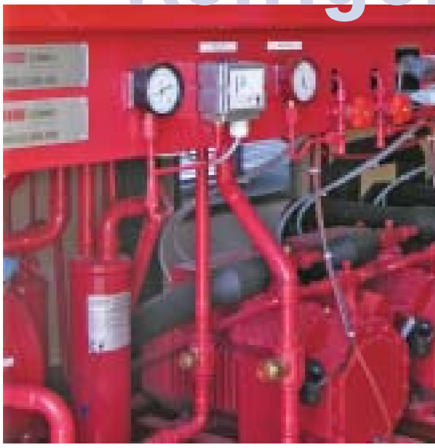
G & L Beijer AB Annual Report 2004

Refrigeration



Industrial Technology

Contents

Annual General Meeting

The Annual General Meeting of G & L Beijer AB will be held on Friday, 29 April 2005 at 4.00 p.m. in Malmö Börshus, Skeppsbron 2, Malmö.

Participation

In accordance with the legislation governing simplified share trading that is applied in the company, shareholders who wish to participate in the Annual General Meeting must be entered in the Register of Shareholders maintained by the Swedish Central Securities Depository & Clearing Organisation, VPC, no later than 19 April 2005. Shareholders whose shares are nominee registered through the trust department of a bank or an individual securities trader must re-register their shares temporarily in their own name with VPC in order to be entitled to vote at the Annual General Meeting.

Notification

Shareholders who wish to participate in the Annual General Meeting must notify the Board of Directors no later than noon on 25 April by mail: G & L Beijer AB, Norra Vallgatan 70, SE-211 22 Malmö, Sweden, or by telephone + 46 40-35 89 00, or by e-mail to info@gl.beijer.se. For details about the information that e-mail notification must contain, please see our website at www.beijers.com.

Dividend

The Board of Directors proposes a dividend of SEK 4.25 per share for the 2004 financial year and that 4 May 2005 will be the record day. Payment is expected to be remitted by VPC on 10 May 2005.

Financial Information for 2005

- Three-Month Interim Report will be published in connection with the Annual General Meeting of G & L Beijer on 29 April 2005.
- Six-Month Interim Report will be published on 19 August 2005.
- Nine-Month Interim Report will be published on 21 October 2005.
- Year-End Report for 2005 will be published in February 2006.
- The Annual Report for 2005 will be published in April 2006.

2004 Highlights

Financial Highlights

- Sales increased by 40.9 per cent to SEK 1,973.7M (1,400.9)
- Operating profit increased by 8.0 per cent to SEK 65.0M (60.2)
- Operating result is charged with one-off costs of SEK 11.3M
- Profit after tax amounted to SEK 32.8M (34.3)
- Profit per share amounted to SEK 5.29 (5.53)
- The Board of Directors proposes a dividend of SEK 4.25 per share (4.00)

Significant Events

- G & L Beijer has specialised its manufacturing units within business area Beijer Ref. The new production structure involves increased specialisation with higher volumes and a clearer focus for the respective manufacturing units.
  In September, a decision was made to complete the consolidation of the production structure by moving the production of cooling batteries from Denmark to Sweden. Cost savings and co-ordination benefits are estimated to be SEK 7-8M on an annual basis, with a full impact from 2005.

- G & L Beijer acquired Elsmark Holding A/S from the Danish company, Danfoss, through business area Beijer Ref. The acquisition comprised six companies with operations in six European countries. The companies report total sales of SEK 900M and have around 320 employees. The Elsmark Group is included in G & L Beijer's accounts from 1 June 2004.

- G & L Beijer acquired the industrial trading company, Höiness Sverige AB, which is located in Borås, through business area Industrial Technology. Höiness Sverige AB markets and sells products for burnishing, polishing, brushing and grinding metals to Swedish industries. Höiness Sverige AB is included in G & L Beijer's accounts from 1 July 2004.

- In December, G & L Beijer received an important test order for four titanium-based cooling batteries from the US Navy through business area Beijer Ref's Norwegian subsidiary. The installation is expected to be completed during the second half of 2005. The tests and evaluations, if successful, will present Beijer Ref with excellent opportunities for additional orders.

MANAGING

"G & L Beijer was one of the winners in the stock market during the year, with a price rise of more than 60 per cent. 2004 was also a record year for both sales and operating profit."

2004 was an intensive and eventful year. G & L Beijer entered a new phase with its strategic acquisition of Elsmark Holding, which is also the Group's largest transaction so far. The acquisition contains both new opportunities and new challenges. It is also a milestone which sharpens and spurs the entire organisation.

In the short-term, we have secured good growth for the Group for the period 2004-2005. The immediate challenge is to increase profitability in the acquired companies. A number of co-ordination benefits with Beijer Ref's organisation and cost savings in some countries have already been realised. As always, it will take some time to achieve the profitability targets, but the work is running in accordance with the plan and we look to the future with confidence.

With its acquisition of Elsmark, G & L Beijer achieved a solid platform in Europe which will provide new opportunities in the long term. The business area within refrigeration, which changed its name to Beijer Ref in connection with its increasing internationalisation, is the largest refrigeration wholesaler in Europe with operations in 15 countries. However, there are blanks on the European map. As a large operator in the market, G & L Beijer will always be involved in future structural discussions. The deal can also open exciting opportunities outside Europe.

G & L Beijer was able to finance the Elsmark transaction through its own funds and new loans. We see this as an endorsement of the G & L Beijer Group's strengths and stability. The deal was apparently appreciated by the stock market. G & L Beijer was one of the winners in 2004 with a price increase of more than 60 per cent. As a result of the acquisition of Elsmark, 2004 was a record year for both sales and operating profit before one-off costs. However, the operations also developed positively without the acquisition.

Business area Industrial Technology reported high organic growth within industrial products and achieved its best year so far, both for sales and operating profits. As a result of Beijer Ref's strong expansion, Industrial Technology's share of the Group has fallen to 29 per cent of sales. However, Industrial Technology

DIRECTOR'S REPORT

will continue to play an important role in creating stability for the Group and will counter-balance Beijer Ref which has become more cyclical with larger seasonal variations as a result of the acquisition of Elsmark.

Financially, the acquisition led to an increased debt ratio and a lower equity ratio. At the same time, the equity ratio target was reduced from 35 per cent to 30 per cent taking into account the strongly increased component of trading activities in the Group. Although we currently have a well-balanced capital structure, we will continually work to seek to reduce capital employed. With an increased focus on the capital turnover rate and good earning capacity, our ambition is to reduce the debt ratio gradually.

Prospects for 2005

The acquisition of Elsmark will make a positive impact on the Group's comparative sales figures for the first five months of 2005. Many financial analysts are also expecting the relatively good economy to continue during the year. As a result, the G & L Beijer Group is expected to be able to increase both sales and profit for the 2005 full year.

Joen Magnusson
Managing Director and CEO

Business concept, objectives and strategies

Business concept

G & L Beijer is a technology-oriented Group, operating in industrial trading which, through a combination of added-value agency products and products of the company's own development, offers competitive solutions for a large number of customers.

Objectives

Beijer aims to strengthen its position as the leading operator in Europe within business area Beijer Ref and to increase its business operations in more markets in Europe.

Beijer aims to strengthen its position as one of the leading suppliers in the Nordic countries within business area Beijer Industrial Technology.

The Group operates in mature markets and its objective is to grow faster than the market.

The Group aims to achieve a return on capital employed in operations of at least 12 per cent.

The Group normally has good cash flows and a high dividend capacity. The objective is to distribute 30-70 per cent of profit after tax. However, the level will be weighted every year against the Group's capital requirements and prospects for the future.

The equity ratio should not normally fall below 30 per cent.

Strategies

G & L Beijer focuses its operations on business areas Beijer Ref and Beijer Industrial Technology.

Expansion within business area Beijer Ref will be achieved through organic growth and acquisitions, especially in Europe.

Growth within business area Industrial Technology will partly be achieved through acquisitions in its main market in the Nordic countries.

The Group will offer large customer groups solutions which create added value.

The Group gives priority to long-term and stable business relationships to optimise the diverse requests of different interested parties. The primary interest groups consist of shareholders, customers, employees and suppliers.

Business model

G & L Beijer's business model has shown good sustainability and stability. The fundamental concept is the focus on trading operations. In addition, the Group creates added value by contributing technical expertise to the products, being responsible for knowledge and experience about the market, and providing efficient logistics and warehousing. Long-term planning, stability and tradition are other characteristics. At the same time, the ability to change is also an important cornerstone.

The Group has undergone gradual changes and adaptations to new market conditions. Operations have been divested or distributed and new operations have been added. In 2000, G & L Beijer adopted a new strategy with a focus and concentration on two business areas – Beijer Ref and Beijer Industrial Technology.

Together, G & L Beijer's two business areas have a comprehensive product range which covers most sectors. The Group offers the market up to 50,000 articles. However, from a product viewpoint there are only minor points of contact between the two business areas. What the business areas do have in common is that they focus on different competencies relating to trading operations.

The two business areas also give a diversity with a focus on components, manufacturing supplies, system solutions and spare parts. This means that the Group is less sensitive to fluctuations in general economic activity whilst helping to balance seasonal variations for the respective business area. In addition, the Group has made breakthroughs within the tools and outdoor lighting segments in the consumer market in recent years

G & L Beijer has a good geographic spread with sales in 15 countries in Europe. The total number of customers amounts to approximately 15,000.

The Group's markets are mature and show moderate growth. G & L Beijer strives to increase growth, partly through acquisition. Acquisitions are difficult to plan from a time viewpoint and once they have been implemented, an integration process will take over. Through the acquisition strategy, the two business areas have complemented each other and, by turns, contributed to a balanced and even growth for the Group as a whole. Over the past five years, 2000-2004, the Group has reported average growth of 11.5 per cent per annum, excluding Beijer Electronics which was distributed to the shareholders in 2000.

The robust business model and the extensive operations also generate stable results. The operating margin (operating profit in relation to sales) has averaged 4.8 per cent during the five-year period, excluding Beijer Electronics. It has also shown small variations with a high of 7.2 per cent and a low of 3.3 per cent.

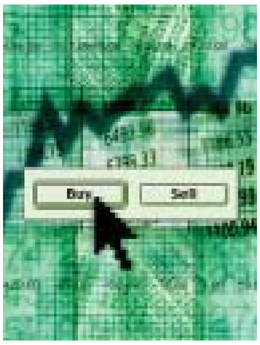
Return on capital employed has averaged 10.5 per cent which is slightly below the Group target.

Return on capital has varied between 15.2 per cent and 8.1 per cent.

G & L Beijer's value creation benefits the shareholders in the form of dividend and potential price growth. The dividend over the past five years has averaged 71 per cent of profit after tax. In addition, the shares in Beijer Electronics were distributed to the shareholders in 2000. G & L Beijer's shareholders have received a total yield (dividend plus price growth) of 27.6 per cent per annum on average during the five-year period, 2000-2004, excluding Beijer Electronics. The comparable index – the Six Return Index – rose by 3.6 per cent per annum on average during the same period.

Footnote

The calculation of G & L Beijer's yield has been made by taking the price on 31 December 1999 of SEK 98 which, after the distribution of Beijer Electronics, gave an acquisition value of SEK 46.06 (47 per cent). The price paid of SEK 133 on 31 December 2004 and total dividends of SEK 23 gave a total of SEK 156 and a total yield of 239 per cent or 27.6 per cent per annum.



THE BEIJER SHARE

The G & L Beijer B share is quoted on the A list of the OM Stockholm Exchange. A block of shares is equivalent to 200 shares.

Share capital

The share capital of G & L Beijer AB amounts to SEK 217,752,080, represented by 647,205 A shares and 5,574,283 B shares, amounting to 6,221,488 shares in total. Each share has a nominal value of SEK 35. Each A share entitles the owner to ten votes and each B share to one vote. All shares have equal rights to the company's assets and profits.

Ownership structure

On 31 December 2004, G & L Beijer had 2,870 shareholders. Distribution of ownership is shown in the adjacent table.

Market value and trading

Beijer's market value measured as price paid was SEK 133.00 at the 2004 year end. The price paid was SEK 81 at the 2003 year end. Including a dividend of SEK 4.00, the total yield amounted to 69.1 per cent. The comparable index rose by 20.8 per cent. The highest price paid during 2004 for the G & L Beijer share was SEK 133 and the lowest SEK 80.

Trading of the company's shares amounted to 1.22 million shares, equivalent to a value of SEK 117.7M. The trading rate was approximately 20 per cent of the total number of shares.

Profit

Profit per share after tax amounted to SEK 5.29 (5.53).

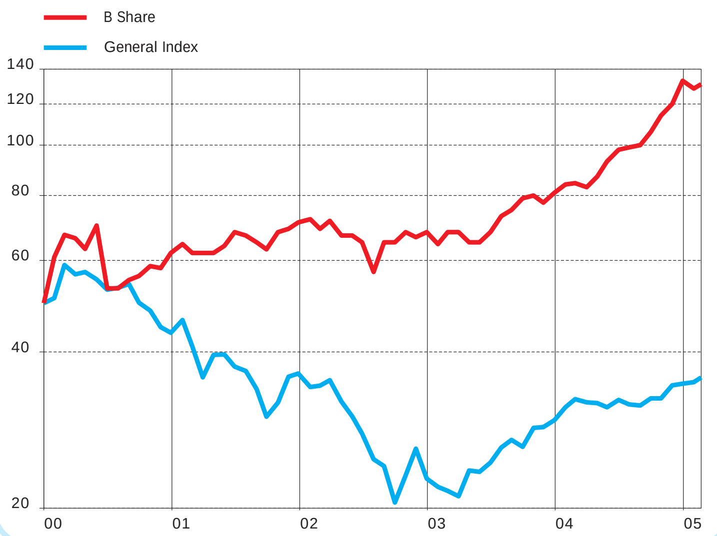
Dividend

The Board of Directors proposes a dividend of SEK 4.25 (4.00) for the 2004 financial year. The dividend proposal is equivalent to 80 per cent (72) of the Group's profit after tax for 2004 and 6.4 per cent (6.2) of shareholders' equity at the 2004 year end. The yield – the proposed dividend as a percentage of the latest price paid during the year – amounts to 3.2 per cent.

Buy-back of own shares

The Annual General Meeting on 29 April 2004 authorised the Board of Directors, until the 2005 Annual General Meeting, to decide, on one or several occasions, to acquire and transfer own B shares of up to ten per cent of the total number of shares. At the 2004/2005 turn of the year, the number of own shares amounted to 21,800 (21,800).

Share Development



(c) SIX

Share data (SEK)

	2004	2003	2002	2001	2000
Profit per share[1)]	5.29	5.53	6.26	3.67	9.35
Profit per share after standard tax[2)]	6.08	5.85	6.73	4.65	10.65
Equity per share[3)]	66	65	65	62	62
Dividend[4)]	4.25	4.00	4.00	3.00	6.00
Market value[5)]	133	81	68	71	62
Yield, %[6)]	3.2	4.9	5.9	4.2	9.7
Cash flow per share[7)]	7.79	10.75	9.80	8.27	12.24

	2004	2003
Number of outstanding shares	6 199 688	6 199 688
Average number of outstanding shares	6 199 688	6 210 038

DEFINITIONS

(1) Net profit for the year divided by the average number of outstanding shares.
(2) Profit for the year before taxes reduced by 28 per cent tax divided by the average number of outstanding shares.
(3) Shareholders' equity divided by the number of outstanding shares at year end.
(4) For 2004, in accordance with the Board of Directors' proposal.
(5) On 31 December.
(6) Dividend in relation to market value.
(7) Cash flow from current operations before changes in working capital divided by the average number of outstanding shares.

Shareholders on 04-12-31

	A shares	B shares	Total	Capital	Votes
Jürgensen, Peter Jessen (private & companies)	223 973	383 000	606 973	9.8%	21.8%
Magnusson, Joen (private & companies)	229 970	74 200	304 170	4.9%	19.7%
Bertland, Per	142 307	62 500	204 807	3.3%	12.3%
Lannebo fonder		575 600	575 600	9.3%	4.8%
Hain, Jan (private & companies)	40 000	150 000	190 000	3.1%	4.6%
Skandia Liv		535 800	535 800	8.6%	4.4%
SEB fonder		462 700	462 700	7.4%	3.8%
Ekdahl. Gunnar (family & companies)		415 400	415 400	6.7%	3.4%
DnB/Carlson fonder		253 000	253 000	4.3%	2.2%
Banco fonder		238 000	238 000	3.8%	2.0%
Riksbankens jubileumsfond		200 000	200 000	3.2%	1.7%
Nordea fonder		195 200	195 200	3.1%	1.6%
Länsförsäkringar fonder		141 000	141 000	2.3%	1.2%
Bjurman, Torsten (family & companies)		132 000	132 000	2.1%	1.1%
G & L Beijers personalstiftelse		70 000	70 000	1.1%	0.6%
Öresund		57 000	57 000	0.9%	0.5%
Dunkerstiftelserna		50 000	50 000	0.8%	0.4%
Total shareholders with 50 000 shares or more	636 250	3 995 400	4 631 650	74.7%	86.1%
Other owners	10 955	1 557 083	1 568 038	24.9%	13.7%
Shares in own custody		21 800	21 800	0.4%	0.2%
Total	647 205	5 574 283	6 221 488	100.0%	100.0%
Votes			12 046 333		

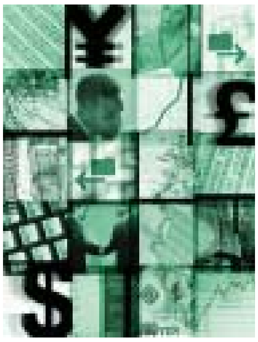
Share data per registered owner (SEK)

Owners of	Number of shares	Per cent	Number of owners
1-500	252 273	4.1%	2 442
501-1000	163 992	2.6%	201
1001-2000	143 814	2.3%	87
2001-5000	224 739	3.6%	64
5001-10000	171 758	2.8%	23
10001-20000	264 001	4.2%	17
20001-50000	547 560	8.8%	17
50001-100000	348 100	5.6%	5
100001-	4 105 251	66.0%	14
Total	**6 221 488**	**100.0%**	**2 870**

Change in Share Capital (SEK K)

Year	Transaction	Change	Share capital	Number
1987			260 000	3 250
1990	Reduction of nominal value*	–146 250	113 750	3 250
1992	Non-cash issue acquisition of Dpnova	10 325	124 075	3 545
1992	Non-cash issue acquisition of Beijers	86 986	211 061	6 030
1992	Transfer from restricted reserves	6 691	217 752	6 221

* Reduction of the nominal value of the share from SEK 80 to SEK 35. The 1990 Annual General Meeting resolved that SEK 201.5M, equivalent to SEK 62 per share, should be paid to the shareholders, of which SEK 50 per share through distribution and SEK 12 per share through a one-off dividend.



