

ADD

ADDTECH
VALUE ADDING TECH PROVIDER



ANNUAL REPORT
2003/2004

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Calendar

Financial information from Addtech will be published as follows:

- ➔ Interim Report April 1 – June 30, 2004 will be published August 19, 2004.
- ➔ Annual General Meeting for the 2003/2004 Operating Year will be held August 19, 2004.
- ➔ Interim Report April 1 – September 30, 2004 will be published November 11, 2004.
- ➔ Interim Report April 1 – December 31, 2004 will be published February 14, 2005.
- ➔ Financial Report for April 1, 2003 – March 31, 2005 will be published May 10, 2005.

Addtech in a minute

- ➔ Addtech is a trading company that develops and sells components and products to industrial companies and the service industry. Customers are mainly manufacturers in the mechanical industry and the vehicle, telecom and electronics industries in the Nordic region.
- ➔ Addtech consists of approximately 40 operating companies, all of which are striving to be market-leaders within a certain niche. The Group has about 1 000 employees and conducts business in some ten countries.
- ➔ Addtech is a group organized for growth, both in the form of organic growth and by acquisition. Some 40 companies have been acquired over the past ten-year period.
- ➔ Addtech's financial year is April 1 to March 31.

KEY FINANCIAL INDICATORS	2003/2004	2002/2003	2001/2002
Net revenues (MSEK)	2 210	2 275	2 360
Operating income (MSEK)	96	98	86
Net income for the year (MSEK)	64	64	53
Operating margin (%)	4.3	4.2	3.6
Earnings per share (SEK)	2.49	2.43	1.92
Equity per share (SEK)	16.70	16.80	15.70
Dividend per share (SEK)	2.00 ¹	1.50	1.20
Return on equity (%)	15	15	12
Equity/assets ratio (%)	42	44	41
Average number of employees	996	1 072	1 155

¹ As proposed by the Board of Directors.

The Year in Brief

- Net revenues amounted to MSEK 2 210 (2 275).
- Income after financial items, not including items affecting comparability, increased by 13 percent to MSEK 100 (89). The increase during the fourth quarter was 42 percent.
- Earnings per share increased to SEK 2.49 (2.43).
- The proposed cash dividend is SEK 2.00 (1.50) per share, an increase by 33 percent.
- Stig Wahlström AB was acquired during the year. The company has annual revenues of about MSEK 100. This acquisition strengthens Addtech's offer to the vehicle and engineering industries.



The Addtech Share

Addtech's class B share is listed on the O-list of Stockholmsbörsen since September 3, 2001. One round lot consists of 200 shares.

MARKET PERFORMANCE OF THE SHARE

The bid price of the Addtech share increased during the financial year by 46 percent (–39 percent). The All-Share index of Stockholmsbörsen (Stockholm Stock Exchange) advanced by 52 percent and declined by 40 percent, respectively.

The highest paid price during the year was SEK 41. The lowest price was SEK 26.50. The last paid price before the end of the financial year was SEK 39.50 on March 31, 2004.

During the period from April 1, 2003 until March 31, 2004 5.4 million (5.2 million) shares valued at about MSEK 200 (150) were traded. Relative to the average number of shares outstanding, this is equivalent to a turnover rate of 21 percent (20). Broken down by trading day, a total of just short of 22 000 Addtech shares per day (21 000) were traded at an average value of about SEK 830 000 (620 000).

SHARE CAPITAL

The share capital in Addtech amounts to SEK 53 028 464 and is divided into 1 106 502 class A shares and 25 407 730 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 Stockholmsbörsen.

REPURCHASE OF OWN SHARES

Pursuant to a resolution of the regularly scheduled Annual General Meeting held in August 2003, 1 350 000 previously repurchased class B shares were cancelled. At the Annual General Meeting held in August 2003 the Board of Directors was authorized to acquire – during the period until the regularly scheduled Annual General Meeting 2004 – up to 10 percent of all class B shares outstanding. During the financial year, the Company made

purchases of a total of 1 250 000 shares at an average price of SEK 38.78. The total number of shares held in treasury is 1 981 400 with an average price of SEK 36.43. Shares held in treasury are equivalent to 7.5 percent of the number of shares outstanding and 5.4 percent of the votes.

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 December 3 through December 7, 2001. The redemption period for the options is July 19, 2004 – February 18, 2005. If all outstanding personnel options are exercised in full, the number of shares outstanding increases by 2.9 percent, equivalent to 700 000 shares, to 25 232 832 shares.

PROPOSALS TO THE REGULARLY SCHEDULED ANNUAL GENERAL MEETING 2004

1. Dividend

The Board of Directors proposes a dividend of SEK 2.00 per share (1.50).

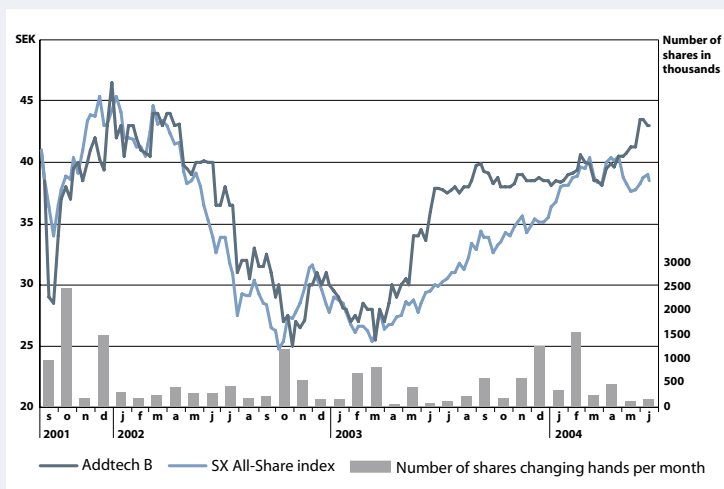
2. Cancellation of repurchased shares

The Board of Directors has decided to propose to the regularly scheduled Annual General Meeting that 1 181 400 of the repurchased shares be cancelled.

3. 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 in line with prior AGM resolution be extended.

Share price Addtech B



Addtech's largest shareholders March 31, 2004

SHAREHOLDER	NUMBER OF CLASS A SHARES	NUMBER OF CLASS B SHARES	PERCENTAGE OF	
			CAPITAL	VOTES
Robur		4 205 267	17.1	12.2
Anders Börjesson (family)	383 312	50 000	1.8	11.3
Tom Hedelius (family)	368 312	5 400	1.5	10.7
Pär Stenberg	219 152	979 622	4.9	9.2
SEB Fonder		2 144 600	8.7	6.2
AMF Pension Fonder		1 356 400	5.5	3.9
Lannebo Fonder		1 312 284	5.3	3.8
Carl T Säve	30 000	973 982	4.1	3.7
Fjärde AP-fonden		1 075 775	4.4	3.1
Livförsäkrings AB Skandia		845 100	3.4	2.5
AMF Pensionsförsäkrings AB		800 000	3.3	2.3
Odin Fonder		730 000	3.0	2.1
Handelsbanken		630 000	2.6	1.8
Didner & Gerge Fonder		587 600	2.4	1.7
Stiftelsen för Kunskaps- och Kompetensutveckling		500 000	2.0	1.4
Total, 15 largest shareholders¹	1 000 776	16 196 030	70.0	75.9

¹ Percentage of capital and votes calculated not including shares held in treasury by Addtech AB.

Analysts who follow Addtech

Gustaf Lindskog (Alfred Berg)
Markus Almerud (Handelsbanken Capital Markets)
Robert Ahldin (Remium Securities)

Size classes

NUMBER OF SHARES	% OF SHARE CAPITAL	NUMBER OF OWNERS	PERCENTAGE OF OWNERS
1–500	2	2 468	67
501–1 000	2	575	15
1 001–10 000	6	548	15
10 001–50 000	6	63	2
50 001–100 000	3	12	0
100 001–	81	38	1
	100	3 704	100

Owners by category

OWNERS BY CATEGORY	NUMBER OF SHAREHOLDERS	STAKE OF CAPITAL (%)
Swedish owners	3 581	94
Foreign owners	123	6
	3 704	100
Institutions and mutual funds	370	72
Private investors	3 334	28
	3 704	100

Financial indicators

	2003/2004	2002/2003	2001/2002
Earnings per share (SEK)	2.49	2.43	1.92
P/E ratio	16	11	22
Dividend per share (SEK)	2.00 ²	1.50	1.20
Dividend yield, %	5.1	5.6	2.8
Last paid quotation (SEK)	39.50	27.00	43.00
Market capitalization (SEK)	969	696	1 141
Average number of shares outstanding	25 533 515	26 445 709	27 495 817
Number of shares outstanding at year-end	24 532 832 ³	25 782 832	26 532 832
Number of shareholders at year-end	3 704	3 450	3 693

² Board of Directors' proposal.

Evolution of share capital

EVENT	CLASS A					CLASS B				
	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
Total number of shares outstanding		26 514 232 ³								
Total number of votes				36 472 750						

³ The difference between total number of shares and total number of shares outstanding is the shares repurchased by Addtech (1 981 400 class B shares).

Improved result in the face of difficult market situation

Despite a tough market situation and slightly lower revenues, the Addtech Group generated a better result in 2003/2004 than in the prior year. This proves that our business model and our corporate culture is strong. Addtech rests on a solid foundation and now we continue working towards our goals.

IMPROVEMENT TOWARDS THE END OF THE YEAR

The 2003/2004 year was marked by an unstable and choppy market situation. On several occasions we experienced signals indicating that demand was on the rise, only to realize soon thereafter that it was just a matter of a temporary spike. It has been difficult to get an overall picture, but during the latter part of the year we have been able to see a steady improvement. There are several contiguous signals in several market segments that give this more positive picture.

The Group's revenues declined slightly compared to the preceding year due to weaker demand. The stronger Swedish krona against important currencies had a negative effect on the sales volume as well as earnings. At the same time, we have achieved a better result thanks to lowering our costs and streamlining operations.

The Group's deeply rooted profitability philosophy has been crucial to maintaining a strong cash flow. Our internal profitability ratio, P/WC, takes operating income (or profit) P as well as working capital (WC) into account.

ACQUISITIONS CONTINUE TO BE IMPORTANT

We have been cautious when it comes to new initiatives during the past period of market uncertainty. We have simply given priority to those areas where we already have strong positions. Some businesses that we have felt lack the right prerequisites in our Group have been sold or phased out.

Acquisitions have always been a very important element of our growth strategy. So, more than 40 units were acquired over the past ten-year period. Stig Wahlström AB, with about MSEK 100 in sales, was acquired during the year. This business is a good fit with our basic concept and we are optimistic regarding the company's future prospects in the Addtech Group.

Analysis of and discussions with potential acquisition candidates were given priority during the year. The process is of a long-term character and it may be time-consuming to create the right prerequisites for all affected parties. It is therefore very gratifying to see the result of our efforts in the form of additional

acquisitions. In June we concluded an agreement to acquire the Carbox Group, with annual sales of about MSEK 50. We expect Carbox to make a positive contribution to earnings per share already in 2004/2005.

DECENTRALIZATION CREATES FLEXIBILITY

We conduct our business in some 40 operating companies. This type of highly decentralized organization has great advantages when conditions change abruptly. There is great flexibility, which leads to the operational mobility which is an Addtech hallmark.

With motivated employees and managers in the individual companies, a spirit is created that fosters a positive development. It also becomes easy to understand the need for action, change and improvement. This is not only a way of working, but a well-established culture that allows us to fare relatively well even when market conditions are not the best.

Cost-cutting and streamlining during the year have meant that about 100 employees have left the Group. In such a reality, tough situations inevitably arise for those employees who are directly affected, but there are also effects on those who are only affected indirectly. In many parts of the Group, managers have been forced to resort to serious cost-cutting programs at the same time as there have been expectations of identifying new business opportunities. This is difficult work, but there are many who have succeeded extremely well and those initiatives will pay off well in the future.

WELL-FUNCTIONING "BASIC GAME PLAN"

Having a firmly established and well-functioning "basic game plan" is crucial when everything is not working out as planned. This is well known among anyone involved in sports. The same is true for us. We have a strong corporate culture, clearly defined goals and sub-strategies for every unit and this is the "basic game

plan.” The thoughts, the ideas and the tools are well known by the Board of Directors as well as by individual employees. This is extremely important in a modern company where quick decisions have to be made and when the implementation process must be very brief.

We have employees with the right attitude, who understand the advantages of our business logic, apply our unique way of working and who thrive and function well in a highly decentralized organization. This is the basic premise for success.

Even though our subsidiaries run their businesses very independently, there is no doubt that working methods are firmly embedded in the Group's basic requirements for growth, profitability and development.

DEMANDS AND IMPORTANCE OF THE NICHE PHILOSOPHY

To be active in a very narrow niche requires special working methods. With our “small-company concept” we can create the right conditions and profitability even for the seemingly small business. Our ability to combine the efficiency, personality, flexibility and lack of bureaucracy of a small company with the economic strength, endurance and network of a large company is one of our success factors.

OUTLOOK FOR THE FUTURE

It is easy to be humble before the future in view of the business climate of the past couple of years. We all wished for rapid improvements, but time and again we were forced to accept the fact that the recovery was only temporary. Only recently, we have been able to discern signs of a more broadly based upturn. There is every reason to believe that these are indications of a more sustained positive development.

The organization has been trimmed and adapted to a smaller business volume, which means that even a small improvement in our sales volume will have a noticeably positive effect on earnings. We would, of course, like to see a forceful improvement in demand that could contribute to realizing our ambitions of clearly improved earnings levels.

Roger Bergqvist
PRESIDENT



“We have a strong corporate culture, clearly defined goals and sub-strategies for every unit and this is the »basic game plan«”

This is how we realize our business concept, which is based on the premise of being a refining link

Addtech is a trading company that develops and sells components and products to industrial companies and the service industry. Customers are mainly manufacturers in the mechanical industry and the vehicle, telecom and electronics industries in the Nordic region.

niches are always being complemented.

Central for Addtech is to offer customized solutions and to live up to the requirements of customers for service, support and technical knowledge.

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 customers. Addtech adds value by its close cooperation with manufacturers as well as customers and high technical competence among Addtech's employees.

GOALS

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

The keen focus on profitability in the Group, and the business acumen of its employees, create opportunities for reaching the growth and profitability goals. The tool used is the internal profitability goal P/WC (operating income/working capital) which should be at 45 percent for each established business unit.

STRATEGY

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

1. Market-leading positions

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

2. Growth through acquisitions

Addtech is a group organized for growth. Growth occurs organically when existing companies grow with the market, increase their market share and develop solutions in new niches.

Addtech has made some 40 acquisitions during the past ten-year period. So, evaluating acquisition prospects is a central part of management's duties. 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 cooperation.

3. Business and organization development

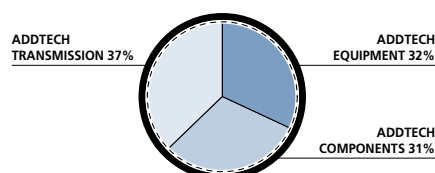
Operative mobility is a central concept in Addtech. All of the Group's companies are permeated by a willingness to change, both in terms of customer solutions and in developing the organization for more effective resource utilization.

ORGANIZATION

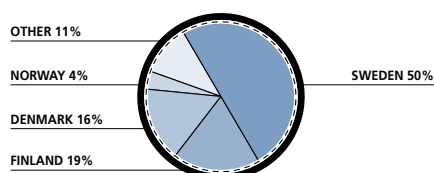
Addtech consists of approximately 40 operating companies. Addtech works actively on utilizing the organization as efficiently as possible, and companies cooperate in varying degrees with their sister companies.

The Group is organized in the three business areas Addtech Equipment (see page 12), Addtech Transmission (see page 14) and Addtech Components (see page 16).

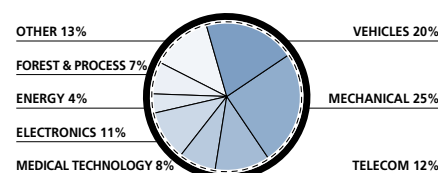
Revenues by business area



Revenues by geographic market



Revenues by customer segment



Addtech's business concept is based on four cornerstones



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.



2 COMPETENCE Because Addtech's subsidiaries limit their operations to specific niches, unique competence can be maintained.



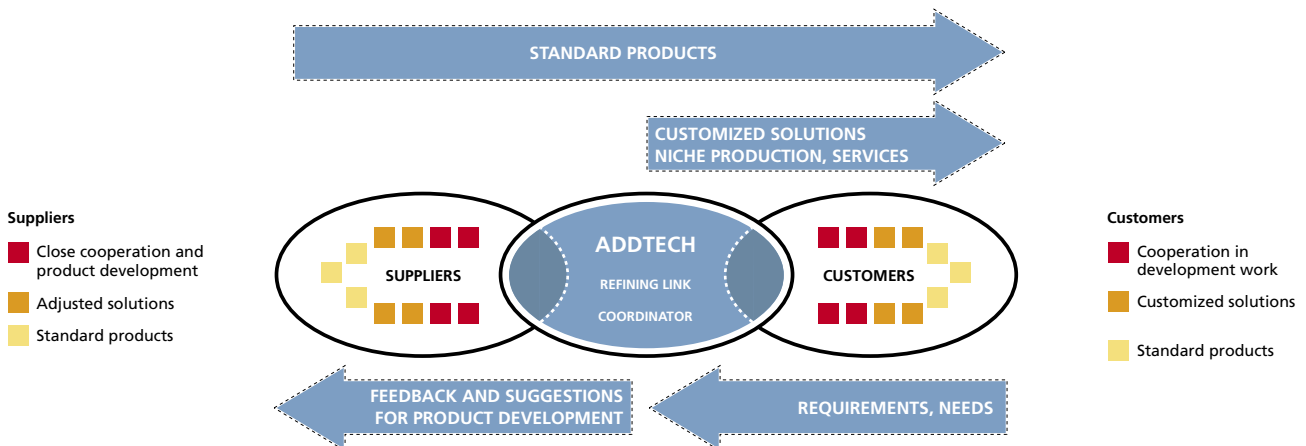
3 PARTNERSHIP Thanks to strong business relationships with suppliers and customers, Addtech creates solutions that are optimal, technically as well as economically. This places great demands on project leaders and sales representatives, who must possess in-depth knowledge of both the customer's and the supplier's situation.



4 VALUE ADDED By knowing the importance of details to the whole, Addtech can identify solutions that create real added value for the customer. This leads to deep relationships and mutual confidence. It also means that Addtech often participates in the customer's development work.

REFINING LINK BETWEEN CUSTOMER AND SUPPLIER

Addtech conducts a continuous dialogue with its customers and creates tailor-made solutions in cooperation with suppliers or in its own niche production.



How Addtech creates added value for the customer

Addtech is a modern trading company, a refining link in the chain between supplier and customer. A refining link is creative and finds technical solutions as well as optimal forms of cooperation between customers and suppliers.

A TRADING COMPANY

Addtech is a trading company that develops and sells components and products, primarily to industrial companies and the service industry. Addtech is also to some degree engaged in complementary manufacturing and product adaptation. Addtech consists of some 40 operating companies, all of which strive to be the market leader in their respective niches. Addtech's employees have high technical competence and work in close cooperation with customers and suppliers to create the best solutions. The entire Group is distinguished by profitability thinking and business acumen.

