

Bergman & Beving

TM

ANNUAL REPORT APRIL 1, 1999 - MARCH 31, 2000

BB₂B™
Teck

1999 / 2000

Important Events 1999/2000

Income after financial items increased by 12 percent to MSEK 392 (351).

Earnings per share amounted to SEK 9.20 (8.30).

A dividend of SEK 4.25 is proposed (4.00).

The Group's business concept was amplified to Value-adding Tech Provider.

Important initiatives in business-to-business e-commerce.

The Group's new trade mark, B2B Tech, was launched.

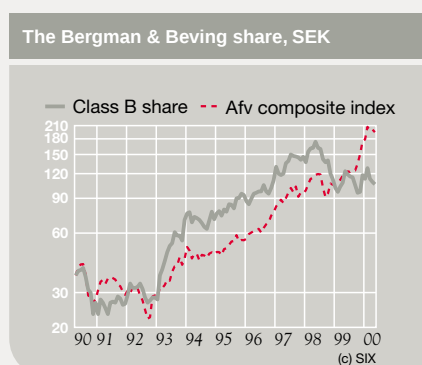
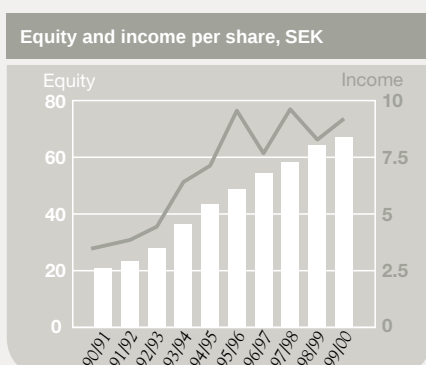
Six acquisitions and one desinvestment were made during the year.

An incentive plan was launched and the response was good.

Lagercrantz Group was established as a separate business area.

The Group in Figures

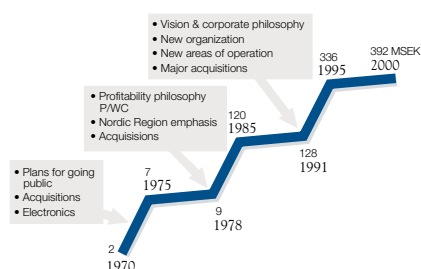
THE GROUP IN FIGURES	1999/2000	1998/1999	1997/1998
Net revenues, MSEK	8 073	7 343	6 351
Income after financial items, MSEK	392	351	401
Net income, MSEK	264	237	275
Earnings per share, SEK	9.20	8.30	9.60
Cash flow per share, SEK	12.40	8.20	9.30
Shareholders' equity per share, SEK	67.10	63.60	58.50
Proposed dividend per share, SEK	4.25	4.00	4.00
Return on equity, %	14	14	17
Equity ratio, %	44	44	48
Share price, March 31, SEK	113	103	161
Number of employees	2 679	2 513	2 167



Statement of the President



ANDERS BÖRJESSON



The past operating year

The 1999/2000 operating year started weak, but ended on a strong note. Income during the third quarter improved by 13 percent and during the fourth quarter by 42 percent compared to the corresponding periods one year ago.

For the entire operating year, income rose by 12 percent to MSEK 392. Our net revenues increased by 10 percent to MSEK 8 073.

Electronics, as well as Industry and Tools, improved their results. In Electronics, the measures taken to improve efficiency generated good effect towards the end of the year.

A number of acquisitions have been carried out in business area Industry in recent years. The year's income is the highest to date.

In Tools, we have strengthened our position as a leading distributor of tools and consumables in the Nordic market. Major efforts have been made in recent years in the area of new IT systems and expanded e-commerce. Income improved to MSEK 115.

MediTech is our only business area which failed to improve its operating performance during the past year. The reason for this was lower income for dental and medical-technical products produced in-house.

Development of the group

Since going public in 1976, the Bergman & Beving Group has displayed strong performance. Our earnings per share have increased by an average of 18 percent per year. The market price of the share has showed a positive development and the total return to the shareholders – by way of price appreciation and dividends – has exceeded 25 percent per year on average.

However, during the past 18-month period, we have witnessed a negative trend in the market price of the share. I believe that the reason for this development is to be sought in a generally more conservative valuation of our type of company, at the same time as our profitability has remained at a largely unchanged level over the latest years.

Our result has increased step by step. The sidebar illustration shows the trend in income since the beginning of the 1970's. At the beginning of each decade, our earnings growth has been very good, only to slow down after that in a consolidation phase. Each of the periods with sharply rising profits has coincided with a dynamic action program to initiate the surge. We are therefore today applying our energies to a new take-off into the new millennium, with an amplified business concept and a plan of action to increase shareholder value.

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Business concept

Our further evolved business concept is **Value-adding Tech Provider**. At the same time, we have launched B2B Tech as a trade mark in a bid to clearly and forcefully describe the core of our operations, **business-to-business commerce** in technology products.

Our vision has been reformulated: *Leading value-adding tech provider*. We are and will continue to be a technology trading company, but by introducing the "value-adding" concept, we want to convey more distinct signals about the content of our business.

Examples of added value in our business are customer-adapted solutions, in-design competence, efficient logistics and just-in-time deliveries, together with product knowledge, education and training, support and service. In the future we will also be launching more proprietary brand names, and complement the trading with lighter production.

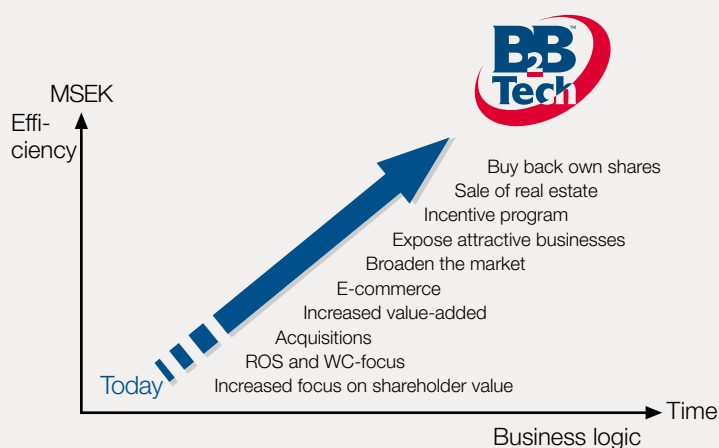
Increased shareholder value

In a policy statement for the future, we have summarized a number of ways of going on the offensive for increased shareholder value, as illustrated by the picture below.

PROFITABILITY

In order to raise our earnings, we will be focusing even more sharply during the coming year on the profit margins in our operations, and take action where poor performance so warrants. A major potential for improvement also exists in completing the job of fully integrating newly acquired units.

We will also be focusing on working capital and rationalize the product line in order to improve profitability.



GROWTH

Bergman & Beving has always been a growth company. Our goal is long-term earnings growth of 15 percent per year. To promote stronger growth in the future, we will acquire companies to complement our existing businesses. Over the years, we have acquired more than 160 companies, and more than 85 percent of these acquisition have proven to be successful in the sense that they have contributed to increased earnings per share.

E-COMMERCE

In order to strengthen our position in more market segments, we have expended great efforts in promoting e-commerce. Our position is particularly strong in Tools. Some 70 percent of Tools' revenues are derived electronically. For the entire Group, the figure is about 25 percent.

Our selling costs are reduced by e-commerce and we make things easier for our customers. E-commerce also gives us opportunities to develop our business concepts.

STRUCTURAL TRANSFORMATION

For the future we want to make certain of our businesses, such as our IT companies and e-commerce, more visible. As of April 1, we have therefore created a fifth business area by reporting Lagercrantz Group separately. It was previously a part of business area Industry.

The vision of Lagercrantz Group is to be *the leading knowledge company in digital communication*. The operations of Lagercrantz are described in greater detail on pages 36–37 of this annual report.

Among other structural measures we are planning is the sale of our centrally located properties, thereby freeing up capital.

We are also planning a buy-back of our own shares. We have a very strong financial position and a large pool of unrestricted capital, which together with our positive cash flow makes it interesting to repurchase our own shares at attractive price levels.

EMPLOYEE DEVELOPMENT

A key issue for our future development is our ability to recruit and develop employees. During the past year we expended much energy on an internal management development project. Our internal Business School has been complemented with a new seminar in management training.

During May 2000 we distributed our internally produced book, *The Book About Idea and Soul in Bergman & Beving*, to all employees.

In December 1999, an incentive program was launched for the benefit of Bergman & Beving employees. Approximately 50 percent of the Group's Swedish employees subscribed for convertible debenture, and among the Group's managers, a large majority signed up for an option program. These programs increase the interest of our employees for our earnings performance and the price performance of our share.

The future

Given our amplified business concept and the new action programs for increased shareholder value, I regard the opportunities for a positive development of the Bergman & Beving Group as very positive. We have a sound business concept and skilled and motivated employees.

Our earnings performance during the past year improved gradually and the outlook for our year 2000/2001 is good.



Anders Börjesson

The Bergman & Beving Group in Brief

Bergman & Beving was founded in 1906. Our business concept is **Value-adding Tech Provider**. The business orientation is **business-to-business commerce** in technology products. The Group is organized in five business areas as illustrated by examples of Web sites.

BERGMAN & BEVING ELECTRONICS



Bergman & Beving Electronics' business orientation is on electronic components and data products for the telecommunications, electronics and engineering industries.

BERGMAN & BEVING INDUSTRY



Bergman & Beving Industry works with industrial components, production and testing systems for electro-mechanical industry, engineering industry, telecommunications and electronics industries.

BERGMAN & BEVING TOOLS



Bergman & Beving Tools has tools and consumables for the machinery and building supply trade, and the engineering industry as its area of operation.

BERGMAN & BEVING MEDITECH



Bergman & Beving MediTech's business orientation is on laboratory and dental products, as well as on products for industry, health care and research.

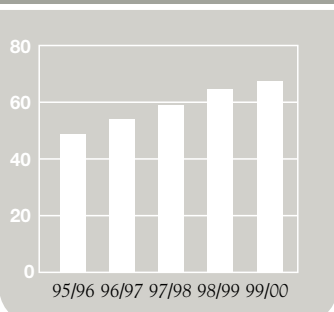
LAGERCRANTZ GROUP



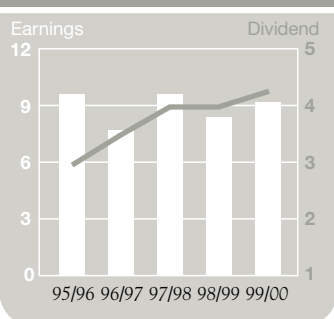
Lagercrantz Group is engaged in business with communications and testing equipment, and e-commerce solutions for telecom operators and industrial companies.

The Bergman & Beving Share

Shareholders' equity per share, SEK



Earnings and dividend per share, SEK



MARKET LISTING

The Class B share of Bergman & Beving has been publicly traded since 1976 and was listed on the A-list of the OM Stockholm Stock Exchange in 1984. The trading lot is 200 shares.

DIVIDEND

The proposed dividend of SEK 4.25 (4.00) per share constitutes an increase by 6 percent compared to the preceding year. The payout ratio is 46 percent (48) of earnings per share.

SHARE CAPITAL

Bergman & Beving's share capital as of March 31, 2000 was MSEK 286. The number of shares outstanding is 28 630 360, each with a par value of SEK 10. Class A shares entitle their holders to ten votes each; class B shares carry one vote each. A conversion restriction in the Articles of Association allows for conversion of class A shares to class B shares.

CLASS OF SHARE	NUMBER OF SHARES	PERCENTAGE OF CAPITAL	PERCENTAGE OF VOTES
Class A	1 847 776	6.5	40.8
Class B	26 782 584	93.5	59.2

CONVERTIBLES

A subordinated convertible debenture issue was made to the Company's personnel during 1999. Upon full conversion, this is equivalent to 847 644 class B shares, resulting in dilution of 2.9 percent of the capital and 1.8 percent of the votes in Bergman & Beving AB. The number of shares outstanding after full conversion will be 29 478 004. For 1999/2000, the weighted number of shares after full conversion is 28 771 634.

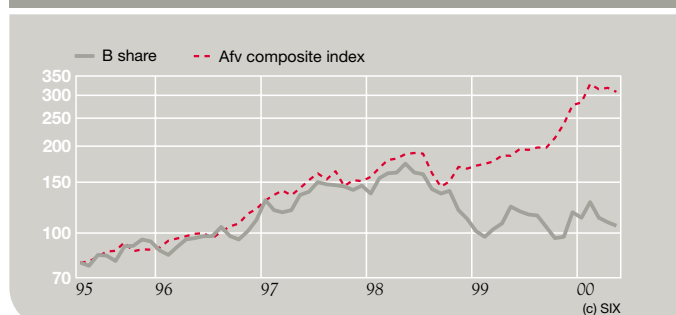
PERFORMANCE OF THE SHARE DURING 1999/2000

The market price of the Bergman & Beving share increased by 10 percent during the financial year (decrease 36 percent), from SEK 103 to SEK 113. Affärsvärlden's composite index increased by 80 percent (decrease by 1 percent) during the same period. The year's highest and lowest paid price was SEK 146 and SEK 94, respectively. Over the past five years, the market price of the share has grown by an average of 9 percent per year, while the composite index has increased by 34 percent per year.

As of March 31, 2000, Bergman & Beving's total market capitalization was MSEK 3 235. Approximately 6.8 million Bergman & Beving shares changed hands during the year, equivalent to 24 percent of the total number of listed shares outstanding.

