ADDTECH

ANNUAL REPORT 2004/2005

Addtech is a trading company that develops and sells components and systems to industrial companies and the service industry. Annual revenues amount to approximately MSEK 3,000. The Group has approximately 1,200 employees and conducts business in some ten countries.

*

Addtech consists of approximately 50 operating companies, all of which are striving to be market-leaders within well defined niches. The companies are unified by a corporate culture where entrepreneurship and technical competens are central.

*

Customers are mainly manufacturers in the mechanical industry and the vehicle, telecom and electronics industries, and in laboratories within health care and research in the Nordic Region. Addtech provides its customers with technical as well as economic value added.

*

Addtech is a group organised for growth, both in the form of organic growth and by acquisition. Some 50 companies have been acquired over the past ten-year period.

*

Addtech's financial year is 1 April to 31 March.

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This document is a translation of the Swedish Annual Report 2004/2005.
In the event of any differences between this translation and the Swedish original, the latter shall prevail.

THE YEAR IN BRIEF

2004/2005 in Brief

* The market situation grew stronger during the year and stabilized at a higher level.
* Net revenues increased by 10 percent to MSEK 2,422 (2,210).
* Income after financial items increased by 69 percent to MSEK 157 (93).
* Earnings per share increased by 83 percent to SEK 4.56 (2.49).
* Profitability, measured as return on equity, was 26 percent and the equity ratio was 35 percent.
* Units acquired during the year, Carbex-gruppen, BTC Industribatterier and Bergman & Beving MediTech, add annual revenues of approximately MSEK 650 and is expected to generate positive impact on earnings during 2005/2006.
* Starting 1 April 2005 Addtech consists of four business areas:
  Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science (the former Bergman & Beving MediTech).
* The cash dividend is proposed to be increased by 38 percent to SEK 2.75 (2.00).

KEY FINANCIAL INDICATORS

	2004/2005	2003/2004	2002/2003
Net revenues, MSEK	2,422	2,210	2,275
Operating income, MSEK	162	96	98
Income after financial items, MSEK	157	93	93
Net income for the year, MSEK	112	64	64
Operating margin, %	6.7	4.3	4.2
Earnings per share, SEK	4.56	2.49	2.43
Equity per share, SEK	18.80	16.70	16.80
Dividend per share, SEK	2.75[1]	2.00	1.50
Return on equity, %	26	15	15
Equity ratio, %	35	42	44
Average number of employees	958	996	1,072

[1] As proposed by the Board of Directors

CALENDAR

Interim Report 1 April – 30 June 2005 will be published 17 August 2005.
Annual General Meeting for the 2004/2005 Operating Year will be held 17 August 2004.
Interim Report 1 April – 30 September 2005 will be published 11 November 2005.
Interim Report 1 April – 31 December 2005 will be published 14 February 2006.
Financial Report for 1 April, 2005 – 31 March 2006 will be published 10 May 2006.

All financial information is published on Addtech's Web site, www.addtech.com, as soon as announced. The annual report is distributed to all shareholders.

SHARE INFORMATION

The Addtech Share

Addtech's class B share is listed on the O-list of the Stockholm Stock Exchange since 3 September 2001. A trading lot is equivalent to 200 shares.

MARKET PERFORMANCE OF THE SHARE AND TURNOVER

The price of the Addtech share rose by 72 percent during the financial year (46). The All-Share index of the Stockholm Stock Exchange increased by 12 percent (52) during the corresponding period.

The highest paid price during the year was SEK 72.75. The lowest price was SEK 38.00. The last paid price before the end of the financial year was SEK 68.00 on 31 March 2005.

During the period from 1 April 2004 until 31 March 2005 3.2 million (5.4 million) shares valued at about MSEK 165 (200) were traded. Relative to the average number of shares outstanding, this is equivalent to a turnover rate of 13 percent (21 percent). Broken down by trading day, a total of just over 13,000 Addtech shares per day (just short of 22,000) were traded at an average value of about SEK 660,000 (830,000).

SHARE CAPITAL

The share capital in Addtech amounts to SEK 50,665,664 and is divided into 1,103,814 class A shares and 24,229,018 class B shares. The nominal amount of each share is SEK 2 for both classes. Each class A share entitles its holder to ten votes and each class B share entitles its holder to one vote. All shares entitle its holder to the same right to dividends. Only the class B share is listed on the Stockholm Stock Exchange.

REPURCHASE AND CANCELLATION OF OWN SHARES

Pursuant to a resolution of the regularly scheduled Annual General Meeting held in August 2004, 1,181,400 previously repurchased class B shares were cancelled. At the Annual General Meeting held in August 2004, the Board of Directors was authorized to acquire – during the period until the regularly scheduled Annual General Meeting 2005 – up to 10 percent of all class B shares outstanding. During the financial year the Company made purchases of a total of 200,000 shares at an average price of SEK 43.82. The total number of shares held in treasury is 830,000 with an average price of SEK 38.10. Shares held in treasury are equivalent to 3.3 percent of the number of shares outstanding and 2.4 percent of the votes. 630,000 of the shares held in treasury secure the Company's undertaking towards holders of personnel options. The average number of shares held in treasury during the year amounted to 1,368,398 (1,604,078).

In connection with the acquisition of Carbex-gruppen in September 2004, 100,000 shares were used in partial payment for the acquisition.

INCENTIVE PROGRAM

In December 2001, 56 members of senior management were awarded a total of 700,000 personnel options. To make this possible, an extra general meeting of shareholders held December 17, 2001 resolved a transfer of up to 700,000 class B shares in the Company in connection with the possible redemption of these options. The redemption price has been set at SEK 44.80, which is equivalent to 110 percent of the average market price of the Addtech share during the period 3 December through 7 December 2001.

Following a resolution by the Annual General Meeting held in November 2004, the redemption period for the options has been extended to 18 February 2010. During the year 70,000 options were utilised to acquire 70,000 shares. If all outstanding personnel options are exercised in full, the number of shares outstanding increases by 630,000 shares, equivalent to 2.6 percent of the number of shares outstanding and 1.8 percent of the votes.

DIVIDEND POLICY

The ambition of the Board of Directors is a dividend proportion exceeding 50 percent of consolidated average income over an economic cycle.

PROPOSALS TO THE REGULARLY SCHEDULED ANNUAL GENERAL MEETING 2005

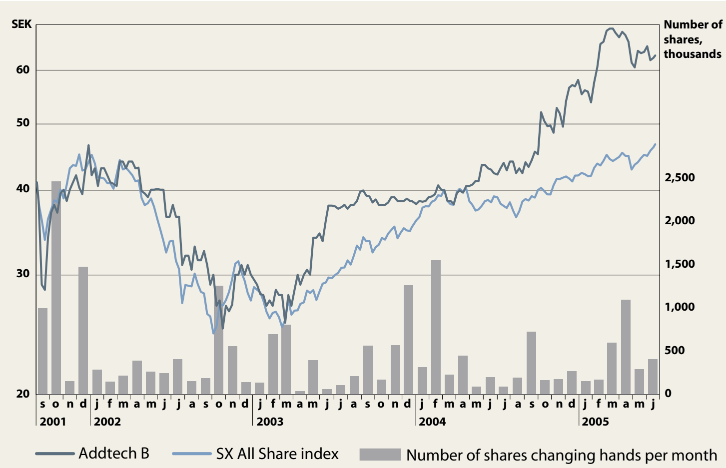
1. Dividend

The Board of Directors proposes a dividend of SEK 2.75 per share (2.00).

2. Extension of mandate to repurchase shares

The Board of Directors has decided to propose to the regularly scheduled Annual General Meeting that the mandate to repurchase own shares be extended. The proposed mandate would give the Board of Directors the right to purchases of own shares limited so that the Company's holding at no time may exceed 10 percent of the total number of shares outstanding. Purchases shall be made over Stockholmsbörsen (the Stockholm Stock Exchange). The mandate is proposed to include the possibility to use shares held in treasury for acquisitions, or sell repurchased shares in ways other than over the stock exchange to finance acquisitions.

SHARE PRICE ADDTECH B



Source: SIX

ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2004

Shareholder	Number of class A shares	Number of class B shares	Percentage of capital	Percentage of votes
Anders Börjesson (family)	383,984	40,500	1.7	11.3
Robur		3,734,676	15.2	10.8
Tom Hedelius (family)	368,984	5,400	1.5	10.7
Pär Stenberg	219,152	929,522	4.7	9.1
SEB Fonder		1,944,600	7.9	5.6
AMF Pension Fonder		1,356,400	5.5	3.9
Carl T Säve Dödsbo	30,000	973,982	4.1	3.7
Lannebo Fonder		1,266,884	5.2	3.7
Livförsäkringsaktiebolaget Skandia (publ)		1,128,100	4.6	3.3
Fjärde AP-Fonden		1,075,775	4.4	3.1
AMF Pensionsförsäkrings AB		800,000	3.3	2.3
Odin Fonder		794,600	3.2	2.3
Svenska Handelsbanken		630,000	2.6	1.8
HQ Fonder		506,700	2.1	1.5
Stiftelsen för kunskaps- och kompetensutveckling		500,000	2.0	1.5
Total 15 largest shareholders[1]	**1,002,120**	**15,687,139**	**68.0**	**74.6**

SIZE CLASSES

Number of shares	Percentage of share capital	Number of owners	Percentage of owners
1–500	1	2,425	66
501–1,000	2	592	16
1,001–5,000	4	494	13
5,001–10,000	2	74	2
10,001–20,000	2	28	1
20,001–	89	85	2
Total	**100**	**3,698**	**100**

ANALYSTS WHO FOLLOW ADDTECH

David Andreasson, *Kaupthing*
Gustaf Lindskog, *Alfred Berg*
Markus Almerud, *Handelsbanken Capital Markets*
Robert Ahldin, *Remium Securities*

OWNERS BY CATEGORY

	Number of owners	Stake of capital, %
Swedish owners	3,574	92
Foreign owners	124	8
Total	**3,698**	**100**
Institutions and mutual funds	364	73
Private investors	3,334	27
Total	**3,698**	**100**

TABLE OF FINANCIAL INDICATORS

	2004/2005	2003/2004	2002/2003
Earnings per share (SEK)	4.56	2.49	2.43
Price earnings ratio	15	16	11
Dividend (SEK)	2.75[2]	2.00	1.50
Dividend yield (%)	4.0	5.1	5.6
Most recent market price (SEK)	68.00	39.50	27.00
Market capitalization (MSEK)	1,666	969	696
Average number of shares outstanding	24,485,674	25,533,515	26,445,709
Number of shares outstanding at year-end	24,502,832[3]	24,532,832	25,782,832
Number of shareholders at year-end	3,698	3,704	3,450

EVOLUTION OF SHARE CAPITAL

	Class A					Class B				
Event	Change number	Number of shares	Proportion of share capital, %	Number of votes	Proportion of votes, %	Change number	Number of shares	Proportion of share capital, %	Number of votes	Proportion of votes, %
At time of listing		1,840,286	7	18,402,860	41		26,023,946	93	26,023,946	59
2001/2002										
Conversion of class A shares to class B shares	-726,808	1,113,478	4	11,134,780	29	726,808	26,750,754	96	26,750,754	71
2002/2003										
Conversion of class A shares to class B shares	-6,976	1,106,502	4	11,065,020	29	6,976	26,757,730	96	26,757,730	71
2003/2004										
Cancellation of class B shares		1,106,502	4	11,065,020	30	-1,350,000	25,407,730	96	25,407,730	70
2004/2005										
Cancellation of class B shares		1,106,502	4	11,065,020	31	-1,181,400	24,226,330	96	24,226,330	69
Conversion of class A shares to class B shares	-2,688	1,103,814	4	11,038,140	31	2,688	24,229,018	96	24,229,018	69

Total number of shares outstanding	25,332,832[3]
Total number of votes	35,267,158

[1] Percentage of capital and votes calculated not including shares held in treasury by Addtech AB.
[2] Board of Directors' proposal.
[3] The difference between total number of shares and total number of shares outstanding is the shares repurchased by Addtech (830,000 class B shares).

Small scale crucial to our positive development

After a couple of years marked by adaptation and efficiency improvements, we could see an improved market situation during 2004/2005. All business areas improved their earnings substantially and strengthened their positions in the market.

As we entered the operating year that now has come to an end, our plan was to create preconditions for strong earnings performance even with a small increase in sales, through a combination of increased sales in our established segments and continued lowering of costs. It is therefore highly positive that a volume increase of 10 percent during the year generated an earnings improvement of 69 percent. With operating income of MSEK 162 and an operating margin of 7 percent, we have established a higher level compared to the outcome in the immediately prior years. This gives us a stable platform for further growth.

A consistent and long-term approach has been crucial to the positive development. We have continuously adapted our organisation and have avoided piling on costs when the short-term market has indicated sharp upturns that later have fizzled.

For Addtech, success is not only achieving strong operating earnings. Our clear goal is also to generate an excellent return on invested capital. Internally, we focus sharply on the relationship between operating profit and working capital, P/WC, a ratio that is crucial to our business. It is therefore particularly gratifying that we managed to improve on our ambitious target for return on equity, 26 percent.

"It is therefore particularly gratifying that we managed to improve on our ambitious target for return on equity, 26 percent."

DECENTRALISED ORGANISATION GIVES US STRENGTH

Our decentralised organisation, with small, operative units means that we simply and efficiently can judge where opportunities are the best for strong earnings performance. Measures can also be implemented simply and efficiently where it has greatest impact.

With some 50 companies, we have excellent opportunities for internal comparisons, where the strengths and weaknesses of units can be evaluated for the purpose of achieving continuing improvement. Our decentralised system also means that our associates themselves assume a great deal of responsibility for driving, improving and developing their own company's profitability.

Our customers are mainly large companies, and each project is relatively small and often aimed at special solutions in small or medium-sized volumes. For this type of project our small scale approach works well since we have the ability to deliver customised components and sub-systems in relatively small volumes in a cost-efficient manner. In this way we are a good, effective and in many cases necessary complement to volume distributors and low-price producers.

THE BUSINESS CULTURE PERMEATES ALL OF ADDTECH

The very basis of our business concept lies in combining high technological competence with keen business acumen. In our customer relationships we create offers together with our suppliers that increase the customer's prospects of competing with their products. In order to succeed, it is necessary to be intimately knowledgeable about the customer's situation and also be aware of our own capacity. Not only our sales representatives, but the entire organisation, must also be deeply engaged in the customer projects.

Our business relations are of a long-term character and require performance at the cutting edge in the entire organisation. Here we also see advantages with the small and niched subsidiaries. To identify new business opportunities and projects, and to evaluate them from a profitability perspective, is no easy task. We have managed to recruit associates with the right skills for the task and we have also actively contributed to their development of these skills through, for instance, our own Business School. Good business for us is when both our suppliers and our customers yield a positive effect from the co-operation.

ACQUISITIONS STILL IMPORTANT FOR SUCCESS

During the year we both acquired and phased out businesses. The purpose was to concentrate the Group to our basic idea of delivering products that create real added value for our customers. Acquisitions made also adhere to the important cornerstones of entrepreneurship, technical competence and personal sales. This applies to Carbexgruppen and BTC Industribatterier as well as Bergman & Beving MediTech, which after the takeover has been name-changed to Addtech Life Science.

The acquired companies have aggregate annual revenues of approximately MSEK 650 and are expected to generate incremental income during 2005/2006. Addtech Life Science gives us a new business area in the medical/technical segment. We are expecting this platform to develop well, making up a significant part of our future growth.

Our ambition is to further develop our successful acquisition strategy. This is a long-term and demanding task and it is important to carefully weigh opportunities and risks. In order for us to succeed with acquisitions, the moment must be right for all parties. Only then can a take-over and implementation in our Group be successful. We must maintain our momentum, without getting carried away.

"To identify new business opportunities and projects, and to evaluate them from a profitability perspective, is no easy task. We have managed to recruit associates with the right skills for the task and we have also actively contributed to their development of these skills."

OUTLOOK FOR THE FUTURE

From an earnings point of view, 2004/2005 was very good and we have elevated ourselves to a higher level. We have also witnessed an improved market situation during the past year. The underlying growth in parts of the segments where we are active is relatively low, but we see good opportunities of strengthening our market position in several areas.

With our decentralised organisational form and our flexible way of working we can utilize changes in our environment for new business opportunities. Constant efficiency improvements in and adjustments to existing operations are crucial to continued earnings performance. The significant business volume acquired during 2004/2005 also provides opportunities for earnings growth.

The world around us is constantly changing. The industrial segment in which we are active is subject to frequent and rapid changes. This can create a measure of uncertainty, but the firmly established corporate culture and the long-range approach that permeates Addtech, from the board-of-directors level to the individual associate, gives us both the confidence and the strength that lay the foundation for a continued positive development.

Roger Bergqvist
President

GROUP PRESENTATION

In Addtech, the flexibility of the small company is combined with the stability of a large corporate group

BUSINESS CONCEPT

Addtech offers high-tech, customer-specific components and systems to industrial companies and the service industry. The Group's companies function as a refining link between manufacturer and customer. Addtech provides value through close co-operation with suppliers as well as customers and through the high technical competence of the Group's associates.

ORGANISATION

Addtech consists of some 50 operating companies. Addtech works actively to utilise its organisation as effectively as possible and the companies co-operate to varying degrees with their sister companies.

The Group is organised in four business areas: Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science.

GOALS

Addtech's goal is profit growth of at least 15 percent per year over a business cycle. The long-term return on equity should be at least 25 percent.

The keen focus on profitability in the Group, and the entrepreneurship of its employees, create opportunities for reaching the growth and profitability goals. Internally, the tool used is the profitability metric P/WC (operating income/working capital), which should be at 45 percent for each established business unit. By following up on P/WC on a regular basis, capital tied up in operations is minimised and other benefits are derived.

STRATEGY

Addtech operates according to three main strategies to reach its long-term goals:

1 Market-leading positions in specific niches

The companies in Addtech will strive for market-leading positions in well-defined niches. Addtech identifies new market areas and business opportunities on an ongoing basis, which means that the niches in which the Group is active are always being complemented.

2 Growth through acquisitions

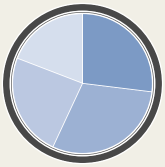
Addtech is a group organised for growth. Growth occurs organically as well as through acquisition. Organic growth occurs when existing companies grow with the market, increase their market share and develop solutions in new niches.

Addtech has made some 50 acquisitions during the past ten-year period. Evaluating acquisition prospects is thus a central part of operations. Addtech has great credibility and experience from the markets in which the Group is active. This often prompts potential acquisition targets to contact Addtech to discuss future possibilities for co-operation.

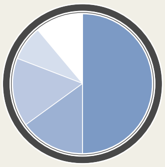
3 Business and organisation development

Business development is driven in part by developing the offer to the customers and also by creating more effective utilisation of resources within the organisation. The high degree of willingness to change that permeates the Group's companies contributes to operative mobility, which is a central element of Addtech's development.

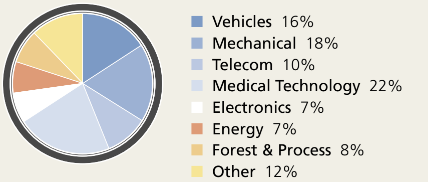
REVENUES BY BUSINESS AREA



REVENUES BY GEOGRAPHIC MARKET



REVENUES BY CUSTOMER SEGMENT



Data includes business area Addtech Life Science (the former Bergman & Beving MediTech) as if the acquisition had been made as of 1 April 2004.

The combination of technology and economy is the foundation for the role as refining link

BUSINESS MODEL

Addtech is a trading company that develops and sells components and systems, primarily to the industrial and service sectors. Addtech functions as a refining link and develops technical solutions as well as optimal forms of co-operation with customers and suppliers. The business model permeates the entire Group and is the key to success.

Addtech is a trading company that through competence and close relationships with suppliers and customers provides added value. Complementary manufacturing and product customisation also take place to some extent.

Addtech consists of approximately 50 operating companies, all of which are striving to be market-leaders within well defined niches. Addtech's employees have the long-term perspective and the competence required to create the best solutions.

The entire Group is permeated by an approach to profitability thinking where entrepreneurship and technological competence are the very basis of the Group's business culture.

A REFINING LINK IN PRACTICE

To be a refining link means that Addtech's employees provide added value to the customer. In practice, this may mean, for instance, helping the customer to be updated with respect to technical development. To interpret and evaluate information and thus function as an advisor is a part of Addtech's way of working.

Addtech maintains an independent position, meaning that technical solutions with products from different suppliers can be offered to the customer. This makes it possible to develop a solution that is technically as well as economically optimal.

Addtech's associates often participate in customers' development work. In order to earn such confidence, the dialogue with the customer must be ongoing and there must be an understanding of the challenges facing the customer. By being on location, Addtech's associates become acquainted with customers' needs and the problems facing customers. This is a method of working that leads to in-depth knowledge about the customer and long-term relationships. In this way, Addtech is in a position to work out unique and specially adapted solutions.

THE IMPORTANCE OF STRONG RELATIONSHIPS WITH SUPPLIERS

Addtech co-operates with a network of leading suppliers in Europe, the United States and Asia. Given the broad selection of suppliers, solutions and products can be combined. In this way the Addtech companies can create unique solutions for the customer. No supplier represents more than 5 percent of the Group's total purchases, which reduces Addtech's dependence on individual suppliers.

FOCUS ON TOTAL ECONOMY

By looking at the whole and focusing on economy as well as technology, Addtech is in a position to create a strong offer. This means that our associates take the entire life cycle into account, where product function and useful life are important aspects. Offering solutions that yield good total economy is central to Addtech's business model.

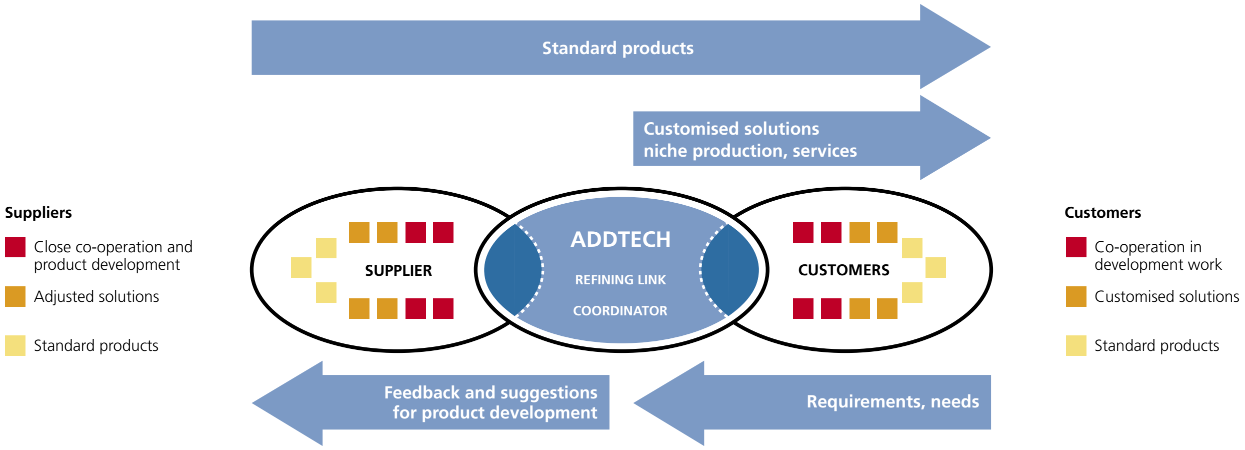
Addtech creates high-tech solutions based on components, materials, equipment and systems. In many cases, Addtech's associates can work proactively by suggesting solutions to new problem situations.

EXAMPLES OF PRODUCTS	EXAMPLES OF RANGE OF APPLICATION
✔ **Joysticks**	➜ Forest machinery
✔ **Small motors**	➜ Camera solutions and small optics
✔ **Electrical connectors and wiring harnesses**	➜ Base stations
✔ **Hydraulic components**	➜ Trucks
✔ **Special chains**	➜ Transport solutions
✔ **Gaskets**	➜ Diesel engines and wind power stations
✔ **Analysis equipment**	➜ Blood analyses
✔ **Electrostatic materials**	➜ Protection for manufacturers of electronics
✔ **Special batteries**	➜ Electrical trucks, handicap vehicles and sky lifts

Addtech develops and sells products within different niches. The table provides examples of products and application areas.

REFINING LINK BETWEEN CUSTOMER AND SUPPLIER

Addtech conducts a continuous dialogue with its customer and creates tailor-made solutions in co-operation with suppliers or in its own niche production. The figure below illustrates how Addtech works relative to suppliers and customers.



FOUR CORNERSTONES

Addtech's business concept and business model are based on four cornerstones. Since the entire Group is constantly reminded of and trained in these areas, the cornerstones constitute a central theme throughout the Group.

1 Business acumen

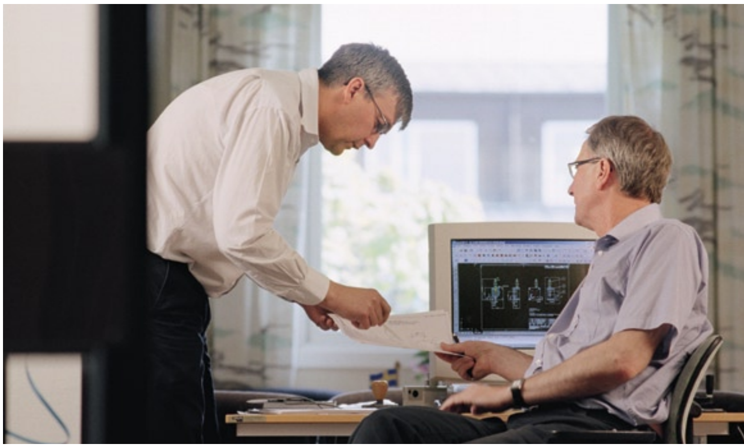
Addtech's business culture is distinguished by long-term profitability thinking and personal accountability. The business acumen of employees results in consideration to profitability throughout the business process and ensures that the offer to the customer focuses on total economy. Understanding the value of what is delivered is central.

