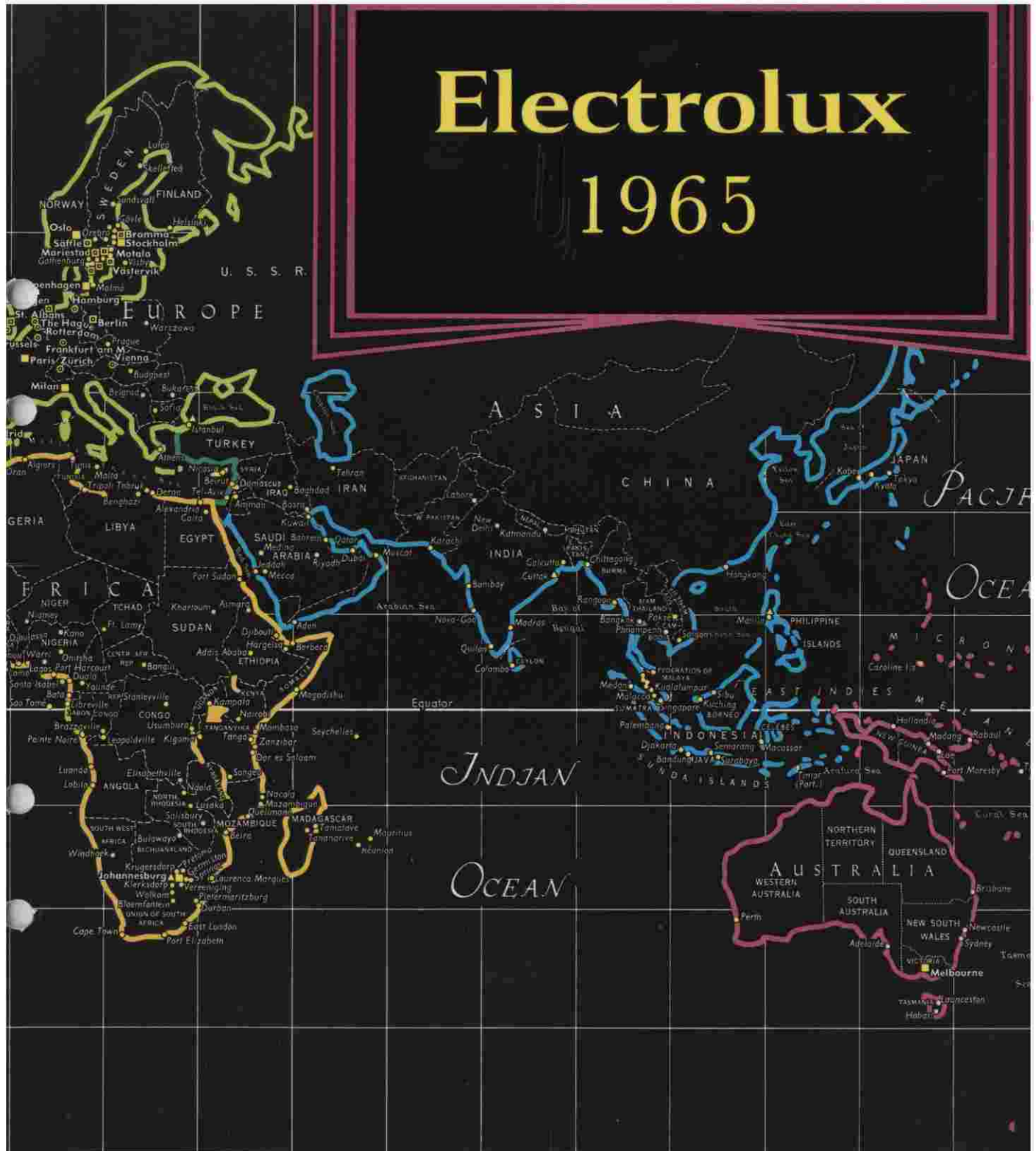



Electrolux

1965



REPORTS OF THE DIRECTORS AND AUDITORS



The cover map shows the world-wide Electrolux organisation. The space being very cramped, a large number of European branch offices have not been marked.

Electrolux is represented by subsidiaries and agents in more than 100 countries and has 25 factories in 15 countries.

The Royal Military College, founded in 1799, is situated in the little town of Sandhurst in southeast England. In the "Indian Room" of this college, which is filled with evocative war souvenirs, an Electrolux suction cleaner helps a decorated war veteran to keep the place clean and tidy.





During 1965 Electrolux introduced the new B 19 floor polisher. Due to its elegant and practical design it is exceptionally pleasant and convenient to use.



Final assembly stage of the L 43 refrigerator in the Electrolux factory at Motala. This model has a capacity of 120 litres (4.3 cu. ft.) and is operated either on gas or electricity.

New, attractive styling is now featured on the ironing machine, currently being introduced with great success on export markets.





ELECTROLUX

ANNUAL REPORT 1965

LIST OF CONTENTS

- 2 *Board of Directors, Executive Management, Auditors*
 - 3 *Annual Report—summary*
 - 4 *General review of the Electrolux Group in 1965*
 - 5 *Products and sales*
 - 7 *Net results for 1965*
 - 7 *Proposed distribution of profits*
 - 9 *Profit and loss statement—Parent Company*
 - 10 *Balance Sheet—Parent Company*
 - 12 *Specification of shareholdings*
 - 13 *Profit and loss statement—Group*
 - 14 *Balance sheet—Group*
 - 16 *Notes on the Parent Company Accounts*
 - 17 *Notes on the Group Accounts*
 - 18 *Supplementary information on Electrolux*
 - 20 *Auditors' report*
-

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, May 12, 1966, at 10 a.m. at the Company's offices, Birger Jarlsgatan 6, Stockholm.

Shareholders wishing to participate in the proceedings of the Annual General Meeting must register at the offices of the Company in Stockholm not later than Monday, May 9, 1966, between 10 a.m. and 2 p.m.

Such dividend for 1965 as may be declared at the Annual General Meeting will be paid out as from May 13, 1966, against coupon No. 62, at the offices of the Company in Stockholm or at the offices of Skandinaviska Banken or Stockholms Enskilda Bank in Sweden.

In Great Britain, shareholders may collect the dividend from Messrs. Baring Brothers & Co. Ltd., 8 Bishopsgate, London, E.C.2, and in Switzerland from MM. Pictet & Cie, 6, Rue Diday, Geneva.