"COOKING IN THE CUSTOMER'S KITCHEN"

Technical competence and business acumen are combined at Addtech. Thanks to their technical competence, Addtech's employees gain the confidence of customers and they often participate actively in the customer's

development work. Such cooperation makes it possible to offer unique and customized solutions, which gives Addtech the role of refining link. At Addtech this is called being there and "cooking in the customer's kitchen."

STRONG RELATIONSHIPS WITH SUPPLIERS

Addtech's success is also based on having very close relationships with its suppliers. By being well up in the latest technology, and by thoroughly understanding an application, the offer to the customer is improved. Addtech therefore cooperates with a network of leading suppliers in Europe, the United States and Asia. None of these suppliers represent more than 5 percent of the Group's purchases, which reduces Addtech's dependence on any one individual supplier.

FOCUS ON ECONOMY AND TECHNOLOGY

Addtech creates high technology solutions based on components, materials, equipment and systems. By seeing to the whole, and focusing on both economy and technology, Addtech can create added value for the customer. Addtech's employees are thoroughly familiar with the challenges facing its customers and are in many cases able to work proactively by suggesting solutions. Addtech develops and sells components and products in different niches. The table below illustrates products and ranges of application.

Example of products	Example 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	Hydraulic solutions
▶ Gaskets	Diesel engines and wind power stations
▶ Testing systems	Testing of circuit cards
▶ Electrostatic materials	Protection for manufacturers of electronics
▶ Special batteries	Electrical trucks, handicap vehicles and sky lifts



Working closely with the customers and using the strong network of suppliers, Addtech has developed components for GPS navigation.

Addtech is active in the market for high-tech industrial components

Addtech is active in the market for high-technology industrial components, equipment and systems. Emphasis is on manufacturing industry and the service industry in the Nordic region. The market is comprised of several different segments, among them the vehicle and electronics industries and medical/technical industry. Addtech delivers solutions to clearly-defined niches.

MARKET TRENDS

A general trend is that Addtech's customers have a need for creating customer-unique end products. This means that they demand components and sub-systems that are tailor-made. It is often a matter of finding solutions with high technology content, which are frequently in demand in relatively small volumes. This pattern is common to many industries.

A low propensity to invest affected operations during 2003/2004. There was a certain recovery in the industrial economy during the latter part of the financial year, but the willingness to invest remains at a relatively low level. Because of a growing proportion of sales of materials and consumables, Addtech's dependence on the rate of capital spending in the economy has declined in recent years. Certain pricing pressures, in combination with foreign exchange fluctuations also affected the market.

There is a general trend among the major industrial companies, and also in the service industry, of reducing the number of suppliers. In these cases the cutting edge competence possessed by the Addtech companies is decidedly a competitive advantage. The fact that the companies also are part of a bigger group lends credibility and promises delivery security, which is yet another competitive advantage when the customers cut back on the number of suppliers.

Customer demands for shorter lead times from development phase to finished product are mounting. Thanks to their close cooperation with customer development departments and their strong networks of suppliers, many Addtech companies have been able to meet these even more stringent demands.

CUSTOMERS

Most of Addtech's customers are Nordic manufacturers and service industry firms and their aftermarket. Both international and national manufacturing companies and their suppliers are among the customers.

The Group also has customers outside the Nordic region. The largest non-Nordic markets are the United Kingdom, Germany,

Poland and Austria, which together account for about 11 percent of the Group's revenues.

Addtech's customers are both so-called OEM customers¹ and end users. During 2003/2004 no customer accounted for more than three percent of

revenues, which means that Addtech's dependence on individual customers is limited. Examples of large customers are ABB, Saab, Nokia, Volvo, Tetra Pak, Delphi and BT Industries.

COMPETITORS

Addtech is active in well-defined niches and offers real added value to its customers. The fact that demand for customer-unique solutions, service and support is on the rise means that competition from volume distributors and producers is limited. The competitors which are most comparable to Addtech are OEM International, Beijer Electronics and ElektronikGruppen. There are also small and medium-sized agency companies that are active in the market. Examples of such companies are Östergrens, SKS and Gycom.

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



Addtech develops and sells components used for the controls of hand trucks.

Materials and consumables growing part of sales

Addtech Equipment markets equipment, material and components for use primarily in the vehicle industry, the engineering industry, and the electronics and telecom sectors. The business area had revenues of MSEK 707 during the financial year, which is equivalent to 32 percent of Addtech's total revenues.

BUSINESS

The companies in the Addtech Equipment business area develop and sell production equipment, specially adapted materials and consumables. The electronic, vehicle and telecom industries are important customer segments.

The majority of customers use the equipment and the products in their production process. Products and solutions of high quality are decisive for the customer's choice. The companies' undertakings often include logistics solutions, service and maintenance, which creates long-standing customer relationships as well as current revenue.

Good growth potential exists in the energy area in the Nordic region. Demand for battery solutions, for example, is on the rise thanks to the growing demands on wireless products in industry. The business area's companies in the energy area deliver customer-unique solutions with a high degree of technical competence for the specific needs of the customer.

DEVELOPMENT DURING 2003/2004

The business area's operating year was marked by restructuring and adaptation to a weak year for capital spending. The economic upturn expected by many players failed to materialize and de-

mand for capital-expenditure-type goods was therefore low. On the other hand, the business situation for materials and consumables was stable and sales of these products constituted a larger share of the business area's sales compared to the year before. By the end of the financial year the number of employees was

308, which is a reduction of 50 persons.

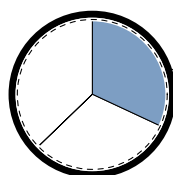
Towards the end of the year the telecom sector showed signs of a revival and the companies in the business area that offer solutions to the telecom industry were affected positively. In the electronics and telecom industries, some manufacturing has been moved abroad in recent years, primarily to Asia and Eastern Europe. Addtech companies have to a certain extent been able to continue delivering to the production facilities in these countries.

The companies will continue to focus on delivering solutions containing a lot of customer-adaptation, thereby adding value for the customer.

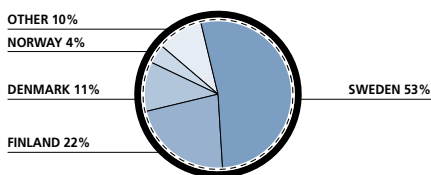
KEY INDICATORS	2003/2004	2002/2003	2001/2002
Net revenues (MSEK)	707	834	948
Operating income (MSEK) ¹	26	17	2
Operating margin (%) ¹	3.7	2.0	0.2
Operative capital (MSEK)	100	120	121
Return on operative capital (%) ¹	27	15	1
Capital expenditures in tangible fixed assets (MSEK)	4	6	9
Average number of employees	331	382	460

¹ Not including items affecting comparability.

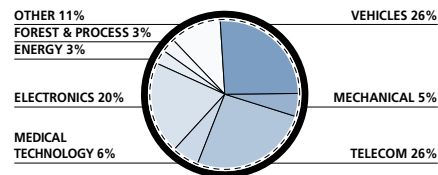
Revenues by business area



Revenues by geographic market



Revenues by customer segment



Electronic components and systems can be damaged or interfered with by electrostatic discharges, so-called ESD. Addtech develops and sells materials that eliminate static electricity.

ADDTECH EQUIPMENT IN BRIEF

Business Business area Addtech Equipment sells components, materials and consumables.

Market Mainly end users in the vehicle industry and engineering industry, the telecom industry and the electronics and telecom sectors.

Examples of customers Flextronics, ABB, Nokia, Atlet and Volvo.

Examples of competitors OEM International, Indutrade and G&L Beijer.



Customer adaptation distinguishes in-house niche production

The Addtech Transmission business area markets and sells components and sub-systems based on mechanics, electro-mechanics and hydraulics to customers in the manufacturing industry. During 2003/2004 revenues amounted to MSEK 829, which is equivalent to 37 percent of Addtech's revenues.

BUSINESS

Addtech Transmission offers components and products in the areas of mechanics, electro-mechanics and hydraulics. These components are often critical parts in the machines and products in which they are used. Customer demands for customization are also extensive in many cases. It is therefore natural for Addtech to participate in its customer's development work and act as a problem-solver and sounding board.

Addtech Transmission is the business area with the highest proportion of in-house production. Niche-produced products in combination with components from leading suppliers create a powerful offer to the customer. Short series and a high degree of customer adaptation distinguishes this niche production, which accounts for 20 percent of the sales of the business area. Products include specially adapted chains and drive belts for use in the construction, forest and manufacturing industries.

The proprietary brand names that Addtech Transmission has in its product portfolio constitute a strong competitive advantage

and the efforts in creating new in-house brand names is a part of the overall strategy.

Customers include machine manufacturers in the packaging industry and makers of handling equipment and their aftermarket.

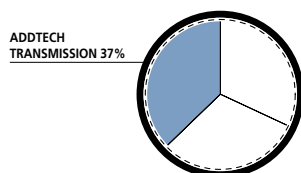
DEVELOPMENT DURING 2003/2004

Aftermarket demand for replacement components for use in service and maintenance work was stronger during the year compared to the preceding year. Demand was weaker, on the other hand, for production element for machine producers due to a slightly weaker economy. Several of the business areas important market segments improved during the latter part of the 2003/2004 operating year.

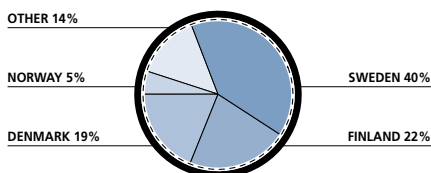
KEY INDICATORS	2003/2004	2002/2003	2001/2002
Net revenues (MSEK)	829	859	869
Operating income (MSEK) ¹	33	38	40
Operating margin (%) ¹	4.0	4.4	4.6
Operative capital (MSEK)	190	232	233
Return on operative capital (%) ¹	17	18	17
Capital expenditures in tangible fixed assets (MSEK)	9	15	8
Average number of employees	478	515	529

¹ Not including items affecting comparability.

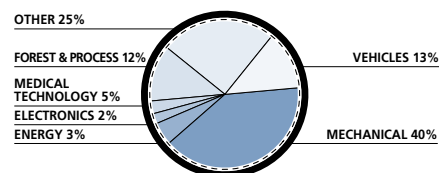
Revenues by business area



Revenues by geographic market



Revenues by customer segment




ADDTECH TRANSMISSION IN BRIEF

Business Development and sales of components and sub-systems based on mechanics, electro-mechanics and hydraulics. Design and customer-adaptation is central to the operations of the companies.

Market Manufacturing companies with a need for unique components and products, and development support for their products. Machine manufacturers in the packaging industry and manufacturers of handling equipment are examples of important customer segments.

Examples of customers BT Industries, Tetra Pak, Mydata, Tomra, MAN B&W and Indexator.

Examples of competitors SKS, OEM International, Östergren and F.R. Ramström.



Special chains used for transportation of timber at sawmills and other applications are part of Addtech's product portfolio.

Acquisitions strengthen the business area's position relative to important customer segments

Addtech Components markets and sells components and sub-systems and develops solutions in the fields of connection technology, electronics and electro-mechanics. During 2003/2004 revenues amounted to MSEK 676, which is equivalent to 31 percent of Addtech's revenues.

BUSINESS

The companies in the Addtech Components business area sell components and sub-systems, and develop solutions in connection technology, electronics and electro-mechanics. The components are primarily included as sub-components in the customer's own products. A majority of customers are so-called OEM customers¹.

Addtech Component's companies function as innovative suppliers with high technical competence. The companies know what their customers need thanks to their many long-standing relationships.

For the customers it is important to profile the end products and to give them their own identity. In order to succeed in that respect, customer-adapted components are a must and this is totally in line with how the companies in Addtech Components operate.

The companies in the business area adapt and assemble sub-systems based on components purchased from a network of suppliers with leading market positions. Important customers are manufacturing companies in the engineering, electronics and vehicle industries.

DEVELOPMENT DURING 2003/2004

Sales of special vehicles and medical/technical applications showed a positive development during the year. Sales of applications such as connectors and wiring harnesses for base stations for the telecom market increased during

the latter part of the year. Sales to markets outside the Nordic region increased during the year. One of the driving forces behind this is that companies in the business area have been making deliveries to customers who have moved their production outside the Nordic region.

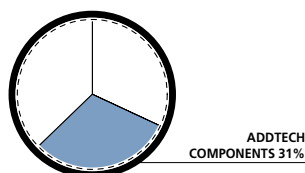
Stig Wahlström AB was acquired during 2003/2004. Important customer segments for this company are the vehicle and engineering industries, which strengthens the business area's offer to these segments.

KEY INDICATORS	2003/2004	2002/2003	2001/2002
Net revenues (MSEK)	676	585	547
Operating income (MSEK) ²	46	41	43
Operating margin (%) ²	6.9	6.9	7.8
Operative capital (MSEK)	135	116	117
Return on operative capital (%) ²	34	38	37
Capital expenditures in tangible fixed assets (MSEK)	2	6	4
Average number of employees	176	165	159

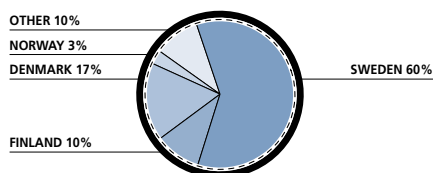
¹ OEM is short for Original Equipment Manufacturer. OEM components are components that are built into the product that Addtech's customer produces.

² Not including items affecting comparability.

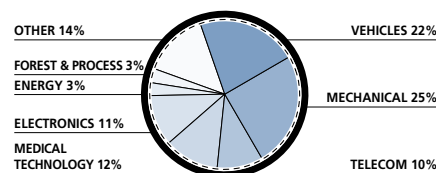
Revenues by business area



Revenues by geographic market



Revenues by customer segment



ADDTECH COMPONENTS IN BRIEF

Business Offers electronic and electro-mechanical components. A major portion of Addtech Component's sales is customer-specific solutions that are part of the customers' products.

Market Manufacturing companies, primarily in the engineering, vehicle and electronic industries.

Examples of customers Volvo, Scania, Timberjack, BT Industries, Gambro and Delphi.

Examples of competitors OEM International, ElektronikGruppen and Beijer Electronics.

Addtech delivers components used in mobile telephone network base stations.



THIS IS WHAT NORDIC BATTERY OFFERS ITS CUSTOMERS

- Traction batteries and chargers of high quality.
- Support and training in the field of battery solutions.
- Testing equipment for follow-up and analysis of battery usage.
- Solutions with focus on the overall economy.

Nordic Battery has a very strong position in the Nordic region in the field of traction batteries and battery chargers.

Special batteries that give customers better overall economy

Nordic Battery sells batteries used in electrically powered vehicles and machinery. The company creates solutions that help the customers optimize their battery use with large cost-savings as a result.

Batteries of high quality in combination with the experience and knowledge Nordic Battery possesses have given the company a very strong position in the Nordic region within the niche of traction batteries and battery chargers.

– Using batteries the right way requires knowledge. In addition to the product itself, we offer support and training. That’s our way of adding value, making the relationship with the customer a strong one, says the company’s President, Johan Westin.

Aid centers that among other things offer wheelchairs for handicapped persons is one of Nordic Battery’s largest customer groups. The cost of battery use is in many cases unnecessarily high, which often is due to end users charging and treating the batteries in the wrong way. Nordic Battery’s deep knowledge is important in these cases since much is to be gained by correct battery usage.

Chargers and testing equipment are a part of Nordic Battery’s offer to its customers. With this testing equipment it is possible to check out how the batteries are used and charged. Some of the

chargers sold by Nordic Battery are “intelligent” and can, for example, be connected to a computer for a graphic presentation of the information.

Battery-operated machines and tools have become ever more common in people’s daily lives, both at work and at home. Sales of lifts for painting and construction work, for example, have grown strongly during the past five years. The result is that the market for traction batteries has grown sharply. Johan Westin predicts continued market growth, albeit at a somewhat slower pace.

Batteries sold by Nordic Battery are produced by leading manufacturers and maintain very high quality.

– There are cheap batteries of lesser quality on the market, but most customers look at the overall economy and our solutions with high quality and long life are then the most advantageous, declares Johan Westin.

Nordic Battery has offices in Göteborg, Stockholm and Oslo. The company has been a part of the Addtech Group since 2001.

– One of our strengths is that we combine the flexibility and personal service of a small company with the financial strength and stability of a large company, says Johan Westin.



THIS IS WHAT BETECH SEALS OFFERS ITS CUSTOMERS

- ➔ Solutions, standard products and customer-unique products that provide good overall economy.
- ➔ A product program that minimizes the customer's need for complementary suppliers.
- ➔ Well-functioning logistics make for secure delivery.
- ➔ Development and design work together with the customer.

Betech Seals manufactures seals, gaskets and form parts for applications such as wind power stations, vehicles and refineries.

Niche production in close cooperation with the customer

What Betech Seals' customers have in common is that they have stringent requirements for products in the form of seals, gaskets and form parts. But their ranges of use differ widely. The products are used in applications such as wind power stations, vehicles and refineries.

Denmark-based Betech Seals functions as an active partner with its customers and often participates in the customer's development work. In practice, this means that Betech Seals' project leaders develop proposals for solutions, standard or customer-unique products, that give the customer good overall economy. Betech Seals' product program consists of seals, gaskets, bellows, form parts and vibration dampers.

Approximately 75 percent of the business relates to products produced in-house and customer-unique products. The production in Betech Seals is what the Addtech Group refers to as niche production.

Two examples of proprietary brand names are Addfrie[®] and Addcoat[®], which are different after-treatments for rubber. Both treatments reduce the friction, which in certain applications and assembly processes adds value for the customer. Both Addfrie[®] and Addcoat[®] strengthen the surface and provide improved chemical resistance.

Aside from materials and production competence, delivery

security and close customer relationships are the most important success factors for Betech Seals.

Betech Seals has revenues of over 100 million Danish kroner and has 65 employees.

There are several advantages with Betech Seals being a part of the Addtech Group, for the company as well as its customers.

– As President, I notice that there are clear advantages of being a part of the Addtech Group, states Claus Nielsen. For me it is valuable to have access to a network of colleagues with whom you can discuss ideas and interesting development issues. For certain customers we also work together with sister companies. In some cases the customer may place an order with our sister company, but gets delivery and advice from us. This is common when the customer does not want to increase the number of suppliers the customer works with.

With a clear focus on customer relationships, the ambition levels and expectations for the future are high.