IFRS

From 2005, G & L Beijer will change over to reporting in accordance with International Financial Reporting Standards (IFRS). This has been approved by the EU Commission. The work involved in adapting to the new rules and regulations was carried out during 2004. If the new IFRS regulations had applied during 2004, the profit and loss accounts and balance sheets would have been affected as follows:

A restructuring reserve of SEK 24.9M, which was established in connection with the acquisition of Elsmark, would have reduced profit after tax for 2004 by SEK 17.0M. In accordance with IFRS, these restructuring costs net after tax will instead be charged to the profit for 2004 and result in a decrease in the goodwill value. In the 2005 accounts, shareholders' equity brought forward will be affected by a similar amount

Non-implemented goodwill amortisation of SEK 19.6M would have increased profit after tax by the same amount.

At the 2004 year end, shareholders' equity would have been positively affected by SEK 1.7M excluding minority interests through the net effect of the impact of IFRS.

Dean & Woods' administration centre in Leatherhead, Surrey in southern England

Business area Beijer Ref accounted for the major event of the year within the Beijer Group through its acquisition of the European refrigeration wholesaler, Elsmark Holding, from the Danish company, Danfoss. The acquisition comprised six companies with operations in six European countries. The companies report total annual sales of approximately SEK 900M and have around 320 employees.

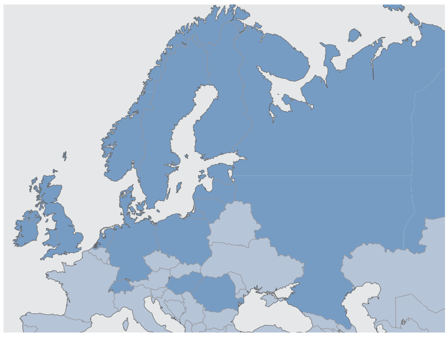
The Elsmark companies are included in G & L Beijer's consolidated accounts for the period 1 June - 31 December 2004, i.e. for seven months. The impact of the acquisition on the Group's and the business area's sales and results during 2004 is reported in the Group review and the review of the business area.

Beijer Ref was already the leading refrigeration wholesaler in the Nordic countries and became the largest refrigeration wholesaler in Europe with its acquisition of Elsmark Holding.

With increased internationalisation, the business area has also adopted its international name, Beijer Ref, in Sweden. On a full-year basis and pro forma, the new Beijer Ref reports sales of approximately SEK 1.9 billion and has a total of around 770 employees. The business area is now serving 15 markets in Europe through a total of 67 branches. The acquisition of Elsmark meant that Beijer Ref was given a significantly broader geographic spread and a better balance in sales between different markets.

The United Kingdom and Ireland are together the largest market and account for 27 per cent of the business area's annual sales in the new Beijer Ref. Sales in Sweden represent 20 per cent of total sales. Denmark and the Netherlands represent around 11-12 per cent, followed by Norway, Poland, Switzerland and Finland which represent between five and seven per cent.

The acquisition of Elsmark also involved a further shift in the emphasis between the trading and wholesale companies and the manufacturing companies. In the new Beijer Ref, the trading and wholesale companies account for 89 per cent of sales and the manufacturing companies for the remaining 11 per cent. The strategy is to pursue continued growth, partly through acquisition of trading and wholesale companies, with a priority on companies in Europe.



The new Beijer Ref

The Elsmark companies are profitable, but their operating margins have been at a significantly lower level compared with the former Beijer Refrigeration. The long-term ambition is to increase the operating margin of the acquired companies. The short-term synergies are attributable to lower central costs, co-ordination of purchasing and making inventories and logistics more efficient.

With the acquisitions, the G & L Beijer Group will report annual sales of approximately SEK 2.5 billion and have around 1,000 employees.

G & L Beijer Group
Operations 2004

The G & L Beijer Group is focused on trading operations, primarily within industrial products, but there is currently also a growing component of consumer products. The product programme consists mainly of the importation of agency products and the manufacturing of own products.

Overall, operations are controlled by the Board of Directors and the parent company through target formulation and target monitoring of the Group's two business areas: Beijer Ref and Beijer Industrial Technology. The parent company acts through the Board of Directors of the business areas and takes a proactive part in acquisition processes, strategic decisions, etc.

The economy strengthened gradually during the year, which benefited both Beijer Ref and Beijer Industrial Technology. Acquisitions accounted for the majority of the Group's strong growth during the year.

The acquisition of Elsmark within Beijer Ref contributed more than SEK 500M to Group sales during 2004. Within Beijer Industrial Technology, Höiness Sverige AB, which is located in Borås, was acquired. It made a small contribution to the business area's sales.

In parallel with aggressive investments, the Group has been involved in restructuring and implementing continual savings programmes. The manufacturing of cooling batteries in Denmark was phased out and moved to Sweden. During the autumn, work started on the integration of the Elsmark companies with Beijer Ref's organisation. Within Industrial Technology, the pre-announced organisational change was implemented to achieve a clearer structure and a more market-oriented organisation. During the year, a strategy process was also initiated within the business area which will be further developed during 2005.

Sales

Consolidated sales increased by 40.9 per cent to SEK 1,973.7M (1,400.9). The increase is mainly explained by acquisitions but also by organic growth.

Sales of Beijer Ref rose by 60.8 per cent to SEK 1,405.6M (874.3), equivalent to 71 per cent (62) of Group sales. Industrial Technology's sales increased by 7.9 per cent to SEK 568.1M (526.6), equivalent to 29 per cent (38) of Group sales.

Operating profit

The Group's operating profit before goodwill amortisation amounted to SEK 84.6M (74.8). Beijer Ref contributed SEK 64.1M (59.3), equivalent to 76 per cent (79) of the total result. Industrial Technology's profit amounted to SEK 34.9M (29.4).

Profit was charged with one-off costs totalling SEK 11.3M, of which SEK 5.4M related to the phasing out of the manufacturing of cooling batteries in Denmark. In addition, Beijer Ref made a provision of SEK 5.9M for anticipated costs for customs duties and charges relating to 2002 and 2003. Excluding one-off costs, operating profit before goodwill amortisation was SEK 95.9M.

The Group's amortisation of goodwill was SEK 19.6M (14.7). Operating profit after goodwill increased by 8.0 per cent to SEK 65.0M (60.2). Excluding one-off costs, profit amounted to SEK 76.3M.

Profit after financial income and expenses, and tax

Financial income and expenses amounted to SEK -12.6M (-9.7). The increase is due to increased indebtedness as a result of the acquisition of Elsmark. Profit before taxes amounted to SEK 52.4M (50.5). Excluding one-off costs, profit was SEK 63.7M. Profit after tax amounted to SEK 32.8M (34.3).

Profitability

Return on capital employed amounted to 8.1 per cent (9.6). Return on equity was 8.1 per cent (8.5).

Other financial information

The Group's investments in tangible and intangible fixed assets, including acquisitions, amounted to SEK 155.6M (40.9). Cash flow from current operations before changes in working capital was SEK 48.3M (66.8). The net debt amounted to SEK 579.4M (218.2) at the turn of the year. On the same date, shareholders' equity amounted to SEK 406.7M (401.4). This meant a debt/equity ratio of 1.6 (0.6) and an equity ratio of 28.7 per cent (45.4).

Currency

G & L Beijer's sales are mainly transacted in Europe. SEK accounts for 43 per cent of total sales, EUR for 18 per cent, GBP for 14 per cent, DKK for eight per cent and NOK for eight per cent. EUR accounted for 42 per cent of purchases, SEK for 24 per cent and other European currencies for 28 per cent and USD for six per cent.

Organisation and staff

G & L Beijer is a decentralised organisation. Operations are carried out in a number of subsidiaries which are co-ordinated through business areas Beijer Ref and Beijer Industrial Technology. The control of the operations is carried out through target formulation and monitoring of set targets. The parent company has overall responsibility for Group management and Group control.

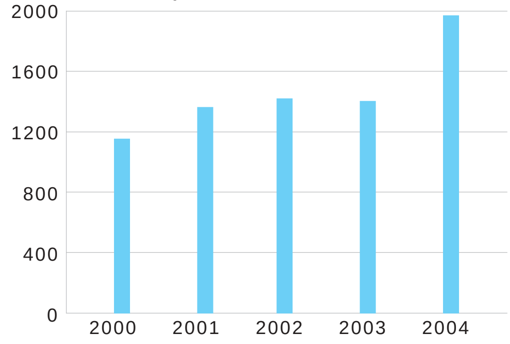
In 2004, the Group had an average of 839 employees (645), of whom 81 per cent are men. The parent company, including Beijer Förvaltning AB, had five employees (5) on average. The number of employees in Beijer Ref was 634 (443) and in Beijer Industrial Technology 200 (197).

Environmental Policy

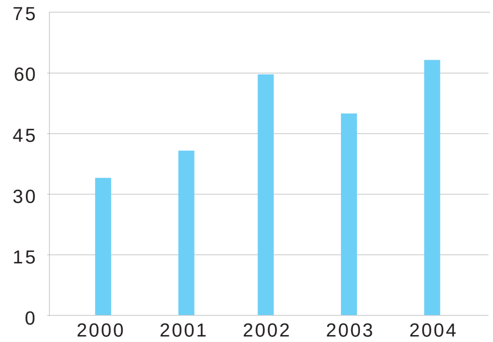
G & L Beijer will contribute to ecologically sustainable development. The Group will offer advanced technical services and products which meet customer requirements and make the least possible impact on the environment throughout the product life-cycle within the constraints of what is technically possible and commercially defensible.

G & L Beijer will ensure that the Group's environmental ambitions are communicated and observed through an open and objective dialogue with all interested parties. The staff will continually be trained to assume responsibility for, and develop, the Group's environmental work. The environmental programme will be reviewed on a regular basis and the results reported openly.

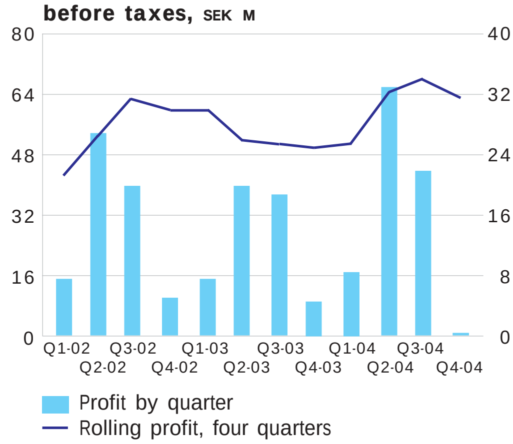
Net sales, SEK M



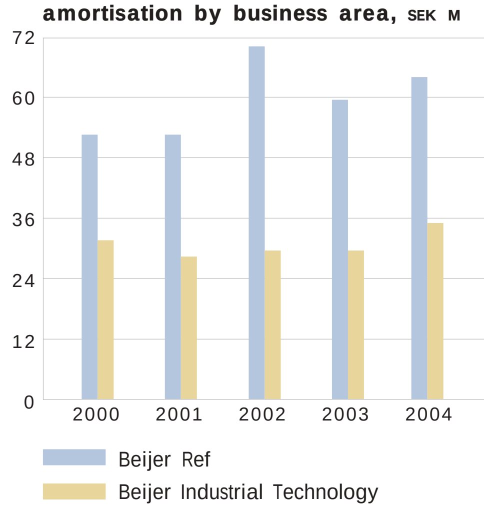
Profit before taxes, SEK M



Rolling 12 months' profit before taxes, SEK M



Operating profit before goodwill amortisation by business area, SEK M



All the diagrams are exclusive of Beijer Electronics and adjusted for items affecting comparability and one-off items

From being the leading wholesaler in the Nordic countries, Beijer Ref has developed into the largest refrigeration wholesaler in Europe

Beijer Ref's Norwegian operation has developed specific expertise relating to titanium-based heat exchangers. At the end of 2004, the Norwegian company received an important test order for four titanium-based cooling batteries from the US Navy. The four titanium-based cooling batteries will be installed in a landing hovercraft to reduce the temperature of the lubricating oil in the vessel's gearbox. These hovercraft were recently used in connection with the aid activities after the natural disaster in south-east Asia in 2004.

Business area Beijer Ref markets and sells complete refrigeration systems and components for refrigeration systems in 15 European countries.

2004 operations

During the year, Beijer Ref took a major strategic step through its acquisition of Elsmark Holding from the Danish company, Danfoss. The acquisition meant that Beijer Ref doubled its annual sales and moved from being the leading refrigeration wholesaler in the Nordic countries to being the largest refrigeration wholesaler in Europe.

The acquisition of Elsmark comprised six companies which have operations in six European countries and a total of 320 employees. Elsmark is included in the consolidated accounts from 1 June 2004. At the same time, work started on an extensive integration process with the rest of the Beijer Ref organisation. The objective is to increase the operating margin in the acquired companies to a level comparable with Beijer Ref's other companies.

The focus is primarily on reducing costs within the Elsmark Group. During the autumn, the Danish head office was closed which resulted in significant savings. In the United Kingdom, a restructuring programme was implemented which has reduced the number of branches and the number of employees.

In addition, a programme was initiated to co-ordinate purchases between the different companies. The integration process has proceeded in accordance with the plan and the first savings made an impact from the 2004/05 turn of the year.

During the year, Beijer Ref decided to specialise the manufacturing units within the business area. During the autumn, a decision was made to move the manufacturing of cooling batteries from Denmark to Sweden. The new production structure involved increased specialisation with larger volumes and a clearer focus for the respective manufacturing units. The different internal action programmes have together reduced the cost volume by SEK 25M on an annual basis with effect from 2004/05 turn of the year.

Continued on page 14

Business area Beijer Ref is the leading refrigeration wholesaler and manufacturer of heat exchangers in Europe with sales in 15 countries. Operations are carried out in two segments:
– wholesale and trading companies
– manufacturing companies.
Beijer Ref's competitive edge lies in its technical competence relating to the products, the comprehensive product range and the opportunities to offer efficient overall solutions.

Products
Beijer Ref markets and sells complete refrigeration systems as well as components for refrigeration systems. The product range consists of products developed by the company and agency products. The offer to customers is characterised by turnkey system solutions which simplify installation.

Beijer Ref's products are mainly used in refrigeration and freezer counters, refrigeration and cold storage rooms, as well as for air conditioning and ventilation systems. The products are found in different environments such as food stores, shopping centres, factories, offices, computer rooms, ice rinks, private residences, hotels, etc.

In simple terms, a complete refrigeration system consists of the following components:
- A compressor which pumps a refrigerant through a cooling system.
- A refrigerant which transports heat away from the refrigerated area.
- Heat exchangers of various types such as evaporators, condensers or coolers.

The evaporator removes the heat from the refrigerated area. The condenser discharges heat assimilated in the refrigerated circuit. Evaporators and condensers work with refrigerants in both liquid and gaseous form. Coolers use only liquids as refrigerants.

Beijer Ref offers the market a total of 15,000 different products in the refrigeration sector. Operations are carried out in two segments:
– wholesale and trading companies
– manufacturing companies.

Wholesale and Trading Companies
Beijer Ref's wholesale and trading companies are the leading operators in Europe. The companies have agencies for a number of products within the refrigeration segment such as compressors, refrigerants, control and monitoring equipment, and various components. Beijer Ref represents leading companies in the sector within different product areas, including Bitzer, Tecumseh, Alco, Electrolux, Danfoss, Honeywell, Ineos, Carel, Johnson Controls, AIA, Luve, Searle, Henry, Glava, Outokumpu, Sinko, etc.

The Swedish and Norwegian wholesalers also produce customised fluid-refrigerating units. Comfort cooling (air conditioning) consists mainly of the agencies for the Japanese companies Mitsubishi Heavy Industries, Mitsubishi Electric, Panasonic, Daikin, for the Korean company LG and for the Italian company Aermec; and Beijer Ref's own product, Aircool.
Beijer Ref's competitive edge lies in its technical competence relating to the products, an extensive and varied product range and, in particular, opportunities to offer customers efficient overall solutions. In addition, Beijer Ref enjoys long-term durable relationships with its customers.
The wholesale and trading companies account for nearly 90 per cent of the business area's sales.

Manufacturing companies
The manufacturing companies carry out development, manufacturing and sales of the business area's own products such as heat exchangers, evaporators and condensers. Production is carried out in Sweden, Norway and Finland. The products complement each other well in terms of customer segment and production technology, which provides integrated technical and marketing strength.

The manufacturing companies account for more than ten per cent of the business area's sales. Approximately 80 per cent of the manufacturing company's sales are made to external customers and the remaining 20 per cent are delivered to the business area's wholesale and trading companies.

Market and market segments
Beijer Ref is established in 15 markets in Europe, including Sweden, Denmark, Norway, Finland, United Kingdom and Ireland, the Netherlands, Switzerland, Poland, the Baltic States, Hungary, Rumania and Russia.

The market is split into three segments: commercial refrigeration, industrial refrigeration and comfort cooling.

- COMMERCIAL REFRIGERATION dominates the business area and consists mainly of complete refrigeration systems and components for refrigeration systems. The food retail sector and the restaurant sector are the largest customer groups.
- INDUSTRIAL REFRIGERATION is mainly used by food industries, process refrigeration, ice rinks and large heat pumps.
- COMFORT COOLING is air conditioning for offices, private residences and cars, and heat pumps.