2 Technical Competence

Addtech's subsidiaries limit their operations to specific niches, thereby maintaining unique competence that creates competitive advantages vis à vis broader players.

3 Partnership

Thanks to strong business relationships with suppliers and customers, Addtech creates solutions that are optimal, technically as well as economically. This places great demands on project leaders and sales representatives, who must possess in-depth knowledge of both the customer's and the supplier's situation. Co-operation and mutual trust among the Addtech companies and their suppliers are important elements aiding in the continuous development of competence within Addtech.



4 Value added

Through knowledge of the importance of the details for the whole, Addtech can identify solutions that create real added value for the customer. This leads to deep relationships and mutual confidence.

Demand has stabilized at a higher level

At a company level Addtech competes in a number of different sub-markets. Overall demand increased during the year and has stabilized at a higher level. The improvement applies to virtually all operating areas and development was positive in several sub-markets.

MARKET

Addtech is active in a market for high-technology components, equipment and systems. The customers need to create unique end products and efficient processes. In many cases this means that Addtech delivers components and systems that are tailor-made for an individual customer and solutions with high technology content that are in demand in relatively small volumes. This calls for high technological competence and deep understanding among the Group's associates.

The market situation strengthened gradually during the year and has settled at a higher level. This improvement encompasses virtually all of the Group's areas of operation. The development was positive for production elements as well as for supplies and consumables for industry's production and production processes.

There is a general trend among the major industrial companies, and also in the service industry, in the direction of a reduction in the number of suppliers. The strong relationship that Addtech has with its customers then becomes an important competitive advantage. Taking an active part in the customer's development work makes Addtech an important partner to the customer. This position has been achieved thanks to the cutting-edge competence and flexibility possessed by the companies in their respective niches. The fact that Addtech is a financial stable group lends credibility and promises delivery security, which is a further advantage as large companies tend to reduce the number of their suppliers.

"The strong relationship that Addtech has with its customers then becomes an important competitive advantage. Taking an active part in the customer's development work makes Addtech an important partner to the customer."

One all-embracing trend that affects the industrial and the service sectors is never-ending pricing pressures. Addtech's niche strategy, its functionality and peripheral products mitigate price pressure impact. Unique solutions and products with great added value content in relatively short series mean that the price of an individual product is less important. Addtech possesses in-depth knowledge about the customer's situation and can create solutions that focus on total economy.

Customer demands for shorter lead times from development to finished product are also mounting from year to year. Addtech meets these requirements thanks to close co-operation with customer development departments and a strong network of suppliers.

CUSTOMERS

Most of Addtech's customers are found in the Nordic Region and are often industry-leading in their respective areas of business. Customers include both international and national players.

Even though the Nordic Region is Addtech's main market, there are significant customers in other parts of the world. The largest non-Nordic markets are the United Kingdom, Germany, Poland and Austria. In all, the non-Nordic markets account for 11 percent of the Group's revenues.

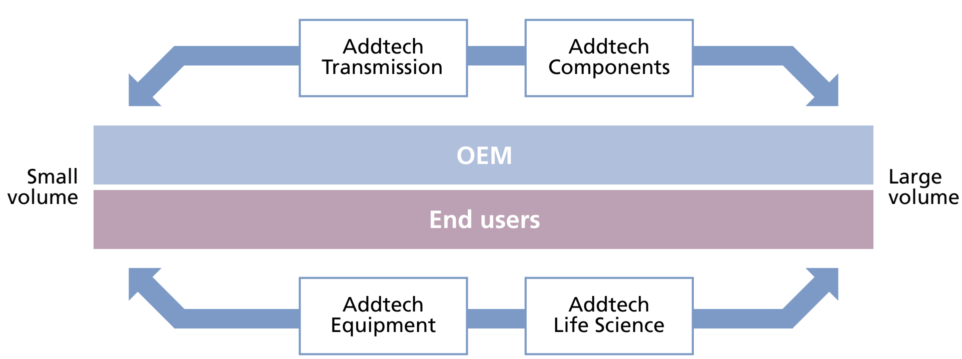
Addtech's customers can be divided into two main groups: OEM[1] customers and end users. Addtech's business areas Addtech Components and Addtech Transmission are aimed primarily at OEM customers, while Addtech Equipment and Addtech Life Science are aimed mainly at end users.

Addtech's dependence on individual customers is limited. The single largest customer during 2004/2005 accounted for 3 percent of revenues.

COMPETITORS

Trading groups that conduct businesses similar to Addtech include OEM International, Beijer Electronics and ElektronikGruppen. There are also smaller and medium-sized agency companies in the marketplace, such as Östergrens, SKS and Gycom, who compete with Addtech's subsidaries.

[1] OEM is short for Original Equipment Manufacturer. OEM components are components that are built into the product that Addtech's customer produces.



Addtech's business areas are aimed different customer groups and areas of application. Addtech Transmission and Addtech Components focuses mainly on OEM customers. Addtech Equipment and Addtech Life Science are aimed mainly at end users. Volumes delivered vary depending on type of customer project

ACQUISITION AND GROWTH STRATEGIES

Acquisitions a key element of Addtech's business

Addtech is a group organised for growth, both in the form of organic growth and by acquisition. Organic growth occurs when the existing companies grow with the market, increase their market share and develop solutions that lead the company to establish itself in new niches. Approximately 50 companies have been acquired over the past ten-year period and evaluation of potential acquisition targets is a key element of the business.

LONG-TERM APPROACH AND ACTIVE EFFORTS

Addtech's acquisitions are always distinguished by a long-term approach. A good acquisition target must conduct business with good development potential. Addtech acquires companies that contribute to the Group's profitability right from the day of taking possession, and also offer future growth opportunities.

Once an acquisition has been consummated, work starts on gaining support for Addtech's business model, corporate culture and approach to profitability. This keen focus on profitability and the availability of well-tested tools for analysis and measures to be taken have the result that most companies that Addtech acquires gradually increase their profitability.

COMPANIES WITH POTENTIAL

Addtech evaluates many companies each year in the quest for good acquisitions. This work includes analysis of companies' opportunities and potential within the Addtech Group. Some of the questions posed at an early stage include the following:

- Are sales through personal relationships?
- Does the company's products have high technology content?
- Does the company provide added value to its customers?
- Does the company have a market-leading position in a well-defined niche?
- Is the company well managed and does it generate profits?
- Is Addtech's platform for growth strengthened?

If the answer to these questions is yes, there is a good chance that the company will develop favourably as part of the Addtech Group. There are obviously a large number of other factors that are analysed, but these overarching issues exemplify the modus operandi for acquisitions.

THREE TYPES OF ACQUISITIONS

Addtech divides acquisitions into three different categories:

Complementary acquisitions are smaller businesses that strengthen the position in an already existing niche.

Supplementary acquisitions are acquisitions of companies that are a good fit in already established market or technology areas.

Strategic acquisitions create opportunities for developing new business areas.

Regardless of which category an acquisition belongs to, it is absolutely crucial that the company has significant potential in Addtech. Streamlining is often combined with efforts on the offensive, which taken together create opportunities for higher profitability.

"Addtech evaluates many companies each year in the quest for good acquisitions. This work includes analysis of companies' opportunities and potential within the Addtech Group."

SELLER OFTEN REMAINS WITHIN ADDTECH

Acquisitions are often made in the form of a purchase directly from the founder or owner of the company. Addtech stands for high credibility and is highly experienced in the markets where the Group is active, which means that potential acquisition targets in many cases contact Addtech at their own initiative to discuss future co-operation.

Addtech is often seen in such situations as the most favourable buyer when all factors are weighted together. Important factors are such things as price, opportunities for the company to develop, and future opportunities for employees to develop in the company. Many of the persons who have sold their company often remain in leading positions in Addtech's various companies or business areas. To gain access to their knowledge and experience is of great value to the Group. The Group also gets a constant stream of genuine entrepreneurial talent through acquisitions.

EXAMPLE OF ACQUISITION: NORDIC BATTERY AB

Stronger position in important niche market

Since Addtech acquired Nordic Battery in 2001, the company has expanded throughout the Nordic Region and increased revenues as well as earnings. The company is today active in Stockholm, Göteborg and Oslo, with partners in Finland and Denmark. "A strong profitability focus combined with a broad network has enabled us to be active today also outside Sweden", says Åke Darfeldt, head of business area Addtech Equipment.

Nordic Battery sells batteries used in electrically powered vehicles and machinery. Since 2001, the company is a part of the Addtech Group and the acquisition was consummated over a very short period of time.

"*The company was a good fit with Addtech. Nordic Battery therefore became a part of the Addtech Group in relatively short order after the first contact*", says Åke Darfeldt.

Nordic Battery was a well-managed company in an interesting market, which is of crucial importance if the company is to be considered a possible acquisition object. The company is decidedly a niche player and Addtech saw an excellent opportunity to establish a position in the market for tractionary batteries for special vehicles.

"*Nordic Battery was strong in the marketplace and co-operated with world-leading brand names. With the acquisition, Addtech was quickly able to establish itself in the market for tractionary batteries*", says Johan Westin, President of Nordic Battery.

The acquisition was also a good complement to other Addtech companies in kindred markets. Business area Equipment contains five additional companies with operations in the segment for energy supply.

EXPANSION IN THE NORDIC REGION

There was already a unit within Addtech that co-operated with Nordic Battery. The businesses had significant similarities and this prompted an integration of their respective businesses.

"*This is a good example of what we mean by operative mobility. We have created stronger customer offer, since all tractionary batteries and chargers now come from the same supplier*", says Åke Darfeldt.

Since the company became a subsidiary of Addtech, Nordic Battery has expanded in the Nordic Region and today the company has operations in Stockholm, Göteborg and Oslo.

"*In Addtech, Nordic Battery has widened its network considerably and managed to make new business contacts throughout the Nordic Region*", says Åke Darfeldt.

To be part of a listed entity has many advantages. Within the Group there is a wealth of competence in the areas of business development and strategic work, which has benefited Nordic Battery in its expansion.

"*A lot has happened since the company became a part of the Addtech Group. For the company's customers it means enhanced security since the company has a stable owner. Addtech enjoys a good reputation in the marketplace and that makes it easier for Nordic Battery to establish contact with new customers. We also have stronger position towards suppliers end improved financial control*", states Johan Westin.

BUSINESS FOCUS

Nordic Battery today has an organisation marked by profitability focus. Active work with financial control and strategy is the basis for its expansion outside Sweden.

"*In a relatively short time Nordic Battery has managed to reach other parts of the Nordic Region and the competence and experience provided by Addtech clearly has been a contributing reason*", says Johan Westin.

Nordic Battery has grown steadily since the acquisition, which in part is due to the fact that the company has made its way into new markets. Since 2001, the company has increased its revenues as well as its earnings.

"*Thanks to expansion and profitability focus, Nordic Battery has generated healthy numbers, and I am convinced that the company today stands stronger then ever before*", declares Åke Darfeldt.

NORDIC BATTERY IN BRIEF

Business Specialised in the area of tractionary batteries and battery chargers used to power such things as wheelchairs, construction lifts, cleaning machines and trucks.

Market Mainly end users in the Nordic manufacturing industry.

Examples of customers Epton Trading, Hjälpmedelscentralen, Kranpunkten, Minicrosser, Mr Bygg and Sodhexo.

Revenues MSEK 25.

Number of employees 8.

EXAMPLE OF ACQUISITION: STIG WAHLSTRÖM AB

Entrepreneurship part of the culture

Stig Wahlström AB was acquired by Addtech in 2003 and has since then increased its sales and streamlined its organisation.

"Being a part of Addtech primarily means that we have an even more business-like approach to our relationships with customers and suppliers", says the company's President Bo Nyberg.

Stig Wahlström AB is a leading supplier of production, automation and security components to the Swedish manufacturing industry. The company was acquired in 2003.

Several changes have taken place since the company became an Addtech subsidiary.

CUSTOMISED SOLUTIONS

Stig Wahlström AB was already before a refining link between customer and supplier, but in Addtech the company has taken one more step in the direction of becoming an important partner to the customer. The company works with a high degree of customer adaptation in several of its operating areas. Customer specific valve blocks and short runs of customised wiring harness solutions are, for instance, manufactured to meet the unique needs of certain customers.

Another major advantage of being a part of the Addtech Group is that the company has a lot in common with its sister companies and this has led to extensive exchanges of experience.

"Becoming a part of the Addtech Group has been really inspiring. The companies have differences, but also a lot in common. When the subsidiary managers meet, we usually have a lot to talk about, both personally and professionally", says Bo Nyberg.

DARING TO AIM FOR HIGHER GOALS

Aside from sharing experiences and knowledge, Stig Wahlström AB has sharpened its business focus and become more profitability oriented.

"Stig Wahlström AB is now focused on sales and business development", says Anders Dafnäs, head of Addtech Components and one of those who was instrumental in the acquisition.

"Entrepreneurship marks the entire organisation and in one way or another everyone at Stig Wahlström is now focused on customer relations and cost control. We have greater stability in the company and I believe that we will be more courageous in the future and aim for new and higher goals", says Bo Nyberg.

Stig Wahlström AB has assigned resources to increase employee focus on what is profitable for the company.

"We have very good competence development where many of our associates have developed a new approach to customers and suppliers", states Bo Nyberg.

STRONG FINANCIAL DEVELOPMENT

An important element of Addtech's acquisition strategy is that the Group acquire sound companies with development potential. Since the acquisition Stig Wahlström AB has improved its earnings sharply. This is due in part to organic growth, and also to efficiency gains.

"We were profitable even before. The improvement in earnings is therefore in large part due to our new business focus, which really has generated results", states Bo Nyberg.

STIG WAHLSTRÖM AB IN BRIEF

Business A leading supplier of production, automation and security components. The company has extensive experience in importing quality products in the fields of electric technology, connectors, hydraulics and different types of sending units and instruments.

Market Manufacturing industry in Sweden and Finland, primarily in the engineering and electronics industries.

Examples of customers Arjo Hospital Equipment, HIAB, Sveaverken, Trimble, Volvo Wheel Loaders and Z-lyften Produktion.

Revenues MSEK 123.

Number of employees 32.

BUSINESS AREA

Addtech Components

Revenues for the 2004/2005 operating year increased by 19 percent to MSEK 802.

BUSINESS AND MARKET

The companies in the business area sells components and sub-systems, and develops solutions in connection technology, electronics and electro-mechanics. The principal market is the Nordic Region, where important customer segments are exporting manufacturing companies in the engineering, electronics and vehicle industries. The products and solutions provided by the companies in the business area primarily include sub-components for customers' own products. Examples are connectors for base stations or joysticks for operating heavy equipment.

The companies in Components have high technical competence and are able to deliver innovative, customer-specific solutions, which is important since customers want the end product to have their own identity. Thanks to long-standing and deep relationships with their customers, the companies have assembled extensive knowledge about their specific needs.

DEVELOPMENT DURING 2004/2005

Market demand improved during the operating year compared to the preceding year. Connection technology, switches and sensors are among the technology areas with the best development.

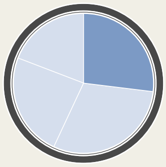
Thanks to an improved economy, combined with increased order bookings and efficiency gains, Addtech Components recorded a strong result. A larger proportion of customer-specific components and sub-systems meant better operating margins for the business area.

Several new projects were started during the year for customers in special vehicles and the energy sector and this meant volume growth. Also existing projects recorded increased volume growth. The acquisition of Stig Wahlström AB in December 2003 contributed to volume growth during the operating year.

KEY INDICATORS

OPERATING YEAR	04/05	03/04	02/03
Net revenues, MSEK	802	676	585
Operating income, MSEK	65	46	41
Operating margin, %	8.1	6.9	6.9
Operative capital, MSEK	120	135	116
Return on operative capital, %	54	34	38
Capital expenditures in tangible non-current assets, MSEK	7	2	6
Average number of employees	188	176	165

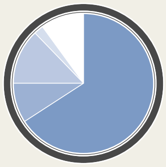
REVENUES BY BUSINESS AREA



Components 27%

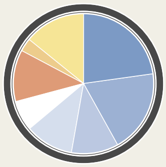
Sales by business area is computed as if the acquisition of Addtech Life Science (the former Bergman & Beving MediTech) was completed 1 April 2004.

REVENUES BY GEOGRAPHIC MARKET



- Sweden 66%
- Finland 9%
- Denmark 13%
- Norway 2%
- Other 10%

REVENUES BY CUSTOMER SEGMENT



- Vehicles 23%
- Mechanical 19%
- Telecom 11%
- Medical technology 11%
- Electronics 7%
- Energy 12%
- Forest and Process 3%
- Other 14%

EXAMPLES OF CUSTOMERS

ABB, BT Industries, Delphi, Gambro, Timberjack and Volvo.

EXAMPLES OF COMPETITORS

Beijer Electronics, ElektronikGruppen and OEM International

BUSINESS AREA

Addtech Transmission

Revenues for the 2004/2005 operating year increased by 8 percent to MSEK 894.

BUSINESS AND MARKET

The companies in business area Addtech Transmission are active in development and sales of components and sub-systems based on mechanics, electro-mechanics and hydraulics. These products are often critical in their respective applications, which in many cases means high demands for adapting the component to the customer's needs. It is therefore natural for Addtech to participate in its customer's development work and act as a problem-solver and sounding board.

The market is made up of manufacturing companies with a need for unique components and products. Important customer segments are machine manufacturers in the packaging industry and manufacturers of handling equipment.

Transmission is the business area that contains the largest proportion of in-house production. For example, the companies produce specially adapted chains and machine elements for use in the construction, forest and manufacturing industries. The proportion of products manufactured in-house was 20 percent of total revenues.

Niche thinking is central and short series with a high degree of customer adaptation distinguishes the business area. The companies have several strong, proprietary brand names, which gives them a competitive advantage. An element of the strategy is to increase the proportion of proprietary brand names in order to better meet the competition.

DEVELOPMENT DURING 2004/2005

Market demand in all technology areas increased, resulting in sharply improved earnings for the business area as a whole. An improved economy and internal streamlining contributed. In addition, the relationship with important suppliers deepened further.

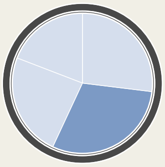
During the year Addtech acquired Carbex-gruppen, which since September 2004 is consolidated in the business area. Carbex-gruppen is a leading supplier of components for electro-mechanical signal transmission and the acquisition had a positive effect on the business area's overall performance.

KEY INDICATORS

OPERATING YEAR	04/05	03/04	02/03
Net revenues, MSEK	894	829	859
Operating income, MSEK	61	33[1]	38
Operating margin, %	6.8	4.0	4.4
Operative capital, MSEK	175	190	232
Return on operative capital, %	35	17	18
Capital expenditures in tangible non-current assets, MSEK	7	9	15
Average number of employees	450	478	515

[1]Not including result on sale of business.

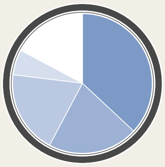
REVENUES BY BUSINESS AREA



Transmission 30%

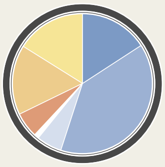
Sales by business area is computed as if the acquisition of Addtech Life Science (the former Bergman & Beving MediTech) was completed 1 April 2004.

REVENUES BY GEOGRAPHIC MARKET



- Sweden 37%
- Finland 21%
- Denmark 19%
- Norway 6%
- Other 17%

REVENUES BY CUSTOMER SEGMENT



- Vehicles 16%
- Mechanical 39%
- Medical technology 6%
- Electronics 1%
- Energy 6%
- Forest and Process 16%
- Other 16%

EXAMPLES OF CUSTOMERS	EXAMPLES OF COMPETITORS
ABB, BT Industries, Indexator, MAN B&W, Tetra Pak and Vestas.	Fr Ramström, OEM International and SKS.

BUSINESS AREA

Addtech Equipment

Revenues for the 2004/2005 operating year increased by 3 percent to MSEK 730.

BUSINESS AND MARKET

The companies in the business area sell and market specially adapted materials and equipment for customers in the electronics, engineering, vehicle and telecom industries, and to the public sector. The principal market is the Nordic Region, where Sweden constitutes the largest sub-market. Other important markets are Poland and the Baltic States.

Most customers are end users, where the product that the Addtech companies provide is used in the manufacturing process. It can, for example, be the matter of a machine for manufacturing circuit boards, batteries for power supply or consumables. The undertaking often includes logistics solutions, service and maintenance. Product specialists, service technicians and sales representatives work in the business area in close co-operation with customers and suppliers to develop solutions to the challenges faced by the customer. In this process there is room for Addtech to provide added value, which leads to long-standing relations and current revenue.

DEVELOPMENT DURING 2004/2005

The result of streamlining and concentration of the operations in recent years, together with an improved market situation, were the primary reasons for the improvement in results. The concentration effort meant that unprofitable businesses lacking development potential have been closed. This has meant a sharper focus on end users and that the business area has increased its sales of consumables rather than production equipment to the electronics industry. This means that Addtech Equipment today is less dependent on the state of the market in the electronics industry than before.

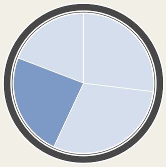
During the year BTC Industribatterier AB was acquired, which since October 2004 is a part of the business area. The company is active in stationary back-up batteries and has customers primarily in the telecom sector.

KEY INDICATORS

OPERATING YEAR	04/05	03/04	02/03
Net revenues, MSEK	730	707	834
Operating income, MSEK	40	26[1]	17[1]
Operating margin, %	5.5	3.7	2.0
Operative capital, MSEK	89	100	120
Return on operative capital, %	45	27	15
Capital expenditures in tangible non-current assets, MSEK	3	4	6
Average number of employees	308	331	382

[1]Not including result on sale or closure of business.

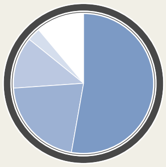
REVENUES BY BUSINESS AREA



Equipment 24%

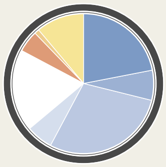
Sales by business area is computed as if the acquisition of Addtech Life Science (the former Bergman & Beving MediTech) was completed 1 April 2004.

REVENUES BY GEOGRAPHIC MARKET



- Sweden 53%
- Finland 21%
- Denmark 12%
- Norway 3%
- Other 11%

REVENUES BY CUSTOMER SEGMENT



- Vehicles 22%
- Mechanical 7%
- Telecom 29%
- Medical technology 6%
- Electronics 19%
- Energy 5%
- Forest and Process 1%
- Other 11%

EXAMPLES OF CUSTOMERS	EXAMPLES OF COMPETITORS
ABB, Atlet, Flextronics, Nokia and Volvo.	G&L Beijer, Indutrade and OEM International.

BUSINESS AREA

Addtech Life Science

Addtech Life Science was acquired 31 March 2005 through the acquisition of Bergman & Beving MediTech. The business area is expected to have a positive impact on the Group's earnings per share from the date of taking possession.

BUSINESS AND MARKET

Addtech Life Science is a total supplier of laboratory instruments, diagnostic equipment and consumables for hospitals, research and industry. The main market of the business area is the Nordic Region and important customer groups include the pharmaceutical industry, process industry, county councils and universities and colleges.

The companies in the business area market products from several world-leading suppliers. Addtech Life Science offers customer-specific solutions and effective services in technical services and logistics.

Personal sales are an important feature of the business, and the companies possess cutting-edge competence and a clear niche philosophy with a focus on creating added value for the customer. Specialist knowledge is a success factor and in many cases the companies develop advanced solutions adapted to the unique needs of customers.

DEVELOPMENT DURING 2004/2005

The sales volume declined marginally during the year. Efficiency measures and more robust demand towards the end of the year meant that the business area increased its earnings compared to the preceding year. New suppliers were brought in to the business area's companies and market cultivation was rendered more efficient.

Sales of diagnostic equipment increased in the entire Nordic Region during the year. A growing number of installed instruments will generate increased sales in coming years.

The market for laboratories and process technology saw a continued slow development of volume and is marked by pricing pressure. In Denmark sales increased thanks to new suppliers and more efficient market cultivation. Measures to achieve increased efficiency and lower costs were instituted primarily in Sweden and Norway. Savings have taken hold gradually and efforts continue to achieve improvements in efficiency and profitability.

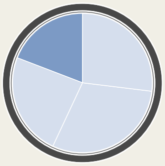
During the latter part of the third quarter Axeb AB was acquired. This company offers laboratory products for test preparation, separation and storage. The acquisition generates a volume increase for the Swedish part of the business of approximately MSEK 20 annually.

KEY INDICATORS[1]

OPERATING YEAR	04/05	03/04	02/03
Net revenues, MSEK	582	588	625
Average number of employees	237	248	262

[1] Addtech Life Science is a part of the Addtech Group since 31 March 2005. Information is therefore only provided on net revenues and average number of employees.

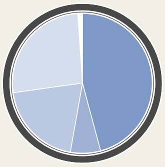
REVENUES BY BUSINESS AREA



Life Science 19%

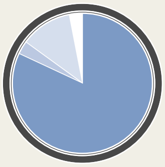
Sales by business area is computed as if the acquisition of Addtech Life Science (the former Bergman & Beving MediTech) was completed 1 April 2004.