The number of shareholders increased during the year from 3 041 to 3 550.

Price development of the Bergman & Beving class B share, SEK



HISTORY OF CAPITALIZATION

Bergman & Beving's share capital has developed as follows since April 1, 1988:

YEAR	TRANSACTION	CHANGE	SHARE CAPITAL	NUMBER OF SHARES
1988/89			76 356 060	7 635 606
1989/90	Conversion	140 000	76 496 060	7 649 606
1990/91	Conversion	86 000	76 582 060	7 658 206
1993/94	Stock dividend against retained earnings	38 291 030	114 873 090	11 487 309
1993/94	Non-cash issue to the shareholders of Engros AB Ferro	28 278 710	143 151 800	14 315 180
1997/98	Stock dividend against legal reserve	143 151 800	286 303 600	28 630 360

The Board of Directors has no pending authorization to resolve issuance of shares.

MAJOR SHAREHOLDERS

SHAREHOLDERS ACCORDING TO VPC AS OF MARCH 31, 2000 ¹⁾	NUMBER OF A SHARES	NUMBER OF B SHARES	PERCENTAGE OF CAPITAL	PERCENTAGE OF VOTES
Jan Wallanders och Tom Hedelius stiftelse	835 152		2.9	18.5
Pär Stenberg	475 152	1 108 022	5.5	12.9
Robur		5 511 257	19.3	12.2
Fjärde AP-fonden		2 646 192	9.2	5.8
Handelsbankens Pensionsstiftelse		2 330 000	8.1	5.1
Anders Börjesson (family)	195 000	110 500	1.1	4.6
Tom Hedelius	180 000	5 400	0.6	4.0
Tredje AP-fonden		1 759 100	6.1	3.9
SPP		1 683 782	5.9	3.7
Carl T. Säve	30 000	973 982	3.5	2.8
Skandia		1 178 400	4.1	2.6
Other shareholders	132 472	9 475 949	33.7	23.9
Total	1 847 776	26 782 584	100.0	100.0

1) Adjustment has been made for known changes after March 31, 2000.

OWNERSHIP STRUCTURE

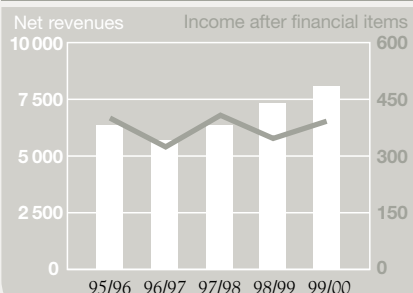
OWNERSHIP DISTRIBUTION ACCORDING TO VPC AS OF MARCH 31, 2000	OWNER NUMBER	% OF TOTAL	SHARES NUMBER	% OF TOTAL
1– 500	2 192	61.8	400 100	1.4
501– 1 000	645	18.2	524 373	1.8
1 001– 5 000	501	14.1	1 130 691	3.9
5 001– 10 000	100	2.8	795 681	2.8
10 001– 50 000	65	1.8	1 313 229	4.6
50 001– 100 000	12	0.3	912 135	3.2
100 001–	35	1.0	23 554 151	82.3
Total	3 550	100.0	28 630 360	100.0

Domestic and foreign institutional ownership is about 72 percent. About 5 percent of Bergman & Beving's shares are owned by shareholders outside Sweden.

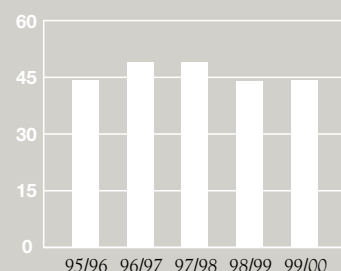
The Bergman & Beving Group during five years

MSEK	1999/2000	1998/1999	1997/1998	1996/1997	1995/1996
Income information					
Net revenues	8 073	7 343	6 351	5 743	6 328
Operating costs	-7 666	-6 981	-5 956	-5 436	-5 945
of which depreciation and amortization	-168	-153	-116	-98	-85
Operating income	407	362	395	307	383
Financial income and expense	-15	-11	6	18	14
Income after financial items	392	351	401	325	397
Net income	264	237	275	221	275
Balance information					
Intangible fixed assets	464	505	275	149	134
Tangible fixed assets	650	688	628	590	524
Financial fixed assets	31	31	22	21	26
Inventories	1 198	1 185	926	752	800
Short-term receivables	1 301	1 228	1 053	953	987
Liquid funds	683	482	573	737	682
Total assets	4 327	4 119	3 477	3 202	3 153
Shareholders' equity	1 920	1 821	1 676	1 535	1 377
Convertible subordinated debenture loan	101	—	—	—	—
Interest-bearing liabilities and provisions	813	824	437	391	473
Non-interest-bearing liabilities and provisions	1 493	1 474	1 364	1 276	1 303
Total shareholders' equity and liabilities	4 327	4 119	3 477	3 202	3 153
Capital employed	2 834	2 645	2 113	1 926	1 850
Financial net assets	-200	-311	158	367	235

Net revenues and income, MSEK



Equity ratio, %



	1999/2000	1998/1999	1997/1998	1996/1997	1995/1996
Ratios					
Profit margin, %	4.9	4.8	6.3	5.7	6.3
Return on total capital, %	10	10	13	11	14
Return on capital employed, %	16	16	21	19	25
Return on equity, %	14	14	17	15	21
Return on equity, fully diluted basis, %	14	—	—	—	—
Equity ratio, %	44	44	48	48	44
Equity ratio, fully diluted basis, %	47	—	—	—	—

Other data

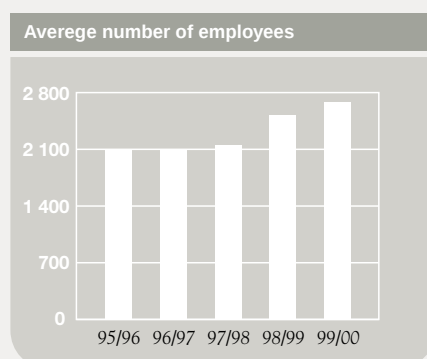
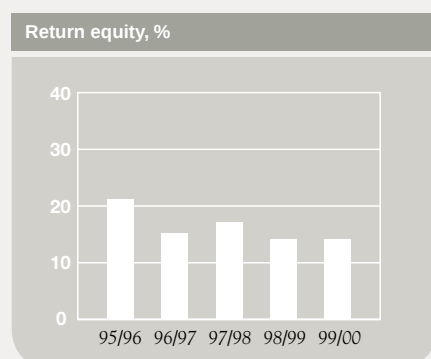
Number of employees at end of period	2 693	2 729	2 293	2 036	2 117
Average number of employees	2 679	2 513	2 167	2 091	2 092
Cash flow from current operations, MSEK	355	243	267	347	386

Per-share data

Earnings per share, SEK	9.20	8.30	9.60	7.70	9.60
Earnings per share, fully diluted basis, SEK	9.20	—	—	—	—
Cash flow from current operations, SEK	12.40	8.20	9.30	12.10	13.50
Cash flow from current operations, fully diluted basis, SEK	12.30	—	—	—	—
Shareholders' equity, SEK	67.10	63.60	58.50	53.60	48.10
Shareholders' equity, fully diluted basis	68.60	—	—	—	—
Share price, March 31, SEK	113	103	161	118	90
Share price/Shareholders' equity, %	169	162	275	220	186
Share price/Shareholders' equity, fully diluted basis	165	—	—	—	—
Price earnings ratio	12	12	17	15	9
Price earnings ratio, fully diluted basis	12	—	—	—	—
Dividend, SEK	4.25¹⁾	4.00	4.00	3.50	3.00
Dividend yield, %	3.8	3.9	2.5	3.0	3.4

1) According to the proposal of the Board of Directors.

Definitions are found in Note 1, page 50.



Presentation of the Bergman & Beving Group

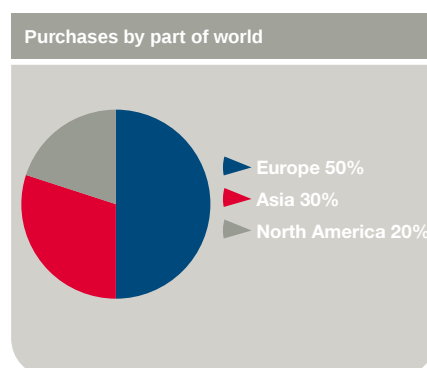
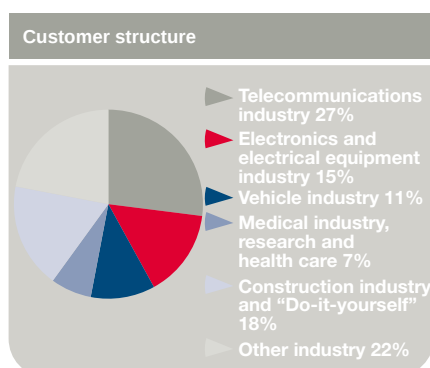
Bergman & Beving's business concept is **Value-adding Tech Provider**. Operations were started in 1906 with imports of technically advanced products to Sweden. Today, the main thrust of the business is on **business-to-business commerce** in technology products.

Important product areas are electronic components, electro-mechanical and mechanical components, and niche data products. Production and testing systems for the electronics industry, tools and consumables for manufacturing industries and the construction sector, and industrial fastening elements, medical-technical products and IT solutions for digital communication are other product areas.

The Group conducts the bulk of its business in Sweden, Denmark, Finland, Norway, Poland and the Baltic States. With the amplified business concept, which is described below, the business volume outside the Nordic Area will grow.

Our customers are found mostly among companies in export-oriented manufacturing industry. The three largest sectors among our customers are telecommunications, electronics and electrical equipment, and vehicles. About 40 percent of net revenues pass through distributors, and no single customer accounts for more than 5 percent of consolidated net revenues.

Our suppliers are found in Europe, Asia and North America. They are typically world-leaders in their respective product areas.



Value-adding tech provider – a business concept for the future

Bergman & Beving's business concept, **Value-adding Tech Provider**, which was launched in March 2000, involves an amplification of our business activities. It embodies the content of the Group and the direction of its future development more clearly than the earlier business concept, Technology Trade in the Nordic Region.

WE CREATE ADDED VALUE FOR OUR CLIENTS

By appending the modifier "value-adding" to our business concept, we are sending a clear signal about the content of our business. As a company dealing in technology, Bergman & Beving is not merely an intermediary, but adds value through the products it provides and through the way in which the trade is conducted. There are many examples of added

value. The products of different suppliers are combined in solutions and concepts, products are customized for customers, and deep product competence is provided in specific technology areas.

Proprietary products and brand names are also developed within the Group, and added value is made available in the form of services. Other examples are efficient logistics and just-in-time deliveries. In a number of selected niches, Bergman & Beving has in-house production. This enables the Group to make unique customer offers, obtain improved margins and attain a higher rate of growth.

INTERNATIONALIZATION OF OPERATIONS

Historically, Bergman & Beving's operations have been based in the Nordic Region. Internationalization is now more manifest and several units now have operations outside the Nordic Region. Establishment of operations outside the Nordic Region has so far been mostly in Poland and the Baltic States, but several companies in the Group have concepts so strong that customers have wanted help in establishing businesses in other parts of the world.

With new technology, deregulated world trade and a single European currency, distances will shrink even more. This opens opportunities for us to expand with our expertise in trading and trading entrepreneurship as a base. Our prominent position in several markets in e-commerce opens tremendous opportunities.

Making contact!

CERANA®
Single-visit ceramic inlays.
Next patient, please!

Nordiska Dental

The ceramic dental filling material Cerana® is manufactured by Bergman & Beving MediTech. Cerana® has a large export share.

B2B TECH – OUR NEW GROUP-WIDE TRADE MARK

B2B Tech was launched as a trade mark for the Group at the same time as the new business concept. The theory behind B2B Tech is to clearly and effectively describe the core of our business: business-to-business commerce in technology products. B2B is also a natural way of building on B&B, which is used in everyday speech for Bergman & Beving. Tech stands for engineering, technology and technology products, which has been the orientation of the business right from the start in 1906.

B2B Tech AB, the corporation, and *b2btech.se*, the domain name, were registered during the year.



Bergman & Beving in the 2000's

Historically, Bergman & Beving has had a very good development. Since going public in 1976, earnings per share have risen by an average of 18 percent per year, which is better than our internal goal of 15 percent per year. The return to the shareholders, measured as share price appreciation and dividends, has exceeded an average of 25 percent annually over the same period.

But the Group's development has been step by step. Earnings growth has been strong during certain periods, while other periods have borne the stamp of stagnation and recovery. What has distinguished each period of growth is that it has begun with a high level of activity in the form of broader orientation and concrete, active measures.

In the beginning of the 21st Century, it is time again for active measures to increase earnings growth. The amplification of our business concept and vision, and the new B2B Tech trade mark, are elements hereof, but an action program for increased shareholder value has also been initiated. That program can be summarized in three main points:

1. INCREASED PROFITABILITY

Bergman & Beving has always had a focus on profit as its hallmark. Priority 1 of the action program is therefore to increase profitability by even sharper focus on net margin and working capital tied up. Important concrete measures include the completion of integration processes now under way in acquired units. Clearer benchmarking and ranking of the Group's 100 companies is also in progress. Active measures in low-performing units, those with net margins below 3 percent, are given priority.