Demand in the business area's largest segment, commercial refrigeration, is relatively stable and only partly varies with the economic trend. Rising consumption of refrigerated and frozen products, as well as the establishment of new food supermarkets, benefits the segment. In addition, the market is being positively affected by decisions made by the authorities, such as the requirement to convert to more environmentally-friendly refrigerants. The market for comfort cooling enjoys strong growth as climate installations in work locations and in cars are becoming increasingly common.
Beijer Ref's sales are mainly made to refrigeration installation contractors, service companies and manufacturers of refrigeration products which, in turn, deliver to end customers. The market consists of a small number of large customers and a significant number of small and medium-sized customers.

Competitors
Beijer Ref is the leading company in Europe, with a market share of more than 10 per cent. Major competitors of the wholesale and trading companies in Europe are the US-owned company, Carrier; the Spanish company, Pecomat; and the German companies, Schiessel, Frigo Technik and Reiss. The Nordic competitors are Ahlsell, AKA and Onninen. In addition there are a number of small competitors.

The manufacturing companies face competition from Carrier and Coil-Tech as well as a few Nordic companies and a number of large manufacturers in Europe.

Per Bertland, Head of business area Beijer Ref

In collaboration with the refrigeration installation company, Hallesåkers Butikstjänst AB, Kylma AB manufactures compressor units which provide cooling for the refrigeration and freezer counters in the Netto food chain. The units are installed in more than 30 stores and an additional 25 Netto stores are planned in Sweden during 2005.

The business area's investments in the markets in Poland and the Baltic States continued to develop positively. In Poland, Beijer Ref was one of the fastest growing operations in the country. During the year, a breakthrough was made in the Russian market through the establishment of a new Finnish company in Lappeenranta. The new company will focus on marketing and selling Beijer Ref's existing product programme in the Russian market and will be completely separated from Beijer Ref's existing operation in Finland. The investment is under evaluation and it is possible that a subsidiary will be established in St. Petersburg.

Beijer Ref's Norwegian operation has developed a specific expertise relating to titanium-based heat exchangers. At the end of 2004, the Norwegian company received an important test order for four titanium-based cooling batteries from the US Navy. The four titanium-based cooling batteries will be installed in a landing hovercraft to reduce the temperature of the lubricating oil in the vessel's gearbox. The installation is expected to be made during the second half of 2005. If the tests and evaluations are successful, Beijer Ref will have excellent opportunities for additional orders. If this is the case, the US Navy has 80 hovercraft whose cooling batteries could be exchanged.

During the year, the business area developed a platform for e-trading which was launched in Sweden during the first quarter of 2005. The platform will gradually be implemented in Beijer Ref's other markets in Europe.

Sales

The business area's sales increased by 60.8 per cent to SEK 1,405.6M (874.3). The Nordic market developed positively as a whole. The Swedish market recovered significantly after a weak 2003 and sales in Sweden grew strongly during 2004. Sales in Finland increased while they fell in Norway. Sales in Denmark fell slightly, partly as a result of the restructuring of the Danish manufacturing company.

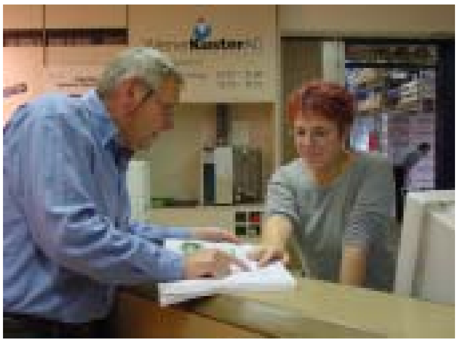
Sales in the new markets in Poland and the Baltic States rose by 18.2 per cent to SEK 84.3M. Sales in the United Kingdom and Switzerland rose slightly while they remained unchanged in the Netherlands.

The wholesale and trading companies increased their sales by 75 per cent and the manufacturing companies by four per cent. The wholesale and trading companies accounted for 89 per cent of the business area's sales and the manufacturing companies for the remaining 11 per cent.

Operating profit

The business area's operating profit increased by 8.1 per cent to SEK 64.1M (59.3), equivalent to an operating margin of 4.6 per cent (6.8). The profit improvement is explained by the acquisition of Elsmark and increased sales volumes. The lower operating margin is partly due to the fact that the Elsmark companies have lower margins.

Profit was charged with one-off costs totalling SEK 11.3M. Of this, SEK 5.4M related to the closure of the manufacturing of cooling batteries in Denmark. In addition, Beijer Ref has made provisions of SEK 5.9M for anticipated costs for customs duties and charges relating to 2002 and 2003. Excluding one-off costs, profit amounted to SEK 75.4M, equivalent to a margin of 5.4 per cent.



This picture is from the trade counter of the Swiss company, Werner Kuster, at their Head Office in Frenkendorf

The Dutch company's - Coolmark - head office, which also accommodates a warehouse, is located in Barendrecht, near Rotterdam

Detail of an advertising campaign for Dean & Wood whose marketing is published in a number of nationwide sector magazines in the United Kingdom

The results for the wholesale and trading companies improved while they fell for the manufacturing companies.

Prospects for 2005

Beijer Ref is planning for an increase in sales and results during 2005.

Beijer Ref

Wholesale and trading

Sweden, Denmark, Norway, Finland, Estonia, Latvia, Lithuania, Poland, United Kingdom, Ireland, Switzerland, Hungary, the Netherlands, Rumania, Russia

Sales of products for the refrigeration sector - such as compressors, automatic systems, refrigerants and components, and sales of systems and components for indoor climates.

Manufacturing

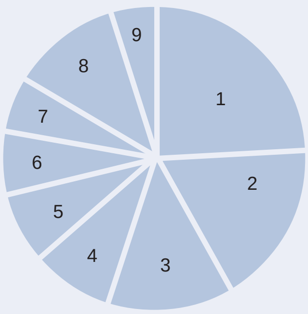
Sweden, Finland, Norway

Development and manufacturing of air heat exchangers, cooling batteries and coolers. Sales companies are established in the United Kingdom and Germany.

Net sales and Results

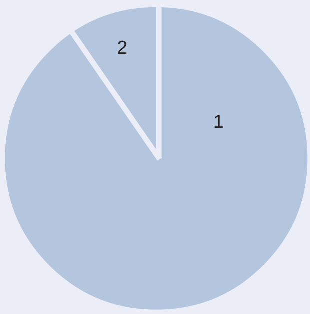
Amounts in SEK M	2004	2003	2002	2001	2000
Net sales	1 405.6	874.3	914.8	871.0	785.6
Operating profit before goodwill amortisation	64.1	59.3	69.8	53.4	53.0
Return on capital employed in operations, %	12.4	18.3	20.5	15.4	16.7
No. of employees	634	443	472	490	501

Geographic distribution of net sales



1. Sweden 24%. 2. UK 19%, 3. Denmark 13%, 4. Norway 9%, 5. Finland 8%, 6. The Netherlands 8%, 7. Switzerland 5%, 8. Other European Countries 10% 9. Rest of the World 4%

Distribution of net sales



1. Wholesale and trading companies 89%
2. Manufacturing companies 11%

The business area reported a record year for sales and results

Blast cleaning abrasives from AB Tebeco are used for a number of different applications within the manufacturing industry. Glass balls with a granular size of 40-70 µm are used, for example, for decorative and functional matting of camera bodies. The pictures show the Hasselblad H1 camera and Swarovski glass balls, which are strongly enlarged.

Business area Industrial Technology markets and sells components, maintenance products, machinery and plant to the manufacturing industry and tools and outdoor lighting to the consumer market. The business area is mainly active in the Swedish, Norwegian and Finnish markets.

During the year, the industrial trading company, Höiness Sverige AB, which is located in Borås, was acquired. Höiness Sverige AB markets and sells products for burnishing, polishing, brushing and grinding metals to Swedish industries.

2004 operations

During the year, Industrial Technology took advantage of the upturn in the economy whilst the business area also moved its positions forward and won market share within several product areas. Overall, it enabled Industrial Technology to report a record year for both sales and results.

A pre-announced structural change was implemented during the year. The intention was to achieve a clearer structure and to create a more market-oriented organisation. The process has run in accordance with the plan. During the year, a strategy process was also initiated which will be developed further during 2005.

Within consumer products, the product range was extended to include more garden products, fans, electrical heaters, dehumidifiers and air purifiers. The reseller stage was expanded with additional customer agreements.

The business area's strategy is to increase growth through acquisition. During the year, it acquired the industrial trading company, Höiness Sverige AB, which is located in Borås. Höiness Sverige AB markets and sells products for burnishing, polishing, brushing and grinding metals to Swedish industries. The company reported sales of SEK 7M for 2003. Höiness Sverige AB is included in the consolidated accounts from 1 July 2004.

Sales

The business area reported a sales increase of 7.9 per cent to SEK 568.1M (526.6). The increase is explained by rising sales of industrial products. The increase in sales of components to the foundry industry and deliveries of coke for heating in various production processes was especially significant. Sales of blast machines and blast materials also developed positively. The market for capital investment goods remained weak with the exception of a couple of major steel mill projects in Finland for which Industrial Technology brokered a delivery of rolling mills with pertinent peripheral equipment.

The market for consumer products was characterised by increased supply and tougher competition. As a result, the business area's sales of consumer products remained unchanged during 2004 following rapid growth in the three preceding years. Sales for the year within the wholesale hose operation were also unchanged against a back-ground of weak demand for maintenance products.

Acquisitions partly contributed to the business area's sales increase. Sales in Sweden developed most rapidly with an

Continued on page 19

The basic industry in the Nordic countries, especially in Sweden and Finland, was positively affected by the generally good growth in the world economy during 2004, not least in China. The effect was that shortage situations arose for specific raw materials with resultant rapid price increases. This, in turn, resulted in significantly increased demand for parts of Industrial Technology's very broad product range, especially within the business area's largest product segment, industrial products.

Product segment industrial products increased its sales by 14 per cent to more than SEK 300M in 2004 and thus accounted for more than 50 per cent of the business area's sales. Industrial products are mainly sold to the engineering and manufacturing industries. The product programme includes raw materials, components and supplies for the foundry and steel mill industries, processed raw materials such as coal and coke, chemicals, blast agents and other grinding products, silica sand for the foundry and construction industries, etc.

Beijer has increased its sales to customers with high demands for component products

Sales grew strongly, especially within three product categories. One category is components for the foundry industry within G & L Beijer Industry AB. The main component products are refractories, which consist of heat-resistant mould materials and binding agents, which are used together with sand as mould products in the foundry process. Beijer has increased its sales to customers with a high degree of specialisation and strict demands on their components.

Beijer's coke terminal in Lidköping

Demand for coke was also strong during the past year. Coke is used for heating in production processes. The largest customers are found within the automotive industry and manufacturers of insulation products. In these segments, G & L Beijer Industry AB has also won market share.

Blast cleaning abrasives from AB Tebeco are used to give golf clubs a matt and appropriately rough surface

The third category is sales of blast machines and blast materials which developed very positively and in which Industrial Technology has won market share through its subsidiary, Tebeco. A relatively new application for blast cleaning abrasives is water-jet cutting for which Beijer Industrial Technology has delivered sand-based blast media for form-cutting steel products for the automotive industry. More efficient blast media give longer endurance and lower machine wear, which gives our customers profitability benefits. In addition, blast machines, which automate manual processes within iron and steel foundries, were delivered to new customers.

Business area Beijer Industrial Technology is a wholesale and trading company which sells a wide range of components to the engineering and manufacturing industries, hoses and rubber products to the commercial, industrial and shipping sectors as well as hand tools, electrical tools and outdoor lighting to the consumer market. The business area also has agencies for capital goods such as heavy-duty steel mill equipment and foundry plant. Beijer Industrial Technology represents well-established international suppliers and contributes technical expertise relating to the products as well as experience and knowledge about the markets.

Products
Beijer Industrial Technology markets and sells a large number of products - approximately 15,000 products and up to 30,000 items in Sweden, Norway and Finland. The product range is split into three segments:

- INDUSTRIAL PRODUCTS are sold mainly to the engineering and manufacturing industries. The product range includes raw materials, components and supplies, trading with steel products, processed raw materials such as coal and coke, chemicals, blast cleaning abrasives and other grinding products, silica sand, etc. It also includes agency products which consist of heavy-duty steel mill equipment such as complete rolling mills and foundry plants for forming and die casting.

- HOSE AND RUBBER PRODUCTS which has a wide range of standard products within hoses, hose accessories, transmissions, rubber, plastic, gasket materials as well as O rings and oil-seals for distributors, industry and shipping.

- CONSUMER PRODUCTS which are marketed to the DIY, house, home and garden markets under the ETC Tools and BOLTi brands. ETC Tools sells a wide range of hand tools, electrical tools, accessories, pumps and garden tools. BOLTi sells garden lighting, outdoor lighting, spotlights, halogen lighting, hand lamps, fans, air-conditioning and electrical elements.

Market
Beijer Industrial Technology operates in the markets in Sweden, Norway and Finland. The market for the business area's products is mature with moderate growth. The market for consumer products, on the other hand, has increased strongly in recent years. The business area has a very broad and varied customer base. The number of customers amounts to more than 10,000. The ten largest customers accounted for 23 per cent of sales in 2004.

The width and the depth in the product supply means that sales are less sensitive to fluctuations in the general economic activity. The business area is more affected by long-term changes in the industrial structure. The business area is also dependent on the investment climate within the industry. In addition, the operation has been extended in recent years and is also directed at the consumer market.

Beijer Industrial Technology's strategy is to strengthen its competitiveness within existing areas and achieve growth, partly through acquisitions within related segments.

Competitors
The business area's main competitors for industrial products are Askania, Kernfest-Webac, Foseco, Karlebo, Lafarge Svenska Höganäs and Swecox. For the wholesale hose operation, competitors include Trelleborg, Luna Rubber&Co, Hiflex and Hydroscand. The largest competitors for consumer products are SP Verktyg, BVA Maskin, Luna and the retail chain's own brands.

Organisation
Since the beginning of 2004, Beijer Industrial Technology consists of eight operating subsidiaries which have a new joint and overall Nordic management with a responsibility to develop the business area. Operations and sales are carried out through the subsidiaries.

G & L Beijer Industri AB operates within six product areas: chemistry with industrial chemicals; foundry with equipment, components and supplies for foundries; raw materials with coal and coke; machinery and plant for steel mills; grinding materials with a wide range of products for surface treatment from rough grinding to polishing; and rolled and forged steel products. AB Tebeco Industriprodukter AB provides blast machines and blast cleaning abrasives for the engineering industry and light equipment for foundries. Brogårdsand AB with the subsidiary, Fyleverken, sells silica and feldspar sand for a number of different applications through its own quarries. G & L Beijer OY and G & L Beijer AS sell parts of the business area's industrial products range in Finland and in Norway.

Lundgrens Sverige AB, with the subsidiary, Slanggrossisten Ekonil AB, offers distributors, shipbuilding, offshore and other industries a wide range of hoses, hose accessories, transmissions, rubber, plastic, gasket materials, drying materials as well as O rings and oil-seals. Consumer products are sold through ETC Tools (hand tools and electrical tools) and BOLTHi (outdoor lighting, electrical heaters, dehumidifiers, air purifiers, etc) which are included in Lundgrens.

Beijer Industrial Technology's operations are characterised by a wide range in the product programme, their proximity to the customer, rapid deliveries which require efficient logistics and warehousing, and technical expertise related to the products. The operations are controlled through far-reaching delegated responsibility which creates a number of small companies within the larger entity.

Peter Kollert, Head of business area Beijer Industrial Technology

The wholesale companies, Lundgrens and Ekonil, supply a wide range of hoses

increase of 9.5 per cent to SEK 488.1M.

The Swedish market accounted for 86 per cent of the business area's sales. Sales in Finland increased slightly while they fell slightly in Norway.

New 2005 products for ETC include a series of electric tools with ETC-developed design and ergonomic dynagrip

Operating profit

Operating profit increased by 18.7 per cent to SEK 34.9M (29.4), equivalent to an operating margin of 6.1 per cent (5.6). The improved result is attributable to increased sales volumes.

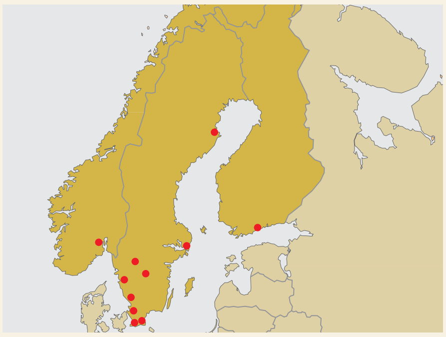
Prospects for 2005

The Business Area is expected to be able to increase both sales and profits for the 2005 full year.

Beijer Industrial Technology

Sweden, Norway, Finland

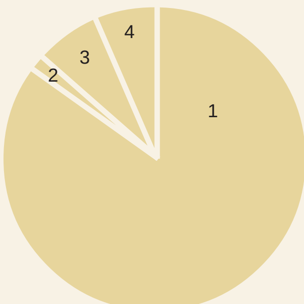
Industrial Products	Hose & Rubber Products	Consumer Products
- Heavy-duty steel mill equipment such as furnaces and rolling mills, as well as foundry plants for forming and die casting. - Refractories, raw materials and supplies for the foundry industry. - Processed raw materials such as coal and coke. - Supplies such as insulation products, refractories and graphite electrodes as well as rolled and forged products for the steel mill industry. - Chemicals, resins and other raw materials. - Blast machines, blast cleaning abrasives and a wide range of grinding and polishing products. - Silica sand for the foundry and construction industries, water treatment plants, golf courses, etc.	*- Hoses, hose accessories, transmissions, rubber, plastic, gasket materials and stamping of gaskets, O rings and oil-seals.*	*- Hand tools, electric tools, garden tools, pumps and accessories. - Garden and outdoor lighting. - Fans, air-conditioning, electrical elements, etc.*



Net sales and Results

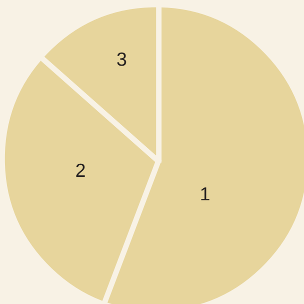
Amounts in SEK M	2004	2003	2002	2001	2000
Net sales	568.1	526.6	500.7	486.7	376.6
Operating profit before goodwill amortisation	34.9	29.4	29.4	28.1	27.8
Return on capital employed in operations, %	20.5	18.2	18.7	20.2	31.9
No. of employees	200	197	199	198	154

Geographic distribution of net sales



1. Sweden 86%,
2. Denmark 1%,
3. Norway 7%,
4. Finland 6%,

Distribution of net sales



1. Industrial products 56%
2. Hose & Rubber products 31%
3. Consumer products 13%

Board of Directors

Peter Jessen Jürgensen, born 1949
Chairman
Board member since 1999.
Chairman of Bio Aqua ApS.
Board member of IKI Invest A/S,
Labotek A/S, Profort A/S
and G & L Beijer A/S.
Shareholding in G & L Beijer AB
223 973 A shares and 383 000 B shares.