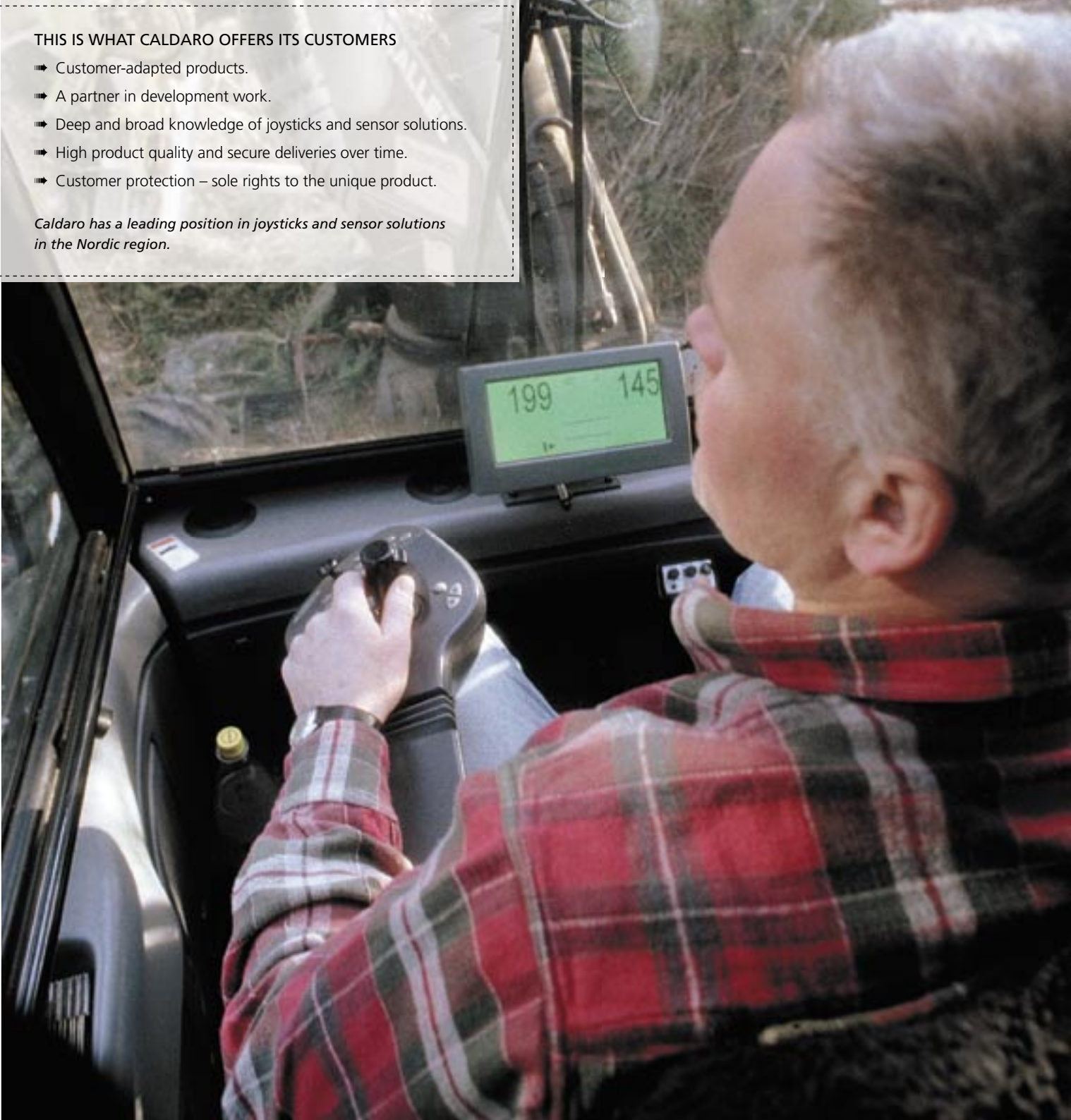
– In two years we will be working even more together with customer design departments and be even more involved when they develop new products. Customers see us as a “technical solution house” that offers highly developed logistics, good overall economy and really good products, declares Claus Nielsen.



THIS IS WHAT CALDARO OFFERS ITS CUSTOMERS

- Customer-adapted products.
- A partner in development work.
- Deep and broad knowledge of joysticks and sensor solutions.
- High product quality and secure deliveries over time.
- Customer protection – sole rights to the unique product.

Caldaro has a leading position in joysticks and sensor solutions in the Nordic region.



Tailor-made solutions – key to success

Caldaro has a leading position in customer-adapted joysticks and sensor solutions for industrial companies in the Nordic region.

– The key to our success is to become an important partner in customer development work, says Caldaro’s President, Thomas Pehrsson.

Strong relationships with the customers is one of the most important success factors and has given the company a leading position in its market niche.

– We have deep customer relationships because our associates are highly service-minded and have high technical competence. The Caldaro brand name simply stands for high quality and trust, declares Thomas Pehrsson.

Adaptation and product development are a central part of Caldaro’s operations and the development work takes place in close cooperation with the customer. The customer thus gets a product that is tailor-made to the customer’s unique needs.

Caldaro’s products are often a critical and visible part in machinery such as trucks, forest machines, medical/technical equipment and vessels. Aside from perfect technical functionality and delivery security, design is therefore very much a competitive tool. It is important that the product – a joystick for example – is comfortable for the user and at the same time has an appearance that agrees with the overall impression of the machine.

To meet these requirements, industrial design is a part of the offer to Caldaro’s customers. A confirmation that Caldaro has succeeded is that the company has delivered joysticks for end products that have won design awards both in the Nordic region and the rest of Europe.

In addition to its head office in Stockholm, Caldaro also has offices in Germany and the United Kingdom. To grow geographically has always been a natural development for the company as it follows its customers and adapts to their increased globalization. Caldaro is also working to become stronger in the growing market for earthmoving equipment and agricultural machinery.

– Overall, earthmoving equipment and agricultural machinery has not been as advanced as trucks and forest machinery. This means that with our competence and history, we also have relevant knowledge applicable to earthmoving equipment and agricultural machinery. Therefore we have great opportunities for growing in that area, says Thomas Pehrsson.

Caldaro, which traces its origin to a department in the Addtech Group, was founded in 1993 and celebrates its tenth anniversary with good growth, both in terms of revenue and income. Since the start the company on several occasions has been elected “Supplier of the year” by large and internationally well-known companies.

Focus on creativity and business acumen

The technical knowledge of Addtech's employees is highly valued by the customers. This is the very foundation of Addtech's close and stable relationship with its customers. Technical creativity, new thinking and business acumen mark the employees.

ADDETECH'S CORPORATE CULTURE PERMEATED BY ENTREPRENEURSHIP

Addtech's decentralized organization creates a good breeding ground for growth where employees have a lot of freedom to take the initiative, drive new projects and develop solutions together with the customers.

The corporate culture reaches out into the organization in different ways. Examples of this include the training offered by Addtech's Business School, chief executive meetings, board-of-directors work at the subsidiary level and project group meetings. All companies regularly call internal sales and marketing meetings where the corporate culture and values are put into perspective based on customer needs and new technical knowledge.

COMPETENCE DEVELOPMENT CLOSE TO THE MARKET

Most competence development takes place with customers and suppliers. Addtech's employees are keenly aware of changes in the market and regularly meet with market players in different forums. Key persons from Addtech spend time with suppliers

in the United States, Europe and Asia on a regular basis.

DEEP TECHNICAL KNOWLEDGE

The technical know-how in Addtech is broad and deep. Most of Addtech's employees have either many years of experience in the industry or a highly technical education. A technical background, and an understanding of and solid interest in technology is what creates value for the customers. The components and technical solutions offered to customers have much technology content and the work to a large extent consists of problem-solving.

RECRUITING

Several operative managers in Addtech have previously worked in other areas of the Group. Internal recruiting is important at Addtech and the internal development opportunities are good for Addtech's employees. A concrete example is that three managing director positions were filled by internal recruitment during the past year.

BETTER LEADERSHIP

During the 2003/2004 operating year the state of the economy prompted consolidation and organizational changes. That type of change affects employees at all levels in the companies in question. In order to create a positive atmosphere and strong leadership, a program was implemented during the year with the participation of a large number of senior managers in the Group. The program put the leadership qualities of the managers to the test and parallels were made with sports to actualize the results that can be achieved with the right leadership. Leadership was discussed as well as practiced in different situations in an effort to develop Addtech's leadership philosophy and to inspire the managers.

EMPLOYEES IN SEVERAL COUNTRIES

The Addtech Group had 996 (1 072) employees in the Nordic region, Germany, the United Kingdom, Austria and Poland during the year. Over 50 percent of the employees are employed in Sweden and women make up 27 percent (28) of the employees.

Personnel turnover, adjusted for effects of action programs and companies sold, was 9 percent (10). The average period of employment in Addtech is about eleven years and the average age of employees is 43.



Technical competence in combination with business acumen is central in Addtech.

The Business School spreads the corporate culture

The Business School is a tool for disseminating competence and culture throughout the Addtech Group. Opportunities to discuss concrete situations and exchange experiences improve the method of work.

The Business School offers several different courses at different levels, all of which are well adapted to the tasks and experience of the employees. The training covers everything from a basic course in Addtech's vision and corporate philosophy, to advanced training in business leadership. Common to all training courses is that they are to a large extent based on practical exercises and case studies.

The very awareness of and feeling for business acumen and sales work are the central themes of several training courses at The Business School, but the school also has an important function as culture bearer.

– The Business School increases contacts among the Group's companies, which is important. Participants also get a chance to get to know persons from businesses similar to their own, says

Håkan Franzén, who is responsible for The Business School.

About 200 employees have participated in some form of training at The Business School during 2003/2004. One of them is Thomas Lindqvist, a sales representative at Addtech company Aratron.

– Thanks to the course I have learned how I can better handle customer demands with counter-demands in a business-like manner, he declares.

The vision for The Business School is to train, further develop and motivate the staff to become successful employees in Addtech. This is achieved by giving employees tools to develop distinct business acumen, to understand the corporate culture, profitability thinking and the Group's value-creating overall philosophy.

– Aided by the course I have learned a lot about customer relationships, to adapt the sales technique to different customer situations, says Compotech's Carina Brandén, who has taken the course *How to succeed in business*.



Employees from different Addtech companies meet and share their experiences at the training sessions of The Business School.

Environment and quality that create growth and business benefits

Addtech's quality and environmental work is an integrated part of the Group's business operations. The subsidiaries have considerable freedom in implementing environmental and quality goals, at the same time as growth, profitability and customer benefits are ensured. Addtech's environmental policy acts as a guide, as does the Group's position in the ethics and quality area.

WASTE, TRANSPORTATION AND PRODUCTS

The three most important environmental aspects affected by Addtech's business are: waste, transportation and products.

Waste is a concern mainly for the manufacturing companies, but also for companies in the Group that sell products of such a character that the seller is responsible for recovering the product when it has been consumed.

Transportation issues concern the entire value chain, from sup-

pliers, via Addtech and to the customers. In the Addtech Group, employees are required to travel using the most environmentally sound modes of transportation available.

The product aspect means that environmental considerations must be made throughout the entire product cycle. If, for instance, equivalent products can be purchased on

similar terms in different parts of the world, the alternative where transportation is most environmentally economical should be chosen. The product's composition should also be as environmentally friendly as possible.

QUALITY FOR THE CUSTOMER

Working with quality includes both products and processes. All routine activities – from purchasing and warehousing to delivered products and solutions – should be performed with an emphasis on quality assurance. High quality is always given priority by Addtech and is an element of the technical business competence that the employees are responsible for.

ISO CERTIFICATIONS

More than half of the Group's subsidiaries are environment and/or quality certified according to the ISO standard prevailing in the marketplace. Environmental certifications are ISO 14000, 14001 and EMAS, and quality certifications are ISO 9000 and 9001. All companies with ISO certification have measurable goals against which actual scores can be compared. Examples of such goals in the quality area are delivery time to customer and the number of returns. In the environmental area there are goals such as less waste, less transportation and the best possible environmental performance when choosing between equivalent products.

In many cases the companies themselves set equivalent requirements for certification in terms of quality and environment for



Addtech works with high-tech components and solutions. Quality assurance is crucial in gaining the confidence of customers.

their suppliers. Before a new supplier is used, a careful evaluation from a quality and environmental aspect is always performed. This evaluation also includes analysis of the supplier's approach to and level of social issues.

Subsidiaries that are not certified work actively with environmental and quality goals and continuously evaluate their quality work based on customer and market requirements. When certification is discussed and evaluated, the business benefit is always in focus and is what decides if certifications should be carried out.

FOCUS ON ETHICS

Addtech's business operations are based on strong relationships of long standing with customers as well as suppliers. The motivation and driving force of its employees to produce good results is crucial to Addtech's success. A clear engagement in ethics issues in the relationships with employees, customers and suppliers is a matter of course in Addtech. Day-to-day operations are distinguished by respect for people, the environment and business partners. Ethics are a recurring theme at several of the courses taught at The Business School.

FOLKSAM'S CLIMATE INDEX 2002

Addtech was awarded four stars out of five in Folksam's climate index 2002. Addtech's climate work was given a passing grade with clearly reported carbon dioxide emissions and a trend towards lower emissions. The climate index for 2003 will be published in June 2004.

Folksam's climate index is an investigation of Swedish listed companies' carbon dioxide emissions. Their goal is to attract attention to one of the most serious environmental problems. The results of the investigation provide information to investors who wish to consider the environmental position of a company.

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.

In summary, the Group's environmental policy means that the following tenets apply:

- Addtech will minimize the generation of waste, and prevent any risks for emissions.
- Environmental performance is taken into account when selecting products and mode of transportation.
- Addtech will continually influence employees and suppliers to pursue open and dedicated environmental work.
- Addtech's environmental work will lead to constant improvements and current legal requirements are considered to be the minimum acceptable threshold for operations.

Key Financial Indicators

MSEK	2003/2004	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
Net revenues	2 210	2 275	2 360	2 502	2 023	1 725
Operating income	96	98	86	214	161	153
Operating income not including items affecting comparability	103	94	85	201	161	153
Financial income and expense	-3	-5	-5	-7		
Income after financial items	93	93	81	207		
Net income for the year	64	64	53	149		
Intangible fixed assets	35	29	13	-		
Tangible fixed assets	147	159	176	211	167	183
Financial fixed assets	11	7	6	7	8	7
Inventories	298	313	347	376	269	234
Short-term receivables	362	373	407	472	344	287
Liquid funds	121	97	92	151		
Total assets	974	978	1 041	1 217		
Shareholders' equity	410	432	417	415		
Minority interest	4	3	6	6		
Interest-bearing liabilities and provisions	99	101	166	167		
Non-interest-bearing liabilities and provisions	461	442	452	629	395	329
Total shareholders' equity and liabilities	974	978	1 041	1 217		
Capital employed	513	536	589	588		
Operative capital	392	439	497	437	393	382
Financial net indebtedness	-22	4	74	16		
Operating margin (%)	4.3	4.2	3.6	8.6	8.0	8.9
Profit margin (%)	4.2	4.0	3.4	8.3		
Return on equity (%)	15	15	12	36		
Return on capital employed (%)	19	18	15	38		
Equity ratio (%)	42	44	41	34		
Debt equity ratio	0.2	0.2	0.4	0.4		
Interest coverage ratio	10.5	8.6	6.9	12.8		
Earnings per share (SEK) ¹	2.49	2.43	1.92	5.36		
Earnings per share not including items affecting comparability (SEK)	2.75	2.32	1.91	5.02		
Cash flow per share (SEK)	6.23	6.39	1.49	8.00		
Shareholders' equity per share (SEK) ¹	16.70	16.80	15.70	14.90		
Dividend per share (SEK)	2.00 ²	1.50	1.20			
Cash flow from current operations	159	169	41	223		
Cash flow from investment operations	-32	-41	-9	-220		
Cash flow from financing operations	-103	-123	-90			
Cash flow for the year	24	5	-58			
Average number of employees	996	1 072	1 155	940	811	723
Number of employees at year-end	966	1 035	1 100	1 162	823	758

¹ There is no dilutive effect from outstanding personnel options during any of the above reported periods as the present value of the redemption price on outstanding personnel options was higher than the average value of the share.

² As proposed by the Board of Directors.

The Addtech Group was capitalized March 31, 2001. Certain data have therefore been omitted.

Comparative data for 2000/2001 and years prior are pro forma and based on the assumptions presented in Addtech's prospectus in August 2001.

Administration Report

April 1, 2003 – March 31, 2004

The Board of Directors and the President of Addtech AB (publ), organization number 556302-9726, hereby submit their Annual Accounts and consolidated financial statements for the 2003/2004 operating year.

BUSINESS

Addtech is a leading technology trading group where business acumen is combined with cutting edge competence. On the basis of high-tech industrial components and systems, Addtech, together with its customers and suppliers, creates solutions that lead to better products as well as optimized production processes. Addtech contributes technical as well as economic added value to its customers. The Group is organized in three business areas: Addtech Equipment, Addtech Transmission and Addtech Components.

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: delivering added value in every situation and in every relationship.

NET REVENUES AND RESULT

Net revenues of the Addtech Group for the financial year amounted to MSEK 2 210 (2 275). Adjusted for acquired and sold units, this is equivalent to a decrease of 5 percent. The business situation for most of the Group's businesses was stable, but at a low level. For investment-type products intended for the telecom and electronics sector, demand continued to be weak. The market situation improved towards the end of the fourth quarter and this resulted in more requests for quotes on new projects. Foreign exchange rate changes affected net revenues negatively, with lower gross income as a result. Implemented cost-saving actions were significant in counteracting the effect of lower net revenues. Cost-containment measures and efficiency-improving actions taken during the year are expected to yield their full effect during the new financial year.

Foreign exchange rate effects when translating foreign units affected revenues negatively by MSEK 15 and operating income negatively by MSEK 1.

Operating income, not including items affecting comparability, increased by 10 percent to MSEK 103 (94) and income after financial items, not including items affecting comparability, increased by 13 percent to MSEK 100 (89). The operating margin, not including items affecting comparability, increased to 4.7 percent (4.1). The sale of two subsidiaries gave rise to a net cost affecting comparability of MSEK -7. Last year items affecting comparability gave rise to net income of MSEK 4.

As a result of reduced financial net indebtedness, the net of financial items improved and amounted to MSEK -3 (-5) for the year.

Income after taxes amounted to MSEK 64 (64), or SEK 2.49 per share (2.43). The effective tax rate was 30 percent (30).

BUSINESS AREAS

Addtech Equipment

Adjusted for the sold EnvoControl subsidiary, Addtech Equipment's net revenues declined by 13 percent to MSEK 707 (834). Operating income not including items affecting comparability improved to MSEK 26 (17).

The business situation for materials and consumables was stable during the year. Demand for investment-type goods continued to be low during the year, however. An increased proportion of materials and supplies resulted in a stronger gross margin, which together with adapting costs to the current business situation resulted in the improvement in earnings

achieved. The full impact of measures taken is expected to be seen during the new financial year.

Addtech Transmission

Addtech Transmission's net revenues declined, adjusted for the business sold in subsidiary Laserstans AB, by 2 percent to MSEK 829 (859). Operating income not including items affecting comparability amounted to MSEK 33 (38).

Demand for replacement components from the aftermarket for use in connection with maintenance and service work in industry was stronger during the year than during the preceding year. Demand from machinery builders for components was lower, however, as a result of a slightly weaker economy during the year. The primary reason for the change in income was lower net revenues. Cost-containment measures and efficiency-improvement actions are expected to have their full impact during the early part of the new financial year.

Addtech Components

Addtech Component's net revenues increased by 15 percent to MSEK 676 (585). Adjusted for acquired units, revenues increased by 2 percent during the full year, and by 12 percent during the fourth quarter. Operating income amounted to MSEK 46 (41).

The market situation for the business area's operations was stable during the year in Sweden, but somewhat weaker in Denmark and Finland compared to the preceding year. Sales to makers of special vehicles and medical/technical applications saw a positive development. During the latter part of the year, sales of applications to the telecom market also increased. The increase in operating income is explained primarily by higher volumes in existing operations and a slightly higher gross margin.