2. DEVELOPING THE BUSINESS CONCEPTS

Taking advantage of opportunities offered by the amplified business concept, e-commerce and the new economy also means that the business concepts of individual profit centers have to be developed. A very important part hereof is to build new market positions with new technology and e-commerce. Increased value is added through customer-adapted solutions, concepts, services, own products and brand names, as well as lighter production. To this comes the geographical expansion.

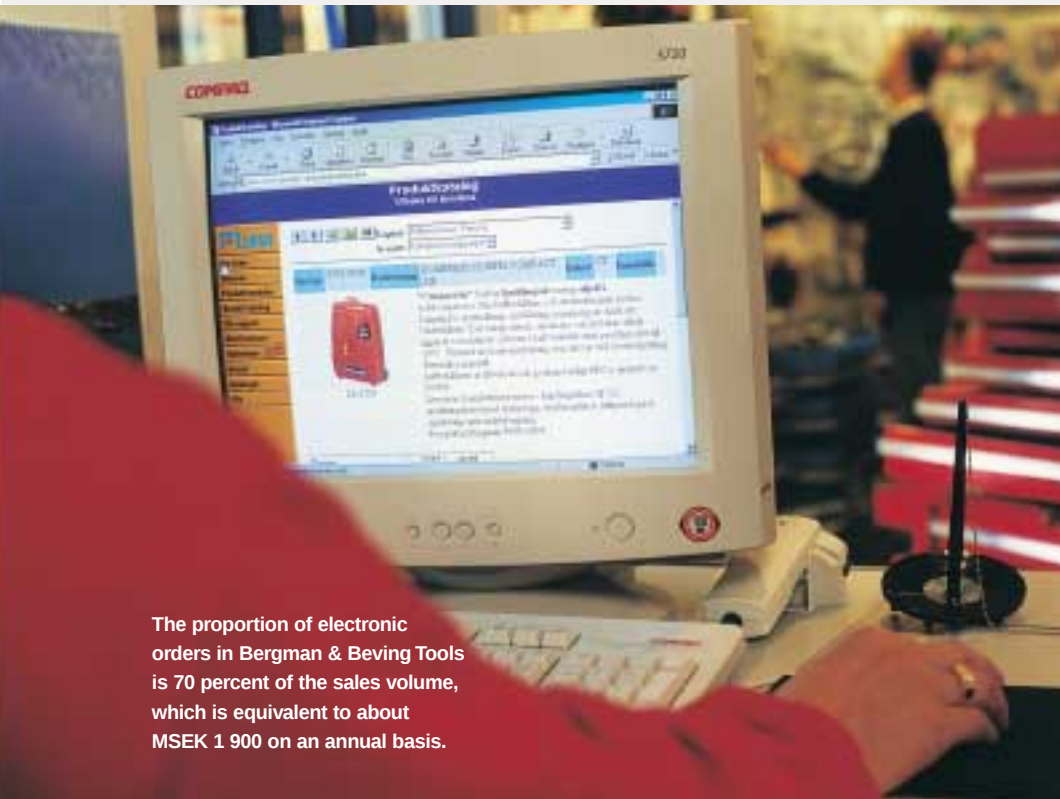
Acquisitions will also in the future be of importance to the Group's growth and development of business concepts. Since the end of the 1960's, we have acquired more than 160 companies. More than 85 percent of these acquisitions have proven to be successful in the sense that they have contributed to increased earnings per share.

3. STRUCTURAL MEASURES

Our ambition is to develop the Group's structure through various measures. The decision to make Lagercrantz Group a separate business area is taken to make businesses that the stock market value in a special way more visible. The possibilities are also explored of concentrating the business to core operations by selling a number of centrally located properties, especially in the Stockholm Region. Such a sale would free up about MSEK 275, with a capital gain of MSEK 175 before taxes. To improve the Group's capital structure, return on equity and earnings per share, the Board of Directors has decided to propose to the Annual General Meeting a plan to repurchase own shares.

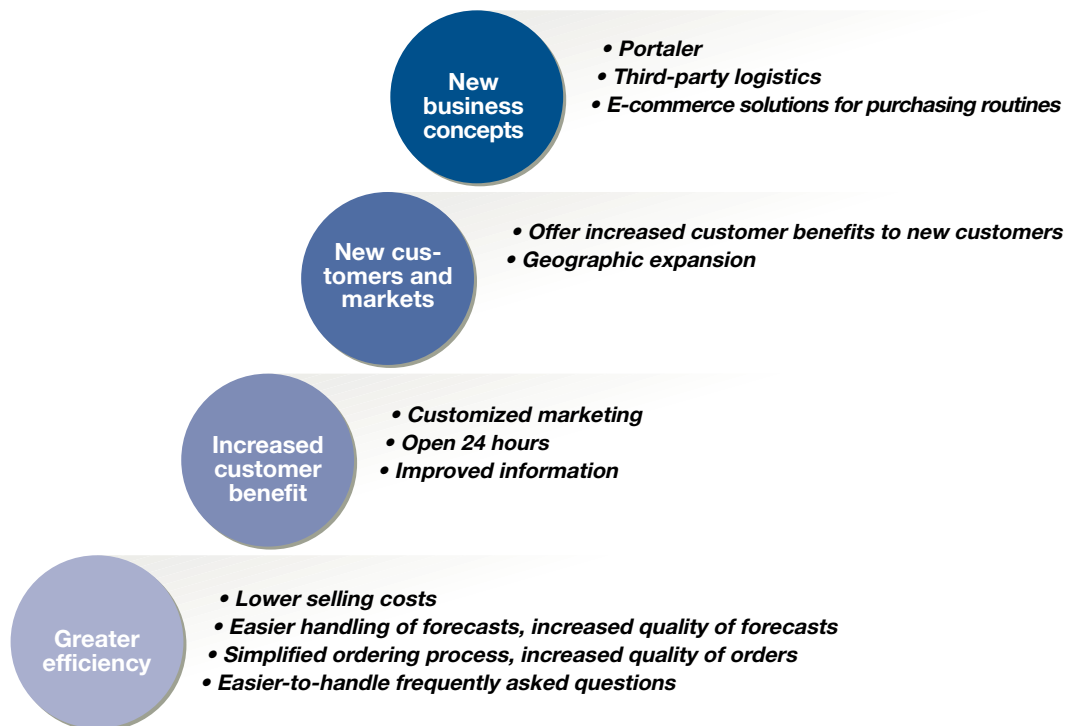
E-commerce – a development area with high priority

E-commerce opens tremendous opportunities for a trading company like Bergman & Beving. Given our long-time commercial experience, a large established business volume, well-established customer and supplier relationships, in-depth product knowledge and fine-tuned logistics, e-commerce offers excellent potential for refinement of existing operations and uncovering new business opportunities.



The proportion of electronic orders in Bergman & Beving Tools is 70 percent of the sales volume, which is equivalent to about MSEK 1 900 on an annual basis.

E-commerce opportunities can be divided into four areas:



GREATER EFFICIENCY

Electronic order booking and shipment planning makes the work simpler and raises quality. The job of selling and responding to frequently asked questions are also examples of areas that can be rendered more efficient.

IMPROVED OFFERS TO EXISTING CUSTOMERS

Electronic media opens opportunities for significantly improved information regarding product offerings, inventory, order and shipment status. If we are open around the clock, 7 days a week, accessibility for our customers is also enhanced. Several units are forging ahead with targeted and customer-adapted marketing, where the building of customer data bases becomes ever more important.

NEW CUSTOMERS AND MARKETS

Bergman & Beving is the leader of the development towards e-commerce in many of the industries where we are active. To be first has many advantages since that allows us to contribute to forming the future trading patterns in the industry. Our competitiveness increases, which means large market shares, increased customer loyalty and contacts with new markets.

NEW BUSINESS CONCEPTS AND BUSINESS OPPORTUNITIES

In addition to opportunities in existing operations, e-commerce also opens a number of entirely new business opportunities. Examples of new business concepts in e-commerce are portals and third-party logistics. During the spring of 2000, Tools started an industry portal, www.toolstore.nu, and MediTech is gradually developing its Web portal for dentists, www.fd.se. Third-party logistics has been launched by Tools, who during the year transferred its logistics center in Ulricehamn to a new company, Logistikpartner AB, with the view to continuing to develop logistics solutions also for external companies.

E-COMMERCE INITIATIVES IN OUR BUSINESS AREAS

All business areas are actively engaged in several e-commerce initiatives involving the building of IT solutions, organizational changes and the introduction of new procedures. About 25 percent of all orders are currently placed electronically with the Group's companies, and that figure is growing gradually. Examples of these initiatives are described under each respective business area, pages 20–37:

Idea & Soul

Idea & Soul in Bergman & Beving are the building blocks that form the foundation for our entire organization. The idea is our vision, our signpost, *Leading Value-adding Tech Provider*. The soul is our corporate philosophy, what binds us together, our very core. Bergman & Beving's corporate philosophy embodies all experience on our attitudes to each other. Our corporate philosophy can be summarized in five key words:

SIMPLICITY • EFFICIENCY • WILLINGNESS TO CHANGE
ACCOUNTABILITY • FREEDOM

Simplicity is an all-embracing concept. We always try to work in a simple way, with as little paper, and as few reports and meetings as possible. Our work is concentrated to our customers, with customer benefit as the guiding-star.

Efficiency is to do the right things and to do things right. What are we putting our time into? Spending time on finding those activities that give the most is an important priority for us to be successful.

Bergman & Beving's business is conducted in 100 companies. We work according to the concept "small-scale operations on a large scale". This allows us to modify the organization to accommodate the requirements of a forever changing world around us.

The Bergman & Beving Group is built around accountability and freedom, the two final words of our corporate philosophy. Accountability and freedom go together. Without one, the other is impossible. Accountability and freedom will only work in a decentralized organization. Bergman & Beving's organization is decentralized and decisions are made as close to the customer as possible.



Entrepreneurship is a seminar in Bergman & Beving's Business School. Here, the group follows colleague actions in a negotiation role game.

DEVELOPMENT OF OUR EMPLOYEES

As an element of improving and augmenting the flow of information between the employees of our Group, we have invested in an intranet. Among the benefits are that this stimulates increased mobility among the companies for our internal labor market. Bergman & Beving is a typical knowledge company and in order to provide room for sharing of experience and know-how transfer among and within our business areas, we conduct manager seminars at different levels on a regular basis.

We are dependent on our motivated and competent employees. We therefore give priority to education, training and personal development. Competence development takes the form of internal as well as external training and education. The Group's internal training and education program was initiated already during the 1960's, and it has since been developed into what we call Bergman & Beving's Business School. Within the framework of the Business School, we offer training in sales technique, entrepreneurship and leadership. More than 200 employees participate every year in the training programs offered by the Business School.

During the past year, the Business School broadened its reach to include Finland, where courses in entrepreneurship are held in Finnish. It is crucial for the Group's future development always to have access to competent employees and leaders. We work almost exclusively with internal recruitment for appointment of managers. Leadership development is therefore one of the most important issues for our future.

During the past financial year, a Group-wide leadership development project was devised with the following content:

RECRUITMENT • TRAINING & EDUCATION DEVELOPMENT OPPORTUNITIES FOR THE INDIVIDUAL COACHING • INCENTIVES



Beginning in 1995, a large number of seminars have been held in the Group about Bergman & Beving's vision and corporate philosophy. In a bid to further deepen and broaden skills among our employees, a book has been produced: *"The Book About Idea and Soul in Bergman & Beving."* This book contains many tools that may be used by the employees in their day-to-day jobs and it should be seen as a practical manual, with the power to lead to concrete action.

The book will be used as a basis for the continued training and education efforts in the Bergman & Beving Group. Seminars will be started during the second half of 2000.



Ledande inom värdeskedet teknikhandel

Vår verksamhet består av fyra huvudsakliga delar:

Ledande

Teknik

Att vara ledande innebär att utveckla och förvalta verksamheten och dess verksamhet. Vi arbetar för att utveckla våra verksamheter och i huvudsak är ledande verksamheter kompletterad med en produktiv verksamhet.

Enhet med visionen

En vision är en sammanfattning av den vision som vi vill att det enskilda företaget och den enskilda verksamheten ska ha. För att kunna se till att visionen blir verklighet är det viktigt att alla i verksamheten förstår visionen och är medvetna om att visionen är en del av vår verksamhet.

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Awareness among employees of the Group's vision and corporate philosophy is heightened by "The Book About Idea and Soul in Bergman & Beving."

Environment and quality

ENVIRONMENT

Environmental issues are becoming increasingly important for customers, suppliers, employees and financial players. In the Bergman & Beving Group, environmental issues are an integral part of the business, aimed at achieving a sustainable development, which means that our natural resources are not used in such a way as to jeopardize the living conditions of future generations. Our part in accomplishing this takes the form of continuous endeavors to reduce the environmental impact of our business. Due to the growing environmental requirements of customers, environmental work has become an increasingly important competitive factor.

ENVIRONMENTAL WORK

Responsibility for the environmental work is decentralized in the Bergman & Beving Group. Each profit center is responsible for organizing and conducting the environmental work in an efficient manner based on the specific operating premises for each company. The basis for Bergman & Beving's environmental work is established in a all-embracing Group policy, which is the foundation for the different companies in the Group.