Joen Magnusson, born 1951
Managing Director of G & L Beijer AB
Board member since 1985.
Chairman of G & L Beijer A/S,
G & L Beijer Industri AB, Kylma AB and
Lundgrens Sverige AB.
Board member of Doro Telefoni AB and
Beijer Electronics AB.
Shareholding in G & L Beijer AB
229 970 A shares and 74 200 B shares.

Poul Friis, born 1939
Board member since 2002.
Chairman of KSSA A/S
and Dantec Dynamics A/S.
Board member of G & L Beijer A/S.
Shareholding in G & L Beijer AB 3 500 B shares.

Anne-Marie Pålsson, born 1951
Board member since 2003.
Vice Chairman of Länsförsäkringar Skåne.
Board member of Länsförsäkringar Liv,
Hagströmer & Qviberg and Riksrevisionen.
Executive Member of Kungliga Ingenjörsvetenskaps-akademin and Kungliga Skogs- & Lantbruksakademin.
Associate Professor at the University of Lund.
Member of the Swedish Parliament.
Shareholding in G & L Beijer AB 200 B shares.

Mikael Karlsson, born 1962
Board member since 2003.
Chairman of Axis AB.
Managing Director of LMK Industri AB.
Vice Chairman of Institutet för
Ekonomisk Forskning at the University of Lund.
Board member of Beijer Electronics AB,
Björkliden Fjällby AB, Decuma AB,
G & L Beijer Industriteknik AB, SEB i Lund,
Sydsvenska Industri- och Handelskammaren,
Teligent AB, Visionalis AB and Öresund Science Region.
Member of Kungliga Ingenjörsvetenskapsakademien and
Ekonomihögskolan i Lunds rådgivande kommitté.
Shareholding in G & L Beijer AB: 0.

Senior Executives

Jonas Lindqvist, born 1962
Chief Financial Officer

Shareholding in G & L Beijer AB: 0

Peter Kollert, born 1961
Head of Business Area
Beijer Industrial Technology

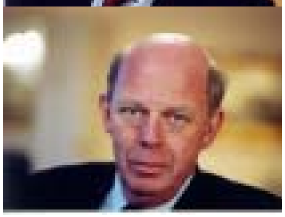
Shareholding in G & L Beijer AB
10 000 B shares.

Per Bertland, born 1957
Head of Business Area
Beijer Ref

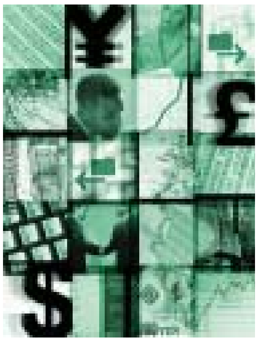
Shareholding in G & L Beijer AB
142 307 A shares and 63 000 B shares.

Auditors

Mats B C Ohlsson, born 1947
Authorised Public Accountant
KPMG Bohlins AB.
Auditor in
G & L Beijer Group
since 2003.



Alf Svensson, born 1949
Authorised Public Accountant
KPMG Bohlins AB.
Auditor in
G & L Beijer Group
since 2003.



FINANCIAL REPORTING

DIRECTORS' REPORT

The Board of Directors and the Managing Director of G & L Beijer AB (publ), Corporate Identity Number 556040-8113, submit their Annual Report and consolidated accounts for the 2004 financial year.

Group
G & L Beijer's operations consist of the importation of agency products from leading international manufacturers and the manufacture of own products, combined with service and support for the products. The Group creates added value by contributing technical competence to the products; accounting for knowledge and experience about the market; and providing efficient logistics and warehousing.

Operations are carried out in two business areas – Beijer Ref and Beijer Industrial Technology. The G & L Beijer Group is the leading operator within the refrigeration sector in Europe and the leader within industrial technology in the Nordic countries. Growth is to be achieved both organically and through the acquisition of companies which supplement existing operations.

Parent company
The parent company, G & L Beijer AB is the parent company of the G & L Beijer Group. The parent company carries out central functions such as group management and group control. The company's registered office is in Malmö.

The parent company, which does not have any significant external sales, reports profit after financial income and expenses of SEK 32.5M (12.4) This result includes an intra-Group capital gain of SEK 25.3M on the sale of shares between the parent company and Beijer Industriteknik AB and dividends from subsidiaries of SEK 17.4M (27.0).

Significant events during the financial year
G & L Beijer has specialised its manufacturing units within business area Beijer Ref. The new production structure involves increased specialisation with higher volumes and a clearer focus for the respective manufacturing units. In September, a decision was made to complete the consolidation of the production structure by moving the manufacturing of cooling batteries from Denmark to Sweden. Cost savings and co-ordination benefits are estimated to be SEK 7-8M on an annual basis, with a full impact on 2005.

At the end of March, business area Ref decided to enter the Russian market by establishing a new Finnish company in Lappeenranta to sell the business area's existing product programme in the Russian market.

G & L Beijer acquired Elsmark Holding A/S from the Danish company, Danfoss, through the Business Area Beijer Ref. The acquisition comprised six companies with operations in six European countries. The companies report total sales of SEK 900M and have around 320 employees. The Elsmark Group is included in G & L Beijer's accounts from 1 June 2004.

G & L Beijer acquired the industrial trading company, Höiness Sverige AB, which is located in Borås, through business area Industrial Technology. Höiness Sverige AB markets and sells products for burnishing, polishing, brushing and grinding metals to Swedish industries. Höiness Sverige AB is included in G & L Beijer's accounts from 1 July 2004.

G & L Beijer received an important test order for four titanium-based cooling batteries from the US Navy through Beijer Ref's Norwegian subsidiary. The four titanium-based cooling batteries will be installed in a landing hovercraft to reduce the temperature of the lubricating oil in the vessel's gearbox. The US Navy will now test and evaluate titanium-based cooling batteries on one of its landing hovercraft. The installation is expected to be completed during the second half of 2005. If the tests and evaluation are successful, Beijer Ref will have good opportunities for additional orders.

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

Sales and results
Sales of the G & L Beijer Group rose by 40.9 per cent to SEK 1,973.7M (1,400.9) in 2004. The increase is explained by the acquisition of Elsmark and organic growth within both Beijer Ref and Beijer Industrial Technology, partly as a result of the upturn in the economy.

The Swedish market is predominant and accounted for 41 per cent of consolidated sales.
The United Kingdom accounted for 14 per cent, whereas Norway and Finland accounted for ten per cent and nine per cent respectively.

The consolidated operating profit increased by 8.0 per cent to SEK 65.0M (60.2). Profit was charged with one-off costs totalling SEK11.3M. Of this, SEK 5.4M related to the closure of the manufacturing of cooling batteries in Denmark. In addition, Beijer Ref made a provision of SEK 5.9M for customs duties and charges relating to 2002 and 2003. Excluding one-off costs, the result amounted to SEK 76.3M.

Financial income and expenses amounted to SEK -12.6M (-9.7). Profit before taxes amounted to SEK 52.4M (50.5). Excluding one-off costs, the result was SEK 63.7M. Profit after tax amounted to SEK 32.8M (34.3).

Profitability
Return on capital employed amounted to 8.1 per cent (9.6). Return on equity was 8.1 per cent (8.5).

Capital expenditure, liquidity and number of employees
Group investments in tangible and intangible fixed assets, including acquisitions, amounted to SEK 155.6M (40.9). Liquid funds, including unutilised bank overdraft facilities, amounted to SEK 162.4M (117.9) at the turn of the year. The average number of employees was 839 (645).

Cash flow, financing and equity ratio
The cash flow from current operations before changes in working capital was SEK 48.3M (66.8). Investment operations generated a net of SEK -145.6M (-30.8). The net debt amounted to SEK 579.4M (218.3) at the turn of the year. Shareholders' equity amounted to SEK 406.7M (401.4) on the same date. The change in equity was SEK 5.3M (-2.9). It consisted of net profit for the year of SEK 32.8M (34.3), less a dividend of SEK 24.8M (24.9), and a buyback of own shares of SEK 0M (1.5). Translation differences amounted to SEK -2.0M (-10.9) and changed accounting principles to SEK -0.7M (0). At the turn of the year, the equity ratio was 28.7 per cent (45.4).

Research and development
Research and development relating to the trading operation is mainly carried out by the suppliers. The Group's manufacturing companies carry out their own research and development which amounted to SEK 2.3M (2.5) in 2004. In addition to these costs, SEK 1.7M was capitalised in the balance sheet.

Prospects for 2005
The acquisition of Elsmark will make a positive impact on the Group's comparative figures during the first five months of 2005. Most financial analysts predict that the relatively good economy will continue during the year. The G & L Beijer Group is, therefore, deemed to be able to increase both sales and results for the 2005 full year.

Business areas

Beijer Ref
The business area's sales amounted to SEK 1,405.6M (874.3). The increase is mainly explained by acquisitions which contributed SEK 511.9M. Sales in Sweden, which account for approximately 30 per cent of the business area's sales, increased by 7.0 per cent. Sales also increased in Finland whilst they fell in Denmark and Norway. Sales in the newly established markets in the Baltic States and Poland increased by 18 per cent. Operating profit before goodwill amortisation amounted to SEK 64.1M (59.3). This is equivalent to an operating margin of 4.6 per cent (6.8). Operating profit after goodwill amortisation amounted to SEK 49.8M (49.5). Profit was charged with one-off costs of SEK 11.3M.

Beijer Industrial Technology
The business area increased its sales by 7.9 per cent to SEK 568.1M (526.6). The upturn in the economy contributed to increased sales of components for the industry whilst the business area has won market share at the same time. Consumer goods reported unchanged sales, whereas sales within the wholesale hose operation increased slightly during the year. Sweden dominates the business area and accounted for 86 per cent of total sales. Norway accounted for seven per cent and Finland for six per cent of sales. Operating profit before goodwill amortisation amounted to SEK 34.9M (29.4). This is equivalent to an operating margin of 6.1 per cent (5.6). Operating profit after goodwill amortisation amounted to SEK 29.6M (24.3).

Changeover to IFRS
From 2005, G & L Beijer will change over to reporting in accordance with International Financial Reporting Standards (IFRS) which has been approved by the EU Commission. The work involved in adapting to the new rules and regulations was carried out during 2004. If the new IFRS regulations had applied during 2004, the profit and loss accounts and balance sheets would have been affected as follows:

A restructuring reserve of SEK 24.9M, which was established in connection with the acquisition of Elsmark, would have reduced profit after tax for 2004 by SEK 17.4M. In accordance with IFRS, these restructuring costs net after tax will instead be charged to the profit for 2004 and result in a decrease in the goodwill value. In the 2005 accounts, shareholders' equity brought forward will be affected by a similar amount.

Non-implemented goodwill amortisation of SEK 19.6M would have increased profit after tax by the same amount.

At the 2004 year end, shareholders' equity would have been positively affected by SEK 1.7M excluding minority interests through the net effect of the impact of IFRS.

Currency
G & L Beijer has sales in 15 countries in Europe. The largest sales currencies are SEK, EUR, GBP, DKK and NOK. Purchases are mainly made in SEK and EUR. For further information about the Group's currency policy and financial risk handling, reference is made to note 33.

Financial risks and risk handling
In its operation, G & L Beijer AB is exposed to financial risks such as currency risk, interest risk as well as refinancing risk and liquidity risk. Group-wide rules and regulations which are established by the Board of Directors form the foundation for the handling of these risks at different levels within the Group. The objective of these rules and regulations is to achieve an overall picture of the risk situation, to minimise negative effects on the result and to clarify responsibilities and authorities within the Group. Monitoring is continually undertaken to ensure that the rules and regulations are complied with and the reporting of this monitoring is made to the Board of Directors. For further information, see note 33.

Environment

G & L Beijer strives to contribute to an ecologically sustainable development. The Group carries out operations which require permits or are liable to give notification. Operations requiring permits comprise machine processing locations and extraction operations. Operations liable to give notification comprise the handling of refrigerants.

Report on the work of the Board of Directors

During 2004, the Board of Directors of G & L Beijer held five ordinary meetings, of which one was a strategy meeting. The Auditors are present at the Board Meeting which discusses the annual accounts. Between the Board Meetings, there was considerable contact between the company, its Chairman and other Board Members. The Board Members have also been provided with continual written information regarding the company's operations, economic and financial position and information of importance for the company.

The company's economic and financial position, as well as the investment operations, are discussed at every Ordinary Board Meeting.

The Board of Directors have a working procedure which is established annually at the inaugural Board Meeting following the Annual General Meeting. At the same time, the Board adopts instructions for the Managing Director.

Owner control

G & L Beijer's owners have a significant representation on the Board of Directors. It means that the Board *per se* constitutes a Nomination Committee, Remuneration Committee and an Audit Committee. In addition to representatives of the major shareholders, the Board of Directors consists of three independent members. The nomination process takes place when the Chairman consults with the four largest shareholders who are not represented on the Board of Directors or employed in the company during the fourth quarter of the year. Together they work out a proposal for the Board of Directors under the leadership of the Chairman which is submitted to the Annual General Meeting for resolution.

Proposal for distribution of profit

According to the consolidated balance sheet, the Group's non-restricted equity amounts to SEK 122,057K. No provision is required to restricted reserves.

Profit at the disposal of the AGM:

SEK K	
Profit brought forward	24 417
Net profit for the year	34 619
TOTAL	59 036

The Board of Directors and the Managing Director propose that the profit be distributed as follows:

SEK K	
Dividend	26 349
To be carried forward	32 687
TOTAL	59 036

The profit and loss account and the balance sheet will be submitted for adoption to the Annual General Meeting on 29 April 2005.

G & L Beijer AB (publ)
Corporate Identity Number: 556040-8113
Address: Norra Vallgatan 70, SE-211 22, Malmö, Sweden
Registered Office: Malmö

Malmö 22 March 2005

Peter Jessen Jürgensen CHAIRMAN	Poul Friis	Mikael Karlsson	Anne-Marie Pålsson	Joen Magnusson MANAGING DIRECTOR

Our Audit Report was submitted on 23 March 2005

Mats B C Ohlsson AUTHORISED PUBLIC ACCOUNTANT	Alf Svensson AUTHORISED PUBLIC ACCOUNTANT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

SEK K	2004	2003	NOTE
Operating income, etc			
Net sales	1 973 671	1 400 921	2
Change in work-in-progress and finished products	409	1 487	
Other operating income	21 603	18 209	4
TOTAL INCOME, ETC	1 995 683	1 420 617	
Operating expenses			
Raw materials and necessities	– 124 383	– 117 646	
Goods for resale	– 1 173 904	– 750 265	
Other external costs	– 209 357	– 156 765	5, 6
Personnel costs	– 370 194	– 296 352	3
Depreciation and write-down of intangible and tangible fixed assets	– 49 375	– 38 854	7
Other operating expenses	– 3 483	– 574	
OPERATING PROFIT	64 987	60 161	
Result of financial investments			
Result of other securities and receivables which are fixed assets	910	455	9
Interest income and similar profit items	2 786	2 859	10
Interest expenses and similar loss items	– 16 313	– 13 000	11
PROFIT BEFORE TAXES AND MINORITY	52 370	50 475	
Tax on the year's profit	– 19 396	– 15 978	14
Minority interest	– 166	– 177	
NET PROFIT FOR THE YEAR	32 808	34 320	12
THE YEAR'S PROFIT PER SHARE, SEK*	5:29	5:53	26

**) No dilution exists*

Consolidated balance sheet

SEK K	2004-12-31	2003-12-31	Note
Assets			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure	10 019	9 631	15
Goodwill	276 941	149 856	16
Total intangible fixed assets	286 960	159 487	
Tangible fixed assets			
Buildings and land	118 216	103 991	17
Machinery and other technical plant	32 972	33 519	18
Equipment, tools and installations	58 313	43 500	19
Fixed assets under construction and advances	52	2 878	20
Total tangible fixed assets	209 553	183 888	
Financial fixed assets			
Long-term securities holdings	13 140	13 140	25
Deferred income taxes recoverable	20 432	—	29
Long-term receivables	1 890	1 187	21
Total financial fixed assets	35 462	14 327	
Total fixed assets	531 975	357 702	
Current assets			
Inventories, etc			
Raw materials and necessities	38 197	32 962	
Work-in-progress	12 359	5 752	
Products and goods for resale	390 190	239 051	
Advance to suppliers	1 600	1 099	
Total inventories, etc	442 346	278 864	22
Current receivables			
Trade debtors	346 742	191 015	
Income taxes recoverable	11 945	5 040	
Other current receivables	17 003	9 119	
Prepaid expenses and accrued income	19 636	15 381	23
Total current receivables	395 326	220 555	
Cash and bank			
Cash and bank	59 353	27 651	
Total curent assets	897 025	527 070	
Total assets	1 429 000	884 772	

