	2008	2007	2006	2005	2004	2003	2002	2001	2000
Earnings per share based on average number of shares outstanding after 28% standard tax, SEK	7.74	7.42	6.88	5.25	4.07	0.49	0.21	0.11	3.18
after tax, SEK	7.90	7.49	6.92	5.17	4.21	0.28	-2.88	0.45	3.00
Shareholders' equity per share, SEK	34.98	30.87	27.26	25.84	20.65	16.61	16.71	21.04	19.97
Dividend per share, SEK	5.00 ¹⁾	5.00	4.00	3.67	1.67	0.50	0.33	0.67	1.33
Dividend ratio, %	63	67	58	71	40	179	-11	149	44
Dividend yield, %	9.2	7.2	4.0	5.0	3.7	2.2	2.6	2.9	3.6
Market price at year-end, SEK	54.50	69.25	101.00	72.83	44.83	22.33	12.73	23.00	36.83
Highest market price, SEK	87.50	117.00	102.00	73.33	45.00	24.00	26.00	44.83	38.33
Lowest market price, SEK	50.00	63.00	59.75	39.50	22.00	12.93	11.30	15.00	24.00
P/E ratio at year-end	6.9	9.2	14.7	13.9	11.0	45.6	60.6	209.1	11.6
Cash flow per share, SEK	5.47	2.59	4.41	5.20	6.94	2.76	4.29	-3.17	-1.25
Closing number of shares outstanding ²⁾	27,431,100	27,431,100	27,431,100	27,431,100	27,431,100	28,830,540	28,830,540	28,830,540	25,410,540
Average number of shares outstanding ²⁾	27,431,100	27,431,100	27,431,100	27,431,100	27,431,100	28,830,540	28,830,540	28,830,540	25,410,540

1) Dividend proposed by Board of Directors. 2) Including subordinated convertible debentures and personnel options during 1997–2003.

DIVIDEND POLICY

Beijer Alma's dividend policy stipulates that the dividend shall amount to not less than one third of the Group's net profit, excluding items affecting comparability, but that consideration shall always be given to the Group's long-term financing needs.

Dividend and dividend ratio



LESJÖFORS IN BRIEF

Lesjöfors is an international full-range supplier of springs, wire and flat strip components. The Group offers standard industrial springs and customized products and holds leading positions in the European market.

BUSINESS AREAS

- **Industrial Springs** – standard industrial springs and customized products
- **Flat Strip Components** – flat strip components and leaf springs
- **Chassis Springs** – aftermarket for passenger cars and light vehicles

SENIOR MANAGEMENT

Kjell-Arne Lindbäck, President, born 1952, Degree in Business Administration, Lesjöfors employee since 1997.

Bertil Persson, Chairman of the Board.

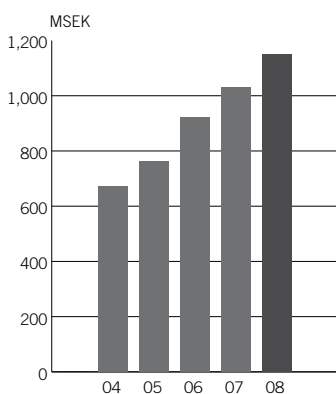
2008 IN BRIEF

- **Invoicing amounted** to MSEK 1,151 (1,032) and operating profit to MSEK 252 (223).
- **Increased growth** within Chassis Springs, which strengthened the business area's market positions in such regions as Central Europe, Germany and the UK.
- **Strong performance** within Flat Strip Components in China, where orders from Sony Ericsson boost manufacturing volumes within telecom.
- **Successful integration of the UK** company European Springs & Pressings Ltd., which provided a base for continued expansion in several markets in Europe.
- **Personnel reductions** during the fourth quarter of 2008 in response to declining demand.
- **Acquisition** of Stece's spring operations completed.

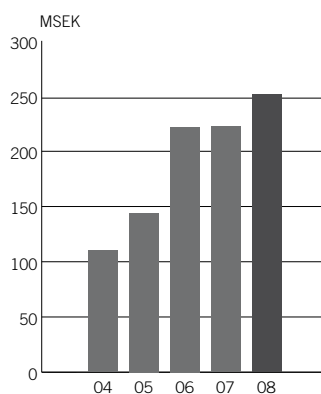
Key figures, MSEK	2008	2007	2006	2005	2004
Net revenues	1,151.2	1,032.3	923.4	762.8	673.4
Cost of goods sold	-720.4	-636.9	-552.3	-473.3	-431.9
Gross profit	430.8	395.4	371.1	289.5	241.5
Selling expenses	-104.9	-93.7	-87.0	-91.0	-83.0
Administrative expenses	-74.3	-79.0	-62.0	-54.5	-48.3
Operating profit	251.6	222.7	222.1	144.0	110.2
Operating margin, %	21.9	21.6	24.0	18.9	16.4
Net financial items	-8.0	0.5	-0.4	-0.7	-2.2
Profit after financial items	243.6	223.2	221.7	143.3	108.0
of which depreciation and amortization	44.3	41.4	43.0	39.3	42.7
Capital expenditures, excluding corporate acquisitions	57.5	55.4	52.3	34.9	31.2
Return on capital employed, %	37	44	51	35	32
Average number of employees	764	743	578	531	429



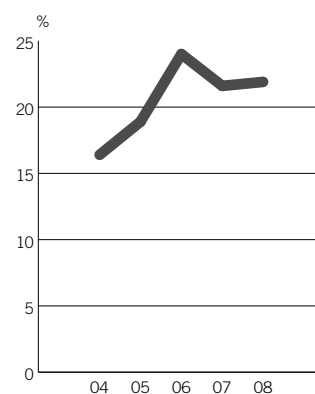
Invoicing



Operating profit



Operating margin



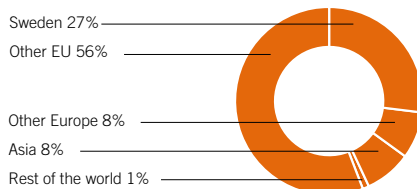


2008 TRENDS

In 2008, invoicing amounted to MSEK 1,151 (1,032), an increase of 12 percent. Operating profit totaled MSEK 252 (223) and the Group's operating margin was 22 percent (22). The sales trend was positive in all business areas during the first three quarters of the year. This trend was particularly strong within the Chassis Springs business area, which strengthened its position in several markets. Within Flat Strip Components, growth was affected positively by the performance of the Chinese market. The significant weakening of the economic conditions in the industrial sector had an adverse impact on demand during the fourth quarter. Invoicing amounted to MSEK 508 within Industrial Springs, MSEK 339 within Flat Strip Components and MSEK 304 within Chassis Springs.

The company has approximately ten sales offices of its own that handle sales in the Nordic countries and in such major markets as Germany, the UK and the Netherlands. Over the past year, the company's sales capacity in the Benelux countries and Germany was expanded, resulting in increased customer volumes. In other markets, sales are managed through distributors. Gradually expanding the number of distributors – while increasing volumes in the existing network – is a prioritized goal of the company's marketing operations. In 2008, the largest customer segments were the aftermarket for vehicles and telecom, which accounted for 27 percent and 9 percent, respectively, of Lesjöfors' total sales.

Invoicing by geographic market

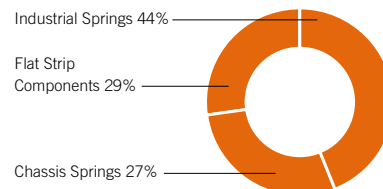


MARKET AND SALES

Lesjöfors is a leading company within springs, wire and flat strip components with a unique product breadth. As a full-range supplier, the company supplies both specially adapted and standardized products for everything from household products to high-tech applications.

The European spring market is highly fragmented, which means that Lesjöfors has customers within most major industrial sectors. In total, the company supplies products to approximately 60 markets, the largest being the Nordic region and other areas of Europe. In the Nordic region, the company's share within Industrial Springs is estimated at approximately 30 percent. Within the aftermarket for light vehicles in Europe, Lesjöfors' market share is estimated at about 40 percent. In addition to the breadth of the company's product range, Lesjöfors' comprehensive service offering is also a competitive advantage. These services provide customer support throughout the production chain – from concept, design and manufacturing to support.

Distribution of customers by segment



OPERATIONS AND ORGANIZATION

Lesjöfors strives to continuously expand its market position through a combination of acquisitions and organic growth. The Group has manufacturing operations or sales offices in Sweden, Finland, Norway, Denmark, Germany, the UK, the Netherlands, Latvia, Korea and China. Lesjöfors has a total of 14 production units. At year-end, personnel reductions were carried out in response to the declining demand for the company's products.

The corporate culture at Lesjöfors is based on a short chain of command, a business-minded approach and decentralization – concepts that for many years have enabled Lesjöfors to achieve significantly higher profitability than the industry average. Ensuring a short chain of command means that the company's operations are conducted via some 20 profit centers, where local manufacturing in close proximity to customers paves the way for strong market positions. Maintaining a business-minded approach and focusing on decentralization means that sales personnel and operators are paramount. These individuals possess considerable knowledge about the company's core procedures and basing Lesjöfors'

operations on their needs ensures that the company's work in the areas of quality, profitability and efficiency can continuously be improved. This approach to business is particularly important for an organization in which manufacturing is often based on small series and for which the capacity for fast turnaround is a strong competitive advantage.

Lesjöfors aims to be a full-range supplier within all of its business areas and to continuously expand the geographic spread of its operations. This goal is achieved through local establishments in a wide variety of markets, a combination that provides a global reach. Production in low-cost countries also helps to generate stronger positions for the Group. The plants in Latvia and China currently handle the most labor-intensive production operations, which has proven to be a successful complement. In the long term, the capacity of these plants will be expanded and incorporate additional product areas.

PRODUCT DEVELOPMENT

Developing products and designing springs requires broad knowledge of metals, mechanics and mechanics of materials. To offer optimal spring designs, in-depth knowledge about applications, standards and properties is also crucial. Lesjöfors offers all of these qualities. For a company that conducts 70 percent of its manufacturing operations in customized products, maintaining a high level of competence in areas ranging from design and engineering solutions to tool development and production technology concepts is particularly crucial.

In addition to customized products, Lesjöfors also creates its own company concepts, which provide customers access to a broad range of finished products with short lead times. The goal is to increase the proportion of company concepts, since they generate strong competitive advantages and more even demand. Company concepts also help create a distinctive profile for Lesjöfors since quality, service and logistics are a distinct part of these offerings.



INDUSTRIAL SPRINGS

Lesjöfors specializes in manufacturing, storing and distributing industrial springs. Its broad product range comprises standard springs and customized products. The company's springs are used in most major industrial sectors, including the power, paper and pulp industries, and within offshore, automation and infrastructure. Because the majority of its products are customized, problem-solving capabilities are crucial for the company. Lesjöfors' standard products are sold primarily through the company's own product catalogue, which contains approximately 10,000 items that can be distributed directly within 24 hours.

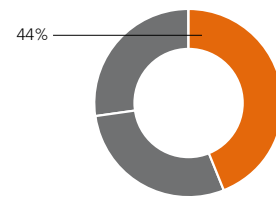
CUSTOMERS AND COMPETITORS

Industrial Springs has a well-diversified customer structure, which improves its spread of risks. The company's most significant competitive advantages are the breadth of its product range, its high quality level and excellent service. Since Lesjöfors often customizes solutions based on the unique requirements of its customers, the company's capacity for innovation and problem solving are also important. Lesjöfors' primary competitors in the Nordic region include such companies as Spinova, Ewes, Meconet and Hagens fjädrar.

MARKET AND SALES

The company's key markets are the Nordic region and the UK. In Sweden, Norway and Finland, the sales trend was strong during the first nine months of the year. Demand was high for such products as heavy-duty industrial springs for infrastructure and the power industry. The performance of the UK operations also remained positive and the Lesjöfors-owned company European Springs successfully expanded its sales to new markets in such areas as Germany and the Netherlands. In 2008, sales within Industrial Springs amounted to MSEK 508 (441).

Share of Lesjöfors' invoicing



Focus on heavy vehicles



FOLLOWING THE ACQUISITION of Stece a few years ago, springs for heavy vehicles have become a new and interesting area of operation for Lesjöfors. The company now holds a strong position within light industrial springs. The acquisition of Stece occurred in several stages during the year, with Lesjöfors assuming total control of the company's spring operations in mid-2008. When takeover began in 2006, the company's control and profitability were insufficient.

"Thanks to Lesjöfors, we gained the financial tools necessary to improve the quality of our business. We now have better control, which enables us to make the right investments in the right areas of operation," says Hans Mazetti, President of Stece's spring operations. "The company has also become more willing to invest, resulting in approximately MSEK 3 in capital expenditures during the year. Stece's combined investments have generated increased sales

and decidedly improved the company's financial performance."

DEMANDING CUSTOMERS

Stece has a strong relationship with such customers as Scania and Volvo Trucks. The company's strengths include its certification from ISO/TS, the quality management system of the automotive industry.

"Being linked to such demanding automotive customers is positive for us and often helps us in establishing contacts with new customers," Hans Mazetti explains.

In the future, Stece Fjädrar will operate under its own brand, with a goal of developing its cooperation with existing and new customers. The company's integration with Lesjöfors will also be expanded in such areas as purchasing, distribution and major investments. At the same time, Stece's product range will also be broadened significantly through the other companies in Lesjöfors. ■

FLAT STRIP COMPONENTS

Flat Strip Components focuses on pressed, stamped and bent components, including the design, development and production of components in strip steel. Lesjöfors' broad technical offering makes it possible to always select the production technology best suited to each assignment, regardless of whether the assignment focuses on small production runs or highly automated volume products. Through design support and prototype manufacturing, Lesjöfors becomes involved in customer projects at an early stage and is able to influence quality, optimize functionality and increase cost-efficiency.

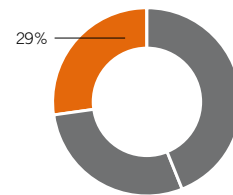
CUSTOMERS AND COMPETITORS

The key customer segments of this business area are the telecom and electronics industries, as well as the medical industry. The company's principal competitive advantages are its high level of technological competence, qualified tool development, low-cost production and broad customer service. Lesjöfors' principal competitors include such companies as Meconet, AQ Holmbergs and Goss Components.

MARKET AND SALES

The market for flat strip components is also highly fragmented, with several small companies. As a result, it is difficult to assess Lesjöfors' market share. The company's principal markets are the Nordic region, the UK and China. The most significant increase in demand was reported in the Chinese market, where a positive trend was noted as a result of deliveries to Sony Ericsson. In recent years, Lesjöfors has expanded its sales and production capacity in China. This work has now produced tangible results and the operations have grown to become a strong and self-sufficient component of the Group. Lesjöfors sees considerable continued potential in this market, where an increasing number of European companies are being established. In 2008, sales within Flat Strip Components amounted to MSEK 339 (331).

Share of Lesjöfors' invoicing



UK expansion

IN A SHORT period of time, Lesjöfors has strengthened its hold on the UK market – a move made possible by the acquisition of the company European Springs and



Pressings. The acquisition has also helped to establish a strong base for continued expansion in both the UK and other parts of Europe.

The acquisition of European Springs and Pressings took place at the beginning of 2007. Before then, Lesjöfors had tried to manage the UK market long-distance from Scandinavia.

"Since the spring market is local, this was difficult for us. Proximity to customers is crucial and success is dependent on conducting product development and manufacturing operations locally," says Kjell-Arne Lindbäck, President of the Lesjöfors Group.

A COMPLETE PORTFOLIO

European Springs and Pressings focuses on the construction and electronics sectors, but has many customers in other industries. The company has two plants and approximately 120 employees.

"Our product range has increased

dramatically with the prospect of supplying a complete spring portfolio from within the Lesjöfors Group," explains Stuart McSheehy, President of European Springs and Pressings. "Additionally, the implementation of Lesjöfors' business systems has improved management information concerning costs, stocks, sales and manufacturing analysis, enabling us to optimize our production processes in line with our customer needs."

European Springs and Pressings has also become a hub of expansion for the company's sales to customers, primarily in central Europe, since Lesjöfors' sales companies in the Netherlands and Germany have now begun selling the company's UK products.

"We have enjoyed significant growth within the European markets and feel we have a competitive edge over the competition. We also expect significant growth in these areas in the future," concludes Stuart McSheehy. ■

CHASSIS SPRINGS

Chassis Springs specializes in the aftermarket for passenger cars and light vehicles. The main products of this business area are replacement springs, gas springs, light leaf springs and sport springs that are produced by the company itself and quality assured. With the market's broadest product range for European and Asian cars, Lesjöfors controls everything from design to production, inventory management, logistics and service. The company's products are sold in more than 50 markets, the majority located in Europe.

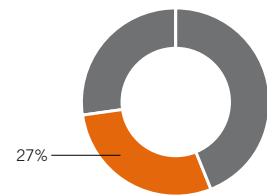
CUSTOMERS AND COMPETITORS

Customers in this business area primarily comprise nationwide distributors of automotive spare parts. In-house manufacturing, short lead times and high-quality products and service are Lesjöfors' key competitive advantages. Its principal competitors within this business area are Suplex, K+F and Kayaba.

MARKET AND SALES

Lesjöfors holds a distinct leading position in Europe within chassis springs, with an estimated market share of about 40 percent. Its largest markets are Scandinavia, the UK, Germany and Eastern Europe. The sales trend was favorable during the first three quarters of 2008, following weak performance in 2007. A particularly positive change was reported in the markets in Germany, the UK and Central Europe. Accordingly, Lesjöfors is deemed to have captured market shares, primarily due to its high level of service and accessibility. In 2008, sales within Chassis Springs amounted to MSEK 304 (260).

Share of Lesjöfors' invoicing



Instinct key in product-range development

A SENSE OF what customers want, in-house manufacturing and high delivery reliability – these are the characteristics that distinguish Lesjöfors' product-range development in the area of Chassis Springs. An important part of the company's product-range development is the art of matching the supply of springs with customer demand – and it is in this area that Lesjöfors excels. Since 2003, revenues have increased by an average of 15 percent per year.

Lesjöfors specializes in replacement springs for passenger cars and light commercial vehicles, including chassis springs, gas springs and leaf springs, with a product range covering essentially the entire European automotive fleet.

"We monitor development in each country to see which car models and classes emerge. From experience, we know approximately when the original springs in a certain model will need to be replaced and when demand for our springs can be expected to accelerate. This determines our product-range development," says Per Lindahl, Technical Manager at Lesjöfors Automotive AB.

EXCELLENT AVAILABILITY

Development in this business area is certainly taking off. In 2008, Chassis Springs had approximately 5,000 items in its product range, about 15 percent more than two years ago. In addition to an instinct for the automotive fleet, manufacturing and logistics also play a pivotal role.

"We manufacture our springs in house and have a high level of expertise in vehicle technology. This enables us to guarantee product quality and to quickly

adapt to the demands of various markets," emphasises Håkan Möller, Managing Director of Lesjöfors Automotive AB. "Availability is equally important and this is an area in which we excel. Our product range is broad and our delivery reliability exceeds 98 percent."

One of the most interesting markets today is Russia, where sales of new European cars are on the rise. This means that demand for replacement springs will also increase. ■



Induction reduces environmental impact

AT ITS FINNISH plant in Åminnefors, Lesjöfors manufactures heavyweight hot-coiled springs that weigh between five and 300 kilograms and are used in such applications as valves, industrial robots, high-voltage engineering, train carriages and crushing equipment. Lesjöfors is now investing in an induction furnace to replace the plant's old gas furnace, a change that is expected to reduce the company's environmental impact.

The capacity of the plant is extensive and approximately 1,500 tons of steel were used in its manufacturing operations in 2008. The plant's steel is delivered in bars that are heated and coiled into springs. The steel material is heated to about 900 degrees Celsius, which means that the steel exceeds its hardening temperature. This step is necessary to ensure that the finished

springs are extremely strong and durable. In the past, this heating process was conducted in a gas furnace, but in 2008, Lesjöfors decided to invest in a new technology.

"The old furnace was worn and needed to be updated. We also needed to expand our capacity, so we decided to invest in an induction furnace instead," explains Dan Manninen, Managing Director of Oy Lesjöfors Ab.

MORE EFFICIENT HEATING

During induction, the steel material is fed through a spool through which power is simultaneously conducted. A magnetic field around the spool heats the steel material. Use of this new technology has cut gas consumption at the plant in half, thereby reducing emissions of greenhouse gases. Although induction also

results in increased electricity consumption, the plant's energy consumption has nonetheless decreased in relation to its production volumes as a result of several investments being made, including an investment in increased automation at Åminnefors.

