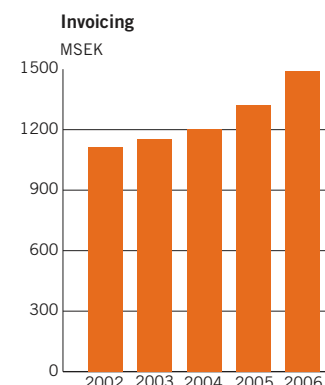


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A long-term oriented industrial group

Beijer Alma AB (publ) is an internationally active industrial group focused on the production of components. The Company's business concept is to acquire, own and develop small and medium-sized companies with good growth potential. Active, long-term strategic and development work – combined with investments and complementary corporate acquisitions – will provide competitive companies in selected market segments. In each segment, the Group's companies focus on developing strong relationships with customers offering growth and profitability. Beijer Alma is listed on the Mid Cap list of Stockholmsbörsen (The Stockholm Stock Exchange) (ticker: BEIAb).



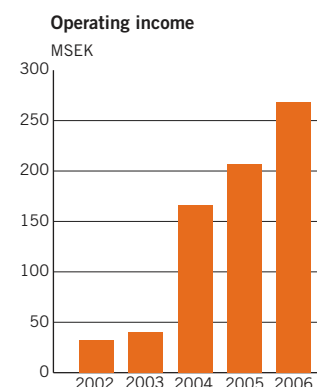
Key figures

	2006	2005	2004	2003	2002
Net revenues, MSEK	1,488	1,323	1,202	1,154	1,113
Profit after financial items, MSEK	262.2	199.8	155.0	18.0	4.8 ¹⁾
Shareholders' equity per share, SEK	27	26	21	17	17
Dividend per share, SEK	4.00 ²⁾	3.67	1.67	0.50	0.33

¹⁾ Not including items affecting comparability.

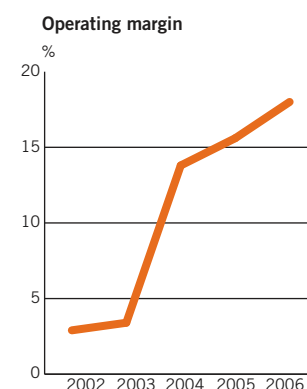
²⁾ As proposed by the Board of Directors.

In this, and all other tables, years 2004 to 2006 are calculated in accordance with IFRS and prior years in accordance with the accounting principles then applied.



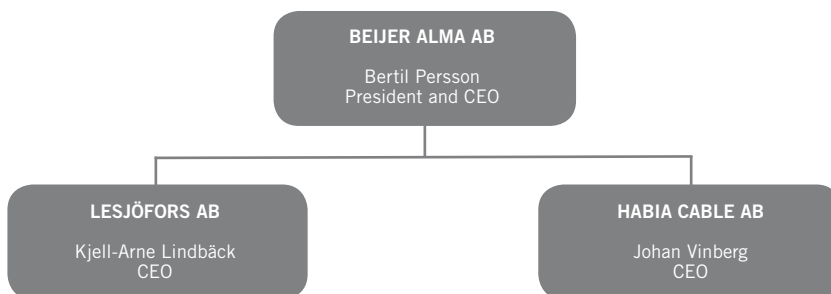
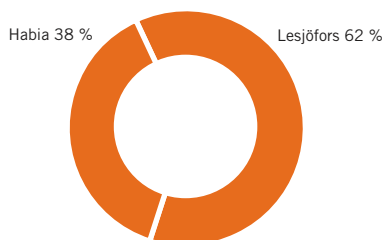
● ● 2006 Summary

- Best operating year ever.
- Order bookings increased by 13 percent to MSEK 1,508 (1,331).
- Net revenues increased by 12 percent to MSEK 1,488 (1,323).
- Elimag AB was sold.
- Profit after financial items was MSEK 262.2 (199.8).
- Cash flow was MSEK 121 (143).
- Earnings per share after taxes amounted to SEK 6.92 (5.17).
- Capital expenditures amounted to MSEK 71 (48).



Component production

Subsidiaries' share of total revenue



1,488

Beijer Alma's invoicing increased by 12 percent to MSEK 1,488.

262.2

Beijer Alma's profit after financial items increased by 31 percent to MSEK 262.2.

6.92

Earnings per share after taxes increased by 34 percent to SEK 6.92 (5.17).

LESJÖFORS AB

Lesjöfors is a full-range supplier of standard and specially produced industrial springs, wire and flat strip components. The company is a dominating player in the Nordic Region and one of the larger companies in its industry in Europe. Lesjöfors has manufacturing operations in Sweden, Denmark, Finland, Latvia, Great Britain and China. Sales in 2006 reached MSEK 923.4. There were 578 employees.

HABIA CABLE AB

Habia is one of Europe's largest manufacturers of specialty cable for applications in telecommunications, nuclear power, defence and other industries. Manufacturing and research and development are conducted in Sweden, with manufacturing also in Germany, China and Latvia. Sales in 2006 reached MSEK 564.0. There were 396 employees.

Research reports during 2006

Kaupthing Bank, *Lower potential after share price rally*, 21 November 2006
Remium, *Remium Navigator*, 31 October 2006
Kaupthing Bank, *Underestimated margins*, 18 July 2006
Kaupthing Bank, *Divesting Elimag lifts 2007 margins*, 5 June 2006
Avanza, *Sale of Emimag positive*, 2 June 2006
Kaupthing Bank, *Chassis Springs is driving value*, 28 April 2006
Avanza, *Avanza Flash*, 13 February 2006

Articles concerning Beijer Alma published in 2006

Börsveckan, *Beijer Alma in the lead*, 25 September 2006
Dagens Industri, *Electronics are best in Beijer match*, 18 August 2006
Filipstads Tidning, *Lesjöfors Group has purchased British company*, 11 July 2006
Upsala Nya Tidning, *Customers drive cable factory in Söderfors*, 16 June 2006
Upsala Nya Tidning, *Copper cable worth gold for Beijer Alma*, 28 April 2006
Aktiespararen, *Signals*, 5 April 2006
Upsala Nya Tidning, *Profitable to follow Anders Wall*, 27 March 2006
Svenska Dagbladet, *Full speed on purchases a sign of the times*, 11 March 2006
Upsala Nya Tidning, *New investments in Habia in Söderfors*, 11 February 2006

Structure for future growth

Two strong companies with exciting potential for the future, and also with plans for further supplementary acquisitions – these are two of the main points when the Chairman of Beijer Alma, Anders Wall, provides his perspective on the future development of the Group.

What are your views on the Group's current structure?

After the sale of Stafsjö and Elimag during 2005 and 2006, a new structure has been established, one that is based on the wholly-owned subsidiaries Lesjöfors and Habia. Both subsidiaries are companies that have developed well through a combination of acquisitions and organic growth. As I see it, this structure provides exciting opportunities in the work of further developing the Group.

What are the most important strengths?

I would like to highlight the high profitability and the strong cash flow, which have provided us with a strong financial position and good freedom to act. Another advantage is that our international industrial companies have strong competitive positions in different niches. I would also like to point out the competence present in Beijer Alma Group management as well as in our subsidiaries – a competence that has helped provide good results and a strong shareholder value through clear objectives, product knowledge, market orientation and persistence. Backed by these strengths, we have a great potential for further growth.

What alternatives are you considering regarding the future structure?

In the last few years, a number of acquisitions have been made within Lesjöfors, with good results. Supplementary acquisitions will continue to be a top priority, and will allow Lesjöfors to play an important role in the consolidation of the industrial spring market in Europe. At the same time, organic growth in both Habia and Lesjöfors has been positive. We are also evaluating the conditions for development of a third business segment within Beijer Alma. This could be manufacturing – where we have documented experience of creating value – but could also be trade-based operations. The prerequisites are that any new companies must be similar in size to Lesjöfors and Habia, that they have strong international market positions and that they have good potential for further growth.

When could these new, larger acquisitions be considered?

At present, we can observe that the acquisition market is overheated. The large number of deals between private equity players is further forcing the prices and volumes upwards. We will, however, not be pressured into any acquisitions. Timing is of the essence. We will evaluate the possibilities calmly and act when it suits us. I wish to stress here that the long-term goals will continue to be fundamental to us, that is, the exercise of responsible ownership that will develop Beijer Alma over time in the best possible manner. I believe and hope that our shareholders come together in support for these premises and that they feel satisfaction in the value that we have delivered, both through an attractive dividend and good development of the Beijer Alma share. Our goal is to focus on profitable growth. In doing so, further acquisitions are an integral element. We see good conditions for ensuring that our hard work will please our shareholders, as well as our dedicated employees, in the future.



ANDERS WALL

Chairman of the Board



Further strong growth in earnings

2006 was another record year for Beijer Alma. Income before taxes was MSEK 262 – an increase of 31 percent. The fourth quarter of 2006 was also the fourteenth consecutive quarter with a higher profit than the corresponding quarter in the previous year. The increased result is explained by the strong growth of Lesjöfors, while Habia's earnings have decreased from the high levels experienced during 2005.

Demand has been favourable. In Lesjöfors, demand has increased within all operating areas. The good increase in volumes – combined with Lesjöfors' ability to run a cost-effective operation – has favoured the development of margins in the company. In 2006, the operating margin was 24 percent.

Habia has been affected both by downward pressure on prices and by increasing prices of raw materials. Pricing pressure has mainly affected sales in the telecom sector, whereas the increased prices of raw materials have affected all business areas. Within telecom, the pressure is intensified by the ongoing consolidations, where the customer companies are becoming larger and fewer. At the same time, more players are operating in Habia's product area. This has affected the company's income, which has decreased by MSEK 15 to MSEK 63. The business areas working with shorter series of specialty products are less affected by the lower margins. Despite the downward pressure on prices and increased costs for raw materials, Habia's operating margin was 12 percent in 2006.

RESTRUCTURING COMPLETED

The operating margin for the Beijer Alma Group was 18 percent, which is the highest level achieved to date. The Group is, of course, affected by changes in the economic situation and industry-specific events in the future. However, it is reasonable to assume that the operating margin will remain on a higher level and be more stable than during previous business cycles. This is due to the fact that Lesjöfors' share of the Group's result has increased and also to the fact that the areas in which Lesjöfors historically has shown the best profitability and growth have grown as a share of the company's invoicing.

The sale of Elimag is also positive for the Group's earnings and stability. The development of Elimag has, of course, been a disappointment. The company was very costly during its time in the Group. Through the sale, the losses were halted and Group management's resources can, in the future, focus on further developing the profitable areas of Beijer Alma.

With the sale of Elimag, the restructuring of the Group was completed. This process has continued for several years and also included the sale of Stafsjö in 2005. The Group now consists of two larger companies with good profitability. In addition, Beijer Alma has a strong financial position. We are currently debt-free and are generating a significant cash flow, a favourable position for further growth. The objective is to continue developing the Group through a combination of organic growth and acquisitions.

Within Habia, intense work on preparing a strategy supporting the growth ambitions of the company has taken place during the year. This work has, among other things, led to the establishment of a new structure with clear responsibilities for business areas. One intermediate goal has been to increase growth in the parts of Habia that are not directly related to telecom. Thus, a better balance is created, which will provide a lower level of risk in the company as a whole.

Lesjöfors already has a high organic growth rate, the focus here is on increasing the growth rate through acquisitions. These acquisitions are mainly concentrated within the Industrial Springs and Flat Strip Components business areas – a focus which has already provided good results. The acquisitions during 2005 and 2006 have strengthened Lesjöfors' position in the gas springs product area and has provided a stronger overall market position in Europe. Also, in February 2007, the British spring manufacturing company European Springs & Pressings Ltd. was acquired, a company with an annual turnover of approximately MSEK 100 and good profitability. With this acquisition, Lesjöfors will be the largest spring company in the United Kingdom. During forthcoming years, Lesjöfors will continue to acquire companies to further strengthen its international market position.

GROWTH IN NEW AREAS

Expansion of existing operations through organic growth and additional acquisitions has the highest priority in our work to create growth, but we also evaluate acquisition alternatives that can concern totally new business areas. In order to fit into the Beijer Alma Group, the company should be an industrial company within manufacturing or trade. Furthermore, the company's operations should be international. Through our established criteria for acquisitions, Beijer Alma is competing with a number of players on the private equity market. As a result, the price levels tend to be relatively high. I wish to stress the fact that a necessary criteria for an acquisition is that earnings per share for the Beijer Alma Group will increase in proportion to the risk associated with the acquisition. We feel no pressure to act quickly. Rather, we will wait for the moment when a suitable object is offered at an acceptable price.

The strong economic situation clearly had a positive impact on the operations during 2006, but the development in earnings is also furthered by the corporate governance developed in the Group during the last few years. The foundation for this work is modern, easily accessible information systems, in which information is transparent from the employee level to the subsidiary and Group management levels. Furthermore, clear objectives are established as the basis for ongoing evaluation of the operations. Each month, Beijer Alma Group management evaluates – in cooperation with subsidiary management – comprehensive materials in order to analyse and appraise deviations from target values and the need of further efforts, if any. The purpose is to rapidly correct unfavourable trends in the subsidiaries, and thereby to prevent larger deviations which proceed for a long period of time and which could result in the need for significant and costly measures. In the work to create high profitability and stable growth, a corporate culture has been established with a clear result orientation and strong cost awareness.

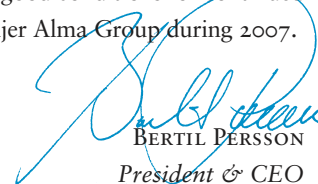
The disciplined governance of the Group has been an important tool to reach the high profitability levels of 2006. In spite of a strong economic climate, development in the surrounding world has been turbulent. Price levels for raw materials have increased sharply. This is particularly true of the price of copper, which is important to Habia's result, but prices of nickel, oil and power also showed steep increases during the year. Also, the Swedish Krona has appreciated relative to several important currencies, and the downward pressure on prices has continued in large portions of sales. Through good

control of the operations and preparedness to act, we have successively been able to take measures to parry and dampen the effects of these developments.

An important measure to ward off the pressure on prices and increased costs is to move more production to low-cost countries. This work is in progress, and both Group subsidiaries currently have their own manufacturing facilities in China and Latvia. We will probably establish manufacturing operations in more low-cost countries.

OUTLOOK FOR 2007

In the beginning of 2007, we see a continued strong industrial climate. Somewhat weaker telecom business in Habia, as compared to 2006, is being compensated for by growth in other areas. In addition, Habia is benefiting from the decreasing prices for copper. Lesjöfors has maintained a strong growth in the beginning of the year, and sales volumes attributable to the acquisition of European Springs & Pressings Ltd. will be added. Altogether, I see good conditions for continued positive development of the Beijer Alma Group during 2007.


BERTIL PERSSON
President & CEO



Business concept and value creation

»TO ACQUIRE, OWN AND DEVELOP SMALL AND MEDIUM-SIZED COMPANIES WITH GOOD DEVELOPMENT POTENTIAL.«

Thus reads Beijer Alma's business concept, in which a long-term approach and active ownership are the basic elements. This implies that Beijer Alma strives for long-term sustainable earnings development in the Group companies.

INDUSTRIAL GROUP WITH A FOCUS ON GROWTH

Beijer Alma is an industrial Group that owns and develops unlisted companies, normally as 100 percent owner. This strategic orientation gives investors access to a corporate group of established, privately held subsidiaries with operations in interesting growth areas. For Beijer Alma, access to the capital market provides financial resources for growth. The Group companies also gain indirect access to the capital market. Via the Group structure, development and growth can be financed in a manner not otherwise possible.

DISTINCT CREATION OF VALUE

Beijer Alma's strong ownership enables the active and value-creating development of the companies' operations. This implies good products, high quality and competence, combined with effective business models and business control, investments in manufacturing capacity, product development and investments in international sales organisations.

As an active owner, Beijer Alma achieves value creation through the following:

- **Acquisition of companies showing good conditions** for long-term profitable growth, organically or through acquisitions. Beijer Alma's history as a long-term, active owner makes us a competitive alternative for sellers of companies.
- **Active involvement** in the companies and contribution of the Group's resources and competencies. This commitment is aimed towards areas such as strategy, profitability development, operations management and staffing.
- **Disposal of subsidiaries** that can develop better in other

ownership structures.

- As a whole, creation of a Group with primarily *wholly-owned companies with a high quality*, which are well diversified with regards to market and technology risks.

In terms of concrete value creation, the return on equity during the period 1997–2006 has been an average of 14.1 percent per year. Compared to risk-free interest returns, for instance on 10-year government bonds over the same period, this means that Beijer Alma has created an excess return of nearly 9 percent per year. During this period, SEK 1 invested in Beijer Alma on 1 January 1997 would have increased to SEK 7 at the end of 2006, including re-invested dividends. This is equivalent to an annual return of 21 percent. During the same period, an investment in the general index, with dividends re-invested, would have increased from SEK 1 to SEK 3.40, or by 13 percent per year.

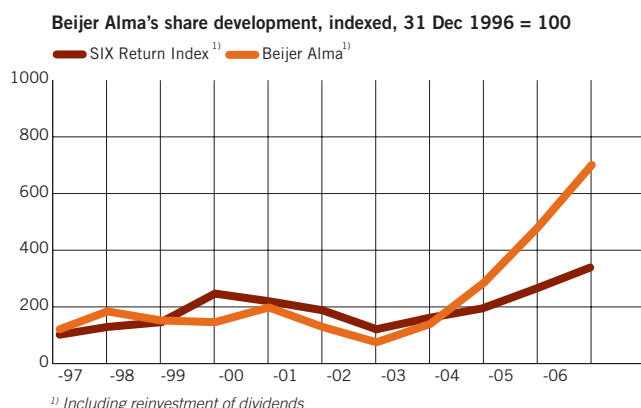
GROWTH WITH PROFITABILITY

In the long-term, Beijer Alma creates value by achieving growth with profitability. Four basic requirements have been identified in order to achieve this profitability. These requirements govern the strategic work with organic growth in the existing companies, and are also selection criteria for any acquisitions. The four requirements for profitability are:

- PROPRIETARY PRODUCTS OR PRODUCT CONCEPTS
- INTERNATIONAL MARKET COVERAGE
- HIGH MARKET SHARE WITHIN CURRENT SEGMENTS
- DIVERSIFIED CUSTOMER BASE

Proprietary products or product concepts

This focus provides larger freedom of action regarding sales and marketing in selected markets in contrast to, for example, subcontracted products.



International market coverage

As Group companies work with niche products to a great extent, wide market coverage is required in order to achieve growth.

High market share within current segments

Strong market positions entail that quality and the product range become competitive advantages, which is more beneficial than primarily competing with price.

Diversified customer base

A broad customer base reduces risk, as dependence on individual industries or companies decreases.

Growth alternatives

In order to achieve increased growth, Beijer Alma bases its activities on three strategic alternatives. The Group emphasises those alternatives which, over time, are expected to generate the highest earnings per share. If a growth alternative is not expected to provide improved earnings on a long-term basis, Beijer Alma will abandon that expansion opportunity. The three alternatives for growth are:

- Organic growth
- Supplementary acquisitions
- Acquisition of new subsidiaries

Organic growth

Organic growth is given the highest priority. The reason is that it often provides higher quality and lower risk. This is due to the fact that Beijer Alma is able to utilise its existing organisation and to work with markets and products that the Group knows well.

Lesjöfors shows high organic growth within all business areas. All of these areas are assessed as having solid future

potential, and, through emphasis on new markets and regions, continued organic growth is ensured.

Within Habia, sales to the telecom sector are currently dominating, and a more defined balance between Habia's four business areas is the goal. Organic growth is a part of this work and implies ongoing initiatives within product and market development. Clear responsibility and transparency within each business area also contributes to achieving growth targets.

Supplementary acquisitions

Supplementary acquisitions for existing subsidiaries is the next priority. Here too, the risk profile is attractive, as the acquisitions are made in markets and in product areas which the Group knows well.

■ Lesjöfors is prioritised with regards to supplementary acquisitions. In this company, future acquisitions are focused on the European market for industrial springs, which is currently fragmented and in which Lesjöfors is already a significant player. The acquisition objects can have a turnover of MSEK 20–300.

■ Habia is active in a cable market which is more consolidated and in which the company is a relatively small player. Habia focuses its efforts within the specialty cable segment, and acquisitions are made according to a niche strategy where the goal is to strengthen the company in selected geographical markets and within specific technical areas.

Acquisition of new subsidiaries

A third alternative is to acquire entirely new subsidiaries. Acquisition activities are focused on companies with industrial operations within trading and manufacturing. The acquisition objects in question should have a turnover on the order of MSEK 500 to SEK 1 billion. The companies should also fulfil Beijer Alma's four requirements for profitable growth. Furthermore, the companies should be based in Sweden so as to facilitate governance, control and follow-up, which are fundamental elements of the value creation which Beijer Alma offers.

ALTERNATIVES TO GROWTH

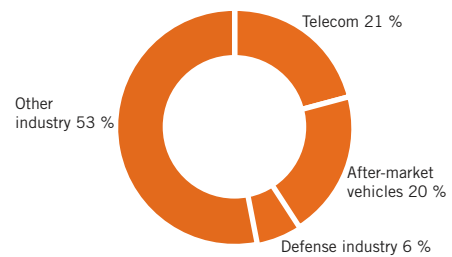
The Beijer Alma Group currently has a strong balance sheet. At the end of 2006, net liabilities had been replaced by a net cash position, and the equity ratio was 61.4 percent. If the Group is not regarded as being able to utilize this financial strength for organic or acquisition-based growth, there is a possibility to distribute larger amounts to the shareholders or to repurchase shares.

Growth characterised 2006

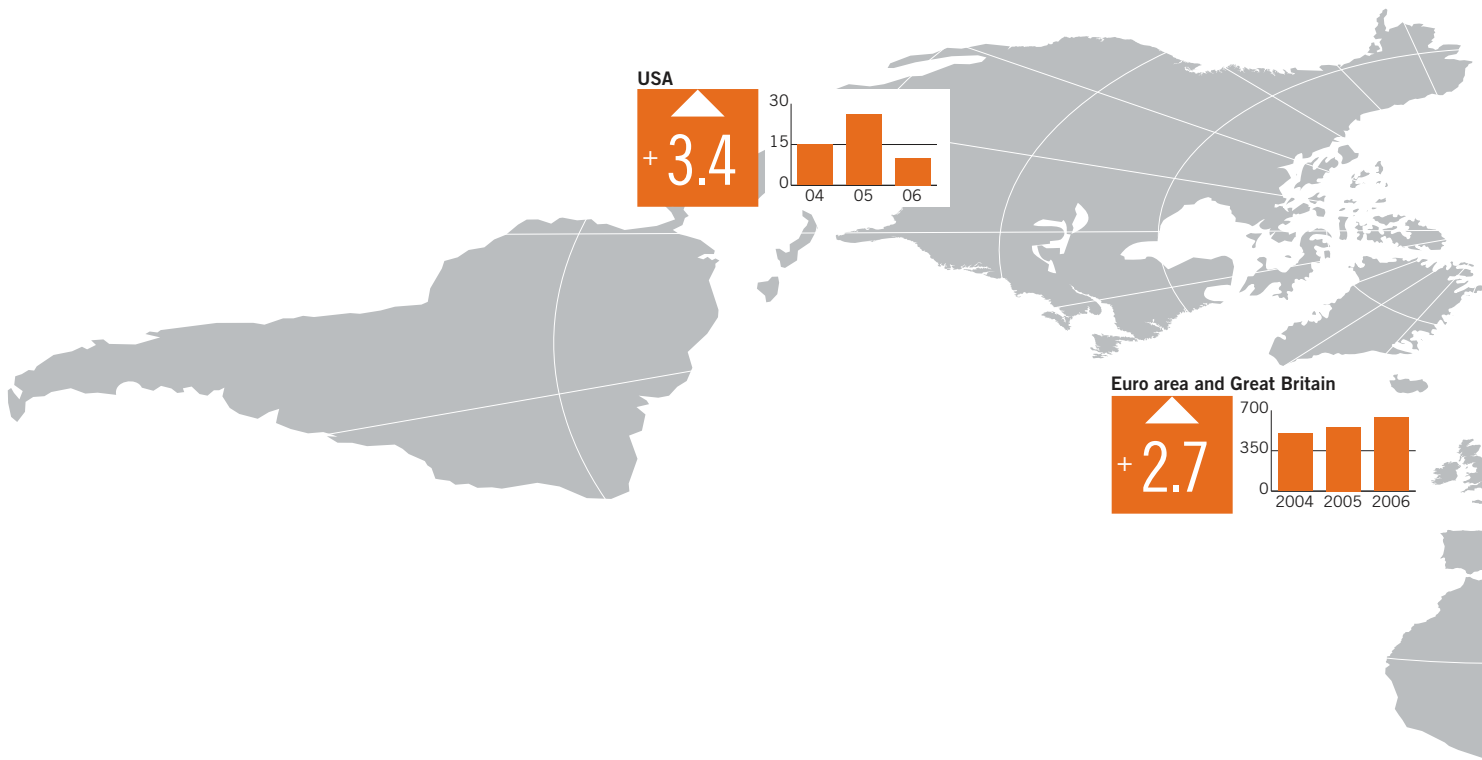
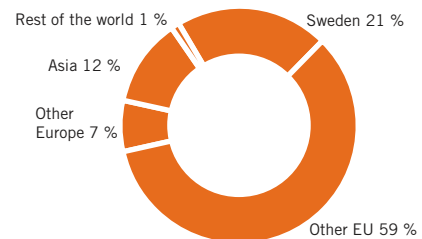
CUSTOMERS

Beijer Alma's Group companies are primarily suppliers of components to companies that deliver complete products and systems. The Group companies' components are intended primarily for investment goods and different industrial applications. Only a small number of products are used directly by end customers, such as chassis springs from Lesjöfors, which are sold in the after-market for vehicles. The Group's customers are active within most industrial sectors. The largest customer segments are systems manufacturers within the telecom sector, the after-market for vehicles, the defence industry and other industries making investment goods. In 2006, mobile telecom accounted for approximately 21 percent of revenues, while the after-market for vehicles accounted for 20 percent. The defence industry accounted for 6 percent of the Group's revenues. The remaining portion includes global industrial sectors such as the transportation and automotive industries, power generation and consumer electronics.