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on capital employed was 19 percent (18 percent during the preceding year) and the return on equity was 15 percent (15).

The equity ratio was 42 percent at the end of the period (44). Shareholders' equity per share amounted to SEK 16.70 (16.80). The Group's financial net assets amounted to MSEK 22, compared to a net liability of MSEK 4 at the beginning of the year.

Cash flow from current operations continued to be strong, amounting to MSEK 159 (169). Investments in fixed assets amounted to MSEK 19 (30) and disposals were MSEK 7 (30).

CORPORATE ACQUISITIONS AND DISPOSALS

In December Stig Wahlström AB, with annual revenues of MSEK 100, was acquired. The company strengthens the Group's offer to the special vehicles customer segment.

In December, the business in Group company Laserstans was sold and in August EnvoControl AB was sold. The motive behind the sales was that the operations of the companies were not in line with the Group's core business. The disposals gave rise to an item affecting comparability in a net amount of MSEK -7.

EMPLOYEES

At financial year-end the number of employees was 966, which can be compared to 1 035 at the beginning of the financial year. The average number of employees during the period was 996, compared to 1 072 during the preceding financial year.

REPURCHASE AND CANCELLATION OF OWN SHARES

Following a resolution by the Annual General Meeting held in August 2003, 1 350 000 previously repurchased shares were cancelled. At the Annual General Meeting in August 2003, the Board of Directors was authorized to buy back shares during the period until the next following Annual General Meeting and 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. A total of 1 250 000 shares were repurchased during the year at an average price of SEK 38.78 per share, equivalent to 4.7 percent of the shares outstanding and 3.4 percent of the votes. The total number of own shares held in treasury amounts to 1 981 400 with an average price of SEK 36.43. Of these shares 700 000 secure the Company's undertakings to holders of personnel options. Shares now held in treasury are equivalent to 7.5 percent of the total number of shares outstanding and 5.4 percent of the votes. The average number of shares held in treasury during the year was 1 604 078 (1 418 523).

The Board of Directors has decided to propose to the Annual General Meeting the cancellation of 1 181 400 repurchased shares. The Board of Directors has also decided to propose to the Annual General Meeting that the Board of Directors be given a renewed mandate to buy back own shares. The proposal includes a mandate for the Board of Directors to buy back shares during the period until the next following Annual General Meeting and 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. Repurchases shall be made via Stockholmsbörsen. 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 Stockholmsbörsen to finance acquisitions.

ENVIRONMENTAL IMPACT

Active environmental work is conducted in the Group to reduce the Group's environmental impact. The work is performed locally by each company with each company's specific conditions as a point of departure. An over-arching Group environmental policy has been adopted and can be found under the heading Environment, Quality and Ethics on pages 26–27 of the annual report. Some ten companies are certified according to ISO 14001 or equivalent. The Group conducts operations requiring a permit pursuant to the Swedish environmental act in one subsidiary and operations with duty of notification pursuant to the Swedish environmental act in another.

None of the Group's companies are involved in environmentally related disputes.

PENSIONS

Recommendation RR 29 Compensation to employees of the Swedish Financial Accounting Standards Board is applied from April 1, 2004. The introduction of RR 29 means that the Group's pension liability, which is regarded as a financial liability for purposes of computing key financial indicators, increases by MSEK 13. The one-time effect of the change is, in principle, carried directly to equity. On a net basis, with due consideration given to payroll tax and with deductions for deferred taxes, shareholders' equity is reduced by MSEK 11.

RESEARCH AND DEVELOPMENT

The Group conducts research and development on a very limited scale. The Group's business model includes on-going dialogues with, and feedback from, the Group's suppliers, who are responsible for most of the research and development that affects the Group's product offerings.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Starting April 1, 2005 Addtech will be applying IFRS to its consolidated financial reporting. This is a consequence of an EU ordinance that applies to all listed companies in EU. When reporting after April 1, 2005, comparative data will also have to be restated in accordance with IFRS for the 2004/2005 financial year.

A project is underway within Addtech to conform all systems and routines as required. The differences that exist between the Group's present accounting principles and IFRS with an effect on Addtech's financial reporting have been surveyed. Significant differences exist with respect to the reporting of goodwill, which no longer will be amortized on a straight-line basis. Instead, the need for amortization will be assessed on an annual basis. Another area where the rules of IFRS brings change compared to present principles is derivatives and hedge accounting. Given that Swedish accounting rules in most areas are relatively close to existing IFRS rules, Addtech is of the opinion that any other effects on the financial reports will not be significant. It may be noted, however, that IFRS in several areas require more extensive additional information than current Swedish rules.

LEGISLATION AND ARTICLES OF ASSOCIATION

Addtech AB applies Swedish corporate law and the rules that follow as consequence of the Company being listed on Stockholmsbörsen. The rules contained in Addtech's Articles of Association must also be observed. The Articles of Association are available at Addtech's Website.

WORK OF THE BOARD OF DIRECTORS

Addtech's Board of Directors consists of five directors, including the Company's President. Members are elected annually at the Annual General Meeting for the period ending upon adjournment of the next following Annual General Meeting. The Board of Directors appoints a chairman and a Vice chairman among its members. Members of the Group's management group attend board meetings to make presentations and act as secretaries. Secretary to the Board of Directors is the Company's Chief Financial Officer.

Four of the directors are independent relative to the Company and three are independent to the Company's major owners according to Stockholmsbörsen's definition.

During the operating year the Board of Directors held seven meetings. The work of the Board of Directors included issues concerning the Group's strategy and goals, acquisitions, capital expenditures, accounting issues and evaluation of the work of the Board of Directors. At the meeting held when the year-end closing of the books for the operating year was dealt with, the auditors reported on their findings in connection with their examination and gave their assessment on the state of internal controls in the Group.

The Board of Directors has adopted rules of procedure to govern the distribution of responsibilities between the Board of Directors and the President, and what type of current information should be made available to the Board of Directors.

A compensation committee and an audit committee have been formed within the Board of Directors. The compensation committee consists of Chairman Anders Börjesson, Vice Chairman Tom Hedelius and President Roger Bergqvist. The compensation committee deals with salaries and other employment terms for the President and other members of senior management. The President does not participate in decisions regarding the President's employment terms. The audit committee consists of the Board of Directors in its entirety.

The Annual General Meeting held in August 2003 resolved to authorize the Chairman to appoint directors who together with Chairman will constitute a nomination committee for upcoming Board of Director elections. The nomination committee includes Marianne Nilsson representing Robur Fonder, Pär Stenberg, Tom Hedelius and Anders Börjesson.

The Board of Directors is presented on page 59.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 24 (27) and income after financial items was MSEK 132 (149). This result includes dividends and group contributions from subsidiaries amounting to MSEK 130 (147). Net investments in fixed assets were made in the amount of MSEK 2 (1). The Parent Company's net financial assets amounted to MSEK 56 at the end of the financial year, compared to MSEK 5 at the beginning of the financial year.

EVENTS AFTER THE BALANCE SHEET DATE

In June 2004 the Addtech Group concluded an agreement to acquire all outstanding shares in the Carbex Group. Annual revenues amount to about MSEK 50. The Carbex Group is active in manufacturing and sales of electrical brushes and electromechanical components for electrical and signal transmission. Important market segments where the products are used include the energy and medical/technical industry. Payment for the acquisition will be partially in the form of conveying 100 000 class B shares in Addtech AB. Possession is expected to take place September 1, 2004.

FUTURE OUTLOOK

The market situation improved towards the end of the year, which resulted in more requests for quotes for new projects.

Addtech stands well prepared to meet future increased demand for the Group's products and services. The financial position is strong and offers good opportunities for future growth.

DIVIDEND

The Board of Directors proposes a dividend of SEK 2.00 per share. The total dividend payment amounts to MSEK 49.

PROPOSED ALLOCATION OF EARNINGS

The Group's unrestricted shareholders' equity amounted to MSEK 320 as of March 31, 2004. No allocation to restricted reserves is required.

The following amounts are available for distribution by the Parent Company, Addtech AB:

Retained earnings.....	SEK 585 620 000
Net income for the year	SEK 103 417 000
	SEK 689 037 000

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

A dividend to the shareholders of SEK 2.00 per share....	SEK 49 066 000
To be carried forward.....	SEK 639 971 000
	SEK 689 037 000

Stockholm, June 21, 2004

Anders Börjesson
CHAIRMAN

Tom Hedelius
VICE CHAIRMAN

Urban Jansson

Lars Spongberg

Roger Bergqvist
PRESIDENT

Our Audit Report was submitted June 21, 2004

George Pettersson
AUTHORIZED PUBLIC ACCOUNTANT

Thomas Thiel
AUTHORIZED PUBLIC ACCOUNTANT

Consolidated Statement of Income

MSEK	NOTE	2003/2004	2002/2003
Net revenues	2, 3	2 210	2 275
Cost of goods sold		-1 514	-1 571
Gross profit		696	704
Selling expenses		-384	-406
Administrative expenses		-214	-222
Other operating income	7	13	27
Other operating expense	7	-15	-5
Operating income	2-8, 14	96	98
Result from financial fixed assets	9	0	0
Interest income and similar profit/loss items	9	7	7
Interest expense and similar profit/loss items	9	-10	-12
Income after financial items		93	93
Taxes	11	-28	-28
Minority interest		-1	-1
Net income for the year		64	64
Operating income includes items affecting comparability in an amount of	8	-7	4
Earnings per share (SEK) ¹	28	2.49	2.43
Earnings per share not including items affecting comparability (SEK)		2.75	2.32
Proposed dividend per share (SEK)		2.00	1.50
Average number of shares outstanding after repurchases ('000)		25 534	26 446
Number of shares outstanding after repurchases ('000)		24 533	25 783

¹ There is no dilutive effect from outstanding personnel options during any of the above reported periods as the present value of the redemption price on outstanding personnel options was higher than the average value of the share.

NET REVENUES

Net revenues of the Addtech Group decreased by 3 percent to MSEK 2 210 (2 275). Adjusted for units acquired and disposed of, the decrease was 5 percent. Currency effects in translation of foreign subsidiaries affected revenues by MSEK 15 in a negative direction.

OPERATING INCOME

The Group's operating income amounted to MSEK 96 (98). Currency effects in translation of foreign subsidiaries affected income by MSEK 1 in a negative direction. This result includes items affecting comparability in a net amount of MSEK -7 (4) attributable to sales of two businesses. For the preceding year, items affecting comparability as a result of real estate sales in the amount of MSEK 13 and costs of MSEK 9 as a result of restructuring of the Group's telecom-oriented business.

The operating margin was 4.3 percent (4.2). Adjusted for items affecting comparability the margin was 4.7 percent (4.1). The increase in margin is explained by cost containment action.

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

The item other operating income and expense, net, amounted to MSEK -2 (22), of which items affecting comparability accounted for MSEK -7 (13). This item consists primarily of rental income, compensation for agency rights, exchange rate effects of an operating nature and the result of sales of fixed assets and businesses.

NET FINANCIAL ITEMS

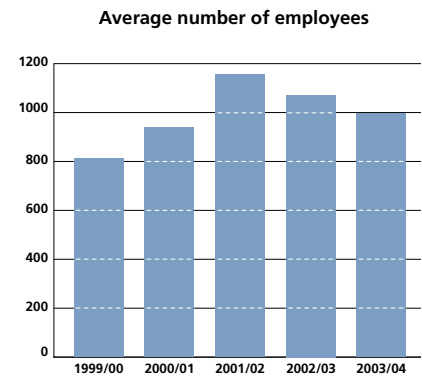
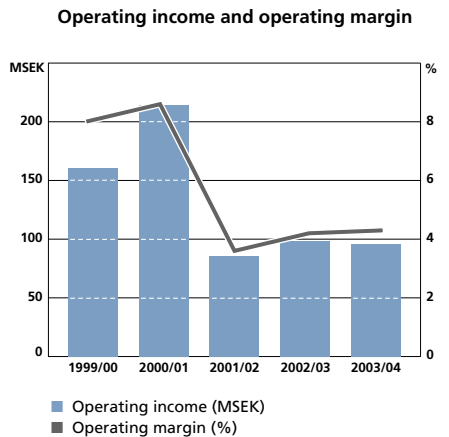
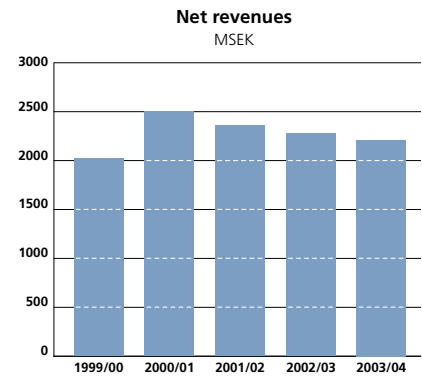
Net financial items amounted to MSEK -3 (-5). The improvement in net financial items is explained mainly by lower net indebtedness.

TAXES

The year's tax expense amounted to MSEK 28 (28), equivalent to 30.1 percent (29.9) of income before taxes. The total weighted nominal tax rate for the Group's operations was 28.4 percent (28.5) during the year.

EARNINGS PER SHARE

Earnings per share have been computed based on the year's income of MSEK 64, divided by the average number of shares outstanding during the year after repurchase, 25 533 515. In computing earnings per share not including items affecting comparability, items affecting comparability, net of MSEK -7 after taxes, have been taken into account.



Consolidated Balance Sheet

MSEK	NOTE	MARCH 31, 2004		MARCH 31, 2003	
Assets					
FIXED ASSETS					
Intangible fixed assets	12	35		29	
Tangible fixed assets	13	147		159	
Financial fixed assets	15	11	193	7	195
CURRENT ASSETS					
Inventories	16	298		313	
Short-term receivables		330		325	
Tax claims		3		9	
Other receivables		12		10	
Prepaid expenses and accrued income	17	17		29	
Cash and bank balances		121	781	97	783
Total assets	25		974		978
Shareholders' equity and liabilities					
SHAREHOLDERS' EQUITY					
RESTRICTED EQUITY					
Share capital		53		56	
Restricted reserves		37		23	
UNRESTRICTED EQUITY					
Unrestricted reserves		256		289	
Net income for the year		64	410	64	432
MINORITY INTEREST					
		4	4	3	3
PROVISIONS					
INTEREST-BEARING PROVISIONS					
Pensions and similar commitments	20	91		77	
NON-INTEREST-BEARING PROVISIONS					
Deferred tax liability	21	59		54	
Other provisions		6	156	1	132
LONG-TERM LIABILITIES					
INTEREST-BEARING LIABILITIES					
Due to credit institutions	22	6	6	7	7
CURRENT LIABILITIES					
INTEREST-BEARING LIABILITIES					
Liabilities to credit institutions	23	2		17	
NON-INTEREST-BEARING LIABILITIES					
Advance payments from customers		4		4	
Accounts payable		219		221	
Notes payable		–		0	
Tax liabilities		6		1	
Other liabilities		56		53	
Accrued expenses and prepaid income	24	111	398	108	404
Total shareholders' equity and liabilities	25		974		978
PLEGGED ASSETS					
	26		24		63
CONTINGENT LIABILITIES					
	26		16		17

ASSETS

The Group's total assets were largely unchanged and amounted to MSEK 974 (978). Currency effects of translating the Group's foreign units had a minimal effect on the change in the Group's assets between the years.

FIXED ASSETS

Buildings and land increased during the year by MSEK 3 to MSEK 86 (83). Depreciation amounted to MSEK 3 (3). In connection with the acquisition of Stig Wahlström AB, the property where the company conducts its business was acquired. Two properties were sold during the preceding financial year for a capital gain of MSEK 13.

Machinery declined by MSEK 6 to MSEK 26 (32) and equipment declined by MSEK 9 to MSEK 32 (41). Depreciation against these assets amounted to MSEK 7 (10) and MSEK 19 (21), respectively.

INVENTORIES AND ACCOUNTS RECEIVABLE

Inventories stood at MSEK 298 (313) at financial year-end. This is equivalent to 12 percent of net sales during the fourth quarter of the financial year annualized and corrected for acquisitions (13 percent at the end of the preceding financial year).

Accounts receivable amounted to MSEK 330 (325), which is equivalent to 14 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) was equivalent to 17 percent of net sales at financial year-end (17).

SHAREHOLDERS' EQUITY

Shareholders' equity declined by MSEK 22 to MSEK 410 (432). Repurchases of own shares reduced shareholders' equity by MSEK 48. A dividend of MSEK 39 was declared. The equity/assets ratio at the end of the financial year stood at 42 percent (44).

LIABILITIES AND PROVISIONS

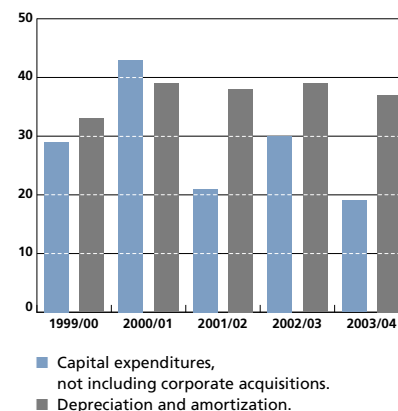
Interest-bearing liabilities decreased during the year by MSEK 16 to MSEK 8 (24) and interest-bearing provisions increased by MSEK 14 to MSEK 91 (77). The increase is attributable to the Group's pension liability.

The Group's net financial net assets amounted to MSEK 22 at year-end, as compared with a net financial liability of MSEK 4 at the beginning of the year.

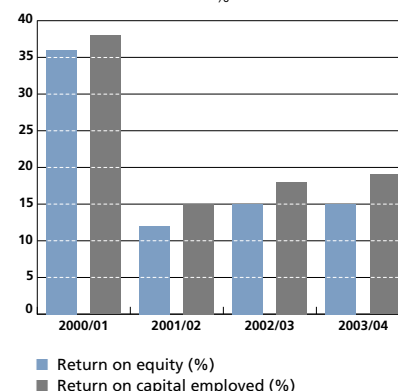
KEY FINANCIAL INDICATORS

The debt equity ratio was 0.2 (0.2) at the end of the year and the equity ratio declined to 42 percent (44).

**Capital expenditures,
depreciation and amortization**
MSEK



Return on capital
%



Consolidated Shareholders' Equity

MSEK	SHARE CAPITAL	RESTRICTED RESERVES	UNRESTRICTED EQUITY	TOTAL EQUITY
Equity as of March 31, 2002	56	5	356	417
Transfers between unrestricted and restricted equity		18	-18	0
Net income for the year			64	64
Dividend			-32	-32
Repurchase of own shares			-21	-21
Translation differences			4	4
Equity as of March 31, 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 March 31, 2004	53	37	320	410

See Note 18 for comments on shareholders' equity.