"Induction is efficient since heat is only produced while the steel material is being fed through the spool," explains Dan Manninen. "This level of precision cannot be achieved with a gas furnace, which needs to be in operation continuously and often runs on idle.

"Another advantage is that the capacity of the entire plant has now increased by 20 to 30 percent," continues Dan. "These investments will also enhance our quality level since induction technology improves the surface properties of the steel."



QUALITY

All of Lesjöfors' production units have been awarded ISO 9001:2000 quality certification. The spring operations of Stece Fjädrar AB are also certified in accordance with TS, the industry-specific quality requirement system of the automotive industry. Continuous efforts in the area of quality are integrated in the company's production systems to facilitate controls and inspections. The key concept is overall quality, including product quality, delivery precision and fast response to customers.

Lesjöfors' focus on overall quality involves continuous improvements to labor organization, production flows, staffing, competence and the utilization ratio of the company's machinery. As part of its follow-up system, Lesjöfors also conducts benchmarking between its own units which is simplified since the company's units and plants are integrated into common business system.

ENVIRONMENT

Ten of the company's 14 production units have been awarded ISO 14001 environmental certification. This means that an additional four plants were certified in 2008. The Group's environmental objectives are based on the key environmental aspects identified for each unit.

From 2008, Lesjöfors Flat Strip Components in Värnamo is a Class C plant and is no longer a permit-required Class B plant. Following this change, all of the Group's units are now Class C plants, which means that they have a relatively low environmental impact. At the plants, all waste is sorted into five to seven fractions. The largest total fractions are wet grinding waste, waste disposal and recycled raw material. All units within Lesjöfors work actively to reduce the amount of material waste that is generated during production and 100 percent of disposed raw materials are recycled.

SOCIAL RESPONSIBILITY

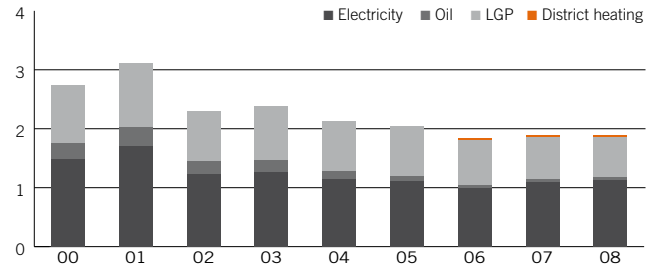
Lesjöfors' work in the area of social responsibility is based on the UN's and OECD's "The Ten Principles," which deal with such issues as human rights, child labor, forced labor, the environment and corruption. Social responsibility and ethics are also a distinct part of the short-chain-of-command corporate culture that characterizes the Group. Maintaining a short chain of command involves informal interactions, with standards established through daily work rather than formal rules and regulations. Each of the company's approximately 20 profit centers has a shared vision concerning its fundamental values in terms of relationships with its own employees, as well as its customers, business partners and other external stakeholders. The CEO and local presidents are responsible for establishing this approach.

EMPLOYEES

The number of employees increased by 21 from 743 to 764. A total of 23 employees were gained through the acquisition of Stece's spring operations. In the low-cost countries of Latvia and China, the number of employees increased by 26 to 131 (105). The number of employees in Sweden is 300 (279), an increase of 21 people. A total of 161 (181) employees work in the UK and Lesjöfors has 122 (132) employees in Denmark.

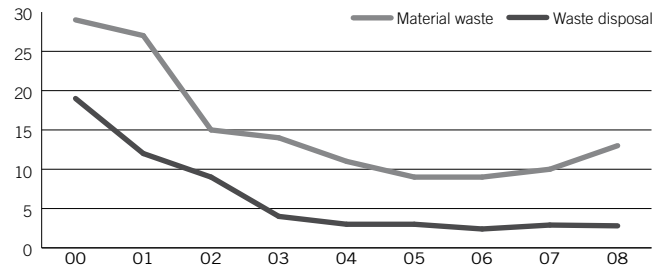
Total energy consumption

MWh/delivered ton of material

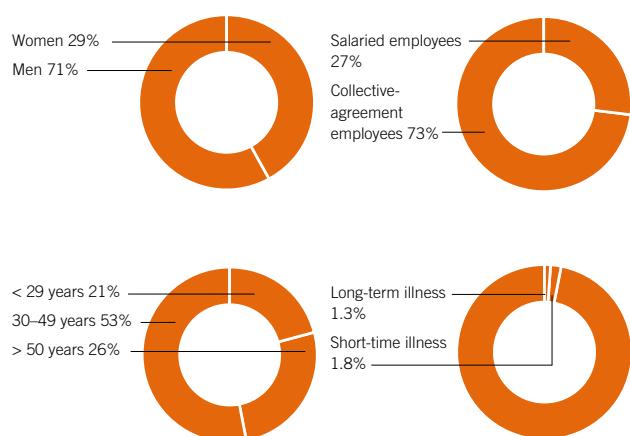


Material waste and waste disposal

%



Lesjöfors employees



Habia Cable

HABIA IN BRIEF

Habia Cable develops, manufactures and sells cables and cable systems for demanding applications. The company is currently one of Europe's largest manufacturers of custom-designed cables.

BUSINESS AREAS

- **Radio Frequency & Communication** – mobile telecom
- **High Specification Products** – defense, nuclear power, infrastructure/communications
- **Engineered Cable Solutions** – hand tools, sensors, power generation, processing of raw materials
- **Distribution Products** – standard products for such applications as measuring, vehicles, lighting equipment and white goods

SENIOR MANAGEMENT

Johan Vinberg, President, born 1952, Degree in Engineering, Habia employee since 2004.

Bertil Persson, Chairman of the Board.

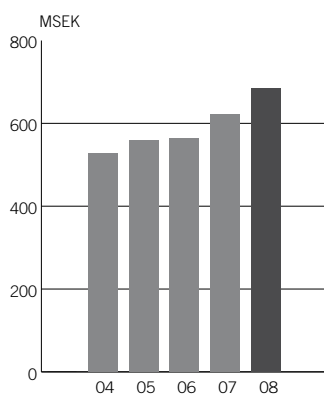
2008 IN BRIEF

- **Invoicing amounted to** MSEK 685 (622) and operating profit to MSEK 71.8 (89.7).
- **Acquisition** of the Swedish cabling company CS Technology AB, which strengthened the company's offering, primarily within the defense and aviation industries
- **Stronger** market position within mobile telecom.
- **Establishment** of a marketing company in Russia.
- **Decision** concerning the establishment of a new manufacturing plant for multicore cable in China.
- **Personnel reductions** made during the fourth quarter of 2008 in response to declining demand.

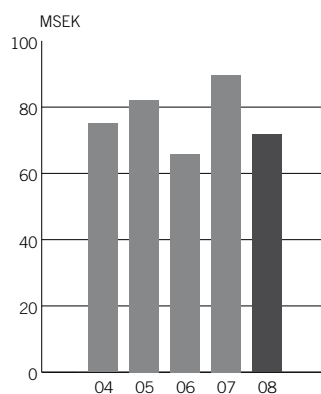
Key figures, MSEK	2008	2007	2006	2005	2004
Net revenues	684.9	622.0	564.0	559.6	527.0
Cost of goods sold	-467.2	-398.9	-372.1	-362.8	-338.6
Gross profit	217.7	223.1	191.9	196.8	188.4
Selling expenses	-89.2	-84.4	-77.9	-72.9	-72.4
Administrative expenses	-41.3	-36.5	-36.3	-32.4	-33.2
Research and development	-15.4	-12.5	-11.9	-9.4	-7.5
Operating profit	71.8	89.7	65.8	82.1	75.1
Operating margin, %	10.5	14.4	11.7	14.7	14.3
Net financial items	-7.5	-3.4	-2.8	-4.1	-5.6
Profit after financial items	64.3	86.3	63.0	78.0	69.5
of which depreciation and amortization	23.4	23.6	25.2	24.4	24.5
Capital expenditures, excluding corporate acquisitions	30.6	23.5	18.7	10.9	13.7
Return on capital employed, %	20	34	27	33	28
Average number of employees	452	415	396	370	369



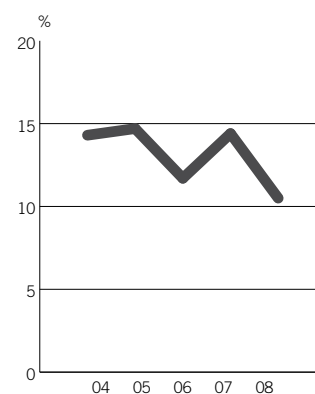
Invoicing



Operating profit



Operating margin



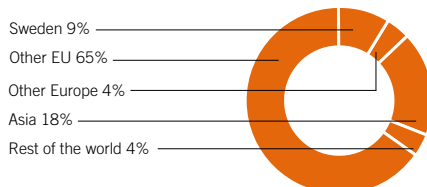


2008 TRENDS

Invoicing amounted to MSEK 685 (622). Operating profit totaled MSEK 71.8 (89.7) and the operating margin was MSEK 10.5 percent (14.4). The sales trend was favorable during the first three quarters of the year, but weakened significantly in the fourth quarter. Invoicing increased until September in all major customer segments, particularly within telecom. At the same time, the telecom market was characterized by intense price pressure, which prevented the company's increased sales volumes from generating corresponding earnings improvements. The company strengthened its market positions within mobile telecom, primarily by utilizing more cost-efficient production.

The markets that reported the strongest performance in 2008 were Germany, France, the Benelux countries, the US and Brazil. During the year, a marketing company was established in Russia, which has become an increasingly important market. Sales to the telecom sector are the main focus of the new marketing office, but nuclear power and other heavy industry are also attractive segments. Expansion of the company's plant in China continued and, among other functions, will provide a means of dealing with the price pressure within telecom.

Invoicing by geographic market



MARKET AND SALES

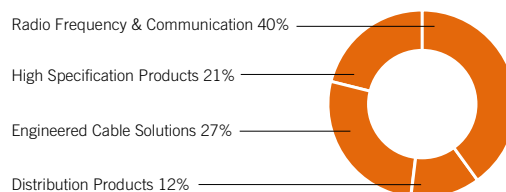
The global cable market is estimated to generate revenues of approximately USD 120 billion every year. It is a competitive, mature and cost-driven market that, in recent years, has been characterized by a number of corporate mergers and acquisitions. The European market is valued at about EUR 15 billion and the subarea of custom-designed cable, which is Habia's niche, at approximately EUR 1 billion. The company's overall market share of this niche is about 6 percent. However, its share in selected segments is significantly larger. This applies primarily to the global market for cables used in antennas for base stations, of which Habia's share is estimated at more than 50 percent.

Habia's key competitive advantages are its high level of technological competence, its service ability and its global market coverage. Utilizing these strengths, the company offers customized cables and cable systems for demanding applications, including cables that can withstand extreme demands, such as particularly high or low temperatures, radioactive environments, vibration, powder stains and bending. Approximately 90 percent of Habia's sales comprise customized products. Sales are conducted in approximately 40 markets and the largest countries are Germany, China, the UK and the Benelux countries. The proportion of exports is high and about 91 percent of the company's sales are conducted outside Sweden. The largest customer segment is telecom, which accounted for 40 percent of sales in 2008. Other major segments include defense, nuclear power and heavy industry.

China is becoming an increasingly important market for Habia. The country is now the world's largest producer of cables, while power cable is the single largest segment. To handle this trend, Habia is gradually expanding its capacity. China will also serve as a hub for expansion in several other markets in Asia.

Habia's global marketing organization comprises 60 specially trained employees, including designers and sales personnel, and is divided into six regions. These employees focus on service, marketing and sales to the company's largest customers. In other markets, sales are managed by distributors. The long-term goal is to establish the company's products in one new market every other year.

Distribution of customers by segment



OPERATIONS AND ORGANIZATION

Habia has production facilities in Sweden, Germany, Latvia and China. The largest plant is located in the Swedish town of Söderfors and accounted for 65 percent of all manufacturing in 2008. At year-end, personnel reductions were carried out at all plants due to the significant decline in the economic climate.

Since proximity to customers is vital, the company's manufacturing operations in the expanding Chinese market has been a top priority in recent years. Cost-efficient production in China also helps the company handle the increasingly intense price pressure in the telecom sector. Habia's capacity within telecom has been expanded in several stages in recent years. In 2009, a new production plant will be opened for multicore, a type of cable used for power generation, hand tools, nuclear power and other heavy industry.

Until recently, Habia had four business areas, which reflected the company's goal of diversification. At the end of 2008, the company decided instead to base its operations on three business areas. This means that sales of standard products, which were previously included in Distribution Products, will be dealt with in the future by the six sales regions. This new organization will make it easier to adapt price and product strategies to each individual market.

PRODUCT DEVELOPMENT

The aim of Habia's product development is to increase the customer value of the company's products. In simple terms, this work focuses on three areas: material development, manufacturing processes and machine operation. Since 2008, the company has focused on "Lean Product Development," a concept that involves cross-functional cooperation between, for example, the company's production and marketing functions, as well as improved resource utilization and simpler, more efficient project management. The goal is to shorten customer lead times, make resources available and focus on better and more appropriate materials. Material development is a prioritized area and one in which Habia strengthened its competence in 2008. Enhancing the efficiency of the company's material development operations can improve the quality and cost-effectiveness of its products and reduce Habia's environmental impact, a combination that provides additional customer value.



RADIO FREQUENCY & COMMUNICATION

RF & Communication specializes in mobile telecommunications. Habia currently holds a market-leading global position within cables used in antennas for base stations. The company supplies products for GSM and 3G technology. The main product is Flexiform, which is used for transferring signals from mobile telephone traffic.

CUSTOMERS AND COMPETITORS

Sales are conducted in 25 markets and Habia's products are sold to all major antenna manufacturers within telecom. Customer requirements focus on high electric and mechanical performance, competitive prices and flexible delivery capacity. RF & Communication meets these demands through its high level of competence, cost-efficient production and flexible service organization. Habia's principal competitors in this business area are the Swiss company Huber+Suhner, the French company Nexans and the Japanese company Nissei.

MARKET AND SALES IN 2008

In 2008, Habia strengthened its positions in the area of mobile telecom following a strong sales trend in the first three quarters of the year, when volumes rose by a total of 21 percent compared with the preceding year. Price pressure also intensified during this period, however, which resulted in weaker margins. This price pressure was primarily due to new competition from Asian companies. Habia is responding to this trend by moving an increasing proportion of its telecom production to China. The largest markets in 2008 were Germany, China and the US. During the year, RF & Communication accounted for 40 percent of Habia's revenues.

Share of Habia's invoicing



New investments in Multibend

WITH ITS ABILITY to withstand extensive bending, resist high temperatures and offer effective shielding, Multibend is the ideal high-frequency cable for the radio and telecom market – and interest in Multibend is booming. As a result of this growing interest, Habia is making



new investments in the product, including an expansion of the company's manufacturing capacity.

Multibend is primarily used in base stations for mobile telephony and military radio systems. As its name suggests, Multibend is capable of withstanding a multitude of bends – several thousand, to be exact!

"In certain applications, this is an important quality. The best and most tangible example is probably base stations, where panels and openings in cabinet doors require that cables be bent several times," explains Henrik Ollandt, Vice President Radio Frequency and Communications. "Multibend's properties are just as good as all of other high-frequency cables, but because Multibend is so pliant and flexible, it has become an attractive niche product for Habia."

SPECIAL INSULATION

One of the secrets behind Multibend is

its "shield," which covers the plastic insulation and the wire in the cable. With careful precision, the shield is wrapped in special silver and copper tape. Even after several bends, the insulation and shield of the cable remain effective. When subjected to such extensive bending, other cables would risk being damaged, allowing signals to "leak" and impairing performance.

"We are investing in Multibend at a time when a growing number of technical applications require high-frequency cables to function," says Henrik Ollandt. "At higher frequencies, the need for effective shielding increases. Thanks to its high temperature resistance, Multibend is also able to withstand a high output without any difficulties."

The company's manufacturing capacity has been expanded during the past year and product development continues. Multibend is currently available in three varieties and more will eventually be developed. ■

HIGH SPECIFICATION PRODUCTS (HSP)

HSP focuses on the defense, nuclear power, space, aviation and rail segments. In these areas, research, development and launch periods are long and cable products are manufactured in accordance with common, international standards and sold in large volumes. Regardless of the customer segment, demands on problems solving and customization are intense. Habia's key competitive advantages within HSP are its high level of competence in the areas of product development and sales and its efficient technical support.

CUSTOMERS AND COMPETITORS

Defense and nuclear power are the predominant customer segments of this business area. In the defense market, Habia supplies products for marine, army and aviation applications. The principal markets are Europe and Asia, with a focus on the Nordic region, the Benelux countries, the UK, France, South Korea, China and India. Russia is a new market in which Habia foresees attractive future opportunities. The company's primary competitors are the US company Tyco Electronics (defense) and the French company Nexans (nuclear power).

MARKET AND SALES IN 2008

In the defense market, Habia's niche is valued at SEK 1.5 billion and the company's market share is approximately 7 percent. Habia's niche in the nuclear power sector is valued at approximately MSEK 300, while the company's share is estimated at 11 percent.

In 2008, sales within HSP rose slightly more than 7 percent, primarily due to increased demand in the defense sector, while the trend in the nuclear-power market was weaker. The company's assignments included deliveries of marine cables to the Danish and UK Navies. The Asian nuclear-power and defense markets are becoming increasingly attractive to Habia, which is now expanding its efforts in these segments. HSP accounted for 21 percent of Habia's revenues in 2008.

Share of Habia's invoicing



Stronger performance in cabling



HABIA HAS SUCCESSFULLY advanced its position in the cable market through the acquisition of the Swedish cabling

company CS Technology. Cabling is a streamlining process during which the length of a cable is adapted at the same time as its connector and other components are assembled.

"The demand for cabling systems is as intense as the demand for cables themselves," explains Micael Lindberg, head of High Specification Products. "Cabling systems must be able to withstand everything from major temperature differences to jolts, moisture and vibrations. At the same time, cabling systems must also be shielded effectively to ensure that disturbances in cable traffic are minimized."

"This acquisition has enabled us to improve our ability to design and purchase components. We have also strengthened the support services we provide to our sales companies in the area of cabling," he continues.

Habia already manufactures cabling systems in house at its plant in Latvia.

Following the acquisition of CS Technology, the company has been able to expand its operations. Prototypes for the company's cabling systems are now developed in Sweden, while manufacturing occurs in Eastern Europe.

FOCUS ON DEFENSE

Stockholm-based CS Technology currently has approximately 15 employees. Its key customers are in the defense and aerospace industries, the same segments in which Habia plans to boost its growth.

"In the defense sector, we plan to increase our deliveries for land-based systems, including cabling systems for vehicles, future soldier systems and communications equipment as well as weapons, radar and missile systems," explains Micael Lindberg. "We also see potential for introducing new niche products for customers in other industries." ■

ENGINEERED CABLE SOLUTIONS (ECS)

ECS focuses primarily on the engineering industry. Customers in this business area demand high-tech cable products that are adapted to their unique needs and specifications. Volumes within ECS are often small and cable production technologically intensive. Key market segments include hydraulic and pneumatic tools, known as power tools, as well as sensors, gas turbines, marine diesel engines and technology for offshore and raw-material processing.

CUSTOMERS AND COMPETITORS

Customer requirements focus on high-quality design service, technical advice and support, as well as fast, customized deliveries. Habia meets these demands by offering high technical quality, short response times and service in close proximity to its customers. The company's main competitors are the US company Belden and its German subsidiary HEW, the Italian company Intercond, which has been owned by Nexans since mid-2008, and the German company Ernst & Engbring.

MARKET AND SALES IN 2008

Sales within ECS declined by 3 percent in 2008. Europe is the main market of this business area. The single largest market is Sweden, followed by the other countries in the Nordic region, as well as France and the Netherlands. During the year, a particularly strong performance was reported by such customer segments as temperature and pressure sensors and such geographic markets as the Benelux countries and France. ECS accounted for 27 percent of the company's revenues in 2008.

Share of Habia's invoicing



Firelink secures communication

THOUSANDS OF UK fire and rescue vehicles use cables from Habia, thereby paving the way for smoother and more secure communications in this crucial area of operation. The project, known as Firelink, is part of a GSM-based communications system, built specially for fire and rescue services (FRS).

"Firelink was initiated partly in response to the terrorist attacks in recent years. Existing communications systems have not functioned well, which has made rescue work difficult. The concept of a dedicated mobile network for the police, fire and ambulance services was born from this," explains Clive Sharp, head of the Engineered Cable Solutions business area.