For the purpose of coordinating environmental matters at Group level, an environmental council has been formed to work with policy issues, competence development and sharing experience. The environmental council also passes on information on environmental issues to the Group's companies. A survey was made during the year to determine

Bergman & Beving Industry delivers closed-circuit purification facilities that improve the environment for industry.



the environmental status of each of the Group's companies. Environmental management systems according to ISO 14001 are being introduced, or are planned to be introduced within three years, in more than half of the Group's Swedish companies. Bevinggruppen is an example of an environmentally certified division. Training of the personnel is an important element of the environmental work. In some of the companies, all employees have undergone training in the environmental area.

ENVIRONMENTAL IMPACT

Most of Bergman & Beving's operations consist of dealing in and distribution of products, and the remainder consists of light manufacturing. The Group's environmental impact is mainly attributable to transportation and packaging material, and in the form of input goods for producing companies.

An important part of environmental work in commerce and distribution is cooperation with manufacturers aimed at decreasing the environmental impact during the entire production process. Choosing environmentally friendly packaging solutions, and distributing the products in a resource-efficient manner is also of great importance.

Most of the companies in the Group under obligation to report on their activities are manufacturing units, which also include activities requiring a permit to operate. None of the Group's companies are involved in any litigation or disputes relating to environmental issues.

ENVIRONMENTAL POLICY

The environmental policy of the Bergman & Beving Group expresses a willingness to assume our share of the responsibility to improve the environment and contribute to a durably sustainable development. Thinking in terms of recycling and conservation of natural resources shall be an important part of the Group's business activity. The environmental work shall be conducted within the framework of our business concept and shall be well integrated in day-to-day operations. Through a high level of competence on the part of our employees, and by continuously developing our knowledge about the environmental impact of what we do, we are in a position to take an overall view of environmental issues. Environmental measures will be implemented to the greatest extent technically possible, economically reasonable and environmentally justified. The responsibility for day-to-day environmental work lies with each individual company in the Group.

QUALITY

Quality issues have always been an important part of the way Bergman & Beving does business, and are important as competitive tools for several of our companies. Customer demands on us as suppliers are constantly mounting. We are expected to offer products, knowledge and service to satisfy customer quality requirements in every area.

In order to meet these increased customer demands, we have made great efforts to introduce quality management systems according to ISO 9000 in a large number of the Group's companies. Our quality work is an ongoing process and is conducted in our own organization, as well as together with our customers and suppliers. All members of our staff participate in this effort to improve quality at all levels of our organization.

Electronics

BERGMAN & BEVING

Bergman & Beving Electronics is one of the Nordic Region's leading suppliers of electronic components. The business is niche-oriented and value is added in the form of product and in-design competence in selected product areas. The successful integration of Berendsen Components, which was acquired in the fall of 1998, is one of the main reasons for the successful finish of the year in terms of earnings.

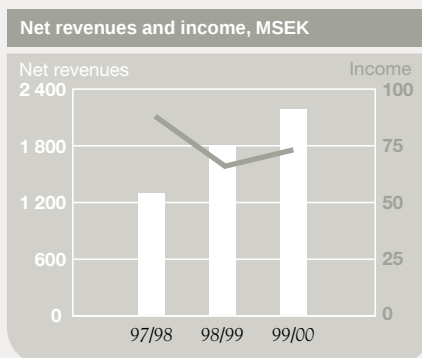
In-design means finding suitable electronic components for an application in cooperation with the customer.



THREE YEARS IN FIGURES	1999/2000	1998/1999	1997/1998
Net revenues, MSEK	2 180	1 804	1295
Operating income, MSEK	92	80	92
Income after financial items, MSEK	73	66	88
Return on equity, %	17	16	
Average number of employees	557	505	392

DIVISIONS	President	Countries
ACTE Denmark	Jan Friis	DK, PL
ACTE Finland	Pekka Uusialho	FI
ACTE Norway	Stein Thorvaldsen	NO
ACTE Sweden	Gunnar Åhlander	SE
BBE Cable	Gunnar Almeling	SE, DK, FI, NO
Betech Data	Steen Alexander	SE, DK, FI, NO

SE (Sweden), DK (Denmark), FI (Finland), NO (Norway), PL (Poland)



PARENT COMPANY: BERGMAN & BEVING ELECTRONICS A/S, SØBORG, DENMARK. PRESIDENT: JAN FRIIS

BUSINESS AREA MANAGEMENT

HOW DO WE DO BUSINESS?

Personal sales and thorough product knowledge constitute the foundation of the business in Bergman & Beving Electronics. Added value and customer benefit are created in close cooperation with our customers and suppliers.

In the product area of *electronic components*, we work with in-design and distribution of components. Last year we expended much effort on developing connectivity via EDI – Electronic Data Interchange – and on offering customer-specific information via the Internet. We will also be further developing the opportunity of offering our customers services in development and design. When the components are approved, deliveries are made just-in-time under fixed shipment schedules or suborders.

In *systems and niche data products*, sales to the final customer are often made in co-operation with a systems integrator or VAR – Value Added Reseller. Seminars for final customers, technical support and service are important competitive tools, together with efficient and fast logistics. Sales are often project oriented.

In *cable harnesses*, products are customer-adapted through in-house production or in cooperation with our network of manufacturers in China. This constitutes an exciting opportunity for us to add value to a broad selection of customers in Nordic industry.

MARKET AND CUSTOMERS

We are currently active in the Nordic Region, Poland and the Baltic States. But we are also experiencing a strong surge in export sales, especially to Asia. This is primarily due to our customers outsourcing production to countries outside our traditional market. During 1999/2000, net revenues were distributed as follows:

SWEDEN	28%	NORWAY	20%
DENMARK.....	28%	OTHER COUNTRIES.....	4%
FINLAND.....	20%		

Our customers are found in the telecommunications industry, in the electronics and electrical equipment industries and in other industries. Our customers manufacture mobile telephones and telecommunications systems, medical electronics, industrial electronics and IT equipment.



JAN FRIIS



PER IKOV



STEEN A. SCHULSTAD

PRODUCTS AND SUPPLIERS

Our component program consists of a broad array of active, passive and electro-mechanical components and displays. In several cases, the products are customized. Our systems products consist mainly of special printers and displays, keyboards and barcode equipment. The data products are of a niche character in data communication and graphics. A broad array of cable harnesses are manufactured at company-owned facilities.

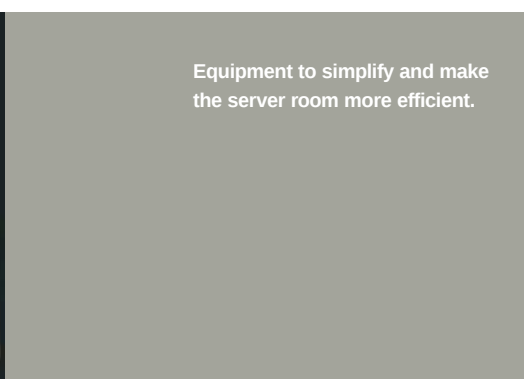
Our suppliers are located in North America, Asia and Europe. They are in general world leaders in their respective specialized areas. Cooperation with suppliers is of a long-term nature and has usually continued for decades. We contribute added value through customization, application support, technical support and service.

COMPETITORS

Our competitors in the component area consist of international distributors with subsidiaries in the Nordic Region, such as Arrow, Avnet and Memec, as well as larger and smaller local distributors.



Cash register with bar code unit, display and printer.



Equipment to simplify and make the server room more efficient.



Power supply for installation in electronic equipment.

Competition in the systems area comes primarily from major manufacturers with their own sales companies in the Nordic Region. Competition in the data area is primarily found among international trading companies with their own local sales companies, and local distributors representing foreign manufacturers.

ACQUISITIONS AND DIVESTITURES

During the fall of 1999, Iwanejko Electronics in Poland was acquired as a part of the expansion of our component market. Net annual revenues are about MSEK 25.

In a bid to sharpen the focus in the data area, the broad distribution business in Viborg, Denmark, Unit Data Distribution, with annual sales of MSEK 115, was sold as of February 1, 2000.

THREATS AND OPPORTUNITIES

The greatest threat to our business is that Nordic manufacturing industry continues to move its production to locations outside the Nordic Region. The presence of additional international competitors in the Nordic region increases pricing pressures in the market. The global consolidation among manufacturers of niche products, where dominating U.S. companies buy up smaller niche-oriented manufacturers, can affect our supplier pipeline.

Our strong and well established market position, and a strong network of international manufacturers of world-leading products, give us new business opportunities as new customer needs arise. Our deep core competence in business-to-business commerce, combined with an even sharper focus on added value and customer benefit, give us a solid base for broadening our business in selected niches. The rapid evolution of our e-commerce creates new opportunities.

ORGANIZATION

Bergman & Beving Electronics consists of three divisions – component and systems operations in ACTE, niche data products in Betech Data and cable harness operations in BBE Cable.

Conversion into independent subsidiary companies of the systems activities within ACTE in Sweden and Denmark, and the same with respect to certain activities in Betech Data, will be effected during 2000/2001. With these actions, further opportunities for growth and dynamism are created.



Production of customized cable harnesses.

Finn-Crimp, Vaasa, Finland, is a part of Division BBE Cable.

The main thrust of the business is customized cable harnesses for industrial companies in Finland. Most customers are export companies in electronics and major household appliances.

Products are manufactured in the ISO 9002-certified plant, or come from collaboration partners in China. Finn-Crimp's own production capacity has been expanded.

The number of employees is 50 and net revenues for 1999/2000 reached MSEK 70.

1999/2000

Net revenues increased by 21 percent to MSEK 2 180 (1 804). Most of the increase is related to acquisitions. Income after financial items increased by 11 percent to MSEK 73 (66). This result is indicative of very robust performance during the latter part of the year.

Market demand for components and cable, which account for a major portion of the business area's volume, is currently very good. Net sales of components increased by 50 percent during the fourth quarter of the financial year.

For data products, which account for the remainder of the business area's volume, a negative result for the first two quarters was turned into a positive result during the third and fourth quarters. The strategy for the future is to focus even more sharply on providing customers with products and solutions with added value in selected niches.

The expansion in e-commerce continues. EDI solutions to integrate forecasting, order bookings and invoicing are important initiatives in the contacts with existing major customers. The proportion of orders received via EDI in component operations increased from 5 percent to 20 percent during the year. See also the Administration Report, pages 38-41.

Industry

BERGMAN & BEVING

The business in Bergman & Beving Industry is decidedly niche-oriented with leading positions in several product areas. The creation of added value is extensive. Products are to a large extent customized and services are added. In recent years, Bergman & Beving Industry has posted good earnings performance and the result for 1999/2000 was the highest to date.



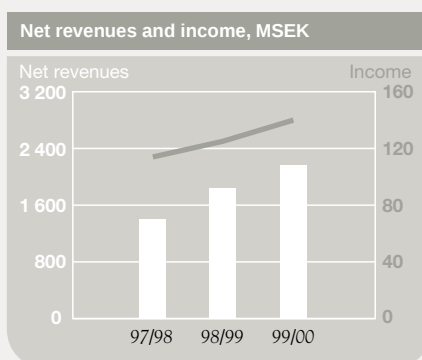
Our production facility in Denmark utilizes advanced waterjet technology for manufacturing customer-adapted industrial packaging in different materials.

THREE YEARS IN FIGURES	1999/2000	1998/1999	1997/1998
Net revenues, MSEK	2 167	1 834	1 410
Operating income, MSEK	146	133	115
Income after financial items, MSEK	140	125	114
Return on equity, %	25	24	
Average number of employees	866	766	596

DIVISIONS	President	Countries
Betech Seals	Michael B. Larsen	SE, DK
Beving Addtech	Anders Dafnäs	SE, DK, FI, NO
Bevinggruppen	Erwin Theimer	SE, DK, FI, NO
EnvoControl	Jan Axelsson	SE
MotionComp	Anders Claeson	SE, DK, FI, NO
Nordic Energy	Åke Darfeldt	SE, DK, FI, NO
Teleinstrument Nordic	Håkan Franzén	SE, DK, FI, NO

SE (Sweden), DK (Denmark), FI (Finland), NO (Norway), PL (Poland)

During 1999/2000, Lagercrantz Group was a division of Bergman & Beving Industry and is include in the data above. From April 1, 2000, Lagercrantz Group is a separate business area, which is presented on page 36.



PARENT COMPANY: BERGMAN & BEVING INDUSTRY AB, SOLNA. PRESIDENT: : ROGER BERGQVIST FROM APRIL 1 2000, STIG SVENSSON UNTIL MARS 31, 2000

BUSINESS AREA MANAGEMENT

HOW DO WE DO BUSINESS?

The niche orientation is pronounced in business area Industry. Industry aims to be the obvious partner when the customer develops its products and systems. Value is added through service, support and systems knowledge. Each subsidiary has its own business concept specialization. Customer needs are analyzed in personal customer contacts and solutions are suggested.

An example of *industrial components*, which are customized and designed in close co-operation with our customers and suppliers, comes from division MotionComp. The companies in this division are working on “creating exact motions for automation and processes.” A customer-unique solution is accurate track control for heavy loads.

Another example comes from division Nordic Energy, who sells batteries and offers professional guidance in three main areas: industrial batteries, batteries in portable products and “traction” applications for trucks and other vehicles. Each application requires its own particular battery solution. In certain cases batteries must be able to deliver a large amount of power for a short period. In other cases there are stringent demands for physically small battery cells. This division has its own manufacturing of customized battery packs, both in Sweden and Finland.

The *systems* supplied by the business area are often complex and contain advanced technology. Technical support, software and installation assistance are therefore required. The subsidiaries offer customer training in different forms. Technical service has high priority. An important complement is just-in-time deliveries of consumables and accessories.