REVENUES BY GEOGRAPHIC MARKET



- Sweden 46%
- Finland 7%
- Denmark 20%
- Norway 26%
- Other 1%

REVENUES BY CUSTOMER SEGMENT



- Medical technology 82%
- Energy 3%
- Forest and Process 12%
- Other 3%

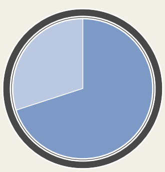
EXAMPLES OF CUSTOMERS

Akademiska sjukhuset (Uppsala), Astra Zeneca, Karolinska institutet, Kvaerner and Rikshospitalet (Oslo).

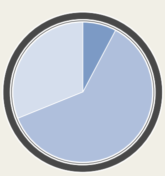
EXAMPLES OF COMPETITORS

Bie Berntsen, Roche and VWR.

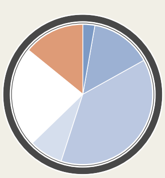
DISTRIBUTION MEN AND WOMEN



AGE DISTRIBUTION



JOB ASSIGNMENTS IN THE GROUP



EMPLOYEES

Focus on accountability and technical competence

In Addtech, the ability of employees to combine technical competence with business acumen is the key to close and long-standing customer relationships. Addtech's associates are encouraged to assume responsibility for and drive their own projects.

STRONG CORPORATE CULTURE

Addtech is a decentralised and entrepreneur-driven organisation, calling for self-starting and enterprising associates. The goal is to create an organisation where each individual has the freedom to take initiative and make decisions. Addtech is distinguished by a desire to create unique solutions that generate new business opportunities. This means that our associates are motivated to drive their own projects.

The corporate culture is based on business acumen and deep technical knowledge together with sharp focus on sales and service. The corporate culture is spread among the subsidiaries through, for instance, the teachings of the Business School, president meetings and internal seminars. New networks are continually being created where the companies co-operate in issues such as marketing and technology.

THE BUSINESS SCHOOL SPREADS THE CULTURE

Competence development is a central theme within the Group, and the clearest example is the Business School where associates get an opportunity for education at different levels. The training is tailor-made for the tasks and experience of the associates.

The programs contain everything from Addtech's vision and corporate philosophy to advanced courses in entrepreneurship and the leadership role. All training is based on case studies. The Business School also functions as a culture bearer and increases the contact surface among the Group's companies, which is very important since associates can exchange experiences with persons whose business is similar to their own.

WILLINGNESS TO CREATE NEW SOLUTIONS IMPORTANT

The Group's associates often have multi-year industry and work-life experience with technical education as a base. Interest in technology, and willingness to develop new business relationships and solutions with high added value for the customer, are central. In Addtech employees are encouraged to strive forward. One of the leadership role's most important functions is to coach employees, both in their day-to-day work and their personal development.

CAREER OPPORTUNITIES

Excellent opportunities exist in Addtech for personal as well as professional development. Recruitment for leading positions in the subsidiaries and the business areas is usually internal. One example can be an associate who began his or her career as a sales representative and then advances to sales manager and to president of a company.

CONTINUOUS FEEDBACK

An ongoing dialogue among experienced and new associates means that all newly hired personnel grow into the tasks together with persons with solid experience. Addtech's leadership philosophy is based on the principle accountability and the ability to act on one's own. Individual freedom places stringent demands on managers as well as associates. Managers must formulate clear goals and guidelines for how the work is to be conducted and the associates assume responsibility for achieving set goals.

ASSOCIATES IN SEVERAL COUNTRIES

During the year Addtech had 958 (996) employees in the Nordic Region, Germany, the United Kingdom, Austria and Poland. 51 percent are employed in Sweden and the proportion of women is 30 percent (27). Personnel turnover (adjusted for the effects of action programs and companies sold) was 11 percent (9). The average period of employment in Addtech is approximately eleven years and the average age is 42 years.

JOAKIM EDBERG, TESCH SYSTEMS

"In Addtech I have the opportunity to conduct major national and international deals."

The opportunity to be close to the customer and work with long-term projects is something that is appreciated by our associates. All parties must be aware of their role in the business process, from supplier to Addtech and ultimately to the customer.

– *Leading and driving throughout the entire sales process, from design and development to full-scale serial production together with customer and supplier, is something I really feel is rewarding,* says Joakim Edberg, Executive Vice president at Tesch Systems.

MIKAEL BOBERG, KMC YTBEHANDLING

"For me the feeling of community is important."

Thanks to strong relationships among the various subsidiaries in the Addtech Group there is opportunity to learn a lot from each other. President meetings, seminars and training are arranged where associates meet and share experiences and give each other advice.

– *Even if there is an internal struggle within Addtech to be best, there is good comradeship among the many subsidiaries,* says Mikael Boberg, President of KMC Ytbehandling.

JOHN KARLSSON, FB KEDJOR

"It is stimulating to work in a professional organisation."

Subsidiary associates have a lot of responsibility in the Addtech Group. Decision-making paths are short and there is great freedom and opportunity to develop personally and career-wise.

– *There is great freedom of action in Addtech and I grow tremendously both by being entrusted and assuming major responsibility. It's a matter of standing out in the crowd and forging ahead,* says Johan Karlsson, Sales Manager at FB Kedjor.

MALIN ROSBERGER, TUBE CONTROL

"I get the opportunity to control my own development."

In Addtech there are ample opportunities for associates to develop and participate in exciting projects. Initiative and personal responsibility is rewarded and stimulated among the Group's companies.

– *In Addtech there is an enterprising spirit and room for new thinking and realization of my own ideas,* says Malin Rosberger, responsible for logistics at Tube Control.

ENVIRONMENT AND QUALITY

Active environmental work creates new business opportunities

Addtech strengthens its competitive power by making environment, quality and ethical considerations part of its everyday operations. Environmental and quality work and investigation of suppliers are examples of how this work contributes to creating new business.

THREE ENVIRONMENTAL ASPECTS

Environmental work in the Addtech Group primarily relates to three aspects: waste, transportation and products.

Waste is a concern mainly for the manufacturing companies in the Group, which handle all waste from development and production to recycling. In the second instance waste is a concern for companies in the Group that sell products of such a character that the seller is responsible for recovering the products when they have been consumed. All companies in the Group also work on taking care of consumables and return packaging turned in for recycling.

Transportation issues concern the entire supply chain, from suppliers, via Addtech and to customers. When choosing mode of transportation the companies review aspects such as price, shipping time and environmental concerns. Following an overall assessment the mode of transportation is chosen. Otherwise similar products should also be purchased in the part of the world where the transportation is most economical from an environmental point of view.

The product aspect means that environmental considerations must be made throughout the entire product cycle – from development, design and purchasing to recycling. This means, for example, that Addtech chooses the material with the least environmental impact, in cases where the properties of different materials are equivalent.

ENVIRONMENTAL AND QUALITY ASSURANCE

Addtech puts a lot of effort into assuring quality throughout the Group. This applies to products as well as processes where all routines, from purchasing and stocking to delivered products and solutions must be of high quality.

In order to ensure quality more than half of the Group's subsidiaries have environmental and/or quality certification according to prevailing ISO standards. Environmental certification is ISO 14001 and EMAS and the quality certification is ISO 9001. ISO certification means that the company has measurable goals against which actual scores can be compared. Examples of such goals are delivery time, the number of delivery errors per month and returns per month. ISO certification also means that the company is well organised and have well worked-out administrative routines. Administrative control systems with clear rules and routines mean that operations are reliable and fulfil high customer requirements.

Certification also means potentially more customers since many companies have ISO certification as an initial requirement on their suppliers. This is therefore a competitive tool that gives increased business benefit and better profitability. Before certification is obtained, the effects thereof on the company are always discussed as well as how it will affect profitability.

Subsidiaries that are not ISO certified also work actively with environmental and quality goals and continually evaluate their work based on the requirements of the surrounding world. Even if the business is not certified, the company has the administrative systems used by Addtech companies, since the demands on organisation and administrative routines are high.

REQUIREMENTS ON SUPPLIERS

The Addtech companies place stringent requirements on suppliers used. It is typically a matter of requirements equivalent to environmental and quality certification according to ISO. Before a new supplier is used, a careful evaluation is made with respect to the level of delivery security, quality and environment. Associates within the Addtech Group evaluate suppliers to ensure quality and work environment. A natural part of the analysis is to be assured that the supplier meets the requirements and guidelines of the Addtech Group.

MEANING OF THE CERTIFICATIONS

ISO 14000	ISO 14000 is a series of voluntary standards and guidelines for environmental work. Examples of important parameters are manufacturing and marking, and evaluation of the product life cycle.
ISO 14001	ISO 14001 is the cornerstone within ISO 14000 and specifies the requirements for an environmental management system. ISO 14001 relates to those environmental aspects that the organisation controls or has influence over.
ISO 9000	ISO 9000 is intended for use in organisations that design, develop, install and maintain a product, and how the company can satisfy customer needs efficiently.
ISO 9001	ISO 9001 specifies the requirements for quality management systems that oversee production of products or services. The system shows the production process, production management and production evaluation.
EMAS	EMAS (Eco-Management and Audit Scheme) is a management tool for companies and organisations aimed at evaluating, reporting and improving environmental work.

Sources: www.wiseowl.com, www.ems-14000.com
europa.eu.int/comm/environment/emas/index_en.htm

ETHICAL ATTITUDE

All companies in Addtech make sure that co-operation partners and suppliers follow the laws and ethical rules of their own country. This may, for example, be a matter of child labour, labour legislation and democracy.

Day-to-day operations within Addtech are distinguished by respect for people, the environment and business partners. Many of the courses offered by the Business School therefore have ethics as a recurring theme. Having an ethical perspective is often important for the opportunity of doing business, since several of Addtech's customers demand that all parties meet accepted ethical standards.

ADDTECH'S ENVIRONMENTAL POLICY

The environmental policy of the Addtech Group expresses a desire to take our part of the responsibility to improve the environment and to contribute to a sustainable development. The precept of recycling and economy with resources is an important aspect of the Group's business operations.

Environmental work will be conducted within the framework of our business model and will be an integrated part of all operative work. With high competence among our employees, and by constantly developing our knowledge about environmental effects, we are in a position to take a holistic approach to environmental issues.

Environmental measures will be taken as long as they are economically and technically feasible and motivated from an environmental point of view. Responsibility for day-to-day environmental work rests with each individual company in the Group.

KEY FINANCIAL INDICATORS

Multi-year Survey

MSEK	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Net revenues	2,422	2,210	2,275	2,360	2,502	2,023	1,725
Operating income[1]	162	96	98	86	214	161	153
Financial income and expense	-5	-3	-5	-5	-7		
Income after financial items	157	93	93	81	207		
Net income for the year	112	64	64	53	149		
[1]For purpose of comparison, the following items are included in the above operating result:							
Sales of businesses	-	-7	-	-	-	-	-
Sales of properties	-	-	13	4	-1	-	-
Closing of businesses	-	-	-9	-	-	-	-
Alecta funds	-	-	-	-	14	-	-
Listing costs	-	-	-	-3	-	-	-
Total	-	-7	4	1	13	-	-
Intangible non-current assets	156	35	29	13	-		
Tangible non-current assets	184	147	159	176	211	167	183
Financial non-current assets	10	11	7	6	7	8	7
Inventories	356	298	313	347	376	269	234
Short-term receivables	455	362	373	407	472	344	287
Liquid funds	159	121	97	92	151		
Total assets	1,320	974	978	1,041	1,217		
Shareholders' equity	460	410	432	417	415		
Minority interest	5	4	3	6	6		
Interest-bearing liabilities and provisions	189	99	101	166	167		
Non-interest-bearing liabilities and provisions	666	461	442	452	629	395	329
Total shareholders' equity and liabilities	1,320	974	978	1,041	1,217		
Capital employed	656	513	536	589	588		
Operative capital	497	392	439	497	437	393	382
Financial net indebtedness	32	-22	4	74	16		
Operating margin, %	6.7	4.3	4.2	3.6	8.6	8.0	8.9
Profit margin, %	6.5	4.2	4.0	3.4	8.3		
Return on equity, %	26	15	15	12	36		
Return on capital employed, %	30	19	18	15	38		
Equity ratio, %	35	42	44	41	34		
Debt equity ratio, multiple	0.4	0.2	0.2	0.4	0.4		
Interest coverage ratio, multiple	16.9	10.5	8.6	6.9	12.8		
Earnings per share, SEK	4.56	2.49	2.43	1.92	5.36		
Earnings per share after dillutive effect, SEK	4.54	2.49	2.43	1.92	5.36		
Cash flow per share, SEK	8.10	6.20	6.40	1.50	8.00		
Shareholders' equity per share, SEK	18.80	16.70	16.80	15.70	14.90		
Dividend per share, SEK	2.75[2]	2.00	1.50	1.20			
Average number of shares outstanding after repurchases ('000)	24,486	25,534	26,446	27,496	27,864		
Average number of shares outstanding after repurchases adjusted for dilution ('000)	24,616	25,534	26,446	27,496	27,864		
Cash flow from current operations	197	159	169	41	223		
Cash flow from investment operations	-124	-32	-41	-9	-220		
Cash flow from financing operations	-35	-103	-123	-90			
Cash flow for the year	38	24	5	-58			
Average number of employees	958	996	1,072	1,155	940	811	723
Number of employees at year-end	1,198	966	1,035	1,100	1,162	823	758

[2] As proposed by the Board of Directors.

The Addtech Group was capitalized 31 March 2001. Certain data have therefore been omitted.
Comparative data for 2001/2002 and years prior are pro forma and based on the assumptions presented in Addtech's prospectus in August 2001.

DEFINITIONS

* **Capital employed**
  Balance sheet total, less non-interest-bearing liabilities and provisions.
* **Cash flow per share**
  Cash flow from current operations, divided by average number of shares outstanding.
* **Debt equity ratio**
  Interest-bearing liabilities and interest-bearing provisions in relation to shareholders' equity plus minority interest.
* **Earnings per share**
  Income for the year in relation to average number of shares outstanding.
* **Earnings per share, fully diluted basis**
  Income for the year in relation to average number of shares outstanding, adjusted for shares added through exercising of outstanding personnel options.
* **Equity ratio**
  Shareholders' equity, plus minority interest in percent of balance sheet total.
* **Financial net liabilities**
  Interest-bearing liabilities and interest-bearing provisions, less liquid funds.
* **Interest coverage ratio**
  Income after financial items, plus interest expense, plus/minus translation differences in relation to interest expense plus/minus translation differences.
* **Operating margin**
  Operating income in percent of net revenues.
* **Operative capital**
  Capital employed, less liquid funds.
* **Personnel turnover**
  Number of employees who have left the Company in relation to average number of employees.
* **Profit margin**
  Income after financial items in percent of net revenues.
* **Return on capital employed**
  Income after financial items, plus interest expense, plus/minus translation differences in percent of average capital employed.
* **Return on equity**
  Income after taxes in percent of average shareholders' equity.
* **Return on operative capital**
  Operating income in percent of average operative capital.
* **Shareholders' equity per share**
  Shareholders' equity divided by the number of shares outstanding at year-end.
* **Shares outstanding**
  Total number of shares outstanding less shares held in treasury.

Administration report 1 April 2004–31 March 2005

The Board of Directors and the President of Addtech AB (publ), organisation number 556302-9726, hereby submit their Annual Accounts and consolidated financial statements for the 2004/2005 operating year. The Annual accounts, including the audit report comprises pages 24–59.

BUSINESS

Addtech is a leading technology trading group that develops and sells components and systems to industrial companies and the service industry. The majority of customers are manufacturers in the mechanical, vehicle, telecom, electronics industries and in the health care sector in the Nordic Region. Addtech provides its customers with technical as well as economic added value. The Group is organised in four business areas: Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. Operations are conducted in subsidiaries in Sweden, Finland Denmark, Norway, the United Kingdom, Austria, Germany and Poland.

Addtech is listed on the O-list of Stockholmsbörsen (the Stockholm Stock Exchange) since September 2001. The name Addtech is a clear expression of the Group's ambition, that of delivering added value in every situation and in every relationship.

NET REVENUES AND RESULT

Net revenues of the Addtech Group for the financial year increased by 10 percent to MSEK 2,422 (2,210). Adjusted for acquired and sold units, the increase was 6 percent. The market situation grew stronger during the year and stabilized at a higher level. The improvement embraces all operating segments in the Group. The trend was positive for production components as well as supplies consumables.

Operating income increased by 69 percent to MSEK 162 (96) and income after financial items also increased by 69 percent to MSEK 157 (93). The operating margin grew to 6.7 percent (4.3). The improved result is primarily explained by higher net revenues, combined with the impact of efficiency-improvement and cost-containment action taken during the 2003/3004 financial year. For the preceding year, items of a non-recurring character in connection with the sale of subsidiaries were included in an amount of MSEK –7.

Changed foreign exchange rates used in conversion of foreign units affected net revenues negatively by MSEK 2 and the operating result by MSEK 0.

Net financial items amounted to MSEK –5 (–3). Income after taxes increased by 75 percent to MSEK 112 (64) and earnings per share increased by 83 percent to SEK 4.56 (2.49). The effective tax rate was 27.7 percent (30.1).

BUSINESS AREAS

Addtech Components

Addtech Components' net revenues increased by 19 percent to MSEK 802 (676). Adjusted for acquired units, the increase was 6 percent. Operating income improved to MSEK 65 (46).

Demand was stronger during the year as a whole in all product areas compared to the preceding year. The business area's focus on customer-specific components and sub-systems developed well and these products' proportion of total sales continued to increase.

Addtech Transmission

Addtech Transmission's net revenues increased by 8 percent to MSEK 894 (829). Adjusted for acquired and sold units, the increase was 9 percent. Operating income improved to MSEK 61 (preceeding year 33 not including result on sale of business).

The market situation improved gradually on a broad front during the financial year. Demand for replacement components for the aftermarket, as well as production components, saw a positive development. Internal streamlining, combined with a sharp focus on and development of the business area's core areas, were strongly contributing factors to the improved result and the higher operating margin.

Addtech Equipment

Addtech Equipment's net revenues increased by 3 percent to MSEK 730 (707). Operating income improved to MSEK 40 (preceeding year 26 not including result on sale of business).

Demand was stronger during the latter part of the financial year compared to the corresponding periods last year. The previous streamlining of operations, where units with weak profitability and unfavourable market conditions have been acted upon, has resulted in an improved product mix as well as lower costs. The proportion of sales of materials and consumables continued to increase, whereas the proportion of investment type goods declined.

Addtech Life Science

With the acquisition of Bergman & Beving MediTech on 31 March 2005, a new business area was established in Addtech. After the time of acquisition, Bergman & Beving MediTech has changed its name to Addtech Life Science and will starting with the 2005/2006 financial year to be reported as a separate business area.

ACQUISITIONS

In September 2004, Carbex-gruppen was acquired for business area Transmission. Carbex-gruppen manufactures and sells electric brushes and electromechanical components for electrical and signal transmission. Annual revenues amounts to approximately MSEK 50. Payment for the acquisition was made, in part, with 100,000 class B previously repurchased shares held in treasury by Addtech AB.

From October 2004 BTC Industribatterier with annual sales of MSEK 20 is also consolidated in business area Equipment. The company markets stationary batteries for, among other things, back-up power for base stations in the telecom sector and the UPS and energy market in Sweden.

At an Extra General Meeting of the shareholders held 9 March 2005 it was decided to acquire all outstanding shares in Bergman & Beving MediTech AB. MediTech is consolidated in the Addtech Group from 31 March 2005. After the acqusition MediTech changed its name to Addtech Life Science. Life Science is a supplier of instruments and consumables for laboratories in industry, health care and research, and in diagnostic equipment for health care. The main market of the business area is the Nordic Region and examples of customer groups include the pharmaceutical industry, the process industry, county councils and colleges and universities. From the first quarter of 2005/2006, Life Science will be reported as a separate business area.

Acquisitions made during the year will add a total of approximately MSEK 650 in annual revenues to the Addtech Group.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on capital employed was 30 percent (19 percent during the preceding year) and the return on equity was 26 percent (15).

The equity ratio stood at 35 percent at the end of the period (42 percent at the beginning of the financial year). Shareholders' equity per share amounted to SEK 18.80 (16.70). The Group's net financial indebtedness amounted to MSEK 32 at the end of the period, compared to a net financial asset of MSEK 22 at the beginning of the year.

Cash flow from current operations continued strong and amounted to MSEK 197 (159). Investments in non-current assets amounted to MSEK 25 (19) and disposals were MSEK 4 (7). Acquisitions during the year gave rise to net payments in the amount of MSEK 103 (20). MSEK 44 of total purchase money for MediTech remains to be paid during the 2005/2006 financial year. The amount includes conditional supplementary purchase money of MSEK 10.

EMPLOYEES

At the end of the period the number of employees was 1,198, which can be compared with 966 at the beginning of the financial year. The acquisitions of Carbex-gruppen, BTC Industribatterier and Bergman & Beving MediTech had the effect of increasing the number of employees by 265. The average number of employees during the year was 958, compared with 996 during the preceding financial year.

REPURCHASE AND CANCELLATION OF OWN SHARES

Following a resolution by the regularly scheduled Annual General Meeting held in August 2004, 1,181,400 class B shares held in treasury were cancelled. At the Annual General Meeting in August 2004 the Board of Directors was authorized to repurchase up to 10 percent of the shares outstanding in the Company, the authorization to remain valid until the regularly scheduled Annual General Meeting of 2005. A total of 200,000 class B shares, corresponding to 0.8 percent of total number of shares and 0.6 percent of the votes, were repurchased during the financial year at an average price of SEK 43.82 per share. The total number of shares held in treasury amounts to 830,000 with an average price of SEK 38.10. These shares constitute 3.3 percent of all shares issued and 2.4 percent of the votes. 630,000 shares held in treasury secure the undertaking to holders of personnel options. The average number of shares held in treasury during the year was 1,368,398 (1,604,078).

In connection with the acquisition of Carbex-gruppen in September 2004, 100,000 shares, corresponding to 0.4 percent of total number of shares and 0.3 percent of the votes, were utilised as part payment for the acquisition.

The Board of Directors has decided to propose to the regularly scheduled Annual General Meeting to be held in August 2005 a renewed mandate for the Board of Directors to buy back shares during the period until the next following Annual General Meeting, to acquire up to the number of shares so that the number of shares held in treasury from time to time does not exceed 10 percent of shares outstanding. The purpose of repurchasing shares is to give the Board of Directors freedom of action in its work with the Company's capital structure, to allow shares held in treasury to be used as payment for acquisitions and to secure the Company's undertaking in the existing personnel option program. Repurchases shall be made via the Stockholm Stock Exchange. The mandate is proposed to include the option to use treasury shares as payment for acquisitions, or to sell treasury shares in ways other than via the Stockholm Stock Exchange to finance acquisitions.

INCENTIVE PROGRAM

In December 2001 it was decided to award a total of 700,000 personnel options to 56 members of senior management. To make this possible, an extra general meeting of shareholders held 17 December 2001 resolved that the Company will transfer up to 700,000 class B shares in the Company in connection with any redemption of these options. The redemption price is set at SEK 44.80, which is equivalent to 110 percent of the average price for the Addtech share during the period 3–7 December 2001.

Following a resolution by an extra general meeting of shareholders held in November 2004, the redemption period for the options was extended to 18 February 2010, inclusive, on essentially unchanged terms and conditions. Upon full utilization of the personnel options, the number of shares outstanding increases by 630,000 shares, equivalent to 2.6 percent of the number of shares outstanding and 1.8 percent of the votes. The social benefit fees associated with any redemption of personnel options are expensed on a current basis in step with the market price performance of the share. During the year MSEK 4.7 was expensed as a result hereof, MSEK 0.3 of which in connection with redemption of 70,000 personnel options, equivalent to acquisition of 70,000 class B shares. The accumulated reserve for social benefits amounts to MSEK 4.4.

FINANCIAL RISKS

Addtech strives for structured and efficient management of the financial risks that arise in the business and this is expressed in the financial policy adopted by the Board of Directors. The financial policy sets goals and guidelines for how risk management is to be conducted and targets for how to limit these risks. The financial policy expresses an ambition to limit or eliminate the financial risks. The policy identifies the financial risks that occur in Addtech's business and how the responsibility for managing these risks is distributed in the organisation.

The financial risks defined in the financial policy are: transaction exposure, translation exposure, financing risk, interest rate risk, and credit and counterparty risk. Operative risks, i.e. the risks associated with the day-to-day operations, are handled by the management of each respective subsidiary according to principles approved by the Group's Board of Directors and management. Risks such as translation exposure, financing risk and interest rate risk are handled by the Parent Company, Addtech AB.

Reference is made to Note 1 for a detailed account of how Addtech manages the various different financial risks.

ENVIRONMENTAL IMPACT

Active environmental work is conducted in the Group for the purpose of reducing the Group's environmental impact. The work is conducted locally by each respective company based on the conditions for each company. A Group-wide environmental policy has been adopted and this policy is spelled out in the Annual Report in the section on Environment and quality (pages 20–21). Some fifteen companies are certified according to ISO 14001, or equivalent. The Group conducts operations requiring a permit according to the Swedish Environmental Act in one subsidiary and operations requiring notification in two other subsidiaries. The Group's companies are not involved in any environmentally related disputes.

RESEARCH AND DEVELOPMENT

The Group is involved in research and development to a very limited degree. The Group's business model entails continuous dialogue with and feedback from the Group's suppliers, which account for most of the research and development that affects the Group's product offerings.