QUICK RESPONSE

Habia joined the project in 2007, when it was decided that a total of 3,500 fire engines in the UK market would be adapted to the new communications system. The order from the customer demanded a quick response from Habia.

"After only a few days, we were able

to offer a cable that met the customer's demands," says Clive Sharp. "The communications system on the vehicle is used to communicate with headquarters and other emergency services. Our cable is part of the system that enables communications to be carried out either in the cab or remotely from the back of the vehicle when at the scene of a fire."

Habia supplies between 14 and 18 meters of communication cable per fire engine – a total of approximately 50 kilometers of cable. Deliveries have

been in progress throughout 2008 and are expected to be completed in the first quarter of 2009.

"We have been extremely responsive to the customer's demands and wishes in such areas as delivery volumes," concludes Clive Sharp. "Speed and responsiveness are critical qualities in our contacts with all customers and play a particularly significant role during a product launch – for example, when the right prototype needs to be developed quickly." ■



DISTRIBUTION PRODUCTS

Distribution Products focuses on standard products, including cables for measuring, vehicles, railways, lighting equipment, heating and white goods. Distribution Products are usually sold in smaller volumes with general specifications and standards, regardless of market segment. Habia's most important marketing channel is the "Habia Xpress" sales concept, which offers a catalogue on Habia's website. Habia Xpress enables fast, simple and clear purchasing of the approximately 3,000 standard products offered by Habia. Standard products are also sold through external distributors.

CUSTOMERS AND COMPETITORS

The market for standard products is highly fragmented, with several small companies. Customers in this business area are primarily distributors that sell cable products to various end users. Another major category comprises Original Equipment Manufacturers (OEM), which manufacture, assemble and sell end products. Customer demands focus mainly on a high level of accessibility and competitive prices and quality. Habia's principal competitive advantages are its product breadth, customized sales channels and short delivery times.

MARKET AND SALES IN 2008

The European market for standard products is valued at approximately SEK 1 billion, while Habia's market share is estimated at 8 percent. Germany is the main market for Distribution Products, followed by France, the UK and the Nordic region. Sales to distributors and cabling companies were strong, particularly in the UK and the Netherlands. Distribution Products accounted for 12 percent of Habia's revenues in 2008.

Share of Habia's invoicing



High-flying cable project

THE TERM "the sky's the limit" does not apply at Habia. The company is taking things a step further and launching its cable operations into space in a project led by NASA and the European Space Agency (ESA). Habia cables are now being used in two satellite systems.

"Our role is to supply cables to power and control various electric elements in the satellites," explains Martin Sears, Executive Vice President for the Habia Group. "Ironically, we used standard products to supply cable for a highly advanced application."

ICE-COLD TECHNOLOGY

The satellites – or telescopes, to be precise – known as Planck and Herschel-SPIRE are used to study the events that occurred during the earliest development of the universe and to search for infrared radiation. The fascinating design of the satellites enables special onboard engines to freeze parts of the apparatus. The

reason for this is as simple as it is brilliant – "frozen" technical applications use significantly less power, which improves the efficiency of the energy supply.

"We supplied small, flexible lightweight cables that also meet demands for withstanding low temperatures. In addition to this, the cables were not allowed to contain any contaminants or foreign materials, which forced us to impose stricter quality requirements during manufacturing," explains Martin Sears.

During 2007 and 2008, Habia focused on testing and developing prototypes for the project. If work proceeds according to plan, the satellites will be launched in 2009.

"We do not sell large volumes in this type of specialized project," Martin concludes. "But satellite technology is a growing niche that is becoming increasingly interesting to us." ■



Values promote ethics and responsibility

Throughout the business world, an increasing focus has been placed on ethics and social responsibility. This is particularly true for companies that manufacture or purchase products internationally. Habia bases its operations on three values that pave the way for a sound and responsible corporate culture – Transparency, Reliability and Integrity.

With manufacturing operations in four countries and its own sales organizations in some ten different markets, Habia is an international company. Having establishments in many locations also lends an additional dimension to its work related to ethics and social responsibility at a time when company responsibility is being discussed more than ever and corporate citizenship, sustainable business development and corporate social responsibility are the concepts of the day.

“In Habia’s case, these concepts are linked to our core values: Transparency, Reliability and Integrity,” says Habia’s President Johan Vinberg. “To

be successful, we must have employees who are satisfied and who develop on the job. Our values contribute to this and help to ensure that Habia is associated with a sound and responsible corporate culture.”

These values are maintained through Habia’s internal dialogue – for example, via information materials and at manager meetings and conferences attended by employees. They are also part of the company’s introduction for new employees.

CLEAR EXPECTATIONS

The concept of Transparency is about being open and clear and always trying to provide the right information to the right people. This paves the way for better decision making and ensures that managers and employees have accurate expectations of one another.

“Reliability is a commitment to keep the promises we make to each other and to customers, suppliers and others outside Habia,” explains Johan Vinberg.

“Integrity means that we follow laws and regulations and that we have a business culture that is free from bribes, cartels and other similar occurrences.”

FAVORABLE TERMS

In recent years, Habia has established its own operations in China, an expansion that is still under way. In such a situation, demands for social responsibility became particularly clear.

“We offer favorable terms of employment that go far beyond the requirements of formal regulations,” explains Johan Vinberg. “This includes, for example, sickness allowance and parental benefits, free lunches and travel to work. Another obvious aspect is a bright and clean work environment that is on par with our facilities in Europe.”

Habia’s work on its ethical guidelines continues. One of the next steps will be to review the company’s purchasing operations to ensure that its policies and procedures clearly reflect Habia’s social responsibility. ■



QUALITY

All of Habia's plants are currently certified in accordance with ISO 9001. The company also meets the strict quality requirements imposed on its manufacturing operations by customers in such areas as the defense and nuclear-power sector. Habia's practical quality initiatives focus on identifying and meeting various customer demands. Internal quality and improvement programs contribute to this work, for which a high and even quality level is the ultimate goal. This work includes efforts to standardize procedures and operations, stabilize work processes, reduce scrap waste and improve lead times and delivery reliability. One of the company's current initiatives, known as 5S, involves all employees in its improvement efforts. In simple terms, the concept is based on all employees receiving information and training related to company's objectives and expectations. Action plans are then designed and followed up regularly at each workplace.

ENVIRONMENT

Habia's Swedish operations are certified in accordance with ISO 14000. Since 2000, the plant in Söderfors has operated as a Class B plant with a production permit issued by the County Administrative Board. An action plan to limit diffused emissions of volatile organic compounds has been fully implemented. Habia is now awaiting a response from the authorities regarding the outcome of the program. In 2008, work related to REACH, the EU regulation on chemicals and their safe use, was also prioritized. Habia also continued to improve its source-sorting procedures to reduce the company's negative environmental impact. At year-end, work to reduce the amount of scrap generated by the company's production operations was intensified. This will remain an area of focus in 2009. Efforts to reduce the company's electricity consumption also continued. Habia successfully achieved its target for 2007, but not for 2008. The company is now evaluating new options for reducing its electricity consumption in 2009.

SOCIAL RESPONSIBILITY

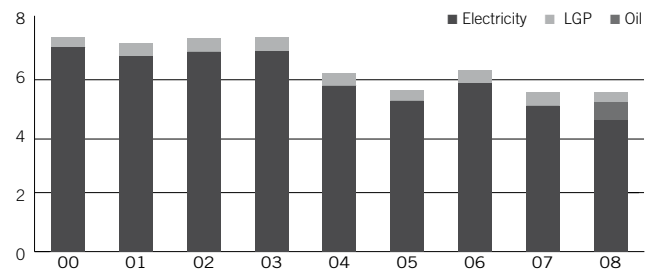
Habia's work in the area of social responsibility is based on the UN's and OECD's "The Ten Principles," which deal with such issues as human rights, child labor, forced labor, the environment and corruption. The company's own values – Transparency, Reliability and Integrity, also govern its work. These values are part of the company guidelines on which managers and employees are to base their internal and external contacts. The application of the company's values is explained regularly in Habia's internal dialogue.

EMPLOYEES

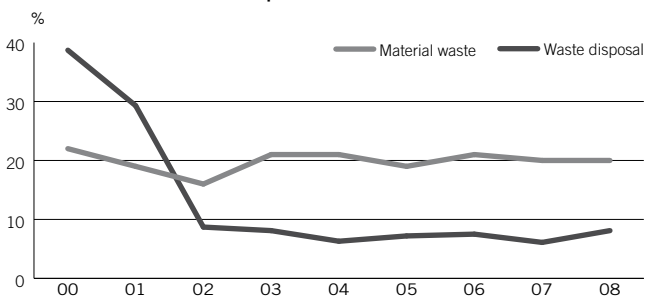
The number of employees increased by 37 to 452 (415). The acquisition of CS Technology accounted for 13 people. In the low-cost countries of China and Latvia, the number of employees rose by 14 to 120 (106). The number of employees in Sweden, excluding CS Technology, increased by two to 227. Habia has 64 employees (62) in Germany.

Total energy consumption

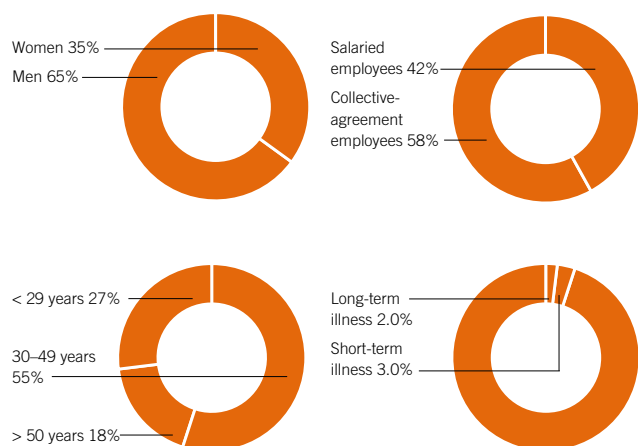
MWh/delivered ton of material



Material waste and waste disposal



Habia employees



Administration Report

The Board of Directors and the President of Beijer Alma AB (publ) hereby submit the company's Administration Report and Annual Report for the 2008 financial year, the company's 26th year of operations.

REVENUES AND EARNINGS

Group

Although demand from most customer groups was favorable until the end of October 2008, the rate of order bookings declined toward year-end. The company's key customer group, the engineering industry, performed favorably, as did telecom and chassis springs. The telecom industry was exposed to significant price pressure. To cope with this price pressure, Habia expanded the capacity of its plant in China and moved its production operations there. The full impact of this cost reduction will be felt from the beginning of 2009.

Overall, this meant that order bookings for 2008 increased by 7 percent to MSEK 1,785 (1,665). Net revenues rose 11 percent to MSEK 1,836 (1,654). The proportion of international sales was 80 percent (80). In 2008, Lesjöfors acquired the spring manufacturer Stece Fjädrar AB and Habia acquired the cabling company CS Technology AB. Excluding these corporate acquisitions, order bookings and invoicing increased by 5 and 9 percent, respectively.

Operating profit amounted to MSEK 302.4 (289.6) and the operating margin was 16.5 percent (17.5). Net profit amounted to MSEK 216.7 (205.5). Profit before tax was affected negatively in an amount of MSEK 3.5 (neg: 3.2) due to changes in foreign exchange rates.

The Group's performance during the past five years is shown in the table below:

MSEK	2008	2007	2006	2005	2004
Net revenues	1,836	1,654	1,488	1,323	1,202
Profit after financial items	295	283	262	200	155
Net profit	217	206	152	142	115
Shareholder's equity	960	847	748	709	566
Total assets	1,461	1,349	1,218	1,180	1,119

Subsidiaries

Lesjöfors, which is a full-range supplier of standard and specially produced industrial springs, wire and flat strip components, increased its order bookings by 6 percent to MSEK 1,111 (1,046). Net revenues amounted to MSEK 1,151 (1,032), an increase of 12 percent. Disregarding the acquisition of Stece Fjädrar, order bookings rose 4 percent and invoicing rose 9 percent. Operating profit amounted to MSEK 251.6 (222.7) and the operating margin was 21.9 percent (21.5).

Lesjöfors' operations are conducted in three business areas: Industrial Springs, Flat Strip Components and Chassis Springs. Order bookings and invoicing increased in all three business areas. Chassis Springs reported the highest growth rate. All three business areas reported favorable profitability.

Habia Cable, which manufactures custom-designed cables, increased its order bookings by 9 percent to MSEK 673 (619). Net revenues amounted to MSEK 685 (622), an increase of 10 percent. In comparable units, order bookings increased by 3 percent and invoicing by 9 percent. Operating profit totaled MSEK 71.8 (89.7) and the operating margin was 10.5 percent (14.4).

Essentially the entire increase in invoicing reported by Habia was attributable to the telecom industry, where continued price pressure resulted in declining margins. In the autumn, a considerable portion of the company's production of telecom products was moved to the manufacturing unit in China. The full impact of this cost reduction will be felt at the beginning of 2009.

Parent Company

The Parent Company's operations primarily comprise owning and managing shares and participations in subsidiaries and associated companies, and responsibility for certain Group-wide functions. The company, which conducts no external sales, reported profit after financial items amounting to MSEK 58.4 (207.3). This result includes dividends from Group companies totaling MSEK 75.0 (232.0). Net profit amounted to MSEK 60.9 (213.7).

CAPITAL EXPENDITURES

Investments in tangible assets amounted to MSEK 89 (79), compared with depreciation totaling MSEK 68 (65). Of the Group's total capital expenditures, MSEK 58 pertained to investments within Lesjöfors and MSEK 31 to investments within Habia. An additional MSEK 8 was invested in tangible assets through corporate acquisitions.

RESEARCH AND DEVELOPMENT

Development costs normally pertain to order-related development and are charged to each order.

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow after capital expenditures amounted to MSEK 150.1 (71.0). A total of MSEK 23.3 (48.9) was charged against cash flow for payments associated with corporate acquisitions. Net interest-bearing liabilities, meaning interest-bearing liabilities less cash and cash equivalents, declined by MSEK 14.4 during the year to MSEK 18.4 (32.8).

Available liquidity, which is defined as cash and cash equivalents plus approved but unutilized overdraft facilities, totaled MSEK 500 (387) at year-end.

The equity ratio at year-end was 65.7 percent (62.8). The net debt/equity ratio, which is defined as net interest-bearing liabilities in relation to shareholders' equity, was 1.9 percent (3.9).

PROFITABILITY

The return on average capital employed was 28.3 percent (29.9). The return on average shareholders' equity was 23.5 percent (25.1).

PERSONNEL

The number of employees totaled 1,220 (1,163), an increase of 57 people, of whom 36 were gained through corporate acquisitions. In the low-cost countries of China and Latvia, the number of employees increased by 40 to 251 (211). In other companies, net personnel decreased by 19 people. A decision was made during the fourth quarter to further reduce the company's personnel by approximately 100 individuals in addition to the 100 people that left the Group prior to year-end.

Of the company's employees, 532 individuals (496) work in Sweden and 668 (667) work abroad.

OWNERSHIP STRUCTURE

Beijer Alma has approximately 3,300 shareholders (3,000). The largest shareholder is Anders Wall, including his family and companies, with 12.8 percent of the capital and 37.1 percent of the votes. In terms of capital, other major shareholders include Svolder AB with 10.1 percent, the Kjell and Märta Beijer Foundation with 6.1 percent, the Anders Wall Foundations with 5.7 percent, Livförsäkrings AB Skandia with 5.2 percent, Lannebo Funds with 4.9 percent and Swedbank Robur Funds and Didner & Gerge Mutual Fund with 4.4 percent each.

ENVIRONMENT

Ten of Lesjöfors 14 production units have been awarded ISO 14001 environmental certification. Four of these units were granted certification in 2008. All of the company's plants are Class B plants, which means that they have a relatively low environmental impact. At the plants, all waste is sorted into various fractions. The largest fractions are wet grinding waste, waste disposal and raw material. Another prioritized area is the utilization of resources within the company's production operations.

Habia's Swedish production unit is certified in accordance with ISO 14000 and is a Class B plant with a relatively low environmental impact. An action plan to limit emissions of volatile organic compounds was implemented in 2008. Other prioritized areas include improving resource utilization, reducing electricity consumption and reducing the amount of waste from the company's production operations.

RISKS AND UNCERTAINTIES

The Group's material risks and uncertainties include business and financial risks. Business risks may include major customer exposure to individual industries or companies. Financial risks pertain

primarily to currency risks that arise because 80 percent of the company's sales are conducted outside Sweden, while approximately 60 percent of production takes place within Sweden.

Management of the Group's financial risks is described in Note 28. With regard to business risks, strategic work is being carried out to broaden the Group's customer base in terms of geography and industry. The Group is deemed to have a favorable risk spread across industries and companies. In general, the prevailing economic conditions have caused the financial situation of many companies to deteriorate. This means that there is an increased risk that customers will not be able to fulfill their payment commitments. Besides this, no material risks arose during the year.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

OUTLOOK FOR 2009

The economic situation deteriorated significantly at the end of 2008 and the effects of this downturn were felt by the Beijer Alma Group in November and December, primarily in the form of declining demand. There is good reason to believe that 2009 will be a year of recession, with weak demand expected for Beijer Alma's products. The Group has a strong financial position, which will create opportunities for taking aggressive actions during this weak economic situation.

PROPOSED APPROPRIATION OF PROFITS

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

SEK 000s	
Retained earnings	209,014
Net profit for the year	60,938
Total	269,952

to be appropriated as follows:

Dividend of SEK 5.00 per share to shareholders	137,155
To be carried forward	132,797
Total	269,952

BOARD OF DIRECTORS' STATEMENT CONCERNING THE PROPOSED DIVIDEND

After the proposed dividend, the Parent Company's equity ratio will amount to 65 percent and the Group's equity ratio to 57 percent. These equity ratios are adequate given that the company and the Group continue to conduct profitable operations. The liquidity of the Group and the company is expected to remain adequate.

In the opinion of the Board of Directors, the proposed dividend will not prevent the Parent Company or the other Group companies from fulfilling their short or long-term obligations. Nor will it prevent any company from fulfilling its required capital expenditures. Accordingly, the proposed dividend can be justified in accordance with the provisions in Chapter 17, Section 3, Paragraphs 2–3 of the Swedish Companies Act (the prudence rule).