Division of customers by segment

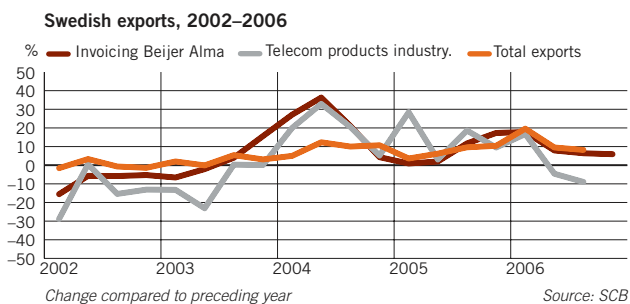


Geographical distribution of sales



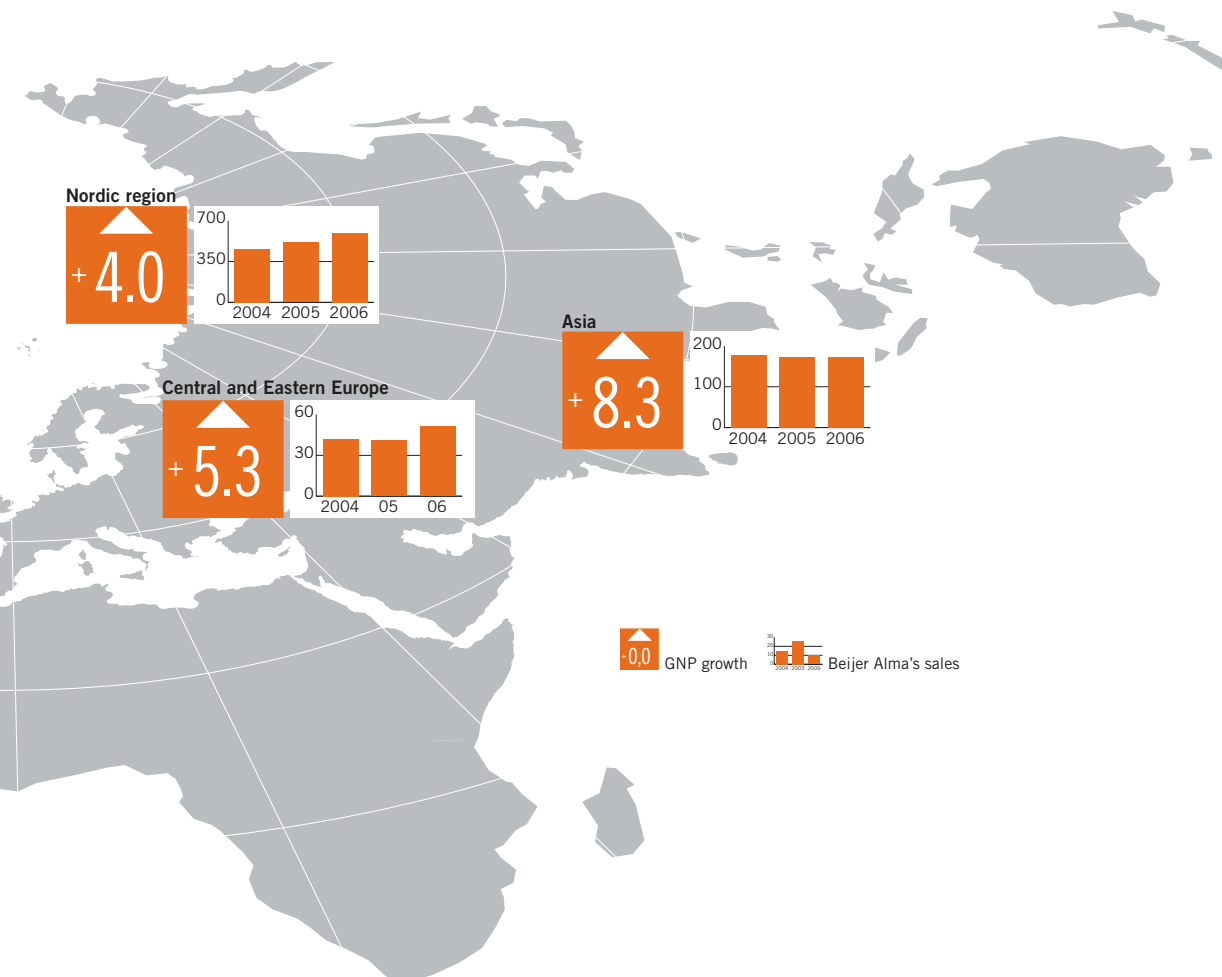
INDUSTRIAL TRENDS

Sales development in Group companies is primarily dependent on the international demand for investment goods. Sales within mobile telecom are driven mainly by global investments in telecom systems. Beijer Alma's Group companies deliver components to systems suppliers and are, therefore, dependent on the flow of orders for new systems. The diagram below illustrates the manner in which total Swedish exports and the export of telecom products change per quarter, and how Beijer Alma's sales relate to this development.

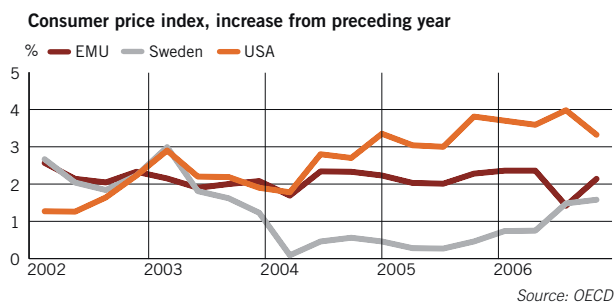


SURROUNDING WORLD

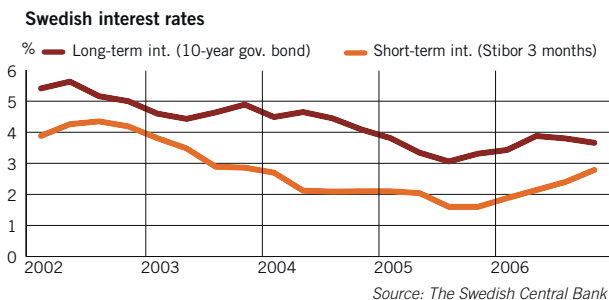
Growth in the world economy continued to be high during 2006. An important global growth engine is China, where the economy has grown in the past few years by approximately 10 percent per year. The American economy weakened somewhat during the latter part of 2006, but nevertheless attained growth of over 3 percent. In the Euro area, development has also gathered momentum after several weak years. GNP growth has nearly doubled, reaching 2.4 percent. An important reason for this is the increase in activity in the German economy. The favourable conditions in the surrounding world have also had a positive influence on the Swedish economy. Activity is high within the export industry. Furthermore, private consumption continues to grow at a high rate. On the whole, this has contributed to Sweden's GNP growing by 4.3 percent during 2006.



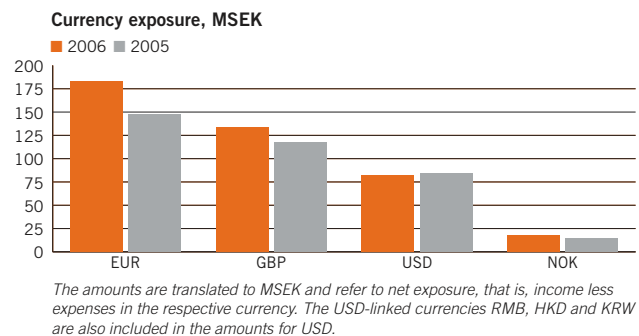
Activity in the global economy has resulted in somewhat higher inflation, which is apparent especially in the USA. However, inflation levels are low considering the significant global economic activity. It is likely that the price levels around the world will be pressed downward by low-price competition. This primarily applies to China, but also to other low-cost countries.



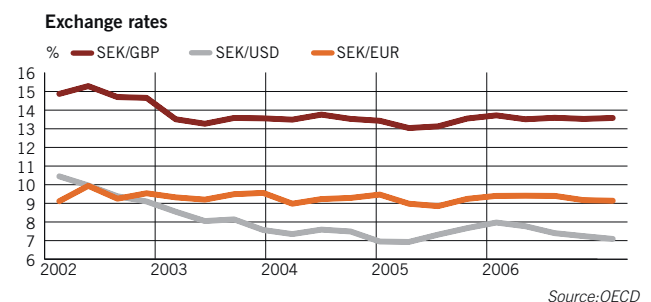
In order to suppress the tendencies towards increased inflation, the US Federal Reserve has raised the short-term interest rates – so called Fed Funds – 17 times in the last two years, from 1 percent to 5.25 percent. The European Central Bank (ECB) and the Swedish Central Bank also increased interest rates during 2006 so as to prevent the increased economic activity from resulting in an exceedingly high level of inflation.



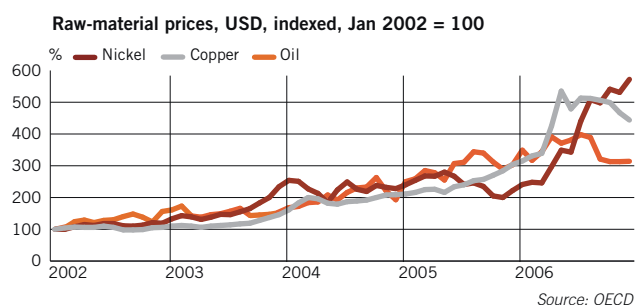
The Beijer Alma Group's subsidiaries are export companies with production in several countries, which is the reason operations are affected by changes in exchange rates. The Group's largest single currency exposure is in EUR, followed by GBP and USD. Beijer Alma's exchange rate policy calls for the hedging of a certain portion of forecasted net flows in foreign currencies for the upcoming twelve months. In certain cases, forecasted cash flows in additional time periods can be hedged. For 2006, this meant that just over half of the flows were hedged on the basis of forward contracts. During 2006, the Group's earnings were affected negatively by MSEK 1.4 due to changes in exchange rates.



The Swedish Krona was generally strengthened during 2006. Furthermore, the US dollar was weakened against several currencies. This implies that the dollar rate during the year went from SEK 7.95 to 6.85. The Euro was also somewhat weaker against the Krona, falling from SEK 9.42 to 9.05. The British pound has been relatively stable during 2006 and was quoted at the end of the year at SEK 13.43.



The raw-material markets have continued to be turbulent during the year. High levels of underlying demand through the strong global business cycle – combined with significant interest from speculative investors – have driven the prices of several raw materials upwards. The prices of nickel and copper have increased five to six fold in the last five years. Habia is impacted by the rise in the price of copper, as copper is an important raw material in cable production. Energy costs have also increased significantly in recent years. The price of oil was at a record high during 2006 and has risen by over 300 percent in the last five years. The increased energy prices result in increased production costs for the Group's companies.



Ten-year summary

MSEK

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Net revenues	1,487.8	1,323.1	1,201.6	1,154.0	1,113.0	1,320.2	1,132.5	1,031.0	1,072.2	939.9
Operating income	268.4	206.7	166.4	39.7	32.4	32.3	129.1	88.3	102.2	93.6
Net financial items	-6.2	-6.9	-11.4	-21.7	-27.6	-30.3	-19.0	-12.6	-9.3	-6.1
Profit after financial items	262.2	199.8	155.0	18.0	4.8	2.0	110.1	75.7	92.9	87.5
Items affecting comparability	-	-	-	-	-99.9	-	9.6	13.0	5.1	4.7
Profit before taxes	262.2	199.8	155.0	18.0	-95.1	2.0	119.7	88.7	98.0	92.2
Taxes	-72.4	-57.8	-39.7	-10.5	11.1	10.3	-38.3	-33.5	-32.8	-45.2
Net profit	189.8 ¹⁾	142.0 ¹⁾	115.3 ¹⁾	7.5	-84.0	12.3	81.4	55.2	65.2	47.0
Non-current assets	526.8	558.4	561.3	624.4	657.5	839.3	603.8	444.6	440.8	290.0
Current assets	691.6	621.7	557.5	502.4	519.0	590.0	541.1	424.1	425.0	360.8
Shareholders' equity	747.8	708.9	566.4	449.7	458.3	577.4	482.3	424.7	397.8	350.3
Long-term liabilities and provisions	100.9	126.2	169.2	230.2	299.0	376.6	268.8	204.0	233.9	87.1
Current liabilities	369.7	345.0	383.2	446.9	198.3	475.3	393.8	240.0	244.1	213.4
Balance sheet total	1,218.4	1,180.1	1,118.8	1,126.8	1,176.5	1,429.3	1,144.9	868.7	865.8	650.8
Cash flow after capital expenditures	121.0	142.6	197.2	74.8	116.2	-85.8	-172.7	50.7	-122.9	2.6
Depreciation and amortisation	68.8	65.2	76.9	89.6	96.6	86.8	64.3	54.7	42.0	31.1
Net capital expenditures not including corporate acquisition	71.0	48.0	48.0	55.1	18.3	116.0	114.0	69.6	66.1	49.0
Capital employed	932.1	876.3	850.2	909.6	967.9	1 189.3	875.5	645.4	627.8	451.6
Net liabilities	-6.8	43.0	178.3	386.9	462.4	579.8	375.4	180.7	195.9	65.1
Ratios, %										
Gross margin	37.9	36.8	35.9	28.9	30.7	29.0	35.3	32.4	31.9	34.6
Operating margin	18.0	15.6	13.8	3.4	2.9	2.5	11.4	8.6	9.5	10.0
Profit margin	17.6	15.1	12.9	1.6	0.4	0.1	9.7	7.3	8.7	9.3
Equity ratio	61	60	51	40	39	40	42	49	46	54
Proportion of risk-bearing capital	64	62	53	43	43	44	46	53	50	58
Net debt equity ratio	-1	6	31	86	101	100	78	43	49	19
Return on equity	25.9	22.6	22.0	2.9	0.7	0.3	17	13	18	19
Return on capital employed	30.0	24.3	19.3	4.5	3.3	3.3	17	17	20	23
Interest coverage ratio	29.6	24.2	13.2	1.7	1.2	1.1	6.1	6.9	8.9	11.4
Average number of employees	980	907	805	896	940	1,092	943	851	728	609

¹⁾ Continuing operations

IFRS are applied from 2005. For Beijer Alma, this means a recalculation of profit for 2004, which improved by MSEK 10.0 before taxes relating to discontinuation of the amortisation of goodwill, in accordance with IFRS 3. In accordance with IFRS 5, revenue and costs relating to sold operations are not included for years 2004 to 2006. Years prior to 2004 have not been recalculated according to IFRS.

The Beijer Alma share

The Beijer Alma share is listed on the Mid Cap list of Stockholmsbörsen (The Stockholm Stock Exchange). At year-end, Beijer Alma's share capital amounted to MSEK 114.3 (114.3). The number of shares was 27,431,100, divided into 3,330,000 Class A shares and 24,101,100 Class B shares. All shares have a quotient value of SEK 4.17 and entitle their holders to equal rights to participation in the Company's assets and earnings. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote. There are no convertible subordinated debentures or options outstanding. No issues were launched during 2006, but in May, a split (3:1) was executed.

A total of 5,653,580 shares changed hands during the year. This is equivalent to 23 percent of the number of Class B shares outstanding, which is a decrease of 4 percentage points compared to 2005. An average of approximately 22,500 shares were traded each trading day.

MARKET PRICE PERFORMANCE

The Beijer Alma share rose during 2006 by 38.7 percent.

Stockholm All-share index increased by 23.6 percent. The last price paid at year-end was SEK 101.00 (72.83), which is equivalent to a market capitalisation of MSEK 2,771. The highest market price, SEK 102.00, was quoted on 11 December. The lowest market price, SEK 59.75 was quoted on 22 May.

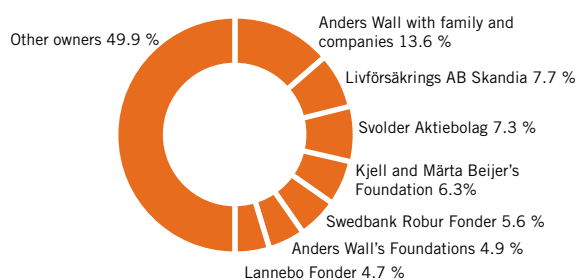
OWNERSHIP

The number of shareholders at year-end was 3,552. Institutional owners accounted for 52.5 percent of the capital and 32.4 percent of the votes. Foreign ownership was 6.4 percent of the capital and 2.8 percent of the votes.

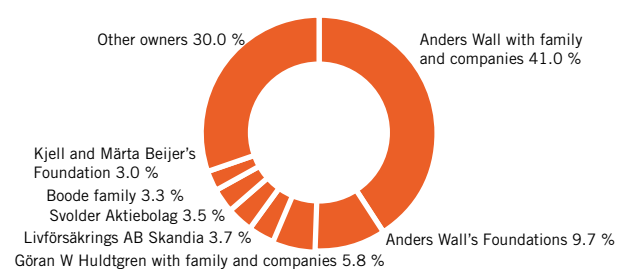
DIVIDEND

According to the dividend policy, the dividend, on a long-term basis, shall be equivalent to at least one third of the net profit not including items affecting comparability. The Board of Directors proposes that the Annual General Meeting declare a dividend of SEK 4.00 per share (previous year SEK 2.67 and an extra dividend 1.00). The proposed dividend provides a yield of 4.0 percent (5.0).

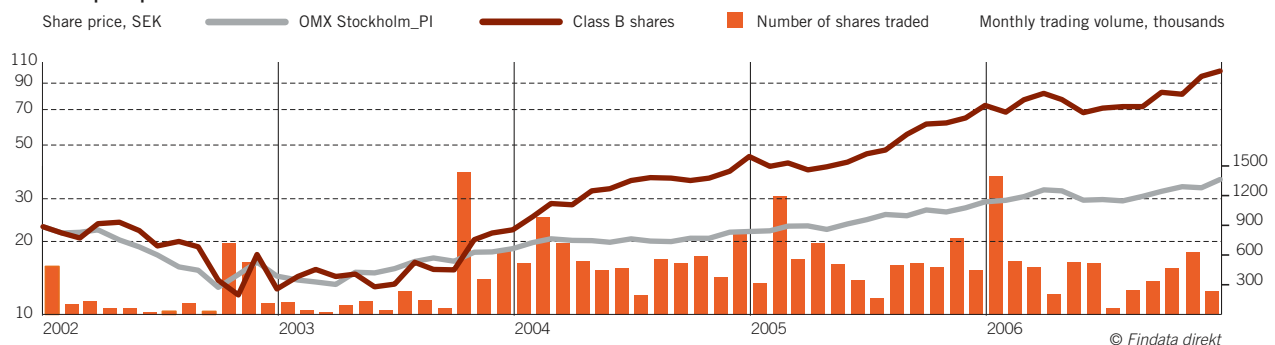
Ownership structure, share capital



Ownership structure, votes



Share price performance 2002–2006



LARGEST SHAREHOLDERS

	Number of shares	Of which Class A	Of which Class B	Number of votes	Share capital, %	Votes, %
Anders Wall with family and companies	3,735,120	2,199,000	1,536,120	23,526,120	13.6	41.0
Livförsäkrings AB Skandia	2,116,982		2,116,982	2,116,982	7.7	3.7
Svolder Aktiebolag	2,001,900		2,001,900	2,001,900	7.3	3.5
Kjell and Märta Beijer's Foundation	1,724,850		1,724,850	1,724,850	6.3	3.0
Swedbank Robur Fonder	1,532,155		1,532,155	1,532,155	5.6	2.7
Anders Wall's Foundations	1,337,160	468,000	869,160	5,549,160	4.9	9.7
Lannebo Fonder	1,293,900		1,293,900	1,293,900	4.7	2.3
Didner & Gerge Aktiefond	1,261,600		1,261,600	1,261,600	4.6	2.2
Fourth AP-Fund	754,000		754,000	754,000	2.8	1.3
Kjell Beijer's 80-årsstiftelse	750,000		750,000	750,000	2.7	1.3
Göran W Hultgren with family and companies	581,210	304,800	276,410	3,324,410	2.1	5.8
Aktia Sparbank	330,300		330,300	330,300	1.2	0.6
Östersjöstiftelsen	292,800		292,800	292,800	1.1	0.5
SEB Fonder	257,900		257,900	257,900	0.9	0.5
Per Olsson	225,000		225,000	225,000	0.8	0.4
Länsförsäkringar Småbolagsfond	215,200		215,200	215,200	0.8	0.4
German Residents KAG Lending AC	196,800		196,800	196,800	0.7	0.3
Boode family	195,610	187,800	7,810	1,885,810	0.7	3.3
Other owners	8,628,613	170,400	8,458,213	10,162,213	31.5	17.7
TOTAL	27,431,100	3,330,000	24,101,100	57,401,100	100	100

Source: Share register December 29, 2006

OWNERSHIP STRUCTURE

Size of holding	Number of owners	Proportion of owners, %	Number of shares	Of which Class A	Of which class B	Proportion of shares, %	Proportion of votes, %
1-500	1,529	43.0	317,608		317,608	1.2	0.6
501-1 000	734	20.7	547,350	1,800	545,550	2.0	1.0
1 001-2 000	571	16.1	850,983		850,983	3.1	1.5
2 001-5 000	416	11.7	1,314,844		1,314,844	4.8	2.3
5 001-10 000	140	3.9	979,134		979,134	3.6	1.7
10 001-20 000	57	1.6	832,989	80,820	752,169	3.0	2.7
20 001-50 000	49	1.4	1,587,478	195,200	1,392,278	5.8	5.8
50 001-100 000	23	0.6	1,564,318	238,780	1,325,538	5.7	6.5
100 001-	33	0.9	19,436,396	2,813,400	16,622,996	70.9	78.0
TOTAL	3,552	100	27,431,100	3,330,000	24,101,100	100	100

Source: Share register December 29, 2006

EVOLUTION OF SHARE CAPITAL

Year	Increase of share capital, SEK thousand	Total share capital, SEK thousand	Increase in number of shares	Total number of shares outstanding
1993	Opening balance	0	0	2,146,400
1993	Non-cash issue in connection with acquisition of G & L Beijer Import & Export AB i Stockholm	6,923	276,900	2,423,300
1993	New issue	30,291	1,211,650	3,634,950
1994	Non-cash issue in connection with acquisition of AB Stafsjö Bruk	5,000	200,000	3,834,950
1996	Conversion of subordinated debentures	47	1,875	3,836,825
1997	Conversion of subordinated debentures	2,815	112,625	3,949,450
1998	Conversion of subordinated debentures	1,825	73,000	4,022,450
2000	Conversion of subordinated debentures	30	1,200	4,023,650
2001	Non-cash issue in connection with acquisition of Elimag Industri AB	11,750	470,000	4,493,650
2001	Split 2:1		4,493,650	8,987,300
2001	Conversion of subordinated debentures	388	31,000	9,018,300
2002	Conversion of subordinated debentures	62	5,000	9,023,300
2004	Conversion of subordinated debentures	1,505	120,400	9,143,700
2006	Split 3:1		18,287,400	27,431,100

PER-SHARE DATA

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Earnings per share based on average number of shares outstanding										
after 28% standard taxes, SEK	6.88	5.25	4.07	0.49	0.21	0.11	3.18	2.22	2.77	2.61
after taxes, SEK	6.92	5.17	4.21	0.28	-2.88	0.45	3.00	1.86	2.55	1.81
Shareholders' equity per share, SEK	27.26	25.84	20.65	16.61	16.71	21.04	19.97	17.59	16.48	14.78
Dividend per share, SEK	4.00 ¹⁾	3.67	1.67	0.50	0.33	0.67	1.33	1.17	1.08	1.00
Payout ratio, %	58	71	40	179	-11	149	44	63	42	55
Dividend yield, %	4.0	5.0	3.7	2.2	2.6	2.9	3.6	4.2	3.6	2.6
Market price at end of period, SEK	101.00	72.83	44.83	22.33	12.73	23.00	36.83	28.17	30.33	37.83
Highest market price, SEK	102.00	73.33	45.00	24.00	26.00	44.83	38.33	30.33	37.50	40.00
Lowest market price, SEK	59.75	39.50	22.00	12.93	11.30	15.00	24.00	23.33	22.50	19.17
P/E ratio at year-end	14.7	13.9	11.0	45.6	60.6	209.1	11.6	12.7	10.9	14.5
Cash flow per share, SEK	4.41	5.20	6.94	2.76	4.29	-3.17	-1.25	2.41	1.57	1.98
Closing number of shares outstanding ²⁾	27,431,100	27,431,100	27,431,100	28,830,540	28,830,540	28,830,540	25,410,540	25,410,540	24,134,700	24,134,700
Average number of shares outstanding ²⁾	27,431,100	27,431,100	27,431,100	28,830,540	28,830,540	28,830,540	25,410,540	24,985,260	24,134,700	24,134,700

¹⁾ Dividend proposed by Board of Directors ²⁾ Including subordinated convertible debentures and personnel options during years 1997-2003.