ADOPTION OF IFRS 1 APRIL 2005

Starting 1 April 2005 Addtech will be applying IFRS in preparing its consolidated financial statements. This is a consequence of EU directives that apply to all listed companies within EU. In all reports after 1 April 2005 comparative data for the 2004/2005 financial year must be restated according to IFRS. Information about future rules and their effects on Addtech, including the effect on opening balances in the income statement for 2004/2005, will be found in Note 32 on pages 57–58. Compiled information regarding the transition to IFRS has been prepared in accordance with the principles expected to be applied 31 March 2006. IFRS is subject to continuing review and approval by EU, so there can still be changes. This may affect information provided.

LEGISLATION AND ARTICLES OF ASSOCIATION

Swedish corporate law is applicable to Addtech AB and the Company adheres to the rules that follow from the fact that the Company's share is listed on Stockholmsbörsen (the Stockholm Stock Exchange). Addtech AB also adheres to the provisions of its Articles of Association. The Articles of Association are available on Addtech's Website.

WORK OF THE BOARD OF DIRECTORS

Addtech's Board of Directors consists of five members, including the Company's President. The directors are elected annually by the Annual General Meeting for the period ending at the adjournment of the next-following regularly scheduled Annual General Meeting. The Board of Directors appoints a chairman and a vice chairman within itself. Members of the Company's senior management participate in Board of Directors meetings as reporters and in the capacity of secretary. Secretary to the Board of Directors is the Company's Chief Financial Officer. According to the definition of Stockholmsbörsen, all directors elected by general meetings of shareholders are independent relative to the Company, with the exception of Roger Bergqvist, President. Two of the independent directors are also independent of the major shareholders of the Company.

During the operating year the Board of Directors convened meetings on ten occasions, in addition to the statutory meeting after the Annual General Meeting. Matters dealt with by the Board of Directors included issues about the Group's strategy and goals, acquisitions, capital expenditures, accounting issues and evaluation of the work of the Board of Directors. In the course of the meeting in connection with the annual closing of the books for the operating year, the auditors reported on their audit work, observations made in connection with the audit of the Parent Company and the Group, and the assessment of the auditors on internal control in the Group.

The Board of Directors has adopted rules of procedure. The rules of procedure govern the work forms of the Board of Directors, the distribution of responsibility between the Board of Directors and the President, and the type of current information to be delivered to the Board of Directors. The Board of Directors has a compensation committee and an audit committee. The compensation committee consists of the Chairman of the Board, Anders Börjesson, and Tom Hedelius, Vice Chairman, with Roger Bergqvist as reporter. The compensation committee deals with issues about salaries and other terms of employment for the President and other members of senior management. Information on compensation to the Board of Directors, the President and other members of senior management is provided in Note 4 on pages 45–46. The audit committee is made up of those directors who are not employed by the Company.

The Board of Directors is presented on page 60.

NOMINATION COMMITTEE

The regularly scheduled 2004 Annual General Meeting resolved to authorise the Chairman of Board of Directors to appoint among representatives of major shareholders members who together with the Chairman would constitute a nomination committee for future election of directors. The nomination committee includes Magnus Bakke, who represents Robur Fonder, Mats Gustafsson, SEB Fonder, Tom Hedelius, and Pär Stenberg and Anders Börjesson (Chairman of the Board of Directors).

Information about the composition of the nomination committee was provided in the interim report published 14 February 2005.

PARENT COMPANY

Operations in the Parent Company, Addtech AB, includes Group management, consolidated reporting and financial management.

The Parent Company's net revenues amounted to MSEK 23 (24) and income after financial items amounted to MSEK 91 (132). This result includes revenue from shares in Group companies in a net amount of MSEK 105 (130). Net investments in non-current assets were made in an amount of MSEK 0 (2). The Parent Company's financial net liability amounted to MSEK 105 at the end of the period, as compared with net financial assets of MSEK 56 at the beginning of the financial year.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 26 April Addtech announced that the Company had concluded an agreement to acquire all outstanding shares in the Danish company LMT Transmission A/S. LMT Transmission, with annual revenues of MDKK 20, is a supplier in the area of industrial transmission for Danish industry. Important customer segments are manufacturers of special vehicles and medical equipment. With the acquisition of LMT Transmission A/S, Addtech expands its business in product segment motor/gear transmission. The acquisition is expected to have a marginally positive effect on Addtech's earnings per share from the date of taking possession, 1 May 2005.

On 1 June Bergman Diagnostika AS in business area Addtech Life Science announced that an agreement had been concluded to acquire the diagnostics business from Ervik AS in Norway, with possession to be taken 3 June 2005. The business, with annual revenues of MNOK 5, includes sales of instruments, consumables and reagents from leading suppliers in Europe. The principal customers are laboratories that perform analyses for the health care sector in Norway.

FUTURE OUTLOOK

The market situation strengthened during the operating year and stabilized at a higher level. Addtech's financial position is strong and the Group has excellent opportunities for future growth. The Group's goal is to achieve earnings growth over a business cycle of at least 15 percent per year and that profitability, measured as return on equity, should be at least 25 percent.

DIVIDEND

The Board of Directors proposes a dividend of SEK 2.75 per share (2.00). The total dividend payment amounts to MSEK 67 (49). Addtech's dividend policy has as its goal to pay a dividend exceeding 50 percent of average consolidated income after taxes over a business cycle.

PROPOSED ALLOCATION OF EARNINGS

Group

The Group's unrestricted reserves amount to MSEK 356 (320). No allocation to restricted equity is required.

Addtech AB (publ)

The following amounts are available for distribution by Addtech AB:

Retained earnings	MSEK 639
Net income for the year	MSEK 58
	MSEK 697

The Board of Directors and the President propose the funds available for distribution be allocated as follows:

A dividend to the shareholders of SEK 2.75 per share	MSEK 67
To be carried forward	MSEK 620
	MSEK 697

Stockholm, 21 June 2005

Anders Börjesson
CHAIRMAN

Tom Hedelius
VICE CHAIRMAN

Urban Jansson

Lars Spongberg

Roger Bergqvist
PRESIDENT

Our audit report was submitted 21 June 2005

George Pettersson
AUTHORISED PUBLIC ACCOUNTANT

Thomas Thiel
AUTHORISED PUBLIC ACCOUNTANT

Consolidated Income Statement

MSEK	Note	2004/2005	2003/2004
Net revenues	2,3	2,422	2,210
Cost of goods sold		-1,649	-1,514
Gross profit		**773**	**696**
Selling costs		-380	-384
Administrative expenses		-229	-214
Other operating income	7	8	13
Other operating expense	7	-10	-15
Operating income	2–8,14	**162**	**96**
Result from financial non-current assets	9	0	0
Interest income and similar profit/loss items	9	5	7
Interest expense and similar profit/loss items	9	-10	-10
Income after financial items		**157**	**93**
Taxes	11	-44	-28
Minority interest		-1	-1
Net income for the year		**112**	**64**
Earnings per share, SEK	29	4.56	2.49
Earnings per share after dilutive effect, SEK	29	4.54	2.49
Proposed dividend per share, SEK		2.75	2.00
Average number of shares outstanding after repurchases ('000)		24,486	25,534
Number of shares outstanding after repurchases ('000)		24,503	24,533

NET REVENUES

Net revenues of the Addtech Group increased by 10 percent to MSEK 2,422 (2,210). Adjusted for units acquired and disposed of, the increase was 6 percent. Currency effects in translation of foreign subsidiaries affected revenues negatively by MSEK 2 (-15).

OPERATING INCOME

Consolidated operating income amounted to MSEK 162 (96). Currency effects in translation of foreign subsidiaries affected income by MSEK 0 (-1).

The operating margin increased to 6.7 percent (4.3). The increase in margin is explained by higher net revenues in combination with the effects of efficiency-improving and cost-saving action taken during the 2003/2004 financial year.

The single largest of the Group's operating expense items refers to personnel costs, which make up approximately 20 percent of the Group's net revenues and approximately 60 percent of operating overhead. Depreciation and amortisation account for approximately 5 percent of the operating overhead.

The item other operating income and expense, net, amounted to MSEK -2 (-2). This item consists primarily of rental income, compensation for agency rights, exchange rate effects of an operating nature and the result on sales of non-current assets and businesses.

NET FINANCIAL ITEMS

Net financial items amounted to MSEK -5 (-3).

TAXES

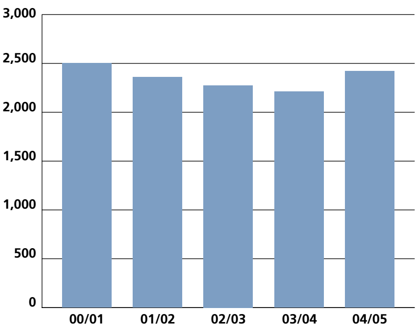
The year's tax expense amounted to MSEK 44 (28), equivalent to 27.7 percent (30.1) of income before taxes. The total weighted nominal tax rate for the Group's operations was 28.5 percent (28.4) during the year.

EARNINGS PER SHARE

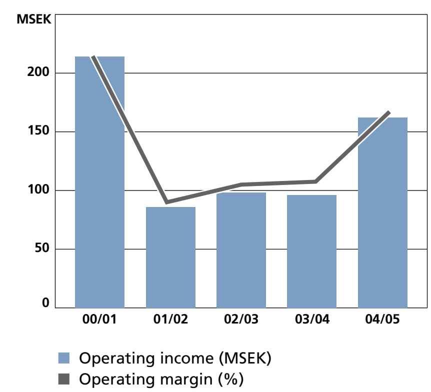
Earnings per share have been computed based on the year's income of MSEK 112, divided by the average number of shares outstanding during the year after repurchases, 24,485,674 and 24,615,646, respectively, for calculation of earnings per share after dilution.

Net revenues

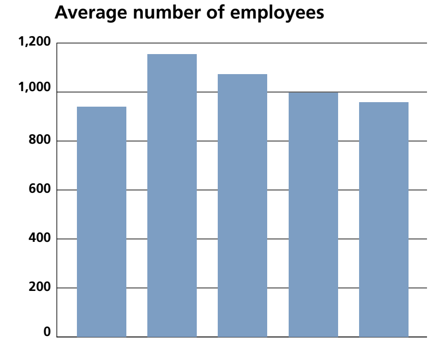
MSEK



Operating income and operating margin



Average number of employees



Consolidated Balance Sheet

MSEK	Note	31/3/2005		31/3/2004	
ASSETS					
Non-current assets					
Intangible non-current assets	12				
Goodwill		144		32	
Capitalised expenses for research and development work		2		2	
Rental rights and similar rights		0		0	
Software		10	156	1	35
Tangible non-current assets	13				
Buildings and land		107		86	
Leasehold improvements		5		3	
Plant and machinery		28		26	
Equipment, tools, fixtures and fittings		44	184	32	147
Financial non-current assets	15				
Other long-term securities holdings		4		5	
Deferred income tax assets	21	5		2	
Other long-term receivables		1	10	4	11
Current assets					
Inventories, etc.	16				
Raw materials and consumables		27		22	
Work in progress		11		9	
Finished goods and goods for resale		316		265	
Advance payments to suppliers		2	356	2	298
Short-term receivables					
Accounts receivable		415		330	
Tax claim		1		3	
Other receivables		12		12	
Prepaid expenses and accrued income	17	27	455	17	362
Cash and cash equivalents		159	159	121	121
Total assets	26		**1,320**		**974**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES					
Shareholders' equity	18				
Restricted equity					
Share capital		51		53	
Restricted reserves		53		37	
Unrestricted equity					
Unrestricted reserves		244		256	
Net income for the year		112	460	64	410
Minority interest		5	5	4	4
Provisions					
Interest-bearing provisions					
Pensions and similar commitments	20	156		91	
Non-interest-bearing provisions					
Deferred tax liability	21	58		59	
Other provisions	22	21	235	6	156
Long-term liabilities					
Interest-bearing liabilities					
Due to credit institutions	23	4		6	
Other liabilities		8	12	-	6
Current liabilities					
Interest-bearing liabilities					
Liabilities to credit institutions	24	21		2	
Non-interest-bearing liabilities					
Advance payments from customers		6		4	
Accounts payable		274		219	
Tax liabilities		28		6	
Other liabilities		131		56	
Accrued expenses and prepaid income	25	148	608	111	398
Total shareholders' equity, provisions and liabilities	26		**1,320**		**974**
Pledged assets	27		30		24
Contingent liabilities	27		14		16

ASSETS

The Group's total assets increased by MSEK 346 to MSEK 1,320 (974). Currency effects of translating the Group's foreign units had minimal effect on the change in the Group's assets between the years.

NON-CURRENT ASSETS

Goodwill increased in connection with corporate acquisitions by MSEK 121 and amounted to MSEK 144 by year's end (32). Other intangible non-current assets, consisting mainly of IT systems and capitalised development costs, increased during the year by MSEK 9 to MSEK 12 (3).

Buildings and land increased during the year by MSEK 21 to MSEK 107 (86). Depreciation amounted to MSEK 3 (3). Properties with a residual value according to plan of MSEK 22 were added during the year through acquisitions.

Machinery increased by MSEK 2 to MSEK 28 (26) and equipment increased by MSEK 12 to MSEK 44 (32). Depreciation for these assets amounted to MSEK 7 (7) and MSEK 16 (19) respectively.

INVENTORIES AND ACCOUNTS RECEIVABLE

Inventories stood at MSEK 356 (298) at financial year-end. This is equivalent to 11 percent of net sales during the fourth quarter of the financial year annualized and corrected for acquisitions (12 percent at the end of the preceding financial year).

Accounts receivable amounted to MSEK 415 (330), which is equivalent to 13 percent of net sales during the fourth quarter of the financial year annualized (14). The Group's working capital (inventories and accounts receivable less accounts payable, advance payments to customers and bills of exchange payable) was equivalent to 15 percent of net sales at financial year-end (17).

SHAREHOLDERS' EQUITY

Shareholders' equity increased by MSEK 50 to MSEK 460 (410). The change in accounting principle in connection with adoption of RR 29 Compensation to employees of the Swedish Financial Accounting Standards Council resulted in a reduction of shareholders' equity in an amount of MSEK 11. Repurchases of own shares reduced shareholders' equity by MSEK 9 (48). A dividend of MSEK 49 (39) was declared. In connection with the acquisition of Carbexgruppen 100,000 class B shares held in treasury were utilized as part payment for the acquisition. Shareholders equity increased hereby with MSEK 4. Redemption of personnel options added MSEK 3 in equity. Translation differences amounted to MSEK 0 (1).

LIABILITIES AND PROVISIONS

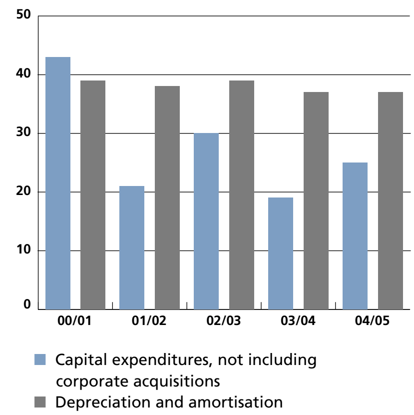
Interest-bearing liabilities increased by MSEK 25 during the year to MSEK 33 (8) and interest-bearing provisions increased by MSEK 65 to MSEK 156 (91). Interest-bearing provisions refer to pension liability. MSEK 13 of the increase is attributable to changed accounting principle upon adoption of RR 29 Compensation to employees of the Swedish Financial Accounting Standards Council and MSEK 45 was due to acquired pension liability in Bergman & Beving MediTech.

The Group's net financial liability amounted to MSEK 32 at year-end, as compared with net financial assets of MSEK 22 at the beginning of the year.

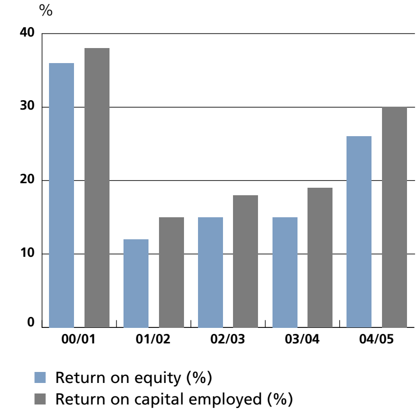
KEY FINANCIAL INDICATORS

The debt equity ratio was 0.4 (0.2) at the end of the year and the equity ratio declined to 35 percent (42).

Capital expenditures, deprecistion and amortisation
MSEK



Return on capital
%



Statement of Changes in Shareholders' Equity

MSEK	Share capital	Restricted reserves	Unrestricted equity	Total equity
Equity as of 31 March 2003	**56**	**23**	**353**	**432**
Reduction of share capital by cancellation	-3		3	0
Private placement of class C shares	3			3
Redemption of class C shares	-3			-3
Transfers between unrestricted and restricted equity		14	-14	0
Net income for the year			64	64
Dividend			-39	-39
Repurchase of own shares			-48	-48
Translation differences			1	1
Equity as of 31 March 2004	**53**	**37**	**320**	**410**
Effect of changed accounting principle			-11	-11
Reduction of share capital by cancellation	-2		2	0
Private placement of class C shares	2			2
Redemption of class C shares	-2			-2
Non-cash issue			4	4
Transfers between unrestricted and restricted equity		16	-16	0
Net income for the year			112	112
Dividend			-49	-49
Repurchase of own shares			-9	-9
Redemption of personnel options			3	3
Translation differences			0	0
Equity as of 31 March 2005	**51**	**53**	**356**	**460**

For comments on shareholders' equity, refer to Note 18.

Consolidated Cash Flow Statement

MSEK	Note	2004/2005	2003/2004
Income after financial items		157	93
Adjustment for items not included in cash flow	28	43	46
Paid taxes		-31	-14
Cash flow from current operations before changes in working capital		**169**	**125**
Changes in			
inventories		6	25
operating receivables		3	18
operating liabilities		19	-9
Change in working capital		**28**	**34**
Cash flow from current operations		**197**	**159**
INVESTMENT OPERATIONS			
Acquisition of companies and business units	28	-103	-20
Sales of companies and business units	28	-	0
Investments in tangible non-current assets		-18	-16
Sales of tangible non-current assets		4	7
Investment in intangible non-current assets		-7	-3
Cash flow from investment operations		**-124**	**-32**
FINANCING OPERATIONS			
Dividend		-49	-39
Repurchase of own shares		-9	-48
Redemption of personnel options		3	-
Change in interest-bearing liabilities		17	-15
Other financing		3	-1
Cash flow from financing operations		**-35**	**-103**
Cash flow for the year		**38**	**24**
Cash and cash equivalents at beginning of year		121	97
Cash flow for the year		38	24
Translation difference in cash and cash equivalents		0	0
Cash and cash equivalents at year-end[1]		**159**	**121**

[1]Cash and cash equivalents refer to balances in bank and postal giro accounts.

CASH FLOW FROM CURRENT OPERATIONS

Interest received during the year amounted to MSEK 3 (4) and interest paid during the year amounted to MSEK 6 (6). Adjustment for items not included in cash flow includes depreciation and amortisation according to plan in an amount of MSEK 37 (37). There were also other items not affecting cash flow, such as results on sales of non-current assets, and the cost of indexing the pension liability. Paid taxes amounted to MSEK 31 (14), compared to the Group's tax expense of MSEK 44 (28).

The Group's working capital declined by MSEK 28 (34) during the year. The net working capital of units acquired during the year amounted to MSEK 41 (11). Cash flow from current operations amounted to MSEK 197 (159).

INVESTMENT OPERATIONS

The year's investment in tangible and intangible non-current assets amounted to MSEK 25 (19), consisting mostly of office equipment, machinery and IT systems. Disbursements for acquired businesses, after deduction for liquid funds existing in acquired companies, amounted to MSEK 103 (20). The consolidated cash flow statement has been adjusted for units acquired and disposed of according to the specification in Note 28.

FINANCING OPERATIONS

Repurchase of own shares entailed a payment of MSEK 9 (48). Dividends to shareholders amounted to MSEK 49 (39). Interest-bearing liabilities increased during the year by MSEK 25 (–16), MSEK 8 of which consisted of interest-bearing liabilities in businesses acquired during the year.

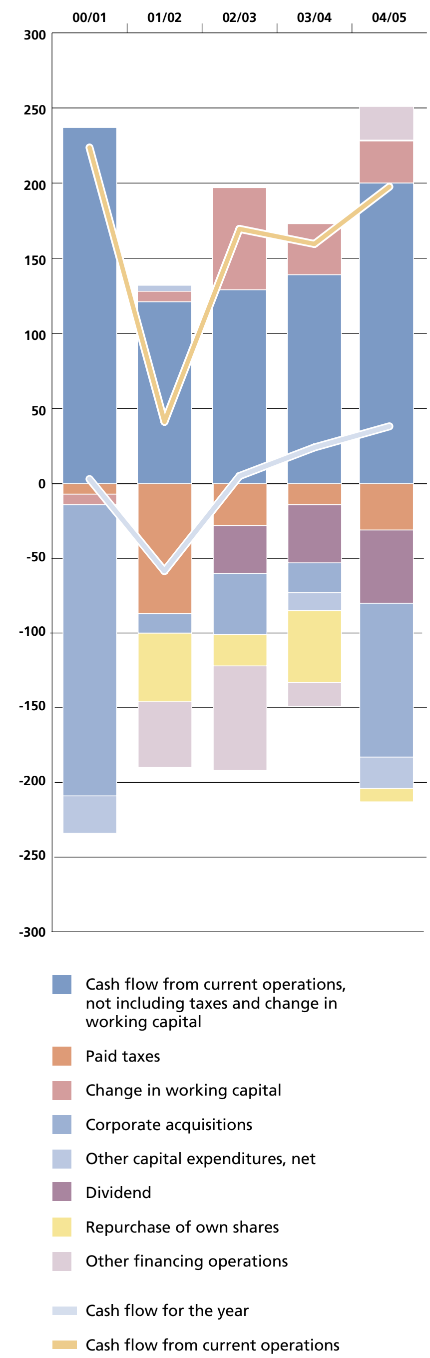
CORPORATE ACQUISITIONS AND DISPOSALS

The following corporate acquisitions and disposals have been effected over the past two years:

Date	Acquisition (disposal)	Business area	Revenues (MSEK)[1]	Number of employees[1]
2004/2005 Q4	Bergman & Beving MediTech	Life Science	580	237
2004/2005 Q3	BTC Industribatterier	Equipment	20	4
2004/2005 Q2	Carbex-gruppen	Transmission	50	24
2003/2004 Q3	(Laserstans)	Transmission	(40)	(38)
2003/2004 Q3	Stig Wahlström	Components	100	43
2003/2004 Q2	(EnvoControl)	Equipment	(30)	(6)

[1] Annual revenues and number of employees at time of acquisition (disposal).

Statement of cash flow
MSEK



Parent Company Income Statement

MSEK	Note	2004/2005	2003/2004
Net revenues	3	23	24
Administrative expenses		-38	-27
Operating income	4–6,14	**-15**	**-3**
Result from shares in Group companies	9	105	130
Result from financial non-current assets	9	1	5
Interest income and similar profit/loss items	9	3	4
Interest expense and similar profit/loss items	9	-3	-4
Income after financial items		**91**	**132**
Year-end appropriations	10	-18	-16
Income before taxes		**73**	**116**
Taxes	11	-15	-13
Net income for the year		**58**	**103**

Parent Company Balance Sheet

MSEK	Note	31/3/2005		31/3/2004	
ASSETS					
Non-current assets					
Intangible non-current assets					
Other intangible non-current assets	12	1		1	
Tangible non-current assets					
Equipment	13	1		1	
Financial non-current assets					
Shares in Group companies	15	920		688	
Due from Group companies	15	10	932	69	759
Current assets					
Short-term receivables					
Due from Group companies, short-term		128		109	
Prepaid expenses and accrued income	17	1	129	1	110
Cash and cash equivalents		48	48	100	100
Total assets	26		**1,109**		**969**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES					
Shareholders' equity	18				
Restricted equity					
Share capital		51		53	
Legal reserve		16		14	
Unrestricted equity					
Retained earnings		639		586	
Net income for the year		58	764	103	756
Untaxed reserves					
Tax allocation reserve	19	51	51	33	33
Provisions					
Interest-bearing provisions					
Pensions and similar commitments	20	9	9	-	-
Long-term liabilities					
Interest-bearing liabilities					
Due to Group companies		42	42	38	38
Current liabilities					
Interest-bearing liabilities					
Liabilities to credit institutions	24	20		-	
Due to Group companies		146		123	
Non-interest-bearing liabilities					
Accounts payable		1		1	
Tax liabilities		14		10	
Other liabilities		45		1	
Accrued expenses and prepaid income	25	17	243	7	142
Total shareholders' equity and liabilities	26		**1,109**		**969**
Pledged assets	27		0		-
Contingent liabilities	27		85		81

Parent Company Statement of Changes in Shareholders' Equity

MSEK	Share capital	Restricted reserves	Unrestricted equity	Total equity
Equity as of 31 March 2003	**56**	**11**	**673**	**740**
Reduction of share capital by cancellation	-3		3	0
Private placement of class C shares	3			3
Redemption of class C shares	-3			-3
Transfer to legal reserve		3	-3	0
Net income for the year			103	103
Dividend			-39	-39
Repurchase of own shares			-48	-48
Equity as of 31 March 2004	**53**	**14**	**689**	**756**
Reduction of share capital by cancellation	-2		2	0
Private placement of class C shares	2			2
Redemption of class C shares	-2			-2
Transfer to legal reserve		2	-2	0
Non-cash issue			4	4
Redemption of personnel options			4	4
Net income for the year			58	58
Dividend			-49	-49
Repurchase of own shares			-9	-9
Equity as of 31 March 2005	**51**	**16**	**697**	**764**

For comments on shareholders' equity, refer to Note 18.