Consolidated Statement of Cash Flow

MSEK	NOTE	2003/2004	2002/2003
Income after financial items		93	93
Adjustment for items not included in cash flow	27	46	36
Paid taxes		-14	-28
Cash flow from current operations before changes in working capital		125	101
Changes in			
inventories		25	36
operating receivables		18	51
operating liabilities		-9	-19
Change in working capital		34	68
Cash flow from current operations		159	169
INVESTMENT OPERATIONS			
Acquisition of companies and business units	27	-20	-41
Sales of companies and business units	27	0	-
Investments in tangible fixed assets		-16	-28
Sales of tangible fixed assets		7	30
Investments in intangible fixed assets		-3	-2
Cash flow from investment operations		-32	-41
FINANCING OPERATIONS			
Dividend		-39	-32
Repurchase of own shares		-48	-21
Change in interest-bearing liabilities		-15	-72
Other financing		-1	2
Cash flow from financing operations		-103	-123
Cash flow for the year		24	5
Liquid funds at beginning of year		97	92
Cash flow for the year		24	5
Translation difference in liquid funds		0	0
Liquid funds at year-end ¹		121	97

¹ Liquid funds refer to balances in bank and postal giro accounts.

CASH FLOW FROM CURRENT OPERATIONS

Interest income during the year amounted to MSEK 4 (7) and interest paid amounted to MSEK 6 (12).

Adjustment for items not included in cash flow includes depreciation and amortization according to plan in an amount of MSEK 37 (39). There were also other items not affecting cash flow, such as results on sales of fixed assets and businesses, and the cost of indexing the pension liability.

Paid taxes amounted to MSEK 14 (28), compared to the Group's tax expense of MSEK 28 (28).

The Group's working capital declined by MSEK 34 (68) during the year. The working capital of units acquired during the year amounted to MSEK 11.

Cash flow from current operations amounted to MSEK 159 (169).

INVESTMENT OPERATIONS

The year's investments in tangible fixed assets in the amount of MSEK 19 (30) primarily refer to office equipment. Payments for acquired businesses, after deduction for of liquid funds in the companies, amounted to MSEK 20 (41), of which MSEK 11 referred to intangible assets. The Group's statement of cash flow has been adjusted for acquired businesses, according to specification in Note 27.

FINANCING OPERATIONS

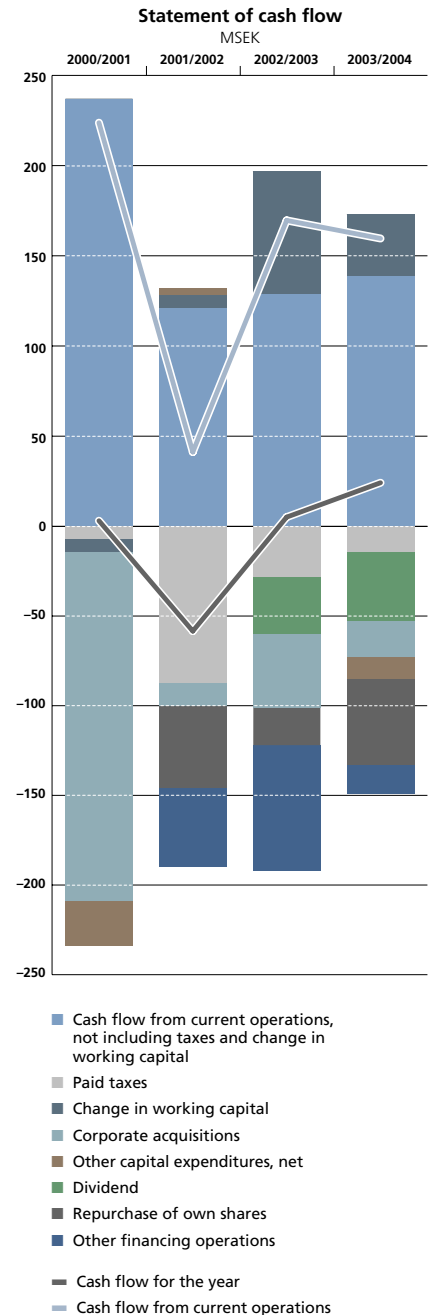
Repurchase of own shares entailed a payment of MSEK 48 (21). Interest-bearing liabilities declined during the year by MSEK 16 (72).

CORPORATE ACQUISITIONS AND DISPOSALS

The following corporate acquisitions and disposals have been carried out over the past two financial years:

DATE	ACQUISITION (DISPOSAL)	BUSINESS AREA	REVENUES (MSEK) ¹	NUMBER OF EMPLOYEES ¹
2003/04 Q 3	(Laserstans)	Transmission	(40)	(38)
2003/04 Q 3	Stig Wahlström	Components	100	43
2003/04 Q 2	(EnvoControl)	Equipment	(30)	(6)
2002/03 Q 3	R&K Gruppen	Components	100	10
2002/03 Q 1	Bergström Instrument	Components	30	9

¹ Annual revenue and number of employees at time of acquisition (disposal).



Parent Company Statement of Income

MSEK	NOTE	2003/2004	2002/2003
Net revenues	3	24	27
Administrative expenses		-27	-29
Operating profit	4-6, 14	-3	-2
Result from shares in Group companies	9	130	147
Result from financial fixed assets	9	5	7
Interest income and similar profit/loss items	9	4	4
Interest expense and similar profit/loss items	9	-4	-7
Income after financial items		132	149
Year-end appropriations	10	-16	-9
Income before taxes		116	140
Taxes	11	-13	-8
Net income for the year		103	132

Parent Company Balance Sheet

MSEK	NOTE	MARCH 31, 2004		MARCH 31, 2003	
Assets					
FIXED ASSETS					
Intangible fixed assets	12	1		-	
Tangible fixed assets	13	1		1	
Financial fixed assets					
Shares in Group companies	15	688		723	
Due from Group companies	15	69	759	145	869
CURRENT ASSETS					
Due from Group companies		109		101	
Prepaid expenses and accrued income	17	1		1	
Cash and bank deposits		100	210	59	161
Total assets	25		969		1 030
Shareholders' equity and liabilities					
SHAREHOLDERS' EQUITY	18				
RESTRICTED EQUITY					
Share capital		53		56	
Legal reserve		14		11	
UNRESTRICTED EQUITY					
Retained earnings		586		541	
Net income for the year		103	756	132	740
UNTAXED RESERVES	19	33	33	17	17
PROVISIONS		-	-	-	-
LONG-TERM LIABILITIES					
INTEREST-BEARING LIABILITIES					
Due to Group companies		38		101	
NON-INTEREST-BEARING LIABILITIES		-	38	-	101
CURRENT LIABILITIES					
INTEREST-BEARING LIABILITIES					
Due to credit institutions	23	-		13	
Due to Group companies		123		147	
NON-INTEREST-BEARING LIABILITIES					
Accounts payable		1		1	
Tax liabilities		10		4	
Other liabilities		1		2	
Accrued expenses and prepaid income	24	7	142	5	172
Total shareholders' equity and liabilities	25		969		1 030
PLEGGED ASSETS	26		-		-
CONTINGENT LIABILITIES	26		81		70

Parent Company Equity

MSEK	SHARE CAPITAL	LEGAL RESERVE	UNRESTRICTED EQUITY	TOTAL EQUITY
Equity as of March 31, 2002	56	0	605	661
Net income for the year			132	132
Dividend			-32	-32
Repurchase of own shares			-21	-21
Allocation to legal reserve		11	-11	0
Equity as of March 31, 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
Allocation 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 March 31, 2004	53	14	689	756

See Note 18 for comments on shareholders' equity.

Parent Company Statement of Cash Flow

MSEK	NOTE	2003/2004	2002/2003
Income after financial items		132	149
Adjustment for items not included in cash flow	27	-130	-147
Paid taxes		-6	-7
Cash flow from current operations before changes in working capital		-4	-5
Changes in			
short-term receivables and liabilities to Group companies		29	86
operating receivables		0	19
operating liabilities		1	-1
Change in working capital		30	104
Cash flow from current operations		26	99
INVESTMENT OPERATIONS			
Acquisition of companies		0	-
Sales of companies		0	-
Investments in tangible fixed assets		-1	-1
Investments in intangible fixed assets		-1	0
Cash flow from investment operations		-2	-1
FINANCING OPERATIONS			
Dividend		-39	-32
Repurchase of own shares		-48	-21
Change in long-term receivables and liabilities to Group companies		117	15
Change in other interest-bearing liabilities		-13	-20
Cash flow from financing operations		17	-58
Cash flow for the year		41	40
Liquid funds at beginning of year		59	19
Cash flow for the year		41	40
Liquid funds at year-end¹		100	59

¹ Liquid funds refer to balances in bank and postal giro accounts.

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 the 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, 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 of outsourcing 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 between different countries. Clear added value and Addtech's unique offerings lead to opportunities of delivering 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 EXPENDITURES

During the past three years aggregate capital expenditures in tangible fixed assets have amounted to MSEK 70, most of it in IT equipment, machinery and other equipment.

Investments in corporate acquisitions amounted to MSEK 74 during the same period.

The most important determinant of the future level of capital expenditures is therefore the rate of corporate acquisitions.

SEASONAL VARIATIONS

Addtech's business is distinguished by limited exposure to seasonal variations. Business volume normally follows the seasonal pattern of the producing industry, which means lower sales during the summer months. 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 various possibilities for 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, see Note 1.

SENSITIVITY ANALYSIS	CHANGE	EFFECT ON OPERATING INCOME
INCOME ITEMS		
Sales volume	+/- 5%	MSEK +10/-30
Cost of goods sold	+1%	MSEK -15
Payroll expense	+1%	MSEK -5
Overhead, not including payroll expense	+1%	MSEK -3

Accounting Principles, Valuation Principles and Definitions

The financial statements of the Addtech Group have been compiled in accordance with the Swedish Annual Accounts Act and recommendations in effect from 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.

NEWS

During 2003/2004 the following recommendations from the Swedish Financial Accounting Standards Board have come into force:

- ➔ no. 2:02 Inventories
- ➔ no. 22 Design of financial reports
- ➔ no. 24 Properties under management
- ➔ no. 25 Reporting by segment
 - lines of business and geographic areas
- ➔ no. 26 Events after financial year-end
- ➔ no. 27 Financial instruments: Disclosures and classification
- ➔ no. 28 Government grants

The new recommendations have resulted in changes in certain principles and classifications. These changes have had no effect on the reported income or financial position of the Addtech Group.

Recommendation number 22 Design of financial reports of the Swedish Financial Accounting Standards Council, has prompted changes in what is to be regarded as current and fixed assets, respectively, by introducing the term operating cycle. Liabilities are divided into current liabilities and long-term liabilities. The distribution here is also based on the operating cycle concept. The recommendation also means that shareholders' equity is reported in a separate report. In accordance with RR 22 utilization of committed credit facility is reported as a current liability, which for the comparative year means that utilized committed credit facility of MSEK 14.7 and MSEK 12.9 in the Group and the Parent Company, respectively, is moved from long-term liabilities to current liabilities.

Recommendation number 25 Reporting by segment – lines of business and geographic areas of the Swedish Financial Accounting Standards Council, has prompted more extensive information to be given about the Group's business, divided both into lines of business and by geographic market. This information is provided in Note 3.

Recommendation number 27 Financial instruments: Disclosures and classification of the Swedish Financial Accounting Standards Council has prompted more extensive information to be given about financial instruments. The recommendation does not affect the valuation of financial instruments, nor when they are to be reported in the balance sheet. Information according to the new recommendation is provided in Note 1.

Changes in the Swedish Annual Accounts Act means that absence due to illness among the Company's employees and the distribution according to gender among directors and management is to be reported. This is done in Note 4.

DESIGN OF ANNUAL REPORT

The annual report has been prepared in accordance with recommendation number 22 Design of financial reports of the Swedish Financial Accounting Standards Council, meaning among other things that separate reports are provided for income statement and balance sheet, change in shareholders'

equity and cash flow, and accounting principles applied and disclosures are provided in notes.

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

Set-off of assets and liabilities is allowed only when applicable. The same is true for revenues and costs.

Assets are divided into current assets and fixed 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.

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

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

In Note 25 assets are divided into amounts which are expected to be recovered within twelve months after the balance sheet date and later than twelve months after the balance sheet date.

Liabilities are divided into current liabilities and long-term liabilities. Liabilities that either are to be paid within twelve months, or, but only for operations-related liabilities, are expected to be paid within the operating cycle, are recorded as current liabilities. Since due consideration is thus given to the operating cycle, no non-interest-bearing liabilities, such as accounts payable and accrued personnel costs, are recorded as being long-term. Interest-bearing liabilities can be recorded as long-term even if they fall due for payment within twelve months of the balance sheet date if the original term was longer than twelve months, if the company intends to refinance the obligation on a long-term basis and if an agreement to this effect has been concluded before the annual report is submitted.

In Note 25 are reported liability amounts payable within twelve months from the balance sheet date, that are paid later than twelve months but within five years from the balance sheet date, and liabilities payable later than five years from the balance sheet date.

In the Parent Company, group contributions received that are 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 untaxed reserves and year-end appropriations are accounted for. Untaxed reserves have been removed from the consolidated balance sheet and the tax portion is reported among deferred taxes.

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 interest. 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, 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. If the value of the net assets is below the acquisition price, consolidated goodwill arises. If the opposite is true, negative goodwill arises. 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.

EXCHANGE RATE FLUCTUATIONS

Foreign currencies are translated in accordance with recommendation number 8 Reporting of effects of changed exchange rates of the Swedish Financial Accounting Standards Council. The current rate method is used for foreign currency translation of the statements of income and balance sheets of independent foreign businesses. Changes in opening equity due to a change in the exchange rate relative to the preceding year is accounted for as a translation difference which is carried directly to equity.

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.

Valuation of receivables and liabilities is at the year-end rate of exchange, or the exchange rate according to forward contracts. The Group utilizes forward contracts to reduce its exposure to fluctuation in foreign exchange rates. Forward contracts are carried at their actual value at financial year-end to the extent they have been entered into to hedge existing receivables and liabilities. Outstanding contracts entered into as to hedge the future flow of goods and capital expenditure transactions that with great certainty will occur are not valued. Instead, the effect of these contracts is reported only when the hedged transaction is recorded.

TANGIBLE FIXED ASSETS

Tangible fixed assets are carried in accordance with recommendation number 12 Tangible fixed assets of the Swedish Financial Accounting Standards Council, at cost less accumulated depreciation according to plan. Writedowns are made based on recommendation number 17 Writedowns of the Swedish Financial Accounting Standards Council.

Depreciation according to plan is realized 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 FIXED 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 case, it is a matter of operational leasing.

Significant financial leasing contracts are accounted for in the balance sheet as liabilities and in the income statement the leasing cost is allocated to operating expense (depreciation) and interest expense. Other leasing undertakings are reported according to the rules for operational leasing, i.e. off-balance sheet with the entire cost recorded as an operating expense. Currently there are no significant financial leasing contracts.

Note 14 contains information about leasing.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are carried in accordance with recommendation number 15 Intangible assets of the Swedish Financial Accounting Standards Council, at cost less accumulated amortization according to plan, and are split between goodwill, trademarks and other intangible fixed assets. Writedowns of intangible assets are made with guidance from recommendation number 17 Writedowns 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.

Intangible assets are amortized on a straight-line basis over the period of use and are determined based on individual assessment. The period of amortization is typically 5 or 10 years, 10 years being used for particularly large acquisitions.

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. Consolidated goodwill attributable to an independent foreign business is expressed in local currency. Translation to SEK follows recommendation number 8 Reporting of effects of changed exchange rates of the Swedish Financial Accounting Standards Council.

Only expenses for research and development that have the effect that the intangible asset fulfill the criteria of the recommendation for capitalization may be reported as assets. The Group's expenses for research and development have not satisfied these criteria allowing them to be reported as an asset and, as in prior years, these costs were expensed during the year. The following amortization periods are applied for intangible assets:

INTANGIBLE FIXED ASSETS	PERIOD OF USE
Trademarks.....	10 years
Goodwill.....	5–10 years
Other intangible assets.....	5–10 years

WRITEDOWNS

The need for writedown is determined after calculation of the recovery value of the asset, which consists of the higher of the net realizable value and the value in use. The latter concept is calculated as the present value of future payments that the company expects 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 writedown is reversed when the basis, wholly or partially, for writedown no longer exists.

FINANCIAL FIXED ASSETS

Financial fixed assets are normally carried at cost. A writedown is made if the net realizable value is below cost.

The Parent Company carries shares in Group companies at cost less a deduction for any writedowns.

INVENTORIES

Inventories are carried at the lower of cost according to the so-called first-in-first-out-method and net realizable value. Due consideration to obsolescence is given in that context. For semi-manufactured and finished goods made in-house, the cost is made up of direct manufacturing costs and a reasonable mark-up for indirect costs. Recommendation number 2:02 of the Swedish Financial Accounting Standards Council is applied in the accounting.

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.

LIABILITIES

Liabilities are normally carried at nominal values. Liabilities that at the time contracted carry lower than market interest are recorded at present value of the future payments stream if difference against nominal amounts is significant.

PENSION COMMITMENTS

Pension commitments with respect to fee-based plans in the Swedish companies are reported as a provision in the balance sheet, to the extent the Swedish pensions act so allows, under the heading *Provision for pensions and similar undertakings*. Pensionsregistreringsinstitutet (PRI) calculates the amount of provisions that have to be made for the portion of the ITP plan lodged there. The year's pension costs, including surplus provision/underestimated provision for pension purposes, are charged to operating income. Interest on the capital value is reported among financial expenses.

Adtech's pension plans are partially fee-based, which means that the Group is obligated to pay a fee for each period and that the Group after having paid such fees, does not have any further obligations with respect to pensions for the period. As a result, no actuarial assumptions are required in order to calculate the obligation or the cost and there are no opportunities for actuarial gains or losses. The ITP plan in Sweden is a plan with predetermined benefits where a portion thereof is mainly secured by insurance from Alecta. This insurance covers several employers and sufficient information is not available to report these obligations as a plan with predetermined benefits. For this reason pension secured by insurance in Alecta is therefore regarded as a plan with predetermined fees.

The Group's foreign subsidiaries apply generally accepted principles for reporting pensions in each respective country, meaning that earned pension rights are reported on a current basis as a cost. So, estimated costs and provisions are entered in the consolidated reporting without further recalculation and are charged to operating income. Subsidiaries that report pensions with predetermined benefits normally perform actuarial calculations on an annual basis and report actuarial gains and losses via the operating result and change in the provision for pensions, respectively.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Recommendation number 16 Provisions, contingent liabilities and contingent assets of the Swedish Financial Accounting Standards Council, is applied. Obligations 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, are reported as provisions.

Provisions are set aside for future costs due to warranty undertakings. The calculation is based on expenditures 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. Alternatively, when there is an undertaking 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.

FINANCIAL INSTRUMENTS

Recommendation number 27 Financial instruments: Disclosures and classification of the Swedish Financial Accounting Standards Council, describes the classification of financial instruments and the disclosures that have to be made. The rules contained in the recommendation for classification of financial instrument have not prompted any changes to the principles applied in prior years. Information according to the recommendation is provided in Note 1.

Set-off of financial assets and financial liabilities is only applied when there is a legal right for set-off and when the intention is to settle the items with a net amount, or simultaneously sell the asset or settle the liability.

REVENUE RECOGNITION

Sales revenue and revenue from current projects is 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 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.

Interest and dividends are recognized as revenue when it is probable that the Company will obtain the economic benefit associated with the transaction, and that the revenue can be calculated in an accurate manner. Interest income is reported using the interest rate that generates an even stream of return for the asset in question. Dividend income is reported when the shareholders' right to receive the dividend is regarded as certain.