From left: Messrs. Nils Wollart, Ebbe Svensson, Åke T. Vrethem, Harry Wennberg, Ragnar Söderberg, Sven Salmonson, Walter Wehtje, Gunnar Engellau, Arne M. Hofving.

AKTIEBOLAGET ELECTROLUX

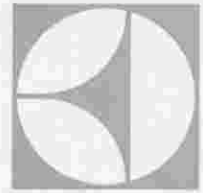
Board of Directors RAGNAR SÖDERBERG (Chairman), Stockholm
 GUNNAR ENGELLAU, Gothenburg
 SVEN SALMONSON, Stockholm
 WALTER WEHTJE, Djursholm
 ÅKE T. VRETHEM, Djursholm
 HARRY WENNBERG, Stockholm

Alternate members ARNE M. HOFVING, Stocksund
 EBBE SVENSSON, Stockholm
 NILS WOLLART, Stockholm

Executive Management HARRY WENNBERG, Managing Director
 ARNE M. HOFVING, Deputy Managing Director
 EBBE SVENSSON, Deputy Managing Director
 NILS WOLLART, Deputy Managing Director
 IVAR AAKHUS
 GÖSTA BYSTEDT
 HARRY ERIKSSON
 SUNE ERICSSON
 FOLKE HEIBERT
 INGEMAR HELLSTRÖM
 OWE WERNER

Auditors ARNE HOLMÉN, Chartered Accountant
 EBBE RYBECK, Chartered Accountant

Deputies SIGURD LÖFGREN, Chartered Accountant
 BRUNO SVENSSON, Chartered Accountant



ANNUAL REPORT 1965

SUMMARY

During 1965 the turnover of the Parent Company increased by 13.2 % from SKr. 371.1 million to SKr. 420.1 million.

The turnover of the Group increased during 1965 by 15.7 % from SKr. 913 million to SKr. 1,056.2 million.

The net profit of the Parent Company amounted to SKr. 20.1 million as against SKr. 21.1 million for 1964.

The total net profit of the Group for 1965 amounted to SKr. 35.7 million as compared to SKr. 30.2 million for 1964.

The Board of Directors propose a dividend of SKr. 8.— per share.

GENERAL REVIEW OF THE ELECTROLUX GROUP IN 1965

The prolonged international boom in business continued throughout 1965. During the latter half of the year, however, there were several signs of a slowing down in the rate of development in Western Europe. One reason for this was that some countries gradually tightened up their economic policy.

In Sweden an increase of the sales tax from 6.4 % to 10 % as of July 1, 1965, led to a fall-off in demand.

For Electrolux, the tax increase entailed a noticeable upswing in sales throughout Sweden during the second quarter of the year followed by a decline during the latter part of the year.

In keeping with industry as a whole, Electrolux was also affected by appreciable rises in costs and vigorous measures have been taken to counteract the effects of these.

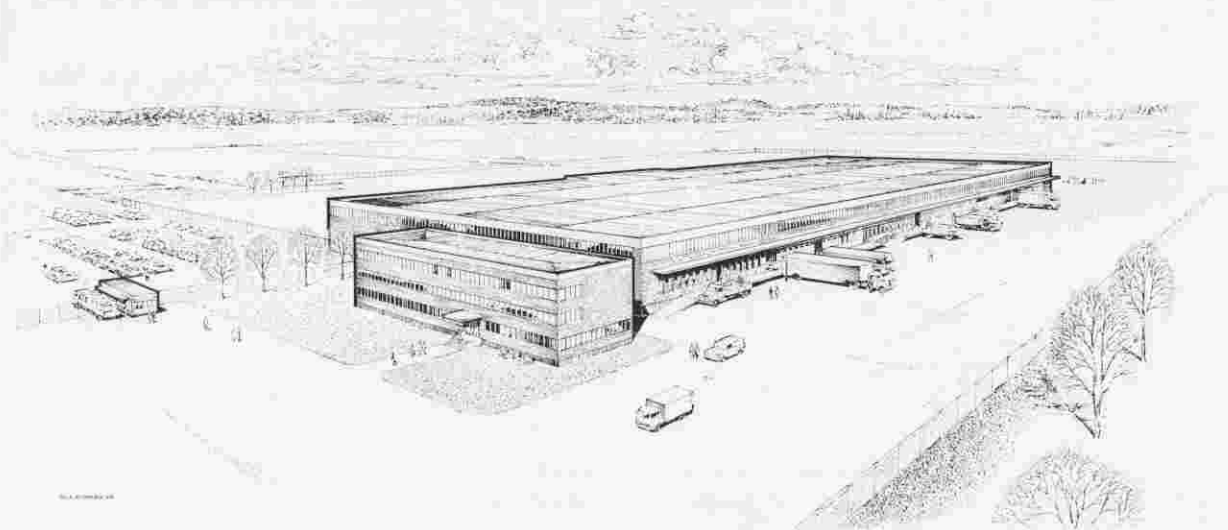
In Great Britain, Electrolux sold practically the same number of vacuum cleaners as in 1964, in spite of credit restrictions. Refrigerator sales did not attain last year's level, a contributory factor being the extremely poor summer. On the other hand, the British Company's exports expanded satisfactorily, and an overall increase in operations was recorded. Sales successes for

several products were noted in Germany, France and Spain.

Operations in several South American companies were affected by inflation, devaluation and the risk of currency devaluation, and other measures making imports more difficult. Agreements concluded within the framework of LAFTA (Latin American Free Trade Area) contributed towards creating improved opportunities for future Electrolux operations in this area.

In 1965, Electrolux attained for the first time a Group turnover in excess of SKr. 1,000 million. Due to a general rise in costs, narrowed margins and certain introductory and experimental costs incurred by a couple of Subsidiaries acquired for the purpose of widening the product range and testing new methods of distribution, the trading profit of the Parent Company and of the Group did not keep step with the increase in turnover.

In order to meet the expected demand for refrigerators and freezers for use in households and catering equipments, it was decided to double Company production facilities at Mariestad and similarly double manufacturing capacity at Alingsås. These investments are estimated to cost SKr. 17 million and SKr. 7.5 million, respectively. After expansion, the Mariestad factory will be one of the largest plants for household freezers in Europe, as also the Alingsås plant will be in its particular sphere.



This drawing shows the factory for electric cookers which is shortly to be built at Motala, Sweden.