CONSOLIDATED BALANCE SHEET

SEK K	2004-12-31	2003-12-31	NOTE
Equity and liabilities			
SHAREHOLDERS' EQUITY			26
Restricted equity			
Share capital	217 752	217 752	
Restricted reserves	66 847	64 418	
TOTAL RESTRICTED EQUITY	284 599	282 170	
Non-restricted equity			
Non-restricted reserves	89 249	84 862	
Net profit for the year	32 808	34 320	
TOTAL NON-RESTRICTED EQUITY	122 057	119 182	
TOTAL EQUITY	406 656	401 352	
Minority interest			
Minority interest	3 868	706	
Provisions			
Provisions for pensions	28 708	7 461	28
Provisions for taxes	33 200	35 164	29
Other provisions	26 439	1 121	30
TOTAL PROVISIONS	88 347	43 746	
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	393 973	76 271	33
TOTAL LONG-TERM LIABILITIES	393 973	76 271	
Current liabilities			
Bank overdraft facilities	101 241	96 099	31
Other current interest-bearing liabilities	118 455	66 118	33
Advances from customers	556	723	
Trade creditors	168 519	103 031	
Tax liabilities	898	9 392	
Other current liabilities	74 197	30 066	
Accrued expenses and prepaid income	72 290	57 268	32
TOTAL CURRENT LIABILITIES	536 156	362 697	
TOTAL EQUITY AND LIABILITIES	1 429 000	884 772	
Pledged assets	444 918	237 650	34
Contingent liabilities	5 968	718	35

Consolidated changes in equity

SEK K	Share capital	Resticted reserves	Non-restricted reserves	Total equity	Note
Equity on 2002-12-31	217 752	73 501	113 005	404 258	
Exchange rate difference on translation of operations outside Sweden			– 10 887	– 10 887	
Net profit for the year			34 320	34 320	
Transfers between restricted and non-restricted equity		– 9 083	9 083		
Dividend			– 24 879	– 24 879	
Buy-back of own shares			– 1 460	– 1 460	
Equity on 2003-12-31	217 752	64 418	119 182	401 352	26
Effect of change of accounting principle relating to pensions			– 733	– 733	
Adjusted opening balance 2003	217 752	64 418	118 449	400 619	
Exchange rate difference on translation of operations outside Sweden*			– 1 972	– 1 972	26
Net profit for the year			32 808	32 808	
Transfers between restricted and non-restricted equity		2 429	– 2 429		
Dividend			– 24 799	– 24 799	26
Equity on 2004-12-31	217 752	66 847	122 057	406 656	26

**) The amount includes the year's translation difference of SEK -2,058K relating to foreign subsidiaries and the year's effect of hedging of net investments in foreign subsidiaries of SEK 86K*

Consolidated cash flow statement

SEK K	2004	2003
Current operations		
Operating profit	64 987	60 161
Adjustment for items not included in the cash flow:		
Depreciation of intangible and tangible fixed assets	49 375	38 854
Change in pension, guarantee and other provisions	– 9 790	– 300
Capital result on sale of fixed assets	275	– 21
Total	104 847	98 694
Received interest and dividend	3 696	3 314
Paid interest	– 16 313	– 13 000
Paid income tax	– 43 906	– 22 251
Cash flow from curent operations before changes in working capital	48 324	66 757
Changes in working capital		
Change in inventories	– 9 010	– 24 723
Change in operating receivables	43 059	3 764
Change in operating liabilities	– 56 708	11 797
Cash flow from current operations	25 665	57 595
Investment operations		
Acquisition of tangible and intangible fixed assets	– 26 423	– 30 470
Acquisition of net assets in subsidiaries and operations[1]	– 129 164	– 10 475
Sale and amortisation of financial assets	2 698	9 215
Sale of tangible fixed assets	7 469	927
Cash flow from investment operations	– 145 420	– 30 803
Financial operations		
Raising of loans	375 572	—
Amortisation of liabilities	– 198 272	– 16 233
Paid dividend	– 24 799	– 24 879
Acquisition of own shares	—	– 1 460
Dividend to minority	– 50	– 100
Cash flow from financial operations	152 451	– 42 672
Change in liquid funds	32 696	– 15 880
Exchange rate difference, liquid funds	– 994	– 2 356
Liquid funds on 1 January	27 651	45 887
Liquid funds on 31 December	59 353	27 651

1) Acquisition of assets and liabilities and acquisition of subsidiaries

Purchase price has been paid with liquid funds amounting to SEK 173,207K (10,895). Liquid funds in acquired companies amounted to SEK 44,043K (0). The acquired net assets thus amounted to SEK 129,164K (10,475).

These were distributed on the following items:

	2004	2003
Goodwill	147 619	8 319
Fixed assets	32 576	93
Inventories	160 846	3 892
Operating receivables	233 306	1 466
Operating liabilities	– 190 190	– 2 619
Long-term receivables	2 188	—
Long-term liabilities	– 198 267	– 676
Provisions	– 55 337	—
Minority liability	– 3 578	—
Total net assets	129 164	10 475

Parent company profit and loss account

SEK K	2004	2003	Note
Operating income, etc			
Other operating income	54	109	4
Total income	54	109	
Operating expenses			
Other external costs	– 4 823	– 3 825	5
Personnel costs	– 4 042	– 4 014	3
Depreciation and write-down of tangible and intangible fixed assets	– 539	– 568	7
Operating profit	– 9 350	– 8 298	
Result of financial investments			
Result of participations in Group companies	42 711	23 798	8
Result of other securities and receivables which are fixed assets	910	455	9
Interest income and similar profit items	5 590	6 291	10
Interest expenses and similar loss items	– 7 316	– 9 893	11
Profit after financial investments	32 545	12 353	
Appropriations			
Appropriations	– 991	124	13
Profit before taxes	31 554	12 477	
Tax on the year's profit	3 065	5 338	14
Net profit for the year	34 619	17 815	12

Parent company balance sheet

SEK K	2004-12-31	2003-12-31	Note
Assets			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure	141	376	15
Total intangible fixed assets	141	376	
Tangible fixed assets			
Equipment, tools and installations	782	961	19
Total tangible fixed assets	782	961	
Financial fixed assets			
Participations in Group companies	245 022	240 022	24
Other long-term securities holdings	9 287	9 287	25
Long-term receivables	—	500	21
Total financial fixed assets	254 309	249 809	
Total fixed assets	255 232	251 146	
Current assets			
Current receivables			
Receivables form Group companies	415 193	267 318	
Other current receivables	773	1 381	
Prepaid expenses and accrued income	545	231	
Total current receivables	416 511	268 930	
Cash and bank			
Cash and bank	112	83	
Total current assets	416 623	269 013	
Total assets	671 855	520 159	
Equity and liabilities			
Shareholders' equity			26
Restricted capital			
Share capital (6,221,488 shares at a value of SEK 35 each)	217 752	217 752	
Statutory reserve	43 550	43 550	
Total restricted equity	261 302	261 302	
Non-restricted equity			
Profit brought forward	24 417	20 958	
Net profit for the year	34 619	17 815	
Total non-restricted equity	59 036	38 773	
Total equity	320 338	300 075	
Untaxed reserves			27
Accumulated accelerated depreciation	124	268	
Tax allocation reserves	13 734	12 600	
Total untaxed reserves	13 858	12 868	
Liabilities			
Long-term liabilities			
Long-term interest-bearing liabilities to Group companies	9 964	4 033	
Other long-term interest-bearing liabilities	145 500	41 000	33
Total long-term liabilities	155 464	45 033	
Current liabilities			
Bank overdraft facilities	90 250	90 677	31
Other current interest-bearing liabilities	88 000	60 000	33
Trade creditors	443	223	
Liabilities to Group companies	—	6 942	
Tax liabilities	1 048	2 449	
Other liabilities	267	288	
Accrued expenses and prepaid income	2 187	1 604	32
Total current liabilities	182 195	162 183	
Total equity and liabilities	671 855	520 159	
Pledged assets	215 122	142 553	34
Contingent liabilities	277 016	48 912	35

Parent company changes in equity

SEK K	Share capital	Statutory reserve	Non-restricted equity	Total equity	Note
Equity on 2002-12-31	217 752	43 550	39 226	300 528	
Received Group contribution			11 210	11 210	
Tax effect of Group contribution			– 3 139	– 3 139	
Total changes in equity not reported in the profit and loss account			8 071	8 071	
Net profit for the year			17 815	17 815	
Dividend			– 24 879	– 24 879	
Buy-back of own shares			– 1 460	– 1 460	
Equity on 2003-12-31	217 752	43 550	38 773	300 075	26
Received Group contribution			14 504	14 504	
Tax effect of Group contribution			– 4 061	– 4 061	
Total changes in equity not reported in the profit and loss account			10 443	10 443	
Net profit for the year			34 619	34 619	
Dividend			– 24 799	– 24 799	26
Equity on 2004-12-31	217 752	43 550	59 036	320 338	26

PARENT COMPANY CASH FLOW STATEMENT

SEK K	2004	2003
Current operations		
Operating result	– 9 350	– 8 298
Adjustment for items not included in the cash flow:		
Depreciation of tangible fixed assets	539	568
Capital result on sale of fixed assets	– 54	– 110
TOTAL	– 8 865	– 7 840
Received Group contributions	14 504	11 210
Paid shareholders' contributions	—	– 7 400
Received interest and dividend	23 876	33 746
Paid interest	– 7 316	– 9 893
Paid / refunded income tax	– 2 397	82
CASH FLOW FROM CURRENT OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	19 802	19 905
Changes in working capital		
Change in operating receivables	– 147 581	– 136 183
Change in operating liabilities	– 6 161	6 756
CASH FLOW FROM CURRENT OPERATIONS	– 133 940	– 109 522
Investment operations		
Acquisition of tangible and intangible fixed assets	– 825	– 436
Investment in shares in subsidiaries	– 20 000	—
Intra-Group sale of shares in subsidiaries	40 335	—
Repayment of long-term receivables	500	800
Repayment of reduced share capital and statutory reserve	—	49 648
Sale of tangible fixed assets	754	169
CASH FLOW FROM INVESTMENT OPERATIONS	20 764	50 181
Financial operations		
New borrowing	138 004	85 035
Paid dividend	– 24 799	– 24 879
Acquisition of own shares	—	– 1 460
CASH FLOW FROM FINANCIAL OPERATIONS	113 205	58 696
CHANGE IN LIQUID FUNDS	29	– 645
LIQUID FUNDS ON 1 JANUARY	83	728
LIQUID FUNDS ON 31 DECEMBER	112	83

Notes

Note 1
Accounting and valuation principles

General accounting principles
This Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations and Emerging Issues Task Force statements.

Registered office, etc
G & L Beijer AB carries out operations in a legal form of business entity and has its registered office in Malmö, Sweden. The address of the head office is Norra Vallgatan 70, SE-211 22 Malmö.

Reporting for segments
The primary principle of division for the Group is operating segments. The Group's internal reporting system is built up bearing in mind monitoring of the return on the Group's products and services which is why operating segments are the primary principle of division.

Classification, etc
Fixed assets, long-term liabilities and provisions consist essentially of only amounts which are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Current assets and current liabilities consist essentially of amounts which are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Valuation principles, etc
Assets, provisions and liabilities have been valued at their acquisition value unless it is otherwise stated below.

Intangible assets
Intangible assets acquired by the company are reported at their acquisition value less accumulated depreciation and write-downs. Expenditure for internally generated goodwill and brand names is reported as a cost in the profit and loss account as they arise.

Additional expenditure for an intangible asset is added to the acquisition value only if it increases future financial benefits. All other expenditure is written off as it arises.
Amortisation according to plan is based on original acquisition values less any residual values. Amortisation is made in a straight line over the economic life of the asset and is reported as a cost in the profit and loss account.

Research and development expenditure which will generate future financial benefits is capitalised and reported at the acquisition values of purchased materials and costs for own personnel. Amortisation according to plan for this asset is made in a straight line over five years and is reported as a cost in the profit and loss account. Expenditure for development refers to expenditure where the research result or other knowledge is applied to achieve new or improved products. During the year, SEK 2.3M (2.5) was carried as an expense.

The following amortisation periods are applied:

	Group	*Parent company*
Acquired intangible assets:		
Computer software	3-5 years	3 years
Goodwill	5-20 years	—
R&D	5 years	—

Goodwill attributable to strategic acquisitions is expected to have an economic life of 20 years.

Tangible assets
Tangible fixed assets are reported as assets in the balance sheet when, based on available information, it is probable that the future economic life linked with the holding accrues to the Group / company and that the acquisition value of the asset can be calculated in a reliable way.

Additional expenditure is added to the acquisition value to the extent that the asset's performance improves in relation to the level that applied when it was originally acquired. All other additional expenditure is reported as a cost in the period in which it arises.

Depreciation principles for tangible fixed assets
Depreciation according to plan is based on original acquisition values less calculated residual value. Depreciation is made in a straight line over the estimated life of the asset.

	Group	*Parent company*
Buildings	25-50 years	—
Land improvements	20 years	—
Machinery and other technical plant	5-10 years	—
Equipment, tools and installations	3-10 years	3-10 years

Loan costs
Loan costs are charged to profit in the period to which they relate, regardless of how the borrowed funds have been utilised.

Write-downs
The reported values for the Group's assets are checked on every balance sheet date to establish if there is any indication for a need for a write-down. If there is such an indication, the recovery value of the asset is calculated as the higher of the value of use and the net sales value. A write-down is made if the recovery value is below the reported value.

On calculating the value of use, future cash flows are discounted at an interest rate before tax which is intended to take into account the market's evaluation of risk-free interest and risk linked with the specific asset. An asset which is dependent on other assets is not considered to generate any independent cash flows. Such an asset is, instead, assigned to the smallest cash generating unit in which the cash flows can be determined.

A write-down is reversed if there has been a change in the calculations applied to determine the recovery value. A reversal is only made to the extent that the reported value of the asset does not exceed the reported value which would have been reported, with a deduction for depreciation, if no write-down would have been made.
A write-down of goodwill is only cancelled if the write-down was caused by a specific external event of an exceptional nature which cannot be expected to recur and the increase in the recovery value is directly related to the cancellation of the effect of the specific event.

Receivables
Receivables have been entered at the amount expected to be received.

Receivables and liabilities in foreign currency
Receivables and liabilities in foreign currency have been translated at the balance sheet date rate in accordance with the Swedish Financial Accounting Standards Council's recommendation No 8, with the exception of long-term monetary balances with independent operations abroad, where the acquisition rate has been applied.
Exchange rate differences on operating receivables and operating liabilities are included in the operating result, whereas differences on financial receivables and liabilities are reported among financial items. To the extent that receivables and liabilities in foreign currency have been hedged, they are translated at the forward rate.

Inventories
Inventories, valued in accordance with the Swedish Financial Accounting Standards Council's recommendation No 2:02, are entered at the lower of acquisition value and net sales value. In this connection, obsolescence risk has been taken into account. The acquisition value is calculated in accordance with the first-in, first-out principle or in accordance with weighted average prices.
In semi-finished or finished products of the company's own manufacture, the acquisition value consists of direct manufacturing costs and a reasonable proportion of indirect manufacturing costs. On valuation, normal capacity utilisation has been taken into account.

Financial instruments and securities holdings
All financial instruments are entered in the balance sheet with the exception of derivative instruments.
A financial asset or a financial liability is entered in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Trade debtors are entered in the balance sheet when an invoice has been sent. Trade creditors are entered when an invoice has been received.
A financial asset is removed from the balance sheet when the rights in the contract are realised, mature or the company loses control over them. The same applies for a proportion of a financial asset.

A financial liability is removed from the balance sheet when the obligation in the contract is fulfilled or becomes otherwise extinct. The same applies for a proportion of a financial liability. The holding of financial derivative instruments consists of forward exchange agreements. Derivatives are classified as hedging instruments. For hedging an interest risk, interest swaps are used. Amounts paid or received in accordance with interest swaps are reported currently as interest income or interest expense. A premium paid or received when the agreements were entered into are capitalised over the duration of the agreements. In some instances foreign exchange contracts are used for hedging future commercial flows. Profits and losses relating to hedging through foreign exchange contracts are reported on the same date as profits and losses on the underlying transaction that have been hedged.
For further information about accounting principles and financial risk handling, see note 33 Financial risk handling and derivative instruments.

Liquid funds

Liquid funds comprise cash, immediately available bank balances and other money market instruments with an original duration of less than three months. Items which run at fixed interest are valued at accrued value.

Employee benefits

Employee benefits are reported in the consolidated accounts in accordance with the Swedish Financial Accounting Standards Council's recommendation RR29, Employee benefits, which is applied from 1 January 2004.

Employee benefits after ended employment
Benefit-based pension schemes have been included in the consolidated accounts in accordance with local rules and regulations without recalculation to common principles up to and including 2003. By application of RR29 from 1 January 2004, benefit-based pension schemes are reported in accordance with common principles and calculation methods in the consolidated accounts.

At 1 January 2004, the pension obligations have been calculated in accordance with RR29. The difference compared with the pension provisions reported at 31 December 2003 has affected equity brought forward 2004. In contribution-based schemes, the company pays set contributions to a separate legal entity and has no obligation to pay additional fees. The Group's result is charged for costs as the benefits are earned.

In benefit-based pension schemes, benefits to employees and former employees are paid based on the salary at the date of retirement and the number of years worked. The Group carries the risk of ensuring that the undertaken payments are made.

The benefit-based pension schemes are both funds invested in under various pension schemes and floating debts. Where the funds are invested, the assets which belong to the schemes are separated from the Group's assets, in externally managed funds. These managed assets can only be used to pay benefits in accordance with the pension agreements.

In the balance sheet is reported the net of the calculated current value of the obligations and the actual value of the managed assets, either as a provision or a long-term financial receivable. Where a surplus in the scheme cannot be fully utilised, only the portion of the surplus which the company can recover through reduced further contributions or repayments is reported. Set-off of a surplus in a scheme against a deficit in another scheme is only made if the company has the right to utilise a surplus in one plan to regulate a deficit in another plan, or if the obligations are intended to be regulated on a net basis.