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.

EXTRAORDINARY INCOME AND EXPENSE, ITEMS AFFECTING COMPARABILITY

The Group applies recommendation number 4 Reporting of extraordinary income and expenses and information for comparative purposes of the Swedish Financial Accounting Standards Council, which means that information for comparative purposes is provided about significant earnings effects due to special events. Examples of such events are capital gains or losses on the sale of businesses or significant fixed assets, writedowns and restructuring costs.

Note 8 contains information about operating items that are of interest for comparative purposes.

BORROWING COSTS

Borrowing costs are charged to income in the period to which they refer, regardless of how the borrowed funds were applied. Recommendation number 21 Borrowing costs of the Swedish Financial Accounting Standards Council, is applied.

INCOME TAXES

Reporting 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 corresponding 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 that are not expected to be taxed in the foreseeable future. Untaxed reserves are divided into deferred tax liability and equity in the consolidated financial statements. 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.

The division into primary segments is based mainly on the product content the defined business segments offer to the market. Businesses that do not belong to these business segments are included under the heading Parent Company and consolidation items.

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. Revenue from external customers is allocated to geographical areas according to where the customers are located and assets according to where the assets are located.

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 28.

STATEMENT OF CASH FLOW

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

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 annual report. 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 annual report.

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 2003/2004 financial year.

RELATED PARTY DISCLOSURES

Information about transactions and agreements with closely related companies and individuals in accordance with recommendation number 23 Related Party Disclosures, is provided when applicable. 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 shareholders' 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 fulfillment 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 gender on the Board of Directors and in senior management.

Data on absence due to illness is provided in Note 4.

Data on distribution according to gender refers to the situation on the balance sheet date. By members of the Board of Directors is meant directors elected by a general meeting of shareholders in the Parent Company and in the Group companies reporting directly to the Parent Company. By members of senior management is meant its group companies, presidents and executive vice presidents in the Group.

Definitions

Capital employed

Balance sheet total, less non-interest-bearing provisions and liabilities.

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 in relation to average number of shares outstanding.

Earnings per share, fully diluted basis

Income for the year, divided by the average number of shares outstanding after repurchases, adjusted for shares added through utilization of outstanding personnel options.

Earnings per share,

not including items affecting comparability

Income for the year, adjusted for items affecting comparability and the tax effect attributable to the items affecting comparability, divided by the average number of shares outstanding.

Equity ratio

Shareholders' equity, plus minority interest in percent of balance sheet total.

Interest coverage ratio

Income after financial items, plus interest expense, plus/minus translation differences in relation to interest expense plus/minus translation differences.

Net interest-bearing liabilities

Interest-bearing liabilities and interest-bearing provisions, less liquid funds and short-term investments.

Operating margin

Operating income in percent of net revenues.

Operative capital

Capital employed, less liquid funds and short-term investments.

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.

Notes

Amounts in MSEK unless otherwise specifically noted.

Note 1 Financial instruments

MANAGEMENT OF 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 defines and identifies the financial risks that occur in Addtech's business and how the responsibility for managing these risks is distributed in the organization. The policy also contains goals and guidelines on how risk management is to be pursued and a framework for how to limit or eliminate the financial risks.

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 shares 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 were divided as follows:

MSEK	CURRENCY FLOWS, GROSS 2003/2004		CURRENCY FLOWS, NET	
	INFLOWS	OUTFLOWS	2003/04	2002/03
EUR	320	400	-80	-170
USD	70	120	-50	-80
GBP	10	50	-40	-40
JPY	80	110	-30	-50
CHF	10	30	-20	-30

The effects of exchange rate fluctuations are eliminated by buying and selling in 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 exceed a certain predefined level during the contract period.

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.

EXCHANGE RATE DIFFERENCES AFFECTING INCOME	2003/04	2002/03
Group		
Exchange rate differences affecting operating income	-0.2	0.4
Financial exchange rate differences	0.4	-0.7
	0.2	-0.3
Parent Company		
Financial exchange rate differences	0.9	0.0
Total	0.9	0.0

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 AFFECTS CONSOLIDATED EQUITY BY
DKK	139.9	7.0
EUR	88.7	4.4
NOK	8.4	0.4
GBP	7.5	0.4
PLZ	7.4	0.4

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

EXCHANGE RATES	AVERAGE RATE		MARCH 31	
	2003/04	2002/03	2004	2003
DKK 100	122.71	123.37	124.45	124.30
EUR 1	9.12	9.17	9.26	9.23
NOK 100	110.49	123.01	110.15	116.90
GBP 1	13.14	14.28	13.88	13.39
PLZ 1	2.01	2.30	1.96	2.10
USD 1	7.78	9.25	7.57	8.51
JPY 1000	68.89	75.87	72.75	71.45
CHF 1	5.90	6.25	5.94	6.26

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 March 31, 2004 the Group's committed unutilized credit facilities (see Note 23) amounted to MSEK 380 (180).

The Parent Company has responsibility for the Group's long-term financing as well as its supply of liquidity.

The composition of the Group's long-term and current liabilities are set forth in Notes 22 and 23.

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 realizable value of currency swaps has been calculated with the aid of current forward rates at the accounting period end and the average remaining term.

Outstanding currency swaps at the end of the accounting period are shown below:

OUTSTANDING CURRENCY SWAPS	NOMINAL AMOUNT, ORIGINAL CURRENCY	BOOK VALUE, MSEK	NET REALIZABLE VALUE, MSEK	AVERAGE REMAINING TERM
March 31, 2004				
EUR	1.2	11.1	11.1	82 days
DKK	25.0	31.1	31.1	82 days
March 31, 2003				
EUR	3.0	27.7	27.7	79 days
DKK	12.1	15.0	15.0	87 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 a mere MSEK 8. 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 March 31, 2004 there were no short-term investments.

In order to achieve favorable 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 1 year.

The average rate of interest at year-end for the Group's interest-bearing assets was 1.71 percent (2.35). The corresponding data for the Parent Company was 2.58 percent (4.00).

The average rate of interest at year-end for all of the Group's interest-bearing liabilities was 3.83 percent (4.45). The corresponding data for the Parent Company was 2.00 percent (3.03).

CREDIT AND COUNTERPARTY RISKS

Credit risk is defined as the risk that Addtech's counterparties fail to fulfill 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 very high-rated counterparties. Counterparties other than Swedish banks were not utilized during 2003/2004, 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. No individual customer accounts for more than three percent of the total credit exposure seen over a one-year period. The exposure by customer segment and geographic market is shown in the Group presentation on pages 8-11.

NET REALIZABLE VALUE

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

ACCOUNTING PRINCIPLES

Foreign exchange forward contracts and currency swaps are used for the purpose of hedging future transactions or financing needs and are not reported until the transaction they are intended to protect is consummated, with the exception of FX forward premiums, which are accounted for on an accrual basis over the life of the financial instrument.

Note 2 Net revenues by type of revenue

	2003/04
OEM	
Components	1 263
PRODUCTS FOR END USERS	
Components	478
Machinery/instruments	220
Materials	137
Services	112
Total	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. The three business areas are Addtech Equipment, Addtech Transmission and Addtech Components. For a description of the business areas, refer to pages 12–17. Geographic markets are reported as secondary segments. This grouping of markets is attributed to 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	2003/04			2002/03		
	EXTERNAL	INTERNAL	TOTAL	EXTERNAL	INTERNAL	TOTAL
Addtech Equipment	707	0	707	834	0	834
Addtech Transmission	828	1	829	857	2	859
Addtech Components	675	1	676	585	0	585
Parent Company and consolidation items	0	-2	-2	-1	-2	-3
Total	2 210	0	2 210	2 275	0	2 275

OPERATING INCOME, ASSETS AND LIABILITIES	2003/04			2002/03		
	OPERATING INCOME	ASSETS	LIABILITIES	OPERATING INCOME	ASSETS	LIABILITIES
Addtech Equipment	27	434	235	8	302	287
Addtech Transmission	25	407	247	38	426	280
Addtech Components	46	291	266	41	166	208
Parent Company and consolidation items	-2	-158	-184	11	84	-229
Total	96	974	564	98	978	546

INVESTMENTS IN FIXED ASSETS	2003/04			2002/03		
	INTANGIBLE ¹	TANGIBLE	TOTAL	INTANGIBLE ¹	TANGIBLE	TOTAL
Addtech Equipment	-	4	4	-	6	6
Addtech Transmission	1	9	10	4	15	19
Addtech Components	12	2	14	17	6	23
Parent Company and consolidation items	1	1	2	-	1	1
Total	14	16	30	21	28	49

DEPRECIATION AND AMORTIZATION OF FIXED ASSETS	2003/04			2002/03		
	INTANGIBLE	TANGIBLE	TOTAL	INTANGIBLE	TANGIBLE	TOTAL
Addtech Equipment	1	7	8	0	10	10
Addtech Transmission	1	16	17	0	19	19
Addtech Components	5	5	10	5	3	8
Parent Company and consolidation items	-	2	2	-	2	2
Total	7	30	37	5	34	39

Significant expenses other than depreciation and amortization not giving rise to payments 2003/2004.

	ADDTECH EQUIPMENT	ADDTECH TRANSMISSION	ADDTECH COMPONENTS	PARENT COMPANY AND CONSOLIDATION ITEMS	TOTAL
Capital gains	1.0	0.7	0.3	-	2.0
Capital losses	-0.4	-6.4	-	-0.3	-7.1
Change in pension liability	-2.0	-0.8	-2.5	-0.5	-5.8
Other items	1.9	-	-	-	1.9
Total	0.5	-6.5	-2.2	-0.8	-9.0

¹ The amounts include intangible assets that have arisen in connection with acquisitions.

NOTES

B. SECONDARY SEGMENTS

By geographic market

	2003/04		2002/03	
	NET REVENUES EXTERNAL	ASSETS	NET REVENUES EXTERNAL	ASSETS
Sweden	1 115	500	1 158	454
Denmark	353	217	367	248
Finland	412	190	455	213
Norway	86	22	88	21
Other countries	244	45	207	42
Total	2 210	974	2 275	978

INVESTMENTS IN FIXED ASSETS	2003/04			2002/03		
	INTANGIBLE ¹	TANGIBLE	TOTAL	INTANGIBLE ¹	TANGIBLE	TOTAL
Sweden	14	9	23	17	12	29
Denmark	–	4	4	–	3	3
Finland	–	3	3	–	8	8
Norway	–	0	0	–	1	1
Other countries	–	0	0	4	4	8
Total	14	16	30	21	28	49

¹ The amounts include intangible assets that have arisen in connection with acquisitions.

MSEK 24 of the Parent Company's revenues are attributable to Group companies. The Parent Company made no purchases from subsidiaries during the year.

Note 4 Employees and personnel costs

AVERAGE NUMBER OF EMPLOYEES	2003/04			2002/03		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Sweden						
Parent Company	4	4	8	6	3	9
Other companies	374	129	503	418	141	559
Finland	157	58	215	171	70	241
Denmark	107	61	168	104	53	157
Norway	15	5	20	16	3	19
Other countries	67	15	82	62	25	87
Total	724	272	996	777	295	1 072

SALARIES AND COMPENSATION	2003/04			2002/03		
	BOARD OF DIRECTORS AND PRESIDENT	OF WHICH VARIABLE COMPENSATION	OTHER EMPLOYEES	BOARD OF DIRECTORS AND PRESIDENT	OF WHICH VARIABLE COMPENSATION	OTHER EMPLOYEES
Sweden						
Parent Company	7.4	1.3	2.0	6.0	–	2.7
Other companies	22.7	3.5	152.7	21.2	2.0	158.6
Finland	6.5	0.3	64.6	7.5	0.1	71.4
Denmark	6.6	0.1	65.2	7.1	0.3	63.2
Norway	1.6	0.2	7.0	1.6	0.2	7.4
Other countries	4.8	0.7	14.6	4.6	0.6	13.2
Total	49.6	6.1	306.1	48.0	3.2	316.5

SALARIES, COMPENSATION AND SOCIAL BENEFITS	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Salaries and other compensation	355.7	364.5	9.4	8.7
Contractual pensions to President and Board of Directors	9.5	8.8	1.8	1.6
Contractual pensions to others	31.2	28.9	0.3	0.4
Other social benefits	77.3	77.2	3.8	3.6
Total	473.7	479.4	15.3	14.3

Outstanding pension commitments to the Group's Board of Directors and President amounted to MSEK 9.6 (9.7) at year-end in the Group and MSEK 0.0 (0.0) in the Parent Company.

PROPORTION OF WOMEN MARCH 31, 2003	GROUP	PARENT COMPANY
Board of Directors	0%	0%
Other members of senior management	11%	0%

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 & CEO, 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. The President does not participate in proposals for his own compensation, but drafts a basis and proposal for the other members of Group management, as well as for other members of senior management. 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, 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 on pages 59–60.

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 December 17, 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 President has been awarded 100 000 and other members of Group management have been awarded 70 000 options and other members of senior management have been awarded between 5 000 and 70 000 options each. The redemption price is set at SEK 44.80, equivalent to 110 percent of the average market price of the Addtech share during the period December 3 – 7, 2001. If the personnel options are exercised, the number of shares outstanding increases by 2.9 percent (2.0 percent of the voting stock). These options can be exercised during the period July 19, 2004 – February 18, 2005.

The options are non-negotiable and can only be exercised so long as the holder is an employee of the Company. Hence the options are not defined as securities. For this reason and others, the options have been awarded free of charge.

The option program may give rise to social benefit costs for the Company. In

ABSENCE DUE TO ILLNESS IN PERCENT	GROUP
Total absence due to illness	2.7%
Long-term absence due to illness	0.8%
Absence due to illness for men	2.3%
Absence due to illness for women	3.3%
Employees, – 29 years	0.3%
Employees, 30–49 years	2.7%
Employees, 50 years –	3.0%

The total absence due to illness was 0.6 percent in the Parent Company. Data by category are not given for reasons of integrity.

The absence due to illness refers to the period April 1, 2003 – March 31, 2004.

the event of an annual 10 percent share price increase, these costs will be about MSEK 2.2 if all options are exercised.

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 (250 000), the Vice Chairman SEK 200 000 (200 000) and the other directors SEK 150 000 (150 000) each.

PARENT COMPANY'S PRESIDENT

The President, Roger Bergqvist, had a fixed salary of SEK 1 846 000 (1 830 000) and a variable compensation of SEK 450 000 (0). This variable compensation was expensed during the 2003/2004 operating year and will be paid during 2004/2005. Taxable benefits of SEK 97 000 (93 000) are additional. The age of retirement for the President is 65 years. From age 65 the President is covered by a pension with predetermined premium, the size of which pension depends on the outcome of pension annuities taken out. During 2003/2004 pension premiums, the size of which is determined annually by the compensation committee, have been paid in the amount of MSEK 700 000 (583 000). The variable compensation is not pensionable.

Variable compensation, in addition to fixed compensation, is payable up to the maximum amount of 30 percent of the fixed salary. In addition, 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. If termination is initiated by the Company, the President is entitled to a severance payment 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 3 520 000 (3 489 000) and a variable compensation

COMPENSATION AND OTHER BENEFITS DURING THE YEAR	BASIC SALARY/ DIRECTOR'S FEE	VARIABLE COMPENSATION	OTHER BENEFITS	PENSION COSTS	FINANCIAL INSTRUMENTS	OTHER COMPENSATION	TOTAL
Chairman of the Board	0.3	–	–	–	–	–	0.3
Other directors	0.5	–	–	–	–	–	0.5
President	1.8	0.4	0.1	0.7	–	–	3.0
Other members of senior management (3 persons)	3.5	0.9	0.3	1.1	–	–	5.8
Total	6.1	1.3	0.4	1.8	–	–	9.6

of SEK 870 000 (0). This variable compensation was expensed during the 2003/2004 operating year and will be paid during 2004/2005. Taxable benefits of SEK 275 000 (266 000) are additional. The age of retirement is 65 years. 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 predetermined premium type, where the size depends on the outcome of pension annuities taken out, and pensions with predetermined benefits. The cost to the Group of both the existing pensions with predetermined benefits and the premium-determined solutions are basically equivalent to the ITP plan. During 2003/2004 pension premiums for the group Other persons in Group management were paid in an amount of SEK 1 116 000 (971 000). The variable compensation is pensionable.

Variable compensation, in addition to fixed compensation, is payable up to a maximum amount of 30 percent of the fixed salary. In addition 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 one year's salary. No severance payment is payable in the case of termination at the initiative of the employee.

Note 5 Compensation to auditors

	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Audit assignments				
KPMG	3.4	3.3	0.3	0.5
Other auditing firms	0.1	0.3	-	-
Total compensations for audit assignments	3.5	3.6	0.3	0.5
Other assignments				
KPMG	1.3	1.0	0.6	0.5
Other auditing firms	-	-	-	-
Total compensations for other assignments	1.3	1.0	0.6	0.5
Total compensations to auditors	4.8	4.6	0.9	1.0

Note 6 Depreciation and amortization according to plan

DEPRECIATION AND AMORTIZATION ACCORDING TO PLAN BY FUNCTION	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Cost of goods sold	-10.3	-12.5	-	-
Selling expenses	-16.7	-15.8	-	-
Administrative expenses	-8.0	-9.1	-0.7	-0.6
Other operating expenses	-1.7	-1.8	-	-
Total	-36.7	-39.2	-0.7	-0.6

DEPRECIATION AND AMORTIZATION ACCORDING TO PLAN BY CLASS OF ASSETS	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Goodwill	-6.5	-4.6	-	-
Intangible assets	-0.9	-	0.0	-
Buildings and land	-2.5	-2.9	-	-
Leasehold improvements	-1.0	-1.0	-	-
Machinery	-6.8	-9.9	-	-
Equipment	-19.0	-20.8	-0.7	-0.6
Total	-36.7	-39.2	-0.7	-0.6

Amortization of goodwill is reported as selling expenses.

Note 7 Other operating income and costs

Income items affecting comparability 2003/2004 consist mainly of external rental income, capital gains on the sale of fixed assets and businesses, agency rights and foreign exchange rate effects. Other operating costs 2003/2004 consist of real estate costs and capital losses on the sale of fixed assets, businesses and foreign exchange rate effects. In 2002/2003 other operating costs consisted of the same type of income and costs.

Note 8 Information for comparative purposes

	GROUP	
	2003/04	2002/03
Income affecting comparability	1.0	13.4
Costs affecting comparability	-8.4	-9.4
Total	-7.4	4.0

Income affecting comparability 2003/2004 consists of a capital gain on the sale of subsidiary EnvuControl.

Costs affecting comparability 2003/2004 consist of a capital loss on the sale of subsidiary Laserstans.

Income affecting comparability 2002/2003 consists of a capital gain on the sale of real estate.

Costs affecting comparability 2002/2003 consist of costs for restructuring.