*Checking springs at Lesjöfors' factory at Nordmarks-
hyttan. This is a visual inspection of a safety spring to
be used in the braking system manufactured by
Haldex for heavy vehicles.*

LESJÖFORS AB

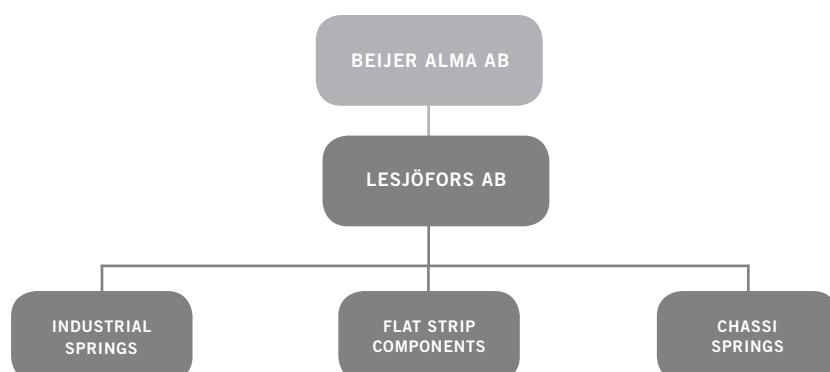
An international full-range supplier

The Lesjöfors Group is an international, full-range supplier of springs, wire and flat strip components with a leading position in the European springs market. The Group's products have a wide circulation and are used within most industrial areas, for example, the engineering, electronics and telecom industries. The operations are carried out in three business areas – Industrial Springs, Flat Strip Components and Chassis Springs. The largest market area is the Nordic Region, followed by the rest of Europe and China. About 28 percent of total sales refers to Sweden and 55 percent to the rest of the EU.

Lesjöfors' strongest competitive advantages are accessibility and technological competence, a wide product range and efficient service and distribution to customers. The Group has its own manufacturing and sales units in ten countries altogether. During recent years establishment of low-cost production sites in the Baltic States and China has been a top priority. In order to further spread risks, diversification is one of the bearing strategies for the Group. This provides partly a balance between the areas of operation, and partly between different customer and market sectors in these areas. During 2006 Industrial Springs accounted for 41 percent of sales, Chassis Springs for 32 percent and Flat Strip Components 27 percent within the Lesjöfors Group.

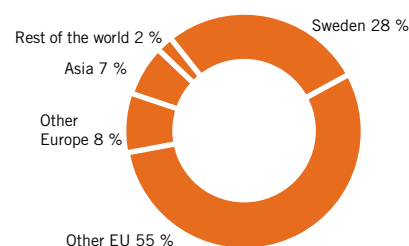
2006 SUMMARY

- Strong sales growth in all areas of operation
- Establishment of manufacturing operations in the United Kingdom through acquisition
- Continued growth of internal efficiency by more than 8 percent
- Solid development in the newly established Chinese operations

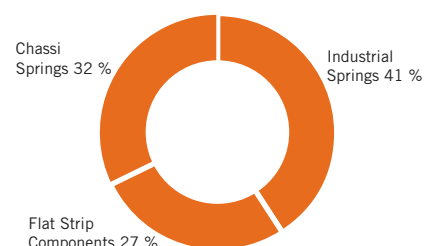


Lesjöfors is working within three business areas, all well positioned in their markets. Within each area, the objective is to attain better than average growth for these markets, which will be achieved both through acquisitions and organic growth.

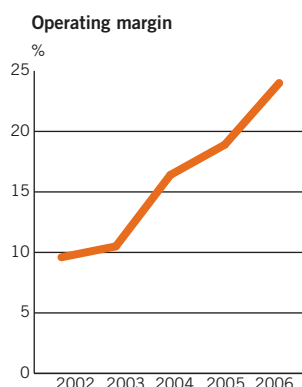
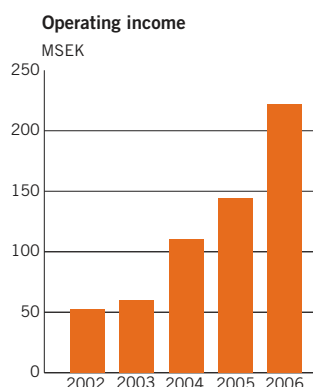
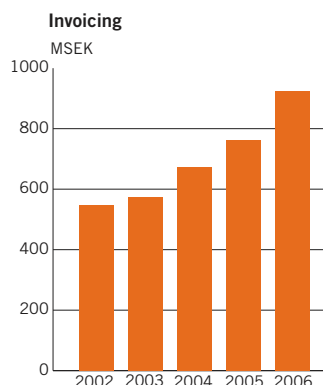
Geographical spread of total invoicing



Share of total invoicing by Business Area



Kjell-Arne Lindbäck, CEO, Lesjöfors AB



DEVELOPMENT DURING 2006

Invoicing during 2006 amounted to MSEK 923 (763), which is an increase by 21 percent. Of this increase, approximately one third is attributable to acquisition and two thirds to organic growth. The operating income was MSEK 222 (144). The Group's operating margin was 24 percent (19). All business areas show a strong increase in sales. Sales by Industrial Springs amounted to MSEK 380. Sales by Flat Strip Components amounted to MSEK 246 and sales by Chassis Springs amounted to MSEK 298.

For Chassis Springs, development has been strong in markets such as Germany, France, Great Britain and Russia as well as in a number of markets in Eastern Europe. For Industrial Springs, the efforts in acquisitions have continued during 2006. At mid-year, the British Spring company Harris Springs Ltd. was acquired, a manufacturer and seller of springs and strip components mainly for the British market. Sales amount to approximately MSEK 20 and Harris Springs has 18 employees. In addition, Lesjöfors acquired, together with two other industrial parties, the spring and sheet metal company Stece AB. This deal will allow Lesjöfors, during 2008, to buy out the springs operations, in which annual sales amount to approximately MSEK 60.

MARKET AND SALES

Lesjöfors is a customer-oriented service company meeting its customers' total requirement for springs, wire and flat strip components. Its geographical coverage is broad and currently, the company's products are sold in about 60 markets. The balanced supply of products and services contribute to decreasing the Group's economic vulnerability.

An important aspect of the customer orientation is the ability to supply specialised, as well as standardised, products for varying demands and applications. Within Lesjöfors, spring technology has always held a high priority. The basis for this technology is to develop and manufacture products that can meet the demands and conditions that every product should live up to. To achieve this high level of flexibility, Lesjöfors offers overall solutions and close cooperation with customers – from idea generation to construction and manufacture to following service and support. Specialised customer-specific products account for approximately 60 percent of total sales.

Besides specialised customer-specific products, Lesjöfors works with so called proprietary concepts which include unique product programmes. These concepts account for the remaining third of sales. Lesjöfors strives to increase that percentage. This is primarily because these proprietary concepts provide Lesjöfors with strong competitive advantages and make the Group less vulnerable to fluctuations in demand. Through these products, customers also receive a broad range of fully developed products with short lead times. At the same time, Lesjöfors can profile its own concepts better as quality, service and logistics become a more clear aspect of the offer.

In the Nordic Region and in main markets such as Germany and Great Britain, sales are handled by the company's own sales companies. Possessing its own infrastructure in marketing and sales strengthens the company's positions

on these markets. However, in most countries and regions Lesjöfors works through distributors. To constantly increase the number of distributors – and also increase sales by volume in the current network – is one of the most important goals within marketing and sales. The after-market for vehicles and telecom dominate the separate customer and market areas. These areas were responsible for 33 percent and 9 percent of total sales respectively during 2006. Other sales were aimed towards other segments within the manufacturing industry.

ORGANISATION – AN ACQUISITION FOCUS

Lesjöfors products are manufactured at 11 units in Sweden, Denmark, Finland, Great Britain, Latvia and China. A common factor for all units is that production is often based on small and medium-sized series, which increases the demands for flexibility and efficiency in manufacturing.

During 2006, a new unit was acquired in Great Britain – Harris Springs Ltd. Through this deal, Lesjöfors has been provided with access to local manufacturing in Great Britain, a necessity to further develop sales within the British market. Through investments in machinery, among others, Lesjöfors will broaden Harris Springs' operations with the objective of achieving high growth within Industrial Springs during the coming years. With the products that Lesjöfors' other factories offer, Harris Springs will, after the acquisition, be able to become a complete supplier within the area of springs. Following the end of the year, European Springs & Pressings Ltd has also been acquired. This makes Lesjöfors the largest spring company in Great Britain.

Production often relies on small or medium-sized series, which increase demands for flexibility and efficiency.

In September, Lesjöfors also acquired a part of the Swedish company Stece AB, aimed at sheet metal work and springs production. This will further strengthen Lesjöfors' range within light industrial springs. The deal is conducted in two stages and means that Lesjöfors, during 2008, will acquire the entire springs operations, which will then be run as a separate operating unit within the Group.

Acquisitions are a fundamental part of the growth strategy within Lesjöfors. During 2005 and 2006, a total of four acquisitions have been made and the future holds new structural deals. It is primarily Industrial Springs that will reach higher growth in this manner. The long-term objective is to become a strong global competitor within this area. This will be achieved through the kind of local acquisitions already made, combined with strong cooperation between the companies within the Group to supplement the product supply in the acquired companies. Together with the widening market coverage, the access to manufacturing in low-cost regions will contribute to strengthening the position within Industrial Springs. Currently, this market holds many smaller companies with a local or regional operation. Through the acquisition and growth strategy employed, Lesjöfors will actively contribute to an increased consolidation.

Quality and environment are two priority issues in Lesjöfors' operations. All producing units are certified in accordance with the new quality standard ISO 9001:2000 and six units in accordance with ISO 14001. In flat strip components in particular, international competition makes for an increased concentration of production to low-cost countries. For Lesjöfors, it is a matter of an ongoing adaptation of the production structure to the Latvian and Chinese facilities. The number of employees in low-cost countries has tripled to 88 since 2004 and this

development is expected to continue. The operations in these countries are an important complement to Lesjöfors. Through them, deals that, to various extents, need labour intensive production can be dealt with successfully. Many of the deals made during the year have also resulted in production in low-cost countries, as well as in the Nordic factories. As a part of the expansion, skills and competencies will be enhanced at the Chinese and Latvian facilities, which, in turn, will pave the way for new kinds of projects. In China, the company will also invest in increasing local sales even further. Lesjöfors' operations are divided into three categories:

- Industrial Springs
- Flat Strip Components
- Chassis Springs

A well-diversified customer structure is one of the strengths, contributing to increased diversification of risks.

Within each area of operation, the objective is to grow more than each market's average and become a leading player in all product areas in which the company acts. This will be achieved through acquisitions, organic growth in chosen segments, an increased number of products and increased geographical spread. Currently positions are already strong in many areas. For instance, in Chassis Springs Lesjöfors is today the largest player in Europe.

DEVELOPMENT BY BUSINESS AREA

Industrial Springs is focused on the manufacture, storage and distribution of standard springs and specialty products. Customers are offered specialty products for a wide variety of technological areas and a standard assortment of springs and other complementary products. Industrial Springs are used within almost every industrial sector, for instance the power, paper- and pulp industries, and within offshore, automation and infrastructure. Among the advantages are that the customer base is very varied, which increases the diversification of risks.

The most important competitive advantages in Industrial Springs are breadth of product range, high quality and a high level of service.

The breadth in the product range of stored standard springs and gas springs – a total of about 10 000 different articles – is distributed to the final customer within 24 hours. Sales are mainly conducted through our own product catalogue. Gas springs is a growing segment, in which Lesjöfors has strengthened its range after acquiring 20 percent of the South Korean Hanil Precision last year. Volumes have been increased on current markets in Scandinavia, but also in new countries in the rest of Europe. Growth prospects are still considered good and Lesjöfors will put a lot of effort into growing within the gas springs market in the future. During 2006, positions in the Industrial Springs market in the Nordic Countries were found to have strengthened. Lesjöfors is still the leading player on this market and Lesjöfors' market share is now about 40 percent. Sales of industrial springs in 2006 amounted to MSEK 380 (304).

Flat Strip Components is specialised in manufacturing flat strip components and leaf springs. The customers are primarily systems and component suppliers in telecom, electronics and in other industries.

Telecom is the most important segment, representing approximately 30 per cent of sales in 2006, in which customers mainly are manufacturers of mobile phones and systems suppliers.

Strengths within Flat Strip Components are access to qualified tool development, low-cost production, technological competence and high levels of quality and service.

Manufacturing has been rationalised in order to meet the increasingly tough competition within this area, and via this rationalisation, manufacturing in China has increased in importance. Establishing in China also strengthens the regional presence in a market in which many telecom customers also act. The facility in Latvia also contributes in strengthening competitive ability within Flat Strip Components. The total volume distributed from this facility increased during 2006. The large number of players in this market makes it hard to calculate the Group's market share within this field of operations. Sales of Flat Strip Components during 2006 amounted to MSEK 246 (222).

Chassis Springs is specialised in products in the after-market for passenger cars and light vehicles. The product line includes replacement springs, gas springs, light leaf springs and sport springs. The customers are distributors of automotive spare parts and are located in more than 50 markets, mainly in Europe. Approximately 20 per cent of sales takes place in Scandinavia, approximately 25 per cent in Eastern Europe and the remaining part in Western European markets. Lesjöfors has the market's broadest line of chassis springs manufactured in-house and TÜV-approved lowering kits manufactured for European and Asian automobiles.

Lesjöfors' share of the European market for chassis springs is estimated at 50 percent. The company's customers include retailers of spare parts for vehicles, located in more than 50 different countries.

The most important competitive advantages in Chassis Springs are in-house manufacturing, a broad line of springs, accessibility, service and efficient logistics.

The service rate is high, amounting to 98 per cent in 2006 in spite of increased volumes. Distribution is carried out from warehouse centres in Sweden, Germany and Great Britain. The gas springs assortment is intended especially for engine hoods and trunks and cover most of the European automobile fleet. In total, the European market share is estimated at about 50 per cent. Chassis Spring sales in 2006 amounted to MSEK 298 (236).

CUSTOMERS AND COMPETITORS - MORE OVERALL SOLUTIONS

The market for Industrial Springs and Flat Strip Components encompasses a variety of industrial sectors. This makes growth in these products highly dependent on the market development in, for example, manufacturing industries and telecom. Most of Lesjöfors sales are in the Nordic market. Among noted customers are companies like Danfoss, ABB, Bang & Olufsen and Volvo Trucks. Competitors are fragmented, with many smaller companies that aim towards a local range of customers. Among competitors in the Nordic market, companies like Spinova, Ewes, Meconet, Hagens Fjädrar and Stansefabriken are noteworthy.

By controlling the entire value chain within Chassis Springs, Lesjöfors ensures the power of its range.

Similar to Lesjöfors, several of these companies work with both wire and flat strip products. In the rest of the European market, competitors are also frequently smaller companies operating in a local market. The development is, however, towards more and more customers demanding full-range suppliers, with an overall responsibility for product needs and technological solutions. This development creates growth opportunities for Lesjöfors, one of few players with the ambition to be a full-range supplier. The active acquisition strategy - together with efforts in establishing manufacture in low-cost countries - helps Lesjöfors to realise this ambition.

In Chassis Springs, competition has increased during recent years and more players have realised the importance of more complete offers in the spare parts area— ranges in which chassis springs over time have become a natural part. The largest competitors are Suplex, K+F, Kayaba and Monroe. One advantage that Lesjöfors holds is that the company offers the market's broadest assortment of in-house manufactured and quality-ensured products. In contrast, most competitors lack their own production and quality control and buy different products from different suppliers. By controlling the entire value-chain, Lesjöfors makes sure that its range is competitive. The following areas are included:

- Design
- Manufacture
- Warehousing
- Logistics
- Service

Control of this chain is also one of the most important explanations as to why the company holds such a strong position on the European market.

MARKET DEVELOPMENT - GROWTH IN ALL AREAS

Demand in Industrial Springs and Flat Strip Components has developed positively during the year, mainly due to an improved economy in the workshop industry. Most industries have performed well. Investments in infrastructure within the power and telecom industries have contributed to a good development for Lesjöfors. The trend from previous years – in which customers are increasingly placing production facilities in low-cost countries – has increased further. For Lesjöfors, this has had its biggest impact in Flat Strip Components.

So far in this decade, the market in Chassis Springs has increased heavily, often by between 15 and 20 percent per year. This development was evident in 2006 as well and encompassed, as before, a large number of markets in Western and Eastern Europe. The growth is due largely to collaborations established with new distributors, but also through larger sales to existing customers.

The growth in Chassis Springs is also as high as it is because the so-called free after-market for spare parts is developing strongly in many countries. In recent years, this market has strengthened its position in a striking manner. Many suppliers have expanded their product lines in chassis springs and in other products. In Russia and Central and Eastern Europe, growth is favoured by the increase of European and Asian automobiles that is still occurring. Generally, this develop-

ment is also affected by the number of older cars, which is increasing in many countries, further fueling demand for spare parts.

QUALITY – EFFICIENT AND PROFITABLE PRODUCTION

All manufacturing units within Lesjöfors are quality certified in accordance with ISO 9001. The actual quality work is an integral part of Lesjöfors' system of operations, which helps management and control. The objective of this work is to secure profitable manufacturing in the Group's various units. To meet this objective, Lesjöfors starts from a number of key areas, for instance work structure, production flow, staffing, competence and level of usage of the machinery. Every area is followed up regularly and improvements are implemented gradually in order to improve quality in the collective effort. Lesjöfors also applies systematic internal and external benchmarking between different units to increase quality and efficiency. Most units and facilities are now integrated into the Group's joint business system. This platform enables communication concerning customer projects, products and services to flow more effectively. The right information at the right time also helps ongoing customer management. To further develop competence and awareness of employees is fundamental. Internally, the term entrepreneurship is used to increase the commitment to profitable production. Staff in the whole organisation is encouraged to submit ideas and suggestions to increase efficiency and quality. As the Group has a decentralised structure, decisions are made close to grass root level, which in turn stimulates the interest to affect and improve operations. The wide approach of entrepreneurship is also a contributing factor to the strong growth in Lesjöfors.

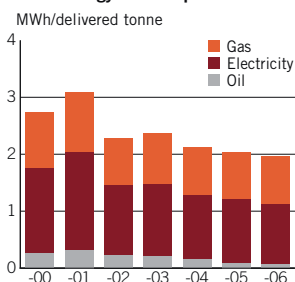
ENVIRONMENT – MORE UNITS ARE CERTIFIED

Lesjöfors has production at eleven units. Six of these are environmentally certified in accordance with ISO 14001. The Danish subsidiary has been environmentally approved by the local municipality. Work is in progress for the certification of two more factories during 2007. The Group's environmental objectives are based on the environmental aspects identified as significant for each respective unit. To reduce environmental impact during 2006, the following objectives have been at issue: material waste, waste disposals, transport, power consumption and a decrease of the number of chemicals used. The units are C class facilities, which means that they have a relatively low environmental impact. Lesjöfors Flat Strip Components in Värnamo, Sweden has, however, a so-called B class facility since 1998 and is encompassed by an environmental licence from the county administrative board. Waste is sorted into between five to seven fractions at the different factories. The largest composite fractions are wet grinding waste, waste disposal and recycled raw material. Resource usage is a priority for all units within Lesjöfors AB. All units work actively to decrease material waste arising in production. Disposed raw materials are recycled to 100 percent.

PERSONNEL – INCREASE IN LOW-COST COUNTRIES

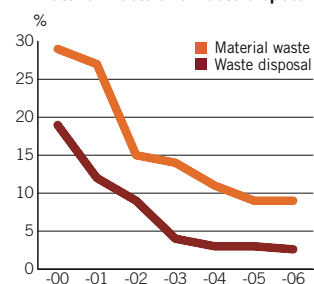
The number of employees was 578 (531), an increase of 47. Of these, 15 come from the acquired Harris Springs Ltd. In the low-cost countries China and

Total energy consumption



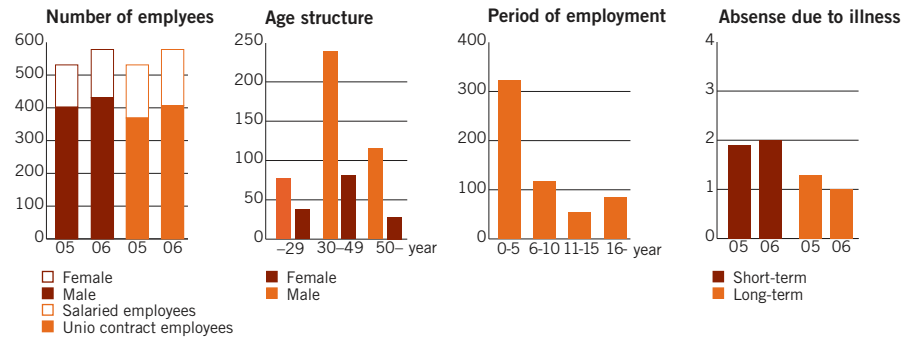
The aim is to decrease power consumption within Lesjöfors. The company compares this consumption with how many kilos of produced articles are delivered during the year. Electricity, gas and oil are the most commonly used sources of power.

Material waste and waste disposal



Within material waste and waste disposal, measures are constantly taken to decrease environmental impact. Material waste is sorted into different fraction and recycled. Lesjöfors compares material waste and waste disposal with the number of kilos of produced articles delivered every year.

Latvia, the number of employees has increased by 25. Absence due to illness is relatively low, amongst other things due to the fact that the operations are conducted in smaller production units. Age dispersion and time of employment are largely unchanged.