The pension cost and the pension obligation for benefit-based pension schemes are calculated in accordance with the Projected Unit Credit Method. The method distributes the cost for pensions in step with the employees carrying out services for the company, which increases their right to future compensation. The company's undertaking is calculated annually by independent actuaries. The undertaking consists of the current value of the anticipated future payments. The discounting interest rate applied is equivalent to the interest rate for first class company bonds or government bonds with a duration equivalent to the average duration for the obligations and the currency. The most important actuarial assumptions are stated in note 28.

Actuarial profits and losses could arise on determination of the obligation's current and actual value of the managed assets, These arise either because the actual outcome is different from the previous assumption or because assumptions change. The portion of the accumulated actuarial profits and losses, at the previous year end, which exceeds ten per cent of the larger of the obligation's current value and the managed asset's actual value is reported in the result of the anticipated average remaining period of service for the employees covered by the scheme.

The above-described accounting principle is only applied for the consolidated accounts. The parent company and the subsidiaries report benefit-based pension schemes in accordance with local rules and regulations in the respective country.

Undertakings for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. In accordance with the statement by the Swedish Financial Accounting Standards Council's Emerging Issues Taskforce, URA 42, this is a benefit-based scheme which comprises several employees. For the 2004 financial year, the company has not had access to information which makes it possible to report this scheme as a benefit-based scheme. The pension scheme which in accordance with ITP is secured through insurance in Alecta, is, therefore, reported as a contribution-based scheme. The year's contributions for pension insurance schemes subscribed in Alecta amount to SEK 5.5M (5.9). Alecta's surplus can be distributed to the policyholders and / or the insured. At the 2004 year end, Alecta's surplus in the form of the collective consolidation level amounted to 128 per cent (120). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's insurance technical calculation assumptions which do not correspond with RR29.

Other long-term benefits for employees
The same principles are applied as for benefit-based schemes with the exception that all actuarial profits and losses are reported immediately.

Benefits on termination of employment
A provision is reported in connection with termination of employment of staff only if the company is demonstrably obliged to end an employment before the normal date or when benefits are given as an offer to encourage voluntary termination. When the company needs to make staff redundant, a detailed plan is prepared which contains at least work location, positions and the approximate number of people involved, as well as payments for each staff category or position and the time for the implementation of the plan.

Taxes

The company and the Group apply the Swedish Financial Accounting Standards Council's recommendation RR 9 Income taxes. Total tax consists of current tax and deferred tax.
Taxes are reported in the profit and loss account except where the underlying transaction is reported directly against shareholders' equity when the pertaining tax effect is reported in shareholders' equity. Current tax is tax which will be paid or received relating to the current year. To this also belongs adjustment of current tax attributable to previous periods. Deferred tax is calculated in accordance with the balance sheet method with temporary differences between reported and fiscal values on assets and liabilities as the starting point.
The amounts are calculated based on how the temporary differences are expected to be settled and by application of the tax rates and fiscal rules which have been decided or announced on the balance sheet date. Temporary differences are not taken into account in consolidated goodwill and nor are, in normal cases, differences related to participations in subsidiaries which are not expected to be taxed in the foreseeable future.
In the legal entity are reported untaxed reserves including deferred tax liability.
In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.
Deferred income taxes recoverable relating to deductible temporary differences and loss carry-forwards are only reported to the extent that it is probable that these will involve lower tax payments in the future.
Valuation of capitalised loss carry-forwards are based on a five year time horizon.

Provisions (except negative goodwill and deferred tax)

A provision is reported in accordance with RR 16 Provisions, contingent liabilities and contingent assets in the balance sheet where the company has a formal or informal undertaking as a consequence of an event that has occurred and it is probable that an outflow of resources will be required to settle the undertaking and a reliable estimate of the amount can be made.

Guarantee reserve
A provision is reported when the underlying product or service has been sold. The guarantee reserve is calculated on the basis of previous

years' guarantee expenditure and a calculation of future guarantee risk.

Restructuring reserve

A provision is reported when a detailed restructuring plan has been determined and the restructuring has either started or been publicly announced.

Revenues

Reporting of revenues is made in accordance with the Swedish Financial Accounting Standards Council's recommendation No 11, Revenues. Revenue recognition is made in the profit and loss account when it is probable that the future financial benefits will accrue to the company and these benefits can be calculated in a reliable way.

The revenues include only the gross inflow of financial benefits the company receives or can receive on its own account. Income on sale of goods is reported as income when the company has transferred the significant risks and benefits linked with the ownership of the goods and the company does not exercise any real control over the goods sold.

The revenues are reported at the actual value of what has been received or will be received with a deduction for VAT and made discounts. The criteria for revenue recognition are applied to each transaction *per se*. Payments in the form of interest, commission and dividend are reported as income when it is probable that the financial benefits linked with the transaction accrue to the company and that they can be calculated in a reliable way.

Interest income is capitalised so that an even return is received during the holding period. Dividend is reported when the shareholders' right to receive a dividend is deemed to be secure.

Leasing – lessees

The Swedish Financial Accounting Standards Council's recommendation RR 6:99 is applied. In the consolidated accounts, leasing is classified either as financial or operational leasing. Financial leasing exists when the financial risks and benefits linked with the ownership have been essentially transferred to the lessee, unless it is a matter of operational leasing.

Assets leased in accordance with financial lease contracts are mainly company cars, trucks and office equipment, which are currently reported as operational lease contracts. See note 6.

Operational leasing means that the leasing charge is written off over the duration with the use as a starting point, which can differ from what has *de facto* been paid as a leasing charge during the year.

Government support

Government grants are reported in the balance sheet and the profit and loss account when it is reasonably certain that the terms and conditions linked with the grant will be fulfilled and that the grant will be received. The grants are capitalised systematically in the same way and over the same periods as the costs for which the grants are intended to compensate. Government grants received as payment for costs, which have already been charged to profit in previous periods and are granted without being linked with future costs, are reported in the profit and loss account in the period in which the claim on the Government arises. Government grants related to assets are reported in the balance sheet as the grant reduces the reported value of the asset.

Consolidated accounts

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 1:00.

The consolidated accounts comprise the parent company and companies in which the parent company, directly or indirectly, holds more than 50 per cent of the votes or otherwise has a controlling interest. Subsidiaries are normally reported in accordance with acquisition accounting. Acquisition accounting means that the parent company indirectly acquires the subsidiary's assets and takes over its liabilities, valued at their actual value. The difference between the acquisition cost for the shares and the actual value of acquired identifiable net assets consists of goodwill or negative goodwill. From the date when a controlling influence is achieved and until the date it ceases, the acquired company's revenues and costs, identifiable assets and liabilities, as well as arisen goodwill or negative goodwill, are included in the consolidated accounts. Goodwill is reported at acquisition value with a deduction for accumulated amortisation and write-down, if any.

Elimination of transactions between Group companies

Intra-Group receivables and liabilities, as well as transactions between companies in the Group, and unrealised profits connected with them, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised profits unless there is a need for a write-down.

Translation of foreign subsidiaries or other foreign operations

Translation of currency is made in accordance with the Swedish Financial Accounting Standards Council's recommendation No 8. The Group's operations outside Sweden consist of independent operations abroad which are translated in accordance with the current method. The current method means that all assets, provisions and liabilities are translated at the balance sheet date rate and that all items in the profit and loss account are translated at the average rate.

Arisen exchange rate differences are posted direct to shareholders' equity.

Group contributions and shareholders' contributions

The company reports Group contributions and shareholders' contributions in accordance with the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholders' contributions are posted directly against shareholders' equity by the recipient and is capitalised in shares and participations by the contributor, to the extent that a write-down is not required. Group contributions are reported in accordance with the financial meaning. This means that Group contributions paid with the aim of minimising the Group's total tax are reported directly against profit brought forward after a deduction for their current tax effect.

Change of accounting principles

Application of the Swedish Financial Accounting Standards Council's recommendations

From 1 January 2004, the recommendation of the Swedish Financial Accounting Standards Council, RR29 Employee benefits, is applied.

RR29 Employee benefits

From 1 January 2004, the recommendation of the Swedish Financial Accounting Standards Council, RR29 Employee benefits, is applied. The application of the recommendation means, among other things, that benefit-based pension schemes in the Group are reported and calculated in accordance with other principles than those previously applied. The increase in the pension provision as a result of the changed principle, SEK 1,018K, after tax of SEK 285K has been reported against shareholders' equity. In accordance with the recommendation, the comparative year has not been recalculated relating to benefit-based pension schemes.

Information about the period's acquisitions

Elsmark Holding A/S, with subsidiaries, was acquired in June 2004. The companies, which are refrigeration wholesalers, are included in business area Beijer Ref.

At July 2004, Höiness Sverige AB was acquired. The company is included in business area Beijer Industrial Technology.

Related parties

Relationships with related parties which involve a controlling influence

Parent company

The parent company has relationships with related parties which involve a controlling influence with its subsidiaries (see note 24).

Transactions with related parties

Group

For information about the Board of Directors', the Managing Director's and other senior executives' salaries and other remuneration, costs and obligations relating to pensions and similar benefits, as well as agreements relating to severance pay, see note 3.

In a Nordic subsidiary, remuneration for legal consultation has been paid to one Board Member. Commission payment related to a previous acquisition of a company has been made to another Board Member in the same company. The total sum has amounted to SEK 452K. The Board Members are not employed in the Group and are not included in the parent company's Board of Directors.

Note 2

Reporting for segments

Primary segments – operations

	Beijer Ref		Beijer Industrial Technology		Group	
	2004	2003	2004	2003	2004	2003
Revenues						
External sales	1 405 556	874 280	568 115	526 641	1 973 671	1 400 921
Total revenues	1 405 556	874 280	568 115	526 641	1 973 671	1 400 921
Results						
Result by operation	49 799	49 529	29 554	24 340	79 353	73 869
Undistributed costs					– 14 366	– 13 708
Operating profit	49 799	49 529	29 554	24 340	64 987	60 161
Interest expenses					– 16 313	– 13 000
Interest income					3 696	3 314
Minority interest					– 166	– 177
The year's tax expense					– 19 396	– 15 978
Net profit for the year					32 808	34 320
Other information						
Assets	1 147 189	592 111	265 348	263 795	1 412 537	855 906
Undistributed assets					16 463	28 866
Total assets					1 429 000	884 772
Liabilities	305 020	128 663	131 401	145 186	436 421	273 849
Undistributed liabilities					493 708	165 119
Total liabilities					930 129	438 968
Investments	166 929	19 290	6 205	19 276		
Depreciation	36 679	27 607	11 743	10 191		

Operations: The Group is organised in two business areas, Beijer Ref and Beijer Industrial Technology. The business areas form the primary basis of division. There are no sales or other transactions between the different operations. Undistributed costs represent common costs.

The division into segments is determined by the products and, therefore, the customers they address.
The Beijer Ref segment is split into three operations: the wholesale operation, air-conditioning and manufacturing. Of these, the wholesale operation is the largest. The companies within this operation are full-range wholesalers for the refrigeration sector. They provide products and services to the European refrigerating/freezer, technical insulation, heat pumps and climate comfort markets.
The Beijer Industrial Technology segment is a wholesale and trading operation which sells a wide product programme of components, machines and plant to the manufacturing and engineering industries, as well as hand tools and electrical tools, outdoor lighting, fans, electrical elements, etc. to the consumer market.
Assets of operations consist mainly of tangible fixed assets, intangible assets, inventories, receivables and operating cash in hand.
Liabilities of operations consist of operating liabilities but not items such as taxes and some company borrowing.
Investments consist of purchases of tangible fixed assets and intangible assets, including increases which have been the consequence of acquisitions.

Secondary segments – geographic regions

The Group's operations are mainly carried out in five geographic regions. In Sweden, which is the Group's domestic market, operations are carried out within both Beijer Ref and Beijer Industrial Technology as they are in Norway and Finland. In Denmark, other European countries and the Rest of the World, operations are mainly carried out within business area Beijer Ref.
The sales figures are based on the country in which the customer is located. Assets and investments are reported where the asset is located.

	Sales		Assets		Investments	
	2004	2003	2004	2003	2004	2003
Sweden	803 886	755 815	547 034	467 394	64 089	27 339
Norway	175 503	179 412	81 052	72 430	3 126	3 599
Finland	143 258	127 029	52 763	55 791	1 807	3 285
Denmark	194 557	204 099	312 075	304 368	3 322	4 343
United Kingdom	272 072	—	261 105	—	39 224	—
Switzerland	66 012	—	73 067	—	23 145	—
The Netherlands	111 486	—	125 519	—	22 471	—
Hungary	32 881	—	7 203	—	7 203	—
Other European countries	127 554	98 683	76 708	29 603	8 748	—
Rest of the world	46 462	35 883	—	—	—	—
Total	1 973 671	1 400 921	1 536 526	929 586	173 134	38 566
Undistributed assets/Eliminations			– 107 526	– 44 814		
Total assets			1 429 000	884 772		

Note 3
Employees and personnel costs

Average number of employees

Parent company	2004	of whom men	2003	of whom men
Sweden	2	100%	2	100%
Total in parent company	2	100%	2	100%

Subsidiaries	2004	of whom men	2003	of whom men
Sweden	384	84%	370	84%
Denmark	88	88%	108	87%
Norway	88	83%	84	81%
Finland	56	77%	53	75%
Estonia	8	75%	6	83%
Latvia	4	50%	4	50%
Lithuania	4	75%	3	67%
Poland	17	82%	15	87%
Germany	1	100%	—	—
United Kingdom	101	76%	—	—
Switzerland	23	67%	—	—
The Netherlands	34	76%	—	—
Hungary	23	63%	—	—
Ireland	5	80%	—	—
Total in subsidiaries	837	81%	643	83%
Total Group	839	81%	645	83%

Salaries, other remuneration and payroll overheads (SEK K)	2004		2003	
	Salaries and remuneration	Payroll overheads	Salaries and remuneration	Payroll overheads
Parent company [1]	4 322	2 507	4 333	2 485
(of which pension costs) [2]	—	(962)	—	(941)
Subsidiaries	283 896	86 492	226 320	71 374
(of which pension costs)	—	(22 417)	—	(14 755)
Total Group	288 218	88 999	230 653	73 859
(of which pension costs) [3]	—	(23 379)	—	(15 696)

1) Absence for illness is not reported for the parent company as the number of employees is below 10.
2) Of the parent company's pension costs SEK 702K (699) relate to the Board of Directors and the Managing Director.
3) Of the Group's pension costs SEK 4,138K (3,456) relate to the Board of Directors and the Managing Director.

Salaries and other remuneration distributed by country and between Board Members, etc, and other employees

	2004		2003	
	Board and MD	Other employees	Board and MD	Other employees
Total parent company	3 288	1 034	3 238	1 095
(of which, bonus, etc)	(189)	(70)	(184)	(75)
Subsidiaries in Sweden	10 100	115 519	10 022	115 286
(of which, bonus, etc)	(613)	(3 337)	(867)	(2 366)
Subsidiaries outside Sweden				
Denmark	1 942	38 044	3 330	43 228
(of which, bonus, etc)	(675)	(414)	(648)	(—)
Norway	3 247	29 163	3 025	30 455
(of which, bonus, etc)	(618)	(645)	(538)	(682)
Finland	3 196	15 991	2 636	14 117
(of which, bonus, etc)	(357)	(649)	(319)	(383)
United Kingdom	—	27 585	—	—
Estonia	846	442	560	344
(of which, bonus, etc)	(199)	(33)	(—)	(—)
Latvia	302	302	228	271
(of which, bonus, etc)	(41)	(—)	(—)	(—)
Lithuania	304	367	307	333
Poland	800	1 627	837	1 341
(of which, bonus, etc)	(202)	(—)	(224)	(360)
Switzerland	822	9 560	—	—
(of which, bonus, etc)	—	(260)	—	—
The Netherlands	995	18 272	—	—
Hungary	237	2 234	—	—
Ireland	—	1 999	—	—
Total subsidiaries	22 791	261 105	20 945	205 375
(of which, bonus, etc)	(2 705)	(5 338)	(2 596)	(3 791)
Total Group	26 079	262 139	24 183	206 470
(of which, bonus, etc)	(2 894)	(5 408)	(2 780)	(3 866)

Benefits for senior executives

For 2004, a director's fee of SEK 260K was paid to the Chairman and a total of SEK 510K to the other Board Members. The Board consists of four men and one woman. The Managing Director, Joen Magnusson, has received a salary, remuneration and other benefits amounting to SEK 2,725K (2,669) including a bonus payment of SEK 189K (184). An annual amount equivalent to 26 per cent of his gross salary, including bonus payment, is appropriated to a pension insurance scheme. The pension solution is contribution-based. The retirement age for the Managing Director is 65. Where notice of termination is given by the company, the Managing Director will receive 24 months' salary and the company will pay a pension insurance premium of 26 per cent. A bonus payment is decided annually by the Board of Directors and can amount to up to one month's salary. The bonus payment is based on qualitative and quantitative target fulfilment. Other senior executives consist of the Chief Financial Officer and the two Business Area Managers, all men, who received salaries, remuneration and other benefits totalling SEK 3,746K (3,637) including bonus payments of SEK 268K (335). Pension solutions to other senior executives are contribution-based and average 23 per cent of salary including bonus payment. Where notice of termination is given by these executives, no severance payment will be paid. Where notice of termination is given by the company, these executives will receive of 10 months' salary and the company will pay a pension insurance premium of 23 per cent on average. One of the senior executives has, in addition to 12 months' salary on notice of termination 12 months' severance pay. Notice of termination by the Managing Director or other senior executive does not trigger any severance pay. On new employment, there is no deduction of severance pay.

The Board of Directors handles matters relating to remuneration of the senior executives and the Board as a whole constitutes the Remuneration Committee. However, the Managing Director does not participate in decisions relating to his own remuneration. The matter is prepared during the first Board Meeting of the year and is decided at the Board Meeting held in connection with the Annual General Meeting.

Note 4

Other operating income

Group	2004	2003
Commission	19 258	14 754
Capital gain	349	1 180
Rents	693	1 006
Exchange gains	550	356
Other	753	913
Total	21 603	18 209

Parent company		
Other	54	109
Total	54	109

Note 5

Remuneration to auditors

Other external costs include costs for audit and other assignments carried out by KPMG as follows:

Group	2004	2003
Audit, principal auditor	1 785	1 233
Audit, other	30	71
Other assignments	500	—
Total	2 315	1 304

Parent company		
Audit	110	117
Other assignments	238	—
Total	348	117

In addition, a fee of SEK 2,025K was paid to KPMG in connection with the acquisition of subsidiaries. The amount has been reported as acquisition value for shares.