Income statements

Amounts in SEK 000s	Note	Group		Parent Company	
		2008	2007	2008	2007
Net revenues	3,4	1,836,306	1,654,356	–	–
Cost of goods sold	1,5,7,8	–1,187,590	–1,035,250	–	–
Gross profit		648,716	619,106	0	0
Selling expenses	1,5,7,8	–194,101	–178,107	–	–
Administrative expenses	1,5,7,8	–153,732	–152,222	–31,670	–33,422
Other operating income		–	–	13,700	13,200
Profit from participations in associated companies	6	1,474	786	–	–
Operating profit/loss	7,8	302,357	289,563	–17,970	–20,222
Income from participations in Group companies	9	–	–	75,000	232,000
Interest income		7,133	5,651	9,902	538
Impairment of securities		–	–	–6,594	–
Interest expenses		–14,458	–12,516	–1,899	–4,991
Profit after financial items		295,032	282,698	58,439	207,325
Tax on profit for the year	10	–78,313	–77,183	2,499	6,403
Net profit attributable to Parent Company shareholders		216,719	205,515	60,938	213,728
Earnings per share before and after dilution, SEK	11	7.90	7.49	–	–
Proposed/adopted dividend per share, SEK		–	–	5.00	5.00

Balance sheets

Amounts in SEK 000s		Group		Parent Company	
	Note	2008	2007	2008	2007
ASSETS					
Fixed assets					
<i>Intangible assets</i>					
Goodwill	12	130,592	116,162	–	–
Licenses		187	235	–	–
<i>Tangible assets</i>					
Land and land improvements	13	17,166	15,890	–	–
Buildings	14	175,652	172,073	–	–
Plant and machinery	15	258,742	215,291	–	–
Equipment, tools, fixtures and fittings	16	31,914	31,078	1,519	936
<i>Financial assets</i>					
Deferred tax assets	26	7,020	1,614	–	–
Other long-term receivables		3,057	2,671	–	–
Other securities	17	17,508	22,928	17,508	22,871
Participations in associated companies	18	15,399	29,876	–	–
Participations in Group companies	19	–	–	192,444	196,774
Total fixed assets		657,237	607,818	211,471	220,581
Current assets					
Inventories	20	325,775	267,361	–	–
<i>Receivables</i>					
Accounts receivable	21	272,671	269,821	–	–
Receivables from Group companies		–	–	367,647	432,872
Other receivables	22	23,671	22,243	142	356
Prepaid expenses and accrued income	23	19,931	16,796	670	505
Cash and cash equivalents	24	161,495	165,343	53	52
Total current assets		803,543	741,564	368,512	433,785
Total assets		1,460,780	1,349,382	579,983	654,366

Balance sheets

Amounts in SEK 000s	Note	Group		Parent Company	
		2008	2007	2008	2007
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	25				
Share capital		114,296	114,296		
Other contributed capital		165,351	165,351		
Reserves		28,405	−4,852		
Retained earnings, including net profit for the year		651,513	571,952		
Shareholders' equity attributable to Parent Company shareholders		959,565	846,747		
Minority interest		3,285	–		
Total shareholders' equity		962,850	846,747		
Share capital				114,296	114,296
Statutory reserve				165,351	165,351
Total restricted equity				279,647	279,647
Retained earnings				209,014	71,840
Net profit for the year				60,938	213,728
Total unrestricted equity				269,952	285,568
Total shareholders' equity				549,599	565,215
Long-term liabilities					
Deferred tax	26	26,941	27,297		
Pension obligations	27	362	358		
Liabilities to credit institutions	28	80,382	40,383		
Total long-term liabilities		107,685	68,038		
Current liabilities					
Committed credit facilities	28	72,958	135,681	12,061	60,697
Liabilities to Group companies		–	–	6,502	13,629
Accounts payable		83,516	90,258	671	1,050
Tax liabilities		16,326	27,381	2,063	1,056
Accrued expenses and deferred income	29	153,679	128,292	8,517	12,323
Liabilities to credit institutions	28	26,175	21 693	–	–
Other current liabilities	30	37,591	31,292	570	396
Total current liabilities		390,245	434,597	30,384	89,151
Total shareholders' equity and liabilities		1,460,780	1,349,382	579,983	654,366
Pledged assets	31	371,377	320,386	12,260	12,260
Contingent liabilities	32	2,564	6,526	2,000	4,000

Changes in shareholders' equity

Group	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Minority interest	Total shareholders' equity
December 31, 2006	114,296	165,351	-8,007	476,161	-	747,801
Change in value of hedging reserve	-	-	-2,282	-	-	-2,282
Translation differences	-	-	5,437	-	-	5,437
Total income/expenses reported directly against shareholders' equity	-	-	3,155	-	-	3,155
Net profit for the year	-	-	-	205,515	-	205,515
Total income and expenses	-	-	3,155	205,515	-	208,670
Dividend for 2006	-	-	-	-109,724	-	-109,724
December 31, 2007	114,296	165,351	-4,852	571,952	-	846,747
Change in value of hedging reserve	-	-	-14,658	-	-	-14,658
Translation differences	-	-	47,912	-	-	47,912
Total income/expenses reported directly against shareholders' equity	-	-	33,254	-	-	33,254
Net profit for the year	-	-	-	216,719	-	216,719
Total income and expenses	-	-	33,254	216,719	-	249,973
Dividend for 2007	-	-	-	-137,155	-	-137,155
Shareholders' equity attributable to						
Parent Company shareholders	114,296	165,351	28,402	651,516	-	959,565
Minority interest share of shareholders' equity in Lesjöfors Gas Springs LV	-	-	-	-	3,285	3,285
December 31, 2008	114,296	165,351	28,402	651,516	3,285	962,850

Parent Company	Share capital	Statutory reserve	Retained earnings	Net profit for the year	Total shareholders' equity
December 31, 2006	114,296	165,351	77,082	40,647	397,376
Preceding year's profit brought forward	-	-	40,647	-40,647	-
Dividend paid	-	-	-109,724	-	-109,724
Group contribution less tax	-	-	62,571	-	62,571
Result from mergers	-	-	1,264	-	1,264
Net profit for the year	-	-	-	213,728	213,728
December 31, 2007	114,296	165,351	71,840	213,728	565,215
Preceding year's profit brought forward	-	-	213,728	-213,728	-
Dividend paid	-	-	-137,155	-	-137,155
Group contribution less tax	-	-	57,638	-	57,638
Result from mergers	-	-	2,963	-	2,963
Net profit for the year	-	-	-	60,938	60,938
December 31, 2008	114,296	165,351	209,014	60,938	549,599

Proposed dividend of SEK 5.00 per share, total of 137,155.

Cash-flow statements

Amounts in SEK 000s	Note	Group		Parent Company	
		2008	2007	2008	2007
Operating activities					
Operating profit/loss		302,357	289,563	-17,970	-20,222
Net financial items	33	-7,913	-6,298	188,003	170,547
Income tax paid		-95,130	-80,562	-19,797	-24,844
Items not affecting cash flow	34	60,675	59,598	236	73
Cash flow from operating activities before change in working capital and capital expenditures		259,989	262,301	150,472	125,554
Change in inventories		-39,794	-16,144	-	-
Change in receivables		-1,558	-29,261	-39,726	-81,108
Change in current liabilities		14,965	-20,604	19,458	31,746
Cash flow from operating activities		233,602	196,292	130,204	76,192
Investing activities					
Investments in tangible assets		-80,442	-66,549	-819	-754
Investments in intangible assets		-	-235	-	-
Investments in other shares		20,659	-8,988	-1,231	-3,790
Change in other financial assets		-386	-658	-	-
Acquisitions of companies	35	-23,311	-48,886	-	-
Cash flow from investing activities		-83,480	-125,316	-2,050	-4,544
Cash flow after capital expenditures		150,122	70,976	128,154	71,648
Financing activities					
Borrowings		52,665	-	-	-
Change in long-term liabilities and credit facilities		-72,023	12,915	-48,636	-24,491
Group contributions received/paid and shareholders' contributions, excluding tax		-	-	57,638	62,571
Dividend paid		-137,155	-109,724	-137,155	-109,724
Cash flow from financing activities		-156,513	-96,809	-128,153	-71,644
Change in cash and cash equivalents		-6,391	-25,833	1	4
Cash and cash equivalents at beginning of year		165,343	191,128	52	48
Exchange-rate differences in cash and cash equivalents and acquired cash		2,543	48	-	-
Cash and cash equivalents at year-end	24	161,495	165,343	53	52
Unutilized committed credit facilities		338,580	221,327	162,939	89,303
Available liquidity		500,075	386,670	162,992	89,355

Notes

All amounts in SEK 000s unless otherwise stated

SUMMARY OF ACCOUNTING PRINCIPLES

The key accounting principles applied in the preparation of these consolidated accounts are stated below. Unless otherwise specified, these principles were applied for all of the years presented.

Basis for the preparation of the report

Beijer Alma's consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, RFR 1.1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated accounts were prepared according to the cost method, except in the case of certain financial assets and liabilities, including derivative instruments.

Amendments to existing standards that took effect in 2008

- Amendments to IAS 39 and IFRS 7 Reclassification of Financial Instruments were not applied by the Group.

Interpretations that took effect in 2008

- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction did not impact the Group's financial reports.
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions addresses share-based transactions involving treasury shares or including Group companies (for example, options regarding a parent company's shares). This interpretation did not impact the Group's financial reports.

Standards, amendments and interpretations of existing standards that have not yet taken effect and were not applied in advance by the Group

At the time of the preparation of these consolidated accounts on December 31, 2008, a number of standards and interpretations had been published that will be mandatory for the Group's accounts when they take effect on January 1, 2009 or later. In 2008, Beijer Alma did not apply any standards or interpretations in advance. The following standards may affect the Group's financial reports when implemented:

- IFRS 8 Operating Segments. IFRS 8 will replace IAS 14 Segment Reporting. The new standard requires that segment information be disclosed from the perspective of management, which means that information is to be disclosed using the policies applied for internal reporting. For Beijer Alma, this will not involve any changes to the segments for which information is to be disclosed.
- Amendment to IAS 23 Borrowing Costs. This amendment will require the mandatory capitalization of borrowing costs as part of the cost of an asset in certain circumstances. The Group will apply the amended IAS 23 from January 1, 2009.
- Amendment to IAS 1 Presentation of Financial Statements. This amendment primarily involves changes to the format and terms used in financial statements and will affect the presentation of such statements. The Group will apply the amended IAS 1 from January 1, 2009.
- Amendment to IFRS 2 Share-based Payment. This standard addresses vesting conditions and cancellations. The standard does not currently affect the Group's financial reports.
- Amendment to IFRS 3 Business Combinations. Application of this amendment will involve changes to the reporting of future acquisitions, including changes to the reporting of transaction costs, any contingent purchase considerations and successive acquisitions. This amendment will be applied prospectively from the 2010 financial year and will not affect acquisitions carried out before this date. The standard is still pending approval from the EU.

According to a preliminary assessment, other standards and interpretations are not expected to affect the Group's accounts or to necessitate further disclosures.

Key estimates and assumptions for accounting purposes

Preparation of the accounts in accordance with IFRS requires the use of a number of key estimates for accounting purposes. Management is also required to make certain assumptions when applying the consolidated accounting principles. The following are areas involving a high rate of assessment, complex areas or areas in which assumptions and estimates are of material importance:

Assumptions regarding impairment testing of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting principles described under intangible assets. Assumptions and estimates relating to expected cash flows and discount rates in the form of weighted average capital costs are described in Note 12. Forecasts concerning future cash flows are based on the best possible estimates of future revenues and operating expenses. The impairment tests performed, which did not indicate a need for impairment of goodwill, were based on a margin with a value in use that, according to management's assessment, will not exceed its carrying amount as a result of any reasonable changes in individual variables. It is the assessment of management that even a certain variation in the key variables will not result in an impairment requirement.

Accounts receivable

Accounts receivable are recognized in a net amount after provisions are made for doubtful accounts receivable, which are assessed on an individual basis. The net value reflects the anticipated collectable amounts based on the known circumstances on the balance-sheet date. Changes to these circumstances, such as an increase in the scope of non-payments or changes to a significant customer's financial position, may result in deviations in valuation. The general prevailing market trend has resulted in an increased focus on customer credit ratings and monitoring of accounts receivable.

Disputes

Beijer Alma is involved in disputes in the course of its normal business activities. Such disputes may concern product liability, alleged faults in deliveries of goods and other issues in connection with Beijer Alma's operations. Disputes can be costly and time-consuming and can disrupt the company's normal business activities. At present, no disputes are considered materially significant.

Cash flow

The cash-flow statement was prepared in accordance with the indirect method. Reported cash flow only includes transactions involving payments and disbursements. Cash and cash equivalents include cash and bank balances and short-term financial investments with a term of less than three months.

CONSOLIDATED ACCOUNTS

The consolidated accounts include subsidiaries in which the Parent Company directly or indirectly holds more than 50 percent of the votes and companies over which the Parent Company has a controlling influence, meaning the right to formulate the financial and operating strategy of the company in question for the purpose of obtaining financial benefits.

The Group's annual accounts were prepared in accordance with the purchase method. The cost of an acquired company comprises the fair value of the assets submitted as reimbursement, issued equity instruments and liabilities that arise or are assumed on or before the transfer date, plus expenses directly attributable to the acquisition. The acquired equity of subsidiaries is determined as the difference between the fair value of identifiable assets and the fair value of liabilities and contingent liabilities, based on a market valuation performed at the time of acquisition. The shareholders' equity of the acquired companies is eliminated in its entirety,

which means that consolidated shareholders' equity only includes the portion of the subsidiaries' shareholders' equity that is earned after the acquisition.

If the consolidated cost of the shares exceeds the value of the company's identifiable net assets as indicated in the acquisition analysis, the difference is recognized as consolidated goodwill.

Companies acquired during the year are included in the consolidated accounts from the date on which the Group secured a controlling influence, including the amount for the period after the acquisition.

Subsidiaries disposed of by the Group are excluded from the consolidated accounts from the date on which controlling influence ceases.

Intra-Group transactions, balance-sheet items and profit are eliminated in their entirety, without taking any minority shares into consideration.

Translation of foreign currencies

Items included in the financial reports for the various units in the Group are valued in the currency used in the economic environment in which each company conducts its primary operations (functional currency). In the consolidated financial statements, SEK is used, which is the Parent Company's functional currency and reporting currency. Balance sheets and income statements for the subsidiaries in the Group are translated at the balance-sheet date rate and the average rate for the year, respectively. Translation differences are carried directly to Group equity.

Significant foreign exchange rates	Year-end rate		Average rate	
	Dec. 31, 2008	Dec. 31, 2007	2008	2007
USD	7.72	6.44	6.60	6.72
EUR	10.95	9.46	9.68	9.26
GBP	11.20	12.83	12.04	13.48

Receivables and liabilities in foreign currencies are valued at the balance-sheet date rate. Exchange gains and losses that arise in conjunction with the payment of such transactions and in the translation of monetary assets and liabilities in foreign currency are recognized in the income statement under net revenues or cost of goods sold. Hedging transactions in the form of currency forward agreements pertaining to future flows in foreign currency influence earnings when they expire.

Reporting of associated companies

Associated companies are defined as companies that are not subsidiaries, but over which the Parent Company has a significant but not controlling influence, which generally involves shareholdings of 20 to 50 percent. Participations in associated companies are recognized in the consolidated annual accounts in accordance with the equity method and initially valued at cost.

The Group's share in the post-acquisition earnings of an associated company is recognized in the income statement and its share of changes in reserves is recognized in the item Reserves. Accumulated post-acquisition changes are recognized as changes in the carrying amount of the investment. When the Group's share in the losses of an associated company amounts to, or exceeds, the Group's investment in the associated company, the Group does not recognize further losses. Unrealized internal gains are eliminated against the share of gains accruing to the Group. Unrealized losses are also eliminated.

Profit shares in associated companies are recognized on separate lines in the consolidated income statement and the consolidated balance sheet. Profit shares in associated companies are reported after tax.

Segment reporting

Each operating segment includes products that are subject to risks and returns that differ from other operating segments. Beijer Alma's primary segments are the Group's spring and custom-designed cable operating segments. Geographic markets supply products within a specific economic environment with risks and returns that differ from those of units operating in other economic environments. Within the Group, geographic areas are classified as secondary segments.

Income recognition

The Group's net revenues comprise the fair value of the sale of goods. Beijer Alma recognizes revenues when the risk associated with the goods has been transferred to the customer, pursuant to the terms and conditions of sale, and when receipt of payment for the related accounts receivable is deemed as probably secure. Sales are recognized net after value-added tax, rebates, returns, translation differences resulting from sales in foreign currencies and the elimination of intra-Group sales.

Interest income

Interest income is recognized distributed over the maturity period using the effective interest method.

Borrowing costs

Borrowing costs are charged against the earnings for the period to which they are attributable.

Tax

Deferred tax is calculated according to the balance-sheet method for all temporary differences arising between the carrying amount and tax value of assets and liabilities.

Loss carryforwards that can be utilized against anticipated future profit are capitalized as a deferred tax asset. This applies to accumulated tax loss carryforwards at the time of acquisition and to losses that arise thereafter.

Valuation is performed using the tax rates in effect at year-end. Deferred tax is recognized in the balance sheet as a financial asset or long-term liability. Tax expenses for the year comprise current tax and deferred tax.

If the actual outcome differs from the amount that was initially reported, such differences will affect the provisions for current tax and deferred tax, as well as net profit for the year.

Deferred tax is recognized on temporary differences arising from participations in subsidiaries and associated companies, except when the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the difference will not be reversed in the foreseeable future.

Intangible assets

The Group's intangible assets comprise goodwill. Goodwill is defined as the amount by which the consolidated cost of the shares in acquired subsidiaries exceeds the fair value of the company's net assets as indicated in the acquisition analysis at the time of acquisition. Goodwill from the acquisitions of associated companies is included in the value of the holdings in the associated companies and is tested for impairment as a part of the value of the total holding. Goodwill that is recognized separately is tested annually for impairment. Impairment of goodwill is not reversed. Gains or losses arising from the sale of a unit include the remaining carrying amount of the goodwill relating to the sold unit.

Goodwill is allocated at the time of acquisition to cash-flow generating units that are expected to profit from the acquired operation that generated the goodwill item. For a description of the methods and assumptions used for impairment testing, refer to Note 12.

Research and product development

When costs are incurred for product development, such costs are immediately expensed.

According to a strict definition, no research and development is conducted within the Group. Development work in the Beijer Alma Group is conducted on a continuous basis and is an integrated part of the daily operations, so such expenses are difficult to define. Moreover, these expenses do not amount to significant amounts.

Tangible assets

Tangible assets, including office and industrial buildings and land, are recognized at cost after deductions for accumulated depreciation. Cost includes costs directly related to the acquisition of the asset. Expenses for improvements to the performance of an asset beyond its original level increase the carrying amount of the asset. Expenses for repair and maintenance are reported as costs.

In the income statement, operating profit is charged with straight-line depreciation based on the difference between the costs of the assets and any residual value they may have over their estimated useful lives. Beijer Alma applies the following estimated useful lives:

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

Land is not depreciated.

The residual values and estimated useful lives of assets are assessed annually and adjusted when necessary. In cases when the carrying amount of an asset exceeds its estimated recoverable amount, the asset is depreciated to its recoverable amount.

Capital gains and losses are determined by comparing the selling price and the carrying amount. Capital gains and losses are recognized in the income statement.

Lease agreements

Leasing agreements pertaining to fixed assets in which 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 fair value of the leasing object or the present value of the minimum leasing fees. Financial leasing agreements are recognized in the balance sheet as fixed assets or financial liabilities. Future leasing payments are distributed between amortization of the liability and financial expenses so that each accounting period is charged with an interest amount that corresponds to a fixed interest rate for the liability reported during each period. Leasing assets are depreciated according to the same principles as other assets of the same class. In the income statement, costs associated with the leasing agreement are allocated to depreciation and interest.

Leasing of assets in which the lessor essentially remains 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 agreements are recognized 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 agreements is not deemed to be significant.

Impairment

Assets with an indefinite useful life, such as land, are not depreciated or amortized; instead, such assets are tested annually for impairment. For depreciated assets, an assessment of the carrying amount of the assets is conducted whenever there is an indication that the carrying amount exceeds the recoverable amount. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. Impairment is performed per cash-flow-generating unit. For assets other than financial assets and goodwill for which an impairment loss was previously recognized, impairment testing is carried out on each balance-sheet date to determine whether they should be recovered.

Inventories

Inventories comprise finished goods, semi-manufactured goods and raw materials. Inventories are valued, using the first-in, first-out method, at the lower of cost or fair value (net selling price) on the balance-sheet date. Finished goods and semi-manufactured goods are valued at manufacturing cost, including raw materials, direct labor, other direct overheads and production-related overheads based on normal production. The net selling price is equal to the estimated selling price of the operating activities less applicable variable selling expenses. Collective valuation is applied for homogenous groups of goods. Interest expenses are not included in the valuation of inventories. A deduction is made for intra-Group profit arising when deliveries are made between the Group's companies. A requisite deduction for obsolescence has been made.

Accounts receivable

Accounts receivable are initially reported at fair value and thereafter at amortized cost using the effective interest method, less any provisions for depreciation. A provision for depreciation is reported when there is objective evidence that indicates that the recognized amount will not be received.

Financial instruments

The Group classifies its financial assets according to the following categories: loan receivables, accounts receivable and available-for-sale financial assets. Classification depends on the purpose for which the financial asset was acquired. Management determines the classification when the financial asset is first recognized and reviews this decision at every reporting occasion.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed in an active market. They are included in current assets with the exception of items with maturity dates more than 12 months after the balance-sheet date, which are classified as fixed assets. Loan receivables and accounts receivable are classified as accounts receivable and other current or long-term receivables in the balance sheet. Loan receivables and accounts receivable are recognized at amortized cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are not derivatives and are either identified as saleable or cannot be classified in any of the other

categories. These assets are included in fixed assets if management does not intend to dispose of them within 12 months of the balance-sheet date. These assets are valued at fair value and any changes in value are recognized directly in shareholders' equity. An impairment loss is recognized when objective evidence indicates that impairment is required. Upon disposal of the asset, accumulated gains/losses, as previously recognized in shareholders' equity, are recognized in the income statement. Investments in equity instruments that do not have a listed market price in an active market and whose fair value cannot be reliably measured are valued at cost.

Purchase and sale of financial assets is reported on the trade date, meaning the date on which the Group commits to purchasing or selling the asset. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has assumed essentially all risks and benefits connected with the right of ownership.