MARKET AND CUSTOMERS

The main market of the business area is the Nordic Region, but we are increasingly following our export-oriented customers out into the world. During 1999/2000, net revenues were distributed as follows:

SWEDEN	53%	NORWAY	3%
DENMARK	17%	OTHER COUNTRIES	3%
FINLAND	24%		



ROGER BERGQVIST



ANDERS CLAESON
FROM APRIL 1, 2000



STIG SVENSSON UNTIL
MARCH 31, 2000. FROM
APRIL 1, 2000, STIG
SVENSSON IS PART OF
THE BERGMAN &
BEVING GROUP
MANAGEMENT.



JOHNNY ÖHMAN

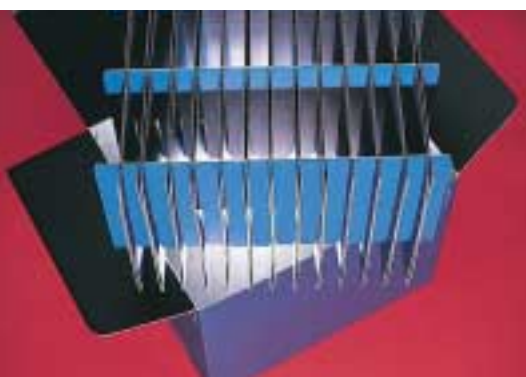
The dominating customers are found in the vehicle industry, the telecommunications industry and the electronics and engineering industries. The customers are manufacturers of cars and trucks, mobile telephones and telecommunications systems, industrial electronics, machinery and automation equipment. Most of the customers are Nordic manufacturers with large export shares.

PRODUCTS AND SUPPLIERS

The industrial components are components in mechanics, electro-mechanics, automation and power supply. Industrial gaskets, laser-cut parts and battery packs are manufactured by Bergman & Beving Industry.

Systems include production, testing and measuring systems. A majority of the systems are used by the electric, electronics and telecommunications industries and by mechanical industry.

Suppliers are located in Europe, Asia and North America. They are normally world leaders in their respective niches. Cooperation with suppliers is of a very long-term nature. The Group's oldest supplier relationship commenced already in 1906.



Special packaging for electronic products.



Operating equipment for industrial automation.



Customer-adapted control device for vehicle.



COMPETITORS

The various subsidiaries encounter competition from local trading companies, who represent non-Nordic manufacturers. One competitor in the Nordic Region that resembles Industry is OEM International.

ACQUISITIONS

Industry acquired four companies during 1999/2000 with aggregate sales of MSEK 70. U.N. Hydraulik AB commands a strong position in the industrial hydraulics market in Sweden. The two Finnish companies, Oy Movetec Ab and Movergon Oy are specialized in components for customer-unique solutions in the area of linear movement. Possession was taken on April 1, 2000 of K.M.C. Ytbehandling AB, who develops and sells systems for industrial cleaning.

THREATS AND OPPORTUNITIES

One threat to our business is if Nordic manufacturing industry loses its competitiveness and cuts back production on the Nordic Region.

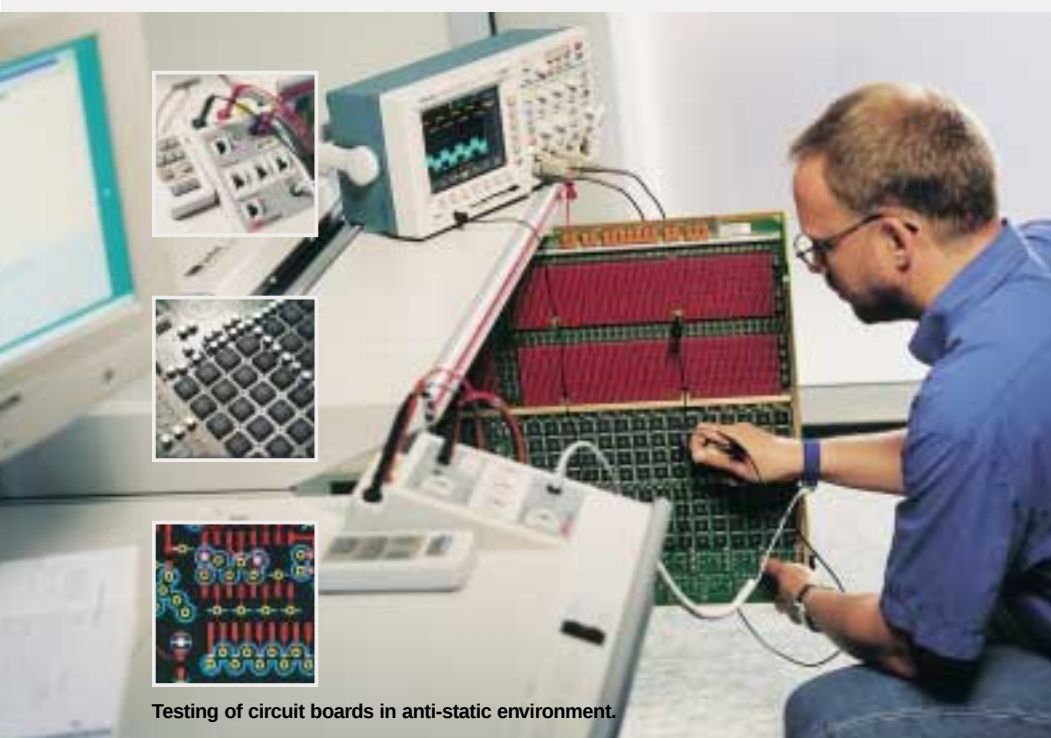
Given our niche orientation, we possess wide application knowledge and are able to contribute unique added values that are in demand by the customer. Here lies the greatest opportunities for the future. We will continue to grow with our successful customers, particularly in the export industry.

Extensive experience in making acquisitions means continued good opportunities for complementing our operations with new business concepts.

ORGANIZATION

Bergman & Beving Industry consists of seven divisions with a total of 40 operating companies. A new division, EnvoControl, was formed as of April 1, 2000. This division engages in systems sales in metal cutting, mechanical surface treatment and surface cleaning where the waste is optimized and handled at the source.

As of April 1, 2000, Karlemarks Försäljnings AB and SkærTeknik A/S, with sales of cutting tools, were transferred from Bergman & Beving Tools to Bergman & Beving Industry. Annual revenues amount to MSEK 50.



Testing of circuit boards in anti-static environment.

Tecono Oy, Espoo, Finland, is part of Division Teleinstrument Nordic.

The main thrust of the business is on systems and materials for the electronic and telecommunications industries in Finland.

The production and testing equipment for the entire production chain is complemented by programming, installation, technical service, support and training. Tecono also offers certain support and service to customers operating outside the Nordic Region.

The number of employees is 46 and net revenues 1999/2000 reached MSEK 197.

1999/2000

Net revenues increased by 18 percent to MSEK 2 167 (1 834) and income grew by 12 percent to MSEK 140 (125). This result means that business area Industry closed the year with very strong performance and an increase in income of 26 percent, to MSEK 44 (35).

Business area Industry saw a more broadly based upturn than before. Industry's willingness to invest is on the rise and only heavy investment goods for the vehicle industry and mechanical industry is still lagging. The positive development for businesses in the telecommunications sector continues.

Sales of industrial components, which showed weakness during the early part of the year, are now developing well. The three divisions, Betechn Seals, with gaskets and seals, MotionComp and Beving Addtech, with mechanical and electro-mechanical components, and an aggregate annual volume of about MSEK 1 000, posted an all time high in terms of income for the fourth quarter of the financial year. See also the Administration Report, pages 38–41.

Tools

BERGMAN & BEVING

Bergman & Beving Tools is the Nordic Region's leading supplier of tools and consumables for the industrial and construction sectors. Business Area Tools adds value by combining the product lines of many different manufacturers and offering customers the whole, with a high degree of service and quick deliveries. In Tools, e-commerce and the www.toolstore.nu initiative is a very important development area.

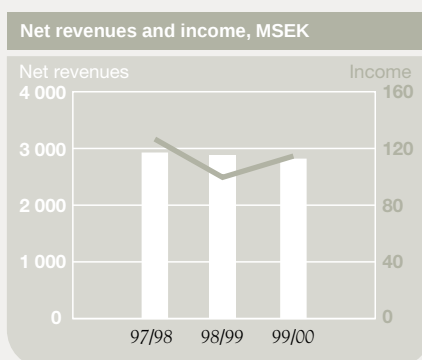


Work place "Gigant" for electronic products requiring an anti-static environment.

THREE YEARS IN FIGURES	1999/2000	1998/1999	1997/1998
Net revenues, MSEK	2 830	2 883	2 938
Operating income, MSEK	121	99	125
Income after financial items, MSEK	115	100	127
Return on equity, %	18	17	
Average number of employees	823	814	793

DIVISIONS	President	Countries
ESSVE	Bengt Margård	SE, NO, FI, PL, EE
Luna	Ulf Carlsson	SE, NO, FI, DE, PL, EE
Nomab	Hans Hultén	SE, DK, FI
Skydda	Leif Reinholdsson	SE, FI, NO

SE (Sweden), DK (Denmark), FI (Finland), NO (Norway), DE (Germany), PL (Poland), EE (Estonia)



PARENT COMPANY: BERGMAN & BEVING TOOLS AB, SOLLENTUNA. PRESIDENT: CARL JOHAN LUNDBERG

BUSINESS AREA MANAGEMENT

HOW DO WE DO BUSINESS?

Bergman & Beving Tools offers a wide range of tools, consumables, fastening elements and personal protection equipment.

The business concept is to offer these products in an efficient manner to end customers in cooperation with local partners. Our local partners, or distributors, are found in the hardware, building and machinery trade. End customers are in the engineering industry, in construction and administration. Industrial fastening elements and other special products are sold directly to industrial customers, where an important customer group is the vehicle industry.

Bergman & Beving Tools established an industry portal during the year, www.toolstore.nu. This initiative gives our partners an opportunity to ensure efficient commerce in real time in *business-to-business dealing* with end customers. The industry portal will make geographical expansion more rapid.

The ability to be a supplier with a broad range of products, and good availability and sales-fulfillment in all of Scandinavia is a decisive competitive parameter. Added values contributed by Tools are product knowledge, procurement and quality assurance of 100 000 different products from about 1 500 suppliers.

Suppliers are global companies, with well established and well-known brand names, and also manufacturers who supply us with quality products sold under our own brand names.

For the distributor to choose Tools, the IT system with current product information, prompt delivery and competitive prices is very important. Together with the distributor, Tools offers the end customer local proximity and service, as well as specialist product knowledge and cost-effective bulk deliveries directly to end customers.

Tools fulfills the stringent requirements placed on IT and logistics systems. The companies in the business area handle 2 500 orders per day, divided over 23 000 order lines, which with a service rate of 95 percent reach the customers within 24 hours. Significant resources are expended on assuring that our information and logistics systems will meet the requirements placed upon them.

MARKET AND CUSTOMERS

The Nordic Countries are our main market. Business is being built in Poland and Estonia. Certain business is also conducted in Germany. During 1999/2000, net revenues were distributed as follows:

SWEDEN	71%	NORWAY	14%
DENMARK	1%	OTHER COUNTRIES	9%
FINLAND	5%		



CARL JOHAN LUNDBERG



SÖREN V. BRORSON



KENNET GÖRANSSON



GERT KARLSSON

COMPETITORS

The market structure is complex and distinguished by increased integration at the retail level, with different constellations among wholesalers and retailers. Among competitors in Sweden are HDF-Paulsson, Thomée, Finnveden and Hilti.

ORGANIZATION

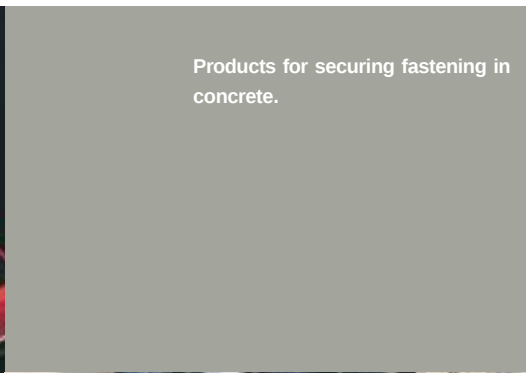
Bergman & Beving Tools was organized during the year in eight profit centers: Luna, Grunda, Essve, Skydda, Consumenta, Arbetsplats, Jaktia and Nomab. The purpose was to create a number of focused units to work together in the industry portal, www.toolstore.nu. In addition, there is Logistikpartner, who develops and implements IT and logistics solutions, internally or as a third-party provider to external customers.

For all operations under www.toolstore.nu, there is a common IT platform and a central warehouse in Sweden that offers service throughout the Nordic Region.

Effective as of April 1, 2000, Karlemarks Försäljnings AB and SkærTeknik A/S with sales of cutting tools, have been transferred to Bergman & Beving Industry. Annual sales amount to MSEK 50.



Mobile tool cart for workshops.



Products for securing fastening in concrete.



Store interior with hose display

E-COMMERCE

Tools has extensive experience in electronic commerce and is a leader in the area in Scandinavia. Seventy percent of the business area's order volume is captured electronically. This is equivalent to MSEK 1 900 on an annual basis. The new business-to-business Web site, www.toolstore.nu, enables customers all over Scandinavia to get information about and buy 100 000 different products for delivery within 24 hours.