Parent Company Cash Flow Statement

MSEK	Note	2004/2005	2003/2004
Income after financial items		91	132
Adjustment for items not included in cash flow	28	-83	-130
Paid taxes		-12	-6
Cash flow from current operations before changes in working capital		**-4**	**-4**
Changes in			
short-term receivables and liabilities to Group companies		34	-6
operating receivables		0	0
operating liabilities		8	1
Change in working capital		**42**	**-5**
Cash flow from current operations		**38**	**-9**
INVESTMENT OPERATIONS			
Acquisition of companies		-222	0
Sales of companies		34	0
Investments in tangible non-current assets		0	-1
Increase in financial receivables		69	180
Investment in intangible non-current assets		-	-1
Cash flow from investment operations		**-119**	**178**
FINANCING OPERATIONS			
Dividends		-49	-39
Group contributions received		60	35
Repurchase of own shares		-9	-48
Redemption of personnel options		3	-
Change in liabilities to Group companies		4	-63
Change in other interest-bearing liabilities		20	-13
Cash flow from financing operations		**29**	**-128**
Cash flow for the year		**-52**	**41**
Cash and cash equivalents at beginning of year		100	59
Cash flow for the year		-52	41
Cash and cash equivalents at year-end[1]		**48**	**100**

[1] Cash and cash equivalents refer to balances in bank and postal giro accounts.

Accounting Principles, Valuation Principles

GENERAL ACCOUNTING PRINCIPLES AND NEWS

The financial statements of the Addtech Group have been compiled in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council and the statements of its Emerging Issues Task Force. In accordance with the listing contract with Stockholmsbörsen (the Stockholm Stock Exchange), certain other information is also provided regarding the work of the Board of Directors during the year, outstanding incentive programs and the benefits of members of senior management.

The accounting principles applied are unchanged compared to the preceding year, except for adjustments made to conform with recommendation RR 29 Employee benefits of the Swedish Financial Accounting Standards Council. Compared to the pension provisions reported as of 31 March 2004, opening shareholders' equity as of 1 April 2004 was reduced by MSEK 11 as a result. Pursuant to the transitional rules of the recommendation, comparative data have not been adjusted.

Assets and liabilities are valued at acquisition cost unless otherwise specifically stated.

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are expressed in million Swedish kronor (MSEK) unless otherwise specifically stated.

The annual accounts are prepared in accordance with recommendation 22 Presentation of Financial Statements of the Swedish Financial Accounting Standards Council, which means that, among other things, separate reports are compiled for income, balance, change in shareholders' equity and cash flow, and that an account of accounting principles applied and information are provided in notes to the financial statements.

The accruals concept is applied to the annual report, which means that the result of transactions and events is recorded as they occur. Costs are recorded when the corresponding revenue is recorded according to the matching principle.

Assets are divided into current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within twelve months from the balance sheet date, or within the company's operating cycle. By operating cycle is meant the time from start of production until the company receives payment for goods or services delivered. The Group's operating cycle is deemed to be less than one year.

If an asset does not fulfill the requirements for current asset, it is classified as a non-current asset.

Liquid funds that can be used without restrictions are reported as cash and cash equivalents.

Set-off of assets and liabilities occurs only if required or is expressly permitted in a recommendation from the Swedish Financial Accounting Standards Council.

In Note 26 assets are divided into amounts expected to be recovered within twelve months from the balance sheet date and more than twelve months after the balance sheet date, respectively.

Liabilities are divided into current liabilities and long-term liabilities. As current liabilities are reported liabilities that are either to be paid within twelve months from the balance sheet date, or, but only in respect of operations-related liabilities, liabilities expected to be paid within the operating cycle. Since consideration is given to the operating cycle, no non-interest-bearing liabilities, such as for example accounts payable and accrued personnel costs, are reported as long-term. Interest-bearing liabilities can be reported as long-term even if they are due and payable within twelve months from the balance sheet date where the original term was longer than twelve months, the company intends to refinance the liability on a long-term basis and an agreement has been concluded to that effect before the Annual Accounts are submitted.

In note 26 are reported the amounts of liabilities falling due for payment within twelve months of the balance sheet date, amounts payable after twelve months, but within five years from the balance sheet date and liabilities payable later than five years after the balance sheet date.

In the Parent Company group contributions received, ranked in the same category as dividends, are recorded in net financial items. The Parent Company's and the Group's accounting principles are consistent except for how pensions, personnel options and untaxed reserves and year-end appropriations are accounted for. The Parent Company's pension costs are calculated in accordance with the Swedish act on securing pension obligations, whereas the Group's pension costs are calculated in accordance with RR 29 Employee benefits. In the Parent Company, the cost of personnel options is calculated as the difference between the market price of the Addtech share on the balance sheet date and the redemption price of the personnel option. In the Group no cost is reported as a consequence of the option program, over and above costs for social benefits on the increase in value (see below). Untaxed reserves have been removed from the consolidated balance sheet and the tax portion thereof is reported among deferred taxes and the remaining portion as shareholders' equity.

CONSOLIDATED ACCOUNTING

The consolidated financial statements are prepared according to recommendation number 1:00 Consolidated accounting of the Swedish Financial Accounting Standards Council and include the financial statements of the Parent Company and all companies in which the Parent Company, directly or indirectly, has a controlling influence. Such influence exists when the parent company, directly or indirectly, has the right to draw up a company's financial and operative strategies for the purpose of obtaining economic advantages. Normally, this means a requirement of ownership of more than 50 percent of the voting rights.

Shareholdings in subsidiaries have been eliminated in accordance with the purchase method of accounting, which briefly means that the target company's assets and liabilities are valued and carried in the consolidated financial statements as if they had been taken over through a direct purchase and not indirectly via a purchase of the company's shares. Valuation shall be based on net realizable values. If the value of the net assets is below the acquisition price, consolidated goodwill arises. If the opposite is true, negative goodwill arises. Goodwill shall be denominated in local currency and shall be reported at acquisition cost less accumulated amortisation and any write-down. Consolidated shareholders' equity includes the Parent Company's equity and the part of the capital of subsidiaries earned after the time of acquisition. Companies acquired and sold are consolidated and deconsolidated, respectively, from the date of acquisition/disposal.

A restructuring reserve in connection with an acquisition is recorded only if three conditions are fulfilled. The first condition is that the acquiring company no later than by the date of the acquisition has drawn up the main features of a plan that results in the closing or down-sizing of the acquired business. The second condition is that the acquiring company has announced the main features of the plan, thereby creating expectations among those who are affected by the plan that it will be implemented. Finally, the acquiring company must have devised a concrete action program within three months of the acquisition date, or of the point in time when the annual report is submitted if that is earlier. The measures apply only to the acquired company.

Intra-Group receivables and liabilities, and transactions between companies in the Group and unrealized gains in connection therewith are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains unless a write-down need exists.

EXCHANGE RATE EFFECTS

Translation of the financial reports of foreign Group companies

Foreign currencies are translated in accordance with recommendation number 8 Reporting of effects of changes in foreign exchange rates of the Swedish Financial Accounting Standards Council. The current rate method is used for foreign currency translation of the income statements and balance sheets of independent foreign businesses. In applying the recommendation, all reporting units located outside Sweden have been classified as independent foreign businesses. The reason for this is above all that the invoicing of the foreign units and their purchases of goods and services are not denominated in the reporting currency (SEK), only very limited transactions are done with the Parent Company and that the Parent Company's cash flow is not directly affected by the current operations in the foreign businesses.

A change in opening shareholders' equity due to a change in foreign exchange rate from the preceding year is reported as an exchange rate difference and carried directly to equity.

Transactions in foreign currency

Transactions in foreign currency are converted to Swedish kronor at the transaction day rate of exchange. Valuation of receivables and liabilities has been done using the balance sheet date rate of exchange, or the rate of the forward contract if such exists and when the underlying balance sheet item has a term of less than three months. When the hedged period exceeds three months, receivables and liabilities are converted using the rate of exchange when the hedge was performed. The Group uses foreign exchange forward contracts to a certain extent to reduce its exposure to foreign exchange rate fluctuations. Foreign exchange contracts are carried at net realizable value on the balance sheet date to the extent they have been entered into to hedge existing receivables and liabilities. Outstanding contracts entered into to hedge future flows as a consequence of goods or investments transactions which with a great deal of certainty will occur are not valued. The effect of these contracts are not reported on a current basis, but only in connection with reporting of the hedged transaction. Exchange rate differences on operating receivables and operating liabilities are included in operating income, while exchange rate differences on financial receivables and liabilities are reported among financial items.

FINANCIAL ASSETS AND LIABILITIES, BOOKING AND REMOVING

All financial instruments except for derivative instruments that hedge prognosticated flows are carried in the balance sheet. A financial asset or financial liability is entered in the balance sheet when the Company becomes party to the terms and conditions of the instrument. Accounts receivable are entered in the balance sheet when an invoice has been sent. A liability is entered when the counterparty has performed and a contractual obligation to pay exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled, matures or the Company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the agreement is fulfilled, or ceases to exist in some other way.

FINANCIAL ASSETS AND LIABILITIES, VALUATION

Financial assets and liabilities are normally carried at acquisition value. Liabilities where the acquisition value differs from the nominal value are reported at so-called accrued acquisition value, where any premium or discount is distributed over the term.

Interest-bearing liabilities and securities are valued at accrued acquisition value. Accrued acquisition value is determined based on the effective interest rate used at the time of acquisition. This means that surplus and deficit values as well as direct transaction costs are distributed over the term of the instrument. A write-down test is performed item by item against estimated recovery value. A write-down to net realizable value is done when the reduction in value is deemed to be permanent.

Accounts receivable are short-term in nature and are reported without discounting at the amount expected to be collected, after deduction for doubtful receivables. The write-down need is assessed individually.

Short-term investments are valued at the lower of acquisition value and net realizable value on the balance sheet date. Valuation is performed at the portfolio level. That means that for instruments that are part of the same portfolio, unrealized gains have been offset against unrealized losses. Any excess of loss is reported as a reduction of interest income. Excess of gain is not reported. The net realizable value is based primarily on official market prices on the balance sheet date.

Accounts payable are short-term in nature and are valued without discounting at nominal amounts.

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are carried in accordance with recommendation number 12 Tangible non-current assets of the Swedish Financial Accounting Standards Council at acquisition cost less accumulated depreciation according to plan. The acquisition value includes the purchase price including customs duties and excise duty as well as costs directly attributable to the asset to bring it to location and in a condition to be used in accordance with the purpose of the acquisition. The purchase price has been reduced by discounts, etc. Examples of directly attributable costs included in the acquisition value are shipping and handling, installation, titles and consulting services.

Additional expenses for tangible non-current assets are added to the acquisition value only where they increase the future economic benefits. All other expenses, such as expenses for repair and maintenance, are expensed on a continuous basis. The acquisition value does nor include any borrowing costs; such costs are charged to earnings in the period to which they are attributable, regardless of how the borrowed funds have been used. Write-downs are effected in accordance with recommendation number 17 Write-downs of the Swedish Financial Accounting Standards Council.

Depreciation according to plan is effected on a straight-line basis based on the estimated useful life of the asset and taking any residual value at the end of that period into account.

The following depreciation periods are applied:

Tangible non-current assets	Period of use
Buildings	15–100 years
Land improvements	20 years
Leasehold improvements	3–5 years
Machinery	3–10 years
Equipment	3–5 years

LEASING

Recommendation number 6:99 Leasing contracts of the Swedish Financial Accounting Standards Council differentiates between financial leasing and operational leasing. In a typical financial leasing contract the economic risks and benefits associated with ownership are essentially transferred to the lessee. If such is not the caes, the contract is classified as operational leasing.

Significant financial leasing contracts are accounted for in the balance sheet as non-current assets, initially valued at the present value of the minimum leasing fees when the contract is entered into. On the liability side are reported the present value of all remaining future leasing payments as interest-bearing long-term and short-term liabilities. The asset is depreciated over the period of use, which normally is equivalent to the leasing period and taking any residual values at the end of the period into account. Write-down test is performed in accordance with RR 17. Leasing payments are allocated between interest and repayment of the liability. Other leasing obligations are reported according to the rules for operational leasing, which means that the leasing fees are expensed on a straight-line basis over the leasing period as operating expense. Currently there are no significant financial leasing contract.

Note 14 contains information about leasing.

INTANGIBLE NON-CURRENT ASSETS

Intangible non-current assets are carried in accordance with recommendation number 15 Intangible assets of the Swedish Financial Accounting Standards Council at acquisition cost less accumulated amortisation according to plan, and are split between goodwill and other intangible non-current assets. Write-down of intangible assets is made with guidance from recommendation number 17 Write-downs of the Swedish Financial Accounting Standards Council.

An intangible asset is an identifiable non-monetary asset without physical substance and which is used for marketing, production or offering services or goods, or for rental and administration. In order to be reported as an asset, it must both be probable that future economic benefits attributable to the asset will inure to the benefit of the company and that its cost can be calculated in a reliable manner.

Additional expenses for an intangible asset are added to the acquisition value only to the extent they increase the future benefits that exceed the original assessment and the expenses can be calculated in a reliable manner. All other expenses are expensed as incurred.

Intangible assets are amortized on a straight-line basis over the period of use and is determined based on individual assessment.

Goodwill that arises in connection with corporate acquisitions is valued in the acquisition analysis according to the rules in recommendation number 1:00 Consolidated accounting of the Swedish Financial Accounting Standards Council. It is normally amortised on a straight-line basis over 5–10 years. Depreciation is reported as a selling cost. Where the value of goodwill is deemed to have decreased, amortisation is charged. Consolidated goodwill attributable to an independent foreign business is expressed in local currency. Translation to SEK follows recommendation number 8 Reporting of effects of changes in foreign exchange rates of the Swedish Financial Accounting Standards Council.

Other intangible assets include capitalized expenses for development and purchase of software for the Group's IT operations.

Only expenses for research and development that have the effect that the intangible asset fulfils the criteria of the recommendation for capitalization may be reported as an asset. Other expenses for research and development are expensed as incurred.

Expenses for internally generated goodwill and brand names are reported in the income statement as a cost as incurred.

The following amortisation periods are applied for intangible assets:

Intangible non-current assets	Period of use
Goodwill	5–10 years
Capitalised development projects	3 years
Software for IT operations	3–5 years
Other intangible assets	5–10 years

FINANCIAL NON-CURRENT ASSETS

Financial non-current assets are normally carried at acquisition cost, less any write-down.

In the Parent Company, shares in Group companies are carried at acquisition cost, less any write-down.

WRITE-DOWNS

The reported values of the Group's assets are checked on each balance sheet date to determine if there is any indication of a need for write-down. Where such indication exists, the write-down need is determined after an estimate of the recovery value of the assets, which is the higher of the net realizable value and the value in use. A write-down is effected where the recovery value is less than the reported value. The value in use is calculated as the present value of future payments that the company is expected to assimilate by using the asset. The estimated residual value at the end of the period of use is included in the value in use. If the recovery value at the end of the period of use cannot be determined, the recovery value is instead determined as the recovery value of the cash-generating unit to which the goodwill is assigned. A cash-generating unit is the smallest group of assets that gives rise to ongoing payment surpluses independent of other assets or groups of assets. Group goodwill is attributable to the cash-generating unit to which the goodwill is linked. A write-down is reversed when the premises, wholly or partially, for write-down no longer exist.

INVENTORIES

Inventories are carried at the lower of acquisition cost and net realisable value. Due consideration to obsolescence is given in that context. Net realizable value is calculated according the first-in-first-out-method or according to weighted average prices.

For semi-manufactured and finished goods made in-house the acquisition cost is made up of direct manufacturing costs and a reasonable mark-up for indirect costs. Due consideration is given in the valuation process to normal capacity utilisation.

CURRENT ASSETS

With the exception of inventories, other current assets are valued at the lower of cost and market, meaning that an appraisal is made item by item and is carried at the lower of cost and net realizable value.

SHAREHOLDERS' EQUITY

Restricted equity cannot be paid out as dividends. Restricted equity is comprised of share capital, legal reserve, premium reserve, revaluation reserve and funds that are reserved pursuant to law in a number of countries where certain foreign subsidiaries are registered. Unrestricted equity can be paid out as dividends provided a number of criteria are met. Unrestricted equity is comprised of unrestricted reserves and net income for the year.

When shares are repurchased, the purchase money in its entirety reduces unrestricted equity. Proceeds from the sale of equity instruments are reported as an increase in unrestricted equity. Any transaction costs are carried to unrestricted equity.

EMPLOYEE BENEFITS

Starting 1 April 2004, employee benefits are reported in the consolidated financial statements in accordance with RR29 Employee benefits of the Swedish Financial Accounting Standards Council.

EMPLOYEE BENEFITS AFTER TERMINATION OF EMPLOYMENT, PENSION OBLIGATIONS

Until the end of year 2003/2004, defined benefit pension plans are entered in the consolidated financial statements according to local rules without restatement to common principles. In applying RR29 from 1 April 2004, defined benefit pension plans are reported in the consolidated financial statements according to common principles and calculation methods.

In the recommendation a difference is made between defined contribution pension plans and defined benefit pension plans. In the case of defined contribution pension plans the company pays set fees to a separate legal entity and has no obligation to pay additional fees. The Group's result is charged for costs at the same rate as benefits are earned. In the case o defined benefit pension plans payment is made to employees and former employees based on the salary at the time of retirement and the number of years of service. The Group bears the risk that the pension benefits are paid.

Defined benefit pension plans are both funded and unfunded. In cases where the plans are funded, assets have been set aside, so-called managed assets. 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 estimated value of the obligations and the net realisable value of the managed assets, either as a provision or a long-term financial receivable. In cases where the surplus in a plan cannot be fully utilized, only the portion of the surplus that the company can recover through reduced future fees or repayments. Set-off of a surplus in one plan against a deficit in another plan is only effected where the company has the right to use a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and the pension obligation under defined benefit pension plans are calculated according to the so-called Projected Unit Credit Method. This method distributes the cost for pensions at the same rate as the employees perform services for the company that increases their right to future benefits. The purpose is to expense the expected future pension payments in a manner that gives a more even cost over the employment period of the employee. Expected future salary increases and expected inflation are taken into account in the calculation. The company's obligation is calculated annually by independent actuaries. The obligation constitutes the present value of the expected future payments. The discount rate used is equivalent to the interest rate on investment-grade corporate bonds or government bonds with a term equivalent to the average term of the obligations and the currency. The most important actuarial assumptions are set forth in Note 20.

Actuarial gains and losses may arise when the present value of obligations and the value of managed assets are determined. Such gains or losses arise either as a consequence of a situation where the actual outcome differs from previously made assumptions, or that assumptions are changed. In order to avoid sharp fluctuations of pension costs between the years, changes within a certain level (the so-called corridor) may be disregarded in the income statement and the balance sheet. The corridor means that actuarial gains and losses affect the Group's income only to the extent that they exceed the higher of 10 percent of the present value of the pension obligation, or 10 percent of the net realizable value of the managed assets. The portion of accumulated actuarial gains and losses at the previous year-end that exceeds 10 percent of the greater of the present value of obligations and the net realizable value of the managed assets is reported over the estimated average remaining employment period for the employees covered by the plan. The reported return on managed assets refers to the estimated return at the beginning of the year and will therefore normally differ from the actual return during the year. The difference is an actuarial gain or loss.

Some of the Group's defined benefit pension obligations have been financed by premiums to Alecta. Since the necessary information cannot be obtained from Alecta, theses pension obligations are reported as defined contribution pension plans.

Taxes payable on pension costs, such as the Swedish payroll tax on pension costs, have been taken into consideration when recalculating pension obligations as outlined above and this is in keeping with statement number 43 Reporting of special payroll tax and yield tax of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

The Parent Company reports defined benefit pension plans in accordance with Swedish accounting practice up till now, based on the provisions of the Swedish act on securing pension obligations.

SHARE-BASED PAYMENTS

During 2001 Addtech AB issued personnel options to members of senior management in the Group. In accordance with Swedish practice, Addtech reported no cost in the income statement when options where awarded. During the 2004/2005 financial year Addtech AB has transferred the obligation to each respective subsidiary where the holders of personnel options are employed. As compensation for this obligation to affected employees, the subsidiaries have received a commitment for delivery of shares from Addtech AB.

The difference between the market price on the balance sheet date and the redemption price plus social benefits on the value increase in the balance sheets of affected legal entities is recorded as an accrued expense where the market price on the balance sheet date exceeds the redemption price. The year's change in such reserves is included in income statements of affected legal entities and is reported among personnel expenses.

Addtech has secured the obligation towards holders of personnel options by holding shares in treasury, so the Group's cost for the personnel option program is limited to the social benefits on the difference between the market price at the time of redemption (during their term the market price on the balance sheet date) and the redemption price.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is set aside in the balance sheet when the company has a formal or informal obligation as a consequence of a transpired event, and where it is probable that an outflow of resources will be required to settle the obligation, and an accurate assessment of the amount can be made. Where the effect is significant, a present value computation of the provision is made.

Provisions are set aside for future costs due to warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the calculated costs for each respective undertaking.

Provisions for restructuring costs are recorded when a detailed restructuring plan has been adopted and the restructuring either has begun or has been announced publicly.

A contingent liability is reported as a memorandum item when there is a possible undertaking emanating from events that have occurred and the existence of which are confirmed only by the occurrence or non-occurrence of one or more future uncertain events that are not entirely within the Company's control. As contingent liability and memorandum item is also reported obligations emanating from events that have occurred, but which are not reported as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking, or that the size of the undertaking cannot be determined with sufficient accuracy.

REVENUE RECOGNITION

Sales revenue from sales of goods and services are reported in accordance with recommendation number 11 Revenue of the Swedish Financial Accounting Standards Council. The actual value of what has been received, or what will be received, is recorded as sales revenue. The company therefore reports revenue in accordance with invoice amount if the company receives compensation directly in conjunction with delivery. Deductions are made for value added tax, returns, discounts and price reductions. Revenue from the Company's sales of goods is recognized when certain requirements have been satisfied. These requirements are that the significant risks and benefits associated with ownership of the goods have been transferred to the buyer; that the Company retains no engagement in the current management, nor does it exercise any real control over the goods sold; that revenue can be calculated in an accurate manner; that it is probable that the economic benefits derived by the Company by the transaction will accrue to the benefit of the company; and that the expenses incurred, or expected to be incurred, as a result of the transaction can be calculated in an accurate manner.

Revenue from projects in progress is reported gradually as projects are completed. The degree of completion is based on the proportion of sunk costs relative to total costs for the project at the end of the period. If the costs to complete such a contract are estimated to exceed remaining revenue, a provision is set aside to cover the estimated loss.

FINANCIAL INCOME AND EXPENSE

Interest income on receivables and interest expense on liabilities are computed using the effective rate method. The effective interest rate is the rate that makes the present value of all future payments and disbursements during the period of fixed interest equal to the reported value of the receivable or liability. Issuing costs and similar direct transaction costs to raise loans are charged to income in the period to which they are attributable, regardless of how the borrowed funds are used. The Group does not capitalise interest in the acquisition cost of assets. Interest income includes any rebates, premiums and other differences between the original value of the receivable and the amount received upon maturity on an accrual basis.

Interest and dividends are recorded as revenue when it is probable that the economic benefits associated with the transaction will enure to the company and that the income can be calculated in an accurate manner. Interest income is recorded applying the interest rate that generates an even return on the asset in question. Dividend income is recorded when the shareholder's right to receive the dividend is deemed to be certain.

INCOME TAXES

Reporting of income tax is in accordance with recommendation number 9 Income taxes of the Swedish Financial Accounting Standards Council. Costs are accounted for in the income statement, except when the underlying transaction is carried directly to equity, in which case the appurtenant tax effect is also accounted for in equity. Current taxes refer to taxes for the current year that are to be paid or refunded. Adjustment of current taxes attributable to prior periods also belong here. Deferred taxes are computed according to the balance sheet method based on temporary differences between reported values and values for tax purposes of assets and liabilities. The amounts are computed based on how the temporary differences are expected to be settled and applying the tax rates and tax rules in effect or announced as of the balance sheet date. Temporary differences are not taken into account for goodwill in the consolidated accounts, nor in differences attributable to shares in subsidiaries and affiliated companies owned by Group companies outside Sweden not expected to be taxed in the foreseeable future. In the consolidated financial statements untaxed reserves are allocated to deferred tax liability and shareholders' equity. Deferred tax claims relating to deductible temporary differences and tax loss carryforwards are reported only to the extent it is probable that they will entail lower tax payments in the future.

SEGMENT REPORTING

The Group's business is described according to recommendation number 25 Reporting by segment – operating segments and geographic areas of the Swedish Financial Accounting Standards Council. Operations are divided in accordance with the recommendation into primary and secondary segments. Assets and liabilities and revenue and costs are attributed to the segment where they are used, earned and consumed, respectively.

The division into primary segments is based on business area organization according to which the Group's operations are managed and followed up. These are Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. Businesses that do not belong to these business segments are included under the heading Parent Company and consolidation eliminations.

The division into secondary segments is based on the countries in which the Group conducts business. These countries are Sweden, Finland, Denmark, Norway and Other countries.

EARNINGS PER SHARE

Earnings per share are reported in direct conjunction with the income statement.

If the number of shares outstanding is changed during the year, a weighted average of the number of shares outstanding during the period is computed.

The calculation of earnings per share is shown in Note 29.

CASH FLOW STATEMENT

The indirect method according to recommendation number 7 Reporting of cash flows of the Swedish Financial Accounting Standards Council is applied for compiling the cash flow statement. Aside from cash and bank flows, liquid funds include short-term investments with term of less than three months, the conversion of which to bank funds can be effected in an amount known beforehand.