Key financial indicators, Mkr

	2006	2005	2004	2003	2002
Net revenues	923.4	762.8	673.4	572.3	546.4
Cost of goods sold	-552.3	-473.3	-431.9	-382.0	-361.6
Gross profit	371.1	289.5	241.5	190.3	184.8
Selling expenses	-87.0	-91.0	-83.0	-81.4	-80.6
Administrative expenses	-62.0	-54.5	-48.3	-48.6	-51.8
Operating income	222.1	144.0	110.2	60.3	52.4
Operating margin, %	24.0	18.9	16.4	10.5	9.6
Net financial items	-0.4	-0.7	-2.2	-4.1	-6.3
Profit after financial items	221.7	143.3	108.0	56.2	46.1
Of which depreciation and amortisation	43.0	39.3	42.7	43.2	43.9
Capital expenditures not including corporate acquisitions	52.3	34.9	31.2	47.0	13.3
Return on capital employed, %	51	35	32	17	13
Average number of employees	578	531	429	423	434



"The operator in the centre" is a key concept in Lesjöfors. It means that, by and large, it is the operator's demands and needs that control the work of increasing efficiency in production. They have a deep knowledge of production processes and, therefore, also of the possibilities for improvement.

FOCAL POINT

Executive power in the centre of events

Produce and sell – resources, competence and executive power are gathered around these two fundamental processes in Lesjöfors. The constant focus on these areas has paved the way for competitiveness and growth, in which a short chain of command and a businesslike mentality are natural components

Lesjöfors today consists of around twenty production units. It is also a group of companies in which a short chain of command and decentralisation are far advanced. There is no large headquarters with a variety of services and functions. On the contrary, central functions have been kept to a minimum and are often located within the producing companies. The idea is to move knowledge and executive power to where »the action really is« as we say in Lesjöfors.

The Operator in focus

– Our corporate philosophy comes from a simple question – what are we actually doing? The answer is that we are producing and selling products. So, these become our most important processes, says Kjell-Arne Lindbäck, CEO of Lesjöfors AB. Our efforts are focused on internal competence, the ability to meet customer needs, result orientation and communication to develop the main goal – to sell and deliver products and services to satisfied customers with good profitability.

– Internally, we also talk about having »the operator in focus«, that is to match their demands and needs to a high degree and to create efficiency in production, he continues. Staff in core processes know this and thereby are also aware of the possibilities for improvement. The proximity between management and co-workers – where we utilise the staffs' knowledge – is another important success factor for us.

This makes a short chain of command, with shared responsi-

bility and a clear focus upon results into important corner stones. To achieve this, as many areas as possible have been transformed into separate profit centres. They are managed and reviewed through shared key ratios and everything is tied together through a joint business system with a number of custom solutions that provide both a general view and detailed information.

Taking care of the details

– Being able to observe all profit centres on a detailed level provides many advantages, especially when it comes to improvements and increased efficiency, Kjell-Arne Lindbäck stresses. We have examples of companies within Lesjöfors that, in total, have delivered good results, but where we have found large possibilities for improvements when every profit centre has been analysed separately.

The aim is for everyone in the company to think and act in a businesslike manner. The operator must gain knowledge of the conditions of the business in order to appraise and make the connection when things do not go according to plan. Through focusing on deviations, total efficiency will gradually improve. The operators also contribute to better estimates and suggestions that will improve profitability in production.

– A lot is really about encouraging initiatives and the will to do things, he points out. This means that you sometimes make mistakes, but that does not matter much, because if you don't dare to make mistakes, you won't dare to do anything at all.

– IT is an important condition for us to be able to keep our small chain of command even as we grow organically and through acquisitions, Kjell-Arne Lindbäck concludes. IT is the tool that provides a better overview over both details and the whole picture, which in turn helps delegation and higher quality in decision making. ■



Quality control at the Söderfors plant, where an employee examines the shielding braiding and tin-plating of Flexiform - one of Habia's most important cable products within telecom.

HABIA CABLE AB

A world leader in cable solutions

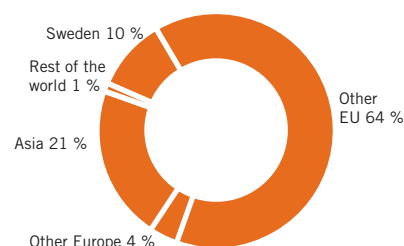
Habia Cable works with cables and cable systems for demanding applications. Operations comprise development, manufacture and sales. The company is one of Europe's largest manufacturers of specialty cable. The products are predominantly used within telecommunications, nuclear power, defence and other industrial applications. The most important competitive advantages are high levels of technical competence and service. Customer service work is handled via the global sales organisation.

Global market coverage is – combined with customer-specific niche products – the fundamental strategy paving the way for profitability and volume. The total proportion of customer-specific products is high and amounts to approximately 90 percent. Habia's products are sold in approximately 25 markets, the largest being Germany, China, Great Britain and Sweden. Approximately 90 percent of production is sold outside of Sweden. Telecommunications is still the largest business area, accounting for 40 percent of revenues in 2006.

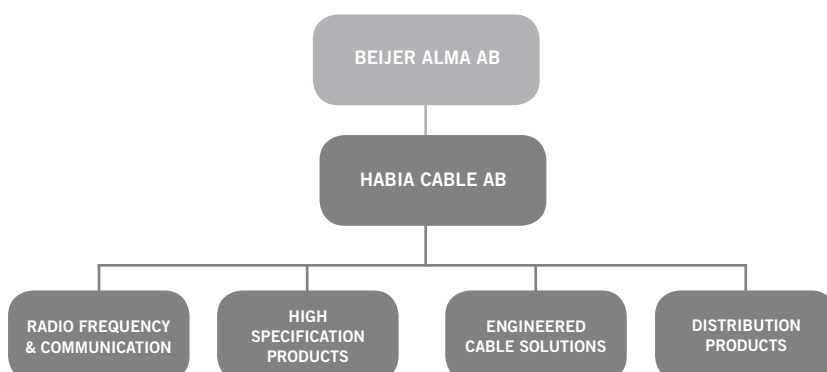
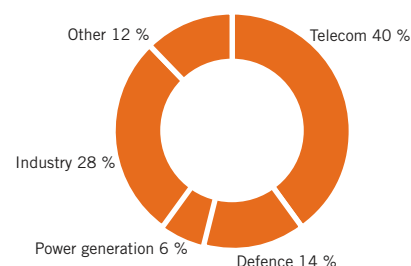
2006 SUMMARY

- Growth and improved margins within industry and defence products.
- Weak telecom market in the USA and China
- Launch of a new generation of antenna cables with improved characteristics
- Global increases in the price of copper led to a large increase in expenses

Geographical division of total invoicing



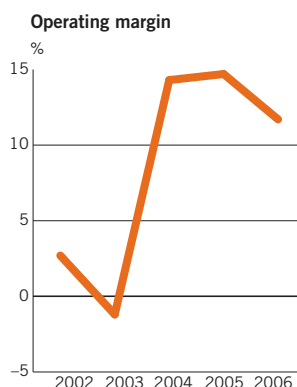
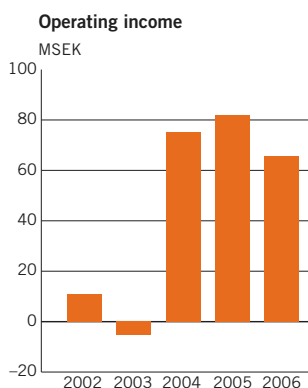
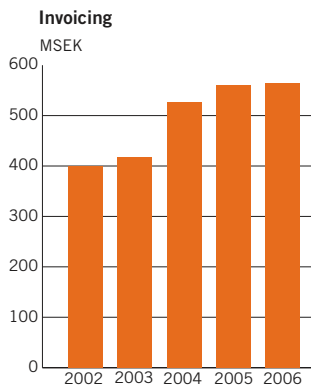
Invoicing to different lines of business



During the year, Habia's four business areas have been redefined. The new division is based on customer needs and enables service, resources and competence to be more efficiently adjusted to the respective customers and markets.



Johan Vinberg, CEO, Habia Cable AB



DEVELOPMENTS DURING 2006

Habia's invoicing amounted to MSEK 564 (560) during 2006. Operating income was MSEK 65.8 (82.1) and profit after financial items was MSEK 63.0 (78.0). Sales development has been stable. However, in the important telecom industry, downwards pressure on prices continued to be heavy. In order to safeguard competitiveness, an increasing portion of the refinement work is being outsourced to low-cost countries. At the beginning of December, a new factory was opened in China. In this expansive market, Habia's sales amounted to approximately MSEK 100 during 2006, which translates to a doubling over three years.

MARKET AND SALES – A SUCCESSFUL NICHE PLAYER

Habia is positioned as a niche player on the global cable market, and the competitiveness of this niche is built on customer-specific cables and cable systems. In order to achieve sufficient sales volumes, the company has its own marketing organisation with approximately 60 employees in 13 countries in Europe and Asia. These specialists target the approximately 200 largest customers, which account for approximately 80 percent of Habia's revenues. As a part of the global organisation, the company's products are sold by agents and distributors in an additional 15 markets.

Markets which have developed well during 2006 are the Benelux countries and Finland. The largest increase in volume has taken place in South Korea, which is Habia's fifth largest market today. Increasing volumes are also being re-exported from the Chinese market, mostly to the USA and countries such as India and Thailand.

Operations are divided into four business areas:

- Radio Frequency and Communication
- High Specification Products
- Engineered Cable Solutions
- Distribution Products

DEVELOPMENT BY BUSINESS AREA – TELECOM DOMINATES

Radio Frequency & Communication (RF & Communication), Habia's largest business area, is focused on mobile communications. The largest product area is cables for antennas for base stations. The total market for this type of cable is valued at approximately MSEK 500. Within mobile telecom, Habia has a world-leading position and the company's products are sold to most antenna manufacturers on the world market. The largest and most well-known cable product is Flexiform.

The most important competitive advantages within RF & Communication are high technical competence, cost effective production and a flexible service organisation.

A fundamental driving force within this business area is the use of mobile telephones. This currently comprises approximately 2 billion subscribers, which is a doubling since 2002. RF & Communication is active within 25 different markets, and sales decreased with 11 percent during 2006, as compared to the very

strong figures for 2005. The main reason for this decrease is the lower demand in the US market. Habia's largest markets during 2006 were Germany, China and Finland. Competition continues to be stiff with a consequent downwards price pressure, which negatively affects Habia's margins.

At present, approximately 75 percent of all mobile subscribers still use GSM technology. However, the existing expansion of 3G favours Habia. The reason for this is that 3G antennas are often of dual or triple-band type requiring significantly more cable per antenna. During 2006, business area RF & Communication accounted for 40 percent of Habia's revenue.

High Specification Products (HSP) focuses on products that are manufactured according to common, international standards. This includes cables for segments such as defence, nuclear power, space, aircraft and rail. Habia's most important product areas are nuclear power and defence, in which cables for ships and weapons systems are the dominating products. One of the company's profile products is so called light ship cables, constructed to decrease the total weight in the end users' applications. HSP often entails complex projects which demand large efforts within both product development and sales.

The chief strengths within HSP are technical knowledge, the ability to reach rapid decisions and flexible production.

Sales are focused on selected countries in Asia, as well as in Europe, where the Nordic countries, Great Britain, the Netherlands, and France currently constitute the largest markets. During 2006, sales development was also strong in South Korea.

Within the nuclear power industry, the global market for control cable is valued at approximately MSEK 300, with Habia's market share estimated at approximately 5 percent. In Europe, the market for cables of the type Habia delivers to defence projects is estimated at SEK 1.5 billion with Habia's market share being 7 percent. During 2006, HSP accounted for 20 percent of Habia's revenue.

Within High Specification Products, the most important product areas are nuclear power and defence, where cables for ships and weapons systems dominate.

Engineered Cable Solutions (ECS) focuses on cables specifically manufactured and adapted to the customer's own specifications. Volumes are often small and the production technologically intense. The cables are primarily used for power generation - for example gas turbines and diesel technology - but also for hand tools, offshore, medicine and petroleum.

Among the competitive advantages within ECS are customer adapted construction and cable design, quick and flexible production and high service and delivery precision.

The most important geographical market is Western Europe, in particular Great Britain, Scandinavia, France and Germany. During 2006, ECS accounted for 28 percent of the company's revenues.

Distribution Products focuses on standard products which are sold in relatively small volumes to a large number of customers. The customers often order these products via catalogues or web sites, either directly from Habia or from one of

the company's distributors. Cables are used in surveying equipment, vehicles, rail, and lighting equipment, heating and domestic electrical goods.

The primary strengths of Distribution Products are efficient manufacture and logistics, as well as customer adapted sales channels.

The most important market is Germany, as well as the rest of Europe. The European market for this type of product is valued to approximately SEK 1 billion. Habia's share of the segment is assessed to be 8 percent. During 2006, Distribution products accounted for approximately 12 percent of Habia's revenues.

MARKET AND COMPETITORS – INCREASED CONSOLIDATION

The European cable market is estimated to generate revenue of approximately EUR 15 billion. Habia's main segment, specialty cable, is a lesser segment, estimated to generate approximately EUR 1 billion. In this segment, Habia's revenue amounts to approximately MEUR 50 which corresponds to a market share of approximately 5 percent. The cable market has a small number of global players today. The majority of Habia's competitors are small companies operating on local markets. In telecom, Habia's biggest competitors are Switzerland's Huber+Suhner, France's Nexans and the American companies Belden CDT and Harbour Industries. In the other business areas, the largest competitors are the USA's Tyco/Raychem, Belden CDT, W.L. Gore Wire and Cable and French Nexans.

Consolidation within the cable industry has been obvious during recent years, both among customers and competitors. This has resulted in fewer but larger players. These changes are simultaneously leading to increased competition, which also affects the specialty cable segment. Habia is meeting the tougher competition with constant initiatives in product development and increased efficiency in sales and production. For a number of years, the significance of manufacturing in low cost countries has increased. Habia's factories in China and Latvia contribute an ever larger portion of production volumes.

CONTINUOUSLY INCREASING EFFICIENCY

Increased costs of raw materials, in particular, have had a negative effect on Habia's margins. Specifically, the price of copper has increased significantly. The company's cost for this input good increased by 37 percent during 2006, an increase which could not be fully compensated by price increases of the company's products. However, by making operations at the factory in Söderfors more efficient, clear results have been produced, in turn strengthening competitiveness. The number of employees has also increased and totalled 396 at the end of 2006.

PRODUCTION – NEW FACTORY IN CHINA

Habia has production facilities in Söderfors, in Norderstedt in Germany, in Changzhou in China and in Liepaja in Latvia.

In December, the operations in Changzhou were moved to a new factory, which meets the requirements that have arisen in relation to the increased production in China. In addition to this, an increasing proportion of Habia's pro-

For a number of years now, production in low-cost countries has become increasingly important and Habia's plants in China and Latvia are responsible for an increasing portion of the production volumes.

duct refinement process is being moved to this facility, which means it must be able to facilitate more complex production processes. The facility in Latvia was opened in 2005. It focuses on manufacturing specialised cables, particularly applications that require a higher intensity of work.

The factory in Söderfors dominates the manufacturing process and accounts for approximately 55 percent of all production. Each year, around 3,000 types of cables are manufactured, and 90 percent of these relate to demanding applications. In addition to the high quality of the cables' leading capabilities, the protective coating of the cables must, for example, be able to withstand many environmental stresses such as nuclear radiation, chemicals, vibrations, wear, fire and water. Other important properties are the weight of the cable and its elasticity. Habia's production philosophy is based on the following:

- Accessibility
- Service
- Delivery security
- Customer adaptation

Production is, to a high degree, customer driven. Work is performed in a decentralised organisation. This creates a high degree of accessibility in which technicians and sales engineers – via the global organisation – are always close to customers and able to meet their demands and needs.

Work with Habia Production Systems (HPS) has continued during the year. This is a programme for continued efficiency within the manufacturing department that was established in 2005. Its purpose is to strengthen the competitiveness of the company. In the first phase, the facility in Söderfors has begun to work with HPS. The introduction of HPS to Habia's German factory was also initiated during the late autumn of 2006.

PRODUCT DEVELOPMENT – INCREASED EFFICIENCY

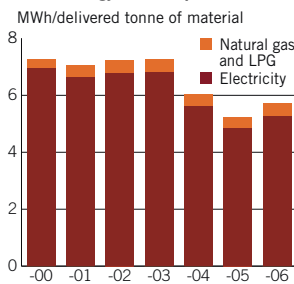
Every year, Habia develops approximately 1,000 new designs and approximately 2 percent of yearly revenues are invested in product development. During 2006, part of product development was moved to the new headquarter premises in Stockholm. Efficiency has thereby been increased mainly due to the fact that product development is now in close proximity to the marketing and sales departments and general business management. In addition to this, the company also maintains a product development department in Söderfors. The greatest aim of product development is to develop telecom and defence products.

Every year, Habia develops approximately 1,000 new designs and approximately 2 percent of yearly revenues are invested in product development.

QUALITY – CLEAR IMPROVEMENTS

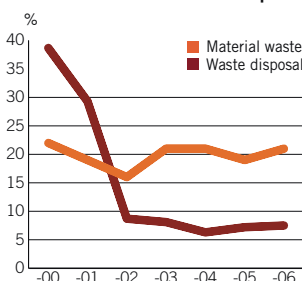
All of Habia's production facilities are certified in accordance with ISO 9000. Furthermore, a separate quality control system developed by AECMA known as EN9100 is utilised. The AECMA is the military aviation and air force industry's interest group. Quality is also an integral part of Habia Production Systems. Due to efficiency improvements in 2006, the so called scrap frequency has been reduced by 15 percent. Another clear improvement is that Habia has successfully been able to reduce the number of customer complaints by approximately 20 percent.

Total energy consumption



The energy sources used in the company's production units are electricity, LPG and natural gas. One of the environmental targets for 2007 is to reduce the consumption of electricity.

Material waste and waste disposal



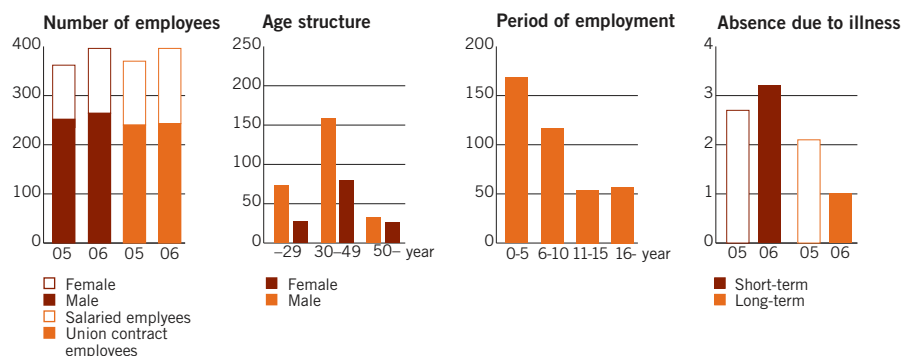
The company actively works for a higher degree of material use and reduced material waste. Recycling in Söderfors is well developed. Since 2002, no waste has ended up in landfill.

ENVIRONMENT – UPDATED CERTIFICATION

Since 2000, Habia's Swedish operations have been certified in accordance with ISO 14001 and have been updated in accordance with the latest version during 2006. Corporate management determines overall environmental goals based on significant environmental aspects. The goals are then specified and assigned to their respective production and process areas. As cable production normally has a low impact on the environment, environmental work is focused on improved energy exchange in the production processes and on improved use of materials. Habia in Söderfors has a production permit issued by the County Administrative Board. The other factories are currently not required to have the same kind of permit. At the plant in Söderfors, the recycling process is well constructed and includes many different fractions. All waste is recycled. In the other factories, plastics and metal waste from the production is recycled.

PERSONNEL – LESS ABSENCE RELATED TO ILLNESS

The number of employees has increased by 26 people to a total of 396. In the low-cost countries, China and Latvia, the increase is 16 people. The total absence related to illness decreased during 2006.



Key financial indicators, MSEK

	2006	2005	2004	2003	2002
Net revenues	564.0	559.6	527.0	416.8	400.6
Cost of goods sold	-372.1	-362.8	-338.6	-310.9	-277.1
Gross profit	191.9	196.8	188.4	105.9	123.5
Selling expenses	-77.9	-72.9	-72.6	-73.7	-77.5
Administrative expenses	-36.3	-32.4	-33.2	-29.9	-26.4
Product development	-11.9	-9.4	-7.5	-7.5	-8.6
Operating income	65.8	82.1	75.1	-5.2	10.9
Operating margin, %	11.7	14.7	14.3	-1.2	2.7
Net financial items	-2.8	-4.1	-5.6	-8.2	-10.6
Profit after financial items	63.0	78.0	69.5	-13.4	0.4
Of which depreciation and amortisation	25.2	24.4	24.5	31.7	28.5
Capital expenditures	18.7	10.9	13.7	3.9	3.1
Return on capital employed, %	27	33	28	neg	3
Average number of employees	396	370	369	349	366



The fast growth rate is changing the conditions in Habia's Chinese operations. In December, the company moved to new and better suited premises. It was the third move in five years in China. The new property is 4,500 square metres in area and has been customised for Habia's needs.

FOCAL POINT

Habia expands in China

China is a fast-growing market for Habia. Since establishing there in 2000, sales have increased by an average of 20-30 percent on average per year. However, not only the sales have grown. During 2006, the company also grew out of its old premises. A new state of the art factory began operations in December. This factory can also accommodate a continued expansion on the Chinese market.

Habia has had its own operations in China for just over five years. The cable products are primarily sold to customers within the telecom sector, but other business areas within Habia are successively beginning to find sales possibilities in China.

– We moved here in the first place in order to get closer to our customers on the Chinese market. We can therefore offer high availability to our telecom customers in the region today.

Our establishment is different from many other western companies who have “only” placed production in China in order to keep costs low, says Johan Vinberg, CEO for Habia Cable.

Lately, China has even become a centre for growing export sales, primarily cable products to the USA but also to countries such as India, South Korea and Thailand.

– There are a number of things that make China attractive to us. The country's infrastructure is well developed, the labour costs are competitive and employees are well educated, says Johan Vinberg. The cost aspect is naturally important since the pressure of prices on the telecom market is tough.

Since the start, Habia has had operations in Changzhou in the south-eastern part of the country and the first cable delivery was made in autumn 2000. Expansion has been extensive during recent periods. Sales have increased by an average of 20-30 percent per year and amounted to approximately MSEK 100 in 2006.

– New products are successively being moved to the plant in Changzhou and, at the same time, refinement in the products produced there is increasing, says Johan Vinberg. This is due to, among other things, the customers' demand for telecom cables that are more complex and where more of the refinement is undertaken by ourselves, the cable suppliers.

Premises suited for the purpose

This fast growth has also changed the conditions of our operations. In December, the company moved into new and better adapted premises. It was the third move in five years. The new property is 4,500 square metres and is customised for Habia's needs and was erected in just six months. Currently, the operations employ about 70 staff, and the number of employees is expected to grow even further during 2007.

– Our Chinese operations are now becoming more modern and the premises are well adapted, and can handle a continual increase in production volumes. We will also be able to handle the new and more technically advanced products which will begin to be produced in Changzhou during 2007, says Johan Vinberg. ■

Administration report

The Board of Directors and the President of Beijer Alma AB (publ) hereby submit the Company's Administration Report and Annual Accounts for the 2006 financial year, its twenty-fourth year in operation.

WORK OF THE BOARD OF DIRECTORS AND MANAGEMENT OF THE GROUP

The management of the Beijer Alma Group is affected by the decisions taken in different corporate organs. At the Annual General Meeting, shareholders exercise their voting rights in various issues, including appointment of directors and, when relevant, auditors at the suggestion of the Nomination Committee.

Beijer Alma is currently not covered by the Code for Corporate Governance, but intends to gradually, and in all essential aspects, implement the Code's body of regulations.

According to its Articles of Incorporation, Beijer Alma's Board of Directors shall consist of not less than seven and not more than ten regular members and not more than two alternates elected by the Annual General Meeting. The Board of Directors currently consists of seven regular members and one alternate. The Company's President and Chief Executive Officer is an alternate member of the Board of Directors. Other officers in the Group also participate in the meetings of the Board of Directors as reporters. The minutes of the Board of Directors are taken by independent legal counsel. The Board of Directors was re-elected in its entirety at the regularly scheduled Annual General Meeting held in 2006. The composition of the Board of Directors is shown in Note 2. Among members of the Board of Directors, Anders Wall and Johan Wall represent owners controlling more than ten percent of the shares and votes. Thomas Halvorsen and Göran W Hultgren have been members of the Board of Directors for more than twelve years, and are, therefore, not independent of the Company according to the definition stipulated in the Code. Members Anders G. Carlberg, Marianne Nivert and Johan Norman are independent of the Company and of the major shareholders.