Note 6

Lease contracts

Group	2004	2003
The year's leasing costs	25 397	34 000
Leasing charge which falls due within 1 year	22 528	30 811
Leasing charge which falls due within 1-5 years	54 286	86 563
Leasing charge which falls due later than 5 years	12 556	11 004

The above amount also includes cars, trucks and office equipment leased via financial lease contracts. If these had been reported as financial lease contracts they would have increased the book value of fixed assets by SEK 17.3M. A large proportion of operational lease contracts consist of lease contracts for premises.

Note 7

Amortisation of intangible assets and depreciation of fixed assets

Group	2004	2003
Goodwill	19 601	14 688
Other intangible assets	3 322	1 853
Buildings and land	4 336	3 710
Machinery and other technical plant	7 155	6 979
Equipment, tools and installations	14 961	11 624
Total	49 375	38 854

Parent company		
Other intangible assets	235	220
Equipment, tools and installations	304	348
Total	539	568

Note 8

Results of participations in Group companies

Parent company	2004	2003
Dividends received	17 376	27 000
Write-down of shares in subsidiaries	—	– 3 202
Profit, intra-Group sales, subsidiaries	25 335	—
Total	42 711	23 798

The parent company has received dividends of SEK 12,500K from Kylma AB and SEK 4,876K from Beijer A/S.

Note 9

Results of other securities and receivables which are fixed assets

Group	2004	2003
Dividend	910	455
Total	910	455

Parent company		
Dividend	910	455
Total	910	455

Note 10

Interest income and similar profit/loss items

Group	2004	2003
Interest income	2 779	2 800
Exchange gain	7	59
Total	2 786	2 859

Parent company		
Interest income, Group companies	5 539	5 976
Interest income, external	51	312
Exchange gain	—	3
Total	5 590	6 291

Note 11

Interest expenses and similar profit/loss items

Group	2004	2003
Interest expenses	– 14 955	– 11 844
Exchange loss	– 386	– 1 023
Other	– 972	– 133
Total	– 16 313	– 13 000

Parent company		
Interest expenses, Group companies	– 94	– 1 308
Interest expenses, external	– 7 353	– 8 939
Exchange gain	131	354
Total	– 7 316	– 9 893

Note 12
Currency effect on the results

Group	2004	2003
Currency effect in operating profit	550	356
Currency effect in financial income and expenses	– 386	– 1 023
Currency effect in profit after financial income and expenses	164	– 667
Currency effect in profit after tax	164	– 667

Parent company		
Currency effect in operating profit	—	—
Currency effect in financial income and expenses	131	354
Currency effect in profit after financial income and expenses	131	354
Currency effect in profit after tax	131	354

During the year, only an insignificant proportion of the Group's currency flows were hedged.

Note 13
Appropriations, other

Parent company	2004	2003
Difference between book depreciation and depreciation according to plan		
– Equipment, tools and installations	143	1
Tax allocation reserve, the year's change	– 1 134	123
Total	– 991	124

Note 14
Tax on the year's profit

Group

Current tax expense	2004	2003
The period's current tax expense	– 21 695	– 18 099
Deferred tax expense/tax income		
Deferred tax relating to		
– temporary differences	– 3 168	2 121
– loss carry-forward	5 467	—
	2 299	2 121
Tax on the year's profit	– 19 396	– 15 978

Parent company

Current tax expense		
The period's current tax expense	3 065	3 047
Deferred tax expense/tax income		
Deferred tax relating to temporary differences	—	2 291
Tax on the year's profit	3 065	5 338

Group

Reconciliation of effective tax		
Profit before taxes	52 370	50 475
Tax expense calculated according to actual tax rate, 28%	– 14 664	– 14 133
Effect of different tax rates	– 267	– 336
Non-deductible costs	– 5 760	– 6 391
Non-taxable income	1 037	5 223
Tax attributable to previous years	– 552	– 108
Utilised loss carry forwards	905	—
Other	– 95	– 233
Net effective tax	– 19 396	– 15 978
Effective tax rate	*37,0%*	*31,7%*

Parent company

Reconciliation of effective tax		
Profit before taxes	31 554	12 477
Tax expense calculated according to actual tax rate, 28%	– 8 835	– 3 494
Non-deductible costs	– 59	– 1 018
Non-taxable income	11 959	9 851
Tax attributable to previous years	—	– 1
Net effective tax	3 065	5 338
Effective tax rate	*9,7%*	*42,8%*

Note 15
Capitalised expenditure

Capitalised expenditure for software, etc

Group

Accumulated acquisition values	2004	2003
On 1 January	11 890	8 015
Acquisition during the year	1 959	3 956
Reclassification	108	—
Acquisition of companies	117	—
The year's translation differences	– 72	– 81
Total	14 002	11 890

Accumulated amortisation according to plan		
On 1 January	– 3 391	– 1 560
The year's amortisation according to plan	– 3 023	– 1 853
Reclassification	– 102	—
The year's translation differences	43	22
Total	– 6 473	– 3 391
Residual value according to plan	7 529	8 499

Research and development

Group

Accumulated acquisition values		
On 1 January	1 132	—
Acquisition during the year	1 657	1 132
Total	2 789	1 132

Accumulated amortisation according to plan		
The year's amortisation according to plan	– 299	—
Total	– 299	—
Residual value according to plan	2 490	1 132

Total capitalised expenditure

Group

Accumulated acquisition values		
On 1 January	13 022	8 015
Acquisition during the year	3 616	5 088
Reclassification	108	—
Acquisition of companies	117	—
The year's translation differences	– 72	– 81
Total	16 791	13 022

Accumulated amortisation according to plan		
On 1 January	– 3 391	– 1 560
The year's amortisation according to plan	– 3 322	– 1 853
Reclassification	– 102	—
The year's translation differences	43	22
Total	– 6 772	– 3 391
Residual value according to plan	10 019	9 631

Parent company

Accumulated acquisition values		
On 1 January	706	656
Acquisition during the year	—	49
Total	706	705

Accumulated amortisation according to plan		
On 1 January	– 330	– 109
The year's amortisation according to plan	– 235	– 220
Total	– 565	– 329
Residual value according to plan	141	376

Note 16
Goodwill

Accumulated acquisition values	2004	2003
On 1 January	249 883	247 344
Acquisition during the year	147 619	8 324
Divestments and disposals	—	– 3 894
Reclassification	2 089	—
The year's translation differences	– 1 426	– 1 891
Total	398 165	249 883
Accumulated amortisation according to plan		
On 1 January	–100 027	– 89 962
Divestments and disposals	—	3 894
The year's amortisation according to plan	– 19 601	– 14 688
Reclassification	– 2 095	—
The year's translation differences	499	729
Total	–121 224	– 100 027
Residual value according to plan	276 941	149 856

Note 17
Buildings and land

Group

Accumulated acquisition values	2004	2003
On 1 January	141 543	142 839
Acquisition during the year	2 839	1 539
Acquisition of companies	27 625	—
Divestments and disposals	– 7 651	484
Reclassifications	2 312	—
The year's translation differences	– 1 898	– 3 319
Total	164 770	141 543

Accumulated depreciation and write-downs according to plan

	2004	2003
On 1 January	– 37 552	– 34 107
Acquisition of companies	– 7 360	—
Divestments and disposals	1 962	– 484
The year's amortisation according to plan	– 4 336	– 3 710
Reclassification	233	—
The year's translation differences	499	749
Total	– 46 554	– 37 552
Residual value according to plan	118 216	103 991
Of which land	9 898	9 898
Book values, Sweden	41 796	41 808
Tax assessments values, buildings, Sweden	24 603	24 603
Tax assessment values, land, Sweden	8 257	8 257

Note 18
Machinery and other technical plant

Group		
Accumulated acquisition values	2004	2003
On 1 January	151 145	151 009
Acquisition during the year	6 361	8 207
Acquisition of companies	1 106	—
Divestments and disposals	– 8 007	– 462
Reclassification	508	– 4 096
The year's translation differences	– 621	– 3 513
Total	150 492	151 145
Accumulated depreciation according to plan		
On 1 January	– 117 626	– 117 594
Acquisition of companies	– 155	—
Divestments and disposals	7 347	320
The year's depreciation according to plan on acquisition values	– 7 155	– 6 979
Reclassification	– 233	3 555
The year's translation differences	302	3 072
Total	– 117 520	– 117 626
Residual value according to plan	32 972	33 519

Note 19
Equipment, tools and installations

Group		
Accumulated acquisition values	2004	2003
On 1 January	124 347	116 622
Acquisition during the year	13 472	12 909
Acquisition of companies	84 612	—
Divestments and disposals	– 8 357	– 7 952
Reclassification	64	4 466
The year's translation differences	– 3 271	– 1 698
Total	210 921	124 347
Accumulated depreciation according to plan		
On 1 January	– 80 847	– 74 373
Acquisition of companies	– 66 457	—
Divestments and disposals	6 962	7 190
The year's depreciation according to plan on acquisition values	– 14 961	– 11 624
Reclassification	—	– 3 555
The year's translation differences	2 695	1 515
Total	–152 608	– 80 847
Residual value according to plan	58 313	43 500

Parent company		
Accumulated acquisition values	2004	2003
On 1 January	1 898	2 407
Acquisition during the year	825	388
Divestments and disposals	– 1 109	– 897
Total	1 614	1 898
Accumulated depreciation according to plan		
On 1 January	– 937	– 1 426
Divestments and disposals	409	837
The year's depreciation according to plan	– 304	– 348
Total	– 832	– 937
Residual value according to plan	782	961

Note 20
Construction in progress

	2004	2003
Balance on 1 January	2 878	444
Expenses accrued during the year	52	2 815
Translation difference	6	– 11
Reclassification made during the year	– 2 884	– 370
Total	52	2 878

Note 21
Long-term receivables

Group		
Accumulated acquisition values	2004	2003
On 1 January	1 187	8 146
Investment during the year	1 440	5
Less current portion	—	– 800
Amortisation during the year	– 737	– 6 164
Total	1 890	1 187

Parent company		
Accumulated acquisition values	2004	2003
On 1 January	500	1 300
Less current portion	– 500	– 800
Total	—	500

Note 22
Inventories

Group	2004
Inventories	442 346
Inventories reported at net sales value	16 456

Note 23
Prepaid expenses and accrued income

Group	2004	2003
Rents	3 695	2 719
Commission receivables	3 392	1 868
Leasing charges	975	530
Insurance	3 723	2 620
Bonus income	1 609	947
Pension	836	1 523
Other items	5 406	5 174
Total	19 636	15 381

Note 24
Participations in Group companies

Parent company	2004	2003
On 1 January	240 022	285 472
Paid shareholders' contribution and the year's investments	20 000	7 400
Repayment of reduced share capital and statutory reserve	—	– 49 648
Sale of shares	– 15 000	—
Write-down	—	– 3 202
Total	245 022	240 022

Specification of the parent company and the Group holdings of shares and participations in Group companies

Company	Corporate ID number	Registered office	Number of participations	Direct share of capital, %[1]	Indirect share of capital, %[1]	Book value
G & L Beijer Förvaltning AB	556020-8935	Malmö	20 000	100		9 900
Fastighets AB Timmerön	556076-3442	Malmö			100	
G & L Beijer Ltd	SC38231	Glasgow			100	
Beijer Ref						
G & L Beijer Ref AB	556046-6087	Malmö	586 447	100		72 569
G & L Beijer A/S	56813616	Ballerup	40 000	100		142 553
Kylma AB	556059-7048	Solna			100	
Asarums Industrier AB	556072-3289	Karlshamn			100	
Schlösser Möller Kulde AS	914492149	Oslo			100	
Dimico OY	0130571-1	Borgå			100	
Külmakomponentide OÜ	10037180	Tallin			100	
SwedeCoil AB	556354-7529	Karlshamn			100	
OY Combi Cool AB	5999255	Helsinki			100	
Svenska Daikin AB	556216-8913	Täby			90	
Kylkomponenter HJJ AB	556242-8986	Stockholm			100	
H. Jessen Jürgensen A/S	16920401	Ballerup			100	
Armadan A/S	16920436	Ballerup			100	
BKF-Klima A/S	18297094	Ballerup			100	
TT-Coil A/S	19509519	Ballerup			100	
Beijer Ref ApS	26010292	Ballerup			100	
TT-Coil Norge AS	947473697	Mysen			100	
Beijer Ref Polska Sp.z.o.o	206476	Warsaw			100	
TT-Coil Ltd	3132206	Southampton			100	
TT-Coil Deutschland Gmbh	984002092	Hamburg			100	
Max Cool Sia	344341	Riga			100	
H. Jessen Jürgensen AB	556069-2724	Gothenburg			100	
Metrab Industri AB	556357-7344	Stockholm			100	
UAB Beijer Ref, Lithuania	1177481	Vilnius			100	
Werner Kuster AG	280.3.001.874-3	Frenkendorf			100	
Dean & Wood Ltd	467637	Leatherhead			100	
Dean & Wood Ireland	299353	Portlaoise			100	
Coolmark bv	24151651	Barendrecht			100	
Equinoxe Kft Cg	01-09-163446	Budapest			51	
EQ Tehnica Frigului	J35-2794-29	Timisoara			51	
OY Beijer Ref Russia Ltd	18913916	Lappeenranta			100	
Beijer Industrial Technology						
G & L Beijer Industriteknik AB	556650-8320	Malmö	50 000	100		20 000
G & L Beijer Industri AB	556031-1549	Malmö			100	
Lundgrens Sverige AB	556063-3504	Gothenburg			100	
AB Tebeco Industriprodukter	556021-1442	Halmstad			100	
Brogårdsand AB	556090-1851	Habo			100	
Fyleverken IMB AB	556049-6787	Sjöbo			100	
G & L Beijer AS	929417607	Drammen			100	
G & L Beijer OY	0109075-7	Helsinki			100	
Brogårdsand Försäljning AB	556184-9042	Habo			100	
Slanggrossisten Ekonil AB	556173-1083	Helsingborg			100	
Höiness Sverige AB	556624-6590	Malmö			100	
Total Group						245 022

1) Share of capital corresponds with share of votes for the total number of shares

NOTE 25
LONG-TERM SECURITIES HOLDINGS

Group	2004	2003
On 1 January	13 140	13 140
Acquisition during the year	—	—
Divestments	—	—
BOOK VALUE	13 140	13 140

Parent company	2004	2003
On 1 January	9 287	9 287
BOOK VALUE	9 287	9 287

SPECIFICATION OF LONG-TERM SECURITIES HOLDINGS

Group	CORP ID NO	REG OFFICE	NO OF PARTICIPATIONS	SHARE OF CAPITAL, %[1]	ACQUISITION VALUE	WRITE-UP	2004	2003
Malmö Hamn AB	556014-7596	Malmö	37 908	17.6	1 105	11 961	13 066	13 066
Other					74	—	74	74
BOOK VALUE					1 179	11 961	13 140	13 140

Parent company	CORP ID NO	REG OFFICE	NO OF PARTICIPATIONS	SHARE OF CAPITAL, %[1]	ACQUISITION VALUE	WRITE-UP	2004	2003
Malmö Hamn AB	556014-7596	Malmö	37 908	17.6	1 105	8 182	9 287	9 287
BOOK VALUE					1 105	8 182	9 287	9 287

1) Share of capital corresponds with share of votes for the total number of shares.

NOTE 26
SHAREHOLDERS' EQUITY

Shares

A shares	with number of votes	10	647 205
B shares	with number of votes	1	5 574 283
TOTAL			6 221 488
Shares in own custody			– 21 800
Number of outstanding shares			6 199 688
Average number of outstanding shares*			6 199 688

**) Calculation of profit per share is based on this number*

Proposed dividend

At the Annual General Meeting on 29 April 2005, a dividend for 2004 of SEK 4.25 per share, SEK 26,349K in total, will be proposed. This amount has not been reported as a liability but will be reported as appropriation of profits under shareholders' equity for the 2005 financial year. The dividend for 2003 amounted to SEK 24,799K.

Buy-back of own shares

The Annual General Meeting on 29 April 2004 authorised the Board of Directors to buy back and have at its disposal up to 10 per cent of the company's shares. The authorisation applies up to and including 29 April 2005. The aim is to give the Board of Directors increased scope to take action in its work with the company's capital structure and, should it be deemed to be appropriate, enable the acquisition of operations through payment with the company's shares.

During the financial year, no sales or buy-back of own shares took place.

Transaction costs are reported in the profit and loss account as they arise.

Exchange rate differences in shareholders' equity

Group	2004	2003
Opening balance	– 14 889	– 4 002
Change on the year's translation of existing subsidiaries	– 1 972	– 10 887
TOTAL	– 16 861	– 14 889

NOTE 27
UNTAXED RESERVES

Parent company	2004	2003
Accumulated accelerated depreciation	124	268
Tax allocation reserves	13 734	12 600
TOTAL*	13 858	12 868

**) The tax portion amounts to 28%*

NOTE 28
PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Group	2004
Benefit-based obligations and the value of managed assets	
Wholly or partly invested obligations:	
Current value of benefit-based pensions	55 882
Actual value of managed assets	– 33 187
TOTAL WHOLLY OF PARTLY INVESTED OBLIGATIONS	22 695
Net value of floating benefit-based obligations	6 489
NET OBLIGATIONS BEFORE ADJUSTMENTS	29 184
Adjustments:	
Accumulated unreported actuarial profits (+) and losses (–)	– 476
NET AMOUNT IN THE BALANCE SHEET (OBLIGATION +, ASSET –)	28 708
The net amount is reported in the following item in the balance sheet:	
Provision for pensions and similar obligations	28 708
NET AMOUNT IN THE BALANCE SHEET (OBLIGATION +, ASSET –)	28 708
Pension cost	
Benefit-based plans	
Cost for pensions earned during the year	3 163
Interest expense	2 026
Anticipated return on managed assets	– 1 432
Actuarial profits (–) and losses (+) reported during the year	86
Losses (+) or profits (–) on reductions and regulations	– 567
COST, CONTRIBUTION-BASED SCHEMES	3 276
Cost, contribution-based schemes	20 103
Payroll tax	3 380
TOTAL COST FOR PAYMENTS AFTER ENDED EMPLOYMENT	26 759

Note 28 (cont.)