The system, which is online, offers the customers to place orders and to view order and delivery information, product data, environmental information and get customized training. The Internet, in combination with our since many years fine-tuned logistics function, strategically located in the southern part of Sweden, means that Tools is able to offer its customers in the entire Nordic Region, Poland and the Baltic States a very competitive alternative.

Initially, the portal contains products from Luna, Essve, Skydda, Jaktia and Consumenta. The goal is to offer other industry-related products and services soon.

1999/2000

Net revenues amounted to MSEK 2 830 (2 883). Income after financial items increased by 15 percent to MSEK 115 (100). Tools finished the financial year with a strong quarterly result, MSEK 28 as compared with a weak fourth quarter one year ago (12 MSEK).

The market position in Sweden and Finland continues to be stable, with growing demand, especially from the construction sector. The market in Norway was stable during the year in the construction sector, while manufacturing posted a slowing trend.

Luna's result for the full year was a slight improvement after a very strong showing during the latter part of the year.

Essve continues to show a good development and posted good earnings growth despite higher purchasing costs as a consequence of the strong Japanese yen. The Skydda division continued its positive development and strengthened its positions in the Swedish, Norwegian and Finnish markets. See also the Administration Report, pages 38–41.



Complete protection equipment for welding.

Skydda i Sverige AB, Ulricehamn, is the parent company of Division Skydda.

The main thrust of the business is personal protection, which reduces the risk of injury and health hazards in the work environment. The final customers, who are professional users of protection equipment, are cultivated in close cooperation with distributors.

The product line is broad and covers needs encountered in different environments, indoor as well as outdoor. Training and participation in store design are important elements of the marketing process. The proportion of online commerce is 70 percent and is rising.

The number of employees is 30 and net revenues 1999/2000 reached MSEK 370.

THE FUTURE

Thanks to our well-established position in Sweden and Norway, opportunities are good for strengthening our presence in all of the Nordic Region, as well as Poland and the Baltic States. The profit centers added, combined with our industry portal, allows us to capitalize on specialized sales companies with a full-coverage wholesale function, which is becoming increasingly virtual.

Our experience in capturing orders online, and our initiatives in e-commerce for our partners will result in a more rapid and more efficient geographic expansion. The successful efforts in concept sales, in combination with IT-supported trading solutions and a very well developed logistics function, make us look to the future with great confidence.

MediTech

BERGMAN & BEVING

Bergman & Beving MediTech is one of the Nordic Region's leading suppliers of laboratory and dental products, as well as medical-technical products for industry, health care and research.

MediTech adds value through in-depth product knowledge, service and training. The proportion of products produced in-house, and exports outside the Nordic Region, are significant.

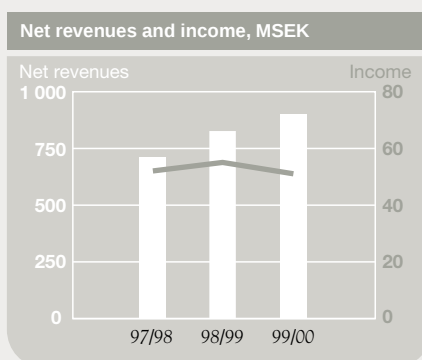
Laboratory automation increases the efficiency of pharmaceutical manufacturers.



THREE YEARS IN FIGURES	1999/2000	1998/1999	1997/1998
Net revenues, MSEK	899	826	709
Operating income, MSEK	56	59	55
Income after financial items, MSEK	51	55	52
Return on equity, %	18	20	
Average number of employees	421	418	375

DIVISIONS	President	Countries
ANA KALTO	Hans-Gunnar Jacobson	SE
PLD	Per-Olof Thorstensson	SE, DK, FI, NO
Specialpapper	Rolf Jansson	SE, DK, NO
Triolab	Göran Brandt	SE, DK, NO, FI
Vactek	Göran Korsänge	SE, DK, NO

SE (Sweden), DK (Denmark), FI (Finland), NO (Norway)



PARENT COMPANY: BERGMAN & BEVING MEDITECH AB, STOCKHOLM. PRESIDENT: GÖRAN HAGSTEN

BUSINESS AREA MANAGEMENT

HOW DO WE DO BUSINESS?

The all-embracing vision for Bergman & Beving MediTech is to be the foremost co-operation partner for customers and suppliers. This means that MediTech must continually create added value and increase customer benefit through constant improvement and development. The business concepts involve operations in well defined niches, where the requirement for specialist knowledge about the products and their use is of great importance.

Personal customer contacts are the most important competitive tool. Major efforts have also been expended in recent years in developing and launching e-commerce solutions. An excellent example hereof is Forssberg Online, which is a Web portal for practicing dentists in Sweden. The Internet commerce generates increased customer benefit by:

- allowing the customer to place orders at any time,
- letting the customer get a clear and up-to-date picture of the entire product line; product data sheets and medical specifications are immediately available,
- giving the customer a standard shopping cart, which simplifies purchasing.

Another example of increased customer benefit comes from Triolab, one of the Nordic Region's leading independent diagnostics companies. Service and maintenance is performed on advanced analytical instruments online via modem connection. This enhances service reliability for the customer and rapid action can be taken in case of need.

The training that we offer is also of great importance to our customers. This training is considerable in scope and is often conducted in collaboration with our suppliers. Technical service and prompt deliveries have high priority, especially for products used in health care. In those areas where we have in-house production, product development and selection of materials are carried out in close cooperation with our customers.

MARKET AND CUSTOMERS

The Nordic Region is the main market for MediTech. Dental products produced in-house, such as saliva suction devices and dental filling materials, are exported in considerable quantities to European countries and to the United States. In certain market niches, the position is that of a world leader.



GÖRAN HAGSTEN



ANDERS HOLMSTRÖM



JAN SÖDERMAN

During 1999/2000, net revenues were distributed as follows:

SWEDEN.....	54%	NORWAY	17%
DENMARK	14%	OTHER COUNTRIES	10%
FINLAND.....	5%		

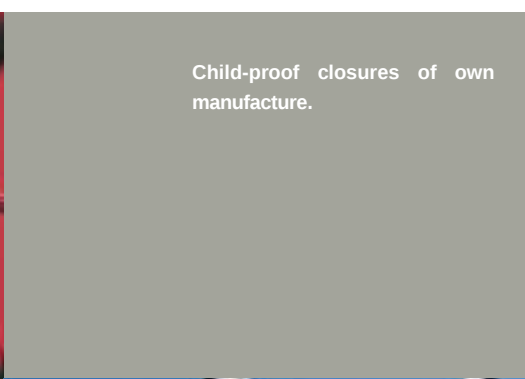
Customers are found in the pharmaceutical industry, in the medical-technical industry and in chemical industry. Dental companies, hospitals and universities are other important customer categories.

PRODUCTS AND SUPPLIERS

A considerable portion of the product line consists of diagnostic equipment for blood gas, microbiology and clinical chemistry. Another important product area is advanced analysis instruments and automation equipment for laboratories. These product areas are complemented by accessories and consumables for medical and chemical use. Dental products and medical products, such as catheters and medical tubing, are manufactured at a modern pro-



Diagnostic products.



Child-proof closures of own manufacture.



Pipettes for accurate dosage.

duction facility in Ängelholm with unique capability of producing in a cleanroom environment. Precious metals, soft magnetic materials and special paper are other product groups.

MediTech's suppliers are located in Europe, North America and Asia and are typically world leaders in their respective niches. MediTech has cooperated with some suppliers for more than 50 years. About 30 percent of sales are products produced in-house.

COMPETITORS

Most competitors are trading companies representing foreign manufacturers. Competing products generally come from the same countries as our products. Merck Kebo Lab is a competitor in the laboratory area and Lifco is a competitor in the dental area. Competitors for products manufactured in-house are mostly found in the United States and Europe.

ACQUISITIONS

In the beginning of 2000, MediTech acquired Mikro Kemi AB, a contract laboratory for chemical analysis for the pharmaceutical industry and the chemical industry in the Nordic Region. This acquisition demonstrates that future product offerings increasingly will include different types of services, which increases the value added for our customers.

THREATS AND OPPORTUNITIES

The major threat to the business is that research and production in the pharmaceutical industry is diminishing in the Nordic Region. Increased international competition and ownership changes among our suppliers are other threats.

Our initiatives in e-commerce provide us with very interesting opportunities for a geographic broadening in the market. The increase in service content in our products should enhance our competitiveness and production in our cleanroom environment give us opportunities of entering into new markets.

ORGANIZATION

Bergman & Beving MediTech is organized in five divisions. Each division has a number of subsidiaries in the Nordic countries. An efficient central warehouse in the southern part of Stockholm is responsible for a major portion of Swedish market logistics.



Product training on a customer's location.

Triolab AB, Göteborg, is the parent company of Division Triolab.

The main thrust of the business is on clinical diagnostics. The principal customers are hospital laboratories, but other customers are found in primary and intensive care.

The products are analysis equipment and reagents for blood gas, coagulation, hematology, micro-biology and clinical chemistry. Training and technical service are important competitive tools.

The number of employees is 30 and net revenues 1999/2000 reached MSEK 73.

1999/2000

Net revenues increased by 9 percent to MSEK 899 (826) and income amounted to MSEK 51 (55). For the fourth quarter, income of MSEK 17 was earned (23).

The market for MediTech continues to be stable. Operations with an orientation towards diagnostics saw a very positive development during the year. The reason is a positive market development and efficiency measures and restructuring carried out.

Laboratory operations in division PLD showed a strong development during the fourth quarter, after a weak beginning of the year. The lab automation business posted a particularly robust development. Order bookings were stronger towards the end of the year and the program to improve efficiency initiated is expected to provide a positive effect during the initial phase of the coming operating year.

A weaker development was noted in the part of MediTech's business aimed at the dental market. Weak demand and costs in connection with the introduction of new products are the main reasons. Measures are now being taken in this area to adapt the cost level to the market situation. See also the Administration Report, pages 38–41.

Lagercrantz GROUP

Lagercrantz Group is Bergman & Beving's new business area aimed at IT solutions for digital communication. Customer value is created by the Lagercrantz Group through custom design of products to customer specifications and by adding consulting services.

ONE YEAR IN FIGURES 1999/2000

Net revenues, MSEK	213
Operating income, MSEK	14
Income after financial items, MSEK	15
Average number of employees	83

HOW DO WE DO BUSINESS?

Lagercrantz Group operates on a project-oriented basis directly with end customers. The sales phase usually starts very early and each project is not brought to a close until the system is in operation and is managed by the customer. In most cases the delivery is a customer-unique solution worked out together with the customer and the supplier. A requirement is the ability to deliver on time, at the price promised and with high quality. Lagercrantz's extensive experience when it comes to close customer relationships and the company's history of timely deliveries are often decisive factors in customers' choice of Lagercrantz as supplier.

MARKET AND CUSTOMERS

Lagercrantz Group finds itself in the extremely expansive market for IT solutions for digital communication. The customers are major companies and organizations, primarily among telecommunications operators and companies with mature IT environments. The Postal Administration, Telia, Ericsson, Utfors, Scania, ABB, the armed forces, colleges and universities are examples of customers. Business is conducted mostly in Sweden.

PRODUCTS AND SUPPLIERS

The business area's product areas are communication and testing equipment for telecommunications operators, message handling and callcenter solutions, e-commerce solutions for industrial companies and solutions for video transmission over the Internet. By using the right product platform, by using prior experience and adding consulting services in the form of feasibility studies, design, project management, development and adaptation, the value to the customer in each project is maximized. Key words are scalability, delivery precision and high value added.

During the year Lagercrantz Group completed a number of successful projects with good profitability. As examples can be mentioned Telia Mobile's development of automated speech/response services for Telia Mobile Refill, IP muxes for Utfors' broadband network and development of a callcenter for OKQ8.

The suppliers, who provide the product platforms on which our solutions are developed, are leading international producers in each respective product area. The main suppliers are RAD Communication, Remedy Corporation, Tekelec, Avid, PictureTel and Genesys Telecommunications.



Mobile application for field maintenance personnel.

PARENT COMPANY: LAGERCRANTZ GROUP AB, SOLLENTUNA. PRESIDENT: JOHAN OLOFSSON

BUSINESS AREA MANAGER

FUTURE DEVELOPMENT

Over the past several years, Lagercrantz Group has built a profitable business and a well established market position. For the future, this platform will be further developed with even sharper focus on growth. Target growth rates are equivalent to volume increases of 25–50 percent annually for the next several years. The intention is to grow by building cutting-edge competence in expansive areas, and to offer customer-adapted solutions based on world-leading product platforms. Priority growth areas are video transmission over the Internet, CRM applications and infrastructure solutions for broadband operators.

An agreement has been struck with Utfors AB for delivery of a new generation of IP-based services for telephone connection over IP networks. The value of the transaction is MSEK 90 and deliveries will be made over a three-year period.

In addition to expansion in existing product areas, a number of new, adjacent competence areas will be developed. Growth is also planned through acquisitions and strategic alliances. This is a quicker way of establishing positions with new customers and markets.



JOHAN OLOFSSON

OUR EMPLOYEES – OUR MOST IMPORTANT RESOURCE

One of the great challenges for knowledge companies is to recruit and retain competent employees. Lagercrantz Group has 90 employees. Historically, our personnel turnover has been very low. One explanation is Bergman & Beving's corporate culture, under which our employees are offered a stable environment with a pronounced team spirit and personal development opportunities.