EVENTS AFTER THE BALANCE SHEET DATE

Events that occur after the balance sheet date, but where the circumstances existed on the balance sheet date, have been taken into account in the financial statements. If significant events occur after the balance sheet date, but do not affect income and the financial position, the account of the event will be under a separate heading in the administration report and in a note.

BUSINESSES BEING PHASED OUT

According to recommendation number 19 Businesses being phased out of the Swedish Financial Accounting Standards Council Businesses being phased out are a clearly defined part of a group's operations in the process of being phased out or closed in accordance with a coherent plan that is decided on not later than the balance sheet date. The business must be a significant organizational unit and it must be possible to segregate it for operational and accounting purposes. This recommendation was not applicable to the Group during the 2004/2005 financial year.

RELATED PARTY DISCLOSURES

Information about transactions and agreements with closely related companies and individuals is reported in accordance with recommendation number 23 Related Party Disclosures is provided as the case may be. In the consolidated financial statements, intra-group transactions fall outside of the reporting requirement. The recommendation does not prompt broader disclosure in the Parent Company's reporting beyond what is required according to the Annual Accounting Act.

CHANGE IN ACCOUNTING PRINCIPLE

When there is a change in accounting principle, comparative data are recalculated unless otherwise prescribed by recommendation number 5 Reporting of change in accounting principle of the Swedish Financial Accounting Standards Council. In the event that the change in accounting principle has an effect on shareholders' equity, this is reported on a separate line in the summary of changes in shareholder' equity.

GOVERNMENT GRANTS

By government grants are meant support from the government in the form of transfers of resources to a company in exchange for the company's fulfilment of certain conditions regarding its business.

The Group is active in areas where government grants are insignificant in scope.

THE ANNUAL ACCOUNTS ACT

The Swedish Annual Accounts Act contains requirements for more information compared to the recommendations of the Swedish Financial Accounts Standards Council, including information about absence due to illness among employees and distribution according to sex on the Board of Directors and in senior management. This information is provided in Note 4.

Data on distribution according to sex refers to the situation on the balance sheet date. By members of the Board of Directors are meant directors elected by a general meeting of shareholders in the Parent Company and in business area parent companies reporting directly to the Parent Company. By members of senior management are meant Group management, presidents, executive vice presidents and management groups in the Group's companies.

ADOPTION OF NEW INTERNATIONAL ACCOUNTING PRINCIPLES (IFRS)

In June 2002 the EU Council of Ministers decided that all companies the shares of which are listed on an exchange within EU must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) starting with the 2005 financial year.

Accounting recommendations issued by the Swedish Financial Accounting Standards Council have been closely aligned with IFRS, especially in recent years, although the Swedish recommendations have not covered all areas dealt with by IFRS, nor have updates been made at the same rate as changes were made to individual standards.

Addtech follows the recommendations of the Swedish Financial Accounting Standards Council and has therefore gradually applied accounting that conforms with IFRS.

The transition from Swedish principles to IFRS places special requirements on the first report in accordance with the new set of rules and regulations. This means that the accounting for the comparative year 2004/2005 must be restated and reported in accordance with IFRS.

Stockholmsbörsen (the Stockholm Stock Exchange) has recommended that already in the year-end report and annual report for 2004/2005 data should be provided about the most significant changes between the company's present accounting principles and the IFRS principles to be applied starting in 2004/2005. A quantitative review of the most important items that the transition gives rise to shall be reported, including information about how these transitional effects would have affected income and financial position for 2004/2005 had IFRS been applied. Special transitional rules are set forth in IFRS 1 First-time Adoption of International Reporting Standards. Note 32 contains a summary of the effects on Addtech's accounting when IFRS are applied.

Risk and sensitivity analysis

Addtech's result and financial position, as well as its strategic position, are affected by a number of internal factors over which Addtech exerts control, and a number of external factors where the possibilities of affecting the course of events are limited.

The most important risk factors for Addtech are the state of the economy, the competitive situation in combination with structural changes and the development of foreign exchange rates.

STATE OF THE ECONOMY

The market in which Addtech is active largely follows the general trend in industry. Thanks to industry diversification, which means that Addtech's customers find themselves in different phases of the economic cycle, and focus on a number of niches, Addtech becomes cyclically less sensitive. And since Addtech has significant sales to the aftermarket in the form of technical service, support and consumables, the sensitivity to economic cycles is reduced further.

STRUCTURAL CHANGES AMONG CUSTOMERS

As structural changes and consolidation among customers progress, the requirements for added value in supplier offerings are accentuated. To meet these requirements the units that act outward in the market must be of a certain stature in terms of financial strength as well as in terms of service content and product offerings.

In recent years there has been a clear trend among certain industries to outsource parts of the production to contract manufacturers. This involves a risk as well as an opportunity for Addtech, since the contract manufacturer may choose other suppliers at the same time as new business opportunities may present themselves. Similarly, Addtech is affected by the growing trend of internationalization, with production being moved among different countries. Clear added value and Addtech's unique offerings lead to opportunities to deliver outside the immediate geographic area.

COMPETITIVE SITUATION

The competitive situation is constantly changing as a result of consolidation in the industry. Economies of scale may lead to pricing pressures, but Addtech's strategy includes achieving market-leading positions in specific niches, with an offering of products and services where price is not the decisive factor.

FUTURE LEVEL OF CAPITAL SPENDING

During the past three years, aggregate capital expenditures in tangible non-current assets have amounted to MSEK 74, most of it in IT equipment, machinery and other equipment.

Investments in corporate acquisitions amounted to MSEK 164 during the same period.

Over time, the most important determinant of the future level of capital spending is therefore the rate of corporate acquisitions.

SEASONAL VARIATIONS

Addtech's business is distinguished by limited exposure to seasonal variations. The business volume normally follows the seasonal pattern of producing industry, which means lower sales during holiday periods. Based on a historical pattern, just short of half of the result is generated during the first two quarters, i.e. the period April – September, and just over half during the last two quarters of Addtech's financial year, October – March. Major deviations from this pattern can occur in the event of rapid cyclical changes during a financial year.

CHANGES IN THE VOLUME OF SALES

A small volume increment in the various businesses of the Group can be expected to have a positive effect on income at about the same level as the gross margin in each respective business. However, after a certain volume increase, the business will reach a plateau where resources must be expanded. Stepped effects present themselves, which, over time, tend to lower the income effect of incremental business volume to a level approaching the operating margin.

In the event of declining volumes, the negative effect on operating income can be assumed to be greater in the short term than the corresponding positive effect resulting from a volume increase. Active measures must be taken to meet the negative effect so that it in the slightly longer term will approach the operating margin.

It should also be noted that the Group's different units operate under varying conditions with respect to, for instance, gross margin and resource utilization. This leads to varying ability of coping with a volume increase within the framework of the existing operations, or reducing resources in the event of a volume decrease. The reported effects shall be seen as an indication only and do not include any effects of offsetting action the Company would take if this were to happen.

FINANCIAL RISKS

For an account of the Group's financial risks, reference is made to Note 1.

Sensitivity analysis	Change	Effect on operating income
INCOME ITEMS		
Sales volume	+/- 5%	+10/-50 MSEK
Cost of goods sold	+1%	-20 MSEK
Payroll expense	+1%	-6 MSEK
Overhead, not including payroll costs	+1%	-4 MSEK

Notes

Note 1 Financial risks and risk management

Goals and policy for risk management
Addtech strives for structured and efficient management of the financial risks that arise in the business and this is formalised in the financial policy adopted by the Board of Directors. The financial policy sets goals and guidelines for how risk management is to be pursued and a framework for how to limit the financial risks. The financial policy expresses the ambition to limit or eliminate the financial risks. The financial policy defines and identifies the financial risks that occur in Addtech's business and how the responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, financing risk, interest rate risk and counterparty risk. Operative risks, i.e. risks that arise in the normal course of doing business, are handled by the managements of each respective subsidiary in accordance with principles approved by the Group's Board of Directors and management. Risks such as translation exposure, financing risk and interest rate risk are handled by the Parent Company, Addtech AB.

Foreign exchange risks
Foreign exchange risk is defined as the risk for negative income effects due to changes in foreign exchange rates. For Addtech, foreign exchange risk arises as a consequence of future foreign currency flows, so-called transaction exposure, and also because parts of the Group's equity consists of net assets in foreign subsidiaries, so-called translation exposure.

Transaction exposure
The Group's currency flows are attributable primarily to imports from Europe, Asia and North America. The Group's payment flows in foreign currency was divided as follows:

	Currency flows, gross 2004/2005		Currency flows, net	
MSEK	Inflows	Outflows	2004/2005	2003/2004
EUR	390	490	-100	-80
USD	60	120	-60	-50
JPY	60	110	-50	-30
GBP	20	45	-25	-40
CHF	5	30	-25	-20

The effects of exchange rate fluctuations are eliminated through purchases and sales in one and the same currency, through currency clauses in customer contracts and, to some degree, by forward purchases and sales of currencies.

Currency clauses are a common method in the industry for handling the uncertainty associated with future cash flows in foreign currency. A currency clause means that compensation is paid for changes in the exchange rate that exceeds a certain predefined level during the contract period. Where these thresholds are not reached, for example when the exchange rate change is less than 2 percentage points, there is no compensation. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, which means that compensation is charged or credited when the exchange rate rises and declines, respectively, more than the predefined threshold levels.

More than half of the Group's net revenues is covered by currency clauses or sale in the same currency as the purchase currency. In certain transactions there is direct link between the order from the customer and the relevant purchase order, which constitutes a good basis for effective exchange rate risk management. In many cases, however, there is a difference in time between when these orders are placed and, which may reduce the effectiveness of measures taken.

The net realizable value of foreign exchange forward contracts has been calculated with the aid of current forward rates at the accounting period end and the average remaining term. The extent of outstanding foreign exchange forward contracts was limited at the end of the financial year.

Currency flows in the Parent Company are mainly in SEK.

Translation exposure
The translation exposure of the Addtech Group is currently not hedged. The Group's equity in foreign subsidiaries is divided among different currencies as follows:

MSEK	Nominal amount	Sensitivity analysis, +/–5% in exchange rate has this effect on consolidated equity
DKK	154.0	7.7
EUR	94.3	4.7
GBP	12.8	0.6
NOK	11.7	0.6
PLZ	10.6	0.5

The exchange rates used at the accounting period end are as follows:

Exchange rates	Average rate		Year-end rate of exchange	
	2004/2005	2003/2004	31/3/05	31/3/04
DKK 100	122.33	122.71	122.65	124.45
EUR 1	9.10	9.12	9.14	9.26
NOK 100	109.99	110.49	111.55	110.15
GBP 1	13.35	13.14	13.27	13.88
PLZ 1	2.10	2.01	2.23	1.96
USD 1	7.24	7.78	7.06	7.57
JPY 1,000	67.38	68.89	65.90	72.75
CHF 1	5.91	5.90	5.90	5.94

Financing risk
Financing risk is defined as the risk that the Group's borrowing requirements cannot be covered. In order to ensure available future financing there must be a 20 percent cushion in the form of available liquidity or committed credit facilities on top of the following year's capital requirements. As of 31 March 2005 the Group's committed unutilized credit facilities (see Note 24) amounted to MSEK 330 (380).

The Parent Company has responsibility for the Group's long-term financing as well as its supply of liquidity. The composition of Group's long-term and current liabilities are set forth in Notes 23 and 24.

From time to time Addtech uses currency swaps to handle surpluses and deficits in various currencies. This reduces the Group's financing costs and its liquid funds can be used in a more efficient manner. The net realisable value of currency swaps has been calculated with the aid of current forward rates at the accounting period end and the average remaining term. As of 31 March 2005 there were no outstanding currency swaps.

Outstanding currency swaps
There were no outstanding currency swaps in the Group as of 31 March 2005.

Outstanding currency swaps	Nominal amount, original currency	Book value MSEK	Net realizable value MSEK	Average remaining term
31/3/2004				
EUR	1.2	11.1	11.1	82 days
DKK	25.0	31.1	31.1	82 days

Interest rate risk
Interest rate risk is defined as the risk for negative effects on income due to changes in the general interest rate level. Addtech is generally exposed to interest rate risk in its portfolio of liabilities. Aside from the pension liability, the interest-bearing external liability amounts to MSEK 34. Addtech's exposure to interest rate risk is thus limited. Addtech's assets are of a rather short-term nature. All investments must have a tenor of less than six months. As of 31 March 2005 there were no short-term investments.

In order to achieve favourable matching of the interest rate risk, Addtech's financial policy prescribes that a maximum of 50 percent of the portfolio of liabilities, not including the pension liability, should have a period of fixed interest exceeding one year. As of 31 March 2005 borrowings at fixed interest amounted to MSEK 2.8.

The average rate of interest at year-end for the Group's interest-bearing assets was 1.43 percent (1.71). The corresponding data for the Parent Company was 2.18 percent (2.58). The average rate of interest at year-end for all of the Group's interest-bearing liabilities (not including pension liability) was 2.92 percent (3.83). The corresponding data for the Parent Company was 1.83 percent (2.00).

Credit and counterparty risks
Credit risk is defined as the risk that Addtech's counterparties fail to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial dealings, that is in investing its surplus liquidity and currency forward transactions, and also in its commercial business in connection with accounts receivable and advance payments to suppliers.

Addtech's finance department is responsible for evaluating and managing the financial credit risk. The finance policy prescribes that surplus liquidity may only be placed with counterparties with a very high rating. Similarly to prior years, no other counterparties than Swedish banks were utilized during 2004/2005 aside from the Group's normal bank contacts for investing surplus liquid funds.

In order to utilize its subsidiaries' detailed knowledge about Addtech's customers and suppliers, credit evaluation for the commercial business is handled by each respective company. New customers are investigated before credit is granted and credit limits approved are strictly enforced. Short credit periods are strived for and the lack of concentration on individual customers and specific industries contributes to minimise the risks. No individual customer accounts for more than three percent of the total credit exposure over a period of one year. The corresponding percentage for the ten largest customers is approximately 10 percent. Exposure by customer segment and geographic market is shown on page 7. Bad debts amounted to MSEK 3.5 during the year (2.1), equivalent to 0.1 percent of net revenues (0.1).

Net realisable value

The net realisable value of financial assets essentially corresponds to book values.

Note 2 Net revenues by type of revenue

	2004/2005	2003/2004
OEM		
Components	1,525	1,263
PRODUCTS FOR END USERS		
Components	595	478
Machinery/instruments	104	220
Materials	119	137
Services	79	112
Total	**2,422**	**2,210**

OEM components are components that are built into the product that Addtech's customer produces. OEM stands for Original Equipment Manufacturer. Products for end users are for all other uses.

Other types of revenue such as dividends and interest income are reported among financial items. Refer to Note 9.

Note 3 Segment reporting

The division into business areas reflects Addtech's internal organization and reporting systems. Addtech reports business areas as its primary segments. The four business areas are Addtech Components, Addtech Transmission, Addtech Equipment and Addtech Life Science. Geographic markets are reported as secondary segments. The market grouping made reflects the natural definition of markets in the Group.

Intra-Group sales are based on pricing that an independent party would have paid for the product.

A. PRIMARY SEGMENTS

Net revenues	2004/2005			2003/2004		
	External	Internal	Total	External	Internal	Total
Components	801	1	802	675	1	676
Transmission	891	3	894	828	1	829
Equipment	730	0	730	707	0	707
Parent Company and consolidation items	0	-4	-4	0	-2	-2
Group total	**2,422**	**0**	**2,422**	**2,210**	**0**	**2,210**

Operating income, assets and liabilities	2004/2005			2003/2004		
	Operating income	Assets[1]	Liabilities[1]	Operating income	Assets[1]	Liabilities[1]
Components	65	252	132	46	258	128
Transmission	61	358	154	25	323	140
Equipment	40	212	122	27	212	113
Life Science	-	273	108	-	-	-
Parent Company and consolidation items	-4	225	344	-2	181	183
Group total	**162**	**1,320**	**860**	**96**	**974**	**564**

The comparative data for assets and liabilities data have been redistributed due to transfers in internal reporting systems.

[1] Not including balances on Group account and financial balances with Group companies.

Investment in non-current assets	2004/2005			2003/2004		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Components	1	7	8	1	2	3
Transmission	-	7	7	1	9	10
Equipment	1	3	4	-	4	4
Parent Company and consolidation items	5	1	6	1	1	2
Group total	**7**	**18**	**25**	**3**	**16**	**19**

Capital expenditures do not include corporate acquisitions.

Depreciation of non-current assets	2004/2005			2003/2004		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Components	7	5	12	5	5	10
Transmission	2	14	16	1	16	17
Equipment	0	6	6	1	7	8
Parent Company and consolidation items	1	2	3	-	2	2
Group total	**10**	**27**	**37**	**7**	**30**	**37**

MSEK 23 (24) of the Parent Company's net revenues refer to Group companies. The Parent Company made no purchases from subsidiaries during the year

Significant expenses other than depreciation and amortisation not giving rise to payments 2004/2005	Addtech Equipment	Addtech Transmission	Addtech Components	Parent Company and consolidation	Total
Capital gains	-	0	0	-	0
Capital losses	0	-1	-	-	-1
Change in pension liability	-2	9	-2	-9	-4
Other items	-1	-2	2	-	-1
Group total	**-3**	**6**	**0**	**-9**	**-6**

B. SECONDARY SEGMENTS

By geographic market	2004/2005		2003/2004	
	Net revenues external	Assets[1]	Net revenues external	Assets[1]
Sweden	1,247	738	1,115	564
Denmark	366	161	353	83
Finland	414	151	412	160
Norway	83	65	86	16
Other countries	312	42	244	33
Parent Company, consolidation items and undistributed assets	-	163	-	118
Group total	**2,422**	**1,320**	**2,210**	**974**

A redistribution has been made in the comparative data with respect to assets and liabilities, due to transfers in internal reporting systems.
[1] Not including balances on Group account.

Investment in non-current assets	2004/2005			2003/2004		
	Intangible	Tangible	Total	Intangible	Tangible	Total
Sweden	7	9	16	3	9	12
Denmark	-	6	6	-	4	4
Finland	-	2	2	-	3	3
Norway	-	0	0	-	0	0
Other countries	-	1	1	-	0	0
Group total	**7**	**18**	**25**	**3**	**16**	**19**

Note 4 Employees and personnel costs

Average number of employees	2004/2005			2003/2004		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	4	4	8	4	4	8
Other companies	337	146	483	374	129	503
Finland	140	59	199	157	58	215
Denmark	102	60	162	107	61	168
Norway	16	3	19	15	5	20
Other countries	67	20	87	67	15	82
Total	**666**	**292**	**958**	**724**	**272**	**996**

Salaries and compensation	2004/2005			2003/2004		
	Board of Directors and President	Of which bonus	Other employees	Board of Directors and President	Of which bonus	Other employees
Sweden						
Parent Company	7.2	1.7	1.6	7.4	1.3	2.0
Other companies	28.0	6.2	142.0	22.7	3.5	152.7
Finland	5.3	0.6	60.6	6.5	0.3	64.6
Denmark	5.5	0.2	64.6	6.6	0.1	65.2
Norway	1.7	0.2	7.2	1.6	0.2	7.0
Other countries	5.6	1.0	15.1	4.8	0.7	14.6
Total	**53.3**	**9.9**	**291.1**	**49.6**	**6.1**	**306.1**

In addition to payroll costs as set forth above, costs for appreciation of personnel options in Swedish Group companies have been expensed in a total amount of MSEK 14.4. The expense has been reversed in the consolidated accounts.

Salaries, compensation and social benefits	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
Salaries and other compensation	344.4	355.7	8.8	9.4
Benefit value of personnel options, Board of Directors and President	-	-	7.1	-
Benefit value of personnel options, other	-	-	2.1	-
Contractual pensions to President and Board of Directors	11.4	9.5	1.7	1.8
Contractual pensions to others	33.8	31.2	0.1	0.3
Other social benefits	77.9	77.3	5.8	3.8
Total	**467.5**	**473.7**	**25.6**	**15.3**

Outstanding pension commitments to the Group's Board of Directors and President amounted to MSEK 6.1 (9.6) at year-end in the Group and MSEK 2.8 (0.0) in the Parent Company.

Different accounting principles are applied in the Parent Company and the Group for personnel options and pension costs (refer to Accounting Principles on page 39).

Proportion of women	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
Board of Directors (not including alternates)	0%	0%	0%	0%
Other members of senior management	10%	11%	0%	0%

Absence due to illness in percent	Group	
	2004/2005	2003/2004
Total absence due to illness	3.7%	3.2%
Long-term absence due to illness	0.8%	0.6%
Absence due to illness for men	2.8%	2.5%
Absence due to illness for women	5.8%	4.9%
Employees, age to 29 years	3.8%	2.2%
Employees, age 30 – 49 years	4.3%	3.6%
Employees, 50 years and older	2.7%	3.0%

In the Annual Report for the 2003/2004 financial year data on absence due to illness were reported for the Group's Swedish companies. Data for the comparative year have been adjusted to refer to the entire Group.

Total absence due to illness in the Parent Company was 0.6 percent (0.6). For reasons of integrity, the Parent Company's data are not provided by category.

Drafting and decision-making process with respect to compensation to Board of Directors, President and Group management

Compensation to Board of Directors, President and Group management is based on the following principles. The nomination committee submits a proposal for directors fees to the Annual General Meeting. Fees to the Board of Directors are paid pursuant to the decision of the Annual General Meeting, to be distributed as the Board of Directors sees fit among directors who are not employees of the Parent Company. No special fee is paid for committee work.

For compensation to the President, members of Group management and other members of senior management in the Group the Board of Directors has appointed a compensation committee consisting of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the President as reporter. Compensation is paid to the President, Group management and other members of senior management in the form of a fixed salary and the usual employment benefits. In addition hereto, there are pension benefits and incentive programs according to the description below. Regarding holdings of the Board of Directors and Group management of personnel options to buy Addtech shares, reference is made to the information provided below.

Personnel options to members of senior management

In December 2001 the Board of Directors proposed to award 700,000 personnel options to 56 members of senior management in the Group. To make this possible, the extra general meeting of shareholders held 17 December 2001 resolved that the Company will convey up to 700,000 class B shares in the Company in connection with any redemption of these personnel options. The personnel option programme is secured by shares held by Addtech in treasury.

The President has been awarded 100,000 options and other members of senior management between 5,000 and 70,000 options each. The redemption price is set at SEK 44.80, equivalent to 100 percent of the average market price of the Addtech share during the period 3–7 December 2001. During 2004/2005, 70,000 options were exercised for redemption of 70,000 class B shares. Hereafter, 630,000 personnel options remain, which if exercised increase the number of shares outstanding by 630,000, equivalent to 2.6 percent of the number of shares outstanding and 1.8 percent of the votes. According to a resolution by an extra general meeting of shareholders held in November 2004, the redemption period has been extended to cover the period until 18 February 2010, inclusive. The original redemption period was between 19 July 2004 and 18 February 2005, inclusive. In conjunction with the resolution by the extra general meeting of shareholders information was provided to the effect that the theoretical transfer of value as a consequence of awarding not yet exercised personnel options amounted to a total of MSEK 3.7 as a consequence of the extension.

The options are non-transferable, with the exception of the options held by the President and the Executive Vice Presidents in the Parent Company, whose options can be transferred following a decision by Addtech's Board of Directors. The options may also be exercised only if the recipient remains an employee of the Group. The options are consequently not defined as securities. For this and other reasons, the options have been awarded free of charge.

The personnel option programme may give rise to social benefit costs for the Company. In the event of an annual increase of 10 percent in the market price of the share from 31 March 2005, these costs for the remaining options, if exercised at the end of the period, will amount to a total of MSEK 13.2. During 2004/2005 social benefits totalling MSEK 4.7 were expensed, SEK 0.3 of which in connection with redemption of 70,000 options. The accumulated reserve for social benefits amounts to MSEK 4.4.

Information about compensation to directors, the president and other members of senior management

The group "Board of Directors and Presidents" includes the current Directors, the President and Senior Executive Vice Presidents in the Parent Company.

Board of Directors

The Board of Directors has distributed the directors' fee set by the Annual General Meeting in the amount of SEK 800,000 (800,000) among those directors who are not employed by the Company, of which the Chairman has received SEK 250,000, the Vice Chairman SEK 200,000 and the other directors SEK 150,000 each.

President of the Parent Company

The President of the Parent Company had a fixed salary of SEK 2,002,000 (1,846,000) and variable compensation of SEK 666,000 (450,000). This variable compensation was expensed during the 2004/2005 operating year and will be paid during 2005/2006. Taxable benefits of SEK 89,000 (97,000) are additional. From age 65 the President is covered by a defined contribution pension and the size of the pension depends on the outcome of pension annuities taken out. During 2004/2005 pension premiums, the size of which is determined annually by the compensation committee, have been paid in the amount of MSEK 700,000 (700,000). The variable compensation is not pensionable.

Variable compensation, in addition to fixed compensation, may be payable in a maximum amount of 30 percent of the fixed salary. In addition thereto a further variable compensation premium may be payable up to 20 percent of the variable compensation awarded provided the amount received is used to acquire shares in Addtech AB. The period of notice for the President is 12 months when termination is at the initiative of the Company and 6 months when termination is at the initiative of the President. In the case of termination is at the initiative of the Company, the President is entitled to a severance payment of equivalent to one year's salary in addition to salary during the period of notice. No severance payment is payable in the case of termination at the initiative of the President.