Vacuum cleaners and refrigerators are manufactured at the Electrolux factory in Luton, England.

Since production capacity at the Company factory in Hammarby is utilized to the full and no facilities for further expansion are available, it was decided to erect a new, highly mechanized electric cooker plant at Motala at an investment cost of SKr. 40 million. Working in one shift, the capacity of this plant is estimated at 150,000 electric cookers per year.

A new subsidiary company was formed in Finland, OY Elektroheliös AB, Helsinki, to market catering equipment and also to sell upright and chest-type freezers.

An agreement was concluded with an Indian company regarding the sale during 1966 of the shares held by AB Electrolux in Kalinga Svenska Ltd., Calcutta.

During the year an agreement was signed for the transfer of the Company's outboard motor division to Monark-Crescent AB, but production at the Bromma plant will continue during the first half of 1966 on purchaser's account. As from January 1, 1966, sales are being effected through the purchaser's organization which has also accepted responsibility for service and repairs covered by guarantee.

In September, 1965, the Company floated a debenture loan on the Swedish market for SKr. 35 million at an interest rate of 7 % per annum for repayment between 1966 and 1980.

PRODUCTS AND SALES

AB Electrolux turnover amounted to SKr. 420.1 million as against SKr. 371.1 million the previous year, an increase of SKr. 49 million or 13.2 %. Exports amounted to SKr. 169.9 million, representing 40.4 % of total sales in comparison to SKr. 139.3 million or 37.5 % the year before.

Group turnover—excluding deliveries between different Electrolux companies—amounted to a total of SKr. 1,056.2 million as against SKr. 913 million in 1964, an increase of SKr. 143.2 million or 15.7 %. Sales abroad comprised 66 % of the group turnover and in Sweden 34 %; the same percentages as in the previous year.

As mentioned in the previous Annual Report, the new LUXOMATIC vacuum cleaner featuring flex winder, dust indicator and self-sealing



The steel fittings sector has supplied the shelves for the new Swedish Public Record Office in Marieberg, Stockholm.

The illustration shows some of the 110 semi-automatic Compactus installations totalling 259,860 ft. of shelving included in the delivery. Including the 26,400 ft. of stationary shelves, the delivery totalled 286,260 ft. of shelving.

dust bag was successfully introduced in the majority of foreign markets and is now manufactured at several Group factories.

Group sales of vacuum cleaners, floor polishers and the Assistent kitchen machine increased by 7 % compared with 1964. Within the EEC

countries new records were achieved for vacuum cleaners in Belgium, France and West Germany, whilst among EFTA countries Denmark, Norway (two Companies) and Sweden (two Companies) achieved record sales figures. Elsewhere, companies in Australia, Mexico, New Zealand, Spain, South Africa, Trinidad and Venezuela recorded new sales records. In the Canary Islands the newly started activity is progressing satisfactorily. Greater increases were noted in several agency markets. Sales in Brazil were affected by that country's stabilization policy and did not match the level attained last year.

The product group embracing refrigerators, upright freezers, chest freezers and combination refrigerator-freezer cabinets, all for household use, showed an increase in sales of 8.6 %, whilst a heavier demand was noted for larger units. Ten subsidiary Companies achieved new sales records, and an increase of 20 % in terms of units was noted on the Swedish market. Among agency markets, U.S.A. and Canada—to which AB Electrolux exports refrigerators for caravans—were the most successful. An absorption refrigerator with new and patented automatic defrosting was introduced on the British market. Development and adaptation to the market for bottle gas refrigerators for caravans is continuing intensively.

Sales of the HELITHERM food distribution system for hospitals mentioned in the previous year's Annual Report continued to show a favourable trend. HELITHERM was one of the two products selected to represent Sweden at the international design exhibition in Vienna, September 1965.

The demand for household dishwashing machines rose in several markets, and particularly in Sweden.

Sales of electric cookers in Sweden continued to increase.

Sales of ironers and radiators showed a favourable development. The market for electric heating for dwellings in Sweden is expected to increase and anticipating this market the Company has introduced a new series of panel radiators.

The new fully-automatic washing machine marketed by Elektroheliös and manufactured at Motala met with a favourable reception.

Sales in the electric motor sector showed a satisfactory increase. Many electric motors have been specially constructed for the requirements of major customers, one example being an automobile windscreen wiper motor introduced during the year.

Sales in the steel fittings sector were largely unchanged. Extensive Compactus shelving units were installed during the year at Nya Riksarkivet (National Records Office) in Stockholm and Landsarkivet for Sjælland (Zealand County Records Office) in Copenhagen.

NET RESULTS

After charging taxation of SKr. 10.6 million, the Parent Company shows a net profit of SKr. 20.1 million as against SKr. 21.1 million in 1964.

The net profit of the Group shows SKr. 35.7 million as against SKr. 30.2 million in 1964.

Further details are contained in the following Profit and Loss Statements and Balance Sheets which together with Notes and Supplementary Information on Electrolux (pages 16—19) comprise part of the Annual Report.

PROPOSED DISTRIBUTION OF PROFITS

At the disposal of the General Meeting is the sum of SKr. 20.1 million, being the Company's net profit for the past year, and the unappropriated balance of profit for the previous year of SKr. 17.2 million, making a total of SKr. 37.3 million.

The Board of Directors and the Managing Director recommend that this amount be appropriated as follows:

For payment of a dividend to
shareholders, against coupon
No. 62, of SKr. 8.— per share SKr. 15,200,000
Balance to be carried forward SKr. 22,125,000
SKr. 37,325,000

The Board of Directors take this opportunity to thank all employees of the Electrolux Group for the interest and enthusiasm with which they have discharged their duties during the past year. They also convey their thanks to agents, distributors and other customers in all parts of the world for the confidence they have shown in the Company and its products.