Administration Report

April 1, 1999 – March 31, 2000

NET REVENUES AND INCOME

Net revenues increased by 10 percent to MSEK 8 073 (7 343). Income after financial items increased by 12 percent to MSEK 392 (351).

The market situation for the Group's core businesses improved gradually during the year. The fourth quarter was distinguished by strong order bookings and sales. The best performance was posted by businesses with an electronic and telecommunications orientation, but the situation during the fourth quarter was also bolstered for businesses with an orientation towards the engineering industry and vehicle manufacture.

Four of five business areas report improved earnings performance. For the fourth quarter, consolidated income was MSEK 126, which is 42 percent higher than for the corresponding year-ago quarter. The main reasons for the earnings improvement are the improved market situation and positive impact of action programs and restructuring. The integration of Berendsen Components, acquired as of November 1, 1998, is now complete.

Income for the financial year is equivalent to earnings per share of SEK 9.20, as compared with SEK 8.30 for the 1998/1999 financial year.

BUSINESS AREAS

ELECTRONICS

Net revenues increased by 21 percent to MSEK 2 180 (1 804). Most of the increase is related to acquisitions. Income after financial items increased by 11 percent to MSEK 73 (66). This result is indicative of very robust performance during the latter part of the year, with the fourth quarter coming in at an all time high, with a result of MSEK 36 (18). This result includes a capital gain of MSEK 3 related to the sale of a property in Copenhagen.

Market demand for components and cable, which account for a major portion of the business area's volume, is currently very good. Net sales of components increased by 50 percent during the fourth quarter of the financial year. For several types of components, there is actually state of shortage, which reduces pricing pressures, but which may also lead to delivery difficulties in the longer term.

For data products, which account for the remainder of the business area's volume, a negative result for the first two quarters was turned into a positive result during the third and fourth quarters. Operations have undergone major restructuring and personnel cut-backs, especially in Denmark and Norway (Oslo). The strategy for the future is to focus even more sharply on providing customers with products and solutions with added value in selected niches.

The integration of Berendsen Components, which was acquired as of November 1, 1998, was completed during the fourth quarter of the financial year. The restructuring reserve of MSEK 50 set aside in conjunction with the acquisition, has been utilized in its entirety, with MSEK 10 million thereof spent during the fourth quarter of the financial year.

The expansion in e-commerce continues. EDI solutions to integrate forecasting, order bookings and invoicing are important initiatives in the contacts with existing major customers. The proportion of orders received via EDI in component operations increased from 5 percent to 20 percent during the year. Marketing efforts aimed at new customers and markets are also in progress via the Internet.

INDUSTRY

Net revenues increased by 18 percent to MSEK 2 167 (1 834) and income grew by 12 percent to MSEK 140 (125). This result means that business area Industry also closed the year with very strong performance and an increase in income of 26 percent, to MSEK 44 (35). Business area Industry saw a more broadly based upturn than before. Industry's willingness to invest is on the rise, and only heavy investment goods for the vehicle industry and mechanical industry is still lagging. The positive development for businesses in the telecommunications sector continues.

Sales of industrial components, which showed weakness during the early part of the year, are now developing well. The three divisions, Betech Seals, with gaskets and seals,

MotionComp and Beving Addtech, with mechanical and electro-mechanical components, and an aggregate annual volume of about MSEK 1 000, posted an all time high in terms of income for the fourth quarter of the financial year.

Business area Industry formed a new division during the fourth quarter, EnvoControl, involved in environmental technology and industrial cleaning. The division initially consists of companies JA Teknik AB, Karlemark Försäljnings AB and Skær Teknik A/S in Denmark, where the second and third units were transferred from business area Tools as of April 1, 2000. This division also includes K.M.C. Ytbehandling AB, which was acquired as of April 1, 2000. The annual volume for EnvoControl is estimated to reach MSEK 120.

Data for Lagercrantz Group, which from April 1, 2000 constitutes a separate business area, are included in business area Industry, but are also reported separately under the heading Lagercrantz Group.

TOOLS

Net revenues amounted to MSEK 2 830 (2 883). Income after financial items increased by 15 percent to MSEK 115 (100). Tools finished the financial year with a strong quarterly result, MSEK 28 as compared with a weak fourth quarter one year ago (12 MSEK).

The market position in Sweden and Finland continues to be stable, with growing demand, especially from the construction sector. The market in Norway was stable during the year in the construction sector, while manufacturing posted a slowing trend.

Luna's result for the full year was a slight improvement after a very strong showing during the latter part of the year. As of April 1, 2000, former divisions Work Place and Supplies, with annual sales of about MSEK 700, have been converted to individual subsidiaries under the names Gigant and Grunda. The objective is to create pure product companies with clear profit center responsibility.

Essve continues to show a good development and posted good earnings growth despite higher purchasing costs as a consequence of the strong Japanese yen. The Skydda division continued its positive development and strengthened its positions in the Swedish, Norwegian and Finnish markets.

In the spring of 2000, Tools is launching its industry portal, www.toolstore.nu, aimed at the industrial and construction sector. Tools is today the Nordic Area's leading player in e-commerce business-to-business for tools and consumables for the industrial and building supplies trade. The proportion of electronic orders, which is continuing to increase, is about 70 percent of the business area's sales volume, which today amounts to over MSEK 1 900 on an annual basis.

Internet portal www.toolstore.nu is based on already established business volumes and a fine-tuned logistics apparatus, which makes it possible for customers all over Scandinavia to find information about, and buy, 100 000 different products for delivery within 24 hours. From inception, the portal contains products from Group companies Luna, Skydda, Essve, Consumenta and Jaktia, but soon several other industry-related products and services will also be available.

MEDITECH

Net revenues increased by 9 percent to MSEK 899 (826) and income amounted to MSEK 51 (55). For the fourth quarter, income of MSEK 17 was earned (23).

The market for MediTech continues to be stable. Operations with an orientation towards diagnostics saw a very positive development during the year. The reason is a positive market development and efficiency measures and restructuring carried out.

Laboratory operations in division PLD showed a strong development during the fourth quarter, after a weak beginning of the year. The lab automation business posted a particularly robust development. Order bookings were stronger towards the end of the year and the program to improve efficiency initiated is expected to provide a positive effect during the initial phase of the coming operating year. A weaker development was noted in the part of MediTech's business aimed at the dental market. Weak demand and costs in connection with the introduction of new products are the main reasons. Measures are now being taken in this area to adapt the cost level to the market situation.

E-commerce initiatives in MediTech continue. MediTech's portal, *www.fd.se*, aimed at the target group of dentists, is being gradually developed and the number of customers is growing. A similar initiative will be launched this fall, *www.labora.se*, aimed at laboratories, primarily in the university and health care sectors, food industry and chemical industry.

LAGERCRANTZ GROUP

Lagercrantz Group is positioned in the expansive market for digital communication. The business area has strong positions, particularly in three niches: knowledge and solutions for capacity maximization in digital networks, image and video transmission over the Internet and call-center solutions. The vision for Lagercrantz Group is to establish itself as a leading knowledge company in digital communication. In the future, several other expanding niches will be developed. Customers are larger companies and organizations, with emphasis on telecom operators with mature IT environments. The Postal Administration, Telia, Ericsson, Utfors, Scania, ABB, the armed forces, colleges and universities are examples of customers.

Net revenues for the financial year amounted to MSEK 212, with income after financial items of MSEK 15. The number of employees is 90.

During the fourth quarter, Lagercrantz concluded contracts with Utfors worth MSEK 90 over three years to supply a customer-adapted solution for telephony over the broadband network.

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed for the financial year was 16 percent and the return on equity was 14 percent. The corresponding figures for the prior financial year were 16 percent and 14 percent, respectively.

Cash flow from current operations amounted to MSEK 355 (243) for the financial year. The Group's net financial liabilities amounted to MSEK 200 (311).

The equity ratio at the end of the period was 44 percent, which is unchanged from the beginning of the financial year. Shareholders' equity per share was SEK 67.10 as compared with SEK 63.60 at the beginning of the financial year. Computed based on the total number of shares outstanding after full conversion, the equity ratio and shareholders' equity per share would be 47 percent and SEK 68.60 per share, respectively.

While awaiting clear application rules, the receivable from SPP in the amount of MSEK 85 is not included in the financial statements as of March 31, 2000.

Investments in tangible fixed assets, in addition to that which has been added through acquisitions and divestitures, amounted to MSEK 79 (104). Capital expenditures for corporate acquisitions amounted to MSEK 24 (487).

ACQUISITIONS AND DIVESTITURES

During the 1999/2000 financial year, Bergman & Beving acquired six businesses with total annual sales of MSEK 105. Electronics acquired Iwanejko Electronics, thereby establishing itself in Poland. Industry made four acquisitions, U.N. Hydraulik, Oy Movetec Ab, Movergon Oy and K.M.C. Ytbehandling AB, with an aggregate annual volume of MSEK 70. MediTech made one acquisition, Mikro Kemi AB.

Electronics sold its data business in Viborg, Denmark, during the year. This unit had annual sales of MSEK 115.

RESTRUCTURING

Effective as of April 1, 2000, Lagercrantz Group constitutes the Group's fifth business area. The Business in Lagercrantz Group was previously a part of business area Industry. Lagercrantz Group is concentrated on IT solutions for digital communication. The reason for establishing Lagercrantz Group as a separate business area is to make the business more visible and to put an even sharper focus on growth.

In a bid to concentrate the business, and reduce the amount of capital tied up in the Group, the Board of Directors had already before decided to offer for sale a number of centrally located properties, especially in the Stockholm region. During the fourth quarter of the financial year, one property in Copenhagen was sold for MSEK 20, which gives rise to a capital gain of MSEK 3.

REPURCHASE OF SHARES

For the purpose of improving the Group's return on equity and earnings per share, the Board of Directors has resolved to propose to the regularly scheduled annual general meeting of shareholders to repurchase the Company's own shares. The proposal includes a mandate for the Board of Directors to repurchase up to 10 percent of the shares outstanding, and the mandate is proposed to remain in effect until the next following regularly scheduled annual general meeting of shareholders in 2001.

Purchases may be made over the stock exchange as well as in the form of an offer to all shareholders. The mandate of the Board of Directors is also suggested to include the option of using repurchased shares as payment in connection with acquisitions, or to sell repurchased shares in ways other than over the stock exchange to finance acquisitions.

INCENTIVE PROGRAM

For the purpose of further motivating and stimulating the Group's employees to increased efforts, an incentive program was introduced during the year. The program consists of subordinated, convertible debentures and options.

An extra general meeting of the shareholders held November 18, 1999 resolved to issue a subordinated debenture loan convertible into class B shares. The term of the loan is January 28, 2000 to October 30, 2004. Conversion may be requested from July 1, 2002 until September 15, 2004. The subordinated convertible debenture program was subscribed for by over 900 employees in Sweden, Denmark, Finland and Norway. About 50 percent of the employees in Sweden signed up for the issue. The subordinated convertible debenture loan is in the amount of MSEK 101. Upon full conversion, the number of shares outstanding increases by 847 644 class B shares, which is equivalent to dilution of 2.9 percent of the capital and 1.8 percent of the votes in Bergman & Beving AB. The conversion price is SEK 119.

November 18, 1999, Bergman & Beving's Board of Directors decided to offer about 150 members of senior management to acquire synthetic options. Subscription to the program meant that 654 500 options were issued to members of senior management in the Group. The program's remaining 220 500 options may be issued to persons who are hired to senior positions in the future. The term of the program is January 13, 2000 to January 13, 2003 and the strike price is SEK 119.30. The option program's effect on earnings in the event of an increase in market price of the share will be limited since the program has been largely hedged. The payment date for both parts of the incentive program was during January 2000.

ENVIRONMENTAL IMPACT

The Group conducts operations requiring a permit, or operations with a reporting requirement, in three Swedish subsidiaries. None of the Group's companies are involved in any environmentally related dispute.

EMPLOYEES

At the end of the period, the number of employees in the Group was 2 693, which can be compared to 2 729 at the beginning of the period. The number of employees increased by 15 as a consequence of acquisitions and divestitures. The average number of employees during the year was 2 679 (2 513).

THE NEW MILLENNIUM

The transition to year 2000 occurred without incident in operations.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 24 (23), and income before appropriations and taxes was MSEK 354 (214). This result includes dividends and group contributions from subsidiaries in an amount of MSEK 341 (204).

WORK OF THE BOARD OF DIRECTORS

During the 1999/2000 financial year, the Board of Directors held five regularly scheduled meetings and one statutory meeting. The regularly scheduled Board of Directors meeting held August 25, 1999 adopted the rules of procedure for the Board of Directors. These rules of procedure also contain instructions for the President and Chief Executive Officer.