Hedge accounting

Beijer Alma utilizes derivative instruments to cover risks associated with foreign exchange-rate changes. Beijer Alma applies hedging for commercial exposure in the form of highly probable forecast transactions (cash-flow exposure) within the framework of the financial policy adopted by the Board of Directors. Beijer Alma applies hedge accounting for contracts that fulfill the criteria for hedging in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used are effective.

Hedge accounting means that the unrealized gains and losses that arise when hedging instruments are valued at market value and that fulfill the conditions for hedge accounting are recognized in shareholders' equity. Refer also to Note 28.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances and short-term investments with a maturity period not exceeding three months from the date of acquisition. Cash and cash equivalents are initially recognized at fair value and thereafter at amortized cost.

Share capital

Ordinary shares are classified as share capital. Transaction expenses that are directly attributable to new share issues or options are recognized net after tax in equity as a deduction from the proceeds of the new share issue.

Accounts payable

Accounts payable are initially recognized at fair value and thereafter at amortized cost using the effective interest method.

Borrowing

Borrowing is initially recognized at fair value in a net amount after transaction expenses. Borrowing is thereafter recognized at amortized cost and any difference between the amount received and the amount repaid is recognized in the income statement distributed over the borrowing period using the effective interest method.

Provisions

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

Employee benefits

The Group utilizes contribution and defined-benefit pension plans. The pension plans are financed through payments made by each Group company and the employees. The defined-benefit pension plans are ITP plans that are insured with Alecta. Such plans are recognized as contribution plans in the event that Alecta is unable to provide the necessary information. Refer also to Note 1. The Group's payments relating to pension plans are recognized as costs during the period in which the employees performed the services to which the payment refers.

Incentive programs

Employee benefits are recognized in accordance with IFRS 2 Share-based Payment. There are currently no outstanding incentive programs.

Dividends

Dividends are reported as liabilities after they are approved by the Annual General Meeting.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2.1, Accounting for legal entities. RFR 2.1 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all EU-approved IFRS and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and amendments to IFRS. The differences between the Group's and the Parent Company's accounting principles are described below.

Reporting of associated companies

In the Parent Company's annual accounts, participations in associated companies are recognized at cost with deductions for any impairment losses. Only dividends received as a result of profit earned after the acquisition date are reported as income from associated companies.

Dividends

Dividend income is recognized when the right to receive payment is assessed as secure.

Financial instruments

Financial assets are valued at cost less any impairment losses and financial current assets at the lower of cost or market value.

Leased assets

In the Parent Company, all leasing agreements are recognized in accordance with the rules for operational leasing.

Group contributions and shareholders' contributions for legal entities

Group contributions and shareholders' contributions for legal entities. The Parent Company recognizes Group contributions and shareholders' contributions in accordance with statement URA 7 issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force.

1 PERSONNEL

Job location	Average number of employees	
	2008	2007
SWEDEN		
<i>Parent Company</i>		
Uppsala	2	2
Stockholm	3	3
<i>Subsidiaries</i>		
Filipstad	100	98
Herrljunga	54	55
Karlstad	11	10
Mönsterås	23	–
Stockholm	67	53
Tierp	193	192
Värnamo	52	54
Växjö	27	29
Total Sweden	532	496

Of whom 384 (371) are men and 148 (125) are women.

	Men	Women	Total	Men	Women	Total
	2008			2007		
OUTSIDE SWEDEN						
Denmark	87	36	123	97	36	133
Finland	23	4	27	22	4	26
Norway	6	2	8	6	2	8
Latvia	29	40	69	34	44	78
France	4	2	6	4	2	6
Netherlands	4	2	6	4	2	6
UK	128	48	176	138	56	194
Germany	58	23	81	57	19	76
Hong Kong	5	5	10	3	4	7
China	113	69	182	94	39	133
Total outside Sweden	457	231	688	459	208	667
Total	841	379	1,220	830	333	1,163

Of the total number of employees, 841 (830) are men and 379 (333) are women. There are a total of 38 (36) directors in the Group's companies, of whom 37 (35) are men.

All 23 (21) Group company presidents are men. Seven (six) of the Parent Company's eight (seven) Board members are men and the President of the Parent Company is a man.

Salaries, compensation and social security expenses

Group

In the Group's Swedish units, compensation was expensed as follows:

	2008	2007
Salaries/fees, President and Board of Directors	20,736	19,773
Of which bonuses, President and Board of Directors	4,907	5,396
Social security contributions, President and Board of Directors	10,778	10,782
Of which pension costs	4,554	4,482
Salaries, other	185,703	164,887
Social security contributions, other	78,041	71,447
Of which pension costs	13,770	13,309

Salaries and compensation outside Sweden have been expensed as follows:

	President/Board of Directors				Other	President/Board of Directors				Other	
	Salaries	Of which bonuses	Social security contrib.	Of which pension costs		Salaries	Of which bonuses	Social security contrib.	Of which pension costs		
	2008					2007					
Denmark	1,339	–	116	113	56,331	4,165	1,059	37	83	81	59,215
Finland	1,756	211	445	233	9,900	1,952	1,706	167	420	195	8,547
Norway	1,041	115	309	42	4,142	1,066	944	93	208	46	4,001
Latvia	521	–	146	–	5,807	1,657	526	66	148	–	4,670
France	–	–	–	–	3,117	1,510	–	–	–	–	4,324
Netherlands	–	–	–	–	3,407	1,123	–	–	–	–	4,352
UK	6,415	566	1,199	803	56,231	4,964	5,587	135	944	750	55,017
Germany	3,514	136	319	19	27,743	5,091	3,176	102	324	74	27,363
Hong Kong	–	–	–	–	4,099	769	–	–	–	–	4,508
China	364	–	38	–	7,056	2,153	–	–	–	–	4,463
Russia	–	–	–	–	639	–	–	–	–	–	–
Total salaries and compensation	14,950	1,028	2,572	1,210	178,472	24,450	12,998	600	2,127	1,146	176,460
Total salaries and compensation in Sweden to the above	20,736	5,107	10,778	5,802	185,703	78,041	19,773	5,396	10,782	4,482	164,887
Group total	35,686	6,135	13,350	7,012	364,175	102,491	32,771	5,996	12,909	5,628	341,347

Parent Company	2008	2007
Salaries/fees, President and Board of Directors	9,064	9,873
Of which bonuses, President and Board of Directors	2,468	3,881
Social security contributions, President and Board of Directors	4,242	4,645
Of which pension costs	2,901	1,566
Salaries, other	4,552	5,669
Social security contributions, other	2,399	2,714
Of which pension costs	878	806

Retirement-pension and family-pension obligations for salaried employees in Sweden are secured through an insurance policy with Alecta. According to statement UFR 6 Multi-employer pension plans issued by the Swedish Financial Reporting Board, this is a defined-benefit pension plan. For the 2008 financial Accounting Standards Council, this is a multi-employer defined-benefit pension plan. For the 2008 financial year, the company did not have access to sufficient information to enable it to report this plan as a defined-benefit plan. Accordingly, the pension plan, which is secured through insurance with Alecta, was reported as a defined-contribution pension plan in accordance with ITP. Alecta's surplus may be distributed to the policyholders and/or the insured. On December 31, 2008, Alecta's surplus, measured as the collective consolidation level, amounted to 111 percent (152). The collective consolidation level is defined as the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial calculation assumptions, which do not correspond with IAS 19.

Employment conditions and compensation to members of senior management Principles

Fees are paid to the Chairman of the Board and the Directors in accordance with the resolution adopted by the Annual General Meeting. These fees are paid retroactively on an annual basis. No special fees are paid for committee work. No fees are paid to Group employees for work as directors of subsidiaries.

Compensation for the President and for members of senior management comprises basic salary, including company car benefits, bonuses and pension costs. Members of senior management include the President, the presidents of the two subsidiaries, the Group's Chief Financial Officer and the Group's controller.

The distribution between basic salary and bonus shall be proportional to the individual's responsibilities and authority. For the President, the bonus ceiling is maximized at 100 percent of basic salary. For other members of senior management, the bonus ceiling is maximized at 40 to 100 percent of basic salary, excluding company car benefits. The bonus is based on actual performance in relation to individually established goals.

Pension benefits and company car benefits for the President and members of senior management are paid as part of the total compensation.

The Board of Directors intends to recommend to the Annual General Meeting that the principles remain unchanged for 2009.

Compensation and benefits in 2008

Directors' fees/basic salaries including company car benefits	Bonus	Pension costs	Total
Directors (fees paid to seven directors in accordance with resolution adopted by 2007 Annual General Meeting)	1,800	–	–
Senior management (five people)	11,162	5,812	3,976
Of which President	4,796	2,468	1,653
Total	12,962	5,812	3,976
			22,750

Compensation and benefits in 2007

Directors' fees/basic salaries including company car benefits	Bonus	Pension costs	Total
Directors (fees paid to seven directors in accordance with resolution adopted by 2006 Annual General Meeting)	1,538	–	–
Senior management (five people)	10,971	7,041	3,844
Of which President	4,454	3,881	1,566
Total	12,509	7,041	3,884
			23,394

The Chairman of the Board received a fee of SEK 750,000 (537,500) and the other six (six) directors each received a fee of SEK 175,000 (150,000).

Comments on the table

Members of Group senior management only have defined-contribution pension plans. Pension costs refer to the costs charged against net profit for the year. The amounts listed above include a special payroll tax in the amount of 24.26 percent of the premium paid.

Employment conditions

President

The period of notice is 24 months if employment is terminated by the company and nine months if employment is terminated by the employee. 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 that corresponds to 30 percent of the basic salary, excluding company car benefits.

Other members of senior management

In cases when employment is terminated by the company, the period of notice varies between 18 and 24 months. In the event that employment is terminated by the employee, the period of notice is six months. Termination salary is offset against compensation from other employers. The retirement age is 65 in all cases. Pension premiums, which are paid by the company, are equivalent to 25 to 30 percent of the basic salary, excluding company car benefits.

2 BOARD OF DIRECTORS

Anders Wall, Education: Studies at the Stockholm School of Economics. Med Dr h.c. Consul General. Director since: 1992. Chairman of: Beijerinvest AB, the Kjell and Märta Beijer Foundation, the Anders Wall Foundations, the Consul Th. C. Bergh Foundation, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB. Director of: Domarbo Skog AB, Hargs Bruk AB, the Anders Wall Professor of Entrepreneurship Foundation and others. Honorary Fellow at Uppsala University, Luxembourg's Consul General, Member of the Royal Academy of Engineering Sciences (IVA), Honorary Fellow at KSLA. Earlier positions: President and CEO of AB Kol&Koks/Beijerinvest from 1964 to 1981, Chairman of the Board from 1981 to 1983 (after merger with AB Volvo), President and CEO of Investment AB Beijer from 1983 to present. Earlier directorships: Handelsbanken, Skandia, Industrivärden, Uddeholm, Billerud, Group Bruxelles Lambert.

Anders G. Carlberg, Education: Master of Business Administration. Director since: 1997. Director of: Axel Johnson AB, Axel Johnson Inc., Sapa AB, SSAB, Sökl, Mekonomen and others. Earlier positions: President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International AB, Executive Vice President of SSAB.

Thomas Halvorsen, Education: Bachelor's Degree. Director since: 1992. Director of: The Swedish Cancer Society. Earlier positions: President of the Fourth AP Fund and various positions at Handelsbanken.

Göran W. Hultgren, Education: Business studies at Uppsala University. President of Scandecor Marketing AB. Director since: 1983. Director of: LeanOn AB. Earlier positions: Self-employed since 1968.

Peter Nilsson, Education: Master of Engineering from the Institute of Technology at Linköping University. President and CEO of Trelleborg AB. Director since: 2008. Director of: Trelleborg AB, Trioplast Industrier AB, the Chamber of Commerce and Industry of Southern Sweden and others. Earlier positions: Business Area President and other assignments within the Trelleborg Group, Management Consultant at BSI.

Marianne Nivert, Education: Telecommunications Engineering Degree and Bachelor of Science. Director since: 2002. Chairman of: Posten AB and Save the Children Sweden. Director of: SSAB, Wallenstams Byggnads AB, Systembolaget AB. Earlier positions: President and CEO of Telia AB, Vice President and Head of Network Operations at Telia AB and Vice President and Head of HR at Telia AB.

Anders Ullberg, Education: Master of Business Administration from the Stockholm School of Economics. Director since: 2007. Chairman of: Boliden, Eneqvistbolagen, Tieto and Studsvik. Director of: Atlas Copco, Sapa Holding and Åkers. Earlier positions: President and CEO of SSAB Svenskt Stål, Vice President and CFO of SSAB, CFO of Svenska Varv.

Johan Wall, Education: Master of Engineering from the Royal Institute of Technology in Stockholm, Visiting Scholar at Stanford University in Palo Alto in the US. President of Bisnode AB. Deputy Director: 1997 to 2000. Director since: 2000. Director of: The Kjell and Märta Beijer Foundation, the Anders Wall Foundations and others. Earlier positions: President of Enea AB, President of Framfab AB and President of Netsolutions AB.

Bertil Persson, Education: Master of Business Administration from the Stockholm School of Economics. President and CEO of Beijer Alma AB. Deputy Director: 2000 to 2001 and since 2002. Director 2001 to 2002.

Director of: Posten AB. Earlier positions: Head of Treasury at Investor AB, Director of Finance at Scania AB and Executive Vice President of LGP Telecom AB.

3 NET REVENUES

Group	2008	2007
Sweden	369,877	321,896
Other EU	1,090,080	930,660
Other Europe	116,323	168,553
Asia	208,965	198,610
Rest of the world	51,061	34,637
Total	1,836,306	1,654,356

4 INFORMATION ABOUT OPERATING SEGMENTS AND GEOGRAPHIC AREAS

Operating segments

The Group is organized into two sub-groups: Lesjöfors (springs) and Habia Cable (custom-designed cable). Each sub-group has its own manufacturing, administration, development and marketing functions and is led by a president. The sub-groups are the primary basis for classification.

Geographic areas

Geographic areas are the secondary segments of the Group. The information below pertains to external revenues in the geographic areas in which the customers are located. Information regarding investments and assets is based on the geographic location of the assets.

Operating segments

2008 MSEK	Springs	Custom-designed cable	Other (Parent Company, etc)	Eliminations	Group
Net revenues	1,151.2	684.9	0.2	–	1,836.3
Operating profit/loss	251.6	71.8	–21.0	–	302.4
Profit/loss before tax	243.6	64.3	–12.9	–	295.0
Assets	944.5	495.6	580.1	–559.4	1,460.8
Liabilities	495.6	258.4	30.5	–286.6	497.9
Capital expenditures	57.5	30.6	1.0	–	89.1
Depreciation, amortization and impairment	44.3	23.4	0.5	–	68.2
Share of profit/loss in associated companies	2.1	–	–0.6	–	1.5

2007 MSEK					
Net revenues	1,032.3	622.0	0.1	–	1,654.4
Operating profit/loss	222.7	89.7	–22.8	–	289.6
Profit/loss before tax	223.2	86.3	–26.8	–	282.7
Assets	863.4	457.2	688.8	–660.0	1,349.4
Liabilities	378.9	244.4	98.4	–219.1	502.6
Capital expenditures	55.4	23.5	0.3	–	79.2
Depreciation, amortization and impairment	41.4	23.6	0.3	–	65.3
Share of profit/loss in associated companies	0.9	–	–0.1	–	0.8

Geographic areas

2008 MSEK	Sweden	Other EU	Other Europe	Asia	Rest of the world
Net revenues	369.9	1,090.1	116.3	209.0	51.0
Capital expenditures	41.3	31.1	0.1	16.6	–
Assets	726.6	559.1	15.0	160.0	–
2007 MSEK					
Net revenues	321.9	930.7	168.6	198.6	34.6
Capital expenditures	56.3	13.1	0.1	9.7	–
Assets	755.4	472.2	12.9	109.0	–

5 ADMINISTRATIVE EXPENSES

Administrative expenses include the following auditors' fees:

	Group		Parent Company	
	2008	2007	2008	2007
<i>Öhrlings PricewaterhouseCoopers AB</i>				
- audit assignments	2,660	2,412	530	597
<i>Other auditors</i>				
- audit assignments	1,117	1,059	–	–
- other assignments	294	231	–	–
Total	4,071	3,702	530	597

Costs for product development totaling 15,405 (12,419) are included in the Group's administrative expenses.

6 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

Group	2008	2007
<i>Share of profit from:</i>		
- Hanil Precision Co Ltd.	0	115
- Stece AB	2,064	759
- BCB Baltic AB	–590	–88
Total	1,474	786

7 OPERATING PROFIT

Operating profit has been charged with depreciation, amortization and impairment as follows:

Group	2008	2007
Plant and machinery	47,805	45,793
Equipment, tools, fixtures and fittings	10,292	10,099
Buildings	9,994	9,335
Land improvements	83	81
Licenses	38	4
Total	68,212	65,312

In the Parent Company, equipment, tools, fixtures and fittings were depreciated by 236 (73).

8 OPERATIONAL LEASING

Operating profit was charged with costs for operational leasing as follows:

	Group		Parent Company	
	2008	2007	2008	2007
Leasing costs for the year	15,802	14,836	1,118	1,540
Future minimum leasing payments fall due to as follows:				
Within one year	14,917	10,020	1,555	1,090
After more than one year, but within five years	41,347	39,872	2,800	3,890
After more than five years	12,438	15,317	–	–
Total	68,702	65,209	4,355	4,980

The majority of costs pertain to lease agreements for operating premises.

9 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2008	2007
<i>Anticipated dividend from:</i>		
Habia Cable AB	10,000	52,000
Lesjöfors AB	65,000	180,000
Total	75,000	232,000

10 TAX ON PROFIT FOR THE YEAR

	Group		Parent Company	
	2008	2007	2008	2007
Current tax for the period	–80,683	–76,693	–20,150	–17,809
Temporary differences pertaining to				
- untaxed reserves	1,324	515	–	–
- provisions for structural costs	372	–117	–	–
Tax effect of Group contributions	–	–	22,415	24,333
Current tax attributable to earlier	674	–888	234	–121
Total	–78,313	–77,183	2,499	6,403

Difference between tax expense and 28-percent tax

	Group		Parent Company	
	2008	2007	2008	2007
Profit before tax	295,032	282,698	58,439	207,325
28-percent tax	–82,609	–79,156	–16,363	–58,051
Tax for the period	–78,313	–77,183	2,499	6,403
Difference	4,296	1,973	18,864	64,454

Specification of difference

	Group		Parent Company	
	2008	2007	2008	2007
Effect of:				
- tax attributable to earlier years	674	–888	234	–121
- foreign tax rates	1,584	3,501	–	–
- non-deductible items	–4,091	–2,756	–2,373	–385
- non-taxable income	5,714	1,516	21,003	64,960
Other	415	600	–	–
Total	4,296	1,973	18,864	64,454

The Group's weighted average tax rate was 26.6 percent (26.2).

11 EARNINGS PER SHARE

Group	2008	2007
Earnings used for calculating:		
Net profit attributable to Parent Company shareholders	216,719	205,515
Number of shares outstanding	27,431,100	27,431,100

Since there are no outstanding programs regarding convertibles or options, the number of shares before and after dilution is the same.

12 GOODWILL

Group	2008	2007
Opening cost	120,223	74,493
Acquisitions	5,095	42,985
Translation differences	9,335	2,745
Closing accumulated cost	134,653	120,223
Opening impairment	4,061	4,061
Impairment for the year	–	–
Closing accumulated impairment	4,061	4,061
Carrying amount	130,592	116,162

Impairment testing for cash-generating units reporting goodwill

The Group's total reported goodwill is allocated to the operating segments as follows:

Group	2008	2007
Springs	67,765	65,416
Custom-designed cable	62,827	50,746
Total	130,592	116,162

The Group tests goodwill annually for impairment. Impairment testing is based on a calculation of the value in use. This value is based on cash-flow forecasts, with the forecast for the first year based on the plans of each individual company. For subsequent years, the growth rate is assumed to be in line with forecast GDP levels of 2 to 3 percent, meaning a level considered to be approximately the same as the level of long-term inflation.

The budgeted operating margin was determined based on previous earnings and expectations regarding future market trends.

The following discount rates before tax were used at the close of 2008:

Equity financing	11%
Debt financing	6%
Weighted financing cost	8%

It is the company's assessment that reasonable changes in the annual growth rate, operating margin, discount rate and other assumed values would not have an impact so significant that they would individually reduce the recoverable amount to a value less than the carrying amount. No impairment losses were identified during the impairment testing conducted during the current year.