Provisions for pensions and similar obligations

Reconciliation of net amounts for pensions in the balance sheet	2004
The following table explains how the net amount in the balance sheet has changed during the period	
Net amount in the balance sheet on 31 December 2003	7 461
Effect of change of accounting principle to RR29 on 1 January 2004	1 018
Net amount on 1 January 2004	8 479
Cost of benefit-based schemes	3 276
Payments of pensions	– 1 128
Deposits of contributions from the company	– 1 446
Effects of acquired/divested operations	18 600
Exchange rate differences	– 247
Reclassification from accrued costs	1 174
Net amount in the balance sheet on 31 December 2004	28 708
Return on managed assets	
Actual return on managed assets	1 153
Anticipated return on managed assets	1 432
Actuarial result for managed assets during the period	– 279
Actuarial assumptions	
The following significant actuarial assumptions have been applied on calculation of the assumptions:	
Discounting interest, %	5.0–6.0
Anticipated return on the managed assets, %	5.8–7.0
Future payroll increases, %	3.0
Future increases in pensions, %	1.8–3.0
Of which credit insured via FPG/PRI	38

Note 29

Provision for deferred tax

Group 2004	Deferred income taxes recoverable	Deferred Tax liability	Net deferred tax
Tangible fixed assets	3 454	15 668	– 12 214
Inventories	641	2 452	– 1 811
Provisions for pensions	7 243	—	7 243
Other provisions	1 088	—	1 088
Restructuring reserve	187	—	187
Tax allocation reserve	—	19 307	– 19 307
Loss carry forward	10 923	—	10 923
Other	1 824	701	1 123
	25 360	38 128	– 12 768
Set-off	– 4 928	– 4 928	
Net deferred tax liability	20 432	33 200	

Group 2003			
Tangible fixed assets	—	16 233	16 233
Provisions for pensions	1 084	—	– 1 084
Tax allocation reserve	—	19 978	19 978
Other	248	285	37
	1 332	36 496	35 164
Set-off	– 1 332	– 1 332	—
Net deferred tax liability	0	35 164	35 164

Change of deferred tax in temporary differences and loss carry forward

Group	Amount on 1 January	Acquisition / sale	Reported via the profit and loss account	Reported against equity	Translation differences	Amount on Amount on
Tangible fixed assets	– 16 233	915	3 031	—	73	– 12 214
Inventories	—	– 1 494	– 325	—	8	– 1 811
Provisions for pensions	1 084	6 130	– 314	285	58	7 243
Other provisions	—	1 118	12	—	– 42	1 088
Restructuring reserve	—	7 472	– 7 285	—	—	187
Tax allocation reserve	– 19 978	—	671	—	—	– 19 307
Loss carry-forward	—	5 960	5 467	—	– 504	10 923
Other	– 37	239	1 042	– 123	2	1 123
	– 35 164	20 340	2 299	162	– 405	– 12 768

Note 30

Other provisions

Group	2004	2003
Guarantee commitments	7 550	1 066
Restructuring reserve, Elsmark	18 708	—
Other	181	55
Total	26 439	1 121

Guarantee undertakings	
Net value at the start of the period	1 066
Provisions made during the period	6 484
Net value at the period end	7 550

Restructuring reserve	
Net value at the start of the period	—
Provisions made during the period	24 285
Amount utilised during the period	– 5 577
Net value at the period end	18 708

Other	
Net value at the start of the period	55
Provisions made during the period	181
Amount utilised during the period	– 55
Net value at the period end	181

Note 31

Bank overdraft facilities

Group	2004	2003
Granted credit limit	204 270	186 347
Unutilised portion	–103 029	– 90 248
Utilised credit amount	101 241	96 099
Parent company		
Granted credit limit	183 514	169 624
Unutilised portion	– 93 264	– 78 947
Utilised credit amount	90 250	90 677

Securities are reported in note 33.

Note 32
Accrued expenses and prepaid income

Group	2004	2003
Accrued payroll and holiday pay	33 262	30 474
Accrued social security contributions	12 043	12 509
Customer bonus	8 043	6 262
Rents	250	55
Fees	1 451	—
Customs duty expense	8 716	—
Other items	8 525	7 968
Total	72 290	57 268

Parent company		
Accrued payroll and holiday pay	352	322
Accrued social security contributions	404	401
Fees	1 051	—
Accrued interest	380	881
Total	2 187	1 604

Note 33
Long-term and current interest-bearing liabilities

Group	2004	2003
Maturity within one year	118 455	66 118
Maturity, 1–5 years from balance sheet date	390 721	65 756
Maturity, later than five years from balance sheet date	3 252	10 515
Total	512 428	142 389

Pledged assets for liabilities to credit institutions		
Property mortgages	16 379	17 505
Floating charges	47 290	47 290
Shares	374 721	167 452
Total	438 390	232 247

Parent company		
Maturity within one year	88 000	60 000
Maturity, 1–5 years from balance sheet date	145 500	41 000
Total	233 500	101 000

Pledged assets for liabilities to credit institutions		
Shares in subsidiaries	215 122	142 553
Total	215 122	142 553

Financial risk handling and derivative instruments

Financial risks
Through its operations, the Group is exposed to a large number of different financial risks, including the effects of changes in prices in the loan and capital markets, exchange rates and interest rates. The Group's overall risk handling programme focuses on the unpredictability in the financial markets and strives to minimise potential unfavourable effects on the Group's results. The Group uses forward exchange contracts and interest swaps to hedge some exposure. The risk handling is managed by a central finance department (Group Finance) in accordance with principles approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board of Directors draws up written principles for both the overall risk handling and for specific areas such as currency risks, interest risks, credit risks, use of derivative instruments and investment of surplus liquidity.

Currency risks
The Group is exposed to transaction risks on acquisitions/sales and financial transactions in foreign currency. The currency exposure relates primarily to the EUR and USD. Quotations and price lists contain a currency clause. Continual price adjustments are made on a par with changed purchase prices caused by, among other things, exchange rate fluctuations.
Forward cover is made in the following cases: Individual large transactions with a fixed price for the customer; agreements without a currency clause; and large individual purchases with no possibility for price adjustment.
On translation to the Group currency, SEK, the Group is exposed to a translation risk. This type of currency risk is not hedged. The arisen exchange rate difference compared with the previous year is shown in note 12.
On the balance sheet date, the Group had no outstanding forward exchange agreements or other financial instruments for which actual value shall be reported.

Interest risks
The Group's revenues and cash flow from operations are essentially independent of changes in market interest levels. The Group has no significant interest-bearing assets. The Group's long-term strategy is to have approximately 50 per cent of its borrowing at fixed interest. At the year end, in principle all interest-bearing liabilities were at floating interest rate as this was deemed to be most advantageous.

Credit risks
The Group has no significant concentration of credit risks. The Group has established guidelines for ensuring that sales of products are made to customers with an appropriate credit background.

Liquidity risks
The handling of liquidity risks is made with prudence as the starting point. This involves maintaining sufficient liquid funds, available financing and through sufficient agreed bank overdraft facilities. On the balance sheet date, liquid funds including unutilised bank overdraft facilities totalled SEK 162.4M (117.9).

Note 34
Pledged assets

Group For own liabilities and provisions	2004	2003
Property mortgages	16 379	17 505
Floating charges	47 290	47 290
Shares	374 721	167 452
Pledged trade debtors	3 808	3 242
Pledged inventories	2 720	2 161
Total	444 918	237 650

Parent company For own liabilities and provisions		
Shares in subsidiaries	215 122	142 553
Total	215 122	142 553

Note 35
Contingent liabilities

Group	2004	2003
Undertaking towards pension institution	5 968	6 912
Total	5 968	6 912

Parent company		
Guarantees in favour of Group companies	277 016	48 912
Total	277 016	48 912

Note 36
Effects of IAS/IFRS

Change over to IFRS

In common with all listed companies within the EU, G & L Beijer will fully apply the International Financial Reporting Standards (IFRS, formerly named IAS) in its accounts from a January 2005.
In accordance with the recommendations of the OM Stockholm Exchange, the companies involved are liable to give information about the effects of the change over to IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, contains rules for the change over from previously applied regulations to IFRS. In accordance with IFRS 1, a comparative year shall be established and the change over date for reporting in accordance with IFRS is, therefore, 1 January 2004.
IFRS 1 contains specific change over rules which must be applied the first time a company applies IFRS.
- On change over, a company can elect to apply the rules in IFRS 3, Acquisition of companies and consolidated accounting, future oriented from change over date. G & L Beijer has elected to apply this transitional rule.
- In accordance with IAS 21, the effects of changed exchange rates, it shall be possible to attribute the accumulated translation difference, including the effect of hedging positions, to individual companies. IFRS 1 permits the translation difference to be assumed to be zero on the change over date. G & L Beijer has elected to apply this transitional rule.
Below is shown in outline a table and description of the significant changes a transition involves and their preliminary effects.

		1 January 2004			31 December 2004		
	Note	Group in accordance with Swedish accounting principles	Effect of change over to IFRS	Group in accordance with IFRS	Group in accordance with Swedish accounting principles	Effect of change over to IFRS	Group in accordance with IFRS
Balance sheet							
Assets							
Fixed assets	*a. b. c*	357.7	11.3	369.0	532.0	19.3	551.3
Current assets		499.4	—	499.4	837.7	—	837.7
Liquid funds		27.7	—	27.7	59.4	—	59.4
Total assets		884.8	11.3	896.1	1 429.0	19.3	1 448.3
Equity and liabilities							
Shareholders' equity	*a. b. c*	400.6	– 0.1	400.5	406.7	1.7	408.4
Minority	*d*	—	0.7	0.7	—	3.9	3.9
Total equity		400.6	0.6	401.2	406.7	5.6	412.3
Minority	*d*	0.7	– 0.7	—	3.9	– 3.9	—
Provisions	*c*	44.5	– 0.1	44.4	88.3	– 0.1	88.2
Long-term liabilities	*c*	76.3	8.9	85.1	394.0	14.1	408.1
Current liabilities	*c*	362.7	2.6	365.3	536.2	3.6	539.8
Total equity and liabilities		884.8	11.3	896.1	1 429.0	19.3	1 448.3
Profit and loss account							
Net sales					1 973.7	—	1 973.7
Other operating income					18.8	—	18.8
Operating expenses excluding depreciation and amortisation	*a. c*				– 1 878.1	– 20.3	– 1 898.4
Amortisation, depreciation and write-downs of intangible and tangible fixed assets	*b. c*				– 49.4	15.5	– 33.9
Profit before taxes					65.0	– 4.8	60.2
Interest income					3.7	—	3.7
Interest expenses	*c*				– 16.3	– 0.8	– 17.1
Profit before taxes					52.4	– 5.5	46.8
Tax on the year's profit	*a. c*				– 19.4	7.5	– 11.9
Minority interest	*d*				– 0.2	0.2	—
Net profit for the year					32.8	2.2	35.0
Net profit for the year is attributable to:							
Minority	*d*				—	—	0.2
The Group's shareholders					—	—	34.8

a. *Restructuring reserve in connection with acquisition*
In accordance with IFRS 3 a restructuring reserve must only be reported in connection with acquisition if there is a liability for restructuring reported in accordance with IAS 37 Provisions, contingent liabilities and contingent assets in the acquired company on the date of acquisition.
In connection with the acquisition of Elsmark, a restructuring reserve amounting to SEK 24.9M was reported which does not fulfil this demand. In accordance with IFRS, these restructuring costs are, instead, charged to the profit for 2004. This involves a positive effect of SEK 7.5M on the year's tax and the net amount of SEK 17.4 M reduces the goodwill value.
b. *Goodwill*
In accordance with IFRS 3, goodwill must not be written off. Goodwill, like other intangible assets with an indeterminate life, shall instead be tested to determine if there is a need for write-down. G & L Beijer has carried out such a test and established that there is no need for a write-down.
An amortisation of SEK 19.6M made during 2004 is written back.
c. *Financial leasing*
Financial lease contracts relating mainly to cars, which have previously been reported as operational, are reported as financial in accordance with IFRS. The change involves an increase in assets and liabilities of SEK 11,3M and 11.5M, respectively, in the opening balance on 1 January 2004. Net profit for 2004 is only marginally affected while assets on 31 December 2004 increase by SEK 17.3M and liabilities by SEK 17.7M. Shareholders' equity decreases by SEK 0.3M.
d. *The minority's interest in net profit for the year and shareholders' equity*
In accordance with IFRS 27, the minority's share of equity shall be reported as a part of equity and not as a separate item on the liability side of the balance sheet. The minority's share shall be reported separately on a separate line within equity. The minority's share of the year's result shall not be included as a deduction to reach net profit for the year but shall, instead, be reported as an information item under Net profit for the year.

Financial instruments
In accordance with the version of IAS 39, approved by the EU, financial assets and liabilities are initially reported at actual value in the balance sheet and, thereafter, currently at actual value or accrued acquisition value based on the initial classification.
Derivative instruments are always reported at actual value in the balance sheet. The Group applies this principle from 1 January 2005 when the transitional effects are also reported against equity.

Audit report

To the Annual General Meeting of G & L Beijer AB (publ)

Corporate identity number 556040-8113

We have audited the parent company and the consolidated financial statements, the accounts and the administration of the Board of Directors and the Managing Director of G & L Beijer AB for 2004. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director as well as evaluating the overall presentation of information in the financial statements. To form a basis for our opinion, we examined significant decisions, actions taken and circumstances of the company in order to be able to assess the possible liability to the Company of any Board Member or the Managing Director. We have also examined whether any Board Member or the Managing Director has in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the parent company and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and therefore give a true and fair picture of the Company's and the consolidated Group's results and position in accordance with generally accepted auditing standards in Sweden. The Directors' Report is consistent with the other parts of the parent company and the consolidated financial statements.

We recommend that the Annual General Meeting adopt the profit and loss account and the balance sheet for the parent company and for the Group, appropriate the profit in the parent company in accordance with the recommendation in the Directors' Report, and that the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, 23 March 2005

Mats B C Ohlsson	Alf Svensson
Authorised Public Accountant	Authorised Public Accountant

Group
Five-year summary

SEK M	2004	2003	2002	2001	2000
Sales and results					
Net sales	1 973.7	1 400.9	1 415.5	1 357.7	1 322.6
Other operating income. etc	22.0	19.7	17.8	27.1	40.9
Operating expenses excluding depreciation	–1 881.3	–1 321.6	–1 323.8	–1 292.8	–1 247.0
Items affecting comparability	—	—	—	—	14.8
Depreciation	–49.4	–38.9	–37.9	–36.1	–36.1
Operating profit	65.0	60.2	71.6	55.9	95.2
Net interest income and expenses	–13.5	–9.1	–13.0	–15.8	–13.2
Other financial income and expenses	0.9	–0.6	–0.1	0.2	10.0
Profit before taxes and minority interest	52.4	50.5	58.4	40.2	92.1
Taxes	–19.4	–16.0	–19.3	–17.3	–33.7
Profit after tax	33.0	34.5	39.1	23.0	58.4
Minority interest	–0.2	–0.2	–0.2	–0.1	–0.2
Net profit	32.8	34.3	38.9	22.8	58.2
Capital structure					
Cash and bank including unutilised bank overdraft facilities	162.4	117.9	130.8	100.8	86.6
Shareholders' equity	406.7	401.4	404.3	387.0	387.7
Capital employed (1)	1 052.9	648.0	668.8	687.5	662.8
Capital employed in operations (2)	992.9	617.5	611.6	659.1	629.9
Interest-bearing liabilities	638.8	245.9	263.9	300.0	274.8
Total assets	1 429.0	884.8	898.4	926.0	919.6
Key figures					
Equity ratio. % (3)	28.7	45.4	45.1	41.8	42.2
Return on equity. after full tax, % (4)	8.1	8.5	9.8	5.9	14.3
Return on capital employed, % (5)	8.1	9.6	11.1	8.7	15.2
Return on capital employed in operations, % (6)	8.1	9.8	11.3	8.7	14.3
Interest coverage ratio (7)	4.2	4.9	4.4	3.2	6.6
Debt ratio (8)	1.6	0.6	0.7	0.8	0.7
Profit margin, % (9)	2.7	3.6	4.1	3.0	7.0
Other information					
Average number of employees	839	645	677	695	730
of whom outside Sweden	453	273	288	292	316
Payroll excluding social security contributions	283.9	230.9	220.9	222.8	217.1
of which outside Sweden	158.3	101.0	100.7	109.0	93.4
Investments in tangible and intangible fixed assets including acquisitions	155.6	40.9	30.0	40.4	45.4

Definitions

(1) Total assets minus non-interest-bearing liabilities including deferred tax.

(2) Capital employed minus liquid funds and other interest-bearing assets.

(3) Shareholders' equity including minority liability as a percentage of total assets.

(4) Profit before taxes excluding minority share after deduction of full tax as a percentage of average equity.

(5) Profit before taxes and minority interest plus financial expenses as a percentage of average capital employed.

(6) Operating profit as a percentage of average capital employed in operations.

(7) Profit before taxes and minority interest plus financial expenses divided by financial expenses.

(8) Interest-bearing liabilities divided by equity.

(9) Profit before taxes and minority interest as a percentage of net sales for the year.

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Graphic Production: Beijer's Publicity Department
Text: Lennart Carlsson, JLC Finanskonsult AB
Translation: Swedish Business Services, Weybridge
All portrait photographs: Lasse Davidsson
Photographs, Hasselblad: Jens Karlsson
Photographs, Netto: Lennart Persson, Kylma
Other product pictures: The respective business area
Print: CA Andersson & Co, Malmö, Sweden

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