Other persons in group management

Fixed salaries have been paid to other members of senior management in an aggregate amount of SEK 3,530,000 (3,520,000) and variable compensation of SEK 985,000 (870,000). This variable compensation was expensed during the 2004/2005 operating year and were paid during 2005/2006. Taxable benefits of SEK 268,000 (275,000) are additional. Persons in Group management are covered from age 65 by a right to pension according to individual agreements. Existing pension solutions are both of the defined contribution type, where the size of the depends on the outcome of pension annuities taken out, and defined benefit pensions. The cost to the Group of both the existing defined benefit pensions and the defined contribution schemes are basically equivalent to the ITP plan. During 2004/2005 pension premiums for the group Other persons in Group management were paid in an amount of SEK 1,046,000 (1,116,000). The variable compensation is pensionable.

Variable compensation, in addition to fixed compensation, may be payable in a maximum amount of 30 percent of the fixed salary. In addition thereto a further variable compensation premium may be payable up to 20 percent of the variable compensation awarded provided the amount received is used to acquire shares in Addtech AB. The period of notice is 12 months when termination is at the initiative of the Company and 6 months when termination is at the initiative of the employee. In the case of termination at the initiative of the Company, the employee is entitled to a severance payment equivalent to maximum one year's salary. No severance payment is payable in the case of termination at the initiative of the employee.

Compensation and other benefits during the year	Basic salary/ director's fee	Variable compensation	Other benefits	Pension costs	Financial instruments	Personnel options[1]	Other compensation	Total
Chairman of the Board of Directors	0.3	-	-	-	-	-	-	0.3
Other directors	0.5	-	-	-	-	-	-	0.5
President	2.0	0.7	0.1	0.7	-	0.5	-	4.0
Other members of senior management (4 persons)	3.5	1.0	0.3	1.0	-	0.8	-	6.6
Total	**6.3**	**1.7**	**0.4**	**1.7**	**-**	**1.3**	**-**	**11.4**

[1]Refers to the theoretical transfer of value as a consequence of the extension of the personnel option programme.

Note 5 Compensation to auditors

	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
AUDIT ASSIGNMENTS				
KPMG	3.3	3.4	0.4	0.3
Other auditing firms	0.1	0.1	-	-
Total compensations for audit assignments	**3.4**	**3.5**	**0.4**	**0.3**
OTHER ASSIGNMENTS				
KPMG	1.2	1.3	0.6	0.6
Other auditing firms	0.0	-	-	-
Total compensations for other assignments	**1.2**	**1.3**	**0.6**	**0.6**
Total compensations to auditors	**4.6**	**4.8**	**1.0**	**0.9**

Note 6 Depreciation and amortisation according to plan

Depreciation and amortisation according to function	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
Cost of goods sold	-8.5	-10.3	-	-
Selling expenses	-18.5	-16.7	-	-
Administrative expenses	-8.1	-8.0	-0.7	-0.7
Other operating expenses	-1.6	-1.7	-	-
Total	**-36.7**	**-36.7**	**-0.7**	**-0.7**

Depreciation and amortisation according to type of asset	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
Goodwill	-8.3	-6.5	-	-
Intangible assets	-1.6	-0.9	-0.2	0.0
Buildings and land	-2.5	-2.5	-	-
Leasehold improvements	-1.1	-1.0	-	-
Machinery	-7.3	-6.8	-	-
Equipment	-15.9	-19.0	-0.5	-0.7
	-36.7	**-36.7**	**-0.7**	**-0.7**

Amortisation of goodwill is reported as selling expenses.

Note 7 Other operating income and costs

Other operating income 2004/2005 consist mainly of external rental income, capital gains on the sale non-current assets, agency rights and foreign exchange rate effects. Other operating costs 2004/2005 consist of real estate costs and capital losses on the sale of non-current assets and foreign exchange rate effects. In 2003/2004 other operating costs consisted of the same type of income and costs and of the result on sales of businesses.

Note 8 Information for comparative purposes

In the item Other operating income is for 2003/2004 reported a capital gain on the sale of subsidiary EnvoControl in the amount of MSEK 1.0. In the item Other operating expense is for 2003/2004 reported a capital loss on the sale of the business in Laserstans in the amount of MSEK -8.4.

Note 9 Financial income and expense

	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
RESULT FROM SHARES IN GROUP COMPANIES				
Dividend income	-	-	19.6	105.0
Write-down of shares	-	-	-	-35.0
Group contributions	-	-	85.3	60.3
	-	**-**	**104.9**	**130.3**
RESULT FROM FINANCIAL NON-CURRENT ASSETS				
Interest income				
Group companies	-	-	1.0	4.7
Other	0.2	0.2	-	-
	0.2	**0.2**	**1.0**	**4.7**
INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS				
Group companies	-	-	1.6	1.5
Other	4.5	7.2	1.5	2.9
	4.5	**7.2**	**3.1**	**4.4**
INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS				
Group companies	-	-	-1.5	-2.4
Other	-9.9	-10.2	-1.5	-1.5
	-9.9	**-10.2**	**-3.0**	**-3.9**
Financial income and expense	**-5.2**	**-2.8**	**106.0**	**135.5**

The value of shares in subsidiaries was written down during the previous year by MSEK 35.0, because of a dividend from subsidiary to Parent Company.

Note 10 Year-end appropriations – Parent Company

	Parent Company	
	2004/2005	2003/2004
Allocation to a tax allocation reserve	-18.5	-15.5
Total	**-18.5**	**-15.5**

If the Parent Company had reported deferred taxes on year-end appropriations in accordance with the same principles applied in the consolidated financial statements, the deferred tax would have amounted to MSEK 5.2 (4.3).

Note 11 Taxes

	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
Current taxes				
Swedish	-22.4	-18.2	-15.5	-13.0
Foreign	-19.5	-8.4	-	-
Deferred taxes	-1.6	-1.4	-	-
Total	**-43.5**	**-28.0**	**-15.5**	**-13.0**

The year's tax expense of MSEK 43.5 (28.0) constitutes 27.7 percent (30.1) of income after financial items.

Group	2004/2005	%	2003/2004	%
Income before taxes	156.9		93.1	
Weighted average tax based on national tax rates	-44.7	28.5	-26.4	28.4
Tax effect of:				
Utilisation of previously not capitalised tax loss carryforward	-	-	0.2	-0.2
Non-deductible expenses/ tax-exempt income	-0.8	0.5	-0.6	0.6
Effect of personnel options	3.1	-1.9	-	-
Adjustments from prior years	-0.7	0.4	0.1	-0.1
Other	-0.4	0.2	-1.3	1.4
Reported tax expense	**-43.5**	**27.7**	**-28.0**	**30.1**

Parent Company	2004/2005	%	2003/2004	%
Income before taxes	72.7		116.4	
Weighted average tax based on national tax rates	-20.4	28.0	-32.6	28.0
Tax effect of:				
Non-deductible expenses:				
Write-down of shares in subsidiary	-	-	-9.8	8.4
Other	-0.6	0.8	-0.1	0.1
Tax-exempt income:				
Dividend from subsidiaries	5.5	-7.6	29.4	-25.2
Other	-	-	0.1	-0.1
Reported tax expense	**-15.5**	**21.2**	**-13.0**	**11.2**

Note 12 Intangible non-current assets

Group	Goodwill	Capitalised expenses for re-search and develop-ment	Rental rights and similar rights	Software	Total
ACCUMULATED COST					
Opening balance	44.0	2.9	0.2	1.6	48.7
Corporate acquisitions	120.8	-	-	5.3	126.1
Capital expenditures	0.0	1.4	-	6.1	7.5
Closing balance	**164.8**	**4.3**	**0.2**	**13.0**	**182.3**
ACCUMULATED AMORTISATION ACCORDING TO PLAN					
Opening balance	-12.1	-1.0	0.0	-0.5	-13.6
Corporate acquisitions	-	-	-	-2.3	-2.3
Amortisation according to plan	-8.3	-1.3	0.0	-0.3	-9.9
Closing balance	**-20.4**	**-2.3**	**0.0**	**-3.1**	**-25.8**
Closing residual value according to plan	**144.4**	**2.0**	**0.2**	**9.9**	**156.5**
Opening residual value according to plan	**31.9**	**1.9**	**0.2**	**1.1**	**35.1**

Parent Company	Software	Total
ACCUMULATED COST		
Opening balance	1.1	1.1
Closing balance	**1.1**	**1.1**
Capital expenditures	-	-
ACCUMULATED AMORTISATION ACCORDING TO PLAN		
Opening balance	-	-
Amortisation according to plan	-0.2	-0.2
Closing balance	**-0.2**	**-0.2**
Closing residual value according to plan	**0.9**	**0.9**
Opening residual value according to plan	**1.1**	**1.1**

Note 13 Tangible non-current assets

Group	Buildings and land	Leasehold improve-ments	Machinery	Equipment	Total
ACCUMULATED COST					
Opening balance	118.4	8.5	115.6	149.7	392.2
Corporate acquisitions	27.6	1.6	14.0	58.0	101.2
Capital expenditures	2.2	2.3	1.7	11.7	17.9
Sales and disposals	-	-2.4	-16.3	-9.1	-27.8
Reclassification	-	-	-	2.3	2.3
Year's translation differences	-0.6	0.0	-1.0	-0.5	-2.1
Closing balance	**147.6**	**10.0**	**114.0**	**212.1**	**483.7**
ACCUMULATED DEPRECIATION ACCORDING TO PLAN					
Opening balance	-32.4	-5.3	-89.5	-118.1	-245.3
Corporate acquisitions	-5.5	-0.5	-3.9	-41.4	-51.3
Depreciation according to plan	-2.5	-1.1	-7.3	-15.9	-26.8
Sales and disposals	-	2.1	14.3	6.9	23.3
Reclassification	-	-	-	-0.4	-0.4
Year's translation differences	0.0	0.0	0.8	0.3	1.1
Closing balance	**-40.4**	**-4.8**	**-85.6**	**-168.6**	**-299.4**
ACCUMULATED WRITE-UPS					
At beginning and end of year	**1.0**	**-**	**-**	**-**	**1.0**
ACCUMULATED DEPRECIATION OF WRITE-UPS					
At beginning and end of year	**-1.0**	**-**	**-**	**-**	**-1.0**
Residual value according to plan at year-end	107.2	5.2	28.4	43.5	184.3
Residual value according to plan at beginning of year	86.0	3.2	26.1	31.6	146.9

Parent Company	
Equipment	2004/2005
ACCUMULATED COST	
Opening balance	2.7
Capital expenditures	0.1
Sales and disposals	-0.3
Closing balance	**2.5**
ACCUMULATED DEPRECIATION ACCORDING TO PLAN	
Opening balance	-1.4
Depreciation according to plan	-0.5
Sales and disposals	0.2
Closing balance	**-1.7**
Residual value according to plan at year-end	0.8
Residual value according to plan at beginning of year	1.3

	Group	
	31/3/05	31/3/04
Tax assessment value, Swedish properties		
Buildings	30.6	42.2
Land	6.3	7.2

Note 14 Operational leasing

Operational Leasing Contracts	Group		Parent Company	
	2004/2005	2003/2004	2004/2005	2003/2004
LEASING FEES				
Leasing fees paid during the financial year	42.8	45.5	2.1	2.0
of which variable fees	0.7	1.0	-	-
Future payments fall due annually in these amounts:				
1 year after current financial year	41.9	32.6	1.9	1.9
2 year after current financial year	38.8	34.1	1.4	1.9
3 year after current financial year	25.3	22.1	-	-
4 year after current financial year	14.5	8.9	-	-
5 years and later	12.0	4.5	-	-
	132.5	**102.2**	**3.3**	**3.8**

Leasing revenue was generated during the financial year in a total amount of SEK 1,060,000. Leasing contracts where companies in the Addtech Group are lessors are of an operational leasing nature. Remains to be received within 1 year SEK 437,000. A total of SEK 874,000 remains to be received within 3 years.

Significant operational leasing contracts consist mainly of rental contracts for premises where the Group conducts business.

Currently there are no significant financial leasing contracts in the Group.

Note 15 Financial non-current assets

	Other long-term securities holdings	Deferred tax claim	Other long-term receivables	Group 2004/2005
ACCUMULATED COST				
Opening balance	5.0	2.4	3.5	10.9
Corporate acquisitions	-	8.6	0.6	9.2
Removed assets	-0.5	-0.9	-3.0	-4.4
Added assets	-	5.8	-	5.8
Net reporting against deferred tax liability	-	-11.3	-	-11.3
Closing balance	**4.5**	**4.6**	**1.1**	**10.2**

Due from Group companies	Parent Company	
	31/3/05	31/3/04
Opening balance	69.4	144.7
Increase during the year	-	-
Decrease during the year	-59.7	-75.3
Closing balance	**9.7**	**69.4**

Shares in Group companies	Parent Company	
	2004/2005	2003/2004
ACCUMULATED COST		
Opening balance	967.6	967.7
Shareholder contribution	47.0	-
Capital expenditures	220.0	0.1
Disposals	-34.3	-0.2
Closing balance	**1,200.3**	**967.6**
ACCUMULATED WRITE-DOWNS		
Opening balance	-280.0	-245.0
Write-downs for the year	-	-35.0
Closing balance	**-280.0**	**-280.0**
Closing book value	920.3	687.6
Opening book value	687.6	722.7

Specification of shares in group companies	Number of shares	Currency	Nominal value	Stake %	Book value 31/3/05	Book value 31/3/04
Addtech Equipment AB, 556199-7866, Järfälla	5,000	SEK	100	100	194.6	194.6
Addtech Transmission AB, 556546-3469, Stockholm	500,000	SEK	100	100	250.9	250.9
Addtech Components AB, 556236-3076, Stockholm	1,750	SEK	100	100	124.5	77.4
Addtech Business Support AB, 556625-7092, Stockholm	1,000	SEK	100	100	2.1	2.1
Ritaren 3 AB, 556061-5667, Sollentuna	50,000	SEK	100	100	31.0	31.0
Addtech A/S, 68132, Copenhagen	2	DKK		100	131.6	131.6
Addtech Life Science AB, 556546-6785, Stockholm	200,000	SEK	100	100	185.6	-
Total					**920.3**	**687.6**

A complete statutory specification has been attached to the annual accounts submitted to the Swedish Companies Registration Office. This specification can be obtained from Addtech AB, Box 602, SE-101 32 Stockholm.

Note 16 Inventories

Valuation of inventories	31/3/05
Cost	345.2
Net market value	11.2
Total	**356.4**

There are no significant differences between reported value of inventories and their net realisable value. No part of the inventory has been adjusted due to a net increase in net sales value.

Note 17 Prepaid expenses and accrued income

	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
Rent	8.9	6.9	0.5	0.5
Other prepaid expenses	16.9	9.5	0.7	0.1
Other accrued income	1.3	0.9	0.3	0.9
Total	**27.1**	**17.3**	**1.5**	**1.5**

Note 18 Shareholders' equity

Restricted equity
Restricted equity is funds that cannot be paid out as dividends. Restricted equity is comprised of share capital, legal reserve, premium reserve, revaluation reserve and funds that are reserved pursuant to law in a number of countries where certain foreign subsidiaries are registered.

The equity portion of untaxed reserves is reported as restricted funds in the consolidated balance sheet.

Unrestricted equity
Retained earnings consist of the preceding year's unrestricted equity after a possible allocation to the legal reserve and after any dividend paid.

Retained earnings together with the year's net income make up total unrestricted equity, in other words the maximum amount available for payment as dividends to the shareholders.

Number of shares outstanding
The share capital as of 31 March 2005 consists of (a) 1,103,814 class A shares, each with a nominal value of SEK 2 entitling its holders to 10 votes per share and (b) 24,229,018 class B shares, each with a nominal value of SEK 2 entitling its holders to 1 vote per share. Net, after deduction of repurchased shares, the number of class B shares outstanding is 23,399,018.

200,000 class B shares, equivalent to 0.8 percent of the total number of shares outstanding and 0.6 percent of the votes were repurchased during the year under the Company's current buy-back programme. Following a resolution by the regularly scheduled Annual General Meeting in August 2004, 1,181,400 previously repurchased class B shares were cancelled. With the cancellation of the 1,181,400 repurchased class B shares, the share capital was reduced by MSEK 2.4. The share capital was increased by a private placement of 1,181,400 class C shares. A reduction of the share capital by MSEK 2.4 followed through redemption of the class C shares. Finally, MSEK 2.4 was transferred from retained earnings to the legal reserve.

In connection with the acquisition of Carbex-gruppen, 100,000 previously repurchased class B shares were used in partial payment for the acquisition. That is equivalent to 0.4 percent of the total number of shares outstanding and 0.3 percent of the votes.

Redemption of 70,000 personnel options was requested during the year, resulting in an increase in the number of class B shares outstanding by 70,000.

Number of shares outstanding	Class A shares	Class B shares	All classes of shares
Opening balance	1,106,502	23,426,330	24,532,832
Repurchase of own shares		-200,000	-200,000
Non-cash issue		100,000	100,000
Redemption of personnel options		70,000	70,000
Conversion of class A shares to class B shares	-2,688	2,688	0
Closing balance	**1,103,814**	**23,399,018**	**24,502,832**

Translation difference
Specification of accumulated translation difference in shareholders' equity.

	31/3/05	31/3/04
Opening accumulated translation difference	0.4	-0.6
Year's translation difference generated by converting foreign subsidiaries	0.0	1.0
Closing accumulated translation difference	**0.4**	**0.4**

Note 19 Untaxed reserves

	Parent Comapny	
	31/3/05	31/3/04
Timing difference reserve, allocation for tax assessment 2003	7.8	7.8
Timing difference reserve, allocation for tax assessment 2004	9.5	9.5
Timing difference reserve, allocation for tax assessment 2005	15.5	15.5
Timing difference reserve, allocation for tax assessment 2006	18.5	-
Closing balance	**51.3**	**32.8**

MSEK 14.4 of the Parent Company's untaxed reserves totalling MSEK 51.3 consist of deferred taxes included in the item deferred taxes in the consolidated balance sheet.

Note 20 Provisions for pensions and similar commitments

From 1 April 2004 Addtech applies recommendation RR 29 Compensation to employees of the Swedish Financial Accounting Standards Council, which is based on IAS 19.

Addtech has defined benefit pension plans in Sweden and Norway. The pension in these plans is determined mainly by the salary upon retirement. These plans cover a large number of employees, but there are also defined contribution plans. Subsidiaries in other countries in the Group have mainly defined contribution pension plans.

The Parent Company's data on pensions are reported in accordance with the Swedish act on securing pension obligations.

Defined benefit plans

The pension plans are mainly retirement pension plans. Each respective employer typically have an obligation to pay life-long pension. Vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years in order to be vested for full retirement benefits. Each year the employee earns an increased right to retirement benefits which is reported as pension earned during the period and increase in pension obligation.

Funded pension plans exist in Norway. These pension obligations are secured by managed assets.

Actuarial gains and losses are not reported in the income statement and the balance sheet for 2004/2005 since Addtech applies the rules for "corridor". Under these rules part of the actuarial gains and losses should be reported in the income statement and the balance sheet during the next-following period if they exceed the higher of:

– 10 percent of the present value of the pension obligation, and
– 10 percent of the net realisable value of assets under management.

At the end of the year the actuarial losses amounted to approximately 4.3 percent of the present value of the pension obligations.

Commitments for retirement pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to statement URA 42 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council this is a defined benefits plan covering several employers. For the 2004/2005 financial year the Company has not had access to information making it possible to report this plan as a defined benefits plan. The pension plan according to ITP secured by insurance in Alecta is therefore reported as a defined contribution plan. The year's fees for pension insurance written by Alecta amounts to MSEK 9.7.

Defined contribution plans

The plans are mainly retirement pension plans, disability pension and family pension. Premiums are paid currently during the year by each respective Group company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in the income statement.

Pension liability according to the balance sheet

	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
Interest-bearing pension liability	148.3	89.9	9.1	-
Other pension obligations	7.5	1.0	0.3	-
Total	**155.8**	**90.9**	**9.4**	**-**

Reconciliation of net amount for pensions in the balance sheet

The following table explains how the net amount in the balance sheet has changed during the period:

	Group	Parent Company
Net amount in balance sheet as of 31/3/2004[1]	**90.9**	**-**
Effect of change in accounting principle to RR 29, 1/4/2004	12.8	-
Net amount as of 1/4/2004	**103.7**	**-**
Cost of defined benefit plans	7.6	0.4
Payment of pensions	-1.3	-0.6
Effect of acquired/sold businesses	45.3	-
Pension liability taken over from subsidiaries	-	9.3
Exchange rate differences	0.1	-
Other	0.1	-
Net amount in balance sheet as of 31/3/2005	**155.5**	**9.1**

[1] Opening balance of pension liabilities according to local rules in each respective country.

Return on managed assets	Group
	2004/2005
Actual return on managed assets	0.2
Expected return on managed assets	0.2
Actuarial result on managed assets during the period	**0.0**

Obligations for benefits to employees, defined benefits plans
No comparative data is given since the pensions are reported according to RR29 from 1 April, 2004.

Defined benefit obligations and value of managed assets	Group	Parent Company
	31/3/05	31/3/05
WHOLLY OR PARTIALLY FUNDED OBLIGATIONS		
Present value of defined benefit obligations	15.2	0,3
Net realisable value of managed assets	-10.4	-0.3
Wholly or partially funded obligations, net	**4.8**	**0.0**
Present value of unfunded defined benefit obligations	157.7	9.1
Net obligations before adjustments	**162.5**	**9.1**
ADJUSTMENTS:		
Accumulated unreported actuarial gains (+) and losses (-)	-7.0	-
Net amount in the balance sheet (obligation +, asset -)	**155.5**	**9.1**
THE NET AMOUNT IS REPORTED IN THE FOLLOWING ITEMS IN THE BALANCE SHEET:		
Financial non-current assets	0.3	0.3
Provision for pension and similar obligations	155.8	9.4
Net amount in the balance sheet (obligation +, asset -)	**155.5**	**9.1**
THE NET AMOUNT IS DISTRIBUTED TO PLANS IN THE FOLLOWING COUNTRIES:		
Sweden	149.3	
Norway	6.2	
Net amount in the balance sheet (obligation +, asset -)	**155.5**	

Pension cost

Defined benefit plans	Group	Parent Company
	2004/2005	2004/2005
Costs for pensions earned during the year	2.7	-
Interest expense	5.1	0.4
Expected return on managed assets	-0.2	-
Total cost of defined benefits plans	**7.6**	**0.4**
Total cost of defined contribution plans	42.5	1.8
Social benefits on pension costs	6.8	0.6
Total cost for benefits after termination of employment	**56.9**	**2.8**

Interest expenses are classified as financial expenses. Other costs for pensions are classified as cost of goods sold, selling costs and administrative expenses.

Actuarial assumptions
The following significant actuarial assumptions have been applied for calculating the commitments:

	Sweden	Norway
Discount rate 1 April 2004	4.75%	4.50%
Discount rate 31 March 2005	4.25%	4.50%
Expected return on managed assets	3.50%	5.50%
Future salary increases	3.50%	3.00%
Future increases in pensions (change in income base amount)	2.00%	-
Personnel turnover	5.00%	2.00%
Expected remaining time of service (life)	P94	K63,K93
Expected "G regulation"	-	2.50%

Future increases in pensions are based on inflation assumptions. Remaining time of service (life expectancy) are based on statistical tables developed by The Financial Supervisory Authority and The Insurance Society, in Sweden P94 and in Norway K63.

Expected G regulation is used for calculations in Norway and are equivalent to Sweden's base amount.