Financial leasing agreements

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

Group	2008	2007
Cost	28,198	43,870
Remaining residual value	8,376	12,497

Future minimum leasing payments fall due as follows:

Group	2008	2007
Within one year	4,193	7,296
After more than one year, but within five years	1,003	4,896
After more than five years	–	305
Total	5,196	12,497

13 LAND AND LAND IMPROVEMENTS

Group	2008	2007
Opening cost	17,415	19,254
Purchases	264	385
Reclassification	–	–2,744
Translation differences	1,155	520
Closing accumulated cost	18,834	17,415
Opening depreciation	1,525	1,444
Depreciation for the year	83	81
Closing accumulated depreciation	1,608	1,525
Impairment for the year	60	–
Closing accumulated impairment	60	–
Carrying amount	17,166	15,890
Carrying amount of land in Sweden	7,276	7,213
Tax assessment value of land in Sweden	10,455	11,155

14 BUILDINGS

Group	2008	2007
Opening cost	261,444	237,846
Purchases	4,271	21,702
Sales and disposals	–	–2,283
Translation differences	16,116	4,179
Closing accumulated cost	281,831	261,444
Opening depreciation	89,371	78,621
Depreciation for the year	9,994	9,335
Translation differences	5,853	1,415
Closing accumulated depreciation	105,218	89,371
Impairment for the year	–961	–
Carrying amount	175,652	172,073
Carrying amount of buildings in Sweden	103,408	102,587
Tax assessment value of buildings in Sweden	66,945	60,937

15 PLANT AND MACHINERY

Group	2008	2007
Opening cost	629,416	589,577
Purchases	90,722	49,000
Sales and disposals	–22,844	–28,606
Through acquisitions of subsidiaries	23	17,308
Reclassification	–812	–4,083
Translation differences	26,891	6,220
Closing accumulated cost	723,396	629,416
Opening depreciation	408,941	382,843
Sales and disposals	–8,143	–20,239
Reclassification	–249	–4,006
Depreciation for the year	47,805	45,793
Translation differences	11,258	4,550
Closing accumulated depreciation	459,612	408,941
Opening impairment	5,184	5,042
Sales of companies	–142	–
Translation differences	–	142
Closing accumulated impairment	5,042	5,184
Carrying amount	258,742	215,291

16 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

		Group	Parent Company	
	2008	2007	2008	2007
Opening cost	93,663	91,391	1,936	1,978
Purchases	10,834	7,338	819	754
Sales of subsidiaries	816	–	–	–
Sales and disposals	–1,922	–5,738	–	–796
Reclassification	–96	–	–	–
Translation differences	3,879	672	–	–
Closing accumulated cost	107,174	93,663	2,755	1,936
Opening depreciation	62,585	61,937	1,000	1,723
Sales of subsidiaries	696	–	–	–
Sales and disposals	–1,531	–5,193	–	–796
Reclassification	–451	–5,634	–	–
Depreciation for the year	10,292	10,099	236	73
Translation differences	2,340	1,376	–	–
Closing accumulated depreciation	73,931	62,585	1,236	1,000
Impairment for the year	1,329	–	–	–
Closing accumulated impairment	1,329	–	–	–
Carrying amount	31,914	31,078	1,519	936

17 OTHER SECURITIES

	Corp. Reg. No.	Share of equity, %	Registered office	Carrying amount
Parent Company				
Innoventus AB	556602-2728	11	Uppsala, Sweden	235
Innoventus Project AB	556616-8356	5	Uppsala, Sweden	4,773
Innoventus Life Science 1 KB*	969677-8530	8	Uppsala, Sweden	12,500
Group				
Drug Safety Inc. (formerly PharmaSoft Inc.)		<1	Delaware, US	0
Industrial Development & Investment AB	556518-9973	<1	Stockholm, Sweden	0
Other		–		0
Total				17,508

* A commitment has been made to invest an additional MSEK 2. Direct holdings are not listed on any stock exchange or any other trading place.

	Group		Parent Company	
	2008	2007	2008	2007
Opening cost	27,927	24,139	22,871	19,081
Sales	–57	–	–	–
Purchases	1,231	3,788	1,231	3,790
Closing accumulated cost	29,101	27,927	24,102	22,871
Opening impairment	4,999	4,999	–	–
Impairment for the year	6,594	–	6,594	–
Closing accumulated impairment	11,593	4,999	6,594	–
Carrying amount	17,508	22,928	17,508	22,871

18 PARTICIPATIONS IN ASSOCIATED COMPANIES

Group	Corp. Reg. No.	Share of equity, %	Registered office	Carrying value 2008	Carrying value 2007
Stece AB	556048-2746	50	Mönsterås, Sweden	–	13,359
BCB Baltic AB	556649-7540	20	Uppsala, Sweden	1,425	2,015
Hanil Precision Co Ltd.		20	Pusan, Sydkorea	13,846	14,374
Irradose AB	556721-1858	24	Tierp, Sweden	128	128
Total				15,399	29,876

Hanil Precision Co Ltd. is a South Korean gas-spring manufacturer with sales of approximately MSEK 100 and an operating margin of 2 percent. During the year, Lesjöfors purchased gas springs from Hanil for MSEK 16 (11). These purchases were conducted on commercial terms.

BCB Baltic AB invests in minority stakes in the Baltic countries.

Irradose AB plans to offer electron treatment of cables. This operation was recently commenced.

Group	2008	2007
Opening cost	29,876	25,462
Share in profit after tax	1,474	786
Acquisitions	–	3,628
Dividends	–528	–
Sales of companies	–15,423	–
Carrying amount	15,399	29,876

Group share as of December 31, 2008 (MSEK)	Assets	Liabilities	Income	Net profit
BCB Baltic AB	6.4	0.1	–	–0.6
Hanil Precision Co Ltd.	9.1	3.7	20.0	–
Irradose AB	3.6	3.1	–	–

19 PARTICIPATION IN GROUP COMPANIES

Parent Company	Corp. Reg. No.	Number	Registered office	Carrying amount	Adjusted shareholders' equity
Lesjöfors AB	556001-3251	603,500	Karlstad, Sweden	100,000	445,560 ¹⁾
Habia Cable AB	556050-3426	500,000	Täby, Sweden	87,575	237,175 ²⁾
AIHUK AB	556218-4126	9,000	Uppsala, Sweden	2,055	2,103
AB Stafsjö Bruk	556551-9005	1,000	Uppsala, Sweden	100	100
Shipping & Aviation Sweden AB	556500-0535	10,000	Uppsala, Sweden	1,000	1,324
Beijer Alma Utvecklings AB	556230-9608	145,000	Uppsala, Sweden	1,714	1,908
Total				192,444	

1) Including anticipated dividend to the Parent Company in the amount of 65,000.

2) Including anticipated dividend to the Parent Company in the amount of 10,000.

All companies are 100-percent-owned.

Parent Company	2008	2007
Cost	200,481	222,446
Mergers with Parent Company	-7,439	-21,965
Closing accumulated cost	193,042	200,481
Opening impairment	3,707	5,230
Impairment for the year	-	-
Mergers with Parent Company	-3,109	-1,523
Closing accumulated impairment	598	3,707
Carrying amount	192,444	196,774

Group companies merged with Parent Company

	Corp. Reg. No.	Date of merger
Beijer Alma Industri AB	556210-3274	April 11, 2008

The merged company did not conduct operations in 2008.

Subsidiary shareholdings in Group companies

	Corp. Reg. No.	Percentage stake	Registered office	Carrying amount
Lesjöfors Fjädrar AB	556063-5244	100	Filipstad, Sweden	9,532
Lesjöfors Automotive AB	556335-0882	100	Växjö, Sweden	24,000
Lesjöfors Stockholms Fjäder AB	556062-9890	100	Stockholm, Sweden	24,619
Lesjöfors Industrifjädrar AB	556593-7967	100	Herrljunga, Sweden	10,500
Lesjöfors Banddetaljer AB	556204-0773	100	Värnamo, Sweden	28,103
Stece Fjädrar AB	556753-6114	100	Mönsterås, Sweden	1,000
Lesjöfors A/S		100	Copenhagen, Denmark	56,603
Lesjöfors A/S		100	Oslo, Norway	53
Oy Lesjöfors AB		100	Äminnefors, Finland	1,000
Lesjöfors Springs Oy		100	Turku, Finland	1,492
Lesjöfors Springs Ltd.		100	Elland, UK	316
Lesjöfors Automotive Ltd.		100	Elland, UK	774
Lesjöfors Springs GmbH		100	Hagen, Germany	446
Lesjöfors Springs LV		100	Liepaja, Latvia	992
Lesjöfors Gas Springs LV		70	Liepaja, Latvia	7,665
Lesjöfors China Ltd.		100	Changzhou, China	1,257
European Springs & Pressings Ltd.		100	Beckenham, UK	57,318
Harris Springs Ltd.		100	Reading, UK	14,014
Habia Cable CS Technology AB	556633-2473	100	Lidingö, Sweden	7,718
Habia Benelux BV		100	Breda, 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, US	0
Habia Kabel Produktions GmbH & Co. KG		100	Norderstedt, Germany	81,295
Habia Cable Ltd.		100	Bristol, UK	3,614
Habia Cable SA		100	Orleans, France	679
Habia Cable Latvia SIA		100	Liepaja, Latvia	1,112
Alma Uppsala AB	556480-0133	100	Uppsala, Sweden	6,354
Daxpen Holding AB	556536-1457	100	Stockholm, Sweden	6,061

20 INVENTORIES

Group	2008	2007
Raw materials	137,675	116,154
Products in progress	49,639	46,080
Finished goods	138,461	105,127
Total	325,775	267,361

Value of the portion of inventories determined at net selling price

Group	2008	2007
Raw materials	3,537	826
Products in progress	2,895	-
Finished goods	1,495	-
Total	7,927	826

Difference between cost and net selling price

Group	2008	2007
Raw materials	2,267	804
Products in progress	2,895	-
Finished goods	76	-
Total	5,238	804

21 ACCOUNTS RECEIVABLE

Group	2008	2007
Total outstanding accounts receivable	277,043	272,556
Provisions for doubtful receivables	-4,372	-2,735
Carrying amount	272,671	269,821

Overdue amount	62,798	50,649
Of which overdue by more than 30 days	13,188	16,208
Provisions for doubtful receivables	4,372	2,735

On December 31, 2008, a total of 8,816 in accounts receivable, for which there existed no provision for doubtful receivables, was more than 30 days overdue. This amount pertains to customers with no previous record of non-payment.

Provisions for doubtful receivables	2008	2007
Opening balance	2,735	1,364
Provisions for the year	4,235	3,835
Reversal of earlier provisions	-1,310	-711
Write-offs of receivables	-1,288	-1,753
Closing balance	4,372	2,735

22 OTHER RECEIVABLES

	Group		Parent Company	
	2008	2007	2008	2007
VAT	7,853	13,483	–	–
Advance payments to suppliers	9,738	7,328	–	–
Other	6,080	1,432	142	356
Total	23,671	22,243	142	356

23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2008	2007	2008	2007
Leasing and rental fees	2,514	2,576	460	340
Prepaid expenses	9,269	6,255	210	165
Other	8,148	7,965	–	–
Total	19,931	16,796	670	505

24 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2008	2007	2008	2007
Cash and bank balances	161,495	165,343	53	52
Total	161,495	165,343	53	52

25 SHAREHOLDERS' EQUITY

Reserves

	Translation reserve	Hedging reserve	Total
December 31, 2006	–11,232	3,225	–8,007
Change in value of hedging reserve	–	–3,169	–3,169
Deferred tax thereon	–	887	887
2006 translation difference	5,437	–	5,437
December 31, 2007	–5,795	943	–4,852
Change in value of hedging reserve	–	–20,358	–20,358
Tax thereon	–	5,700	5,700
2007 translation difference	47,912	–	47,912
December 31, 2008	42,117	–13,715	28,402

The company's shares are Class A and Class B shares and are issued as follows:

	Shares		Votes
Class A shares	3,330,000	with 10 votes	33,300,000
Class B shares	24,101,100	with 1 vote	24,101,100
Total	27,431,100		57,401,100

The quotient value is SEK 4.17 per share.

Share capital trend

Year		Increase in share capital, SEK 000s	Total share capital, SEK 000s	Increase in the number of shares	Total number of shares
1993	Opening balance	–	53,660	–	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 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	Non-cash issue in connection with acquisition of 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
2006	Split 3:1	–	114,296	18,287,400	27,431,100

The 2008 Annual General Meeting authorized the Board of Directors to issue a maximum of three million Class B shares in connection with corporate acquisitions. This authorization is valid until the next Annual General Meeting. The Meeting also authorized the Board to repurchase the company's own Class B shares. Neither of these authorities was utilized.

26 DEFERRED TAX

Deferred tax asset	2008	2007	
Temporary liability pertaining to:			
- provisions for intra-Group profit	1,686	1,614	Recognized in the income statement.
- hedge accounting	5,334	–	Recognized directly in equity.
Total	7,020	1,614	
Opening value	1,614	2,196	
Decreased provision	–	–582	
Increased provision	5,406	–	
Total	7,020	1,614	

There are no tax loss carryforwards.

Deferred tax liability	2008	2007	
Temporary liability pertaining to:			
- untaxed reserves	20,535	21,396	Recognized in the income statement
- excess depreciation	6,406	5,534	Recognized in the income statement.
- hedge accounting	–	367	Recognized directly in equity.
Total	26,941	27,297	
Opening value	27,297	28,180	
Increased provision	872	93	
Reversal	–1,228	–976	
Closing value	26,941	27,297	

27 PENSION OBLIGATIONS

Group	2008	2007
Opening value	358	355
Increased provision	4	3
Closing value	362	358

28 FINANCIAL INSTRUMENTS

Financial risk management

The Beijer Alma Group is exposed to various financial risks in its operations. Management of these risks at various levels in the Group is based on joint Group policies, adopted by the Board of Directors. The goal of these policies is to obtain an overall view of the risk situation, to minimize negative earnings effects and to clarify and define responsibilities and authority within the Group. To ensure compliance with the policies adopted, regular monitoring is carried out at the local and central level and findings are reported to the Board of Directors.

MARKET RISK

Currency risk

Transaction exposure

Slightly less than 80 percent of Beijer Alma's sales are conducted outside Sweden. Approximately 60 percent of production takes place in Sweden. This means that a large portion of the Group's income is in foreign currencies, while the majority of the production costs, particularly personnel costs, are in SEK. To a certain extent, part of this currency risk is handled through such measures as purchasing input materials and machinery in other currencies. However, the Group's income in certain foreign currencies still exceeds its costs. Due to this lack of balance, the Group is exposed to currency risks. Accordingly, changes in currency rates have a direct effect on the Group's earnings, balance sheet, cash flow and, in the long-term, its competitive strength. A strengthening of the SEK has a negative impact on competitiveness and earnings over time.

Net exposure in currencies translated to MSEK

(net exposure is defined as income less costs)

2008	USD	EUR	DKK	NOK	GBP	RMB	LVL	JPY	HKD	KRW	Total
Lesjöfors	7.1	94.4	2.0	25.2	82.6	–	–	–	–	–	211.3
Habia Cable	23.5	80.6	–	1.4	51.9	7.1	–3.1	3.0	–5.8	15.6	174.2
Total	30.6	175.0	2.0	26.6	134.5	7.1	–3.1	3.0	–5.8	15.6	385.5

2007	USD	EUR	DKK	NOK	GBP	RMB	LVL	JPY	HKD	KRW	Total
Lesjöfors	13.1	116.5	2.7	27.1	74.7	–	–	–	–	–	234.1
Habia Cable	16.1	83.5	17.8	11.7	52.1	49.5	–	8.9	–19.4	17.3	237.5
Total	29.2	200.0	20.5	38.8	126.8	49.5	–	8.9	–19.4	17.3	471.6

The goal of currency risk management is to minimize the negative effects on earnings and financial position that arise due to exchange-rate differences. Transaction risks are managed centrally by each subsidiary. Between 50 and 100 percent of the forecast net flow for the next six months, meaning the difference between income and costs in a single currency, is hedged. For months seven to 12, between 35 and 100 percent is hedged. In most cases, the level of hedging lies in the middle of the range. The most commonly used hedging instrument is forward contracts. Following a decision by Group management, currency options may be used in exceptional cases.

The table below shows the company's foreign exchange contracts on the balance-sheet date, translated to MSEK. All amounts fall due within 12 months.

Group	Dec. 31, 2008	Dec. 31, 2007
USD	40.5	44.6
EUR	135.6	152.1
GBP	49.0	81.6
NOK	15.9	17.5
Total	241.0	295.8

IAS 39 has been applied since January 1, 2005. In Beijer Alma's opinion, all derivative instruments meet the requirements for hedge accounting. Accordingly, changes in the fair value of the derivative instruments are recognized in shareholders' equity. At year-end 2008, there was a surplus in the value of the derivative instruments totaling MSEK 19, which decreased shareholders' equity after a deduction for deferred tax.

On December 31, 2007, there was a surplus value on the contracts amounting to MSEK 1.3.

Sensitivity analysis

The Group's net exposure is primarily in EUR and GBP. A 1-percent change in EUR in relation to SEK has an impact of MSEK 1.75 (2.0) on the Group's earnings. A 1-percent change in GBP in relation to SEK has an impact of MSEK 1.35 (1.3) on the Group's earnings. Entering into forward contracts delays the earnings effect since a predominant proportion of the forecast flows for the following twelve-month period are covered by signed contracts. During this time, measures may be taken to mitigate the effects.

Translation exposure

Beijer Alma's income statements and balance sheets are reported in SEK. Several of the Group's companies maintain their accounts in a different currency. This means that the Group's earnings and shareholders' equity are exposed when accounts are consolidated and foreign currencies are translated to SEK. This exposure primarily affects the Group's shareholders' equity and is designated as translation exposure. Such exposure is not hedged.

Price risks

Beijer Alma is exposed to price risks related to the purchase of raw materials. Habia uses copper and some plastics in its production, while Lesjöfors' input materials are steel and certain other metals.

To date, derivative instruments have been used to a very limited degree to hedge purchases of raw materials.

Purchases of direct materials amounted to approximately MSEK 500 and comprise a large number of various input materials with price trends that varied over time. Although the companies are able in most cases to offset permanent changes in the price of materials, clauses pertaining to such compensation are exceptions.

Interest risk

Since Beijer Alma does not hold any significant interest-bearing assets, the Group's income and cash flows from operating activities are essentially

independent of changes in market rates.

Beijer Alma's net financial items and earnings are affected by fluctuations in interest rates pertaining to borrowing. The Group is also indirectly affected by the impact of interest-rate levels on the economy as a whole. In terms of risk, Beijer Alma believes that fixed interest on a short-term basis is consistent with the industrial operations conducted by the Group. Accordingly, the period of fixed interest on loans is usually up to 12 months. During the past ten years, the short-term interest rate has also been lower than the long-term rate, which has had a positive effect on the Group's earnings.

Outstanding loans and committed credit facilities are listed below.

	Group		Parent Company	
	2008	2007	2008	2007
Long-term liabilities				
Liabilities to credit institutions	80,382	40,383	–	–
Current liabilities				
Liabilities to credit institutions	26,175	21,693	–	–
Committed credit facilities	72,958	135,681	12,061	60,697
Total interest-bearing liabilities	179,515	197,757	12,061	60,697
Amounts that fall due for payment in more than five years	40,272	11,400	–	–

Liabilities to credit institutions comprise some ten credits in various currencies and with different terms and conditions. The interest levels vary between 2.9 percent and 6.2 percent. The average interest rate is 5.2 percent. The average interest rate on the committed credit facilities is 5.0 percent. A fee on the approved amount averaging 0.2 percent is also payable. No derivative instruments are used. All loans are subject to a variable interest rate with a fixed-interest term of up to 90 days.

Sensitivity analysis

At year-end 2008, net debt amounted to approximately MSEK 18 (33). A 1-percent change in the interest rate would have an impact of MSEK 0.2 (0.3) on earnings.

Credit risk

Credit risk refers to cases in which companies do not receive payment for their receivables from customers. The size of each customer's credit is assessed on an individual basis. A credit rating is performed for all new customers to ensure that the credit limit reflects the customer's capacity to pay. In terms of sales, the Group's risk spread across industries and companies is favorable. The current weak economic trend has resulted in a general deterioration of companies' financial situations and an increased risk of losses on accounts receivable. Historically, the level of losses on accounts receivable has been low.

Cash and cash equivalents only include cash and bank balances. Of the total amount of MSEK 161.5 (165.3), the majority is invested with Nordea and Handelsbanken.