Stockholm, March 23, 1966

RAGNAR SÖDERBERG

GUNNAR ENGELLAU

SVEN SALMONSON

WALTER WEHTJE

ÅKE T. VRETHEM

HARRY WENNBERG
Managing Director

/ H. ERIKSSON

AB ELECTROLUX

PROFIT AND LOSS STATEMENT

	1965 SKr. 1,000		1964 SKr. 1,000	
<i>Net sales</i>		420,122		371,451
<i>Deduct: Costs</i>				
Manufacturing costs, sales costs, etc.	390,417		333,076	
Depreciation of				
buildings (Note 1)	1,929		1,793	
machinery and fittings (Note 2).....	6,792	399,138	7,619	342,488
<i>Trading profit</i>		20,984		28,963
<i>Add:</i>				
Royalties (Note 3)	9,710		11,741	
Dividends received from Subsidiaries	4,018		3,716	
Dividends received from other Companies (Note 4)	5,893		5,104	
Interest received from Subsidiaries.....	361		228	
Other interest received.....	485	20,467	598	21,387
		41,451		50,350
<i>Deduct:</i>				
Interest paid (Note 5).....	2,854		1,172	
Depreciation of shareholdings in Subsidiaries ...	—		615	
General administration expenses.....	7,915		7,119	
Allocation to investment fund.....	—	10,769	4,000	12,906
<i>Profit before taxation</i>		30,682		37,444
<i>Taxes</i> (Note 6).....		10,597		16,349
<i>Net profit</i>		20,085		21,095

AB ELEC
BALANC

ASSETS

Current assets

Liquid assets

Cash and bank and post-office balances.....	29,604		24,197	
Bills receivable.....	10,607	40,211	7,208	31,405

Receivables

Customers.....	25,557		20,232	
Subsidiaries.....	124,543		113,396	
Miscellaneous (Note 7).....	2,837	152,937	3,734	137,362

Stock (Note 8).....		65,812		54,246
		<u>258,960</u>		<u>223,013</u>

<i>Blocked investment account with Sveriges Riksbank (Bank of Sweden).....</i>		10,030		8,190
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Fixed assets

Receivables

Subsidiaries (Note 9).....	14,058		12,772	
Miscellaneous.....	1,412	15,470	714	13,486

Shareholdings as specified on page 12:

Subsidiaries (Note 10a).....	79,043		74,576	
Other companies (Note 10b).....	55,144		55,144	
Deduct: Reserve for depreciation.....	16,000	118,187	16,000	113,720

Machinery and fittings (Note 11).....	17,005		13,921	
Land, Factory, office and other buildings (Note 12).....	45,724		45,263	
New buildings under construction (Note 13).....	4,412	67,141	1,077	60,261
		<u>200,798</u>		<u>187,467</u>

		<u>Total 469,788</u>		<u>Total 418,670</u>
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<i>Mortgages on Buildings pledged.....</i>		22,217		16,467
<i>Floating Mortgages pledged.....</i>		2,300		2,300

TROLUX

E SHEET

LIABILITIES, CAPITAL AND SURPLUS

	<i>As at 31 Dec., 1965</i> SKr. 1,000		<i>As at 31 Dec., 1964</i> SKr. 1,000	
<i>Short-term liabilities</i>				
Due to suppliers	34,027		30,477	
Due to customers (Note 14)	1,991		1,470	
Bank loans	1,607		—	
Salaries, holiday compensations, taxes withheld, etc.	20,700		16,956	
Miscellaneous (Note 15)	8,295	66,620	6,734	55,637
Taxes payable		1,836		7,728
		<u>68,456</u>		<u>63,365</u>
<i>Long-term liabilities</i>				
Due to subsidiaries	808		802	
Mortgage loans (Note 16)	11,338		7,434	
Debenture loan (Note 17)	33,610	45,756	—	8,236
<i>Pension funds</i>				
AB Electrolux Pension Fund	8,225		8,225	
The Electrolux Group PRI Fund (Note 18)	14,820		10,835	
Other Pension Funds, free (Note 18)	7,665	30,710	11,149	30,209
		<u>76,466</u>		<u>38,445</u>
<i>Reserve for unrealized profit in, and writing down of, stocks of subsidiaries abroad (Note 19)</i>		22,058		18,937
<i>Investment fund</i>		22,483		22,483
<i>Capital and surplus</i>				
Share capital: 160,000 "A" shares	16,000		16,000	
1,740,000 "B" shares	174,000		174,000	
1,900,000 shares	190,000		190,000	
Statutory reserve	38,000	228,000	38,000	228,000
Free Reserve (Note 20)		15,000		15,000
Balanced profits	17,240		11,345	
Profit of the year	20,085	37,325	21,095	32,440
		<u>280,325</u>		<u>275,440</u>
		<u>Total 469,788</u>		<u>Total 418,670</u>
Profit balance as per balance sheets of 31 Dec., 1964 and 31 Dec., 1963		32,440		28,545
<i>Deduct: Dividends decided at General Meetings in May of 1965 and 1964</i>		15,200		15,200
Transfer to Statutory Reserve		—		2,000
		<u>17,240</u>		<u>11,345</u>
<i>Contingent liabilities</i>	47,439		23,149	
(whereof discounted bills receivable)	(2,430)		(0)	

SPECIFICATION OF SHAREHOLDINGS

SUBSIDIARIES

		Par value SKr. 1,000	Book value SKr. 1,000
AB Carex, Stockholm.....	50 shares	5	5
Centralkassan AB, Stockholm.....	1,000 "	100	100
AB Elektro-Apparat, Alingsås.....	1,000 "	500	500
Elektro-Helios Fastighets AB, Stockholm.....	100 "	100	100
Elektroheliol Försäljnings AB, Stockholm.....	5,000 "	500	500
Electrolux Svenska Försäljnings AB, Stockholm.....	60,000 "	6,000	6,000
Getinge Mek. Verkstads AB, Getinge.....	600 "	60	3,000
AB Lux, Stockholm.....	200 "	20	20
Nordic Pool AB, Stockholm.....	50 "	5	5
AB Rebon, Stockholm.....	1,000 "	100	100
AB Sollidenverken, Borås.....	6,500 "	650	650
Verkstads AB Bällsta, Stockholm.....	15,000 "	750	750
Försäljnings AB Volta, Stockholm.....	2,000 "	200	200
		8,990	11,930
Shares in subsidiaries abroad (not specified in the Annual Report).....			67,113
			Total 79,043

OTHER COMPANIES

			Book value SKr. 1,000
ADELA Investment Company S.A., Luxembourg.....	10 shares		515
Electrolux Corporation, New York.....	960,000 "		54,629
Kalinga Svenska Ltd., Calcutta.....	3,498 "		—
La Maison de Suède à Paris S.A., Paris.....	400 "		—
AB Sukab, Stockholm.....	17 "		—
Svensk Interkontinental Lufttrafik AB, (S.I.L.A.), Stockholm.....	4,000 "		—
AB Svensk Värmemätning C.B. System, Stockholm.....	650 "		—
Svenska MTM-Gruppen AB, Stockholm.....	1 "		—
TV-främjandet, AB Television & Co., Stockholm.....	10 "		—
			Total 55,144

While referring to our Audit Report we confirm that the Profit & Loss Statement and Balance Sheet, included in the Annual Report, agree with the Accounts of the Company.