Note 21 Deferred tax claim/liability

Group	31/3/05			31/3/04		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	1.5	-10.7	-9.2	2.4	-6.4	-4.0
Untaxed reserves	-	-60.3	-60.3	-	-54.7	-54.7
Inventories	2.0	-	2.0	-	-	-
Pension provisions	5.7	-0.0	5.7	0.1	-	0.1
Other	11.3	-3.4	7.9	4.5	-2.5	2.0
Reported net	-15.9	15.9	0.0	-4.6	4.6	0.0
Deferred taxes, net, at end of year	**4.6**	**-58.5**	**-53.9**	**2.4**	**-59.0**	**-56.6**

Group	Opening balance	Reported over the income statement	Reclassified	Acquisitions	Carried to equity	Closing balance
Non-current assets	-4.0	-1.8	-	-3.4	-	-9.2
Untaxed reserves	-54.7	-5.6	-	-	-	-60.3
Inventories	-	1.1	-	0.9	-	2.0
Pension provisions	0.1	0.1	-	1.2	4.3	5.7
Other	2.0	4.6	-2.1	3.4	-	7.9
Deferred taxes, net	**-56.6**	**-1.6**	**-2.1**	**2.1**	**4.3**	**-53.9**

Tax loss carryforwards not capitalized in the Group	31/3/05	31/3/04
Tax loss carryforwards expiring within 1 year	0.1	2.4
Tax loss carryforwards expiring between 1 and 3 years	0.8	0.9
Tax loss carryforwards expiring later than in 3 years	0.0	0.1
Total	**0.9**	**3.4**

Note 22 Other provisions

Group	Premises	Personnel	Warranties	Other	Total
Reported value at beginning of period	-	4.4	-	1.7	6.1
Provisions set aside during the period	2.9	2.8	-	3.4	9.1
Amounts utilised during the period	-	-4.4	-	-	-4.4
Acquisitions	6.1	-	-	-	6.1
Reclassification from accrued expenses	-	-	4.3	-	4.3
Reported value at end of period	**9.0**	**2.8**	**4.3**	**5.1**	**21.2**

Note 23 Long-term liabilities to credit institutions

	Group	
	31/3/05	31/3/04
LIABILITIES TO CREDIT INSTITUTIONS		
Maturing within 2 years	0.9	1.7
Maturing within 3 years	2.5	1.6
Maturing within 4 years	0.6	1.6
Maturing within 5 years	0.2	0.6
Maturing later than in 5 years	0.3	0.9
Long-term liabilities to credit institutions	**4.5**	**6.4**

The Addtech Group's long-term liabilities to credit institutions are divided among currencies as follows:

Currency	31/3/05	31/3/05	31/3/04	31/3/04
	Local currency	MSEK	Local currency	MSEK
EUR	0.2	1.7	0.4	4.0
DKK	1.4	1.7	1.9	2.4
NOK	0.9	1.1	-	-
Total		**4.5**		**6.4**

Loans in NOK carry fixed interest at a rate of 3.9% until 10 June 2006. The loans in EUR carry variable interest (eurobor). The average interest rate has been 3.0% and will be paid during 2007 and 2008. Loans in DKK carry fixed interest at a rate of 5.1% until 30 September 2008

Note 24 Current liabilities to credit institutions

	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
COMMITTED CREDIT FACILITY				
Approved credit limit	219.3	171.0	219.3	171.0
Unutilized portion	-199.2	-171.0	-199.2	-171.0
Credit amount utilized	**20.1**	**0.0**	**20.1**	**0.0**
Liabilities to credit institutions	1.4	1.8	-	-
Current liabilities	**21.5**	**1.8**	**20.1**	**0.0**

The Addtech Group's current liabilities to credit institutions are divided among currencies as follows:

Currency	31/3/05	31/3/05	31/3/04	31/3/04
	Local currency	MSEK	Local currency	MSEK
EUR	0.1	0.8	0.1	1.0
DKK	0.5	0.6	0.7	0.8
Total		**1.4**		**1.8**

Note 25 Accrued expenses and prepaid income

	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
Rental revenue	0.1	0.2	-	-
Other prepaid income	5.9	2.1	-	-
Salaries and vacation pay	74.4	50.6	11.3	2.9
Social benefits	44.6	26.5	3.7	2.8
Other accrued expenses	22.6	31.5	1.5	1.3
Total	**147.6**	**110.9**	**16.5**	**7.0**

Other accrued expenses consist mainly of overhead distributed over a period of time.

Note 26 Anticipated recovery periods for assets, provisions and liabilities

Amounts expected to be recovered			
Group	Within 12 months	After 12 months	Total
NON-CURRENT ASSETS			
Intangible non-current assets[1]	3.9	152.6	156.5
Tangible non-current assets[1]	36.9	147.4	184.3
Financial non-current assets	-	10.2	10.2
CURRENT ASSETS			
Inventories	356.4	-	356.4
Accounts receivable	414.6	-	414.6
Tax claim	0.7	-	0.7
Other receivables	11.6	-	11.6
Prepaid expenses and accrued income	27.1	-	27.1
Cash and cash equivalents	158.6	-	158.6
Total assets	**1,009.8**	**310.2**	**1,320.0**

[1] Amounts expected to be recovered within 12 months are reported as anticipated write-offs.

Amounts expected to be paid				
Group	Within 12 months	After 12 months, within five year	After five year	Total
PROVISIONS				
Interest-bearing provisions				
Pensions and similar commitments	1.7	14.6	139.5	155.8
Non-interest-bearing provisions				
Deferred tax liability	-	58.5	-	58.5
Other provisions	17.0	4.2	-	21.2
LONG-TERM LIABILITIES				
Interest-bearing liabilities				
Liabilities to credit institutions	0.9	3.3	0.3	4.5
Other liabilities	-	8.3	-	8.3
CURRENT LIABILITIES				
Interest-bearing liabilities				
Liabilities to credit institutions	21.5	-	-	21.5
Non-interest-bearing liabilities				
Advance payments from customers	5.6	-	-	5.6
Accounts payable	274.2	-	-	274.2
Tax liabilities	27.6	-	-	27.6
Other liabilities	130.6	-	-	130.6
Accrued expenses and prepaid income	147.6	-	-	147.6
Total liabilities and provisions	**626.7**	**88.9**	**139.8**	**855.4**

Amounts expected to be recovered			
Parent Company	Within 12 months	After 12 months	Total
NON-CURRENT ASSETS			
Intangible non-current assets	0.2	0.7	0.9
Tangible non-current assets	0.3	0.5	0.8
Shares in Group companies	-	920.3	920.3
Due from Group companies	-	9.7	9.7
CURRENT ASSETS			
Due from Group companies	127.6	-	127.6
Prepaid expenses and accrued income	1.5	-	1.5
Cash and cash equivalents	48.0	-	48.0
Total assets	**177.6**	**931.2**	**1,108.8**

Amounts expected to be paid				
Parent Company	Within 12 months	After 12 months, within five year	After five year	Total
PROVISIONS				
Interest-bearing provisions				
Pensions and similar commitments	0.1	9.3		9.4
LONG-TERM LIABILITIES				
Interest-bearing liabilities				
Liabilities to Group companies	-	42.1	-	42.1
CURRENT LIABILITIES				
Interest-bearing liabilities				
Liabilities to Group companies	146.1	-	-	146.1
Liabilities to credit institutions	20.1	-	-	20.1
Non-interest-bearing liabilities				
Accounts payable	0.7	-	-	0.7
Tax liabilities	14.0	-	-	14.0
Other liabilities	44.9	-	-	44.9
Accrued expenses and prepaid income	6.5	10.0	-	16.5
Total liabilities and provisions	**232.4**	**61.4**	**-**	**293.8**

Note 27 Pledged assets and contingent liabilities

	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
PLEDGED ASSETS FOR LIABILITIES TO CREDIT INSTITUTIONS				
Real estate mortgages	11.8	7.4	-	-
Corporate mortgages	17.9	16.6	-	-
Other pledged assets	0.3	0.4	0.3	-
Total	**30.0**	**24.4**	**0.3**	**-**
CONTINGENT LIABILITIES				
Guarantees and other contingent liabilities	14.0	16.3	0.3	-
Guarantees for subsidiaries	-	-	85.2	81.0
Total	**14.0**	**16.3**	**85.5**	**81.0**

Note 28 Cash flow statement

Adjustment for items not included in cash flow	Group		Parent Company	
	31/3/05	31/3/04	31/3/05	31/3/04
Depreciation and amortisation according to plan	36.7	36.7	0.7	0.7
Result on sales of companies and non-current assets	0.9	5.1		-
Change in pension commitment	4.1	5.8	-	-
Group contributions/dividends not paid	-	-	-85.3	-165.4
Write-down of shares in subsidiary	-	-		35.0
Other	1.2	-1.9	1.3	-
Total	**42.9**	**45.7**	**-83.3**	**-129.7**

Interest income in the Group amounted to MSEK 2.9 (4.2) during the year and interest paid amounted to MSEK 6.4 (5.9). Interest income in the Parent Company amounted to MSEK 3.4 (7.7) during the year and interest paid amounted to MSEK 2.2 (2.7).

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year:

	2004/2005	2003/2004
Non-current assets	174.1	18.9
Inventories	69.0	16.6
Receivables	98.2	15.2
Liquid funds	104.2	1.4
Total	**445.5**	**52.1**
Interest-bearing liabilities and provisions	49.6	7.8
Non-interest-bearing liabilities and provisions	189.1	23.1
Total	**238.7**	**30.9**
Purchase money paid	-206.8	-21.2
Liquid funds in acquired companies	104.2	1.4
Effect on the Group's liquid funds	**-102.6**	**-19.8**

The following adjustments were made as a result of the value of assets and liabilities in companies sold during the year:

	2004/2005	2003/2004
Non-current assets	-	-0.1
Inventories	-	-6.2
Receivables	-	-1.8
Liquid funds	-	-3.3
Total	**-**	**-11.4**
Result of companies sold	-	-7.4
Interest-bearing liabilities and provisions	-	-0.4
Non-interest-bearing liabilities and provisions	-	-0.8
Total	**-**	**-8.6**
Purchase money paid in	-	2.8
Liquid funds in companies sold	-	-3.3
Effect on the Group's liquid funds	**-**	**-0.5**

Subsidiaries acquired during the year				
Company	Country	Time of acquisition	Stake	Acquisition price
Carbex-gruppen	Sverige	1/9/04	100%	64.3
BTC Industribatterier	Sverige	1/10/04	100%	8.7
Bergman & Bening MediTech	Sverige	31/3/05	100%	185.6

All companies acquired during the year are entered in the consolidated financial statements in accordance with the purchase method of accounting.

MSEK 10.3 of the purchase price for Carbex-gruppen refers to conditional additional purchase money. The acquisition price also includes MSEK 4.3 paid in the form of shares held in treasury in partial payment.

MSEK 10.0 of the purchase price for Bergman & Beving MediTech refers to conditional additional purchase money. In addition, MSEK 34.3 will be paid during 2005/2006 in final settlement of the purchase money.

Note 29 Earnings per share

	2004/2005	2003/2004
Earnings per share (SEK)	4.56	2.49
Earnings per share after dilution (SEK)	4.54	2.49
Year's income after taxes (MSEK)	111.8	63.5
Average number of shares outstanding after repurchases ('000)	24,486	25,534
Average number of shares outstanding after dilution (thousands)	24,616	25,534

Refer to definitions on page 23 for calculation method.

Note 30 Supplementary information

Addtech AB, organization number 556302-9726, is the Parent Company of the Group. The Company has its registered office in Stockholm, County of Stockholm, and is a limited liability company according to Swedish legislation.

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Note 31 Events after the balance sheet date

On 26 April Addtech announced that the Company had concluded an agreement to acquire all outstanding shares in the Danish company LMT Transmission A/S. LMT Transmission, with annual revenues of MDKK 20, is a supplier in the field of industrial transmissions to Danish industry. Important customer segments are manufacturers of special vehicles and medical applications. With the acquisition of LMT Transmission A/S Addtech expands its business in the motors and gears segment. The acquisition is expected to have a marginal effect on Addtech's earnings per share from the time of taking possession 1 May 2005.

On 1 June it was announced that Bergman Diagnostika AS in business area Addtech Life Science had concluded an agreement to acquire the diagnostics business from Ervik AS in Norway with possession to be taken 3 June 2005. The business has annual revenues of MNOK 5 and includes sale of instruments, consumables and reagents from leading suppliers in Europe. Primary customers are laboratories performing analyses for the health care sector in Norway.

The financial reports were signed 21 June 2005 and will be presented for adoption before the regularly scheduled Annual General Meeting in Addtech AB to be held 17 August 2005.

Note 32 Adoption of IFRS

From 2005, all listed companies in the European Union shall prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which also includes International Accounting Standards (IAS). The recommendations of the Swedish Financial Accounting Standards Council, which are applied by Addtech until 31 March 2005, inclusive, are largely based on IAS, which means that the consolidated accounting will in large part already have been adapted to the new set of rules and regulations.

Effects of adopting IFRS

The Group's financial reporting for 2005/2006 will be in accordance with IFRS and the comparative data for 2004/2005 will be recalculated. The rules for adoption and recalculation found in IFRS 1 First-time Adoption of International Financial Reporting will be applied.

The most significant changes in accounting principles for the Addtech Group are described below in conjunction with the presentation of the effects on reported income for 2004/2005 and shareholders' equity as of 31 March 2004 and 2005. IAS 39, dealing with financial instruments, will be applied from 2005/2006 and the comparative data for 2004/2005 have not been recalculated in accordance with the transitional rules.

In accordance with IFRS 1, the financial statements shall be prepared in accordance with International Financial Reporting Standards that in Addtech's case are in force 31 March 2006. These standards must also have been approved by the EU. The effects of adopting IFRS reported below are therefore preliminary and based on IFRS now in force and the interpretation thereof, which are subject to change until 31 March 2006 with due effect on reported amounts. The basic premise of IFRS 1 is that all standards shall be applied retroactively, but there are a number of exceptions from this rule. To the extent Addtech takes advantage of any of these exceptions, it will be stated in the comments below.

IFRS 2 Share-based payments was adopted 7 November 2002. The standard should be applied to compensation programs with an award date form this point in time, and with a vesting period 1 January 2005 or later. Addtech's personnel option program was resolved during 2001 and the vesting period ended during 2004, which means that the personnel option program will not be valued according to this recommendation.

Summary of effects of adopting IFRS

Income Statement				
MSEK	Note	Swedish GAAP	Adjustment IFRS	IFRS 2004/2005
Net revenues		2,422		2,422
Cost of goods sold	b)	-1,649		-1,649
Gross income		**773**		**773**
Selling expenses	a,b)	-380	8	-372
Administrative expenses	b)	-229	0	-229
Other operating revenue and expenses	b)	-2	0	-2
Operating income		**162**	**8**	**170**
Financial income and expense		-5		-5
Income after financial items		**157**	**8**	**165**
Taxes	c)	-44	-2	-46
Minority interest	d)	-1	1	-
Net income for the year		**112**	**7**	**119**
– of which attributable to the shareholders				118
– of which attributable to the minority				1

Shareholders' equity		
MSEK	Note	IFRS 2004/2005
Shareholders' equity in accordance with Swedish principles 1/42004		399
Minority interest	d)	4
Net effect of adopting IAS 16, Property, Plant and Equipment	b)	-6
Shareholders' equity in accordance with IFRS 1/4/2004		**397**

Specification of change in Shareholders' equity in accordance with IFRS	
MSEK	IFRS 2004/2005
Opening balance of Shareholders' equity in accordance with FRS 1/4/2004	397
Private placement of Class C shares	2
Redemption of class C shares	-2
Non-cash issue	4
Redemption of personnel options	3
Translation difference for the period	0
Repurchase of own shares	-9
Dividend	-49
Net income for the year	119
Closing shareholders' equity in accordance with IFRS 31/3/2005	**465**

Balance Sheet				
MSEK	Note	Swedish GAAP	Adjust-ment IFRS	IFRS
Goodwill	a)	144	-24	120
Other intangible non-current assets	a)	12	42	54
Tangible non-current assets	b)	184	-8	176
Other assets		980		980
Total assets		**1,320**	**10**	**1,330**
Shareholders' equity	a–d)	460	5	465
Minority interest	d)	5	-5	-
Deferred tax liability	c)	58	10	68
Other liabilities and provisions		797		797
Total shareholders' equity and liabilities		**1,320**	**10**	**1,330**

a) Business combinations

IFRS 3 Business Combinations was adopted 31 March 2004. Addtech has not made adjustments for any of the acquisitions consummated before the date of enactment of IFRS 3. On the other hand, adjustments have been made with respect to the distribution of purchase money for acquisitions made after the date of enactment, 1 April 2004. Compared to the previous allocation of purchase money, where the residual between the value of identifiable assets and purchase money was allocated to goodwill, IFRS 3 will call for a potentially larger proportion of the purchase money to be allocated to intangible assets. For Addtech these will, for example, consist of customer relationships, supplier relationships and technology. Amortisation of goodwill will cease under IFRS 3 and will be replaced by an annual test of the need for write-down due to impairment, regardless of whether there is any indication that the value of goodwill is in need of being written down or not. This represents a difference in comparison to the previous Swedish set of rules and regulations, where a test of write-down need due to impairment took place when there was an indication of a need for write-down.

For Addtech, the application of IFRS 3 impacts 2004/2005 operating income by MSEK 8, net, compared to the result according to the previous set of rules and regulations. Goodwill decreases by MSEK 24 and other intangible non-current assets increase with the adoption of IFRS 3 by MSEK 42. Addtech has performed write-down tests of goodwill as of 31 March 2005. According to these tests there is no need for write-down.

b) Tangible non-current assets

In accordance with IAS 16, the acquisition cost of a fixed asset is allocated to each individual part of a fixed asset that is significant in relation to the total acquisition cost of the asset. Each individual part of the asset shall be depreciated separately. For Addtech this means that each individual property is divided into significant parts which means that different parts of a property are depreciated over different useful lives. Addtech's operating income is affected by MSEK –0.1 as a consequence of IAS 16, at the same time as the asset item tangible non-current assets (properties) is reduced by MSEK 8.1 compared to the previous set of rules and regulations.

c) Taxes/Deferred tax liability

The Group's tax expense and deferred tax liability are affected both by taxes on intangible non-current assets that are not classified as goodwill being taken into account, and by the adjustment of value that follows from the application of IAS 16 Property, Plant and Equipment.

d) Minority interest

According to IAS, minority interest should be reported as a separate component of equity in the balance sheet, as opposed to current rules that prescribe reporting minority interest as an item between liabilities and equity. In the income statement, the minority interest in the year's income should be included as a part of net income. Instead, the year's income attributable to the owners of the Parent Company and the minority owners in subsidiaries shall be specified under net income for the period.

Financial instruments

When IFRS is adopted, all financial derivatives, such as for example foreign exchange forward contracts, futures, currency swaps and embedded derivatives in purchasing and sales contracts, must be valued at market. These new accounting principles will be introduced in the Group 1 April 2005 without adjustment of comparative data. Addtech does not intend to apply hedge accounting, which means that the adoption of IAS 39 may give rise to increased volatility in the income statement as well as the balance sheet. Such increased volatility will not affect the Group's cash flow. In connection with preparations for adopting the new principles, the Group has taken stock of any financial derivatives existing in the Group. At present, the Group primarily uses currency clauses in customer and supplier contracts as a way of reducing the effects of foreign exchange rate fluctuations. The financial derivative instruments used have been acquired to hedge the value of future cash flows. The net effect of market valuation of financial instruments as of 31 March 2005 amounts to MSEK –1.

Shareholders' equity in accordance with IFRS as of 31/3/2005 (MSEK)	**465**
Market valuation of financial instruments –1.5, less taxes 0.4	-1
Shareholders' equity in accordance with IFRS 1/4/2005	**464**

Audit Report

To the annual general meeting of shareholders of Addtech AB (publ.)
Organisation number 556302-9726
We have examined the Annual Accounts, the consolidated financial statements, the accounting records and the management by the Board of Directors and the President of Addtech AB (publ.) for the financial year 1 April 2004–31 March 2005. Responsibility for the accounting records and management rests with the Board of Directors and the President. Our responsibility is to render our opinion on the Annual Accounts, the consolidated financial statements and the management based on our audit.

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

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

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

Stockholm, 21 June 2005

George Pettersson
AUTHORISED PUBLIC ACCOUNTANT

Thomas Thiel
AUTHORISED PUBLIC ACCOUNTANT

Quartely Data

	Net revenue			Operating income		
	2004/2005	2003/2004	2002/2003	2004/2005	2003/2004	2002/2003
Equipment	730	707	834	40	26	17
Transmission	894	829	859	61	33	38
Components	802	676	585	65	46	41
Parent company and consolidation eliminations	-4	-2	-3	-4	-2	-2
Group total	**2,422**	**2,210**	**2,275**	**162**	**103**	**94**

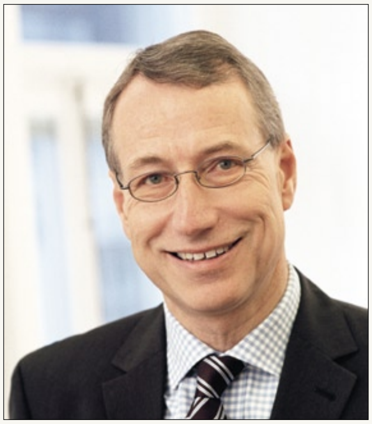
Net revenues by business area	2004/2005				2003/2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Equipment	191	202	160	177	182	176	162	187
Transmission	237	223	205	229	207	204	199	219
Components	212	194	185	211	215	164	140	157
Parent company and consolidation eliminations	-2	0	-1	-1	-1	0	-1	0
Group total	**638**	**619**	**549**	**616**	**603**	**544**	**500**	**563**

Operating income by business area	2004/2005				2003/2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Equipment	11	12	9	8	9	5	7	5
Transmission	18	11	16	16	8	6	8	11
Components	17	14	14	20	19	8	9	10
Parent company and consolidation eliminations	-1	-2	0	-1	1	-2	-1	0
Operating income	**45**	**35**	**39**	**43**	**37**	**17**	**23**	**26**
in percent of net revenues	*7.1*	*5.7*	*7.2*	*6.9*	*6.1*	*3.0*	*4.7*	*4.6*
Financial income and expense	-2	-1	-1	-1	-1	0	-1	-1
Income after financial items	**43**	**34**	**38**	**42**	**36**	**17**	**22**	**25**
in percent of net revenues	*6.7*	*5.4*	*7.0*	*6.8*	*6.0*	*2.9*	*4.7*	*4.4*

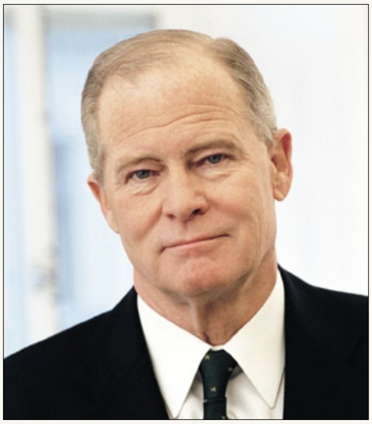
Items for which information has been provided for reasons of comparison (see Note 8) have been excluded from the above result.

Board of Directors

Roger Bergqvist (born 1948)
Director since 2001.
President in Addtech AB.
Employed in the Group since 1973.
Ownership: 18,000 class B shares.
Personnel Options: 100,000.



Anders Börjesson (born 1948)
Chairman since 2001.
Other assignments: Chairman in Boomerang AB, Cibenon AB, Cibes Lift AB and Lagercrantz Group AB. Vice Chairman in Bergman & Beving AB. Director in Terrakultur AB.
Ownership (family): 383,984 class A shares and 40,500 class B shares.



Tom Hedelius (born 1939)
Vice Chairman since 2001.
Doctor h.c. Economics.
Honorary Chairman in Svenska Handelsbanken AB.
Other assignments: Chairman in Anders Sandrews stiftelse, Bergman & Beving AB and Industrivärden AB. Vice Chairman in Lagercrantz Group AB, Jan Wallanders och Tom Hedelius stiftelse. Director in SCA AB, AB Volvo and L E Lundbergföretagen AB.
Ownership (family): 368,984 class A shares and 5,400 class B shares.

Urban Jansson (born 1945)
Director since 2001.
Other assignments: Chairman in Tylö AB. Vice chairman in Ahlstrom Corp and Plantasjen AS. Director i Eniro AB, Ferd AS, HMS Industrial Networks AB, SEB AB and Stockholm Stock Exchange's Listing Committee.
Ownership: 35,000 class B shares.

Lars Spongberg (born 1945)
Director since 2001.
Partner in Nordic Capital.
Other assignments: Director in Westergyllen AB, Intervalor AB, Skyways Holding AB, Cibenon AB, Cobolt AB and in portfolio companies in Nordic Capital.
Ownership: 1,200 class B shares.

AUDITORS

GeorGeorge Pettersson (born 1964)
Authorised Public Accountant, KPMG.
Auditor in Addtech since 2001.

Thomas Thiel (born 1947)
Authorised Public Accountant, KPMG.
Auditor in Addtech since 2001.

DEPUTY AUDITORS

Björn Sande (born 1960)
Authorised Public Accountant, KPMG.
Deputy Auditor in Addtech since 2001.

Joakim Thilstedt (born 1967)
Authorised Public Accountant, KPMG.
Deputy Auditor in Addtech since 2001.

Group Management

Tommy Haglund (born 1963)
Executive Vice President.
Employed by the Group since 1988.
Ownership: 4,400 class B shares.
Personnel options: 15,000.

Roger Bergqvist (born 1948)
President.
Employed by the Group since 1973.
Ownership: 18,000 class B shares.
Personnel options: 100,000.

Anders Claeson (born 1956)
Executive Vice President.
Employed by the Group since 1982.
Ownership: 7,900 class B shares.
Personnel options: 70,000.

Kennet Göransson (born 1963)
Executive Vice President and
Chief Financial Officer.
Secretary to the Board of Directors.
Employed by the Group since 1995.
Ownership: 9,900 class B shares.
Personnel options: 70,000.

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Welcome to the Annual General Meeting

The regularly scheduled Annual General Meeting of Addtech AB (publ) will be held at 4:00 p.m., 17 August 2005 at IVA conference centre, Grev Turegatan 16, Stockholm.

NOTICE OF PARTICIPATION

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

– be entered in the share register maintained by VPC AB not later than by Friday, 5 August 2005, and
– file notice with the Company's head office under address Addtech AB (publ), Box 602, SE-101 32 Stockholm, Sweden, by telephone +46-8-470 49 00, telefax +46-8-470 49 01 or to info@addtech.com not later than by 3:00 p.m., Monday, 15 August 2005. Such notice must contain the shareholder's name, personal registration number (organisation number), address, telephone number and information about the number of shares represented.

Shareholders whose shares are held in the name of a nominee must, in order to have the right to exercise their voting right at the Annual General Meeting, temporarily register their shares in their own name. Such re-registration must be completed not later than by Friday, 5 August 2005.

PAYMENT OF DIVIDEND

The resolution of the Annual General Meeting with respect to dividend will contain information as to the day when shareholders must be registered in the share register maintained by VPC AB in order to be entitled to receive dividend. The Board of Directors has proposed Monday, 22 August 2005 as record date.

Provided the Annual General Meeting passes a resolution in accordance with proposal, the dividend is expected to be remitted by VPC AB Thursday, 25 August, 2005 to those who are registered in the share register on the record date.

CHANGE OF ADDRESS AND BANK ACCOUNT

Shareholders who have changed their name, address or account number should inform their custodian or account operator (bank) of any such change as soon as possible. A special form for this purpose is available at all Swedish bank branch offices.

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