The Board of Directors is responsible for the long-term development and strategy of the Group, as well as for the continuous evaluation and control of operations within the Group. The Board of Directors decides in issues regarding the overall organisation of the Group, and appoints the Chief Executive Officer of Beijer Alma AB, as well as the President of the Group. The President is responsible for the daily operations and control of these, and the chief executives of the Group's subsidiaries report to the President. Each subsidiary has a board of directors with the President as chairman. Employee representatives, and in some cases external members, are included in the boards of directors of the subsidiaries.

In order for the Board of Directors to perform its duties in a satisfactory manner, it is important that the Board of Directors has at its disposal relevant and current information on the development in and performance of each of the Group's companies. This has been arranged in a manner whereby the Board of Directors receives on a monthly basis a report in a format determined by the Board of Directors. This report

contains, among other things, an account of important events and trends regarding order bookings, invoicing, earnings, cash flow, financial position and the number of employees in the Group and the individual subsidiaries. The report also includes three, six and twelve month trends for order bookings, invoicing, and contribution margin. These trend diagrams quickly react to changes and provide early-warning signals.

During 2006, the Board of Directors held nine meetings at which Minutes were taken. All members were present at four of these meetings, whilst, at five of the meetings, one of the members reported another engagement. The Board of Directors has adopted written rules of procedure for its work and written instructions for its President. These documents are revised annually. The rules of procedure for the Board of Directors include rules regarding the number of meetings to be held and the issues to be dealt with. The written instructions for the President include the allocation of responsibilities between the Board of Directors and the President and regulations governing the President's authority. There are corresponding rules of procedure for the boards of directors of the subsidiaries and instructions in writing for the chief executives. For the subsidiaries, there are also a number of policies and instructions governing operations with respect to, for instance, IT, the environment, quality, equality and authorisation routines. Subsidiary instructions for the President stipulate that the U.N.'s and the O.E.C.D.'s "The Ten Principles" shall be followed. "The Ten Principles" deal with issues such as human rights, child labour, forced labour, environment and corruption.

In addition to leading the work of the Board of Directors, the Chairman of the Board shall uphold continuous contact with the President, in order to continuously discuss current operations and to ensure that the decisions of the Board of Directors are being executed. Together with the President, the Chairman of the Board of Directors prepares strategic questions and participates in the recruitment of key personnel according to the so called "grandfather principle". If needed, the Chairman of the Board participates in important external business contacts, in order, for example, to support the export sales of the subsidiaries. The Chairman of the Board represents the Company in matters of ownership. The Chairman of the Board is also responsible for the yearly evaluation of the work of the Board of Directors. This evaluation is performed on the basis of surveys addressed to the respective members of the Board and is followed up with an interview between the Chairman and the individual members of the Board of Directors. This evaluation is then presented to the Nomination Committee.

Against the background of the positive development in the Group's companies, the focus of the Board of Directors during 2006 was on strategies for continued growth. Particular scrutiny has been devoted to the acquisition possibilities of Lesjöfors. Price trends regarding production elements, predominantly copper which is important to Habia, have been closely monitored, as have price trends regarding Company products. Issues concerning the business cycle and exchange rate trends, investments, corporate acquisitions and corporate sales have

also been dealt with. Two of the meetings of the Board of Directors were held at subsidiaries in Denmark and China, in combination with workplace tours and presentations by local management. In China, seminars were also arranged in which staff from the Swedish Embassy, the Swedish Trade Council and banks participated and provided information on the increasingly important Chinese market. The meeting of the Board of Directors in China dealt primarily with strategic issues.

Beijer Alma's auditors personally report to the Board of Directors at least twice a year on their findings from their examination and as regards their assessment of the Group's internal control procedures. In addition hereto, the auditors provide information on developments in the accounting area and the manner in which these affect Beijer Alma.

NOMINATION COMMITTEE

The Annual General Meeting 2006 resolved to appoint a minimum of three representatives for the major owners, who are not directors, together with the Chairman of the Board and also principal owner, Anders Wall, and Director Thomas Halvorsen, to work out proposals for the composition of the Board of Directors, the appointment of a Chairman of the Board of Directors and the Chairman of the Annual General Meeting, and for directors' fees. This proposal will be put before the Annual General Meeting 2007. In consultation, a group of the Company's major owners has appointed Caroline af Ugglas, Livförsäkrings AB Skandia, Jan Andersson, Swedbank Robur Fonder and Ulf Hedlundh, Svolder AB, to participate in this work.

COMPENSATION ISSUES

Within the Board of Directors, Anders Wall and Thomas Halvorsen have been appointed to prepare a proposal regarding compensation to the chief executive, retirement benefits and other compensation. They are to also prepare issues regarding bonus programmes for members of senior management of the Group. Decisions in these issues are taken by the Board of Directors. Compensation principles, levels of compensation, terms of employment, etc. are set forth in Note 1.

There are no special committees or councils, in addition to the Nomination Committee and the informal group for preparing compensation issues. All matters and issues are, thus, dealt with by the Board of Directors in its entirety. However, individual matters may be referred to a temporary committee formed for the purpose of addressing the issue concerned.

REVENUES AND RESULT

Group

In 2005, market demand was good during the second half of the year, following which it tapered off gradually during the spring of 2006. After the summer of 2006, order bookings improved, and, during the autumn, demand was good. These swings in demand can largely be explained by the telecom sector, whose orders are considerably more volatile than that of other customer groups. Demand from other customer groups has been good, especially for Lesjöfors business area, Chassis Springs, which displayed the highest rate of growth.

In the aggregate, this means that order bookings during 2006 amounted to MSEK 1,508 (1,331), an increase of 13 percent. Net revenues rose by 12 percent to MSEK 1,488 (1,323). The proportion of international sales was 79 percent (77).

Operating income was MSEK 268.4 (206.7) and the operating margin was 18.0 percent (15.6). Profit after financial items amounted to MSEK 262.2 (199.8). This is equivalent to

earnings per share after standard taxes of SEK 6.88 (5.25).

Elimag AB was sold during the second quarter. In accordance with the accounting rules in force, revenue and costs derived from Elimag are not included in the consolidated income statement for 2006 or 2005. The sale of Elimag gave rise to a capital loss of MSEK 37.3. During 2005, AB Stafsjö Bruk was sold with a capital gain of MSEK 31.1. The reported profit 2006, including the capital losses, amounted to MSEK 152.5. During 2005, the reported profit, including capital gains, amounted to MSEK 176.1.

Profit/loss before taxes was affected in the amount of MSEK -1.4 (10.1) as a consequence of changed foreign exchange rates.

The Group's performance over the past five years is shown below:

MSEK	2006	2005	2004	2003	2002
Net revenues	1,487.8	1,323.0	1,201.6	1,154.0	1,113.0
Profit after net financial items	262.2	199.8	155.0	18.0	-95.1
Reported result	152.5	176.1	127.2	7.5	-84.0
Shareholders' equity	747.8	708.9	566.4	451.7	458.3
Balance sheet total	1,218.4	1,180.1	1,118.8	1,126.8	1,176.5

Subsidiaries

Lesjöfors, a full range supplier of standard and specially produced industrial springs and wire and flat strip components, increased order bookings by 21.3 percent to MSEK 925 (763). Total invoicing was MSEK 923 (763), an increase by 21.0 percent. In comparable units, order bookings increased by 14.4 percent and invoicing by 14.2 percent. Lesjöfors' growth has occurred under good cost-control, which substantially improved margins. Operating income amounted to MSEK 222.1 (144.0) and profit after financial items was MSEK 221.7. (143.3).

Habia Cable, a manufacturer of specialty cable, increased order bookings by 2.4 percent to MSEK 583 (569). Invoicing increased by 0.8 percent and reached MSEK 564 (560). Habia has encountered price cuts in the telecom sector, its largest business area. This has resulted, in combination with the difficulties in fully compensating the increased price of copper, which is an important input commodity, in deteriorating margins during the year. Operating income amounted to MSEK 65.8 (82.1) and profit after financial items amounted to MSEK 63.0 (78.0).

Elimag was sold during the year and profit is reported as Net result in discontinued operations.

Parent Company

The Parent Company is engaged primarily in owning and managing shares and participations in subsidiaries and associated companies, and in being responsible for certain Group-wide functions. The company, which has no external sales, reports a profit after financial items of MSEK 34.5 (51.2). This result includes dividends from Group companies in an amount of MSEK 95.5 (44.0) and write-downs in conjunction with the sale of Elimag amounting to MSEK -38.3. The reported profit was MSEK 40.6 (56.9).

CAPITAL EXPENDITURES

Capital expenditures in tangible fixed assets amounted to MSEK 71 (48), which can be compared to depreciation of MSEK 69 (65). More than 70 percent of the investments were made in the Lesjöfors Group. The value of fixed assets increased by

MSEK 7.5 through Lesjöfors' acquisition of Harris Springs. Investments in shares in associated companies were made by Lesjöfors when it acquired 33 percent of the shares outstanding in Stece AB in Småland for MSEK 9.1.

RESEARCH AND DEVELOPMENT

The Group conducts no research and development activities, and the costs for product development are not of significant importance to the business. The majority of the costs are for order-related development and are borne by each respective order.

CASH FLOW, LIQUIDITY AND FINANCING

The strong earnings and controlled development of working capital generated a cash flow after capital expenditures of MSEK 121 (143). The sale of Elimag affected the cash flow for the year negatively by MSEK 8, while the sale of Stafsjö affected the cash flow for the previous year positively with MSEK 73. Net interest-bearing liabilities, that is, interest-bearing liabilities less liquid funds, decreased by MSEK 50, which resulted in net cash of MSEK 7. Available liquidity, defined as liquid funds plus granted, but unutilised committed credit facilities, was MSEK 493 (474) at year-end.

The equity ratio at year-end was 61.4 percent (60.1). Interest-bearing net liabilities relative to shareholders' equity, that is, the net debt equity ratio, was -0.9 percent, implying a net cash position (6.1).

PROFITABILITY

The return on average capital employed was 30.0 percent (24.3). Average shareholders' equity yielded a return of 25.9 percent (22.6).

PERSONNEL

The number of employees was 980 (907), an increase of 73. Of this increase, 15 employees are with the acquired Harris Springs. At the Group's production units in the low-cost countries China and Latvia, the number of employees increased by 41 to 171 (130). In the other units, the net increase of personnel amounted to 15.

Of the employees, 507 (490) work in Sweden and 473 (417) in other countries.

OWNERSHIP SITUATION

During 2006, the number of shareholders in Beijer Alma increased by slightly more than 600 to approximately 3,500. The largest owner is Anders Wall and family and companies, with 13.6 percent of the capital and 41.0 percent of the votes. Other major owners in terms of proportion of capital are Livförsäkrings AB Skandia with 7.7 percent, Svolder Aktiebolag with 7.3 percent, Kjell & Märta Beijer's Foundation with 6.3 percent, Swedbank Robur Fonder with 5.6 percent, Anders Wall's Foundations with 4.9 percent, and Lannebo Fonder and Didner & Gerge Aktiefond with 4.7 percent and 4.6 percent, respectively. SEB Fonder decreased its holdings during the year by 1,468,000 shares.

ENVIRONMENT

Lesjöfors conducts manufacturing operations at eleven facilities, six of which are environmentally certified according to ISO 14001, and work is in progress to certify another two factories

during 2007. The majority of Lesjöfors' units are class C facilities, which implies a low-level environmental impact. An exception is Lesjöfors Banddetaljer in Värnamo, which is a class B facility, and therefore requires a permit from the County Administrative Board. The subsidiary in Denmark has received environmental approval from the local municipality.

Habia's Swedish business has been certified according to ISO 14001 since 2000, and the certification was updated in 2006 to reflect the new version of this standard. Habia has a production permit issued by the County Administrative Board for its factory in Söderfors. Habia's other facilities do not, at present, require corresponding permits from authorities.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

PROSPECTS FOR 2007

Overall conditions look good for the Group at the beginning of 2007. Habia's telecommunications business is somewhat weaker compared with the beginning of 2006, but this is compensated by the growth shown in other business areas. Furthermore, the effects of lower copper prices are beneficial for Habia, at the same time that the price increases implemented during the previous year are showing their full impact. Lesjöfors has shown growth at the beginning of this new financial year, primarily within its industrial springs operations.

PROPOSED ALLOCATION OF EARNINGS

The Board of Directors and the President propose that the funds available for distribution by the Annual General Meeting:

SEK thousand	
Retained earnings	77,082
Net result for the year	40,647
Total	117,729

be allocated as follows:

A dividend to the shareholders of SEK 4.00 per share	109,724
To be carried forward	8,005
Total	117,729

The dividend will be paid beginning on 5 April 2007.

STATEMENT OF THE BOARD OF DIRECTORS REGARDING THE PROPOSED DIVIDEND

After the proposed dividend, the Parent Company's equity ratio stands at 54 percent and the Group's equity ratio stands at 52 percent. The equity ratio is adequate against the background of the fact that the Company and the Group continue to operate profitably. It is believed that the Group's liquid position can be maintained at a continued adequate level.

In the opinion of the Board of Directors, the proposed dividend will not threaten the ability of the Parent Company or the other Group companies to fulfil their obligations on a short-term or long-term basis, nor will it prevent any company from making necessary capital investments. The proposed dividend can therefore be defended with regard to the provisions in the Swedish Companies Act, Chapter 17, §3, points 2-3 (the prudence rule).

Income statements

Amounts in SEK thousand

	Note	Group		Parent Company	
		2006	2005	2006	2005
Net revenues	3,4	1,487,754	1,323,030	-	-
Cost of goods sold	1,5,7,8	-924,559	-835,729	-	-
Gross result		563,195	487,301	-	-
Selling expenses	1,5,7,8	-164,863	-163,981	-	-
Administrative expenses	1,5,7,8	-130,932	-116,351	-32,200	-31,320
Other operating revenues		-	-	12,807	12,226
Revenue from shares in associated companies	6	956	-223	-	-
Operating income	7,8	268,356	206,746	-19,393	-19,094
Revenue from shares in Group companies	9	-	-	57,167	72,646
Interest income		2,986	1,724	115	22
Interest expense		-9,171	-8,618	-3,378	-2,325
Profit after financial items		262,171	199,852	34,511	51,249
Taxes on the year's result	10	-72,400	-57,988	6,136	5,608
Net result in continuing operations		189,771	141,864	40,647	56,857
Net result in discontinued operations	11	-37,277	34,189	-	-
Net result for the year		152,494	176,053	40,647	56,857
Earnings per share in continuing	12				
- without dilution, SEK		6.92	5.17		
- fully diluted basis, SEK		6.92	5.17		
Earnings per share in discontinued operations					
- without dilution, SEK		-1.36	1.25		
- fully diluted basis, SEK		-1.36	1.25		
Net result for the year					
- without dilution, SEK		5.56	6.42		
- fully diluted basis, SEK		5.56	6.42		
Proposed/declared dividend per share, SEK				4.00	3.67

Balance sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
ASSETS					
Non-current assets					
<i>Intangible assets</i>					
Goodwill	13	70,432	72,701	-	-
<i>Tangible fixed assets</i>					
Land and land improvements	14	17,810	16,323	-	-
Buildings	15	159,225	168,861	-	-
Plant and machinery	16	201,692	222,647	-	-
Equipment tools, fixtures and fittings	17	29,454	35,632	255	231
<i>Financial assets</i>					
Deferred tax claims	18	2,196	4,930	-	-
Other long-term receivables		1,431	1,004	-	-
Other securities	19	19,140	16,686	19,081	16,625
Shares in associated companies	20	25,462	19,662	-	-
Shares in Group companies	21	-	-	217,216	217,292
Total non-current assets		526,842	558,446	236,552	234,148
Current assets					
Inventories	22	245,085	222,497	-	-
<i>Receivables</i>					
Accounts receivable	23	233,353	244,467	-	-
Receivables with Group companies		-	-	293,179	227,608
Other receivables	24	10,646	17,050	1,506	204
Prepaid expenses and accrued income	25	11,312	13,281	940	748
Cash and cash equivalents		191,128	124,391	48	295
Total current assets		691,524	621,686	295,673	228,855
TOTAL ASSETS		1,218,366	1,180,132	532,225	463,003

Balance sheets

Amounts in SEK thousand

	Note	Group		Parent Company	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	26				
Share capital		114,296	114,296		
Other contributed capital		165,351	165,351		
Reserves		-8,007	5,004		
Retained earnings including net result for the year		476,161	424,248		
Total shareholders' equity		747,801	708,899		
Share capital				114,296	114,296
Legal reserve				165,351	165,351
Total restricted equity				279,647	279,647
Retained earnings				77,082	61,598
Net result for the year				40,647	56,857
Total unrestricted equity				117,729	118,455
Total shareholders' equity				397,376	398,102
Long-term liabilities					
Deferred taxes	27	28,180	28,357	-	-
Pension obligations	28	355	625	-	-
Liabilities to credit institutions	29	72,321	97,208	-	-
Total long-term liabilities		100,856	126,190	-	-
Current liabilities					
Credit facility	29	107,571	52,843	85,188	26,332
Due to Group companies		-	-	31,111	16,142
Accounts payable		86,335	80,087	589	494
Tax liabilities		30,459	44,754	7,544	11,133
Accrued expenses and prepaid income	30	104,880	116,086	10,033	10,270
Liabilities to credit institutions	29	4,070	16,706	-	-
Other current liabilities	31	36,394	34,567	384	530
Total current liabilities		369,709	345,043	134,849	64,901
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES					
		1,218,366	1,180,132	532,225	463,003
Pledged assets	32	321,603	397,971	12,260	12,260
Contingent liabilities	33	8,500	12,244	7,000	20,744

Changes in shareholders' equity

GROUP

	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the year	Total shareholders' equity
31 dec 2004	114,296	165,351	-7,159	293,913	566,401
Opening hedging reserve	-	-	3,744	-	3,744
Change in hedging reserve after taxes	-	-	-5,112	-	-5,112
Translation differences	-	-	13,531	-	13,531
Total income/expenses reported directly against shareholders' equity	-	-	12,163	-	12,163
Net profit for the year	-	-	-	176,053	176,053
Total income and expenses	-	-	12,163	176,053	188,216
Dividend for 2004	-	-	-	-45,718	-45,718
31 Dec 2005	114,296	165,351	5,004	424,248	708,899
Change in hedging reserve after taxes	-	-	4,593	-	4,593
Translation differences	-	-	-17,604	-	-17,604
Total income/expenses reported directly against shareholders' equity	-	-	-13,011	-	-13,011
Net profit for the year	-	-	-	152,494	152,494
Total income and expenses	-	-	-13,011	152,494	139,483
Dividend for 2005	-	-	-	-100,581	-100,581
31 Dec 2006	114,296	165,351	-8,007	476,161	747,801

PARENT COMPANY

	Share capital	Legal reserve	Retained earnings	Net profit for the year	Total shareholders' equity
31 Dec 2004	114,296	165,351	35,462	17,714	332,823
Reclassification of previous year's Profit	-	-	17,714	-17,714	-
Dividend paid	-	-	-45,718	-	-45,718
Group contribution, less taxes	-	-	54,140	-	54,140
Net profit for the year	-	-	-	56,857	56,857
31 Dec 2005	114,296	165,351	61,598	56,857	398,102
Reclassification of previous year's Profit	-	-	56,857	-56,857	-
Dividend paid	-	-	-100,581	-	-100,581
Group contribution, less taxes	-	-	59,208	-	59,208
Net profit for the year	-	-	-	40,647	40,647
31 Dec 2006	114,296	165,351	77,082	40,647	397,376

Proposed dividend of SEK 4.00 per share, a total of 109,724.

Cash Flow Statements

Amounts in SEK thousand

	Note	Group		Parent Company	
		2006	2005	2006	2005
Current operations					
Operating income		268,356	206,746	-19,393	-19,094
Net financial items	34	-5,761	-6,620	39,237	69,303
Current taxes		-78,372	-47,806	-20,935	-10,373
Items not affecting cash flow	35	57,022	62,496	54	140
Cash flow from current operations before changes in working capital and capital expenditures		241,245	214,816	-1,037	39,976
Cash flow in discontinued operations	11	-8,000	61,123	-	-
Change in inventory		-36,985	-22,473	-	-
Change in receivables		1,684	-69,249	-52,322	-12,196
Change in current liabilities		2,138	43,992	38,165	9,605
Cash flow from current operations		200,082	228,209	-15,194	37,385
Investment operations					
Investment in tangible fixed assets		-58,004	-38,260	-78	-
Investment in intangible assets		-2,890	-1,931	-	-
Investments in other shares		-7,196	-18,324	-2,456	-3,903
Change in other financial assets		3,043	-	-	-
Corporate acquisitions	36	-14,100	-27,072	-	-
Cash flow from investment operations		-79,147	-85,587	-2,534	-3,903
Cash flow after capital expenditures		120,935	142,622	-17,728	33,482
Financing operations					
Repayment of long-term liabilities and credit facilities		44,403	-81,135	58,856	-41,880
Group contributions received/paid, and shareholders' contributions, not including taxes	-	-	59,206	54,140	-
Dividend paid		-100,581	-45,718	-100,581	-45,718
Cash flow from financing operations		-56,178	-126,853	17,481	-33,458
CHANGE IN LIQUID FUNDS		64,757	15,769	-247	24
Liquid funds at beginning of year		124,391	105,492	295	271
Cash in discontinued operations and exchange rate changes in cash		1,980	3,130	-	-
Liquid funds at year-end		191,128	124,391	48	295
Unutilised committed credit facilities		301,659	349,576	64,812	123,692
Available liquidity		492,787	473,967	64,860	123,987

NOTES

All amounts in thousands of SEK unless otherwise stated.

APPLIED ACCOUNTING AND VALUATION PRINCIPLES

Accounting principles

Beijer Alma's consolidated financial statements have been prepared in accordance with the Annual Accounts Act, RR 30:05 Complementing Accounting Principles for Groups and International Financial Reporting Standards, IFRS, as adopted by the European Union. The consolidated financial statements have been prepared according to the acquisition value method, except in the case of certain financial assets and liabilities, including derivative instruments, which are valued at fair value via the income statement.

Application of standards or amendments coming into force in 2006

IAS 39 (amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions came into force 1 January 2006, but early application is encouraged. Beijer Alma chose to apply this amendment from 2005.

Standards and interpretations that come into force on 1 January 2007

During preparation of the consolidated financial statements as per 31 December 2006, a number of standards and interpretations which have yet to come into force were published. During 2006, Beijer Alma did not prematurely apply any standards and interpretations. The standards that may bring about further need for additional information upon introduction are IAS 1 (amendment) Formulation of Financial Reports, which comes into force 1 January 2007 and IFRS 7 Financial Instruments: Information, which also comes into force 1 January 2007. Other standards and interpretations are not preliminarily assessed to have any effects upon the accounts or to bring about the need for further information.

Critical estimates and assumptions for accounting purposes

In order to prepare the accounts in accordance with IFRS, the use of a number of critical estimates for accounting purposes is required. Furthermore, management is required to make certain assumptions upon application of the consolidated accounting principles. Areas entailing a high degree of assessment, areas that are complex or areas in which assumptions and estimates are of significant importance are primarily as follows:

Assumptions regarding impairment testing of goodwill

The Group performs tests goodwill annually for impairment, according to the accounting principles described under the intangible assets section. The assumptions and estimates with respect to expected cash flows and discount interest rates in the form of weighted average capital cost are described in Note 13. Forecasts for future cash flows are based on the best possible estimates of future revenue and operating expenses. The impairment tests that have been executed and that have not indicated any impairment of goodwill have been based on a margin the level of which provides support for management's assessment that any reasonable possible

changes in individual variables would not make the value in use of the goodwill fall below its book value. It is the assessment of the management that even with a certain variation in the most important variables, there will be no need for write-down.