BUSINESS AREAS

MSEK	NET REVENUES 12 MONTHS			INCOME 12 MONTHS		
	1999/2000	1998/1999	1997/1998	1999/2000	1998/1999	1997/1998
Electronics	2 180	1 804	1 295	73	66	88
Industry	2 167	1 834	1 410	140	125	114
Tools	2 830	2 883	2 938	115	100	127
MediTech	899	826	709	51	55	52
Parent Company/ consolidation eliminations	-3	-4	-1	13	5	20
Group total	8 073	7 343	6 351	392	351	401

NET REVENUES – QUARTERLY DATA

MSEK	1999/2000				1998/1999			
	q 4	q 3	q 2	q 1	q 4	q 3	q 2	q 1
Electronics	575	558	487	560	622	555	315	312
Industry	581	576	531	479	495	499	430	410
Tools	692	774	652	712	671	808	696	708
MediTech	264	259	170	206	235	237	174	180
Parent Company/ consolidation eliminations	0	-1	0	-2	-1	-2	0	-1
Group total	2 112	2 166	1 840	1 955	2 022	2 097	1 615	1 609

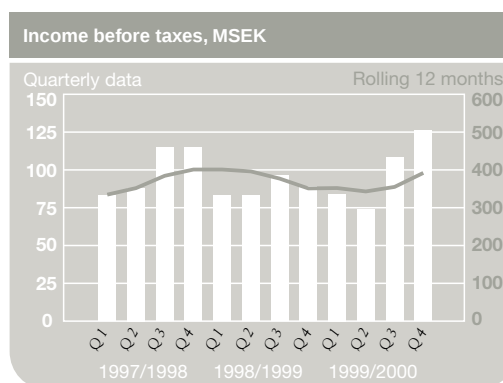
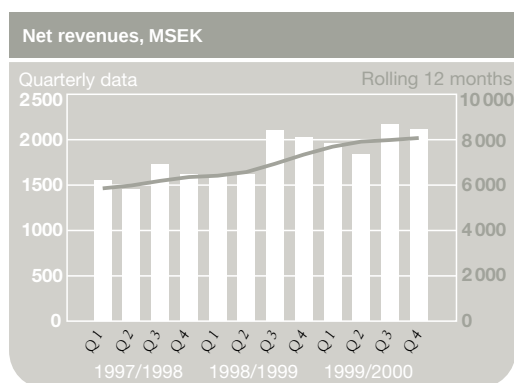
INCOME AFTER FINANCIAL ITEMS – QUARTERLY DATA

MSEK	1999/2000				1998/1999			
	q 4	q 3	q 2	q 1	q 4	q 3	q 2	q 1
Electronics	36	17	4	16	18	15	17	16
Industry	44	34	34	28	35	29	30	31
Tools	28	32	27	28	12	35	28	25
MediTech	17	20	5	9	23	16	8	8
Parent Company/ consolidation eliminations	1	5	4	3	1	1	0	3
Group total	126	108	74	84	89	96	83	83

Comparative data for Industry and MediTech have been adjusted for the internal transfer of Specialpaper.

CONSOLIDATED STATEMENT OF INCOME

M SEK		1999/2000	1998/1999
Net revenues	Note 2	8 073	7 343
Cost of goods sold		-5 903	-5 343
Gross profit		2 170	2 000
Selling expenses		-1 344	-1 239
Administration expenses		-466	-416
Other operating income and expenses	Note 4	47	17
Operating income	Note 2	407	362
Financial income and expense	Note 5	-15	-11
Income after financial items		392	351
Taxes	Note 7	-128	-114
Net income for the year		264	237
Earnings per share, SEK		9.20	8,30
Number of share outstanding: 28 630 360			
Earnings per share, fully diluted basis, SEK		9.20	
Weighted number of shares outstanding: 28 771 634			



CONSOLIDATED BALANCE SHEET

MSEK		March 31, 2000		March 31, 1999	
Assets					
Fixed assets					
Intangible fixed assets	Note 8	464		505	
Tangible fixed assets	Note 9	650		688	
Financial fixed assets	Note 10	31	1 145	31	1 224
Current assets					
Inventories	Note 13	1 198		1 185	
Short-term receivables	Note 14	1 301		1 228	
Short-term investments		325		174	
Cash and bank balances		358	3 182	308	2 895
Total assets		4 327		4 119	
Shareholders' equity and liabilities					
Shareholders' equity	Note 15				
Restricted equity					
Share capital	Note 16	286		286	
Restricted reserves		268		252	
Unrestricted equity					
Unrestricted reserves		1 102		1 046	
Net income for the year		264	1 920	237	1 821
Provisions					
Interest-bearing provisions					
Pensions and similar commitments	Note 18	381		360	
Non-interest-bearing provisions					
Deferred taxes		186		179	
Other provisions		1	568	39	578
Long-term liabilities					
Interest-bearing liabilities					
Convertible debenture loan	Note 19	101		—	
Liabilities to credit institutions	Note 20	422		451	
Other liabilities		2		3	
Non-interest-bearing liabilities					
Other liabilities		32	557	25	479
Current liabilities					
Interest-bearing liabilities					
Liabilities to credit institutions		4		8	
Other liabilities		4		2	
Non-interest-bearing liabilities					
Operating liabilities	Note 21	1 274	1 282	1 231	1 241
Total shareholders' equity and liabilities		4 327		4 119	
Pledged assets	Note 22		59		71
Contingent liabilities	Note 22		26		16

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	1999/2000	1998/1999
Current operations		
Income after financial items	392	351
Adjustment for items not included in cash flow	Note 25	
	142	159
	534	510
Current taxes	-117	-138
Cash flow from current operations before changes in working capital	417	372
Cash flow from changes in working capital:		
Change in inventories	-53	-60
Change in operating receivables	-102	-57
Change in operating liabilities	93	-12
Cash flow from current operations	355	243
Investment operations		
Acquisition of subsidiaries and other business units	Note 26	
	-37	-494
Sales of subsidiaries and other business units	Note 27	
	13	7
Acquisition of intangible and tangible fixed assets	-129	-128
Sales of intangible and tangible fixed assets	50	24
Cash flow from investment operations	-103	-591
Financing operations		
Convertible debenture loan raised	101	—
Change in other interest-bearing liabilities	-25	364
Dividends paid	-115	-115
Cash flow from financing operations	-39	249
Cash flow for the year	213	-99
Liquid funds at beginning of year	482	573
Translation difference in liquid funds	-12	8
Liquid funds at end of period	Note 28	
	683	482

PARENT COMPANY STATEMENT OF INCOME

MSEK		1999/2000	1998/1999
Net revenues		24	23
Administrative expenses		-36	-32
Other operating income	Note 4	5	5
Other operating expenses	Note 4	-2	-2
Operating income		-9	-6
Financial income and expense	Note 5	363	220
Income after financial items		354	214
Year-end appropriations	Note 6	-22	-12
Income before taxes		332	202
Taxes	Note 7	-28	-43
Net income for the year		304	159

PARENT COMPANY STATEMENT OF CASH FLOW

MSEK		1999/2000	1998/1999
Current operations			
Income after financial items		354	214
Adjustment for items not included in cash flow	Note 25	50	-44
		404	170
Current taxes		-30	-41
Cash flow from current operations before changes in working capital		374	129
Cash flow from changes in working capital:			
Change in short-term receivables and liabilities to Group companies		50	69
Change in operating receivables		-2	-3
Change in operating liabilities		7	4
Cash flow from current operations		429	199
Investment operations			
Investments in subsidiaries		0	-48
Acquisition of tangible fixed assets		0	-2
Sales of tangible fixed assets		0	1
Cash flow from investment operations		0	-49
Financing operations			
Convertible debenture loan raised		101	—
Change in long-term receivables and liabilities to Group companies		-194	-532
Change in other interest-bearing liabilities		-8	356
Dividends paid		-115	-115
Cash flow from financing operations		-216	-291
Cash flow for the year		213	-141
Liquid funds at beginning of year		228	369
Liquid funds at end of period	Note 28	441	228

PARENT COMPANY BALANCE SHEET

MSEK		March 31, 2000		March 31, 1999	
Assets					
Fixed assets					
Tangible fixed assets	Note 9	31	31	32	32
Financial assets					
Shares in Group companies	Note 11,12	1 145		1 144	
Due from Group companies		726		596	
Other long-term liabilities		16	1 887	14	1 754
Current assets					
Due from Group companies, short-term			155		183
Other short-term receivables	Note 14	8		5	
Short-term investments		325		170	
Cash and bank balances		116	604	58	416
Total assets		2 522		2 202	
Shareholders' equity and liabilities					
Shareholders' equity	Note 15				
Restricted equity					
Share capital	Note 16	286		286	
Legal reserve		134		134	
Unrestricted equity					
Unrestricted reserves		822		777	
Net income for the year		304	1 546	159	1 357
Untaxed reserves	Note 17	185	185	163	163
Provisions					
Interest-bearing provisions					
Pensions and similar commitments	Note 18	59	59	59	59
Long-term liabilities					
Interest-bearing liabilities					
Convertible debenture loan	Note 19	101			
Liabilities to credit institutions	Note 20	329		355	
Due to Group companies		0		44	
Non-interest-bearing liabilities					
Other liabilities		24	454	14	413
Current liabilities					
Interest-bearing liabilities					
Liabilities to credit institutions				1	
Due to Group companies		239		170	
Non-interest-bearing liabilities					
Operating liabilities	Note 21	39	278	39	210
Total shareholders' equity and liabilities		2 522		2 202	
Pledged assets	Note 22		None		None
Contingent liabilities	Note 22		313		296

Comments to the Financial Statements

ACCOUNTING PRINCIPLES

The Bergman & Beving Group follows the recommendations of the Swedish Financial Accounting Standards Council.

CONSOLIDATED ACCOUNTING

The consolidated financial statements include the Parent Company and all companies in which the Parent Company, directly or indirectly, owns more than 50 percent of the voting rights.

The consolidated financial statements have been prepared in accordance with the recommendation of the Swedish Financial Accounting Standards Council on consolidated accounting, and with application of the purchase method of accounting. The use of this method means that the assets and liabilities of acquired subsidiaries are reported at market value in accordance with a concurrent acquisition analysis. If the cost of the shares in a subsidiary exceeds the estimated market value of the company's net assets according to the acquisition analysis, the difference is carried as goodwill in the consolidated balance sheet. Consolidated equity includes the Parent Company's equity and the portion of equity in subsidiaries earned after the time of acquisition.

Companies acquired during the year are included in the consolidated income statement with value from the time after the acquisition.

Companies sold during the year are included for the period they have been part of the Group.

YEAR-END APPROPRIATIONS AND UNTAXED RESERVES

The consolidated income statement and the consolidated balance sheet are reported without year-end appropriations and untaxed reserves.

The year-end appropriations in individual companies have been allocated in such a way that the tax portion is included in the Group's tax expense, whereas the remaining portion is included in consolidated net income.

Untaxed reserves have been allocated in such a way that the deferred tax liability is reported as a part of long-term liabilities, whereas the remaining portion is reported among restricted reserves.

The deferred tax liability has been estimated individually for each company, as a rule using the applicable local tax rate for the following year. If the rate of tax is changed, the difference in tax liability is reported as a part of the year's tax expense.

GOODWILL

Acquiring profitable companies often leads to a situation where the cost of an acquisition exceeds visible book value. This means that goodwill arises. Goodwill is capitalized and then amortized over its estimated economic life. In the normal case, goodwill is amortized over 5 or 10 years. In the case of particularly significant acquisitions, an economic life of 20 years may be warranted. The cost of goodwill with respect to the acquisition of Berendsen will be amortized over 20 years. That period of amortization is warranted due to the strategic importance of the acquisition and expected coordination gains with existing operations.

If deemed required, a provision is set aside in the form of a restructuring reserve in connection with the acquisition analysis for future costs for personnel reductions and reorganization (a so-called restructuring reserve.)

TRANSLATION OF FOREIGN SUBSIDIARIES

In preparing the consolidated financial statements, foreign subsidiaries are converted according to the current rate method. This means that assets and liabilities are converted

using the year-end rate of exchange, and all items in the income statement are converted using the average rate of exchange for the year. Translation differences are carried directly to shareholders' equity without affecting the year's result.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Receivables and liabilities in foreign currencies are valued at the rate of exchange prevailing at year-end. Translation differences on operating receivables and operating liabilities are included in the operating result, while differences relating to financial receivables and liabilities are reported among financial items. To the extent receivables and liabilities in foreign currencies have been hedged, they are translated at the forward rate.

FOREIGN EXCHANGE RATE DIFFERENCES

Foreign exchange rate differences attributable to loans in foreign currency allocated as a hedge of net assets of subsidiaries are reported, after deduction of taxes, directly against shareholders' equity, where the corresponding translation difference is also reported.

Foreign exchange rate differences on long-term loans to foreign subsidiaries, which are regarded as an additional investment in the subsidiaries, are accounted for in a similar manner.

DEPRECIATION AND AMORTIZATION

Depreciation of tangible assets and amortization of intangible assets are based on the acquisition cost of the relative assets and their estimated economic life. The following economic life spans are applied:

Machinery and equipment	3–5 years
Buildings	15–100 years
Land improvements	20 years
Agency rights and goodwill	5–20 years

INVENTORIES

Inventories are valued at the lower of cost and market, and the first-in-first-out principle is applied. The risk of obsolescence has been taken into account. The cost of semi-manufactured goods and finished goods manufactured in-house consists of direct manufacturing costs, plus a reasonable mark-up for indirect manufacturing costs.

DEFERRED TAXES

Deferred taxes are computed based on the difference between values reported in the Group and residual values for tax purposes. The calculation is performed without discounting and the current tax rate in each respective country is applied. The value of tax loss carryforwards is taken into account to the extent it is deemed more than likely that they will result in lower tax payments in the future.

LEASING

Significant financial leasing contracts are reported in the consolidated balance sheet as fixed assets and liabilities, respectively, and in the income statement the leasing cost is split into operating cost (depreciation) and interest. Other leasing commitments are reported in accordance with the rules for operating leases, which means no reporting in the balance sheet and the entire cost being treated as operating expense. At present there are no substantial financial leasing contracts.

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