Stockholm, in April 1966

EBBE RYBECK
*Auditor, authorized by
Stockholm's Chamber of Commerce*

ARNE HOLMÉN
*Auditor, authorized by
Stockholm's Chamber of Commerce*

THE ELECTROLUX GROUP

PROFIT AND LOSS STATEMENT

	1965 SKr. 1,000		1964 SKr. 1,000	
<i>Net sales</i>	1,056,235		913,013	
<i>Deduct: Costs</i>				
Manufacturing costs, sales costs, etc. (Note 21) ..	982,745		839,833	
Depreciation of				
Buildings	3,999		3,478	
Machinery and fittings	15,405		12,555	
	<u>1,002,149</u>		<u>855,866</u>	
<i>Trading profit</i>	54,086		57,147	
<i>Add:</i>				
Share dividends	5,893		5,104	
Profit from real estate sales	2,329		3,421	
Extraordinary income	—		1,702	
	<u>8,222</u>		<u>10,227</u>	
<i>Deduct:</i>				
Allocation to investment fund	—		4,000	
Costs for floating of debenture loan	525		—	
Reduction of net worth of subsidiaries abroad due to changed conversion rates	—		898	
Extraordinary costs	4,046		3,557	
	<u>4,571</u>		<u>8,455</u>	
<i>Profit before taxation</i>	57,737		58,919	
<i>Taxes</i>	22,021		28,706	
<i>Group profit</i>	<u>35,716</u>		<u>30,213</u>	

THE ELECTRIC
CONSOLIDATED

ASSETS

Current assets

Liquid assets

Cash and bank and post-office balances.....	56,927		45,698	
Bills receivable from customers.....	35,183		23,597	
Securities.....	<u>9,496</u>	101,606	<u>16,534</u>	85,829

Receivables

Customers.....	278,541		251,663	
Miscellaneous.....	<u>19,511</u>	298,052	<u>20,798</u>	272,461

Stocks (Note 22).....		<u>256,268</u>		<u>206,041</u>
		<u>655,926</u>		<u>564,331</u>

*Blocked investment account with Sveriges Riksbank
(Bank of Sweden).....*

10,168	8,328
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Fixed assets

Miscellaneous Receivables.....		2,581		2,415
Shares in other than subsidiary companies.....	55,144		55,144	
Deduct: Reserve for depreciation.....	<u>16,000</u>	39,144	<u>16,000</u>	39,144
Machinery and fittings.....	41,610		31,167	
Land, Factory, office and other buildings.....	105,472		97,708	
Prepayments on new plant under construction.....	<u>2,521</u>	<u>149,603</u>	<u>1,077</u>	<u>129,952</u>
		<u>191,328</u>		<u>171,511</u>

Total 857,422

Total 744,170

LUX GROUP

BALANCE SHEET

LIABILITIES, CAPITAL AND SURPLUS

	<i>As at 31 Dec., 1965</i>		<i>As at 31 Dec., 1964</i>	
	SKr. 1,000		SKr. 1,000	
<i>Short-term liabilities</i>				
Accepted supplier bills.....	5,662		5,300	
Due to suppliers.....	70,297		61,796	
Due to customers.....	5,212		5,643	
Bank loans.....	65,397		43,606	
Miscellaneous.....	99,091	245,659	78,534	194,879
Taxes payable.....		39,835		45,007
		<u>285,494</u>		<u>239,886</u>
<i>Long-term liabilities</i>				
Mortgage loans.....	18,608		13,224	
Debenture loan.....	33,610	52,218	—	13,224
<i>Pension funds</i>		39,329		39,065
<i>Reserve for risk of loss on exchange rates</i>		3,000		—
<i>Reserve for unrealized profit in, and writing down of, stocks of subsidiaries abroad (Note 22)</i>		24,668		20,674
		<u>119,215</u>		<u>72,963</u>
<i>Investment fund</i>		22,783		22,783
<i>Minority interests</i>		1,634		1,174
<i>Capital and surplus</i>				
Share capital of Parent Company.....	190,000		190,000	
Statutory and legal reserves (Note 23).....	133,065	323,065	109,580	299,580
Free Reserve in Parent Company.....		15,000		15,000
Balanced profits.....		54,515		62,571
Group profit of the year (Note 24).....		35,716		30,213
		<u>428,296</u>		<u>407,364</u>
		<u>Total 857,422</u>		<u>Total 744,170</u>
<i>Contingent liabilities</i>		39,364		22,362

Produced for the audit:

EBBE RYBECK

*Auditor, authorized by
Stockholm's Chamber of Commerce*

ARNE HOLMÉN

*Auditor, authorized by
Stockholm's Chamber of Commerce*

Stockholm, March 23rd, 1966

HARRY WENNBERG

/ H. ERIKSSON

NOTES ON PARENT COMPANY ACCOUNTS

Note 1. *Depreciation of buildings*

To factory buildings the Company applies a depreciation rate of 3 % of the purchase value. For staff housings the rate varies between 0.6 % and 1 % of the assessed value.

Note 2. *Depreciation of machinery and fittings*

Depreciation in 1964 of machinery and fittings was calculated by the Company at 20 % of the purchase value. At the same time such acquisitions for which the investment fund was used were written off completely. In the year 1965 depreciation was charged at a rate of 30 % of the book value and a similar adjustment made in respect of the year 1964 which had the effect of reducing the depreciation amount by SKr. 0.8 million.

Note 3. *Royalties*

When AB Electrolux sold all shares in Electrolux (Canada) Ltd. to Electrolux Corporation, New York, late in 1961, the agreement included certain annual payments to be made to AB Electrolux. Final payment was received in 1964 which accounts for the main part of the difference in royalty income between 1964 and 1965.

Note 4. *Dividends from other than Subsidiary Companies*

The increase is due to a higher dividend from Electrolux Corporation.

Note 5. *Interest*

Interest paid to pension funds, SKr. 335,000 and 459,000 respectively, is included.

Note 6. *Taxes*

The provision for taxes for 1965 is lower on a percentage basis than that of 1964, the chief reason being that as from 1965 the dividend from Electrolux Corporation was exempt from taxation in Sweden.