Cash flow

The cash flow statement is compiled using the indirect method. Reported cash flow only includes transactions involving payments and disbursements. Liquid funds include cash and bank balances, as well as short-term financial investments with a term of less than three months.

Consolidated accounting

The consolidated financial statements include those companies in which the Parent Company, directly or indirectly, owns more than 50 percent of the votes or in any other manner has a controlling influence, that is, they have the right to form the financial and operative strategy of the company in question with the purpose of obtaining economic advantage.

The purchase method of accounting has been used in compiling the consolidated financial statements. The acquisition value of an acquired company is made up of the fair value of the assets submitted as reimbursement, issued equity instruments and liabilities that have arisen or taken over on transfer date, plus expenses directly attributable to the acquisition. The acquired equity of subsidiaries is determined as the difference between identifiable assets and the fair value of liabilities and contingent liabilities assumed, based on a market valuation made at the time of acquisition. The equity of acquired subsidiaries is eliminated in its entirety, which means that consolidated equity only includes the portion of equity in subsidiaries earned after the acquisition.

If the acquisition cost to the Group of the shares exceeds the value of the company's net assets entered in the acquisition analysis, then the difference is accounted for as Group goodwill.

Companies acquired during the year are included in the consolidated financial statements from the date on which the Group gains control in the form of a controlling influence, and in the amount relating to the period after the acquisition.

Sold subsidiaries are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

Transactions and balance sheet items within the Group and internal gains are eliminated in their entirety, without taking any minority interest into account.

Translation of foreign subsidiaries

The assets and liabilities of foreign subsidiaries are converted using the year-end rate of exchange. All income statement items are converted using the average rate of exchange during the year. Translation differences are carried directly to consolidated shareholders' equity.

Significant foreign exchange rates	Year-end rate of exchange		Average rate of exchange	
	31 Dec 2006	31 Dec 2005	2006	2005
USD	6.84	7.95	7.33	7.54
EUR	9.02	9.40	9.25	9.31
GBP	13.40	13.67	13.57	13.62

Reporting of associated companies

Associated companies are defined as companies which are not subsidiaries, but in which the Parent Company has significant, but not decisive influence, which generally refers to shareholdings of 20–50%. Shares in associated companies are reported in the consolidated financial statements according to the equity method. Under the equity method, shares in an associated company are reported at acquisition cost, which is subsequently adjusted by the Group's proportion of any change in the net assets of the associated company.

Accumulated, but not distributed, shares in profit attributable to associated companies are accounted for in the item Reserves in equity. Any accumulated share of losses reduces the Group's non-restricted earnings. Unrealised internal gains are eliminated against the share of the gains attributable to the Group.

Shares in profit in associated companies are reported on separate lines in the consolidated income statement and the consolidated balance sheet. Shares in profit in associated companies are reported after taxes.

Segment reporting

Operating segments include products which are subject to risks and returns differing from other operating segments. Beijer Alma's primary segments are the Group's operating segments, Springs and Specialty Cable. Geographic markets generate products in a special economic environment differing from the risks and returns applying to the units active in other economic environments. Geographic areas are classified in the Group as secondary segments.

Operations sold

During the second quarter, the sale of the independent operating segment, Elimag (high-speed processing in aluminium) was determined and implemented. In accordance with IFRS 5, the result of the sale is reported on a separate line in the income statement - Net result in discontinued operations. Earnings per share are reported as earnings per share in continuing operations or earnings per share in discontinued operations. Comparative data in the income statement and disclosures have been adjusted for the sale.

Revenue recognition

The Group's net revenues consist of the fair value of sales of goods. Beijer Alma reports revenue when the risk associated with the goods has been transferred to the customer, pursuant to the terms and conditions of sale, and when receipt of payment for the accounts payable item is deemed to be secure. Sales are reported net after value added tax, rebates, returns and translation differences in the case of sales in foreign currency, and after the elimination of intra-Group sales.

Borrowing costs

Borrowing costs are charged to income in the period to which they refer.

Taxes

Deferred taxes are calculated according to the balance sheet method for all temporary differences arising between reported values and tax values of assets and liabilities.

Loss carryforwards that can be utilised against future profits are capitalised as a deferred tax recoverable. This applies to accumulated tax loss carryforwards at the time of acquisition, as well as subsequently arising losses.

Valuation is performed using the tax rates prevailing at year-end. Deferred taxes are reported in the balance sheet as financial assets or long-term liabilities. The year's tax expenses consist of current taxes and deferred taxes.

If the actual outcome differs from the amount first reported, such differences will affect the provisions for current taxes and deferred taxes.

Intangible assets

The Group's intangible assets consist of goodwill. Goodwill is defined as the amount by which the acquisition cost to the Group for the shares in question exceeds the fair value of the company's net assets in the acquisition analysis at the time of acquisition. Goodwill on acquisitions of associated companies is included in the value of holdings in associated companies and is tested for impairment as a part of the value of the total holding. Goodwill reported separately is tested annually for impairment. Write-downs of goodwill are not reversed. Profits or losses arising from the sale of a unit include the remaining reported value of the goodwill referring to the sold unit.

Goodwill is allocated, at the point of acquisition, to cash-flow generating units which are expected to profit from the acquired operation giving rise to the goodwill item. For a description of methods and assumptions used for testing for impairment testing, see Note 13.

Research and product development

Costs for product development are expensed immediately to the extent such expenses occur.

Research and development in the real sense, or of major magnitude, is not carried out in the Group. Development work in the Beijer Alma Group is conducted on a continuous basis and is an integrated part of the day-to-day work, therefore, these expenses are difficult to define. Furthermore, these expenses do not amount to significant amounts.

Tangible fixed assets

Tangible fixed assets, including office and industrial buildings, as well as land, are reported at acquisition cost after deduction for accumulated depreciation. The acquisition cost includes costs directly related to the acquisition of the asset. Expenses for the improvement of the performance of an asset, beyond its original level, increase the reported value of the asset. Expenses for repair and maintenance are reported as costs.

In the income statement, the operating income is charged with depreciation which takes place using the straight-line method and is based on the difference between the acquisition costs of the

assets and any residual value they may have over their estimated useful lives. Beijer Alma applies the following estimated useful lives:

■ Official buildings used in operations	25–40 years
■ Industrial buildings used in operations	20–25 years
■ Plant and machinery	2–10 years
■ Equipment, tools, fixtures and fittings	2–10 years

Land is not depreciated.

The residual values and estimated useful lives of assets are assessed annually and adjusted as necessary. In cases in which an asset's reported value exceeds its estimated recovery value, the asset is written down to its recovery value.

Capital gains and losses are determined on the basis of a comparison between the selling price and the book value. Capital gains and losses are reported via profit and loss.

Leasing contracts

Leasing contracts relating to non-current assets, where the Group essentially bears the same risks and enjoys the same benefits as in the case of direct ownership, are classified as financial leasing. Financial leasing is reported at the beginning of the leasing period, at the lower of the leasing object's value and the present value of the minimum leasing fees. Financial leasing contracts are reported in the balance sheet as fixed assets or financial liabilities. Future leasing payments are distributed among repayment of the liability and financial expenses in such a manner that each accounting period is charged with an interest amount equivalent to a fixed interest rate for the liability during each respective period. Leasing assets are depreciated according to the same principles as other assets of the same class. In the income statement, costs for the leasing contract are allocated to depreciation and interest.

Leasing of assets where the lessor essentially remains as the owner of the asset is classified as operational leasing. The leasing fee is expensed on a straight-line basis over the leasing period. Operational leasing contracts are reported in the income statement as an operating expense. Leasing of automobiles and personal computers is normally defined as operational leasing. The value of these leasing contracts is not deemed to be significant.

Impairment

Assets with an indefinite useful life, such as land, are not depreciated or amortised; rather, such assets are tested annually for impairment. Assessment of the book value of assets to be depreciated is carried out whenever there is an indication that the book value exceeds the recoverable amount. A write-down is carried out in the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less selling expenses, and its value in use. Write-downs are performed per cash flow generating unit. Impairment testing is executed as per each balance sheet date on the assets, excluding financial assets or goodwill, which have previously been written-down, to determine whether they should be revalued.

Inventories

Inventories consist of finished goods, semi-manufactured goods and raw materials. Inventories are valued, using the first-in-first-out method, at the lower of acquisition cost and fair value (net realisable value) on balance sheet date. Finished goods and semi-manufactured goods are valued at manufacturing cost, including raw materials, direct labour, other direct overhead and production-related overhead based on normal production. The net realisable value is equal to the estimated sales price of the goods in question in the operations. Collective valuation is used for homogeneous groups of goods. Interest expenses are not included in the valuation of inventory.

A deduction is made for internal profits arising when deliveries are made between the Group's companies. A requisite deduction for obsolescence has been made.

Accounts receivable

Accounts receivable are initially reported at fair value and thereafter at amortised cost with application of the effective interest method, reduced by any possible provision for depreciation. A provision for depreciation is established when there is objective evidence that the reported amount will not be received.

Financial instruments

The Group classifies its financial assets according to the following categories: financial assets valued at fair value in the income statement, loans receivable and accounts receivable, and available-for-sale financial assets. The classification depends upon the purpose for which the financial asset was acquired. Management determines the classification when the financial asset is first recorded, and reviews this decision at every reporting occasion.

Financial assets valued at fair value in the income statement
Financial assets valued at fair value in the income statement are financial assets held for trading purposes. An asset is classified as belonging to this category if it was principally acquired for the purpose of being sold within the near future. Derivatives are classified as being held for trading unless they are identified as hedging instruments. Assets in this category are classified as current assets. Changes in fair value are reported in net financial income/expense in the period in which they arise.

Loans receivable and accounts receivable

Loans receivable and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. They are included among current assets with the exception of items with due dates more than 12 months after balance sheet date, which are classified as non-current assets. Loans receivable and accounts receivable are classified as accounts receivable and other current or long-term receivables in the balance sheet.

Investments considered to be held to maturity

Held-for-maturity investments are non-derivative financial assets with fixed or fixable payments and fixed lives and which the Group has the both the intention and the ability to hold until maturity. The Group normally possesses no values related to investments that are considered to be held to maturity.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are not derivatives and where the assets are identified as being either saleable or which cannot be classified into any of the other categories. These assets are included in non-current assets if management does not have the intention of disposing of them within 12 months of balance sheet date. These assets are valued at fair value and any changes in value are recorded directly in equity. A write-down is performed when there is objective evidence that there is a requirement for such. Upon disposal of the asset, accumulated profits/losses, as previously recorded in equity, are recorded in the income statement.

Purchase and sale of financial assets is reported on trade date, the date upon which the Group commits itself to buy or sell the assets. Financial assets are removed from the balance sheet when the right to receive the cash flow from the instrument has expired or has been transferred and the Group has, by and large, transferred all risks and benefits connected with the right of ownership.

Hedge accounting

Beijer Alma utilises derivative instruments to cover risks associated with foreign exchange rate changes. Beijer Alma applies hedging to the commercial exposure (cash flow exposure) within the framework of the financial policy adopted by the Board of Directors. Beijer Alma applies hedge accounting to the contracts fulfilling the criteria for hedging in accordance with IAS 39 Financial instruments: Recognition and Measurement.

Hedge accounting implies that the unrealised gains and losses arising when hedging instruments are valued at market, and which fulfil the conditions for hedge accounting, are recorded in equity. See also Note 29.

Translation of foreign currencies

Items included in the financial reports for the different units in the Group are valued in the currency used in the economic environment in which the respective company is primarily operational (functional currency). In the company's consolidated financial statements, Swedish Kronor is used, which is the Parent Company's functional currency and reporting currency. Receivables and liabilities in foreign currency are valued at the closing rate of exchange at year-end. Exchange rate profits and losses arising at payment of such transactions and at translation of monetary assets and liabilities in foreign currency are reported in the income statement. Hedging transactions in the form of currency forward agreements regarding future flows in foreign currency influence the result at the rate at which they expire. Balance sheets and income statements for subsidiaries in the Group are translated to the closing rate of exchange at year-end and the average rate for the year, respectively.

Liquid assets

Liquid assets are defined as cash and bank balances, as well as short-term investments with a duration not exceeding three months. Liquid assets are valued at fair value.

Accounts payable

Accounts payable are reported initially at fair value and there-after

at accrued acquisition value with application of the compound interest method.

Borrowing

Borrowing is initially reported at fair value, net after transaction expenses. Borrowing is thereafter reported at accrued acquisition value and any difference between the received amount and repaid amount is reported in the income statement allocated over the borrowing period, with application of the compound interest method.

Provisions

Provisions are reported in the balance sheet among current and long-term liabilities when the Group has a legal or informal obligation as a consequence of an event that has occurred and it is probable that a flow of resources is required to settle the obligation, and a reliable estimate of the amount can be made.

Compensation to employees

In the Group, there are both contribution and defined benefit pension plans. The pension plans are financed by payment from each respective Group company and the employees. The defined benefit plans refer to ITP plans that are insured with Alecta. Such plans are reported as defined contribution plans as Alecta is unable to provide the necessary information, see also Note 1.

The Group's payments relating to pension plans are reported as costs during the period in which the employees have performed the services to which the payment refers.

Incentive programs

Compensation to employees is reported in accordance with IFRS 2, Compensation to employees. Currently, there are no outstanding incentive programs

Dividend

Dividends are reported as liabilities after the Annual General Meeting has approved the dividend.

THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Financial Accounting Standards Council recommendation RR 32:05 Accounting for a Legal Entity. RR 32:05 implies that the Parent Company, in the annual accounts for the legal entity, shall apply all EU approved IFRS and statements to the extent possible within the frame of the Annual Accounts Act and with consideration of the relationship between accounting and taxation. The recommendation stipulates the exceptions from and amendments to IFRS which are allowed. The difference between the Group's and the Parent Company's accounting principles are shown below.

Associated company accounting

In the Parent Company's annual accounts, participations in associated companies are reported at acquisition value with deduction

for any write-downs. Only dividends referring to income earned after the acquisition date are reported as income from associated companies.

Dividends

Dividend income is reported when the right to receive payment is assessed as certain.

Financial instrument

Financial assets are valued at acquisition value less any write-downs and financial current assets according to the lower of cost or market.

Leased assets

In the Parent Company, all leasing agreements are reported according to the rules for operational leasing.

Group contribution and shareholders' contribution for legal entities

The Parent Company reports Group contributions and shareholders' contributions in accordance with statement URA 7 issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force.

1

PERSONNEL

Job locations	Average number of employees	
	2006	2005
SWEDEN		
Parent Company		
Uppsala	2	2
Stockholm	4	4
Subsidiaries		
Filipstad	106	100
Herrljunga	56	51
Karlstad	10	10
Stockholm	54	42
Tierp	192	185
Uppsala	-	7
Värnamo	54	62
Växjö	29	27
Total Sweden	507	490

Of whom 377 (364) are men and 130 (126) are women.

	Men	Women	Total	Men	Women	Total
			2006			2005
OUTSIDE SWEDEN						
Denmark	93	38	131	93	37	130
Finland	21	4	25	23	4	27
Norway	4	3	7	4	2	6
Latvia	36	41	77	23	20	43
France	4	2	6	4	2	6
The Netherlands	4	2	6	4	2	6
UK	35	9	44	23	7	30
Germany	56	16	72	54	17	71
Hong Kong	8	3	11	4	5	9
China	67	27	94	60	27	87
USA	-	-	-	2	-	2
Total outside Sweden	328	145	473	294	123	417
TOTAL			980			907

Of the employees 705 are men (658) and 275 are women (249).

There are a total of 35 directors in the Group's companies; 34 of these are men. All 20 Group company presidents are men. On the Parent Company's Board of Directors, six of seven directors are men and the President & Chief Executive Officer is a man.

Salaries, compensation and social benefits

Group

Compensation as follows has been expensed by the Swedish units of the Group:

	2006	2005
Salary/fees, President and Board of Directors	19,211	18,296
of which bonus, President and Board of Directors	4,403	5,027
Social benefits, President and Board of Directors	10,539	10,734
of which pension costs	4,415	4,390
Salaries, other	164,910	158,611
Social benefits, other	67,108	66,355
of which pension costs	11,140	13,292

Salaries and compensation outside Sweden have been expensed as follows:

	2006				Other		2005				Other	
	Salaries	of which bonus	Social ben.	of which pension costs			Salaries	of which bonus	Social ben.	of which pension costs	Salaries	Social ben.
Denmark	2,561	273	156	151	60,062	3,810	1,284	150	70	67	42,460	2,731
Finland	1,634	222	391	174	7,663	1,795	1,540	223	411	180	7,684	1,924
Norway	788	-	188	46	2,203	319	1,800	-	240	47	1,891	267
Latvia	500	66	140	-	2,793	785	437	53	123	-	1,270	357
France	-	-	-	-	2,840	1,322	-	-	-	-	3,269	1,397
The Netherlands	-	-	-	-	4,023	740	-	-	-	-	2,886	894
UK	2,243	203	590	111	17,464	2,241	1,689	109	736	627	11,305	1,621
Germany	2,017	120	463	287	25,243	5,004	1,760	111	223	19	24,876	4,953
Hong Kong	-	-	-	-	2,873	682	-	-	-	-	2,951	219
China	119	-	-	-	3,569	1,094	-	-	-	-	2,511	934
USA	-	-	-	-	-	-	385	-	113	-	505	151
Total salaries and compensation	9,862	884	1,928	769	128,733	17,792	8,895	646	1,916	940	101,608	15 448
Total salaries and compensation in Sweden as above	19,211	4,403	10,539	4,415	164,910	67,108	18,296	5,027	10,734	4,390	158,611	66,355
GROUP TOTAL	29,073	5,287	12,467	5,184	293,643	84,900	27,191	5,673	12,650	5,330	260,219	81,803

Parent Company	2006	2005
Salary, President/Board of Directors	8,637	8,554
of which bonus, President and Board of Directors	2,927	3,414
Social benefits, President and Board of Directors	4,131	4,046
of which pension costs	1,410	1,342
Salaries, other	6,190	6,186
Social benefits, other	2,781	2,738
of which pension costs	844	765

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement URA 42 issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, this is a multi-employer defined benefit pension plan. For the 2006 financial year, the Company has not had access to sufficient information to enable it to report this plan as a defined benefit plan. The pension plan according to ITP, which is secured through insurance in Alecta, is therefore reported as a defined contribution pension plan. The contributions for pension insurance with Alecta amount to MSEK 4.8 (2005: MSEK 4.5). Alecta's surplus can be distributed to the policyholders and/or the insured. At year-end 2006, Alecta's surplus, measured as the collective funding ratio, was 124.0 percent (2005: 128.5 percent). The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

Employment conditions and compensation to members of senior management

Principles

Fees are paid to the Chairman of the Board of Directors and to Directors in accordance with a resolution of the Annual General Meeting. No special fees are paid for committee work. No fees are paid to employees of the Group for work as directors in subsidiaries.

Compensation for the President & CEO and for members of senior management consists of basic salary, company car, bonus and

pension costs. Members of senior management include the President & CEO, the presidents of the two sub-groups, the Parent Company's Chief Financial Officer and the Parent Company's controller.

The distribution between basic salary and bonus must be proportional to the individual's responsibilities and authority. For the President & CEO, the bonus ceiling is maximized at 100 percent of the basic salary. For other members of senior management, the bonus ceiling is maximised at 40-100 percent of basic salary, not including the company car benefit. The bonus is based on actual performance relative to individually established goals.

Pension benefits and company car benefits for the President & CEO and for members of senior management are paid as part of the total compensation.

Compensation and benefits during year 2006

	Board of Directors fee/ basic salary incl. benefit of company car	Bonus	Pension costs	Total
Directors (7 individuals)	1,650	-	-	1,650
of which Chairman	750	-	-	750
Members of Senior Management	9,743	5,827	3,471	19,041
of which President & CEO	4,060	2,927	1,410	8,397
Total	11 393	5 827	3 471	20 691

Compensation and benefits during 2005

	Board of Directors fee/ basic salary incl. benefit of company car	Bonus	Pension costs	Total
Directors (7 individuals)	1,300	-	-	1,300
of which Chairman	700	-	-	700
Members of Senior Management	8,920	6,229	3,251	18,400
of which President & CEO	3,820	3,414	1,342	8,576
Total	10,220	6,229	3,251	19,700

Comments on the table

Members of the Group's senior management have only defined contribution pension plans. Pension costs refer to the costs charged to the year's result. The amount above includes a special payroll tax of 24.26 percent of the premium paid.

Employment conditions

President & CEO

The period of notice upon termination at the initiative of the Company is 24 months, and upon termination at the initiative of the employee, the period of notice is 9 months. Termination salary is not to be offset against other income. The retirement age is 65. Pension premiums are paid by the Company in an amount which is equal to 30 percent of the basic salary, not including the benefit of a company car.

Other members of senior management

The period of notice upon termination at the initiative of the Company varies between 12 and 24 months. The period of notice upon termination at the initiative of the employee is 6 months. For three of the four individuals in question, any termination pay is offset against any compensation received from another employer. The retirement age is 65 years in all cases. The pension premiums, which are paid by the Company, are equivalent to 22–30 percent of the basic salary, not including the benefit of a company car.

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BOARD OF DIRECTORS

Anders Wall, Education: Studies at Stockholm School of Economics, Med Dr. h. c. Consul General. Director since 1992. Other assignments: Chairman of Beijerinvest AB, Kjell & Märta Beijer's Foundation, Anders Wall's Foundation, Konsul Th C Bergh's Foundation, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB. Director of Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professeur i Entreprenörskap and other assignments. Honorary Fellow, Uppsala University, Luxembourg's Consul General, Member, Royal Academy of Engineering Sciences (IVA). Earlier positions: President & CEO of AB Kol&Koks/Beijerinvest 1964–81, after merger with AB Volvo Chairman of the Board of Directors 1981–83. President & CEO Investment AB Beijer 1983– present. Earlier Directorships: Handelsbanken, Skandia, Industrivärden, Uddeholm, Billerud, Group Bruxelles Lambert.

Anders G. Carlberg, Education: Master of Business Administration. President Axel Johnson International AB. Director since 1997. Other assignments: Director of Axel Johnson AB, Axel Johnson Inc., Sapa AB, SSAB, Säkl, Mekonomen and others. Previous positions: President & CEO of J.S: Saba and Nobel, as well as Vice President of SSAB.

Thomas Halvorsen, Education: Bachelors Degree. Director since 1992. Other assignments: Director of Miris Holding AB. Earlier positions: President Fourth AP Fund, various positions at Handelsbanken.

Göran W Hultgren, Education: Business studies at Uppsala University. President Scandecor Marketing AB. Director since 1983. Other assignments: Director of LeanOn AB. Previous assignments: self employed since 1968.

Marianne Nivert, Education: Bachelor of Science; and Telecommunications Engineering Degree. Director since 2002. Other assignments: Chairman of Posten AB and Save the Children - Sweden. Director of SSAB, Wallenstam Byggnads AB, Karolinska

University Hospital, Systembolaget AB and Fourth AP Fund. Previous positions: President & CEO Telia AB, Vice President and Head of Network Operations, Telia AB, Vice President and Head of HR, Telia AB.

Johan Norman, Education: Master of Business Administration, Stockholm School of Economics, further education IMD, Lausanne, Switzerland. Director since 2002. Other assignments: Director in Nike Hydraulics AB. Previous positions: President IndustriRenting AB, Vice President Nordisk Renting AB, Vice President Svenskt Fastighetskapital AB, President and principal owner of Via Partners AB, Director and principal owner Segerström & Svensson AB, Director and principal owner of Nike Hydraulics AB.

Johan Wall, Education: Master of Science, Electrical Engineering, Royal Institute of Technology, Stockholm, Visiting Scholar, Stanford University, Palo Alto, USA. President Enea AB. Deputy Director 1997–2000. Director since 2000. Other Assignments; Director of Kjell & Märta Beijer's Foundation, Anders Wall's Foundations, among others. Previous positions: President Framfab AB, Head of Consultancy, Framfab AB, President Netsolutions AB, program developer, Verizon Laboratories, Boston, USA.

Bertil Persson, Education: Master of Business Administration, Stockholm School of Economics. President & CEO of Beijer Alma AB. Deputy Director 2000–2001, Director 2001–2002, Deputy Director since 2002. Other assignments: Director of Posten AB. Previous positions: Head of Treasury, Investor AB, Director of Finance, Scania AB, Executive Vice President, LGP Telecom AB.