Liquidity risk

Beijer Alma has loans that fall due at different points in time. A large portion of its liabilities are in the form of committed credit facilities that are formally approved for a period of one year. Refinancing risk refers to the risk of Beijer Alma being unable to fulfill its obligations due to cancelled loans and the risk that difficulties will arise in raising new loans.

Beijer Alma manages this risk by maintaining a strong liquidity position. The Group's policy is that available liquidity, defined as cash funds plus approved but unutilized committed credit facilities, shall amount to not less than two months of invoicing. The Group's liquidity position at recent year-ends is shown in the table below.

Available liquidity	Group		Parent Company	
	2008	2007	2008	2007
Cash funds	161,495	165,343	53	52
Approved credit facilities	411,538	357,008	175,000	150,000
Unutilized portion of credit facilities	-72,958	-135,681	-12,061	-60,697
Available liquidity	500,075	386,670	162,992	89,355

Maturity analysis of liabilities, including interest to be paid for each period according to loan agreement

	Less than 1 year	1–5 years	More than 5 years
December 31, 2008			
Borrowing	108,109	51,499	43,292
Liabilities for financial leasing	4,193	1,003	–
Accounts payable and other liabilities	83,516	–	–
	195,818	52,502	43,292

	Less than 1 year	1–5 years	More than 5 years
December 31, 2007			
Borrowing	167,257	33,575	12,255
Liabilities for financial leasing	7,296	4,896	305
Accounts payable and other liabilities	90,258	–	–
	264,811	38,471	12,255

All of the Group's currency forward contracts, which amounted to MSEK 241.0 at year-end 2008 and MSEK 295.8 at year-end 2007, have a maturity period of less than one year.

Capital risk management

The Group's goal in terms of its capital structure is to guarantee its ability to continue conducting and expanding its operations to ensure that a return is generated for the shareholders, while keeping the costs of capital at a reasonable level.

The capital structure can be changed by increasing or decreasing dividends, issuing new shares, repurchasing shares and selling assets.

The Group's capital risk is measured as the net debt/equity ratio, including interest-bearing liabilities, less cash and cash equivalents in relation to shareholders' equity. The aim is to enable freedom of action by maintaining a low debt/equity ratio. The table below shows the Group's net debt/equity ratio at recent year-ends:

Group	2008	2007
Interest-bearing liabilities	179,515	198,115
Cash and cash equivalents	-161,495	-165,343
Net debt	18,020	32,772
Shareholders' equity	959,565	846,747
Net debt/equity ratio	1.9	3.9

Financial instruments by category in the Group

The accounting principles for financial instruments were applied as follows:

Dec. 31, 2008	Loan receivables and accounts receivable	Derivatives used for hedging purposes	Available for sale	Total
Assets in balance sheet				
Other long-term receivables	3,057			3,057
Other securities			17,508	17,508
Accounts receivable and other receivables	272,671			272,671
Cash and cash equivalents	161,495			161,495
Total	437,223		17,508	454,731
Dec. 31, 2008		Derivatives used for hedging purposes	Other financial liabilities	Total
Liabilities in balance sheet				
Liabilities to credit institutions			106,557	106,557
Committed credit facilities			72,958	72,958
Accounts payable			83,516	83,516
Derivative instruments (included in accrued liabilities)		19,048		19,048
Total		19,048	263,031	282,079
Dec. 31, 2007		Derivatives used for hedging purposes	Available for sale	Total
Assets in balance sheet				
Other long-term receivables	2,671			2,671
Other securities			22,928	22,928
Derivative instruments (included in prepaid liabilities)		1,310		1,310
Accounts receivable and other receivables	269,821			269,821
Cash and cash equivalents	165,343			165,343
Total	437,835	1,310	22,928	462,073

Dec. 31, 2007	Derivatives used for hedging purposes	Other financial liabilities	Total
Liabilities in balance sheet			
Liabilities to credit institutions		62,076	62,076
Committed credit facilities		135,681	135,681
Accounts payable		90,258	90,258
Total		288,015	288,015

The Parent Company includes cash and cash equivalents amounting to 53 (52) in the category Loan receivables and accounts receivable, other securities totaling 17,508 (22,871) in the category Available for sale, and credit facilities amounting to 12,061 (60,697) and accounts payable totaling 671 (1,050) in the category Other financial liabilities.

29 ACCRUED EXPENSES AND DEFERRED INCOME

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Accrued personnel costs	75,208	71,655	8,182	11,352
Accrued interest	11	599	–	586
Prepaid expenses	1,465	9,266	4	–
Provision for hedge accounting	19,048	–	–	–
Other	57,947	46,772	331	386
Total	153,679	128,292	8,517	12,324

30 OTHER CURRENT LIABILITIES

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Personnel tax	10,053	10,237	365	306
VAT	15,111	14,400	205	90
Advance payments from customers	2,719	5,756	–	–
Other	9,708	899	–	–
Total	37,591	31,292	570	396

31 PLEDGED ASSETS

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Floating charges	228,797	211,864	–	–
Real-estate mortgages	95,673	61,624	–	–
Shares	33,204	29,799	12,260	12,260
Machinery used in accordance with financial leasing agreement	8,376	12,497	–	–
Assets with retention of title	5,327	4,602	–	–
Total	371,377	320,386	12,260	12,260

32 CONTINGENT LIABILITIES AND COMMITMENTS

The Group has contingent liabilities in the form of guarantees and undertakings that arise in the normal course of doing business. No significant 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 commitments/contingent liabilities.

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Investment commitments	2,000	4,000	2,000	4,000
Guarantees	564	2,526	–	–
Total	2,564	6,526	2,000	4,000

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

33 NET FINANCIAL ITEMS

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Dividends received	–	–	180,000	175,000
Interest received	7,133	5,651	9,902	538
Interest paid	–15,046	–11,949	–1,899	–4,991
Total	–7,913	–6,298	188,003	170,547

34 ITEMS NOT AFFECTING TO CASH FLOW

	2008	Group 2007	Parent Company 2008	Parent Company 2007
Depreciation and amortization	62,149	58,812	236	73
Profit/loss from associated companies	–1,474	–786	–	–
Total	60,675	58,026	236	73

35 CORPORATE ACQUISITIONS

2008

Lesjöfors acquired the spring manufacturer Stece Fjädrar AB in Mönsterås, Sweden, with takeover occurring on June 30, 2008. Stece has full-year sales of approximately MSEK 60 and an operating margin of 10 percent. The acquisition was performed as an asset-transfer acquisition.

Purchase consideration	MSEK 18.2
Acquired net assets	MSEK 18.2

Acquired assets and liabilities (MSEK)

	Fair value	Carrying amount of acquired company
Inventories	13.5	13.5
Receivables	0.1	0.1
Tangible assets	8.1	8.1
Current liabilities	–3.5	–3.5
Acquired net assets	18.2	18.2

Since the acquisition, profit before tax amounted to MSEK 1.0. Profit before tax for the past 12 months totaled MSEK 5.6.

On July 1, 2008, Habia Cable acquired the cabling company CS Technology AB (CST), with its registered office in Lidingö, Sweden. The company, which manufactures cabling systems, has sales of MSEK 25 and, in recent years, an average operating margin of about 10 percent.

Purchase consideration (cash payment)	MSEK 7.7
Acquired net assets	MSEK 2.5
Goodwill	MSEK 5.1

No other intangible assets were identified in the acquisition calculation. The goodwill reported above was attributable to the company's profitability and expertise within cabling technology, which will benefit Habia's other operations.

Acquired assets and liabilities (MSEK)

	Fair value	Carrying amount of acquired company
Inventories	2.1	2.6
Receivables	1.8	1.8
Cash and cash equivalents	2.5	2.5
Current liabilities	-3.9	-3.6
Acquired net assets	2.5	3.3

Since the acquisition, a loss before tax totaling MSEK 0.6 was reported. Profit before tax for the past 12 months amounted to MSEK 1.3.

Together with Hanil Precision Co Ltd., Lesjöfors started the gas-spring manufacturing company Lesjöfors Gas Springs LV. The company has not yet commenced operations. The share capital totals MEUR 1, of which Lesjöfors owns 70 percent.

2007

Lesjöfors acquired the UK industrial-spring manufacturer European Springs & Pressings Ltd. Takeover occurred on February 1, 2007. European Springs has annual sales of approximately MSEK 100 and its operating margin for the 18-month period preceding the acquisition was 13 percent.

Purchase consideration	MSEK 57.3
Acquired net assets	MSEK 14.3
Goodwill	MSEK 43.0

No other intangible assets were identified in the acquisition calculation. The goodwill reported above was attributable to the profitability of the business and to the synergy effects arising due to cooperation with Lesjöfors' other operations in the UK.

Acquired assets and liabilities (MSEK)

	Fair value	Carrying amount of acquired company
Tangible assets	18.0	18.0
Receivables	24.3	24.3
Inventories	6.1	6.1
Non-interest-bearing liabilities	-34.1	-34.1
Acquired net assets	14.3	14.3

36 TRANSACTIONS WITH RELATED PARTIES

Besides the transactions specified in Note 1, no transactions were carried out with related parties in 2007 or 2008.

37 DEFINITIONS**Proportion of risk-bearing capital**

The sum of shareholders' equity, deferred tax and minority interests, divided by total assets.

Shareholders' equity

Shareholders' equity attributable to Parent Company shareholders.

Return on shareholders' equity

Profit after financial items less 28-percent tax, in relation to average shareholders' equity.

Return on capital employed

Profit after financial items plus interest expense, in relation to the average capital employed.

Net debt

Interest-bearing liabilities less interest-bearing assets.

Earnings per share

Earnings per share after tax.

Earnings, profit

The terms earnings and profit refer to profit after financial items unless otherwise expressly noted.

Interest-coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

Debt/equity ratio

Total interest-bearing liabilities in relation to shareholders' equity.

Equity ratio

Shareholders' equity in relation to total assets.

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share after standard tax

Profit after financial items less 28-percent tax, in relation to the average number of shares outstanding.

Earnings per share after tax

Net profit less tax, in relation to the average number of shares outstanding.

Earnings per share after tax, after dilution

Net profit less tax, in relation to the average number of shares outstanding.

38 COMPANY INFORMATION**General information**

Beijer Alma AB and its subsidiaries constitute an internationally active industrial group focused on the production of components for customers in industries with an emphasis on high technology. The company is a public limited liability company with its registered office in Uppsala, Sweden. The address of company's head office is Box 1747, SE-751 47 Uppsala, Sweden. The company is listed on the OMX Nordic Exchange Stockholm.

These consolidated financial statements were approved by the company's Board of Directors on February 11, 2009.

The balance sheets and income statements will be presented to the Annual General Meeting on March 31, 2009.

Corporate Governance Report

GROUP CONTROL

Beijer Alma AB is a Swedish public limited liability company listed on the OMX Nordic Exchange Stockholm. Accordingly, Beijer Alma's corporate governance is based on Swedish legislation, rules and regulations, including the Swedish Companies Act, the listing agreement and the company's Articles of Association. From July 1, 2008, Beijer Alma is subject to the Swedish Code of Corporate Governance.

Deviations from code regulations

Beijer Alma deviates from provision 2.4 of the Swedish Code of Corporate Governance, which stipulates that the company's directors may not serve as the Chairman of the Nomination Committee. In deviation from this provision, the Nomination Committee has appointed the Chairman of the Board, Anders Wall, as the Chairman of the Nomination Committee since it believes that Anders Wall's expertise, Board experience and extensive network of contacts will best serve the company in the role of Chairman of the Nomination Committee.

Shareholders

According to Euroclear Sweden AB's (formerly VPC AB) shareholder register, Beijer Alma had 3,261 shareholders at year-end 2008. The number of shares was 27,431,100, of which 3,330,000 were Class A shares and 24,101,100 were Class B shares. Each Class A share entitles the holder to ten votes and each Class B to one vote. The Class A share carries an obligation to offer shares to existing shareholders. The Class B share is listed on the Mid Cap list of the OMX Nordic Exchange Stockholm. All shares carry the same right to the company's assets and profit and entitle the holder to the same dividend.

Annual General Meeting

The Annual General Meeting shall be held not more than six months after the end of the financial year. All shareholders who are registered in Euroclear Sweden's shareholder register and provide timely notification of their attendance at the Meeting are entitled to participate in the Annual General Meeting and take part in voting in accordance with their total shareholdings. A total of 332 shareholders participated in the Annual General Meeting held on April 8, 2008, representing 64.2 percent of the company's share capital and 84.9 percent of the company's votes.

The Annual General Meeting selects directors for a period of one year based on a proposal presented by the Nomination Committee.

Nomination Committee

The 2008 Annual General Meeting appointed a Nomination Committee to submit proposals concerning the Board of Directors, the Chairman of the Board, directors' fees and the Chairman of the 2009 Annual General Meeting. The individuals appointed were Anders Wall, in the capacity of principal owner and Chairman of the Board, Director Thomas Halvorsen and three representatives for the next largest shareholders. These representatives were Caroline af Ugglas (Livförsäkrings AB Skandia), Ulf Hedlundh (Svolder AB) and Jan Andersson (Swedbank Robur Fonder AB). The members of the Nomination Committee represented approximately 65 percent of the company's votes. The Chairman of the Board, Anders

Wall, held individual discussions with each director to assess the work and competence requirements of the Board. This assessment was presented to the Nomination Committee. The Nomination Committee's proposal will be included in the notice for the 2009 Annual General Meeting.

Board of Directors

In accordance with its Articles of Association, Beijer Alma's Board of Directors shall comprise not fewer than seven and not more than ten regular members and not more than two deputy members elected by the Annual General Meeting. The Board of Directors currently comprises eight regular members and one deputy member. The company's President and Chief Executive Officer is the deputy member. Other salaried employees in the Group also participate in the meetings of the Board of Directors as reporters. The minutes of the Board meetings are taken by independent legal counsel. At the 2008 Annual General Meeting, seven directors were re-elected and one new director was elected.

The composition of the Board of Directors is presented in Note 2. Directors Anders Wall and Johan Wall represent shareholders controlling more than 10 percent of votes and capital. Thomas Halvorsen, Göran W Hultgren and Anders Wall have been members of the Board for more than 12 years. None of these individuals, or any other regular members of the Board, have any significant business dealings, financial dealings, terms of employment, customer relations or similar connections with the Beijer Alma Group. Accordingly, the Board deems none of its regular members to be dependent on the company or company management.

In 2008, the Board of Directors held eight meetings during which minutes were taken. The attendance of the members of the Board at these meetings is presented in the table below. One of these meetings was held at Habia's German subsidiary, where local management presented its operations. One of the Board meetings dealt exclusively with strategy issues. Beijer Alma's auditors reported their findings from the audit and their assessment of the Group's internal control procedures at two Board meetings. The auditors also provided information concerning accounting changes and how these changes affect Beijer Alma.

At the beginning of 2008, the work of the Board focused on growth issues. Discussions were held concerning the company's growth rate, the conditions for growth within existing operations, attractive geographic markets for growth and new operations. During the second half of the year, the Board's discussions were impacted by the impending financial crisis. The crisis and issues concerning the impact of the crisis on Beijer Alma and how the company should handle the new situation became central. Issues concerning economic and exchange-rate trends, corporate acquisitions and capital expenditures were also addressed by the Board during the year.

The Board of Directors adopted a written work plan that regulates such considerations as the following:

- The minimum number of Board meetings (seven) in addition to statutory meetings and when they are to be held
- The date and content of notices of Board meetings
- The items that shall normally be included in the agenda for each Board meeting

Directors							
	Elected in	Dependent on owners	Dependent on company	Remuneration Committee	Participation in Board meetings	Holding of Class A shares	Holding of Class B shares
Anders Wall, Chairman	1992	X		Chairman	8(8)	1,974,000	1,536,120
Johan Wall, Deputy Chairman	1997	X			8(8)		3,000
Anders G. Carlberg, Director	1997				8(8)		3,000
Thomas Halvorsen, Director	1992			Member	8(8)	304,800	3,000
Göran W Hultgren, Director	1983				8(8)		234,210
Peter Nilsson, Director	2008				6(6)		
Marianne Nivert, Director	2002				7(8)		6,000
Anders Ullberg, Director	2007				8(8)		15,000

- Minute-taking at Board meetings
- Delegation of decisions to the President
- President's authority to sign interim reports

This work plan is reviewed and updated annually. In addition, the division of duties between the Board and the President, as well as their responsibilities and authorities, are regulated by a directive. The Board also has formal requirements pertaining to information about the performance of the Group and its companies. This information is used to generate a monthly report that contains key events and trends concerning order bookings, invoicing, earnings, cash flow, financial position and the number of employees in the Group and its subsidiaries. The report also includes trend diagrams for order bookings, invoicing and contribution margins. These trend diagrams respond quickly to changes, thereby providing early warning signals.

In addition to leading the work of the Board of Directors, the Chairman of the Board shall maintain continuous contact with the CEO to discuss the company's operating activities and to ensure that the decisions of the Board are being executed. Together with the President, the Chairman of the Board handles strategic issues and participates in the recruitment of key personnel in accordance with the "grandfather principle". When necessary, the Chairman of the Board participates in important external business contacts for such purposes as supporting the export sales of the subsidiaries. When necessary, the Chairman of the Board also participates in business negotiations, including negotiations concerning purchases or sales of subsidiaries. The Chairman of the Board represents the company in matters pertaining to ownership.

Remuneration Committee

Directors Anders Wall and Thomas Halvorsen were appointed to prepare proposals regarding the President's salary, bonus, pension benefits and other remuneration and, where applicable, to prepare proposals concerning incentive programs for members of senior management. Decisions in these matters are made by the Board of Directors. The company's remuneration principles are described in Note 1 and the Board of Directors' recommendation to the Annual General Meeting is that these remain unchanged for 2009. The Remuneration Committee held one meeting in 2008.

Audit Committee

The Board discussed the possibility of establishing an Audit Committee, but determined that it was still advantageous for the duties normally performed by such a committee to be handled by the regular members of the Board.

Operational control

The President of Beijer Alma, Bertil Persson, is also the company's CEO and is responsible for the operational control of the Group. The other members of Group management, namely the presidents of the subsidiaries Lesjöfors and Habia Cable and the Group's Chief Financial Officer and Controller, assist him in this task. Beijer Alma's business operations are conducted through its subsidiaries Lesjöfors and Habia Cable. Lesjöfors' operations are organized

into three business areas and Habia's operations into four business areas. The total number of profit centers within Beijer Alma is approximately 40. The Group's business organization is based on decentralized responsibility and authority, combined with fast and effective reporting and control systems.

The Boards of Directors of Lesjöfors and Habia Cable comprise individuals from Group management. Habia's Board also includes external members. Work plans corresponding to the Parent Company's work plan have been prepared for the subsidiaries' Boards of Directors and written instructions are in place for the presidents of the subsidiaries. The subsidiaries are also governed by a number of policies and instructions that regulate the companies' operations in such areas as IT, the environment, quality, equality and authorization routines. Instructions to the presidents of the subsidiaries stipulate that the UN's and the OECD's »The Ten Principles« shall be followed. »The Ten Principles« deal with such issues as human rights, child labor, forced labor, the environment and corruption.

The subsidiaries report their order bookings, invoicing and stock of orders for each profit center on a weekly basis. Monthly financial statements are prepared for each profit center. These financial statements are analyzed at different levels within the Group and consolidated at the subsidiary and Group levels. Reports are presented to Group management for each profit center, business area and subsidiary. This reporting is carried out within the system used for the consolidated financial statements and presented to the market on a quarterly basis. In addition to income statements and balance sheets, the monthly financial statements include key figures and other relevant information. Analyses are conducted in such areas as inventory levels, inventory turnover, accounts receivable and customer credit periods. To enable trends to be monitored over time, a number of graphs and diagrams are used. In connection with the monthly financial statements, an informal meeting is held between subsidiary and Group management.

The basic idea behind the Group's reporting and monitoring systems is that the systems should be characterized by transparency and decentralization. Within each subsidiary, considerable significance is given to improving and streamlining the company's processes. A key to succeeding in such endeavors is having access to relevant and accurate information that can be measured and monitored. Extensive efforts have been devoted to implementing and developing business systems to enable measurement of the profitability of individual businesses, customers, industries and geographic markets. The Group monitors and measures the costs for the various components of its production, administration and sales operations, and compares these with earlier results and targets. The information gathered in this manner is used for internal benchmarking, which allows the company to be motivated by and learn from positive examples.

Taking into consideration the size, organization and financial reporting structure of the Group, the Board deems that no special internal audit function is warranted at present.

This Corporate Governance Report is unaudited.