Note 7. *Current assets: Receivables, Miscellaneous*

Under this heading are included claims against the Swedish Board of

Customs for duty refunds, claims against suppliers, on account payments to the PRI (Pension Registration Institute), claims against personnel and prepaid expenses.

Note 8. *Stock*

Stocks increased considerably and have been shown at the lowest net value permitted by the tax authorities, resulting in an increase of the stock reserve of approx. SKr. 10 million.

Note 9. *Fixed assets: Receivables, Subsidiaries*

Included are such amounts as the Parent Company has made available to a number of Subsidiaries in the form of loans and which thus do not result from deliveries of goods. The increase relative to 1964 is chiefly due to the transfer to the Parent Company of a loan earlier granted to Getinge Mek. Verkstads AB by a bank.

Note 10a *Shareholdings in Subsidiaries*

New subscriptions and purchases of shares, mainly in subsidiaries abroad, amounted to approx. SKr. 4.5 million. The shares in AB Penta Utombordsmotorer, with a book value of SKr. 25,000, were sold.

Note 10b AB Electrolux owns approx. 38 % of the share capital in Electrolux Corporation, New York, which for 1965 reported sales of \$111.6 million and a net profit of \$9.4 million.

Note 11. *Machinery and fittings*

During the year the movements in these accounts were as follows:

Net book value 31 Dec., 1964.....	13,921,000
Acquisitions 1965.....	+ 10,439,000
Vehicles transferred to Elektroheliol Försäljnings AB.....	- 563,000
Depreciation 1965.....	- 6,792,000
Net book value 31 Dec., 1965... SKr.	17,005,000

Note 12. *Land and buildings*

Net book value 31 Dec., 1964.....	45,263,000
Acquisitions 1965.....	+ 2,390,000
Depreciations 1965.....	- 1,929,000
Net book value 31 Dec., 1965... SKr.	45,724,000

Acquisitions include a warehouse at Skön in the neighbourhood of Sundsvall, the purchase of sites at Partille and Alingsås (Gothenburg area) and

certain conversions and expansion of factories.

Note 13. *New buildings under construction*

Included in this account is SKr. 3.2 million which refers to the expansion of the Mariestad factory and payment on account for production equipment ordered for several factories.

Note 14. *Due to customers*

The amount entered for 1965 includes SKr. 1.1 million in prepayments from customers.

Note 15. *Short-term liabilities, Miscellaneous*

This entry includes purchase tax, reserves for guarantee repairs, accrued expenses, amortizations on mortgage and debenture loans to be paid within a year, as well as interest on mortgage and debenture loans outstanding at year's end.

Note 16. *Mortgage loan*

The increase relative to 1964 is due to loans through a bank received from the Fund created by payments to the general supplementary pensions scheme (ATP). Part-payments to fall due in 1966 and interest accrued by the end of 1965 are entered under the heading "Short-term liabilities."

Note 17. *Debenture loan*

The loan is dated 20 September, 1965, and carries 7% interest. Refunds are to be made during the period 1966—1980 by drawings in accordance with an amortization plan based on equal annual payments during the period, the Company having reserved the right to redeem the entire balance of the loan in 1975. The part-payment to be made in 1966, SKr. 1,390,000, is entered under the heading "Short-term liabilities" along with the interest accrued at the end of 1965.

Note 18. *Pension Funds*

During the year SKr. 3,815,000 has been transferred from AB Electrolux' Pension Fund of 1952 (Free), included under the heading "Other Pension Funds", to the Electrolux Group PRI Fund. Together with the allocation

made the previous year and an allocation of SKr. 170,000 charged against 1965 profits, the above amount covers the pension debt as at 31 December, 1965, of SKr. 14.8 million as calculated by the Pensions Registration Institute (PRI).

Note 19. *Reserve for unrealized profit, etc.*

This reserve in the Parent Company books, created many years ago, reflects *partly* the difference between the price debited by the Parent Company for deliveries to Subsidiaries abroad and the manufacturing costs for such products as remained in stock at the Subsidiaries at the year's end—SKr. 10 million on 31 December, 1965,—and *partly* SKr. 12 million representing depreciation of said stocks below the manufacturing cost. The latter part has been taxed.

Note 20. *Free Reserve*

The amount of SKr. 15 million shown as "Reserve for Contingencies" in previous Annual Reports is now entered under the heading "Reserve for contingencies."

NOTES ON GROUP ACCOUNTS

Note 21. *Manufacturing costs, sales costs, etc.*

This entry includes for each year approx. SKr. 15 million representing an increase in the stock reserves.

Note 22. *Reserve for unrealized profit, etc.*

When completing the Consolidated Balance Sheet, the reserve for unrealized profit in and depreciation of stocks of subsidiaries abroad has previously been deducted from the value of stocks. As from 1965 this reserve is being shown separately. In order to enable comparisons to be made, the corresponding figure for 1964 has been calculated.

Note 23. *Statutory and legal reserves*

In addition to the statutory reserve funds, this item comprises the difference between the share capital of the Subsidiaries and the Parent Company's book value of shares in Subsidiaries.

Note 24. *Group profit of the year*

When completing the Consolidated Balance Sheet, including AB Electrolux and all Subsidiaries, the final accounts of the subsidiaries abroad have been converted into SKr. mainly in accordance with official rates of exchange of Commercial Banks at 31 December, 1965.

The Group:

Sales.....	SKr. mill.	1,056.2	913.0	793.7
Group profit.....	"	35.7	30.2	27.2
Number of employees.....		21,409	19,991	18,819
Salaries, wages and remunerations....	"	345.2	303.8	272.4

Number of employees

	1965	1964
<i>The Parent Company:</i>		
Workers.....	3,699	3,539
Others.....	1,896	1,790
	<u>5,595</u>	<u>5,329</u>

Swedish Subsidiaries:

Workers.....	592	566
Other.....	1,359	1,280
	<u>1,951</u>	<u>1,846</u>

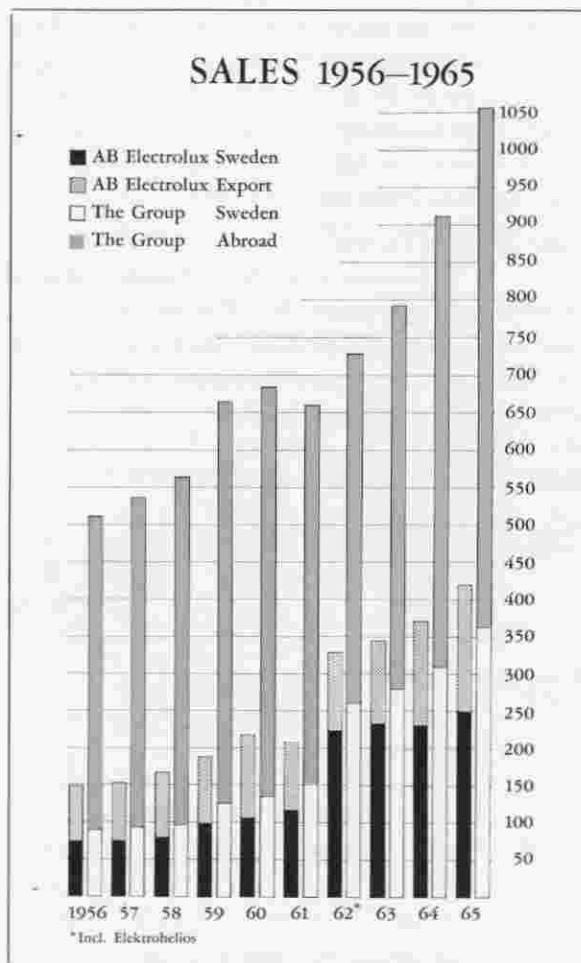
Subsidiaries abroad:

Workers.....	4,203	3,858
Others.....	9,660	8,958
	<u>13,863</u>	<u>12,816</u>

Total number of employees in the Electrolux Group:

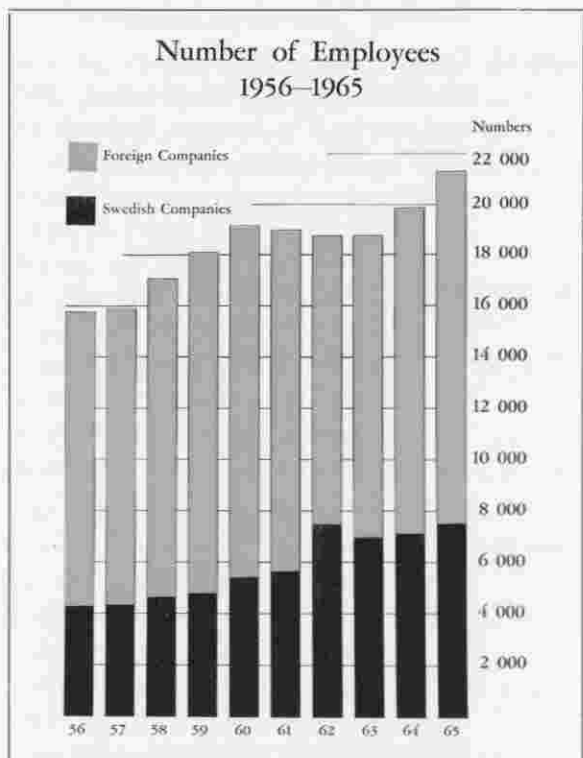
Workers.....	8,494	7,963
Others.....	12,915	12,028
	<u>21,409</u>	<u>19,991</u>

SUPPLEMENTARY INFORMATION ON ELECTROLUX



Three-year review

	1965	1964	1963
<i>The Parent Company:</i>			
Sales.....	420.1	371.1	345.6
Net profit.....	20.1	21.1	20.1
Balance-sheet totals.....	469.8	418.7	405.3
Number of employees.....	5,595	5,329	5,764
Salaries, wages and remunerations....	118.0	102.9	105.5



Salaries, wages and remunerations earned

1965
SKr. 1,000

The Parent Company:

Board of Directors, Managing	
Director and senior executives . . .	1,701
Workers	65,123
Others	51,219
Total	118,043

Swedish Subsidiaries:

Boards of Directors, Managing	
Directors and senior executives . . .	635
Workers	10,046
Others	33,053
Total	43,734

Subsidiaries abroad:

Boards of Directors, Managing	
Directors and senior executives . . .	4,360
Workers	49,610
Others	129,461
Total	183,431

Total amount of salaries, wages, commissions and remunerations earned in the whole

Electrolux Group:

Boards of Directors, Managing	
Directors and senior executives . . .	6,696
Workers	124,779
Others	213,733
Total	345,208

In addition to the salaries, wages and remunerations specified above, the Parent Company and the Swedish Subsidiaries have defrayed social charges for personnel (ATP, PRI, pensions, group life insurance, etc.) in a total amount of SKr. 22.5 million.

As from 1965 the Company has decided to report salaries, wages and remuneration *earned* instead of those *paid*. For this reason no comparative figures for 1964 have been included.

Assessed values

The assessed value of the Parent Company's real estate at the end of the year was SKr. 85.7 million including a separate value of machinery in the amount of SKr. 4.2 million.

Fire insurance values

Parent Company buildings . . . SKr. million 151.1
Parent Company machinery,
fittings, etc. SKr. million 238.0

The number of shareholders

in AB Electrolux at the end of the year was approx. 13,000.

AUDITORS' REPORT

As auditors of Aktiebolaget Electrolux we submit the following Auditors' Report for the year 1965.

We have checked the Annual Report, examined the Accounts, Minutes of Meetings and other documents giving information on the financial position and administration of the Company, and carried out other examinations deemed necessary.

The Accounts have been continuously checked by means of random tests by the Company's internal auditors who have submitted to us reports of their examinations.

The regulations laid down in the Companies' Act relative to the accounting of shareholdings and consolidated accounts have been observed.

The accounts of Aktiebolaget Electrolux' Pension Fund, established as per law of June 18th, 1937, and administered by the Company's Board, have been examined by us.

During the audit we have found no grounds for adverse criticism of the documents presented to us, the Company's Accounts, the verification of the assets or the administration of the Company.

The Board of Directors recommend that the Surplus available as per the Balance Sheet—apart from the Free Reserve, SKr. 15 million,—be appropriated as follows:

For payment of a Dividend to the shareholders, against coupon No. 62, of SKr. 8.— per share.....	SKr.	15,200,000
Balance of Surplus to be carried forward.....	„	22,125,000
	SKr.	<u>37,325,000</u>

This proposal is not at variance with the regulations of the Companies' Act in respect of appropriation to Reserve Funds or with good commercial practice with regard to the position of the Group and to the result of its activity.