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NET REVENUES

	2006	2005
Sweden	318,840	308,728
Other EU	872,156	713,727
Other Europe	99,201	89,789
Asia	176,138	175,605
Rest of world	21,419	35,181
TOTAL	1,487,754	1,323,030

4

INFORMATION ABOUT OPERATING SEGMENTS AND GEOGRAPHIC AREAS

(all amounts in MSEK)

Operating Segments

The Group is organised into two sub-groups: Lesjöfors (springs) and Habia Cable (specialty cable). Elimag (high-speed machining of aluminium) was sold during 2006. Each has its own manufacturing, administration, development and marketing functions. Each sub-group is led by a President. The sub-groups are the primary basis for classification.

Geographic Areas

Geographic areas constitute the secondary segments of the Group. The information below refers to external revenues in the geographical areas in which the customers are located. Information regarding investments and assets is based on the geographical location of the assets.

Operating Segments

2006		Springs	Specialty Cable	Other (Parent Company, etc.)	Eliminations	Group
Net revenues		923.4	564.0	0.4	-	1,487.8
Operating income		222.1	65.8	-18.4	-1.1 ¹⁾	268.4
Result before taxes		221.7	63.0	-21.4	-1.1 ¹⁾	262.2
Assets		786.0	397.7	580.1	-545.4	1,218.4
Liabilities		359.8	204.5	109.5	-203.2	470.6
Capital expenditures		52.3	18.7	-	-	71.0
Depreciation and amortisation		43.0	25.2	0.3	0.3	68.8

2005		Springs	Specialty Cable	Discontinued Operations	Other (Parent Company, etc.)	Eliminations	Group
Net revenue	762.8	559.6	-	0.6	-	-	1,323.0
Operating income	144.0	82.1	-	-19.4	-	-	206.7
Result before tax	143.3	78.0	-	-21.5	-	-	199.8
Assets	662.4	422.3	66.6	466.8	-438.0	-	1,180.1
Liabilities	329.9	225.0	36.0	74.7	-194.4	-	471.2
Capital Expenditures	46.3	10.9	-	-	-	-	57.2
Depreciations and Amortisation	40.4	24.4	-	0.4	-	-	65.2

¹⁾ Revenue from associated companies is included in the amount of 1.1 for 2006 and -0.2 for 2005.

2006		Sweden	Other EU	Other Europe	Asia	Rest of world
Net revenues		318.8	872.2	99.2	176.2	21.4
Capital Expenditures		48.0	17.9	0.5	4.6	-
Assets		780.9	332.0	9.4	96.1	-

2005		Sweden	Other EU	Other Europe	Asia	Rest of world
Net revenues		308.7	713.7	89.8	175.6	35.2
Capital Expenditures		43.0	9.9	0.1	4.1	0.1
Assets		686.0	411.3	6.7	74.9	1.3

5

ADMINISTRATIVE EXPENSES

Administrative expenses include, amongst other costs, the following fees to the auditors:

	Group		Parent Company	
	2006	2005	2006	2005
<i>Öhrlings PricewaterhouseCoopers AB</i>				
- audit assignments	2,513	2,338	890	427
<i>Other auditors</i>				
- audit assignments	886	734	-	-
- other assignments	269	277	-	-
TOTAL	3,668	3,349	890	427

Costs for product development are included in the Group's administrative expenses at an amount of 11,882 (9,432).

6

INCOME FROM SHARES IN ASSOCIATED COMPANIES

	2006	2005
<i>Share in result from:</i>		
- Daxpen Holding AB	843	-1,192
- Medical Device Technology AB	213	1,057
- BCB Baltic AB	-100	-88
TOTAL	956	-223

Stece AB is reporting a break-even result after costs for restructuring.

Lesjöfors' share in the reported result for Hanil Precision Co Ltd amounts to MSEK 0.4. Depreciation of the South Korean currency, KRW, against the Swedish krona, SEK, has resulted in Hanil's equity remaining unchanged, in SEK terms, as compared to the previous year, despite the positive result for the year. Therefore, no result for Hanil is presented.

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OPERATING INCOME

The operating income has been charged with depreciation and amortisation as follows:

	2006	2005
Plant and machinery	43,168	47,179
Equipment, tools, fixtures and fittings	10,868	9,100
Buildings	10,656	7,820
Land improvements	1,059	55
Goodwill	3,035	1,026
TOTAL	68,786	65,180

Depreciation is recorded in the Parent Company on equipment, tools, fixtures and fittings in an amount of 54 (134).

8

OPERATIONAL LEASING

The operating income has been charged with costs for operational leasing as follows:

	Group		Parent Company	
	2006	2005	2006	2005
Year's leasing costs	13,415	10,483	2,137	1,968
<i>Future minimum leasing fees fall due as follows:</i>				
Within one year	8,145	7,723	2,178	2,108
Later than in one, but within five years	13,153	12,309	1,836	4,027
Later than in five years	-	436	-	-
TOTAL	21,298	20,468	4,014	6,135

The majority of costs refer to rental contracts for operating premises.

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INCOME FROM SHARES IN GROUP COMPANIES

	Moderbolaget	
	2006	2005
Capital gain on sale of the shares in AB Stafsjö Bruk.	-	28,646
Write-down relating to the sale of Elimag AB	-38,333	-
Anticipated dividend from:		
Beijer Alma Utveckling AB	-	4,000
Habia Cable AB	40,000	40,000
Lesjöfors AB	51,000	-
AIHUK AB	4,500	-
TOTAL	57,167	72,646

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TAXES ON THE YEAR'S RESULT

	Group		Parent Company	
	2006	2005	2006	2005
Current taxes for the period	-71,756	-58,053	-17,119	-15,447
<i>Temporary differences related to</i>				
- untaxed reserves	1,119	543	-	-
- supplementary depreciation	-	-2,914	-	-
- provisions for structural costs	-1,993	3,302	-	-
- tax loss carryforward	-	10	-	-
Tax effect of Group contribution	-	-	23,025	21,055
Current taxes attributable to prior years	230	-876	230	-
TOTAL	-72,400	-57,988	6,136	5,608

Difference between tax expense and 28 percent taxes

	Group		Parent Company	
	2006	2005	2006	2005
Profit before tax	262,117	199,852	34,511	51,249
28 percent tax	-73,393	-55,958	-9,663	-14,350
Current taxes for the period	-72,400	-57,988	6,136	5,608
Amount of difference	993	-2 030	15,799	19,958

Specification of difference

	Group		Parent Company	
	2006	2005	2006	2005
<i>Effect of:</i>				
- taxes attributable to prior years	230	381	230	-
- amortisation of intangible assets	-	-6,304	-	-
- foreign tax rates	3,106	2,389	-	-
- non-deductible items	-4,396	-3,593	-470	-389
- other write-downs	-	-665	-9,613	-
- non-taxable revenue	5,466	1,773	25,652	20,347
Other	-3,413	3,989	-	-
TOTAL	993	-2,030	15,799	19,958

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NET RESULT OF DISCONTINUED OPERATIONS

On 13 June 2005, the shares in AB Stafsjö Bruk were sold to Bröer Holding GmbH. The purchase price was MSEK 50, and liquid funds in the company amounted to MSEK 0.6.

On 2 June 2006, the shares in Elimag Göteborg AB were sold to G Bergströms Förvaltnings AB. The purchase price was SEK 1, and liquid funds in the company amounted to a total of MSEK 1.3.

The net result in divested companies consists of the following items:

	2006	2005
Revenues	-	93,131
Expenses	-	-88,668
Capital gain/loss	-37,277	31,058
Profit before taxes	-37,277	35,521
Taxes	-	-1,332
Net result in discontinued operations	-37,277	34,189

The cash flow was affected as follows:

Current operations	-8,000	61,123
Investment operations	-	938
Financing operations	-	-

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EARNINGS PER SHARE

	Koncernen	
	2006	2005
<i>Result used for calculating:</i>		
Net result in continuing operations	189,771	141,864
Net result in discontinued operations	-37,277	34,189
Net result for the year	152,494	176,053
Number of shares outstanding	27,431,100	27,431,100

There are no outstanding programs regarding convertibles or options; therefore, the number of shares before and after dilution is the same.

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GOODWILL

	Koncernen	
	2006	2005
Opening acquisition value	73,727	60,321
Purchases	2,890	11,220
Translation differences	-2,124	2,186
Closing accumulated acquisition value	74,493	73,727
Opening amortisation	1,026	-
Amortisation for the year	3,035	1,026
Closing accumulated amortisation	4,061	1,026
Book value	70,432	72,701

Lesjöfors' Danish subsidiary, Lesjöfors A/S, reports a goodwill item from previous years, attributable to the acquisition of the assets and liabilities of Buck Jeppesen A/S. The amount of goodwill relating to this acquisition was based on highly profitable deliveries to a special customer. Circumstances have now changed and the company no longer delivers to this customer. This goodwill item amounting to MSEK 3,035 has, therefore, been written off.

Impairment testing for cash-generating units reporting goodwill

The Group's total book value of goodwill is allocated to operating segments as follows:

Springs	21 754
Specialiity Cable	48 678
Total	70 432

The Group tests goodwill annually for impairment. Impairment testing is based on calculation of the value in use. This value is based on cash flow forecasts in which the forecast for the first year is based on budget adopted by the Board of Directors. For subsequent years, the growth rate is assumed to be in line with forecasted GNP levels, i.e. a level considered to be approximately similar to the level of long-term inflation.

The budgeted operating margin has been determined based

on previous revenue and expectations regarding future market development.

The following discount interest rates prior to tax were used at the closing of 2006:

Equity financing	9.7 %
Dept financing	5.2 %

It is in the Company's assessment that reasonable, possible changes of the annual growth rate, operating margin and discount interest rate, as well as of other assumed values, would not have an impact so significant that they would individually reduce the recovery value to a value beneath the reported value. No impairment losses were identified during the impairment testing conducted during the current year.

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LAND AND LAND IMPROVEMENTS

	Group	
	2006	2005
Opening acquisition value	16,708	17,240
Purchases	2,832	185
Sales of companies	-	-1,009
Translation differences	-286	292
Closing accumulated acquisition value	19,254	16,708
Opening depreciation	385	492
Sales of companies	-	-162
Depreciation for the year	1,059	55
Closing accumulated depreciation	1,444	385
Closing book value according to plan	17,810	16,323
Book value of land in Sweden	7,074	8,227
Tax assessment value of land in Sweden	7,615	5,590

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BUILDINGS

	Group	
	2006	2005
Opening acquisition value	237,630	237,399
Purchases	3,861	8,869
Sales of companies	-	-11,979
Translation differences	-10,474	3,341
Closing accumulated acquisition value	231,017	237,630
Opening depreciation	68,769	67,802
Sales of companies	-	-7,805
Depreciation for the year	10,656	7,820
Translation differences	-7,633	952
Closing accumulated depreciation	71,792	68,769
Closing book value according to plan	159,225	168,861
Book value of buildings in Sweden	93,722	106,025
Tax assessment value of buildings in Sweden	38,034	34,310

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PLANT AND MACHINERY

	Group	
	2006	2005
Opening acquisition value	661,898	668,352
Purchases	60,306	37,986
Sales of companies	-119,888	-19,514
Sales and disposals	-23,981	-27,543
By acquisition of subsidiaries	16,136	-
Reclassification	-	-4,239
Translation differences	-4,894	6,856
Closing accumulated acquisition value	589,577	661,898
Opening depreciation	400,819	381,709
Sales and disposals	-6,660	-
Sales of companies	-51,003	-12,343
By acquisition of subsidiaries	-	-26,374
Depreciation for the year	43,168	54,178
Translation differences	-3,481	3,649
Closing accumulated depreciation	382,843	400,819
Opening write-downs	38,432	38,432
Sales of companies	-33,390	-
Closing accumulated write-downs	5,042	38,432
Closing book value according to plan	201,692	222,647

Financial leasing contracts

The Group's plant and machinery includes financial leasing contracts as follows:

	Group	
	2006	2005
Acquisition value	55,912	58,258
Residual value	21,504	28,806

Future minimum leasing fees fall due for payment as follows:

	Group	
	2006	2005
Within one year	9,610	8,821
Later than in one year, but within five years	19,452	40,509
Later than in five years	5,880	-
	34,942	49,330

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EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

	Group		Parent Company	
	2006	2005	2006	2005
Opening acquisition value	111,062	118,826	1,900	1,900
Purchases	9,725	12,722	78	-
Sales of companies	-24,180	-14,924	-	-
Sales and disposals	-3,497	-11,796	-	-
Reclassification	4,715	4,240	-	-
Translational differences	-1,719	1,994	-	-
Closing accumulated acquisition value	96,106	111,062	1,978	1,900
Opening depreciation	62,519	72,635	1,669	1,530
Sales of companies	-8,690	-10,938	-	-
Sales and disposals	-2,273	-10,067	-	-
Depreciation for the year	14,218	9,629	54	139
Translation differences	878	1,260	-	-
Closing accumulated depreciation	66,652	62,519	1,723	1,669
Opening write-downs	12,911	12,911	-	-
Sales of companies	-12,911	-	-	-
Closing accumulated depreciation	-	12,911	-	-
Closing book value according to plan	29,454	35,632	255	231

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DEFERRED TAX CLAIM

	Group	
	2006	2005
<i>Temporary claim relating to:</i>		
- currency hedge accounting	-	532
- tax loss carryforward	-	220
- provision for structural costs	980	-
Provision for intra-Group profit	819	805
Other temporary differences	397	3,373
TOTAL	2,196	4,930

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OTHER SECURITIES

	Company number	Proportion of capital, %	Registered office	Book value
<i>Parent Company</i>				
Innoventus AB	556602-2728	11	Uppsala	235
Innoventus Project AB	556616-8356	5	Uppsala	6,932
Innoventus Life Science 1 KB *)	969677-8530	8	Uppsala	11,914
<i>Group</i>				
Drug Safety Inc. (f d PharmaSoft Inc.)		<1	Delaware, USA	0
Industrial Development & Investment AB	556518-9973	<1	Stockholm	0
Other		-		59
TOTAL				19,140

In our opinion, the fair value of these investments is not less than book value.

*) There are commitments to invest another MSEK 7.

	Group		Parent Company	
	2006	2005	2006	2005
Opening acquisition value	21,685	17,782	16,625	12,722
Purchases	2,454	3,903	2,456	3,903
Closing accumulated acquisition value	24,139	21,685	19,081	16,625
Opening write-downs	4,999	4,880	-	-
Write-downs for the year	-	119	-	-
Closing accumulated write-downs	4,999	4,999	-	-
Closing book value	19,140	16,686	19,081	16,625

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SHARES IN ASSOCIATED COMPANIES

	Company number	Proportion of capital, %	Registered office	Book value 2006	Book value 2005
<i>Group</i>					
Stece AB	556048-2746	33	Mönsterås	9,100	-
Daxpen Holding AB	556536-1457	36	Stockholm	-	1,979
Medeto Medical Device Technology AB	556444-9386	50	Stockholm	-	1,637
BCB Baltic AB	556649-7540	20	Uppsala	2,103	1,890
Hanil Precision Co Ltd		20	Pusan, South Korea	14,259	14,156
Total				25,462	19,662

Stece AB's operations, with sales of approximately MSEK 170, include steel-metal treatment and spring production. The operating margin is approximately four percent, prior to re-structuring costs. The purchase agreement stipulates that Lesjöfors acquire Stece's spring business on 1 July 2008, while the steel business is to be acquired by one of Stece's other shareholders. The spring business has a turnover of approximately MSEK 60. Excluding payment of the purchase amount, no transactions have been conducted with Stece.

Hanil Precision Co Ltd is a South Korean gas spring manufacturer with a turnover of approximately MSEK 95 and an operating margin of 3 percent. During the year, Lesjöfors has purchased gas springs from Hanil for MSEK 8.5. The purchases have been conducted on commercial terms.

BCB Baltic AB invests in minority stakes in Baltic companies.

In our opinion, the fair value of the shares in associated companies is not less than book value.

	2006	2005
Opening acquisition value	30,001	14,718
Share in profit after taxes	956	-223
Purchases	9,412	15,506
Sales of companies	-15,010	-
Translation differences	103	-
Closing accumulated acquisition value	25,462	30,001
Opening write-downs	10,339	9,373
Write-downs for the year	-	966
Sales of companies	-10,339	-
Closing accumulated write-downs	-	10,339
Closing book value	25,462	19,662

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SHARES IN GROUP COMPANIES

	Company Number	Numbers	Registered office	Book value	Book value
Lesjöfors AB	556001-3251	603,500	Karlstad	100,000	426,181 ¹⁾
Habia Cable AB	556050-3426	500,000	Täby	87,575	193,174 ²⁾
AB Stockholms Rörsmede	556222-0482	10,000	Stockholm	2,560	2,666
AIHUK AB	556218-4126	9,000	Uppsala	2,056	6,558 ³⁾
Alma Nova Industri AB	556077-6022	60,000	Uppsala	14,706	14,706
Beijer Alma Industri AB	556210-3274	60,000	Uppsala	4,329	7,292
AB Stafsjö Bruk (previously Beijer Alma Industri & Handel AB)	556551-9005	1,000	Uppsala	100	101
Bierrepac AB	556067-1793	4,000	Uppsala	473	949
Carepilot AB	556589-8235	153,846	Uppsala	4,417	5,100
Shipping & Aviation Sweden AB	556500-0535	10,000	Uppsala	1,000	1,324
TOTAL				217,216	

¹⁾ Including anticipated dividend to the Parent Company in the amount of 51,000.

²⁾ Including anticipated dividend to the Parent Company in the amount of 40,000.

³⁾ Including anticipated dividend to the Parent Company in the amount of 4,500.

All companies are 100-percent owned.

	2006	2005
Acquisition value	222,446	243,800
Sales	-	-21,354
Closing accumulated acquisition value	222,446	222,446
Opening write-downs	5,155	5,155
Write-downs for the year	75	-
Closing accumulated write-downs	5,230	5,155
Closing book value	217,216	217,291

Subsidiary holdings of shares in Group companies

	Company number	Percentage stake	Registered office	Book value
Lesjöfors Fjädrar AB	556063-5244	100	Filipstad	9,532
Lesjöfors Automotive AB	556335-0882	100	Växjö	24,000
Lesjöfors Stockholms Fjädrar AB	556062-9890	100	Stockholm	24,619
Lesjöfors Industrifjädrar AB	556593-7967	100	Herrljunga	10,500
Lesjöfors Banddetaljer AB	556204-0773	100	Värnamo	28,103
Lesjöfors A/S		100	Copenhagen, Denmark	56,603
Lesjöfors A/S		100	Oslo, Norway	53
Oy Lesjöfors AB		100	Åminnefors, Finland	1,000
Lesjöfors Springs Oy		100	Åbo, Finland	1,492
Lesjöfors Springs Ltd		100	Elland, UK	316
Lesjöfors Automotive Ltd		100	Elland, UK	774
Lesjöfors Springs GmbH		100	Hagen, Germany	446
Lesjöfors Springs LV		100	Liepāja, Latvia	992
Lesjöfors China Ltd		100	Changzhou, China	1,257
Harris Springs Ltd		100	Reading, UK	14,014
Habia Benelux BV		100	Breda, The Netherlands	1,020
Habia Cable Asia Ltd		100	Hong Kong, China	55
Habia Cable China Ltd		100	Changzhou, China	11,402
Habia Kabel GmbH		100	Düsseldorf, Germany	29,797
Habia Cable Inc.		100	New Jersey, USA	0
Habia Kabel Produktions GmbH & Co.KG		100	Norderstedt, Germany	81,295
Habia Cable Ltd		100	Bristol, UK	3,614
Habia Cable Production AB	556094-2012	100	Söderfors	33,468
Habia Cable SA		100	Orleans, France	679
Habia Cable Latvia SIA		100	Liepāja, Latvia	27
Habia Cable Nordic AB	556240-7485	100	Täby	205
Alma Uppsala AB	556480-0133	100	Uppsala	6,354
Uppsala Ratio AB	556059-2486	100	Uppsala	2,322
Alma Industri & Handel Fastigheter AB	556030-3686	100	Malmö	3,764
Beijer & Alma Utvecklings AB	556230-9608	100	Uppsala	1,714
Daxpen Holding AB	556536-1457	100	Stockholm	6,061

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INVENTORIES

	Group	
	2006	2005
Raw materials	99,579	85,219
Work in progress	46,190	45,375
Finished goods	99,316	91,903
TOTAL	245,085	222,497

Value of that portion of inventory determined at net sales value

	Group	
	2006	2005
Raw materials	3,169	2,726
Work in progress	796	677
Finished goods	-	82
TOTAL	3,965	3,485

Difference between acquisition value and net sales value

	Koncernen	
	2006	2005
Raw materials	2,256	1,870
Work in progress	796	645
Finished goods	-	236
TOTAL	3,052	2,751

Direct materials costs during the year amounted to 450,173 (394,220), of which 2,561 (3,731) refers to write-downs of the stock.

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ACCOUNTS RECEIVABLE

	Group	
	2006	2005
Total outstanding accounts receivable	235,594	247,596
Reserve for doubtful receivables	-2,241	-3,129
Book value	233,353	244,467

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OTHER RECEIVABLES

	Group	Parent Company	
	2006	2005	2006
VAT	3,352	4,476	52
Advance payments to suppliers	1,827	8,912	-
Other	5,467	3,662	1,454
TOTAL	10,646	17,050	1,506

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PREPAID EXPENSES AND ACCOUNTS RECEIVABLE

	Group	Parent Company	
	2006	2005	2006
Leasing fees and rents	2,804	3,439	545
Prepaid expenses	6,222	2,790	395
Other	2,286	7,052	-
TOTAL	11,312	13,281	940

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SHAREHOLDERS' EQUITY

Reserves

	Translation Reserve	Hedging Reserve	Total
31 Dec 2003	0	0	0
2004 translation difference	-7,159	0	-7,159
31 Dec 2004	-7,159	0	-7,159
Opening cash flow hedging	0	5,200	5,200
Deferred taxes thereon	-	-1,456	-1,456
Change in value of cash flow hedging	-	-7,100	-7,100
Deferred taxes thereon	-	1,988	1,988
2005 translation difference	13,531	-	13,531
31 Dec 2005	6,372	-1,368	5,004
Change in value of cash flow hedging	-	6,379	6,379
Deferred taxes thereon	-	-1,786	-1,786
2006 translation difference	-17,604	-	-17,604
31 Dec 2006	-11,232	3,225	-8,007

Shares outstanding are of Class A and Class B, as follows:

	Shares		Votes
Class A shares	3,330,000	with 10 votes	33,300,000
Class B shares	24,101,100	with 1 vote	24,101,100
TOTAL	27,431,100		57 401,100

Evolution of share capital

Year		Increase in share capital SEK thousand	Total share capital SEK thousand	Increase in number of shares	Total number of shares
1993	Opening balance	-	53,660	-	2,146,400
1993	Shares issued to acquire G & L Beijer Import & Export AB i Stockholm	6,923	60,583	276,900	2,423,300
1993	New issue	30,291	90,874	1,211,650	3,634,950
1994	Shares issued to acquire av AB Stafsjö Bruk	5,000	95,874	200,000	3,834,950
1996	Conversion of subordinated debenture loan	47	95,921	1,875	3,836,825
1997	Conversion of subordinated debenture loan	2,815	98,736	112,625	3,949,450
1998	Conversion of subordinated debenture loan	1,825	100,561	73,000	4,022,450
2000	Conversion of subordinated debenture loan	30	100,591	1,200	4,023,650
2001	Shares issued to acquire Elimag AB	11,750	112,341	470,000	4,493,650
2001	Split 2:1	-	112,341	4 493,650	8,987,300
2001	Conversion of subordinated debenture loan	388	112,729	31,000	9,018 300
2002	Conversion of subordinated debenture loan	62	112,791	5,000	9,023,300
2004	Conversion of subordinated debenture loan	1,505	114,296	120,400	9,143,700
2006	Split 3:1	-	114,296	18,287,400	27,431,100

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DEFERRED TAXES

	2006	Group	2005
<i>Temporary liability relating to:</i>			
- untaxed reserves	21,485		22,915
- accelerated depreciation	5,441		5,442
- hedge accounting	1,254		-
TOTAL	28,180		28,357
	2006		2005
Opening value	28,357		31,446
Sales of companies	-961		-2,835
Increased allocation	2,401		2,914
Reversal	-1,617		-3,168
Closing value	28,180		28,357

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PENSION OBLIGATIONS

	2006	Group	2005
Opening value	625		7,260
Sales of companies	-272		-6,649
Increased allocation	2		18
Reversal	-		-4
Closing value	355		625

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FINANCIAL INSTRUMENTS

Financial risk management

The Beijer Alma Group is exposed to various financial risks in its operations. Management of these risks is based on joint Group policies, adopted by the Board of Directors, at different levels in the Group. The goals of these policies are to obtain an overall representation of the risk situation, to minimise negative result effects and to clarify and define responsibilities and authority within the Group. To ensure compliance with policies adopted, there is regular follow-up at the local and central level and findings are reported to the Board of Directors.