It is our opinion that the consolidated accounts were prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and earnings. The annual accounts were prepared in accordance with generally accepted accounting principles in Sweden and give a fair and true view of the Parent Company's

financial position and earnings.

The Administration Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Uppsala, February 11, 2009

Beijer Alma AB (publ)

Anders Wall
Chairman

Anders G. Carlberg
Director

Thomas Halvorsen
Director

Göran W Hultgren
Director

Peter Nilsson
Director

Marianne Nivert
Director

Anders Ullberg
Director

Johan Wall
Director

Bertil Persson
President & CEO

Our audit report was submitted on February 16, 2009

Öhrlings PricewaterhouseCoopers AB

Bodil Björk
Authorized Public Accountant

Audit report

*To the Annual General Meeting of
Beijer Alma AB (publ)
Corp. Reg. No. 556229-7480*

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Beijer Alma AB (publ) for the year 2008. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 29 to 54. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards (IFRS) as adopted by the EU and the Swedish 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 high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and the significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consoli-

dated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and the circumstances of the company to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act and give a true and fair view of the Group's results of operations and financial position. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting 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 President be discharged from liability for the financial year.

Stockholm, February 16, 2009

Öhrlings PricewaterhouseCoopers AB

Bodil Björk
Authorized Public Accountant

Board of Directors and Management

BOARD OF DIRECTORS

Anders Wall, *Chairman*, born 1931

Education: Studies at the Stockholm School of Economics.

Med Dr h.c. Consul General.

Director since: 1992

Holding through companies and family: 3,513,120 of which 1,974,000 Class A shares. Additional holdings in affiliated foundations: 693,000 Class A shares and 3,383,410 Class B shares.

Chairman of: Beijerinvest AB, the Kjell and Märta Beijer Foundation, the Anders Wall Foundations, the Consul Th. C. Bergh Foundation, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB.

Director of: Domarbo Skog AB, Hargs Bruk AB, the Anders Wall Professor of Entrepreneurship Foundation and others.

Honorary Fellow at Uppsala University, Luxembourg's Consul General, Member of the Royal Academy of Engineering Sciences (IVA), honorary member of the Royal Swedish Academy of Agriculture and Forestry (KSLA).

Earlier positions: President and CEO of AB Kol&Koks/Beijerinvest from 1964 to 1981, Chairman of the Board from 1981 to 1983 (after merger with AB Volvo), President and CEO of Investment AB Beijer from 1983 to present.

Earlier directorships: Handelsbanken, Skandia, Industrivärden, Uddeholm, Billerud, Group Bruxelles Lambert.

Anders G. Carlberg, born 1943

Education: Master of Business Administration.

Director since: 1997

Holding: 3,000

Director of: Axel Johnson AB, Axel Johnson Inc., Sapa AB, SSAB, Säkl, Mekonomen and others.

Earlier positions: President and CEO of Nobel Industrier, J.S. Saba and Axel Johnson International AB, Executive Vice President of SSAB.

Thomas Halvorsen, born 1949

Education: Bachelor's Degree.

Senior Advisor at Health Cap.

Director since: 1992

Holding: 3,000

Director of: The Swedish Cancer Society.

Earlier positions: President of Fourth AP Fund and various positions at Handelsbanken.

Göran W Hultgren, born 1941

Education: Business studies at Uppsala University.

President of Scandecor Marketing AB.

Director since: 1983

Holding through companies and family: 541,210 of which 304,800 Class A shares

Director of: LeanOn AB.

Earlier positions: Self-employed since 1968.

Peter Nilsson, born 1966

Education: Master of Engineering from the Institute of Technology at Linköping University.

President and CEO of Trelleborg AB.

Director since: 2007

Holding through companies and family: 0

Director of: Trelleborg AB, Trioplast Industrier AB, the Chamber of Commerce and Industry of Southern Sweden and others.

Earlier positions: Business Area President and other assignments within the Trelleborg Group, management consultant at BSI.



Marianne Nivert, born 1940

Education: Telecommunications Engineering Degree and Bachelor of Science.

Director since: 2002

Holding: 6,000

Chairman of: Posten AB

Director of: SSAB, Wallenstams Byggnads AB, Systembolaget AB.

Earlier positions: President and CEO of Telia AB, Vice President and Head of Network Operations at Telia AB and Vice President and Head of HR at Telia AB.



Anders Ullberg, born 1946

Education: Master of Business Administration from the Stockholm School of Economics.

Director since: 2007

Holding through companies and family: 15,000

Chairman of: Boliden, Eneqvistbolagen, Tieto and Studsvik.

Director of: Atlas Copco, Sapa Holding and Åkers.

Earlier positions: President and CEO of SSAB Svenskt Stål, Vice President and CFO of SSAB, CFO of Svenska Varv.



Johan Wall, born 1964

Education: Master of Engineering from the Royal Institute of Technology in Stockholm, Visiting Scholar at Stanford University in Palo Alto in the US President of Bisnode AB.

Deputy Director: 1997–2000

Director since: 2000

Holding: 3,000

Director of: The Kjell and Märta Beijer Foundation, the Anders Wall Foundations and others.

Earlier positions: President of Enea AB, President of Framfab AB and President of Netsolutions AB.



Bertil Persson, born 1961

Education: Master of Business Administration from the Stockholm School of Economics.

President and CEO of Beijer Alma AB

Deputy Director: 2000–2001 and since 2002

Director: 2001–2002

Holding: 53,000

Call options: 50,000

Director of: Posten AB

Earlier positions: Head of Treasury at Investor AB, Director of Finance at Scania AB and Executive Vice President of LGP Telecom AB.



SENIOR MANAGEMENT

Bertil Persson born 1961, Master of Business and Administration President and CEO

Employee since: 2000 *Holding:* 53 000 *Call options:* 50 000

Jan Blomén born 1955, Master of Business Administration Chief Financial Officer

Employee since: 1986 *Holding with family:* 47,600

Jan Olsson born 1956, Master of Business Administration Group Controller

Employee since: 1993 *Holding:* 2,000

AUDITORS

Auditing firm of

Öhrlings PricewaterhouseCoopers AB

Chief Auditor

Bodil Björk, born 1959

Authorized Public Accountant

Auditor for Beijer Alma AB since 2006

Addresses

BEIJER ALMA

Beijer Alma AB
Dragarbrunnsgatan 45
Forumgallerian
Box 1747
SE-751 47 UPPSALA
Sweden
Telephone +46 (0)18-15 71 60
Fax +46 (0)18-15 89 87
E-mail info@beijer-alma.se
firstname.lastname@beijer-alma.se
www.beijer-alma.se

Strandvägen 5A
Box 7823
SE-103 97 STOCKHOLM
Sweden
Telephone +46 (0)8-506 427 50
Fax +46 (0)98-506 427 77

LESJÖFORS

Lesjöfors AB
Köpmannagatan 2
SE-652 26 KARLSTAD
Sweden
Telephone +46 (0)54-31 77 50
Fax +46 (0)54-21 08 0
E-mail info@lesjoforsab.com
firstname.lastname@lesjoforsab.com
www.lesjoforsab.com

Lesjöfors Industrial Springs'
production companies

Lesjöfors Stockholms Fjäder AB
Jämtlandsgatan 62
Box 997
SE-162 60 VÄLLINGBY
Sweden
Telephone +46 (0)8-87 02 50
Fax +46 (0)8-87 63 50
E-mail info.vby@lesjoforsab.com

Lesjöfors Industrifjädrar AB
Hudene
SE-524 92 HERRLJUNGA
Sweden
Telephone +46 (0)513-220 00
Fax +46 (0)513-230 21
E-mail info.hja@lesjoforsab.com

SE-682 93 NORDMARKSHYTAN
Sweden
Telephone +46 (0)590-530 25
Fax +46 (0)590-530 60
E-mail info.nor@lesjoforsab.com

Lesjöfors Fjädrar AB
Kanalvägen 3
SE-680 96 LESJÖFORS
Sweden
Telephone +46 (0)590-60 81 00
Fax +46 (0)590-310 31
E-mail info.lfs@lesjoforsab.com

Oy Lesjöfors Ab
Valsverksvägen 5
FI-104 10 ÄMINNEFORS
Finland
Telephone +358 19 27 66 200
Fax +358 19 27 66 230
E-mail info.ami@lesjoforsab.com

Stece Fjädrar AB
Lillgatan
Box 75
SE-383 22 MÖNSTERÅS
Sweden
Telephone +46 (0)499-160 00
Fax +46 (0)499-137 10
E-mail info@mon.lesjoforsab.com

Harris Springs Limited

Clifford House, Industrial Estate
Ruscombe, Reading
GB-BERKSHIRE RG10 9LR
UK
Telephone +44 118 934 0024
Fax +44 118 934 1365
E-mail info@harris-springs.com

European Springs & Pressings Ltd.

Chaffinch Business Park, Croydon Road
Beckenham
GB-KENT BR3 4DW
UK
Telephone +44 2086 661 800
Fax +44 2086 631 900
E-mail info.bec@lesjoforsab.com

Lodge Way, Indian Queens
St. Columb
GB-CORNWALL TR9 6TF
UK
Telephone +44 1726 861 444
Fax +44 1726 861 555
E-mail info.cor@lesjoforsab.com

Lesjöfors Flat Strip Components'
production companies

Lesjöfors A/S
Ringager 9-11
Postboks 362
DK-2605 BRØNDBY
Denmark
Telephone +45 46 95 61 00
Fax +45 46 95 61 95
E-mail info.bby@lesjoforsab.com

Mads Clausensvej 75
DK-6360 TINGLEV
Denmark
Telephone +45 73 34 61 00
Fax +45 73 34 61 01
E-mail info.tlv@lesjoforsab.com

Lesjöfors Springs LV
Kapsedes Str. 2 b
LV-3402 LIEPAJA
Latvia
Telephone +371 340 18 40
Fax +371 340 18 50
E-mail info.lep@lesjoforsab.com

Lesjöfors Banddetaljer AB
Expovägen 7
SE-331 42 VÄRNAMO
Sweden
Telephone +46 (0)370-69 45 00
Fax +46 (0)370-69 45 99
E-mail info.vmo@lesjoforsab.com

Lesjöfors China Ltd.
Nr. 22 Hengshan Rd.
New District
CN-CHANGZHOU 213022
China
Telephone +86 519 5118610
Fax +86 519 5118670
E-mail info.czx@lesjoforsab.com

Lesjöfors Chassis Springs

Lesjöfors Automotive AB
Rådjursvägen 8
SE-352 45 VÄXJÖ
Sweden
Telephone +46 (0)470-70 72 80
Fax +46 (0)470-70 72 99
E-mail info.vax@lesjoforsab.com

Lesjöfors Springs (UK) Ltd.
Lowfields Way
Lowfields Business Park
GB-WEST YORKSHIRE HX5 9DA
UK
Telephone
Automotive +44 1422 370 770
Industrial Springs +44 1422 377 335
Fax
Automotive +44 1422 377 233
Industrial Springs +44 1422 373 336
E-mail info.ell@lesjoforsab.com

Lesjöfors Springs GmbH
Spannstiftstr. 2
DE-58119 HAGEN-HOHNENLIMBURG
Germany
Telephone +49 2334 501718
Fax +49 2334 501717
E-mail info.hag@lesjoforsab.com

Foreign sales companies
Industrial Springs and Flat Strip
Components

Lesjöfors Springs Oy
Hallimestarinkatu 19
FI-20780 KAARINA
Finland
Telephone +358 2 276 14 00
Fax +358 2 235 56 89
E-mail info.abo@lesjoforsab.com

Lesjöfors A/S
Professor Birkelandsvei 24 A
N-1081 OSLO
Norway
Telephone +47 22 90 57 00
Fax +47 22 90 56 90
E-mail info.ske@lesjoforsab.com

Lesjöfors Springs (UK) Ltd.
Lowfields Way
Lowfields Business Park
GB-WEST YORKSHIRE HX5 9DA
UK
Telephone
Automotive +44 1422 370 770
Industrial Springs +44 1422 377 335
Fax
Automotive +44 1422 377 233
Industrial Springs +44 1422 373 336
E-mail info.ell@lesjoforsab.com

HABIA CABLE

Habia Cable AB

Kanalvägen 18, 6th floor
Box 5076
SE-194 05 UPPLANDS VÄSBY
Sweden
Telephone +46 (0)8-630 74 40
Fax +46 (0)8-630 12 20
E-mail info@habia.com
firstname.lastname@habia.com
www.habia.com

Plants and sales offices

Habia Cable AB

Elementvägen 8
SE-815 75 SÖDERFORS
Sweden
Telephone +46 (0)293-22 000
Fax +46 (0)293-307 51
E-mail info.se@habia.com

Habia Cable Latvia SIA, LSEZ

Kapsedes iela 2B
LV-3414 LIEPAJA
Latvia
Telephone +371 340 18 43
Fax +371 340 18 44
E-mail info.lv@habia.com

Habia Kabel Produktions GmbH & Co.KG

Oststrasse 91
DE-22844 NORDERSTEDT
Germany
Telephone +49 405 35 00
Fax +49 405 35 35 046
E-mail info.de@habia.com

Habia Cable China Ltd.

No. 16 Changjiang Middle Road
New District of Changzhou
CN-JIANGSU 213022
China
Telephone +86 519 511 8010
Fax +86 519 510 2998
E-mail info.cn@habia.com

Sales

Habia Cable AB

Kanalvägen 18, 6th floor
Box 5076
SE-194 05 UPPLANDS VÄSBY
Sweden
Telephone +46 (0)8-630 74 80
Fax +46 (0)8-630 74 81
E-mail info.se@habia.com

Sales offices

Jukolansuora 3 C5
FI-043 40 TUUSULA
Finland
Telephone +358 20 155 25 30
Fax +358 20 155 25 39
E-mail info.fi@habia.com

Sirasvej 1
Postboks 141
NO-1713 GRÅLUM
Norway
Telephone +47 6914 0020
Fax +47 6914 0021
E-mail info.no@habia.com

Tinghøjvej 5
DK-3650 Ølstykke
Denmark
Telephone +45 70 22 83 03
Fax +45 47 17 50 10
E-mail info.dk@habia.com

Sushevskaya, 21, 5th floor
RU-127944 MOSKOW
Russia
Telephone +7 495 787 63 50
Fax +7 495 787 63 51
E-mail info.ru@habia.com

Habia Cable Ltd.

Unit 10 Short Way
Thornbury Industrial Estate
Thornbury
GB-BRISTOL BS35 3UT
UK
Telephone +44 1454 41 25 22
Fax +44 1454 41 61 21
E-mail info.uk@habia.com

Habia Cable SA

94, avenue Denis Papin
FR-45800 SAINT JEAN DE BRAYE
France
Telephone +33 238 22 15 70
Fax +33 238 22 15 79
E-mail info.fr@habia.com

Habia Cable BV

Voorref 33
NL-4824 GM BREDA
The Netherlands
Telephone +31 76 541 64 00
Fax +31 76 541 82 89
E-mail info.nl@habia.com

Sales offices

Habia Kabel GmbH

Zeppelinstrasse 5/1
DE-89231 NEU-ULM
Germany
Telephone +49 731 704 79 50
Fax +49 731 704 79 599
E-mail info@habia-kabel.de

Habia Cable Asia Ltd.

Flat 1109, 11/F
Fast Industrial Building
658 Castle Peak Road
Lai Chi Kok, Kowloon
Hong Kong
Telephone +852 2591 1375
Fax +852 2838 0229
E-mail info.hk@habia.com

Habia Cable Asia Ltd. Korea Branch Office

Room 814, Gwachoen Officetel
1-14 Byeollyang-dong
Gwachoen-city, Gyunggi-do
KOREA 427-040
Telephone +82 2 504 66 74
Fax +82 2 504 66 75
E-mail info.kr@habia.com



Beijer Alma's story

- Beijer Alma is an international industrial group that operates in more than 60 markets. Operations focus on component production. The company's key products are custom-designed cables, industrial springs, chassis springs and flat-strip components.
- In 1983, Alma Invest was founded on the initiative of the Upsala Sparbank and a number of entrepreneurs in the Uppland region. The original goal was to acquire blocks of shares in smaller companies in the region and to support the progress of the business sector in the Uppland region. Fairly soon, this geographic focus was discontinued as the Group focused

on its wholly owned subsidiaries within industry and trade.

- The company carried out its first acquisitions in 1985 and Alma Invest was listed on the stock exchange in 1987. In the 1990s, a number of companies were purchased and sold. The Group changed its name to Alma Industri & Handel, which became Beijer Alma in 1998. Beijer Alma now focuses on component production and international sales. In parallel, the Group has created a strategy based on long-term and proactive approach to the ownership of unlisted subsidiaries.

1983 – Alma Invest is founded in Uppsala on the initiative of the Upsala Sparbank and various entrepreneurs in the Uppland region. According to its business concept, the aim of the company is to acquire blocks of shares in smaller companies in the region.

1985 – The business concept is changed and the company's operations are no longer limited geographically. Instead, the aim is to create a group of wholly owned subsidiaries in the areas of industry and trade. The Group's first acquisition is Stickler Drivteknik. Cable manufacturer Habia Cable is later acquired, with annual revenues of approximately MSEK 40.

1987 – The Alma share is introduced on the OTC list of the Stockholm Stock Exchange. Alma Invest changes its name to Alma Industri & Handel. At year-end, the Group has 1,400 shareholders. The largest single shareholder is Robustus, a company in the Sparbank sphere of companies.

1988 – The company's spring operations are established through the acquisition of Stockholms Fjäderfabrik and Automattfjäder.

1992 – Sparbanken sells its stake. Anders Wall becomes the principal shareholder in the Group.

1989 – The Group supplements its Springs operations through the acquisition of Lesjöfors. The company has four plants, annual sales of MSEK 90 and will become the foundation of the future spring operations.

1993 – Anders Wall is appointed Chairman of the Board. The G & L Beijer Import & Export trading company is acquired. At this time, Lesjöfors begins working on a range of standard chassis springs.

1994 – Valve manufacturer Stafsjö Bruk is acquired.

1995 – The Group changes its name to Beijer Alma Industri & Handel.

1996 – The spring plant in Lesjöfors, the company's largest unit, is completely destroyed in a fire. Lesjöfors acquires spring manufacturers Kilen Industri and Nyme and toolmaker Scandic Tools.

1997 – The Group has now been listed on the stock market for ten years and the number of shareholders has increased to 1,850. After the fire in Lesjöfors, a new plant is opened, which is Europe's most modern spring plant.

1998 – Lesjöfors acquires GS Industri, spring manufacturer DK Fjedre and surface treatment companies Gnosjö Yttek and Perny. The Group changes its name to Beijer Alma AB.

2000 – Bertil Persson is appointed President and CEO. Streamlining continues within Lesjöfors. Spring manufacturer Buck Jeppesen is acquired, while the company's leaf spring manufacturing and fine blanking operations are sold. Habia begins manufacturing in China and acquires the German cable company Isotec Kabel.

1999 – Disposal of G & L Beijer Import & Export and the surface treatment companies within Lesjöfors. The focus is placed on industrial companies with high growth potential, a strategy that makes capital available for investments in Habia and Lesjöfors. The cable product Flexiform is also launched in the telecom market this year.

2002 – Lesjöfors establishes manufacturing operations in China.

2003 – Lesjöfors begins manufacturing in Latvia.

2005 – The company disposes of AB Stafsjö Bruk. Lesjöfors acquires Danfoss's spring operations and becomes part owner of Hanil Precision – one of Korea's leading manufacturers of gas springs.

2007 – Lesjöfors acquires the UK company European Springs & Pressings and has 13 plants at year-end. Beijer Alma celebrates its 20th anniversary as a listed company and has 3,002 shareholders at year-end.

2008 – Habia acquires the cabling company CS Technology AB and Lesjöfors concludes the acquisition of the spring operations of Stece AB. Capacity expansion in China continues for both companies.

2001 – Elimag Industri is acquired. Capacity of Habia's plant in Söderfors is expanded.

2006 – Elimag is sold. Lesjöfors acquires the UK company Harris Springs.

“Beijer Alma has a strong financial position,
which provides us with the necessary resources to
cope with the deteriorating economic situation.
Our opportunities to take aggressive action before
the next economic upswing are also improving.”

Bertil Persson
President and CEO

BEIJER • ALMA

Beijer Alma AB (publ)
Corp. Reg. No. 556229-7480
Forumgallerian, Dragarbrunnsgatan 45
Box 1747, SE-751 47 Uppsala, Sweden
Telephone +46 18-15 71 60
Fax +46 18-15 89 87
E-mail info@beijer-alma.se
www.beijer-alma.se