We recommend

- that* the Balance Sheet as at December 31st, 1965, included in the Annual Report and signed by us be approved,
- that* the available Surplus be allocated in accordance with the above proposal, and
- that* the Directors be granted discharge for the past financial year's administration.

Stockholm, in April 1966

EBBE RYBECK

*Auditor, authorized by
Stockholm's Chamber of Commerce*

ARNE HOLMÉN

*Auditor, authorized by
Stockholm's Chamber of Commerce*

Model LM 10 is a refrigerator with a storage capacity of about 30 litres (1 cu. ft.). Versions are available for operation not only on either gas or electricity but also for dual operation on gas and electricity. The LM 10 has found a large market among caravan owners and in hotels. The one pictured here is installed in a room of a London hotel.





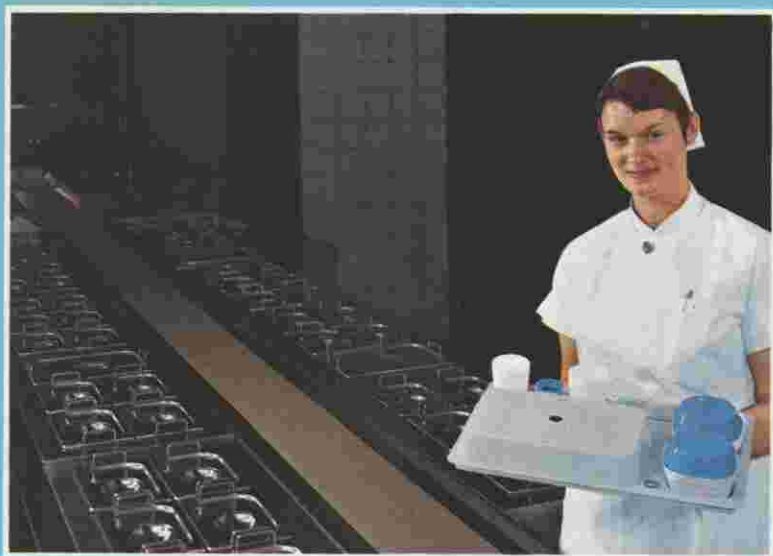
▲ For the heating of rooms new electric radiators were introduced during 1965, not only of the totally enclosed panel type but also of column-type radiators. The illustration shows a panel radiator. With its modern styling and neutral colour scheme it harmonizes well with different surroundings.

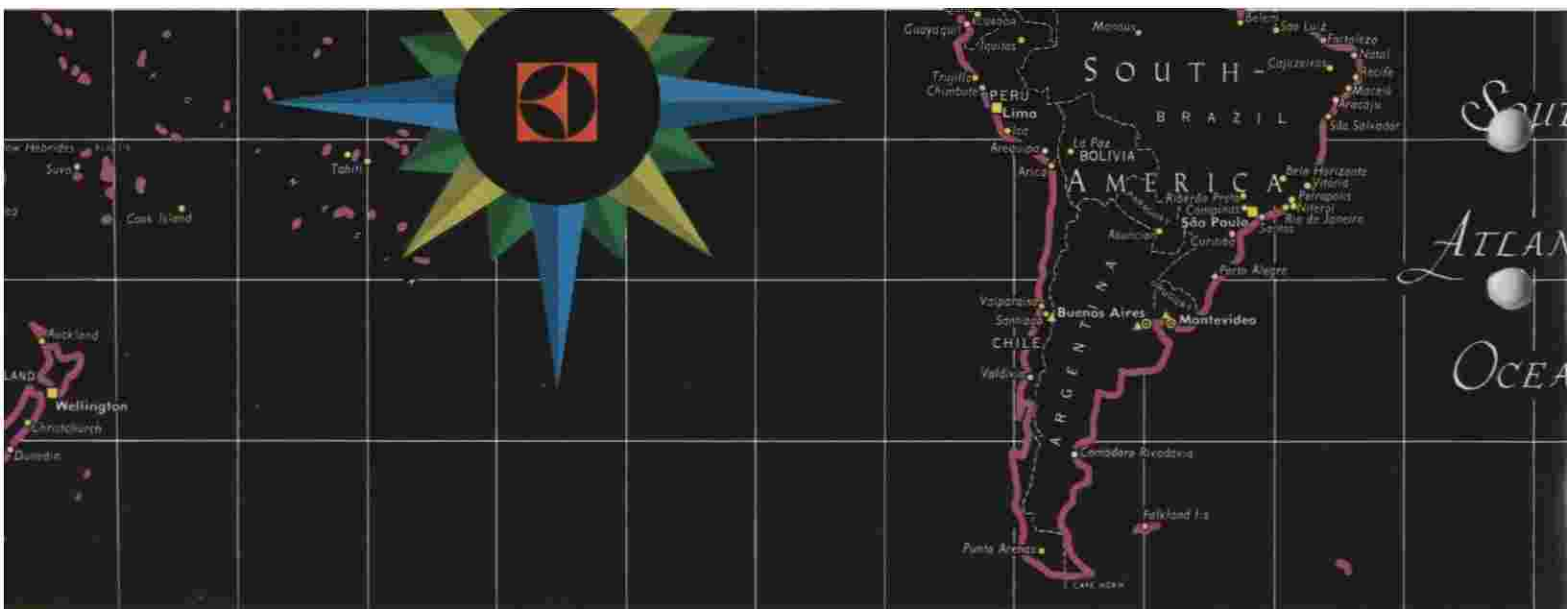
Model 4000 is a new, fully-automatic washing machine designed to fit under the sink unit. In colouring and styling it harmonizes admirably with our other kitchen equipment. ▶



HELITHERM, a product of the Electrolux Catering Division, is a practical system of hot food distribution in hospitals and similar institutions. The picture shows an installation in a modern hospital in Holland, the St. Willibrord Ziekenhuis in Tegelen.

Further improvements including new styling of the D 10 dishwashing machine were introduced during the year. A new and improved motor was also fitted.





- FACTORY
- HEAD OFFICE
- FACTORY AND HEAD OFFICE
- BRANCH OFFICE OR AGENT
- ▲ LICENCEE

In the United States and Canada cleaners and floor polishers with the trade name ELECTROLUX are sold by Electrolux Corporation, an independent American company in which AB Electrolux holds an interest.