Note 9 Financial income and expense

	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
RESULT FROM SHARES IN GROUP COMPANIES				
Dividend income	-	-	105.0	246.8
Writedown of shares	-	-	-35.0	-135.0
Group contributions	-	-	60.3	35.4
Total	-	-	130.3	147.2
RESULT FROM FINANCIAL FIXED ASSETS				
Interest income				
Group companies	-	-	4.7	6.6
Other	0.2	0.3	-	-
Total	0.2	0.3	4.7	6.6
INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS				
Group companies	-	-	1.5	2.9
Other	7.2	6.7	2.9	1.3
Total	7.2	6.7	4.4	4.2
INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS				
Group companies	-	-	-2.4	-3.5
Other	-10.2	-12.2	-1.5	-3.1
Total	-10.2	-12.2	-3.9	-6.6
Financial income and expense	-2.8	-5.2	135.5	151.4

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

Note 10 Year-end appropriations

	PARENT COMPANY	
	2003/04	2002/03
Allocation to a tax allocation reserve	-15.5	-9.5
Total	-15.5	-9.5

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 4.3 (2.7).

Note 11 Taxes

	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Current taxes				
Swedish	-18.2	-17.7	-13.0	-8.0
Foreign	-8.4	-9.6		
Deferred taxes	-1.4	-0.3	-	-
Total	-28.0	-27.6	-13.0	-8.0

The year's tax expense of MSEK 28.0 (27.6) constitutes 30.1 percent (29.9) of income after financial items.

GROUP	2003/04		2002/03	
		%		%
Income before taxes	93.1		92.3	
Weighted average tax based on national tax rates	-26.4	28.4	-26.3	28.5
Tax effect of:				
Utilization of previously not capitalized tax loss carryforward	0.2	-0.2	0.3	-0.3
Non-deductible expenses/tax exempt income	-0.6	0.6	-0.9	0.9
Adjustments from prior years	0.1	-0.1	-1.0	1.1
Other	-1.3	1.4	0.3	-0.3
Reported tax expense	-28.0	30.1	-27.6	29.9

PARENT COMPANY	2003/04		2002/03	
		%		%
Income before taxes	116.4		140.3	
Weighted average tax based on national tax rates	-32.6	28.0	-39.3	28.0
Tax effect of:				
Non-deductible expenses:				
Writedown of shares in subsidiary	-9.8	8.4	-37.8	26.9
Other	-0.1	0.1	-0.1	0.0
Tax-exempt income:				
Dividend from subsidiaries	29.4	-25.2	69.1	-49.2
Other	0.1	-0.1	0.1	0.0
Reported tax expense	-13.0	11.2	-8.0	5.7

Note 12 Intangible fixed assets

GROUP	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
ACCUMULATED COST			
Opening balance	33.4	1.7	35.1
Corporate acquisitions	10.6	-	10.6
Capital expenditures	-	3.0	3.0
Closing balance	44.0	4.7	48.7
ACCUMULATED AMORTIZATION ACCORDING TO PLAN			
Opening balance	-5.6	-0.6	-6.2
Amortization according to plan	-6.5	-0.9	-7.4
Closing balance	-12.1	-1.5	-13.6
Closing residual value according to plan	31.9	3.2	35.1
Opening residual value according to plan	27.8	1.1	28.9

PARENT COMPANY	OTHER INTANGIBLE FIXED ASSETS	TOTAL
ACCUMULATED COST		
Capital expenditures	1.1	1.1
ACCUMULATED AMORTIZATION ACCORDING TO PLAN		
Amortization according to plan	0.0	0.0
Closing residual value according to plan	1.1	1.1

NOTES

Note 13 Tangible fixed assets

GROUP	BUILDINGS AND LAND	LEASEHOLD IMPROVEMENTS	MACHINERY	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Accumulated cost						
Opening balance	111.3	9.5	128.4	155.2	0.4	404.8
Corporate acquisitions	7.1	1.9	–	7.7	–	16.7
Capital expenditures	–	1.1	4.5	10.9	–	16.5
Sales and disposals	–	–4.0	–17.6	–24.2	–	–45.8
Reclassification	–	–	–	–	–0.4	–0.4
Year's translation differences	0.0	–	0.3	0.1	–	0.4
Closing balance	118.4	8.5	115.6	149.7	0	392.2
Accumulated depreciation according to plan						
Opening balance	–28.2	–7.1	–96.5	–113.8	–	–245.6
Corporate acquisitions	–1.7	–0.7	–	–6.0	–	–8.4
Depreciation according to plan	–2.5	–1.0	–6.8	–19.0	–	–29.3
Sales and disposals	–	3.5	14.1	20.8	–	38.4
Year's translation differences	0.0	–	–0.3	–0.1	–	–0.4
Closing balance	–32.4	–5.3	–89.5	–118.1	–	–245.3
Accumulated writeups						
At beginning and end of year	1.0	–	–	–	–	1.0
Accumulated depreciation of writeups						
Opening balance	–1.0	–	–	–	–	–1.0
Depreciation according to plan	0.0	–	–	–	–	0.0
Closing balance	–1.0	–	–	–	–	–1.0
Residual value according to plan at year-end	86.0	3.2	26.1	31.6	0.0	146.9
Residual value according to plan at beginning of year	83.1	2.4	31.9	41.4	0.4	159.2

PARENT COMPANY EQUIPMENT	2003/04
Accumulated cost	
Opening balance	2.0
Capital expenditures	0.7
Sales and disposals	–
Closing balance	2.7
Accumulated depreciation according to plan	
Opening balance	–0.7
Depreciation according to plan	–0.7
Sales and disposals	–
Closing balance	–1.4
Residual value according to plan at year-end	1.3
Residual value according to plan at beginning of year	1.3

TAX ASSESSMENT VALUE, SWEDISH PROPERTIES	GROUP	
	2003/04	2002/03
Buildings	42.2	41.3
Land	7.2	10.3

Note 14 Operational leasing

OPERATIONAL LEASING CONTRACTS	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Leasing fees				
Leasing fees paid during the financial year	45.5	51.1	2.0	2.2
of which variable fees	1.0	1.2	–	–
Future payments fall due annually in these amounts:				
1 year after current financial year	32.6	37.2	1.9	1.8
2 years after current financial year	34.1	33.1	1.9	1.8
3 years after current financial year	22.1	22.0	–	1.7
4 years after current financial year	8.9	14.6	–	–
5 years and later	4.5	22.2	–	–
	102.2	129.1	3.8	5.3

Leasing revenue was generated during the financial year in a total amount of SEK 369 000. Leasing contracts where companies in the Addtech Group are lessors are of an operational leasing nature. Remains to be received within 1 year SEK 369 000. A total of SEK 738 000 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 fixed assets

	GROUP		PARENT COMPANY			PARENT COMPANY	
	3/31/04	3/31/03	3/31/04	3/31/03		2003/04	2002/03
Shares in Group companies	–	–	687.6	722.7	SHARES IN GROUP COMPANIES		
Other long-term securities holdings	5.0	5.8	–	–	Accumulated cost		
Deferred tax claim	2.4	–	–	–	Opening balance	967.7	996.8
Other long-term receivables	3.5	0.8	–	–	Capital expenditures	0.1	34.7
Total	10.9	6.6	687.6	722.7	Disposals	–0.2	–63.8
					Closing balance	967.6	967.7
					Accumulated writedowns		
					Opening balance	–245.0	–110.0
					Writedowns for the year	–35.0	–135.0
					Closing balance	–280.0	–245.0
					Closing book value	687.6	722.7
					Opening book value	722.7	886.8

The Group's organization was restructured during the year in the interest of simplifying its structure. Most of the subsidiaries held by the former parent company Addtech AB were merged into three business area parent companies. The value of subsidiaries was also written down by MSEK 35.0 following dividends from subsidiaries, which explains the difference between opening and closing values.

SPECIFICATION OF SHARES IN GROUP COMPANIES	NUMBER OF SHARES	CURRENCY	NOMINAL VALUE	HOLDINGS %	BOOK VALUE 3/31/04	BOOK VALUE 3/31/03
Addtech Equipment AB, 556199-7866, Järfälla	5 000	SEK	100	100	194.6	3.9
Addtech Transmission AB, 556546-3469, Stockholm	500 000	SEK	100	100	250.9	197.3
Addtech Components AB, 556236-3076, Stockholm	1 750	SEK	100	100	77.4	0.1
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, Köpenhamn	2	DKK		100	131.6	131.6
Addtech LogIT AB, 556625-4719, Solna	1 000	SEK	100	100	–	0.1
Bevinggruppen AB, 556192-5081, Huddinge	100 000	SEK	100	100	–	64.9
ICM Inductive Component & Material AB, 556468-6706, Stockholm	5 000	SEK	100	100	–	11.8
MotionComp AB, 556557-4208, Stockholm	10 000	SEK	100	100	–	88.6
NE Nordic Energy System Development AB, 556467-0924, Sölvesborg	1 000	SEK	100	100	–	73.2
Provitech AB, 556527-8602, Sollentuna	4 000	SEK	100	100	–	12.4
Teleinstrument Nordic AB, 556020-4496, Sollentuna	10 000	SEK	100	100	–	62.9
TestPoint AB, 556578-4294, Järfälla	10 000	SEK	100	100	–	42.8
Total					687.6	722.7

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

DUE FROM GROUP COMPANIES	PARENT COMPANY	
	3/31/04	3/31/03
Opening balance	144.7	74.9
Increase during the year	–	69.8
Decrease during the year	–75.3	–
Closing balance	69.4	144.7

Note 16 Inventories

	GROUP	
	3/31/04	3/31/03
Raw materials and consumables	21.5	24.9
Work in progress	9.5	9.3
Finished goods and goods for resale	264.9	275.9
Advance payments to suppliers	2.2	2.9
Total	298.1	313.0

Note 17 Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
	3/31/04	3/31/03	3/31/04	3/31/03
Rent	6.9	7.2	0.5	0.5
Insurance	0.8	0.5	0.1	–
Interest	0.3	0.1	0.2	–
Commission and bonus	0.6	1.3	–	–
Other prepaid expenses	8.7	16.8	–	–
Other accrued income	–	2.7	0.7	0.8
Total	17.3	28.6	1.5	1.3

Note 18 Shareholders' equity**RESTRICTED EQUITY**

Restricted equity is funds that cannot be paid out as dividends. Restricted funds consist of share capital and legal reserve.

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

The object of the legal reserve is to save a portion of net income not needed to cover loss carried forward.

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.

Note 19 Untaxed reserves

	PARENT COMPANY	
	3/31/04	3/31/03
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	–
Closing balance	32.8	17.3

MSEK 9.2 of the Parent Company's untaxed reserves totaling MSEK 32.8 consists of deferred taxes included in the item deferred taxes in the consolidated balance sheet.

Note 20 Provisions for pensions and similar commitments

PENSION LIABILITY ACCORDING TO THE BALANCE SHEET	GROUP	
	3/31/04	3/31/03
Interest-bearing pension liability	89.9	69.7
Other pension commitments	1.0	7.7
Total	90.9	77.4

NUMBER OF SHARES OUTSTANDING

The share capital as of March 31, 2004 consists of (a) 1 106 502 class A shares, each with a nominal value of SEK 2 entitling its holders to 10 votes per share and (b) 25 407 730 class B shares, each with a nominal value of SEK 2 entitling its holders to 1 vote per share. A total of 1 981 400 class B shares were repurchased within the framework of the Company's current buyback program. Net, after deduction of repurchased shares, the number of class B shares outstanding is 23 426 330.

A total of 1 250 000 class B shares were repurchased during the year within the framework of the Company's current buyback program. Following a resolution of the Annual General Meeting held in August 2003, 1 350 000 previously repurchased class B shares were cancelled. By canceling 1 350 000 repurchased class B shares, the share capital was reduced by MSEK 2.7. The share capital was increased by MSEK 2.7 through a private placement of 1 350 000 class C shares. The share capital was then reduced by MSEK 2.7 through cancellation of the class C shares. Finally, MSEK 2.7 was transferred from retained earnings to the legal reserve.

TRANSLATION DIFFERENCE

Specification of accumulated translation difference in shareholders' equity.

	3/31/04	3/31/03
Opening accumulated translation difference	–0.6	–4.4
Year's translation difference generated by converting foreign subsidiaries	1.0	3.8
Closing accumulated translation difference	0.4	–0.6

Note 21 Deferred tax claim / liability

GROUP	3/31/04			3/31/03		
	RECEIVABLES	LIABILITIES	NET	RECEIVABLES	LIABILITIES	NET
Fixed assets	2.4	-6.4	-4.0	7.7	-8.0	-0.3
Untaxed reserves	-	-54.7	-54.7	-	-52.5	-52.5
Other	4.6	-2.5	2.1	1.9	-3.0	-1.1
Reported net	-4.6	4.6	0.0	-9.6	9.6	0.0
Deferred taxes, net, at end of year	2.4	-59.0	-56.6	0.0	53.9	-53.9

TAX LOSS CARRYFORWARDS NOT CAPITALIZED IN THE GROUP	3/31/04	3/31/03
Tax loss carryforwards expiring within 1 year	2.4	2.9
Tax loss carryforwards expiring between 1 and 3 years	0.9	2.3
Tax loss carryforwards expiring later than in 3 years	0.1	0.9
Total	3.4	6.1

Note 22 Long-term liabilities to credit institutions

	GROUP	
	3/31/04	3/31/03
Maturing within 2 years	1.7	1.5
Maturing within 3 years	1.6	1.3
Maturing within 4 years	1.6	1.4
Maturing within 5 years	0.6	1.4
Maturing later than in 5 years	0.9	1.3
Long-term liabilities to credit institutions	6.4	6.9

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

CURRENCY	3/31/04		3/31/03	
	LOCAL CURRENCY	MSEK	LOCAL CURRENCY	MSEK
EUR	0.4	4.0	0.4	3.8
DKK	1.9	2.4	2.6	3.1
Total	6.4	6.9	6.9	6.9

Note 23 Current liabilities to credit institutions

	GROUP		PARENT COMPANY	
	3/31/04	3/31/03	3/31/04	3/31/03
Committed credit facility				
Approved credit limit	171.0	186.6	171.0	180.0
Unutilized portion	-171.0	-171.9	-171.0	-167.1
Credit amount utilized	0.0	14.7	0.0	12.9
Liabilities to credit institutions	1.8	1.8	-	-
Current liabilities	1.8	16.5	0.0	12.9

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

CURRENCY	3/31/04		3/31/03	
	LOCAL CURRENCY	MSEK	LOCAL CURRENCY	MSEK
SEK	-	-	14.7	14.7
EUR	0.1	1.0	0.1	1.0
DKK	0.7	0.8	0.6	0.8
Total	1.8	16.5	16.5	16.5

Note 24 Accrued expenses and prepaid income

	GROUP		PARENT COMPANY	
	3/31/04	3/31/03	3/31/04	3/31/03
Rental revenue	0.2	0.2	-	-
Salaries and vacation pay	50.6	48.4	2.9	1.8
Social benefits	26.5	27.7	2.8	2.1
Other accrued expenses	33.6	31.3	1.3	1.5
Total	110.9	107.6	7.0	5.4

Other accrued expenses consist mainly of overhead accruals.

NOTES

Note 25 Anticipated recovery periods for assets, provisions and liabilities

AMOUNTS EXPECTED TO BE RECOVERED GROUP	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
Fixed assets			
Intangible fixed assets	8.3	26.8	35.1
Tangible fixed assets	29.4	117.5	146.9
Financial fixed assets	–	10.9	10.9
Current assets			
Inventories	298.1	–	298.1
Accounts receivable	330.3	–	330.3
Tax claim	2.9	–	2.9
Other receivables	12.1	–	12.1
Prepaid expenses and accrued income	17.3	–	17.3
Cash and bank balances	120.6	–	120.6
Total assets	819.0	155.2	974.2

AMOUNTS EXPECTED TO BE PAID GROUP	WITHIN 12 MONTHS	AFTER 12 MONTHS, WITHIN FIVE YEARS	LATER THAN IN FIVE YEARS	TOTAL
Provisions				
Interest-bearing provisions				
Pensions and similar commitments	1.8	8.0	81.1	90.9
Non-interest-bearing provisions				
Deferred tax liability	–	59.0	–	59.0
Other provisions	6.2	–	–	6.2
Long-term liabilities				
Interest-bearing liabilities				
Liabilities to credit institutions	1.7	3.8	0.9	6.4
Current liabilities				
Interest-bearing liabilities				
Liabilities to credit institutions	1.8	–	–	1.8
Non-interest-bearing liabilities				
Advance payments from customers	3.9	–	–	3.9
Accounts payable	219.3	–	–	219.3
Tax liabilities	5.8	–	–	5.8
Other liabilities	56.1	–	–	56.1
Accrued expenses and prepaid income	110.9	–	–	110.9
Total liabilities and provisions	407.5	70.8	82.0	560.3

AMOUNTS EXPECTED TO BE RECOVERED PARENT COMPANY	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
Fixed assets			
Intangible fixed assets	0.2	0.9	1.1
Tangible fixed assets	0.7	0.6	1.3
Shares in Group companies	–	687.7	687.7
Due from Group companies	–	69.5	69.5
Current assets			
Due from Group companies	108.7	–	108.7
Prepaid expenses and accrued income	1.2	–	1.2
Cash and bank balances	99.9	–	99.9
Total assets	210.7	758.7	969.4

AMOUNTS EXPECTED TO BE PAID PARENT COMPANY	WITHIN 12 MONTHS	AFTER 12 MONTHS, WITHIN FIVE YEARS	LATER THAN IN FIVE YEARS	TOTAL
Long-term liabilities				
Interest-bearing liabilities				
Due to Group companies	–	37.9	–	37.9
Current liabilities				
Interest-bearing liabilities				
Due to Group companies	123.0	–	–	123.0
Non-interest-bearing liabilities				
Accounts payable	0.7	–	–	0.7
Tax liabilities	10.5	–	–	10.5
Other liabilities	0.8	–	–	0.8
Accrued expenses and prepaid income	7.0	–	–	7.0
Total liabilities and provisions	142.0	37.9	–	179.9

Note 26 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
	3/31/04	3/31/03	3/31/04	3/31/03
Pledged assets for liabilities to credit institutions				
Real estate mortgages	7.4	11.2	–	–
Corporate mortgages	16.6	51.4	–	–
Other pledged assets	0.4	–	–	–
Total	24.4	62.6	–	–
Contingent liabilities				
Guaranties and other contingent liabilities	16.3	16.9	–	–
Guaranties for subsidiaries	–	–	81.0	69.7
Total	16.3	16.9	81.0	69.7

Note 27 Statement of cash flow

The following adjustments have been made for items not included in cash flow:

	GROUP		PARENT COMPANY	
	2003/04	2002/03	2003/04	2002/03
Depreciation and amortization according to plan	36.7	39.2	0.7	0.6
Result from sales of companies and fixed assets	5.1	-14.5	-	-
Change in pension commitment	5.8	5.1	-	-
Group contributions/dividends not paid	-	-	-165.4	-282.2
Writedown of shares in subsidiary	-	-	35.0	135.0
Other	-1.9	6.5	-	-
Total	45.7	36.3	-129.7	-146.6

Interest income in the Group amounted to MSEK 4.2 (6.7) during the year and interest paid amounted to MSEK 5.9 (12.2). Interest income in the Parent Company amounted to MSEK 7.7 (10.8) during the year and interest paid amounted to MSEK 2.7 (5.8).