Currency risk

Transaction exposure

Over 70 percent of Beijer Alma's sales take place outside Sweden. Approximately 70 percent of production takes place in Sweden. This means that a major portion of the Group's income is in foreign currency, while the majority of the production costs, especially personnel costs, is in Swedish Kronor. A part of this currency risk is handled to a certain extent through, for example, input material and machinery being bought in other currency. However, the Group's income in certain foreign currencies still exceeds the costs and through this lack of balance, the Group is exposed to currency risks. Therefore, changes in currency rates have a direct influence on the Group's result, balance sheet, cash flow and, in the long-term, competitive strength. A strengthening of the Swedish Krona influences the competitive strength and result negatively over time.

Net exposure to currencies translated to MSEK

(net exposure is defined as revenue less costs)

2006	USD	EUR	DKK	NOK	GBP	RMB	AUD	JPY	HKD	KRW	Total
Lesjöfors	17.3	98.0	0.6	16.8	91.3	-	-	-	-	-	224.0
Habia Cable	22.9	85.0	-	1.4	42.0	27.3	3.6	-	-11.5	26.1	196.8
TOTAL	40.2	183.0	0.6	18.2	133.3	27.3	3.6	-	-11.5	26.1	420.8
2005	USD	EUR	DKK	NOK	GBP	RMB	AUD	JPY	HKD	KRW	Total
Lesjöfors	21.7	71.7	5.8	14.2	66.2	-	-	-	-	-	179.6
Habia Cable	50.4	76.1	-	-	51.0	14.0	-	2.6	-22.7	20.5	191.9
TOTAL	72.1	147.8	5.8	14.2	117.2	14.0	-	2.6	-22.7	20.5	371.5

The goal of the currency risk management is to minimise the negative effects on financial result and position arising due to exchange rate differences. Transaction risks are managed centrally by each respective subsidiary. Between 50 and 100 percent of the prognosticated net flow for the next six months, i.e. the difference between revenue and costs in a single currency, is hedged. For months 7 to 12, between 35 and 100 percent is hedged. In most cases, the level of hedging lies in the middle of the range. The most commonly used hedging instrument is forward contracts. Following a decision by Group management, currency options may be used in exceptional cases.

Below is a table showing foreign exchange contracts outstanding as of the balance sheet date, translated to MSEK.

	31 Dec 2006	31 Dec 2005
USD	36.4	57.3
EUR	92.8	83.7
GBP	109.2	95.4
HKD	-	15.0
NOK	11.2	13.3
TOTAL	249.6	264.7

IAS 39 is applied from 1 January 2005. In Beijer Alma's opinion, all derivative instruments meet the requirements for hedge accounting. The changes in fair value of the derivative instruments are, therefore, reported in shareholders' equity. At year-end 2006, there was a surplus in the value of derivative instruments of MSEK 4.5, which has increased shareholders' equity, after deduction for deferred taxes.

As per 31 December 2005, there was a deficit in the value in the contracts of MSEK 1.9.

Translation exposure

Beijer Alma's income statements and balance sheets are denominated in SEK. Several of the Group's companies maintain their accounts in a different currency. This means that the Group's result and equity are exposed when accounts are consolidated and the foreign currencies are translated to SEK. This exposure mostly affects the Group's equity and is termed translation exposure. Such exposure is not hedged in the normal instance.

Interest risk

Beijer Alma's net financial items and earnings are affected by interest rate level fluctuations. The Group is also exposed indirectly by the effect of interest rate levels on the economy at large. Bei-

jer Alma holds the view that fixed interest on a short-term basis is, from a risk perspective, consistent with the industrial activity conducted by the Group. The period of fixed interest on loans is, therefore, typically up to twelve months. Over the past ten years, the short-term interest has also been lower than the long-term rate and this has had a positive effect on the Group's earnings.

Outstanding loans and committed credit facilities are listed below.

	Group		Parent Company	
	2006	2005	2006	2005
Long-term liabilities				
Liabilities to credit institutions	72,321	97,208	-	-
Current liabilities				
Liabilities to credit institutions	4,070	16,706	-	-
Committed credit facility utilisation	107,571	52,843	85,188	26,332
Total interest-bearing liabilities	183,962	166,757	85,188	26,332
Amounts that fall due for payment in more than five years	6,964	11,400	-	-

Liabilities to credit institutions consist of approximately 10 loans in different currencies and on varying terms and conditions. The interest rate levels vary between 2.5 percent and 6.3 percent. The average rate of interest is 4.3 percent. The average interest rate on the committed credit facilities is 4.0 percent. A fee on the granted amount averaging 0.4 percent is also payable.

Refinancing risk and liquidity

Beijer Alma has loans falling due at different points in time. A large portion of the credits are in the form of committed credit facilities that are formally approved for a period of one year. By refinancing risk is meant the risk that Beijer Alma is unable to fulfil its obligations because loans are cancelled and difficulties in raising new loans arise.

Beijer Alma manages this risk by maintaining a strong liquid position. The Group's policy is that available liquidity, defined as liquid funds plus approved but unutilised committed credit facilities, should equal at least two months of invoicing. The Group's liquid position at recent year-ends is shown in the table below.

	Group		Parent Company	
	2006	2005	2006	2005
Liquid funds	191,128	124,391	48	295
Committed credit facilities	409,230	402,419	150,000	150,000
Utilised portion of committed credit facilities	-107,571	-52,843	-85,188	-26,332
Available liquidity	492,787	473,967	64,860	123,963

Raw materials risk

Beijer Alma is exposed to price risks related to the purchase of raw materials. Habia uses copper and some plastics in its production, while Lesjöfors' input materials are steel and certain other metals.

Derivative instruments for the hedging of raw material purchases have been used, to date, to a very limited degree.

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ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2006	2005	2006	2005
Accrued personnel costs	61 431	64 367	9 610	9 668
Accrued interests	32	37	-	14
Prepaid expenses	489	542	80	-
Other	42 928	51 140	343	588
TOTAL	104 880	116 086	10 033	10 270

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OTHER CURRENT LIABILITIES

	Group		Parent Company	
	2006	2005	2006	2005
Personnel taxes	6 644	7 105	384	332
VAT	15 918	16 049	-	198
Advance from clients	272	103	-	-
Other	13 560	11 310	-	-
Total	36 394	34 567	384	530

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PLEGDED ASSETS

	Group		Parent Company	
	2006	2005	2006	2005
Floating charges	196 417	236 728	-	-
Real estate mortgages	60 109	75 844	-	-
Shares	27 044	27 617	12 260	12 260
Machinery used according to financial leasing agreements	21 504	28 976	-	-
Assets with retention of title	12 141	28 806	-	-
Cash and cash equivalents	4 388	-	-	-
TOTAL	321 603	397 971	12 260	12 260

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CONTINGENT LIABILITIES AND COMMITMENTS

The Group has contingent liabilities in the form of guarantees and undertakings emerging in the normal course of doing business. No significant actual liabilities are expected to arise due to these contingent liabilities. In the normal course of business, the Group and the Parent Company have entered into the following obligations.

	Group		Parent Company	
	2006	2005	2006	2005
Investment commitments	7 000	9 000	7 000	9 000
Sureties	-	1 744	-	11 744
Regional development grants received	1 500	1 500	-	-
TOTAL	8 500	12 244	7 000	20 744

The Group has not identified any material obligations that are not reported in the financial reports.

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NET FINANCIAL ITEMS

	Group		Parent Company	
	2006	2005	2006	2005
Dividends received	-	-	42 500	50 000
Payment for shares	-	-	21 606	-
Interest income	2 986	1 834	115	22
Interest expense	-8 747	-8 454	-3 378	-2 325
TOTAL	-5 761	-6 620	39 237	69 303

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ITEMS NOT AFFECTING CASH FLOW

	Group		Parent Company	
	2006	2005	2006	2005
Depreciation and amortisation	57 978	55 515	54	140
Write-down of intangible assets	-	7 047	-	-
Result in associated companies	-956	223	-	-
Allocations	-	-289	-	-
TOTAL	57 022	62 496	54	140

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CORPORATE ACQUISITIONS

On 3 July, Lesjöfors acquired the British spring manufacturer Harris Springs Ltd. Before the acquisition, the company had a financial year that ended on 31 March. For the period 1 April 2005–30 April 2006, Harris Springs had a turnover of MSEK 18 and the profit after financial items was MSEK 1.6.

Purchase money paid in cash was	MSEK14.1
Acquired net assets amounted to	MSEK 11.2
Goodwill	MSEK 2.9

No other intangible assets have been identified in the acquisition calculation.

Goodwill is attributable to the profitability of the business and to the synergy effects expected to arise through co-operation with Lesjöfors' other businesses in Great Britain.

The assets and debts included in the acquisition were valued at fair value as follows:

Tangible fixed assets	MSEK 7.5
Receivables	MSEK 3.8
Inventories	MSEK 1.1
Non-interest-bearing liabilities	MSEK -1.2
Acquired net assets	MSEK 11.2

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DEFINITIONS

Capital employed

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

Debt equity ratio

Interest-bearing liabilities relative to shareholders' equity

Earnings per share

Earnings per share after current taxes.

Earnings per share after taxes

Profit after financial items, less 28 percent taxes, relative to average number of shares outstanding.

Earnings per share after taxes after dilution

Reported result, less current taxes, relative to average number of shares outstanding.

Earnings per share after standard taxes

Result after financial items, less 28 percent taxes, relative to average number of shares outstanding.

Equity ratio

Shareholders' equity relative to balance sheet total.

Interest coverage ratio

Profit after financial items, plus financial expenses, divided by financial expenses.

Net debt

Interest-bearing liabilities, less interest-bearing assets.

Proportion of risk-bearing capital

The sum of shareholders' equity, deferred tax liability and minority interests, divided by balance sheet total.

Result, profit

The terms result and profit refer to profit after financial items, unless otherwise expressly noted.

Return on capital employed

Profit after financial items, plus interest expense, relative to average capital employed.

Return on equity

Profit after financial items, less 28 percent taxes, relative to average equity.

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CORPORATE DATA

General Information

Beijer Alma AB and its subsidiaries constitute an internationally operative industrial group focused on the manufacture of components for customers in industries directed toward advanced technology. The Company is a public limited liability company with its registered offices in Uppsala, Sweden. The address of company head quarters is P.O. Box 1747, SE-751 47 Uppsala, Sweden. The Company is listed on the Mid Cap list of Stockholmsbörsen (The Stockholm Stock Exchange).

These Group financial statements were approved by the Company's Board of Directors on 8 February 2007. The statements of income and the balance sheets will be presented to the Annual General Meeting on 28 March 2007.

Uppsala, 8 February 2007

Anders Wall
Chairman

Anders G. Carlberg

Thomas Halvorsen

Göran W Hultgren

Marianne Nivert

Johan Norman

Johan Wall

Bertil Persson
President & CEO

Our audit report was submitted on 15 February 2007
Öhrlings PricewaterhouseCoopers AB

Bodil Björk
Authorised Public Accountant

Audit report

*To the annual meeting of the shareholders of
Beijer Alma AB (publ)
Corporate identity number 556229-7480*

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Beijer Alma AB (publ) for the year 2006. The company's annual accounts are included in the printed version on pages 32–58. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the

overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

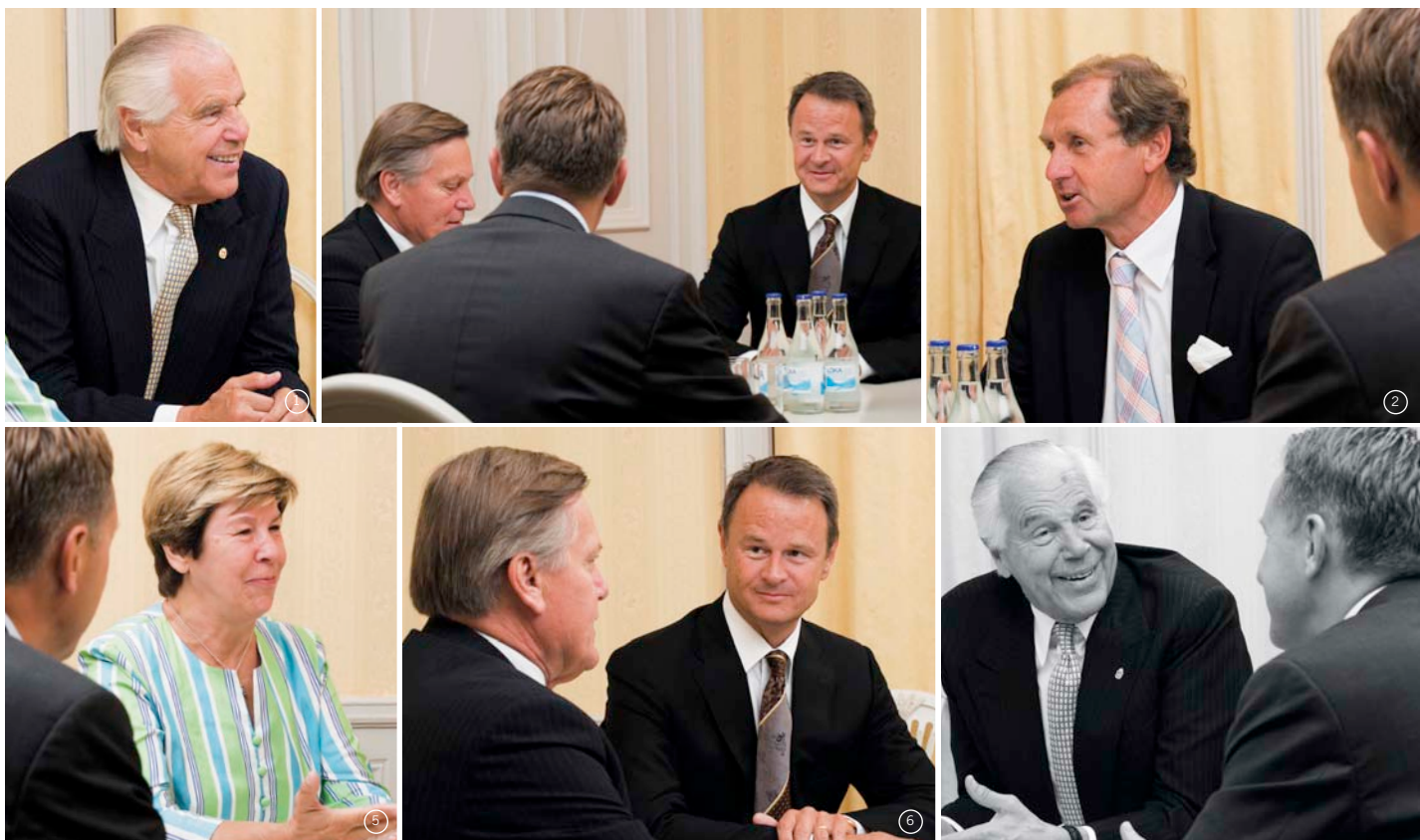
We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 15 February 2007

Öhrlings PricewaterhouseCoopers AB

Bodil Björk

Authorised Public Accountant



BOARD OF DIRECTORS

- ① **Anders Wall**, Chairman, b 1931
Education: Studies at Stockholm School of Economics, Med Dr. h. c. Consul General.
Director since: 1992.
Share ownership through companies and family: 3 735 120 whereof 2 199 000 Class A shares.
Chairman of: Beijerinvest AB, Kjell & Märta Beijer's Foundation, Anders Wall's Foundation, Konsul Th C Bergh's Foundation, Ryda Bruk AB, Svenskt Tenn AB and Morgongåva Företagspark AB.
Director of: Domarbo Skog AB, Hargs Bruk AB, Innoventus Project AB, Scandinavian Life Science Venture (SLS), Sponsor Stiftelseförvaltning AB, Stiftelsen Anders Walls Professeur i Entreprenörskap and other assignments. Honorary Fellow, Uppsala University, Luxembourg's Consul General, Member, Royal Academy of Engineering Sciences (IVA).
Earlier positions: President & CEO of AB Kol&Koks/Beijerinvest 1964-81, after merger with AB Volvo Chairman of the Board of Directors 1981-83. President & CEO Investment AB Beijer 1983-present.
Earlier Directorships: Handelsbanken, Skandia, Industrivärden, Uddeholm, Billerud, Group Bruxelles Lambert.
- ② **Anders G. Carlberg**, b 1943
Education: Master of Business Administration.
 President Axel Johnson International AB.
Director since: 1997.
Share ownership: 3 000
Director of: Axel Johnson AB, Axel Johnson Inc., Sapa AB, SSAB, SäkI, Mekonomen and others.
Earlier positions: President & CEO of J.S. Saba and Nobel, as well as Vice President of SSAB.

- ③ **Thomas Halvorsen**, b 1949
Education: Bachelors Degree.
Director since: 1992.
Share ownership: 3 000
Director of: Miris Holding AB.
Earlier positions: President Fourth AP Fund, various positions at Handelsbanken.
- ④ **Göran W Hultgren**, b 1941
Education: Business studies at Uppsala University.
 President Scandecor Marketing AB.
Director since: 1983.
Share ownership through companies and family: 581 210 whereof 304 800 Class A shares
Director of: LeanOn AB.
Earlier assignments: self employed since 1968.
- ⑤ **Marianne Nivert**, f 1940
Education: Bachelor of Science; and Telecommunications Engineering Degree.
Director since: 2002.
Share ownership: 6 000
Chairman of: Posten AB and Save the Children.
Director of: SSAB, Wallenstam Byggnads AB, Karolinska University Hospital, Systembolaget AB and Fourth AP Fund.
Earlier positions: President & CEO Telia AB, Vice President and Head of Network Operations, Telia AB, Vice President and Head of HR, Telia AB.



⑥ **Johan Norman**, f 1957

Education: Master of Business Administration, Stockholm School of Economics, further studies IMD, Lausanne, Switzerland.

Director since: 2002.

Share ownership: 165 000

Director of: Nike Hydraulics AB.

Earlier positions: President IndustriRenting AB, Vice President Nordisk Renting AB, Vice President Svenskt Fastighetskapital AB, President and principal owner of Via Partners AB, Director and principal owner Segerström & Svensson AB, Director and principal owner of Nike Hydraulics AB.

⑦ **Johan Wall**, f 1964

Education: Master of Science, Electrical Engineering, Royal Institute of Technology, Stockholm, Visiting Scholar, Stanford University, Palo Alto, USA. President Enea AB.

Deputy Director: 1997–2000.

Director since: 2000.

Share ownership: 3 000

Director of: Kjell & Märta Beijer's Foundation, Anders Wall's Foundations, among others.

Earlier positions: President Framfab AB, Head of Consultancy, Framfab AB, President Netsolutions AB, program developer, Verizon Laboratories, Boston, USA.

⑧ **Bertil Persson**, f 1961

Education: Master of Business Administration, Stockholm School of Economics. President & CEO of Beijer Alma AB.

Deputy Director: 2000–2001 and since 2002

Director: 2001–2002,

Share ownership: 3 000

Call options: 200 000

Director of: Posten AB.

Earlier positions: Head of Treasury, Investor AB, Director of Finance, Scania AB, Executive Vice President, LGP Telecom AB.

SENIOR MANAGEMENT

Bertil Persson, b 1961, Master of Business Administration
President and CEO

Employed since: 2000

Share ownership: 3 000

Call options: 200 000

Jan Blomén, b 1955, Master of Business Administration
Chief Financial Officer

Employed since: 1986

Share ownership through family: 49 800

Carl Modigh, b 1972, Master of Engineering, MBA
Business Development

Employed since: 2000

Share ownership: 0

Jan Olsson, b 1956, Master of Business Administration
Group Controller

Employed since: 1993

Share ownership: 0

AUDITOR

Auditing firm of
Öhrlings PricewaterhouseCoopers AB

Chief Auditor

Bodil Björk, b 1959

Authorised Public Accountant

Auditor of Beijer Alma AB since 2006.

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Components*

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Annual General Meeting

SCHEDULE OF FINANCIAL INFORMATION

A year-end report and quarterly reports are published on Beijer Alma's website, www.beijer-alma.se. The Annual Report and quarterly reports are sent automatically to shareholders.

2007

- 28 March Annual General Meeting
- 25 April Quartely Report, 1 January–31 March
- 16 August Quartely Report, 1 April–30 June
- 24 Oktober Quartely Report, 1 July–30 September

2008

- February Year-end for 2007
- March Annual General Meeting

All reports can be requested from:
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Telefax +46 18 15 89 87
or via the website www.beijer-alma.se

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Jan Blomén
Chief Financial Officer
Telephone +46 18 15 71 60
E-mail jan.blomen@beijer-alma.se

The regularly scheduled Annual General Meeting will be held at 6:00 p.m., Wednesday, 28 March 2007 in the MIC hall, Polacksbacken, Hus 6 Rullan, Lägerhyddsvägen 2, Uppsala.

PARTICIPATION

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

- be entered in transcript of the share register maintained by VPC AB on Thursday, 22 March 2007; and
- notify the Company of their desire to attend not later than 4:00 p.m., Thursday, 22 March 2007.

Notification can be given in any of the following ways:

- by telephone +46 18 15 71 60,
 - by telefax +46 18 15 89 87,
 - by e-mail to info@beijer-alma.se
 - at www.beijer-alma.se
 - in writing, preferably using the form attached to the Annual Report, to the address: Beijer Alma AB, Box 1747, SE-751 47 Uppsala, Sweden.
- Such application must contain the name, personal identity or corporate identity number, the number of shares represented and the applicant's (daytime) telephone number.

Shareholders whose holdings are registered in the name of a nominee must have their shares registered in their own name with VPC in order to be entitled to participate in the proceedings of the Annual General Meeting. Such registration must be completed no later than by Thursday, 22 March 2007.

Shareholders who wish one or two assistants to participate in the proceedings of the Annual General Meeting must provide such notice of their intention to do so in the manner and within the time applicable to shareholders.

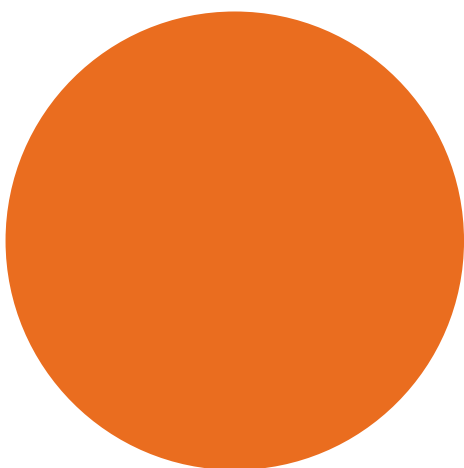
DIVIDEND

The proposed date of record for the right to receive dividend is Monday, 2 April 2007. Provided that the Annual General Meeting adopts this proposal, dividend payments are expected to be remitted by VPC beginning Thursday, 5 April 2007.

The Board of Directors propose to the Annual General Meeting a dividend of SEK 4.00 (3.67) per share. The dividend for the 2006 financial year consisted of a regular dividend of SEK 2.67 and an extra dividend of SEK 1.00 resulting from a capital gain generated from the sale of Stafsjö.

AGENDA

A complete agenda and proposals may be obtained from Beijer Alma by telephone +46 18 15 71 60, telefax +46 18 15 89 87, or by e-mail info@beijer-alma.se. This information is also available at www.beijer-alma.se.



»In the work of creating high earnings levels and positive growth, a corporate culture has been established which is clearly profit-oriented and is highly cost-conscious.«

BERTIL PERSSON, President & CEO

BEIJER • ALMA

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