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

	2003/04	2002/03
Fixed assets	18.9	24.3
Inventories	16.6	8.3
Receivables	15.2	16.8
Liquid funds	1.4	12.8
Total	52.1	62.2
Interest-bearing liabilities and provisions	7.8	1.9
Non-interest-bearing liabilities and provisions	23.1	6.1
Total	30.9	8.0
Purchase money disbursed	-21.2	-54.2
Liquid funds in acquired companies	1.4	12.8
Effect on the Group's liquid funds	-19.8	-41.4

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

	2003/04
Fixed 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

Note 28 Earnings per share

	2003/04	2002/03
Earnings per share (SEK)		
Including items affecting comparability	2.49	2.43
Not including items affecting comparability	2.75	2.32
Year's income after taxes (MSEK)	63.5	64.3
Adjustment for		
Items affecting comparability	7.4	-4.0
Taxes on items affecting comparability	-0.7	1.1
Adjusted income (MSEK)	70.2	61.4
Average number of shares outstanding after repurchases ('000)	25 534	26 446

Refer to definitions on page 45 for calculation method.

Note 29 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.

Address of the head office:

Addtech AB, Box 602, SE-101 32 Stockholm, Sweden

Telephone: +46-8-470 49 00

Telefax: +46-8-470 49 01

Website: www.addtech.com

Note 30 Events after the balance sheet date

The acquisition of the Carbex Group was announced in June 2004. The Carbex Group has annual sales of MSEK 50. Possession is expected to be taken September 1, 2004.

The financial reports were signed June 21, 2004 and will be presented for adoption to the regularly scheduled Annual General Meeting in Addtech AB to be held August 19, 2004.

Audit Report

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ADDTECH AB (PUBL.) ORGANIZATION 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 April 1, 2003 – March 31, 2004. 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 forming an opinion of the aggregate information contained in the Annual Accounts and the consolidated financial statements. We have also 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, or in any other way 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. We recommend that the Annual General Meeting adopts the Statement of Income 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, June 21, 2004

George Pettersson
AUTHORIZED ACCOUNTANT

Thomas Thiel
AUTHORIZED ACCOUNTANT

Quarterly Data

REVENUES AND INCOME BY BUSINESS AREA MSEK	NET REVENUES			OPERATING INCOME		
	2003/2004	2002/2003	2001/2002	2003/2004	2002/2003	2001/2002
Addtech Equipment	707	834	948	26	17	2
Addtech Transmission	829	859	869	33	38	40
Addtech Components	676	585	547	46	41	43
Parent Company and consolidation eliminations	-2	-3	-4	-2	-2	0
Group total	2 210	2 275	2 360	103	94	85

NET REVENUES BY BUSINESS AREA (QUARTERLY DATA) MSEK	2003/2004				2002/2003			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Addtech Equipment	182	176	162	187	212	221	198	203
Addtech Transmission	207	204	199	219	225	207	204	223
Addtech Components	215	164	140	157	165	150	131	139
Parent Company and consolidation eliminations	-1	0	-1	0	-1	-1	-1	0
Group total	603	544	500	563	601	577	532	565

OPERATING INCOME BY BUSINESS AREA (QUARTERLY DATA) MSEK	2003/2004				2002/2003			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Addtech Equipment	9	5	7	5	7	5	3	2
Addtech Transmission	8	6	8	11	7	5	10	16
Addtech Components	19	8	9	10	12	12	10	7
Parent Company and consolidation eliminations	1	-2	-1	0	1	-2	-1	0
Operating income	37	17	23	26	27	20	22	25
<i>in percent of net revenues</i>	<i>6.1</i>	<i>3.0</i>	<i>4.7</i>	<i>4.6</i>	<i>4.4</i>	<i>3.5</i>	<i>4.2</i>	<i>4.4</i>
Financial income and expense	-1	0	-1	-1	-1	0	-2	-2
Income after financial items	36	17	22	25	26	20	20	23
<i>in percent of net revenues</i>	<i>6.0</i>	<i>2.9</i>	<i>4.7</i>	<i>4.4</i>	<i>4.2</i>	<i>3.4</i>	<i>4.0</i>	<i>3.9</i>

All income data refers to income not including items affecting comparability.

Board of Directors



Lars Spongberg (born 1945)

Director since 2001.

Partner in Nordic Capital.

OTHER ASSIGNMENTS: Director in Munters AB, Westergyllen AB, Intervallor AB, Skyways Holding AB, Cibenon AB, Comhat-Provexa AB and in portfolio companies in Nordic Capital.

OWNERSHIP: 1 200 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, Volvo AB and L E Lundbergföretagen AB.

OWNERSHIP (FAMILY): 368 312 class A shares and 5 400 class B shares.

Urban Jansson (born 1945)

Director since 2001.

OTHER ASSIGNMENTS: Chairman in Fabege AB, Plantasjen AS and other assignments. Director in Ahlstrom Corp, Anoto Group, Eniro AB, Ferd AS, HMS Networks AB and SEB AB.

OWNERSHIP: 25 000 class B shares.

Roger Bergqvist (born 1948)

Director since 2001.

President of Addtech AB.

OWNERSHIP: 15 000 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): 383 312 class A shares and 50 000 class B shares.

Group Management



GROUP MANAGEMENT

Kennet Göransson (born 1963)
Executive Vice President and
Chief Financial Officer of Addtech AB.
Secretary to the Board of Directors.
Employed by the Group since 1995.
OWNERSHIP: 6 900 class B shares.
PERSONNEL OPTIONS: 70 000.

Roger Bergqvist (born 1948)
President of Addtech AB.
Employed by the Group since 1973.
OWNERSHIP: 15 000 class B shares.
PERSONNEL OPTIONS: 100 000.

Anders Claeson (born 1956)
Executive Vice President of Addtech AB.
Employed by the Group since 1982.
OWNERSHIP: 5 700 class B shares.
PERSONNEL OPTIONS: 70 000.

Johnny Öhman (born 1939)
Executive Vice President of Addtech AB
until May 31, 2004.
Employed by the Group since 1971.
OWNERSHIP: 1 000 class B shares.
PERSONNEL OPTIONS: 70 000.

Tommy Haglund (born 1963)
Director of Addtech AB since June 1, 2004.
Employed by the Group since 1988.
OWNERSHIP: 1 400 class B shares.
PERSONNEL OPTIONS: 15 000.

AUDITORS

George Pettersson (born 1964)
Authorized Public Accountant, KPMG.
Auditor for Addtech since 2001.

Thomas Thiel (born 1947)
Authorized Public Accountant, KPMG.
Auditor for Addtech since 2001.

DEPUTY AUDITORS

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

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

Welcome to the Annual General Meeting

The regularly scheduled Annual General Meeting will be held at 4:00 p.m., Thursday, August 19, 2004 at IVA konferenscenter, Grev Turegatan 16, Stockholm.

stockbroker as nominee, must temporarily register their shares in their own name. Such registration must be completed not later than by Monday, August 9, 2004.

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 Monday, August 9, 2004, and
- ➔ file notice of their desire to attend not later than 3:00 p.m., Monday, August 16, 2004 to the Company's head office under the address Addtech AB (publ), Box 602, SE-101 32 Stockholm, Sweden, telephone +46-8-470 49 00, fax +46-8-470 49 01, or info@addtech.se. Such notice must contain the following information: name of shareholder, personal registration number (organization number) and information about the number of shares represented.

In order to exercise their voting rights, shareholders whose shares are registered in the name of a bank's trust department, or in the name of a

PAYMENT OF DIVIDEND

The resolutions of the Annual General Meeting will include the date by which shareholders must be registered in the share register maintained by the VPC AB in order to be entitled to receive dividend. The Board of Directors has proposed Tuesday, August 24, 2004 as record date.

On the condition that the Annual General Meeting adopts this proposal, dividends will be disbursed by VPC AB on Friday, August 27, 2004 to shareholders of record as of August 24, 2004.

CHANGE OF ADDRESS AND BANK ACCOUNT

Shareholders who have changed their name, address or account number should immediately report such changes to their custodian or to their institution of account (bank). A special form for this purpose is available at all Swedish bank branch offices.

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Translation: Ole Böök

The Annual Report is printed on environmentally friendly paper,
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This Annual Report will be distributed to all shareholders of record.

Addresses

ADDTECH AB (publ.)

Roger Bergqvist, President
Box 602, Gamla Brogatan 11
SE-101 32 Stockholm, Sweden
Tel: +46-8-470 49 00
Fax: +46-8-470 49 01
www.addtech.com

ADDTECH EQUIPMENT AB

Åke Darfeldt, President
Fakturavägen 6
SE-175 62 Järfälla, Sweden
Tel: +46-8-445 84 40
Fax: +46-8-445 84 45

KMC Ytbehandling AB

Mikael Boberg, President
Fakturavägen 6
SE-175 62 Järfälla, Sweden
Tel: +46-8-445 84 40
Fax: +46-8-445 84 49
www.kmc.se

Karlemarks Sweden AB

Josef Benedek, President
Fakturavägen 6
SE-175 62 Järfälla, Sweden
Tel: +46-8-445 76 65
Fax: +46-8-445 76 79
www.karlemarks.se

Columbia Elektronik AB

Henning Essén, President
Box 5, Sjöviksvägen 53
SE-618 21 Kolmården, Sweden
Tel: +46-11-39 80 05
Fax: +46-11-39 76 41
www.columbia.se

ESD-Center AB / Tecono AB

Richard Nordén, President
Ringugnsgatan 8
SE-216 16 Malmö, Sweden
Tel: +46-40-36 32 40
Fax: +46-40-15 16 83
www.esd-center.se

Teleinstrument Kontest AB

Jürgen Sedlacek, President
Box 700, Kung Hans väg 3
SE-191 27 Sollentuna, Sweden
Tel: +46-8-626 40 50
Fax: +46-8-626 81 33
www.kontest.se

Alvetec AB

Karl Zellner, President
Fakturavägen 6
SE-175 62 Järfälla, Sweden
Tel: +46-8-445 76 61
Fax: +46-8-445 76 76
www.alvetec.se

Teleinstrument A/S

Bo Lindby, President
Fabrikvej 11
DK-8700 Horsens, Denmark
Tel: +45-76-25 18 18
Fax: +45-75-61 56 58
www.teleinstrument.dk

Matronic Oy

Tuomo Luukkainen, President
Louhostie 1
FI-04300 Tuusula, Finland
Tel: +358-9-2747 910
Fax: +358-9-2747 9120
www.matronic.fi

Tecono Test & Measurement Oy

Karl Zellner, President
Hannuksentie 1
FI-02270 Espoo, Finland
Tel: +358-9-2532 0000
Fax: +358-9-2532 0022
www.tecono.fi

Teleinstrument AS

Anders Eriksson, President
Postboks 204 Holmlia,
Bjørnerudveien 17
NO-1204 Oslo, Norway
Tel: +47-2275 3620
Fax: +47-2275 3621
www.teleinstrument.no

Vactek AB

Per Rundbom, President
Kung Hans väg 3
SE-192 68 Sollentuna, Sweden
Tel: +46-8-35 27 25
Fax: +46-8-92 96 79
www.vactek.se

Tufvassons Transformator AB

Görgen Hultgren, President
Box 501, Porfyrvägen 4
SE-193 28 Sigtuna, Sweden
Tel: +46-8-594 809 00
Fax: +46-8-592 527 68
www.tufvassons.se

Breve-Tufvassons Co Ltd

Zbigniew Wandzel, President
UL. Postepowa 25/27
PL-93 347 Lodz, Poland
Tel: +48-42-640 15 39
Fax: +48-42-640 15 41
www.breve.com.pl

Vactek A/S

Rainer Wagner, President
Frydenborgsvej 27 E
DK-3400 Hillerød, Denmark
Tel: +45-48-24 44 33
Fax: +45-48-24 44 37
www.vactek.dk

Batteriunion i Järfälla AB

Bo Fagerström, President
Äggelundavägen 2
SE-175 62 Järfälla, Sweden
Tel: +46-8-795 28 50
Fax: +46-8-795 28 69
www.batteriunion.se

CT CellTech Energy Systems AB

Joakim Aspe, President
Tredenbergsvägen 16
SE-294 35 Sölvesborg, Sweden
Tel: +46-456-234 56
Fax: +46-456-153 77
www.celltech.se

Nordic Battery Power AB

Johan Westin, President
Mariehölmögatan 2
SE-415 02 Göteborg, Sweden
Tel: +46-31-21 20 00
Fax: +46-31-21 20 66
www.nordicbattery.com

CellTech - Harring A/S

Michael Ankjaer, President
Rugmarken 9A+B
DK-3520 Farum, Denmark
Tel: +45-70 25 22 01
Fax: +45-70 25 22 02
www.celltech-harring.dk

Nordic Battery

Johan Westin, President
Postboks 204 Holmlia,
Bjørnerudveien 17
NO-1204 Oslo, Norway
Tel: +47-2276 3880
Fax: +47-2261 9195
www.nordicbattery.com

Insmat Oy

Hannu Hietala, President
P.O. Box 52, Höyläämötie 11 B
FI-00381 Helsinki, Finland
Tel: +358-9-560 730 00
Fax: +358-9-560 730 10
www.insmat.fi

ADDTECH TRANSMISSION AB

Håkan Franzén, President
Box 23087, S:t Eriksgatan 117
SE-104 35 Stockholm, Sweden
Tel: +46-8-31 14 60
Fax: +46-8-54 54 14 01

Teknikprodukter, Betech Seals AB

Tommy Marklund, President
Box 173, Tallvägen 5
SE-564 24 Bankeryd, Sweden
Tel: +46-36-37 62 00
Fax: +46-36-37 22 93
www.teknikprodukter.se

Betech Seals A/S

Claus Nielsen, President
Vesterlundvej 4
DK-2730 Herlev, Denmark
Tel: +45-44-85 81 00
Fax: +45-44-92 78 00
www.betechseals.dk

FB Kedjor AB

Roger Holm, President
Box 304, Kungsgatan 68
SE-631 04 Eskilstuna, Sweden
Tel: +46-16-15 33 00
Fax: +46-16-14 27 57
www.fbkedjor.se

FB Ketjutekniikka Oy

Lauri Pörsti, President
FI-27710 Köyliö, Finland
Tel: +358-2-540 111
Fax: +358-2-540 1100
www.fbketjutekniikka.fi

FB Kjeder AS

Magne Berg, President
Bjørnerudveien 17
NO-1266 Oslo, Norway
Tel: +47-2319 1650
Fax: +47-2319 1651
www.fbkjeder.no

FB Ketten GmbH

Thomas Wagner, President
Gewerbepark Süd 5
A-6330 Kufstein, Austria
Tel: +43-53 72 61 466
Fax: +43-53 72 61 46620
www.fb-ketten.com

FB Chain Ltd

Phil Taylor, President
Jubilee Road, Letchworth
Hertfordshire SG6 1NF, England
Tel: +44-1462 67 0844
Fax: +44-1462 48 0745
www.fbchain.com

Aratron AB

Patrik Klerck, President
Box 20087, Kratsbodavägen 50
SE-161 02 Bromma, Sweden
Tel: +46-8-404 16 00
Fax: +46-8-98 42 81
www.aratron.se

Tube Control AB

Peter Johansson, President
Box 292, Storsätragränd 10
SE-127 25 Skärholmen, Sweden
Tel: +46-8-555 921 00
Fax: +46-8-555 921 50
www.tubecontrol.se

Tubex Hydraul AB

Bengt-Åke Lindh, President
Box 367, Koppargatan 2
SE-573 24 Tranås, Sweden
Tel: +46-140-190 40
Fax: +46-140-192 56
www.tubex.biz

Bondy A/S

Leif Johansson, President
Industriparken 16-18
DK-2750 Ballerup, Denmark
Tel: +45-70-15 14 14
Fax: +45-44-64 14 16
www.bondy.dk

Kraftmek Oy

Hans Söderström, President
PB 36, Svetsaregatan 9
FI-00811 Helsinki, Finland
Tel: +358-9-755 7355
Fax: +358-9-755 5285
www.kraftmek.fi

Movetec Oy

Markku Suominen, President
Hannuksentie 1
FI-02270 Espoo, Finland
Tel: +358-9-525 92 30
Fax: +358-9-525 92 333
www.movetec.fi

Aratron AS

Stein Kuvaas, President
Postboks 214 Holmlia,
Bjørnerudveien 17
NO-1214 Oslo, Norway
Tel: +47-2319 1660
Fax: +47-2319 1661
www.aratron.no

ADDTECH COMPONENTS AB

Anders Dafnäs, President
Box 23045, S:t Eriksgatan 117
SE-104 35 Stockholm, Sweden
Tel: +46-8-5454 1400
Fax: +46-8-5454 1401

Adiator AB

Tommy Haglund, President
Box 23056, Hälsingegatan 40
SE-104 35 Stockholm, Sweden
Tel: +46-8-729 17 00
Fax: +46-8-729 17 17
www.adiator.se

Beving Compotech AB

Jan Eriksson, President
Box 21029, S:t Eriksgatan 113 A
SE-100 31 Stockholm, Sweden
Tel: +46-8-441 58 00
Fax: +46-8-441 58 29
www.compotech.se

Beving Elektronik AB

Rickard Sjöström, President
Box 5530, Jägerhorns väg 8
SE-141 07 Huddinge, Sweden
Tel: +46-8-680 11 99
Fax: +46-8-680 11 88
www.bevingelektronik.se

Caldaro AB

Tomas Pehrsson, President
Box 30049, Warfvings väg 27
SE-104 25 Stockholm, Sweden
Tel: +46-8-736 12 70
Fax: +46-8-736 12 90
www.caldaro.se

R&K Tech AB

Erwin Theimer, President
Box 7086, Polygonvägen 65
SE-187 12 Täby, Sweden
Tel: +46-8-544 40 560
Fax: +46-8-732 74 40
www.rk.se

Stig Wahlström AB

Bo Nyberg, President
Box 64, Mårbackagatan 27
SE-123 22 Farsta, Sweden
Tel: +46-8-683 33 00
Fax: +46-8-605 81 74
www.wahlstrom.se

Tekno Optik AB

Richard Joelsson, President
Box 5003, Jägerhorns väg 8
SE-141 07 Huddinge, Sweden
Tel: +46-8-680 11 30
Fax: +46-8-680 11 60
www.teknooptik.se

Tesch System AB

Patrik Nilsson, President
Box 21196, S:t Eriksgatan 113 A
SE-100 31 Stockholm, Sweden
Tel: +46-8-441 56 00
Fax: +46-8-441 56 19
www.tesch.se

Eltech Components A/S

Kim Engmark, President
Vallenbaeksvej 41
DK-2605 Brøndby, Denmark
Tel: +45-7010 1410
Fax: +45-4320 0777
www.bevingeltech.com

Stig Wahlström Oy

Lauri Lindström, President
Hannuksentie 1
FI-02270 Espoo, Finland
Tel: +358-9-502 44 00
Fax: +358-9-452 27 35
www.swoy.fi

Addtech Business Support AB

Peter Svensson, President
Box 23045, S:t Eriksgatan 117
SE-104 35 Stockholm, Sweden
Tel: +46-8-5454 1400
Fax: +46-8-5454 1401

ADDTECH AB (publ.)
Box 602, Gamla Brogatan 11
SE-101 32 Stockholm, Sweden
Tel: +46-8-470 49 00
Fax: +46-8-470 49 01
www.addtech.com
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